Acquisition of Waste Recycling Group

Creating a European Leader in Waste Management

18 July, 2006

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Transaction Highlights

- Acquisition of 100% of Waste Recycling Group Limited (“WRG”) from Terra Firma
- Terra Firma to retain Waste to Energy (energy from landfill gas)
  - SLA agreement between WRG and Waste to Energy
- Enterprise value: £1,400 mn (€2,030 mn)
- 100% debt financed
- Closing expected in 4Q 2006
  - Subject to anti trust approval
  - No issues expected

1. Transaction Description

2. **The Waste Recycling Group Limited**

3. Strategic Rationale

4. Impact on FCC

One of Europe’s Largest Markets

- 50 mn tons market, growing at GDP rates
- Landfill is currently the predominant disposal solution in the UK
- Implementation of the Waste European Union Direction is transforming the market
  - Imposes strict restrictions to new landfills (viewed as last resource)
  - Favours alternative solutions (recycling, incineration, etc) imposing specific targets to municipalities
  - Municipalities are relying on PFIs/PPPs to comply with existing regulation

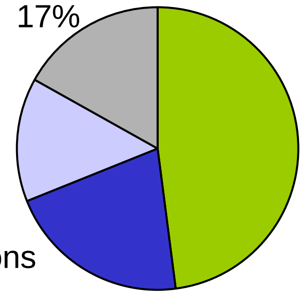
Landfills become a key strategic resource in the waste management value chain:
– Scarcity value
– Competitive advantage for PFIs/PPPs

Leading Waste Disposal Company in the UK

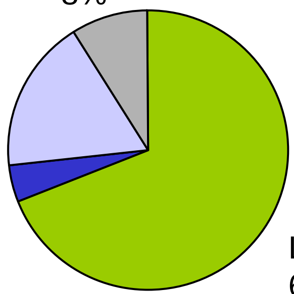
Activities

Landfills	Transfer stations	Incineration	Other
• 58 landfill sites • 185 MM m³ of consented void (38% of UK landfill void) • Over 50 MM m³ of unconsented void	• 28 transfer stations	• Hull and East Riding: 240,000 tn / p.a. -under renegotiation • Eastcroft: 140,000 tn / p.a. • Allington: 500,000 tn / p.a. - completed in Oct '06 • Norfolk 150,000 tn / p.a. - preferred bidder	• 14 composting sites – 150,000 tn, p.a. • Recycling plants • Industrial waste treatment plants • 70 civic amenity sites

Proforma* Revenues 2006E
(GBP 570 MM)



Proforma EBITDA 2006E
(GBP* 147 MM)



