

Part 1

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FOR IMMEDIATE RELEASE

24 April 2007

**Recommended Cash Offer by
PKF (UK) LLP
on behalf of
Serco Group plc
to acquire the entire issued and to be issued
ordinary share capital of
Cornwell Management Consultants plc**

Summary

- The Boards of Cornwell and Serco are pleased to announce that they have reached agreement on the terms of a recommended cash offer for Cornwell to be made by PKF (UK) LLP on behalf of Serco for the entire issued and to be issued ordinary share capital of Cornwell.

The Offer

- The Offer will be 40 pence in cash for each Cornwell Share.
- The Offer values the existing issued ordinary share capital of Cornwell at approximately £7.0 million.
- The Offer represents a premium of approximately:
 - 64.9 per cent. to the Closing Price of 24.25 pence per Cornwell Share on 23 April 2007 (being the last Business Day prior to the date of this announcement);
 - 112.8 per cent. to the average Closing Price of 18.8 pence per Cornwell Share from 2 October 2006 (being the last Business Day prior to the commencement of the Offer Period) up to and including 23 April 2007 (being the last Business Day prior to the date of this announcement); and
 - 15.9 per cent. to the Closing Price of 34.5 pence per Cornwell Share on 2 October 2006 (being the last Business Day prior to the commencement of the Offer Period).
- The Cornwell Directors, who have been so advised by Arbuthnot Securities, consider the terms of the Offer to be fair and reasonable so far as Cornwell Shareholders are concerned and will unanimously recommend that Cornwell Shareholders accept the Offer. In providing its advice to the Cornwell Directors, Arbuthnot Securities has taken into account the commercial assessments of the Cornwell Directors.

Shareholder support

- Serco has received irrevocable undertakings to accept the Offer from the Directors of Cornwell who hold Cornwell Shares in respect of their entire beneficial holdings of, in

aggregate, 5,348,750 Cornwell Shares representing approximately 30.4 per cent. of the existing issued ordinary share capital of Cornwell. In addition, irrevocable undertakings to accept the Offer have been received by Serco from certain other Cornwell Shareholders in respect of their entire beneficial holdings of, in aggregate, 3,926,308 Cornwell Shares representing approximately 22.3 per cent. of the existing issued ordinary share capital of Cornwell.

- Serco has therefore received irrevocable undertakings to accept the Offer in respect of, in aggregate, 9,275,058 Cornwell Shares representing approximately 52.7 per cent. of the existing issued ordinary share capital of Cornwell.

Background to and Reasons for the Offer

The acquisition of Cornwell is an important step in Serco's development of its consulting business, which has grown rapidly since it was founded in 2003.

Cornwell will broaden Serco's service offering, adding new skills and capabilities in information and knowledge management, particularly electronic document record management systems. It will also increase Serco's capacity in project and programme management and enterprise architecture.

The acquisition will also widen Serco's customer base in key Government spending departments and agencies, such as the Department of Health and the Identity and Passport Services Agency. These benefits, and the greater scale of the Enlarged Group, will make Serco's consulting business well-placed for future organic growth.

The strength of Serco's existing consulting business is reflected in its recent selection for two significant framework contracts. Firstly, Serco has been chosen by OGCbuying.solutions as a supplier on the prestigious Multi-Disciplinary Consultancy Catalyst framework. Serco will provide consulting services to Government departments looking to undertake transformational projects, including advice on strategy formulation and implementation, programme and project management, information and communication technology, human resources, procurement and finance. Only ten of the UK's leading consulting firms have been selected for the framework, giving them the opportunity to compete for a share of around £1.5 billion of work over four years.

Secondly, Serco is one of only two suppliers to be included in all five categories of the Metropolitan Police's Department Services Framework. The categories on which Serco will advise are full life cycle programme management, business change, technical consultancy, solution provision and research and development of new and emerging technologies. The total potential value of the framework to all the qualified suppliers is around £200 million over four years.

Keith Cornwell, Executive Chairman of Cornwell commented:

"We are pleased to be joining a group as strong as Serco. Cornwell has made an encouraging start to 2007 with substantial orders and a promising prospects pipeline. We believe that combining our reputation for high quality management and IT consultancy, with Serco's capabilities, financial resources and intention to invest in the combined consultancy businesses, will enhance Serco's ability to develop a substantial consultancy business in the medium term."

Christopher Hyman, Chief Executive of Serco said:

"Our consulting business has grown rapidly over the last four years and our ambition is for it to be a leading enabler of business transformation. The acquisition of Cornwell is an important step, increasing our capabilities and capacity to provide high value advice to our customers. We look forward to welcoming our new colleagues to Serco and taking on the exciting opportunities in this market."

This summary should be read in conjunction with the full text of the following announcement. Terms used in this summary shall have the same meaning given to them in the full announcement. Appendix I to this announcement contains the conditions to and a summary of certain further terms of the Offer, Appendix II contains details of the bases and sources of information set out in this announcement, Appendix III contains details of irrevocable undertakings to accept the Offer and Appendix IV contains definitions of certain expressions used in this announcement. All times referred to are London times unless otherwise stated.

The full terms and conditions of the Offer will be set out in the Offer Document and the Form of Acceptance which will accompany it. In deciding whether or not to accept the Offer, Cornwell Shareholders must rely solely on the terms and conditions of the Offer and the information contained, and the procedures described, in the Offer Document and the Form of Acceptance. Cornwell Shareholders are advised to read the Offer Document and the Form of Acceptance carefully once these have been despatched. It is anticipated that the Offer Document will be despatched to Cornwell Shareholders and, for information only, to participants in the Cornwell Share Option Plan, as soon as practicable, but in any event within 28 days of the date of this announcement.

Enquiries:

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PKF (UK) LLP, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Serco in connection with the Offer and no one else, and will not be responsible to anyone other than Serco for providing the protections afforded to clients of PKF (UK) LLP nor for providing advice in relation to the Offer, or the contents of this announcement or any arrangement referred to herein.

PKF (UK) LLP has given and not withdrawn its written consent to the release of this announcement with the inclusion of the references to its name in the form and context in which they are included.

Arbuthnot Securities, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Cornwell and no one else in connection with the Offer and will not be responsible to anyone other than Cornwell for

providing the protections afforded to clients of Arbuthnot Securities nor for providing advice in relation to the Offer, or the contents of this announcement or any arrangement referred to herein.

Arbuthnot Securities has given and not withdrawn its written consent to the release of this announcement with the inclusion of the references to its name in the form and context in which they are included.

The Serco Directors accept responsibility for the information contained in this announcement other than that relating to the Cornwell Group, the Cornwell Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the Serco Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Cornwell Directors accept responsibility for the information contained in this announcement relating to the Cornwell Group, the Cornwell Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the Cornwell Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, internet, email, telex or telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any of the Excluded Territories and cannot be accepted by any such use, means, instrumentality or facility or from within any of the Excluded Territories.

