

Bringing service to life

A stylized world map in a light green color, centered on the Atlantic Ocean. A thick red horizontal bar is overlaid across the middle of the map, containing the main title text.

Building new “home markets” around the world

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Group Marketing Director
15 September 2010

Agenda

- Overview of our business and strategy
- 1H 2010 results highlights
- Successfully building new “home markets” in
 - Australia
 - Middle East
 - Americas

Our business

- Focused on delivery of front-line, essential services
- Over 40 years' experience in people-led change management
- Strong public service ethos
- Governments around the world tackling issues of security, health, education, environment and growth
- Well placed to help our customers improve efficiency, reduce cost, and deliver value for money essential services
- Increasing demand from our customers in the UK and internationally

Continued focus on strategy underpins growth

■ **Build a balanced portfolio**

- Reduces our exposure to fluctuations in individual markets
- 700 contracts; Largest c7% of revenue; top 10 account for 25% of revenue
- c40% of revenue outside UK
- Long-term contracts and substantial order book provide excellent revenue visibility

■ **Maintain high rebid and new win rates**

- Win rates of 90% of rebids/extensions and 50% of new bids

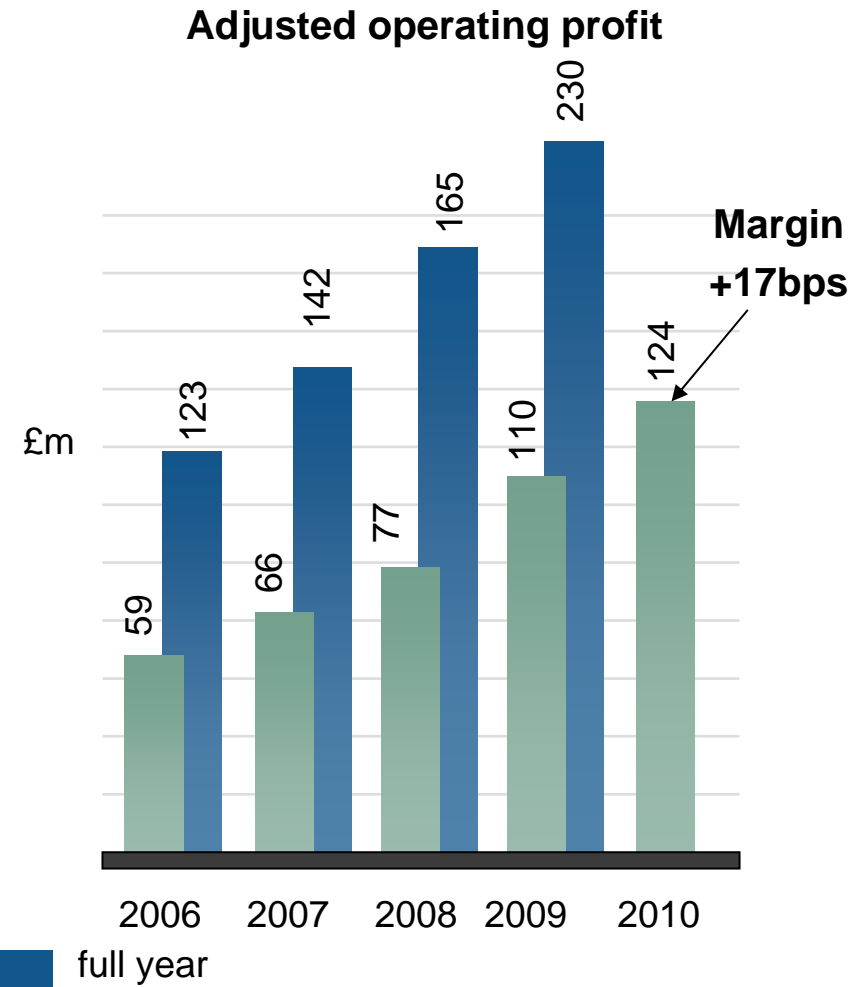
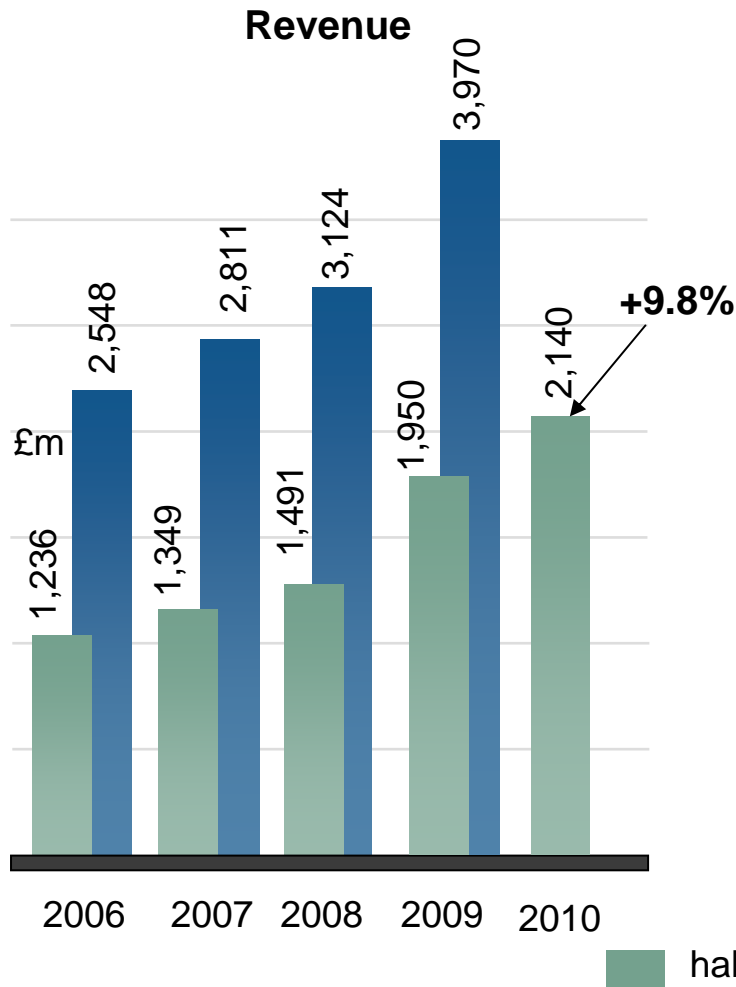
■ **Make strategic acquisitions for new skills and to enter new markets**

