

Press Release

Pre-Close Trading Update

Significant Opportunities Driving Growth and Margins

04 December 2006

Ahead of its financial year-end on 31 December 2006, Serco Group plc (Serco) today releases the following update on current trading:

We are pleased with the strong performance achieved in the second half of the year across our business sectors, which has enabled the group to continue trading in line with expectations.

Revenue growth has been driven by the base of existing contracts and new wins across all markets, supported by our ability to leverage skills across the group. In the year to date, Serco has signed contracts valued at around £2bn and been appointed preferred bidder for contracts valued at around £1.9bn.

More contract details are in the latest news update published today on www.serco.com. Notable examples of new business since the interim results include contracts in the US defense market enabling us to compete for \$370m of research development and engineering work and a \$33m submarine and satellite communication IT support contract. In the first award of its kind, Serco is working with voluntary bodies in the UK to rehabilitate offenders back into the community and, through Serco Solutions, is supporting the Department for Education and Skills in developing Children's Centres in 150 local authorities.

The company continues to develop strong positions for other strategic opportunities. In this context, last month Serco formed a world-class consortium with Bechtel and BWXT to support the UK Nuclear Decommissioning Authority's clean-up programme. The consortium combines proven track records of service delivery, nuclear site management and clean-up capability.

In addition, Serco has today announced a strategic PFI investment partnership with Infrastructure Investors Limited Partnership (I²), enhancing its ability to compete in the PFI market and offer better value solutions to customers. Serco has also sold its equity and subordinated debt in six PFI projects to a wholly owned subsidiary of I² for a cash consideration of £76.5m resulting in a profit on disposal of £11.4m, which is incremental to previous guidance for 2006. Serco has retained the associated long term operating contracts.

We continue to address significant opportunities across our markets. Our selective approach to bidding and continued focus on efficiency and portfolio management are contributing to margin improvement. Encouraged by the strong performance of the business we remain confident of delivering our expectations for 2007, and beyond, of double-digit growth and increasing margins.

Serco will release its preliminary results on 28 February 2007.

Ends

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Press Release (continued)

Notes to editors

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

We improve services by managing people, processes, technology and assets more effectively. We advise policy makers, design innovative solutions, integrate systems and - most of all - deliver to the public.

Serco supports governments, agencies and companies who seek a trusted partner with a solid track-record of providing assured service excellence. Our people offer operational, management and consulting expertise in the aerospace, defence, education, health, home affairs, local government, science, technology, transport and the commercial sectors.

More information can be found at www.serco.com.