

The Supervisory Board is authorised to change the number of phantom shares to be awarded conditionally or unconditionally, if the Supervisory Board determines that failure to do so would lead to unreasonable results, including with respect to the remuneration policy adopted by the general meeting.

Only Executive Board members are eligible for the LTB plan. An LTB only becomes unconditional for an Executive Board member if that member is an Executive Board member on the date on which the LTB becomes unconditional. If an Executive Board member is no longer an Executive Board member as of that date due to no fault of his/her own, he/she is entitled to the LTB pro rata. The LTBs of such Executive Board members are also subject to a two-year lock-up period.

Executive Board members who are no longer Executive Board members as of the date on which the LTB becomes unconditional will lose their right to LTBs which have not yet been awarded unconditionally. However, they do retain their right to unconditionally awarded LTBs, subject to the two-year lock-up period.

The Supervisory Board can decide to offer partial entitlement to the LTB to Executive Board members appointed after the date of conditional award and before 31 December of the award year.

The Supervisory Board can request an external auditor of the company to review the calculations carried out and conclusions reached in connection with the LTB plan, in which case the external auditor's assessment will be binding.

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2010

Long-Term Benefit Plan

Executive Board members

Royal BAM Group nv

Dear shareholder,

The Executive Board long-term bonus plan (2007-2010) lapsed at the end of 2010. However, the Supervisory Board believes the Executive Board remuneration package should reward members for achieving long-term improvements in addition to the fixed salary and annual variable remuneration.

A long-term benefit (LTB) plan is also designed to further reinforce the Executive Board members' commitment to the Group.

Accordingly, the Supervisory Board has decided to institute an LTB plan to reward Executive Board members for contributing to positive development of BAM shares compared to alternative investments of shareholders at comparable enterprises.

LTBs are a standard form of remuneration for Executive Board members in both the Netherlands and the Group's other home countries. Most large companies in the Netherlands offer their executive directors a 'long-term incentive plan'. The introduction of LTBs will help align BAM's remuneration structure with the market, thus enhancing the Group's ability to recruit and retain executive directors.

The plan satisfies the prevailing requirements for an LTB, including the provisions of the Dutch corporate governance code.

We believe the LTB plan will significantly boost efforts to achieve our goals. This brochure presents general information about the proposal details.

The Central Works Council has stated that it supports the adoption of the LTB plan.

At the general meeting of 20 April 2011, a motion will be proposed to adopt the LTB plan outlined in this brochure, as long-term benefit within the existing remuneration policy.

We strongly recommend you adopt this LTB plan, as we feel it is in the best interest of shareholders.

Bunnik, Netherlands, 3 March 2011

The Supervisory Board

Overview

The LTB plan is based on remuneration involving conditionally awarded phantom shares. Three years after being awarded conditionally, the phantom shares become unconditional, depending on the level of performance achieved. The unconditional phantom shares are then subject to transfer restrictions for another two years. The cash equivalent will only be disbursed after this period has ended. It follows that an LTB remains valid for five years.

The award consists of phantom shares, i.e. no shares or options are awarded. Phantom shares offer the advantage reduced administrative involvement as there are no shareholders and the company does not need to issue or reacquire any shares.

The amount of the unconditional LTB is determined in accordance with the level of performance is achieved.

Performance is based on the value development (i.e. share price plus the dividend) of BAM shares, as compared to the average value development of shares in a number of companies comparable to BAM (hereinafter referred to as the 'peer group').

Share value development is referred to below as 'Total Shareholders' Return' (TSR).

Performance is assessed over a three year period (referred to as the 'performance period'), starting on 1 January of the year in which the LTB was awarded.

The TSR of both BAM and the peer group (average) are recorded at the end of each performance period quarter. The average is calculated from all end of quarter TSRs recorded during the performance period.

Consequently, BAM's TSR is not absolute, but relative, as it involves comparison with a peer group.

