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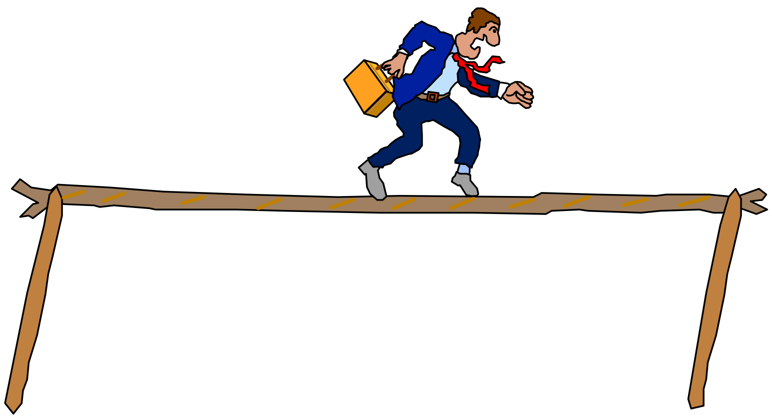

Presentation to
Environmental Business Council of New England

By Paul Zofnass, President of Environmental Financial Consulting Group

November 6, 2006

18 E 48th Street, New York, NY 10017

(212) 752-2203

Participants in the 2006 EFCG Survey

Size Category	Revs ($MM)	# of Firms	Gross Revs.* ($Bil) 2006
Mega Major	>1 Bil	11	26.0
Mini Major	250-1 Bil	25	12.9
Micro Major	100-250	31	4.6
Mid-Size	25-100	74	3.8
Small	10-25	30	0.4
Very Small	<10	21	0.1
Total		**192**	**47.8**

**Primarily Environmental, Transportation, and Infrastructure Engineering/Consulting ("e/c") Revenues*

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Ownership of E/C Firms

	By # of Firms			By Revenue ($Bil)	
Type of Ownership	2000	2006		2000	2006
Public	17	13	2 more than last yr	8.7	19.0
Subsidiary of Public	16	5		3.5	2.0
Sub-Total Public	**33**	**18**		**12**	**21**
Private C-Corp.	93	106		11.1	17.5
Private S-Corp.	44	63		2.3	8.5
Private Partnerships/LLC's/Other	3	5		0.2	0.8
Sub-Total Private	**140**	**174**		**14**	**27**
Total Public & Private	173	192		26	48
ESOP's	31	49		5.7	10.4
Private Equity / VC		18			6.0

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Revenue Distribution By Firm Size

	1995	2000	2006
# of Firms			
> 1 Bil	3	7	11
250-1 Bil	14	20	25
100-250	23	23	31
25-100	43	57	74
10-25	31	33	30
< 10	46	33	21
Total	160	173	192
Revenues ($ Billions)			
> 1 Bil	3	9	26
250-1 Bil	5	9	13
100-250	4	4	5
25-100	2	3	4
< 25	1	1	1
Total	15	26	48
% of Total Revenues			
> 1 Bil	20%	35%	54%
250-1 Bil	33%	35%	27%
100-250	23%	15%	10%
25-100	13%	12%	8%
< 25	5%	4%	1%
Total	100%	100%	100%

