

Issued:

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Serco Group plc ("Serco") to acquire assets and liabilities of Elekluft Elektronik und Luftfahrtgeräte GmbH ("Elekluft")

Serco has today announced that it has reached an agreement to acquire certain assets and liabilities of Elekluft for a cash consideration of DM53million (approximately GBP18million). The purchase agreement is subject to approval by the German Anti-Trust Authority and registration with the Public Registry in Bonn, both of which are expected in 4-6 weeks. Following these approvals, Elekluft, a wholly owned subsidiary of DaimlerChrysler Aerospace AG ("Dasa"), will transfer assets and liabilities, including subsidiaries, under the terms of the purchase agreement to Elekluft GmbH & Co. KG, the share capital of which will be acquired by Serco International GmbH, a wholly owned subsidiary of Serco.

Elekluft was formed in 1961 to provide installation of, and support to, German air defence radar systems. Today, the company provides engineering services to German military and aerospace customers, as well as facilities management services including business process outsourcing, administrative and technical documentation services to a range of commercial organisations. The company is headquartered in Bonn and employs around 850 staff, of which 800 will transfer to Serco and 50 will remain with Dasa.

Elekluft's estimated turnover for the year ended 31 December 1999 is DM150million (approximately GBP50.9million), profit before tax is DM4million (approximately GBP1.4million), and the value of net liabilities being acquired is DM26million (approximately GBP8.8million).

The acquisition is expected to be earnings neutral for Serco in 1999 after financing and transition costs.

Kevin Beeston, Chief Executive of Serco Group plc, stated:-

"The acquisition of Elekluft will complement Serco's existing business within Continental Europe and further expand the business base from which the company can grow. This acquisition will give Serco a solid foundation for growth within Germany. I look forward to personally welcoming staff and customers to Serco."

- Ends -

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