

**THIS DOCUMENT, WHICH CONTAINS THE NOTICE OF THE COMPANY'S ANNUAL GENERAL MEETING, IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000.**

**If you have sold or otherwise transferred all your shares in Babcock International Group PLC, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned so as to reach the Company's registrars no later than 11:00 am on Tuesday 5 July 2011. Completion and return of the Form of Proxy will not prevent you from attending and voting at the Meeting in person, should you so wish.



## **BABCOCK INTERNATIONAL GROUP PLC**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2011 Annual General Meeting of the members of Babcock International Group PLC ('the Company') will be held at Grosvenor House, A JW Marriott Hotel, Park Lane, London W1K 7TN on Thursday 7 July 2011, at 11:00 am for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions:

#### **Ordinary Resolutions**

1. To receive and approve the Directors' and Auditors' reports and the audited financial statements of the Group and the Company for the year ended 31 March 2011.

#### **Directors**

2. To re-elect Mike Turner as a Director of the Company.
3. To re-elect Peter Rogers as a Director of the Company.
4. To re-elect Bill Tame as a Director of the Company.
5. To re-elect Archie Bethel as a Director of the Company.
6. To re-elect Kevin Thomas as a Director of the Company.
7. To re-elect John Rennocks as a Director of the Company.
8. To re-elect Sir Nigel Essenhig as a Director of the Company.
9. To re-elect Justin Crookenden as a Director of the Company.
10. To re-elect Sir David Omand as a Director of the Company.
11. To re-elect Ian Duncan as a Director of the Company.
12. To re-elect Kate Swann as a Director of the Company.

#### **Remuneration Report**

13. To receive and approve the Remuneration Report of the Directors for the year ended 31 March 2011.

#### **Auditors**

14. To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company.
15. To authorise the Directors to set the remuneration of the independent auditors, as they shall in their discretion see fit.

#### **Final Dividend**

16. To declare a final dividend for the year ended 31 March 2011 of 14.20 pence per ordinary share in the capital of the Company.

**Political Donations**

17. That, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act'), the Company and all companies that are its subsidiaries at any time during the period for which this resolution is effective are authorised to:

- (a) make political donations to a political party or to an independent election candidate;
- (b) make political donations to political organisations other than political parties; and
- (c) incur any political expenditure,

up to an aggregate amount of £100,000, with the amount authorised under each of paragraphs (a) to (c) also being limited to such amount, in each case during the period beginning with the date of the passing of this resolution and ending on 30 September 2012 or, if sooner, the conclusion of the Annual General Meeting of the Company in 2012. For the purpose of this resolution 'political donation', 'political party', 'political organisation', 'independent election candidate' and 'political expenditure' are to be construed in accordance with sections 363, 364 and 365 of the 2006 Act.

**Authority to Allot**

18. That, in substitution for all existing authorities the Directors of the Company be generally and unconditionally authorised for the purpose of section 551 of the 2006 Act to allot shares (as defined in section 540 of the 2006 Act) in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:

- (a) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the 2006 Act) equal to £71,806,514 (representing 119,677,523 shares) (such amount to be reduced by the aggregate nominal amount allotted or granted under (b) below in excess of such sum); and
- (b) comprising equity securities (as defined in section 560 of the 2006 Act) up to an aggregate nominal amount of £143,613,029 (representing 239,355,048 shares) (such amount to be reduced by the aggregate nominal amount of any shares allotted or rights to subscribe for or to convert any security into shares granted under paragraph (a) of this Resolution 18) in connection with or pursuant to an offer or invitation by way of a fully pre-emptive rights issue in favour of ordinary shareholders in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and to holders of any other class of equity securities entitled to participate therein or, if the Directors of the Company otherwise consider it necessary, as permitted by the rights of those securities), but subject to such restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever,

such authorisations to apply (unless previously renewed, varied or revoked by the Company in General Meeting) until the end of the Company's next Annual General Meeting (or, if earlier, until 30 September 2012) but, in each case, so that the Company may make offers and enter into agreements before the authority expires which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority expires and the Directors of the Company may allot shares or grant such rights under any such offer or agreement as if the authority conferred hereby had not expired.

