

This circular is important.
Please read it immediately.

If you are not sure what you should do, please speak to your own stockbroker, bank manager, solicitor, accountant or other independent professional adviser. If you have sold or transferred your shares in Balfour Beatty plc, please send this circular and the proxy form to the person who sold or transferred the shares for you. That person can then pass them on to the new owner. If you hold options over shares in Balfour Beatty plc but do not hold ordinary or preference shares, this circular is for information only.

Dear Shareholder

I am pleased to send you details about the Annual General Meeting (AGM) of Balfour Beatty plc, which we are holding on Thursday 12 May 2005 at the Drapers' Hall, Throgmorton Avenue, London EC2N 2DQ. The meeting will start at 11.45 a.m. The formal Notice of our AGM is set out on page 8 of this circular.

Immediately following the AGM, we will be holding a Separate Class Meeting of the holders of the Company's Cumulative Convertible Redeemable Preference Shares (Class Meeting). The formal Notice of the Class Meeting is set out on page 10 of this circular.

The business we will consider at the AGM

The AGM will cover standard matters which are now dealt with at every AGM (Items 1 to 8). We have explained each of these items in the following pages.

Items 9, 10 and 11 are similar to resolutions which shareholders have passed in previous years. Your Directors believe that these items will mean that the Company can take advantage of business opportunities as they arise.

Item 12 renews an authority first given to your Directors in 2002 and Items 13 and 14 propose changes to your Company's Memorandum and Articles of Association.

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

What to do next

If you hold ordinary shares in Balfour Beatty, you are entitled to come to the AGM and vote on the resolutions. It is important to us that all ordinary shareholders, regardless of the number of shares that they own, exercise their right to vote even if they cannot come to the meeting. If you cannot come to the AGM, you can use the white proxy voting form to nominate someone else to come to the meeting and vote for you (this person is called a proxy), or you can nominate me to vote for you. Your proxy does not have to be a member of the Company. If you want to appoint a proxy, you need to send back the white proxy voting form enclosed with this pack, or register your proxy appointment and voting instructions over the internet, by 11.45 a.m. on **10 May 2005**. I am grateful to the many shareholders who have lodged proxy votes in the past and hope that I can count on your continuing support.

There is more information on what you need to do if you want to appoint a proxy on page 6 of this circular. If you fill in and send back the white proxy voting form, or register your proxy appointment and voting instructions over the internet, you can still come to the AGM and vote instead of your proxy. Please note that if you hold only preference shares in Balfour Beatty and not ordinary shares, you are not entitled to come to the AGM or vote on any of the resolutions.

Class Meeting of preference shareholders

If you hold preference shares in Balfour Beatty, you are entitled to come to the Class Meeting and vote on the resolution. Like ordinary shareholders in relation to the AGM, if you cannot come to the meeting you can use the blue proxy voting form to nominate someone else to come to the meeting and vote for you, or you can nominate me to vote for you. Your proxy does not have to be a member of the Company. If you want to appoint a proxy for the Class Meeting, you need to send back the blue proxy voting form enclosed with this pack, or register your proxy appointment and voting instructions over the internet, by 12.30 p.m. on **10 May 2005**.

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 come to the Class Meeting and vote instead of your proxy. Please note that if you hold only ordinary shares in Balfour Beatty and not preference shares, you are not entitled to come to the Class Meeting or vote on the resolution.

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 Annual Report, made available to them electronically, rather than receiving paper copies. I would like to encourage as many of our shareholders as possible to do this, as not only does it save the Company printing and postage costs, but it is also a more convenient and timely way of communicating with you, and reduces demand on natural resources. If you have not yet registered for this facility and wish to do so, details are provided on page 14 of this circular.

Yours sincerely



Sir David John Chairman
6 April 2005



PROSHARE
PRIVATE INVESTOR AWARDS
2003 WINNER

Registered Office: 130 Wilton Road, London SW1V 1LQ
Registered in England and Wales Number 395826

We are holding our Annual General Meeting on Thursday 12 May 2005 at the Drapers' Hall, Throgmorton Avenue, London EC2N 2DQ. The meeting will start at 11.45 a.m. and the formal notice of the meeting is set out on page 8 of this circular.

The Annual General Meeting (AGM) will cover standard matters that are dealt with at every AGM (items 1 to 8). Each of these items (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.

1. Directors' report and accounts

The Directors must present the Company's accounts for the year ended 31 December 2004 and the reports of the Directors and auditors on those accounts. These are all contained in the Company's 2004 Annual Report which was sent to you with this circular.

2. Remuneration report

The Directors' Remuneration Report Regulations 2002 require companies quoted on the London Stock Exchange to put an ordinary resolution to shareholders at the AGM seeking approval of the remuneration report. This report is contained in the Company's 2004 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 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 3.75p for each ordinary share.

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

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

Mr Delbridge is the only non-executive Director seeking re-election. Non-executive Directors are chosen on the basis of their individual background and experience and for the contribution they can make both generally and in specific areas relevant to the business of the Company. Thus, Mr Delbridge brings City and financial experience at the highest level to your Company's Board and, accordingly, your Directors believe that his re-election is in the best interests of the Company.