This announcement contains a number of forward-looking statements relating to the Serco Group and the Cornwell Group with respect to, among others, the following: financial condition; results of operations; the business of the Enlarged Group; future benefits of the acquisition of the Cornwell Shares pursuant to the Offer; and management plans and objectives. Serco and Cornwell consider any statements that are not historical facts as "forward-looking statements". They involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to the integration of the businesses of the Serco Group and the Cornwell Group, or of other future acquisitions, are greater than expected; expected cost savings from the transaction or from other future acquisitions are not fully realised or realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether globally or in the places where the Serco Group and the Cornwell Group conduct business are less favourable than expected, and/or conditions in the securities market are less favourable than expected.

This announcement does not constitute an invitation to purchase any securities or the solicitation of an offer to purchase any securities, pursuant to the Offer or otherwise. The Offer will be made solely by the Offer Document and the Form of Acceptance accompanying it, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Code, if during an Offer Period any person is, or becomes, “interested” (directly or indirectly) in one per cent. or more of any class of “relevant securities” of Cornwell, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “Offer Period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Cornwell, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Cornwell by Cornwell or by Serco, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks in this section are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

Part 2

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24 April 2007

**Recommended Cash Offer by
PKF (UK) LLP
on behalf of
Serco Group plc
to acquire the entire issued and to be issued
ordinary share capital of
Cornwell Management Consultants plc**

1. Introduction

The Boards of Serco and Cornwell are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by PKF (UK) LLP on behalf of Serco to acquire the entire issued and to be issued ordinary share capital of Cornwell for 40 pence per Cornwell Share. The Offer values the existing issued ordinary share capital of Cornwell at approximately £7.0 million.

The Cornwell Directors, who have been so advised by Arbuthnot Securities, believe the Offer to be fair and reasonable so far as the Cornwell Shareholders are concerned, and they unanimously recommend that Cornwell Shareholders accept the Offer as they have irrevocably undertaken to do in respect of the 5,348,750 Cornwell Shares which they hold, representing approximately 30.4 per cent. of the existing issued ordinary share capital of Cornwell.

In addition Serco has received irrevocable undertakings from certain other Cornwell Shareholders to accept the Offer in respect of a further 3,926,308 Cornwell Shares, representing approximately 22.3 per cent. of the existing issued ordinary share capital of Cornwell. Further details of the irrevocable undertakings are set out in paragraph 4 of this Announcement and will be set out in the Offer Document which is expected to be posted to Cornwell Shareholders on or around 26 April 2007.

2. The Offer

The Offer will be made on and subject to the terms and conditions set out in Appendix I to this announcement, the further terms and conditions set out in the Offer Document expected to be posted to Cornwell Shareholders on or around 26 April 2007 and the Form of Acceptance which will accompany it.

The Offer is for the entire issued and to be issued ordinary share capital of Cornwell and will be made on the following basis:

for each Cornwell Share 40 pence in cash

The Offer values the existing issued ordinary share capital of Cornwell at approximately £7.0 million and represents a premium of approximately:

- 64.9 per cent. to the Closing Price of 24.25 pence per Cornwell Share on 23 April 2007 (being the last Business Day prior to the date of this announcement);

- 112.8 per cent. to the average Closing Price of 18.8 pence per Cornwell Share from 2 October 2006 (being the Business Day prior to the commencement of the Offer Period) up to and including 23 April 2007 (being the last Business Day prior to the date of this announcement); and
- 15.9 per cent. to the Closing Price of 34.5 pence per Cornwell Share on 2 October 2006 (being the last Business Day prior to the commencement of the Offer Period).

The Cornwell Shares will be acquired under the Offer fully paid and free from all liens, equities, charges, encumbrances and other interests and together with all rights attaching to them after 24 April 2007 (the day of this announcement) including the right to receive all dividends (if any) declared, made or paid thereafter.

The Offer is conditional, *inter alia*, on valid acceptances being received in respect of not less than 90 per cent. (or such lesser percentage as Serco may decide) in nominal value of the Cornwell Shares to which the Offer relates and that represent not less than 90 per cent. (or such lesser percentage as Serco may decide) of the voting rights carried by the Cornwell Shares to which the Offer relates.

3. Recommendation of the Offer

The Cornwell Directors, who have been so advised by Arbuthnot Securities, consider the terms of the Offer to be fair and reasonable so far as Cornwell Shareholders are concerned. In providing its advice to the Cornwell Directors, Arbuthnot Securities has taken into account the commercial assessments of the Cornwell Directors.

Accordingly, the Cornwell Directors will unanimously recommend that Cornwell Shareholders accept the Offer, as they have irrevocably undertaken to do, or procure to be done, in respect of their own beneficial shareholdings amounting to, in aggregate, 5,348,750 Cornwell Shares, representing approximately 30.4 per cent. of the existing issued share capital of Cornwell.

4. Irrevocable undertakings to accept the Offer

The Cornwell Directors who hold Cornwell Shares have given irrevocable undertakings to accept the Offer in respect of their entire beneficial holdings amounting to, in aggregate, 5,348,750 Cornwell Shares representing approximately 30.4 per cent. of the existing issued ordinary share capital of Cornwell.

In addition, irrevocable undertakings to accept the Offer have also been received by Serco from certain other Cornwell Shareholders (other than the Cornwell Directors) in respect of, in aggregate, 3,926,308 Cornwell Shares, representing approximately 22.3 per cent. of the existing issued ordinary share capital of Cornwell.

In summary, therefore, Serco has received irrevocable undertakings to accept the Offer in respect of, in aggregate, 9,275,058 Cornwell Shares representing approximately 52.7 per cent. of the existing issued ordinary share capital of Cornwell.

These irrevocable undertakings will cease to be binding if the Offer lapses or is withdrawn or a higher competing offer for Cornwell is announced and the formal document containing such offer is posted prior to 3.00 p.m. on the 21st day following the posting of the Offer Document that values Cornwell at least 10 per cent. higher than the value represented by the Offer.

Further details of these irrevocable undertakings to accept the Offer are set out in Appendix III to this announcement.

5. Background to and reasons for recommending the Offer

Keith Cornwell founded Cornwell in 1991 in order to establish a consultancy business where the principal aim was to provide independent and high quality management consultancy services.

Cornwell's shares were admitted to trading on AIM on 26 November 2004. Cornwell raised approximately £2.5 million (net of expenses) by a placing of 2,576,655 new Cornwell Shares at 121 pence per share. Having sold 1,776,250 existing Cornwell Shares at the same price, Keith Cornwell retained a significant stake in the Company (currently representing approximately 30.3 per cent. of the Company's existing issued ordinary share capital).

Cornwell's principal reason for being admitted to trading on AIM in November 2004 was to seek to exploit more fully the opportunities which existed within the UK management consultancy market. Furthermore, the admission of Cornwell's Shares to trading on AIM was also intended to help enhance Cornwell's profile and enable it to access equity finance to allow Cornwell to continue to expand in its chosen markets, both organically and through selective acquisitions.

For the six months ended 30 June 2005, Cornwell traded in line with market expectations and on 29 July 2005, Cornwell acquired 100 per cent. of the share capital of Quantum Plus for a maximum consideration of approximately £5.5 million. Quantum Plus is an outsourcing consultancy, with specific expertise in IT and Business Process Outsourcing, primarily engaged in the private sector, thereby boosting Cornwell's presence in the private sector and reducing its reliance on the public sector markets.

