

13 May 2004

BALFOUR BEATTY PLC

AGM STATEMENT

Reporting to shareholders at the company's Annual General Meeting, Balfour Beatty plc Chairman, Sir David John, said:

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

“I am pleased to report to shareholders that trading in 2004 to date, is in line with expectations. Order intake in the year so far has been strong and, since the year-end, our confirmed order book has grown to in excess of £6.5 billion. The Group's mix of engineering, construction and services businesses, which serve predominantly stable or growing markets, offers a strong business base and good long-term growth prospects.

“In our **Building** sector, both trading performance and order intake are satisfactory. Performance remains good on the £700 million facilities management contract for Royal Mail and good progress has been made on the major PFI projects for Stoke and Rotherham schools and Blackburn and UCLH hospitals. A number of notable projects have been secured, including a new facilities management contract for the BBC and the construction work for the East Lothian Schools PFI. Mansell, which was acquired in late 2003, has made a good start to the year and is performing to expectations.

“In our **Engineering** sector, performance in US civils and UK utilities continued to improve following the difficulties experienced last year. Major new contracts were secured for specialist engineering works on London Underground, road projects in Ohio and Pennsylvania and for the £171 million A46 Early Contractor Involvement road scheme in Nottinghamshire.

“In **Rail**, good progress was made towards the handover of our maintenance responsibilities in Kent and Anglia to Network Rail and in the relevant financial settlements. In early April, we were awarded new UK rail renewals contracts likely to be worth in excess of £500 million over their initial five-year duration, with a workload of £113 million in the first 12 months. Work on the £500 million contract to replace track on the London Underground under the PPP scheme is now well under way.

“In our **Investments** business, preferred bidder status was achieved for the £521 million Birmingham Hospital project, due to reach financial close in March 2005, and, subject to final ratification by the Scottish Executive, the £140 million North Lanarkshire Schools PFI. Metronet, which began work on the Bakerloo, Central, Victoria and Sub-Surface Lines of the London Underground in April 2003, continued to perform in line with expectations.

“We continue to explore opportunities for improving the Group’s business mix in order to ensure that the momentum we have achieved in the growth of shareholder value in recent years continues over the longer term.

“I believe that, as stated in our Annual Report, we can expect another year of satisfactory progress in 2004.

“Our half-year results will be announced on Wednesday 11 August.”

ENDS