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

Jim Cohen Managing Director, Rail Engineering and Services, Investments and Developments (63)

An economist. A Director since 2000 having joined the Group in 1993. Since 1994 he has been responsible for supervision of the Group's PPP business and since 1998, he has also been responsible for the Group's rail business. Previously, he held senior management positions with GTE, a major American telephone operator with worldwide lighting interests, and GEC, where he was involved in international rail contracting. Prior to that, he was a senior civil servant at the Department of Energy; during the 1970s he was responsible for the Government's policy on nuclear power, for restructuring the nuclear design and construction industry and, latterly, for the Atomic Energy Authority's performance. Between 2001 and 2003, he served as a trustee of The CIRAS Charitable Trust, which is responsible for maintaining the confidentiality of all information held within the Confidential Incident Reporting and Analysis System for all UK railway participant companies. He is a non-executive director of office2office plc, the office solutions and supplies group.

Richard Delbridge (62)

Appointed a non-executive Director in 2002. A chartered accountant, and the holder of a degree in economics from the London School of Economics and an MBA from the University of California at Berkeley. He worked at Andersen Consulting before joining J.P. Morgan & Co in 1976 where he held various posts in London and New York before becoming UK Managing Director and General Manager. In 1989 he was appointed Group Finance Director at Midland Bank plc, later becoming Group Finance Director of HSBC Holdings plc. In 1996, he was appointed a Director and Group Chief Financial Officer of National Westminster Bank plc, a position he held until April 2000. He is currently a non-executive director of Tate and Lyle PLC, JPMorgan Cazenove Holdings, Gallaher Group Plc, and Fortis Group and Treasurer of The Open University.

Anthony Rabin Finance Director (49)

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

Alistair Wivell Managing Director, Building and Building Services (59)

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

8. The auditors

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

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

9. Authority to allot ordinary shares

Under the Companies Act 1985, the Directors may only allot unissued ordinary shares if they have been authorised by the shareholders to do so. The Company's Articles of Association give the Directors a general authority to allot unissued shares, but that authority is subject to renewal by shareholders. Passing this resolution will continue the authority previously given to the Directors, by giving them authority to allot ordinary shares with a maximum aggregate nominal amount of £70,662,113, representing approximately one-third of the Company's issued ordinary share capital as at 23 March 2005 (being the latest practicable date prior to the publication of this notice). The Directors have no specific plans to exercise this authority other than in relation to the exercise of options under the Company's employee share schemes. However, this will enable them to act in the best interests of shareholders when opportunities arise by issuing ordinary shares at short notice, without the need to convene an Extraordinary General Meeting. This authority renews that given at last year's AGM and will last for five years, although the Directors intend to continue the practice of seeking renewal of this power at each AGM.

The following items 10 and 11 will be proposed as special resolutions. For these resolutions to be passed, at least 75% of the votes cast must be in favour.

10. Authority to allot ordinary shares for cash

If the Company's ordinary shares are to be allotted for cash, the Companies Act 1985 requires that those shares are offered first to existing shareholders in proportion to the number of ordinary shares that they hold at the time of the offer. However, it may sometimes be in the interests of the Company for the Directors to allot shares other than to existing shareholders in proportion to existing holdings.

The Company's Articles of Association give the Directors a general authority so that this pre-emption requirement does not apply to allotments of ordinary shares for cash up to a specific amount, but that authority is subject to renewal by shareholders.

This resolution would allow the Directors to allot the Company's ordinary shares for cash only:

- up to a nominal amount of £10,599,316 (the Section 89 amount), which is approximately 5% of the Company's issued ordinary share capital as at 23 March 2005 (being the latest practicable date prior to the publication of this notice) or,
- in a rights issue as defined in the Company's Articles of Association.

This authority renews that given at last year's AGM. There are no current plans to allot ordinary shares, except in connection with the Company's employee share schemes. This new power remains in line with the guidelines of the Pre-emption Group, which is supported by the Association of British Insurers and the National Association of Pension Funds.

Shareholders should note that following the introduction of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, "allotment of equity securities" includes the sale of any relevant shares in the Company which, immediately before such sale, were held by the Company as treasury shares.

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

The Directors believe that it is advantageous for the Company to continue to have the flexibility to purchase its own shares and this resolution seeks authority from shareholders to do so. Purchases of shares by the Company will only be made after careful consideration by the Directors, having taken into account market conditions prevailing at the time, the investment needs of the Company, its opportunities for expansion and its overall financial position. The authorities sought will only be exercised by the Directors if they consider it to be in the best interests of shareholders generally.

The resolution would renew the authorities given to the Directors by ordinary and preference shareholders at separate meetings of each class of shareholder in May 2004. The maximum numbers of ordinary and preference shares authorised to be purchased (which represents 10% of the issued ordinary shares and just under 15% of the issued preference shares), and the maximum and minimum prices to be paid for them are stated in the resolution.

Pursuant to the Companies Act 1985 (as amended), the Company can hold the shares which have been repurchased 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. The Directors believe that it is desirable for the Company to have this choice. Holding the repurchased shares as treasury shares will give the Company the ability to re-sell or transfer them quickly and cost-effectively and will provide the Company with additional flexibility in the management of its capital base. No dividends will be payable on, and no voting rights will be exercisable in respect of, treasury shares.

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 Association of British Insurers' 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. It should not be confused with any share dealing facilities which may be offered to shareholders by the Company from time to time. The authorities sought by this resolution will expire at latest on 12 November 2006, although the Directors intend to seek renewal of this power at each AGM. The Company's Articles of Association require that to be effective, both ordinary and preference shareholders must approve the authority. Accordingly, a separate class meeting of preference shareholders will be held in order to seek their approval for the authority.

During 2004, 13,710,755 preference shares were purchased for cancellation at an average price of 144.6p. No ordinary shares were purchased for cancellation. The total number of outstanding options to subscribe for ordinary shares at 23 March 2005 (being the latest practicable date prior to the publication of this notice) was 15,219,597. This represents 3.6% 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 23 March 2005 would represent 4.0% of the Company's issued ordinary share capital.

