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**From:** Graeme Bissett [graeme.bissett@redacted]  
**Sent:** 12 October 2007 17:42  
**To:** Willie Gallagher; Matthew Crosse; Geoff Gilbert; Colin McLauchlan  
**Subject:** RE: Contract risk  
**Attachments:** Capex risk analysis 15.10.07.xls

Further to the note below, attached is a layman's commercial view of the risk analysis and relationship to the risk allowance. The question is not whether it is accurate line by line but does it present a fair overall picture of the risk profile of the project. The purpose is to offer an overall view which could be articulated if needed.

The slides prepared for next week use a different underlying analysis, which assumes that costs to Financial Close (£118m) and components of further costs which are fixed (£107m) totaling £225m are "low risk". The balance of £223m up to £448m is "subject to variability". This is a 50% / 50% split of the cost estimate. The attached document arrives at 51% "Limited or no risk" and the balance in the riskier categories. Two different ways of looking at the same issue and obviously using the same source data, but may provide some comfort that the picture is overall supportable.

Regards  
Graeme

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**From:** Graeme Bissett [mailto:graeme.bissett@redacted]  
**Sent:** 12 October 2007 16:45  
**To:** 'Willie Gallagher'; 'Matthew Crosse'; 'Geoff Gilbert'; 'Colin McLauchlan'  
**Subject:** Contract risk

An area where it might be helpful to have more high level clarity is the extent to which "fixed price" means "fixed price". We don't need to rehearse all of the risk transfer issues, but my concern is that the impending lay audience will assume fixed means fixed, with no risk. We know the circumstances in which this might not be true and we should have a statement ready which explains fairly what the position is without involving a detailed risk analysis.

Any views ?

Regards  
Graeme

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