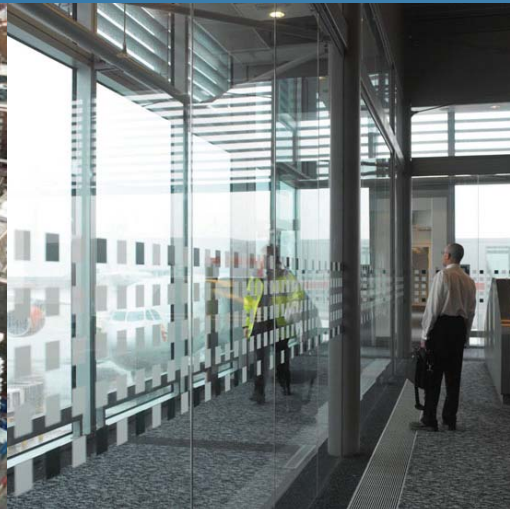


Balfour Beatty



Acquisition of Centex Construction

1st February 2007



The acquisition of Centex Construction

- Rationale and Strategic Fit
- Centex Construction
- US Building Market
- Additional Growth Opportunities
- Balfour Beatty in the US

The acquisition

- Centex Construction – a division of Centex Corporation (leading US blue-chip housebuilder)
- Cash consideration of \$362m with substantial cash anticipated in closing balance sheet
- Centex Construction
 - Top tier US builder
 - Leading position in Texas, Florida, Washington DC and North Carolina
 - Major player in military housing
 - Revenues \$1.61bn (year ended March 2006)
 - Profits \$26.8m (year ended March 2006)
 - Secured order book of \$2.9bn
- Significantly earnings enhancing
- Major step forward in overall and US strategy

US strategy

- Balfour Beatty's sustainable long-term growth ambitions require a major domestic US contracting and investment presence
- US business presence to be developed in line with the UK model with strong capabilities in programme management, project delivery and capital investment, focusing on specific markets and states
- US business and its component parts must satisfy a range of key criteria

Key criteria for US business presence

- High-quality, long-term, sustainable earnings
- Market presence in businesses at core of Balfour Beatty's existing competence range
- Market leadership
- Complementary, mutually-supportive component businesses
- Experienced, successful, proven management team with a good track record
- Clear focus on delivery, professional risk management and customer service as a key differentiator

Centex Construction

fit with strategic priorities

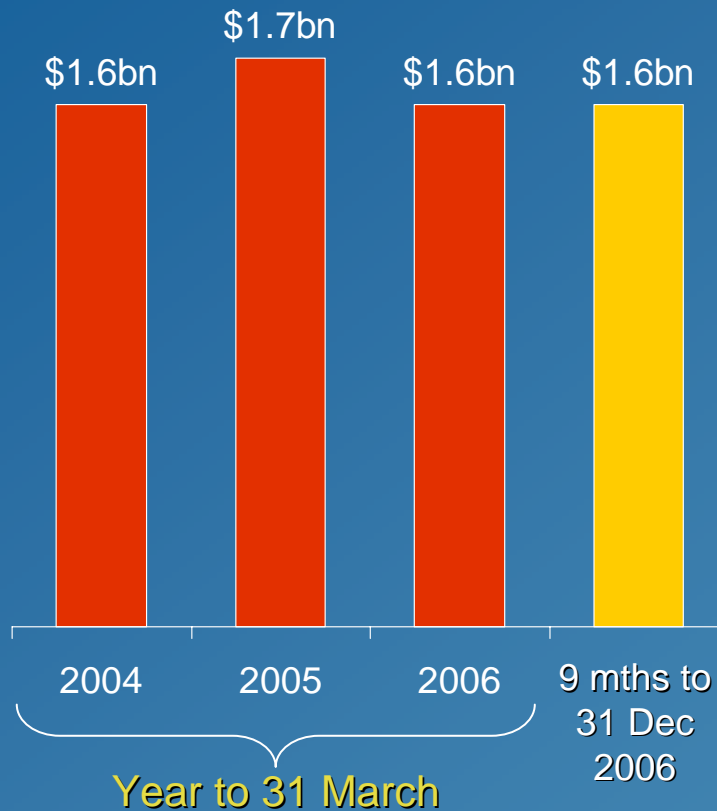
- Leader in selected growth markets in a core Balfour Beatty capability
- Strong, successful, proven senior management team
- Record of successful, focused expansion and growth
- Over 95% of its revenue negotiated. 80% with repeat customers
- Logical extension of our successful presence in building design, programme and project management
- Culture and processes highly compatible with UK business model
- Substantial growth potential in its own right
- Adds new dimensions to our ambitions in the construction and private finance markets