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

12. Authority to incur political expenditure

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

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

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

The authority sought will last for four years until 12 May 2009 but the Directors intend to seek renewal of this power at each AGM.

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

13 & 14. Amendments to the Articles of Association

Resolutions 13 and 14 propose certain changes to the Memorandum and Articles of Association of the Company (the "Memorandum" and "Articles" respectively), as set out in full in Schedules 1 and 2 to the Notice of Annual General Meeting. In accordance with provision D.2.2. of the Combined Code on Corporate Governance, the proposed changes to the Memorandum and Articles are being proposed by way of two separate resolutions as the amendments relate to sufficiently different matters (as further described below).

Resolution 13

The proposed changes to be made by Resolution 13 relate to:

- (i) the introduction of recent legislation regarding treasury shares; and
- (ii) the Company's borrowing powers.

(i) Treasury shares

The proposed changes to Articles 2 and 11A insert provisions reflecting recent legislation allowing companies that purchase their own shares out of distributable profits the option of holding them "in treasury" for sale at a later date or of transferring them for the purposes of, or pursuant to, an employees' share scheme. This legislation is called the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003. The treasury share regime will allow the Company to reissue shares quickly and cost effectively and will provide the Company with additional flexibility in the management of its capital base.

Any shares held by the Company in treasury will not rank for dividends and will not carry any votes.

(ii) Borrowing powers

A number of changes are proposed in connection with the Company's borrowing powers in Article 120. The proposed changes:

(a) delete the existing Article 120(C)(1)1.3.3, so that goodwill and intangible assets shall be recognised as assets to the extent included on the Group's consolidated balance sheet in accordance with generally accepted accounting principles, for the purposes of determining the Company's borrowing limit;

(b) insert additional language in the existing Article 120(C)(1) and insert a new Article 120(C)(2)A to retain the treatment of the Company's convertible redeemable preference shares (the "Preference Shares") as part of the Group's share capital and reserves for the purposes of the borrowing limit calculation following the introduction of International Financial Reporting Standards. In the Company's audited consolidated accounts for the financial period beginning on 1 January 2005, the Preference Shares will be treated under International Financial Reporting Standards as a compound instrument comprising equity and liability components that are recognised separately. The proposed changes provide that, for the purposes of determining the Company's borrowing limit:

- (i) the Preference Shares shall continue to be included in share capital and reserves; and
- (ii) any amount of the Preference Shares reclassified as a liability shall not constitute borrowings of the Group.

These proposed changes are designed to maintain the current level of the borrowing limit (rather than to extend it).

(c) insert additional language in Article 120(C)(2)(e) to clarify that, for the purposes of the borrowing limit calculation, the fixed premium payable upon the redemption of the Preference Shares shall not constitute borrowings of the Group;

(d) insert a new Article 120(C)(2)B to provide that non-recourse debt owed by any member of the Group which is a special purpose company (involved in PFI, PPP or similar projects) should not be treated as borrowings for the purposes of determining the Company's borrowing limit on the basis that such debt does not constitute a direct liability of any other member of the Group; and

(e) insert additional language in Article 120(C)(3) to provide that cash held by special purpose companies should not be treated as a deduction from borrowings for the purposes of determining the Company's borrowing limit.

Please note that the word "Group" where used above carries the same meaning as is included in Article 120 (B), namely that it refers to the Company and its subsidiary undertakings for the time being.

Resolution 14

The proposed changes to be made by Resolution 14 relate to:

- (i) the introduction of new legislation regarding (among other things) the indemnification of Directors; and
- (ii) recent changes to corporate governance principles relating to the re-election of Directors.

(i) Indemnification of Directors etc.

The proposed changes to paragraph (ww) of the Memorandum and to Articles 92(B), 106, 155 (and a new Article 156) reflect the provisions of the Companies (Audit, Investigations and Community Enterprise) Act 2004 which allows a Company to indemnify its Directors against any liability incurred by a director to any person (other than the Company or any associated company) in connection with any negligence, default, breach of duty or breach of trust in relation to the Company. This was previously prohibited under the Companies Act 1985. The new legislation also allows a company to provide its directors with funds to cover the costs incurred by a director in defending legal proceedings against him or her. Previously a company has only been able to fund a Director's defence costs once final judgment in their favour has been reached.

Since Directors are increasingly being added as defendants in legal actions against companies, and litigation is often very lengthy and expensive, your Board believes that the risk of Directors being placed under significant personal financial strain is increasing. Your Board believes that the provision of appropriate indemnities and the funding of Directors' defence costs as they are incurred, as permitted by the new legislation, provides a reasonable degree of protection for the Directors and is important to ensure that the Company continues to attract and retain the highest calibre of personnel.

Your Board therefore proposes that your Company's Memorandum and Articles of Association be amended to reflect the new statutory provisions. The proposed changes:

- (a) amend paragraph (ww) of the Memorandum of Association to insert a power to allow the Company to fund defence costs of a director should an action be brought against him or her;
- (b) amend Article 92(B) to provide a natural extension of the ability of the Company to purchase and maintain insurance for certain persons (including Directors) so that trustees of an employees' share scheme can also benefit from such insurance;
- (c) amend Article 106 to ensure that the Directors can collectively vote in respect of (i) indemnities in favour of Directors, (ii) the funding of expenditure by Directors in defending proceedings against them, or (iii) doing anything to enable a Director to avoid incurring any such expenditure;
- (d) amend the wording of the existing Directors' indemnity in Article 155 to reflect the new legislation referred to above; and
- (e) insert a new Article 156 to allow the Company (i) to provide funds to meet the expenditure of Directors in defending proceedings against them, or (ii) doing anything to enable a Director to avoid incurring any such expenditure.

