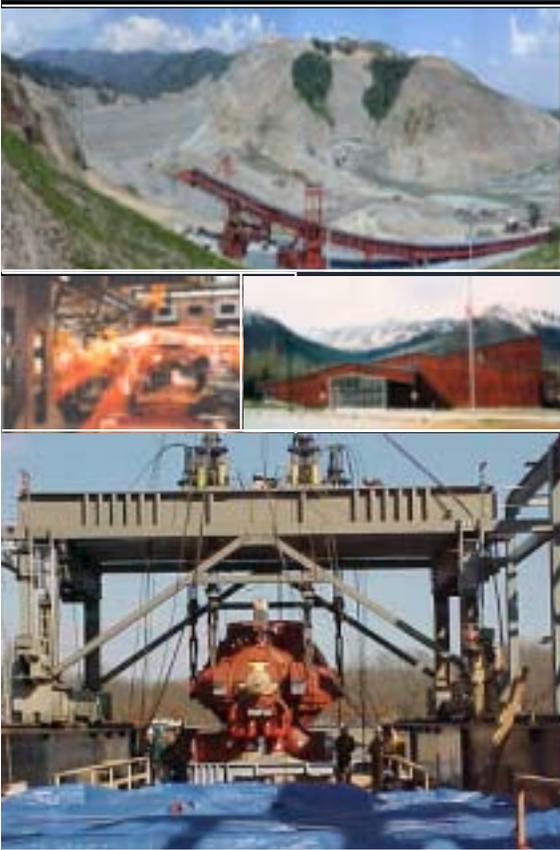




Washington Group International

Integrated Engineering, Construction, and Management Solutions



Rebuilding Iraq

Philadelphia - 14 April

Dubai - 20 April

Amman - 25 April

Istanbul - 29 April

Rebuilding Iraq - Company Overview

Who Are We?

- ◆ Fortune 500 Company, NASDAQ: WGII
- ◆ Ranked 9th Overall - Engineering News Record's (ENR) 2003 List of 400 Largest Contractors
- ◆ Ranked 6th - ENR 2003 Program Management Firms
- ◆ Top 100 Department of Defense 2003 Contractors
- ◆ 27,000 employees in 40 states and 30 countries
- ◆ Offer integrated services to over 20 markets through 6 business units

Rebuilding Iraq - Company Overview

◆ Markets Served:

- *Defense* - Threat Reduction, Homeland Security, Defense Infrastructure
- *Energy & Environment* - Nuclear Processing/High Hazard Facilities, Nuclear/Toxic Hazardous Waste
- *Industrial/Process* - Industrial/Manufacturing, Food/Beverage & Consumer Products
- *Infrastructure* - Rail & Transit, Highways & Bridges, Airports, Water Resources, Transportation
- *Mining* - Energy Fuels, Precious Metals, Industrial Minerals, Base & Ferrous Metals
- *Power* - Fossil Fuels, Nuclear, Hydroelectric, Integrated Power Solutions

Rebuilding Iraq - Subcontracting Pgm

Website: www.wgint.com

Washington Group International, Inc.

Sam Artis, CPCM

Director - Small Business Liaison Office

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Rebuilding Iraq - Projects to Date

- ◆ CENTCOM I DACA78-03-D-0004
- ◆ Indefinite Delivery/Indeterminate Quantity (ID/IQ) Contract with U.S. Central Command Area of Responsibility
- ◆ Nine Task Orders - Afghanistan, Iraq & Kuwait - \$400 million
- ◆ Largest Task Order (Approximately 80% Complete) Includes:
 - ◆ Bayji Power Station - EPC 180 MW of new generation in 120 days.
 - ◆ Rehabilitation of 400 kV transmission lines from Bayji to Baghdad West (150 miles)
 - ◆ Rehabilitation of 400 kV transmission lines from Baghdad West to Haditha (150 miles)
 - ◆ Dibis - rehabilitation of two 25 MW Fiat Units

Rebuilding Iraq - Projects to Date

- ◆ CENTCOM II W912ER - 04-D-0010
- ◆ Awarded Jan 04
- ◆ ID/IQ design-build and construction related services within CENTCOM area of responsibility
- ◆ Joint Venture with Black & Veatch
- ◆ One Year Base Contract Period - \$500 Million
- ◆ Four One Year Option Periods - \$250 Million Each Option Yr
- ◆ Small Business Subcontracting Plan applicable to goods and services acquired inside the U.S.
- ◆ One Task Order - Current value less than \$35 million

