

This circular is important. Please read it immediately.

If you are not sure what you should do, please speak to your own stockbroker, bank manager, solicitor, accountant or other independent professional adviser. If you have sold or otherwise transferred your shares in Balfour Beatty plc, please send this circular and the proxy form to the person who sold or transferred the shares for you. That person can then pass them on to the new owner. If you hold options over shares in Balfour Beatty plc but do not hold ordinary or preference shares, this circular is for information only.

Balfour Beatty

Annual General Meeting 2008 and Separate Class Meeting of Preference Shareholders

Dear Shareholder

I am pleased to send you details about the Annual General Meeting (AGM) of Balfour Beatty plc ("Balfour Beatty" or "the Company"), which we are holding on Thursday 15 May 2008 at the Victoria Park Plaza, 239 Vauxhall Bridge Road, London SW1V 1EQ. Your Directors regard our AGM as an important occasion on which to communicate with shareholders and to listen and respond to their questions, and each of the Chairmen of your Board's Audit, Business Practices, Nomination and Remuneration Committees will be available at the AGM to answer any questions, arising from the work of those Committees. The meeting will start at 3.00 p.m. The formal Notice of our AGM is set out on page 7 of this circular.

Immediately following the AGM, we will be holding a Separate Class Meeting of the holders of the Company's Cumulative Convertible Redeemable Preference Shares (Class Meeting). The formal Notice of the Class Meeting is set out on page 9 of this circular.

The business we will consider at the AGM

We will inform you of the progress of your Company and conduct certain formal business concerning its governance. The AGM will cover standard matters that are now dealt with at every AGM (Items 1 to 6). We have explained each of these items in the following pages.

Items 7, 8 and 9 are similar to resolutions which shareholders have passed in previous years. Your Directors believe that these items will mean that the Company can take advantage of business opportunities as they arise. Item 10 renews an authority first given to your Directors in 2002 and Item 11 asks shareholders to approve a number of amendments to the Company's Articles of Association, primarily to reflect the provisions of the Companies Act 2006. We have also explained each of these items in the following pages.

As is usual at the AGM and Class Meeting, I shall invite questions from shareholders present at the meetings. It would be helpful to have a note of the details of any proposed questions in advance, although this is not obligatory. Questions may be sent by post to the Secretary at your Company's Registered Office or by email (see page 6).

What to do next

If you hold ordinary shares in Balfour Beatty, you are entitled to come to the AGM and vote on the resolutions. It is important to us that all ordinary shareholders, regardless of the number of shares that they own, exercise their right to vote even if they cannot come to the meeting. If you cannot come to the AGM, you can use the white proxy voting form to nominate someone else to come to the meeting and vote for you (this person is called a proxy), or you can nominate me to vote for you. Your proxy does not have to be a member of the Company. If you want to appoint a proxy, you need to send back the white proxy voting form enclosed with this pack, or register your proxy appointment and voting instructions over the internet, by 3.00 p.m. on 13 May 2008. I am grateful to the many shareholders who have lodged proxy votes in the past and hope that I can count on your continuing support. In 2007, 68% of Balfour Beatty's ordinary shares were voted, compared to 67% in 2006. Last year, all resolutions were passed on a show of hands with proxy votes "For" each resolution ranging from 98.57% to 100%.

There is more information on what you need to do if you want to appoint a proxy on page 5 of this circular. If you fill in and send back the white proxy voting form, or register your proxy appointment and voting instructions over the internet, you can still come to the AGM and vote instead of your proxy. Please note that if you hold only preference shares in Balfour Beatty and not ordinary shares, you are not entitled to come to the AGM or vote on any of the resolutions.

Class Meeting of preference shareholders

If you hold preference shares in Balfour Beatty, you are entitled to come to the Class Meeting and vote on the resolution. Like ordinary shareholders in relation to the AGM, if you cannot come to the meeting you can use the blue proxy voting form to nominate someone else to come to the meeting and vote for you, or you can nominate me to vote for you. Your proxy does not have to be a member of the Company. If you want to appoint a proxy for the Class Meeting, you need to send back the blue proxy voting form enclosed with this pack, or register your proxy appointment and voting instructions over the internet, by 3.30 p.m. on 13 May 2008.

Again, if you complete and return the blue proxy voting form, or register your proxy appointment and voting instructions over the internet, you can still come to the Class Meeting and vote instead of your proxy. Please note that if you hold only ordinary shares in Balfour Beatty and not preference shares, you are not entitled to come to the Class Meeting or vote on the resolution.

Recommendation

Your Directors believe that all the proposed resolutions to be considered at the AGM and Class Meeting are in the best interests of Balfour Beatty and its shareholders as a whole. Your Directors unanimously recommend that you vote in favour of the proposed resolutions as they intend to do in respect of their own beneficial shareholdings in Balfour Beatty.

There is more information about the AGM and the Class Meeting on the following pages.

Electronic Shareholder Communications

Many of our shareholders now prefer to have communications from the Company, including this circular and the Annual Report, made available to them electronically, rather than receiving paper copies. I would like to encourage as many of our shareholders as possible to do this, as not only does it save the Company printing and postage costs, but it is also a more convenient and timely way of communicating with you, and reduces demand on natural resources. If you have not yet registered for this facility and now wish to do so, details are provided on page 12 of this circular.

Yours sincerely



Sir David John **KCMG** Chairman
3 April 2008

Annual General Meeting 2008 and Separate Class Meeting of Preference Shareholders continued

We are holding our Annual General Meeting on Thursday 15 May 2008 at the Victoria Park Plaza, 239 Vauxhall Bridge Road, London SW1V 1EQ. The meeting will start at 3.00 p.m. and the formal notice of the meeting is set out on page 7 of this circular.

The Annual General Meeting (AGM) will cover standard matters that are dealt with at every AGM (items 1 to 6). Each of these items (which we have explained below) will be proposed as an ordinary resolution. For these resolutions to be passed, more than 50% of the votes cast must be in favour of the resolution.

1. Directors' report and accounts

The Directors are required to present to the AGM the Company's accounts for the year ended 31 December 2007 and the reports of the Directors and auditors on those accounts. These are all contained in the Company's Directors' Report and Accounts 2007 and the Company's Annual Review and Summary Financial Statement 2007 which was sent to you with this circular.

2. Remuneration report

The Directors' Remuneration Report Regulations 2002 require companies quoted on the London Stock Exchange to put an ordinary resolution to shareholders at the AGM seeking approval of the remuneration report. This report is contained in the Company's Directors' Annual Report and Accounts 2007.

Shareholders are reminded that as the vote is advisory, it does not affect the actual remuneration paid to any individual Director, nor is the entitlement of any individual Director under a service contract or letter of appointment conditional on the resolution being passed.