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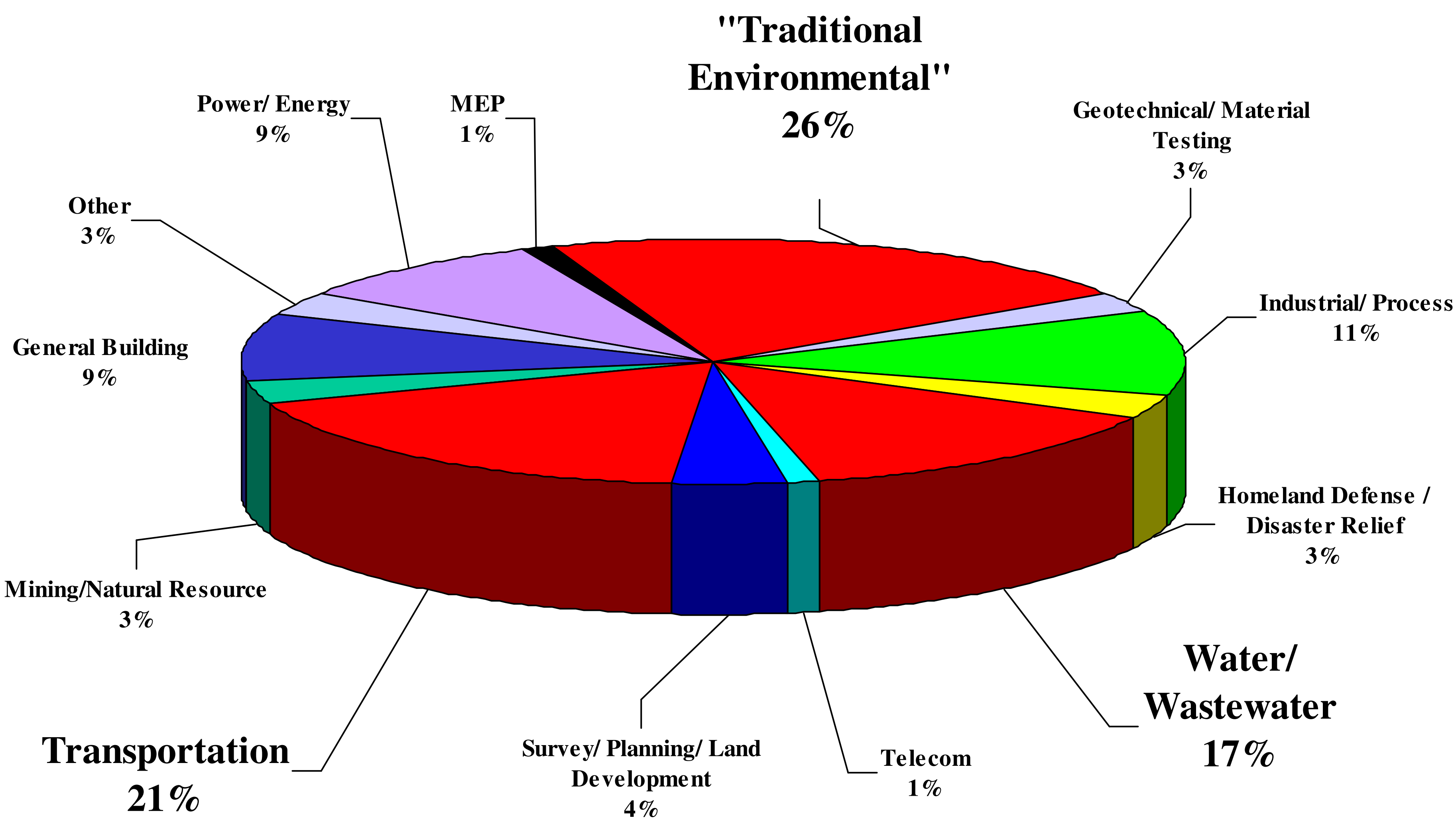
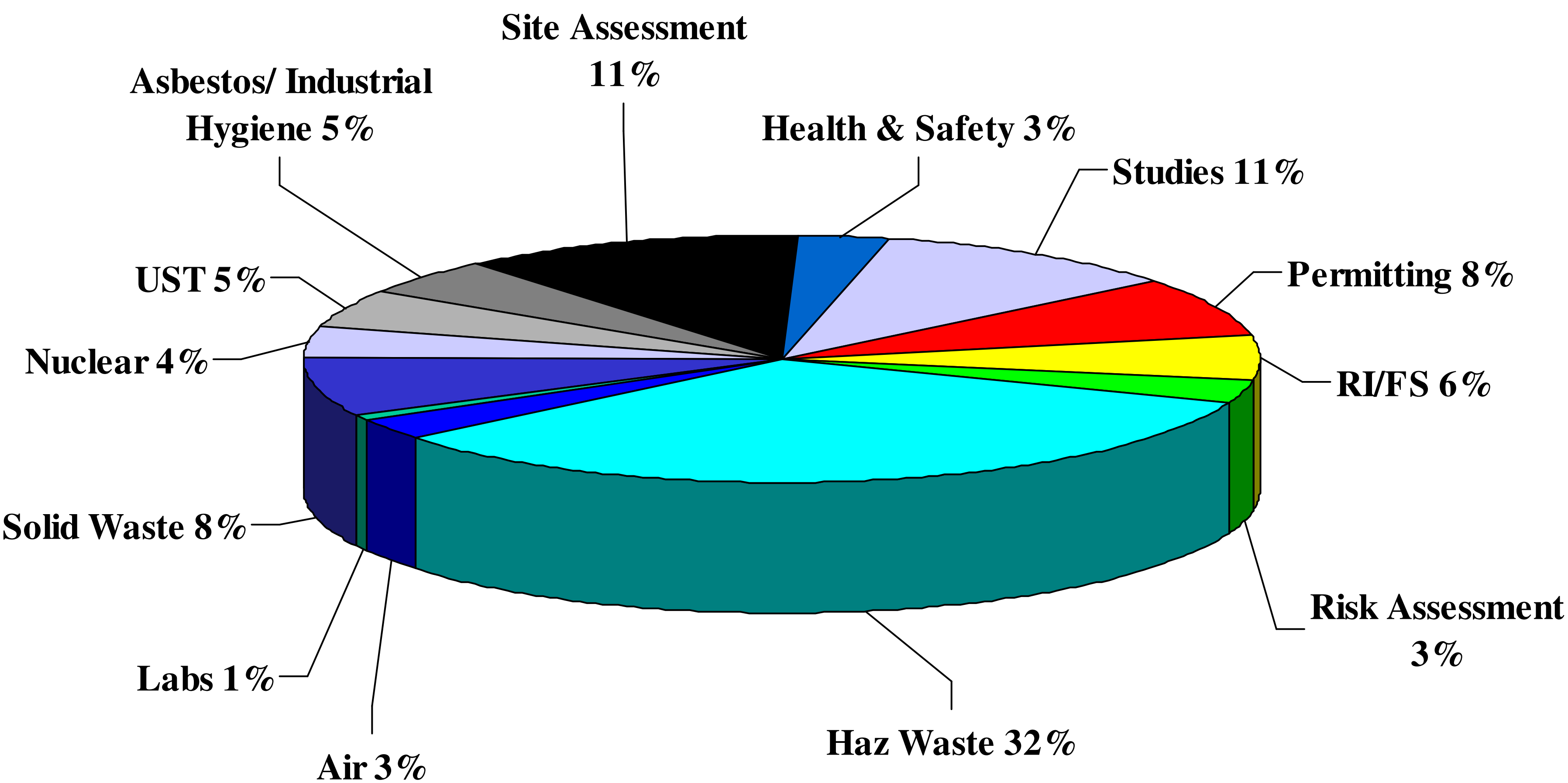
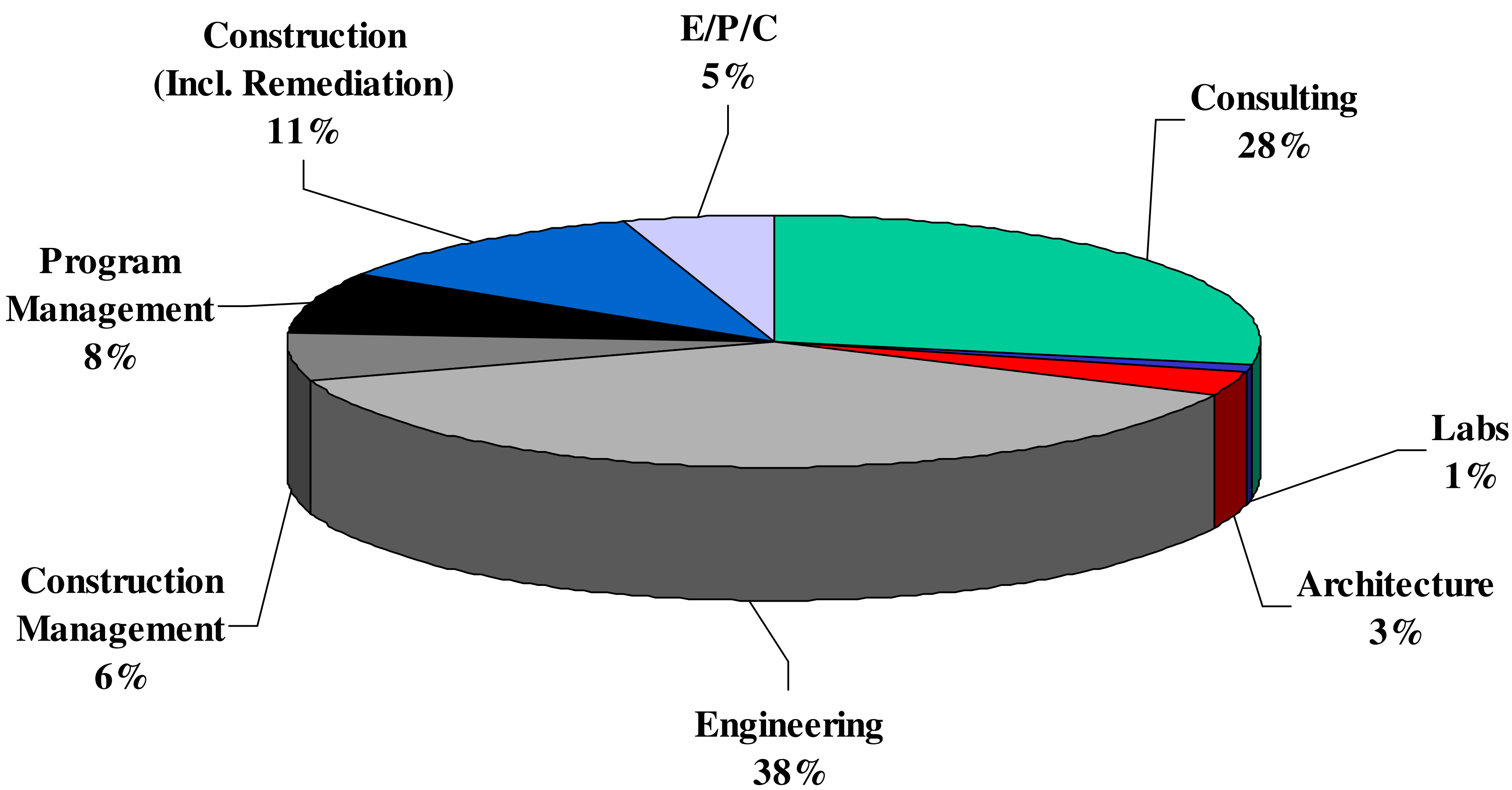
2006 Gross Revenues of $48 Billion by Business Distribution



