



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 are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

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 12:00 pm on Saturday 19 July 2014**. 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 2014 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 Monday 21 July 2014 at 12:00 pm to consider and, if thought fit, to pass the following resolutions. It is intended to propose Resolutions 21 to 24 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 the audited financial statements of the Group and the Company for the year ended 31 March 2014, together with the Directors' report, the Directors' Remuneration Report, the Auditors' Report on those accounts and on the auditable part of the Directors' Remuneration Report.

Remuneration Report

2. To approve the Directors' Remuneration Policy, which is set out on pages 90 to 97 of the Company's Annual Report for the year ended 31 March 2014.
3. To approve the Directors' Remuneration Report (other than the part containing the Remuneration Policy), which is set out on pages 88 to 116 of the Company's Annual Report for the year ended 31 March 2014.

Final Dividend

4. To declare a final dividend for the year ended 31 March 2014 of 16.4p per ordinary share in the capital of the Company.

Directors

5. To re-elect Mike Turner as a Director of the Company.
6. To re-elect Peter Rogers as a Director of the Company.
7. To re-elect Bill Tame as a Director of the Company.
8. To re-elect Kevin Thomas as a Director of the Company.
9. To re-elect Archie Bethel as a Director of the Company.
10. To re-elect John Davies as a Director of the Company.
11. To re-elect Sir David Omand as a Director of the Company.
12. To re-elect Justin Crookenden as a Director of the Company.
13. To re-elect Ian Duncan as a Director of the Company.
14. To re-elect Kate Swann as a Director of the Company.
15. To re-elect Anna Stewart as a Director of the Company.
16. To elect Jeff Randall as a Director of the Company.

Auditors

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

Political Donations

19. 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 2015 or, if sooner, the conclusion of the Annual General Meeting of the Company in 2015. 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

20. That, in substitution for all such existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised for the purpose of section 551 of the 2006 Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company:

- (a) up to an aggregate nominal amount equal to £100,266,627 (such amount to be reduced by the aggregate nominal amount allotted or granted under Paragraph (b) of this Resolution 20 in excess of £100,266,627); and
- (b) comprising equity securities (as defined in section 560(1) of the 2006 Act) up to an aggregate nominal amount of £200,533,254 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (a) of this Resolution 20) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they 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,

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 2015) 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. References in this Resolution 20 to the nominal amount of rights to subscribe for or to convert any security into shares (including where such rights are referred to as equity securities as defined in section 560(1) of the 2006 Act) are to the nominal amount of shares that may be allotted pursuant to the rights.

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

21. That, in substitution for all such existing powers, and subject to the passing of Resolution 20, the Directors of the Company be and are hereby generally empowered, pursuant to sections 570 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 20; 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:

- (i) to the allotment of equity securities and sale of treasury shares for cash in connection with or pursuant to an offer of, or an invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 20, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only);
- (A) to 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

(B) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such limits, 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) to the allotment of equity securities pursuant to the authority granted by paragraph (a) of Resolution 20 and/or sale of treasury shares for cash (in each case otherwise than in the circumstances set out in paragraph (a) of this Resolution 21), up to an aggregate nominal amount of £15,039,993.60 calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights,

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 2015) 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

22. 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 50,133,313 shares, representing approximately 10% of the issued share capital of the Company at 10 June 2014 (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 the higher of (i) 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; and (ii) an amount equal to the higher of the price of an ordinary share quoted for the last independent trade and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
- (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 2015); 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

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

Amendment of Articles

24. That the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the articles of the Company ('Articles') in substitution for, and to the exclusion of, the existing Articles, with effect from the conclusion of this Annual General Meeting.

By order of the Board.

A N Dungate
Company Secretary

11 June 2014

Registered Office: 33 Wigmores 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 5 to 8 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 Asset Services, at 34 Beckenham Road, Beckenham, Kent BR3 4TU by 12:00 pm on Saturday 19 July 2014.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 ('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; and
 - (c) the Company's existing Articles, together with a copy incorporating the changes proposed in Resolution 24.
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 17 July 2014 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 (excluding any part of a day that is not a working day) 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 10 June 2014 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consisted of 501,333,136 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date were 501,333,136.
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 12:00 pm on Saturday 19 July 2014. 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.babcockinternational.com.