3. Dividend

Shareholders must approve the final dividend payable for each ordinary share held. However, the final dividend cannot exceed the amount recommended by the Directors, which is 6.9p for each ordinary share. If approved, the final dividend will be paid on 1 July 2008 to holders of ordinary shares who are on the Company's Register of Members on 25 April 2008. The proposed final dividend will bring the total amount for 2007 to 11.5p per ordinary share. For 2006, the total dividend was 9.1p per ordinary share.

4. – 5. Re-election and election of Directors

In accordance with the Combined Code on Corporate Governance, under the Company's Articles of Association, each of your Directors is required to retire at the AGM held in the third calendar year following the year in which he or she was elected or last re-elected by shareholders. In addition, under the Company's Articles of Association, any Director that your Board has appointed since the last AGM must also stand for election so that shareholders may confirm the appointment. Anthony Rabin was last re-elected by shareholders at the AGM in 2005, and Duncan Magrath was appointed as Finance Director on 31 March 2008, and therefore seeks election by the shareholders for the first time.

Information about each of your Directors seeking re-election or election is set out below.

Anthony Rabin Deputy Chief Executive (Age 52)

A chartered accountant and a barrister. A Director since 2002, he became Deputy Chief Executive on 31 March 2008, having previously been Finance Director. He is also responsible for the Group's Investments business, having previously been managing director of Balfour Beatty Capital. Prior to joining Balfour Beatty, Mr Rabin was a partner at Coopers & Lybrand and before that, a senior assistant director at Morgan Grenfell.

Duncan Magrath Finance Director (Age 43)

Appointed a Director on 31 March 2008. He read Engineering at St Catherine's College, Cambridge, and on graduation in 1986 he joined PricewaterhouseCoopers, where he qualified as a Chartered Accountant in 1989. In 1992 he joined Exel plc, where he held a number of increasingly senior finance roles, including group treasurer and director of financial planning and analysis, and for three years was based in California, USA, as chief financial officer of Exel's Americas and European freight management division. On returning to the UK in 2004, he was appointed as director of investor relations and financial strategy, before joining Balfour Beatty in 2006 as Deputy Finance Director.

6. The auditors

The Company must appoint auditors at every general meeting at which accounts are presented to shareholders. On the recommendation of the Audit Committee, your Directors propose that Deloitte & Touche LLP be re-appointed as auditors to the Company.

The following item will also be proposed as an ordinary resolution. For this resolution to be passed, more than 50% of the votes cast must be in favour of the resolution.

7. Authority to allot ordinary shares

Under the Companies Act 1985, your Directors may only allot unissued ordinary shares if they have been authorised by the shareholders to do so. The Company's Articles of Association give your Directors a general authority to allot unissued shares, but that authority is subject to renewal by shareholders and it is standard practice for most public companies to renew the authority at each AGM both to reaffirm shareholders' approval and to reflect changes in issued share capital since the last such resolution. Last year's resolution allowed your Directors to issue shares to fulfil obligations under the Executive Share Option Scheme and the Savings-Related Share Option Scheme, in which over 6,500 employees participate. Passing this resolution will therefore continue the authority previously given to your Directors, by giving them authority to allot ordinary shares with a maximum aggregate nominal amount of £72,191,399, representing approximately one-third of the Company's issued ordinary share capital as at 28 March 2008 (being the latest practicable date prior to the publication of this notice). As at the date of this circular, no shares were held by the Company as treasury shares.

Your Directors have no specific plans to exercise this authority other than in relation to the exercise of options under the Company's employee share schemes or to satisfy any conversion rights exercised by the holders of the Company's preference shares. However, this will enable them to act in the best interests of shareholders when opportunities arise by issuing ordinary shares at short notice, without the need to convene a General Meeting. This authority renews that given at last year's AGM and will last until the conclusion of the Company's AGM in 2013, or, if earlier, 15 May 2013, although the Directors intend to continue the practice of seeking renewal of this power at each AGM.

The following items 8 and 9 will be proposed as special resolutions. For these resolutions to be passed, at least 75% of the votes cast must be in favour of the resolution.

8. Authority to allot ordinary shares for cash

If the Company's ordinary shares are to be allotted for cash, the Companies Act 1985 requires that those shares are offered first to existing shareholders in proportion to the number of ordinary shares that they hold at the time of the allotment. However, it may sometimes be in the interests of the Company for your Directors to allot shares other than to existing shareholders in proportion to existing holdings.

The Company's Articles of Association give your Directors a general authority so that this pre-emption requirement does not apply to allotments of ordinary shares for cash up to a specific amount, but that authority is subject to renewal by shareholders.

This resolution would allow your Directors to disapply the statutory pre-emption rights only:

- up to a nominal amount of £10,828,710 (the Section 89 amount), which is approximately 5% of the Company's issued ordinary share capital as at 28 March 2008 (being the latest practicable date prior to the publication of this notice), or,
- in a rights issue as defined in the Company's Articles of Association.

This authority renews that given at last year's AGM and will last until the conclusion of the Company's AGM in 2009, or, if earlier, 1 July 2009. There are no current plans to allot any ordinary shares, except in connection with the Company's employee share schemes or to satisfy any conversion rights exercised by the holders of the Company's preference shares. This new power remains in line with the guidelines of the Pre-emption Group, which is supported by the Association of British Insurers and the National Association of Pension Funds.

Shareholders should note that, following the introduction of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, the "allotment of equity securities" includes the sale of any relevant shares in the Company which, immediately before such sale, were held by the Company as treasury shares.

9. Authority for the Company to purchase its own ordinary and preference shares

Your Directors believe that it is advantageous for the Company to continue to have the flexibility to purchase its own shares and this resolution seeks authority from shareholders to do so. Purchases of shares by the Company will only be made after careful consideration by your Directors, having taken into account market conditions prevailing at the time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The authorities sought will only be exercised by your Directors if they consider it to be in the best interests of shareholders generally.

The resolution would renew the authorities given to your Directors by ordinary and preference shareholders at separate meetings of each class of shareholder in May 2007. The maximum numbers of ordinary and preference shares authorised to be purchased (which represents 10% of the issued ordinary shares and just under 15% of the issued preference shares as at 28 March 2008, being the latest practicable date prior to the publication of this notice), and the maximum and minimum prices to be paid for them are stated in the resolution.

Pursuant to the Companies Act 1985 (as amended), the Company can hold the shares which have been purchased as treasury shares and either re-sell them for cash, cancel them either immediately or at a point in the future, or use them for the purposes of its employee share schemes. Your Directors believe that it is desirable for the Company to have this choice. Holding the shares purchased as treasury shares will give the Company the ability to re-sell or transfer them quickly and cost-effectively and will provide the Company with additional flexibility in the management of its capital base. No dividends will be payable on, and no voting rights will be exercisable in respect of, treasury shares. The decision whether to cancel any shares purchased by the Company or hold such shares as treasury shares will be made by your Directors at the time of purchase, on the basis of the Company's and shareholders' best interests.

This resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of its employee share schemes. If any such shares are used by the Company, the Company will, so long as required under the guidelines of the Association of British Insurers' Investment Committee, count them towards the limits in the schemes on the number of new shares that may be issued under them.

