
From: Tom.Murray@bilfinger.co.uk
Sent: 06 March 2008 11:20
To: Eric Smith
Cc: Dennis Murray; Fettig, Herbert; Tran, Ngoc Ha; Gottweis, Thomas; Tony Glazebrook; Gary.Dalton@bilfinger.co.uk; tom.gilchrist@
Subject: BB Supplementary Comments to Milestone 4th Pass
Attachments: 4TH PASS Mobilisation Comparison.xls

Eric,

After our meeting yesterday I had a telecon with Ngoc Ha. From Siemens point of view it would appear your proposed allocation of the Mobilisation Sum solves their cashflow issue. Otherwise Siemens want the Milestone Schedule updated to reflect the latest version of the programme which apparently has a lot more detail within it particularly in regards to Siemens activities and adjustment made to reflect the new start and finish dates (June 08 and Aug 11).

Unfortunately I have an issue with the current Prelims Mobilisation proposal.

The simple principle and agreement with tie is that BBS will receive a 20% Mobilisation Payment in the first PE post contract (likely to be June 08 now see above comment).

BBS Price (excl NR Immunisation/Siemens Design) is approx. £218 million. Exclude SDS Design and Provisional Sums £12 million as per the proposal it becomes £206 million. Although, this was not envisaged in BBS proposal but the principle in respect of PS is accepted.

Siemens portion of this is £87.3 million. Bilfinger Bergers is £118.7 million.

Therefore, Siemens 20% is £17.5 million and Bilfinger Bergers is £23.7.

Siemens Prelims are £24 million. Bilfinger Berger is £44.9 million.

Their is £18 million factored for Procurement of Material Siemens portion is £14 million approx and Bilfinger Bergers is £4 million.

Therefore, a further £3.5 million (£17.5 - £14m) is needed from elsewhere in Siemens price to achieve the balance of their £17.5 million Mobilisation sum. Likewise a further £19.7 million (£23.7 - £4m) is needed from elsewhere in Bilfinger Bergers price to achieve the balance of their £23.7 million Mobilisation sum.

If this is balance is taken from Prelims as is currently proposed the Prelims sum left to spread for Siemens reduces to £20.5 million (£24 - £3.5 m) and for Bilfinger Berger £25.2 million (£44.9 - £19.7m).

These are the figures that should be used. Please see attached comparison sheet showing these figures against the current proposed figures which are unacceptable to Bilfinger Berger. Siemens are agreeable to the split of the 20% Mobilisation in the proportions of Consortium Financial share as previously intimated to Bilfinger Berger by Mr Herbert Fettig of Siemens.

Could you please revise the proposals on this basis for our agreement.

Regards,

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