**Special Resolutions****Disapplication of Pre-emption Rights**

19. That, in substitution for all existing powers, and subject to the passing of Resolution 18, the Directors of the Company be generally empowered, pursuant to section 570(1) and 573 of the 2006 Act to:

- (a) allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authorities conferred by Resolution 18; and/or
- (b) sell ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares for cash,

in each case free of the restriction in section 561 of the 2006 Act, provided that such powers shall be limited to the allotment of equity securities and the sale of treasury shares:

- i. in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of Resolution 18, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) in favour of ordinary shareholders in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and to holders of any other class of equity securities entitled to participate therein or, if the Directors of the Company otherwise consider it necessary, as permitted by the rights of those securities), but subject to such restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter whatsoever; and

- ii. in the case of the authority granted under paragraph (a) of Resolution 18, and/or an allotment which constitutes an allotment of equity securities by virtue of section 560(3) of the 2006 Act (in each case otherwise than under paragraph (i) of this Resolution 19) to the allotment of equity securities up to an aggregate nominal amount of £10,770,977,

such powers to apply (unless previously renewed, varied or revoked by the Company in General Meeting) until the end of the Company's next Annual General Meeting (or, if earlier, until 30 September 2012) but, in each case, so that the Company may make offers and enter into agreements before the power expires which would, or might, require equity securities to be allotted or rights to subscribe for or to convert any security into shares to be granted after the power expires and the Directors of the Company may allot equity securities or grant such rights under any such offer or agreement as if the power conferred hereby had not expired.

#### **Authority to Purchase own Shares**

20. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its ordinary shares of 60 pence each ('ordinary shares') in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 35,903,257 shares, representing 10% of the issued share capital of the Company at 25 May 2011 (being the latest practicable date prior to the publication of this document);
- (b) the minimum price which may be paid for each ordinary share is not less than the nominal value thereof exclusive of the expenses of purchase;
- (c) the maximum price which may be paid for each ordinary share (exclusive of the expenses of purchase) shall not exceed 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased;
- (d) the authority hereby conferred shall expire at the end of the Company's next Annual General Meeting (or, if earlier, 30 September 2012) (unless previously renewed, varied or revoked by the Company in General Meeting); and
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make purchases of ordinary shares in pursuance of any such contract.

#### **Notice for General Meetings**

21. That a General Meeting of the Company (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By order of the Board.

**A N Dungate**

Company Secretary

6 June 2011

Registered Office: 33 Wigmore Street, London W1U 1QX.

**Notes:**

1. An explanation of the resolutions is given in the Explanatory notes on pages 5 to 7.
2. 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 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 proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. Your proxy will vote as you instruct and must attend the Annual General Meeting for your vote to be counted. Completion and submission of a proxy form will not preclude a member from attending and voting in person at the Annual General Meeting.
3. To be valid, the proxy form (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority) must be received by post, by hand or by courier by the Company's registrars, Capita Registrars, at 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 am on Tuesday 5 July 2011.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act 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 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. A Nominated Person does not have the right of a member to appoint a proxy.
5. Copies of the following documents are available for inspection at the Company's registered office during normal business hours until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting:
  - (a) terms of appointment under which the Non-Executive Directors of the Company are engaged; and
  - (b) Executive Directors' service agreements.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B of the 2006 Act, only those shareholders entered on the register of members of the Company at 6.00 pm on 5 July 2011 or, in the event that the meeting is adjourned, in the register of members of the Company at 6.00 pm on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to the entries on the register of members after this time shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
7. As at 25 May 2011 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 359,032,573 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date were 359,032,573.
8. A corporate shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
9. 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 (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
10. 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 RA10) by 11.00 am on Tuesday [5] July 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.
11. 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.
12. 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.

13. Any member or proxy 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. Under section 527 of the 2006 Act, 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 Report and Accounts were laid (in each case) that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, 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 2006 Act to publish on a website.
15. Any electronic address (within the meaning of section 333(4) of the 2006 Act) provided in this Notice of Meeting (or in any related documents including the proxy form) may not be used to communicate with the Company for any purpose other than those expressly stated.
16. A copy of this notice, and other information required by section 311A of the 2006 Act, can be found at [www.babcock.co.uk](http://www.babcock.co.uk).