Any purchase of shares by the Company under these authorities would be by means of market purchases through the London Stock Exchange. Approval of the resolution does not mean that the Company has the power to acquire shares compulsorily from individual shareholders, nor should it be confused with any share dealing facilities which may be offered to shareholders by the Company from time to time. The authorities sought by this resolution will expire at latest on 1 July 2009, although your Directors intend to seek renewal of this power at each AGM. The Company's Articles of Association require that to be effective, both ordinary and preference shareholders must approve the authority. Accordingly, a separate class meeting of preference shareholders will be held in order to seek their approval for the authority.

During 2007, 4,957,163 preference shares were purchased for cancellation by the Company for a total consideration of £8m at an average price of 151.3p. No ordinary shares were purchased for cancellation. Between 1 January 2008 and 28 March 2008 (being the latest practicable date prior to the publication of this notice), a further 300,017 preference shares were purchased for cancellation at a price of 135.5p. The total number of outstanding options to subscribe for ordinary shares at 28 March 2008 (being the latest practicable date prior to the publication of this notice) was 9,253,932. This represents 2.14% of the Company's issued ordinary share capital at that date. If the Company purchased the maximum number of ordinary shares permitted under the authorities given by this resolution, then the total number of outstanding options over ordinary shares at 28 March 2008 (being the latest practicable date prior to the publication of this notice) would represent 2.37% of the Company's issued ordinary share capital.

Annual General Meeting 2008 and Separate Class Meeting of Preference Shareholders continued

The following item will be proposed as an ordinary resolution, which will require more than 50% of the votes cast to be in favour of the resolution in order to be passed.

10. Authority to incur political expenditure

The Companies Act 1985 required companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any twelve month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context was very wide and extended to bodies such as those concerned with policy review, law reform and the representation of the business community. It could also have included special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular political party.

The relevant provisions of the Companies Act 1985 have been replaced by similar provisions in Part 14 of the Companies Act 2006 with effect from 1 October 2007. Consequently, the terms of this year's resolution have been adjusted to reflect the different technical requirements of Part 14 of the Companies Act 2006.

It remains the policy of the Company not to make political donations or incur political expenditure as those expressions are normally understood. However, the Directors consider that it is in the best interests of shareholders for the Company to participate in public debate and opinion-forming on matters which affect its business. The authority sought by this resolution is not designed to change the Company's policy. It will, however, ensure that the Company avoids inadvertent infringement of the Companies Act 2006. Therefore, your Directors are seeking shareholders' authority for the Company and its UK subsidiaries to make political donations and to incur political expenditure up to a maximum aggregate amount of £25,000. The authority sought by this resolution will expire at latest on 1 July 2009, although your Directors intend to seek renewal of this power at the Company's AGM in 2009.

The following item will be proposed as a special resolution, which will require more than 75% of the votes cast to be in favour of the resolution in order to be passed.

11. Amendments to the Articles of Association

The Companies Act 2006, which is making a number of significant changes to English company law, is being implemented in phases. Certain changes took effect from 1 October 2007, and these changes are reflected in the Articles of Association produced to the Meeting and marked 'A'. Your Directors believe that it is in the best interests of the Company to take immediate advantage of these new provisions. Further changes will be introduced with effect from 1 October 2008, or from any later date on which the relevant Section of the Companies Act 2006 comes into force, and these changes are reflected in the Articles of Association produced to the Meeting and marked 'B'.

A summary of all the main proposed changes to the Articles of Association is presented in the Appendix to this Notice.

We are holding a Class Meeting of holders of preference shares on Thursday 15 May 2008 at the Victoria Park Plaza, 239 Vauxhall Bridge Road, London SW1V 1EQ. The meeting will start at 3.30 p.m., or, if later, immediately after the completion of the AGM, and the formal notice of the meeting is on page 9 of this circular.

The only item to be considered will be proposed as a special resolution, which means that, in order to be passed, at least 75% of the votes cast must be in favour of the resolution.

The resolution is explained above under Item 9, "Authority for the Company to purchase its own ordinary and preference shares".

Important information for shareholders

You (or any appointed proxy) have the right to attend, speak and vote at the Annual General Meeting (AGM) if you are an ordinary shareholder on the Balfour Beatty plc ("Balfour Beatty" or "the Company") share register at 5.00 p.m. on 13 May 2008.

You (or any appointed proxy) have the right to attend, speak and vote at the Class Meeting of Preference Shareholders (Class Meeting) if you are a preference shareholder on the Balfour Beatty share register at 5.00 p.m. on 13 May 2008.

If you cannot attend the meetings, you may appoint someone else as your "proxy". The number of shares that you hold as at the above register deadlines will determine how many votes you or your proxy will have.

Time and place of meetings

Balfour Beatty's AGM will be held first and will start promptly at 3.00 p.m. on Thursday 15 May 2008 at the Victoria Park Plaza, 239 Vauxhall Bridge Road, London SW1V 1EQ. The Class Meeting will be held at 3.30 p.m. or, if later, immediately after the completion of the AGM, and will be held at the same location as the AGM.

Registration for both meetings will start at 2.00 p.m.

What you need to bring

Please keep and bring with you the attendance card attached to your Form of Proxy. It will authenticate your right to attend, speak and vote and will speed your admission. You may also find it helpful to bring this circular, the Company's Directors' Report and Accounts 2007, and the Company's Annual Review and Summary Financial Statement 2007 with you so that you can refer to them at the meetings.

Joint shareholders

All joint shareholders may attend and speak at the meetings. However, only the first shareholder listed on the Register of Members is entitled to vote.

Shareholders with disabilities

The venue for the meetings has full access for the disabled. As usual, there will be sound amplification to assist those present to follow the proceedings.

If you are not coming to the meetings

You may appoint a proxy – someone who will attend the meetings on your behalf and exercise all or any of your rights to speak and vote – by completing and returning the relevant Forms of Proxy, white for ordinary shareholders, and blue for preference shareholders, in accordance with the instructions set out below. Before completing the Forms of Proxy, please read the following explanatory notes:

How to complete the Forms of Proxy

1. *Appointing the Chairman as your proxy*

For convenience, the appointment of the Chairman has already been included. If you wish to make this appointment, you need only complete, sign and date the relevant form.

The forms enable you to instruct the Chairman how to vote on the resolutions to be proposed at the AGM or the Class Meeting. These resolutions are set out in the Notices of Meeting on pages 7 and 9 and are explained on pages 2, 3 and 4. He will vote (or withhold his vote) as he thinks fit on any other business which may properly come before the meetings.

Please place an "X" in the appropriate box alongside each resolution to indicate whether, and if so, how you wish your vote to be cast in relation to that resolution. In the absence of any specific direction, and on any other resolution or motion put to the meeting, your proxy will vote or withhold your vote as the proxy thinks fit. The "vote withheld" option is provided, in accordance with current best practice, so as to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the proportion of votes "For" or "Against" a resolution.

