

26 March 2013

**Recommended all-share merger
of Costain Group PLC and May Gurney Integrated Services plc**

Highlights

- The Boards of Costain Group PLC ('Costain') and May Gurney Integrated Services plc ('May Gurney') are pleased to announce that they have reached agreement on the terms of a recommended all-share merger of Costain and May Gurney, which is to be implemented by way of a scheme of arrangement of May Gurney pursuant to which Costain will acquire the entire issued and to be issued ordinary share capital of May Gurney.
- Upon the Merger becoming effective, Costain, whose shares will continue to have a premium listing and to be traded on the London Stock Exchange's Main Market for listed securities, will be renamed 'Costain May Gurney PLC'.
- Each May Gurney Shareholder will receive 0.8275 New Costain Shares for every Scheme Share held, resulting in Costain Shareholders holding approximately 53% and May Gurney Shareholders holding approximately 47% of the issued share capital of Costain at the time the Merger becomes effective.
- The Merger will bring together two businesses with complementary service offerings to create one of the UK's leading integrated services providers to the rail, highways, water, waste, airports, hydrocarbons, power, nuclear, local government and fleet management sectors.
- The Boards of Costain and May Gurney believe that the Combined Group will have:
 - a focus on delivering innovative and cost-effective solutions to address essential national needs in the sectors in which Costain and May Gurney operate;
 - a larger addressable market, with a combined client base across the private sector, central and local government and regulated industries;
 - an enhanced range of capabilities to meet customers' changing demands;
 - the ability to benefit from the respective strengths of the Costain and May Gurney brands, which will continue to be used as required by customers;
 - greater financial strength and scale, increasing the opportunity to bid for larger, more complex and multi-disciplinary contracts;
 - the opportunity to leverage the best talent of the Costain Group and the May Gurney Group;
 - significant earnings visibility underpinned by long term contracts and a combined order book of approximately £3.9 billion; and
 - combined revenues of approximately £1.6 billion per annum.
- Based on its preliminary analysis, the Board of Costain believes that the Combined Group should be able to achieve recurring annual pre-tax cost synergies of approximately £10 million as a result of the Merger, primarily through savings stemming from the consolidation of corporate functions and shared services, with approximately £7.5 million expected to be

realised in the financial year ending 31 December 2014 and the full £10 million in the financial year ending 31 December 2015.

- Post synergies, the Costain Directors expect the Merger to be double digit earnings enhancing¹ for Costain for the financial year ending 31 December 2014.²
- The Combined Group will have a proven management team led by the current Costain CEO, Andrew Wyllie, as the Combined Group CEO and the current Costain Finance Director, Tony Bickerstaff, as the Combined Group Finance Director.
- David Allvey will be the Chairman of the Combined Group and Baroness Margaret Ford will be the Deputy Chairman. Following the Merger becoming effective, the Board of Costain will include all of the current Non-executive Directors of Costain and May Gurney, and Ishbel Macpherson, currently the Senior Independent Director of May Gurney, will be the Senior Independent Director of the Combined Group.
- The Combined Group's headquarters and registered office will be located at Costain's office in Maidenhead. May Gurney's office in Trowse in Norfolk will be retained as a shared services centre and the operational office for the Combined Group's hub in East Anglia.
- May Gurney intends to declare a second interim dividend of 5.6 pence per May Gurney Share in lieu of a final dividend for the year ending 31 March 2013. This dividend, which will be conditional upon the Merger becoming effective, will be paid after the Effective Date to May Gurney Shareholders on the register of members at the Scheme Record Time.
- On 6 March 2013 the Board of Costain announced that it was recommending, subject to Costain Shareholder approval, a final dividend of 7.25 pence per Costain Share in respect of the financial year ended 31 December 2012. If approved, the final dividend will be paid on 24 May 2013 to Costain Shareholders on the register of members as at the close of business on 19 April 2013. The New Costain Shares to be issued pursuant to the Merger will not carry any entitlement to the Costain final dividend in respect of the financial year ended 31 December 2012.
- The Merger is conditional on, amongst other things, the approval of Costain Shareholders and May Gurney Shareholders.
- Costain has received:
 - irrevocable undertakings from the May Gurney Directors who hold May Gurney Shares and from David and Wendy Sterry (acting as trustees of various trusts), Artemis

¹ Before amortisation of acquired intangibles, employment-related deferred consideration and integration costs.

² Neither this statement nor the statements in the preceding paragraph relating to cost synergies are intended as profit forecasts. They should not be interpreted to mean that earnings per Costain Share or May Gurney Share for the current or future financial years would necessarily match or exceed the historical published earnings per Costain Share or May Gurney Share.

Investment Management LLP, Polar Capital LLP, Invesco Asset Management Limited and May Gurney Group Trustees Limited (acting as trustee of the May Gurney Group Limited Employee Share Ownership Trust) to vote, or procure the vote, in favour of (or to return, or procure the return of, Forms of Proxy voting in favour of) the Scheme at the Court Meeting and the Special Resolution to be proposed at the May Gurney General Meeting, in respect of a total of 19,225,681 May Gurney Shares, representing approximately 27.37% of the issued share capital of May Gurney on 25 March 2013 (being the latest practicable date prior to this announcement); and

- a letter from Aviva Investors Global Services Limited (in its capacity as investment manager for certain clients who hold May Gurney Shares) confirming its intention to vote in favour of the Scheme in respect of 3,623,051 May Gurney Shares, representing approximately 5.16% of the issued share capital of May Gurney on 25 March 2013 (being the latest practicable date prior to this announcement).

Costain has therefore received irrevocable undertakings or a letter of intent in respect of a total of 22,848,732 May Gurney Shares, representing, in aggregate, approximately 32.53% of the issued share capital of May Gurney.

- Costain has received irrevocable undertakings from the Costain Directors who hold Costain Shares and from UEM Builders Berhad and Mohammed Abdulmohsin Al Kharafi & Sons For General Trading, General Contracting and Industrial Structures W.L.L. to vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters in respect of a total of 27,968,604 Costain Shares, representing approximately 42.67% of the issued share capital of Costain on 25 March 2013 (being the latest practicable date prior to this announcement).
- The Combined Circular/Prospectus, containing information about the New Costain Shares and the Combined Group, as well as details of the Merger and notice of the Costain General Meeting at which, amongst other things, a resolution will be proposed for the approval of the Merger by Costain Shareholders, has been published today and will shortly be posted to Costain Shareholders. The Combined Circular/Prospectus will be made available by Costain on its website at **www.costain.com** and by May Gurney on its website at **www.maygurney.co.uk**.
- The Scheme Document, containing further information about the Merger and notices of the Court Meeting and the May Gurney General Meeting, will be posted to May Gurney Shareholders as soon as practicable and within 28 days of the date of this announcement. It is expected that the Scheme will become effective in early June 2013, subject to the satisfaction or waiver of the Conditions and certain further terms set out in Appendix 1 to the full announcement.

David Allvey, Non-executive Chairman of Costain, commented:

“The Costain strategy has been extremely clear: to become a leader in the design, delivery and maintenance of national infrastructure. The announcement today is a highly significant step in that process. Together with May Gurney, we will have the added experience and skills to underline our leadership status and to provide a platform for new growth and success. We see this coming together of two established UK companies as good news for all our stakeholders. Our customers are increasingly demanding a broader range of integrated services and this powerful combination will enhance our status as a Tier One engineering solutions provider.”

Baroness Margaret Ford, Non-executive Chairman of May Gurney, commented:

“May Gurney and Costain have highly complementary businesses. The markets in which we operate offer tremendous opportunities for future growth. The combination of our two companies and the strong heritage we bring will position us very well to respond to those opportunities. Our objective is to deliver even stronger partnerships with our clients, superior returns for our shareholders and increased opportunities for our staff.”

The May Gurney Directors, who have been so advised by Canaccord Genuity, consider the terms of the Merger to be fair and reasonable. In providing advice to the May Gurney Directors, Canaccord Genuity has taken into account the commercial assessments of the May Gurney Directors. Accordingly, the May Gurney Directors intend to recommend unanimously that May Gurney Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the May Gurney General Meeting as they have irrevocably undertaken to do in respect of 61,865 May Gurney Shares representing, in aggregate, approximately 0.09% of the ordinary share capital of May Gurney in issue on 25 March 2013 (being the latest practicable date prior to this announcement).

The Costain Directors, who have received financial advice from Rothschild, consider the terms of the Merger to be fair and reasonable. In providing its advice, Rothschild has taken into account the commercial assessments of the Costain Directors. Accordingly, the Costain Directors intend to recommend unanimously that Costain Shareholders vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters, as they have irrevocably undertaken to do in respect of 368,264 Costain Shares representing, in aggregate, approximately 0.56% of the ordinary share capital of Costain in issue on 25 March 2013 (being the latest practicable date prior to this announcement).

The Merger will be subject to the Conditions and other terms set out in this announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 to the full announcement contains the bases and sources of certain information contained in the announcement. Details of the irrevocable undertakings and the letter of intent received by Costain are set out in Appendix 3 to the full announcement. Certain terms used in this announcement are defined in Appendix 4 to the full announcement.

This summary should be read in conjunction with the following full announcement and the Appendices.

There will be an investors' and analysts' presentation which will start promptly at 9.30 a.m. (London time) tomorrow (Wednesday 27 March 2013). A dial-in facility will be available; please contact Helen Tarbet of College Hill on +44 20 7457 2025 or via helen.tarbet@collegehill.com for details.

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Further Information

This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise. The Merger will be effected solely by means of the Scheme Document which, together with the Forms of Proxy, will contain the full terms and conditions of the Merger including details of how to vote in respect of the Merger.

