Interim Management Statement

Continued strong performance and substantial opportunities

11 May 2010

Ahead of its Annual General Meeting today, Serco Group plc (Serco or the Group), the international service company, is issuing the following Interim Management Statement covering the Group's performance since 1 January 2010.

Serco entered 2010 with a record order book of £17.1bn, and significant opportunities of £28bn across the UK and internationally, supported by our substantial capabilities in helping our customers to transform fundamentally the efficiency and productivity of essential services.

The Group has continued to perform strongly in the first half of 2010, delivering high levels of operational performance, and growing by expanding the scope and scale of existing contracts and by winning new contracts. Our financial position remains strong, and we anticipate good free cash flow generation for the year. The Group is on track to deliver on its financial guidance for 2010, and we continue to see substantial opportunities around the world, in existing and new markets.

In the year to date, we have signed contracts across a wide variety of markets with a total value of approximately £1bn. Expanding the scope and scale of existing and renewed contracts and winning smaller and medium-sized contracts both continue to play an important role in our growth. Details of contracts won, including a selection of smaller and medium-sized contracts, are published today in a Contract News Update on www.serco.com.

Notable contract wins so far in the half year described in this Contract News Update include, in the UK, contracts to support the RAF at its bases at Halton and High Wycombe and to manage and operate the Emergency Planning College. In the US, contracts won have included an air traffic control contract for the FAA, a transportation system contract with the Georgia Department of Transportation, and our appointment to a large US Army HR solutions indefinite delivery, indefinite quantity (IDIQ) contract. We were also pleased to be appointed in the Middle East for an operations and maintenance consultancy contract for the new Makkah Metro in Saudi Arabia.

The global demand in the current economic environment for the efficient delivery of essential services is driving significant opportunities for us in both existing and new markets. This, together with our substantial order book, excellent revenue visibility, strong capabilities and operational track record, supports our
expectation of achieving strong organic revenue growth in 2010 and making further progress towards our 2012 margin guidance.

Christopher Hyman, Chief Executive of Serco Group plc, said: "Our breadth and depth of skills, coupled with our extensive and long-standing relationships, mean we are well placed to help governments and commercial organisations around the world improve the quality, productivity and efficiency of their essential services. Our substantial order book and pipeline of opportunities mean that we remain confident about our long-term prospects."

**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 essential 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, environmental services, facilities management, health, home affairs, information and communications technology, knowledge services, local government, science, transport, welfare to work and the commercial sectors.

More information can be found at [www.serco.com](http://www.serco.com)

**Financial Guidance**

Our projections are that our revenue will increase to approximately £5bn and our Adjusted operating profit margin to approximately 6.3% by the end of 2012, excluding material acquisitions, disposals and currency effects, based on 2008 exchange rates.

In 2010, we expect continued strong organic revenue growth and further progress towards our 2012 margin guidance.