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Proposed Capitalisation Issue

Serco announces today that at an Extraordinary General Meeting held this morning a resolution was passed approving the proposed capitalisation issue of five new Ordinary Shares of 2p each ("New Shares") for each existing Ordinary Share held by each shareholder on the register on 7 April 2000 (the "Capitalisation Issue"). The New Shares will rank pari passu with the existing issued Ordinary Shares but will exclude the right to receive the final dividend for the financial year ended 31 December 1999.

The Capitalisation Issue is conditional upon admission of the New Shares to the Official List of the London Stock Exchange. Application has been made to the London Stock Exchange for 326,806,215 New Shares to be admitted to the Official List and it is expected that listing will become effective and that dealings will commence on 10 April 2000. Definitive share certificates in respect of the New Shares are expected to be posted to shareholders whose shares are held in certificated form on 14 April 2000. The New Shares are expected to be automatically credited on 10 April 2000 to the CREST accounts of those shareholders whose Ordinary Shares are held in CREST.

As a result of the Capitalisation Issue, the price of each Ordinary Share will change to approximately one sixth of its present level when the existing Ordinary Shares are quoted "ex-capitalisation" (which is expected to be on 10 April 2000). This reflects the fact that each shareholder will own six times as many Ordinary Shares as before. The result is that each shareholder will have the same percentage interest in Serco as was held immediately before the issue of the New Shares. The increase in the number of Ordinary Shares in issue will necessitate pro rata adjustments to calculations of earnings per share and dividends per share.

For further information please contact Serco Group plc:

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