

Re-Profiling of £85 Million Pension Deficit Payment

Tuesday 24 February, 2015

Balfour Beatty, the international infrastructure group, announces that it has agreed heads of terms with the Trustee of the Balfour Beatty Pension Fund to re-profile the £85 million pension deficit payment, agreed at the time of the Parsons Brinckerhoff disposal, over eight years.

As stated in the trading update on 22 January, and following the decision to cancel the £200 million share buyback, the company entered into negotiations with the pension fund Trustee to re-profile the £85 million pension deficit payment, originally due in 2015. Under the heads of terms it is intended that the pension fund will participate in a Scottish Limited Partnership into which the company will be transferring PFI assets worth £85m. The £85m pension deficit payment will then be made over an eight year period, starting with a £4 million cash payment in 2016 and increasing annually thereafter.

Leo Quinn, Balfour Beatty Group Chief Executive said: "We are pleased that the pension fund Trustee has worked with us to re-profile the pension payments, in light of the cancelled share buy-back. This gives a clear plan on how the pension deficit will be reduced over time, whilst maintaining balance sheet flexibility as we drive the required organisational change and performance improvement, as set out in the Build to Last programme we announced last week."

Adrian Mathias, Chairman of the pension fund Trustee said: "We are pleased to have reached agreement with the company on this matter. We recognise the importance of a strong balance sheet to the company and welcome the opportunity to participate in the proposed Scottish Limited Partnership."

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Notes to editors:

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We finance, develop, build and maintain complex infrastructure such as transportation, power and utility systems, social and commercial buildings. Our main geographies are the UK, US, Middle East and South East Asia. Over the last 100 years we have created iconic buildings and infrastructure all over the world including the London Olympics' Aquatic Centre, Hong Kong's first Zero Carbon building, the world's biggest shopping mall in Dubai, the National Museum of the Marine Corps in the US and the Channel Tunnel Rail Link.

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