2. *Appointing someone other than the Chairman as your proxy*

If you wish to appoint someone of your choice as your proxy, you should insert the name of your proxy in the space provided. If necessary, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank, they will act on your full voting entitlement.

3. *Appointing more than one person as your proxy*

To appoint more than one person as your proxy, you may photocopy the Form of Proxy in relation to each proxy you wish to appoint. Each form should clearly indicate the name of the proxy, and the number of shares in relation to which they are authorised to act as your proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write "the Chairman of the Meeting". All forms must be signed and should be returned together in the same envelope.

4. *Signing the Forms of Proxy*

Before posting the relevant Form of Proxy, please check that it has been signed and dated. In the case of joint holders, any one of you may sign.

If someone signs the form on your behalf, you or that person must send it to the Company's Registrars, Capita Registrars (see Notes 6 to 8 below) with the authority under which it is signed, or a copy of the authority which has been certified by a solicitor or notary.

5. *Corporate appointment of proxy*

Where the person appointing the proxy is a company, the Form of Proxy must be either under seal or under the hand of a duly authorised officer or attorney and the appropriate power of attorney or other authority must be lodged with the Form of Proxy.

6. *Posting details*

To be valid, a Form of Proxy, together with any authority (see Notes 4 and 5 above), must be received by Capita Registrars not later than 3.00 p.m. on 13 May 2008 for ordinary shareholders, or 3.30 p.m. on 13 May 2008 for preference shareholders, or if the relevant meeting is adjourned, 48 hours before the time for holding the relevant adjourned meeting. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the relevant meeting.

Important information for shareholders continued

7. United Kingdom (UK) shareholders

UK shareholders should reply by posting their Form of Proxy to Capita Registrars. If you prefer, you may return your Form of Proxy in an envelope to: FREEPOST RLUB–TBUX–EGUC, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. No stamp is required. Alternatively, you may vote electronically via the internet at www.balfourbeatty-shares.com (see Note 10 below).

8. Shareholders outside the UK

Shareholders with addresses outside the UK should reply by returning their Form of Proxy in an envelope to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU, United Kingdom. Alternatively, you may vote electronically via the internet at www.balfourbeatty-shares.com (see Note 10 below).

9. Duplicate Forms of Proxy

If the Company's Registrars, Capita Registrars, receive two or more proxies from the same shareholder relating to the same shareholding, they will act upon the one that is delivered last (regardless of its date). If they cannot confirm which one was delivered last (regardless of its date), they will not act on any of the forms. If your form of proxy arrives after the voting deadline, it will not be valid and will not replace any earlier forms that they have received.

10. Electronic proxy submission

If you would like to submit your form of proxy electronically via the internet, you may do so via www.balfourbeatty-shares.com. Following the recent change in the Company's Registrars, you will need to register to use the service if you have not already done so. Once registration is complete you may vote online by following the instructions provided.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meetings and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that this CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Documents

The formal notice of the AGM on page 7 of this circular sets out details of the documents available for inspection prior to, and during the AGM.

General information

The AGM and Class Meeting are both business meetings. There are no crèche facilities at the Victoria Park Plaza and we therefore suggest that it is not appropriate to bring young children to the venue.

Smoking will not be permitted at the venue. Tea and coffee will be available before and after the meetings.

For the safety of everybody at our AGM and Class Meeting, you may be asked to provide proof of your identity, and to allow our security staff to search any bags or packages that you want to bring into the relevant meeting. We recommend that you arrive in good time to allow for these procedures. For security reasons and in order to speed up admission, it would be helpful if you did not bring suitcases or large bags, cameras, laptop computers or tape recorders to the venue. You will not be allowed to bring into the meetings recording equipment, cameras, mobile telephones or any other inappropriate item which may interfere with the good order of the meetings. Storage and cloakroom facilities will be provided.

If, having registered, you wish to leave the building, you should first report to the registration desk. If you fail to do this, you may have difficulty re-entering the building. We may refuse entry to persons whose demeanour or behaviour we believe may interfere with the good order of the meetings.

We hope you will understand that these arrangements are for the protection of all shareholders.

If you have any comments or questions concerning either the AGM or the Class Meeting, you can contact the Secretary by email to info@balfourbeatty.com, with the heading AGM 2008 or Class Meeting 2008, as appropriate. Notices of termination of proxy appointment or requests for additional Forms of Proxy should **not** be sent to this email address. If you wish to give notice of the termination of a proxy appointment or to request additional Forms of Proxy, please contact the Company's Registrars on 0871 664 0300. Calls cost 10p per minute plus network extras. Please note that as indicated on page 12 of this circular, any administrative enquiry relating to your shareholding should, in the first instance, be directed to the Company's Registrars clearly stating your registered name and address and, if available, full shareholder reference number.

You can obtain the results of the AGM and Class Meeting by telephoning the Company's Registrars, Capita Registrars, on or after 16 May 2008. The results will also be announced to the UK Listing Authority via a Regulatory Information Service and will appear on the Balfour Beatty website at www.balfourbeatty.com as soon as practicable following the meetings.

Information for participants in the Balfour Beatty Share Option Schemes

Please note that participation in the Balfour Beatty Share Option Schemes does not entitle you to attend either the AGM or the Class Meeting.

Balfour Beatty Share Option Scheme participants who are also shareholders

Where it has been possible to combine records, participants who are also ordinary or preference shareholders (or both) have been sent the relevant Form of Proxy/Admission Card and only one copy of the Company's Directors' Report and Accounts 2007, the Company's Annual Review and Summary Financial Statement 2007, and this circular.

You may have received separate sets of documents as it was not possible to combine your records – for example, because different dividend payment instructions apply. Any participants who now wish to stop the additional mailings by combining their records should contact Capita Registrars.

Notice of Annual General Meeting

Notice is hereby given that the sixty-third Annual General Meeting of Balfour Beatty plc will be held at the Victoria Park Plaza, 239 Vauxhall Bridge Road, London SW1V 1EQ, on Thursday 15 May 2008 at 3.00 p.m. for the following purposes:

Ordinary Business

1. To receive and, if thought fit, adopt the Directors' report and accounts for the year ended 31 December 2007.
2. To approve the Directors' remuneration report for the year ended 31 December 2007.
3. To declare a final dividend on the Ordinary Shares of the Company.
4. To re-elect Mr A L P Rabin as a Director.
5. To elect Mr D J Magrath as a Director.
6. To re-appoint Deloitte & Touche LLP as auditors.

Special Business

7. *To consider and, if thought fit, pass as an Ordinary Resolution:*

THAT the Directors be authorised in the terms of paragraph (B)(i) of Article 11 of the Company's Articles of Association to allot relevant securities for the period beginning on 15 May 2008 and ending at the conclusion of the Company's Annual General Meeting to be held in 2013, or, if earlier, on 15 May 2013 and for such period the Section 80 Amount (as defined in paragraph (B)(iii) of that Article) shall be £72,191,399, such authority to replace the authority to allot relevant securities granted by Resolution 11 passed at the Annual General Meeting of the Company held on 10 May 2007.

