

This circular is important. Please read it immediately.

If you are not sure what you should do, please consult an appropriate independent 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 so they can be passed on to the person who now owns the shares. If you hold options over shares in Balfour Beatty plc but do not hold ordinary or preference shares, this circular is for information only.

Balfour Beatty

SHAREHOLDERS' UPDATE AND NOTICE OF 2011 ANNUAL GENERAL MEETING

THE INFRASTRUCTURE BUSINESS



“We are pleased with the resilient set of results achieved in challenging market conditions in a number of our major markets. See inside for key points from our Annual Report or go to our website for further details.”

Steve Marshall
Chairman

ANOTHER SUCCESSFUL YEAR



I am pleased to report that Balfour Beatty had another successful year in 2010. We have created a resilient business, which performed well in spite of the weak economic environment in some of our major markets.

Performance

Pre-tax profit¹ was up 20% to £319 million (2009: £265 million), lifting Group operating margin¹ to 3.2% (2009: 2.7%). Our strong order book increased by £1.1 billion in the year to £15.2 billion and we maintained a robust balance sheet with net cash of £518 million at the year end, excluding PPP subsidiaries.

Dividend

The Board is proposing a final dividend of 7.65p per ordinary share, making a total dividend of 12.7p for the year, an increase of 6% on 2009. Our progressive dividend policy reflects our confidence in the Group's ability to deliver growth over the medium term.

The Board

We have actively continued to review the composition of the Board over the past few years in light of the increased scale and breadth of our business. Two new non-executive Directors joined the Board in 2010 – Iain Ferguson and Robert Amen, both of whom have extensive international experience.

Looking ahead

Balfour Beatty has become an increasingly diverse company, both in terms of the geographies we operate in and the end-markets we address. The Group is not over-reliant on any one market segment and has the flexibility and skills to pursue the most attractive growth opportunities. We have the capability to become the global leader in infrastructure. I am confident we will make further progress during the year.

A handwritten signature in blue ink, which appears to read 'S Marshall'. The signature is fluid and cursive, with a long horizontal stroke underneath it.

Steve Marshall
Chairman

¹ Before exceptional items and amortisation of intangible assets.

DELIVERING RESILIENT PERFORMANCE

Highlights of the year

Record order book up 8% at £15.2 billion (2009: £14.1 billion)

Pre-tax profit¹ up 20% to £319 million, lifting Group operating margin¹ to 3.2% (2009: 2.7%)

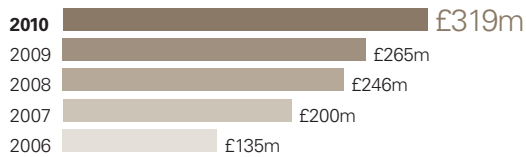
Adjusted earnings per share¹ up 1% at 34.7p

Final proposed dividend of 7.65p per share; full-year dividend up 6% at 12.7p per share

Balance sheet remains strong; average net cash in the year of £435 million (2009: £283 million)

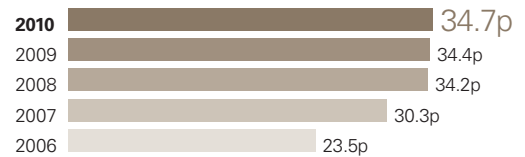
Pre-tax profit¹

+20%



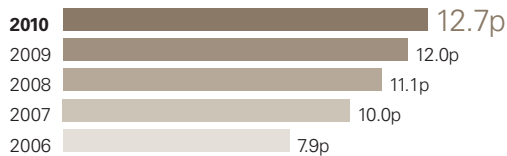
Adjusted earnings per share¹

+1%



Dividends per share

+6%



2009 accounts restated for the adoption of IFRIC 12 Service Concession Arrangements.

Per share data restated for the bonus element of the 2009 rights issue.

¹ Before exceptional items and amortisation of intangible assets.

A CLEAR STRATEGY



Ian Tyler
Chief Executive

Over the past five years, we have been building Balfour Beatty into a world-leading provider of services to infrastructure owners. Despite the undoubted short-term challenges in some parts of the world, the infrastructure market offers excellent medium and long-term growth opportunities. Our strategy to capitalise on those opportunities has five elements:

1 Develop our business further

We believe we have a balanced group of businesses that are all capable and competitive players in their own areas of expertise and that each of our divisions has the right ingredients to develop further. We will maintain a combination of organic growth and acquisitions.

2 Focus on markets with the greatest opportunities

The breadth of our capabilities, and the extent of our international reach, give us access to an exceptionally broad range of markets and customers. We will exploit this by increasing our focus on markets where opportunities are bigger and growth rates higher.

3 Improve operational performance and cost-effectiveness

Balfour Beatty has been through a period of expansion in the last five years – entering new geographies and adding complementary capabilities – much of this through sizeable acquisitions. We have now created a platform that offers scope for improving operational performance and profitability by using our resources in a more cost-effective manner.

4 Continue to strengthen core skills

We believe our customers turn to us, first and foremost, for our technical expertise. But increasingly, it is necessary to combine the power of our technical expertise with our local knowledge, our ability to integrate all stakeholders as well as the supply chain and to do this on a Group-wide scale.

5 Continue to show leadership in values and behaviour

If we want to be seen as “the infrastructure business”, we need to act like a leader – setting the industry standard for ethics, safety, sustainability, and the way we treat our customers and people.

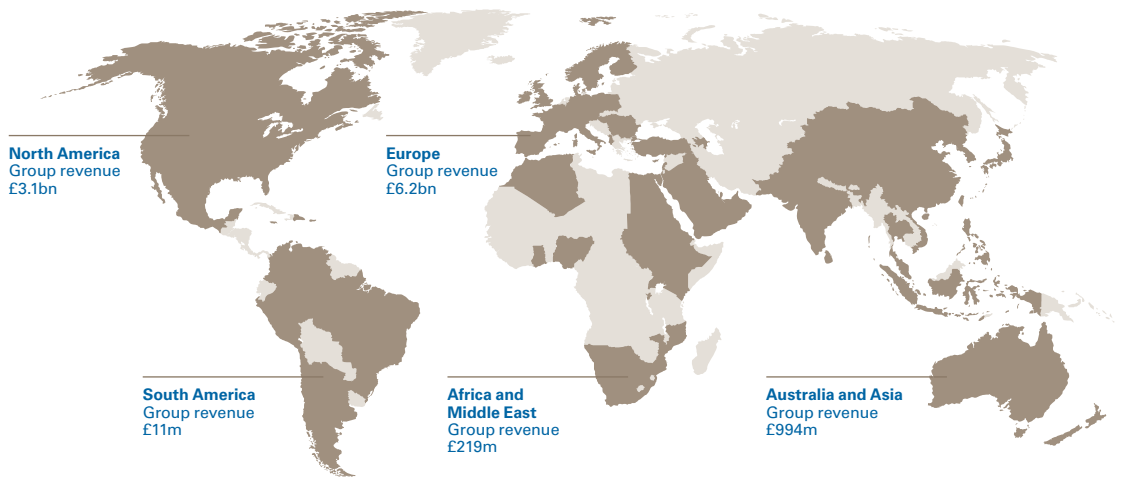
FOCUSED ON STRONG GROWING MARKETS

Diverse spread of sectors in infrastructure

We have strong positions in both civil infrastructure – transportation, power, water and communications – and social infrastructure, which includes buildings in the health, education and social and military housing sectors. This diversity demonstrates the breadth of our capabilities and makes our business resilient.

A global business generating £10 billion of revenue across 80 countries

Organic growth and recent acquisitions have added to our global scale; we are now one of the largest players in infrastructure by revenue. Our international reach and ability to access emerging markets have been greatly enhanced in recent years, particularly through the acquisition of Parsons Brinckerhoff.



STRUCTURED FOR COMPETITIVE ADVANTAGE

Depth of infrastructure knowledge

Customers turn to us for our technical expertise. But increasingly we must augment technical expertise with local knowledge, ability to manage the complex needs of our customers and the skills to integrate a host of stakeholders from contractors to owners, end-users and regulators. Our balanced, global strength in all these core skills gives us crucial competitive advantage.

Breadth of capability

With more comprehensive capabilities than our international peers, we can access a broader range of markets and customers. While we are organised along capability lines – infrastructure investments, professional services, construction services and support services – the breadth of capabilities across the Group create a strong platform for growth and delivering shareholder value.

Strength of balance sheet

Infrastructure projects are long term and large in value. Being able to demonstrate that we have the financial strength to complete them is fundamental. Hence, we maintain positive cash and PPP assets to balance against our pension deficit and negative working capital.

ANNUAL GENERAL MEETING 2011 AND SEPARATE CLASS MEETING OF PREFERENCE SHAREHOLDERS

Dear Shareholder

I am pleased to send you details of the Annual General Meeting ("AGM") of Balfour Beatty plc ("Balfour Beatty" or the "Company"), which we will be holding on Thursday 12 May 2011 at the Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ. The AGM is an important event on the Balfour Beatty calendar. It not only provides the opportunity to update shareholders on performance for the financial year, but also offers you the opportunity to ask questions and vote on the items of business.

Each of the chairmen of your Board's Audit, Business Practices, Nomination and Remuneration Committees will be available at the AGM to answer any questions arising from the work of those Committees.

The AGM will start at 11.00 am and the formal Notice of the AGM is set out on **pages 12 to 14**.

