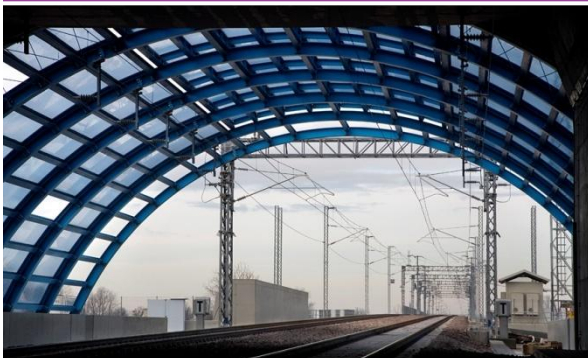


Balfour Beatty



Investor Day

9 June 2009

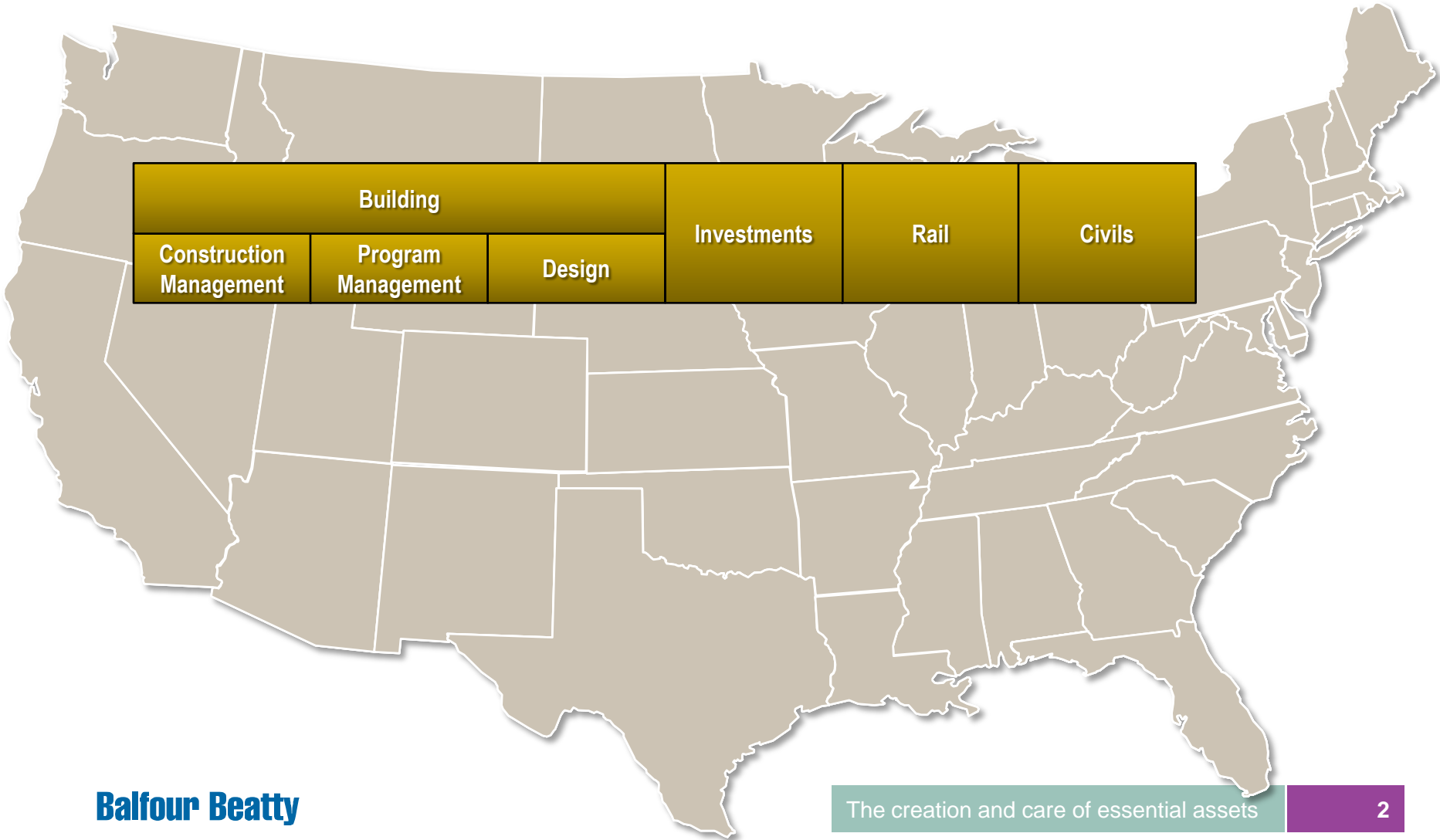


Investor Day

Mark Layman

The Shape of Balfour Beatty in the US

Substantial Progress Towards the Vision for the US



Building – Construction Management

- ⇒ *Provides Construction Management and Design Build services*
- ⇒ *Primarily serves the government, education, health, justice, water and waste water, office, and hospitality markets*
- ⇒ *Operates under Balfour Beatty Construction, Heery, Charter, and Barnhart brands*
- ⇒ *Projects typically range from \$10m- \$250m*
- ⇒ *480 active projects*
- ⇒ *2008 revenue of \$3.1bn*



Gaylord Texan Resort & Convention Center
Grapevine, Texas

Building – Program Management

- ⇒ *Provides Program Management, Project Management, CM agency, and staff augmentation services*
- ⇒ *Primarily serves the government, education, health, and transportation markets*
- ⇒ *Operates under Heery, Barnhart and Balfour Concord*
- ⇒ *382 active projects*
- ⇒ *Manages \$3bn - \$4bn of construction value annually on behalf of clients*
- ⇒ *2008 revenue of \$109m*



Georgia Aquarium
Atlanta, Georgia

Building – Design

- ⇒ *Provides Design, facility/asset planning and strategic planning services*
- ⇒ *Primarily serves the health, justice , defense, and sports markets*