*The Combined Circular/Prospectus has been published today and will shortly be distributed in hard copy to Costain Shareholders. The Combined Circular/Prospectus will be made available by Costain on its website at **www.costain.com** and by May Gurney on its website at **www.maygurney.co.uk**. May Gurney will prepare the Scheme Document to be distributed to May Gurney Shareholders. May Gurney urges May Gurney Shareholders to read the Combined Circular/Prospectus and the Scheme Document because they contain important information in relation to the Merger, the New Costain Shares and the Combined Group. Costain urges Costain Shareholders to read the Combined Circular/Prospectus because it contains important information in relation to the Merger, the New Costain Shares and the Combined Group. Any vote in respect of the Scheme or other response in relation to the Merger should be made only on the basis of the information contained in the Scheme Document and/or the Combined Circular/Prospectus, as appropriate.*

This announcement does not constitute a prospectus or prospectus equivalent document.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any

jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their May Gurney Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Copies of this announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. If the Merger is implemented by way of a Merger Offer (unless otherwise permitted by applicable law and regulation), the Merger Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Merger Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Notice to US investors in May Gurney: The Merger relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Merger is subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Costain exercises the right to implement the Merger by way of a takeover offer and decides to extend the offer into the United States, the Merger Offer will be made in compliance with applicable United States laws and regulations. Financial information included (or incorporated by reference) in this announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

It may be difficult for US holders of May Gurney Shares to enforce their rights and any claim arising out of US federal laws, since Costain and May Gurney are located in a non-US jurisdiction and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of May Gurney Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Please be aware that addresses, electronic addresses and certain other information provided by May Gurney Shareholders, persons with information rights and other relevant persons for the receipt of communications from May Gurney may be provided to Costain during the offer period as required under Section 4 of Appendix 4 of the City Code.

Rothschild, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for Costain and no one else in connection with the Merger and will not be responsible to anyone other than Costain for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Merger or any other matters referred to in this announcement.

Investec Bank plc, which is authorised and regulated in the United Kingdom by the FSA, is acting as broker to Costain and no-one else and will not be responsible to anyone other than Costain for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for May Gurney and no one else in connection with the Merger and will not be responsible to anyone other than May Gurney for providing the protections afforded to clients of Canaccord Genuity or for providing advice in relation to the Merger or any other matters referred to in this announcement.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser and broker to May Gurney and for no-one else in connection with the subject matter of this announcement and will not be responsible to anyone other than May Gurney for providing the protections afforded to its clients or for providing advice to any other person in connection with the subject matter of this announcement.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of May Gurney and certain plans and objectives of Costain with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'hope', 'aims', 'continue', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. These statements are based on assumptions and assessments made by May Gurney and/or Costain in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. Neither May Gurney nor Costain assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per ordinary share for Costain or May Gurney, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Costain or May Gurney, as appropriate.

Dealing and Opening Position Disclosure requirements

Under Rule 8.3(a) of the City Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure. Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129.

Rule 2.10 disclosure

In accordance with Rule 2.10 of the City Code, Costain confirms that, as at the date of this announcement, it has 65,544,306 ordinary shares of 50 pence each in issue with ISIN GB00B64NSP76 and May Gurney confirms that, as at the date of this announcement, it has 70,236,016 ordinary shares of 5 pence each in issue with ISIN GB00B1528L44.

Publication on website

*A copy of this announcement will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Costain's website at **www.costain.com** and on May Gurney's website at **www.maygurney.co.uk** by no later than noon (London time) on the day following this announcement. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this announcement.*

You may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by contacting Laurence Whyatt of Investec Bank plc at Laurence.Whyatt@Investec.co.uk or by submitting a request in writing to Laurence Whyatt at Investec Bank plc, 2 Gresham Street, London, EC2V 7QP or Mike Bell of Peel Hunt LLP at mike.bell@peelhunt.com or by submitting a request in writing to Mike Bell at Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET. It is important that you note that unless you make such a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Merger should be in hard copy form.

Not for release, publication or distribution, in whole or in part, in or into any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

**Recommended all-share merger of
Costain Group PLC and May Gurney Integrated Services plc**

1. Introduction

The Board of Costain Group PLC and the Board of May Gurney Integrated Services plc are pleased to announce that they have reached agreement on the terms of a recommended all-share merger of Costain and May Gurney, which is to be implemented by way of a scheme of arrangement of May Gurney under Part 26 of the Companies Act, pursuant to which Costain will acquire the entire issued and to be issued ordinary share capital of May Gurney.

Upon the Merger becoming effective, Costain, whose shares will continue to have a premium listing and to be traded on the London Stock Exchange's Main Market for listed securities, will be renamed 'Costain May Gurney PLC'.

2. The Merger

Under the terms of the Merger, which will be subject to the Conditions and further terms summarised below and set out in the Scheme Document, May Gurney Shareholders will be entitled to receive:

for each Scheme Share	0.8275 New Costain Share(s)
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May Gurney Shareholders will also be entitled to receive a second interim dividend of 5.6 pence per May Gurney Share (the 'May Gurney Second Interim Dividend'). The May Gurney Second Interim Dividend, which will be conditional upon the Merger becoming effective, will be payable after the Effective Date to May Gurney Shareholders on the register of members at the Scheme Record Time. In the event that the Merger becomes effective, no final dividend will be paid in respect of May Gurney's financial year ending 31 March 2013.

On 6 March 2013 the Board of Costain announced that it was recommending, subject to Costain Shareholder approval, a final dividend of 7.25 pence per Costain Share in respect of the financial year ended 31 December 2012. If approved, the final dividend will be paid on 24 May 2013 to Costain Shareholders on the register of members as at the close of business on 19 April 2013. The New Costain Shares to be issued pursuant to the Merger will not carry any entitlement to the Costain final dividend in respect of the financial year ended 31 December 2012.

The Merger values each May Gurney Share at 253.22 pence, and May Gurney's existing issued share capital at approximately £178 million, based on the closing price of a Costain Share on 25 March 2013 (being the last practicable date prior to the publication of this announcement).

If the Scheme becomes effective, it will result in the issue of approximately 58.1 million New Costain Shares to May Gurney Shareholders, which would result in former May Gurney Shareholders holding approximately 47% of the Combined Group and Costain's issued share capital increasing by approximately 89%. If the Merger becomes effective and New Costain

Shares are issued to May Gurney Shareholders, the holdings of current Costain Shareholders will be diluted such that they will hold approximately 53% of the issued share capital of Costain.

3. Recommendation

The May Gurney Directors, who have been so advised by Canaccord Genuity, consider the terms of the Merger to be fair and reasonable. In providing its advice, Canaccord Genuity has taken into account the commercial assessments of the May Gurney Directors. Accordingly, the May Gurney Directors intend to recommend unanimously that May Gurney Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the May Gurney General Meeting, as the May Gurney Directors who hold or are beneficially entitled to May Gurney Shares have irrevocably undertaken to do in respect of May Gurney Shares representing in aggregate approximately 0.09% of May Gurney's issued share capital on 25 March 2013 (being the latest practicable date prior to this announcement).

The Costain Directors, who have received financial advice from Rothschild, consider the terms of the Merger to be fair and reasonable. In providing its advice, Rothschild has taken into account the commercial assessments of the Costain Directors. Accordingly, the Costain Directors intend to recommend unanimously that Costain Shareholders vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters, as the Costain Directors who hold or are beneficially entitled to Costain Shares have irrevocably undertaken to do in respect of Costain Shares representing in aggregate approximately 0.56% of Costain's issued share capital on 25 March 2013 (being the latest practicable date prior to this announcement).

4. Background to and reasons for the Merger

The sectors in which both Costain and May Gurney operate are changing rapidly with the ongoing consolidation of consultancy, programme management and service delivery providers. Customers increasingly require their partners to have the ability to deliver solutions through a broader range of services under larger, more output-based and complex contracts.

The Merger will bring together two businesses with complementary service offerings to create one of the UK's leading integrated services providers to the rail, highways, water, waste, airports, hydrocarbons, power, nuclear, local government and fleet management sectors.

The Boards of Costain and May Gurney believe that the Combined Group will have:

- a focus on delivering innovative and cost-effective solutions to address essential national needs in the markets in which Costain and May Gurney operate;
- a larger addressable market, with a combined client base across the private sector, central and local government and regulated industries;
- an enhanced range of capabilities to meet customers' changing demands;
- the ability to benefit from the respective strengths of the Costain and May Gurney brands, which will continue to be used as required by customers;

- greater financial strength and scale, increasing the opportunity to bid for larger, more complex and multi-disciplinary contracts;
- the opportunity to leverage the best talent of the Costain Group and the May Gurney Group;
- significant earnings visibility underpinned by long term contracts and a combined order book of approximately £3.9 billion; and
- combined revenues of approximately £1.6 billion per annum.

The Boards of Costain and May Gurney believe that the combination of the Costain Group and the May Gurney Group will allow both to grow and to meet the challenges that lie ahead.

5. Management, employees and locations of business

It is proposed that the Board of Costain May Gurney PLC following the Merger becoming effective would comprise:

- David Allvey, current chairman of Costain, who would be the Chairman;
- Baroness Margaret Ford, current chairman of May Gurney, who would be the Deputy Chairman;
- Andrew Wyllie, the current CEO of Costain, who would continue in that role;
- Tony Bickerstaff, the current Finance Director of Costain, who would continue in that role;
- Ishbel Macpherson, currently the Senior Independent Director of May Gurney, who would be the Senior Independent Director; and
- Mike Alexander, Jane Lodge, James Morley, and Samer Younis, all current Directors of Costain, and Willie MacDiarmid and Andrew Walker, both current Directors of May Gurney, who would all be Non-executive Directors.

The Combined Group would have a proven management team to be led by Andrew Wyllie and Tony Bickerstaff. The Executive Committee of the Combined Group will be drawn from the management teams of both Costain and May Gurney. The senior management structure of the Combined Group will be established with a view to ensuring that the Combined Group benefits from the best skills and experience of both companies.

Costain and May Gurney attach great importance to the skills and experience of the existing management and employees of Costain and May Gurney and believe that there will be greater opportunities within the Combined Group.