Cornwell experienced a significant downturn in staff utilisation in July and August 2005 and announced on 27 October 2005 that the results for the year ending 31 December 2005 would be materially below market expectations. Furthermore, on 20 March 2006, Cornwell announced that while sales in 2005 were in line with revised market expectations, it had come to the attention of the Cornwell Board that certain staff commitments relating to the acquisition of Quantum Plus had not been fully accrued in Cornwell's management accounts.

Trading in the first quarter of 2006 was positive. However, Cornwell announced on 26 April 2006 that its managing director, Jonathan Broadhurst, was retiring due to ill health with immediate effect. Shortly thereafter, a combination of poor staff utilisation in April and May 2006 and poor trading performance at Quantum Plus led the Company to announce on 31 May 2006 that profit before amortisation of goodwill, restructuring costs and taxation for 2006 would be significantly lower than market expectations.

Cornwell commenced an internal strategic review in May 2006 which focused on reducing costs. However, whilst the rate of sales was maintained, the increasing use of associates (individuals who work for Cornwell on a project by project self-employed basis) in addition to Cornwell's full-time consulting staff adversely impacted margins. This led to Cornwell's announcement on 3 October 2006 that it was examining a number of strategic options which might or might not involve Cornwell seeking an offer to be made for the issued and to be issued share capital of the Company.

On 30 October 2006, Cornwell announced that as a result of a disappointing third quarter performance, which was mainly due to continued low staff utilisation, the Board revised its expectations for the fourth quarter and the year as a whole and expected the Company would report a loss before amortisation of goodwill, restructuring and taxation, for the year ending 31 December 2006.

On 8 January 2007, Cornwell announced that trading in the fourth quarter of 2006 had been below the Cornwell Board's expectations, mainly due to continued low staff utilisation. The Cornwell Board expected the loss before amortisation of goodwill, restructuring and taxation, for the year ended 31 December 2006 to be not less than £0.9 million. Furthermore the Group's headcount had reduced and as at 31 December 2006 it was 91 (30 June 2006: 110). Restructuring costs of £0.3 million were incurred in 2006.

On 29 March 2007, Cornwell announced its preliminary results for the year ended 31 December 2006. Turnover increased 3 per cent. to £21.3 million (2005: £20.7 million) and Cornwell reported a loss before tax of £6.1 million (2005: £1.6 million profit) which included

impairment of goodwill of £4.0 million. Net assets as at 31 December 2006 were £1.8 million (2005: £7.8 million).

The Cornwell Directors believe that the restructuring which began in 2006 has already begun to improve Cornwell's performance. However, the deferred consideration of £1.125 million, paid in January 2007 as part of the acquisition of Quantum Plus, has placed a strain on the Company's cash and banking facilities. Cornwell has recently entered into an invoice discounting facility with LloydsTSB secured on its trade debtors in order to provide working capital going forward.

Following Cornwell's announcement on 3 October 2006 that it was examining a number of strategic options which might or might not involve the Company seeking an offer to be made for the issued and to be issued share capital of the Company, Cornwell received a number of approaches from interested parties. However, following discussions with Serco, the Cornwell Directors have taken account of Serco's track record of creating long term partnerships with the public sector and its ambition to develop Serco's consulting business, when considering the Offer. Furthermore, when combining the reputation for independent, high quality management and IT consultancy that Cornwell has established over a number of years with Serco's capabilities and financial resources and Serco's intention to invest in the combined consultancy businesses, the Cornwell Directors believe that the Enlarged Group has the ability to grow into a substantial consultancy business in the medium term.

In the twelve months up to and including 2 October 2006 (the Business Day prior to the commencement of the Offer Period), Cornwell Shares traded in the range of 34.5 pence to 134.5 pence, with the average price being 78 pence per share. Since the commencement of the Offer Period up to and including 23 April 2007, the last Business Day prior to the date of this announcement, Cornwell Shares have traded in the range of 36.5 pence to 8.25 pence, with the average price being 18.8 pence per share.

The Cornwell Directors believe that there can be no certainty that Cornwell Shares will trade at a price equivalent to the Offer Price in the next 12 months. Accordingly, the Cornwell Directors believe that the Offer provides the best available opportunity in the next 12 months for all Cornwell Shareholders to realise their investments at a significant premium to the Closing Price of 24.25 pence per Cornwell Share on 23 April 2007, being the last Business Day prior to the date of this announcement. As a result, the Cornwell Directors believe that the Offer is attractive and are unanimously recommending it to all Cornwell Shareholders.

6. Background to and reasons for the Offer

Serco is an international service company, which combines commercial know-how with a deep public service ethos. It began delivering public services in 1964, when the Ministry of Defence awarded it one of the UK Government's first outsourced contracts, at RAF Fylingdales, a contract Serco still holds today.

Since then, Serco has built a large and balanced portfolio of contracts. Its people offer operational, management and consulting expertise in the aerospace, defence, education, health, home affairs, local government, science, technology, transport and commercial sectors.

Serco is a vision and values-led organisation. Serco's vision is to be the leading service company in its chosen markets. This means it aims to be the best partner to work with, a company people aspire to work for and a company that delivers superior returns to shareholders.

Serco's strategy is to build a balanced contract portfolio, spread across different sectors and geographical markets. It does this through organic growth, which results from delivering excellent service and building long-term relationships with its customers. This approach has been highly successful. Serco retains more than 90 per cent. of its contracts at rebid, wins more than one in two of its new bids and has had an underlying double-digit growth rate every year since it listed in 1988.

Two important strands of Serco's strategy are to enhance its reputation and to offer customers higher-value services across the spectrum of strategic advice, design, integration and operational delivery. In 2003 it created Serco Consulting, which aims to raise awareness of Serco and build its reputation with potential and existing customers, by providing high-value advisory services.

Serco Consulting has grown rapidly, assisted by the merger with French Thornton, acquired with ITNET plc in 2005. Serco now wishes to build a significant consulting practice, with the capability and capacity to support large-scale business transformation activities, as well as supporting the continued development of its brand and reputation.

As Serco's organic growth prospects are strong, it only makes acquisitions in two circumstances – to bring new skills into the group, or to open up new markets, either geographically or in new business areas. In either case, acquisitions must enhance Serco's prospects for organic growth.

The strength of Serco's existing consulting business is reflected in it having been selected for two significant framework contracts. Firstly, Serco has been chosen by OGCbuying.solutions as a supplier on the prestigious Multi-Disciplinary Consultancy Catalist framework. Serco will provide advisory services to government departments looking to undertake transformational projects, including advice on strategy formulation and implementation, programme and project management, information and communication technology, human resources, procurement and finance. Only ten of the UK's leading consulting firms have been selected for the framework, giving Serco the opportunity to compete for a share of around £1.5 billion of work over four years.

Secondly, Serco was one of only two suppliers to be included in all five categories of the Metropolitan Police's Development Services Framework. The categories on which Serco will advise are full life cycle programme management, business change, technical consultancy, solution provision and research and development of new and emerging technologies. The total potential value of the framework to all the qualified suppliers is around £200 million over four years.