The new legislation does not restrict the Company from indemnifying or funding the defence costs of the company secretary or other officers of the Company. Your Board believes it is appropriate that such persons continue to be protected (as they are under the current Memorandum and Articles) to the same extent as the Directors. Accordingly, it is proposed that the amendments to the Memorandum and the Articles include such persons and that former directors, secretaries and officers of the Company should also be protected.

Current or former Directors, company secretaries and other officers of the Company would still be liable to pay any damages awarded to the Company in an action against them by the Company, and to repay their own defence costs, to the extent funded by the Company, if their defence is unsuccessful. However, such persons may be indemnified by the Company in respect of civil proceedings (whether successful or not) brought by third parties.

(ii) Re-election of Directors

The proposed changes to Articles 62, 96, 97, 98, 101 and 102 insert provisions to reflect more closely Provision A.7.1 of the revised Combined Code on Corporate Governance which requires all Directors to be re-elected at intervals of no more than three years.

We are holding a Class Meeting of holders of preference shares on 12 May 2005 at the Drapers' Hall, Throgmorton Avenue, London EC2N 2DQ. The meeting will start at 12.30 p.m., or as soon as possible following the conclusion or adjournment of the AGM, and the formal notice of the meeting is on page 10 of this circular.

The only item to be considered will be proposed as an extraordinary resolution, which means that, in order to be passed, at least 75% of the votes cast must be in favour.

The resolution is explained above under Item 11, "Authority for Balfour Beatty to purchase its own ordinary and preference shares".

Attending and voting

You have the right to attend, speak and vote at the AGM if you are an ordinary shareholder on the Balfour Beatty share register at 5.00 p.m. on 10 May 2005.

You have the right to attend, speak and vote at the Class Meeting of Preference Shareholders (Class Meeting) if you are a preference shareholder on the Balfour Beatty share register at 5.00 p.m. on 10 May 2005.

If you cannot attend the meetings, you may appoint someone else as your "proxy". The number of shares that you hold as at the above register deadlines will determine how many votes you or your proxy will have in the event of a poll.

Time and place of meetings

Balfour Beatty's AGM will be held first and will start promptly at 11.45 a.m. on Thursday 12 May 2005 at the Drapers' Hall, Throgmorton Avenue, London EC2N 2BQ. The Class Meeting will be held at 12.30 p.m. or, if later, immediately after the completion of the AGM, and will be held at the same location as the AGM.

Registration for both meetings will start at 10.30 a.m.

What you need to bring

Please keep and bring with you the attendance card attached to your Form of Proxy. It will authenticate your right to attend, speak and vote and will speed your admission. You may also find it helpful to bring this circular and the Company's 2004 Annual Report with you so that you can refer to them at the meetings.

Joint shareholders

All joint shareholders may attend and speak at the meetings. However, only the first shareholder listed on the Register of Members 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 vote in the event of a poll – by completing and returning the relevant Forms of Proxy, white for ordinary shareholders, and blue for preference shareholders, in accordance with the instructions set out below. Please note that your proxy is not entitled to vote on a show of hands. Before completing the Forms of Proxy, please read the following explanatory notes:

How to complete the Forms of Proxy

1. *Appointing the Chairman as your proxy*

For convenience, the appointment of the Chairman has already been included. If you wish to make this appointment, you need only complete, sign and date the relevant form.

The forms enable you to instruct the Chairman how to vote in the event of a poll on the resolutions to be proposed at the AGM or the Class Meeting; these resolutions are set out in the Notices of Meeting on pages 8 and 10 and are explained on pages 2, 3, 4 and 5. He will vote (or abstain from voting) as he thinks fit on any other business which may properly come before the meetings.

Please place an "X" in the appropriate box alongside each resolution to indicate whether you wish your votes to be cast "For" or "Against" that resolution. If you wish to "Abstain", please write the word "Abstain" through the relevant boxes. Unless you give specific instructions on how to vote on a particular resolution, the Chairman will have discretion either to vote "For" or "Against" that resolution or to "Abstain".

2. *Appointing someone other than the Chairman as your proxy*

If you wish to appoint someone of your choice as your proxy, you should insert the name of your proxy in the space provided. It is your responsibility to tell your proxy how you want your votes to be cast, so he or she can act accordingly.

3. *Signing the Forms of Proxy*

Before posting the relevant Form of Proxy, please check that it has been signed and dated. In the case of joint holders, any one of you may sign.

If someone signs the form on your behalf, you or that person must send it to the Company's Registrars, Computershare Investor Services PLC (see Notes 5 to 7 below) with the authority under which it is signed, or a copy of the authority which has been certified by a solicitor or notary.

4. *Corporate appointment of proxy*

Where the person appointing the proxy is a company, the Forms of Proxy must be either under seal or under the hand of a duly authorised officer or attorney and the appropriate power of attorney or other authority must be lodged with the Forms of Proxy.

5. *Posting details*

To be valid, a Form of Proxy, together with any authority (see Notes 3 and 4 above), must be received by Computershare Investor Services PLC not later than 11.45 a.m. on 10 May 2005 for ordinary shareholders, or 12.30 p.m. on 10 May 2005 for preference shareholders. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the relevant meeting.

