

Annual General Meeting 2003 and Separate Class Meeting of Preference Shareholders

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 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.

Dear Shareholder

I am pleased to send you details about the Annual General Meeting (AGM) of Balfour Beatty plc, which we are holding on Thursday 15 May 2003 at the Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY. The meeting will start at 12.00 noon. 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

The AGM will cover standard matters which are now dealt with at every AGM (Items 1 to 11). Item 2 is a new resolution this year. We have explained each of these items in the following pages.

Items 12, 13 and 14 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 15 renews an authority first given to your Directors in 2002 and Item 16 proposes amendments to your Company's Articles of Association.

We have also explained each of these items in the following pages.

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, have the opportunity 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 by 12.00 noon on **13 May 2003**. 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.

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, 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, by 12.30 p.m. on **13 May 2003**.

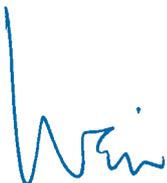
Again, if you complete and return the blue proxy voting form, you can still come to the Class Meeting and vote instead of your proxy.

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.

Yours sincerely



Viscount Weir Chairman
Balfour Beatty plc
8 April 2003

We are holding our Annual General Meeting on Thursday 15 May 2003 at the Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY. The meeting will start at 12.00 noon 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 11). Each of these items (which we have explained below) will be proposed as ordinary resolutions. For these resolutions to be passed, more than 50% of the votes cast must be in favour.

1. Directors' report and accounts

The Directors must present the Company's accounts for the year ended 31 December 2002 and the reports of the Directors and auditors on those accounts. These are all contained in the Company's 2002 Annual Report which was sent to you with this circular.

2. Remuneration report

The Directors' Remuneration Report Regulations 2002 came into force on 1 August 2002. They 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 2002 Annual Report.

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 3.05p for each ordinary share.

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

Under the Company's Articles of Association, at least one-third of the Directors are required to retire by rotation at each AGM. This does not include Directors that the Board has appointed since the last AGM. Those who retire are the longest in office since they were last elected or re-elected by shareholders. Under this formula, three of your Directors are required to retire at this year's AGM.

In addition, under the Company's Articles of Association, any Director that the Board has appointed since the last AGM must also stand for election so that shareholders may confirm the appointment. Anthony Rabin and Alistair Wivell were both appointed as executive Directors on 9 July 2002; Richard Delbridge was appointed as a non-executive Director on 24 October 2002; Sir David Wright was appointed as a non-executive Director on 1 January 2003.

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

Malcolm Eckersall *Managing Director, Civil and Specialist Engineering and Services (57)*

A chartered civil engineer and a Fellow of both the Institution of Civil Engineers and the Institution of Highways and Transportation. Joined the Group in early 2000 and appointed a Director later the same year. He has responsibility for Balfour Beatty Civil Engineering, Balfour Beatty International, Balfour Beatty Management, Balfour Beatty Power Networks, Balvac/Rail First, Balfour Beatty Utilities, Raynesway Construction Southern and Stent Foundations. Previously an executive director of AMEC plc.

Ian Tyler *Chief Operating Officer (42)*

A chartered accountant and barrister. Appointed Chief Operating Officer in August 2002, having previously been Finance Director since 1999. Joined Balfour Beatty from the Hanson Group as Finance Director of the Group's principal trading subsidiary, Balfour Beatty Group Limited, in 1996. Formerly Financial Comptroller of Hanson and Finance Director of ARC, one of its principal subsidiaries.

Peter Zinkin *Planning and Development Director (49)*

Joined the Group in 1981 and became Planning and Development Director in 1991 after a series of senior positions in the finance function. Previously, he worked at the London Business School and UMIST.

Anthony Rabin *Finance Director (47)*

A chartered accountant and barrister. A Director since July 2002 and appointed Finance Director in August 2002. He was previously Managing Director of Balfour Beatty Capital Projects, responsible for the development and management of its privately financed concession operations. Prior to joining Balfour Beatty in 1995, he was a partner at Coopers and Lybrand and before that, a senior assistant director at Morgan Grenfell.