The acquisition of Cornwell provides a significant opportunity for Serco to accelerate the development of its consulting practice, in that it would:

- broaden the range of services offered. The combined business will provide a fuller range of offerings in the core areas of Business Transformation, Electronic Document Record Management Systems/Knowledge Management, Enterprise Architecture, and HR and Organisational Development;
- broaden the customer base. Serco and Cornwell have complementary strengths in providing services to a number of government departments and together will have presence in the majority of key government spending departments such as the Department of Health and the Identity and Passport Services Agency. In addition, both Serco and Cornwell are engaged on a number of government framework contracts, enabling the Enlarged Group to have access to a larger number of opportunities. There is limited duplication of key clients between the two businesses;
- enhance Serco's capacity and capability in the consulting market. The Enlarged Group will have enhanced capacity and capability that will allow it to offer a broader range of services with the aim of competing for larger and higher value contracts; and
- combine complementary business models. Serco operates a business model that relies mainly on full time consultants, in order to build its brand and reputation. Cornwell employs full time consultants as well as a number of associates. Serco believes a mixed model will enable it to continue to build its reputation, whilst improving its ability to manage utilisation.

In view of the benefits of the acquisition outlined above, the Board of Serco is confident about the financial and trading prospects of the Enlarged Group.

Upon completion of the Offer, Serco intends to commence the integration of the business of Cornwell with the existing consulting operations of Serco, which will involve, *inter alia*:

- combining the expertise and knowledge of the management and staff of Serco Consulting with those of Cornwell to create a strong team to manage and control the enlarged consulting operation; and
- the creation of an organisational structure focused around the markets served by the enlarged consulting operation. Serco aims to co-locate the two businesses by 31 December 2007, which will involve the probable closure of the Effingham site. Serco anticipates continuity in other working arrangements.

Serco considers that the main synergy benefits arising from the acquisition of Cornwell arise from the opportunities available to the enlarged consulting operation to develop and grow the business. It is not Serco's current intention to embark on any cost savings measures that involve the consulting staff. Serco will look at cost savings in other areas as the business moves towards an integrated support environment for the enlarged business.

7. Information on Cornwell

Cornwell was founded in late 1991 as Cornwell Affiliates Limited. Cornwell is an established management consultancy that provides independent, high quality advice and a wide range of management and information technology consultancy services, including strategic, management and technical information systems consultancy, to a variety of major public and private sector organisations.

Cornwell currently operates in five sectors. These sectors and examples of Cornwell's existing and previous clients within each sector are set out below:

- Central Government: major Government departments such as the Department for Work and Pensions, the Department of Trade and Industry, the Department for the Environment, Food and Rural Affairs, HM Revenue & Customs, the Department of Health, the Department for Transport and various departments in the Home Office;
- Defence: major departments within the Ministry of Defence, as well as for a number of major defence companies;
- Local Services: local authorities as well as the Police and Emergency services;
- Health and Other Government: public sector health organisations and also such organisation as both Houses of Parliament, the Parliamentary and Health Service Ombudsman, the Scottish Parliament and the European Union; and
- Financial Services and Commercial: the European Central Bank, HBOS, LCH.Clearnet, ABN Amro and The Shipowners' Protection Limited, the BBC, Diamond Trading, Marks & Spencer, Molton Brown, the Royal Mail and Volvo.

For the year ended 31 December 2006, approximately 86 per cent. of Cornwell's turnover was generated from clients within the public sector.

8. Information on the Serco Group

Serco is listed on the London Stock Exchange. On 23 April 2007, the last Business Day prior to the date of this announcement, Serco's market capitalisation was approximately £2.3 billion and its closing price was 482.5 pence per share. In the year ended 31 December 2006 Serco reported audited consolidated profit before tax of £107.4 million (including its share of joint venture profits and a profit on the sale of investments of £11.4m) (2005: £77.9 million) on revenues (including its share of joint venture revenues) of £2548.2 million (2005: £2260.3

million). Consolidated net assets as at 31 December 2006 were £359.9 million (2005: £260.0 million).

Serco's future trading prospects are underpinned by its forward contracted order book, which stood at £13.9 billion at 31 December 2006 and potential additional contracts where it is the preferred bidder. Serco currently has visibility of over 90 per cent. of its planned revenue for 2007 and a substantial proportion of planned revenue for the following two years.

9. Financing of the Offer

The Offer consideration will be financed from existing facilities available to Serco. The payment of interest on, or repayment of or security for any liability (contingent or otherwise) in respect of, the facilities is not dependent to any significant extent on the business of Cornwell. The principal lenders and arrangers of Serco's existing facilities are Barclays Bank plc, HSBC Bank plc and Royal Bank of Scotland plc.

PKF (UK) LLP is satisfied that the necessary financial resources are available to Serco to enable it to satisfy the consideration that would be payable on full acceptance of the Offer.

10. Inducement Fee Agreement

Cornwell and Serco have entered into the Inducement Fee Agreement. Under this agreement, Cornwell has agreed to pay to Serco a sum amounting to 1 per cent. of the value of the Offer (calculated by reference to the existing issued ordinary share capital plus any options exercisable as a result of the Offer, including any VAT payable) in the event that:

- (i) an offer for the existing issued share capital of Cornwell, which is recommended by the Cornwell Directors is announced by Serco but, having been so recommended, such recommendation is withdrawn; or
- (ii) Serco announces a firm intention to make an offer which is not subject to any precondition in accordance with Rule 2.5 of the Code and such offer is recommended by the Cornwell Directors and, prior to the offer lapsing or being withdrawn or being declared or becoming wholly unconditional by Serco, a Competing Offer is announced, whether or not on a pre-conditional basis, or is entered into and such Competing Offer subsequently becomes or is declared unconditional in all respects if it is an offer, or completes in respect of other types of transactions.

For the purposes of the Inducement Fee Agreement, a "Competing Offer" means an offer, scheme of arrangement or other similar transaction the purpose of which is to enable a person to acquire some or all of the share capital of Cornwell, or all the material assets of Cornwell, which is announced by any person other than Serco or its professional advisers.

Further details relating to the inducement fee will be set out in the Offer Document.

11. Directors, management and employees of Cornwell

It is intended that Keith Cornwell will resign as Executive Chairman of Cornwell but continue to be employed by Serco in an interim part time role during the integration of Cornwell into Serco. Keith Cornwell has yet to agree contractual terms with Serco but Serco has given assurances that his existing contractual terms will be honoured. It is also intended that Angus Watson, the Finance Director of Cornwell, will continue to be employed by Serco as finance director of the enlarged consulting business. The terms of his employment are yet to be agreed with Serco but Serco has also given assurances that his existing contractual terms will be honoured.

As required by Serco, Cornwell's non-executive Directors will resign upon the Offer becoming or being declared wholly unconditional, without compensation for loss of office. They will each receive their contractual entitlements under their Letters of Appointment.

Serco has agreed in principle revised personal terms with a number of members of Cornwell's key senior management team. Cornwell's Board is not aware of the detail of each individual's arrangements. Serco aims to co-locate the two businesses by 31 December 2007, which will involve the probable closure of Cornwell's head office in Effingham. Serco has given assurances to the Cornwell Board that it anticipates continuity in other working arrangements.