- Stronger base in US government services through SI International
- India BPO & UK occupational health

■ **Develop new business models**

- Partnerships with third sector and other organisations in Welfare to Work/prison contracts
- Glasgow local authority partnership / Guy's and St Thomas' NHS Foundation Trust joint venture in pathology

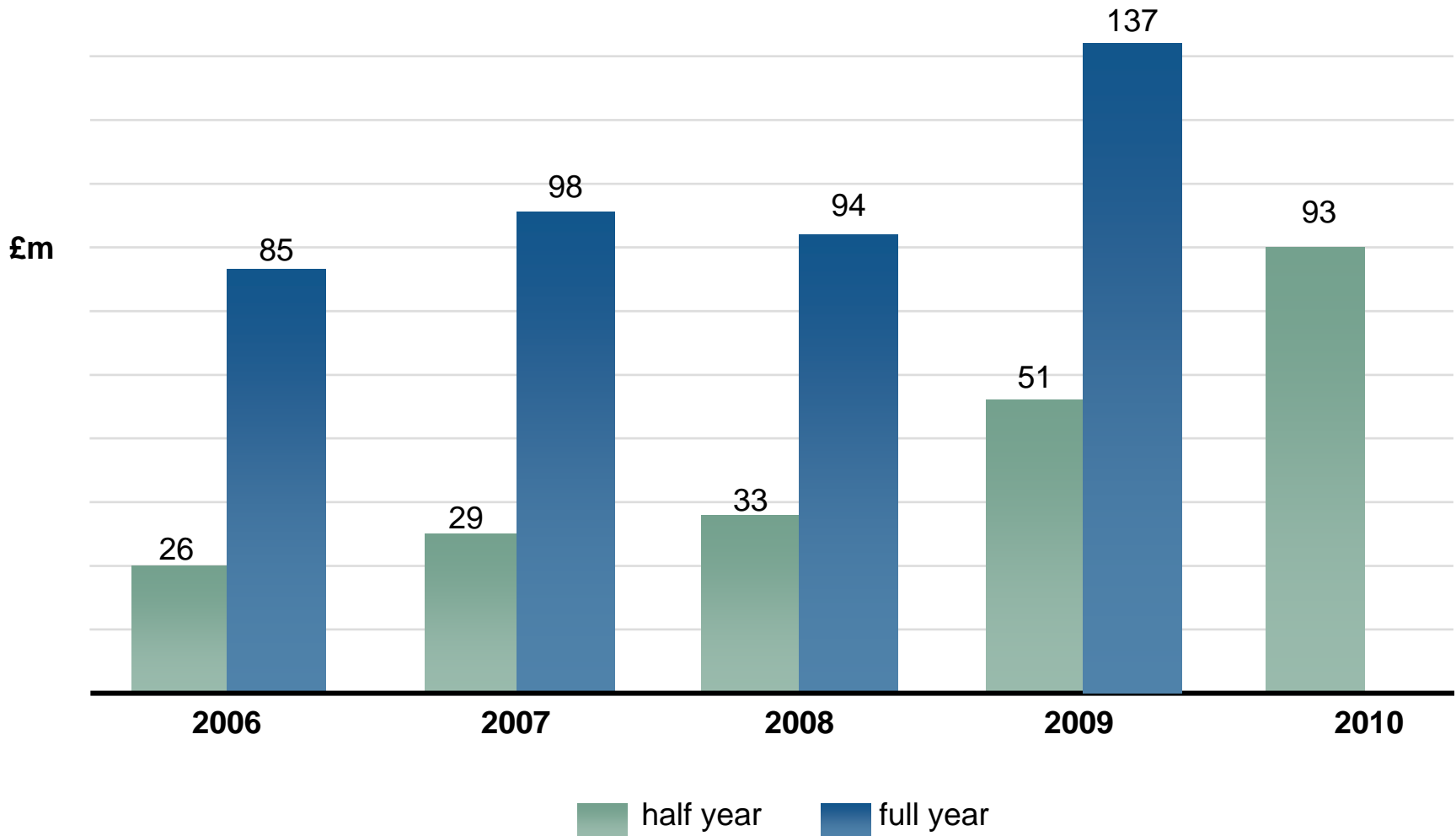
Strong financial performance – revenue and profit



Note: Adjusted operating profit is profit before interest and tax and amortisation of acquired intangibles.

For the full year 2006, this also excludes the £11.4m gain on sale of PFI investments.

