

Shanghai Health Study

2001 Actuals

Invoiced	\$2,981,950
Funds Received	\$2,167,232
Contract Funds Committed	(\$2,355,573)
2001 Admin costs	(\$ 63,737)
Balance	(\$ 252,078)

Budget Comparison

Original Budget 1/01

- Case Control
- DP & ME Studies
- Science Review Panel
- Public Affairs
- API Admin Costs

TOTAL COST
\$19,261,000*

* \$500K “repayment” to API included in original estimate
already deducted

Proposed Budget 12/01

- Case Control
- DP & ME Studies
- Public Affairs
- API Admin Costs
- Science Review Panel
- Ethics Review Panel
- Path and Cyto genetic
workgroups
- Outside Counsel
- QA /QC

TOTAL COST
\$22,789,299

AUGUST 2003
INVOICE

	A	B	C	D	E	F	G	H	I
1	<u>Shanghai Health Research</u>						YEAR 1		
2							August-01	January-02	
3	Company Name			Commitment		Share	15%	15%	
4				NOT TO EXCEED					
5	BP			4,224,000		3	806,441	806,441	
6									
7	Chevron			3,000,000		2	537,627	537,627	
8									
9	Conoco			1,408,000		1	268,814	268,814	
10									
11	ExxonMobil			5,000,000		3	806,441	806,441	
12									
13	Shell			3,000,000		2	537,627	537,627	
14									
15									
16	Column Total			16,632,000		11	2,956,950	2,956,950	
17									
18	Cumulative Total						2,956,950	5,913,900	
19									
20									
21									
22	2001 Program Cost			19,713,000 ¹			2002 Program Cost		
23		15% of total cost		2,956,950				25% of total cost	
24									
25									
26									
27							2002 Program Cost		
28								25% of total cost	
29									
30									
31									
32	Formula						Example:	(\$19,713,000 / 11) (1share) (.25) =	
33	(program cost / 11) (#share / company) (%)						Example:	(\$16,632,000 / 11) (1share) (.25) =	
34									
35									
36	¹ Year 1 invoices billed as percent of 2001 estimated total program cost								

August 28, 2002

SHELL-MCCLURG-065925

AUGUST 2003
INVOICE

	J	K	L	M	N
1	YEAR 2			YEAR 3	
2	August-02			August-03	
3	25%			"Not to Exceed"	
4	at \$19,713,000			<u>Balance remaining</u>	
5	1,344,069			1,267,049	
6					
7	896,046			1,028,700	
8					
9	448,023			422,349	
10					
11	1,344,069			2,043,049	
12					
13	896,046			1,028,700	
14					
15					
16	4,928,253			11,703,747	
17					
18	10,842,153				
19					
20					
21					
22					
23	19,713,000				
24					
25					
26					
27					
28	16,632,000				
29					
30					
31					
32	\$448,023				
33	\$378,000				
34					
35					
36					

August 28, 2002

SHELL-MCCLURG-065926

AUGUST 2003
INVOICE

	A	B	C	D	E	F	G	H	I
1	<u>Shanghai Health Research</u>						YEAR 1		
2							August-01	January-02	
3	Company Name			Commitment		Share	15%	15%	
4				by share ²					
5	BP			4,500,000		3	806,441	806,441	
6									
7	Chevron			3,000,000		2	537,627	537,627	
8									
9	Conoco			1,500,000		1	268,814	268,814	
10									
11	ExxonMobil			4,500,000		3	806,441	806,441	
12									
13	Shell			3,000,000		2	537,627	537,627	
14									
15									
16	Column Total			16,500,000		11	2,956,950	2,956,950	
17									
18	Cumulative Total						2,956,950	5,913,900	
19									
20									
21									
22	<i>2001 Program Cost</i>			19,713,000 ¹			<i>2002 Program Cost</i>		
23		15% of total cost		2,956,950				25% of total cost	
24									
25									
26									
27							<i>2002 Program Cost</i>		
28								25% of total cost	
29									
30									
31									
32	<i>Formula</i>						<i>Example:</i>	(\$19,713,000 / 11) (1share) (.25) =	
33	<i>(program cost / 11) (#share / company) (%)</i>						<i>Example:</i>	(\$16,632,000 / 11) (1share) (.25) =	
34									
35									
36	¹ Year 1 invoices billed as percent of 2001 estimated total program cost								
37	² Contract value of \$1,500,000 / share								