Centex Construction

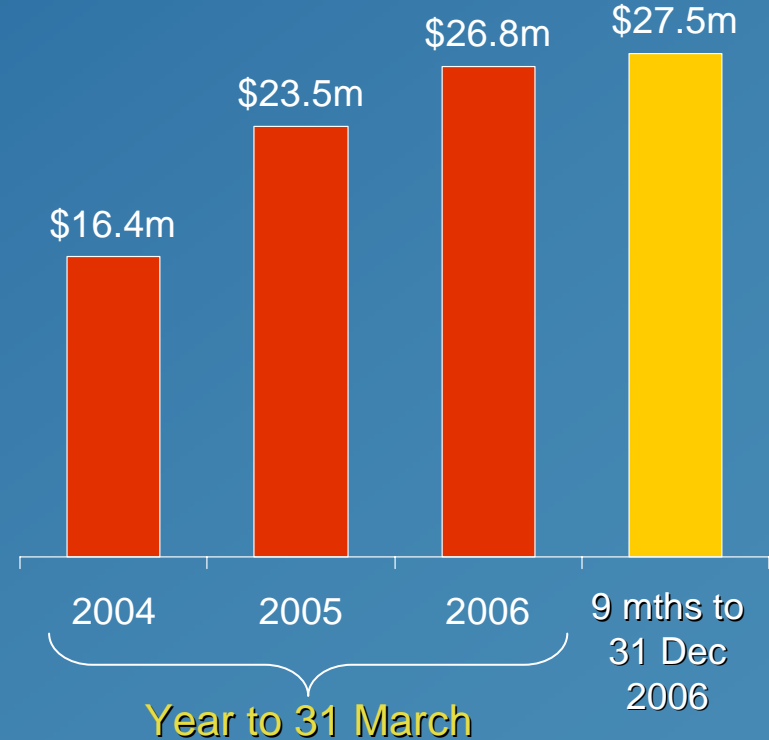
- Annual revenue to March 2006 of \$1.61bn
- Annual operating profit to March 2006 of \$26.8m
- Current order book \$2.9bn, with a further \$2.7bn awarded but not yet contracted
- 1,500 employees
- Key sector markets – healthcare, education, criminal justice, military housing, leisure
- Serving high-growth markets – Florida, Texas, Washington DC, North Carolina

