



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 3 July 2012**. Alternatively, you can vote online at www.babcock-shares.com or, if you are a member of CREST, you can register your vote electronically by using the service provided by Euroclear. Further details are provided in the Important Information for Shareholders section on pages 4 and 5 of this document. 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 2012 Annual General Meeting of the members of Babcock International Group PLC ('the Company') will be held at Grosvenor House Hotel, Park Lane, London W1K 7TN on Thursday 5 July 2012 at 11:00 am to consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 20 to 22 as special resolutions. All other resolutions will be proposed as ordinary resolutions. Voting on all resolutions will be by way of a poll.

Ordinary Resolutions

Report and Accounts

1. To receive and approve the audited financial statements of the Group and the Company for the year ended 31 March 2012, together with the reports of the Directors and Auditors thereon.

Remuneration Report

2. To receive and approve the Directors' Remuneration report for the year ended 31 March 2012.

Final Dividend

3. To declare a final dividend for the year ended 31 March 2012 of 17.0 pence per ordinary share in the capital of the Company.

Directors

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

Amendment to the Company's 2009 Performance Share Plan

14. That the Babcock International Group PLC Performance Share Plan 2009 (the 'PSP') be and is hereby amended as set out in the copy of the rules of the PSP produced to the meeting initialled by the Chairman for the purpose of identification and that the Board (or a duly authorised committee of the Board) be and is hereby authorised to do all acts and things which it considers necessary or desirable to give effect to those amendments.

Introduction of a Deferred Bonus Matching Plan

15. That the Babcock International Group PLC Deferred Bonus Matching Plan 2012 (the 'Plan') as set out in the copy of the rules of the Plan produced to the meeting initialled by the Chairman for the purpose of identification be and is hereby approved and that the Board (or a duly authorised committee of the Board) be and is hereby authorised to do all acts and things which it considers necessary or desirable to give effect to the Plan.

Auditors

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

Political Donations

18. 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 2013 or, if sooner, the conclusion of the Annual General Meeting of the Company in 2013. 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

19. That, in substitution for all such 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 in the capital of 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 £71,830,810 (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 £143,661,620 (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 19) in connection with or pursuant to an offer or invitation by way of a 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 2013) 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**

20. That, in substitution for all such existing powers, and subject to the passing of Resolution 19, 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 19; 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 for cash and the sale of treasury shares for cash:

- i. in connection with or pursuant to an offer of or an invitation to acquire equity securities (but in the case of the authority granted under paragraph (b) of Resolution 19, 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 or sale (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 exclusions, 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 difficulties which may arise under the laws or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and
- ii. in the case of the authority granted under paragraph (a) of Resolution 19 (or in the case of any transfer of treasury shares), and otherwise than pursuant to paragraph (i) of this Resolution 20, up to an aggregate nominal amount of £10,774,621,

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 2013) 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

21. 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 60p 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 35,915,405 shares, representing approximately 10% of the issued share capital of the Company at 25 May 2012 (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 (unless previously renewed, varied or revoked by the Company in general meeting) expire at the end of the Company's next Annual General Meeting (or, if earlier, 30 September 2013); and
- (e) the Company may, before this authority expires, make a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares in pursuance of any such contract as if this authority had not expired.

Notice for General Meetings

22. 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

1 June 2012

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

Important Information for Shareholders

1. An explanation of the resolutions is given in the Explanatory Notes to the Resolutions on pages 6 to 9 of this document.
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 3 July 2012.
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;
 - (b) Executive Directors' service agreements;
 - (c) a copy of the Company's 2009 Performance Share Plan (as amended); and
 - (d) a copy of the proposed 2012 Deferred Bonus Matching Plan.
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 3 July 2012 or, in the event that the meeting is adjourned, on 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 2012 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 359,154,051 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date were 359,154,051.
8. A corporate shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of 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 for the meeting or any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting 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). 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 3 July 2012**. 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/her 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 progress of 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.

Explanatory Notes to the Resolutions

The ordinary resolutions (1 to 19) will be passed if the votes cast for the resolutions are more than those cast against. The resolutions to be proposed as special resolutions (20 to 22) 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 2012.

