

Board of Directors

Steve Marshall

Non-executive Chairman from 15 May 2008



Ian Tyler

Chief Executive



Anthony Rabin

Deputy Chief Executive from 31 March 2008



Andrew McNaughton

Chief Operating Officer from 1 January 2009



Duncan Magrath

Finance Director from 31 March 2008



Peter Zinkin

Planning and Development Director



Mike Donovan

Non-executive Director



Stephen Howard

Non-executive Director



Hubertus Krossa

Non-executive Director from 9 September 2008



Graham Roberts

Non-executive Director from 1 January 2009



Gordon Sage

Non-executive Director



Robert Walvis

Non-executive Director



Board Committee membership is as follows:

Audit Committee

Graham Roberts
(Chair from 5 March 2009)
Steve Marshall (Chair to 5 March 2009)
Mike Donovan
Hubertus Krossa
Gordon Sage
Robert Walvis

Business Practices Committee

Stephen Howard (Chair)
Mike Donovan
Hubertus Krossa
Steve Marshall
Graham Roberts

Nomination Committee

Steve Marshall (Chair)
Mike Donovan
Stephen Howard
Gordon Sage
Ian Tyler
Robert Walvis

Remuneration Committee

Robert Walvis (Chair)
Stephen Howard
Hubertus Krossa
Steve Marshall
Gordon Sage

Steve Marshall

Non-executive Chairman

Age 52. A Fellow of the Chartered Institute of Management Accountants. Appointed a Director in 2005 and Chairman in May 2008. Currently also chairman of Delta plc and a non-executive director of Southern Water. He is also a former chairman at both Queens' Moat Houses plc and Torex Retail plc. He was chief executive of Thorn plc and of Railtrack Group plc, having also served as group finance director at each company. His earlier career included a wide range of corporate and operational roles at Grand Metropolitan plc, Black & Decker and BOC.

Andrew McNaughton

Chief Operating Officer

Age 45. A chartered civil engineer and Fellow of the Institution of Civil Engineers. Appointed Chief Operating Officer on 1 January 2009. He joined Balfour Beatty in 1997, having spent 12 years with the Kier Group, and held the position of managing director of Balfour Beatty Civil Engineering from 2004 to April 2007, when he became Group managing director with responsibility for civil engineering in the UK and the Group's interests in the Middle East. He is a board member of the Major Projects Association and he became a Freeman of the City of London and a Liveryman in the Worshipful Company of Engineers in 2006.

Mike Donovan

Non-executive Director

Age 55. Appointed a Director in 2006. A mechanical engineering graduate, he was most recently chief operating officer of Marconi plc from 2001 to 2005. Prior to that, he was chief executive officer of Marconi Systems and was previously responsible for managing major divisions of British Aerospace, Vickers and the Rover Group.

Graham Roberts

Non-executive Director

Age 50. A Fellow of the Institute of Chartered Accountants. Appointed a Director on 1 January 2009. He is finance director of The British Land Company PLC, one of the UK's largest quoted property companies. Prior to joining British Land in 2002, he spent eight years at Andersen, latterly as a partner specialising in the real estate and government services sectors.

Ian Tyler

Chief Executive

Age 48. A chartered accountant. A Director since 1999, he became Chief Executive in January 2005, having been Chief Operating Officer since 2002 and prior to that, Finance Director. He joined Balfour Beatty in 1996 from the Hanson Group where he was finance director of ARC Ltd, one of its principal subsidiaries. He is currently a non-executive director of VT Group plc, and president of Construction Industry Relief, Assistance and Support for the Homeless Ltd, the construction and property industry charity for the homeless.

Duncan Magrath

Finance Director

Age 44. A chartered accountant and an engineering graduate. Appointed to the Board as Finance Director in March 2008. Joined Balfour Beatty in 2006 as deputy finance director from Exel plc, where he was director of investor relations and financial strategy, following a number of senior financial roles in the UK and US.

Stephen Howard

Non-executive Director

Age 56. Appointed a Director in 2006. He is a lawyer by background and was most recently group chief executive of Novar plc. Prior to that, he was chief executive of Cookson Group plc. He is also a non-executive director of SEGRO plc and is chief executive of Business in the Community.

