

This document is important and requires your immediate attention.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

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



Costain Group PLC

(incorporated and registered in England and Wales under No. 01393773)

Notice of Annual General Meeting and Explanatory Notes to Shareholders

Your attention is drawn to the letter from the Chairman of the Company which is set out on page 3 of this document and which recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting. Notice of the Annual General Meeting of the Company, to be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED on Wednesday 06 May 2015 at 10.30am, is set out on pages 4 to 5 of this document.

If you are unable to attend the Annual General Meeting, please complete and submit the form of proxy enclosed with this document in accordance with the instructions printed on the proxy form. Completion and return of a proxy form will not preclude shareholders from attending and voting at the Annual General Meeting should they choose to do so. The proxy form must be received by the Company's registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 10.30am on Friday 01 May 2015. Further instructions relating to the proxy form are set out on page 6 of this document.

Registered Office
Costain House
Vanwall Business Park
Maidenhead
Berkshire
SL6 4UB

20 March 2015

Notice of Annual General Meeting

Dear Shareholder,

I am pleased to be writing to you with details of our Annual General Meeting ('AGM') which we are holding at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED on Wednesday 06 May 2015 at 10.30am.

This Notice of AGM can be found on the Company's website at www.costain.com.

Resolutions

The resolutions that will be put to shareholders are set out in the formal Notice of the AGM which is set out on pages 4 to 5 of this document. Explanatory notes to the Notice of the AGM are set out on pages 9 to 10 of this document.

Annual Report and Accounts

Those shareholders who have elected to receive paper copies of shareholder information will receive a copy of the Annual Report and Accounts for 2014 under cover of this letter. For those shareholders who have elected to receive shareholder information electronically via the Company's website, the Annual Report and Accounts for 2014 is now available for viewing and downloading online from the Company's website at www.costain.com. The majority of our shareholders have now taken the opportunity to receive shareholder information electronically and, for those shareholders receiving paper copies, may I draw your attention to the enclosed notification concerning receipt of future shareholder information from the Company, regarding which I encourage all shareholders to receive publications, such as the Annual Report and Accounts, in electronic form.

Action to be Taken

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

Please complete and return the form of proxy in accordance with the instructions on the form in order that it may be received by the Company's registrars, Equiniti, as soon as possible and, in any event, no later than 10.30am on Friday 01 May 2015. The completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting should you so wish.

Recommendation

The Board of Directors of the Company (the 'Board') considers that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them in respect of their own shareholdings and unanimously recommends that you do so as well.

Yours faithfully,



David Allvey
Chairman

Costain Group PLC (the 'Company')

NOTICE OF ANNUAL GENERAL MEETING

This year's AGM will be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED on Wednesday 06 May 2015 at 10.30am. You will be asked to consider and pass the resolutions listed below. Resolution 10 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

Ordinary Resolutions

Annual Report and Accounts

1. To receive and adopt the Company's Annual Report and Accounts for the financial year ended 31 December 2014, together with the reports of the Directors and auditors.

Directors' Remuneration Report

2. To approve the Directors' Remuneration Report (other than the part summarising the Company's Policy on Directors' remuneration), which may be found on pages 59 to 74 of the Company's Annual Report and Accounts for the financial year ended 31 December 2014.

Final Dividend

3. To authorise the payment of a final dividend on the ordinary shares of 6.25 pence per ordinary share for the financial year ended 31 December 2014 on 22 May 2015 to shareholders on the register at the close of business on 17 April 2015.

Re-election of Directors

4. **To re-elect Mr Andrew Wyllie, who retires by rotation, as a Director of the Company.**

The biographical details for Andrew Wyllie are as follows:

Skills & Experience: Andrew Wyllie was appointed Chief Executive in September 2005. He was previously Managing Director of Taylor Woodrow Construction Ltd (2001 to 2005) and a member of the Taylor Woodrow plc Executive Committee. Andrew joined Taylor Woodrow in 1984 and worked on major contracts in Africa, the Middle East, the Far East and the UK.

External Appointments: Non-Executive Director of Scottish Water.

