

Stock Exchange Announcement

Serco signs three Flexible New Deal contracts valued at up to £500m

1 September 2009

Serco Group plc (Serco), the international service company, today announces that it has signed three contracts with the UK Department for Work and Pensions to be a Prime Contractor delivering the Government's Flexible New Deal initiative to support jobseekers in returning to and remaining in work.

The contracts, which have a five year term, are for the three regions to which Serco was appointed preferred bidder in May: North, Mid & South-East Wales (North Wales); Coventry, Warwickshire, Staffordshire and the Marches (West Midlands); and Greater Manchester. In total, they are expected to have a value to Serco of £400m-£500m, depending on the number of jobseekers returning to and remaining in work. The North Wales and West Midlands contracts are each expected to have a value to Serco over their life of £100m-£125m, and Greater Manchester £200m-£250m.

The contracts, which will commence in October 2009, will be funded through a service fee and performance based payments. Serco will deliver the contracts through a unique network of successful, established providers, who will be remunerated on a similar basis.

Christopher Hyman, Chief Executive of Serco Group, said: "We are delighted to have signed these contracts to deliver innovative new welfare to work services, and to assist individuals in developing new skills and returning to work. This a significant new market for Serco, and we see further opportunities to apply our approach to additional contracts under the Flexible New Deal and to other areas of benefit provision, both in the UK and overseas."

Ends

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About Serco

Serco is a FTSE 100 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