Centex Construction financial performance

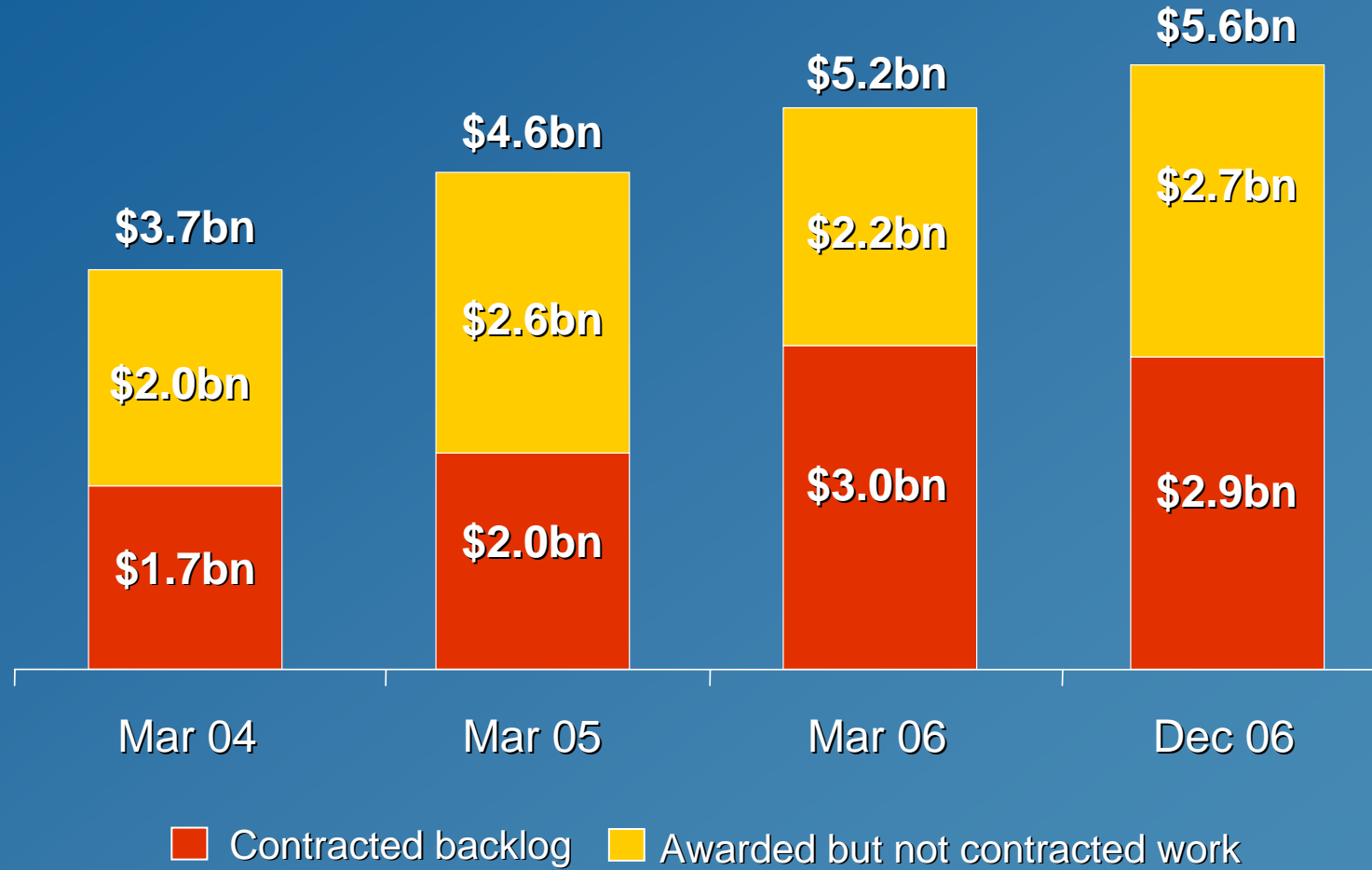
Revenue



Operating Profit

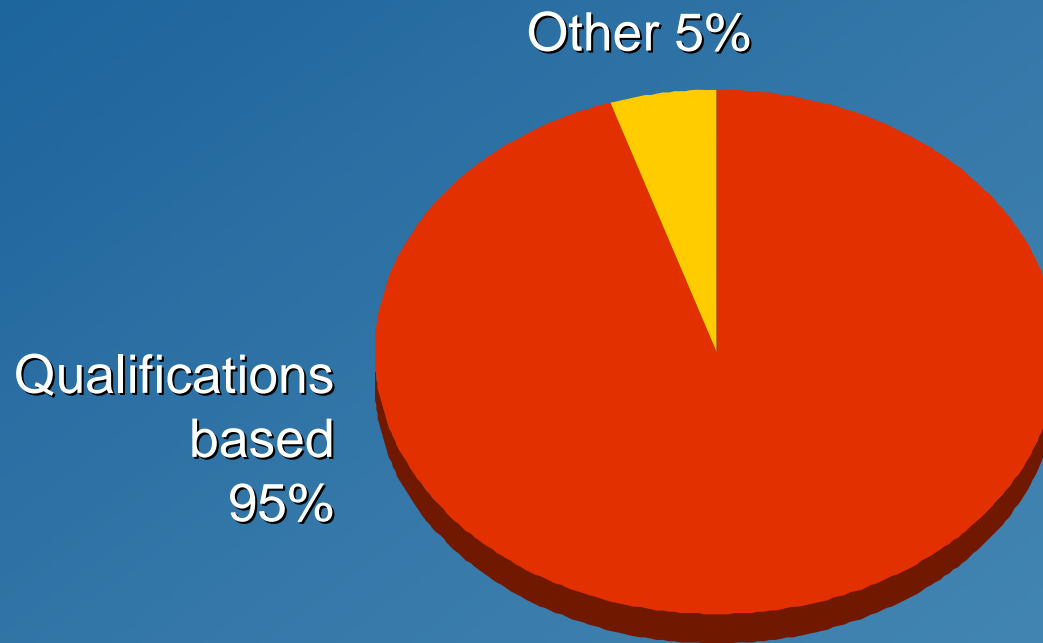


Centex Construction order book



Centex Construction order book profile

Revenues by procurement method

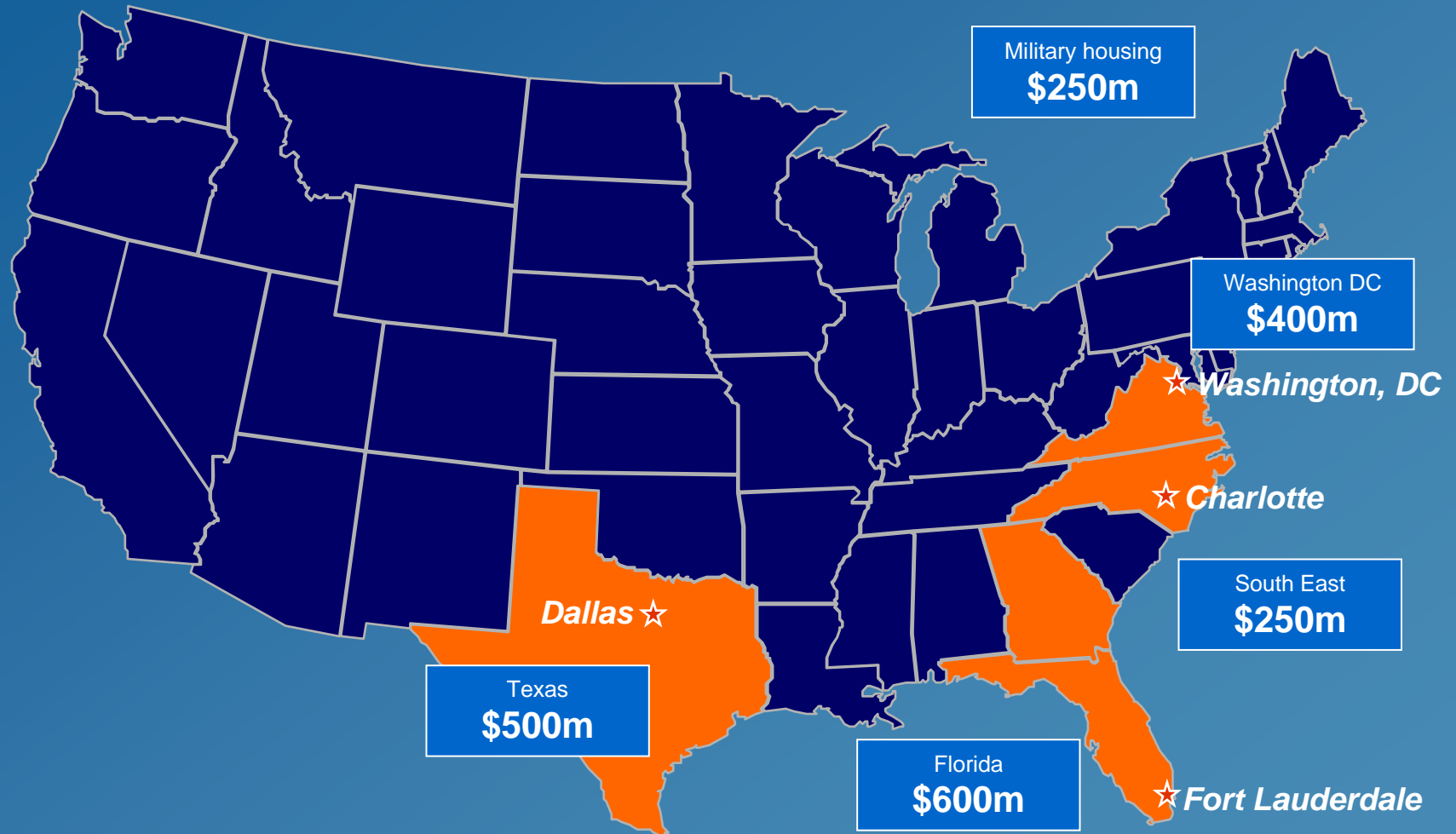


Centrex Construction cash

Average daily cash balance in excess of equity



Centex Construction key markets (annual revenues)



Centex Construction culture/processes

- Decentralised organisation and culture
- Centrally-driven strategy, risk and brand management, employee policies
- Differentiation through service levels, talent
- Experienced, successful, committed senior management with average service of over 15 years
- Robust, Balfour Beatty-compatible processes for
 - Risk management
 - Supply chain management
 - Cash management
 - Health and safety management
 - Customer service

Centex Construction divisional overview

Florida

