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Scott

As per our recent discussion regarding concerns we have with Astaldi and the slow ramp up, here is what we agreed

Step 1- Keep the pressure on Guido regarding the Astaldi performance and ramp up against their plan as presented in the Kick off meeting - I would like to have some specifics on where they are falling short of KPI's e.g they should have X number of people mobilized it is actually Y. I stress we need specific KPI's not generalizations, we need tangible facts and numbers- Guido also has concerns I understand and needs help from home office

Step 2 Using the list of KPI's not being met we meet with Manny the week of the 26th after the meeting in Rome to discuss the N Spur estimate (I believe we plan to be in Montreal with SNC that week) and lay it out with him also- we need to alert him to the fact that we are concerned, put it in writing also and list the specific KPI's that they are falling short against. We shall tell him these concerns will be passed up to our CEO and will feature in the CEO to CEO meeting

Step 3 CEO meeting to be held after Step 1 and 2 are complete and we can brief Ed on what the situation is regarding

- a) North Spur estimate and how that plays with the \$40M that was a price reduction if North and South Dams and N Spur are sole sourced with Astaldi
- b) Overall performance concerns - we need the specific KPI's that are the biggest hitters for Ed to table
- c) Way Forward - this is where Ed can ask for a recovery plan and set a deadline to re-evaluate progress and performance

Step 4 By End of February bring Guido and Manny with us to assess Astaldi's performance again against the recovery plan, KPI's and way forward agreed by CEO's - identify and document - issue a letter listing our concerns and brief Gilbert and Ed

Step 5 if the Astaldi performance is not what we require and the assessment in Step 4 is not positive then we arrange a high level meeting in Rome

I am of the opinion that unless we move ahead and push for the steps described above we will lose the opportunity to get Astaldi off and running, from what I hear Guido needs to have

home office support on resources and he is not getting that - this is reminiscent of the SNC situation when we were probably too patient and trusting initially.

So lets stick to the steps above and lets keep talking- I stress I need the specifics of where Astaldi are not performing with data to support that

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