

## **FINANCE AND GENERAL PURPOSES COMMITTEE**

### **1. Membership**

- 1.1 The Committee shall be appointed by the Board and its membership shall be as set out in the Board Committee Membership Schedule.
- 1.2 The Chairman of the Committee shall be the Chief Executive, but in his absence, any other Executive Director shall act as Chairman.
- 1.3 A resolution signed by such members of the Committee as would, if present at a meeting form a quorum, shall be as effective as a resolution duly passed at a meeting of the Committee and may consist of several documents in the like form and signed by one or more members of the Committee.

### **2. Secretary**

The Secretary of the Company (or his nominee) will be Secretary to the Committee.

### **3. Quorum**

For this purpose the "Directors" shall include those personnel listed as members of the Committee, on the Board Committee Membership Schedule, as approved by the Board from time to time.

- 3.1 In relation to paragraph 7.1, the Committee shall have a quorum of two, one of whom shall always be the Chief Financial Officer.
- 3.2 In relation to paragraphs 7.2, 7.3.4 and 7.3.5, the Committee shall have a quorum of any one Director.
- 3.3 In relation to paragraphs 7.3.1, 7.3.2 and 7.3.3, the Committee shall have a quorum of any two Directors.
- 3.4 In relation to paragraph 7.4, the Committee shall have a quorum of any two Executive Directors, one of whom should be either the Chief Executive, the Deputy Chief Executive or the Chief Financial Officer.

### **4. Frequency of Meetings**

The Committee shall meet at such times as required.

5. **Notice of Meetings**

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be provided to those members attending the meeting no fewer than five working days (if practicable) prior to the date of the meeting. Supporting papers shall be sent to those members of the Committee attending the meeting, and to other attendees as appropriate, at the same time.

6. **Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated to those who attended and to all members of the Board (unless a conflict of interest exists).

7. **Duties**

- 7.1 The Committee has authority (on behalf of both the Company and its subsidiaries) in relation to:
- 7.1.1 **Borrowings to:**
- (i) authorise the execution or termination of any committed borrowing facility;
  - (ii) approve any and all amendments to or waivers from the terms of any committed borrowing facility;
  - (iii) delegate power to either of the Chief Financial Officer and Group Treasurer to accept uncommitted borrowing facilities and any related documentation regarding the operation of the uncommitted facilities;
  - (iv) delegate power to the Chief Financial Officer and Group Treasurer to accept on behalf of the Company the terms of any intercompany composite guarantee arrangements; and,
  - (v) delegate all other powers for management of any borrowing facility to the Chief Financial Officer.

**7.1.2 Banking Arrangements, to:**

- (i) approve the opening of bank accounts in the name of the Company, the terms of the mandates and any amendments thereto; and,
- (ii) approve authorities relating to the method of disbursing funds from the Company's bank accounts.

**7.1.3 Interest Rate Exposure Management, to:**

- (i) delegate authority to enter into, and/or approve any amendments to, any contract taken out in connection with a borrowing commitment to the Chief Financial Officer; and,
- (ii) approve credit counterparty limits.

**7.1.4 Foreign Exchange Exposure Management, to:**

- (i) approve any foreign currency transaction of a capital or trading nature where the exposure is in excess of £50m;
- (ii) delegate management of foreign currency exposure, in line with the principles as set out in the Financial Review contained in the Annual Report to the Chief Financial Officer; and,
- (iii) delegate to the Chief Financial Officer the management of the Group's net investment hedging policy as set out in Section 3 of the Group Finance Manual.

**7.1.5 Contract Financing, to:**

- (i) approve the execution of any financial commitment where security of any kind is required; and,
- (ii) delegate to the Chief Financial Officer the authority to approve the execution of factoring, discounting and sale of contract debts facilities.

**7.1.6 Leasing, to:**

- (i) approve the execution of any finance or operating lease facility; and,
- (ii) delegate all other powers for management of any leasing facility to the Chief Financial Officer.

**7.1.7 Group Finance Manual, to:**

- (i) approve amendments and alterations of a non-trivial nature to Sections 2 and 3 (Treasury Policies). In this matter the Committee may delegate to the Chief Financial Officer.

7.1.8 **Contract Bonding**, to:

- (i) approve the terms and conditions of and counter indemnity to be entered into;
- (ii) approve amendments to or waivers from the terms of any contract bonding; and,
- (iii) delegate to the Chief Financial Officer the operational management of the facilities.

7.1.9 **Guarantees**, to:

- (i) authorise the giving of guarantees and contractual support of a similar nature in respect of third party financial obligations.

7.2 The Committee has full power and authority:

7.2.1 to authorise and approve the affixing of the Common Seal of the Company to any instrument; and

7.2.2 to authorise and approve the signing by any one Director and the Secretary, by any two Directors or by a Director in the presence of a witness who attests the signature of any instrument expressed to be executed by the Company, where such instrument makes it clear on its face that it is intended to have effect as a deed.

7.3 The Committee has authority to:

7.3.1 **Grant of Share Options under the Balfour Beatty Executive Share Option Scheme 2001 (the "Scheme")**

- (i) grant options under the Scheme in accordance with the decisions of the Remuneration Committee and the terms of the Scheme.