- ⇒ *Operates under Heery and Sequeira & Gavarette*
- ⇒ *656 active projects*
- ⇒ *Manage/design \$1bn of construction value annually on behalf of clients*
- ⇒ *2008 revenue of \$69m*



Cotton Bowl
Dallas, Texas

Investments

- ⇒ *Provides design, build, finance, manage, and operate services in the Military Housing market*
- ⇒ *Operates under Balfour Beatty Communities brand*
- ⇒ *17 projects across 44 bases, located in 20 states with over 33,000 houses*
- ⇒ *2008 revenue of \$118m*



Picatinny
Dover, New Jersey

Rail

- ⇒ *Provides rail construction and maintenance services*
- ⇒ *Primarily serves the light rail transit, private industrial, and Class 1 freight markets*
- ⇒ *Operates under Balfour Beatty Rail brand*
- ⇒ *41 projects across services and transit and 34 active maintenance contracts*
- ⇒ *2008 revenue of \$150m*



**Massachusetts Bay Transportation Authority
Greenbush Old Colony Commuter Rail Line
Boston, Massachusetts**

- ⇒ *Provides construction services for highways, bridges, tunnels, and water and waste water treatment facilities*
- ⇒ *Primarily serves state department of transportation and water authorities*
- ⇒ *Operates under Balfour Beatty Infrastructure brand*
- ⇒ *18 active projects*
- ⇒ *Projects range up to \$300m*
- ⇒ *2008 revenue of \$509m*

