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KIER GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

13 NOVEMBER 2014



KIER GROUP PLC NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (the 'Meeting') of Kier Group plc (the 'Company') will be held at the Andaz Hotel, 40 Liverpool Street, London EC2M 7QN at 12.00 noon on Thursday, 13 November 2014 for the following purposes:

Ordinary business

1. To consider and receive the accounts for the year ended 30 June 2014.
2. To approve the directors' remuneration policy set out on pages 69 to 76 (inclusive) of the annual report and accounts for the year ended 30 June 2014. **See note 1.**
3. To approve the directors' remuneration report set out on pages 67 to 85 (inclusive) of the annual report and accounts for the year ended 30 June 2014 (excluding those pages containing the directors' remuneration policy). **See note 2.**
4. To declare a final dividend of 49.5p per share in respect of the year ended 30 June 2014. **See note 3.**
5. To elect Mrs A K Bashforth as a director of the Company. **See note 4.**
6. To re-elect Mr R C Bailey as a director of the Company. **See note 5.**
7. To re-elect Mr S Bowcott as a director of the Company. **See note 5.**
8. To re-elect Mrs A J Mellor as a director of the Company. **See note 5.**
9. To re-elect Mr H J Mursell as a director of the Company. **See note 5.**
10. To re-elect Mr P M White as a director of the Company. **See note 5.**
11. To re-elect Mr N P Winser as a director of the Company. **See note 5.**
12. To appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid before the Company. **See note 6.**
13. To authorise the directors to agree the remuneration of the auditor.
14. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, pursuant to and in accordance with section 551 of the Companies Act 2006 (the '2006 Act'), the directors be and are generally and unconditionally authorised to use all powers of the Company:

- a. to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £184,664; and
- b. to allot equity securities (within the meaning of section 560(1) of the 2006 Act) in connection with an offer by way of a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders in proportion (as nearly as may be practicable) to their respective holdings of ordinary shares up to an aggregate nominal amount of £369,328, after deducting from such amount the nominal amount of any shares or Rights allotted under paragraph (a) of this Resolution 14,

provided that this authority shall expire on the date of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors may allot shares and grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution 14 has expired.

This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act. **See note 7.**

15. To consider and, if thought fit, to pass the following resolution as a special resolution:

That, subject to the passing of Resolution 14, pursuant to and in accordance with section 570 of the Companies Act 2006 (the '2006 Act'), the directors be and are generally empowered to allot equity securities (as defined in section 560(1) of the 2006 Act) wholly for cash pursuant to the authority conferred by Resolution 14, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- a. in connection with an offer of such securities by way of rights issue, open offer or other pre-emptive offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical issues under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- b. otherwise than pursuant to paragraph (a) of this Resolution 15, up to an aggregate nominal amount of £27,700,

provided that this authority shall expire on the date of the next annual general meeting of the Company (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution 15 has expired. **See note 8.**

Special business

16. To consider and, if thought fit, to pass the following resolution as a special resolution:

That, as permitted by section 307A of the Companies Act 2006, a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice, provided that the authority granted pursuant to this Resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution 16. **See note 9.**

By order of the Board

H E E Raven
Company Secretary
Kier Group plc

10 October 2014

Registered office:
Tempsford Hall
Sandy
Bedfordshire
SG19 2BD

Registered number: 2708030
www.kier.co.uk

Notes Relating to Resolutions:

1. **Resolution 2 – directors' remuneration policy:** the directors' remuneration policy is set out on pages 69 to 76 (inclusive) of the report and accounts and provides details of the Company's remuneration framework. No remuneration will be paid or payment for loss of office made to former, current or prospective directors unless permitted by this policy. The vote on this resolution is binding.
2. **Resolution 3 – directors' remuneration report:** the directors' remuneration report is set out on pages 67 to 85 (inclusive) of the report and accounts and provides details of the remuneration received by each of the directors for the year ended 30 June 2014. This resolution does not relate to the directors' remuneration policy set out on pages 69 to 76 (inclusive) of the report and accounts: please see note 1 relating to resolution 2. The vote on this resolution is advisory.
3. **Resolution 4 – declaration of final dividend:** if approved, the final dividend of 49.5p per share will be paid on 28 November 2014 to shareholders on the register of members at the close of business on 26 September 2014.
4. **Resolution 5 – election of Mrs A K Bashforth as a director:** Mrs Bashforth was appointed to the board of directors of the Company (the 'Board') with effect from 1 September 2014. Under the Company's Articles of Association, Mrs Bashforth holds office until the annual general meeting following her appointment and, accordingly, Mrs Bashforth is required to be elected as a director of the Company at the Meeting. Biographical information on Mrs Bashforth is set out on page 54 of the report and accounts. Further information relating to the appointment of Mrs Bashforth is set out in the Nomination Committee report on pages 60 and 61 of the report and accounts. The Board believes that Mrs Bashforth brings a range of skills and experience that complements those of the existing Board and, accordingly, Mrs Bashforth should be elected as a director.
5. **Resolutions 6 to 11 (inclusive) – re-election of directors:** biographical information on all of the directors is set out on pages 54 and 55 of the report and accounts.