Gordon Sage

Non-executive Director

Age 62. Appointed a Director in 2003. A chemical engineer, he is a non-executive director of BlackRock World Mining Trust plc. Between 1970 and 2001 he held a series of increasingly senior positions in Rio Tinto plc, latterly as executive director responsible for its industrial minerals and diamonds businesses.

Anthony Rabin

Deputy Chief Executive

Age 53. A chartered accountant and a barrister. A Director since 2002, he became Deputy Chief Executive in March 2008, prior to which he was Finance Director. He is responsible for the Group's worldwide infrastructure investment business, having previously been managing director of Balfour Beatty Capital. Prior to joining the Group in 1995, he was a partner at Coopers & Lybrand and before that, a senior assistant director at Morgan Grenfell.

Peter Zinkin

Planning and Development Director

Age 55. Joined the Group in 1981 and became Planning and Development Director in 1991 after a series of senior positions in the finance function. He is responsible for the Group's merger, acquisition and divestment activities as well as the development of Group strategy. Previously, he worked at the London Business School and UMIST. He is a member of the leadership governance and management committee of the Higher Education Funding Council and a former governor of the University of North London.

Hubertus Krossa

Non-executive Director

Age 61. Appointed a Director in September 2008. Until 2008, he was chief executive officer of KION Group GmbH, a leading international material handling equipment manufacturer. Prior to that, he spent seven years on the main board of Linde AG, the worldwide producer and supplier of industrial and medical gases. He was previously a member of the European management board of Whirlpool Europe and was also chairman of its German operating company, and has previously held non-executive directorships in the UK for Wassall plc and Thorn Lighting Group. He is currently chairman of the supervisory boards of Eckelmann AG and Bauknecht Hausgeraete GmbH.

Robert Walvis

Non-executive Director

Age 62. Appointed a Director in 2001. A chemical engineer, he was previously with the Royal Dutch Shell Group, latterly as chairman of the Global Corporate Centre of the Royal Dutch Shell Group of Companies. He is a non-executive director of Associated British Ports Holdings Limited and Johnson Matthey plc, and chairman of the supervisory board of Allianz Nederland Groep NV. He is the senior independent Director.

Summary Directors' report

Dividends

The Directors recommend a final dividend on ordinary shares of 7.7p (net) per ordinary share making, with the interim dividend of 5.1p, a total dividend for 2008 of 12.8p (net). Preference dividends totalling 10.75p (gross) per preference share have been paid for 2008.

The dividend reinvestment plan (DRIP) continues to be offered.

Share capital and major shareholders

During the year to 31 December 2008 no ordinary shares were repurchased for cancellation and 300,017 preference shares (representing 0.27% of the preference share capital) were repurchased for cancellation for a total consideration of £407,337 at an average price of 135.8p. Purchases of shares are only made after careful consideration by the Directors, having taken into account market conditions prevailing at the time, the investment needs of the Company and its overall financial position. 1,286,053 ordinary shares were issued following the exercise of options held under the Company's savings-related share option scheme and 334,927 ordinary shares were issued following the exercise of options held under the Company's executive share option schemes.

On 15 May 2008, a total of 43,320,411 new ordinary shares in the Company were placed with institutions at a price of 430p per ordinary share raising £182m after issue costs. This placing represented an increase of approximately (but less than) 10% of the issued ordinary share capital. These placing shares were issued fully paid and ranked pari passu in all respects with the existing ordinary shares.

At 31 December 2008, the Directors had authority, under the shareholders' resolutions approved at the AGM and separate Class meeting held in May 2008, to purchase through the market 43,314,839 ordinary shares and 16,775,968 preference shares at prices set out in those resolutions. This authority expires at the conclusion of the separate Class meeting which will follow the 2009 AGM.