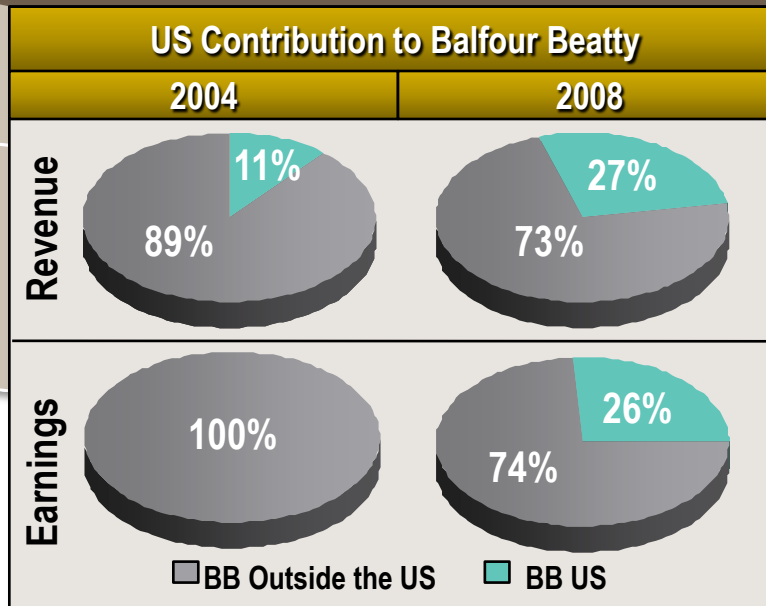


State Highway 130

Texas

The Shape of Balfour Beatty in the US

Substantial Progress Towards the Vision for the US



- | Acquisitions Since 2004 |
|-----------------------------------|
| ⇒ Construction Management: |
| • Charter (2006) |
| • Centex Construction (2007) |
| • Barnhart (2008) |
| • RT Dooley (2009) |
| ⇒ Program Management: |
| • JCM/FPM (2005) |
| ⇒ Design: |
| • HLM (2004) |
| • S&G (2007) |
| ⇒ Investments: |
| • GMH (2008) |

* Loss in the US of 45M (£m)

Building

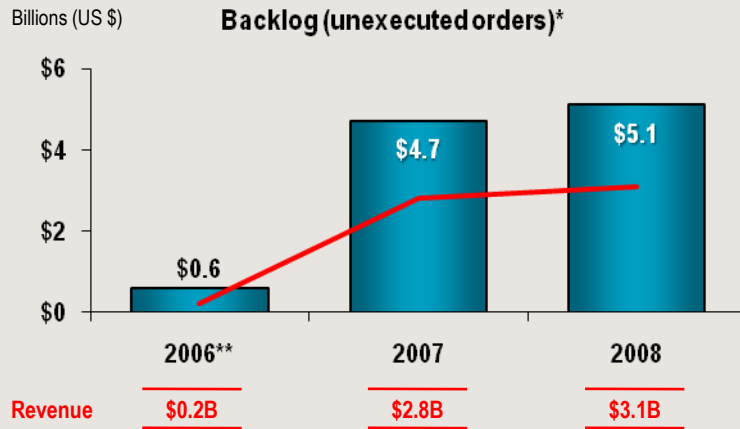
- *Construction Management*
- *Program Management*
- *Design*

Position of the Business – Construction Management

Strong growth and consistent performance

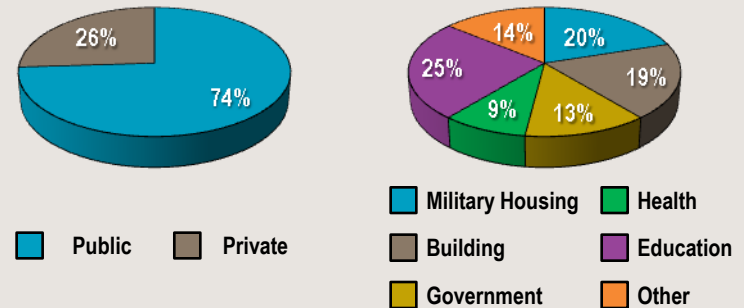
Revenue and Backlog

⇒ Considering all the Construction Management organizations now in the BB US portfolio, collectively, they would have ranked #7 within ENR's Top 100 Commercial Builders in 2008