Resolution 2: 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 2012. The Report can be found on pages 63 to 82 of the Annual Report and Accounts for the year ended 31 March 2012.

Resolution 3: The Board has recommended that a final dividend of 17.0 pence per ordinary share be declared and paid in respect of the Company's performance in the financial year ended 31 March 2012. If approved at the Annual General Meeting, this would be paid on 7 August 2012 to those shareholders on the Company's register at the close of business on 6 July 2012.

Resolutions 4 to 13: Under the UK Corporate Governance Code (the 'Code'), Section B.7.1 states that all directors of FTSE 350 companies should be subject to annual election by shareholders. The Directors follow this provision of the Code. The Directors covered by resolutions 4 to 13 were each appointed or re-appointed as Directors at last year's Annual General Meeting of the Company and are now standing for their 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. Accordingly, the Board unanimously recommends their re-election. Their biographical details are set out on pages 44 and 45 of the Company's Annual Report for the year ended 31 March 2012 (a copy of which is available on the Company's website at www.babcock.co.uk). The Board considers each of the Non-Executive Directors standing for re-election named in resolutions 9 to 13) to be independent.

Resolutions 14 and 15: The Remuneration Committee of the Board (the 'Committee') has reviewed the remuneration packages for the Company's senior executives. As a result of that review and bearing in mind the long-term nature of the Company's business, feedback from shareholders consulted, the current economic situation and investor sentiment, the Committee is proposing to increase the competitiveness of total remuneration through the enhancement of long-term variable pay rather than solely through raising base pay. As part of this enhancement of variable pay, the Committee is recommending an amendment to the Babcock International Group PLC Performance Share Plan 2009 (the 'PSP') and the introduction of the Babcock International Group PLC Deferred Bonus Matching Plan (the 'DBMP').

Resolution 14, if passed, would amend the PSP to increase the maximum annual individual limit on awards from 150 per cent to 200 per cent of base salary. This additional flexibility is designed to enable the Committee to ensure that total remuneration is competitive from year to year. This amendment requires shareholder approval. Currently, the Committee has discretion to grant PSP awards of up to 200 per cent of base salary in exceptional circumstances. If the maximum individual limit is increased from 150 per cent to 200 per cent, this discretion will no longer be necessary and the Committee therefore recommends that it be removed.

Resolution 15, if passed, would approve the introduction of the DBMP. The DBMP will replace the Company's existing deferred bonus plan which is purely a mechanism to defer part of an annual bonus into Babcock ordinary shares. Although the proposed DBMP will still allow the Committee to grant share awards instead of paying out bonuses in cash, the DBMP will also give the Committee the flexibility to make matching share awards. Any matching share awards will be subject to performance conditions.

If approved, it is intended that the DBMP will be used for Executive Directors and other senior employees of Babcock International Group PLC and its subsidiaries.

A summary of the DBMP rules and its main features can be found at Appendix 1 on pages 8 to 10 of this document.

Resolution 16: The Company is required to appoint an auditor to serve for each financial year of the Company. At the Annual General Meeting held on 7 July 2011, PricewaterhouseCoopers LLP was re-appointed as auditor of the Company. Resolution 16 would re-appoint PricewaterhouseCoopers LLP to act as auditor of the Company until the next Annual General Meeting.

Resolution 17: This resolution authorises the Directors, in accordance with standard practice, to negotiate and agree the Remuneration of the Company's auditor.

Resolution 18: 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 19: 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 19 will be proposed as an ordinary resolution to grant a new authority to allot (a) shares up to an aggregate nominal value of £71,830,810, and (b) equity securities up to an aggregate nominal amount (when added to any allotments under part (a) of the resolution) of £143,661,620 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 2012. 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 19) 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 2013 (or, if earlier, on 30 September 2013). 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 19 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 20: 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 20 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 £10,774,621 (being a maximum of 5% of the Company's issued ordinary share capital as at 25 May 2012). If given, this authority will expire at the Annual General Meeting in 2013 (or, if earlier, on 30 September 2013). 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 21: If passed, Resolution 21 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 2012 (being the latest practicable date prior to the publication of this document), would be exercisable with a minimum purchase price of 60p 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 2013 or, if earlier, 30 September 2013. 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 and rights under vested long-term incentive plan awards ('LTIP Awards') to subscribe for equity shares outstanding on 25 May 2012 (being the latest practicable date prior to publication of this Notice) was up to 264,255 representing 0.07% of issued share capital as at 25 May 2012 (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 and LTIP Awards would represent up to 0.08% of issued share capital.