As at 4 March 2009, the Company had been notified in accordance with the Disclosure and Transparency Rules of the Financial Services Authority of the following interests in its ordinary share capital:

	Number of ordinary shares held	Percentage of ordinary shares held
Standard Life Investments Limited	42,849,463	8.96%
Lloyds Banking Group plc	33,370,340	6.98%
Legal & General Group plc	32,807,704	6.86%
Prudential plc	25,285,102	5.28%
Schroder Investment Management Limited	22,057,637	4.61%

Corporate governance and the Combined Code

Overview

The Company is committed to high standards of corporate governance. The UK Listing Authority requires listed companies to disclose, in relation to Section 1 of the Combined Code issued by the Financial Reporting Council which is appended to the UK Listing Rules, how they have applied its principles and whether they have complied with its provisions through the accounting period. The Company has complied with the requirements of the UK Listing Authority relating to the provisions of the Combined Code throughout the accounting period other than in two respects:

- (i) Code provision C.3.1 – The chairman of the Audit Committee: following Steve Marshall's appointment as Chairman of the Company, the Board decided that he should continue as chairman of the Audit Committee temporarily pending the appointment of a successor. Graham Roberts was appointed non-executive Director on 1 January 2009 and he will assume the chairmanship of the Audit Committee on 5 March 2009.
- (ii) Code provision C.3.4 – Whistleblowing arrangements: the effectiveness of the Group's whistleblowing procedures is kept under review by the Business Practices Committee (BPC) and not by the Audit Committee. The principal reason for this is that the BPC, in particular, focuses on the Company's business conduct, its ethics and values and whistleblowing is an integral element within this overall remit. In addition, from the Company's experience, whistleblowing-type complaints often relate to non-financial matters and, in particular, employment issues.

Honorary President

Viscount Weir is Honorary President of the Company, having been appointed to this position in May 2003, following his retirement as Chairman.

Chairman

Steve Marshall became Chairman in May 2008, having joined the Board in November 2005. Steve Marshall spends an average of two days per week on the business of the Company. He has other commitments as non-executive chairman of Delta plc and as a non-executive director of Southern Water. The Board considers that these other commitments are not of such a nature as to hinder his activities as Chairman of the Company or Committees.

The Board

The Board currently comprises 12 Directors, of whom seven, including the Chairman, are non-executive. The Directors believe that the Board continues to include an appropriate balance of skills and retains the ability to provide effective leadership to the Group.

Sir David John and Hans Christoph von Rohr retired from the Board on 15 May 2008 and 9 September 2008 respectively and Hubertus Krossa was appointed as a non-executive Director on 9 September 2008. Andrew McNaughton was appointed Chief Operating Officer and an executive Director on 1 January 2009. Graham Roberts was appointed as a non-executive Director with effect from the same date. Throughout 2008, the Chief Executive was Ian Tyler and the Senior Independent Director was Robert Walvis.

The Board operates both formally, through Board and Board Committee meetings, and informally through regular contact between Directors as required. Decisions on a list of specific matters, including the approval of financial statements, major tenders and capital expenditure and most acquisitions and disposals, are reserved to the Board or Board Committees. Matters falling outside the list are delegated to management. The list of these reserved matters is reviewed by the Board from time to time, most recently in October 2008. The terms of reference of the principal Board Committees and the reserved matters are displayed on the website: www.balfourbeatty.com

Board Committees

Audit Committee	Remuneration Committee	Nomination Committee	Business Practices Committee	Group Tender and Investment Committee	Finance and General Purposes Committee
<ul style="list-style-type: none"> • Financial statements • Financial controls • External auditor • Internal audit 	<ul style="list-style-type: none"> • Remuneration strategy and policies • Remuneration packages • Incentive plans 	<ul style="list-style-type: none"> • Structure and composition of Board • Appointment of non-executive Directors 	<ul style="list-style-type: none"> • Ethics and Codes of Conduct • Health & Safety • Sustainability • Whistleblowing 	<ul style="list-style-type: none"> • Major contract approvals • Investments and divestments 	<ul style="list-style-type: none"> • Borrowings • Banking arrangements • Share options • Share buy-backs

Directors

Brief biographical details of the Directors, are given on page 53.

Non-executive Directors are appointed for specific three-year terms and it is part of the terms of reference of the Nomination Committee, to review all appointments of non-executive Directors at three-year intervals, or as near to that as is practicable and make recommendations to the Board accordingly.

The Board considers that all the non-executive Directors continue to be independent.

Rotation of Directors, election and re-election

Steve Marshall, Ian Tyler and Peter Zinkin are due to retire by rotation as Directors at the 2009 AGM and, being eligible, offer themselves for re-election. Hubertus Krossa, Andrew McNaughton and Graham Roberts, who have been appointed to the Board since the date of the last AGM, will offer themselves for election in accordance with the Company's Articles of Association.