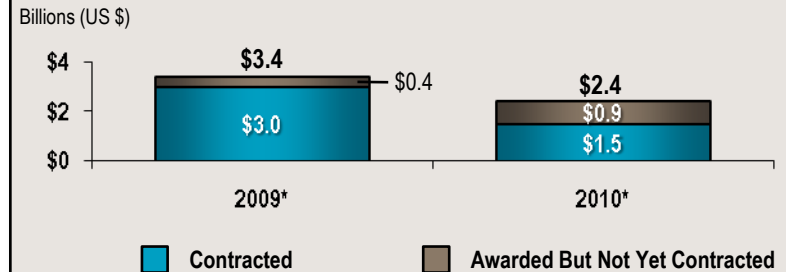


* As of December 31 of each year shown
 ** BBC not part of Group in 2006

Portfolio Profile



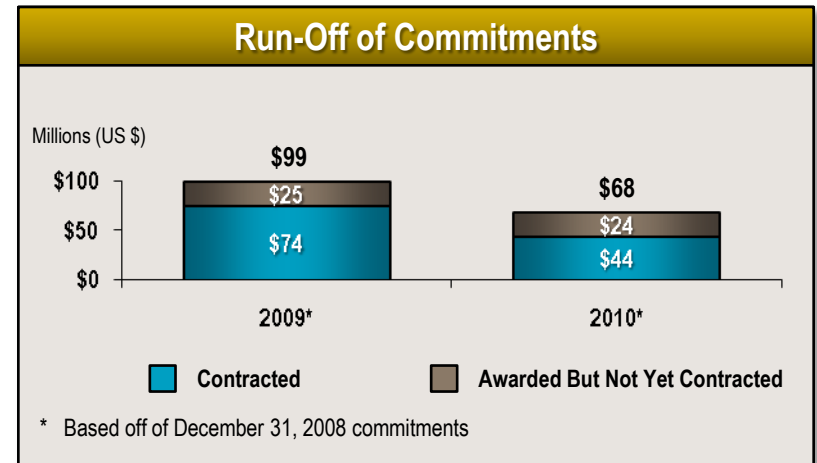
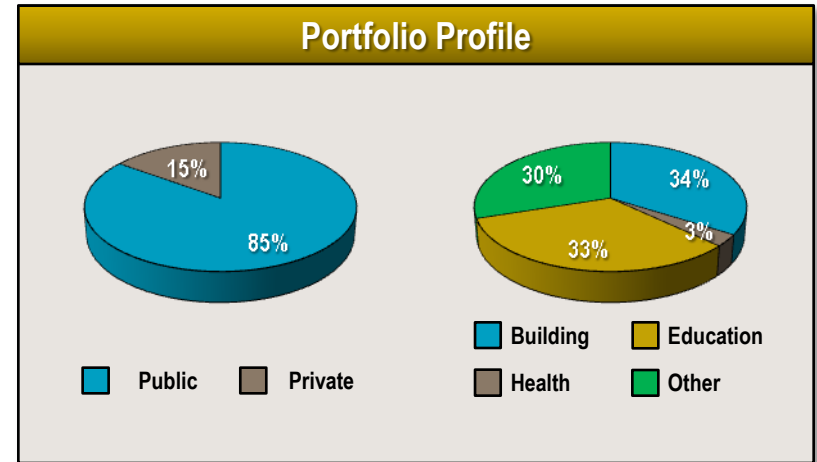
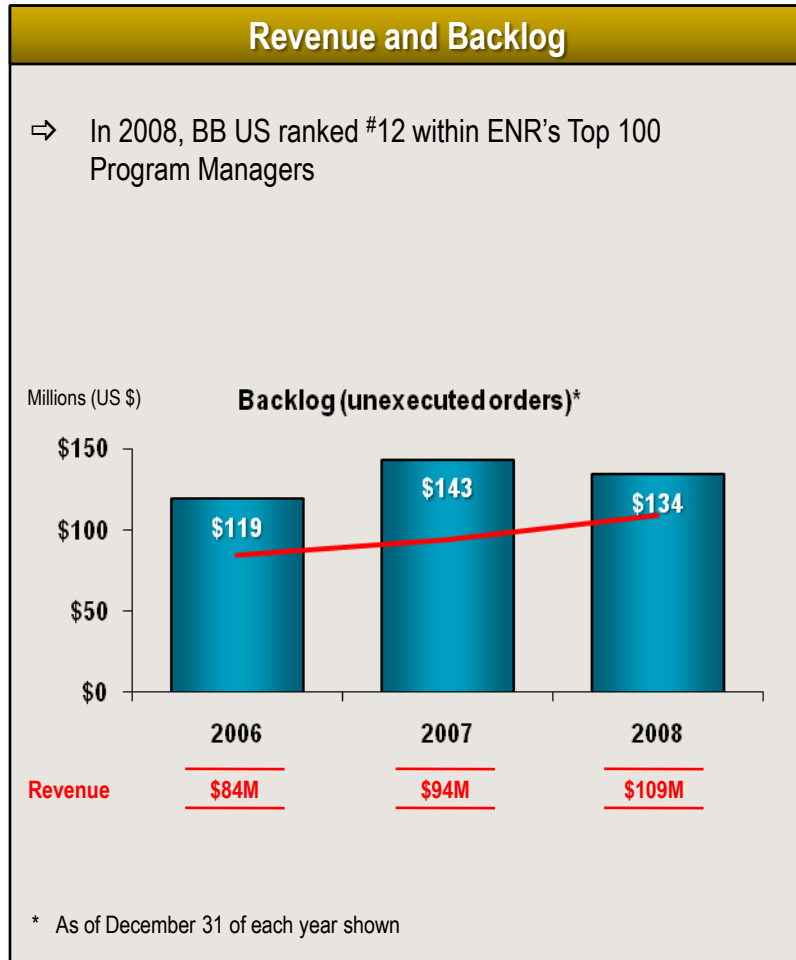
Run-Off of Commitments