Resolution 22: 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 2011 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 22 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.

The shorter notice period would not be used as a matter of routine for general 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.

Appendix 1 to the Notice of Annual General Meeting

Summary of the principal provisions of the Babcock Deferred Bonus Matching Plan 2012 (referred to in Resolution No. 15)

Introduction

The Babcock International Group PLC Deferred Bonus Matching Plan 2012 (the 'Plan') is not an H.M. Revenue & Customs approved plan. Its main features are summarised below.

Eligibility

The Remuneration Committee (the 'Committee') may select any employee of the Group, including any Executive Director, to participate in the Plan.

Timing of grants

Awards may normally only be granted:

- in the six-week period following the date that the Plan is approved by shareholders at the 2012 AGM; or
- in the six-week period following the announcement of the Company's results for any financial period; or
- at any other times in exceptional circumstances.

No Awards may be granted more than 10 years from the date of the AGM at which the Plan is approved by shareholders.

Form of Awards

Awards may be granted over ordinary shares in Babcock International Group PLC. Awards may be in several forms as determined at the date of grant in light of, for example, regulatory, accounting and tax consequences. These may include:

- options over shares with a nil exercise price;
- conditional awards over the Company's shares which give a participant a conditional right to acquire shares in the future at no cost;
- such other form as has substantially the same economic effect as any of the forms of Award referred to above.

No consideration is payable by the participant to receive an Award. Awards are personal to the participant and may not be transferred except on death. Benefits under the Plan are not pensionable.

Individual limits

The Committee may decide on a percentage of any annual bonus that an eligible employee will receive in the form of an Award under the Plan. This will be a mandatory bonus deferral ('Mandatory Deferral'). In addition, the Committee may (but is not obliged to) invite eligible employees to:

- defer, on a voluntary basis, a greater percentage of any annual bonus so that it is received as an Award under the Plan ('Voluntary Deferral'); and/or
- acquire additional shares using funds from his/her own resources to invest in the Plan ('Investment Shares').

The maximum value of Voluntary Deferral and Investment Shares shall be set by the Committee from time to time but shall not exceed 100% of the participant's basic salary. For 2012, the Committee intends that the Mandatory Deferral will be 40% of any annual bonus earned, and the combined maximum value of Voluntary Deferral and Investment Shares will be 40% of basic salary.

In relation to any Mandatory Deferral, Voluntary Deferral or Investment Shares, the Committee may make a matching award over Shares ('Matching Award'). The maximum Matching Award would be over 2 shares for every 1 share subject to an Award or purchased as Investment Shares.

Overall limits

Where Awards are satisfied by shares, the shares may be shares purchased on the stock market, treasury shares or newly issued shares. The Plan contains the following limits on the issue of new shares:

- the number of unissued shares that may be issued or placed under award in any 10-year period under the Plan and any other executive share plan adopted by the Company may not exceed 5% of the Company's issued ordinary share capital from time to time; and
- the number of unissued shares that may be issued or placed under award in any 10-year period under the Plan and any other employee share plan adopted by the Company may not exceed 10% of the Company's issued ordinary share capital from time to time.

Shares issued out of treasury will count towards these limits for so long as this is required by institutional shareholder guidelines.

Vesting of Awards

In normal circumstances, Awards granted without a Matching Award will vest 2 years from grant and Awards with an associated Matching Award will vest 3 years from grant. A Matching Award will usually vest at the same time as the Award to which it relates but only to the extent that the performance conditions attaching to the Matching Award are satisfied.

The Plan includes 'malus' provisions which provide the Committee with discretion to revoke Awards related to Mandatory Deferral or reduce the vesting of Awards related to Mandatory Deferral if the Committee decides that this is appropriate. For example, Awards may be revoked or reduced where there has been a material restatement of accounts and financial performance is materially worse than shown in the original accounts.

