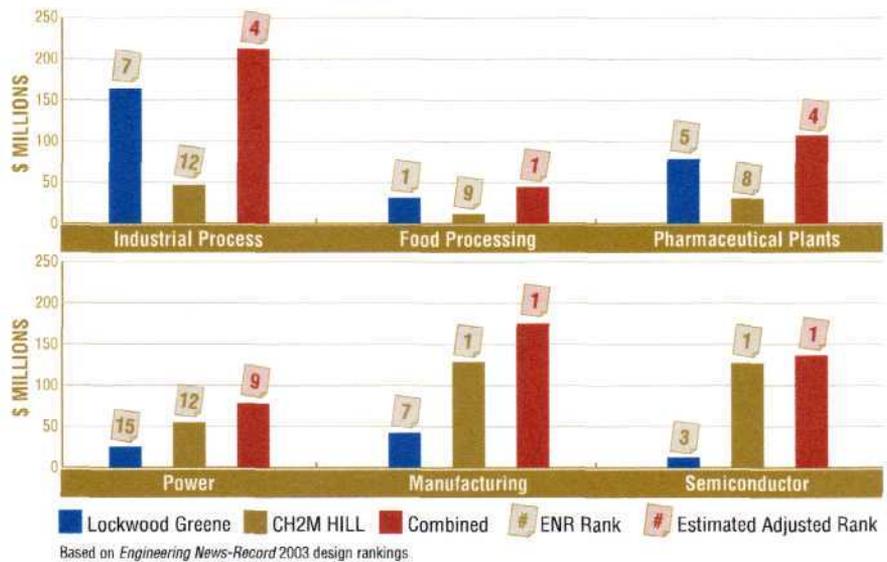


Early Indicators: Signs that the acquisition of Lockwood Greene

With the recent acquisition of Lockwood Greene, the CH2M HILL Industrial Client Group has firmly established itself as a pre-eminent industry leader among full-service engineering, procurement and construction companies. Combined, the applied resources of CH2M HILL, IDC and Lockwood Greene form an elite class of worldwide project-delivery providers for private industry that only a handful of companies can match. While it's reasonable to anticipate a customary "honeymoon" period of adjustment, the status of the acquisition thus far signals prospects of a successful long-term marriage. These compelling indicators point to a successful transition:



1 Putting clients first

Like CH2M HILL, Lockwood Greene has built a profitable business by focusing closely on meeting the needs of its clients and satisfying or exceeding their expectations. While the company has experienced numerous changes over the course of its 172-year history—as the oldest, continuously operating professional services firm in the United States—a guiding principle that has sustained the business is Lockwood Greene's focus on maintaining ongoing customer relationships that are built on trust and based on performance.

2 Building on established brand equity

Each of the Industrial Client Group's core business units (Energy & Industrial Systems, Communications & Information Solutions, IDC and Lockwood Greene) has built brands and professional reputations that resonate with clients. The Industrial Client Group will capitalize on the brand strength of each of its businesses in ways that make the most sense to clients. Having a greater diversity of resources, experience and capabilities available to clients under one roof delivers a competitive advantage to the industrial group.

3 Broadening our professional resource base

With both expanded and complementary professional resources added to the total CH2M HILL portfolio as a result of the acquisition, clients now have more and greater project delivery choices available to them. Likewise, the full enterprise has greater flexibility in how it delivers service.

In addition to expanded resources, a willingness to collaborate to meet client needs represents a new and much welcomed ownership spirit among CH2M HILL and Lockwood Greene people. Reinforcing this point are 25 opportunities being jointly pursued by CH2M HILL and Lockwood Greene in less than a month from the date the acquisition closed.

4 Capitalizing on financial strength

In the weeks immediately following the Dec. 12 acquisition, Lockwood Greene was awarded several new projects due in large measure to the strength of its relationships and newfound fiscal stability. With CH2M HILL's financial strength added to the procurement equation, clients are expected to show even more willingness to contract for Lockwood Greene services.

INDUSTRIAL CLIENT GROUP

With CH2M HILL, IDC and Lockwood Greene all under one roof, the Industrial Client Group can offer clients a wide range of resources.