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 15**.

The business we will consider at the AGM

We will update you on the progress of your Company and conduct certain formal business concerning its governance. The AGM will cover standard matters that are now dealt with at every AGM (resolutions 1 to 17). We have explained each of these items in the following pages.

Resolutions 18 and 19 are similar to those 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. Resolution 20 renews an authority first given to your Directors in 2002 and resolution 21 asks shareholders to approve general meetings (other than annual general meetings) on 14 days' notice.

Resolutions 22, 23 and 24 ask shareholders to approve new employee share schemes that will support your Directors' long held belief that employees should be able to participate in the Company's fortunes through the acquisition of its shares. Your Directors believe that the introduction of the proposed new employee share schemes will help to motivate and incentivise employees at all levels within the Group, and to provide additional alignment between the interests of employees and shareholders. We have explained each of these resolutions in detail in the following pages.

As is usual at the AGM and Class Meeting, I shall invite questions from shareholders present at the meetings. It would be helpful to have a note of the details of any proposed questions in advance, although this is not obligatory. Questions may be sent by post to the Company Secretary at the Company's Registered Office or by email to info@balfourbeatty.com, with the heading "AGM 2011" or "Class Meeting 2011", as appropriate.

What to do next

If you hold ordinary shares in Balfour Beatty, you are entitled to attend the AGM and vote on the resolutions. It is important to us that all holders of ordinary shares, regardless of the number of shares that they own, exercise their right to vote even if they cannot attend the meeting. If you cannot attend the AGM, you can use the white proxy voting form to nominate someone else to attend the meeting and vote for you (this person is called a proxy), or you can nominate me to vote for you. Your proxy for the AGM does not have to be a member of the Company. If you want to appoint a proxy for the AGM, you need to complete and send back the white proxy voting form enclosed with this circular, or register your proxy appointment and voting instructions

over the internet, by 11.00 am on Tuesday 10 May 2011. 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 **pages 10 and 11**. If you complete and return the white proxy voting form, or register your proxy appointment and voting instructions over the internet, you can still attend 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 attend the AGM or vote on any of the resolutions.

Class Meeting

If you hold preference shares in Balfour Beatty, you are entitled to attend the Class Meeting and vote on the resolution. If you cannot attend the Class Meeting, you can use the blue proxy voting form to nominate someone else to attend 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 complete and send back the blue proxy voting form enclosed with this circular, or register your proxy appointment and voting instructions over the internet, by 11.45 am on Tuesday 10 May 2011.

Again, if you complete and return the blue proxy voting form, or register your proxy appointment and voting instructions over the internet, you can still attend 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.

Electronic shareholder communications

Many of our shareholders now prefer to have communications from the Company, including this circular and the Company's Annual report and accounts made available to them electronically, rather than receiving paper copies. If you have not yet registered for this facility and now wish to do so, details are provided on **page 19**.

Yours sincerely



Steve Marshall
Chairman
8 April 2011

Balfour Beatty plc
Registered Office: 130 Wilton Road, London SW1V 1LQ
Registered in England Number 395826

We will be holding our AGM on Thursday 12 May 2011 at the Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ. The meeting will start at 11.00 am and the formal Notice of the meeting is set out on pages 12 to 14.

Resolutions 1 to 17

The AGM will cover standard matters that are dealt with at every AGM. Each of these resolutions (which we have explained below) will be proposed as an ordinary resolution. For these resolutions to be passed, more than 50% of the votes cast must be in favour of the resolution.

1. Directors' report and accounts

The Directors are required to present to the AGM the Company's accounts for the year ended 31 December 2010 and the reports of the Directors' and the auditor on those accounts. These are all contained in the Annual report and accounts 2010 ("2010 Annual Report").

2. Remuneration report

Sections 439 and 440 of the Companies Act 2006 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 2010 Annual Report.

Shareholders are reminded that, as the vote is advisory, it does not affect the actual remuneration paid to any individual Director, nor is the entitlement of any individual Director, whether under a service contract or letter of appointment, conditional on the resolution being passed.

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 7.65p (net) for each ordinary share. If approved, the final dividend will be paid on 5 July 2011 to holders of ordinary shares who are on the Company's Register of Members on 26 April 2011. The proposed final dividend will bring the total amount for 2010 to 12.7p (net) per ordinary share. For 2009, the total dividend was 12.0p (net) per ordinary share, adjusted for the bonus element of the October 2009 rights issue.

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

The UK Corporate Governance Code recommends that all directors of FTSE 350 companies seek re-election by shareholders on an annual basis. Your Directors have decided to adopt this provision early, on a voluntary basis, and all of your Directors who are currently in office will seek re-election at the AGM. Robert Amen, who was appointed to your Board as a non-executive Director on 10 June 2010, will seek election at this AGM for the first time.

Your non-executive Directors are chosen on the basis of their background and experience and for the contribution that they can make both generally and in specific areas relevant to the business of your Company.

Following formal performance evaluation, your Board is satisfied that each of the non-executive Directors continues to be effective and to demonstrate commitment to the role, including commitment of time for Board and Committee meetings. In recommending the re-election of Robert Walvis, your Directors have taken into account his tenure, given that he was first appointed as a Director in 2001. Having served as one of your Directors for more than nine years, there is a presumption under the UK Corporate Governance Code that he is no longer independent. Your Directors are satisfied that his tenure has

not in any way compromised his ability to discharge effectively his obligations as a non-executive Director nor has it impaired his independence of character and judgement. Your Directors believe that he continues to make an outstanding contribution to the work of both your Board and its Committees. For further information on how the Board determined that Mr Walvis should continue to be regarded as independent, please refer to **page 76** of the 2010 Annual Report.

Accordingly, your Directors believe that the re-election or election of each of these non-executive Directors is in the best interests of your Company. Information about each of your Directors seeking re-election or election is set out below.

Steve Marshall Non-executive Chairman (Age 54)

Appointed a Director in 2005 and Chairman in 2008. He is currently a non-executive director of Halma p.l.c., the market leaders in specialist electronic, safety and environmental technologies. He is also a former chairman of Delta plc, Torex Retail plc and Queens' Moat Houses plc and a former non-executive director of Southern Water. He was chief executive of Thorn plc and of Railtrack Group plc, having also served as group finance director at each company. His earlier career included a wide range of corporate and operational roles at Grand Metropolitan plc, Black & Decker, BOC and Burton Group. He is a member of your Board's Business Practices and Remuneration Committees, and chairman of the Nomination Committee. He is a Fellow of the Chartered Institute of Management Accountants.

Robert Amen Non-executive Director (Age 61)

Appointed a Director in June 2010. He holds a bachelor's degree in Economics from Boston College and a master's degree in Business Administration from Columbia University. Between 2006 and 2009, he served as chairman and chief executive officer of International Flavors & Fragrances, one of the world's leading creators and manufacturers of artificial aromas and flavours. Prior to that, he was president of International Paper Company, retiring from that position in 2006. During his 26 years with International Paper in a succession of appointments, he played a major role in developing the company's international strategy and, latterly, in transforming the company's operations and business focus to accelerate performance. He was named president of International Paper in 2003, having previously served as executive vice president of the company from 2000 to 2003 and president of International Paper Europe from 1996 to 2000, in addition to various other senior management positions. He was also a director of Wyeth, the US pharmaceutical and healthcare company, until its acquisition by Pfizer in October 2009. He currently serves as an executive-in-residence at Columbia Business School and sits on the advisory board of the Deming Center at Columbia University, and is a member of the board of the Inner City Scholarship Fund. He is a member of your Board's Audit, Business Practices and Nominations Committees.

Mike Donovan Non-executive Director (Age 57)

Appointed a Director in 2006. He holds a First Class Honours Degree in Mechanical Engineering from the University of Aston. He joined Rover Group in 1976, and held a number of senior management positions, before joining Vickers plc in 1991 as director of strategic planning and new programmes, later becoming commercial managing director of Rolls-Royce Motor Cars. Between 1994 and 1998, he held senior positions at British Aerospace, culminating in his appointment as group managing director – defence systems. He became chief executive of GEC's Industrial Electronics Group in 1998, and was most recently chief operating officer of Marconi plc from 2001 to 2005, where he was responsible for the worldwide operations of Marconi's core business, having previously been chief executive officer of Marconi Systems. He is chairman of your Board's Business Practices Committee and is a member of the Audit and Nomination Committees.

Iain Ferguson CBE Non-executive Director (Age 55)

Appointed a Director in 2010. He studied Chemistry and Psychology at St Andrews University. On graduation in 1977, he joined Unilever PLC as a graduate trainee, where he spent 26 years in a succession of roles in operations, sales, industrial marketing and general management, including executive chairman of Birds Eye Wall's, culminating in his appointment as senior vice president, corporate development, of Unilever in 2001. He joined Tate & Lyle PLC, a world-leading renewable food and industrial ingredients company, as chief executive in 2003, remaining with them until 2009. He is currently a non-executive director of Greggs plc, the leading bakery retailer in the UK, Berendsen plc, a focused European textile maintenance business with leading positions in most of the countries in which it operates, and is also chairman of Wilton Park, an independent and non-profit making Executive Agency of the British Foreign and Commonwealth Office. He is also lead independent director at the Department for Environment, Food and Rural Affairs. He was also formerly a non-executive director of Sygen International plc, a world leader in applying genomics and biotechnology to animal breeding. He was awarded a CBE for services to the food industry in the June 2003 Queen's Birthday Honours List. He is a member of your Board's Business Practices, Nomination and Remuneration Committees.

