

Press Release

AGM Statement

4 May 2007

Ahead of today's Annual General Meeting, Serco Group plc (Serco) releases the following update on current trading:

After an excellent year in 2006, Serco has made a strong start to 2007, signing or being appointed preferred bidder for contracts valued at around £1bn. We continue to make in-roads into new areas such as the defence market in the US, the home affairs market in Australia and the UK's business process outsourcing market.

These wins and the scale of the opportunities we see make us confident of performing in line with expectations for the year. Our margins are increasing as expected, resulting from our ongoing focus on managing our contract portfolio, bidding selectively and enhancing efficiency.

Smaller and medium sized contracts are the lifeblood of Serco and today we have released a news update which rounds up just some of the wins, rebids and extensions we have achieved so far this year.

And we have also announced this year a number of larger wins including an eight-year, £85m contract with the UK Home Office to run Yarl's Wood Immigration Removal Centre. The UK Ministry of Defence has appointed us preferred bidder to manage the maintenance, repair and operation of the UK Armed Forces estate facilities in Gibraltar. This five-year contract is valued at around £50m.

In the United States we have renewed, and significantly increased, our contract with the US Postal Service to provide engineering, technical, project management and IT services. Over ten years it has a potential value of \$260m. We also built upon our long-standing work for the US Navy's Space and Naval Warfare Systems Center. A new engineering and installation service contract is potentially valued at \$200m over five years. In addition, the US Army has selected Serco for a \$225m contract to provide cost analysis, logistics planning and supply chain consulting services worldwide.

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Governments around the world are increasingly experiencing the same challenges and are driven by demands for both better public services and reduced tax burdens. This creates ever-growing markets for Serco and our combination of public service ethos and commercial acumen means we are ideally positioned to support them. At the same time, we continue to develop our people and systems to support this high quality growth.

As a consequence, we remain confident of delivering double-digit growth for the foreseeable future and further increasing margins.

(End)

Notes to Editors

Serco is an international service company which combines commercial know-how with a deep public service ethos.

Serco improves services by managing people, processes, technology and assets more effectively in the health, education, home affairs, local government, science, technology, defence, transport and commercial sectors, in 37 countries.

Serco advises policy makers, designs innovative solutions, integrates systems and delivers to the public. More information can be found at www.serco.com.

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