The Boards of Costain and May Gurney recognise that in order to achieve the expected benefits of the Merger, certain operational and administrative restructuring, as described in paragraph 6 below, will be required following completion of the Merger.

The Combined Group's headquarters and registered office will be located at Costain's office in Maidenhead. May Gurney's office in Trowse in Norfolk will be retained as a shared services centre and the operational office for the Combined Group's hub in East Anglia.

Costain has given assurances to the May Gurney Directors that, following completion of the Merger, the existing employment rights of May Gurney's employees will be fully safeguarded.

6. Synergies and integration³

Following preliminary analysis, the Board of Costain believes that the Merger presents opportunities for significant cost synergies. The Costain Directors believe that the Combined Group should be able to achieve recurring annual pre-tax cost synergies of approximately £10 million in the financial year ending 31 December 2015.

The synergies identified below reflect both beneficial elements and relevant costs and could not be achieved independently.

Overhead cost savings are expected to arise from the reduction of corporate overheads (including administrative and governance costs and professional and finance fees), combining corporate support functions, combining the management structure of the operating divisions of Costain and May Gurney and achieving procurement savings. A central objective of the integration will be the retention of the customer focus and capabilities of the Costain and May Gurney businesses.

The Costain Directors currently anticipate that the integration of the Costain and May Gurney businesses will result in a net reduction in the number of Combined Group full-time equivalent employee roles of fewer than 150 (primarily from overhead roles). The number of employees, specific operating functions and locations affected by the integration will depend on the outcome of the ongoing integration planning and these changes will only come into effect as synergies are realised.

The Board of Costain expects that approximately £2.5 million of synergies will be realised in the financial year ending 31 December 2013, approximately £7.5 million of synergies will be realised in the financial year ending 31 December 2014 and approximately £10 million of synergies will be realised in the financial year ending 31 December 2015. The Board of Costain expects that the integration process and the realisation of these synergies will result in one-off exceptional costs of approximately £14 million together with one-off capital expenditure costs of approximately £6 million relating to investment in IT.

The Board of Costain is confident that the integration of the two businesses can be achieved without undue disruption to the underlying operations of each business.

³ The statements in this paragraph 6 relating to cost synergies are not intended as profit forecasts. They should not be interpreted to mean that earnings per Costain Share or May Gurney Share for the current or future financial years would necessarily match or exceed the historical published earnings per Costain Share or May Gurney Share.

As at the date of this document, an outline integration plan has been developed. The output of that plan will be the agreement of the scope of integration, quantified objectives and proposed organisation structure and processes to be reviewed and subsequently implemented, together with a stakeholder communication timetable.

As soon as practicable following the Effective Date, the Combined Group will aim to have fully validated the initial synergy assumptions, agreed the target operating model of the Combined Group, completed a detailed integration plan across the Combined Group's business, and completed the principal elements of the restructuring of the Combined Group which will include all senior management appointments, reporting structures and operational and executive authority limits, as well as changes to key Combined Group policies and processes. The latter will include financial reporting, planning and budgetary processes, compensation, treasury and liquidity management policies, sustainability practices and reviewing the scope of internal audit and risk registers.

- ³ The statements in this paragraph 6 relating to cost synergies are not intended as profit forecasts. They should not be interpreted to mean that earnings per Costain Share or May Gurney Share for the current or future financial years would necessarily match or exceed the historical published earnings per Costain Share or May Gurney Share.

7. Financial effects of the Merger

The Costain Directors have reviewed carefully the business and prospects of, and the consequent investment required in, the Combined Group following the Merger becoming effective, as well as the expected synergy benefits and associated costs of achieving the same. After taking into account the envisaged synergy benefits, the Merger is expected by the Costain Directors to be double digit earnings enhancing⁴ for Costain for the financial year ending 31 December 2014.⁵

8. Information relating to Costain

Costain is one of the UK's leading tier one engineering solutions providers. Costain delivers integrated consulting, project delivery and operations and maintenance services, focused on meeting its customers' needs in the following areas:

- Infrastructure – incorporates activities in the highways, rail, airports and power sectors; and
- Natural Resources – services the water, hydrocarbons and chemicals, nuclear process and waste sectors.

⁴ Before amortisation of acquired intangibles, employment-related deferred consideration and integration costs.

⁵ This statement is not intended as a profit forecast. It should not be interpreted to mean that earnings per Costain Share or May Gurney Share for the current or future financial years would necessarily match or exceed the historical published earnings per Costain Share or May Gurney Share.

In addition to the two divisions listed above, Costain has a non-core 50% participation in a land development joint venture in Spain whose assets include land held for development, two golf courses and a 600-berth marina.

Current trading, trends and prospects

On 6 March 2013 Costain announced its final results for the year ended 31 December 2012, reporting revenue of £934.5 million (2011: £986.3 million), profit from operations of £28.0 million (2011: £22.0 million), adjusted profit before tax of £29.5 million (2011: £25.5 million) and adjusted basic earnings per share of 41.4 pence (2011: 31.1 pence).

There has been no significant change in the financial or trading position of Costain since 31 December 2012.

9. Information relating to May Gurney

May Gurney is a support services company headquartered in Norwich, United Kingdom. May Gurney works with its clients in the public and regulated sectors to design and deliver a wide range of essential front-line services.

The principal activities of the May Gurney Group are:

Public Sector Services:

- Highways Services – May Gurney is a leading highways maintenance services provider for local authorities, maintaining, through long term contracts, almost 31,500 kilometres of roads and more than 330,000 street lights and illuminated road signs across the UK;
- Environmental Services – May Gurney is the fourth largest provider of municipal waste collection services in the UK covering 2.1 million households across more than 15 local authorities; and
- Fleet & Passenger Services – May Gurney is one of the UK's leading providers of end-to-end fleet management and passenger services to local authorities, managing over 6,000 specialist vehicles.

Regulated Sector Services:

- Utility Services – May Gurney delivers utility maintenance and asset enhancement services in water, gas, power and telecommunications across the UK;
- Rail Services – May Gurney works in long-term partnerships with its client, Network Rail, to deliver maintenance and refurbishment works on rail structures, rail property and in signalling, and it also works with Nexus, the Tyne and Wear Metro; and
- Waterways Services – May Gurney plays an important role in the regeneration, maintenance and renaissance of the UK's waterways network.

Current trading, trends and prospects

For the year ended 31 March 2012, May Gurney reported revenues of £695.3 million, operating profit of £21.0 million, profit before tax of £19.3 million and basic earnings per share of 20.52 pence. May Gurney's operating profit before amortisation and non-recurring items for the year ending 31 March 2012 was £30.1 million and underlying earnings per share was 29.47 pence. As at 30 September 2012, May Gurney had gross assets of £332.9 million.

On 4 December 2012, May Gurney announced its results for the half year ended 30 September 2012, which contained the following statement from the Chairman of May Gurney with regard to current trading, trends and prospects:

"May Gurney's first-half performance was in line with our revised expectations. We have taken steps to reinforce commercial disciplines and the plans we put in place to address the operational issues we announced in September are on track. As expected, the process to resolve the two MaGOSTM environmental services contracts is complex, and will continue well into next year.

We continue to target resilient, maintenance-focused revenue streams for essential services by developing long-term relationships with our clients and local communities. Our strong commercial market positions are reflected by the fact that we have secured more than £314 million of business in the first-half. Our forward order book has been maintained at £1.5 billion, with a further £1.7 billion in potential contract extensions, and our bidding pipeline stands at approximately £4 billion.

May Gurney is focused on delivering a solid future performance. Whilst mindful of the challenging market, we look forward to further progress in the second half and remain on course to meet our revised expectations for the full year".

On 19 February 2013, May Gurney announced that MSWSP, a partnership between May Gurney and WSP, had been selected as preferred bidder for Suffolk County Council's Highway Services contract valued at up to £200 million over five years, with the possibility of extension to ten years.

There has been no significant change in the financial or trading position of May Gurney since 30 September 2012, being the end of the last financial period for which interim financial information on May Gurney has been published.

In its interim results for the six months to 30 September 2012 announced on 4 December 2012, May Gurney set out details regarding underperforming MaGOSTM contracts. Since the date of its interim results announcement, May Gurney has continued to take actions to drive operational efficiencies and profitability on those MaGOSTM contracts and has remained in close dialogue with the relevant contract counterparties with the aim of improving the financial performance of those contracts. Whilst progress has been made, the MaGOSTM contracts as a whole will incur, as expected, a significant loss for the year ending 31 March 2013 and much remains to be achieved in order to return the financial performance of the underperforming contracts to an acceptable level. The Board of May Gurney, in its assessment of the MaGOSTM contracts as part of the ongoing May Gurney business, does not consider that a provision for future losses on those contracts is required at this time. As previously stated by May Gurney, this is a matter that is reviewed regularly by the Board of May Gurney.

The terms of Costain's offer for May Gurney allow for the possibility that a significant provision may be required to be taken by the Combined Group and, if so, recorded as a purchase price accounting adjustment.

10. Accounting considerations

The Combined Group will adopt Costain's accounting policies. The Costain financial year ends at 31 December and the May Gurney financial year ends at 31 March. It is currently intended that the Combined Group will have a 31 December financial year end. For accounting purposes it is expected that May Gurney will be consolidated into Costain's balance sheet. May Gurney's assets and liabilities will be fair valued at the Merger resulting in the valuation of May Gurney's intangible assets being included on the Combined Group's balance sheet.

11. Dividends and dividend policy

Conditional upon the Merger becoming effective, May Gurney Shareholders will be entitled to receive a second interim dividend of 5.6 pence per May Gurney Share. The May Gurney Second Interim Dividend will be payable after the Effective Date to May Gurney Shareholders on the register of members at the Scheme Record Time. In the event that the Merger becomes effective, no final dividend will be paid in respect of the May Gurney financial year ending 31 March 2013.

