

BT ENTERS RAIL FREIGHT COMMUNICATIONS MARKET WITH MAJOR CONTRACT WIN FROM EWS

*BT and Cisco Build Intelligent Information Network to Deliver
Managed Data, Wireless and IP Telephony for EWS*

LONDON, England, 25th August 2005: EWS, Britain's largest rail operator, has today awarded BT a multi-million pound contract for the deployment of a converged voice and data network, based on technology from Cisco Systems.

The contract from EWS will help enable BT to enter into the British rail freight communications sector for the first time since the industry was privatised.

The converged voice and data network will connect 130 sites throughout the UK and is part of a rolling programme of investment by EWS to expand rail freight services in Britain and mainland Europe.

As part of the contract, BT will provide an Internet Protocol (IP)-based solution from Cisco Systems that will improve communications between EWS's 5,200 staff, and support business applications such as video telephony, voice recording and unified messaging.

In addition, BT will provide dedicated resources to work alongside EWS information technology staff at the company's operational headquarters in Doncaster, South Yorkshire, while other support services will be provided from BT's facility based at Thurso in the Scottish Highlands.

The contract from EWS is the first of its kind within the UK rail industry and is expected to deliver communications and networking savings, with improved efficiency for the company.

Whereas 85 percent of the rail industry currently relies on separate voice and data networks, EWS has chosen to deploy a converged network that will provide a single, agile infrastructure to support key data, video and voice applications.

"Effective and reliable telecommunications networks are essential for the 24/7 rail freight services provided by EWS, which form part of the supply chain for British industry," said Guy Mason, chief information officer at EWS. "Our new improved network from BT will help enable significant operational efficiencies and allow us to achieve a higher and more reliable standard of service."

Gary Bullard, Managing Director, UK, BT Global Services, said "Methods of communication are rapidly evolving, forcing organisations to invest in converged networks which will allow them to remain responsive to their customer needs. The contract with EWS recognises this need and further establishes the company as a pioneer of new technology in its sector. BT looks forward to working with such an organisation in the development of innovative communications systems in the UK rail industry."

"EWS is leading the UK rail sector in the deployment of an Intelligent Information Network that will be able to deliver critical business applications over a common IP network. The Cisco network will enhance operational and business efficiency in this challenging and demanding business sector," said Pete Chambers, Director, Transport, Cisco Systems UK & Ireland.

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Notes to editors

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What is IP Telephony?

IP telephony is a general term for the technologies that use the Internet Protocol's packet-switched connections to exchange voice, fax, and other forms of information that have traditionally been carried over the dedicated circuit-switched connections of the public switched telephone network (PSTN).

About BT Group plc

BT is one of the world's leading providers of communications solutions serving customers in Europe, the Americas and Asia Pacific. Its principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband and internet products and services.

BT consists principally of three lines of business:

- **BT Retail**, providing a comprehensive range of communications and related services to more than 20m UK consumers and businesses.
- **BT Wholesale**, providing network services and solutions within the UK to more than 600 fixed and mobile operators and service providers including the provision of broadband and private circuits.
- **BT Global Services**, providing networked IT services to meet the needs of multi-site organisations globally. BT Global Services operates in more than 130 countries and also offers international carrier services.

In the year ended 31 March 2005, BT Group's turnover was £18,623 million with profit before goodwill amortisation, exceptional items and taxation of £2,085 million.

BT Group plc is listed on stock exchanges in London and New York. British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group and encompasses virtually all businesses and assets of the BT Group.

For more information, visit www.bt.com/aboutbt

About Cisco Systems

Cisco Systems, Inc. (NASDAQ: CSCO), the worldwide leader in networking for the Internet, celebrates 20 years of commitment to technology innovation, industry leadership, and corporate social responsibility. Information about Cisco can be found at <http://www.cisco.com>. For ongoing news, go to <http://newsroom.cisco.com>. Cisco equipment in Europe is supplied by Cisco Systems International BV, a wholly owned subsidiary of Cisco Systems, Inc

About EWS

- EWS is Britain's largest rail operator.
- EWS provides a range of rail freight haulage, passenger, engineering support and hire services.
- EWS is the only rail freight operator to provide a full nation-wide level of service provision in Britain, with access to mainland Europe through the Channel Tunnel.
- 4,000 lorry movements per EWS employee are removed from Britain's roads every year - 20 million lorry movements in total.
- EWS has invested £500 million in its rail freight operations.
- EWS was established in February 1996, and since then has played a major role in increasing the amount of freight moved on the rail network by 50%.