7.3.2 **Grant of Share Options under the Balfour Beatty Savings Related Share Options Scheme 2001 (the "SAYE Scheme")**

- (i) offer options linked to SAYE contracts under the terms of the SAYE Scheme to all qualifying employees;
- (ii) vary the list of subsidiary companies who are designated to participate in the SAYE Scheme;
- (iii) determine the option price per ordinary share for such offer in accordance with the Rules of the SAYE Scheme;

- (iv) grant options in accordance with the applications received, with authority to settle on a basis acceptable to the Inland Revenue any scaling down which might be required to the applications and to the contributions under the related SAYE contracts if applications are received for options over shares in excess of such amount as the Committee shall determine; and
- (v) specify the last date for receipt of applications.

#### 7.3.3 **Awards under the Balfour Beatty Performance Share Plans 2001 and 2006 (“the Plans”)**

- (i) in accordance with the decisions of the Remuneration Committee and the terms of the Plans to grant awards under the Plans, to conditionally allocate 50p ordinary shares in the Company (“Shares”) under the Plans and to arrange for Shares to be held by the Trust (as defined below);
- (ii) pursuant to a share supply agreement between the Company and the Trust dated 17 July 2006, to determine the numbers of Shares from time to time required to be held by the Trust in order to meet (a) predicted vesting awards under the Plans and (b) predicted vesting awards under the Company’s Deferred Bonus Scheme 2005;
- (iii) make recommendations to the Trustees for the purchase or repurchase of Shares to meet the predicted vesting of awards under the Plans or the said deferred bonus scheme; and
- (iv) generally act as the Advisory Committee to the Balfour Beatty Employee Share Ownership Trust (the “Trust”) as defined in, and in accordance with, the terms of the trust deed dated 17 April 1996 constituting the Trust (as amended from time to time) and to operate and administer the Trust in accordance with the terms of any operating agreement between the Company and the Trustee from time to time of the Trust in relation to the Trust.

#### 7.3.4 **Scrip Dividends**

The Committee has authority to:

- (i) implement any scrip dividend issue which has received the prior approval of the shareholders pursuant to Article 137 of the Company's Articles of Association and in respect of which the Directors have determined that ordinary shareholders are to be entitled to receive an allotment of Shares in lieu of dividend. The Committee has authority to take any action on behalf of the Board in respect of the issue as permitted or required under the Articles of Association and in particular:

- (a) approve any circulars and forms of election to be sent to shareholders;
- (b) determine the basis of allotment of Shares in lieu of dividend in accordance with the Articles of Association;
- (c) allot Shares to shareholders making an appropriate election;
- (d) capitalise such sums as may be necessary out of reserves or profit and loss account in accordance with the Articles of Association;
- (e) authorise the issue of share certificates; and
- (f) authorise application to the UK Listing Authority for listing in respect of the new Shares to be issued, and to the London Stock Exchange for admission to trading of the said new Shares.

#### 7.3.5 Allotment of Shares

The Committee has authority to:

- (i) authorise the allotment and issue of Shares (a) upon the exercise of options under the Company's share option schemes, being any of the Savings-Related Schemes 1991 or 2001 or the Executive Option Schemes 1991 or 2001 and (b) pursuant to the exercise of awards under the Plans; and (c) pursuant to the exercise of awards under the Deferred Bonus Plan 2005; and
- (ii) make such applications as may be necessary to the UK Listing Authority for permission for the Shares so allotted and issued to be admitted to the Official List, and to the London Stock Exchange for permission for the Shares to be admitted to trading.

#### 7.4 Share Buy Backs

The Committee has authority to:

- 7.4.1 consider and take all decisions and to consider all matters relating to the repurchase by the Company of any class of shares as from time to time authorised to be repurchased by shareholders, and within specific limits regarding number of shares, price limits and executive periods approved by the Board.
- 7.4.2 Without limiting the general powers in 7.4.1 above, in reaching a decision, the Committee should consider the following specific issues:
  - (i) that there is sufficient headroom remaining in the current authority granted by shareholders;

- (ii) that the price at which any repurchase is made falls within the current authority granted by shareholders and the Board;
- (iii) that there is on balance a clear economic benefit to the Company taking into account the likely effect of a repurchase on:
  - (a) distributable reserves;
  - (b) pre-tax and post-tax earnings and EPS;
  - (c) reserves of cash; and
  - (d) banking covenants;
- (iv) that there are no price sensitive information issues (including close periods) which would prohibit a repurchase in the market;
- (v) whether clearance should be sought from the Pensions Regulator; and
- (vi) whether the shares repurchased are to be cancelled or held in treasury.

7.4.3 The Committee should satisfy itself that, if a repurchase proceeds, the necessary announcement(s) will be made to the market in the timescale required by the UK Listing Authority.

## 8. **Reporting Procedures**

- 8.1 In relation to paragraph 7.1, the Committee shall commission such reports as are necessary for the Board to carry out the annual reviews as are required under Minute 59/05.2005.
- 8.2 In relation to paragraph 7.2, details of any instrument in respect of which the Committee has authorised and approved the affixing of the Common Seal or the signature by any one Director and the Secretary, by any two Directors or by a Director in the presence of a witness who attests the signature as aforesaid shall be entered in a book kept for such purpose, and entry of such details shall constitute sufficient minute of the proceedings of the Committee in relation thereto, provided that the entry is initialled by the relevant Director concerned.
- 8.3 All acts of the Committee shall be reported to the next regular meeting of the Board.

## 9. **Other**

The Committee shall review at least once a year its terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board.

10. **Authority**

10.1 The Committee is authorised to:

10.1.1 seek any information it requires from any employee of the Company in order to perform its duties;

10.1.2 obtain external professional services, funded by the Company, on any matters it considers appropriate to its terms of reference and such advisers may attend meetings as necessary.