Reflecting another successful year and Costain's continuing confidence in the long-term prospects for the Costain Group, the Board of Costain has recommended, subject to Costain Shareholder approval, a final dividend of 7.25 pence per Costain Share (2011: 6.75 pence) in respect of the year ended 31 December 2012, a 7.4% increase in the final dividend over the prior year and the sixth successive year of increase. If approved, the final dividend will be paid on 24 May 2013 to Costain Shareholders on the register of members as at the close of business on 19 April 2013. This would bring the total for the full year to 10.75 pence per share (2011: 10.00 pence), an increase of 7.5% over the prior year. New Costain Shares to be issued to May Gurney Shareholders pursuant to the Merger will not carry any entitlement to the Costain final dividend in respect of the year ended 31 December 2012.

It is expected that interim dividends of the Combined Group for the period to June will be declared in August and paid in October and final dividends for the period to December will be declared in March and paid in May of the following year. Assuming that the Merger will be completed in early June 2013, as currently anticipated, the first dividend in relation to the Combined Group is expected to be declared at the time of the interim results for the half year ending 30 June 2013.

The Board of the Combined Group will decide the absolute level of any future dividends taking into account the Combined Group's underlying earnings, cash flows, capital investment plans and the prevailing market outlook.

It is also intended that the Combined Group will offer a scrip dividend scheme for both annual and interim dividends, allowing for the allotment of ordinary shares in lieu of cash dividends to those shareholders who elect to participate.

Costain has an existing dividend-matching arrangement with the Costain Pension Scheme. Following completion of the Merger as currently envisaged, Costain has agreed with the Costain Pension Trustee to match 53% of any dividends paid by Costain May Gurney PLC to shareholders with an equivalent cash contribution to the Costain Pension Scheme, provided that the minimum such annual dividend matching payment to the scheme is at least £5.4 million

pending finalisation of the full actuarial valuation of the Costain Pension Scheme as at 31 March 2013.

12. Structure of the Merger

It is intended that the Merger will be effected by a Court-sanctioned scheme of arrangement between May Gurney and the Scheme Shareholders under Part 26 of the Companies Act. The Scheme will result in Costain becoming the owner of the whole of the issued and to be issued share capital of May Gurney.

Under the Scheme, the Merger is to be achieved by the cancellation of the Scheme Shares held by Scheme Shareholders and the application of the reserve arising from such cancellation in paying up in full a number of new May Gurney Shares (which is equal to the number of Scheme Shares cancelled) and issuing the same to Costain in consideration for which Scheme Shareholders will receive consideration on the basis set out in paragraph 2 of this announcement.

The implementation of the Scheme will be subject to the Conditions and further terms referred to in Appendix 1 to this announcement and to be included in the Scheme Document. The Conditions referred to in Appendix 1 to this announcement provide that (unless, where applicable, such Condition is waived) the Merger will lapse unless, by 27 September 2013 or such later date (if any) as Costain and May Gurney may agree and (if required) the Court and the Panel allow:

- (a) a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders who are present and voting at the Court Meeting, either in person or by proxy, representing not less than 75% in value of the Scheme Shares voted by those Scheme Shareholders;
- (b) the Special Resolution necessary to implement the Scheme and to approve the related Capital Reduction is passed by the requisite majority of May Gurney Shareholders at the May Gurney General Meeting;
- (c) the Scheme is sanctioned (with or without modification, on terms agreed by Costain and May Gurney), and the related Capital Reduction is confirmed, by the Court;
- (d) copies of each of the Court Orders (together with the Statement of Capital) are delivered to the Registrar of Companies and, if so ordered by the Court, the Reduction Court Order is registered by the Registrar of Companies together with the Statement of Capital;
- (e) the OFT indicates, in terms reasonably satisfactory to Costain, that it does not intend to refer the Merger (or any part of it) to the Competition Commission;
- (f) the resolutions to be proposed at the Costain General Meeting: (i) to approve the transaction as a 'class 1 transaction' under the Listing Rules; (ii) to grant authority to the Costain Directors to allot the New Costain Shares; (iii) to increase the fees permitted to be paid to directors under Costain's articles of association; and (iv) to allow Costain and its subsidiaries to incur borrowings in excess of the borrowing limit set out in Costain's articles of association, are passed, in each case, by the requisite majority of Costain Shareholders; and

- (g) the UK Listing Authority acknowledging to Costain or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Costain Shares to the Official List with a premium listing has been approved and (subject to satisfaction of any conditions to which such approval is expressed) will become effective as soon as a dealing notice has been issued by the UK Listing Authority and the London Stock Exchange having acknowledged to Costain or its agent (and such acknowledgement not having been withdrawn) that the New Costain Shares will be admitted to trading on the London Stock Exchange's Main Market for listed securities.

Costain reserves the right to waive in whole or in part, the Condition summarised in paragraph (e) above.

To become effective, the Scheme requires (i) the approval at the Court Meeting by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, representing not less than 75% in value of the Scheme Shares held by such Scheme Shareholders and (ii) the passing of the Special Resolution at the May Gurney General Meeting by May Gurney Shareholders representing at least 75% of the votes cast at the May Gurney General Meeting (either in person or by proxy). The May Gurney General Meeting will be held immediately after the Court Meeting. In respect of the Special Resolution at the May Gurney General Meeting, May Gurney Shareholders will be entitled to cast one vote for each May Gurney Share held.

Following the Court Meeting and the May Gurney General Meeting, the Scheme must be sanctioned by the Court at the Scheme Court Hearing and the associated Capital Reduction must be confirmed by the Court. The Scheme will only become effective once an office copy of the Scheme Court Order, an office copy of the Reduction Court Order and the Statement of Capital are delivered to the Registrar of Companies.

Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting and the May Gurney General Meeting

Upon the Scheme becoming effective, the CREST accounts of May Gurney Shareholders who hold their May Gurney Shares in uncertificated form will be credited with the New Costain Shares they will receive in consideration on the Effective Date and share certificates in respect of the New Costain Shares that May Gurney Shareholders who hold their May Gurney Shares in certificated form will receive in consideration will be despatched by Costain to Scheme Shareholders no later than 14 days after the Effective Date.

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the May Gurney General Meeting and the expected timetable, and will specify the actions to be taken by Scheme Shareholders. The Scheme Document will be sent to May Gurney Shareholders as soon as reasonably practicable.

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange, the AIM Rules and the UK Listing Authority. The bases and sources of certain information contained in this announcement are set out in Appendix 2. Certain terms used in this announcement are defined in Appendix 4.

13. Costain Shareholder approval and Combined Circular/Prospectus

As a result of its size, the Merger constitutes a 'class 1 transaction' for Costain under the Listing Rules. Accordingly, Costain will be required to seek the approval of Costain Shareholders for the Merger at the Costain General Meeting.

The Combined Circular/Prospectus, containing information about the New Costain Shares and the Combined Group, as well as details of the Merger and notice of the Costain General Meeting at which, amongst other things, a resolution will be proposed for the approval of the Merger by Costain Shareholders, has been published today and will shortly be posted to Costain Shareholders.

14. May Gurney Share Schemes

Appropriate proposals will be made to participants in the May Gurney Share Schemes and such persons will be sent separate letters in due course explaining the effect of the Merger on their options/awards and setting out the proposals being made in respect of their outstanding options/awards in connection with the Scheme. These proposals will include a 'rollover' offer to participants in the May Gurney Integrated Services plc Savings Related Share Option Scheme (2007) to have their outstanding options over May Gurney Shares exchanged for new equivalent options over New Costain Shares.

15. Listing, dealings and settlement of the New Costain Shares

Applications will be made to the UK Listing Authority for the New Costain Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the New Costain Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities ('Admission'). It is expected that Admission will become effective and that dealings for normal settlement in the New Costain Shares will commence on the London Stock Exchange at or shortly after 8.00 a.m. (London time) on the Effective Date.

16. Cancellation of admission to trading of May Gurney Shares on AIM and re-registration

On the Effective Date, May Gurney will become a wholly owned subsidiary of Costain (to be renamed 'Costain May Gurney PLC').

Prior to the Scheme becoming effective, a request will be made to the London Stock Exchange to cancel trading in May Gurney Shares on AIM on the first Business Day following the Effective Date.

Share certificates in respect of May Gurney Shares will cease to be valid and should be destroyed on the first Business Day following the Effective Date.

In addition, entitlements held within the CREST system to May Gurney Shares will be cancelled on the first Business Day following the Effective Date.

As soon as possible after the Effective Date, it is intended that May Gurney will be re-registered as a private limited company.

17. Offer-related arrangements

Costain and May Gurney have entered into a mutual confidentiality agreement dated 26 November 2012 pursuant to which each of Costain and May Gurney has undertaken to keep certain information relating (i) to the Merger and (ii) to the other party, confidential and not to disclose such information to third parties, except (i) to certain permitted disclosees for the purposes of evaluating the Merger or (ii) if required by applicable laws or regulations. These confidentiality obligations will remain in force until completion of the Merger, or if the Merger fails to complete, three years from the date of the mutual confidentiality agreement.

18. Opening Position Disclosure

In connection with the Merger and on the date of this announcement, Costain will make a public Opening Position Disclosure setting out details of its interests or short positions in, or rights to subscribe for, any relevant securities of May Gurney and any relevant securities of Costain.

Costain's Opening Position Disclosure may not include details of all interests or short positions in, or rights to subscribe for, any relevant securities of May Gurney or any relevant securities of Costain held by all persons acting in concert with Costain. If required, Costain will make a further Opening Position Disclosure as soon as possible disclosing these details.

19. Irrevocable undertakings

Irrevocable undertakings from May Gurney Shareholders

Baroness Margaret Ford, Mark Hazlewood, Ishbel Macpherson and Andrew Walker, being the May Gurney Directors who hold interests in May Gurney Shares, have irrevocably undertaken to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the May Gurney General Meeting (or, in the event that the Merger is implemented by way of a Merger Offer, to accept, or procure the acceptance of, the Merger Offer) in respect of a total of 61,865 May Gurney Shares, representing, in aggregate, approximately 0.09% of May Gurney's issued share capital.