*Proforma includes one full year of operations of Allington, RE3 and Wrexham

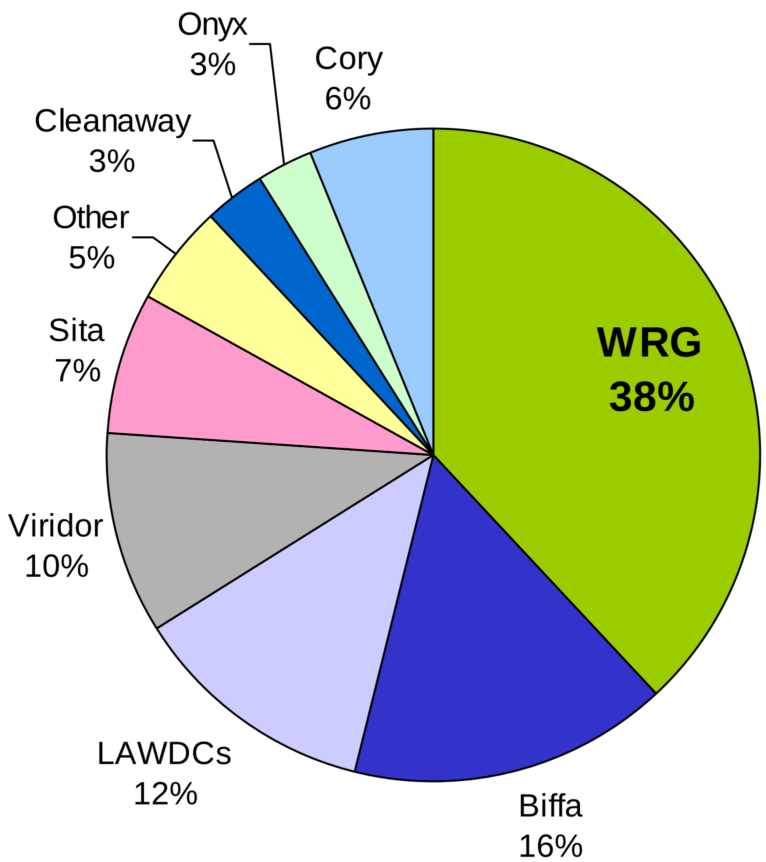
Largest Landfill Operator in the UK

- 185 mn m³ of consented void and over 50 MM m³ of unconsented void
- Long average weighted site life: c. 18 years
  - Over 35% of landfills with life over 20 years
  - Estimated weighted life of competitors: 7 years
  - Proportional market share to increase over time

