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**From:** Richard Jeffrey  
**Sent:** 27 April 2011 17:53  
**To:** VRE - MobileMe  
**Cc:** Steven Bell  
**Subject:** tomorrow's meeting with CEC

Vic, reflecting on our telephone conversation this morning, I thought it might be useful to set out my thoughts. I would also appreciate some time to discuss this before the meeting with Sue, will you have time to call in at the office before the meeting?

I understand the need to be flexible to get the deal done, and will do all I can to be as flexible as possible.

The issue is one of integrity, governance and timing. The interaction of MoV 4 and MoV 5 is also important here.

I have no problem with accepting what was agreed at Mar Hall. This was a judgement made by Sue (with you and Ainslie) as to what was a reasonable price for ending the current impasse. I understand the value of the payments under MoV 4 was not discussed at Mar Hall, indeed I understand we agreed to "see what we could do to help with cash-flow".

Both Colin Smith and Sue have been aware of tie's view on the value of the payments contemplated under MoV 4 BEFORE they were agreed with BSC on 8<sup>th</sup> April.

I would have no problem with any payment profile that is agreed as part of MoV 5, (once it is signed) which commits BSC to complete an agreed scope for a fixed price.

I would have no problem with any payment as part of MoV 4 where we certify that a part of that payment (half?) reflects the settlement of existing claims and/or is part payment of the agreed Mar Hall commercial settlement. However under current governance either of these require Board and CEC approval, and of course create a risk that this money is gone regardless of whether we sign MoV 5.

I have a problem with any payment prior to MoV 4 being signed without clearance from the board, this would be ultra vires for me if we do not have a proper audit trail.

I have a problem asking/instructing my team to certify a value for materials/equipment/work done etc that they do not feel is justifiable, defensible or supportable in any subsequent audit. I have satisfied myself in reaching their view on what is justifiable my team have not been unreasonable, in fact I believe they have erred on the side of flexibility.

Happy to discuss

Regards

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