

## News Update

### Issue 2

5 May 2006

This release is to update analysts and investors on some of the contract developments at Serco in recent months. This is the second release; the first was issued on 2 December 2005. We aim to issue further updates from time to time. The contracts listed here have not been individually announced to the market but some were referred to in our Annual Report. They are collectively valued at around £300m.

#### **Youth Justice Board – Hassockfield Secure Training Centre**

At Hassockfield in County Durham, Serco is constructing a new young women's unit and will provide education, health services and accommodation for up to 16 additional trainees. This nine-year contract with the Youth Justice Board is valued at £9m.

#### **Welwyn Hatfield Council – streetscene services**

Serco has signed a contract to work with Welwyn Hatfield Council in a new streetscene services partnership. Serco is providing a wide range of services including refuse collection, recycling, street cleaning, vehicle maintenance and landscaping services. The contract, which started in April 2006, is for ten to 14 years and is valued at £5m per annum.

#### **Local authorities – IT services**

Serco has won extensions for the provision of IT services, such as server support, help desk provision and infrastructure maintenance, with the following councils: Bedford (£1.25m per annum), Southwark (£2m per annum), Enfield (£0.5m per annum), Coventry (£0.6m per annum), Cotswolds (£0.9m per annum).

#### **Cornwall Primary Care Trusts – out-of-hours medical response**

Serco has been awarded a three-year contract to provide patients in Cornwall with a new, out-of-hours medical response service, effective from April 2006. The contract is valued at £7.5m per annum.

#### **Cardiff Local Health Board – prison medical services**

Serco has been awarded a three-year contract, in conjunction with local general practitioners, to provide medical services to Her Majesty's Prison Cardiff.

#### **BBC – procurement support**

At the BBC, Serco has been appointed, to guide to a successful conclusion, the procurement of a cost effective over-the-counter solution for licence fee collection. We are also assisting BBC Property as it transitions to a new operating model and new suppliers.

#### **HBOS plc – project management**

At HBOS plc, Serco is managing a number of projects as part of a wider programme to migrate customers from a legacy retail banking system to a new strategic solution, focusing specifically on high net worth customers.

#### **Home Office – civil resilience**

As a result of our civil resilience work at the Office of the Deputy Prime Minister, the Home Office has awarded Serco new work with the Chemical, Biological, Radiological and Nuclear Resilience Programme, which deals with the police response to catastrophic incidents.

#### **Global Investment Bank – project management**

Serco has been appointed by a global investment bank on projects including assisting the development of a software lifecycle model, reviewing credit-risk approval systems and helping provide technical and project management support to client engagement solutions.

### **National Policing Improvement Agency (NPIA) – change management support**

The NPIA is being created to support self-improvement across the police service and to drive forward the priorities the UK Government outlined in the National Policing Plan. Serco is helping the Agency establish its large-scale change management approach.

### **Great Southern Railways – Ghan train**

In Australia, Serco has doubled the frequency of trips that the Ghan train will make during the course of 2006, increasing its revenue from the service. The Ghan travels 1,862 miles from Adelaide to Darwin. In 2005, the Ghan carried 80,000 people.



### **Hong Kong Government – road tunnels**

Serco has retained its contract to manage, operate and maintain the Airport and Lion Rock tunnels. These tunnels are an important link in Hong Kong's road network. Serco's services include traffic control, emergency response, vehicle recovery, environment systems, tunnel equipment maintenance and tolls collection. The contract value is approximately AU\$75m over six years.

### **Highways Agency – M25 maintenance**

The UK's Highways Agency has exercised its option to extend two contracts with Serco to provide maintenance of traffic signals and equipment on the M25. The contract covering the north of the motorway has been extended by 12 months to January 2007 and the contract covering the south of the motorway by 24 months to January 2008. The additional value for both contracts over the extension period is approximately £4m.

### **Highways Agency – roadside emergency phones**

Serco has also been selected as preferred bidder by the Highways Agency to produce, install and maintain roadside emergency telephones. The contract will be valued at £5m over three years, commencing with a six-month trial beginning in October 2006.