Alistair Wivell *CBE Managing Director, Building, Building Management and Services (57)*

A civil engineer and a Fellow of the Chartered Institute of Building. A Director since July 2002, he has responsibility for Balfour Beatty Construction, Balfour Kilpatrick, Haden Building Management and Haden Young. A civil engineering graduate of Edinburgh University, Mr Wivell joined Balfour Beatty in 1966. He was previously Managing Director of Balfour Beatty Construction Limited, the Group's UK regional building and civil engineering business. He received a CBE for services to the construction industry in 1998.

Richard Delbridge (60)

Appointed a non-executive Director in October 2002. A chartered accountant, and the holder of a degree in economics from the London School of Economics and an MBA from the University of California at Berkeley. He worked at Andersen Consulting before joining J.P. Morgan & Co in 1976 where he held various posts in London and New York before becoming UK Managing Director & General Manager. In 1989 he was appointed Group Finance Director at Midland Bank plc, later becoming Group Finance Director of HSBC Holdings plc. In 1996, he was appointed a Director and Group Chief Financial Officer of National Westminster Bank plc, a position he held until April 2000. He is currently a non-executive director of Egg plc, Tate and Lyle PLC, Cazenove Group plc and Gallaher Group Plc, and Treasurer of The Open University. He will become chairman of the Board's Audit Committee following the retirement of Christopher Reeves after the AGM, and is a member of the Board's Business Practices and Compensation and Appointments Committees.

Sir David Wright CMC, LVO (58)

Appointed non-executive Director in January 2003. A graduate of Peterhouse, Cambridge and currently vice chairman of Barclays Capital, in 2002 he retired as Group Chief Executive of British Trade International, which has lead responsibility within government for overseas trade and investment promotion. He was previously Ambassador to Japan for three years, which was the culmination of a long, distinguished and varied diplomatic career which also included four years as Ambassador to the Republic of Korea. He is Chairman and Managing Trustee of The Daiwa Anglo-Japanese Foundation, a registered charity which promotes understanding between the UK and Japan in cultural, professional, academic and artistic fields.

11. The auditors

The Company must appoint auditors at every general meeting at which accounts are presented to shareholders.

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

12. Authority to allot ordinary shares

Under the Companies Act 1985, the 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 the Directors a general authority to allot unissued shares, but that authority is subject to renewal by shareholders. Passing this resolution will continue the authority previously given to the Directors, by giving them authority to allot ordinary shares with a maximum aggregate nominal amount of £69,247,099, representing approximately one-third of the Company's issued ordinary share capital as at 4 March 2003. The 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. 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 an Extraordinary General Meeting. This authority renews that given at last year's AGM and will last for five years, although the Directors intend to continue the practice of seeking renewal of this power at each AGM.

The following items 13 and 14 will be proposed as special resolutions. For these resolutions to be passed, at least 75% of the votes cast must be in favour.

13. 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 offer. However, it may sometimes be in the interests of the Company for the Directors to allot shares other than to existing shareholders in proportion to existing holdings.

The Company's Articles of Association give the 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 the Directors to allot the Company's ordinary shares for cash only:

- up to a nominal amount of £10,387,064 (the Section 89 amount), which is approximately 5% of the Company's issued ordinary share capital as at 4 March 2003; or,
- in a rights issue as defined in the Company's Articles of Association.

This authority renews that given at last year's AGM. There are no current plans to allot ordinary shares, except in connection with the Company's employee share schemes. 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.

14. Authority for Balfour Beatty to purchase its own ordinary and preference shares

The 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 the 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 the Directors if they consider it to be in the best interests of shareholders generally and if the purchase could be expected to result in an increase in earnings per ordinary share.