Strongly positioned to benefit from greater landfill void scarcity

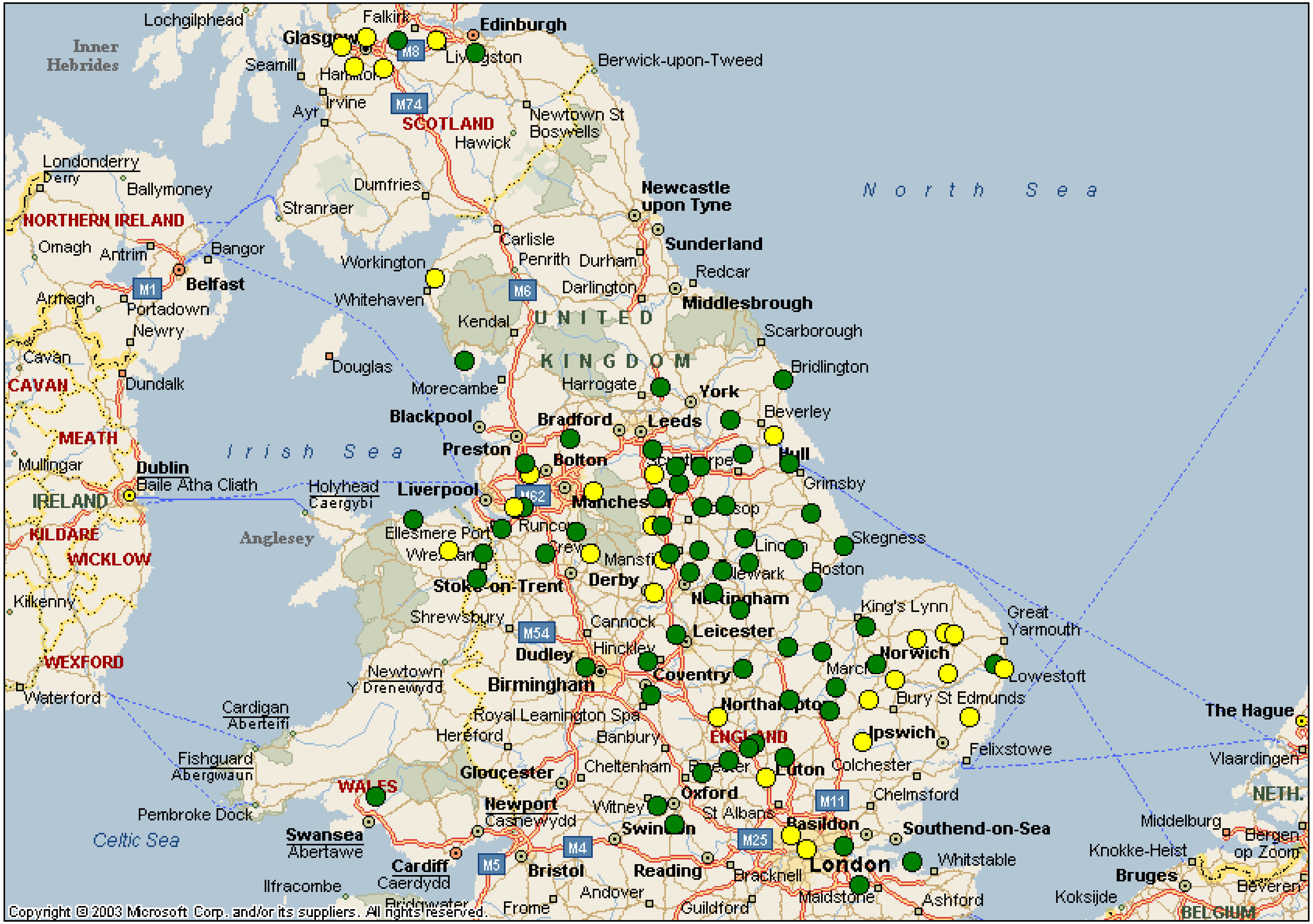
Landfill Void Market

Consented Void (2004)



Source: OC&C

Second-to-None Diversified Geographic Footprint



Landfills   Transfer Stations

Unique Competitive Advantage for Securing PFIs / PPP

- Proven track record securing PFIs / PPP

Portfolio PFI / PPP Projects

PFI / PPP	Status	Timescale	Tonage (KT/yr)	Type	Contract Length (years)	Capex (€ GBP)
Allington	Closed	Operational 2006	500	Incineration	25	140
RE3	Preferred Bidder	July 2007	220	Integrated	25	30
Norfolk	Preferred Bidder	October 2006	150	Incineration	25	70
Wrexham	Preferred Bidder	December 2006	100	Integrated	25	40
Cumbria	BAFO	2007	380	Integrated	25	120
Wakefield	BAFO	2007	200	Integrated	25	100

- High level of success, since this area became a strategic priority (2 years ago)
  - 3 PFIs under preferred bidder status, 2 BAFO out of a total of 9 tenderings in the market
  - Significant number of projects in the pipeline

Strategic platform for growth

Achieving a Leading Position in Incineration in the UK

- Treatment capacity: over 1 mn tonnes per year
- Energy from waste: 87 MW
- 18% market share* in the UK
- Natural alternative to landfills

Incineration Asset Portfolio	Status	Date Operation	Capacity KT/Year	Capacity MW
Hull and East Riding	Operating	1999	140	12
Eastcroft	Operating	Operating	500	43
Allington	Testing	4Q 2006	150	12
Norfolk	Preferred Bidder	2009	240	20

Demonstrated expertise and resources to deliver and manage major incineration infrastructure projects

*** Without Norfolk**

Why Waste Recycling Group?

Services

- FCC strategic activity

+

UK

- International
- Well known market: present for over 15 years

+

Market Leader in Strategic Segment

- 38% market share
- c. 18 years average landfill site life
- Scarcity value

+

Why Waste Recycling Group?

+

Significant Presence in Incineration

- c. 18% market share
- Largest fluidized bed incinerator in Europe (Allington)
- Natural alternative to landfills

+

Strong Growth Potential

- Uniquely positioned to secure new PFIs / PPPs
- Long term concessions (25 years)
- Fully complementary with FOCSA Services UK: collection and cleansing

+

Management Team Continuity

- Secures an orderly transition
- Proven track record in the sector
- Experienced