Explanatory Notes to the Resolutions

The ordinary resolutions (1 to 20) will be passed if the votes cast for the resolutions are more than those cast against. The resolutions to be proposed as special resolutions (21 to 24) 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 Auditor's reports and the audited financial statements of the Company to be laid at this Annual General Meeting relate to the financial year ended 31 March 2014.

Resolutions 2 and 3: New requirements came into force on 1 October 2013 in relation to the content and approval of the Directors' Remuneration Report. In accordance with the new requirements, the Directors' Remuneration Report (which is set out on pages 88 to 116 of the Company's Annual Report for the financial year ended 31 March 2014) contains (i) the Annual Remuneration Committee Chairman Statement; (ii) the Remuneration Policy; and (iii) the Annual Report on Remuneration.

Resolution 2 seeks shareholder approval for the Remuneration Policy, which can be found on pages 90 to 97 of the Company's Annual Report for the year ended 31 March 2014. The Remuneration Policy sets out the Company's future policy on Directors' remuneration and is subject to a binding shareholder vote by ordinary resolution at least every three years. If Resolution 2 is approved, the Remuneration Policy will take effect from the end of the Annual General Meeting, with the intention that it will remain in place for three years. If the Company wishes to change the Remuneration Policy within that three year period, it will submit a revised remuneration policy to shareholders for approval. Once the Remuneration Policy is approved, all payments by the Company to current, prospective or former Directors (in their capacity as Directors) will be made in line with the Remuneration Policy or following specific approval by shareholder resolution.

Until the Remuneration Policy takes effect, payments will continue to be made to Directors and former Directors (in their capacity as Directors) in line with existing contractual arrangements until that date.

Resolution 3 is an ordinary resolution which seeks shareholder approval for the Directors' Remuneration Report (other than the part containing the Remuneration Policy), which can be found on pages 88 to 116 of the Company's Annual Report for the year ended 31 March 2014 and gives details of the implementation of the Company's current remuneration policy during the year ended 31 March 2014. The vote upon this Resolution is advisory. The vote is not specific to individual levels of remuneration and the Directors' entitlement to remuneration is not conditional on it.

Resolution 4: The Board has recommended that a final dividend of 16.4p per ordinary share be declared and paid in respect of the Company's performance in the financial year ended 31 March 2014. If approved at the Annual General Meeting, this would be paid on 12 August 2014 to those shareholders on the Company's register at the close of business on 4 July 2014.

Resolutions 5 to 15: 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 re-election by shareholders. The Directors follow this provision of the Code. The Directors covered by Resolutions 5 to 15 were each re-appointed (and in the case of John Davies and Anna Stewart, 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 their role. Accordingly, the Board unanimously recommends their re-election. Their biographical details are set out on pages 72 and 73 of the Annual Report (a copy of which is available on the Company's website at www.babcockinternational.com). The Board considers each of the Non-Executive Directors standing for re-election named in resolutions 11 to 15 to be independent.

Justin Crookenden has confirmed his intention to retire from the Board on 30 November 2014 after nine years on the Board and in accordance with corporate governance best practice for independent Non-Executive Directors.

Resolution 16: Under section B.7.1 of the Code and Article 102 of the Company's existing Articles, all Directors appointed by the Board since the date of the last Annual General Meeting should be subject to election by shareholders at the first Annual General Meeting after their appointment. Accordingly Jeff Randall, appointed to the Board on 1 April 2014, whose biographical details are set out on page 73 of the Annual Report, will be proposed for election by shareholders. The Nominations Committee led the process of identifying and recommending the appointment of Jeff Randall to the Board based on pre-defined criteria of experience, knowledge, skills and independence. This process is outlined in further detail on page 83 of the Annual Report.

The Nominations Committee and the Board unanimously support the election of Jeff Randall, who brings valuable new insight and experience to the Board. The Board considers Jeff Randall to be independent and is satisfied as to his effectiveness in and his commitment to his role as Director.

Resolution 17: The Company is required to appoint an auditor to serve for each financial year of the Company. At the Annual General Meeting held on 11 July 2013, PricewaterhouseCoopers LLP was re-appointed as auditor of the Company. Resolution 17 would re-appoint PricewaterhouseCoopers LLP to act as auditor of the Company until the next Annual General Meeting.

Resolution 18: This resolution authorises the Directors, in accordance with standard practice, to negotiate and agree the Remuneration of the Company's auditor.