Costain has also received irrevocable undertakings to vote, or procure the vote, in favour of (or to return, or procure the return of, Forms of Proxy voting in favour of) the Merger at the Court Meeting and the Special Resolution to be proposed at the May Gurney General Meeting (or, in the event that the Merger is implemented by way of a Merger Offer, to accept, or procure the acceptance of, the Merger Offer) from David and Wendy Sterry (acting as trustees of various trusts), Artemis Investment Management LLP, Polar Capital LLP, Invesco Asset Management Limited and May Gurney Group Trustees Limited (acting as trustee of the May Gurney Group Limited Employee Share Ownership Trust) in respect of a total of 19,163,816 May Gurney Shares, representing, in aggregate, approximately 27.28% of May Gurney's issued share capital.

In addition, Costain has received a letter from Aviva Investors Global Services Limited (in its capacity as investment manager for certain clients who hold May Gurney Shares) confirming its intention to vote, or to procure the vote, in favour of the Scheme or to accept, or procure the acceptance of, the Merger Offer, as the case may be, in respect of 3,623,051 May Gurney Shares, representing, in aggregate, approximately 5.16% of May Gurney's issued share capital.

Costain has therefore received irrevocable undertakings or a letter of intent in respect of a total of 22,848,732 May Gurney Shares, representing, in aggregate, approximately 32.53% of May Gurney's issued share capital.

Irrevocable undertakings from Costain Shareholders

David Allvey, Andrew Wyllie, Tony Bickerstaff, Michael Alexander and James Morley, being the Costain Directors who hold interests in Costain Shares, have irrevocably undertaken to vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters in respect of a total of 368,264 Costain Shares, representing, in aggregate, approximately 0.56% of Costain's issued share capital.

In addition, Costain has also received irrevocable undertakings to vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters from UEM Builders Berhad and Mohammed Abdulmohsin Al Kharafi & Sons For General Trading, General Contracting and Industrial Structures W.L.L. in respect of a total of 27,600,340 Costain Shares, representing, in aggregate, approximately 42.11% of Costain's issued share capital.

Costain has therefore received irrevocable undertakings in respect of a total of 27,968,604 Costain Shares, representing, in aggregate, approximately 42.67% of Costain's issued share capital.

Further details of the irrevocable undertakings and the letter of intent given by May Gurney Shareholders and Costain Shareholders (including further details of the circumstances in which they will lapse) are set out in Appendix 3.

20. Overseas shareholders

The availability of New Costain Shares under the Merger to persons who are not resident in, and the distribution of this announcement to persons who are not resident in, the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. May Gurney Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. May Gurney Shareholders are advised to read carefully the Combined Circular/Prospectus as well as the Scheme Document and the Forms of Proxy once these have been dispatched.

21. Documents on display

Copies of the following documents will by no later than 12 noon on 27 March 2013 be published on Costain's website (www.costain.com) and May Gurney's website (www.maygurney.co.uk):

- (a) the mutual confidentiality agreement dated 26 November 2012 between Costain and May Gurney; and
- (b) the irrevocable undertakings and the letter of intent listed in Appendix 3.

22. General

Costain reserves the right to elect to implement the Merger by way of a Merger Offer for the entire issued and to be issued share capital of May Gurney not already held by Costain as an alternative to the Scheme. In such an event, a Merger Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Appendix 1 to this announcement.

If the Merger is effected by way of a Merger Offer and such Merger Offer becomes or is declared unconditional in all respects and sufficient acceptances are received Costain intends to: (i) request the London Stock Exchange cancel trading in May Gurney Shares on AIM; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining May Gurney Shares in respect of which the Merger Offer has not been accepted.

Further Information

This announcement is not intended to and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Merger or otherwise. The Merger will be effected solely by means of the Scheme Document which, together with the Forms of Proxy, will contain the full terms and conditions of the Merger including details of how to vote in respect of the Merger.

The Combined Circular/Prospectus has been published today and will shortly be distributed in hard copy to Costain Shareholders. The Combined Circular/Prospectus will be made available by Costain on its website at www.costain.com and by May Gurney on its website at www.maygurney.co.uk. May Gurney will prepare the Scheme Document to be distributed to May Gurney Shareholders. May Gurney urges May Gurney Shareholders to read the Combined Circular/Prospectus and the Scheme Document because they contain important information in relation to the Merger, the New Costain Shares and the Combined Group. Costain urges Costain Shareholders to read the Combined Circular/Prospectus because it contains important information in relation to the Merger, the New Costain Shares and the Combined Group. Any vote in respect of the Scheme or other response in relation to the Merger should be made only on the basis of the information contained in the Scheme Document and/or the Combined Circular/Prospectus, as appropriate.

This announcement does not constitute a prospectus or prospectus equivalent document.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their May Gurney Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Copies of this announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. If the Merger is implemented by way of a Merger Offer (unless otherwise permitted by applicable law and regulation), the Merger Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Merger Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Notice to US investors in May Gurney: The Merger relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Merger is subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Costain exercises the right to implement the Merger by way of a takeover offer and decides to extend the offer into the United States, the Merger Offer will be made in compliance with applicable United States laws and regulations. Financial information included (or incorporated by reference) in this announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

It may be difficult for US holders of May Gurney Shares to enforce their rights and any claim arising out of US federal laws, since Costain and May Gurney are located in a non-US jurisdiction and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of May Gurney Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Please be aware that addresses, electronic addresses and certain other information provided by May Gurney Shareholders, persons with information rights and other relevant persons for the receipt of communications from May Gurney may be provided to Costain during the offer period as required under Section 4 of Appendix 4 of the City Code.

Rothschild, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for Costain and no one else in connection with the Merger and will not be responsible to anyone other than Costain for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Merger or any other matters referred to in this announcement.

Investec Bank plc, which is authorised and regulated in the United Kingdom by the FSA, is acting as broker to Costain and no-one else and will not be responsible to anyone other than Costain for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Canaccord Genuity Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for May Gurney and no one else in connection with the Merger and will not be responsible to anyone other than May Gurney for providing the protections afforded to clients of Canaccord Genuity or for providing advice in relation to the Merger or any other matters referred to in this announcement.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser and broker to May Gurney and for no-one else in connection with the subject matter of this announcement and will not be responsible to anyone other than May Gurney for providing the protections afforded to its clients or for providing advice to any other person in connection with the subject matter of this announcement.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of May Gurney and certain plans and objectives of Costain with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'hope', 'aims', 'continue', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. These statements are based on assumptions and assessments made by May Gurney, and/or Costain in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. Neither May Gurney nor Costain assumes any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per ordinary share for Costain or May Gurney, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Costain or May Gurney, as appropriate.

Dealing and Opening Position Disclosure requirements

Under Rule 8.3(a) of the City Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure. Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129.

Rule 2.10 disclosure

In accordance with Rule 2.10 of the City Code, Costain confirms that, as at the date of this announcement, it has 65,544,306 ordinary shares of 50 pence each in issue with ISIN GB00B64NSP76 and May Gurney confirms that, as at the date of this announcement, it has 70,236,016 ordinary shares of 5 pence each in issue with ISIN GB00B1528L44.

Publication on website

A copy of this announcement will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Costain's website at

www.costain.com and on May Gurney's website at **www.maygurney.co.uk** by no later than noon (London time) on the day following this announcement. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this announcement.

You may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by contacting Laurence Whyatt of Investec Bank plc at Laurence.Whyatt@Investec.co.uk or by submitting a request in writing to Laurence Whyatt at Investec Bank plc, 2 Gresham Street, London, EC2V 7QP or Mike Bell of Peel Hunt LLP at mike.bell@peelhunt.com or by submitting a request in writing to Mike Bell at Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET. It is important that you note that unless you make such a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Merger should be in hard copy form.

APPENDIX 1

CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE SCHEME AND THE MERGER

Part A: Conditions to the Scheme and the Merger

The Merger will be conditional upon the Scheme becoming unconditional and becoming effective by no later than 27 September 2013, or such later date (if any) as Costain and May Gurney may agree and (if required) the Court and the Panel may allow.

- (A) The Scheme will be conditional upon:
- (1) its approval by a majority in number representing not less than 75% in value of the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Costain and May Gurney may agree and the Court may allow);
 - (2) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the May Gurney General Meeting or at any adjournment of that meeting on or before the 22nd day after the expected date of the May Gurney General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Costain and May Gurney may agree and the Court may allow); and
 - (3) the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Costain and May Gurney) and the confirmation of the Capital Reduction by the Court and:
 - (i) the delivery of office copies of each of the Court Orders and of the Statement of Capital to the Registrar of Companies; and
 - (ii) if the Court so orders for it to become effective, the registration of the Reduction Court Order and the Statement of Capital by the Registrar of Companies.