Hubertus Krossa Non-executive Director (Age 63)

Appointed a Director in 2008. Until 2008, he was chief executive officer of KION Group GmbH, a leading international material handling equipment manufacturer. Prior to that, he spent seven years on the main board of Linde AG, the worldwide producer and supplier of industrial and medical gases. He was previously a member of the European management board of Whirlpool Europe and was also chairman of its German operating company, and has previously held non-executive directorships in the UK for Wassall plc and Thorn Lighting Group. He is currently chairman of the supervisory boards of Eckelmann AG and Bauknecht Hausgeraete GmbH and deputy chairman of United Power Technology AG and is a senior adviser to Kepler Capital Markets. He is a member of the Audit, Business Practices, Nomination and Remuneration Committees.

Duncan Magrath Finance Director (Age 46)

Appointed a Director in 2008. He read Engineering at St Catherine's College, Cambridge and on graduation in 1986 joined Price Waterhouse, where he qualified as a chartered accountant in 1989. In 1992, he joined Exel plc, the contract logistics provider, where he held a number of increasingly senior finance roles, including group treasurer and director of financial planning and analysis. For three years he was based in California, US, as chief financial officer of Exel's Americas and European freight management division. On returning to the UK in 2004, he was appointed as Exel's director of investor relations and financial strategy, before joining Balfour Beatty in 2006 as Deputy Finance Director.

Andrew McNaughton Chief Operating Officer (Age 47)

Appointed a Director in 2009. He read Engineering at Nottingham University and on graduation in 1985 joined the Kier Group, where he spent 12 years before joining Balfour Beatty in 1997. He obtained a master's degree in Project Management in Construction from Reading University in 1998 and held the position of managing director of Balfour Beatty Civil Engineering from 2004 to 2007, when he became Group managing director, with responsibility for civil engineering in the UK and the Group's interests in the Middle East. He became a Freeman of the City of London and a Liveryman in the Worshipful Company of Engineers in 2006 and was the Institution of Civil Engineers' Civil Engineering Manager of the Year in 2002. He is currently Vice-President of the Institution of Civil Engineers and he is a former member of the management board of Constructing Excellence and of the board of the Major Projects Association. He is a Fellow of the Institution of Civil Engineers.

Anthony Rabin Deputy Chief Executive (Age 55)

A Director since 2002, he became Deputy Chief Executive in 2008, and is responsible for the management and development of the Group's global infrastructure investment businesses. He was Finance Director from 2002 to 2008, having previously been managing director of Balfour Beatty Capital. Prior to joining Balfour Beatty in 1995, he was a partner at Coopers & Lybrand and before that, a senior assistant director at Morgan Grenfell in London. He read Law at Bristol University and is a Fellow of the Institute of Chartered Accountants, a member of the Association of Corporate Treasurers and a barrister.

Graham Roberts Non-executive Director (Age 52)

Appointed a Director in 2009. He graduated with a degree in French and German from Southampton University before joining Binder Hamlyn where he qualified as a chartered accountant in 1984. He was appointed a partner in 1990. Binder Hamlyn merged with Arthur Andersen in 1994, where he spent eight years, latterly as a partner specialising in the real estate and government services sectors, before joining The British Land Company PLC, one of the UK's largest quoted property companies, where he is finance director until 24 May 2011 and a board member until 30 June 2011. He is a member of the Nomination and Remuneration Committees and chairs the Audit Committee. He is a Fellow of the Institute of Chartered Accountants.

Ian Tyler Chief Executive (Age 50)

A Director since 1999, he became Chief Executive in 2005, having been Chief Operating Officer since 2002 and prior to that, Finance Director. He read Commerce at Birmingham University and on graduation in 1982, he joined Arthur Andersen, where he qualified as a chartered accountant in 1985. He joined Balfour Beatty in 1996 as finance director of the Group's principal trading subsidiary, Balfour Beatty Group Limited. Previously, he had been financial comptroller of Hanson and finance director of ARC Ltd, one of its principal subsidiaries. Prior to that he held senior financial management positions at Storehouse Plc. He is currently president of CRASH, the construction and property industry charity for the homeless. He is a former non-executive director of VT Group plc and has been a non-executive director of Cable & Wireless Communications Plc since January 2011.

Robert Walvis Non-executive Director (Age 64)

Appointed a Director in 2001. He holds a master's degree in Chemical Engineering from Delft University, Holland, and is also a graduate of Harvard Business School's Advanced Management Programme. He was previously with the Royal Dutch Shell Group from which he retired in 2001 following a distinguished 30-year career, during which he held a variety of senior management positions, having originally joined as a graduate trainee. Ultimately, he became chairman of the Global Corporate Centre of the Royal Dutch Shell Group, with responsibility for worldwide planning, external and environmental affairs. He is a non-executive director of Johnson Matthey plc and Associated British Ports Holdings Limited, chairman of the supervisory board of Allianz Nederland Groep NV and a former member of the Council of the Royal Institute of International Affairs. He is your Board's Senior Independent Director, a member of both the Audit and Nomination Committees and chairman of the Remuneration Committee.

Peter Zinkin Planning and Development Director (Age 57)

Joined the Group in 1981 and became Planning and Development Director in 1991 after a series of senior positions in the finance function. He was educated at Magdalene College, Cambridge and the London Business School. He is responsible for the Group's merger, acquisition and divestment activities as well as the development of Group strategy. Previously, he worked at the London Business School and UMIST. He was a member of the leadership governance and management committee of the Higher Education Funding Council.

16. The auditor

The Company must appoint an auditor at every general meeting at which accounts are presented to shareholders. Deloitte LLP have indicated that they are willing to continue as the Company's auditor for another year and, on the recommendation of the Audit Committee, your Directors propose that Deloitte LLP be re-appointed as auditor to the Company.

17. Authority to allot ordinary shares

Under the Companies Act 2006, your Directors may only allot unissued ordinary shares if they have been authorised by the shareholders to do so. The Company's Articles give your Directors a general authority to allot unissued shares, but that authority is subject to renewal by shareholders and it is standard practice for most public companies to renew the authority at each AGM, both to reaffirm shareholders' approval and to reflect changes in issued share capital, since the last such resolution. Last year's resolution allowed your Directors to issue shares to fulfil obligations under the Executive Share Option Scheme and the Savings-Related Share Option Scheme, in which nearly 7,500 employees participate. Passing this resolution will therefore continue the authority previously given to your Directors, by giving them authority to allot ordinary shares with a maximum aggregate nominal amount of £114,416,329, representing approximately one-third of the Company's issued ordinary share capital, exclusive of treasury shares, as at 22 March 2011. The authority will also allow the Directors to allot new shares and other equity securities (as defined in Section 560(1) of the Companies Act 2006) only in connection with a rights issue up to a further nominal value of £114,416,329, which is equivalent to approximately one-third of the Company's issued ordinary share capital, exclusive of treasury shares, as at 22 March 2011. This is in line with the guidelines of the Association of British Insurers ("ABI") which state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing two-thirds of the Company's issued share capital. The guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one-third of the Company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue. As at the date of this circular, no shares were held by the Company as treasury shares.

Your Directors have no current plans to exercise this authority other than in relation to the exercise of options under the Company's employee share schemes, or to satisfy any conversion rights exercised by the holders of the Company's preference shares. Your Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and 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 a general meeting. This authority renews that given at last year's AGM and will expire at the conclusion of the Company's AGM in 2012 or, on 1 July 2012 (the last date by which the Company must hold an AGM in 2012), whichever is the earlier, although the Directors intend to continue the practice of seeking renewal of this power at each AGM.

Resolutions 18 and 19

These resolutions will be proposed as special resolutions. For these resolutions to be passed, at least 75% of the votes cast must be in favour of the resolution.

18. Authority to allot ordinary shares for cash

If the Company's ordinary shares are to be allotted for cash (other than in connection with an employee share scheme), the Companies Act 2006 requires that those shares are offered first to existing shareholders in proportion to their existing holdings.

The Company's Articles give your 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 your Directors to allot ordinary shares for cash only:

(i) up to a nominal amount of £17,162,449 (the total Section 570 amount), which is equivalent to approximately 5% of the Company's issued ordinary share capital, exclusive of treasury shares, as at 22 March 2011; or

(ii) in connection with a rights issue (as defined in the Company's Articles);

in each case without the shares first being offered to existing shareholders in proportion to their existing holdings. This is in line with ABI guidelines.

Paragraph (ii) of this resolution authorises your Directors to allot new shares pursuant to the authority given in resolution 17, or to sell treasury shares, for cash only in connection with a rights issue (as defined in the Company's Articles). This is in line with corporate governance guidelines.

This authority renews that given at last year's AGM and will expire at the conclusion of the Company's AGM in 2012 or, on 1 July 2012 (the last date by which the Company must hold an AGM in 2012), whichever is the earlier. There are no current plans to allot any ordinary shares, except in connection with the Company's employee share schemes, or to satisfy any conversion rights exercised by the holders of the Company's preference shares. Your Directors consider the authority to be appropriate in order to allow the Company flexibility to finance business opportunities, or to conduct a pre-emptive offer, or rights issue, without the need to comply with the strict requirements of the statutory pre-emption provisions. The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling three year period without prior consultation with shareholders.