August 28, 2002

SHELL-MCCLURG-065927

AUGUST 2003
INVOICE

	J	K	L	M
1	YEAR 2		YEAR 3	
2	August-02		August-03	
3	25%		Share	
4	at \$19,713,000		<u>Balance remaining</u>	
5	1,344,069		1,543,049	
6				
7	896,046		1,028,700	
8				
9	448,023		514,349	
10				
11	1,344,069		1,543,049	
12				
13	896,046		1,028,700	
14				
15				
16	4,928,253		11,571,747	
17				
18	10,842,153			
19				
20				
21				
22				
23	19,713,000			
24				
25				
26				
27				
28	16,632,000			
29				
30				
31				
32	\$448,023			
33	\$378,000			
34				
35				
36				
37				

August 28, 2002

SHELL-MCCLURG-065928

BENZENE HEALTH RESEARCH CONSORTIUM
For Discussion - Options for Revised Number of Shares
April 21, 2004

Option #1 (Give each of the 4 companies who agreed to provided additional funding above the original commitment an additional share.)

Company	Original Funding \$16,500,000	Original # of shares	Revised Budget \$21,084,000	Revised Funding	Revised # of shares
	Co. Contribution		Additional \$548,000* per original share	Revised Funding by Company	
BP/Amoco	\$ 4,500,000	3	\$ 0	\$4,500,000	3
ChevronTexaco	3,000,000	2	1,096,000	4,096,000	3
ConocoPhillips	1,500,000	1	548,000	2,048,000	2
ExxonMobil	4,500,000	3	1,644,000	6,144,000	4
Shell	3,000,000	2	1,096,000	4,096,000	3
Total	\$16,500,000	11	\$4,384,000*		14
Marathon Contribution				200,000	
GRAND TOTAL				\$21,084,000	

*Additional total per share has been adjusted for \$200,000 contribution by Marathon, which resulted in a \$25K reduction per additional share.

Option #2 (need an explanation of the rationale)

Company	Original Funding \$16,500,000	Original # of shares	Revised Budget \$21,084,000	Revised Funding	Revised # of shares
	Co. Contribution		Contribution \$548,000* per original share	Revised Funding by Company	
BP/Amoco	\$ 4,500,000	3	\$ 0	\$4,500,000	3
ChevronTexaco	3,000,000	2	1,096,000	4,096,000	4
ConocoPhillips	1,500,000	1	548,000	2,048,000	2
ExxonMobil	4,500,000	3	1,644,000	6,144,000	6
Shell	3,000,000	2	1,096,000	4,096,000	4
Total	\$16,500,000	11	\$4,384,000*		19
Marathon Contribution				200,000	
GRAND TOTAL				\$21,084,000	

*Additional total per share has been adjusted for \$200,000 contribution by Marathon, which resulted in a \$25K reduction per additional share.

Option #3 (\$500K = 1 share; round up/down as appropriate)

Company	Original Funding \$16,500,000	Original # of shares	Revised Budget \$21,084,000	Revised Funding	Revised # of shares
	Co. Contribution		Contribution \$548,000* per original share	Revised Funding by Company	
BP/Amoco	\$ 4,500,000	3	\$ 0	\$4,500,000	9
ChevronTexaco	3,000,000	2	1,096,000	4,096,000	8
ConocoPhillips	1,500,000	1	548,000	2,048,000	4
ExxonMobil	4,500,000	3	1,644,000	6,144,000	12
Shell	3,000,000	2	1,096,000	4,096,000	8
Total	\$16,500,000	11	\$4,384,000*		41
Marathon Contribution				200,000	
GRAND TOTAL				\$21,084,000	

*Additional total per share has been adjusted for \$200,000 contribution by Marathon, which resulted in a \$25K reduction per additional share.

