



Acquisition of Waste Recycling Group

Creating a European Leader in
Waste Management

18 July, 2006

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Section 1 - Transaction Description



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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

Section 2 - The Waste Recycling Group



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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 Directive 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

- 58 landfill sites
- 185 MM m³ of consented void (38% of UK landfill void)
- Over 50 MM m³ of unconsented void

Transfer stations

- 28 transfer stations

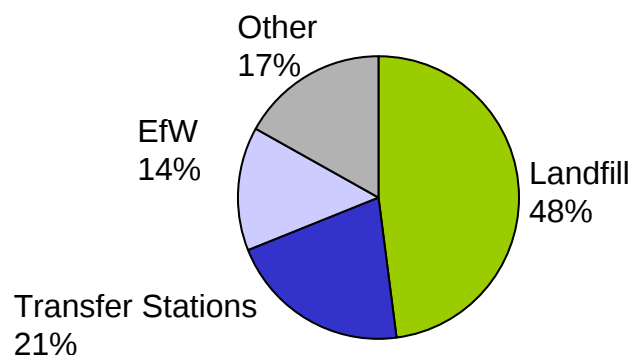
Incineration

- 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

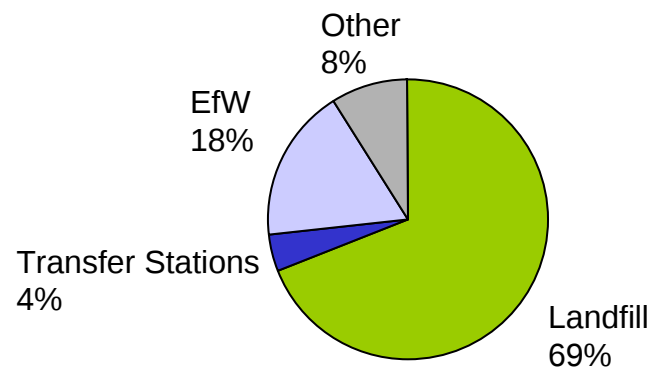
Other

- 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)

