

10 May 2007

### BALFOUR BEATTY PLC

#### AGM STATEMENT

When he reports to shareholders this afternoon at the Annual General Meeting of Balfour Beatty plc, the international engineering, construction, services and investment group, Sir David John KCMG, Chairman of Balfour Beatty, will say:

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

“I am pleased to report to shareholders that trading in 2007 to date is in line with expectations. Our markets remain strong and continue to offer us a range of good opportunities. Our order book has grown further since the end of last year, even before taking account of the very substantial order book of Balfour Beatty Construction (LLC), formerly Centex Construction, the acquisition of which was completed on 30 March this year.

“In the **Building** sector, early progress has been good, with order intake and activity levels particularly strong in the UK building construction businesses and work proceeding satisfactorily on a range of major projects. The new facilities management contracts for the Department for Work and Pensions and the Metropolitan Police were mobilised successfully.

The acquisition of Centex Construction (now Balfour Beatty Construction LLC) gives us profitable critical mass in the US and, in conjunction with Heery and our new US PPP business, brings substantial new business development opportunities there. In April, Balfour Beatty Construction LLC was awarded the \$525 million military housing contract for the US Navy in the South-East.

“In **Engineering**, progress has been steady. In early March, Balfour Beatty Power Networks secured the five-year £550 million Eastern Overhead Line and Cabling Alliance with National Grid plc and Balfour Beatty Utilities was awarded a major new contract by Yorkshire Water. Performance in the US continued to improve and major new contracts were secured in Texas and California.

“In **Rail**, trading was significantly stronger than in the first half of last year, with an improved performance in the US augmented by some good settlements in the UK. Work on the rail system at Terminal 5, the East London Line and for London Underground progressed satisfactorily. Preferred bidder status has been achieved this week, in joint venture, for the rail systems for the new Gotthard base tunnel, with a value to the company likely to approach £200 million. Fuller details will be announced in due course.

“In **Investments**, performance was as anticipated, affected by significantly increased bid costs as we extend Balfour Beatty Capital’s business beyond the UK PPP market in the UK, the US, Germany and Singapore and by the performance of our 20% interest in Metronet, the current position on which was covered in our statement to the market on 18 April of this year.

“The acquisition of Exeter International Airport was completed early in the year. Subsequently, 40% of the equity invested in this asset has been sold to Galaxy, the international transportation equity investment fund, for a cash consideration of £12 million.

“Since the year end, we have been appointed preferred bidder for a £152 million hospital scheme in Fife and have reached financial close on the £36 million Derby Street Lighting concession.

“We have this morning announced an agreement to sell our 24.5% interest in **Devonport Management Ltd** to Babcock International Ltd for a cash consideration of approximately £86 million, as a result of which we will recognise approximately a £50 million exceptional profit in our half-year results. The net impact of the sale will be marginally earnings dilutive.

“As stated in our Annual Report, we are making good progress in pursuing our strategic priorities through investment and acquisition and continue to add to our earning power as a result. We expect to make good progress in 2007.”

ENDS

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