
From: Anthony Rush [rush_aj@██████████]
Sent: 30 July 2010 00:01
To: Fitchie, Andrew
Cc: david_mackay@██████████ Richard Jeffrey; Jim Molyneux; William Mowatt
Subject: Infraco's GMP Proposal
Attachments: GMP Summary.docx

Andrew,

Jim finally got the Proposal about 20.30 and hot footed it over to me. BB were anxious to tell him that it was for negotiation purposes as they hadn't had chance to negotiate with sub-contractors. I will have a copy of the Proposal Hand Delivered to Richard on Friday Morning, before 1100 hopefully. I propose to work on it over the weekend. (Please also recognise the late hour now – so figures are unchecked) – I will be in at BoW after lunch tomorrow Friday.

In the meantime I have tried to assess and summarise it (see attached).

I would like to think about it over the weekend but the first impressions Jim and I have is that BB have tried but CAF, Siemens and SDS are seeing it as a chance to make money not to settle. The Siemens price is contrary to what they indicated to Jim and EK.

My initial thoughts are that we would have to reduce the total by at least £100 million from the following Key Areas of Claim:

Total	>£220 million
Civils Sub-contractors	Increased by £99 million
BB Preliminaries (£46 million)and profit	>£68 million (needs assessing)
SDS	Increased by £11.1 million
Siemens	Increased by £31 million
CAF	Increased by Euro 5.8 million

Some areas of attack would be:

- £46 million lies in Siemens/CAF and SDS (all new to us)
- £12 million in additional S/C Prelims of which a substantial part relates to delay costs and is part of the £80 million of un-agreed BB Changes.
- £11.7 million outstanding on PSSA
- £22 million of Siemens Prelims.

And,

- £46 million of BB Prelims which will include delay
- £22 million BB OH's and Profit

Moreover there is £165 million of sub-contractor costs

There is a lot of scope.

I have to say the size of the Changes is something of an eye-opener. The proposal also de facto includes their loss and expense claim.

Assuming only 3 months to Commission between Section C and D we would need 2 months off their Programme.

They have reverted to a detailed Scope which I will have to go over this week-end.

My initial reaction is that we should make a counter offer before negotiating – the detail we have looks as if we could put something together in 14 days. It's going to be tough. But please regard this for what it is; a Contractor's Claim. (Most Contractor's Claims settle at less than 35% of asking price.) I think Richard Keane will say we can ignore the "Without Prejudice" label.

In the meantime can I ask if anybody receives a call from Infraco – just say "we are looking at it and we have no further comment but we will inform EK early next week. In the meantime it would be useful to get more feedback on sub-contractor savings".

I also suggest for Andrew on Monday night – say nothing.

For stakeholders – "we have an interesting offer which is definitely too high in its present state – but there are substantial sums on which negotiation should bear fruit".

I hope you find the summary useful.

Tony

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