6. United Kingdom (UK) shareholders

Shareholders should reply using the reply paid envelope provided.

7. Shareholders outside the UK

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

8. Electronic Proxy Submission

If you would like to submit your form of proxy electronically via the internet, you may do so via the Shareholder Information section within Investor Relations at the Balfour Beatty website at www.balfourbeatty.com. Please click on the link "Vote at AGM" or "Vote at Class Meeting" (as applicable), and then select "Form of Proxy". You will be asked to enter the Shareholder Reference Number (SRN) and PIN (which are printed on your Form of Proxy or, if you have registered for electronic shareholder communications, you will find these on your e-mail broadcast), and agree to certain terms and conditions.

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 CRESTCo'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 3RA50) by the latest time for receipt of proxy appointments specified in the 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 CRESTCo 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 page 8 of this circular 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 Drapers' Hall and we therefore suggest that it is not appropriate to bring young children to the venue.

Smoking will not be permitted at the venue. Tea and coffee will be available before the meetings. Light refreshments will be served 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. You will not be allowed to bring recording equipment, cameras, mobile telephones or any other inappropriate item which may interfere with the good order of the meetings. 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 could have difficulty re-entering the building. 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 these arrangements are for the protection of all shareholders.

Information for participants in the Balfour Beatty Share Option Schemes

Please note that participation in the Balfour Beatty Share Option Schemes does not entitle you to attend either the AGM or the Class Meeting.

Balfour Beatty Share Option Scheme participants who are also shareholders

Where it has been possible to combine records, participants who are also ordinary or preference shareholders (or both) have been sent the relevant Form of Proxy/Admission Card and only one copy of the Company's 2004 Annual Report and this circular.

You may have received separate sets of documents as it was not possible to combine your records – for example, because different dividend payment instructions apply. Any participants who now wish to stop the additional mailings by combining their records should contact Computershare Investor Services PLC.

Notice is hereby given that the sixtieth Annual General Meeting of Balfour Beatty plc will be held at the Drapers' Hall, Throgmorton Avenue, London EC2N 2DQ, on Thursday 12 May 2005 at 11.45 a.m. 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 2004.
2. To approve the Directors' remuneration report for the year ended 31 December 2004.
3. To declare a final dividend on the ordinary shares of the Company.
4. To re-elect Mr J L Cohen as a Director.
5. To re-elect Mr R Delbridge as a Director.
6. To re-elect Mr A L P Rabin as a Director.
7. To re-elect Mr A J Wivell as a Director.
8. To re-appoint Deloitte & Touche LLP as auditors.

Special Business

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

THAT the Directors be authorised in the terms of paragraph (B)(i) of Article 11 of the Company's Articles of Association to allot relevant securities for the period beginning on 12 May 2005 and ending at the conclusion of the Company's Annual General Meeting to be held in 2010, or, if earlier, on 12 May 2010 and for such period the Section 80 Amount (as defined in paragraph (B)(iii) of that Article) shall be £70,662,113, such authority to replace the authority to allot relevant securities granted by Resolution 11 passed at the Annual General Meeting of the Company held on 13 May 2004.

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

THAT, subject to and conditional upon the passing of Resolution 9 set out in this Notice of Annual General Meeting dated 6 April 2005, the Directors be empowered in the terms of paragraph (B)(ii) of Article 11 of the Company's Articles of Association to allot equity securities pursuant to the authority granted by that Resolution wholly for cash for the period beginning on 12 May 2005 and ending at the conclusion of the Company's Annual General Meeting to be held in 2006 or, if earlier, on 12 August 2006 and for such period the Section 89 Amount (as defined in paragraph (B)(iii) of that Article) shall be £10,599,316. For the purposes of this Resolution, an allotment of equity securities pursuant to the authority granted by Resolution 9 shall be deemed to include the sale of relevant shares in the Company which, immediately before such sale, were held by the Company as treasury shares.

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

THAT, pursuant to Article 7 of the Company's Articles of Association and subject to and conditional upon the passing of the Extraordinary Resolution set out in the Notice dated 6 April 2005 convening a Separate Class Meeting of the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in the Company (the "Convertible Preference Shares"), the Company be and is hereby generally and unconditionally authorised for the purpose of Section 166 of the Companies Act 1985 to make one or more market purchases (within the meaning of Section 163(3) of that Act) of ordinary shares of 50p each in the Company (the "Ordinary Shares") and/or Convertible Preference Shares in the Company, 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 42,397,267 and the maximum number of Convertible Preference Shares hereby authorised to be purchased is 20,204,566;
- (b) the maximum price (exclusive of expenses) which may be paid for a share shall be not more than 5% above the average of the market value of a share of the same class for the five business days immediately preceding the date on which such share is contracted to be purchased;
- (c) the minimum price (exclusive of expenses) which may be paid for a share is its nominal value;
- (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Separate Class Meeting which will follow the Annual General Meeting of the Company to be held in 2006, or on 12 November 2006, whichever shall be the earlier; and,
- (e) the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may purchase shares in pursuance of any such contract or contracts.

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

THAT the Company be authorised to make donations to EU political organisations and to incur EU political expenditure, not exceeding £25,000 in total in each year during the period of four years beginning on 12 May 2005.

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

THAT the Articles of Association of the Company be and are hereby amended as set out in Schedule 1 to this Notice of Meeting.

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

THAT the Memorandum and Articles of Association of the Company be and are hereby amended as set out in Schedule 2 to this Notice of Meeting.

