

12 May 2005

BALFOUR BEATTY PLC

AGM STATEMENT

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

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

“I am pleased to report to shareholders that trading in 2005, to date, is in line with expectations. Order intake has been strong and substantial additional new projects are imminent as PPP preferred bidder positions reach financial close and negotiations are concluded with other customers.

“In our **Building** sector, current trading is as anticipated, with very substantial order books in all businesses, although some large projects will commence later than expected as a result of delays in the conversion of PPP concessions to financial close. The first phase of the £220 million University College London Hospital was handed over on time and budget and a number of major station refurbishments commenced under the Metronet LUL contract. The social housing market continues to grow rapidly.

“In **Engineering**, progress is good, including better performance in the US. Major projects have been secured: for National Grid Transco in Greater Manchester; a new casino in Macau; the widening of a segment of the M1 motorway and for a number of water and electricity utility customers, including a five-year, £300 million contract for United Utilities announced earlier this week.

“In **Rail**, as anticipated, market conditions in the UK, US and Germany have remained flat, while progress in Italy is good and new contracts have been secured in Sweden. Work volumes increased at Heathrow Terminal 5 and the renewals programme for London Underground continued to grow.

“In **Investments and Developments**, work continued to bring the schools schemes in North Lanarkshire and Bassetlaw and a major hospital in Birmingham to financial close. Existing PFI concessions, including Metronet, performed as anticipated and the M77 scheme in Scotland was opened on time late last month. A first dividend was received from the administrators of TXU Europe in respect of Barking Power.

“As stated in our Annual Report, we expect to make progress in 2005 in line with expectations and to continue to generate secure, sustainable income from our partnerships with customers in the public and private sectors.”

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