* Based off of December 31, 2008 commitments

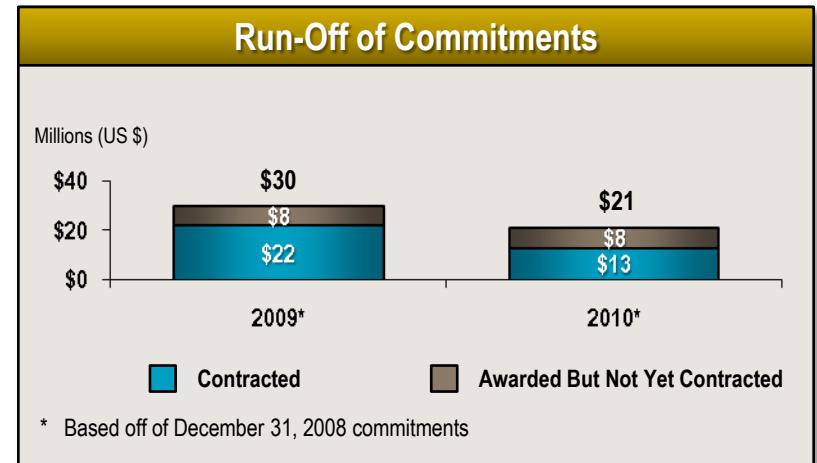
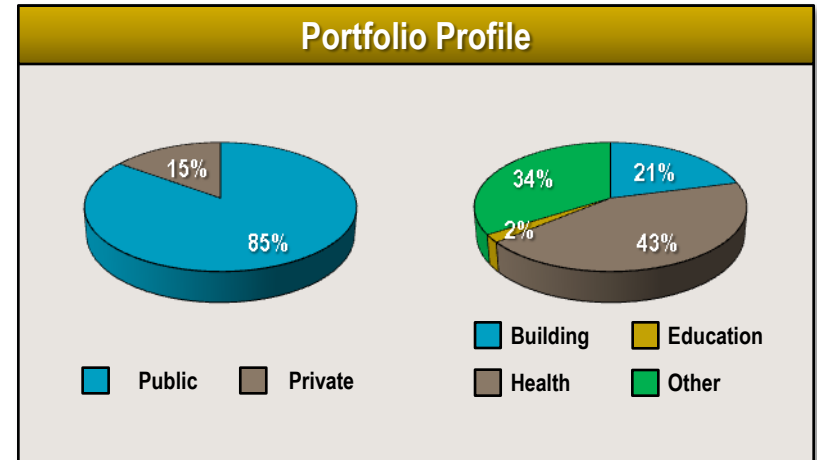
Position of the Business – Program Management

