

News Release

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BALFOUR BEATTY JOINT VENTURE ROMEC AGREES FM CONTRACT WITH ROYAL MAIL

Balfour Beatty, the international infrastructure group, and Royal Mail Group announce today that their joint venture, Romec Limited, has agreed a new facilities management contract with Royal Mail Group for a further 10 years.

The Romec joint venture, in which Royal Mail Group and Balfour Beatty hold, 51% and 49%, ownership respectively, was established in 2002. Romec provides a wide range of technical and building services to Royal Mail, Post Office and Parcelforce Worldwide buildings, including electrical, plumbing, security and cleaning services, and generates approximately £150m of revenue annually. Under the new services agreement, which will come into effect from April 2011, Romec will provide contracted services to Royal Mail Group worth £0.9bn with further variable scope for works worth up to £0.9bn over the 10-year term.

As part of this new agreement Balfour Beatty will acquire Romec Services Limited (RSL), Romec's external trading business which provides mobile engineering and maintenance services to third-party customers such as Sainsbury's, Asda, BBC, British Museum and Camelot. With £36m of facilities management revenue and £13m of gross assets in 2010, RSL will give Balfour Beatty a highly-skilled technical services business with scale and a nationwide footprint which will significantly enhance Balfour Beatty's ability to serve its customers and support the growth plans in this business sector.

Commenting today Balfour Beatty Chief Executive, Ian Tyler, said:

"The joint venture we have developed with Royal Mail Group is now entering a new and exciting phase. We are delighted to develop the new Romec organisation from a tactical

supplier to one of Royal Mail's key strategic partners, supporting its transformation programme.

We are also excited about the opportunity to develop RSL. The combination of RSL's engineering skills and the breadth and resources of our Support Services business can enhance our service delivery model and capitalise on the potential growth in facilities management."

Mark Higson, Royal Mail's Managing Director of Operations and Modernisation, said:

"We are very pleased to be extending our joint venture with Balfour Beatty. The provision of effective and highly efficient services in our buildings plays an important role in ensuring our people provide the best possible services at competitive prices to all our customers."

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Analyst/investor enquiries:

Basak Kotler
Balfour Beatty plc
Tel 020 7216 6924

Media enquiries:

Duncan Murray
Balfour Beatty plc
Tel 020 7216 6865

David Simpson
Royal Mail Group
Tel 020 7250 2839
Mob 07850 70 59 80

Notes to Editors:

1. Balfour Beatty (www.balfourbeatty.com) is a world-class infrastructure group with capabilities in professional services, construction services, support services and infrastructure investments.

We work in partnership with our customers principally in the UK, continental Europe, the US, South-East Asia, Australia and the Middle East, who value the highest levels of quality, safety and technical expertise.

Key infrastructure markets include transportation (roads, rail and airports); social

infrastructure (education, specialist healthcare, and various types of accommodation); utilities (water, gas and power transmission and generation) and commercial (offices, leisure and retail).

The Group delivers services essential to the development, creation and care of these infrastructure assets including project design, financing and management, engineering and construction, and facilities management services.

Balfour Beatty employs 50,000 people around the world.

2. Balfour Beatty WorkPlace (www.bbworkplace.com) is a leading total facilities management and business services outsourcing company to private and public sector markets.

The capabilities of the company span a range of built environment disciplines, including: highways, property management, asset management, facilities management and administration services.

The business has 9,000 employees supporting the needs of customers throughout the UK.