- \$600m revenues. Over 50 active projects
- Order book \$800m
- Average contract value \$25m
- Education, government, criminal justice focus
- Based in Fort Lauderdale + 6 satellites
- Key customers
 - Disney, Hogan, County School Boards



Centex Construction divisional overview

Washington, DC

- \$400m revenues. Over 20 active projects
- Order book \$600m
- Average contract value \$43m
- Government and transportation focus
- Based in Fairfax (Virginia)
- Key customers
 - General Services Agency, Boston Properties, Dulles Airport



Centex Construction divisional overview

Texas

- \$500m revenues. Over 70 active projects
- Order book of \$500m
- Average contract value of \$15m
- Education, commercial and healthcare focus
- Based in Dallas
- Key customers
 - Hines, UT System, Children's Medical Center, Texas Health Resources



Centex Construction divisional overview

South East (excluding military housing)

- \$250m revenues. 90 active projects
- Order book of \$250m
- Average contract value of \$21m
- Education, commercial, corporate
- Based in Charlotte
- Key customers
 - University of North Carolina, North Carolina State University, Marriott, Bank of America



Military housing privatisation

- Programme began in 1996
- Modernisation of family accommodation through leveraging private capital
- Individual programmes for Army, Navy, Air Force
- \$17.8bn programme overall
- Centex works on pre-construction and construction services
- Centex partnership with GMH as developer/ equity provider

Centex Construction military housing portfolio

Project	Location	Contract Value
Ft Stewart/Hunter AAF	Savannah, GA	\$305m
Ft Detrick/Walter Reed AMC	Maryland/D.C.	\$73m
Ft Eustis/Ft Story	Newport News, VA	\$116m
Ft Bliss/White Sands MR	El Paso, TX	\$337m
Navy NE New Housing	Groton, CT	\$399m
Navy NE Renovations	Groton, CT	\$115m
Ft Gordon	Augusta, GA	\$66m
Ft Carson	Colorado Springs, CO	\$100m
Carlisle Barracks	Carlisle, PA	\$53m