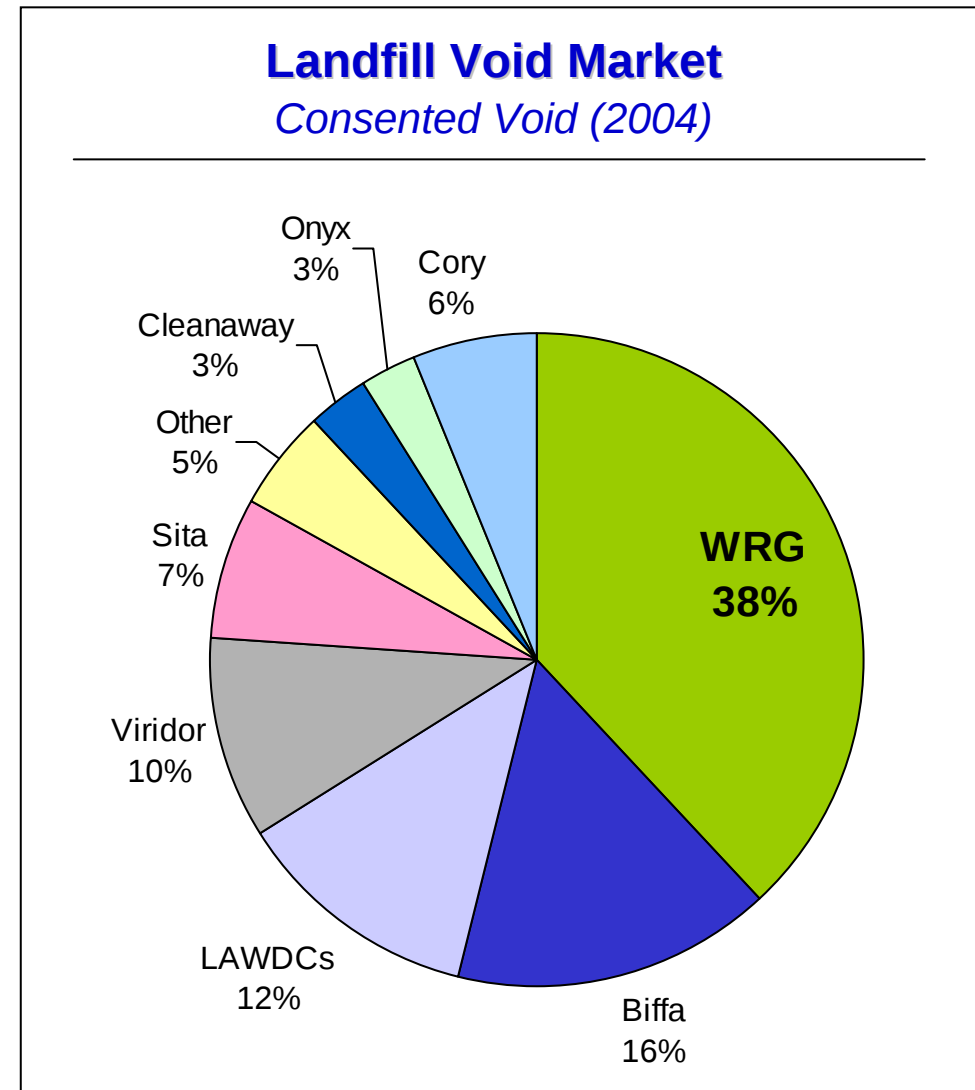


Largest Landfill Operator in the UK



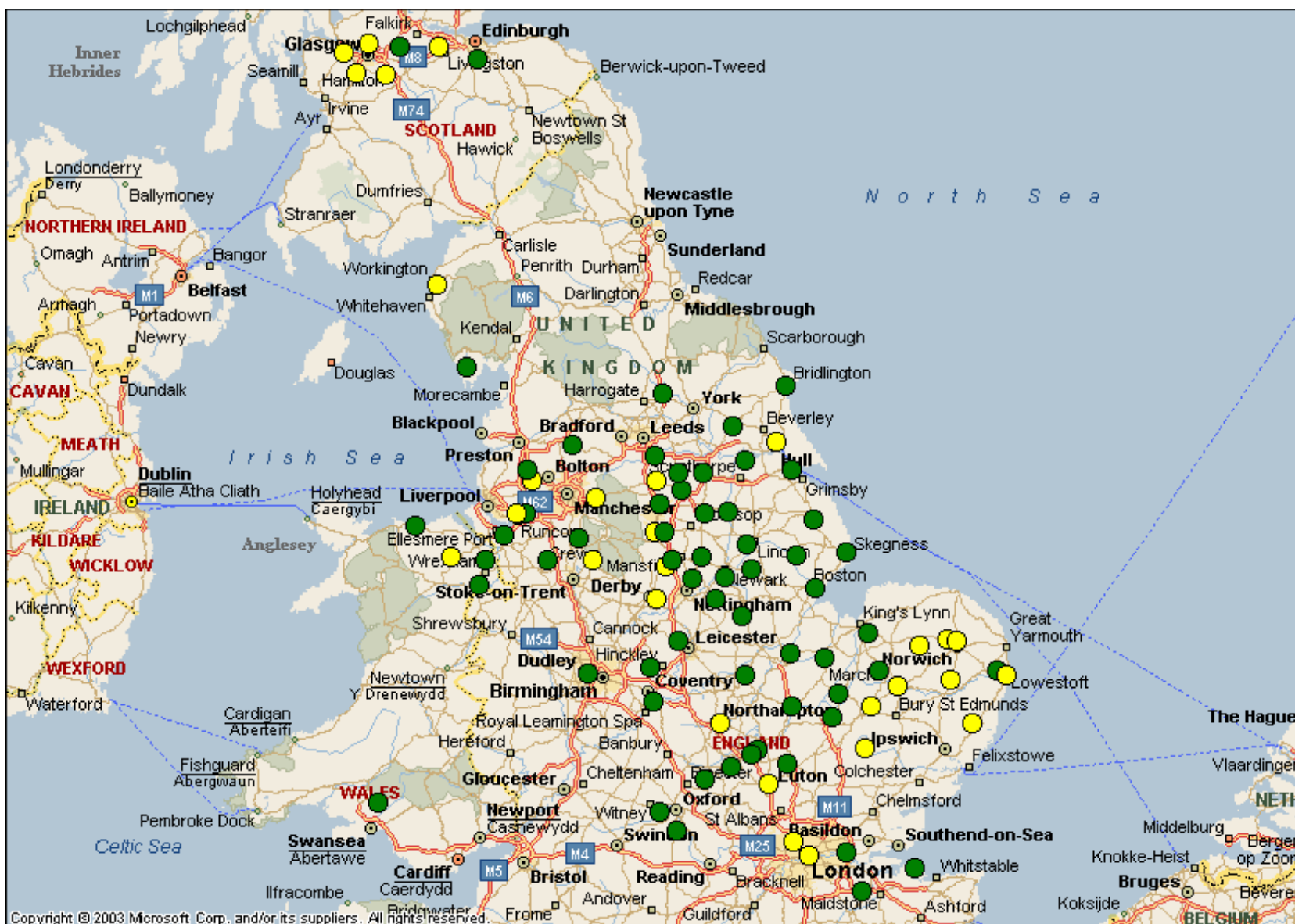
- 185 mn m³ of consented void and over 50 MM m³ of unconsented void
- Long average weighted site life: c. 18 years
 - Over 35% of landfills with life over 20 years
 - Estimated weighted life of competitors: 7 years
 - Proportional market share to increase over time