Strong financial performance – free cash flow

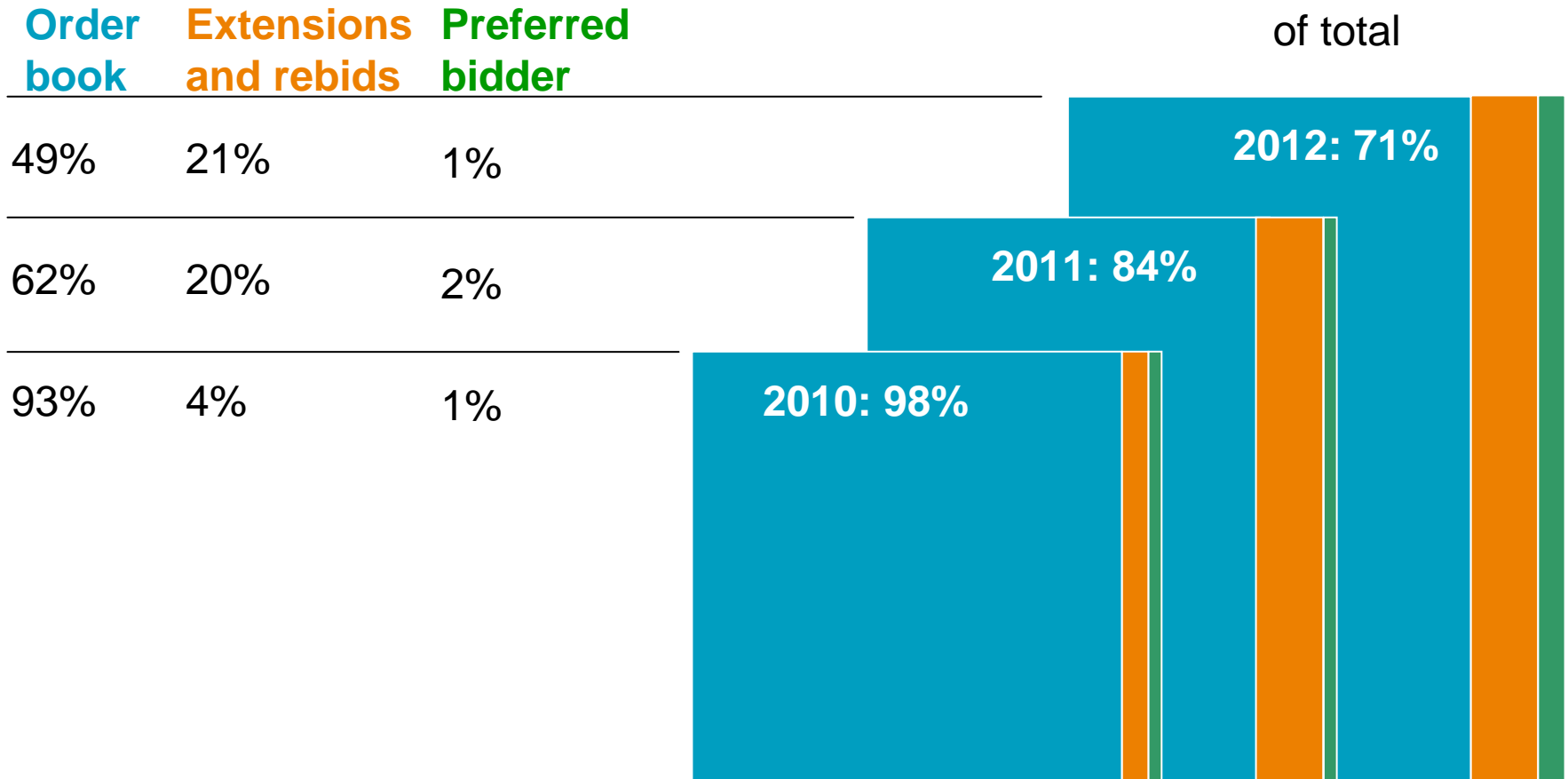


Continued high level of bidding and substantial order book

- Won business valued at £2.2bn in H1
- Good growth from small and medium-sized wins and extensions
- Won 90% of rebids and 1 in 2 new bids
- Order book stands at £16.7bn (30 June 2010)
- Substantial opportunity pipeline stands at £28bn

