

Ysella Jago

From: Graeme Bissett [graeme.bissett@██████████]
Sent: 12 May 2008 01:27
To: Willie Gallagher; Steven Bell; Dennis Murray; Susan Clark; Colin McLauchlan; Jim McEwan; alastair.richards@tie.ltd.uk; Fitchie, Andrew; david_mackay@██████████ Neil Renilson (TEL); Dave Anderson; Duncan Fraser; Donald McGougan; Rebecca Andrew; Gill Lindsay
Subject: Final deal terms
Attachments: Close considerations and event history v2 12.05.08.doc

Here is the updated final deal paper, track changed from the version issued last Thursday and reflecting the negotiations on Friday. The net result is that the headline budget goes to £512m from £508m. The components are somewhat complicated but boil down to :

- Full negotiated incentivisation bonus of £4.8m is included in the headline number
- We have evaluated £4.6m of risk contingency savings but have reflected only £1.8m in the headline number
- We have kept separate the £3.2m of contingent Phase 1 B demob cost. This factor and the balance of unrecognised risk improvement effectively offset each other
- A further £1m general risk provision has been added

This means that the supply chain pressure claimed by BBS which gave rise to the late negotiation has been met by milestone related incent bonus and in return we have bought out risk.

Regards
Graeme

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