### Explanatory notes

The ordinary resolutions will be passed if the votes cast for the resolutions are more than those cast against. The resolutions to be proposed as special resolutions will be passed if at least 75% of the votes cast for and against the resolutions are in favour.

The Board considers that all the resolutions in the notice of the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Your Directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings.

*Resolution 1:* The Directors are required to lay the Annual Report and Accounts before the shareholders at each annual general meeting. The Directors' and Auditors' reports and the audited financial statements of the Company to be approved at this Annual General Meeting relate to the financial year ended 31 March 2011.

*Resolutions 2 to 10:* The Board is fully committed to supporting the principles of good governance outlined in the UK Corporate Governance Code which was published by the Financial Reporting Council in June 2010 and which replaced the Combined Code on Corporate Governance for accounting periods beginning on or after 29 June 2010. Under the UK Corporate Governance Code, Section B.7.1 states that all directors of FTSE 350 companies should be subject to annual election by shareholders. The Directors have decided to follow this provision of the Code. The Directors covered by Resolutions 2 to 10 have each previously been re-appointed as Directors at earlier Annual General Meetings of the Company, and are now standing for their first annual re-election under this provision. Following the annual performance evaluation, the Board is satisfied that each director continues to be effective and to demonstrate commitment to his role. Their biographical details are set out on pages 46 and 47 of the Company's Annual Report for the year ended 31 March 2011 (a copy of which is available on the Company's website at [www.babcock.co.uk](http://www.babcock.co.uk)). The Board considers each of the Non-Executive Directors standing for re-election (those named in Resolutions 7 to 10) to be independent.

*Resolution 11 and 12:* Ian Duncan and Kate Swann, have not previously been re-appointed at an Annual General Meeting of the Company, as they have each been appointed as a Non-Executive Director by the Board since the last Annual General Meeting with effect from, in the case of Ian Duncan, 10 November 2010 and, in the case of Kate Swann, 1 June 2011. They are now submitting themselves for election by the Company in Annual General Meeting for the first time. The Board believes that, coming from diverse commercial backgrounds, each brings valuable additions to the range of expertise, outlooks and skills available to the Board in its stewardship of the Company as it continues to develop. Their biographical details can be found on page 47 of the Company's Annual Report for the year ended 31 March 2011 (a copy of which is available on the Company's website at [www.babcock.co.uk](http://www.babcock.co.uk)). The Board considers each of Ian Duncan and Kate Swann to be independent.

*Resolution 13:* Sections 439 and 440 of the 2006 Act require that quoted companies lay a Directors' Remuneration Report before the Annual General Meeting for approval by shareholders. This resolution is to approve the Directors' Remuneration report for the financial year ended on 31 March 2011. The Report can be found on pages 64 to 80 of the Annual Report and Accounts for the year ended 31 March 2011.

*Resolution 14:* The Company is required to appoint an auditor to serve for each financial year of the Company. At the Annual General Meeting held on 8 July 2010, PricewaterhouseCoopers LLP was re-appointed as auditor of the Company. Resolution 14 would re-appoint PricewaterhouseCoopers LLP to act as auditor of the Company until the next Annual General Meeting.

*Resolution 15:* This resolution authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the Company's auditor.

*Resolution 16:* The Board has recommended that a dividend of 14.20 pence per ordinary share be declared and paid in respect of the Company's performance in the financial year ended 31 March 2011. If approved at the Annual General Meeting, this would be paid on 9 August 2011 to those shareholders on the Company's register at the close of business on 8 July 2011.

*Resolution 17:* It is the Company's policy not to make political donations or incur political expenditure as those expressions are normally understood. However, certain activities undertaken in the usual course of business may fall within the legal definition of political donation or political expenditure. The authority is sought annually to ensure that all the activities of the Company fully comply with the law.

