



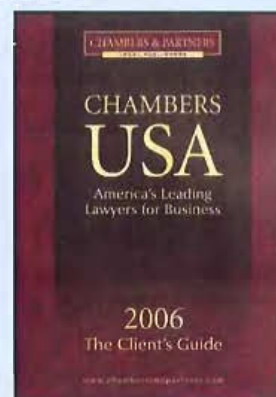
Meet Me (Later) in St. Louis



Trains were to be running by May 2005 with several stops over a seven-mile stretch in suburban St. Louis. But this light rail transit project was derailed by a lengthy delay resulting in a claim against the EPC joint venture which had promised an on time arrival. SRH's client, an engineering subconsultant, has been embroiled in this intense litigation with over 120 million dollars at stake. Chief among the issues is the use by the owner of the "total cost method" for calculating its losses, a unique and problematic approach. Partners Steven Stein, Joel Rhiner and Michael Kelly have all been active for the defense with a trial scheduled in late 2007.

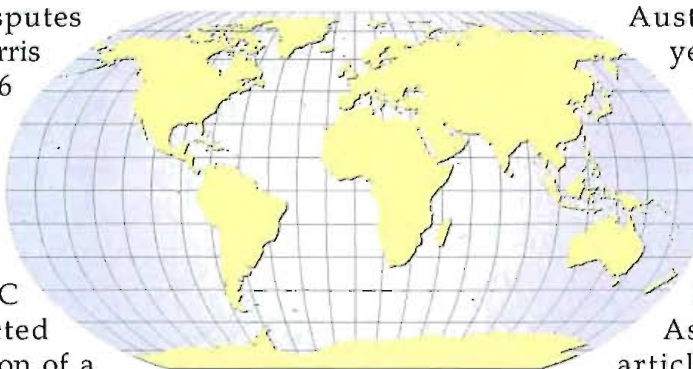
Chambers Lauds SRH

In 2006, Chambers Partners once again selected SRH as a first-tier construction law firm in Illinois, describing it as "an excellent firm engaged in sophisticated work" with "accomplished, all-around construction lawyers well able to approach their client's needs holistically." Partners Steven Stein, Stephen Ray and Robert Harris were also accorded special recognition by Chambers as among the most respected of all Illinois construction law practitioners.



Move Over New York, Chicago's International Construction Practice

New international disputes for which Stein, Ray & Harris provided services in 2006 included the resolution of subcontractors' claims against its EPC client at a water treatment plant in Chile; the initial consultation for an ICC arbitration to be conducted over the delayed completion of a hotel in Yerevan, Armenia; and risk consulting for an LNG facility in Peru. This work follows similar services for Guatemalan, Chinese, Montenegrin and



Australian projects in recent years. Partner Steven Stein serves on the ABA's Forum on the Construction Industry International Committee and will begin acting as informal liaison between that Committee and the International Bar Association for 2007. See articles on the International Construction Superconference (page 3) and the Global Construction Symposium (page 3).

At Chicago Kent, the Reins are Passed

In 1981, Steven Stein initiated what may have been the first construction law course to be taught at an American law school -- IIT - Chicago Kent College of Law. Many similar courses have followed. But after 25 years, it was time for the reins to pass to partners Robert Harris and Jeffrey Winick, who have now fully taken over the course after teaching it jointly with Steven Stein for several years. Over 500 practicing lawyers have thus far been trained in construction law fundamentals, and now even more will follow.



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Honors and Acknowledgments

2006 was a rich year for accolades and acknowledgements for many of SRH's lawyers by virtually every organization that honors construction lawyers and law firms. The "Best Lawyers in America" identified Steven Stein, Stephen Ray, Robert Harris and Jeffrey Winick as among the "Best" construction lawyers; the Illinois Who's Who of Construction Lawyers recognized the same four, commenting that SRH is "one of the best construction firms in the whole country, not just the state." In that same publication, Steven Stein was credited by others as "one of the all time greats" and "an unparalleled lawyer with unbelievable clients," while Robert Harris was "hitting the ball hard right now." Stephen Ray received the following acknowledgement from the publication as "the lawyer I would want on my side for any type of construction dispute" and Jeffrey Winick as "a first class counsel, for contractors in particular."

Illinois Super Lawyers also recognized the same four along with Joel Rhiner and Carl Popovsky as excellent attorneys, and Steven Stein was further selected as one of the Top 100 Lawyers. SRH lawyers were also honored by the Who's Who of International Construction Lawyers and other publications.