Makeup of $10 Billion "Traditional Environmental" Revenues



2006 Gross Revenues: by Functional Distribution



2006 Gross Revenues: by Customer Sector

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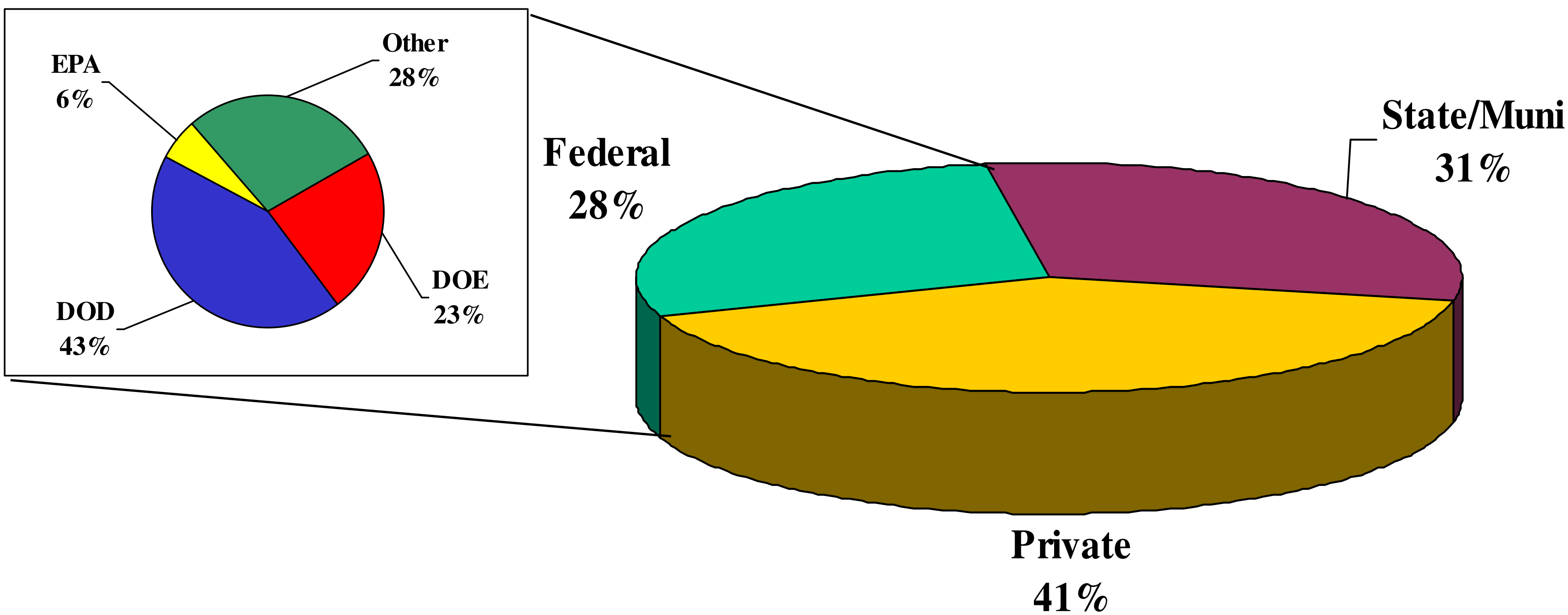
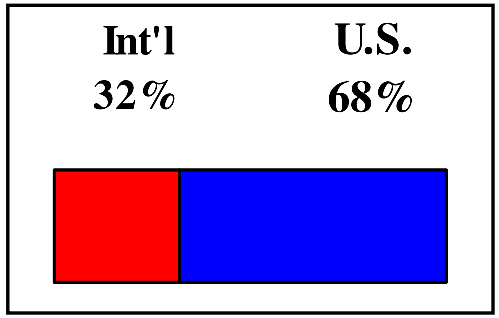
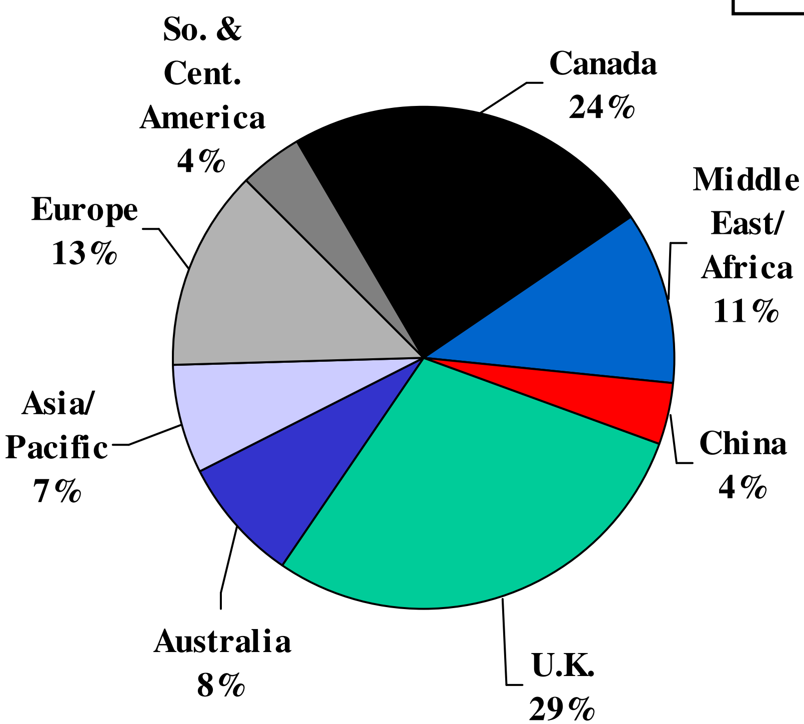


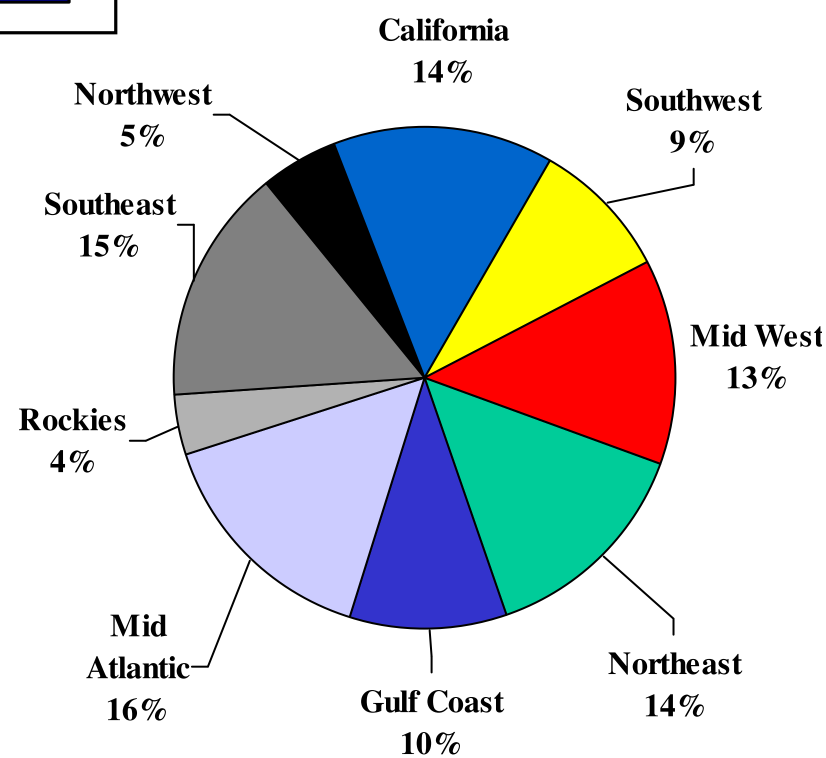
2006 Gross Revenues: by Geographic Sector



International
($15.3 Bil)