Evaluation

Formal evaluation of the performance of the Board and of the principal Board Committees, as well as individual assessments of the Directors, are normally carried out by an external consultant tri-annually, with internal assessments carried out in the intervening two years. The last external evaluation was completed in October 2007. Following Steve Marshall's appointment as Chairman in May 2008, an internal evaluation process comprising an assessment questionnaire, commenced in January 2009. As a result of the feedback, the Board has concluded that both it and the Directors operate effectively.

Risk management

The Board takes ultimate responsibility for the Group's systems of risk management and internal control and reviews their effectiveness. As for previous years, the Board has continued to assess the effectiveness of the risk management processes and internal controls during 2008 and to the date of this report. Such assessment is based on reports made to the Board, the Audit Committee and the Business Practices Committee, including:

- the results of internal audit's reviews of internal financial controls;
- a Group-wide certification that effective internal controls had been maintained, or, where any significant non-compliance or breakdown had occurred with or without loss, the status of corrective action; and
- a paper prepared by management on the nature, extent and mitigation of significant risks and on the systems of internal controls.

The Group's systems and controls are designed to ensure that the Group's exposure to significant risk is properly managed, but the Board recognises that any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In addition, not all the material joint ventures in which the Group is involved are treated, for these purposes, as part of the Group. Where they are not, systems of internal control are applied as agreed between the parties to the venture.

Central to the Group's systems of internal control are its processes and framework for risk management. These accord with the revised Turnbull Guidance on internal controls and were in place throughout the year and up to the date of signing this report.

The Group's systems of internal control operate through a number of different processes, some of which are interlinked. These include:

- the annual review of the strategy and plans of each operating company and of the Group as a whole in order to identify, inter alia, the risks to the Group's achievement of its overall objectives and, where appropriate, any relevant mitigating actions;
- monthly financial reporting against budgets and the review of results and forecasts by executive Directors and line management, including particular areas of business or project risk. This is used to update both management's understanding of the environment in which the Group operates and the methods used to mitigate and control the risks identified;

- individual tender and project review procedures commencing at operating company level and progressing to Board Committee level if value, or perceived exposure, breaches certain thresholds;
- regular reporting, monitoring and review of health, safety and environmental matters;
- the review and authorisation of proposed investment, divestment and capital expenditure through the Board's Committees and the Board itself;
- the review of specific material areas of Group-wide risk and the formulation and monitoring of risk mitigating actions;
- the formulation and review of properly documented policies and procedures, updated through the free and regular flow of information to address the changing risks of the business;
- specific policies set out in the Group Finance Manual, covering the financial management of the Group, including arrangements with the Group's bankers and bond providers, controls on foreign exchange dealings and management of currency and interest rate exposures, insurance, capital expenditure procedures, application of accounting policies and financial controls;
- a Group-wide risk management framework which is applied to all functions in the Group, whether operational, financial or support. Under it, the key risks facing each part of the Group are regularly reviewed and assessed, together with the steps taken to avoid or mitigate those risks. The results of those reviews are placed on risk registers and, where necessary, specific action plans are developed;
- reviews and tests by the internal audit team of critical business financial processes and controls and spot checks in areas of perceived high business risk; and
- the Group's whistleblowing policy.

Following an internal reorganisation at the end of 2008, the separate roles of Group Risk Management and Internal Audit were amalgamated under a Head of Group Risk Management and Assurance, who is responsible for developing a comprehensive framework of assurance (including internal audit) and co-ordinating the risk management activities across the Group.

No significant failings or weaknesses have been identified by the Board in carrying out its review of the effectiveness of the risk management and internal control systems.

Annual General Meeting

The business to be put to the AGM is set out in the separate circular to shareholders. Steve Marshall and the other chairmen of the Board Committees will be available at the AGM to answer any questions arising from their work. The Board continues to regard the AGM as an important occasion on which to communicate with shareholders. Shareholders may put questions in advance of the AGM by writing to the Company Secretary.

Summary remuneration report

A resolution to approve the full Directors' Remuneration report, which can be found on pages 18 to 25 of the Directors' Report and accounts 2008, will be proposed at the AGM of the Company to be held on 14 May 2009.