The Board considers that each non-executive director who is proposed for re-election has appropriate and relevant skills, experience, independence and knowledge of the Company to enable him or her to discharge the duties and responsibilities of a director effectively. Following a formal performance evaluation, the chairman of the Board considers that the performance of each of the non-executive directors continues to be effective and that each such individual continues to demonstrate appropriate commitment to the role.

As at the date of this notice, the appointment of the new finance director, Beverley Dew, has not become effective. A resolution to appoint Mr. Dew as a director will be proposed at the 2015 annual general meeting.

6. **Resolution 12 – appointment of PricewaterhouseCoopers LLP as auditor:** KPMG has audited the Company's financial statements for over ten years and the Board decided that it would therefore be appropriate to propose that a new external auditor is appointed for the year ending 30 June 2015. Accordingly, during the year a thorough tender process was conducted to identify the new audit firm. At the end of this process, the Risk Management and Audit Committee and the Board recommended that PricewaterhouseCoopers LLP be appointed as the Company's auditor. PricewaterhouseCoopers LLP is a registered auditor with the Institute of Chartered Accountants in England and Wales.
7. **Resolution 14 – directors' authority to allot new shares:** section 549 of the 2006 Act prevents directors from allotting unissued securities without the authority of shareholders (granted in accordance with section 551 of the 2006 Act). Paragraph (a) of this resolution will, if approved, give the directors a general authority to allot additional share capital, within certain constraints. It will permit the directors to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum aggregate nominal amount of £184,664 representing approximately one-third of the total issued ordinary share capital of the Company as at 9 October 2014, the latest practicable date before publication of this notice.

In line with guidance issued by the Association of British Insurers, paragraph (b) of this resolution will, if approved, give the directors additional authority in the case of a rights issue to allot ordinary shares in favour of ordinary shareholders up to an aggregate nominal amount of £369,328, less the nominal amount of any shares or Rights issued under paragraph (a) of this resolution. This amount (before

any such reduction) is approximately two-thirds of the total issued ordinary share capital of the Company as at 9 October 2014, the latest practicable date before publication of this notice.

The directors have no present plans to allot shares, other than in connection with employee share schemes and the scrip dividend alternative. It is the Company's policy to seek renewal of these authorities annually. If the additional authority in paragraph (b) of this resolution is used, the directors intend to follow the Association of British Insurers' recommendation that all of the directors will stand for re-election at the next annual general meeting. The Company does not hold any of its equity securities in treasury.

- 8. Resolution 15 – disapplication of pre-emption rights:** section 561(1) of the 2006 Act provides that 'equity securities' (including shares) must not normally be issued for cash without first offering them to existing shareholders in proportion to their existing shareholdings at the time of the offer.

Paragraph (a) of this resolution will, if approved, enable the directors to overcome certain practical difficulties that could arise in the context of a pre-emptive offering where it is in the interests of the Company for the directors to issue shares otherwise than strictly in compliance with those requirements.

Paragraph (b) of this resolution will, if approved, provide the directors with an authority consistent with section 570 of the 2006 Act to disapply section 561(1) of the 2006 Act and, therefore, a limited authority to issue equity securities for cash without first offering them to existing shareholders. Paragraph (b) of this resolution is in line with the guidelines of the Association of British Insurers and, if approved, will enable the directors to allot equity securities for cash up to a maximum aggregate nominal amount of £27,700, representing approximately 5 per cent. of the existing issued ordinary share capital of the Company as at 9 October 2014, the latest practicable date before publication of this notice.

It is the Company's policy to seek renewal of these authorities annually. The directors currently have no intention to allot shares other than in connection with employee share schemes and the scrip dividend alternative. Over the last ten years, the Company has issued between approximately 0.29 per cent. and approximately 2.56 per cent. per annum of its issued share capital under this authority, and a maximum of approximately 6.6 per cent. in any three-year rolling period, in respect of the employee share schemes and the scrip dividend alternative. This is in line with the Pre-Emption Group Statement of Principles, which state that companies should not issue more than 7.5 per cent. of their total issued share capital on a non-pre-emptive basis over a three-year rolling period without prior consultation with its shareholders.

- 9. Resolution 16 – notice of general meetings:** under the 2006 Act, the notice period required for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days, and the Company offers a facility for shareholders to vote by electronic means. Annual general meetings will continue to be held on at least 21 clear days' notice.

The Company would like to be able to call general meetings other than an annual general meeting on 14 clear days' notice and this resolution seeks the approval of shareholders to do so. If granted, the approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. Electronic voting is provided by the Company via the Investor Relations area of its website.

Recommendation

The directors believe that all the resolutions to be proposed at the Meeting are in the best interests of its shareholders as a whole and unanimously recommend that all shareholders vote in favour of such resolutions, as they themselves intend to do in respect of their aggregate holding of ordinary shares in the capital of the Company (amounting to approximately 0.08 per cent. of the issued share capital of the Company as at 9 October 2014, the latest practicable date before publication of this notice).