Excellent revenue visibility supported by order book

At 30 June 2010



Substantial opportunities for growth

- Established markets growing and new markets opening
- Skills and capabilities increasingly in demand
- Business organised and enabled to grow
- Expanding our portfolio, building new home markets

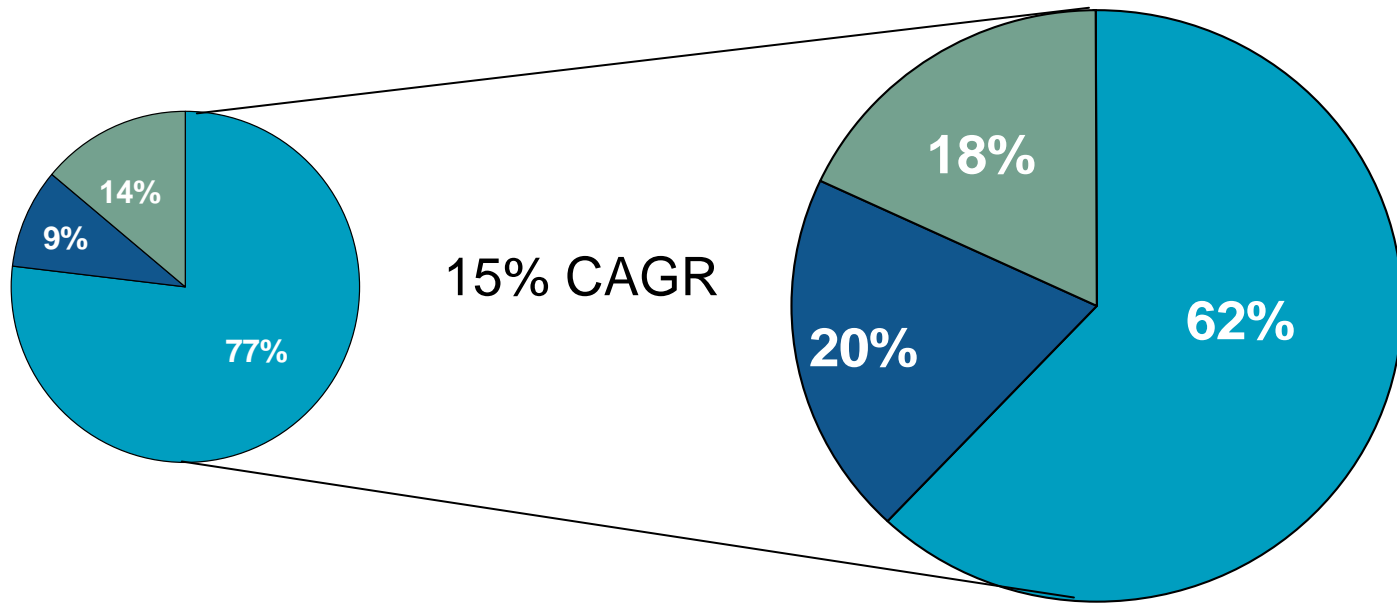
Successfully building new "home markets"