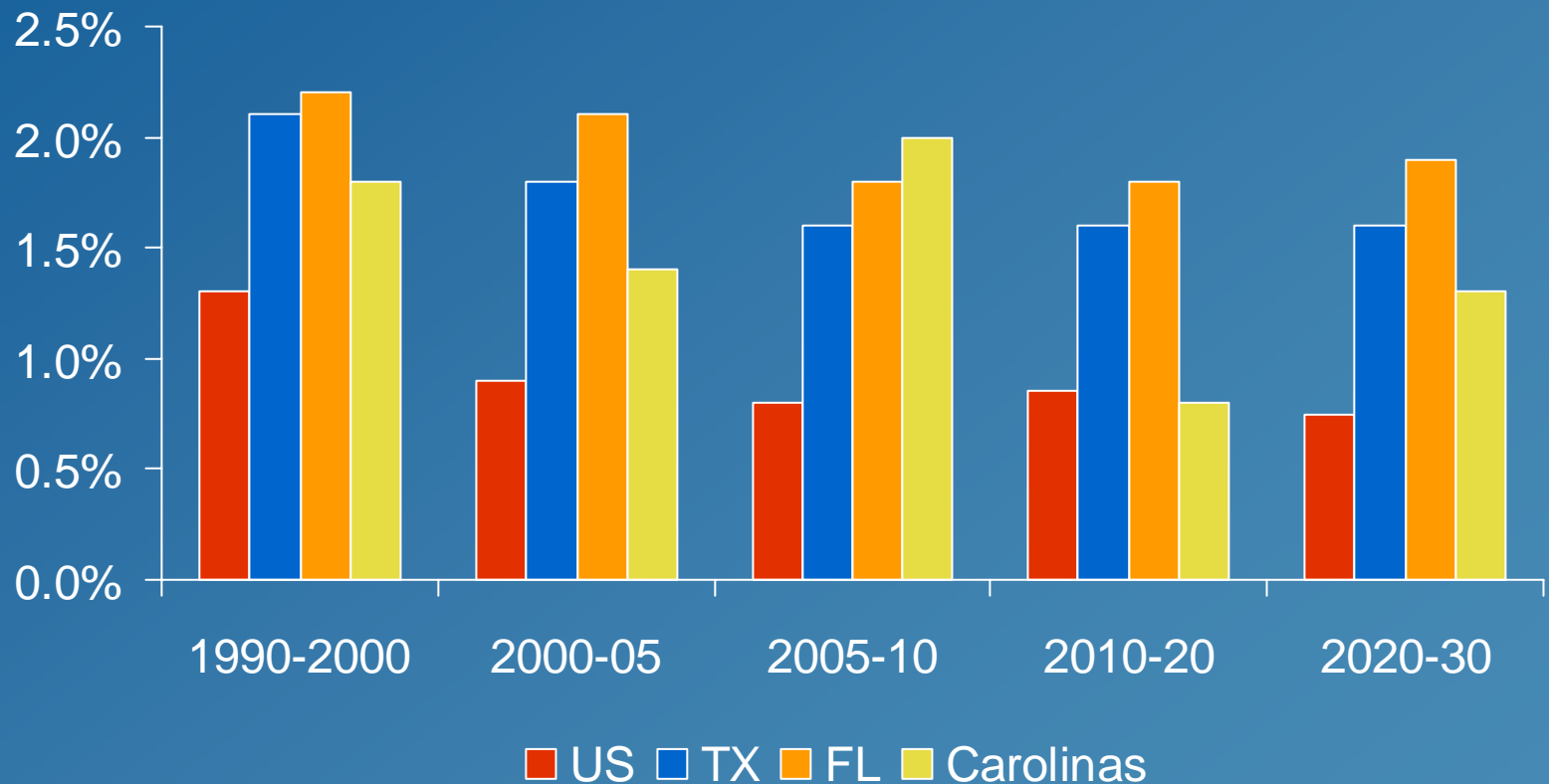


US building market

- Total addressable market of c.\$400bn
- Most sectors forecast to grow steadily in the period 2007-2010
- Texas and Florida are 2 of top 3 state markets. North Carolina and Georgia also in top 12
- Texas, Florida and North Carolina forecast to outpace general US growth significantly
- Education and health markets on continuing, long-term growth curve
- Military housing – strong growth market in recent years

Population growth – select states vs US

Annual growth



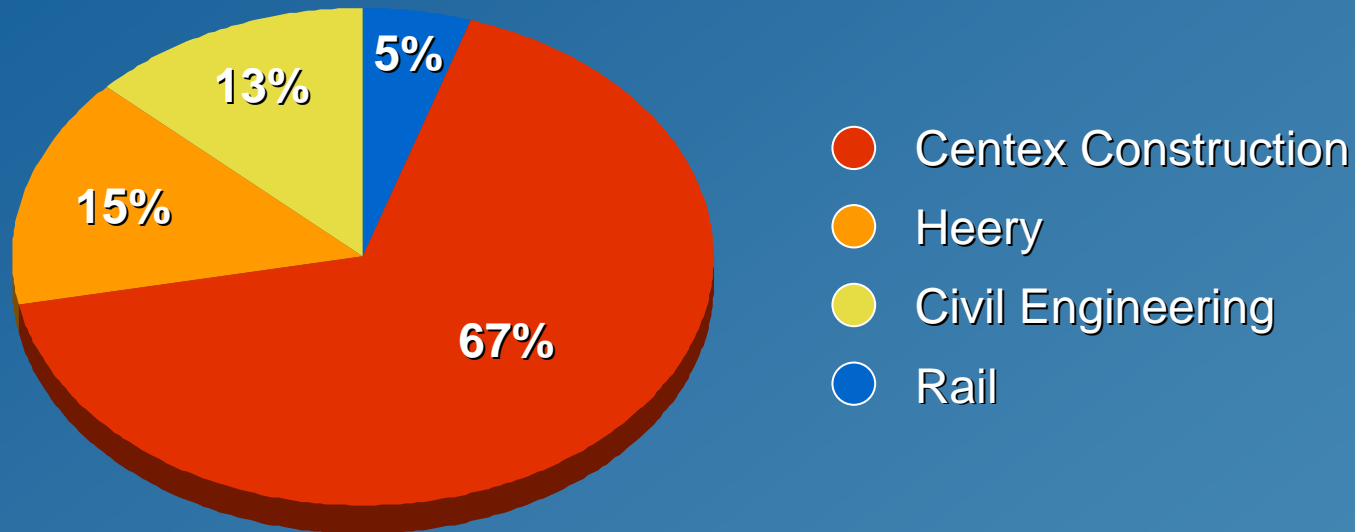
Growth enhancement through Centex Construction

- Develop careful geographical market replication
- Exploit potential for upstream/downstream offer with Heery
- Create leadership in emerging procurement methods
- Develop business in building-based PPP
- Add financing expertise to military housing model

Balfour Beatty in the US

- Total revenues of c.\$3.5bn
- Top tier builder focused on Florida, Texas, Washington DC, North Carolina
- Top 5 programme and project manager with nationwide coverage
- Regional civil engineer focused on California, Texas
- Multi-disciplinary rail contractor focused on Class 1, mass transit and private service markets
- Emerging player in the developing PPP market

Balfour Beatty US revenues (projected)



c.\$3.5bn

US approximately 23% of
total Group revenues going forward

Balfour Beatty