Strongly positioned to benefit from greater landfill void scarcity



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		Date Operation	Capacity KT/Year	Capacity MW
	Status			
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

Section 3 - Strategic Rationale



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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



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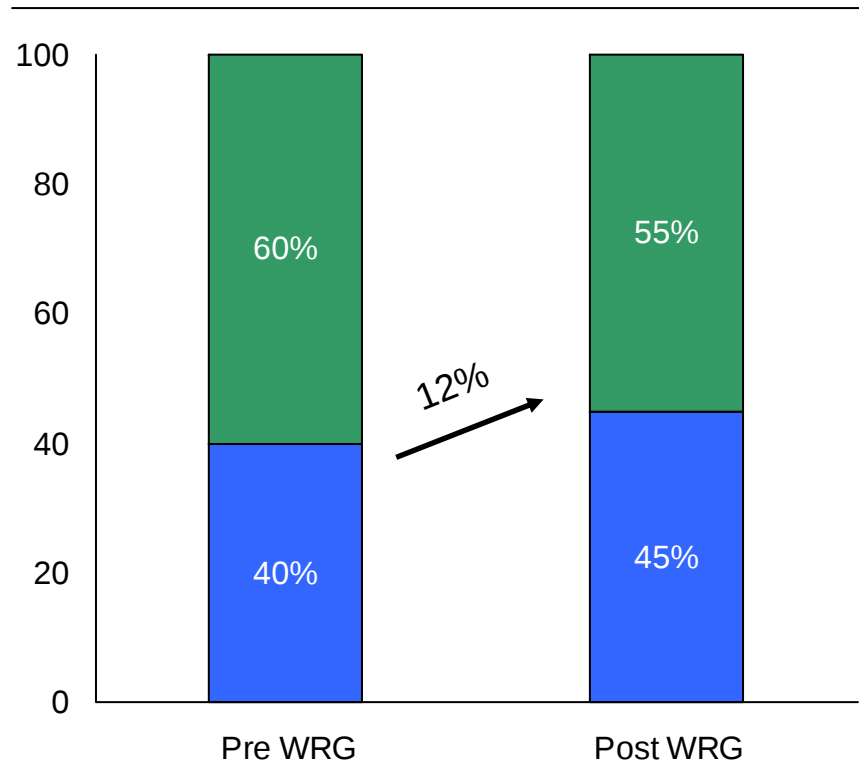
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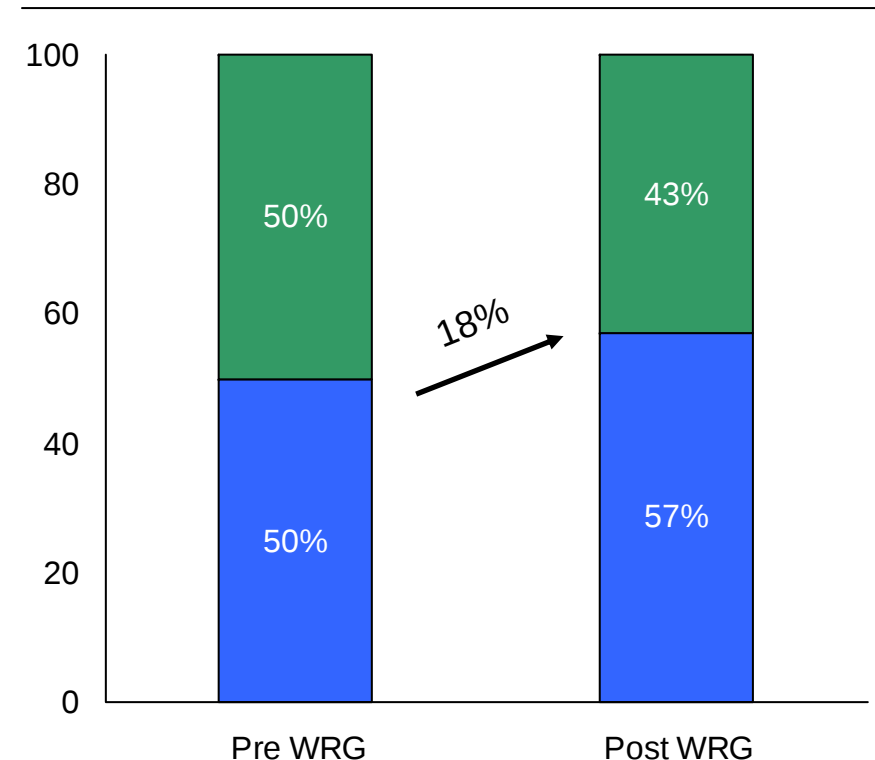
The weight of Services increases substantially



