
From: Fitchie, Andrew [Andrew.Fitchie@dlapiper.com]
Sent: 02 February 2008 00:26
To: Geoff Gilbert; Matthew Crosse
Cc: David Crawley; Steven Bell; Damian Sharp
Subject: RE: SDS Incentivisation

Geoff

One point:

I am not sure that contractually **tie** can be the referee (2.3) on incentive payments post novation. So that incentive is pre set and then administered. by BBS.

From: Geoff Gilbert [mailto:Geoff.Gilbert@tie.ltd.uk]
Sent: 01 February 2008 13:38
To: Matthew Crosse
Cc: David Crawley; Fitchie, Andrew; Steven Bell; Damian Sharp
Subject: RE: SDS Incentivisation

Matthew

The bullet that you have highlighted is essentially that they lose their bonus if the completion date is missed for any reason. This is to incentivise their proactive support in limiting change and delay. Otherwise we will incentivise a claims engineering exercise to preserve incentive entitlement – a perverse outcome of incentives in contracts!

Regards

Geoff

From: Matthew Crosse
Sent: 01 February 2008 13:29
To: Geoff Gilbert
Cc: David Crawley; 'Fitchie, Andrew'; Steven Bell; Damian Sharp
Subject: RE: SDS Incentivisation

Geoff

Good, as a sweetener. Would this get stitched into the novation agreement? Or be a separate tie/SDS arrangement?

Need to make sure that there should be no arguments about acceptable 'quality' – this incentive is simply about getting packages through approvals come what may. If it doesn't get thro' by the date, there is no money. Am I correct in this assumption?

I am not entirely sure what this means:

- The entitlement to an incentive payment is not preserved by Changes or other entitlements to relief under the SDS contract.

500k seems about right –it would be circa 2% of their contract value

Matthew

PS Copied Dave C on this.

Matthew Crosse
Project Director

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From: Geoff Gilbert
Sent: 01 February 2008 13:01
To: Matthew Crosse; Fitchie, Andrew; Steven Bell; Damian Sharp
Subject: RE: SDS Incentivisation

Matthew/Steven/Andrew/Damian

Enclosed is my draft of the proposed incentivisation arrangement for delivery of remaining SDS designs. I know that this sticks in the throat a little but the costs of failure by SDS are high given the proximity of the design programme to construction commencements. Could you let me have your comments so that I can get this progressed and off to BBS for their consideration. I will however, treat this as subject to tie Exec approval given comments at that meeting.

Regards

Geoff Gilbert - Project Commercial Director
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