Highly Attractive Investment
Consistent with FCC Strategic Plan

Section 4 - Impact on FCC

1. Transaction Description
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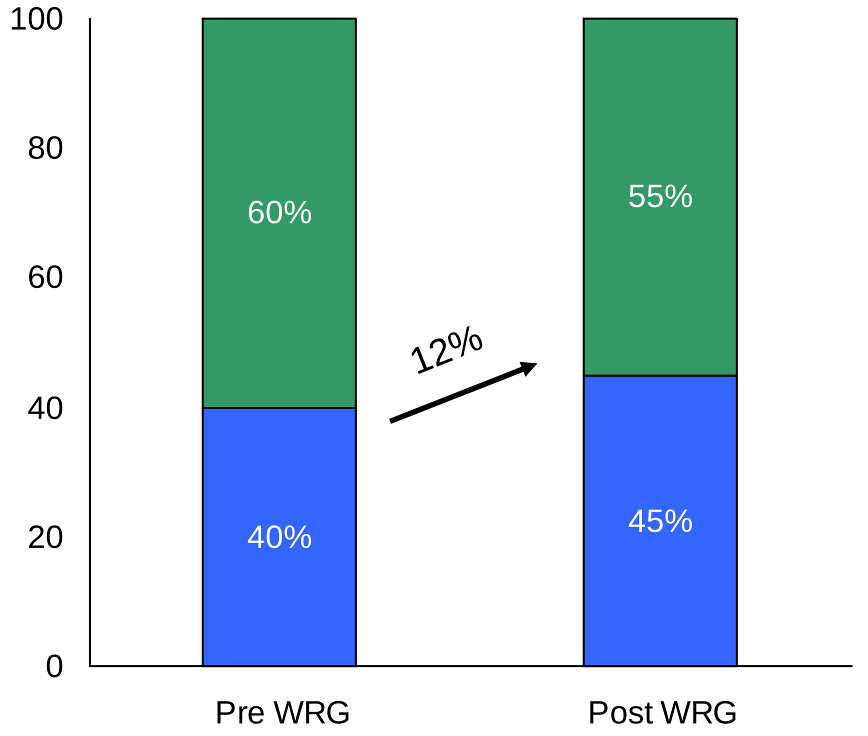
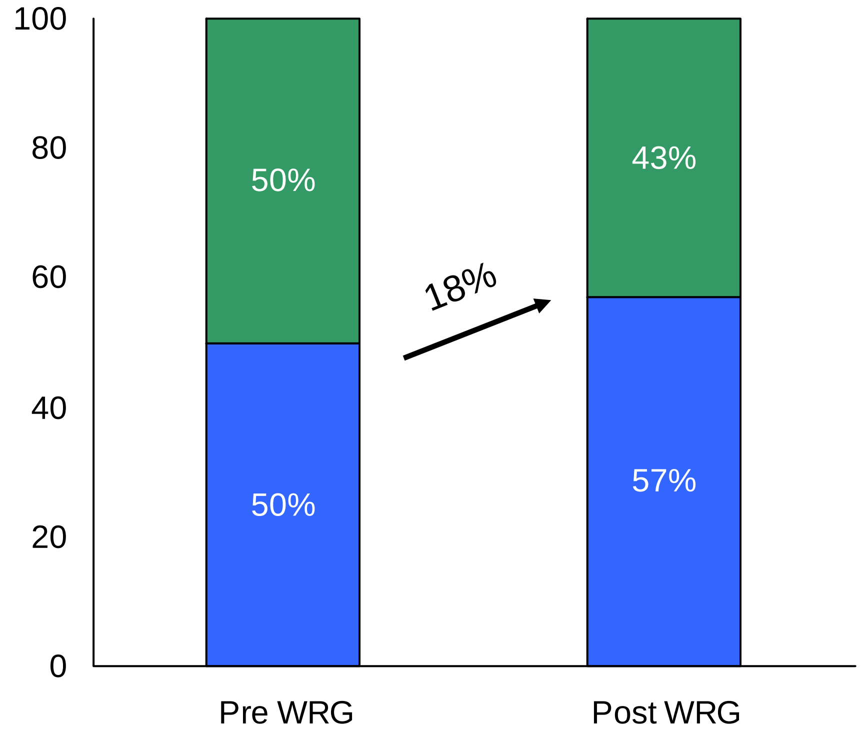
3. Strategic Rationale
4. **Impact on FCC**