19. Authority for the Company to purchase its own ordinary and preference shares

Your 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 your 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. Other than in connection with an employee share scheme, the authorities sought will only be exercised by your 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 share.

This resolution would renew the authorities given to your Directors by ordinary and preference shareholders at separate meetings of each class of shareholder in May 2010. The maximum numbers of ordinary and preference shares authorised to be purchased (which represent 10% of the issued ordinary shares and just under 15% of the issued preference shares as at 22 March 2011), and the maximum and minimum prices to be paid for them are stated in the resolution.

The Company can hold the shares which have been purchased as treasury shares and either re-sell them for cash, cancel them either immediately or at a point in the future, or use them for the purposes of

its employee share schemes. Your Directors believe that it is desirable for the Company to have this choice. Holding the shares purchased as treasury shares would give the Company the ability to re-sell or transfer them quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. No dividends would be payable on, and no voting rights would be exercisable in respect of, treasury shares. The decision whether to cancel any shares purchased by the Company, or hold such shares as treasury shares, would be made by your Directors at the time of purchase, on the basis of the Company's and shareholders' best interests.

This resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of its employee share schemes. If any such shares are used by the Company, the Company will, so long as required under the guidelines of the ABI's Investment Committee, count them towards the limits in the schemes on the number of new shares that may be issued under them.

Any purchase of shares by the Company under these authorities would be by means of market purchases through the London Stock Exchange. Approval of the resolution would not mean that the Company has the power to acquire shares compulsorily from individual shareholders, nor should it 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 on 1 July 2012 (the last date by which the Company must hold an AGM in 2012), although your Directors intend to seek renewal of this power at the Company's AGM in 2012. The Company's Articles require that, to be effective, the holders of the Company's preference shares must also approve the authority. Accordingly, a separate meeting of preference shareholders will be held in order to seek their approval for the authority.

During 2010, no ordinary shares or preference shares were purchased for cancellation. The total number of outstanding options to subscribe for ordinary shares at 22 March 2011 was 9,806,267. This represents 1.43% 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 22 March 2011 would represent 1.59% of the Company's reduced issued ordinary share capital.

Resolution 20

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

20. Authority to incur political expenditure

Part 14 of the Companies Act 2006 requires companies to obtain shareholders' authority for donations in the European Union ("EU") to registered political parties and other political organisations totalling more than £5,000 in any twelve month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular political party or political organisation.

It remains the policy of the Company not to make political donations or incur political expenditure in the EU as those expressions are normally understood. However, your Directors consider that it is in the best interests of shareholders for the Company to participate in public debate and opinion-forming matters which affect its business. In order to avoid the inadvertent infringement of the Companies Act 2006, your Directors are seeking shareholders' authority for the

Company and its UK subsidiaries to make political donations and to incur political expenditure up to a maximum aggregate amount of £25,000 in the EU. The authority sought by this resolution will expire on 1 July 2012 (the latest date by which the Company must hold an AGM in 2012), although your Directors intend to seek renewal of this power at the Company's AGM in 2012.

Resolution 21

The following resolution will be proposed as a special resolution, which will require at least 75% of the votes cast to be in favour of the resolution.

21. Notice of general meetings

Changes made to the Companies Act 2006 by The Companies (Shareholders' Rights) Regulations 2009 (the "Regulations") increase the notice period required for the Company's general meetings to 21 days, unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Such approval will not affect AGMs, which will continue to be held on at least 21 clear days' notice.

Before the Regulations came into force, the Company was able to call general meetings (other than an AGM) on 14 clear days' notice. In order to preserve this ability, this resolution seeks renewal of the shareholder approval given at the 2010 AGM, which will be effective until the AGM in 2012, when your Directors intend to seek renewal of this approval.

Shareholders should note that the changes to the Companies Act 2006 pursuant to the Regulations mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The Company has provided an electronic voting facility for some years and intends to continue to do so.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility offered by the shorter notice period would be in the best interests of shareholders generally, taking into account the circumstances and business of the meeting, including whether the business is time sensitive.

Resolutions 22, 23 and 24

These resolutions will be proposed as ordinary resolutions, which will require more than 50% of the votes cast to be in favour of the resolution.

Resolution 22

Your Directors are seeking shareholder approval for a new Performance Share Plan ("PSP") to replace the existing plan which has reached the end of its five-year life.

Your Board's Remuneration Committee (the "Committee") has recently completed a strategic review of the Company's remuneration arrangements. Since the last major remuneration review in 2005, the Company has grown significantly in terms of revenue and employee numbers and now has an international presence across the entire lifecycle of infrastructure assets. Consistent with the changing nature of the business, the scope and complexity of senior executives' roles within the Company has also changed.

The Committee has conducted a comprehensive review of the structure of the remuneration policy, reward levels and performance conditions and has concluded that, for executive Directors and other senior group executives, there should be some adjustment to quantum. However, the focus on performance metrics linked directly to the outputs of the Company's strategy, namely sustainable profit growth and shareholder returns, should be retained, thereby providing a strong alignment of interest between senior management and shareholders.

The PSP will be the sole long-term incentive scheme for executive Directors and other senior executives. The PSP's key terms and further details of the proposed performance conditions are summarised as follows:

- The value of performance shares granted to any individual will be limited to 200% of basic salary per annum. The grant level in 2011 will be 175% of basic salary for the Chief Executive and 150% of basic salary for the other executive Directors. Grant levels will be reviewed each year by the Committee, taking account of the circumstances at the time, including share price level and the associated performance conditions.
- Awards will normally vest no earlier than three years after grant, subject to the achievement of performance conditions and continued employment.
- Performance conditions set by the Committee will be attached to each annual award.
- For the initial awards granted in 2011, there will be two separate performance conditions, each applying to one-half of an award, measured over a three-year performance period.
- The performance condition attached to one-half of an award granted in 2011 will require earnings per share ("EPS") growth between 15% and 45% for between 25% and 100% of this part of the award to vest.
- The performance condition attached to the other half of an award granted in 2011 will be based on the Company's total shareholder return ("TSR") performance measured against a comparator group comprising the listed companies in the FTSE All Share Index between 51 to 150 (excluding investment trusts) at the commencement of the performance period. There will be a median to upper quartile vesting range for 25% to 100% of this part of the award to vest.
- A clawback provision will be incorporated into the PSP in line with best practice.

The rationale for the choice of performance conditions for the 2011 awards is as follows:

- The proposed EPS target range for 2011 takes account of analysts' expectations for the business over the next three years and is considered to be appropriately stretching, providing a balance between a requirement for outstanding performance (particularly at the top end), whilst ensuring that undue risk-taking is not encouraged.
- The EPS targets will not be linked to RPI, as a significant proportion of the Company's earnings come from outside the UK and, for those participants based overseas, UK inflation is not particularly relevant.
- FTSE 51 to 150 companies (excluding investment trusts) are: (i) more international than the previous group; (ii) more relevant from an investor perspective; and (iii) sufficiently numerous to reduce volatility caused by de-listings. The previous TSR comparisons of businesses drawn from similar sectors has been progressively more difficult to administer, due to the increasing difficulty in choosing an appropriate comparator group.

A more detailed summary of the principal terms of the PSP can be found on *pages 16 and 17*.

Further information on the strategic review of remuneration undertaken by the Committee is set out in the Directors' Remuneration Report in the 2010 Annual Report.

The Committee has considered your Company's remuneration arrangements carefully and is satisfied that the proposed new PSP and the other changes proposed are fully aligned with the interests of shareholders and will ensure that the remuneration packages for the executive Directors and senior executives are at around mid-market levels.

Resolution 23

The proposed new Balfour Beatty Sharesave Plan (the "Sharesave Plan") is a standard HM Revenue & Customs approved plan which will, if approved, enable UK-based employees to be granted share options at a discounted exercise price which will be funded from the proceeds of savings arrangements entered into by employees when their options are granted to them. The Company already operates a plan of this nature and the approval of shareholders for the Sharesave Plan is being sought as the existing plan, which was introduced in 2001, has recently expired and no further options may be granted under it. Your Directors believe that adoption of the Sharesave Plan will encourage employee share ownership and provide additional alignment between the interests of employees and shareholders.

A summary of the main terms of the Sharesave Plan can be found on *page 17*.

Resolution 24

The proposed new Balfour Beatty Share Incentive Plan (the "SIP") is also a standard HM Revenue & Customs approved plan which will, if approved, enable UK-based employees to be awarded and/or acquire Balfour Beatty ordinary shares on a potentially tax-favourable basis. Again, as in the case of the Sharesave Plan, your Directors believe that adoption of the SIP will encourage employee share ownership and provide additional alignment between the interests of employees and shareholders.

A summary of the main terms of the SIP can be found on *page 17*.

Class Meeting

We will be holding a Class Meeting of holders of preference shares on Thursday 12 May 2011 at the Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ. The Class Meeting will start at 11.45 am or, if later, immediately after the completion of the AGM and formal Notice of the meeting is set out on page 15.

The only item to be considered will be proposed as a special resolution, which will require, at least 75% of the votes to be cast in favour of the resolution.

The resolution is explained on *pages 7 and 8* under Resolution 19 "Authority for the Company to purchase its own ordinary and preference shares".