2006E proforma sales



2006E proforma EBITDA



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

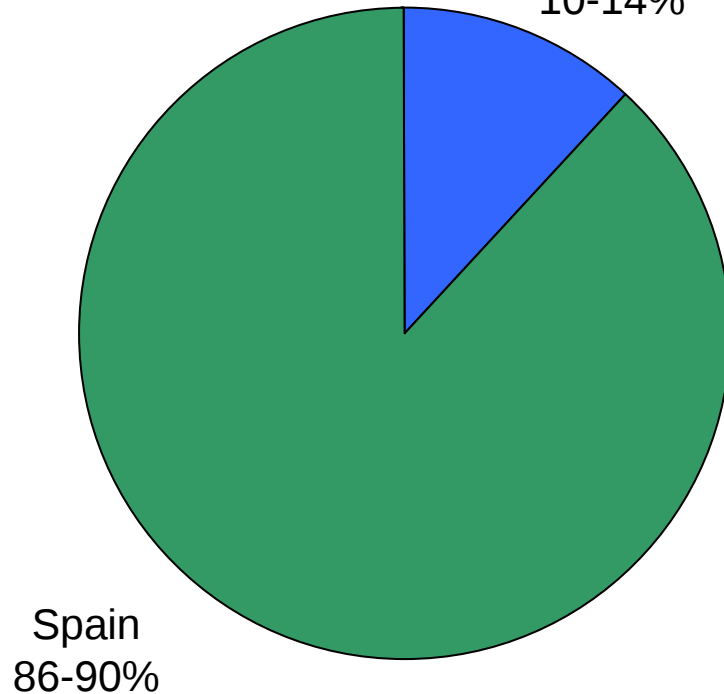
Doubling International Revenue Contribution