In addition, the Merger will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

- (B) the OFT indicating, in terms reasonably satisfactory to Costain, that it does not intend to refer the Merger or any part of it to the Competition Commission;
- (C) the passing at the Costain General Meeting of such resolution or resolutions as are necessary to approve, implement and effect the Merger including a resolution or resolutions to approve the Merger; to authorise the creation and allotment of New Costain Shares; to increase the fees permitted to be paid to directors under Costain's

articles of association; and to allow Costain and its subsidiaries to incur borrowings in excess of the borrowing limit set out in Costain's articles of association;

- (D) (i) the UK Listing Authority having acknowledged to Costain or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Costain Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ('listing conditions')) will become effective as soon as a dealing notice has been issued by the UK Listing Authority and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to Costain or its agent (and such acknowledgement not having been withdrawn) that the New Costain Shares will be admitted to trading on the London Stock Exchange's Main Market for listed securities;
- (E) except as Fairly Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider May Gurney Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject, which in consequence of the Merger or because of a change in the control or management of May Gurney or any other member of the Wider May Gurney Group or otherwise, would or might reasonably be expected to result in (to an extent which is material in the context of the Wider May Gurney Group taken as a whole),
- (i) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
 - (iii) any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
 - (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such mortgage, charge or security interest (whenever created, arising or having arisen) becoming enforceable;
 - (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
 - (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;

- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation or acceleration of any liability, actual or contingent, by any such member,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider May Gurney Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this Condition;

- (F) no anti-trust regulator or Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to (to an extent which is material in the context of the Wider May Gurney Group or the Wider Costain Group, as the case may be, in either case, taken as a whole):
 - (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Costain Group or any member of the Wider May Gurney Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);
 - (ii) require, prevent or delay the divestiture by any member of the Wider Costain Group of any shares or other securities in any member of the Wider May Gurney Group or the Wider Costain Group;
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Costain Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider May Gurney Group or the Wider Costain Group or to exercise management control over any such member;
 - (iv) otherwise adversely affect all or any of the business, assets, profits or prospects of any member of the Wider Costain Group or of any member of the Wider May Gurney Group;
 - (v) make the Merger or its implementation or the acquisition or proposed acquisition by Costain or any member of the Wider Costain Group of any shares or other securities in, or control of, May Gurney void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;

- (vi) require any member of the Wider Costain Group or the Wider May Gurney Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider May Gurney Group or the Wider Costain Group owned by any Third Party;
- (vii) impose any limitation on the ability of any member of the Wider Costain Group or any member of the Wider May Gurney Group to co-ordinate or integrate its business, or any part of it, with the businesses of any other member of the Wider Costain Group or the Wider May Gurney Group; or
- (viii) result in any member of the Wider Costain Group or any member of the Wider May Gurney Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods (including any extensions thereof) during which any such anti-trust regulator or Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Merger having expired, lapsed or been terminated;

- (G) all material notifications, filings or applications which are necessary or reasonably considered appropriate in connection with the Merger having been made and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Merger or the acquisition by any member of the Wider Costain Group of any shares or other securities in, or control of, May Gurney and all material authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals reasonably deemed necessary or appropriate by Costain or any member of the Wider Costain Group for or in respect of the Merger or the proposed acquisition of any shares or other securities in, or control of, May Gurney by any member of the Wider Costain Group having been obtained in terms and in a form reasonably satisfactory to Costain from all appropriate Third Parties or persons with whom any member of the Wider May Gurney Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider May Gurney Group remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Merger becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (H) except as Fairly Disclosed, no member of the Wider May Gurney Group having, since 31 March 2012:
 - (i) save as between May Gurney and wholly-owned subsidiaries of May Gurney or for May Gurney Shares issued pursuant to the exercise of options granted under the May Gurney Share Schemes, issued or agreed to issue, authorised or proposed the issue of additional shares (or other securities) of any class;

- (ii) save as between May Gurney and wholly-owned subsidiaries of May Gurney or for the grant of options under the May Gurney Share Schemes, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
- (iii) other than to another member of the May Gurney Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise, save for the May Gurney Second Interim Dividend;
- (iv) save for intra-May Gurney Group transactions or pursuant to the Merger, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business;
- (v) save for intra-May Gurney Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital;
- (vi) issued or agreed to issue, authorised or proposed the issue of any debentures or, save in the ordinary course of business, incurred or increased, or agreed to incur or increase, any indebtedness or become, or agreed to become, subject to any contingent liability;
- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or entered into or changed the terms of any contract with any director or senior executive;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be materially restrictive on the businesses of any member of the Wider May Gurney Group or the Wider Costain Group or which involves or could involve an obligation of such a nature or magnitude or which is other than in the ordinary course of business;
- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar

officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;

- (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider May Gurney Group or the Wider Costain Group other than to a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any claim otherwise than in the ordinary course of business;
- (xiii) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;
- (xiv) having made or agreed or consented to any change in any material respect to:
 - (1) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider May Gurney Group for its directors, employees or their dependents;
 - (2) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
 - (3) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (4) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made;
- (xv) save as agreed in writing by Costain, proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider May Gurney Group; or
- (xvi) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of May Gurney Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the City Code,

and, for the purposes of paragraphs (iii), (iv), (v) and (vi) of this Condition, the term 'May Gurney Group' shall mean May Gurney and its wholly-owned subsidiaries;

- (l) except as Fairly Disclosed, since 31 March 2012:
 - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider May Gurney Group which, in any such case, is material in the context of the

Wider May Gurney Group taken as a whole and no circumstance having arisen which would or might reasonably be expected to result in any such adverse change or deterioration;

- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider May Gurney Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider May Gurney Group having been instituted announced or threatened by or against or remaining outstanding in respect of any member of the Wider May Gurney Group which, in any such case, has had, or might reasonably be expected to have, a material adverse effect on the Wider May Gurney Group taken as a whole;
 - (iii) no contingent or other liability having arisen or become apparent to Costain which has had, or might reasonably be expected to have, a material adverse effect on the Wider May Gurney Group taken as a whole; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider May Gurney Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or might reasonably be expected to have, a material adverse effect on the Wider May Gurney Group taken as a whole; and
- (J) Costain not having discovered:
- (i) that any financial, business or other information concerning the Wider May Gurney Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider May Gurney Group or disclosed at any time to any member of the Wider Costain Group or to any of their advisers by or on behalf of any member of the Wider May Gurney Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading, in each case to an extent which is material in the context of the Wider May Gurney Group taken as a whole;
 - (ii) that, except as Fairly Disclosed, any member of the Wider May Gurney Group or any partnership, company or other entity in which any member of the Wider May Gurney Group has a significant economic interest and which is not a subsidiary undertaking of May Gurney is subject to any liability (contingent or otherwise) which, in any such case, is material in the context of the Wider May Gurney Group taken as a whole;
 - (iii) any information which affects the import of any information disclosed to Costain at any time by or on behalf of any member of the Wider May Gurney Group and which is material in the context of the Wider May Gurney Group taken as a whole;
 - (iv) that, except as Fairly Disclosed, any past or present member of the Wider May Gurney Group has failed to comply with any and/or all applicable legislation, regulation or other requirement, of any jurisdiction with regard to the use,

treatment, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has otherwise been any such use, treatment, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation, regulation or requirement, and wherever the same may have taken place) any of which use, treatment, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Wider May Gurney Group, which in any case is or which might reasonably be expected to be material in the context of the Wider May Gurney Group taken as a whole; or

- (v) that, except as Fairly Disclosed, there is, or is likely to be, for any reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider May Gurney Group to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider May Gurney Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction, which, in any such case, is or might reasonably be expected to be material in the context of the Wider May Gurney Group taken as a whole.

Costain reserves the right to waive, in whole or in part, all or any of Conditions above, except for Conditions (A), (C) and (D), which cannot be waived.

Conditions (C) and (D) must be fulfilled by, and Conditions (B) and (E) to (J) (inclusive) fulfilled or waived by, no later than 11.59pm on the date immediately preceding the date of the Scheme Court Hearing, failing which the Scheme will lapse. Costain shall be under no obligation to waive or treat as satisfied any of Conditions (B) and (E) to (J) (inclusive) by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions of the Scheme and the Merger may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

If Costain is required by the Panel to make an offer for May Gurney Shares under the provisions of Rule 9 of the City Code, Costain may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.

The Merger will lapse if it (or any part of it) is referred to the Competition Commission before the Court Meeting and the May Gurney General Meeting. In such event, none of Costain, May Gurney or May Gurney Shareholders will be bound by any term of the Scheme.

Costain reserves the right to elect (with the consent of the Panel) to implement the Merger by way of a takeover offer (as defined in Part 28 of the Companies Act). In such event, the Merger Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation and subject to the consent of the Panel) an acceptance condition that is set at 90% (or such lesser percentage, as

Costain may decide) (i) in nominal value of the shares to which such offer relates; and (ii) of the voting rights attached to those shares, and that is subject to Costain and/or (with the consent of the Panel) any members of the Costain Group having acquired or agreed to acquire, whether pursuant to the offer or otherwise, shares carrying more than 50% of the voting rights normally exercisable at a general meeting of May Gurney, including, for this purpose, any such voting rights attaching to May Gurney Shares that are unconditionally allotted or issued before the takeover offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

The availability of the Merger to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

This Merger will be governed by English law and be subject to the jurisdiction of the English courts and to the conditions and further terms set out in this Appendix 1 and to be set out in the formal Scheme Document. The Merger will comply with, and be subject to, the applicable rules and regulations of the FSA, the London Stock Exchange, the AIM Rules and the City Code.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Part B: Certain further terms of the Scheme and the Merger

Fractions of New Costain Shares will not be allotted or issued pursuant to the Scheme. Fractional entitlements to New Costain Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to persons entitled thereto. However, individual entitlements to amounts of less than £5 will not be paid to persons accepting the Merger but will be retained for the benefit of Costain.

The Merger will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction and the Merger will not be capable of acceptance by any such use, means, instrumentality or facility or from within the any Restricted Jurisdiction.

The New Costain Shares to be issued pursuant to the Merger have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under any of the relevant securities laws of Canada, Japan or Australia. Accordingly, the New Costain Shares may not be offered, sold or delivered, directly or indirectly, in the United States, Canada, Japan or Australia nor to any United States person, except pursuant to exemptions from applicable requirements of any such jurisdiction.

The New Costain Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Costain Shares, save that they will not carry the right to receive any dividend declared in respect of the financial year ended 31 December 2012. Applications will be made to the UK Listing Authority for the New Costain Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the New Costain Shares to be admitted to trading.

May Gurney Shares which will be acquired under the Merger will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement other than the May Gurney Second Interim Dividend.