IMPORTANT INFORMATION FOR SHAREHOLDERS

You (or any appointed proxy) have the right to attend, speak and vote at the AGM if you are a holder of ordinary shares as shown on the Company's share register at 6.00 pm on Tuesday 10 May 2011 (or, in the event of an adjournment, at 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.

You (or any appointed proxy) have the right to attend, speak and vote at the meeting of holders of the Company's cumulative convertible redeemable preference shares ("Class Meeting") if you are a holder of preference shares as shown on the Company's share register at 6.00 pm on Tuesday 10 May 2011 (or, in the event of an adjournment, at 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Class Meeting.

If you cannot attend the meetings, you may appoint someone else as your proxy. The number of shares that you hold as at the relevant deadline will determine how many votes you or your proxy will have.

Time and place of meetings

Balfour Beatty's AGM will be held first and will start promptly at 11.00 am on Thursday 12 May 2011 at the Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ. The Class Meeting will be held at 11.45 am 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 10.00 am.

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 up your admission. You may also find it helpful to bring this circular and the 2010 Annual Report with you, so that you can refer to them at the meetings, although copies will be available.

Joint shareholders

All joint shareholders may attend and speak at the meetings. However, only the first shareholder listed on the share register is entitled to vote.

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 exercise all or any of your rights to speak and vote – by completing and returning the relevant Forms of Proxy, white for the holders of ordinary shares and blue for the holders of preference shares, in accordance with the instructions set out below. 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 of the Meeting 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 on the resolutions to be proposed at the AGM or the Class Meeting. These resolutions are set out in the meeting notices from **pages 12 to 15** and are explained on **pages 5 to 9**. He will vote (or withhold his vote) 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, and if so, how you wish your vote to be cast in relation to that resolution. In the absence of any specific direction and on any other resolution or motion put to the meeting, your proxy will vote, or withhold your vote, as the proxy thinks fit. The "vote withheld" option is provided, in accordance with best practice, so as to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" a resolution.

2. Appointing someone other than the Chairman as your proxy

If you wish to appoint someone else as your proxy, you should insert the name of your proxy in the space provided. If necessary, please enter in the box next to the proxy's name the number of shares over which they are authorised to act as your proxy. If left blank, the proxy will have your full voting entitlement.

3. Appointing more than one person as your proxy

To appoint more than one person as your proxy, you may photocopy the Form of Proxy in relation to each proxy you wish to appoint. Each form should clearly indicate the name of the proxy and the number of shares in relation to which they are authorised to act as your proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write "the Chairman of the Meeting" on the form in the space provided.

All forms must be signed and should be returned together in the same envelope.

4. 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, Capita Registrars (see Notes 6 to 8 below) with the authority under which it is signed, or a copy of the authority which has been certified by a solicitor or notary.

5. Corporate appointment of proxy

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

6. Posting details

To be valid, a Form of Proxy, together with any authority (see Notes 4 and 5 above), must be received by Capita Registrars not later than 11.00 am on Tuesday 10 May 2011 for the holders of ordinary shares, or 11.45 am on Tuesday 10 May 2011 for the holders of preference shares, or if the relevant meeting is adjourned, 48 hours before the time for holding the relevant adjourned meeting. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the relevant meeting.

7. UK shareholders

UK shareholders should reply by posting their Form of Proxy to Capita Registrars in the envelope provided. No stamp is required. Alternatively, you may vote electronically via the internet at www.balfourbeatty-shares.com (see Note 10 below).

8. Shareholders outside the UK

Shareholders with addresses outside the UK should reply by returning their Form of Proxy in an envelope to Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU, United Kingdom. Alternatively, you may vote electronically via the internet at www.balfourbeatty-shares.com (see Note 10 below).

9. Duplicate Forms of Proxy

If the Company's Registrars, Capita Registrars, receive two or more proxies from the same shareholder relating to the same shareholding, they will act upon the one that is delivered last (regardless of its date). If they cannot confirm which one was delivered last (regardless of its date), they will not act on any of the forms. If your Form of Proxy arrives after the voting deadline, it will not be valid and will not replace any earlier forms that they have received.

10. Electronic proxy submission

If you would like to submit your Form of Proxy electronically via the internet, you may do so via www.balfourbeatty-shares.com. You will need to register to use the service if you have not already done so. Once registration is complete, you may vote online by following the instructions provided.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meetings and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in the relevant Notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider, to procure that this CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Documents

The formal Notice of the AGM on *pages 12 to 14* sets out details of the documents available for inspection prior to and during the AGM.

General information

The AGM and Class Meeting are both business meetings. There are no crèche facilities at the Park Plaza Victoria and we therefore suggest that it is not appropriate to bring young children to the venue.

Smoking will not be permitted at the venue. Refreshments will be available before and after the meetings.

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. For security reasons and, in order to speed up admission, it would be helpful if you did not bring suitcases or large bags, cameras, laptop computers, or tape recorders to the venue. You may not be allowed to bring into the meetings recording equipment, cameras, mobile telephones, or any other inappropriate item which may interfere with the good order of the meetings. Storage and cloakroom facilities will be provided.

If, having registered, you wish to leave the building, you should first report to the registration desk. If you fail to do this, you may have difficulty gaining entry to the meetings. We may refuse entry to persons whose demeanour or behaviour we believe may interfere with the good order of the meetings.

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

If you have any comments or questions concerning either the AGM, or the Class Meeting, you can contact the Company Secretary by email to info@balfourbeatty.com, with the heading "AGM 2011" or "Class Meeting 2011", as appropriate. Notices of termination of proxy appointment, or requests for additional Forms of Proxy, should not be sent to this email address. If you wish to give notice of the termination of a proxy appointment, please send a letter to the Company's Registrars giving the full details. This should arrive before the voting deadline. Please note that, as indicated on *page 19*, any administrative enquiry relating to your shareholding should, in the first instance, be directed to the Company's Registrars clearly stating your registered name and address and, if available, shareholder reference number.

You can obtain the results of the AGM and Class Meeting by telephoning the Company's Registrars after the meetings have ended. The results will also be announced to the UK Listing Authority via a Regulatory Information Service and will appear on the Balfour Beatty website at www.balfourbeatty.com as soon as practicable following the meetings.

Information for participants in Balfour Beatty share option schemes

Please note that participation in Balfour Beatty share option schemes does not entitle you to attend either the AGM or the Class Meeting.

Duplicate mailings

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 shareholders who now wish to stop the additional mailings by combining their records should contact Capita Registrars (see *page 19*).

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixty-sixth Annual General Meeting of Balfour Beatty plc (the "Company") will be held at the Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ, on Thursday 12 May 2011 at 11.00 am 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 2010.
2. To approve the Directors' remuneration report for the year ended 31 December 2010.
3. To declare a final dividend on the ordinary shares of the Company.
4. To re-elect Mr S Marshall as a Director.
5. To elect Mr R M Amen as a Director.
6. To re-elect Mr M J Donovan as a Director.
7. To re-elect Mr I G T Ferguson CBE as a Director.
8. To re-elect Mr G E H Krossa as a Director.
9. To re-elect Mr D J Magrath as a Director.
10. To re-elect Mr A J McNaughton as a Director.
11. To re-elect Mr A L P Rabin as a Director.
12. To re-elect Mr G C Roberts as a Director.
13. To re-elect Mr I P Tyler as a Director.
14. To re-elect Mr R J W Walvis as a Director.
15. To re-elect Mr P J L Zinkin as a Director.
16. To re-appoint Deloitte LLP as auditor.

Special Business

17. To consider and, if thought fit, pass as an ordinary resolution: THAT:

- (i) the authority conferred on the Directors by Article 8.2 of the Company's Articles of Association be renewed for the period ending at the end of the next AGM or on 1 July 2012, whichever is the earlier, and for such period the Section 551 Amount shall be £114,416,329; and
- (ii) the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a further nominal amount of £114,416,329 in connection with an offer by way of a rights issue, such authority to expire at the end of the next AGM or on 1 July 2012, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or might, require shares to be allotted or rights to subscribe for, or convert other securities into, shares to be granted after the authority ends.

The authorities in this Resolution apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act.

For the purposes of this resolution, "rights issue" means an offer to:

- (a) holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
- (b) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

18. To consider and, if thought fit, pass as a special resolution: THAT subject to the passing of Resolution 17:

- (i) the power conferred on the Directors by Article 8.3 of the Company's Articles of Association be renewed for the period referred to in such Resolution 17 above and for such period the Section 561 Amount shall be £17,162,449. Such authority shall be in substitution for all previous powers pursuant to Section 561 of the Companies Act 2006 (the "2006 Act"); and
- (ii) the Directors be empowered to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by paragraph (ii) of Resolution 17 above in connection with a rights issue as if Section 561(1) of the 2006 Act did not apply to such allotment, such power to expire at the end of the next AGM or, on 1 July 2012, whichever is the earlier but so that the Company may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends.

For the purposes of this resolution "rights issue" has the same meaning as in Resolution 17 above.