Remuneration Committee

The Remuneration Committee ("RemCo") is primarily responsible for determining the remuneration policy and conditions of service for executive Directors and the Chairman of the Company. It also reviews and monitors the level and structure of remuneration for certain senior managers immediately below the level of the Board.

The RemCo has been chaired by Robert Walvis since November 2003. Its other members during the year were Stephen Howard, Steve Marshall, Gordon Sage, Christoph von Rohr until September 2008 and, from September 2008, Hubertus Krossa. Sir David John, the former Company Chairman, attended meetings by invitation. No member of the RemCo has conflicts of interest arising from cross-directorships and no member is involved in the day-to-day executive management of the Group.

Executive Directors' remuneration

General policy

It is the policy of the RemCo to establish an overall remuneration package that is competitive and which facilitates the recruitment and retention of high calibre management. The annual and long-term incentive plans make up an important part of each executive Director's remuneration and are structured so as to motivate senior managers to deliver high standards of performance, without encouraging excessive risk taking. It is intended that the share-based elements of the package will not only drive performance over the long-term but will also assist in aligning the interests of senior management with those of shareholders.

The structure of executive Directors' remuneration was similar in 2008 to that in 2007 and no significant changes to the existing policy are currently envisaged for 2009. Under the current arrangements, if target performance is achieved, basic salary will represent around one-half of total earnings. If maximum is achieved, which would involve a superior level of performance substantially in excess of business plan, basic salary will represent around one-third of total earnings.

Basic salaries

It is the policy of the RemCo to set basic salaries at levels which it believes are competitive given the size and complexity of the Company, as well as the broad business sectors in which it operates. The RemCo sets basic salaries around mid-market levels, but also takes into account its own judgement of the performance of the Group's businesses and the performance of individual Directors. The RemCo intends to continue to use this approach in the foreseeable future.

Annual incentive plan

Each executive Director participates in an annual incentive plan, under which pre-determined financial targets must be achieved before any payment is earned. The maximum potential bonus which could have been earned by executive Directors for 2008 was 80% of basic salary and the performance indicator chosen was profit before tax, exceptional items and amortisation of intangible assets ("profit"). A bonus of 40% of basic salary would have been earned for the achievement of performance in line with target. Two-thirds of any bonus achieved is payable in cash, whilst the remaining one-third is deferred in the form of ordinary shares in the Company under the Deferred Bonus Plan (the "DBP"). These shares, along with shares awarded in lieu of dividends paid during the deferral period, will be released to the Directors after three years, providing they are still employed by the Company at that time (unless specified leaver conditions are met, in which case early vesting may be permitted under the rules of the DBP). Bonuses are non-pensionable.

It is currently intended that the annual incentive plan for 2009 will operate in the same way and at the same level as for 2008 and the RemCo will continue to review the competitiveness and structure of the annual incentive plan in future years.

Long-term incentive scheme

The RemCo believes that performance related long-term incentives which align executives with both business strategy and shareholders' interests are an important component of overall executive remuneration arrangements.

The Company operates a Performance Share Plan (the "PSP") under which conditional awards of shares in the Company are made to executive Directors and other selected operational and functional senior managers. The maximum market value of any award, at the award date, will be 150% of basic salary, other than in exceptional circumstances, where the limit is 200% of basic salary. It is currently the intention of the RemCo that an award of 150% of salary will only be made to the Chief Executive, with the other executive Directors and selected senior managers receiving conditional awards over shares with a market value of 125% of basic salary.

The awards will vest, subject to the achievement of performance conditions, three years after the date of grant together with shares in lieu of dividends payable. There is no provision for the re-testing of these performance conditions. For the 2008 award, there are two performance conditions each applying to separate parts of the award. 50% of an award is linked to an adjusted earnings per share ("EPS") growth target, and the remaining 50% is linked to total shareholder return ("TSR") performance relative to a comparator group.

The RemCo considers that the EPS and TSR performance conditions provide a good blend of performance metrics, with EPS growth rewarding strong financial performance and TSR rewarding stock market performance, which aligns with investors' interests.

It is the intention of the RemCo to make awards under the PSP in 2009. For the TSR element of the award, it is currently anticipated that a similar peer group of companies will be used. The RemCo is currently reviewing the EPS targets and individual levels of award, to ensure these continue to remain stretching and appropriate given current market conditions and business outlook.