Strong reputation mitigating economic impact



Position of the Business – Design

Marginal slowdown, leveraging expertise into niche sectors



Market Characteristics

The US is a collection of many diverse and unique markets, which drive our market strategies

Construction Management

- Significant 'local' competitive advantage
- Risk profile ↑ outside of 'home turf'
- Workforce much less mobile than in the past

***Must be a
local business***

Program Management & Design

- Still significant value in local presence, but vertical expertise can often trump
- Much of the 'remote location' risk lies with the CM (subcontractor, supplier markets, labor force, etc.)
- Ability to perform some of the work remotely in a virtual manner

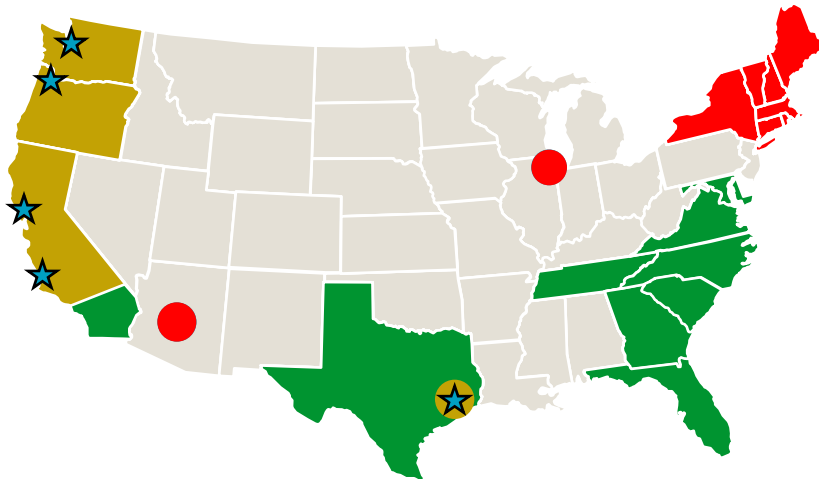
***Must possess deep
vertical expertise***

Market Attractiveness and Strategy

Construction Management

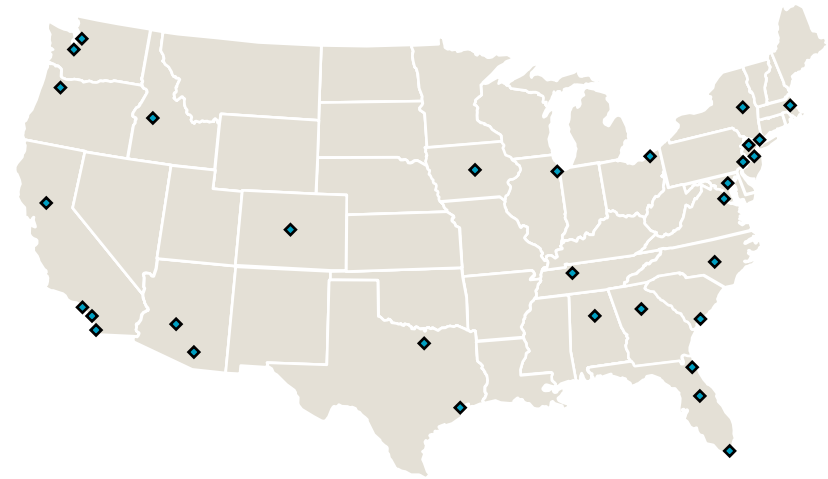
- 'Go Deep' in large, attractive markets
- Pursue attractive national verticals (e.g., Federal)

Colored areas represented approximately 60% of the total market volume in the US in 2008