Rebuilding Iraq - Recent Awards

- ◆ CPA PMO Reconstruction W914NS-04-R-0003
- ◆ Awarded Mar 04
- ◆ Administered by the USACE - Gulf Region Division
- ◆ ID/IQ Design-Build for Electrical Projects/Northern Region
- ◆ Two Year Base Period - \$200 Million
- ◆ Three One Year Option Periods - \$100 Million Each Option Yr
- ◆ Task Order 1 - Mobilization
- ◆ U.S. Small Business Subcontracting Plan: 10 - 23% of total contract value
- ◆ Maximum utilization of Iraqi content

Rebuilding Iraq - Recent Awards

- ◆ CPA PMO Reconstruction W914NS-04-R-0007
- ◆ Awarded Mar 04
- ◆ ID/IQ Design-Build for Water Resources Projects
- ◆ Administered by the USACE - Gulf Region Division
- ◆ Joint Venture with Black & Veatch
- ◆ Two Year Base Period - \$240 Million
- ◆ Three One Year Option Periods - \$120 Million/Each Year
- ◆ Task Order 1 - Mobilization
- ◆ U.S. Small Business Subcontracting Plan: 10 - 23% of total contract value
- ◆ Maximum utilization of Iraqi content

Rebuilding Iraq - Contracting Reqmts

- ◆ CENTCOM I and II contracts are compliant with Federal Acquisition Regulation (FAR) guidelines.
- ◆ CPA PMO Contracts are generally FAR-compliant but emphasize new subcontracting requirements:
 - First Tier Subcontracts: U.S. Small Business content (10% minimum/23% optimum) on total contract value;
 - Subcontracts at Any Tier: Coalition Partners/Force Contributing Nations and Iraqi companies;
 - Maximize utilization of Iraqi Workforce;
 - Maximize Iraqi women's access through ownership of assets and subcontracting opportunities.

Rebuilding Iraq - Standard of Conduct

- ◆ Standard of Conduct - Improper Business Practices: -- Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct.
- ◆ Unacceptable behavior includes soliciting or accepting kickbacks, bribes (providing or offering), and knowingly making any false or misleading accounting reports or financial statements.
- ◆ Subcontractors acting under any subcontract awarded herein are expected to employ due diligence and have internal controls in place towards practicing good governance in execution of a subcontract.

Rebuilding Iraq - Subcontracting

- ◆ Subcontracting: the term includes both goods and services.
- ◆ Subcontracting Plans apply to Non-U.S. firms.
- ◆ “Buy American Act” does not apply outside the U.S.
- ◆ Security: subcontractors are responsible for providing security for their personnel, equipment and materiel in coordination with military units in Iraq.
- ◆ Accounting Systems - FAR Part 31 Cost Principles and Cost Accounting Standards (FAR 52.244-2 Subcontracts and “consent” cost or pricing data requirements).
- ◆ British Construction Standards may apply.
- ◆ There are U.S. export restrictions regarding software and related “controlled” chip technology - licensed through Department of Treasury Office of Foreign Assets Control (OFAC).
- ◆ Submittals must be bilingual (English and Arabic)

Rebuilding Iraq - “Adequate” Insurance

- ◆ Comprehensive General Liability - \$2 Million;
- ◆ Workers Compensation (domestic content only);
- ◆ Defense Base Act - replaces Workers Comp in foreign environment.
 - Mandatory Flowdown from Prime
 - Expensive but reimbursable
 - Prescription at FAR 28.309(a); Clause FAR 52.228-3
 - Adopts workers comp for death and disability for persons employed at military, air and naval bases outside of the U.S.
- ◆ War Hazard Compensation Act.
 - Clause FAR 52.228-4
 - Covers injury or death due to war risk hazards not otherwise compensated under the Defense Base Act, including detention.
 - Reference to Department of Labor (www.dol.gov)

Rebuilding Iraq - Prequalification

- ◆ PRO-Net File (www.ccr.gov) must be current and complete:
 - Primary/Secondary NAICS Codes
 - Average No. of Employees
 - Average Annual Revenue
 - Capabilities Narrative
 - Past Performance History (includes References)
 - All Federal SB and any MBE/WBE Certifications
- ◆ Website Registration: www.wgint.com
- ◆ DUNS Number and D&B Financial Rating (There are 17 different ratings. Do you know yours?)
- ◆ Safety Performance Records
 - Experience Modification Rate (EMR): 0.99 - Less than 1.0
 - OSHA Recordable Incident Rate: 7.0 or less
 - Days Away From Work (DAW): 1.0 or less

Rebuilding Iraq - Closing

- ◆ Be Informed.
- ◆ Be Prepared.
- ◆ Be Realistic.
- ◆ Be Patient.

- ◆ The most important requirement in competition - awards will only be made to the lowest responsive responsible bidder