The weight of Services increases substantially

2006E proforma sales



2006E proforma EBITDA



Services Other

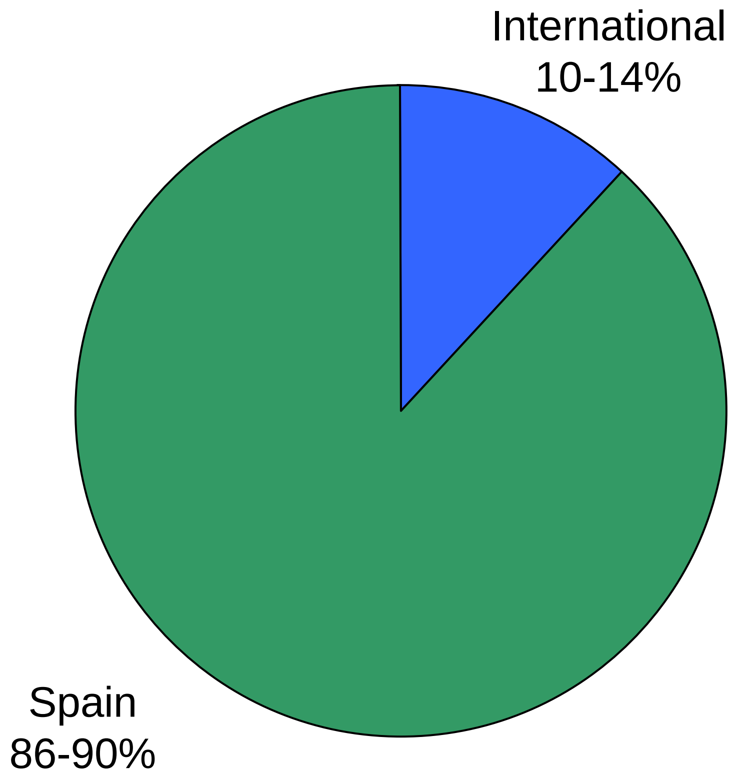
•2006E proforma Revenues: +12%
•2006E proforma EBITDA: +18%

*Assumes proforma revenues and EBITDA for WRG (including one year of operations for Allington, RE3, Wrexham)