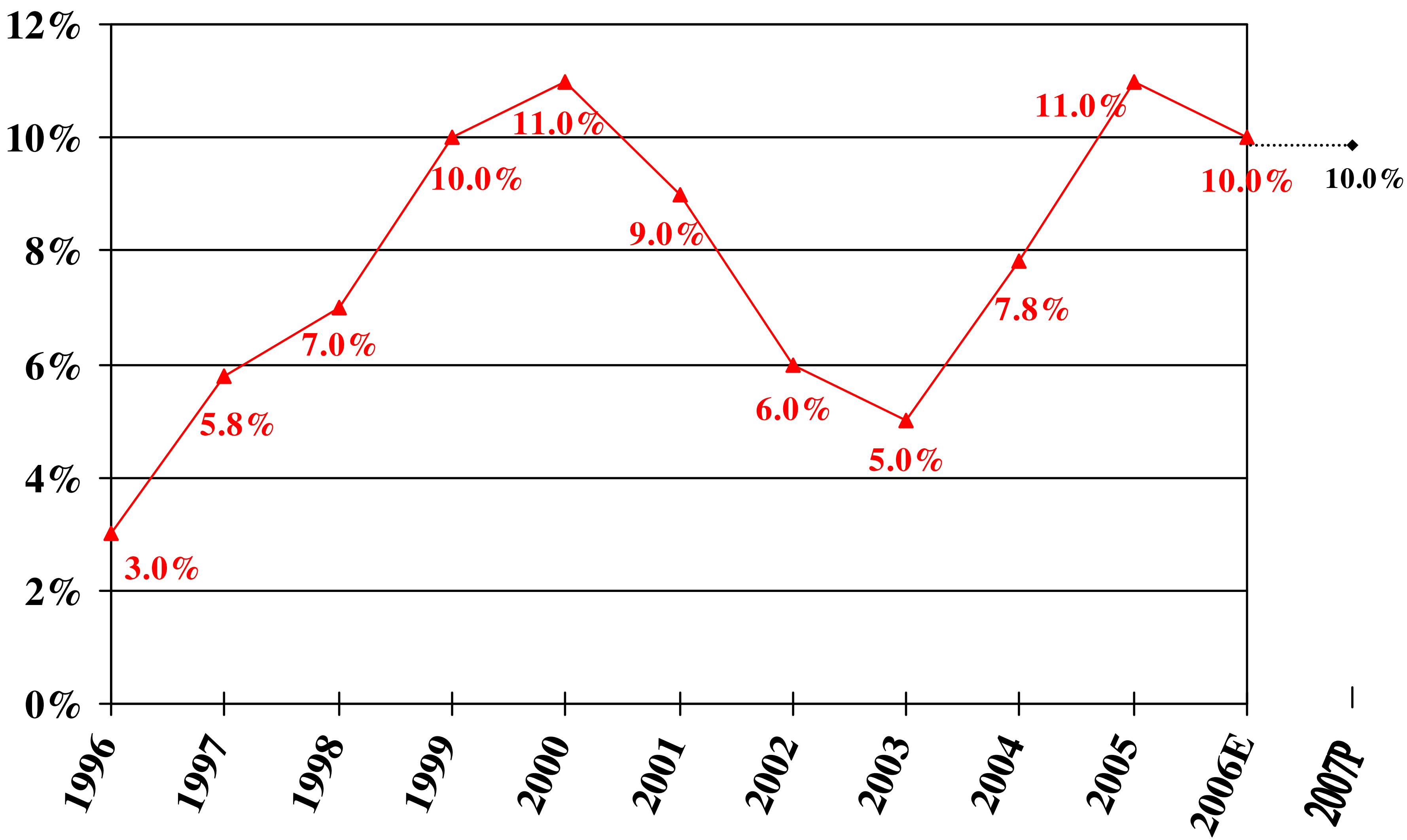
Domestic
($32.5 Bil)



Overall Performance 2005-2007

	2005		2006		2007	
Internal Revenue Growth						
2005 Survey	10.0%	Est	9.3%	Proj		
2006 Survey	**11.0%**	Act	**10.0%**	Est	**10.0%**	Proj
Backlog Change	10.0%	Act	13.0%	Act		
# of Firms Up	169	Act	170	Est		
# of Firms Down	12	Act	13	Est		
Operating Margin (EBIBT/Net Revs)						
2005 Survey	9.8%	Est	10.8%	Proj		
2006 Survey	**10.5%**	Act	**11.8%**	Est	**12.5%**	Proj

Growth (Internal)
Historical Perspective



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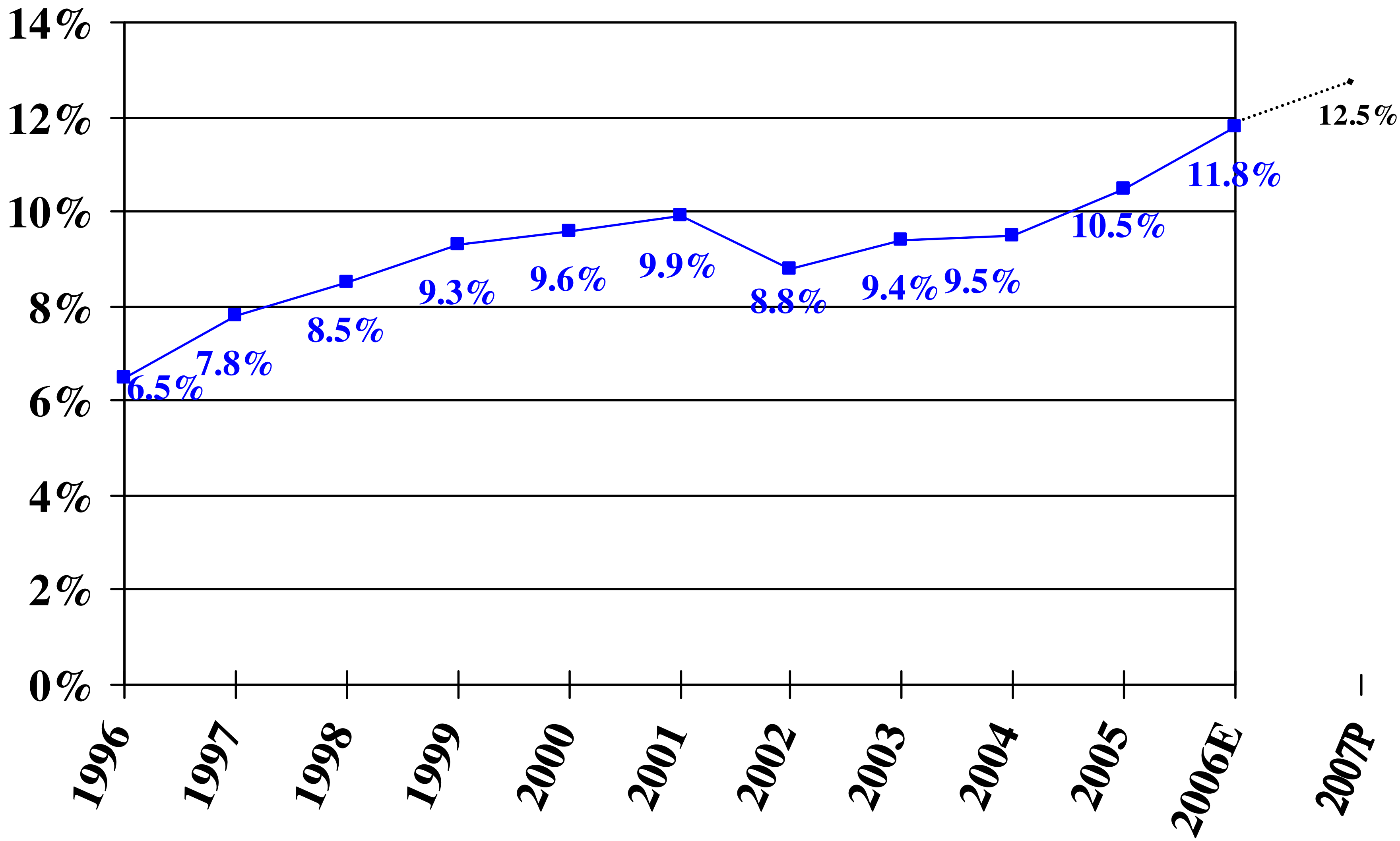
Profitability (EBIBT/Net Revs)

Historical Perspective



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"Happiness Quotient"

	Actual										Est.	Proj.
Company Data (%):	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Growth *(internal)*	3.0	5.8	7.0	10.0	11.0	9.0	6.0	5.0	7.8	11.0	10.0	10.0
Margin *(EBIBT/Net Revs)*	6.5	7.8	8.5	9.3	9.6	9.9	8.8	9.4	9.5	10.5	11.8	12.5
"Happiness Quotient"	9.5	13.6	15.5	19.3	20.6	18.9	14.8	14.4	17.3	21.5	21.8	22.5

"Happiest" year on record!