General Notes:

1. At the Meeting, votes will be taken by poll rather than on a show of hands. All votes cast at the meeting will be added to those that were validly lodged with the registrars prior to the Meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company at 6.00 p.m. on Tuesday, 11 November 2014 will be entitled to attend and vote at the Meeting in respect of the shares registered in their name at that time or, if the Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
3. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote on its behalf, provided that each proxy is appointed in respect of a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Appointing a proxy does not prevent a shareholder from attending and voting at the Meeting. If a shareholder appoints a proxy but attends the Meeting in person, the proxy appointment will be automatically terminated. If a share is held by joint shareholders, and more than one of the joint holders votes (including by way of proxy), the only vote that will count is the vote of the person whose name is listed as the first of the joint holders in the Company's register of members.
4. In order to be valid, a completed and signed form of proxy must be lodged with the Company's Registrars, Capita Asset Services, at the address set out on the enclosed proxy form, by no later than 12.00 noon on Tuesday, 11 November 2014 (ignoring any part of a day that is not a working day), or not less than 48 hours before the time appointed for holding any adjourned meeting, along with any power of attorney under or pursuant to which the proxy is appointed by using the enclosed pre-paid envelope which is addressed to Capita at PXS1. A form of proxy will be sent to shareholders. The form can be lodged by post, electronically or, for CREST members, via the CREST electronic proxy appointment service
5. Any corporate shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its power as a member provided that they do not do so in relation to the same shares.
6. Shareholders may submit their proxy vote electronically via www.kier.co.uk/vote. Enter 'Kier Group plc' into the search box and click search. Click on the Company's name to be taken to the login page. From there, shareholders can log into their Capita share portal account or register for the Capita share portal. To register, follow the on-screen instructions.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between it and the shareholder by whom it was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment or does not exercise it, it may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in note 3 above does not extend to Nominated Persons.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment thereof by using the procedures described in the CREST manual. The CREST manual can be found at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specification and must contain the information required for such instructions, as described in the CREST manual. All messages regarding the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Capita Asset Services (ID RA10) by no later than 12.00 noon on Tuesday, 11 November 2014. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make

available special procedures in CREST for any particular messages. Normal system timings and limitations will apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

9. In the case of joint shareholders, where more than one of the joint shareholders purports to appoint a proxy, only the appointment submitted by the most senior shareholder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members, the first-named being the most senior.
10. Shareholders may change their proxy instructions by submitting a new proxy appointment using the methods set out or referred to above. The cut-off times for receipt of proxy appointments set out above also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where a shareholder has appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, it should contact the Company's Registrars, Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

If more than one valid proxy appointment is submitted, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. In order to revoke a proxy instruction, a shareholder will need to inform the Company by sending a signed hard copy notice clearly stating its intention to revoke its proxy appointment to the Company's Registrars, Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by no later than 12.00 noon on Tuesday, 11 November 2014. If a shareholder attempts to revoke its proxy appointment but the revocation is received after the time specified then the original proxy appointment will remain valid.

Termination of proxy appointments made through CREST must be made in accordance with the procedures described in the CREST manual.

12. CREST members and, where applicable, their CREST sponsors or voting service providers, are directed to those sections of the CREST manual concerning the practical limitations of the CREST systems and timings. 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. As at 9 October 2014 (the latest practicable date before publication of this notice), the total number of ordinary shares of 1p in the capital of the Company in issue was 55,399,167 shares, with each share carrying the right to one vote. The total number of voting rights in the Company as at such date was therefore 55,399,167. There are no shares held in treasury.
14. Copies of the following documents are available for inspection at the Company's registered office during normal business hours on any weekday (public holidays excluded) from the date of this notice until the close of the Meeting and at the place of the Meeting from at least 15 minutes prior to and until the conclusion of the Meeting:
 - a. the service contracts of the executive directors of the Company;
 - b. the letters of appointment of the non-executive directors of the Company; and
 - c. this document.
15. From the date of this notice and for the next two years the following information will be available on the Company's website (www.kier.co.uk) and can be accessed via the Investor Relations section of such website:

- a. the matters set out in this notice;
- b. the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the Meeting; and
- c. the total of the voting rights that members are entitled to exercise at the Meeting.

Any members' statements, members' resolutions and members' matters of business received by the Company after the date of this notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for the following two years.

- 16.** Pursuant to section 319A of the 2006 Act, any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting, but no such answer need be given: (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information or (ii) if the answer has already been given on a website in the form of an answer to a question or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- 17.** Pursuant to Chapter 5 of Part 16 of the 2006 Act, where requested by either a member or members meeting the threshold requirements set out in section 527 of that Chapter 5, the Company must publish on its website a statement setting out any matter that such member or members propose(s) to raise at the Meeting relating to 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 Meeting.

Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request. It must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the Meeting.

- 18.** A member may not use any electronic address provided either in this notice or in any related documents to communicate with the Company for any purpose other than those expressly stated in this notice or in such other related documents.
- 19.** Persons who are not shareholders of the Company will not be admitted to the Meeting unless prior arrangements are made with the Company.