| | UK | US | Australia | Middle East |
|-------------------------|----|----|-----------|-------------|
| Civil Government | ✓ | ✓ | ✓ | |
| - Offender management | ✓ | | ✓ | |
| - Homeland Security | ✓ | ✓ | ✓ | |
| IT & BPO | ✓ | ✓ | ✓ | |
| Transport | ✓ | ✓ | ✓ | ✓ |
| Defence | ✓ | ✓ | ✓ | |
| Health | ✓ | | | |

Strong growth across our markets

1H 2005 £1,075m

1H 2010 £2,140m



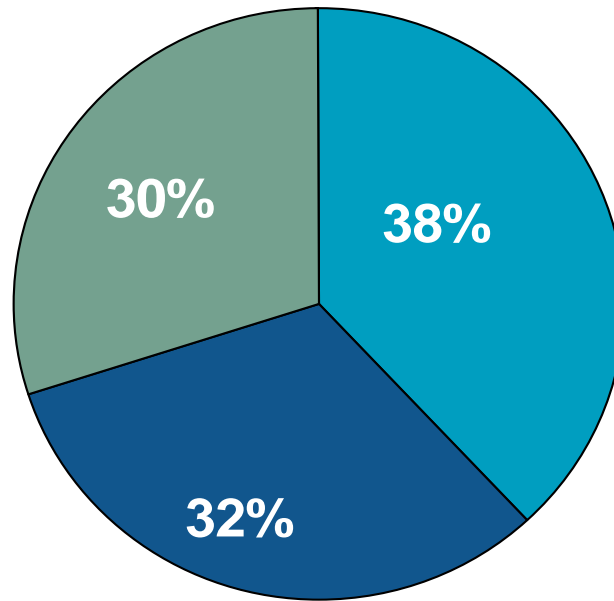
United Kingdom

United States

Other countries

Building a new home market in Australia

Australia: c.7% of Group revenue



Defence



Civil Government



Transport

Australia

Defence

- A presence on every operational and training base in Australia
- Supporting the Australian Defence Force
 - HMAS Watson
 - Medical logistics
 - Services to the RAAF
- Defence Maritime Services
- Serco Sodexo Defence Services (SSDS)



Australia

Transport

■ Rail

- Great Southern Rail

■ Road

- Traffic management
- Traffic information



Australia

Home Affairs

■ Justice

- Acacia Prison
- Borallon Correctional Centre



■ Immigration

- Immigration Detention Centres
- Immigration Residential Housing and Immigration Transit Accommodation



Australia

Opportunities

■ Justice

- Acacia prison extension
- New build and existing publicly run prisons

■ Defence

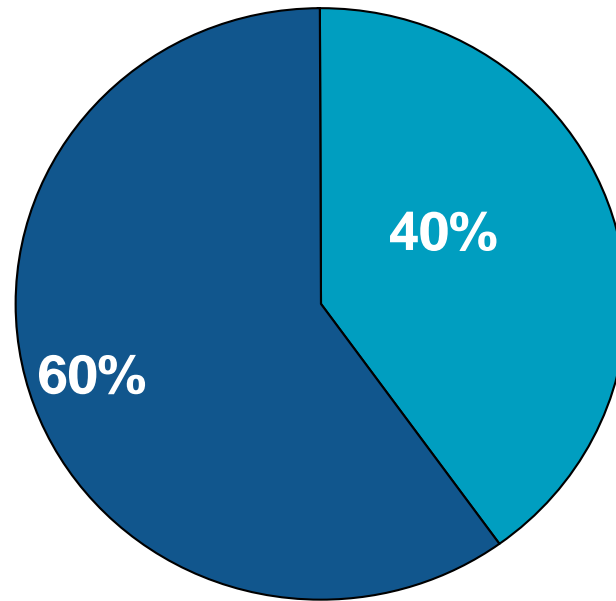
- Warehousing, distribution and equipment maintenance review