The resolution would renew the authorities given to the Directors by ordinary and preference shareholders at separate meetings of each class of shareholder in May 2002. 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), and the maximum and minimum prices to be paid for them are stated in the resolution. Any shares purchased in this way would be cancelled and the number of shares in issue would be reduced accordingly. Any purchase of shares by the Company under these authorities would be by means of market purchases through the London Stock Exchange. It should not 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 15 November 2004, although the 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 2002, no ordinary shares were purchased for cancellation. 5,000,000 preference shares were purchased for cancellation at an average price of 136.7p. The total number of outstanding options to subscribe for ordinary shares at 1 April 2003 (being the latest practicable date prior to the publication of this notice) was 19,432,580. This represents 4.7% 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 1 April 2003 would represent 5.2% of the Company's issued ordinary share capital.

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

15. Authority to incur political expenditure

The Political Parties, Elections and Referendums Act 2000 ("the Act") has introduced controls over the funding of political parties in the EU and other forms of EU political expenditure. The definition of political donations in the Act is potentially wide enough to include activities which form part of normal relationships between companies and politics in the general sense, even though these activities are not designed to support a particular party or influence support for any party.

Balfour Beatty has not for many years made what were commonly regarded as political donations and we have no intention of changing this position. However, as explained, the definitions of political donations and EU political expenditure in the Act have been drafted so broadly that it must always be possible – even if most unlikely – that some of our existing activities will be caught, even though they are not "donations" in the ordinary sense of the word.

The Act requires companies to obtain shareholder approval before EU "political donations" or expenditure can be made. Accordingly, the resolution is tabled on a precautionary basis.

The authority sought will last for four years until 15 May 2007 but the Directors intend to seek renewal of this power at each AGM.

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

16. Amendments to the Articles of Association

This resolution proposes certain changes to the Articles of Association of the Company, as set out in the Appendix to this document.

The proposed changes insert provisions reflecting recent legislation, namely the Companies Act 1985 (Electronic Communications Order) 2000, which allows certain communications between companies and their shareholders to take place electronically. None of the proposed changes will force either the Company or any individual shareholder to send or receive documents or notices by electronic mail. They merely permit this to occur where appropriate, and where both the Company and the relevant shareholder agrees. Shareholders will be notified with full information when the Company proposes to allow electronic communications between itself and its shareholders.

The proposed changes to the Articles of Association also include amendments to reflect:

- (a) the recent division of roles between the UK Listing Authority and the London Stock Exchange plc;
- (b) the introduction of an electronic proxy voting service by CRESTCo Limited in January 2003;
- (c) the proposal to allow the Company to retain certain documents (including instruments of transfer) in electronic (or similar) format, rather than retaining the originals of such documents; and
- (d) other recent changes in the law and miscellaneous matters.

We are holding a Class Meeting of holders of preference shares on 15 May 2003 at the Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY. The meeting will start at 12.30 p.m., or as soon as possible following the conclusion or adjournment 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 an extraordinary resolution, which means that, in order to be passed, at least 75% of the votes cast must be in favour.

The resolution is explained above under Item 14, "Authority for Balfour Beatty to purchase its own ordinary and preference shares".

Attending and voting

You have the right to attend, speak and vote at the AGM if you are an ordinary shareholder on the Balfour Beatty share register at 5.00 p.m. on 13 May 2003.

You 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 2003.

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 in the event of a poll.

Time and place of meetings

Balfour Beatty's AGM will be held first and will start promptly at 12.00 noon on Thursday 15 May 2003 at the Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY. The Class Meeting will be held at 12.30 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 10.30 a.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 and the Company's 2002 Annual Report with you so that you can refer to them at the meetings.

Joint shareholders

All joint shareholders may attend and speak at the meetings.

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 vote in the event of a poll – 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. Please note that your proxy is not entitled to vote on a show of hands.

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 in the event of a poll 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 abstain from voting) 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 you wish your votes to be cast "For" or "Against" that resolution. If you wish to "Abstain", please write the word "Abstain" through the relevant boxes. Unless you give specific instructions on how to vote on a particular resolution, the Chairman will have discretion either to vote "For" or "Against" that resolution or to "Abstain".