Performance conditions

The vesting of Matching Awards will be subject to the satisfaction of performance conditions.

It is proposed that, for Matching Awards made in 2012, performance will be measured over a 3-year performance period commencing at the beginning of the financial year in which awards are granted.

For 2012 Matching Awards, it is intended that one third of each Matching Award will vest subject to the Company's Earnings Per Share ('EPS') performance, one third will vest subject to the Company's Total Shareholder Return ('TSR') performance and the final third will vest subject to the Company's Return on Capital Employed ('ROCE') as follows:

- of the third of the Matching Award subject to the EPS condition, 100% will vest if the real annual compound growth in EPS is at least 12.5%, 12.5% will vest if the real annual compound growth in EPS is at least 4% and vesting will be on a straight-line basis for performance between these two points;
- of the third of the Matching Award subject to the TSR condition, 100% will vest if the Company's TSR exceeds the median TSR of a comparator group of companies (the FTSE 350 excluding investment trusts and financial services companies) by at least 9%, 12.5% will vest if the Company's TSR is at least equal to the median TSR of the comparator group and vesting will be on a straight-line basis for performance between these two points;
- of the third of the Matching Award subject to the ROCE condition, 100% will vest if the average ROCE of the Company over the performance period is at least 20.5%, 12.5% will vest if the average ROCE is at least 17.5% and vesting will be on a straight-line basis for performance between these two points.

The Committee may set a different condition or conditions for subsequent Matching Awards.

Amendments to performance conditions

Any performance conditions once set by the Committee in relation to an Award, may be altered if events have occurred which cause the Committee to determine that such conditions shall have ceased to be appropriate. In such circumstances the Committee may, in its absolute discretion, waive the performance conditions or replace them with amended performance conditions which will, in the reasonable opinion of the Committee, be not materially more difficult to satisfy than the unaltered performance conditions would have been but for the event in question.

Benefit of dividends

When an Award is exercised, the participant shall be entitled to a cash payment (less income tax and social security) equal to the value of dividends that would have been paid in the vesting period since the date of grant on Award Shares that actually vest. Alternatively, the Committee has discretion to increase the number of Shares subject to an Award by assuming that dividends that would have been paid on those Shares in the vesting period since the date of grant had been invested in additional Shares on the date of payment of the dividend to shareholders.

Cessation of employment

Special provisions apply if a participant's employment ceases before an Award vests.

If a participant dies, an Award vests immediately (in the case of Matching Awards, to the extent that the performance conditions have been met).

If a participant leaves for any of the following reasons, an Award may vest in line with the normal vesting dates of the Award or earlier at the Committee's discretion, subject in the case of the Matching Awards to assessment against performance conditions:

- retirement;
- redundancy;
- disability, injury or ill-health;
- the Company or business for which the participant works being transferred out of the Group.

In the case of Matching Awards if a participant dies or leaves before vesting for any of the reasons listed above, the Award is subject to reduction on a time pro-rated basis but the Committee has discretion to decide not to reduce at all or to reduce by a lesser amount.

If a participant leaves in any other circumstances, Awards lapse in full unless the Committee in its discretion determines otherwise.

Corporate events

In the event of a change in control, reconstruction or winding up of the Company, Awards normally vest early. In the case of Matching Awards, vesting is subject to the satisfaction of performance conditions and, unless the Committee decides otherwise, to time pro rating of Matching Awards. An internal reorganisation does not count as a change of control for these purposes.

Variation of Company's share capital

On any variation of the Company's share capital, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an Award.

Amendments to the Plan

The Committee may amend the Plan at any time in any respect. The rules of the Plan relating to eligibility, limits, the basis for determining a participant's entitlement and variations of the Company's share capital may not be amended to the advantage of existing or future participants without the prior approval of the Company's shareholders in a general meeting. However, the Committee may make any amendments necessary to secure or maintain favourable taxation, exchange control or regulatory treatment for the Company, any of its subsidiaries or any participant and make minor amendments to benefit or facilitate the administration of the Plan without prior shareholder approval.

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