It has been decided to link performance for the time being to TSR alone, ensuring the variable remuneration adequately reflects the interests of the shareholders.

Another advantage is that it is easy to assess. BAM is currently unable to reliably measure performance on the basis of sustainability criteria, for example, which is necessary for such criteria to be used as performance criteria in a remuneration package. However, the Group is working diligently to improve its ability to assess the criteria. Eventually, the Supervisory Board may decide to link performance to more than the TSR alone, including other criteria the company deems relevant in respect of its long-term objectives and that can be measured reliably.

The peer group will consist of Ballast Nedam, Heijmans, Skanska, Bilfinger Berger and Balfour Beatty. The peer group must accurately

reflect BAM's competitive environment and must consist of businesses that are a good comparison for BAM in terms of performance. The Supervisory Board can opt to change the peer group's composition if it decides that one of the peer group companies is no longer comparable to BAM. Any new companies to be added to the peer group must be deemed comparable to BAM by the Supervisory Board.

The phantom shares awarded conditionally to the Executive Board members are taxed when they become unconditional (i.e. three years after being awarded). The Executive Board members are then to pay the tax themselves. The company will not provide any loans, nor can a LTB be paid out in part or in full for the purpose of paying a tax claim. The LTB is only paid out two years after becoming unconditional.

The LTB plan is discussed in more detail below.

Conditional LTB award

Every year, each Executive Board member is awarded a conditional LTB (i.e. a number of phantom shares) on the sixth day following the annual general meeting. The number of conditional phantom shares is equal to 50% of the fixed annual salary divided by the average closing price of a BAM share over the five trading days preceding the award date.

By taking the average closing price over the five days after the general meeting, it is possible to arrive at a somewhat objective price.

LTB: becoming unconditional

A conditionally awarded LTB (i.e. consisting of phantom shares) becomes unconditional three years after the date of conditional award. The number of phantom shares awarded unconditionally depends on the amount by which BAM's TSR exceeds the peer group TSR during the performance period.

This is based on the graduated scale shown below. If BAM outperforms the peer group, the following awards apply:

<0%:	0% award
0%-5%	35% award
5%-10%	45% award
10% -15%	55% award
15% -20%	65% award
20% -25%	75% award
25% -30%	85% award
>30%	100% award

(of the number of phantom shares conditionally awarded three years previous).

LTB share transfer restrictions

Any phantom shares awarded unconditionally are then subject to transfer restrictions for a two year period (i.e. 'lock-up period'). During the lock up period, the LTB amount depends only on the value development (price plus dividend) of BAM shares and no longer on the peer group's performance.

LTB disbursement

The company will pay out the phantom shares that have become unconditional on the first working day after the lock-up period ends (i.e. five years after being awarded conditionally) in cash at the value per phantom share, which is equal to the average current rate of a BAM share during the five trading days preceding the date of distribution.

The cash amount per LTB paid to an Executive Board member will never exceed 150% of the fixed salary of the Executive Board member applicable on the day of payment.

Other provisions

The authority to implement the LTB plan is vested in the Supervisory Board.

The Supervisory Board can at all times change or terminate the scheme.

If the Supervisory Board decides to terminate or make material changes to the LTB plan, the next general meeting will be asked to adopt a resolution to that effect.

In exceptional circumstances and in accordance with the requirements of reasonableness and fairness, the Supervisory Board can decide to make an LTB unconditional and lift the share transfer restriction imposed.

In exceptional circumstances (e.g. divisions, mergers, changes in company control), the Supervisory Board is authorised to withdraw conditional and unconditional LTBs in exchange for a cash payment at market value.

If BAM's capital changes, the Supervisory Board will modify the LTBs both prior to and after becoming unconditional), such that the market value of the LTBs after modification is as close as possible to the market value before modification.

The clawback schemes relating to variable remuneration also apply to LTBs. A legislative proposal regarding such schemes is pending. The legal regulations will of course be observed.