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. It is your responsibility to tell your proxy how you want your votes to be cast, so he or she can act accordingly.

3. *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, Computershare Investor Services PLC (see Notes 5 to 7 below) with the authority under which it is signed, or a copy of the authority which has been certified by a solicitor or notary.

4. Corporate appointment of proxy

Where the person appointing the proxy is a company, the Forms 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 Forms of Proxy.

5. Posting details

To be valid, a Form of Proxy, together with any authority (see Notes 3 and 4 above), must be received by Computershare Investor Services PLC not later than 12.00 noon on 13 May 2003 for ordinary shareholders, or 12.30 p.m. on 13 May 2003 for preference shareholders. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the relevant meeting.

6. United Kingdom (UK) shareholders

Shareholders should reply using the reply paid envelope provided.

7. Shareholders outside the UK

Shareholders with addresses outside the UK should reply using the return-addressed envelope provided.

8. Electronic Proxy Submission

If you would like to submit your form of proxy electronically via the internet, you may do so via the Shareholder Information section of the Balfour Beatty website at www.balfourbeatty.com. Please click on the link "Vote at AGM" and then select "Form of Proxy". You will be asked to enter the Shareholder Reference Number (SRN) and PIN (which are printed on your Form of Proxy or, if you have registered for electronic shareholder communications, you will find these on your e-mail broadcast), and agree to certain terms and conditions. This facility applies only to the AGM, and not to the Class Meeting.

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

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. You will not be allowed to bring recording equipment, cameras, mobile telephones or any other inappropriate item which may interfere with the good order of the meetings.

If, having registered, you wish to leave the building, you should first report to the registration desk. If you fail to do this, you could have difficulty re-entering the building.

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

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 2002 Annual Report 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 Computershare Investor Services PLC.

Notice is hereby given that the fifty-eighth Annual General Meeting of Balfour Beatty plc will be held at the Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY on Thursday 15 May 2003 at 12.00 noon 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 2002.
2. To approve the Directors' remuneration report for the year ended 31 December 2002.
3. To declare a final dividend on the ordinary shares of the Company.
4. To re-elect Mr M K Eckersall as a Director.
5. To re-elect Mr I P Tyler as a Director.
6. To re-elect Mr P J L Zinkin as a Director.
7. To elect Mr A L P Rabin as a Director.
8. To elect Mr A J Wivell as a Director.
9. To elect Mr R Delbridge as a Director.
10. To elect Sir David Wright as a Director.
11. To re-appoint Deloitte & Touche as auditors.

Special Business

12. 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 2003 and ending at the conclusion of the Company's Annual General Meeting to be held in 2008, or, if earlier, on 15 May 2008 and for such period the Section 80 Amount (as defined in paragraph (B)(iii) of that Article) shall be £69,247,099, such authority to replace the authority to allot relevant securities granted by Resolution 8 passed at the Annual General Meeting of the Company held on 16 May 2002.

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

THAT, subject to and conditional upon the passing of Resolution 12 set out in this Notice of Annual General Meeting dated 8 April 2003, 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 2003 and ending at the conclusion of the Company's Annual General Meeting to be held in 2004 or, if earlier, on 15 August 2004 and for such period the Section 89 Amount (as defined in paragraph (B)(iii) of that Article) shall be £10,387,064.

14. 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 Extraordinary Resolution set out in the Notice dated 8 April 2003 convening a Separate Class Meeting of the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in the Company (the "Convertible 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 Convertible Preference Shares in the Company on the following terms:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 41,550,750 and the maximum number of Convertible Preference Shares hereby authorised to be purchased is 22,448,679;
- (b) the maximum price (exclusive of expenses) which may be paid for a share shall be not more than 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;
- (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 Annual General Meeting of the Company to be held in 2004, or on 15 November 2004, 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.

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

THAT the Company be authorised to make donations to EU political organisations and to incur EU political expenditure, not exceeding £25,000 in total in each year during the period of four years beginning with the date of the 2003 Annual General Meeting.