Energy & Industrial Systems
Communications & Information Solutions

LOCKWOOD GREENE
ENGINEERING & CONSTRUCTION



is off to a solid start

5

Collaborating to serve clients

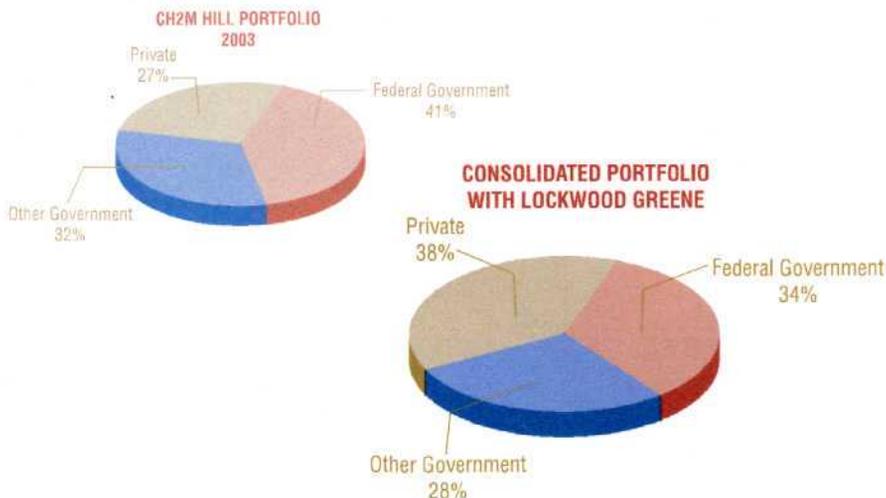
Since finalizing the acquisition, a CH2M HILL transition team has worked to see that Lockwood Greene's critical financial, accounting, legal, human resources and information technology systems and processes continue to function and link to CH2M HILL systems. The smoothness with which the first phase of this transition has taken place testifies to the congruous cultural fit between the two firms.

Part of the transition process includes formal procedures for accelerating the growth of each business by collaborating in a focused way to increase market share and enhance project delivery. Among other things, this will include identifying and managing areas of overlapping service and common clients. To date, the number of specific clients served jointly among CH2M HILL, IDC and Lockwood Greene have been relatively few. In most of those cases, there is valid reason for continuing longstanding client relationships, although in a more coordinated way that best serves the interests of customers and the business.

6

Diversifying and balancing the CH2M HILL portfolio

In addition to expanding the industrial market sectors that the CH2M HILL Industrial Client Group serves, the Lockwood Greene acquisition further balances the firm's market positions among federal, civil and industrial clients. Based on 2003 reported financial statistics, a consolidated portfolio of Lockwood Greene and CH2M HILL revenues would reflect a more even balance among private, local government and federal market sectors.



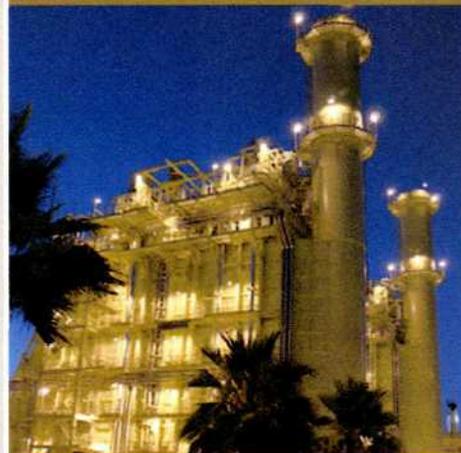
Steps in the right direction

While time and future performance ultimately determine the success of all company mergers and acquisitions, business studies¹ have found that proper due diligence, thorough assessment of the right business cultural fit and thoughtful planning like that now under way have proven to be key initial factors that lead to long-term success. By those standards, the Lockwood Greene acquisition appears headed in the right direction.

As Jim Howland noted in his *Little Yellow Book*, "No matter what the organizational structure, if the people in it want it to work, it will."

¹ Research conducted by KPMG International

Power



Pharmaceuticals/Biotechnology



Advanced Manufacturing



Chemical



Foods and Beverages



Lockwood Greene's established presence and reputation in key industrial markets complements and builds upon the Industrial Client Group's already potent service portfolio.