Partner Peter Bedard was selected locally to serve as Chair of the Construction Law and Mechanic's Lien Subcommittee of the Chicago Bar Association. He was also selected, among existing members Steven Stein and Jeffrey Winick, to be a member of the Society of Illinois Construction Attorneys.

Guatemala: The Sequel

Like all sequels, somehow the excitement was less, maybe because fewer millions were at stake. But the result was the same: a victory for SRH's client, the owner of a diesel power plant in Guatemala. In the second ICC arbitration concerning the plant, SRH's client again squared off with a European EPC contractor, who surrendered 23 million dollars in delay liquidated damages and lost almost all of its other claims in the first arbitration. The second award, rendered in the summer of 2006, adjudicated the remaining delay issues and numerous defective work claims. Among these were highly technical disputes relating to boiler capacities, engine platform vibration and fuel oil leaks. A third round, yet to be fully initiated, is likely to be heard in 2007.

2006 Patron of the Year Winners

The Chicago Architecture Foundation continued its "Patron of the Year Award" with a juried selection of Patrons who have contributed to Chicago's built environment. The award is sponsored by Stein, Ray & Harris. This year the Patron on the Year Awards went to: Shure Technology Center for their Headquarters Addition; Metro-Northeast Illinois Regional Commuter Railroad Corporation for the Millennium Station at Randolph Street; Akiba-Schechter Jewish Day School; Comer Science and Education

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Foundation for The Gary Comer Youth Center; and Museum of Science and Industry and Jones Lang LaSalle for The U-505 Submarine at the Museum of Science and Industry.

Making Deals

Risk consulting for projects at the planning stage and documentation of construction agreements have increasingly been SRH's focus in recent years. For one well-known project in Los Angeles, the owner retained partner Robert Harris to help configure design and construction agreements for a development in the downtown area, which is to include a hotel, commercial center and high end condominiums.

Other projects where SRH provided risk consulting and documentation services included those for a major hotel chain, a prestigious Midwestern university, a nationally recognized art museum, and numerous well-known developers, all of whom relied upon partner Jeffrey Winick for guidance on their projects in Chicago and elsewhere.

SRH Defends Developer Against Condo Claims

After six years of battles, SRH successfully settled a lawsuit against its developer client brought by a hostile condominium board over disputes related to alleged construction and design defects, and accounting and reserve issues. The serpentine history of the lawsuit included several favorable rulings on behalf of the developer on dispositive motions, a successful defense of an injunction, and numerous contested hearings. At the end of the day, SRH's client succeeded in inking a settlement that resolved virtually all of the claims in the developer's favor. The project, which was constructed several years ago, has been a large success and the luxury units are some of the most elegant on the Chicago shoreline. Partners Robert Harris and Carrie Berger represented the developer in this matter.

School District Made Whole

Robert Harris and Carrie Berger recently successfully completed the representation of an Illinois School District in a highly contested and publicized insurance coverage lawsuit, which resulted in a very favorable settlement to the client. The School District sustained catastrophic losses when a powerful tornado severely damaged one of its schools in April of 2004. From the date of the initial loss, its insurance carrier took the position that only the costs to rebuild on the original school footprint were reimbursable and that the value of the loss was millions less than what it would cost the School District to rebuild at current prices. In a series of victories for the School District, the court ruled that the School District could replace the loss at a location of its choosing and recover the full replacement value of the loss at present value.

International Superconference-London

In 2007, Stein, Ray & Harris will partner with Borden Ladner Gervais, LLP, one of Canada's largest and most elite firms, to present at the International Construction Law Superconference scheduled for May 20-27, 2007, in London. As one of the few firms in the Midwest to have developed an international construction law practice, SRH is anxious to confer with its peers to enhance its capabilities in that area of construction law practice.

Princeton Global Construction Symposium

The American College of Construction Lawyers, together with Princeton University, sponsored a symposium on global construction issues at the University on November 2 and 3, 2006. Steven Stein, Stephen Ray and Robert Harris attended, along with 100 others, to discuss such topics as economic, political, environmental, and technological trends impacting the global delivery of major capital projects; improving project delivery; and implementing effective risk management and allocation. This participation is part of SRH's larger commitment to the development of its international practice.



ACCL Names Steven Stein as Treasurer

In 2007, Steven Stein completes his second of two years as Treasurer of the American College of Construction Lawyers, on the "ladder" to become President in 2009. He co-founded the ACCL in 1989. It is now recognized as the foremost association of construction lawyers, and membership in the college is highly prized. Only 140 construction lawyers have been admitted as Fellows during the 18 years of the College's existence.

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