



Issued: Thursday 10 July 2003
Release: Thursday 10 July 2003
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Serco agrees early transfer of rail maintenance contract with Network Rail

In line with Serco Group plc's ("Serco") previously stated strategy of reviewing and exiting areas of business where there is limited potential for earnings and growth, it announced on 26 March 2003 that an agreement, in principle, had been reached with Network Rail to transfer back its maintenance contract for the East Midlands region.

Ongoing discussions with Network Rail have led both parties to conclude that it is in the best interests of the railway and the railway maintenance staff, to accelerate the process of transfer. Accordingly, Network Rail has agreed to take the maintenance contract for East Midlands back in-house ahead of schedule; it is now planned that the transfer will take place on 31 January 2004.

Kevin Beeston, Executive Chairman of Serco Group said:

"Serco has worked with Network Rail for some time now and is pleased that it can support their strategy by transferring this contract back ahead of schedule. An early transfer of the contract will remove much of the uncertainty for staff and one of our main priorities will be to ensure that there is a proper handover. Serco will work closely with Network Rail in the coming months to achieve this.

Serco looks forward to an ongoing relationship with Network Rail and in continuing to work together in the future."

- Ends -

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