Growth & Profitability: By Size

(%)

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	Internal Revenue Growth				Operating Margin (EBIBT/Net Revs)				Happiness
	2005	2006E	2007P	3-yr Avg	2005	2006E	2007P	3-yr Avg	3-yr Avg
> 1 Bil	8.8	13.5	7.3	**9.9**	7.9	7.9	8.5	**8.1**	18.0
250-1 Bil	10.0	12.0	7.2	**9.7**	9.7	9.7	10.1	**9.8**	19.6
100-250	12.0	9.0	8.0	**9.7**	11.1	11.7	12.5	**11.8**	21.4
25-100	11.0	11.9	10.0	**11.0**	10.2	12.5	13.5	**12.1**	23.0
10-25	12.0	8.2	10.0	**10.1**	10.9	13.2	14.4	**12.8**	22.9
< 10	6.0	9.1	13.4	**9.5**	11.4	11.6	13.1	**12.0**	21.5

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Growth & Profitability: By Sector

(%)

Sector *(# of Firms)*	Internal Revenue Growth 2005	2006E	2007P	3-yr Avg	Backlog Change 2006	Operating Margin (EBIBT/Net Revs) 2005	2006E	2007P	3-yr Avg
By Business Sector									
Environmental (65)	10.0	12.2	10.0	**10.7**	10%	10.9	13.9	15.0	**13.3**
Water/Wastewater *(22)*	7.0	11.9	8.0	**9.0**	16%	11.1	12.7	15.0	**12.9**
Transportation *(20)*	11.5	10.4	8.8	**10.2**	20%	8.5	8.9	10.1	**9.2**
By Customer Sector									
Private *(93)*	12.1	11.0	10.0	**11.0**	10%	10.9	12.9	13.8	**12.5**
State/Municipal *(59)*	10.3	11.0	9.0	**10.1**	11%	10.5	11.8	11.5	**11.3**
Federal *(22)*	7.3	5.8	9.9	**7.7**	5%	7.1	8.0	10.0	**8.4**

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Productivity Analysis

Historical Perspective For All Firms

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006E	2007P
Net Rev Multiplier	3.00	3.00	2.98	2.90	2.95	2.90	2.86	2.94	2.90	2.94	2.91	2.98	3.00	3.00
Utilization Ratio	61%	63%	61%	62%	62%	62%	64%	63%	61%	62%	62%	61%	63%	63%
MU Factor	1.83	1.89	1.83	1.80	1.82	1.80	1.83	1.85	1.77	1.82	1.80	1.82	1.89	1.89
Net Revs / Empl.			84	86	89	92	96	102	99	105	109	115	119	10-yr avg
% Change				*2.4%*	*3.5%*	*3.4%*	*4.3%*	*6.3%*	*-2.9%*	*6.1%*	*3.8%*	*5.5%*	*3.5%*	3.6%
% CPI Increase				*2.0%*	*2.0%*	*2.0%*	*3.0%*	*3.0%*	*2.0%*	*2.0%*	*3.0%*	*3.0%*	*4.0%*	2.6%

Productivity has never been better!

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Overhead Factors

Historical Perspective For All Firms

(% of Net Revenues)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Overall Trend
Risk Management	2.0	2.0	1.8	2.0	1.9	2.0	2.1	2.1	2.1	2.0	**Flat**
MIS/IT/Comm	2.0	2.0	2.3	2.6	3.0	3.0	3.0	3.0	3.2	3.2	**Up**
Fin/Acct'g/Treas	2.5	2.8	2.8	2.5	2.2	2.5	2.5	2.5	2.4	2.3	**Flat/Down**
HR	1.0	1.3	1.1	1.4	1.5	1.4	1.5	1.5	1.5	1.5	**Up/Flat**
Marketing	6.0	6.3	6.3	6.4	6.0	6.5	6.5	6.9	6.4	6.0	**Fluct**
Occupancy	6.1	5.7	5.5	5.2	5.3	5.7	5.7	5.5	5.7	5.8	**Flat**

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Employee Turnover Analysis

(By Sub-Groups)

	Involuntary Turnover	+	Voluntary Turnover	=	Total Turnover
By Size					
>1 Bil	5.5%		11.0%		16.5%
> 250	3.0%		12.0%		15.0%
100-250	2.4%		8.5%		10.9%
25-100	2.0%		10.0%		12.0%
10-25	2.0%		7.0%		9.0%
< 10	0.0%		6.0%		6.0%
By Business Sector					
Environmental	2.0%		10.0%		12.0%
Water/Wastewater	2.0%		9.3%		11.3%
Transportation	2.3%		9.9%		12.2%
By Customer Sector					
Private	2.0%		10.0%		12.0%
State/Municipal	2.0%		9.0%		11.0%
Federal	2.7%		10.0%		12.7%
By Ownership					
Employee-Owned	2.0%		9.3%		11.3%
ESOP	2.6%		10.3%		12.9%
Public	2.0%		13.0%		15.0%
Private Equity / VC	1.0%		10.0%		11.0%
All	2.0%		10.0%		12.0%
Last Year	*3.0%*		*8.8%*		*11.8%*

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Estimated Employee Turnover Cost

($000)

(Per Employee "Turned Over")

(from April 2006 EFCG CFO Conference)

By Percentile	$K
90th	75
75th	50
median	30
25th	15
10th	5

Conclusion: Huge difference in perception in cost of employee turnover.

Median By Siz	$K
> 250	35
100 - 250	31
50 - 100	31
25 - 100	22
<25	30

Conclusion: Not much difference in perception by size of firm

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Employee Turnover Cost

(from April 2006 EFCG CFO Conference)

What do firms at the lower quartile (~$15K) include?

- Recruiting Fees
- Training Cost
- Management/Interviewing Time
- Severance
- HR Time
- Advertising

What do firms at the median (~$30K) include?

All of the lower quartile group's items, plus:

- Lost revenue
- Lost productivity/production
- Initial inefficiency
- Relocation fees

What do firms at the upper quartile (~50K) include?

All of the median group items, plus:

- Additional Salary for new employee (generally higher than the worker lost)
- Lost clients
- Damaged client relations
- Rework on Projects
- Lost knowledge

So, all costs considered, is the true cost of employee turnover closer to $50,000?

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Hot & Cold Analysis

(by # of Votes)

	Best Sector					Worst Sector				
Survey Year:	'02	'03	'04	'05	'06	'02	'03	'04	'05	'06
Water/WW	45	63	54	58	64		1	2	7	9
Transport/Infrastructure	38	41	40	41	54	4	5	15	16	8
Power/Energy/Oil & Gas	14	21	12	12	45	5	3	5	2	3
Environmental			15	21	15			13	8	15
Federal	4	13	13	7	14		1	7	4	5
Nat. Resources/Mining	2	8	8	12	9		1	2	0	0
Homeland/Security/Defense	10	4	14	10	8			3	0	0
Remediation	1	4	10	6	8	10	12	15	17	6
Air	6	8	10	7	9	2	7	4	5	2
Brownfields	7	2	6	3	8		1	2	0	1
International	1		5	2	6				0	3
Site Assess./Investig.		3		5	4		5	7	3	3
Private				4	3				2	3
Info. Mgmt/IT	6	3	5	3	3		3		1	1
Design/Build	6		2	3	1	1	1	0	3	2
Healthcare/Pharmaceutical				4	4				1	2
Residential/Land Development					6					23
Industrial/Commercial Development			7	3	3		10	17	7	19
UST/AST	1		2	0		7	21	18	20	15
Haz Waste				4	4	18	10	13	13	9
Solid Waste						6	6	12	12	7
Telecom	1	1	1	0	4	26	17	14	11	7
Municipal									6	5
Asbestos/Paint/Lead	7			1		2		4	1	3