8. *To consider and, if thought fit, pass as a Special Resolution:*

THAT, subject to and conditional upon the passing of Resolution 7 set out in this Notice of Annual General Meeting dated 3 April 2008, the Directors be empowered in the terms of paragraph (B)(ii) of Article 11 of the Company's Articles of Association to allot equity securities pursuant to the authority granted by that Resolution wholly for cash for the period beginning on 15 May 2008 and ending at the conclusion of the Company's Annual General Meeting to be held in 2009 or, on 1 July 2009, whichever shall be the earlier, and for such period the Section 89 Amount (as defined in paragraph (B)(iii) of that Article) shall be £10,828,710. For the purposes of this Resolution, an allotment of equity securities pursuant to the authority granted by Resolution 7 shall be deemed to include the sale of relevant shares in the Company which, immediately before such sale, were held by the Company as treasury shares.

9. *To consider and, if thought fit, pass as a Special Resolution:*

THAT, pursuant to Article 7 of the Company's Articles of Association and subject to and conditional upon the passing of the Special Resolution set out in the Notice dated 3 April 2008 convening a Separate Class Meeting of the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in the Company (the "Preference Shares"), the Company be and is hereby generally and unconditionally authorised for the purpose of Section 166 of the Companies Act 1985 to make one or more market purchases (within the meaning of Section 163(3) of that Act) of ordinary shares of 50p each in the Company (the "Ordinary Shares") and/or Preference Shares in the Company and, where such shares are held in treasury, the Company may, among other things, use them for the purpose of its employee share schemes, provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 43,314,839 and the maximum number of Preference Shares hereby authorised to be purchased is 16,775,968;

(b) the maximum price (exclusive of expenses) which may be paid for a share shall be not more than the higher of:

- (i) 5% above the average of the market value of a share of the same class for the five business days immediately preceding the date on which such share is contracted to be purchased; or
- (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for "buy-back" programmes and stabilisation of financial instruments (No. 2273/2003);

(c) the minimum price (exclusive of expenses) which may be paid for a share is its nominal value;

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Separate Class Meeting which will follow the Annual General Meeting of the Company to be held in 2009, or on 1 July 2009, whichever shall be the earlier; and

(e) the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may purchase shares in pursuance of any such contract or contracts.

10. *To consider and, if thought fit, pass as an Ordinary Resolution:*

THAT:

(a) the Company and those companies which are subsidiaries of the Company at any time during the period for which this Resolution has effect be authorised for the purposes of Part 14 of the Companies Act 2006 during the period from the date of the passing of this resolution to the earlier of the conclusion of the Company's Annual General Meeting in 2009 and 1 July 2009:

- (i) to make political donations to political parties, and/or independent election candidates;
- (ii) to make political donations to political organisations other than political parties; and
- (iii) to incur political expenditure,

provided that the aggregate amount of any such donations and expenditure shall not exceed £25,000;

(b) all existing authorisations and approvals relating to political donations or expenditure under Part 10A of the Companies Act 1985 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and

(c) words and expressions defined for the purpose of the Companies Act 2006 shall have the same meaning in this resolution.

Notice of Annual General Meeting continued

11. To consider and, if thought fit, pass as a Special Resolution:

(a) THAT with effect from the end of this Annual General Meeting, the Articles of Association produced to the Annual General Meeting, marked "A" and initialled by the chairman of the Annual General Meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association;

(b) THAT with effect from 00.01 a.m. on 1 October 2008, or any later date on which Section 175 of the Companies Act 2006 comes into effect:

(i) for the purposes of Section 175 of the Companies Act 2006, the Directors be given power in the Articles of Association to authorise certain conflicts of interest as described in that section; and

(ii) the Articles of Association of the Company be amended by the deletion of Articles 106 and 107 in their entirety and by the insertion in their place of new Articles 106(A) to 106(E) in accordance with the printed document produced to the meeting, marked "B" and initialled by the Chairman for the purposes of identification.

By Order of the Board

C R O'N Pearson

Secretary

Dated 3 April 2008

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

(i) Only holders of Ordinary Shares entered on the Register of Members of the Company at 5.00 p.m. on the second day prior to the date of the Meeting or any adjournment of it shall (if otherwise entitled to do so) be entitled to attend and vote at the Meeting or any such adjournment. This is in accordance with paragraph 41 of the Uncertificated Securities Regulations 2001 and Article 60 of the Company's Articles of Association.

The total number of issued Ordinary Shares in the Company on 28 March 2008, being the latest practicable date before the publication of this notice is 433,148,395. On a vote by show of hands, every member who is present has one vote (and every proxy present who has been duly appointed by a member entitled to vote has one vote). On a poll vote every member who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder.

As at 28 March 2008 (being the latest practicable date before the publication of this notice) the Company's issued ordinary share capital consisted of 433,148,395 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 March 2008 were 433,148,395.

(ii) To be valid for the Meeting, a Form of Proxy should be completed, signed and lodged (together with any power of attorney or other authority under which it is signed or a duly certified copy of such power or authority) with the Company's Registrars, Capita Registrars, no later than 48 hours before the time for which the Meeting is convened.

(iii) A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. For holders of Ordinary Shares, a white Form of Proxy is enclosed. If you do not have a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact the Company's Registrars on 0871 664 0300. Calls cost 10p per minute plus network extras.

(iv) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights ("a Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

(v) The statement of the rights of shareholders in relation to the appointment of proxies in Notes (i) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

(vi) In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

(a) if a corporate shareholder has appointed the chairman of the Meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

(b) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (a) above.

(vii) Copies of Directors' service contracts and letters of appointment are available for inspection during usual business hours at the registered office of the Company on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting and also at the place of the Annual General Meeting for at least 15 minutes prior to, and until the conclusion of, the Meeting. A copy of the Company's Articles of Association, marked to show details of the changes proposed by Resolution 11, will also be available for inspection at the Company's Registered Office at the same times and, in addition, at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, from the date of this Notice until the conclusion of the Annual General Meeting and also at the place of the Annual General Meeting for at least 15 minutes prior to, and until the conclusion of, the Meeting.

(viii) If approved, the final dividend on Ordinary Shares will be paid to holders of Ordinary Shares registered in the books of the Company on 25 April 2008. Warrants will be posted on 24 June 2008 payable on 1 July 2008.

Notice of Separate Class Meeting of holders of Convertible Preference Shares

Notice is hereby given that a Separate Class Meeting of the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in Balfour Beatty plc (the "Preference Shares") will be held at the Victoria Park Plaza, 239 Vauxhall Bridge Road, London SW1V 1EQ on Thursday 15 May 2008 at 3.30 p.m. or as soon thereafter as the Annual General Meeting of the Company, convened for the same day at the same place at 3.00 p.m., shall have been concluded or adjourned, for the purpose of considering and, if thought fit, passing the following resolution as a Special Resolution:

Special Resolution

THAT the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in the Company hereby sanction the passing and implementation of Resolution 9 set out in the Company's Notice of Annual General Meeting dated 3 April 2008 and each and every contract to purchase shares entered into within the terms of the authority thereby conferred.