APPENDIX 2**SOURCES OF INFORMATION AND BASES OF CALCULATION**

In this announcement:

1. Unless otherwise stated:
 - financial information relating to the Costain Group has been extracted or derived (without any adjustment) from the audited annual report and accounts for Costain for the year ended 31 December 2011 and Costain's announcement dated 6 March 2013 of its final results for the year ended 31 December 2012 (which are unaudited); and
 - financial information relating to the May Gurney Group has been extracted or derived (without any adjustment) from the audited annual report and accounts for May Gurney for the year ended 31 March 2012 and May Gurney's announcement dated 4 December 2012 of its results for the half year ended 30 September 2012 (which are unaudited).
2. The value of the Merger is calculated:
 - by reference to the price of 306.00 pence per Costain Share, being the closing price on 25 March 2013, the last Business Day prior to this announcement; and
 - on the basis of the fully diluted number of May Gurney Shares in issue referred to in paragraph 4 below.
3. As at the close of business on 25 March 2013, being the last Business Day prior to the date of this announcement, May Gurney had in issue 70,236,016 May Gurney Shares and Costain had in issue 65,544,306 Costain Shares. The International Securities Identification Number for May Gurney Shares is GB00B1528L44 and for Costain Shares is GB00B64NSP76.
4. The fully diluted share capital of May Gurney (being 70,236,016 May Gurney Shares) is calculated on the basis:
 - of the number of issued May Gurney Shares referred to in paragraph 3 above; and
 - that no further May Gurney Shares will be issued on or after the date of this announcement.
5. Unless otherwise stated, all prices and closing prices for May Gurney Shares and Costain Shares are closing middle market quotations derived from the London Stock Exchange Daily Official List (SEDOL).
6. Synergy numbers are unaudited and are based on analysis by Costain's and May Gurney's management and on Costain's and May Gurney's internal records.

APPENDIX 3**DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT****1. May Gurney Directors**

The May Gurney Directors have given irrevocable undertakings in relation to the Merger as follows:

Name of May Gurney Director giving undertaking	Number of May Gurney Shares in respect of which undertaking is given	Percentage of May Gurney existing issued share capital
Baroness Margaret Ford	31,762	0.05%
Mark Hazlewood	703	0.01%
Ishbel Macpherson	21,900	0.03%
Andrew Walker	7,500	0.01%
TOTAL	61,865	0.09%⁶

These irrevocable undertakings include undertakings:

- (i) to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Special Resolution at the May Gurney General Meeting; and
- (ii) if Costain exercises its right to structure the Merger as a Merger Offer, to accept, or procure the acceptance of, such Merger Offer.

These irrevocable undertakings stipulate that they will cease to be binding if this announcement is not released by 31 May 2013 (or such later date as May Gurney and Costain may agree).

Mark Hazlewood's interest in May Gurney Shares is held in the SIP. Mark Hazlewood will, therefore, be required to instruct the SIP Trustee as to how to vote on the May Gurney Shares which the SIP Trustee holds on his behalf. In accordance with the rules of the SIP, where the voting at the Court Meeting and/or General Meeting takes place by way of a show of hands the SIP Trustee may only vote on Mark Hazlewood's May Gurney Shares if the directions it has received from all participants in the SIP are identical. The terms of Mark Hazlewood's irrevocable undertaking reflect this restriction on Mark Hazlewood's ability to vote at the Court Meeting and General Meeting.

⁶ Percentages may not add due to rounding.

2. Other May Gurney Shareholders

Irrevocable undertakings

Costain has received irrevocable undertakings in relation to the Merger as follows:

Name of May Gurney Shareholder giving undertaking	Number of May Gurney Shares in respect of which undertaking is given	Percentage of May Gurney existing issued share capital
David and Wendy Sterry (acting as trustees of various trusts)	6,508,800	9.27%
Artemis Investment Management LLP	5,465,655	7.78%
Polar Capital LLP	3,534,148	5.03%
Invesco Asset Management Limited	2,220,835	3.16%
May Gurney Group Trustees Limited (acting as trustee of the May Gurney Group Limited Employee Share Ownership Trust)	1,434,378	2.04%
TOTAL	19,163,816	27.28%

These irrevocable undertakings include undertakings:

- (i) to vote, or procure the vote, in favour (or to submit, or procure the submission of, Forms of Proxy voting in favour) of the Scheme at the Court Meeting and the Special Resolution at the May Gurney General Meeting; and
- (ii) if Costain exercises its right to structure the Merger as a Merger Offer, to accept, or procure the acceptance of, such Merger Offer.

The irrevocable undertaking given by David and Wendy Sterry (acting as trustees of various trusts) stipulates that it will cease to be binding if:

- (i) this announcement is not released by 8.00 a.m. on 28 March 2013; or
- (ii) the Scheme has not become effective or the Merger Offer has not become wholly unconditional by 30 June 2013; or

- (iii) (a) an announcement is made in accordance with Rule 2.7 of the City Code of a competing offer (whether made by way of an offer or a scheme of arrangement) in respect of May Gurney Shares and such competing offer represents a value at the date and time in London of such announcement of not less than 110 per cent. of the value of the Merger Offer or the Scheme (as the case may be) as at 5.00 p.m. (London time) on the last dealing day prior to the date of such announcement; and
- (b) at any time following such announcement David and Wendy Sterry notify Costain in writing that they no longer intend to accept the Merger Offer or vote in favour of the Scheme (as the case may be).

The irrevocable undertaking given by Artemis Investment Management LLP ('Artemis') stipulates that it will cease to be binding if:

- (i) this announcement is not released by 29 March 2013 (or such later date as Costain and May Gurney may agree); or
- (ii) (a) an announcement is made in accordance with Rule 2.7 of the City Code of a competing offer (whether made by way of an offer or a scheme of arrangement) in respect of May Gurney Shares and such competing offer represents a value at the date and time in London of such announcement of not less than 110 per cent. of the value of the Merger Offer or the Scheme (as the case may be) as at 5.00 p.m. (London time) on the last dealing day prior to the date of such announcement; and
- (b) at any time following such announcement Artemis notifies Costain in writing that, or Artemis otherwise makes an announcement or notification under Rule 2.11(d) of the City Code that, Artemis no longer intends to accept the Merger Offer or vote in favour of the Scheme (as the case may be).

The irrevocable undertaking given by Polar Capital LLP ('Polar') stipulates that it will cease to be binding if:

- (i) this announcement is not released by 28 March 2013 (or such later date as Costain and May Gurney may agree); or
- (ii) (a) an announcement is made in accordance with Rule 2.7 of the City Code of a competing offer (whether made by way of an offer or a scheme of arrangement) in respect of May Gurney Shares; and
- (b) at any time following such announcement Polar notifies Costain in writing that, or Polar otherwise makes an announcement or notification under Rule 2.11(d) of the City Code that, Polar no longer intends to accept the Merger Offer or vote in favour of the Scheme (as the case may be).

The irrevocable undertaking given by Invesco Asset Management Limited ('Invesco') stipulates that it will cease to be binding if:

- (i) this announcement is not released by 28 March 2013 (or such other date as Invesco may agree); or
- (ii) an announcement is made in accordance with Rule 2.7 of the City Code of a competing offer (whether made by way of an offer or a scheme of arrangement or any other transaction which constitutes a takeover offer for the purposes of the City Code) in respect of May Gurney Shares and such competing offer represents a value which is higher than the value of the Merger Offer or the Scheme; or
- (iii) the Merger Offer lapses or is withdrawn or the Scheme does not become effective in accordance with its terms by 30 June 2013 (or, if earlier, the long stop date agreed between Costain and May Gurney and specified in the Scheme Document by which the Scheme is to become effective or be withdrawn) or is withdrawn.

Invesco also reserves the right, in circumstances where a client has terminated its professional relationship with Invesco and is no longer bound to honour any pre-existing obligations or undertakings, to transfer any shares owned by such client and subject to the undertaking to a replacement fund manager/custodian. In such circumstances the provisions of the undertaking will lapse and cease to apply in respect of those shares.

The irrevocable undertaking given by May Gurney Group Trustees Limited (acting as trustee of the May Gurney Group Limited Employee Share Ownership Trust) ('MGGT') stipulates that it will cease to be binding if:

- (i) Costain has not announced a firm intention to proceed with the Merger by 30 April 2013 (or such later date as Costain and May Gurney may agree); or
- (ii) (a) an announcement is made in accordance with Rule 2.7 of the City Code of a competing offer (whether made by way of an offer or a scheme of arrangement) in respect of May Gurney Shares and such competing offer represents a value at the date and time in London of such announcement of not less than 110 per cent. of the value of the Merger Offer or the Scheme (as the case may be) as at 5.00 p.m. (London time) on the last dealing day prior to the date of such announcement; and
 - (b) at any time following such announcement MGGT notifies Costain in writing that, or MGGT otherwise makes an announcement or notification under Rule 2.11(d) of the City Code that, MGGT no longer intends to accept the Merger Offer or vote in favour of the Scheme (as the case may be).

Letter of intent

Costain has received a non-binding letter of intent from Aviva Investors Global Services Limited (in its capacity as investment manager for certain clients who hold May Gurney Shares) ('Aviva') in respect of 3,623,051 May Gurney Shares (or approximately 5.16% of May Gurney's issued share capital), pursuant to which Aviva indicates its intention to vote, or to procure the vote, in favour of the Scheme or to accept, or procure the acceptance of, the Merger Offer, as the case may be, in respect of those May Gurney Shares.

3. Costain Directors

The Costain Directors have given irrevocable undertakings in relation to the Merger as follows:

Name of Costain Director giving undertaking	Number of Costain Shares in respect of which undertaking is given	Percentage of Costain existing issued share capital
David Allvey	5,250	0.01%
Andrew Wyllie	200,452	0.31%
Tony Bickerstaff	117,198	0.18%
Michael Alexander	18,364	0.03%
James Morley	27,000	0.04%
TOTAL	368,264	0.56% ⁷

These irrevocable undertakings include undertakings to vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters.

These irrevocable undertakings stipulate that they will cease to be binding if this announcement is not released by 31 May 2013 (or such later date as Costain may determine).

4. Other Costain Shareholders

Costain has received irrevocable undertakings in relation to the Merger as follows:

Name of Costain Shareholder giving undertaking	Number of Costain Shares in respect of which undertaking is given	Percentage of Costain existing issued share capital
UEM Builders Berhad	13,810,850	21.07%
Mohammed Abdulmohsin Al Kharafi & Sons For General Trading, General Contracting and Industrial Structures W.L.L.	13,789,490	21.04%

⁷ Percentages may not add due to rounding.