Resolution 19: 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 20: 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 20 will be proposed as an ordinary resolution to grant a new authority to allot (a) shares up to an aggregate nominal value of £100,266,627; and (b) equity securities up to an aggregate nominal amount (when added to any allotments under part (a) of Resolution 20) of £200,533,254 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 10 June 2014. 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 20) 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 2015 (or, if earlier, on 30 September 2015). 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 20 unless (if required) for the allotment of ordinary shares in respect of options and awards under employee share plans. However, the Directors consider it desirable to have the flexibility to use it should opportunities arise. 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 21: 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 21 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 £15,039,993.60 (being a maximum of 5% of the Company's issued ordinary share capital as at 10 June 2014). If given, this authority will expire at the Annual General Meeting in 2015 (or, if earlier, on 30 September 2015). 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 22: If passed, Resolution 22 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 10 June 2014 (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 the higher of (i) 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; and (ii) an amount equal to the higher of the price of an ordinary share quoted for the last

independent trade and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out. If granted, the authority would expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or, if earlier, 30 September 2015. 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 under employee share plans to subscribe for equity shares outstanding on 10 June 2014 (being the latest practical date prior to the publication of this Notice) was up to 13,461 representing 0.003% of the issued share capital as at 10 June 2014 (being the latest practical date prior to the publication of this Notice). If the full authority to buy back shares were to be used, and the shares cancelled, these outstanding options would represent up to 0.003% of the issued share capital. Employee share trusts currently hold sufficient shares to satisfy other currently vested share plan awards.

Resolution 23: This is required to reflect section 307A of the 2006 Act, which requires a minimum notice period for general meetings of the Company of 21 clear days, unless the shareholders have approved the calling of meetings (other than Annual General Meetings) on 14 clear days' notice at the immediately preceding Annual General Meeting or at a general meeting held since that Annual General Meeting, and certain other conditions are met. As a result of the resolution which was passed at the 2013 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. Resolution 23 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 clear 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.

Resolution 24: The Company is proposing to make a number of amendments to its Articles aimed at ensuring compliance with Regulation (EC) No. 1008/2008 (the 'Regulation').

The Regulation sets European nationality requirements for undertakings holding operating licences (being licences or permissions which are required to operate air services). The Regulation has become relevant for the Company following its recent acquisition of Avincis as a number of the Avincis group undertakings are required to hold operating licences to operate their principal business.

The Regulation requires that a holder of an operating licence is majority owned and effectively controlled by European Economic Area (which includes for these purposes Switzerland) (EEA) nationals. In the event that the relevant undertaking ceases to be owned and effectively controlled by EEA nationals, this could lead to aviation regulators refusing, withholding, suspending or revoking the relevant operating licence which in turn could have a material adverse effect on the business, financial condition and/or operation of the Company.

Where operating licence holders form part of a listed company group, such as Babcock, the nationality test is applied to the nationality of the listed company's shareholders. This can give rise to certain issues as a result of how certain shares in listed companies are held and managed (for example, through investment managers and nominee arrangements). As a result, although certain assumptions are made in determining the nationality of shareholders, the Company is likely to require further information in order to make an appropriate determination of nationality for the purposes of the Regulation and to provide any necessary information to regulators from time to time.

The Board believes that the Company currently satisfies the relevant nationality requirements of the Regulation. However, as compliance with the Regulation is an on-going requirement, the Board is of the opinion that it would be prudent, in line with other listed companies that are subject to the Regulation, for the Company and the Directors to have certain powers to monitor and, in certain circumstances, actively manage nationality requirements with a view to protecting the value of the group undertakings that currently hold operating licences.

A summary of the principal changes are summarised below:

Obligation to maintain a register of non-EEA shareholders

In order to monitor compliance with the Regulation, the new Articles require the Directors to maintain a register (which is separate from the statutory register of members) containing details of any shares which the Directors have determined or the holders have acknowledged are shares owned by non-EEA nationals for the purposes of the Regulation ('Relevant Shares'). This will allow the Directors to assess, on an on-going basis, whether the number of non-EEA shareholders is such that action may be required (as outlined below) to prevent or remedy a breach of the Regulation.

It will be open to shareholders to make representations to the Directors with a view to demonstrating that shares should not be treated as Relevant Shares.

