



AKER KVAERNER™



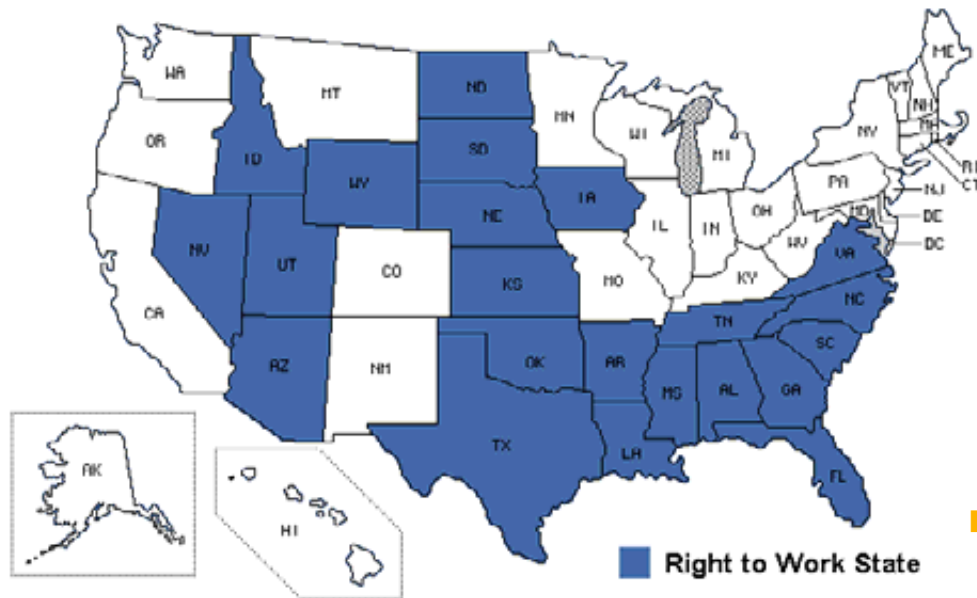
Ten years of hands on management

James Miller

President Union Construction

10 December 2002

Background for business

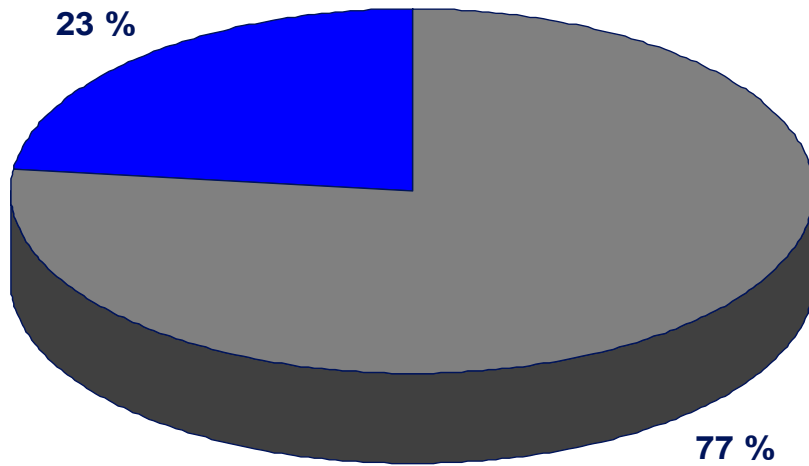


- Compulsory unionism mainly in Northern States in the U.S
 - All permanent and temporary trade/ craft workers in some companies/ sectors are required to be part of a union
 - Temporary trade/ craft workers for contractors are required to be unionized
- “Right to work” states have no forced unionism