19. To consider and, if thought fit, pass as a special resolution:

THAT, subject to and conditional upon the passing of the special resolution set out in the Notice dated 8 April 2011 convening a separate meeting of the holders of the cumulative convertible redeemable preference shares of 1p each in the Company ("preference shares") (the "Class Meeting") the Company be hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the "2006 Act") to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 50p each in the capital of the Company ("ordinary shares") and/or preference shares in the Company, and where such shares are held in treasury, the Company may, among other things use them for the purpose of its employee share schemes, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 68,649,797 and the maximum number of preference shares hereby authorised to be purchased is 16,775,968;
- (b) the maximum price, exclusive of expenses, which may be paid for a share is the higher of:
 - (i) an amount equal (exclusive of expenses) to 105% of the average of the middle market quotation for a share of the same class (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the day on which such share is contracted to be purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of the Buy-back and Stabilisation Regulations 2003;
- (c) the minimum price, exclusive of expenses, which may be paid for a share is its nominal value; and
- (d) this authority will expire at the conclusion of the separate Class Meeting which will follow the AGM of the Company to be held in 2012, or on 1 July 2012, whichever shall be the earlier, unless

such authority is renewed prior to that time (except in relation to the purchase of shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry).

20. To consider and, if thought fit, pass as an ordinary resolution:
THAT:

- (a) the Company and those companies which are UK subsidiaries of the Company be authorised for the purposes of Part 14 of the Companies Act 2006 (the "2006 Act") at any time during the period from the date of the passing of this resolution to the conclusion of the Company's AGM to be held in 2012, or 1 July 2012, whichever is the earlier:
 - (i) to make political donations to political parties, and/or independent election candidates;
 - (ii) to make political donations to political organisations other than political parties; and
 - (iii) to incur political expenditure,provided that the aggregate amount of any such donations and expenditure shall not exceed £25,000;
- (b) all existing authorisations and approvals relating to political donations or expenditure are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval; and
- (c) words and expressions defined for the purpose of the 2006 Act shall have the same meaning in this resolution.

21. To consider and, if thought fit, pass as a special resolution:
THAT a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

22. To consider and, if thought fit, pass as an ordinary resolution:
THAT:

- (a) the rules of the Balfour Beatty Performance Share Plan 2011 (the "Performance Share Plan"), the principal features of which are summarised in the appendix to this Notice of AGM, and a copy of which is produced in draft to the AGM, be approved, and the Directors be authorised to do all things necessary to operate the Performance Share Plan, including making such modifications as the Directors consider appropriate to take account of the requirements of the UK Listing Authority and best practice; and
- (b) the Directors be authorised to establish such further plans for the benefit of employees overseas based on the Performance Share Plan, subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation, provided that any ordinary shares of the Company issued or issuable under such further plans are treated as counting against any dilution limits on the Performance Share Plan.

23. To consider and, if thought fit, pass as an ordinary resolution:
THAT:

- (a) the rules of the Balfour Beatty Sharesave Plan 2011 (the "Sharesave Plan"), the principal features of which are summarised in the appendix to this Notice of AGM, and a copy of which is produced in draft to the AGM, be approved, and the Directors be authorised to do all things necessary to operate the Sharesave Plan, including making such modifications as the Directors consider appropriate to obtain HM Revenue & Customs approval and to take account of the requirements of the UK Listing Authority and best practice; and

- (b) the Directors be authorised to establish such further plans for the benefit of employees overseas based on the Sharesave Plan, subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation, provided that any ordinary shares of the Company issued or issuable under such further plans are treated as counting against any dilution limits on the Sharesave Plan.

24. To consider and, if thought fit, pass as an ordinary resolution:
THAT:

- (a) the rules of the Balfour Beatty Share Incentive Plan 2011 (the "SIP"), the principal features of which are summarised in the appendix to this Notice of AGM, and a copy of which is produced in draft to the AGM, be approved, and the Directors be authorised to do all things necessary to operate the SIP, including making such modifications as the Directors consider appropriate to obtain HM Revenue & Customs approval and to take account of the requirements of the UK Listing Authority and best practice; and
- (b) the Directors be authorised to establish such further plans for the benefit of employees overseas based on the SIP, subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation, provided that any ordinary shares of the Company issued or issuable under such further plans are treated as counting against any dilution limits on the SIP.

By Order of the Board

C D Vaughan
General Counsel and Company Secretary

Dated 8 April 2011

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

(i) As at 22 March 2011 (being the latest practicable date before the publication of this Notice) the Company's issued ordinary share capital consisted of 686,497,978 ordinary shares carrying one vote each. Therefore, the total ordinary voting rights in the Company as at 22 March 2011 were 686,497,978.

(ii) A member is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the meeting. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.

If you do not have a Form of Proxy and believe that you should have one, please contact the Company's Registrars on 0871 664 0300. Calls cost 10p per minute plus network extras; lines are open Monday – Friday 8.30 am – 5.30 pm, UK time.

(iii) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

(iv) The statement of the rights of shareholders in relation to the appointment of proxies in Note (ii) above does not apply to Nominated Persons. The rights described in Note (ii) above can only be exercised by shareholders of the Company.

(v) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

(vi) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

- (a) to do so would involve the disclosure of confidential information;
- (b) the answer has already been given on the Company's website (www.balfourbeatty.com) in the form of an answer to a question; or
- (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(vii) Under Section 527 of the 2006 Act members that meet the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

- (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or
- (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on a website under Section 527 of the 2006 Act.

(viii) Copies of Directors' service contracts and letters of appointment 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 AGM and also at the place of the AGM for at least 15 minutes prior to, and until the conclusion of, the meeting.

Copies of the rules of the Balfour Beatty Performance Share Plan 2011, the Balfour Beatty Sharesave Plan 2011 and the Balfour Beatty Share Incentive Plan 2011 will also be available for inspection at the Company's registered office address at the same times, and in addition, at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this Notice until the close of the AGM, and will be available at the place of the AGM for at least 15 minutes prior to, and until the conclusion of, the meeting.

(ix) You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated.

(x) A copy of this Notice and other information required by Section 311A of the 2006 Act can be found at www.balfourbeatty.com.

(xi) If approved, the final dividend on ordinary shares will be paid to holders of ordinary shares registered on the share register of the Company on 26 April 2011. Warrants will be posted on 4 July 2011 payable on 5 July 2011.

NOTICE OF SEPARATE CLASS MEETING

Notice of separate Class Meeting of holders of Cumulative Convertible Redeemable Preference Shares

Notice is hereby given that a separate meeting of the holders of the cumulative convertible redeemable preference shares of 1p each in Balfour Beatty plc (the "Company") (the "preference shares") will be held at the Park Plaza Victoria, 239 Vauxhall Bridge Road, London SW1V 1EQ on Thursday 12 May 2011 at 11.45 am or as soon thereafter as the Annual General Meeting of the Company, convened for the same day at the same place at 11.00 am, shall have been concluded or adjourned, for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

Special 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 19 set out in the Company's Notice of Annual General Meeting dated 8 April 2011 and each and every contract to purchase shares entered into within the terms of the authority thereby conferred.

By Order of the Board

C D Vaughan

General Counsel and Company Secretary

Dated 8 April 2011

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

(i) As at 22 March 2011 (being the latest practicable date before the publication of this Notice) the Company's issued preference share capital consisted of 111,839,795 preference shares carrying one vote each. Therefore, the total preference voting rights in the Company as at 22 March 2011 were 111,839,795.

(ii) A holder of preference shares is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the meeting. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.

If you do not have a Form of Proxy and believe that you should have one, please contact the Company's Registrars on 0871 664 0300. Calls cost 10p per minute plus network extras; lines are open Monday – Friday 8.30 am – 5.30 pm, UK time.

(iii) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights ("a Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

(iv) The statement of the rights of shareholders in relation to the appointment of proxies in Note (ii) above does not apply to Nominated Persons. The rights described in Note (ii) above can only be exercised by shareholders of the Company.

(v) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

(vi) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:

- (a) to do so would involve the disclosure of confidential information;
- (b) the answer has already been given on the Company's website (www.balfourbeatty.com) in the form of an answer to a question; or
- (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(vii) You may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated.

(viii) A copy of this Notice and other information required by Section 311A of the 2006 Act can be found at www.balfourbeatty.com.

(ix) 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 19 May 2011 at 9.00 am.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

1 Introduction

A summary of the key features of the Balfour Beatty Performance Share Plan 2011 (the "PSP"), the Balfour Beatty Sharesave Plan 2011 (the "Sharesave Plan") and the Balfour Beatty Share Incentive Plan 2011 (the "SIP") (together, the "Plans") is set out below followed by a summary of the general features applicable to all the Plans.

The PSP and the Sharesave Plan replace the Balfour Beatty Performance Share Plan 2006 and the Balfour Beatty Savings-Related Share Option Scheme 2001 respectively, which are due to expire in May 2011, and are materially similar in structure and content. The SIP is being introduced as a new share plan and will be approved by HM Revenue & Customs ("HMRC").

The Plans will be administered by the Board of Directors or a duly authorised person or group of persons, such as the Remuneration Committee (the "Directors").

2 The Balfour Beatty Performance Share Plan 2011

2.1 Outline

Under the PSP, participants may be given the right to receive shares in the Company subject to the satisfaction of performance conditions and continued employment.

2.2 Eligibility

All employees and executive Directors of the Company or any of its subsidiaries are eligible to participate in the PSP. However, it is currently intended that only executive Directors and senior management will be selected for participation.

2.3 Grant of awards

The PSP enables participants to be granted awards of the Company's shares in the form of conditional awards, options or forfeitable shares. The current intention is that conditional awards will be granted.