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Sector Analysis: Annual Growth Rates

(expected for the next few years)

(%)	2000 Survey	2001 Survey	2002 Survey	2003 Survey	2004 Survey	2005 Survey	**2006 Survey**
By Business Sector							
Environmental	5.0	5.0	4.2	4.0	4.0	5.0	**5.0**
Water/WW	10.0	8.0	6.0	5.0	5.0	7.0	**8.0**
Transportation	10.0	9.0	5.3	5.0	5.0	5.0	**6.5**
By Customer Sector							
Federal	5.0	5.0	5.0	5.0	5.0	5.0	**5.0**
Private	6.0	5.0	5.0	5.0	5.0	5.0	**5.0**
State/Muni	5.0	5.0	5.0	3.0	4.0	5.0	**5.0**

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Geographic Performance

Sector* *(# of Firms)*	Internal Growth 2005	Internal Growth 2006E	Internal Growth 2007P	Internal Growth Avg.	Operating Margin 2005	Operating Margin 2006E	Operating Margin 2007P	Operating Margin Avg.	Avg. Happiness Quotient Avg.
Southeast *(25)*	12.5	16.5	10.3	13.1	11.0	13.3	14.3	12.9	26.0
Gulf *(4)*	16.3	13.5	6.0	11.9	15.1	11.7	14.4	13.7	25.7
California *(21)*	14.0	10.0	10.3	11.4	13.5	13.9	14.6	14.0	25.4
Northwest *(6)*	16.8	11.2	10.5	12.8	9.6	11.7	11.1	10.8	23.6
Northeast *(24)*	9.6	14.0	7.0	10.2	10.9	12.7	11.1	11.6	21.8
Mid-Atlantic *(9)*	15.0	8.0	9.9	11.0	8.6	10.3	11.7	10.2	21.2
Mid-West *(19)*	7.5	9.0	8.5	8.3	10.4	10.4	11.9	10.9	19.2
Southwest *(6)*	10.8	8.2	8.0	9.0	9.0	9.0	10.0	9.3	18.3

**Criteria: Firms primarily (>50% of revs) in respective geographic area*

Sector* *(# of Firms)*	Internal Growth 2005	Internal Growth 2006E	Internal Growth 2007P	Internal Growth Avg.	Operating Margin 2005	Operating Margin 2006E	Operating Margin 2007P	Operating Margin Avg.	Avg. Happiness Quotient Avg.
National ***(54)*	8.2	12.0	8.5	9.6	9.5	9.7	10.9	10.0	19.6
Canada *(8)*	11.5	10.3	8.3	10.0	10.9	12.4	14.0	12.4	22.5
Global *(10)****	15.0	12.0	13.0	13.3	7.7	9.1	9.5	8.8	22.1

***National Sector= US Firms with no one geographic area generating >40% of its revenues*

**** Global Firms=Firms with no one country generating >40% of its revenues*

CEO Priorities

- **Growth (110/** was 60)**:**
  - Growth (100)
  - Diversification (10)
  - Geography (8)
  - "Managing Growth" (5)
  - "Maintaining Quality during" (5)
  - "Quality Growth" (5)
- **Personnel (80/** was 60)**:**
  - Recruit/Retain (37)
  - Recruit (33)
  - Retain (10)
  - Training (5)
- **Profitability (40/** was 42)**:**
  - Profitability (30)
  - Growth and Profitability (5)
  - Manage Growth (5)
  - Overhead Mgt (8)
  - Increase Efficiency (5)
- **Organizing/Strategic (40/** was 10)**:**
  - Strategic Plan (level or implementation) (18)
  - Diversification (9)
- **Ownership Transition (25/** was 15)**:**
- **Leadership Development (25/** was 12)**:**
  - Transitioning (8)
  - Develop (21)
- **Acquisitions (20/** was 13)**:**
  - Making/finding acquisitions (15)
  - Integrating acquisitions (5)
- **Cultural Issues (20/** was 0)**:**
  - e.g. maintain culture with growth (8)
  - Transition culture
  - Work sharing/ team work
  - Integration
- **Balance Sheet Management (15/** was 5)
  - Asset Management (5)
  - "Cash Flow" (5)
  - Capital Enhance (5)
- **QC + Client Service (10/** was 10)**:**
  - Clients (5)
  - ISO 4001 (1)
- **Risk Mgmt (10/** was 10)
- **Globalization (3/** was 10)

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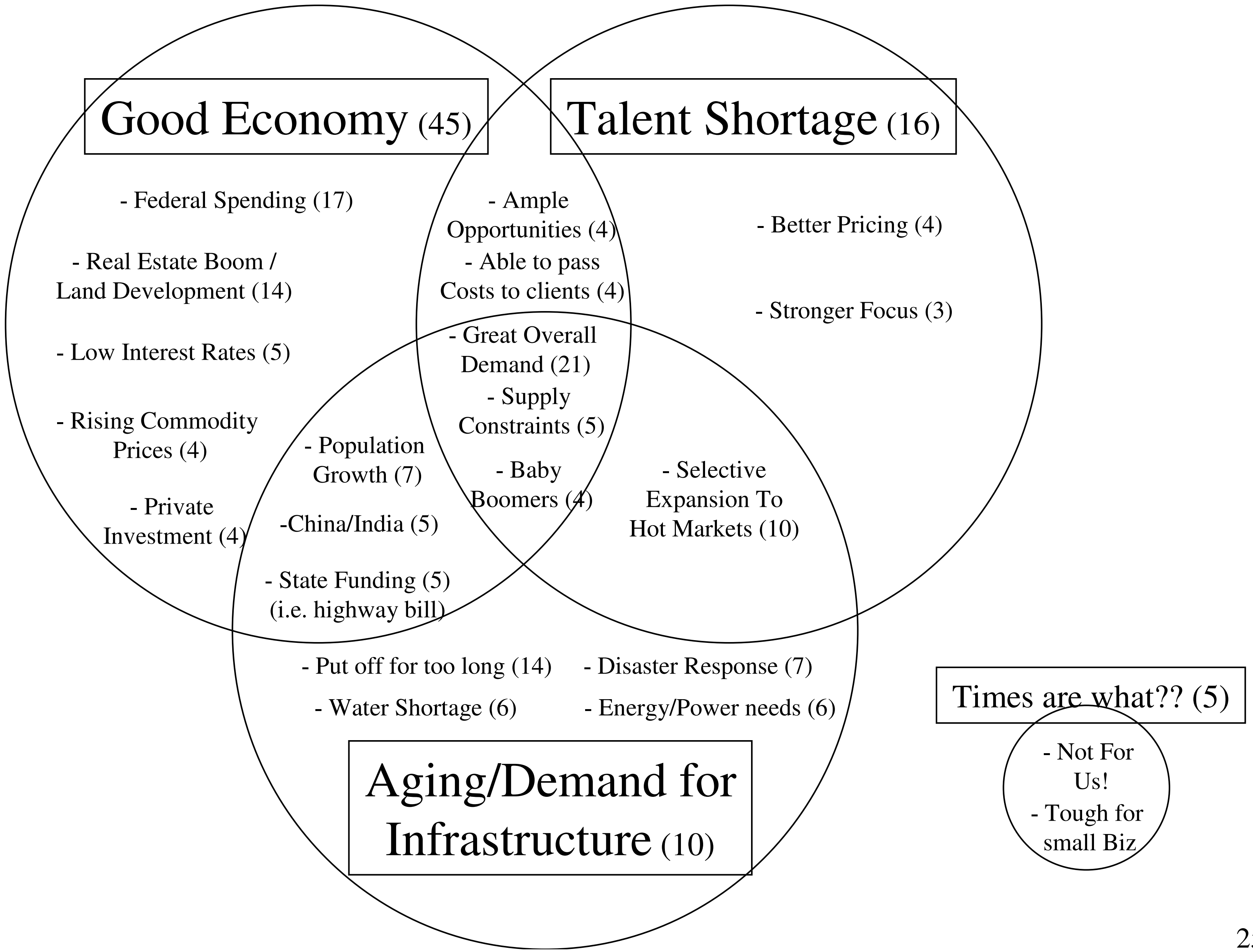
Why are times so good?



