

14 May 2009

AGM TRADING UPDATE AND INTERIM MANAGEMENT STATEMENT

In his report to shareholders this morning at the Annual General Meeting of Balfour Beatty, the international engineering, construction, services and investment Group, Steve Marshall, Chairman, will give the following trading update, which also serves as the Group's Interim Management Statement, covering the period 1 January to 13 May 2009.

“As is our customary practice, I would like to update you on trading so far this year:

Trading

“Trading performance in 2009 has been in line with expectations, underpinned by our high-quality order book, continued infrastructure expenditure by our customers, the benefit of acquisitions and our tight control of costs.

Cash

“Despite the generally reduced level of liquidity in the economy, our cash position remains strong with average net cash in excess of £200 million for the first four months of 2009.

Sector Performance

“Performance in the **Building** sector has exceeded last year, with the UK steady and the US strong. In spite of a more competitive environment for securing new work, there have been good performances from Balfour Beatty Construction US and Heery with major new contracts in North Carolina, Texas and California. In February, we acquired RT Dooley, a family-owned construction firm based in North Carolina, for \$40 million. Its activities in corporate headquarters, fit-out and mission-critical work such as data centres complement both Balfour Beatty Construction US' South East division, which is also based in Charlotte, and the wider Group.

“In the **Engineering** sector, performance in the UK has been strong and we have made good progress on road projects including the M74, A3, A421 and A46. In the US, we secured the five-year contract to support the delivery of National Grid’s US electricity transmission capital investment programme in New England. Performance in Hong Kong and Dubai has been in line with expectations.

“In **Rail**, as expected, reduced volumes in the UK have impacted the start of the year, with Germany also down on last year, but good progress has been made in other parts of the business including in Italy on the Bologna to Florence high-speed line and in Malaysia with the signing of a £160 million rail electrification and power supply project.

“In the **Investments** sector, we continue to anticipate reaching financial close in the first half of the year on at least three of the four PPP projects at preferred bidder stage. We achieved financial close on the £170 million Fife General Hospital at the beginning of May and have announced today that we have reached financial close on the £200 million Southwark Schools for the Future programme. We expect to reach financial close on the M25 widening and maintenance programme shortly. There will be a first full-year contribution in 2009 from Balfour Beatty Communities, which is performing as expected, and Barking Power has made a strong start to the year.

Order book

“We continue to have a strong order book, which, at the half year, is expected to be broadly in line with the £12.8 billion reported for 31 December 2008.

Outlook

“Our strong market positions, the resilience of our business model and our high-quality order book mean that we anticipate making progress in 2009.”

ENDS

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Notes to Editors:

Balfour Beatty is a world-class engineering, construction, services and investment business, well-positioned in infrastructure markets which offer significant long-term growth. We work in partnership with sophisticated customers who value the highest levels of quality, safety and technical expertise. Our skills are applied in appropriate combinations to meet individual customer need. Balfour Beatty's financial position, with significant net cash and with strong operating cash flows, offers continuing flexibility to add additional capacity and expertise to the business mix and to make appropriate investments in PPP and other long-term growth opportunities.