By Order of the Board

C R O'N Pearson *Secretary*

Dated 6 April 2005

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

(i) Only holders of ordinary shares entered on the Register of Members of the Company at 5.00 p.m. on the second day prior to the date of the Meeting or any adjournment of it shall (if otherwise entitled to do so) be entitled to attend and vote at the Meeting or any such adjournment. This is in accordance with paragraph 41 of the Uncertificated Securities Regulations 2001 and Article 60 of the Company's Articles of Association.

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

(iii) To be valid for the Meeting, a Form of Proxy should be completed, signed and lodged (together with any power of attorney or other authority under which it is signed or a duly certified copy of such power or authority) with the Company's Registrars, Computershare Investor Services PLC, no later than 48 hours before the time for which the Meeting is convened.

(iv) The Register of Directors' Interests in the share capital of the Company and copies of Directors' service contracts 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 Annual General Meeting and also at the place of the Annual General Meeting for at least 15 minutes prior to, and until the conclusion of, the Meeting. A copy of the Company's Memorandum and Articles of Association, marked to show details of the changes proposed by Resolutions 13 and 14, will also be available for inspection at the Company's Registered Office at the same times and, in addition, at the offices of Linklaters, One Silk Street, London EC2Y 8HQ, from the date of this Notice until the conclusion of the Annual General Meeting and also at the place of the Annual General Meeting for at least 15 minutes prior to, and until the conclusion of, the Meeting.

(v) If approved, the final dividend on ordinary shares will be paid to holders of ordinary shares registered in the books of the Company on 29 April 2005. Warrants will be posted on 29 June 2005 payable on 1 July 2005.

Notice of Separate Class Meeting of holders of Convertible Preference Shares

Notice is hereby given that a Separate Class Meeting of the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in Balfour Beatty plc (the "Convertible Preference Shares") will be held at the Drapers' Hall, Throgmorton Avenue, London EC2N 2DQ on Thursday 12 May 2005 at 12.30 p.m. or as soon thereafter as the Annual General Meeting of the Company, convened for the same day at the same place at 11.45 a.m., shall have been concluded or adjourned, for the purpose of considering and, if thought fit, passing the following resolution as an Extraordinary Resolution:

Extraordinary Resolution

THAT the holders of the Cumulative Convertible Redeemable Preference Shares of 1p each in the Company hereby sanction the passing and implementation of Resolution 11 set out in the Company's Notice of Annual General Meeting dated 6 April 2005 and each and every contract to purchase shares entered into within the terms of the authority thereby conferred.

By Order of the Board

C R O'N Pearson *Secretary*

Dated 6 April 2005

Registered Office: 130 Wilton Road, London SW1V 1LQ

Notes:

- (i) Only holders of Convertible Preference Shares entered on the Register of Members of the Company at 5.00 p.m. on the second day prior to the date of the Meeting shall (if otherwise entitled to do so) be entitled to attend and vote at the Meeting or any adjournment of it. This is in accordance with paragraph 41 of the Uncertificated Securities Regulations 2001 and Article 60 of the Company's Articles of Association.
- (ii) A holder of Convertible Preference Shares entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company.
- (iii) A blue Form of Proxy is enclosed which, to be valid for the Meeting, should be completed, signed and lodged (together with any power of attorney or other authority under which it is signed or a duly certified copy of such power or authority) with the Company's Registrars, Computershare Investor Services PLC, no later than 48 hours before the time for which the Meeting is convened.
- (iv) If a quorum is not present within 15 minutes from the time appointed for the Meeting, the Meeting shall be adjourned to be held at 130 Wilton Road, London SW1V 1LQ on Thursday 19 May 2005 at 2.00 p.m.

Proposed amendments to the Articles of Association pursuant to Resolution 13

An explanation of the proposed amendments to be made to the Articles of Association of the Company (the "Articles") pursuant to Resolution 13 is set out on pages 4 and 5 of the circular accompanying this Notice of Annual General Meeting. The explanation has been prepared in order to assist shareholders in understanding the nature of the amendments.

The amendments are proposed pursuant to Resolution 13 of the Annual General Meeting which will be proposed as a Special Resolution.

The proposed changes relate to:

- (i) the introduction of recent legislation regarding treasury shares; and
- (ii) the Company's borrowing powers.

1 Amended Articles

We propose to amend the following Articles:

Articles 2, 7A (as a new Article), 11B, 120(C)(1)1.3.3, 120(C)(2), 120(C)(2)A (as a new Article), 120(C)(2)B (as a new Article) and 120(C)(3).

2 Proposed amendments

The amendments set out below are to take effect on the passing of Resolution 13 as a Special Resolution.

(A) Amendments relating to treasury shares

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

"Except where the context otherwise requires, any reference to issued shares of any class (whether of the Company or of any other company) shall not include any shares of that class held as treasury shares."

2 After Article 7, a new Article 7A shall be added as follows:

"7A The Company may not exercise any right in respect of treasury shares held by it, including any right to attend or vote at meetings, to participate in any offer by the Company to shareholders or to receive any distribution (including in a winding-up), but without prejudice to its right to sell the treasury shares, to transfer the treasury shares for the purposes of or pursuant to an employees' share scheme, to receive an allotment of shares as fully paid bonus shares in respect of the treasury shares or to receive any amount payable on redemption of any redeemable treasury shares."

3 In Article 11(B)(ii):

- 3.1 After the words "sub-paragraph (i) above" the words "and to sell treasury shares" shall be added.
- 3.2 After the words "any such allotment" the words "or sale" shall be added.
- 3.3 After the words "such equity securities to be allotted" the words "or sold" shall be added.
- 3.4 After the words "notwithstanding such expiry, allot" the words "or sell" shall be added.