By Order of the Board

C R O'N Pearson

Secretary

Dated 3 April 2008

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

(i) Only holders of Preference Shares entered on the Register of Members of the Company at 5.00 p.m. on the second day prior to the date of the Meeting shall (if otherwise entitled to do so) be entitled to attend and vote at the Meeting or any adjournment of it. This is in accordance with paragraph 41 of the Uncertificated Securities Regulations 2001 and Article 60 of the Company's Articles of Association.

The total number of issued Preference Shares in the Company on 28 March 2008, being the latest practicable date before the publication of this notice is 111,839,795. On a vote by show of hands, every member who is present has one vote (and every proxy present who has been duly appointed by a member entitled to vote has one vote). On a poll vote every member who is present in person or by proxy has one vote for every Preference Share of which he is the holder.

As at 28 March 2008 (being the latest practicable date before the publication of this notice) the Company's issued Preference Share capital consisted of 111,839,795 Preference Shares, carrying one vote each. Therefore, the total preference voting rights in the Company as at 28 March 2008 were 111,839,795.

(ii) To be valid for the Meeting, a Form of Proxy should be completed, signed and lodged (together with any power of attorney or other authority under which it is signed or a duly certified copy of such power or authority) with the Company's Registrars, Capita Registrars, no later than 48 hours before the time for which the Meeting is convened.

(iii) A holder of Preference Shares is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. For holders of Preference Shares, a blue Form of Proxy is enclosed. If you do not have a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact the Company's Registrars on 0871 664 0300. Calls cost 10p per minute plus network extras.

(iv) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights ("a Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

(v) The statement of the rights of shareholders in relation to the appointment of proxies in Notes (i) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

(vi) In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

(a) if a corporate shareholder has appointed the chairman of the Meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

(b) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (a) above.

(vii) If a quorum is not present within 15 minutes from the time appointed for the Meeting, the Meeting shall be adjourned to be held at 130 Wilton Road, London SW1V 1LQ on Friday 23 May 2008 at 10.30 a.m.

Appendix to the Notice of Annual General Meeting

Explanatory notes on the proposed changes to the Articles of Association (the "Articles")

The full terms of the proposed amendments to the Articles are available for inspection at Linklaters LLP, One Silk Street, London EC2Y 8HQ until the close of the Annual General Meeting on Thursday 15 May 2008.

The outline below is intended to be a readable summary of the proposed amendments to the Articles.

1. General

The proposed amendments to the Articles reflect: (i) changes in the law, now in force, following certain provisions of the Companies Act 2006 (the "2006 Act") coming into effect; and (ii) changes in the law under the 2006 Act that will come into force on 1 October 2008 or at any later date. Certain definitions and expressions used throughout the Articles are being changed to align them with definitions used in the 2006 Act.

2. Articles which duplicate statutory provisions

Some current terms in the Articles, which are directly affected by provisions contained in the 2006 Act, are being amended to bring them into line with the 2006 Act. Examples include provisions relating to the form of resolutions (see paragraph 3 below) and the period of notice required to convene general meetings (see paragraph 5 below). All the main changes being proposed in this respect are detailed in paragraphs 3 to 13 below.

3. Form of resolution

The current Article 2 provides that, where for any purpose an ordinary resolution is required, a special or an extraordinary resolution is also effective. This Article, and any other reference to an extraordinary resolution in the current Articles, is being amended because the concept of an extraordinary resolution is no longer necessary. Under the Companies Act 1985 (the "1985 Act"), the main difference between a special resolution and an extraordinary resolution was that a meeting at which an extraordinary resolution was to be proposed, required only 14 days' notice. The shortening of the notice period required for a special resolution (as outlined in paragraph 5 below) under the 2006 Act makes the concept of an extraordinary resolution redundant.

4. Registration of share transfers (Article 50)

The current Articles state that, following any refusal by the Directors to register a transfer of shares, notice of the refusal must be given to the applicant within 14 days of the transfer being lodged (in the case of certificated shares) or of the date on which the instruction was received by or on behalf of the Company (in the case of uncertificated shares). The 2006 Act makes it clear that such a notice must now include the reasons for the refusal to transfer the shares and that this notice should be given as soon as possible (in any case within two months).

Changes are included in the Articles to reflect the above.

5. Convening Annual and Extraordinary General Meetings (Article 59)

The provisions in the Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to the new provisions in the 2006 Act. In particular, an extraordinary general meeting to consider a special resolution can now be convened on 14 days' notice whereas, previously, 21 days' notice was required.

6. Chairman's casting vote (Article 73)

The definition of an ordinary resolution in the 2006 Act is new and refers to a resolution "of the members" being passed by a simple majority. This would appear to exclude the possibility that the Chairman of the meeting might be able to have a casting vote in his capacity as such. As, therefore, the likelihood of the Chairman's casting vote being needed is, by virtue of this new definition, remote, the provision is being removed from the Articles.

7. Proxies (Article 81)

Under changes included in the 2006 Act, a proxy is now entitled to exercise the rights to attend and to speak and vote at a meeting of the Company, whether on a show of hands or on a poll. Each proxy is also entitled to one vote on a show of hands. In addition, the time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the Articles cannot now provide that a proxy should be received more than 48 hours before the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it was demanded, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being excluded for this purpose. Further, multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder.

Changes are included in the Articles to reflect the above.

8. Retirement of Directors (Article 98(d))

The Articles presently contain a provision limiting the age at which a Director could be re-elected. Such a provision could now fall foul of The Employment Equality (Age) Regulations 2006 and is therefore being removed from the Articles.

9. Conflicts of interest and authorisations of Directors' interests (Article 106)

The 2006 Act sets out, in sections 171-177, a director's general duties. These sections largely codify the existing law, which has evolved through case law. Under existing law, directors have always had a duty to avoid conflicts and to declare interests in transactions involving the Company. The 2006 Act restates these obligations and introduces more formal procedures relating to them. Many of the provisions of the 2006 Act affecting directors have been in force since 1 October 2007. These include the newly codified duties other than those that relate to conflicts of interest, which will come into force on 1 October 2008 or possibly on a later date.

The 2006 Act formally sets out that a director must avoid a situation where he has, or can have, a direct or an indirect interest that conflicts, or possibly may conflict, with the company's interests. Currently, Directors discuss possible conflicts, including proposed appointments as a director of another company, with the Company before proceeding, and agree on any actions that a Director in that position may take to avoid a breach of duty if an actual conflict arises. The 2006 Act formally sets out the procedures by which directors of public companies may authorise conflicts and potential conflicts, where appropriate, provided the Articles contain a provision to this effect. The 2006 Act also allows the Articles to include specific powers for dealing with Directors' conflicts of interest to avoid a breach of duty. The proposed changes to the Articles set out in new Article 106, to take effect from 1 October 2008 (or a later date), would give the Directors authority to approve situations of actual or potential conflict and allow conflicts of interest to be dealt with, in each case, in a similar way to the current practice.

