

11 May 2006

**BALFOUR BEATTY PLC**

**AGM STATEMENT**

Reporting to shareholders at the Annual General Meeting of Balfour Beatty plc, the international engineering, construction and services group, Chairman, Sir David John, said:

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

“I am pleased to report to shareholders that trading in 2006, to date, is in line with expectations. Order intake has been strong in the year so far. Our order book now tops £8 billion and will shortly be augmented by the confirmed contracts arising from the financial close of the Birmingham Hospital PPP concession. Last month we entered a pre-qualification submission, as part of the G3 group, for the role of Delivery Partner to the ODA in respect of the 2012 London Olympics.

“In our **Building** sector, early progress has been good, with continuing growth in expenditure on affordable housing and a number of sizeable contract wins in both public and private sectors. The acquisition of Charter, the US construction management and services company, was completed in late March.

“In **Engineering**, progress is also good. Balfour Beatty Power Networks has secured several major new orders and RCS, the road management and maintenance company, has been successful in extending two of its long-term local authority contracts.

“In **Rail**, good progress continues on major works at Heathrow Terminal 5 and on track renewal work for Network Rail and London Underground. Market conditions in Europe and the USA remain unchanged. The acquisition of Edgar Allen, the rail track products manufacturer, was completed in March.

“In **Investments and Developments**, concession performance is as anticipated. Financial close was reached in early April on the Birmingham Schools project. Also in April, it was announced that our PPP concession for Birmingham Hospital had successfully passed a Treasury Review. Financial close on this project is anticipated in early June.

“As stated in our Annual Report, we expect to make progress in 2006 in line with expectations and to continue to generate secure, sustainable income from our partnerships with customers in the public and private sectors.”

ENDS

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