(B) Amendments relating to the Company's borrowing powers

4 In Article 120(C)(1)1.2 after the words "limited to share premium account" the punctuation ",," shall be added.

5 Article 120(C)(1)1.3.3 shall be deleted and replaced with a new Article 120(C)(1)1.3.3 as follows:

"1.3.3 making such adjustments as the Board may reasonably deem necessary in order to disregard the treatment of any part of the Convertible Preference Shares as a liability under International Financial Reporting Standards, such adjustment to include (but not be limited to) the crediting back to the share premium account of any amount of share premium account (relating to the Convertible Preference Shares) which was reclassified as a liability under the relevant International Financial Reporting Standard."

6 In Article 120(C)(2) the word "There" shall be deleted and replaced with the words "Subject to Articles 120(C)(2)A and 120(C)(2)B, there".

7 In Article 120(C)(2)(e) after the words "to be taken into account" the words "under the preceding sub-paragraphs (a) to (d) of this Article 120(C)(2)" shall be added.

8 After Article 120(C)(2) shall be added new Articles 120(C)(2)A and 120(C)(2)B as follows:

"(2)A To the extent that International Financial Reporting Standards operate so as to treat any part of the Convertible Preference Shares as a liability, such liability shall not fall to be included as borrowings of the Company.

(2)B Non-recourse debt that is secured solely on the assets of a Project Specific Company shall not fall to be included as borrowings of the relevant member of the Group. For the purpose of this Article 120:

"Project Specific Company" means any member of the Group which is a special purpose undertaking operating solely for the purpose of carrying out and/or financing a Private Finance Initiative (PFI), Public/Private Partnership (PPP) or similar project; and

"Non-recourse debt" means any debt owed by a Project Specific Company and in respect of which no member of the Group, other than a Project Specific Company, has any direct liability for repayment thereof."

9 In Article 120(C)(3):

- 9.1 The word ", which" shall be deleted and replaced with the words "(other than any Cash held by a member of the Group which is a Project Specific Company), and, ".
- 9.2 After the words "purposes of this Article" the expression ", "Cash"" shall be added.

Proposed amendments to the Memorandum and Articles of Association pursuant to Resolution 14

An explanation of the proposed amendments to be made to the Memorandum and Articles of Association of the Company (the "Memorandum" and "Articles", respectively) pursuant to Resolution 14 is set out on page 5 of the circular accompanying this Notice of Annual General Meeting. The explanation has been prepared in order to assist shareholders in understanding the nature of the amendments. The amendments are proposed pursuant to Resolution 14 of the Annual General Meeting which will be proposed as a Special Resolution.

The proposed changes relate to:

- (i) the introduction of new legislation regarding (among other things) the indemnification of Directors; and
- (ii) recent changes to corporate governance principles relating to the re-election of Directors.

1 Amended Memorandum

We propose to amend paragraph (ww) of the Memorandum.

2 Amended Articles

We propose to amend the following Articles:

Articles 62, 92(B), 96, 97, 98, 101, 102, 106 and 155 (and a new Article 156 added).

3 Proposed amendments

The amendments set out below are to take effect on the passing of Resolution 14 as a Special Resolution.

(A) Amendments relating to the indemnification of Directors etc.

1 In paragraph (ww) of the Memorandum:

1.1 After the words "trustees of any pension funds" the words "or employees' share scheme" shall be added.

1.2 The words "or pension fund and" shall be deleted and replaced with ", pension fund or employees' share scheme;"

1.3 After the words "any such liability;" the word "for" shall be deleted and replaced with "and (iii) (a) to provide any current or former Director, Secretary or other officer of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under those provisions of the Companies Act 1985 referred to in Section 337A(2) of that Act and (b) to do anything to enable any such person to avoid incurring such expenditure. For".

2 In Article 92(B):

2.1 After the words "trustees of any pension funds" the words "or employees' share scheme" shall be added.

2.2 The words "or pension fund" shall be deleted and replaced with ", pension fund or employees' share scheme (and all costs, charges, losses, expenses and liabilities incurred by him in relation thereto)".

3 In Article 106(B)(vi)

3.1 After the words "Any proposal concerning" the number "(i)" shall be added.

3.2 After the words "referred to in Article 92(B)" the word "or" shall be deleted and replaced with the words ", or (ii)".

3.3 After the words "including Directors of the Company" the words "or (iii) indemnities in favour of Directors, or (iv) the funding of expenditure by one or more Directors on defending proceedings against him or them, or (v) doing anything to enable such Director or Directors to avoid incurring such expenditure" shall be added.

4 Article 155 shall be deleted and replaced with a new Article 155 as follows:

"155 Subject to the provisions of and so far as may be permitted by and consistent with the Statutes, every current or former Director, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against: (a) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than (i) any liability to the Company or any associated company (as defined in Section 309A(6) of the Act) and (ii) any liability of the kind referred to in Sections 309B(3) or (4) of the Act; and (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. Where a current or former Director, Secretary or other officer of the Company is indemnified against any liability in accordance with this Article 155, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto."

5 After Article 155 shall be added a new Article 156 as follows:

"156 Subject to the provisions of and so far as may be permitted by the Statutes, the Company (i) may provide any current or former Director, Secretary or other officer of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings or in connection with any application under the provisions mentioned in Section 337A(2) of the Act; and (ii) may do anything to enable any such person to avoid incurring such expenditure, but so that the terms set out in Section 337A(4) of the Act shall apply to any such provision of funds or other things done provided that for the purpose of this Article 156 references to "director" in Section 337A(4) of the Act shall be deemed to include references to a former Director or a current or former Secretary or other officer of the Company."