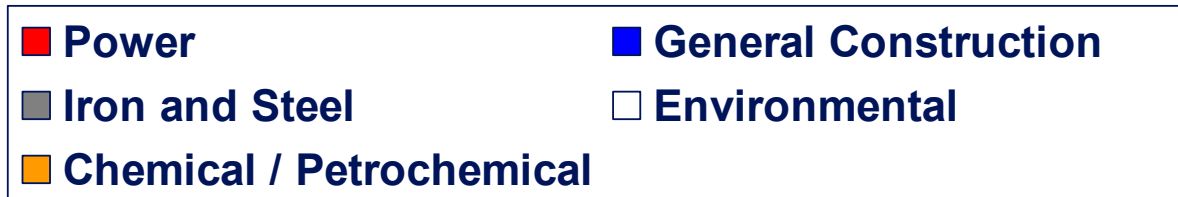
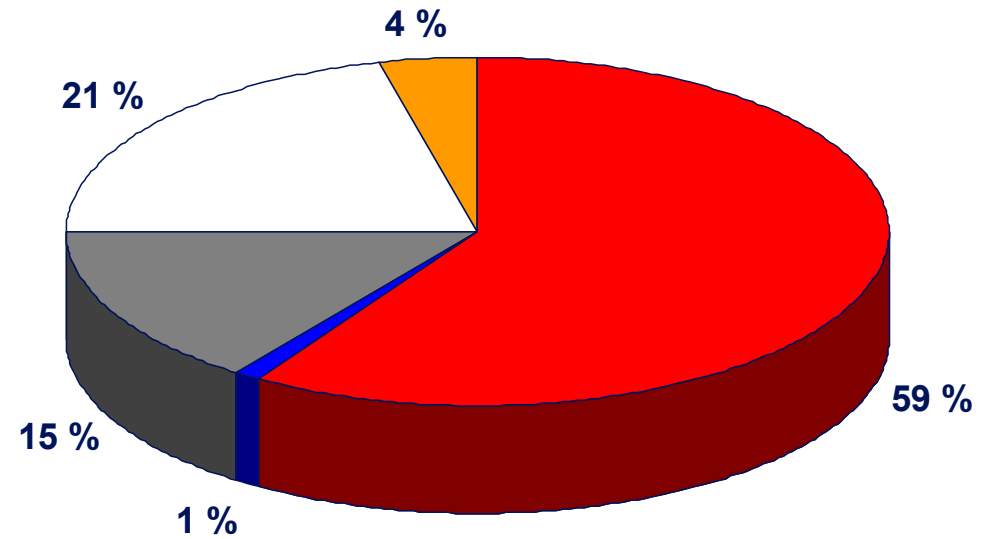
Diversified revenue base



1995



2002



Example of Power projects



Fremont Works 540MW combined cycle Merchant Power Plant in Ohio

- Primary contractor
- 33% complete, on schedule and within budget
- Scope of work consist of all Construction, Procurement and Construction Management, direct hiring 75% of craft labor

