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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser duly authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in Kier Group plc (the 'Company'), please send this document, together with any relevant accompanying documents, to the person to whom you sold or transferred your ordinary shares, or to the bank, stockbroker or other agent who arranged the sale or transfer for you.

Dear Shareholder

Kier Group plc 2017 Interim Dividend and Dividend Reinvestment Plan

On 23 March 2017, we announced an interim dividend of 22.5p per ordinary share (the 'Interim Dividend') and also announced the launch of a Dividend Reinvestment Plan ('DRIP'). The DRIP replaces the SCRIP dividend programme ('SCRIP'), which will no longer be offered.

What is the DRIP?

The DRIP is administered by Capita Asset Services ('Capita') and provides you with the opportunity to reinvest your dividend payments to purchase additional ordinary shares in the Company. Reinvesting your dividend payments can be a convenient and easy way to build up your shareholding. If you choose to join the DRIP, Capita will use the cash dividend payment to which you are entitled to purchase additional ordinary shares in the Company on your behalf as soon as practicable after the dividend payment date. Further details, including the associated fees and charges, are contained in the DRIP Terms and Conditions (the 'DRIP T&Cs').

Under the SCRIP, new shares were issued by the Company and allotted to participating shareholders. Under the DRIP, existing shares will be bought in the market; this avoids the dilution of existing holdings and provides an efficient and convenient reinvestment option for shareholders, without the Company issuing new shares.

Action required

You will find enclosed with this letter a dividend instruction form (the 'Dividend Instruction Form'). If you receive hard-copy communications, you will also find enclosed with this letter a copy of the DRIP T&Cs. Otherwise, the DRIP T&Cs are available online at www.kier.co.uk/drip.

If you wish to participate in the DRIP, you can either complete Parts 1 and 3 of the enclosed Dividend Instruction Form and return it in the enclosed reply-paid envelope or you can apply online at www.capitashareportal.com (an 'Online Application'). CREST holders will need to input a CREST Input Message. You may only elect to participate in the DRIP in respect of your entire shareholding. Notwithstanding this, Capita may, at its discretion, permit partial elections for certain CREST holders. Please see section 9 of the DRIP T&Cs for more information.

Once your Dividend Instruction Form or Online Application has been accepted, future dividends to which you are entitled will be reinvested under the DRIP until such time as you withdraw from the DRIP or the DRIP is suspended or terminated in accordance with the DRIP T&Cs.

Continued overleaf

Receipt of cash dividends and the SCRIP

If you would like to receive your cash dividends directly into your bank or building society account and you have not already instructed Capita to pay your dividends in this way, please complete Parts 2 and 3 of the Dividend Instruction Form and either return it in the enclosed reply-paid envelope or submit an Online Application.

You should only complete and return the Dividend Instruction Form or submit an Online Application if you would like to participate in the DRIP or if you would like to add a new instruction to pay dividends in cash directly to your bank or building society account. Otherwise, no action is required and the Interim Dividend will be paid to you in accordance with your current dividend payment instructions.

As the SCRIP will not be offered, if you previously elected to participate in the SCRIP Dividend Mandate Scheme, you will not receive new ordinary shares in the Company in respect of the Interim Dividend or any future dividend under the SCRIP. You may complete the Dividend Instruction Form or submit an Online Application to either elect to participate in the DRIP or add a new instruction to pay dividends in cash directly to your bank or building society account. If you take no action, the Interim Dividend and future dividends will be paid to you in accordance with your current dividend payment instructions.

Timing

To participate in the DRIP in respect of the Interim Dividend, Capita must receive your completed Dividend Instruction Form, Online Application or CREST Input Message by 5.30 p.m. (London time) on Friday, 21 April 2017. Any valid Dividend Instruction Forms and Online Applications received after this time will take effect from the next dividend payment date.

Shareholders can join or withdraw from the DRIP at any other time by notifying Capita (see section 10 of the DRIP T&Cs).

Subject to the DRIP T&Cs, the timetable for the Interim Dividend for the six months ended 31 December 2016 is as follows:

Date	Event
Thursday, 30 March 2017	Ex-dividend date
Friday, 31 March 2017	Record date
5.30 p.m. (London time) on Friday, 21 April 2017	Final date for receipt of Dividend Instruction Forms, Online Applications and CREST Input Messages by Capita
Friday, 19 May 2017	Interim Dividend payment date
As soon as reasonably practicable after Friday, 19 May 2017	DRIP settlement date (CREST member accounts credited and share certificate sent to shareholders participating in the DRIP)

Participation in the DRIP is optional and this letter does not constitute a recommendation to join the DRIP. Please note that the service may not be cost effective for all participants, and the value of shares, and any income from them, can fall as well as rise. If you are in any doubt as to what action you should take you should consult an appropriately qualified professional advisor.

Should you require any further information, please do not hesitate to contact Capita on 0371 664 0381. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m. (London time), Monday to Friday, excluding public holidays in England and Wales.

Yours sincerely



Phil White
Chairman