The Board of Serco has given assurances to the Cornwell Directors that, following the Offer becoming or being declared unconditional in all respects, the existing employment rights (including pension rights) of all employees of Cornwell will be fully safeguarded.

In recommending the Offer, the Cornwell Directors have taken into account Serco's integration plans for the combined businesses, and Serco's stated intention of minimising disruption for both clients and management and employees. Following consideration of the information referred to above, the Cornwell Directors note and welcome the assurances given by Serco to the Cornwell Directors.

12. Cornwell Share Option Plan

The Offer extends to all Cornwell Shares unconditionally allotted or issued (including any which are so allotted or issued pursuant to the exercise of options granted under the Cornwell Share Option Plan) on or prior to the date and time on which the Offer ceases to be open for acceptance (or such earlier date not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances or such later date as Serco may, subject to the Code and with the consent of the Panel, determine).

Serco will make appropriate proposals to participants in the Cornwell Share Option Plan in due course which would take effect after the Offer has become or has been declared unconditional in all respects.

Subject to Panel consent, participants in the Cornwell Share Option Plan holding options where the option exercise price per share is less than the Offer Price will be offered, as an alternative to exercising their options, a cash sum for not so exercising. This cash sum will be calculated, for each individual participant, by multiplying the full number of shares under the participant's option by the difference between the Offer Price and the participant's option exercise price per share. Sums so received by participants in the Cornwell Share Option Plan will be subject to deduction of income tax and National Insurance contributions, as appropriate.

The Cornwell Share Trust currently holds 66,900 Cornwell Shares. It is currently proposed that, following the sale of the Cornwell Shares held in the Cornwell Share Trust, the net proceeds of the sale will be distributed in accordance with the terms of the trust deed. Following such distribution, Serco intends to wind up the Cornwell Share Trust.

13. Disclosure of interests in Cornwell

As at 23 April 2007, the last Business Day prior to this announcement, neither Serco, nor, so far as Serco is aware, any person acting in concert with Serco has any interest in any Cornwell Shares or any securities convertible or exchangeable into, or rights to subscribe for, or any options (including traded options) in respect of, or derivatives referenced to, such shares or other securities ("relevant securities of Cornwell"), nor does any such person have any short position or any arrangement in relation to any relevant securities of Cornwell. For these purposes, "arrangement" includes any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of relevant securities of Cornwell.

Neither Serco nor any person acting in concert with it has borrowed or lent any relevant securities of Cornwell, except for any borrowed shares which have either been on-lent or sold.

Other than the Inducement Fee Agreement described in paragraph 10 above, none of Serco and any person acting in concert with Serco has any arrangement (including any indemnity or option arrangement) or any agreement or understanding, formal or informal, of whatever

nature with any person, relating to relevant securities of Cornwell or Serco which may be an inducement to deal or refrain from dealing.

14. Compulsory acquisition, de-listing and cancellation of trading

If the Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, it is Serco's intention:

- to apply the provisions of sections 974 to 991 (inclusive) of the Companies Act 2006 to acquire compulsorily any remaining Cornwell Shares to which the Offer relates on the same terms as the Offer; and
- to procure that Cornwell applies to the London Stock Exchange for the cancellation of trading of Cornwell Shares on AIM.

It is anticipated that the cancellation of Cornwell's admission to trading on AIM will take effect no earlier than 20 business days after the date on which the Offer becomes or is declared unconditional in all respects. Such cancellation would significantly reduce the liquidity and marketability of any Cornwell Shares in respect of which valid acceptances of the Offer have not been received.

The AIM Rules normally require the consent of at least 75 per cent. of the votes cast by a company's shareholders in a general meeting to a cancellation of admission of its shares to trading on AIM. However, provided Serco is the owner of not less than 75 per cent. of the entire issued share capital of Cornwell and, subject to the agreement of the London Stock Exchange, the passing of such a resolution is not required.

Following the Offer becoming or being declared unconditional in all respects and, following the cancellation of trading on AIM, Cornwell may be re-registered as a private company under relevant legislation.

15. General

There are no agreements or arrangements to which Serco is party relating to the circumstances in which it may or may not invoke or seek to invoke a condition to its Offer.

The full terms and conditions of the Offer will be set out in the Offer Document and the Form of Acceptance which will accompany it. In deciding whether or not to accept the Offer, Cornwell Shareholders must rely solely on the terms and conditions of the Offer and the information contained, and the procedures described, in the Offer Document and the Form of Acceptance. Cornwell Shareholders are advised to read the Offer Document and the Form of Acceptance carefully once these have been despatched. It is anticipated that the Offer Document will be despatched to Cornwell Shareholders (other than Cornwell Shareholders in an Excluded Territory) and, for information only to participants in the Cornwell Share Option Plan, as soon as practicable but in any event within twenty eight days of the date of this announcement.

The Offer will be governed by English law and be subject to the applicable requirements of the City Code, the Panel and the London Stock Exchange.

Persons who are not resident in the United Kingdom, or who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements of those jurisdictions.

Appendix I to this announcement contains the conditions to and a summary of certain further terms of the Offer, Appendix II contains further details of the bases and sources of information set out in this announcement, Appendix III contains details of the irrevocable undertakings referred to in paragraph 4 above and Appendix IV contains definitions of certain expressions used in this announcement. All times referred to are London times unless otherwise stated.

Enquiries:

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Arbuthnot Securities (Financial Adviser to Cornwell) Tom Griffiths Ian Williams Alasdair Younie	020 7012 2100
Smithfield (PR adviser to Cornwell) Reg Hoare Miranda Good	020 7360 4900

PKF (UK) LLP, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Serco in connection with the Offer and no one else, and will not be responsible to anyone other than Serco for providing the protections afforded to clients of PKF (UK) LLP nor for providing advice in relation to the Offer, or the contents of this announcement or any arrangement referred to herein.

PKF (UK) LLP has given and not withdrawn its written consent to the release of this announcement with the inclusion of the references to its name in the form and context in which they are included.

Arbuthnot Securities, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Cornwell and no one else in connection with the Offer and will not be responsible to anyone other than Cornwell for providing the protections afforded to clients of Arbuthnot Securities nor for providing advice in relation to the Offer, or the contents of this announcement, or any arrangement referred to herein.

Arbuthnot Securities has given and not withdrawn its written consent to the release of this announcement with the inclusion of the references to its name in the form and context in which they are included.

The Serco Directors accept responsibility for the information contained in this announcement other than that relating to the Cornwell Group, the Cornwell Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the Serco Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Cornwell Directors accept responsibility for the information contained in this announcement relating to the Cornwell Group, the Cornwell Directors and members of their immediate families, related trusts and persons connected with them. To the best of the

knowledge and belief of the Cornwell Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, internet, email, telex or telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any of the Excluded Territories and cannot be accepted by any such use, means, instrumentality or facility or from within any of the Excluded Territories.

