

News Release

13 January 2011

BALFOUR BEATTY TRADING UPDATE

Balfour Beatty plc, the international infrastructure group, is providing this trading update in advance of its results for the year ended 31 December 2010 which will be announced on 3 March 2011.

Trading

Further to our Interim Management Statement of 11 November 2010, overall trading performance for the year continues to be consistent with our expectations.

Our high-quality order book of £15 billion reflects the strength of our technical expertise, increasing local coverage and ability to provide integrated solutions.

Operating performance

In **Professional services**, Parsons Brinckerhoff's results are included for the full year for the first time. Performance has exceeded our expectations despite the continuing delay in the re-authorisation of the Highways Bill in the US, which has limited the progress of the award of larger projects. We have continued to make good progress on improving the efficiency of the global operations post-integration.

Construction services has performed well overall. Although we have not yet seen a discernible recovery in the parts of the UK market which have been weak, the business benefited from good operational performance and ongoing tight control of costs. The reduction in the rate of revenue decline seen in the US at the time of the Q3 IMS has continued into Q4, and Hong Kong has remained buoyant.

In **Support services**, we have had a good year with substantial new wins. However, revenue and profits for the year have been impacted adversely, as anticipated, by a slow start-up of AMP5 contracts in the water utilities sector which has continued through the second half.

In **Infrastructure investments**, we have had a number of significant wins in 2010 and continue to have an active pipeline of bids. We recently achieved financial close on the Derby City, Ealing and Oldham schools programmes. In addition, we are working to bring a further four projects in a range of sectors to financial close.

Financial position

Our cash position remains strong, with average cash in the second half of the year exceeding £400 million, compared to £342 million for the same period in 2009.

Outlook

Balfour Beatty is strategically well-placed in major markets to benefit from the long-term growth in global infrastructure spending. The Group's order book, its capabilities across the

infrastructure lifecycle and its operations in diverse markets and geographies give the business strength and resilience.

We remain confident about the outlook for the Group.

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This document contains forward looking statements which have been made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated.

Notes to Editors:

1. Balfour Beatty (www.balfourbeatty.com) is a world-class infrastructure group with capabilities in professional services, construction services, support services and infrastructure investments.

We work in partnership with our customers principally in the UK, continental Europe, the US, South-East Asia, Australia and the Middle East, who value the highest levels of quality, safety and technical expertise.

Key infrastructure markets include transportation (roads, rail and airports); social infrastructure (education, specialist healthcare, and various types of accommodation); utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail).

The Group delivers services essential to the development, creation and care of these infrastructure assets including project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs 50,000 people around the world.