■ Health

- Non clinical and support services

Building a new home market in the Middle East

Middle East: c.3% of Group revenue



 Metro  Air Traffic Services

Middle East

Air Traffic Services

- Air Traffic Control
 - Across the UAE and in Bahrain
 - Operate at 6 major international airports
 - Recently expanded 10 year Dubai ATC contract by £3.5m pa
- Training, systems and consultancy



Middle East Transport

- Dubai Metro
 - Highly successful start in September 2009
 - Exceptionally high levels of performance
- Further recent contract wins
 - Dubai Palm Monorail operation
 - Makkah Metro consultancy
 - Further journey planner contracts

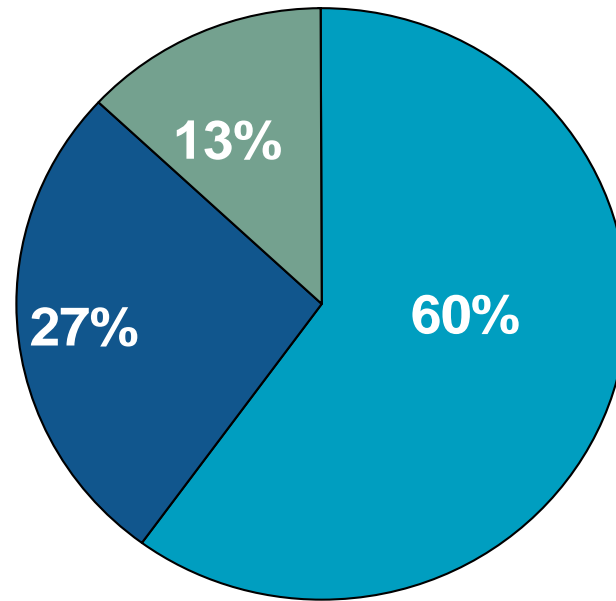





Middle East Opportunities

- Further geographical expansion in the Middle East
- Significant planned infrastructure development across the region
 - Transport, including metro, bus and air traffic control
 - Healthcare
 - Education

Building a new home market in the Americas

Americas: c.21% of Group revenue



 Defence and intelligence  Civil Government  Transport and other

Americas

- US\$300bn per annum federal government services market
- Serco Americas has tripled in size since 2006, with 2010 E revenue of approximately US\$1.5bn
- A top 30 prime IT contractor to the US Federal government (Source: Washington Technology)
- Serve military, intelligence agencies, and federal civilian agencies
- Over 11,500 employees, at more than 100 locations across 45 US states and 4 Canadian provinces
- Around 500 active programmes and over 2000 task orders
- Transport customers include Department of Transport/FAA and state and local transportation authorities

Americas Defence

- Serve all branches of the military
 - Business evenly split between US Army, Navy and Air Force
- Major contracts include:
 - US Army HR Solutions
 - US Air Force Space Command
 - US Navy Space and Naval Warfare Systems Command



Americas

Federal civilian agencies

- Support 14 civilian government agencies and 18 independent agencies
- Customers include:
 - Dept of Homeland Security
 - Department of State
 - US Postal Service
 - Department of Commerce



Americas Transport

- Operate air traffic control towers at 64 sites for Federal Aviation Administration
- Driver Examination Services in Ontario
- Traffic management in Georgia
- Parking services and fleet management



Americas Opportunities

- Government IT upgrade programmes
- Cyber-security
- Intelligence capabilities support
- Trend towards larger contract vehicles
- Submitted bids valued at more than US\$3bn
- Pipeline of over US\$9bn of opportunities

Summary

- Continued strong performance in 1H 2010
- Increasing demand for our skills and capabilities
- Strong track record of delivering essential services
- Successfully building new “home markets” around the world
- A broad portfolio, well positioned for the future