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

THAT the Articles of Association of the Company be amended as set out in the Appendix to this Notice of Annual General Meeting.

By Order of the Board

C R O'N Pearson *Secretary*

Dated 8 April 2003

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 61 of the Company's Articles of Association.

(ii) A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. For holders of ordinary shares, a white Form of Proxy is enclosed.

(iii) 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, Computershare Investor Services PLC, no later than 48 hours before the time for which the Meeting is convened.

(iv) The Register of Directors' Interests in the share capital of the Company and copies of Directors' service contracts 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 proposed changes, will also be available for inspection at the Company's Registered Office at the same times and in addition, at the offices of Linklaters, One Silk Street, London EC2Y 8HQ, from the date of this Notice until the conclusion of the Annual General Meeting.

(v) If approved, the final dividend on ordinary shares will be paid to holders of ordinary shares registered in the books of the Company on 2 May 2003. Warrants will be posted on 27 June 2003 payable on 1 July 2003.

Notice of Separate Class Meeting of holders of Convertible Preference Shares

Balfour Beatty plc
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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 "Convertible Preference Shares") will be held at the Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY on Thursday 15 May 2003 at 12.30 p.m. or as soon thereafter as the Annual General Meeting of the Company, convened for the same day at the same place at 12.00 noon, shall have been concluded or adjourned, for the purpose of considering and, if thought fit, passing the following resolution as an Extraordinary Resolution:

Extraordinary 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 14 set out in the Company's Notice of Annual General Meeting dated 8 April 2003 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 8 April 2003

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

- (i) Only holders of Convertible 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 61 of the Company's Articles of Association.
- (ii) A holder of Convertible Preference Shares entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company.
- (iii) A blue Form of Proxy is enclosed which, to be valid for the Meeting, 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, Computershare Investor Services PLC, no later than 48 hours before the time for which the Meeting is convened.
- (iv) 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 Thursday 22 May 2003 at 12.30 p.m.

Proposed Amendments to the Articles of Association

Set out below is a summary explanation of the proposed amendments to be made to the Company's Articles of Association.

These explanatory notes relate to the amendments proposed to the Company's Articles of Association in the form of Resolution 16, which is a Special Resolution. They have been prepared in order to assist shareholders to understand the nature of the amendments. They do not form part of the Articles of Association.

Amendments to some articles are substantial. In those cases, for the sake of clarity, the existing article is deleted in its entirety and replaced with a new article.

The explanatory notes should be read in conjunction with the proposed resolution. They are not, and are not intended to be, a comprehensive description of the Company's Articles of Association.

1. Amended Articles

We propose to amend the following Articles:

Articles 1, 2, 3(B)(1), 3(B)(5)(h)(i)(b)(5), 3(B)(5)(r)(ii), 3(B)(7)(g), 23, 52, 56(A)(ii), 66, 78(E)(ii), 80, 82, 83, 84, 85, 92(B), 137(a), 144, 146, 147, 148, 149 and 150.

2. Explanation of proposed amendments to Articles

(A) Electronic Communication and Crest Proxy Voting

The proposed amendments to Articles 2, 56(A)(ii), 66, 80, 82, 83, 84, 85, 144, 146, 147, 148 and 149 are amendments that give effect to the electronic communication provisions in the Companies Act 1985 (Electronic Communications) Order 2000 and also reflect the introduction of an electronic proxy voting service by CRESTCo Limited in January 2003.

The amendments fall within the following categories:

(a) Definitions

Article 2 incorporates into the Articles a definition of "address" for the purposes of electronic communication and the statutory definitions of "communication" and "electronic communication".

(b) Voting on a poll

Article 80 clarifies that a proxy appointed via the CREST system has the same discretion as to how to exercise their vote as one appointed via a proxy form.

(c) Appointment of proxy etc.