Pensions

The executive Directors participate in the Balfour Beatty Pension Fund (the "Fund"). The Fund provides for a pension at a normal retirement age, for pension purposes, of 62 and each Director pays an annual contribution equal to 5% of pensionable salary. The pension for a Director who can complete 20 or more years' pensionable service at normal retirement age is targeted at two-thirds of final pensionable salary, subject to HMRC limits. With effect from 6 April 2006, HMRC limits were changed, with one of the changes being to no longer use the earnings cap, when determining the maximum permissible benefits. However, a Fund-specific earnings cap has been retained for those members who were previously subject to the HMRC earnings cap. A discretionary cash supplement is paid in lieu of pension provision on earnings above the Fund specific cap.

Share ownership guidelines

To further align the interests of senior management with those of shareholders, executive Directors and certain other senior managers are subject to share ownership guidelines. Executive Directors are required to accumulate a holding of ordinary shares in the Company to the value of 100% of their basic salary at a reference date. In order to achieve this, they will be expected to retain at least half of the shares (after payment of any taxes due) which vest from awards made under the PSP and the DBP. Details of the shareholdings of all the Directors can be found in the table on page 58.

Service contracts

It remains the Company's policy and practice to include in executive Directors' contracts a 12 months' rolling notice period from the Company and six months' notice on the part of the Director. This policy will continue.

Service contracts of executive Directors do not include provision for specific payment in the event of early termination, nor do they provide for extended notice periods or compensation in the event of a change of control. The RemCo would seek to ensure that the Director fulfils his obligation to mitigate his losses and would also give consideration to phased payments where appropriate.

Non-executive Directors

Non-executive Directors are appointed by the full Board following recommendations from the Nomination Committee. The Chairman's remuneration falls within the remit of the RemCo operating within the broad policy recommended by the RemCo and approved by the Board. The Board determines the terms on which the services of other non-executive Directors are provided. All non-executive Directors are elected for a term of three years and must retire and, if eligible, seek re-election at the AGM in the third calendar year following the year in which they were elected (or last re-elected). They are not eligible to join any pension scheme operated by the Company and cannot participate in any of the Company's share option, annual incentive or long-term incentive schemes. None of the appointment letters for non-executive Directors contain provision for specific payment in the event of termination for whatever cause.

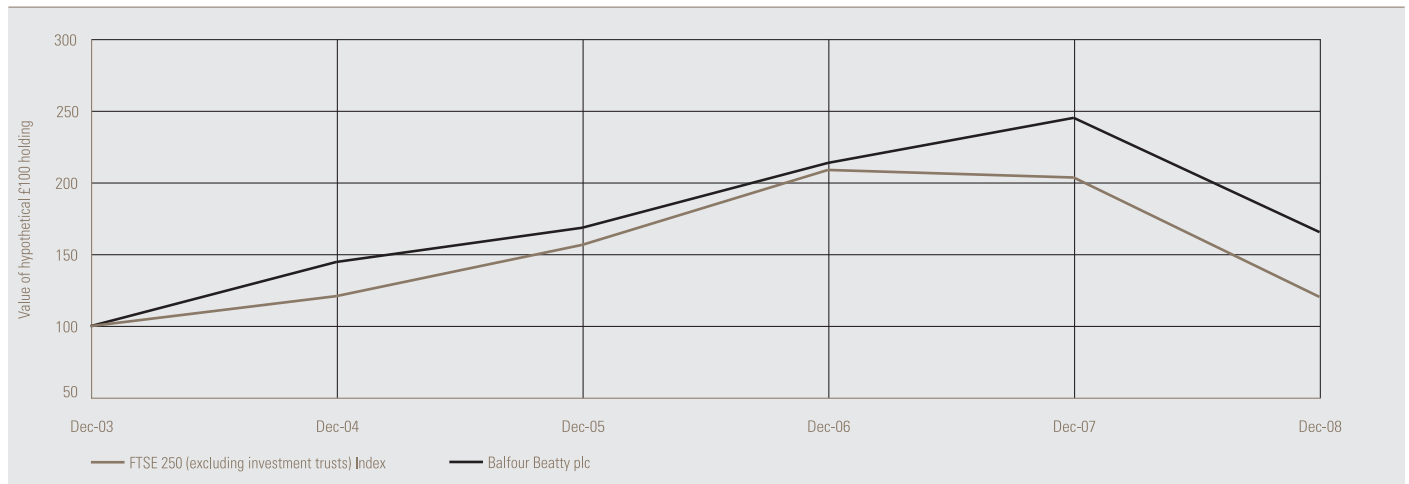
The fees of the non-executive Directors are reviewed from time to time with the last review having taken effect from 1 July 2008.