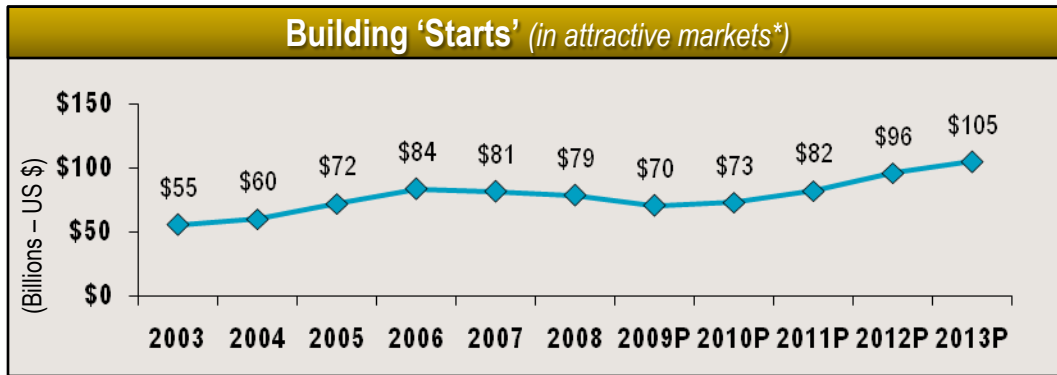
Program Management & Design

- Develop deep vertical expertise
- Broad scope of geographic presence to leverage opportunities



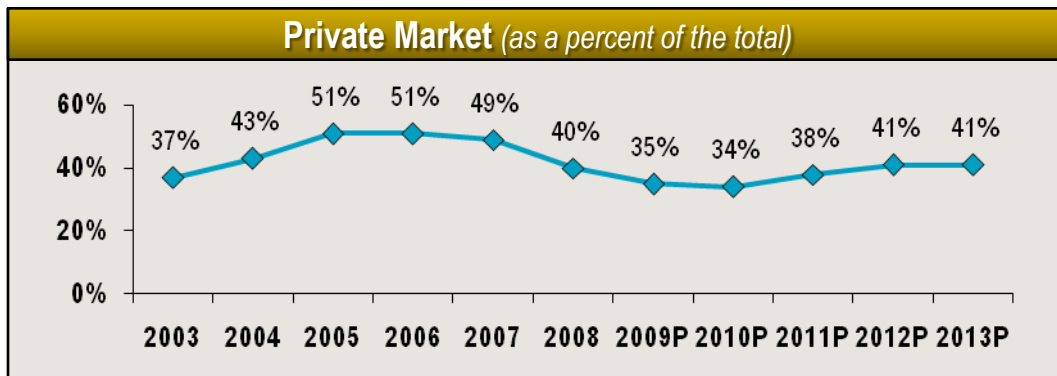
Current Market Conditions

Building construction is constrained by financing availability and economic downturn, but is expected to recover earlier and stronger in our primary markets



⇒ Market is down about 15% in 2009 from its peak in 2006/2007

⇒ Anticipate 'construction bottom' around mid-2010, with steady recovery



⇒ Dramatic shift in Market composition

⇒ Increased competition for fewer opportunities is creating margin pressure and 'reactive pricing'

* Addressable project types in CA, DC, FL, GA, MD, NC, SC, TN, TX, and VA
Source: McGraw-Hill market data

Business Model Flexibility

Though overall market demand stays relatively stable, dramatic shifts within the market require a business model to match

		Demand		
		2004-2007	2008-2011	2012-2015
Geographies	Florida	●	●	●
	Mid-Atlantic	●	●	●
	Texas	●	●	●
	Southeast	●	●	●
	California	●	●	●
	Northwest	●	●	●
Sectors	Office	●	●	●
	Transportation	●	●	●
	K-12	●	●	●
	Multi-Family	●	●	●
	Higher Education	●	●	●
	Health	●	●	●
	Hospitality	●	●	●
Public	Federal	●	●	●
	State	●	●	●
	Local	●	●	●

● Strong ● Modest ● Weak

⇒ *BB US national coverage is built to shift and scale*

⇒ *Must be able to see and position to capitalize on periods of opportunity:*

- *Privatized Military Housing*
- *BRAC*

⇒ *Federal Stimulus Package does not provide much opportunity to the Building businesses, though general acceleration of Federal projects is increasing the near-term opportunities*