Ownership Transition

Big Issue (74):

- Biggest / #1 / Top / Huge!! issue (25)
- Important / Major / Significant (17)
- Have ESOP, but still an issue (8)
- Considering transition thru ESOP/LBO/IPO (6)
- Key Owner(s) approach retirement age (5)
- Working on a plan (5)
- On-going (5)
- PE / VC wants out (3)

Not (69):

- Just Not (13)
- Have working ESOP (25)
- Public or Public Subsidiary (13)
- Single Owner (10)
- Taken care of; have plan (5)
- Outside Ownership / PE / VC (3)

Moderate (21):

- PE / VC will want liquidity (5)
- Will be a big issue in a few years (5)
- Moderate (5)
- Recently handled; working on plan (3)
- 2nd time through is easier (3)

Risk Management –
What Factors Have Increased Risk?

(in recent years)

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- **Increased use of Fixed Price Contracts (30)**
- **Litigation Costs (15):**
  - –Increased willingness/atmosphere to litigate
  - –Increased costs of litigation
  - –Frivolous lawsuits; "too many lawyers"
- **Contract Terms (15):**
  - –Tougher more complex/stringent contract terms; e.g."standard of care"; "fitness for purpose" clauses; elim of "limitations of liability"
  - –Higher expects by more sophisticated clients
  - –Penalties for short comings(e.g. on time)
  - –More focus on liab/risk transfer to E/C firm
  - –Restrictions on # of people staffing project
  - –Rate caps
- **Alternative Delivery Methods (15):**
  - –More complex design, approval process, regulation requirements
  - –Innovative designs add risk
  - –Ratio of engineering costs to construction costs
- **Expansion of Business (10):**
  - –International (5)
  - –Acquisitions (3)
  - –Geographic Expansion.
- **Insurance (10):**
  - –Higher costs (5)
  - –Less Coverage (5)
  - –More required by client (5)
- **No Increase in Risk(10)**

Source: 2005 EFCG CEO Survey

ESOP Analysis

# of Firms with ESOP	49	
% of Total Firms with ESOP	26%	
% over $25MM with ESOP	33%	
% ESOP owns of Co.		
Firms with 100% ESOP	7	
Firms with 50%-90% ESOP	12	
Firms with 30%-49% ESOP	11	
Firms with under 30% ESOP	19	
Size of firms with ESOP		*% of size group*
>250	10	*30%*
100-250	7	*35%*
25-100	27	*34%*
10-25	4	*10%*

% of Retirement Plan Invested in Company Stock
How Much is Appropriate?

100	Do not Invest in Company Stock
45	Do Invest in Company Stock
145	Firms answered this question

Of **45** that do Invest in Co Stock:

- 4 invested over 50%
- 16 invested 25-50%
- 25 invested less than 25 %

median invest is 25%

Of **all** firms responding:

- median invest is 0% (since more don't than do)
- average invest is 8%

Valuation Approaches

How Equity is Valued			
		BV Mult of 1.0x	17
		BV Mult >1.0x	11
Formula Value	67	Earnings Mult	10
Avg mult of BV	*1.2x*	BV Mult + Earnings Mult + Rev Mult	8
		BV Mult + Earnings Mult	6
		Unspecified	15
Outside Appraiser	79	ESOP	49
Avg mult of BV	*1.8x*	Non-ESOP	30
		Public (or Public Sub)	18
Neither	46	VC / Private Equity Owned	18
Both	[5]	Single Owner	10
Total	192	Total	192

Pricing Approaches*

(%)

	2000	2003	2006
T&M *	68	65	63
Fixed Price **	32	35	37

**Includes all T&M and Cost Plus Fixed Fee*

***Includes Fixed Unit Pricing and Lump Sum*

Common-Sized Balance Sheet

EFCG

Typical for Employee-Owned E/C Firms

(Gross Revenues = 100)

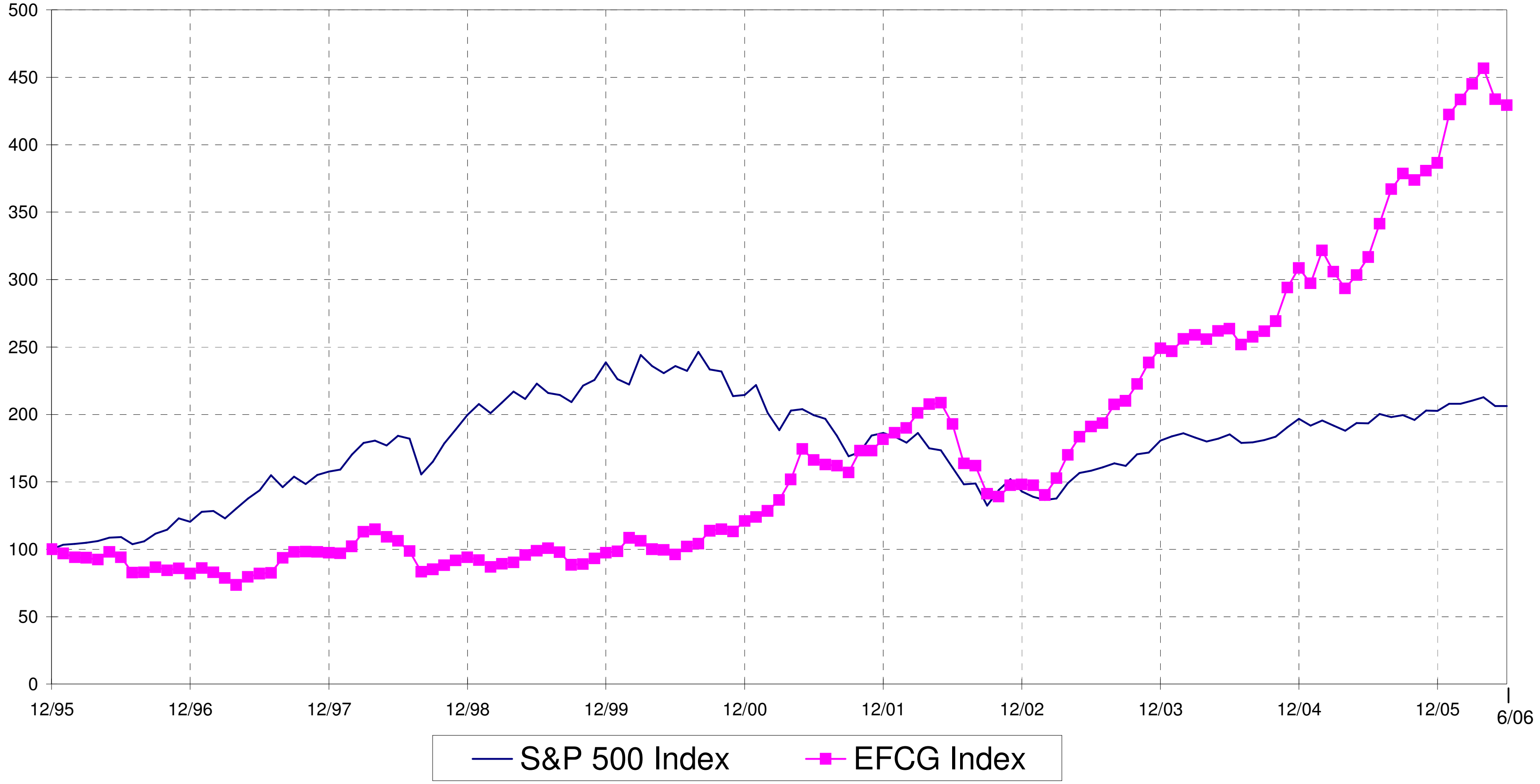
Assets		Capital (Liabs & Equity)		
Cash	2	Accts Pay /Acc'd Liabs	14	(Free Capital)
		Customer Advances	1	
Accounts Receivable (Including WIP)	27	Deferred Taxes	5	
		Bank Debt Shareholder Debt	7	(Expensive Capital)
Net Fixed Assets	5			
Other: G/W; Intan's; Misc.	6	Total Liabilities	27	"Invested Capital"
		Equity	13	(Most Expensive Capital)
Total Assets	40	Total Liab. & Equity	40	