This announcement contains a number of forward-looking statements relating to the Serco Group and the Cornwell Group with respect to, among others, the following: financial condition; results of operations; the business of the Enlarged Group; future benefits of the acquisition of the Cornwell Shares pursuant to the Offer; and management plans and objectives. Serco and Cornwell consider any statements that are not historical facts as "forward-looking statements". They involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Important factors that could cause actual results to differ materially from estimates or forecasts contained in the forward-looking statements include, among others, the following possibilities: future revenues are lower than expected; costs or difficulties relating to the integration of the businesses of the Serco Group and the Cornwell Group, or of other future acquisitions, are greater than expected; expected cost savings from the transaction or from other future acquisitions are not fully realised or realised within the expected time frame; competitive pressures in the industry increase; general economic conditions or conditions affecting the relevant industries, whether globally or in the places where the Serco Group and the Cornwell Group conduct business are less favourable than expected, and/or conditions in the securities market are less favourable than expected.

This announcement does not constitute an invitation to purchase any securities or the solicitation of an offer to purchase any securities, pursuant to the Offer or otherwise. The Offer will be made solely by the Offer Document and the Form of Acceptance accompanying it, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Code, if during an Offer Period any person is, or becomes, "interested" (directly or indirectly) in one per cent. or more of any class of "relevant securities" of Cornwell all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "Offer Period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Cornwell, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Cornwell by Cornwell or by Serco, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks in this section are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

APPENDIX I – CONDITIONS OF THE OFFER

Conditions of the Offer

The Offer is subject to the following conditions:

1. valid acceptances being received (and not, where permitted, withdrawn) by 3.00 p.m. on the First Closing Date or such later time(s) and/or date(s) as Serco may, subject to the Code, decide in respect of not less than 90 per cent. (or such lesser percentage as Serco may decide) in nominal value of the Cornwell Shares to which the Offer relates and that represent not less than 90 per cent. (or such lesser percentage as Serco may decide) of the voting rights carried by the Cornwell Shares to which the Offer relates, provided that this condition will not be satisfied unless Serco and its wholly-owned subsidiaries shall have acquired, or agreed to acquire, pursuant to the Offer or otherwise, Cornwell Shares carrying in aggregate more than 50 per cent. of the votes then normally exercisable at a general meeting of Cornwell (including for this purpose to the extent, if any, required by the Panel any votes attaching to any Cornwell Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise) and for the purposes of this condition: (i) shares which have been unconditionally allotted but not issued shall be deemed to carry the votes they will carry on issue; (ii) the expression Cornwell Shares to which the Offer relates shall be construed in accordance with sections 974 to 991 of the Companies Act 2006 and (iii) valid acceptances shall be deemed to have been received in respect of Cornwell Shares which are treated for the purposes of section 979(8) of the Companies Act 2006 as having been acquired or contracted to be acquired by Serco by virtue of acceptances of the Offer.
2. it being established in terms reasonably satisfactory to Serco that neither the Offer nor any matter arising from or relating to the Offer will be referred to the Competition Commission;
3. no government or governmental, quasi-governmental, supranational, statutory or regulatory body or association, institution or agency (including any trade agency) or any court or other body (including any professional or environmental body) or person in any jurisdiction (each a Relevant Authority) having decided to take, instituted or threatened any material action, proceeding, suit, investigation, enquiry or reference or enacted, made or proposed and there not continuing to be outstanding any statute, regulation, order or decision that would or might be reasonably be expected to:
 - 3.1 make the Offer or the acquisition or the proposed acquisition of any shares in, or control of, Cornwell by any member of the Wider Serco Group void, unenforceable or illegal or directly or indirectly prohibit or otherwise materially restrict, delay or interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge, the Offer or the acquisition of any shares in, or control of, Cornwell by any member of the Wider Serco Group;
 - 3.2 require, prevent or materially delay the divestiture (or alter the terms of any proposed divestiture) by any member of the Wider Serco Group or any member of the Wider Cornwell Group of all or any part of their respective businesses, assets or properties or impose any material limitation on their ability to conduct all or any part of their respective businesses and to own any of their respective assets or properties in each case to an extent which is or might reasonably be expected to be material in the context of the Wider Serco Group taken as a whole or, as the case may be, the Wider Cornwell Group taken as a whole;
 - 3.3 impose any material limitation on, or result in any material delay in, the ability of any member of the Wider Serco Group to acquire or hold or to exercise

effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Cornwell Group or on the ability of any member of the Wider Cornwell Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any other member of the Wider Cornwell Group in each case to an extent which is or might reasonably be expected to be material in the context of the Wider Serco Group taken as a whole or, as the case may be, the Wider Cornwell Group taken as a whole;

- 3.4 require any member of the Wider Serco Group or of the Wider Cornwell Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the Wider Cornwell Group or any member of the Wider Serco Group where such acquisition would be or might reasonably be expected to be material in the context of the Wider Serco Group taken as a whole or, as the case may be, the Wider Cornwell Group taken as a whole;
 - 3.5 impose any material limitation on the ability of any member of the Wider Serco Group or the Wider Cornwell Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Serco Group and/or the Wider Cornwell Group in each case in a manner which would be or which might reasonably be expected to be material in the context of the Wider Serco Group taken as a whole or, as the case may be, the Wider Cornwell Group taken as a whole;
or
 - 3.6 otherwise materially and adversely affect the business, assets, financial or trading position or profits of any member of the Wider Serco Group or of the Wider Cornwell Group to an extent which is or which might reasonably be expected to be material in the context of the Wider Serco Group taken as a whole or, as the case may be, the Wider Cornwell Group taken as a whole, and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference having expired, lapsed or been terminated;
4. all necessary filings having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated in each case in respect of the Offer and the acquisition of any shares in, or control of, Cornwell by Serco and all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals (authorisations) reasonably necessary or appropriate in any relevant jurisdiction for or in respect of the Offer or the proposed acquisition of any shares in, or control of, Cornwell by Serco being obtained in terms and in a form reasonably satisfactory to Serco from appropriate Relevant Authorities or from any persons or bodies with whom any member of the Wider Serco Group or the Wider Cornwell Group has entered into contractual arrangements where the absence of such authorisations would have a materially adverse effect on the Wider Serco Group taken as a whole or the Wider Cornwell Group taken as a whole as the case may be, and such authorisations together with all authorisations reasonably necessary or appropriate for any member of the Wider Cornwell Group to carry on its business remaining in full force and effect and no intimation of any intention to revoke, suspend, restrict or modify or not to renew any of the same having been made and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with in connection with the Offer;
 5. except as fairly disclosed to Serco in writing by or on behalf of Cornwell or as disclosed to a Regulatory Information Service by Cornwell before 24 April 2007 there being no provision of any agreement, arrangement, licence or other instrument to

which any member of the Wider Cornwell Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject which, as a result of the making or implementation of the Offer or the acquisition or proposed acquisition by any member of the Wider Serco Group of any shares in, or change in the control or management of, Cornwell or otherwise, would or might (to an extent which is or might reasonably be expected to be materially adverse in the context of the Wider Cornwell Group taken as a whole) result in:

- 5.1 any moneys borrowed by or any other indebtedness (actual or contingent) of any such member of the Wider Cornwell Group becoming repayable or capable of being declared repayable immediately or earlier than the stated repayment date or the ability of such member to borrow monies or incur any indebtedness being withdrawn or inhibited;
- 5.2 the creation or enforcement of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any such member of the Wider Cornwell Group or any such security interest (whenever arising or having arisen) becoming enforceable;
- 5.3 any assets or interest of any such member of the Wider Cornwell Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
- 5.4 the interest or business of any such member of the Wider Cornwell Group in or with any other person, firm or company (or any agreements relating to such interest or business) being terminated or adversely affected;
- 5.5 any such member of the Wider Cornwell Group ceasing to be able to carry on business under any name under which it presently does so;
- 5.6 the value of any such member of the Wider Cornwell Group or its financial or trading position or prospects being materially prejudiced or materially and adversely affected;
- 5.7 any such agreement, arrangement, licence or other instrument being terminated or adversely modified or any onerous obligation arising or any adverse action being taken or arising thereunder; or
- 5.8 the creation of any material liabilities (actual or contingent) by any such member;

and no event having occurred which, under any provision of any agreement, arrangement, licence or other instrument to which any member of the Wider Cornwell Group is a party or by or to which any such member or any of its assets may be bound or be subject, could result in any events or circumstances as are referred to in subparagraphs 5.1 to 5.8 of this paragraph 5 in any case where such result would be or might reasonably be expected to be material in the context of the Wider Cornwell Group taken as a whole;

6. except as disclosed in the preliminary results announcement released by Cornwell in respect of the year ended 31 December 2006 or as publicly announced to a Regulatory Information Service by or on behalf of Cornwell, before 24 April 2007, or as otherwise fairly disclosed to Serco in writing by or on behalf of Cornwell before 24 April 2007, no member of the Wider Cornwell Group having since 31 December 2006:
 - 6.1 issued or agreed to issue or authorised the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities, other than shares which are issued upon the exercise of rights to subscribe for shares pursuant

to options granted under the Cornwell Share Option Plan before 24 April 2007 nor made any changes to the Cornwell Share Option Plan.

- 6.2 recommended, declared, paid or made any bonus issue, dividend or other distribution, whether payable in cash or otherwise, other than a distribution by any wholly-owned subsidiary of Cornwell;
- 6.3 implemented or authorised any merger or demerger or (other than in the ordinary course of business and provided not material) acquired or disposed of or transferred, mortgaged or charged, or created any other security interest over, any asset or any right, title or interest in any asset;
- 6.4 implemented or authorised any reconstruction, amalgamation, scheme or other similar transaction or arrangement (other than in the ordinary course of business and provided not material);
- 6.5 purchased, redeemed or repaid any of its own shares or other securities or reduced or made or authorised any other change in its share capital;
- 6.6 made or authorised any change in its loan capital or issued or authorised the issue of any debentures or (other than in the ordinary course of business and provided not material) incurred or increased any indebtedness or contingent liability;
- 6.7 entered into, varied or terminated, or authorised the entry into, variation or termination of, any contract, commitment or arrangement (whether in respect of capital expenditure or otherwise) which is outside the ordinary course of business or which is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of a nature or magnitude which in any case is material in the context of the Wider Cornwell Group taken as a whole;
- 6.8 entered into any contract, commitment or arrangement which would be materially restrictive on the business of any member of the Wider Cornwell Group or the Wider Serco Group;
- 6.9 been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business, in any case which has a material adverse effect on the Wider Cornwell Group taken as a whole;
- 6.10 taken any corporate action or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation (or for any analogous proceedings or steps in any relevant jurisdiction) or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer (or for the appointment of any analogous person in any relevant jurisdiction) of all or any of its assets and revenues, which in any case has a material adverse effect on the Wider Cornwell Group taken as a whole;
- 6.11 waived, compromised or settled any claim which is material;
- 6.12 entered into or varied the terms of any service agreement or arrangement with any director or senior executive of Cornwell, save for salary increases, bonuses or variations of terms in the ordinary course of business;
- 6.13 save for any changes to the extent necessary to comply with applicable legislation, made or consented to any change to the terms of the trust deeds constituting the pension schemes established for its directors and/or

- employees and/or their dependants or to the benefits which accrue, or to the pensions which are payable thereunder, or to the basis on which qualification for or accrual or entitlement to such benefits or pensions are calculated or determined, or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to, any change to the trustees to an extent which is material in the context of the Wider Cornwell Group taken as a whole;
- 6.14 entered into any contract, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or proposed or announced any intention to effect or propose, any of the transactions, matters or events referred to in this condition; or
- 6.15 increased, or agreed or resolved to increase, any contributions payable by it under any pension arrangement in respect of any employee;
7. since 31 December 2006 (except as disclosed in the preliminary results announcement released by Cornwell for the year then ended or as publicly announced to a Regulatory Information Service by or on behalf of Cornwell before 24 April 2007):
- 7.1 no adverse change having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider Cornwell Group which is or which might reasonably be expected to be material in the context of the Wider Cornwell Group taken as a whole;
- 7.2 no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any member of the Wider Cornwell Group or to which any member of the Wider Cornwell Group is a party (whether as claimant or defendant or otherwise) and no investigation by any Relevant Authority or other investigative body against or in respect of any member of the Wider Cornwell Group having been threatened, announced, instituted or remaining outstanding by, against or in respect of any member of the Wider Cornwell Group which would or might reasonably be expected to materially and adversely affect the Wider Cornwell Group taken as a whole; and
- 7.3 no contingent or other liability having arisen which would or might reasonably be expected to materially and adversely affect any member of the Wider Cornwell Group taken as a whole;
8. save as fairly disclosed to Serco in writing or as otherwise publicly announced to a Regulatory Information Service prior to 24 April 2007 or as disclosed in the preliminary results announcement released by Cornwell in respect of the year ended 31 December 2006, Serco not having discovered that:
- 8.1 any financial, business or other information publicly disclosed at any time by any member of the Wider Cornwell Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading which in any case is or might reasonably be expected to be material in the context of the Wider Cornwell Group taken as a whole;
- 8.2 any member of the Wider Cornwell Group is subject to any liability, contingent or otherwise, which is not disclosed in the preliminary results announcement released by Cornwell for the year ended 31 December 2006 and which is or might reasonably be expected to be material in the context of the Wider Cornwell Group taken as a whole;

- 8.3 there is or is likely to be any material obligation or liability (whether actual or contingent) to make good, repair, re-instate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Cornwell Group under any environmental legislation, regulation, notice, circular or order of any Relevant Authority in any relevant jurisdiction and which is or might reasonably be expected to be material in the context of the Wider Cornwell Group taken as a whole.

Serco reserves the right to waive all or any of conditions 2 to 8.3 inclusive, in whole or in part. The Offer will lapse unless all the above conditions are fulfilled or (if capable of waiver) waived or, where appropriate, determined by Serco to have been or remain satisfied by midnight London time on the day which is 21 days after the later of the First Closing Date and the date on which the Offer becomes or is declared unconditional as to acceptances (or such later date as Serco may, with the consent of the Panel, decide). Serco shall be under no obligation to waive or treat as fulfilled any of conditions 2 to 8.3 inclusive by a date earlier than the latest date specified above for the fulfilment thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

If Serco is required by the Panel to make an offer or offers for any Cornwell Shares under Rule 9 of the Code, then Serco may make such alterations to the above conditions as are necessary to comply with that Rule.