Doubling International Revenue Contribution

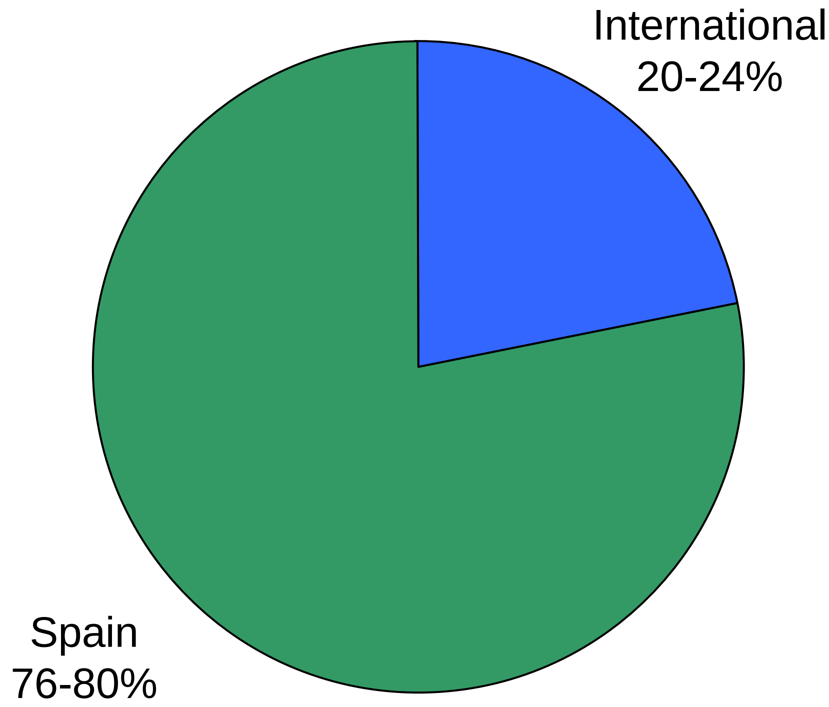
2006E proforma revenues

Pre WRG



2006E proforma revenues

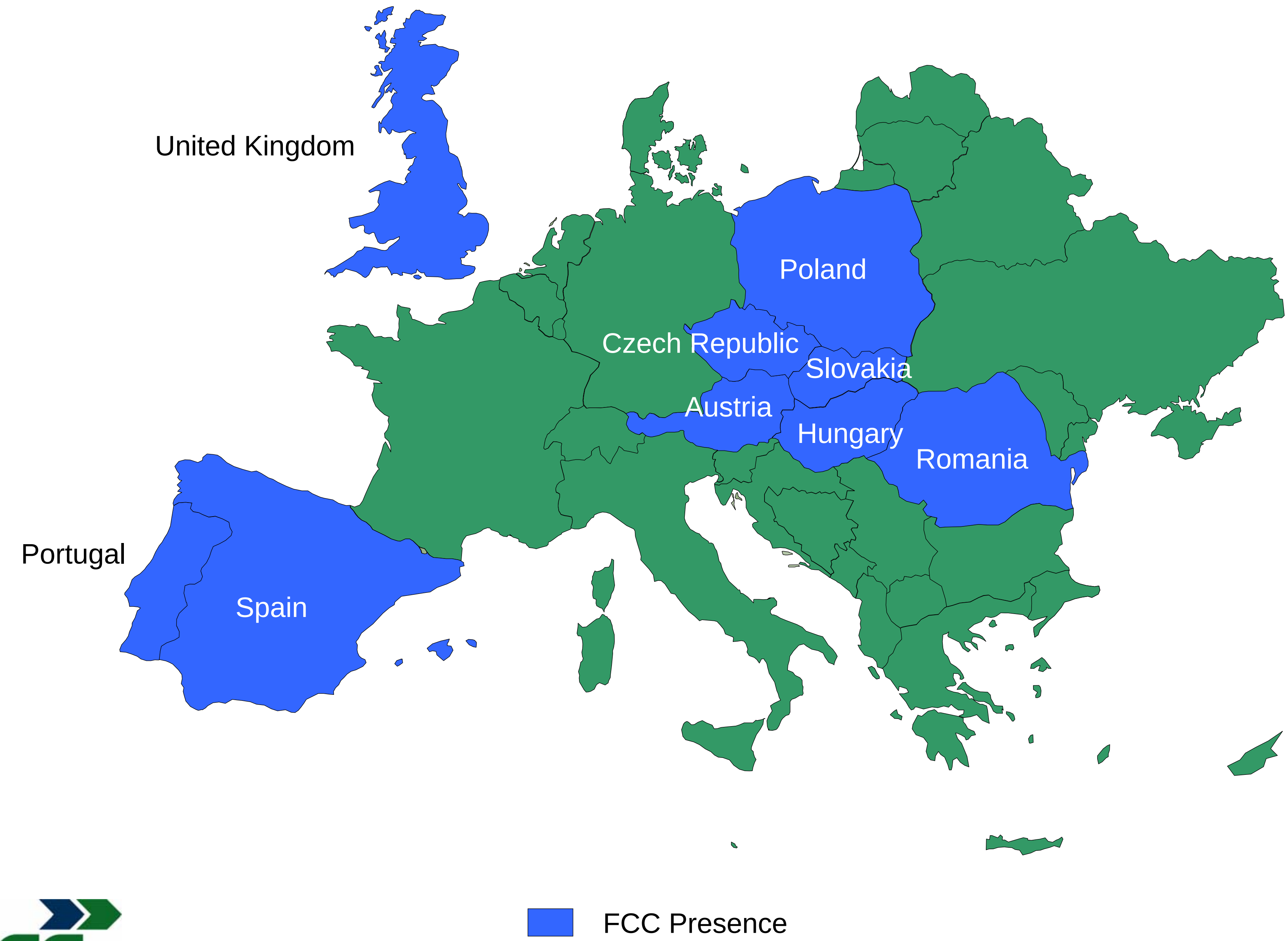
Post WRGL



International Division to account for 20-24% of 2006E proforma revenues

* Assumes proforma revenues and EBITDA for WRGL (including one year of operations for Allington, RE3, Wrexham)

Pan European Footprint



Value Enhancing Transaction

Valuation

- Enterprise value: £1.400 mn (€2.030 mn)
- EBITDA 06E proforma*: £147 mn (€213 mn)
- EV/EBITDA: 9.5x

Impact on EPS

- Slightly EPS dilutive in 2007 and 2008
  - High depreciation due to asset revaluation
  - RE3, Wrexham and Norfolk to start operations in 2008-09
- Accretive from 2009 onwards

Impact on Capital Structure

- Transaction to be financed with 100% debt
- Sufficient debt capacity at FCC

* Assumes pro forma EBITDA for WRGL (including one year of operations for Allington, RE3, Wrexham)