There are safeguards included which will apply when the Directors decide whether to authorise a conflict or potential conflict. Firstly, only Directors who have no interest in the matter being considered will be able to take the relevant decision and secondly, in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. Generally, and with exceptions as set out in the 2006 Act (the relevant wording is also proposed for inclusion in the Articles), a Director shall not be entitled to vote on any contract, proposed transaction or arrangement in which he or a person connected with him is interested. Directors will continue to have a duty to disclose the nature and extent of any matter in which they are interested, directly or indirectly.

It is also proposed that the Articles should contain provisions relating to confidential information to protect a Director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

It is your Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

The changes being proposed to the Articles will mean that the Articles will be consistent with the 2006 Act and will provide the Directors with a sensible degree of flexibility in dealing with possible conflicts of interest, whilst safeguarding the interests of the Company.

10. Notice to joint holders and notice to successors in title (Articles 147 and 148)

The new wording of Articles 147 and 148 override the statutory regime in the 2006 Act, which the Company is entitled to do, in relation to joint holders and successors in title. The amendments being proposed to the Articles are clearer and more favourable to the Company than the equivalent provisions in the 2006 Act, and reflect the substance of the existing Articles but extend the scope of the provisions to all documents and information to which a shareholder is entitled, not merely notices.

11. Overseas shareholders (Articles 148(d))

The proposed amendment is simply intended to clarify that certain other regulatory regimes to which the Company is subject (such as the UK Listing Rules) may dictate the extent to which the Company can exclude certain overseas shareholders from receiving documents.

12. Electronic communications

Those provisions of the 2006 Act which came into force on 20 January 2007, permit the Company to communicate with shareholders electronically (e.g. by fax or email) and/or by means of a website in respect of certain types of information shareholders receive from the Company. The 2006 Act makes two important changes to the existing legislation:

- all company notices, documents and other information ("shareholder information") can now be provided to shareholders electronically, provided that the shareholders agree to this and provide an appropriate email address; and
- if shareholders are invited to agree that the Company may send or supply shareholder information by means of a website, those who do not respond within 28 days are deemed to have agreed to the Company communicating shareholder information to them by means of a website.

Where shareholders agree (or are deemed to have agreed) to communication of shareholder information by means of a website, the Company will notify the shareholder (either in writing, or by other permitted means) when a relevant document or information is placed on the website, the address of the website, the place on the website where it may be accessed and how to access the document or information. This information will be provided to shareholders by post, or by email if the shareholder has provided the Company with an email address for this purpose.

Increased use of electronic communications will, in time, deliver significant cost savings to the Company in terms of administration, printing and postage costs. It will also speed up the communication of information to shareholders in a convenient form, whilst at the same time delivering environmental benefits through reduced use of paper and of the energy required for its production and distribution. Accordingly, changes are included in the Articles to confer the necessary authority on the Company to enable it to take advantage of these opportunities in the future if it so wishes.

13. Directors' liabilities and indemnities (Articles 155 and 156)

The 2006 Act has widened slightly the scope of powers of the Company to indemnify Directors and to fund expenditure incurred in connection with certain actions against Directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, whilst the existing Articles allow the Company to provide money for the purpose of funding a director's defence in "proceedings", the 2006 Act clarifies this further by expressly permitting the Company to provide funds for a Director's defence in regulatory proceedings.

Changes are included in the Articles to reflect the above.

An amendment to Article 156(A) is also proposed to clarify that defence expenditure is available only to meet expenditure incurred by that Director or Secretary (or former director or secretary) incurred by him whilst defending civil or criminal proceedings in connection with negligence, default, breach of duty or breach of trust by him in relation to the Company. This is narrower than the wording under the 1985 Act, which in theory applied to any civil or criminal proceedings, whether or not they related to the Company.

Shareholder information

Financial calendar

		2008
23 April	Ex-dividend date for final 2007 ordinary dividend	
25 April	Final 2007 ordinary dividend record date	
15 May	Annual General Meeting	
28 May	Ex-dividend date for July 2008 preference dividend	
30 May	July 2008 preference dividend record date	
4 June	Final date for receipt of DRIP mandate forms (see below)	
1 July	Preference dividend payable	
1 July*	Final 2007 ordinary dividend payable	
13 August*	Announcement of 2008 half-year results	
10 December*	Interim 2008 ordinary dividend payable	
		2009
1 January	Preference dividend payable	

*Provisional dates.

Registrars and transfer office

All administrative enquiries relating to shareholdings and requests to receive corporate documents by email should, in the first instance, be directed to the Company's Registrars and clearly state the shareholder's registered address and, if available, the full shareholder reference number. Please write to:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone 0871 664 0300 from the UK (calls cost 10p per minute plus network extras) and +44 20 8639 3399 from outside the UK (Monday – Friday 9.00 a.m. – 5.30 p.m., UK time). Alternatively you can email them at: ssd@capitaregistrars.com.

They can help you to:

- check your shareholding;
- register a change of address or name;
- obtain a replacement dividend cheque or tax voucher;
- record the death of a shareholder;
- amalgamate multiple accounts;
- resolve any other question about your shareholding.

Dividend mandates

If you wish dividends to be paid directly into your bank or building society account, you should contact the Registrars for a dividend mandate form.

Dividends paid in this way will be paid through the Bankers Automated Clearing System (BACS).

Information about Balfour Beatty's Dividend Reinvestment Plan ("DRIP") can also be obtained from the Registrars.

Subject to shareholder approval, the final dividend for 2007 will be paid on 1 July 2008. If you have already elected to join the DRIP, then you need take no further action. If you wish to join the DRIP, then you should apply online at www.balfourbeatty-shares.com or, alternatively, you can complete a mandate form and return it to the Registrars. If you do not have a DRIP mandate form, please contact the Registrars. The Registrars must receive your completed mandate by no later than 4 June 2008 in order to participate in the DRIP for this dividend. Applications received by the Registrars after that date will be effective for the following dividend.

If you hold your shares in uncertificated form in the CREST system, you may elect to participate in the DRIP by means of the CREST procedures that require the use of the Dividend Election Input Message in accordance with the CREST Manual.

Shareholder information on the internet and electronic communications

The Balfour Beatty website at www.balfourbeatty.com offers shareholders and prospective investors a wealth of information about the Company, its people and businesses and its policies on corporate governance and corporate responsibility. It should be regarded as your first point of reference for information on any of these matters.

In conjunction with Capita Registrars, you can access and manage your shareholdings whenever and wherever you like. By creating a Share Portal account, you are able to access the full range of online services, including the ability to:

- view your holdings and indicative share price and valuation;
- view movements on your holdings and your dividend payment history;
- register a bank mandate to have your dividends paid directly into your bank account (see "Dividend mandates" above);
- change your registered address;
- sign-up to receive e-communications or access the online proxy voting;
- download and print shareholder forms.