5. **To re-elect Mr David Allvey, who retires by rotation, as a Director of the Company.**

The biographical details for David Allvey are as follows:

Skills & Experience: David Allvey was appointed Chairman in January 2008 prior to which he was Chairman of the Audit Committee. With a career that started in civil engineering and subsequently as a Chartered Accountant, his previous roles include Group Finance Director for BAT Industries plc, Barclays Bank plc and Chief Operating Officer for Zurich Financial Services, member of the UK Accounting Standards Board, member of the International Accounting Standards Insurance Group, Non-Executive Director of Thomas Cook plc (2007 to 2012), Senior Non-Executive Director of Intertek Group plc (2002 to 2011), Senior Non-Executive Director of William Hill plc (2002 to 2011), Senior Independent Director of Friends Life FPG Ltd (formerly Friends Provident Group plc) (2009 to 2011) and Chairman of Arena Coventry Ltd (2006 to 2012).

External Appointments: Senior Independent Director of Friends Life Group plc, Non-Executive Director of Clydesdale Bank plc and National Australia Group Europe Ltd.

6. **To re-elect Mr David McManus, appointed by the Board since the last AGM, as a Director of the Company.**

The biographical details for David McManus are as follows:

Skills & Experience: David McManus was appointed as a Non-Executive Director with effect from 12 May 2014. David began his career with the Fluor Corporation (1975 to 1980) after graduating in civil engineering and went on to hold a number of executive positions in Shell UK (1980 to 1989), LASMO plc (1989 to 1994), Atlantic Richfield Company (ARCO) (1994 to 2000), BG Group (2000 to 2004) and as Executive Vice President, International Operations of Pioneer Natural Resources (2004 to 2012). David was formerly a Non-Executive Director of Cape plc (2004 to 2012), serving as Chairman from 2006 to 2008.

External Appointments: Non-Executive Director at the Hess Corporation, FlexLNG, Rockhopper Exploration plc and Caza Oil & Gas Inc.

Reappointment of Auditors and Auditors' Remuneration

7. To reappoint KPMG LLP as auditors of the Company until the conclusion of the next AGM of the Company.
8. To authorise the Directors to determine the auditors' remuneration.

Renewal of the Powers of the Board to Allot Shares

9. To resolve that the Directors be and are hereby authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006) up to a nominal amount of £16,867,991 and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter.

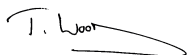
The authorities conferred on the Directors to allot securities under this resolution will expire on the date of the AGM of the Company to be held in 2016 or on 06 August 2016, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

Notice Periods for General Meetings (other than Annual General Meetings)

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

By order of the Board



.....
Tracey Wood

Company Secretary
20 March 2015

Registered Office:

Costain House
Vanwall Business Park
Maidenhead
Berkshire
SL6 4UB

Registered in England
and Wales No. 01393773

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend, to speak and to vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM 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. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Equiniti, on 0871 384 2250 (overseas callers should call +44 121 415 7047). Calls to this number cost 8 pence per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday, excluding UK bank holidays. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. In order to be valid, a completed proxy form or other instrument appointing a proxy must be returned to Equiniti by one of the following methods:
 - (i) in hard copy form by post or (during normal business hours only) by hand to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
 - (ii) in electronic form (a) by logging onto the website www.sharevote.co.uk and entering your Voting ID, Task ID and Shareholder Reference Number shown on your form of proxy, or (b) if you have already registered with Equiniti's online portfolio service, Shareview, by submitting your form of proxy at www.shareview.co.uk. Full instructions are given on both websites;
 - (iii) in the case of CREST members, by utilising the CREST electronic proxy appointment service (as described in note 12 below), and in each case must be received by Equiniti no later than 10.30am on Friday 01 May 2015. Please note that any electronic communication that is found to contain a computer virus will not be accepted. If two or more valid but differing proxy appointments are received in respect of the same share for use at the AGM, the one which is last received (regardless of its date or the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.
3. The return of a completed proxy form or other instrument (whether in hard copy form, electronically or by utilising the CREST electronic proxy service), will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
5. If a member appoints more than one proxy and the proxy forms appointing those proxies would give those proxies the apparent right to exercise votes on behalf of the member at the AGM over more shares than are held by the member, each of those proxy forms will be invalid and none of the proxies so appointed will be entitled to attend, speak or vote at the AGM.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. 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.
9. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investment in the Company.
10. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 01 May 2014 (or, in the event of any adjournment, by 6.00pm on the day which is two working days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
11. As at 19 March 2015 (being the last business day prior to the publication of this Notice), the Company's issued share capital consists of 101,208,138 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 March 2015 are 101,208,138. The Company does not hold any shares in Treasury.

