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serco

www.serco.com

**Serco Group plc
 (“Serco” or “the Group”)
 Trading Update**

Prior to entering the closed period in respect of its preliminary results for the year ended 31 December 2002, the Board of Serco is providing an update on trading.

Serco remains on track for its 15th successive year of strong growth and can confirm that trading is in line with market expectations. We remain confident of continuing to achieve double-digit organic growth during 2003 and beyond.

During the second half of the year the Group continued to achieve a high level of organic growth. Total business won across our business sectors during the second half is over £500 million.

Our ability to generate revenue from add-ons and extensions to existing contracts remains the cornerstone of our business, accounting for approximately half of our turnover growth this year. In this context, we are announcing today two contract extensions including a further three year contract award to Serco Denholm by the Warship Support Agency valued at up to £110 million, extending and building upon the contract originally awarded in 1996; and an extension with Walsall Metropolitan Borough Council, to transfer its remaining education functions to us, representing a three-fold increase in the contract. The contract period will expire in 2008 and has a total remaining value of approximately £100 million.

In addition we announced last week the strengthening of our education offering with the acquisition of CCM Software Services Limited, a specialist provider in the design and development of sophisticated scheduling, resource allocation and finance systems for schools. CCM's products bring additional capability that will allow us to build on a wide and expanding marketplace.

There continues to be a strong flow of new bids and opportunities for the Group, both in the UK and overseas. We currently have £6.3 billion of bids under evaluation and expect to hear news on bids worth £2.2 billion during the next few weeks.

- Ends -

**For further information please contact Serco Group plc:
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Kevin Beeston Executive Chairman
 Ben Woodford Corporate Communications Director

Notes to Editors

- Serco is an international provider of management services to government and industry. The company covers a wide range of activities, from controlling satellites and operating computer networks for the European space agency, to managing and operating the Docklands Light Railway where Serco was recently voted National Rail Operator of the Year for the second year running
- More information on Serco can be found at www.serco.com

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