The Directors will remove from the separate register particulars of shares where they are satisfied that either the share is no longer a Relevant Share or that the nature of the interest in the share is such that the share should not be treated as a Relevant Share.

Disclosure obligations on share ownership

The new Articles provide the Company with the power to, at any time, require a shareholder (or other person with a confirmed or apparent interest in the shares) to provide in writing such information as the Directors determine is necessary or desirable to ascertain such persons nationality and, accordingly, whether details of the relevant shares should be entered in the separate register as Relevant Shares or are capable of being 'Affected Shares' (see below).

If the recipient of a nationality information request from the Company does not respond satisfactorily to the request within the prescribed period (being 21 days from the receipt of the notice), the Company will have the power to suspend the right of such shareholder to attend or speak (whether by proxy or person) at any general or class meeting of the Company or to vote or exercise any other right attaching to the shares in question. Where the shares represent at least 0.25% of the aggregate nominal value of the Company's share capital, the Company may also (subject to certain exceptions) refuse to register the transfer of such shares.

The new Articles also require that a declaration (in a form prescribed by the Directors) relating to the nationality of the transferee is provided to the Directors upon the transfer of any shares in the Company, failing which the Directors may refuse to register such transfer (see further below).

Affected Shares

Power to treat shares as 'Affected Shares'

The new Articles provide the Directors with the power, in certain circumstances, to treat shares as 'Affected Shares'. If the Directors determine that any shares are to be treated as Affected Shares, they will serve an 'Affected Share Notice' on the registered shareholder and any other person that appears to have an interest in those shares. The recipients of an Affected Share Notice will be entitled to make representations to the Directors with a view to demonstrating that such shares should not be treated as Affected Shares. The Directors will also withdraw an Affected Share Notice if they resolve that the circumstances giving rise to the shares being treated as Affected Shares no longer exist.

Consequences of holding or having an interest in Affected Shares

A holder of Affected Shares shall not be entitled, in respect of those shares, to attend or speak (whether by proxy or person) at any general or class meeting of the Company or to vote or to exercise any other right at such meetings and the rights attaching to such shares will vest in the Chairman of the relevant meeting (who may exercise, or refrain from exercising, such rights at his sole discretion).

The Affected Shares Notice may, if the Directors determine, also require that the Affected Shares must be disposed of within 21 days of receiving such notice (or such longer period as the Directors may specify) such that the Affected Shares become owned by a EEA national, failing which the Directors may arrange for the sale of the relevant shares at the best price reasonably obtainable at the time. The net proceeds of any sale of Affected Shares shall be held on trust and paid (together with such rate of interest as the Directors deem appropriate) to the former registered holder upon surrender of the relevant share certificate in respect of the shares.

Circumstances in which the Directors may determine that shares are Affected Shares

The new Articles provide that in the event that the Directors determine that it is necessary to take steps to protect an operating licence of the group as a result of the nationality of its shareholders they may: (i) seek to identify those shares which have given rise to the determination and to deal with such shares as Affected Shares; and/or (ii) specify a maximum number of shares which may be held by non-EEA nationals and then to treat any shares owned by non-EEA nationals in excess of that limit as Affected Shares (the Directors will publish a notice of any specified maximum within 2 business days of resolving to impose such limit).

In deciding which shares are to be dealt with as Affected Shares the Directors shall be entitled to determine which relevant Shares in their sole opinion have directly or indirectly caused the relevant determination. However, so far as practicable, the Directors shall have regard to the chronological order in which the relevant shares have been entered in the separate register.

Right to refuse registration

The new Articles provide the Directors with the power to refuse registration of a share transfer if, in their reasonable opinion, such transfer would result in shares being treated or continuing to be treated as Affected Shares.

The new Articles also provide that the Directors shall not register any person as a holder of any share in the Company unless the Directors receive a declaration of nationality relating to such person and such further information as they may reasonably request with respect to that nationality declaration.

Board quorum

Board meetings of the Company will have to have a majority of EEA nationals attending in order to be quorate.

Change to the deadline for depositing proxy forms

In addition to the changes set out above in relation to the Regulation, the Company is also proposing to change the deadline for depositing proxy forms for use at general meetings from 48 hours before the general meeting to 48 working-day hours before the general meeting, in order to avoid the issues that may arise if the proxy deadline happens to be at the weekend. The 48 working-day hour deadline is permitted by the Companies Act and has been adopted by most FTSE100 companies.