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Serco completes acquisition of Premier Custodial Group

Serco Group plc ("Serco") has completed its acquisition of Wackenhut Corrections UK Limited's ("WCUK") 50% share in Premier Custodial Group ("Premier"). Serco has paid £48.6 million for the shares, which represents 90% of their fair market value, as determined by independent valuation. This will be financed from Serco's banking facilities and Serco now assumes full ownership of the business.

Serco has held 50% of Premier since 1992, during which time Premier has developed a strong presence in the UK custodial market in the management of prisons, secure training centres and immigration centres, as well as court escort services and leading the market in the provision of electronic tagging services. The acquisition of the remaining 50% of the business will give Serco the opportunity to further develop Premier's market position, both in the UK and overseas.

The long-term nature of contracts in the UK custodial market, some for up to 25 years, provides high visibility of earnings into the future, and the Home Office requirement for custodial services demonstrates that growth potential for the business is good. There is a continuing and substantial rise in the demand for prison places and for new prisons. The Governments asylum policy will also lead to greater demand for secure accommodation, which Premier is well positioned to provide.

Kevin Beeston, Executive Chairman of Serco Group, said:

"Premier is an excellent business with exciting prospects. Evidence clearly shows that the private sector has made a significant contribution to the development of custodial services. Serco looks forward to bringing its experience to bear, supporting Premier in delivering service excellence in the future and in working with Premier's staff, customers and stakeholders in a mutually beneficial way."

John Jeffery, Serco's newly appointed Managing Director of Premier Custodial Group said:

"The staff at Premier is by far its greatest asset. The company employs dedicated professionals and I am delighted to have this opportunity to work with them. It is widely accepted that the private sector has brought about a revolution in staff / prisoner relations, resulting in more humane and just treatment of the people within our care. Likewise, the sensitive and respectful care of people within our immigration centres and through our escort and tagging services is our priority. Our aim must be to continue this work whilst keeping the community safe."

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Education, appropriate healthcare and the rehabilitation of offenders are the key to facilitating their adjustment back into everyday life and providing an alternative so that re-offending is not a choice they make. Premier, drawing upon its relationship with Serco, aims to provide every chance for the people in our care to assimilate back into society. We, the team at Premier, look forward to meeting the challenges that custodial services present and to further developing our reputation for treating those we serve with decency and respect.”

- Ends -

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Notes to Editors

- Serco is one of the world's largest public service companies operating on a global basis in a diverse range of sectors, including defence, aerospace and science, public transport and traffic management, health, education, justice and local government.
- Serco is focussed on the public sector, which represents around 90% of its business and has a strong public service ethos. In partnership with customers and staff Serco aims to enhance service levels and operational efficiency by shortening decision making chains, reducing bureaucracy and achieving continuous improvement
- More information on Serco can be found at www.serco.com
- Since Premier opened Doncaster Prison in June 1994 the group has built up its reputation for first-class prison management, recognised and endorsed by the Chief Inspector of Prisons.
- Premier now employs over 3,000 people and operates 4 prisons, 1 combined prison and Youth Offenders Institution, a secure youth training centre and an immigration centre in the UK. In addition, Premier provides a range of other custodial services including electronic monitoring of offenders and court escort services.