An award will vest after a predetermined period of time (expected to be three years in the normal course), subject to continued employment with the Balfour Beatty Group and the satisfaction of performance conditions. Awards will also be subject to clawback as described below.

At the discretion of the Directors, awards may be satisfied by paying participants a cash amount equal to the value of the shares.

2.4 Individual limit

The value of shares comprised in a participant's award(s) in respect of any financial year may not exceed 200% of his/her annual basic salary. However, it is currently intended that awards under the PSP will not normally exceed 150% of basic salary and, in the case of the Chief Executive, 175%.

2.5 Leaving employment

Participants who leave employment will normally forfeit their awards when they leave. However, participants who leave due to ill-health, injury, disability, retirement, redundancy, death, the sale or transfer of their employing company or business or, at the discretion of the Directors for any other reason, will not forfeit their awards. Instead, an award which is subject to a performance condition will normally continue until the original vesting date. The performance conditions will then be applied and the number of shares acquired will be reduced on a pro-rata basis to take account of the proportion of the performance period when the participant was not in employment. In exceptional circumstances awards will vest immediately on cessation of employment, but only to the extent that the performance conditions have, in the opinion of the Directors, been satisfied up to the date of cessation. Awards will be pro-rated for time as described above.

2.6 Takeovers and restructuring

In the event of a takeover, scheme of arrangement, merger or other corporate reorganisation, participants may be required or allowed to exchange their awards for equivalent awards over shares in the acquiring company. Alternatively, awards will vest at the time of the relevant event to the extent that any performance conditions have been satisfied at that time. The number of shares received will then be reduced pro-rata to reflect the acceleration of awards, unless the Directors decide otherwise.

2.7 Clawback

The Directors may decide that an award should be reduced, amended or cancelled in the event of a material misstatement of the Company's financial results or where an error has been made in determining the satisfaction of the performance condition or where the participant has engaged in misconduct (as determined by the Directors).

To the extent that an award has already vested, the Directors may withhold or offset against any payment or award due to the participant, such amount as they deem necessary to clawback the vested award. Alternatively, the Directors may require the participant to return any shares or cash received (net of tax).

2.8 Dividend equivalent

Additional shares or cash may be awarded on the vesting of awards under the PSP to take account of dividends which would have been paid between grant and vesting on the number of shares which vest.

2.9 First operation of the PSP

All awards will be subject to performance conditions set by the Directors on or before the grant of the award. Set out below are the performance conditions that will apply for the awards to be made under the PSP in 2011.

Vesting will be conditional on the achievement of two distinct performance conditions, each applying to separate parts of an award and to be achieved over a fixed three-year performance period (the "performance period"), which will normally begin on the first day of the financial year in which awards are granted and end three years later.

The performance condition attached to 50% of the award will be a stretching earnings per share ("EPS") growth target.

| EPS growth over three years | Proportion of award vesting |
|-----------------------------|--|
| Less than 15% | 0% |
| 15% | 25% |
| 45% | 100% |
| Between 15% and 45% | Between 25% and 100% pro-rata on a straight-line basis |

The performance condition for the other 50% of the award will be linked to the Company's total shareholder return ("TSR") performance against a comparator group comprising the FTSE 51 to 150 companies (excluding investment trusts).

| Rank of the Company's TSR against comparator companies over three years | Proportion of award vesting |
|---|--|
| Below median | 0% |
| Median | 25% |
| Upper quartile | 100% |
| Between median and upper quartile | Between 25% and 100% pro-rata on a straight-line basis |

TSR calculations for all companies will be averaged over three months prior to the beginning and prior to the end of the performance period.

Awards will lapse at the end of the performance period to the extent that the relevant performance condition has not been satisfied. There will be no retesting.

3 The Balfour Beatty Sharesave Plan 2011

3.1 Outline

The Sharesave Plan is a plan under which all employees based in the UK may be invited to apply for options to acquire shares in the Company. The number of shares over which options are granted is determined by the amount which the employee commits to save under a savings contract.

The Sharesave Plan will be approved by HMRC.

3.2 Eligibility

All employees and executive Directors of the Company or any of its participating companies are eligible to participate in the Sharesave Plan if they are tax resident in the UK and have been employed for a qualifying period (which will normally not exceed six months). Other employees may be invited to participate on a discretionary basis.

3.3 Grant and exercise of options

The option price must not be less than 80% of the market value of a share calculated as either the price on the business day before the date of invitation, or the date specified in the invitation, or the average price over the three previous business days. The savings contract may run over a period of three or five years and must not permit savings of more than (currently) £250 per month.

Options are normally exercisable for six months from the end of the savings contract.

3.4 Leaving employment

Options will normally lapse when the participant ceases to be employed. However, if employment ends because of injury, disability, retirement, redundancy or a sale of the employing company or business, options immediately become exercisable to the extent of the related savings, will remain exercisable for six months and then lapse.

3.5 Takeovers

In the event of a change of control of the Company, options become exercisable to the extent of the related savings. Options will remain exercisable for six months from the date of the event and then lapse. Alternatively, options may be allowed to be exchanged for options over shares in the acquiring company.

4 The Balfour Beatty Share Incentive Plan 2011

4.1 Outline

Under the SIP, three types of shares can be offered to employees based in the UK: free, partnership and matching shares. The SIP rules contain all three elements, and the Directors have power to decide which, if any, of them should be implemented.

The SIP operates in conjunction with a trust, which holds shares on behalf of employees.

The SIP will be approved by HMRC.

4.2 Eligibility

All employees and executive Directors of the Company or any of its participating companies are eligible to join the SIP if they are tax resident in the UK and have been employed for a qualifying period, which may not exceed 18 months.

4.3 Free shares

The SIP provides for the award of free shares worth up to a maximum set by the legislation (currently £3,000) to each eligible employee each year. The shares must generally be offered on similar terms, but the award may be subject to performance targets.

In this paragraph 4.3, "similar terms" means the terms may only be varied by reference to remuneration, length of service or hours worked.

Free shares must be held in trust for a period of between three and five years at the discretion of the Company and will be free of income tax if held in trust for five years. If a participant leaves employment, his/her shares cease to be subject to the SIP. The shares may be forfeited if the participant leaves employment within three years of the award other than by reason of injury, disability, retirement, redundancy or a sale of the employing company or business.

4.4 Partnership shares

The SIP provides for the purchase of shares by employees out of monthly savings contributions from pre-tax salary of up to the maximum set by the legislation (currently £1,500 in each tax year, or 10% of salary, if less). The employees' contributions may be used to buy partnership shares immediately or they may be accumulated for up to 12 months before they are used to buy shares. Where they are accumulated, the price at which they are acquired is the lesser of the price at the beginning of the accumulation period and the end.

Partnership shares can be withdrawn from the SIP by the participant at any time, but there will be an income tax liability if the shares are withdrawn within five years from the purchase date.

4.5 Matching shares

The SIP provides that, where employees purchase partnership shares, they may be awarded additional shares by the Company on a matching basis, up to a current maximum of two matching shares for each partnership share purchased. Matching shares must be held in trust for a minimum of three years and will be free of income tax if held in trust for five years.

If a participant withdraws his/her corresponding partnership shares before the trustees have held them for three years, he/she will forfeit the linked matching shares. If the participant ceases to be employed within the minimum three-year period (or within such shorter period as the Directors may decide) other than for a specified reason such as injury, disability, retirement, redundancy or a sale of the employing company or business, his/her matching shares will be forfeited.

4.6 Dividends

The SIP provides that Directors may permit any dividends paid on the free, partnership or matching shares to be re-invested in the purchase of additional shares, which must be held in the SIP for a period of three years.

4.7 Voting rights

Participants may direct the trustees how to exercise the voting rights attributable to the shares held on their behalf. The trustees will not exercise the voting rights unless they receive the participants' instructions.

5 Common provisions

5.1 Timing of operation

Awards under the PSP, options under the Sharesave Plan and free shares under the SIP will normally only be granted within 42 days of the announcement of the Company's results for any period.

5.2 Dilution limits

In any 10-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or issuable under the Plans and all other employees' share plans operated by the Company. In addition, in any 10-year period, not more than 5% of the issued ordinary share capital of the Company may be issued or issuable under the PSP and all other discretionary share plans operated by the Company. These limits do not include awards and options which have lapsed or been surrendered.

Awards and options may also be satisfied using treasury shares. If such shares are used, the Company will, so long as required under the guidelines of the ABI, count them towards the dilution limits set out above.

5.3 Variation in share capital

Awards and options may be adjusted following any variation in the share capital of the Company.

5.4 Amending the Plans

Although the Directors have the power to amend the provisions of the Plans in any way, the provisions relating to: the participants; the limits on the number of shares which may be issued under the Plans; the individual limit; the basis for determining a participant's entitlement to shares or cash under the Plans or the adjustments of awards in the event of a variation of capital; and the amendment rule cannot be altered to the advantage of participants without prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Plans or for the Company or any other members of its Group).

The Directors may establish further plans based on the Plans (or add schedules to the Plans), but modified to take account of overseas securities laws, exchange controls or tax legislation.

5.5 General

Awards and options are personal to the participant and may generally not be transferred or assigned.

Awards under the PSP, options under the Sharesave Plan and free shares under the SIP are granted for no consideration.

Awards and options under the Plans are not pensionable.

