

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



# Costain Group PLC

(incorporated and registered in England and Wales under number 01393773)

## Notice of Annual General Meeting

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Notice of the Annual General Meeting of the Company to be held at East Room, Level 7, Tate Modern, Bankside, London SE1 9TG on Thursday 5 May 2011 at 11.00 a.m. is set out on pages 3 to 5 of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received by the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6RN by no later than 11.00 a.m. on Tuesday 3 May 2011.

# Part I

## Costain Group PLC

(incorporated and registered in England and Wales under number 01393773)



Registered Office

Costain House  
Vanwall Business Park  
Maidenhead  
Berkshire  
SL6 4UB

9 March 2011

*To the holders of Ordinary Shares*

### Notice of Annual General Meeting

Dear Shareholder,

I am pleased to be writing to you with details of our Annual General Meeting ('AGM') which we are holding at East Room, Level 7, Tate Modern, Bankside, London SE1 9TG on Thursday 5 May 2011 at 11.00 a.m.

#### Resolutions

The resolutions that will be put to shareholders are set out in the formal Notice of Annual General Meeting which is set out on pages 3 to 5 of this document. Explanatory notes to the Notice of AGM are set out on page 6 of this document.

#### Annual Report and Accounts

Those shareholders who elected to receive a paper version of the Report and Accounts will receive a copy of the Report and Accounts for 2010 under cover of this letter. The majority of shareholders in 2009 elected to receive shareholder information either direct to their e-mail address or receive information by means of the Company's website [www.costain.com](http://www.costain.com). I believe it is in shareholders' interest to receive information from the Company electronically. I therefore recommend that shareholders who have not yet done so should elect to receive shareholder documents such as the Annual Report and Accounts electronically via the Company's website where it can be viewed and downloaded online. Shareholders can also elect to receive e-mail communications. Any option can be selected or de-selected at any time by logging onto your account at [www.shareview.co.uk](http://www.shareview.co.uk).

#### Action To Be Taken

It is important to the Company that shareholders have the opportunity to vote even if they are unable to attend in person. A Form of Proxy is enclosed for use by shareholders so that they can nominate someone else to attend the meeting and vote on their behalf. One option is to nominate the Chairman of the meeting as proxy to vote on the shareholder's behalf at the meeting in the manner they direct or at his discretion.

Please complete and return the Form of Proxy in accordance with the instructions on the form in order that it may be received by Equiniti as soon as possible and, in any event, not later than 11.00 am on Tuesday 3 May 2011. The completion and return of the Form of Proxy will not prevent you from attending and voting in person at the meeting should you so wish.

#### Recommendation

The Board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Yours faithfully,

**David Allvey**  
Chairman

#### Inspection of documents

The following documents will be available for inspection at the registered office of the Company, Costain House, Vanwall Business Park, Maidenhead, Berkshire SL6 4UB, from 30 March 2011 during normal business hours, until the time of the AGM and at the East Room, Level 7, Tate Modern, Bankside, London SE1 9TG, from 15 minutes before the AGM until it ends:

- Copies of the executive directors' service contracts
- Copies of the letters of appointment of the non-executive directors.

# PART II

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## Costain Group PLC (the 'Company') Notice of Annual General Meeting

This year's Annual General Meeting will be held at East Room, Level 7, Tate Modern, Bankside, London SE1 9TG on Thursday 5 May 2011 at 11.00 a.m. You will be asked to consider and pass the resolutions below. Resolution 10 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

### **Ordinary Resolutions**

#### **Report and Accounts**

1. To receive and adopt the Annual Report and Accounts for the year ended 31 December 2010.

#### **Remuneration Report**

2. To approve the Report on Directors' Remuneration for the year ended 31 December 2010.

#### **Dividend**

3. To approve the payment of a final dividend of 6.25 pence per ordinary share.

#### **Re-election of directors**

4. To re-elect David Alvey as a director.
5. To re-elect John Bryant as a director.
6. To re-elect Mike Alexander as a director.
7. To re-elect James Morley as a director.