TOTAL	27,600,340	42.11%
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These irrevocable undertakings include undertakings to vote in favour of the resolutions to be proposed at the Costain General Meeting to approve the Merger and related matters.

These irrevocable undertakings will cease to be binding if the Costain General Meeting is held after, or the resolutions to be proposed at the Costain General Meeting are not passed by, 30 September 2013.

APPENDIX 4**DEFINITIONS**

'Admission'	the New Costain Shares being admitted to the Official List with a premium listing and to trading on the London Stock Exchange's Main Market for listed securities
'AIM'	the market of that name operated by the London Stock Exchange
'AIM Rules'	Rules and Guidance notes for AIM Companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM
'Board'	the board of directors
'Business Day'	a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London other than solely for trading and settlement in Euro
'Canaccord Genuity'	Canaccord Genuity Limited
'Capital Reduction'	the proposed reduction of share capital of May Gurney pursuant to the Scheme
'City Code'	the City Code on Takeovers and Mergers
'Combined Circular/Prospectus'	the combined circular and prospectus relating to the approval of the Merger and the issue of the New Costain Shares to be published and sent to Costain Shareholders
'Combined Group'	the combined group following the Merger, comprising the Costain Group and the May Gurney Group
'Companies Act'	the Companies Act 2006, as amended from time to time
'Competition Commission'	the independent public body which conducts second phase in-depth inquiries into mergers, markets and the regulation of the major regulated industries in the United Kingdom (or any successor body or bodies carrying out the same functions in the United Kingdom from time to time)
'Conditions'	the conditions and certain further terms of the Merger set out in Appendix 1 to this announcement
'Costain'	Costain Group PLC, incorporated in England with registered number 01393773
'Costain Directors'	the board of directors of Costain
'Costain General Meeting'	the general meeting of Costain to be convened in connection with the Merger, notice of which will be set out in the Combined Circular/Prospectus, including any adjournment thereof
'Costain Group'	Costain and its subsidiary undertakings and associated undertakings
'Costain Pension Scheme'	means the Costain Pension Scheme, governed and administered in accordance with the provisions of a definitive trust deed and rules dated 4 March 2011, as amended
'Costain Pension Trustee'	means Costain Pension Scheme Trustee Limited, as trustee of the Costain Pension Scheme
'Costain Shareholders'	holders of Costain Shares
'Costain Shares'	the ordinary shares of 50 pence each in the capital of Costain
'Court'	the High Court of Justice in England and Wales
'Court Meeting'	the meeting of holders of Scheme Shares convened by order of the Court pursuant to section 899 of the Companies Act for the purpose of considering and, if

'Court Orders'	thought fit, approving the Scheme (with or without amendment), including any adjournment thereof the Scheme Court Order and the Reduction Court Order
'CREST'	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
'Dealing Disclosure'	an announcement pursuant to Rule 8 of the City Code containing details of dealings in interests in relevant securities of a party to an offer
'DTRs'	the FSA's Disclosure and Transparency Rules located in the FSA Handbook and made under the Market Abuse Directive (Disclosure Rules) Instrument 2005 and the Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006 (as amended from time to time)
'Effective Date'	the date on which the Scheme becomes effective in accordance with its terms
'Fairly Disclosed'	the information which has been fairly disclosed: (i) in writing prior to the date of this announcement by or on behalf of May Gurney to Costain or Costain's financial, accounting, tax or legal advisers (specifically as Costain's advisers in relation to the Merger); (ii) in May Gurney's published annual and/or half year report and accounts for the relevant financial period or periods referred to in the relevant Condition; (iii) in a public announcement made in accordance with the AIM Rules or the DTRs by May Gurney prior to the date of this announcement; or (iv) in this announcement
'Forms of Proxy'	the form of proxy in connection with each of the Court Meeting and the May Gurney General Meeting, which shall accompany the Scheme Document
'FSA'	the United Kingdom's Financial Services Authority
'Listing Rules'	the rules and regulations made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), and contained in the UK Listing Authority's publication of the same name (as amended from time to time)
'London Stock Exchange'	London Stock Exchange plc
'May Gurney'	May Gurney Integrated Services plc, incorporated in England with registered number 04321657
'May Gurney Directors'	the board of directors of May Gurney
'May Gurney General Meeting'	the general meeting of May Gurney Shareholders to be convened to consider and if thought fit pass, <i>inter alia</i> , the Special Resolution
'May Gurney Group'	May Gurney and its subsidiary undertakings and associated undertakings
'May Gurney Second Interim Dividend'	the second interim dividend of 5.6 pence per May Gurney Share payable by May Gurney to May Gurney Shareholders who are on May Gurney's register of members at the Scheme Record Time, conditional upon the Merger becoming effective
'May Gurney Share Schemes'	the May Gurney Integrated Services Unapproved Share Option Scheme, May Gurney Integrated Services plc Long-Term Incentive Plan, the May Gurney Integrated Services plc Company Share Option Plan (2007), the May Gurney Integrated Services plc Savings Related Share Option Scheme (2007), the May Gurney Integrated Services plc

	Deferred Share Bonus Plan, the May Gurney Integrated Services plc Share Incentive Plan, the standalone share option to acquire 151,515 May Gurney Shares granted to Nicholas Chesters on 12 March 2007 and the standalone share option to acquire 5,961 May Gurney Shares granted to Matthew Hall on 25 July 2007
'May Gurney Shareholders'	holders of May Gurney Shares
'May Gurney Shares'	the ordinary shares of 5 pence each in the capital of May Gurney
'Merger'	the proposed acquisition of the entire issued and to be issued share capital of May Gurney by Costain, to be effected by the Scheme as described in this announcement (or by the Merger Offer under certain circumstances described in this announcement)
'Merger Offer'	should the Merger be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the recommended offer to be made by or on behalf of Costain to acquire the entire issued and to be issued share capital of May Gurney and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
'New Costain Shares'	the new Costain Shares to be issued pursuant to the Scheme
'offer period'	the period commencing on 26 March 2013 and ending on the earlier of the date on which the Scheme becomes effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide)
'Official List'	the official list of the UK Listing Authority
'OFT'	the Office of Fair Trading of the United Kingdom (or any successor authority or authorities carrying out consumer credit regulatory and/or competition law and merger control enforcement functions in the United Kingdom from time to time)
'Opening Position Disclosure'	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position
'Panel'	the Panel on Takeovers and Mergers
'Reduction Court Order'	the order of the Court under section 648 of the Companies Act confirming the Capital Reduction
'Registrar of Companies'	the Registrar of Companies in England and Wales
'Restricted Jurisdiction'	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available in that jurisdiction (in accordance with Rule 30.3 of the City Code)
'Rothschild'	N M Rothschild & Sons Limited
'Scheme'	the proposed scheme of arrangement under Part 26 of the Companies Act between May Gurney and Scheme Shareholders to implement the Merger
'Scheme Court Hearing'	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act
'Scheme Court Order'	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
'Scheme Document'	the document to be dispatched to May Gurney Shareholders including the particulars required by section 897 of the Companies Act
'Scheme Record Time'	the time and date specified in the Scheme Document,

'Scheme Shareholders' 'Scheme Shares'	<p>expected to be 6.00 p.m. (London time) on the Business Day immediately prior to the date of the Reduction Court Hearing</p> <p>holders of Scheme Shares</p> <ol style="list-style-type: none"> 1. the May Gurney Shares in issue at the date of the Scheme Document; 2. any May Gurney Shares issued after the date of the Scheme Document and prior to the Voting Record Time; and 3. any May Gurney Shares issued at or after the Voting Record Time and prior to 6.00 p.m. (London time) on the day before the date on which the Reduction Court Order is made in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme,
'SIP' 'SIP Trustee' 'Special Resolution'	<p>in each case, save for any May Gurney Shares legally or beneficially held by any member of the Costain Group</p> <p>the May Gurney Share Incentive Plan</p> <p>the trustee of the SIP</p> <p>the special resolution to be proposed by May Gurney at the May Gurney General Meeting in connection with, amongst other things, the approval of the Scheme and confirmation of the Capital Reduction, the amendment of May Gurney's articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the May Gurney shares</p>
'Statement of Capital'	<p>the statement of capital (approved by the Court) showing, with respect to May Gurney's share capital as altered by the Reduction Court Order, the information required by section 649 of the Companies Act</p>
'Third Party'	<p>means a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or authority, court, trade agency, professional association, institution, employee representative body or any other body or person whatsoever in any jurisdiction</p>
'UK' or 'United Kingdom'	<p>the United Kingdom of Great Britain and Northern Ireland</p>
'UK Listing Authority'	<p>the FSA as the competent authority for listing in the United Kingdom</p>
'US' or 'United States'	<p>the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia</p>
'US Exchange Act'	<p>the US Securities Exchange Act of 1934 (as amended from time to time)</p>
'Voting Record Time'	<p>6.00 p.m. (London time) on the day prior to the day immediately before the Court Meeting or any adjournment thereof (as the case may be)</p>
'Wider Costain Group'	<p>means Costain and its subsidiary undertakings, associated undertakings and any other undertaking in which Costain and/or such undertakings (aggregating their interests) have a direct or indirect interest in 10% or more of the equity share capital (as defined in the Companies Act)</p>

'Wider May Gurney Group'

means May Gurney and its subsidiary undertakings, associated undertakings and any other undertaking in which May Gurney and/or such undertakings (aggregating their interests) have a direct or indirect interest in 10% or more of the equity share capital (as defined in the Companies Act)

For the purposes of this announcement, 'subsidiary', 'subsidiary undertaking' and 'undertaking' have the meanings given by the Companies Act and 'associated undertaking' has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(b) of Schedule 6 to those Regulations which shall be excluded for this purpose.