Performance graph

The graph below shows Balfour Beatty's TSR performance compared to the FTSE 250 Index (excluding investment trusts) TSR over the five financial years ended 31 December 2008.

As in previous reports, the RemCo has elected to compare the TSR on the Company's ordinary shares against the FTSE 250 Index (excluding investment trusts) principally because this is a broad index of which the Company was a constituent member during the year.

The values indicated in the graph show the share price growth plus reinvested dividends from a £100 hypothetical holding of ordinary shares in Balfour Beatty plc and in the index at the start of the period and have been calculated using 30 trading day average values.



Summary remuneration report

Directors' remuneration earned in 2008

Name of Director	Basic salary £	Fees £	Pension supplement £	Benefits in kind £	Annual cash bonus £	Total remuneration 2008 £	Total remuneration 2007 £
M J Donovan	–	45,000	–	–	–	45,000	42,000
S L Howard	–	49,000	–	–	–	49,000	42,000
Sir David John	–	71,372	–	–	–	71,372	190,000
G E H Krossa	–	16,540	–	–	–	16,540	–
D J Magrath	256,308	–	33,531	12,008	181,333	483,180	–
S Marshall	–	162,273	–	–	–	162,273	49,000
A L P Rabin	402,500	–	70,236	20,852	226,667	720,255	653,951
G H Sage	–	45,000	–	–	–	45,000	42,000
I P Tyler	605,000	–	71,934	27,187	336,000	1,040,121	949,428
Dr H C von Rohr	–	54,092	–	–	–	54,092	62,548
R J W Walvis	–	52,500	–	–	–	52,500	49,000
P J L Zinkin	392,500	–	–	17,890	216,000	626,390	587,290
Former Directors	–	–	–	–	–	–	50,208
Total	1,656,308	495,777	175,701	77,937	960,000	3,365,723	2,717,425

Notes:

- Basic salary and fees were those paid in respect of the period of the year during which individuals were Directors.
- Ian Tyler, Anthony Rabin and Duncan Magrath received taxable cash supplements in lieu of pension provision on their salary above the Balfour Beatty Pension Fund specific earnings cap.
- The performance target for annual bonus was profit before tax, exceptional items and amortisation of intangible assets ("profit"). The profit for the year ended 31 December 2008 resulted in a maximum bonus of 80% of basic salary for each executive Director. Two-thirds of this bonus is payable in cash and these are the amounts shown in the table above. The remaining one-third is deferred in the form of ordinary shares in the Company which will be released to the Director on 31 March 2012, providing he is still employed by the Company at that time. The number of shares comprising the deferred element will be determined based on the share price at the award date of 31 March 2009.
- Awards made under the Performance Share Plan in 2005 to Ian Tyler, Anthony Rabin, and Peter Zinkin vested during the year. At the date of vesting on 18 April 2008 the closing market price was 463p and the total values of the shares which vested were £546,354, £378,720, and £403,555 respectively.
- Ian Tyler, Anthony Rabin, and Peter Zinkin exercised savings-related share options during the year. The closing market prices on the dates of exercise ranged between 411.25p and 400.0p and the values realisable on exercise were £4,184, £1,826, and £3,450 respectively.

Directors' interests

The interests of the Directors and their immediate families in the ordinary share capital of Balfour Beatty plc and its subsidiary undertakings during the year are set out below.

Name of Director	Number of ordinary shares	
	At 1 January 2008*	At 31 December 2008
M J Donovan	5,000	5,000
S L Howard	5,045	5,045
G E H Krossa	–	5,000
D J Magrath	6,000	16,000
S Marshall	5,000	5,000
A L P Rabin	101,728	142,172
G H Sage	5,000	5,000
I P Tyler	133,005	154,051
R J W Walvis	10,000	10,000
P J L Zinkin	122,171	148,686

* or date of appointment, if later.