*Resolution 18:* Under section 551 of the 2006 Act, the Directors may only allot shares or grant rights over shares if authorised to do so by shareholders. Resolution 18 will be proposed as an ordinary resolution to grant a new authority to allot (a) shares up to an aggregate nominal value of £71,806,514, and (b) equity securities up to an aggregate nominal amount (when added to any allotments under part (a) of the resolution) of £143,613,029 where the allotment is in connection with a fully pre-emptive rights issue. These amounts will represent a maximum of 33.3% and a maximum of 66.7% respectively of the total issued ordinary share capital of the Company as at 25 May 2011. This is in accordance with the guidance provided by the Association of British Insurers (the 'ABI') on the Directors' authority to allot, which permits resolutions seeking authority to allot shares representing two-thirds of the Company's issued share capital (up from the previous one-third restriction) provided that the extra authority (that part provided by part (b) of Resolution 18) shall only be used to allot shares pursuant to a fully pre-emptive rights issue. If granted, this authority will expire at the end of the Company's Annual General Meeting in 2012 (or, if earlier, on 30 September 2012). As at the date of the notice of this meeting the Company held no treasury shares.

The Directors have no present intention of exercising the allotment authority sought under Resolution 18 unless (if required) for the allotment of ordinary shares in respect of options and awards under employee share plans. However, if the Directors do exercise the authority, the Directors intend to follow emerging market best practice as regards its use (including continuance of the Company's practice to propose each of the Directors for re-appointment at each annual general meeting) as recommended by the ABI.

*Resolution 19:* The Directors also require additional authority from shareholders to allot shares or grant rights over shares or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings. Resolution 19 will be proposed as a special resolution to grant such authority. Apart from offers or invitations in proportion to the respective number of shares held, the authority will be limited to the issue of shares and sales of treasury shares for cash up to a maximum aggregate nominal value of £10,770,977 (being a maximum of 5% of the Company's issued ordinary share capital as at 25 May 2011). If given, this authority will expire at the Annual General Meeting in 2012 (or, if earlier, on 30 September 2012). The Directors will have due regard to institutional shareholder guidelines in relation to any exercise of this authority, in particular the requirement for advance consultation and explanation before making any such issue which exceeds 7.5% of the Company's issued share capital in any rolling three-year period. With the exception of issues, if necessary, of further shares under the Company's executive or employee share schemes, the Directors do not have any present intention of exercising this authority, but consider it desirable to have the flexibility to use it should opportunities arise.

*Resolution 20:* This will be proposed as a Special Resolution and will renew the general authority for the Company to make market purchases of its own ordinary shares. The renewed authority, in respect of a maximum of 10% of the Company's issued share capital as at 25 May 2011 (being the latest practicable date prior to the publication of this document), would be exercisable with a minimum purchase price of 60 pence per share and a maximum price of not more than 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days preceding the day of purchase. If granted, the authority would expire at the conclusion of the Annual General Meeting of the Company to be held in 2012 or, if earlier, 30 September 2012. Shares purchased under the authority would either be cancelled or held by the Company as treasury shares. The Directors have no present intention of using this power, and would only exercise the power if they were satisfied at any time that it was in the best interests of shareholders generally to do so, and that (except in the case of a purchase of own shares to be held as treasury shares to fulfil obligations under the Company's executive or employee share schemes) any purchase would be likely to result in an increase in earnings per share. The Company has no warrants outstanding and the total number of options to subscribe for equity shares outstanding on 25 May 2011 (being the latest practicable date prior to publication of this Notice) was 140,975 representing 0.04% of issued share capital as at 25 May 2011 (being the latest practicable date prior to the publication of this document). If the full authority to buy back shares were to be used, and the shares cancelled, these outstanding options would represent 0.04% of issued share capital.

*Resolution 21:* This is required to reflect the implementation of the Companies (Shareholders' Rights) Regulations 2009, which increased the minimum notice period for general meetings of the Company to 21 days but provided the Company the option to reduce this period back to 14 days (other than for Annual General Meetings) provided that certain conditions are met. As a result of the resolution which was passed at the 2010 AGM, the Company is currently authorised to call general meetings (other than an Annual General Meeting) on 14 clear days' notice and would like to preserve this authority. Shareholders must have approved the calling of meetings on 14 days' notice at the immediately preceding Annual General Meeting or at a general meeting held since that Annual General Meeting. Resolution 21 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 Company also needs to meet the requirements for electronic voting under the Shareholders' Rights Directive (which it currently does and intends to continue to do so) before it can call a general meeting on 14 days' notice.

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