The Plans may be terminated at any time and, in any event, awards under the PSP or options under the Sharesave Plan may not be granted after the 10th anniversary of the approval by shareholders of the PSP and the Sharesave Plan.

SHAREHOLDER INFORMATION

Financial calendar

| | 2011 |
|-------------|--|
| 20 April | Ex-dividend date for final 2010 ordinary dividend |
| 26 April | Final 2010 ordinary dividend record date |
| 12 May | Annual General Meeting |
| 25 May | Ex-dividend date for July 2011 preference dividend |
| 27 May | July 2011 preference dividend record date |
| 5 June | Final date for receipt of DRIP mandate forms (see below) |
| 1 July | Preference dividend payable |
| 5 July* | Final 2010 ordinary dividend payable |
| 17 August* | Announcement of 2011 half-year results |
| 9 December* | Interim 2011 ordinary dividend payable |

*Provisional dates

Registrars

All administrative enquiries relating to shareholdings and requests to receive corporate documents by email should, in the first instance, be directed to the Company's Registrars and clearly state the shareholder's registered address and, if available, the shareholder reference number. Please write to: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, Telephone: 0871 664 0300 from the UK (calls cost 10p per minute plus network extras) and +44 20 8639 3399 from outside the UK (Monday – Friday 8.30 am – 5.30 pm, UK time). Alternatively, you can email them at: ssd@capitaregistrars.com

They can help you to:

check your shareholding
register a change of address or name
obtain a replacement dividend cheque or tax voucher
record the death of a shareholder
amalgamate multiple accounts
resolve any other question about your shareholding

Dividends and dividend reinvestment plan ("DRIP")

Dividends may be paid directly into your bank or building society account, through the Bankers Automated Clearing System ("BACS"). The Registrars can provide a dividend mandate form.

Balfour Beatty has a DRIP which allows holders of ordinary shares to reinvest their cash dividends in the Company's shares through a specially arranged share dealing service. Full details of the DRIP and its charges, together with mandate forms, can be accessed at www.balfourbeatty-shares.com

International payment service

Shareholders outside the UK may elect to receive dividends paid direct into their overseas bank account, or by currency draft, instead of by way of a cheque drawn in sterling. For further information, please contact the Company's Registrars on + 44 20 8639 3405 (from outside the UK) or 0871 664 0385 from the UK (calls cost 10p per minute plus network extras). Lines are open Monday – Friday 9.00 am – 5.30 pm, UK time. Alternatively, you can log on to www.capitashareportal.com and click on the link for International Payment Service.

Shareholder information on the internet and electronic communications

Our website at www.balfourbeatty.com provides a range of information about the Company, its people and businesses and its policies on corporate governance and corporate responsibility. It should be regarded as your first point of reference for information on any of these matters.

In conjunction with Capita Registrars, you can create a Share Portal account, through which you will be able to access the full range of online shareholder services, including the ability to:

view your holdings and indicative share price and valuation
view movements on your holdings and your dividend payment history
register a dividend mandate to have your dividends paid directly into your bank account (see "Dividends and dividend reinvestment plan" above)
change your registered address
sign-up to receive e-communications or access the online proxy voting facility
download and print shareholder forms

The Share Portal is easy to use. Please visit www.balfourbeatty-shares.com. Alternatively, you can email: shareportal@capita.co.uk

Unsolicited telephone calls

In the past, some of our shareholders have received unsolicited telephone calls or correspondence concerning investment matters from organisations or persons claiming or implying that they have some connection with the Company. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in UK or overseas investments. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free reports into the Company. These approaches are operated out of what is more commonly known as a "boiler room". You may also be approached by brokers offering to purchase your shares for an upfront payment in the form of a broker fee, tax payment or de-restriction fee. This is a common secondary scam operated by the boiler rooms.

If you receive any unsolicited investment advice:

always ensure the firm is on the Financial Services Authority ("FSA") Register and is allowed to give financial advice before handing over your money. You can check at www.fsa.gov.uk/register/home.do
double-check the caller is from the firm they say they are – ask for their name and telephone number and say you will call them back.
Check their identity by calling the firm using the contact number listed on the FSA Register

check the FSA's list of known unauthorised overseas firms at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml. However, these firms change names regularly, so even if a firm is not listed, it does not mean they are legitimate. Always check that they are listed on the FSA Register

if you have any doubts, call the FSA Consumer Helpline on 0845 606 1234 with details, or complete the Unauthorised Firms Reporting Form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/form.shtml. If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. More detailed information on this or similar activity can be found on the FSA website at www.fsa.gov.uk/pages/consumerinformation/scamsandswindles/sharescams/index.shtml. You should also report any approach to Operation Archway, an initiative by the City of London Police in conjunction with the FSA, the Serious Fraud Office, the Serious Organised Crime Agency and police forces across the UK, by email to: operationarchway@cityoflondon.pnn.police.uk

Identity theft

Identity theft has become a growing concern within financial services and poses an increasing threat to investors, including individual shareholders who are at particular risk from this type of fraud. Criminals may steal your personal information, putting your shareholding at risk. You may therefore wish to take the following precautions:

ensure that all of your share certificates are kept securely in a safe place or hold your shares electronically in CREST via a nominee

keep all correspondence from the Registrars which shows your shareholder reference number securely in a safe place, or destroy correspondence by shredding. You should only divulge your shareholder reference number if requested to do so by the Registrars or by an appropriate professional adviser (eg your stockbroker or solicitor)

if you use the Registrars' services via their website, you should ensure that your username and password are kept confidential at all times. Never respond to an email asking you to disclose your online password information

if you change address, please inform the Registrars. If you receive a letter from the Registrars regarding a change of address and have not recently moved, please contact them immediately as you may be a victim of identity theft

make sure that you know when the Company pays its dividends and consider having them paid directly into your bank or building society account through BACS, if you have not already done so. This will reduce the risk of your cheque being intercepted or lost in the post. If you change your bank or building society account, please inform the Registrars of the details of your new account. If, for example, a dividend payment or share certificate is late, please telephone the Registrars immediately and check the address to which it has been sent. Please respond to any letters that the Registrars send you about any of these issues

if you are buying or selling shares, only deal with brokers registered in your country of residence or the UK

Gifted shares to your family or to charity

To transfer shares to another member of your family as a gift, please ask the Registrars for a Balfour Beatty gift transfer form. Alternatively, if you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to the share donation charity ShareGift (registered charity no. 1052686), whose work Balfour Beatty supports.

Any shares that you donate to ShareGift will be aggregated, sold when possible, and the proceeds will be donated to a wide range of other UK charities. Since ShareGift was launched, over £14m has been given to more than 1,700 charities. The relevant share transfer form may be accessed at www.balfourbeatty-shares.com. For more information on ShareGift, visit www.ShareGift.org

Share dealing services

Capita Share Dealing Services (a trading name of Capita IRG Trustees Limited) provide a telephone and online share dealing service for UK and EEA resident shareholders. To use this service, telephone: 0871 664 0364 from the UK (calls cost 10p per minute plus network extras) and +44 203 367 2686 from outside the UK (Monday – Friday 8.00 am – 4.30 pm, UK time). Alternatively, you can log on to www.capitadeal.com

For UK shareholders, an execution-only postal share-dealing service is also available from NatWest Stockbrokers. For details, contact: NatWest Stockbrokers Limited, Premier Place, 2½ Devonshire Square, London EC2M 4BA, Telephone: 0808 208 4433, Typetalk 18001 0808 208 4433, Email: contactces@rbs.co.uk. The service is available Monday – Friday 8.00 am – 4.30 pm, UK time. NatWest Stockbrokers Limited is a joint venture between The Royal Bank of Scotland Group plc and Toronto-Dominion Bank.

Capita IRG Trustees Limited and NatWest Stockbrokers Limited are each authorised and regulated by the FSA.

Share price

The Balfour Beatty share price can be found at the Balfour Beatty website at www.balfourbeatty.com and in the appropriate sections of national newspapers under the classification "Construction and Building Materials". It is also available on a number of personal finance websites on the internet and from television text services.

The London Stock Exchange Daily Official List (SEDOL) codes are:

Ordinary shares: 0096162
Preference shares: 0097820

The London Stock Exchange "ticker" codes are:

Ordinary shares: BBY
Preference shares: BBYB

Capital gains tax

For capital gains tax purposes the market value on 31 March 1982 of Balfour Beatty plc's ordinary shares of 50p each was 267.6p per share. This has been adjusted for the 1 for 5 rights issue in June 1992, the 2 for 11 rights issue in September 1996 and the 3 for 7 rights issue in October 2009 and assumes that all rights have been taken up.

Enquiries

Enquiries relating to Balfour Beatty's results, business and financial position should be made in writing to the Corporate Communications Department at the Company's Registered Office address or by email to info@balfourbeatty.com

Balfour Beatty plc

Registered Office: 130 Wilton Road, London SW1V 1LQ
Registered in England Number 395826
Telephone: 44 (0) 20 7216 6800
Facsimile: 44 (0) 20 7216 6950

www.balfourbeatty.com

Balfour Beatty is a registered trademark of Balfour Beatty plc

Balfour Beatty

Balfour Beatty

Balfour Beatty plc
130 Wilton Road
London SW1V 1LQ

Telephone: 44 (0) 20 7216 6800
Facsimile: 44 (0) 20 7216 6950
www.balfourbeatty.com

Balfour Beatty is a registered trademark
of Balfour Beatty plc