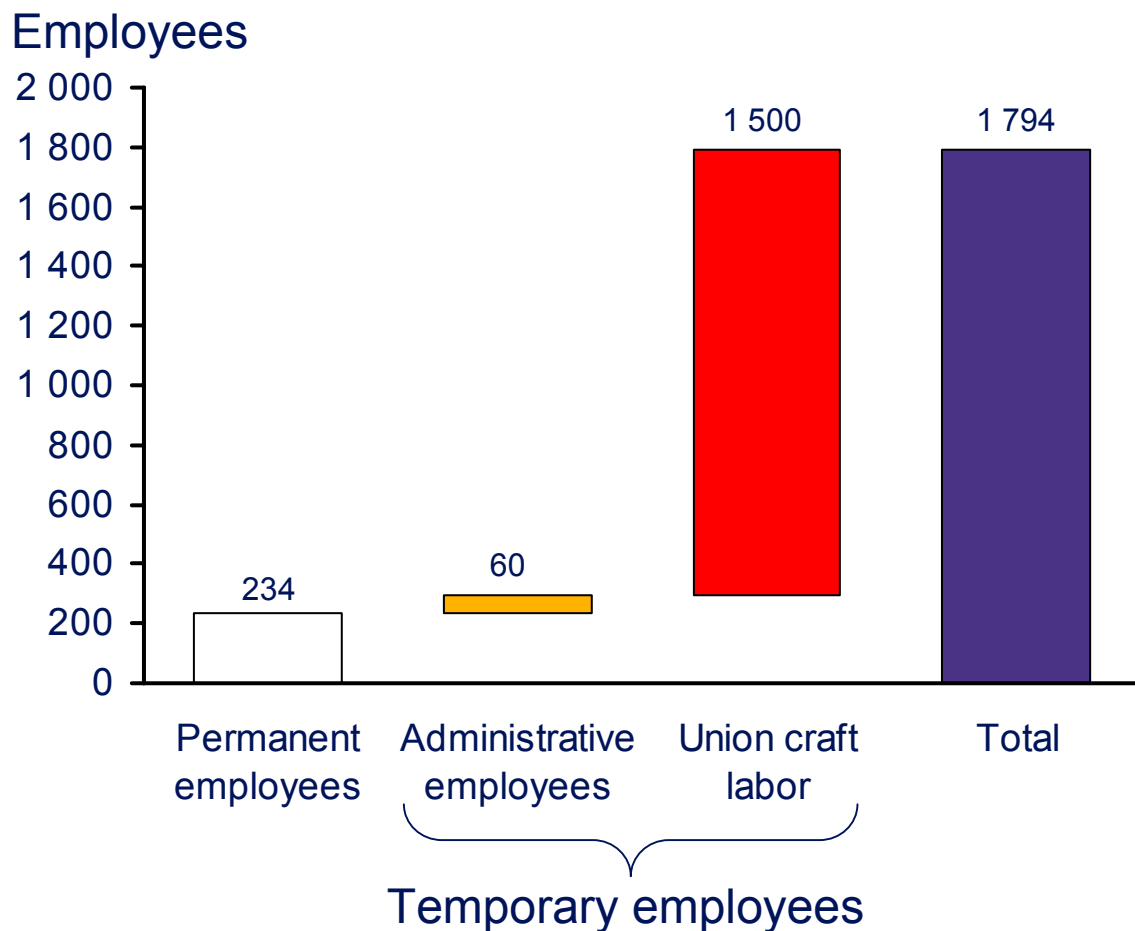
Example of Metals projects



*Edgar Thomson Works,
Pennsylvania*

- Primary contractor of basic oxygen furnace vessel replacement
- 100% complete, on schedule and within budget
- Scope of Work consisted of the exchange of 'R' and 'F' Vessels, 250-ton capacity each and all related work, direct hiring 100% of craft labor

Flexible cost base



- Operates in the U.S. and Canada as one cohesive unit
- Two business entities
 - Kvaerner Songer (U.S.)
 - Kvaerner Constructors (Canada)
- Permanent employees only 13% of workforce

Excellent labor union partnership



- Recognized by trade and labor unions as a dominant Union industrial contractor
- Fosters ongoing relations with national and local unions creating a more productive workforce
- Actively participates at National level in negotiating and administering collective bargaining agreements utilized on our projects
- Signatory to all major North American Union Agreements
- Maintains leadership positions in forums that address critical issues
 - Safety and Health, Manpower, Training, Quality, Productivity, etc.
- Maintains separate legal standing in order to protect larger Aker Kvaerner from requirements of labor agreements
 - Including management, human resources, and marketing