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
13. 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 Ltd's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 10.30am on Friday 01 May 2015. 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.
14. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Ltd does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
15. 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.
16. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder 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 in respect of the joint holding (the first-named being the most senior).
17. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
18. Members have the right, under section 338 of the Companies Act 2006, to require the Company to give its members notice of a resolution which the members wish to be moved, and which may be properly moved, at an AGM of the Company. Additionally, members have the right under section 338A of the Companies Act 2006 to require the Company to include a matter which may be properly included (other than a proposed resolution) in the business to be dealt with at the AGM. A resolution may be properly moved or a matter may be properly included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by way of inconsistency with any enactment of the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. The Company is required to give such notice of a resolution or include such matter once it has received requests from members representing at least 5% of the total voting rights of all the members who have a right to vote at the AGM or from at least 100 members with the same right to vote who hold shares in the Company on which there has been paid up an average sum per shareholder of at least £100. This request must be received by the Company not later than six weeks before the AGM (or, if later, the time at which notice is given of the AGM). Such a request may be in hard copy form or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
19. Any member or duly appointed 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:
 - (i) to do so would interfere unduly with the preparation for the meeting; or
 - (ii) to do so would involve the disclosure of confidential information; or
 - (iii) the answer has already been given on a website in the form of an answer to a question; or
 - (iv) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
20. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.costain.com.

21. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
- (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or
 - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

22. Except as provided above, members who have general queries about the AGM should use the following means of communication (no other methods of communication will be accepted):

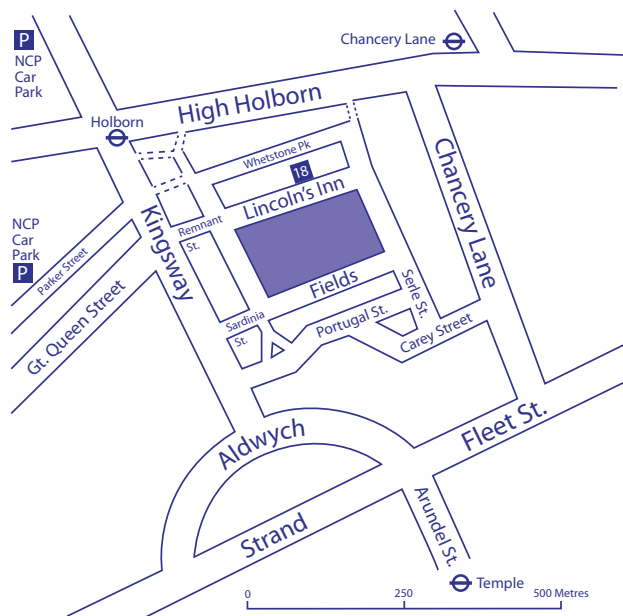
- By contacting the Company's registrars Equiniti in writing addressed to Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning their shareholder helpline on 0871 384 2250 (overseas callers should use +44 121 415 7047). Calls to this number cost 8 pence per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday, excluding UK bank holidays.
- By contacting the Company Secretary in writing addressed to Costain House, Vanwall Business Park, Maidenhead, Berkshire SL6 4UB or by telephoning 01628 842444 or by emailing info@costain.com.

Please note that shareholders may not use any electronic address provided in either this document or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

23. The following documents will be available for inspection at the registered office of the Company, Costain House, Vanwall Business Park, Maidenhead, Berkshire SL6 4UB, from the date of this Notice during normal business hours, until the time of the AGM and at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED from 15 minutes before the AGM until the end of the AGM:

- copies of the Executive Directors' service contracts; and
- copies of the letters of appointment of the Non-Executive Directors.