Article 82 clarifies the method of appointing a proxy electronically. Articles 83(A), 84 and 85 address the rights of the proxy and the effect of revocation of a proxy. Article 83(B) clarifies that proxies can be appointed through the CREST system, and also deals with supplements to and revocations of, such proxy appointments.

(d) Sending of accounts

Article 144 enables copies of reports, accounts and other statutory material to be sent to shareholders electronically in addition to the current postal method.

(e) Notices and documents generally

Article 146 deals with the giving and sending of notices generally and enables notices and documents to be sent to shareholders electronically, in addition to the current postal method.

(f) Consequential amendments

Articles 148, 149 and 150 contain consequential amendments relating to the use of electronic and postal methods of communicating with shareholders.

The proposed new Articles 150 and 151 contain further provisions relating to some of the practicalities of using electronic communication.

(B) Retention of Documents

The proposed amendment to Article 52 allows the Company to retain certain documents (including instruments of transfer) in electronic (or similar) format rather than retaining the originals of such documents. Any documents retained in electronic (or similar) format would be retained for the same time periods as are currently set out in Article 52.

If the proposed amendment to Article 52 is approved, the Company will be entitled to store certain information about its shareholders in electronic (or similar) format. Such information would relate to:

(a) transfers of the Company's shares;

(b) dividend mandates relating to the Company's shares;

(c) changes of address notified to the Company; and

(d) share certificates which have been cancelled by the Company.

This information will only be used by the Company and its agents and service providers in the UK to administer the Company's shareholder records and dividend payments and will not be shared with any other third parties, or used for any other purpose.

(C) Miscellaneous

The amendment to Article 1 is for clarification purposes.

Articles 2, 3(B)(1), 3(B)(5)(h)(i)(b)(5), 3(B)(5)(r)(ii), 3(B)(7)(g), 23, 56(A)(ii) and 137(a) contain minor amendments to reflect the recent division of roles between the UK Listing Authority and the London Stock Exchange plc and recent changes in the law.

Article 78(E)(ii) contains a minor amendment to correct a typographical error.

Articles 92(B) and 150 contain minor consequential changes.

Articles 150 to 153 are to be renumbered 152 to 155.

3. Proposed Amendments

The amendments set out below are to take effect on the passing of Resolution 16.

1 Article 1 shall be deleted and replaced with new Article 1 as follows:

"1 The Regulations of Table A in The Companies (Tables A to F) Regulations 1985 (as amended from time to time) and in any Table A applicable to the Company under any former enactment relating to companies shall not apply to the Company."

2 In Article 2:

(a) The definition of the expression "London Stock Exchange" shall be deleted and replaced with the definition as follows:

"the London Stock Exchange plc."

(b) After the definition of the expression "transfer office" shall be added the definition of "UK Listing Authority" as follows:

"the Financial Services Authority acting in its capacity as the competent authority under the Financial Services and Markets Act 2000."

(c) The definition of the expression "in writing" shall be deleted and replaced with the definition as follows:

"written or produced by any substitute for writing or partly one and partly another including (but only to the extent that (a) the Directors so resolve, either generally or in relation to particular types of document, and (b) the recipient (if not the Company) has requested or agreed) electronic communication."

(d) After the definition of the expression "year" shall be added the definition of expressions "**address**", "**communication**" and "**electronic communication**" as follows:

"The expression **address** shall include, in relation to electronic communication, any number or address (including, in the case of any Uncertificated Proxy Instruction permitted under Article 83, an identification number of a participant in the relevant system) used for the purposes of such communication.

The expressions **communication** and **electronic communication** shall have the same respective meanings as in the Electronic Communications Act 2000, the latter including, without limitation, e-mail, facsimile, CD-Rom, audio tape and telephone transmission and (in the case of electronic communication by the Company in accordance with Article 151(A)) publication on a website."

(e) At the end of Article 2, a new paragraph shall be added as follows:

"References to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment thereof for the time being in force (whether coming into force before or after the incorporation of the Company)."