Profitable business



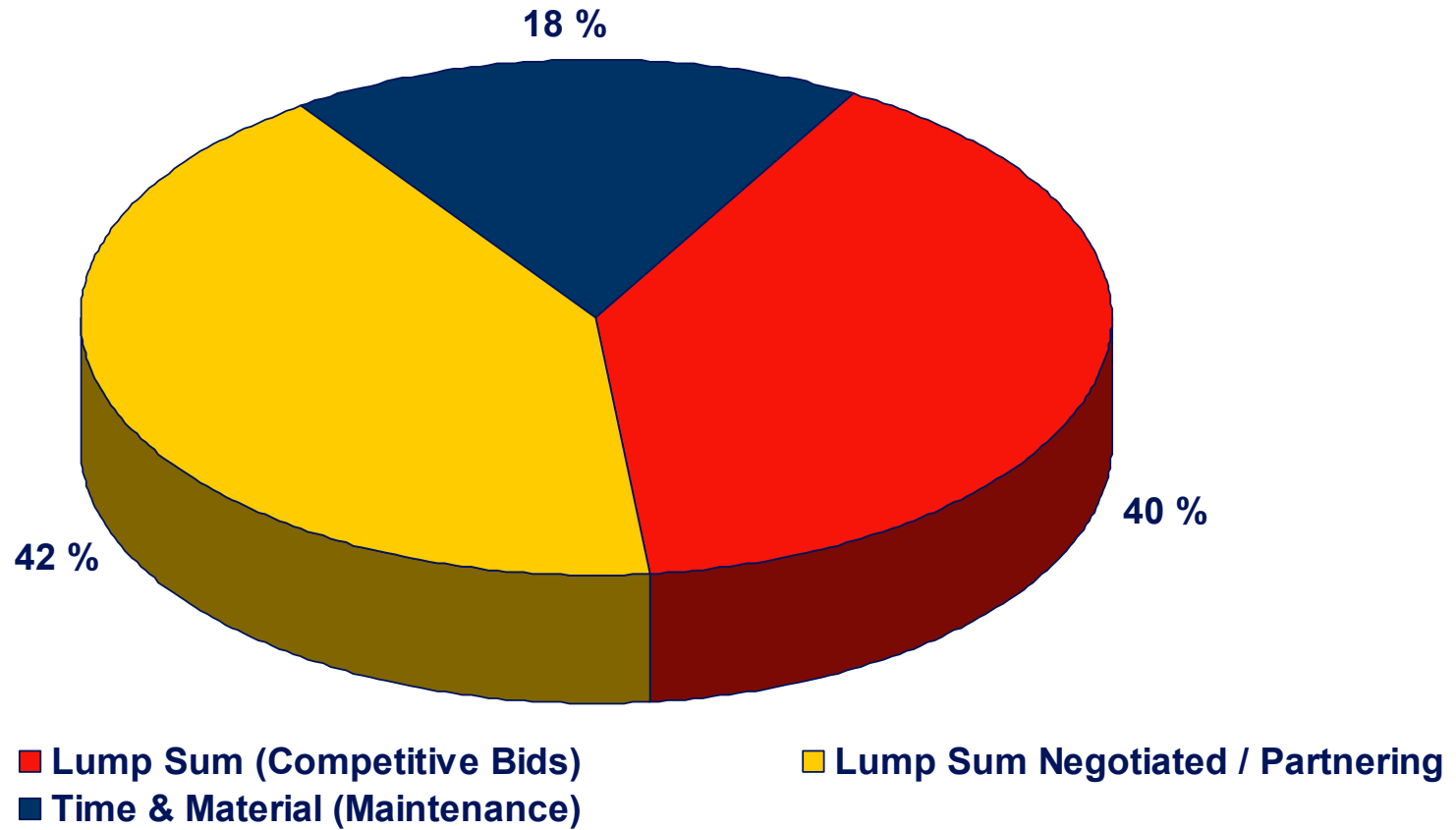
MNOK	1993-2001	Q1-Q3 2002
Revenue	16,665	2,243
EBIT	540	63
EBIT-margin	3.2 %	2.8 %

- Profitable since inception in 1992
- Profitable, continuous growth through geographic and market diversification
- Cash positive operations

Balanced risk / reward



2002 revenue by contract type



Balanced market outlook



- Power
 - Gas fired power generation market slowing down, except for projects with up-front purchase power agreements. California power opportunities remain strong
 - Coal fired projects are emerging. Environmental work will remain strong. Maintenance opportunities growing.
- Iron and Steel
 - Well-positioned in Iron and Steel and increased opportunities in 2003 and beyond
 - Long term Iron & Steel remains a solid niche business
- Chemicals
 - Chemical market is being actively pursued to build on initial penetration in Canada and U.S.
 - Additional plant service contracts are being targeted
- Exploring union construction opportunities with Oil & Gas in U.S. and Canada

Success Factors



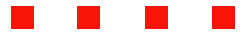
- Strong union relationships and effective management of labor
- Niche market focus
- Strong marketing skills and customer relations
- Hands-on planning and execution
 - Accurate estimating
 - Pre-project planning
 - Safety commitment execution
 - Project controls
 - Lessons learned
 - Training and motivation of management, supervision and craft ranks
 - Financial controls and reporting
- Top management involvement in every project
- Good age profile, committed and innovative management
- Employee morale, communication and team work

Priorities



- Capitalize on current power plant market
- Expand maintenance opportunities
- Foster business relationships in order to maintain dominant niche position in the developing North American Iron and Steel Industry transformation
- Continue geographical and market diversification
 - Western U.S. (California)
 - North American Oil & Gas
 - North American Chemical / Petro-Chemical
 - North American Coal Fired Power Plants
 - Maintenance in above 4 initiatives

Summary



- Diversified, profitable business
- Flexible cost base
- Excellent labor union relations
- Hands-on management
- Balanced market outlook
- Step-by-step expansion and diversification

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