24. The location of The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED is indicated on the map below:



EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

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

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

Resolution 1: Annual Reports and Accounts

The Annual Report and Accounts for the year ended 31 December 2014 are available on the Company's website at www.costain.com and have been sent to those shareholders who have elected to receive a hard copy.

Resolution 2: Directors' Remuneration Report

Resolution 2 concerns the approval of the Annual Report on Remuneration of the Directors, together with the Chairman's Summary Statement, contained within the Directors' Remuneration Report of the 2014 Annual Report and Accounts. The Company is required to seek shareholders' approval in respect of the contents of this Report and Statement on an annual basis and the vote is an advisory one.

You can find the Directors' Remuneration Report on pages 59 to 74 of the 2014 Annual Report and Accounts.

For your information, the Company is separately required to present the Company's Policy on the remuneration of its Directors to shareholders for approval at least every three years and such vote is binding on the Company. The Policy was approved by shareholders at the 2014 AGM and applies until replaced by a new or amended policy and a summary can be found on pages 61 to 63 of the Directors' Remuneration Report in the 2014 Annual Report and Accounts. In line with market practice, it is the intention of the Company not to seek approval of a new policy within three years of the current Policy's approval. Following approval of the Policy at the 2014 AGM, the Company is not able to make remuneration payments to a Director, or loss of office payments to a current or past Director, unless the payment is consistent with the approved Policy or has been otherwise approved by shareholders.

Resolution 3: Payment of final dividend

If resolution 3 is approved by shareholders, the final dividend for the year ended 31 December 2014 will be paid on 22 May 2015 to shareholders whose names are on the Company's Register of Members at close of business on 17 April 2015.

Resolution 4: Re-election of Mr Andrew Wyllie as a Director

Andrew Wyllie was first elected to the Board in April 2005. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, Andrew Wyllie is required to stand for re-election at the 2015 AGM, having held office at the time of the two preceding AGMs and not having retired at either of them. Further information about Andrew Wyllie is given on page 46 of the 2014 Annual Report and Accounts and on page 4 of this document.

Resolution 5: Re-election of Mr David Allvey as a Director

David Allvey was first elected to the Board in November 2001 and became Chairman in January 2008. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, David Allvey is required to stand for re-election at each AGM, having served on the Board for more than nine years. Further information about David Allvey is given on page 46 of our 2014 Annual Report and Accounts and on page 4 of this document.

Resolution 6: Re-election of Mr David McManus as a Director

David McManus was elected to the Board in May 2014. In accordance with the Company's Articles of Association and the UK Corporate Governance Code, David McManus is required to stand for re-election at the 2015 AGM, having been appointed by the Board since the last AGM. Further information about David McManus is given on page 47 of our 2014 Annual Report and Accounts and on page 4 of this document.

Resolution 7: Reappointment of Auditors

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

Resolution 8: Auditors' Remuneration

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

Resolution 9: Renewal of the Powers of the Board to Allot Shares

The Investment Association permits companies to propose a resolution at their AGM seeking a general authority to allot new shares up to one-third of the existing issued ordinary share capital of the Company. This resolution will give the Directors authority to allot up to 33,735,983 shares in the Company (being approximately 33.33% of the Company's existing share capital as at 19 March 2015, being the latest practicable date prior to the date of this document) in addition to all existing authorities. There are no current plans to allot new shares pursuant to this authority other than to fulfil the Company's obligations under its executive and employee share plans, together with the issue of shares under the Company's scrip dividend scheme.

Resolution 10: Notice Periods for General Meetings

This resolution renews the authority that was given at the Company's last AGM. The notice period required by the Companies Act 2006 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. AGMs must always be held on at least 21 clear days' notice. At the Company's last AGM, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice, and it is proposed that this authority be renewed. The authority granted by resolution 10, if passed, will be effective until the Company's next AGM when it is intended that a similar resolution will be proposed. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.