Public Market Stock Price:

EFCG E/C Stock Price Index vs. S&P 500

as of June 30, 2006

EFCG



* The EFCG Index is currently made up of 15 Firms: Arcadis, Michael Baker, Ecology & Environment, Exponent, Fluor, Foster Wheeler, Jacobs, Shaw Group, SNC Lavalin, Stantec, Tetra Tech, TRC, URS, Versar, Washington Group.

** Both indices were set equal to 100 at Dec. 31, 1995. Neither index is adjusted to take dividend distributions into account.

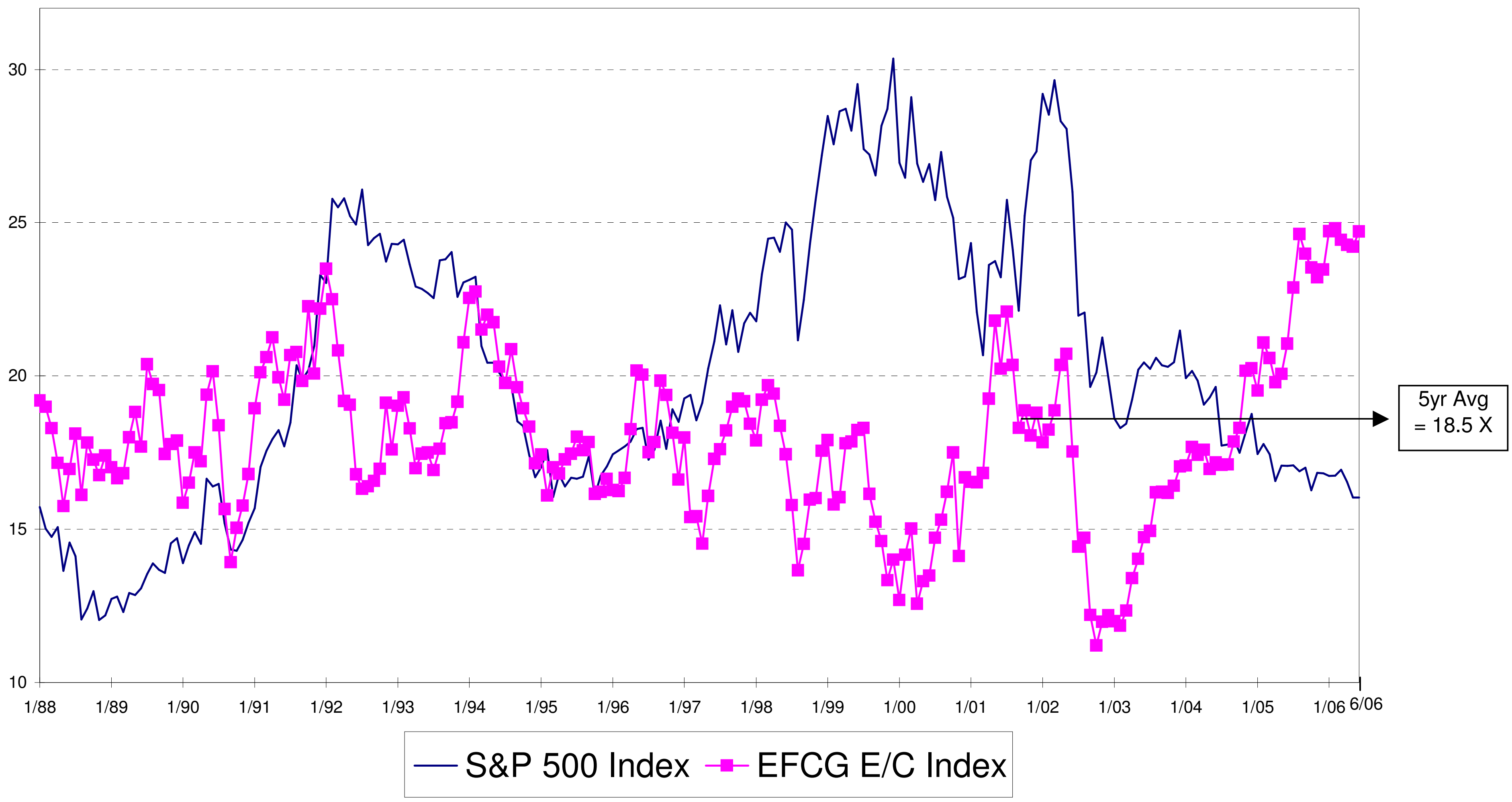
% Change		S&P Index	EFCG Index
6/30/05 - 6/30/06	(TTM)	6.6%	35.6%
6/30/04 - 6/30/06	(Last 2 yrs.)	11.3%	63.0%
6/30/01- 6/30/06	(Last 5 yrs.)	3.4%	161.0%

Public Market Valuation Multiples:

EFCG

EFCG Index vs. S&P 500

as of June 30, 2006



Growth & Profitability
(Average 2005-2007)

(Distribution Relative to the Median)

Growth \ Profitability	Low	High	Total
High	***35*** ***"Risk Takers"***	***62*** ***"Outperformers"***	97
			+
Low	***62*** ***"Underperformers"***	***35*** ***"Cash Cows"***	97
Total	**97**	**+ 97**	**= 194**

Impact of an Unanticipated 5% Revenue Shortfall

- Assumptions: $100 expected revenue
  10% operating margin
- Calculation:

	Expected	Actual
Revenue	100	95
- Expenses	90	90
= Profit	10	5

- Conclusion: An unanticipated revenue shortfall of 5% can lead to a profit shortfall of 50%!!!!!

Which has a greater Impact on Cash?

1. Improve Profitability by 10%?
2. Reduce Capital Expenditures by 10%?
3. Improve A/R Turnover by 10%?

Which has a greater Impact on Cash?

1. Improve Profitability by 10%:

If typical profit margin is 7% of Gross Revenues (GR)
(which is 10% of Net Revenues), less interest of 1%=
6% pre tax x 0.6 after tax= 3.6 x 10% increase= **.36% of GR**

2. Reduce Capital Expenditures by 10%:

Typical capital expenditures run 1% of Net Revenues which equals
1% x .7=.7% of GR, a 10% reduction would save 10% x .7%= **.07% of GR**

3. Improve A/R Turnover by 10%

If A/R run @ 100 days=100/365 x Gross Revenues =27% x Gross Revenues, 27% x 10% improvement=**2.7 % of GR**

Conclusion: Improving A/R Turnover by 10% generates 7x more cash than increasing profitability by 10%!!!!

EFCG

Acquisition Analysis

	2002	2003	2004	2005	2006E	2007P
# of Firms Making Acqs	28	39	46	56	63	80
# of Acquisitions	60	60	85	107	111	136
% of Firms Making Acqs	16%	23%	23%	29%	34%	44%
% Growth from Acqs	3%	4%	4%	5%	5%	8%