#### **Reappointment of auditors and auditors' remuneration**

8. To reappoint KPMG Audit Plc as auditors of the Company
9. To authorise the directors to determine the auditors' remuneration

#### **Special resolution**

#### **Notice periods for general meetings other than annual general meetings**

10. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By Order of the Board

#### **Clive L Franks**

Company Secretary

9 March 2011

Registered Office:

Costain House

Vanwall Business Park

Maidenhead

Berkshire

SL6 4UB

Registered in England and Wales No. 01393773

## PART II continued

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# Costain Group PLC (the 'Company')

## Notice of Annual General Meeting continued

- Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. To be valid any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6RN by no later than 11.00 a.m. on Tuesday 3 May 2011.
- A proxy may be delivered by facsimile to the Company's registrars, Equiniti (facsimile number 01903 698402) provided that:
  - the facsimile is actually received (whether or not it appears to the sender to have been received) by the Company's registrars no later than 11.00 a.m. on Tuesday 3 May 2011;
  - the Chairman or Secretary or any other person authorised by the Board for the purpose determines in his sole discretion (such determination to be conclusive) that such facsimile has been transmitted in an acceptable manner including a determination that such facsimile is complete and is in a clear and legible form; and
  - the original instrument appointing the proxy and the authority (if any) under which it is executed or a notarially certified or office copy of such authority must be delivered to the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6RN no later than 10.00 a.m. on Thursday 5 May 2011.
- The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 9) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on Tuesday 3 May 2011 (or, in the event of any adjournment, by 6.00 p.m. on the day which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- As at 8 March 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 63,486,932 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 8 March 2011 are 63,486,932. The Company does not hold any shares in Treasury.
- CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00 a.m. on Tuesday 3 May 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
  11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
  13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
  14. A copy of this Notice, and other information required by s311A of the Companies Act 2006, can be found at [www.costain.com](http://www.costain.com).
  15. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
  16. You may not use any electronic addresses provided in either this Notice of General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any purpose other than those expressly stated.

## PART II continued

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# Explanatory notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 9 are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 10 is proposed as a special resolution. This means that, for Resolution 10 to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Resolution 1: Reports and Accounts**

The Annual Report and Accounts for the year ended 31 December 2010 are available on the Company's website at [www.costain.com](http://www.costain.com) and have been sent to those shareholders who have elected to receive a hard copy.

### **Resolution 2: Remuneration Report**

The Directors' report on remuneration is set out in full on pages 62 to 69 of our Annual Report and Accounts.

### **Resolution 3: Payment of a final dividend**

If resolution 3 is approved by shareholders the final dividend for the year ended 31 December 2010 will be paid on 20 May 2011 to shareholders whose names are on the Register of Members at close of business on 15 April 2011.

### **Resolution 4: Re-election of David Allvey as a director**

David Allvey was first elected to the Board in 2001 and became Chairman in January 2008. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, David Allvey is required to stand for re-election at the Annual General Meeting, having served on the Board for more than nine years. Further information about David Allvey is given on page 46 of our Annual Report and Accounts.

### **Resolution 5: Re-election of John Bryant as a director**

John Bryant was first elected to the Board in 2002. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, John Bryant is required to stand for re-election at the Annual General Meeting, having served on the Board for more than nine years. Further information about John Bryant is given on page 47 of our Annual Report and Accounts.

### **Resolution 6: Re-election of Mike Alexander as a director**

Mike Alexander was first elected to the Board in 2007. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, Mike Alexander is required to stand for re-election at the Annual General Meeting. Further information about Mike Alexander is given on page 46 of the Annual Report and Accounts.

### **Resolution 7: Re-election of James Morley as a director**

James Morley was first elected to the Board in 2008. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, James Morley is required to stand for re-election at the Annual General Meeting. Further information about James Morley is given on page 46 of the Annual Report and Accounts.

### **Resolution 8: Reappointment of auditors**

The auditors are required to be reappointed at each Annual General Meeting at which accounts are presented. The Board, on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the reappointment of KPMG Audit Plc.

### **Resolution 9: Auditors' remuneration**

This resolution gives the directors authority to determine the remuneration of the auditors.

### **Resolution 10: Notice of general meetings**

Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations (the 'Shareholders Rights 2009 Regulations') increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (AGMs will continue to be held on at least 21 clear days' notice.) Before the coming into force of the Shareholders' Rights 2009 Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, this resolution seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

# Notes

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**Costain Group PLC**

Costain House  
Vanwall Business Park  
Maidenhead  
Berkshire  
SL6 4UB

[www.costain.com](http://www.costain.com)