Capturing Federal Opportunities

The Market

- ⇒ Stable consistent market, though spending 'shifts' over time
- ⇒ Composed of numerous individual departments and agencies
- ⇒ Current prospects of approximately \$7bn

Deep History and Intense Focus

- ⇒ Long track record with many federal agencies
- ⇒ Recently increased our focus through creation of 'The National Federal Group'
- ⇒ Partnering with BB sister companies to strengthen our proposition

Competitive Advantage

- ⇒ Positive track record/relationships
- ⇒ Surety capacity
- ⇒ Ability to JV with the best partners

Significant Success in the Federal Market

Recent Federal Wins

New Campus East (\$710m*)



Walter Reed Army Hospital (\$257m*)



Ft. Riley Hospital (\$231m*)



Ft. Lee Central Campus (\$269m)



* Our share of a joint venture

Collective Value Opportunities

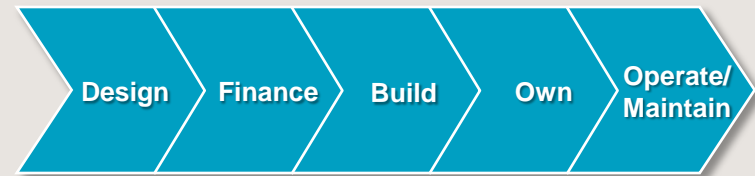
There are significant opportunities to create new value from the extensive Balfour Beatty US portfolio

Tactical Leveraging

- Competitive/procurement leveraging
 - Talent
 - Resume (projects)
 - Relationships
- Sharing opportunities/leads/intelligence
- Joint pursuits
- Knowledge transfer
- Procurement pricing

Strategic Value

- Create value (efficiencies) through Integrated Project Delivery (IPD)



- Lead the evolution of P3, by leveraging organizational capability
- Larger opportunities that ‘find us’ as a result of scale, financial strength, and breadth of capability

Rail

Rail

Continuing to establish brand and presence. Future opportunities look promising

Our Position

- ⇒ Significant improvement in performance during 2007 – 2009, return to profitability following earlier losses
- ⇒ \$150m in annual revenues, 50% growth since 2005
- ⇒ Recognized player in US Rail markets for Transit, Class 1 and Industrial clients
- ⇒ Contracted backlog \$130m, 90% public sector

The Market

- ⇒ Rail increasingly seen as Transit alternative
- ⇒ Significant new infrastructure being contemplated
- ⇒ Stimulus monies available for Rail projects

Competitive Advantage

- ⇒ Ability to leverage group-wide capability through local presence
- ⇒ Bonding capacity attractive differentiator to prospective partners and clients

Civils

Balfour Beatty

Significant improvement. Strong demand, but highly competitive

Our Position

- ⇒ Significant improvement in performance with increasing profitability during 2007 – 2008, following earlier losses
- ⇒ Focused on Texas and California
- ⇒ \$450m - \$500m per annum business
- ⇒ \$520m in contracted backlog; all public sector of regulated industry

The Market

- ⇒ Significant demand ahead
 - Aging infrastructure
 - Need for expansion
 - Stimulus monies
 - Significant need to both replace and expand existing road and water network
- ⇒ However, currently very competitive market

Competitive Advantage

- ⇒ Bonding capacity attractive differentiator to prospective partners and clients
- ⇒ Growth of design build, larger project size, procurement models
- ⇒ Longer term potential for PPP procurement

US Direction and Priorities

Strategic Direction

We have clear direction and priorities

Balfour Beatty US Priorities

- Capture Federal opportunities
- Expand into target geographic markets for Construction Management
- Grow/expand the breadth and depth of 'upstream' professional services (program management, design, engineering)
- Continue to position Rail and Civils to a strong competitive position; evaluate/align with market size and direction
- Leverage the Tactical Opportunities across the BB US organization (relationships, resume, knowledge, procurement, etc.)
- Organize to create the Strategic Value inherent in the BB US organization (Integrated Project Delivery, P3, scale, etc.)