3 In Article 3(B)(1) (in the definition of Current Market Price) the words "the Stock Exchange Daily Official List" shall be deleted and replaced with the words "the Daily Official List of the London Stock Exchange".

4 In Article 3(B)(5)(h)(i)(B)(5) the words "listed on the London Stock Exchange" shall be deleted and replaced with the words "admitted to the official list maintained by the UK Listing Authority or to trading on the London Stock Exchange".

5 In Article 3(B)(5)(r)(ii) the words "the Stock Exchange Daily Official List (or, if the ordinary shares are not then listed on the London Stock Exchange" shall be deleted and replaced with the words "the Daily Official List of the London Stock Exchange (or, if the ordinary shares are not then listed on the official list maintained by the UK Listing Authority".

6 In Article 3(B)(7)(g) the words "the Official List by the Council of the London Stock Exchange" shall be deleted and replaced with the words "the official list maintained by the UK Listing Authority and to trading on the London Stock Exchange".

7 In Article 23 the words "Financial Services Act 1986" shall be deleted and replaced with the words "Financial Services and Markets Act 2000".

8 In Article 52, a new subparagraph (d) shall be added between the current subparagraphs (c) and (d) as follows:

"(d) any document referred to above may, subject to the Statutes, be destroyed before the end of the relevant period so long as a copy of the relevant document (whether made electronically, by microfilm, by digital imaging or by other means) has been made and is retained until the end of the relevant period;" and the current subparagraphs (d) and (e) shall become subparagraphs (e) and (f), respectively.

9 In Article 56(A)(ii):

(a) There shall be added after the words "the last known" the word "postal".

(b) There shall be added after the words "the London Stock Exchange" the words "and the UK Listing Authority".

10 In Article 66 the words "like manner as in the case of the original meeting" in the last sentence shall be deleted and replaced with the words "accordance, mutatis mutandis, with Articles 59, 60 and 61".

11 In Article 78(E)(ii) the word “default” shall be deleted and replaced with the word “direction”.

12 At the end of Article 80, a new sentence shall be included as follows:

“Unless his appointment otherwise provides, the proxy may vote or abstain at his discretion on any matter coming before the meeting on which proxies are entitled to vote.”

13 Articles 82, 83 and 84 shall be deleted and replaced with new Articles 82, 83(A), 83(B) and 84 as follows:

82 The appointment of a proxy must be in writing in any usual or common form or in any other form which the Directors may approve and:

(a) in the case of an individual must either be signed by the appointor or his attorney or comply with Article 150; and

(b) in the case of a corporation must be either given under its common seal or be signed on its behalf by an attorney or a duly authorised officer of the corporation or comply with Article 150.

The signature on such appointment need not be witnessed. Where appointment of a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a copy thereof certified notarially or in some other way approved by the Directors must (failing previous registration with the Company) be submitted to the Company, failing which the appointment may be treated as invalid. The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend and vote on the same occasion.

83(A) The appointment of a proxy must be received at such address or one of such addresses (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no address is so specified, must be left at the transfer office) not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The appointment shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as well as for the meeting to which it relates. An appointment relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

83(B) Without limiting the foregoing, in relation to any shares in uncertificated form the Directors may permit a proxy to be appointed by means of an electronic communication in the form of an Uncertificated Proxy Instruction (that is, a properly authenticated dematerialised instruction, and/or other instruction or notification, sent by means of a relevant system to such participant in that system acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system)); and may permit any supplement to, or amendment or revocation of, any such Uncertificated Proxy Instruction to be made by a further Uncertificated Proxy Instruction. The Directors may in addition prescribe the method of determining the time at which any such instruction or notification is to be treated as received by the Company. The Directors may treat any such instruction or notification purporting or expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending the instruction to send it on behalf of that holder.

84 A proxy shall have the right to demand or join in demanding a poll but no further right to speak at the meeting, except with the permission of the Chairman of the meeting. A proxy shall also have the right to vote on any amendment of a resolution put to the meeting as the proxy thinks fit.”