### **Highways Agency – active traffic management**

Serco will develop and maintain a new control system for a pilot active traffic management project on the M42. This project will apply to a 17km section of the motorway. It is valued at £4.5m up to 2010 with the option of two additional years of maintenance.

### **Somerset County Council Highways – traffic equipment maintenance**

Serco has been selected as preferred bidder for a contract to maintain traffic signals and ancillary equipment. Beginning in May 2006, the contract is for up to five years and is valued at £2m. Serco also works with Highways departments of councils in Cornwall and Wiltshire.

### **Swedish National Road Administration - Stockholm roadside equipment maintenance**

Serco has been awarded a contract for the central traffic system, providing overall co-ordination and management of new and existing roadside equipment and systems in the Stockholm region. These systems were designed and developed by Serco. The contract is valued at £2.25m over three years, with two optional one-year extensions.

### **United Arab Emirates (UAE) Civil Aviation Authority - flight information**

Serco has successfully renewed its contract to provide air traffic control and engineering services, based in Abu Dhabi. The new contract began in January 2006, and is valued at £11.5m over three years, a substantial increase over the previous contract. There is rapid growth in aircraft movements in UAE airspace. Serco operates similar services at Bahrain International Airport, with which we have an association dating back some 55 years.

### **London Heliport – air traffic control and engineering**

Serco has been awarded a three-year extension to the air traffic control and associated services contract at the London Heliport valued at £0.9m.

### **Defence Communications Services Agency – technology support to satellite**

Serco has been awarded an extension for the Skynet 5 contract from the Defence Communications Services Agency and the prime contractor EADS Paradigm. This extends the end date from 2018 to 2020 and is valued at approximately £58m.

### **US Navy – engineering & technology**

Serco has successfully re-bid an expanded contract to provide engineering, technical, logistical and management services to the US Navy's Space & Naval Warfare Systems Command Centre. The contract entails continuation of current support for US Navy submarine surveillance systems and expansion into similar technology associated with homeland security and anti-terrorism efforts. This contract, first awarded in 2000, has a base year and four one-year options. The total value is more than \$20m, over the full five years.

### **US Army – human resources solutions**

Serco has successfully re-bid a contract to support the US Army Community and Family Support Center with advocacy services for victims of domestic abuse and sexual assault. The total value of the contract, which covers two years and seven months, is approximately \$20m.

For the last two years Serco has been providing personnel support to Fort Gordon, the US Army Signals Centre. We have been awarded an additional year's work valued at \$3.5m.

### **US Army – smart cards**

Serco has been chosen by the US Army HR Command to be a worldwide issuer of secure digital identification cards, used to access automated systems and networks. Serco will issue common access cards at 78 Army locations around the world in a one-year contract with options for two additional years, valued at over \$25m in total. With this new win, Serco remains the US Army's largest provider of these card services.

### **Department of Trade & Industry (DTI) – National Physical Laboratory**

Serco's contract with the DTI to provide facilities management services at the National Physical Laboratory has been extended from the end December 2005 until November 2006, ahead of a possible re-bid.

### **Department for the Environment, Food and Rural Affairs – knowledge transfer**

Serco successfully re-bid a contract to provide an integrated marketing and knowledge transfer programme for Envirowise, which offers UK businesses advice and support on increasing profits, minimising waste and reducing environmental impact. The new contract is valued at £12m over two years, with a possible extension for a further three years.



### **Middle East oil and gas sector - communications systems**

Serco has won several contracts for turnkey implementation of industrial grade, explosion-proof communications and public address systems for oil and gas installations under refurbishment in the Gulf.

### **Middle East utilities sector – infrastructure renewal**

Serco's Bahrain-based joint venture Aeradio Technical Services has won several utilities infrastructure support and renewal contracts in Bahrain.

### **MAN B&W – SAP support**

MAN B&W has extended its SAP FM Support contract with Serco for a further three years until the end of 2008. In addition, Serco has been awarded a separate contract to provide SAP Application Support for the same period.