

Press Release

Serco selected as preferred bidder for three Flexible New Deal contracts valued at up to £500m

29 May 2009

Serco Group plc, the international service company, is pleased to announce that it has been selected by the UK Department for Work and Pensions (DWP) as the preferred bidder to be the prime contractor for three contracts under the Government's Flexible New Deal initiative. These contracts are the first in a significant new market for Serco in supporting jobseekers in returning to and remaining in work. A number of similar-sized opportunities are expected to be announced in the next two years.

Serco is the preferred bidder for contracts in three regions: North, Mid & South-East Wales (North Wales); Coventry, Warwickshire, Staffordshire & The Marches (West Midlands); and Greater Manchester. The North Wales and West Midlands contracts are each expected to have a value to Serco over their life of £100-£125m, and Greater Manchester £200-250m. Delivery of Flexible New Deal will commence in October 2009, with contracts running for five years.

As prime contractor, Serco will deliver its innovative programme of jobseeker support through a unique network of successful, established providers. The contracts will be funded through a combination of service fee and performance-based payments, with Serco's providers paid on a similar basis.

Flexible New Deal is the Government's new initiative for individuals who have been claiming Jobseeker's Allowance for over twelve months. To support them back into work and to stay in work, Serco's local networks of private, public and third sector organisations will provide tailored, individual support including career planning and job search advice and specialist services such as debt advice, top-up training and confidence building.

Christopher Hyman, Chief Executive of Serco Group said: "We are delighted to be supporting the Government in transforming welfare to work services, and to be helping people develop new skills and to return to work. This is a significant new market for Serco. These contract wins position us well to broaden our contribution, both in bidding for further Flexible New Deal contracts, and in

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applying our partners' and our skills in other areas of welfare-to-work provision, both in the UK and overseas."

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Dominic Cheetham - Director, Corporate Communications

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About Serco

Serco is a FTSE100 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 aviation, BPO, defence, education, health, home affairs, local government, science, technology, transport and the commercial sectors.

More information can be found at www.serco.com

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