14 In Article 85 there shall be added after the words “received by the Company at” the words “the address or one of the addresses specified under Article 83 (subject to any conditions attached to the use of a particular address imposed under that Article) or, if no address was specified, at”.

15 In Article 92(B) the words “Article 153” shall be deleted and replaced with the words “Article 155”.

16 In Article 137(a), the words “the Stock Exchange Daily Official List” shall be deleted and replaced with the words “the Daily Official List of the London Stock Exchange”.

17 In Article 144:

(a) after the words “to any person of whose” in the last sentence the word “postal” shall be added.

(b) after the words “registered office.” in the last sentence a new sentence shall be added as follows:

“To the extent permitted by the Statutes and agreed to by the member of, or holder of debentures of, the Company (or any other person who is entitled to receive notices of meetings under these Articles), the documents referred to in this paragraph may be sent by electronic communication.”

18 After Article 146(B) shall be added new sub-Articles 146(C) and 146(D) as follows:

“146(C) Any document or notice which, in accordance with these Articles, may be sent by the Company by electronic communication shall, if so sent, be deemed to be received at 9 a.m. on the day following that on which it was transmitted. Proof (in accordance with the formal recommendations of best practice contained in the guidance issued by the Institute of Chartered Secretaries and Administrators) that an electronic communication was sent shall be conclusive evidence of such sending.

146(D) If on three consecutive occasions a notice or other document or communication sent to a member has been returned undelivered from the last known address of the member, such member shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the transfer office a new registered address, or a postal address within the United Kingdom for the service of notices, or shall have informed the Company, in such manner as may be specified by the Company, of an address for the service of notices by electronic communication. For these purposes, a notice sent by post shall be treated as returned undelivered if the notice is sent back to the Company (or its agents), and a notice sent by electronic communication shall be treated as returned undelivered if the Company (or its agents) receive(s) notification that the notice was not delivered to the address to which it was sent.”

19 In Article 147 the words “an address” in the second sentence of the article shall be deleted and replaced with the words “a postal address”.

20 In Article 148

(a) the words “an address” in the first sentence of the article shall be deleted and replaced with the words “a postal address”.

(b) the words “by post to or left at the address of” in the second sentence of the article shall be deleted and replaced with the word “to”.

21 In Article 149:

(a) After the word “Company” in the second sentence of the article add the words “may still, where applicable, serve notices by electronic communication and”.

(b) After the word “post” in the second sentence of the article add the words “to members to whom it was not sent by electronic communication”.

22 After Article 149 shall be added new Articles 150 and 151 as follows:

“150 Where under these Articles a document requires to be signed by a member or other person then, if in the form of an electronic communication, it must to be valid incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that member or other person, in such form as the Directors may approve, or be accompanied by such other evidence (including evidence in accordance with the last sentence of Article 83(B)) as the Directors may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.

151(A) Any member may notify the Company of an address for the purpose of his receiving electronic communications from the Company, and having done so shall be deemed to have agreed to receive notices and other documents from the Company by electronic communication of the kind to which the address relates. In addition, if a member notifies the Company of his e-mail address, the Company may satisfy its obligation to send him any notice or other document by:

(a) publishing such notice or document on a website; and

(b) notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the website on which it has been published, the place on the website where it may be accessed, how it may be accessed and (if it is a notice relating to a shareholders’ meeting) stating (i) that the notice concerns a notice of a Company meeting served in accordance with the Act, (ii) the place, date and time of the meeting, (iii) whether the meeting is to be an annual or extraordinary general meeting and (iv) such other information as the Statutes may prescribe.

151(B) Any amendment or revocation of a notification given to the Company under this Article shall only take effect if in writing, signed by the member and on actual receipt by the Company thereof.

151(C) An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.”

23 Current Articles 150, 151, 152 and 153 shall be renumbered 152, 153, 154 and 155 respectively.

24 In current Article 150 (to be renumbered 152) the word “five” shall be deleted and replaced with the word “seven”.

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