The Share Portal is easy to use. You can take control of your shareholding and keep your details up to date. Please visit www.balfourbeatty-shares.com. Alternatively, you can email: shareportal@capita.co.uk.

Balfour Beatty actively supports Climate Care, a not-for-profit organisation that funds global sustainable energy and forest restoration projects that reduce greenhouse gases.

Current projects include:

- financing renewable energy cooking stoves in schools in India;
- making clean, efficient stoves available to some of the poorest communities in Honduras;
- restoring rainforests in Uganda;
- installing energy-efficient lamps in low-income households in South Africa and St Lucia.

As well as cutting greenhouse gasses, Climate Care's projects also help to improve people's standard of living and to protect wildlife habitats. For more information on Climate Care, visit www.climatecare.org.

In support of the Climate Care programme, Balfour Beatty will donate £1 to Climate Care for every shareholder that registers to receive shareholder communications electronically.

Unsolicited mail or telephone calls

Balfour Beatty is obliged by law to make its share register available on request to other organisations who may then use it as a mailing list. This may result in you receiving unsolicited mail. If you wish to limit the receipt of unsolicited mail, you may do so by writing to the Mailing Preference Service, an independent organisation whose services are free to you. Once your name and address have been added to its records, it will advise the companies and other bodies that support the service that you no longer wish to receive unsolicited mail. If you would like more details, please write to:

Mailing Preference Service
Freepost 29 LON20771, London W1E 0ZT
or visit the Mailing Preference Service website at www.mpsonline.org.uk.

In addition, it has come to our attention that in the past, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in UK or overseas investments. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the Company.

If you receive any unsolicited investment advice:

- make sure that you obtain the correct name and address of the person and the organisation;
- check that they are properly authorised by the Financial Services Authority ("the FSA") before getting involved. You can check at www.fsa.gov.uk/register;
- the FSA also maintains on its website a list of unauthorised overseas firms who are targeting, or have targeted UK investors, and any approach from such organisations should be reported direct to the FSA Consumer Helpline (Telephone: 0845 606 1234) so that this list can be kept up to date and any other appropriate action can be considered. Alternatively, you can report such approaches online via the FSA's website at www.fsa.gov.uk/Pages/Doing/Regulated/Law/Alerts/form.shtml. If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. More detailed information on this or similar activity can be found on the FSA website at www.moneyadeclear.fsa.gov.uk. You should also report any approach to Operation Archway, an initiative by the City of London Police which combines the resources of the FSA, the Serious Fraud Office, the Serious Organised Crime Agency and every police force in the UK: email operationarchway@cityoflondon.pnn.police.uk.

Identity theft

Identity theft has become a growing concern within financial services and poses an increasing threat to investors, including individual shareholders who are at particular risk from this type of fraud. Criminals may steal your personal information, putting your shareholding at risk. You may therefore wish to take the following precautions:

- ensure that all of your share certificates are kept securely in a safe place or hold your shares electronically in CREST via a nominee;
- keep all correspondence from the Registrars which shows your shareholder reference number securely in a safe place, or destroy correspondence by shredding. You should only divulge your shareholder reference number if requested to do so by the Registrars or an appropriate professional adviser eg your stockbroker or solicitor;
- if you use the Registrars' services via their website, you should ensure that your username and password are kept confidential at all times. Never respond to an email asking you to disclose your online password information;
- if you change address, please inform the Registrars. If you receive a letter from the Registrars regarding a change of address and have not recently moved, please contact them immediately. You may be a victim of identity theft;
- make sure that you know when the Company pays its dividends and consider having them paid directly into your bank or building society account through BACS, if you have not already done so. This will reduce the risk of your cheque being intercepted or lost in the post. If you change your bank or building society account, please inform the Registrars of the details of your new account. If, for example, a dividend payment or share certificate is late, please telephone the Registrars immediately and check the address to which it has been sent. Please respond to any letters that the Registrars send you about any of these issues;
- if you are buying or selling shares, only deal with brokers registered in your country of residence or the UK.

Gifted shares to your family or to charity

To transfer shares to another member of your family as a gift, please ask the Registrars for a Balfour Beatty gift transfer form. Alternatively, if you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to the share donation charity ShareGift (registered charity no. 1052686), whose work Balfour Beatty supports.

Any shares that you donate to ShareGift will be aggregated, sold when possible, and the proceeds will be donated to a wide range of other UK charities. Since ShareGift was launched, over £11m has been given to almost 1,500 charities. The relevant share transfer form may be obtained from the Registrars; further information about the scheme is available from the ShareGift Internet site www.ShareGift.org.

Share dealing services

Capita IRG Trustees Limited provide a telephone and online share dealing service for UK resident shareholders. To use this service, shareholders should contact Capita Registrars on 0870 458 4577 or visit www.capitadeal.com.

The Company has also established an execution-only postal share dealing service, through JPMorgan Cazenove Limited, for private investors who wish to buy or sell Balfour Beatty plc's shares. Further details can be obtained from:

The Balfour Beatty Share Dealing Service
JPMorgan Cazenove Limited
20 Moorgate, London EC2R 6DA
Telephone: 020 7155 5155

Alternatively, a low-cost, execution-only postal share dealing service for the purchase and sale of Balfour Beatty plc shares is available from Pershing Securities Ltd. The service is restricted to UK residents, and transactions are limited to €15,000 (approximately £10,000) in value. For details, please contact:

Pershing Securities Ltd
Broker Services Team
The Royal Liver Building
Pier Head
Liverpool L3 1LL
Telephone: 020 7661 6616 (purchases)
020 7661 6617 (sales)

Capita IRG Trustees Limited, JPMorgan Cazenove Limited and Pershing Securities Ltd are each authorised and regulated by the Financial Services Authority. Pershing Securities Ltd is also a member of LIFFE and the London Stock Exchange.

Share price

The Balfour Beatty share price can be found at the Balfour Beatty website at www.balfourbeatty.com and in the appropriate sections of national newspapers under the classification "Construction and Building Materials". It is also available on Ceefax and Teletext and a number of personal finance websites on the Internet. Historic share prices are available from the library at Hoare Govett. Telephone: 020 7678 5926.

The London Stock Exchange Daily Official List (SEDOL) codes are:

Ordinary shares: 0096162
Preference shares: 0097820

The London Stock Exchange "ticker" codes are:

Ordinary shares: BBY
Preference shares: BBYB

Capital gains tax

For capital gains tax purposes the market value on 31 March 1982 of Balfour Beatty plc's ordinary shares of 50p each was 307.3p per share. This has been adjusted for the 1-for-5 rights issue in June 1992 and the 2-for-11 rights issue in September 1996.

Enquiries

Enquiries relating to Balfour Beatty's results, business and financial position should be made in writing to the Corporate Communications Department at the Company's Registered Office address or by e-mail to info@balfourbeatty.com.

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