2006E proforma revenues

Pre WRG

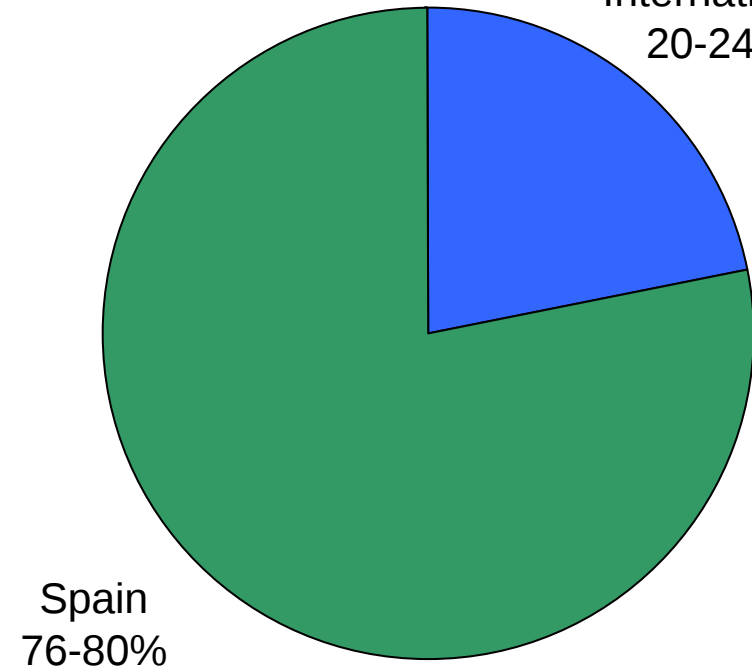
International
10-14%



2006E proforma revenues

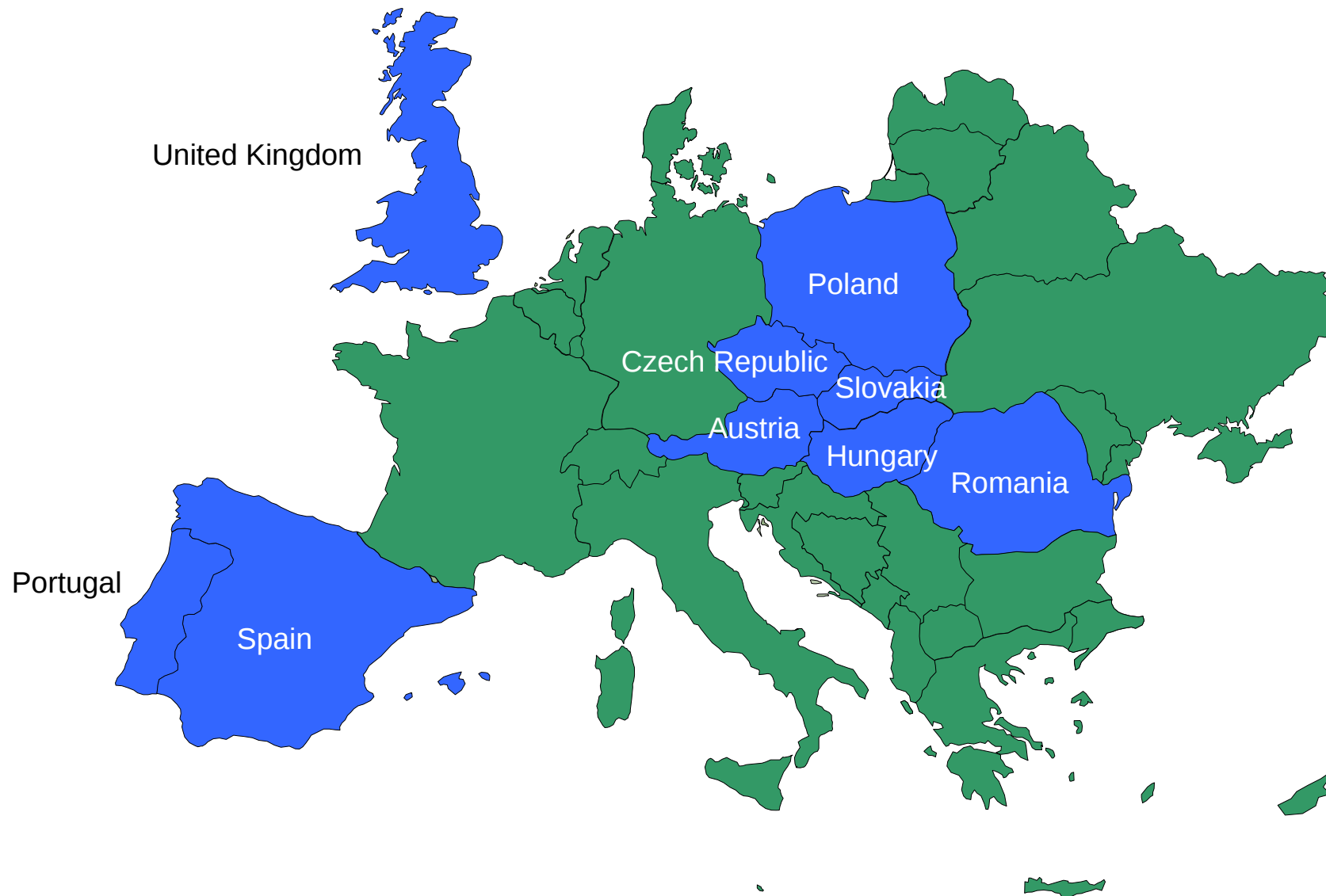
Post WRGL

International
20-24%



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

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