(B) Amendments relating to the re-election of Directors

6 In Article 62(c) the words "whether by rotation or otherwise" shall be deleted.

7 Article 96 shall be deleted and replaced with a new Article 96 as follows:

"96 Each Director shall retire at the Annual General Meeting held in the third calendar year following the year in which he was elected or last re-elected but, unless he falls within Article 97 below, he shall be eligible for re-election."

8 Article 97 shall be deleted and replaced with a new Article 97 as follows:

"97 A Director shall also retire at any Annual General Meeting if he has agreed to do so (whether in accordance with the terms of his appointment or otherwise) and, unless the Directors have agreed otherwise, he shall not be eligible for re-election."

9 In Article 98 after the words "electing thereto the retiring Director" the words "(if eligible for re-election)" shall be added.

10 In Article 98(b) after the words "Where such Director" the words "is ineligible for re-election or" shall be added.

11 In Article 101 the words "and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director" shall be deleted.

12 In Article 102 the words ", but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting" shall be deleted.

Financial calendar

		2005
27 April	Ex-dividend date for final 2004 ordinary dividend	
29 April	Final 2004 ordinary dividend record date	
12 May	Annual General Meeting	
25 May	Ex-dividend date for July 2005 preference dividend	
27 May	July 2005 preference dividend record date	
10 June	Final date for receipt of DRIP mandate forms (see below)	
1 July	Preference dividend payable	
1 July*	Final 2004 ordinary dividend payable	
17 August*	Announcement of 2005 half-year results	
		2006
1 January	Preference dividend payable	
3 January*	Interim 2005 ordinary dividend payable	

*Provisional dates

Registrar and transfer office

All administrative enquiries relating to shareholdings should, in the first instance, be directed to the Company's Registrars and clearly state the shareholder's registered name and address and, if available, the full shareholder reference number. Please write to:

The Balfour Beatty plc Registrar
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH
Telephone 0870 702 0122
or by e-mail to: web.queries@computershare.co.uk

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.

Dividend mandates

If you wish dividends to be paid directly into your bank or building society account, you should contact the Registrars for a dividend mandate form.

Dividends paid in this way will be paid through the Bankers Automated Clearing System (BACS).

Information about Balfour Beatty's Dividend Reinvestment Plan ("DRIP") can also be obtained from the Registrars.

Subject to shareholder approval, the final dividend for 2004 will be paid on 1 July 2005. If you have already elected to join the DRIP, then you need take no further action. If you wish to join the DRIP, then you should complete a mandate form and return it to the Registrars by no later than 10 June 2005 in order to participate in the DRIP for this dividend. If you do not have a DRIP mandate form, please contact the Registrars.

Shareholder information on the Internet and electronic communications

The Balfour Beatty website at <http://www.balfourbeatty.com/> offers shareholders and prospective investors a wealth 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.

Computershare Investor Services have introduced a facility enabling Balfour Beatty shareholders to access details of their shareholding over the internet subject to complying with an identity check. You can access this service via the shareholder information section of the Balfour Beatty website at <http://www.balfourbeatty.com/>. You can also obtain information on recent trends in Balfour Beatty's share price.

Balfour Beatty actively encourages all shareholders to register now for our electronic communications service through the eShareholder™ campaign being run by ComputersharePepper. When you register for electronic communications, we will dedicate a tree on your behalf in a UK area selected for reforestation.

This service enables you to save paper, contribute to a better environment and reduce harmful carbon dioxide emissions which impact climate change.

In order to receive shareholder communications such as notices of shareholder meetings and the annual report and accounts electronically rather than by post, you should register your details via the shareholder information section of the Balfour Beatty website.

Unsolicited mail

Balfour Beatty is obliged by law to make its share register available on request to other organisations who may then use it as a mailing list. This may result in you receiving unsolicited mail. If you wish to limit the receipt of unsolicited mail, you may do so by writing to the Mailing Preference Service, an independent organisation whose services are free to you. Once your name and address have been added to its records, it will advise the companies and other bodies that support the service that you no longer wish to receive unsolicited mail.

If you would like more details, please write to:

Mailing Preference Service, Freepost 29 LON20771, London W1E 0ZT

Gifting 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. 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). The relevant share transfer form may be obtained from the Registrars; further information about the scheme is available from the ShareGift Internet site www.ShareGift.org.

Share dealing services

The Company has established an execution-only postal share dealing service, through JPMorgan Cazenove Limited, for private investors who wish to buy or sell Balfour Beatty plc's shares. Further details can be obtained from:

The Balfour Beatty Share Dealing Service
JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA
Telephone: 020 7155 5155

Alternatively, Hoare Govett Limited also offers a low-cost share dealing service. Further details can be obtained from:

Hoare Govett Limited (LCSD), 250 Bishopsgate, London EC2M 4AA
Telephone: 020 7678 8300

Both JPMorgan Cazenove Limited and Hoare Govett Limited are authorised and regulated by the Financial Services Authority.

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 Ceefax and Teletext and a number of personal finance websites on the Internet. Historic share prices are available from the library at Hoare Govett. Telephone: 020 7678 1718.

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 307.3p per share. This has been adjusted for the 1-for-5 rights issue in June 1992 and the 2-for-11 rights issue in September 1996.

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 e-mail to info@balfourbeatty.com.



PROSHARE
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