The Offer will lapse (unless the Panel otherwise consents) if, before the First Closing Date or the date when the Offer becomes unconditional as to acceptances (whichever is the later), the acquisition of Cornwell is referred to the Competition Commission.

As used in this Appendix I, subsidiary undertaking, associated undertaking and undertaking have the meanings given by the Companies Act 1985 (but for these purposes ignoring paragraph 20(1)(b) of Schedule 4A to the Companies Act 1985) and substantial interest means a direct or indirect interest in 10 per cent. or more of the equity capital of an undertaking.

APPENDIX II - SOURCES AND BASES OF INFORMATION

1. General

Unless otherwise stated, the financial information relating to Cornwell has been extracted from the audited consolidated financial statements of Cornwell for the financial years ended 31 December 2006 and 31 December 2005.

Unless otherwise stated, the financial information relating to the Serco Group has been extracted from the audited consolidated financial statements of Serco for the financial years ended 31 December 2006 and 31 December 2005.

2. Value of the Offer

The value of the Offer by reference to the existing issued ordinary share capital of Cornwell is based on the 17,613,946 Cornwell Shares in issue on 23 April 2007 (the last Business Day prior to the date of this announcement).

3. Share prices

The Closing Prices of Cornwell Shares are derived from the AIM Appendix to the Daily Official List.

APPENDIX III - DETAILS OF IRREVOCABLE UNDERTAKINGS

1. The following Cornwell Directors have given in respect of the following numbers of Cornwell Shares irrevocable undertakings to accept the Offer in respect of their entire holdings of Cornwell Shares:

Name of Director	Number of Shares held	Percentage of issued share capital of Cornwell
Keith Cornwell	5,328,750	30.3
Angus Watson	10,000	0.1
Josephine Connell*	10,000	0.1

2. The following Cornwell Shareholders (other than Cornwell Directors) have given in respect of the following numbers of Cornwell Shares irrevocable undertakings to accept (or procure the acceptance of) the Offer in respect of their entire holdings of Cornwell Shares:

Name of Shareholder	Number of Shares held	Percentage of issued share capital of Cornwell
John Clemmow	986,618	5.6
Hargreave Hale Limited	900,000	5.1
Jonathan Broadhurst	709,240	4.0
Keith Newton	667,450	3.8
David Dixson	525,000	3.0
Heather Broadhurst	138,000	0.8

Each of these irrevocable undertakings will cease to be binding if the Offer lapses or is withdrawn or if a higher competing offer for Cornwell is announced (and the formal document containing such offer is posted) prior to 3.00 p.m. on the 21st day following the posting of the Offer Document that values Cornwell at least 10 per cent. higher than the value of the Offer.

*Josephine Connell's Cornwell Shares are jointly held with her husband, Michael Connell.

APPENDIX IV - DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

AIM	the market of that name operated by the London Stock Exchange
AIM Rules	AIM Rules for Companies, promulgated by the London Stock Exchange
Arbuthnot Securities	Arbuthnot Securities Limited, a company registered in England with registered number 762818
Business Day	any day not being a public holiday, Saturday or Sunday, on which banks are generally open in London for banking business
City Code or Code	the City Code on Takeovers and Mergers
Closing Price	the closing middle market quotation for Cornwell Shares as derived from the AIM Appendix to the Daily Official List
Cornwell	Cornwell Management Consultants plc, a company incorporated in England and Wales with registered company number 2668512
Cornwell Board, Cornwell Directors or Board of Cornwell	Keith Cornwell, Angus Watson, Josephine Connell and Richard Piper
Cornwell Group	Cornwell and its subsidiary undertaking
Cornwell Share Option Plan	the Cornwell Approved Savings - Related Share Option Plan
Cornwell Shareholder	a holder of Cornwell Shares
Cornwell Shares or Shares	the ordinary shares of 5 pence each in the capital of Cornwell which are unconditionally allotted or issued or otherwise arise prior to the date on which the Offer closes (or such earlier date, not being earlier than the First Closing Date, as Serco may, subject to the provisions of the City Code, decide) as a result of exercise of the options under the Cornwell Share Option Plan or the vesting of awards under the Cornwell Share Option Plan
Cornwell Share Trust	the employee benefit trust established by deed dated 3 May 2001 between Cornwell of one part and Keith Newton, Ben Miller-Smith and Colin Massey of the other part
Daily Official List	the Daily Official List of the London Stock Exchange
Directors	the directors of Serco and/or Cornwell as the context requires
Enlarged Group	the combined Serco Group and Cornwell Group

Excluded Territories, Excluded Territory	any of the United States, Canada, Australia or Japan or any jurisdiction where local law civil regulations may result in a significant risk of civil, regulatory or criminal exposure if information or documentation concerning the Offer is sent or made available to Cornwell Shareholders in that jurisdiction
First Closing Date	the twenty-first day after the posting of the Offer Document
Form of Acceptance	the form of acceptance and authority for use by Cornwell Shareholders in connection with the Offer
Inducement Fee Agreement	the inducement fee agreement between Serco and Cornwell dated 20 April 2007
IPO	the admission to trading on AIM of Cornwell's then entire issued share capital in November 2004
London Stock Exchange	London Stock Exchange plc
Offer	the recommended cash offer to be made by PKF on behalf of Serco to acquire the entire issued and to be issued share capital of Cornwell as described in this announcement, including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer, and subject to the conditions and further terms to be set out in the Offer Document
Offer Document	the document to contain the formal terms and conditions of the Offer
Official List	the Official List of the UK Listing Authority
Offer Period	the period beginning on and including 3 October 2006 and ending on the latest of (i) 3.00 p.m. (London time) on the First Closing Date, (ii) the time and date on which the Offer becomes or is declared unconditional as to acceptances and (iii) the time and date on which the Offer lapses or is withdrawn
Offer Price	40 pence per Cornwell Share
Panel	the Panel on Takeovers and Mergers
PKF	PKF (UK) LLP, a limited liability partnership registered in England with registered number OC310487
Quantum Plus	Quantum Plus Limited, a company incorporated in England and Wales with registered company number 03892001
Regulatory Information Service	the Company Announcements Office and/or RNS and/or any other channel recognised from time to time as a channel for the dissemination of regulatory information by companies under the AIM Rules
Serco	Serco Group plc, a company incorporated in England and Wales with registered company number 2048608

Serco Board, Serco Directors, Board of Serco	the board of directors of Serco
Serco Group	Serco and its subsidiary undertakings
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	The Financial Services Authority in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000
United States, USA or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
US Securities Act	the United States Securities Act of 1933 (as amended)
US Person	US Person as defined in Regulation S of the US Securities Act
Wider Cornwell Group	Cornwell and its subsidiary undertakings, associated undertakings and any other undertaking in which Cornwell and such undertakings (aggregating their interests) have a substantial interest
Wider Serco Group	Serco and its subsidiary undertakings, associated undertakings and any other undertaking in which Serco and such undertakings (aggregating their interests) have a substantial interest