

## Remuneration of Angus Cockburn - Group Chief Financial Officer

On 12 August 2014, Serco announced the appointment of Angus Cockburn as Group Chief Financial Officer as from the end of October 2014, at which point he will join the Serco Group plc Board.

Angus has been appointed on an annual salary of £500,000 which will next be reviewed on 1 April 2015. He will receive a pension allowance of 30% of base salary and will enter into the existing Serco incentive plans for Executive Directors on the existing terms. His target and maximum bonus opportunity will be 65% and 130% of base salary respectively, and will be linked to the achievement of financial and non-financial targets. In 2015 he will be eligible to participate in the Deferred Bonus Plan.

Angus will be eligible to receive annually a Performance Share Plan (PSP) award of 175% (maximum) of base salary. For the 2014 award, the number of shares which will vest under the PSP is conditional upon the satisfaction of three independent equally-weighted performance measures as follows:

Performance Measure	Weighting of Measure	Performance Target	Vesting Period
Absolute Share Price	1/3 <sup>rd</sup>	450p (threshold) to 600p (maximum), measured over the 30 days following announcement of the Company's 2017 results.	4 years
Relative TSR	1/3 <sup>rd</sup>	Median (threshold) to upper quartile (maximum) when ranked against companies in the FTSE 51 to 130 (excluding investment trusts). Measured over the 30 days following announcement of the Company's 2016 results.	3 years
EPS	1/6 <sup>th</sup>	22p (threshold) to 26p (maximum) for the Company's 2016 results.	3 years
	1/6 <sup>th</sup>	30p (threshold) to 35p (maximum) for the Company's 2018 results.	5 years

The definition of EPS is Adjusted EPS as defined in the Company's reporting of its financial results.

Serco will also make awards to Angus to compensate him for the performance-based and non-performance based awards he forfeited on his departure from Aggreko plc.

Angus will be granted options equivalent to 135% of base salary to acquire at nominal cost ordinary shares of 2p each in the Company through a one-time performance share plan that will vest conditional upon the satisfaction of performance measures as follows:

Performance Measure	Weighting of Measure	Performance Target	Vesting Period
Absolute Share Price	40%	As set out above	As set out above
Relative TSR	40%	As set out above	As set out above
Strategic objectives	20%	To be confirmed	3 years

Each element of the PSP awards will be subject to a post-vesting holding requirement that takes the total term of the award (i.e. vesting period plus holding period) to a minimum of 5 years. Pre-vesting malus and post-vesting clawback will also apply to these awards.

To compensate for non-performance related awards foregone on leaving Aggreko plc, Angus will be granted options to acquire at nominal cost ordinary shares of 2p each in the Company that are not conditional on performance measures and are subject only to continued employment on various vesting dates in 2016 and 2017. The number of options will have a value at grant of approximately £240,000.

He will also receive certain relocation expenses.

Angus has committed to meeting his shareholding requirement of 150% of base salary within three years, with 25% of salary to be acquired on joining.