Points for discussion:

Option 1:

- 2/3 majority = 10 shares; it would take at least 3 companies to meet this threshold
- equity: \$548K, \$1096K and \$1644K additional payment all get only one additional share

Option 2:

- 2/3 majority = 13 shares; it would take at least 3 companies to meet this threshold
- equity: each \$548K of additional payment gets one additional share
- equity: BP paying \$4.5 million for 3 shares; CVT & Shell paying \$4.1 million for 4 shares

Option 3:

- redefine shares for all companies; 1 share for each \$500K (round up or down, as appropriate)
- 2/3 majority = 27 shares; it would take at least 3 companies to meet this threshold
- equity: maintains shares proportional to total funding; Marathon does not meet threshold for a share

A	B	C	D	E	F	G
1	PP projectection 20 May 2003	ACTUAL				
2						
3		Sep-01	Jan-02	Aug-02	Jan-03	Aug-03
4	Invoicing / Percent per period*	15%	15%	25%		Balance
5	Income					
6	Income**	\$2,165,509	\$3,763,391	\$5,040,261		\$5,642,847
7	Expenses - Totals	\$2,264,952	\$2,553,500	\$4,090,027	\$879,542	\$3,249,595
8						
9	Cumulative Projected Income	\$2,165,509	\$5,928,900	\$10,969,161	\$10,969,161	\$16,612,008
10	Cummlative Projected Expenses	\$2,264,952	\$4,818,452	\$8,908,479	\$9,788,021	\$13,037,616
11						
12	Balance	(\$99,443)	\$1,110,448	\$2,060,682	\$1,181,140	\$3,574,392
13						
14	Expense Breakout					
15	UCHSC					
16	Actual & Projected	\$2,049,750	\$2,049,750	\$3,416,250		\$2,580,750
17						
18	Irons - Field Expenses					
19	Actual & Projected	\$145,762	\$259,499	\$133,605	\$133,605	\$133,605
20						
21	Applied Health Sciences					
22	Actual & Projected	\$7,000	\$84,025	\$435,514	\$432,511	\$196,680
23						
24	Fudan University - Case/Control Study					
25	Actual & Projected			\$15,219	\$26,459	\$59,000
26						
27	Scientific Review Panel					
28	Actual & Projected	\$16,923			\$8,800	\$95,000
29						
30	Ethics Review Panel					
31	Actual & Projected	\$2,500			\$3,000	\$27,000
32						
33	Communications - APCO					
34	Actual & Projected		\$136,870	\$89,439	\$71,445	\$72,060
35						
36	External Pathology & Cytogenetics Workgroups					
37	cost included in UC grant					
38						
39	Outside Legal Counsel					
40	Actual & Projected				\$13,076	\$12,500
41						
42	QA/QC Support					
43	Actual & Projected					
44						
45	API Administrative and Overhead					
46	Actual & Projected	\$43,017	\$23,356		\$190,646	\$73,000
47						

	H	I	J	K	L	M	N	O	P	Q	R
1	Projected										
2											
3	Jan-04	Aug-04	Jan-05	Aug-05	Jan-06	Jan-07	Totals				
4				15%							
5											
6							\$16,612,008				
7	\$710,634	\$3,335,636	\$778,387	\$3,348,195	\$926,045	\$652,786	\$22,789,299				
8											
9	\$16,612,008	\$16,612,008	\$16,612,008	\$16,612,008	\$16,612,008	\$16,612,008					
10	\$13,748,250	\$17,083,886	\$17,862,273	\$21,210,468	\$22,136,513	\$22,789,299					
11											
12	\$2,863,758	(\$471,878)	(\$1,250,265)	(\$4,598,460)	(\$5,524,505)	(\$6,177,291)					
13									**Variance to Jan 2002		
14											
15											
16		\$2,580,750		\$2,580,750			\$15,258,000		\$0		
17											
18											
19	\$133,605	\$133,605	\$133,605	\$133,605	\$133,605	\$123,172	\$1,597,273		-\$153,273 \$0	\$16,855,273	
20											
21											
22	\$196,681	\$220,933	\$220,934	\$224,992	\$224,993	\$38,832	\$2,283,095		\$0		
23											
24											
25	\$90,000	\$100,000	\$100,000	\$100,000	\$90,000	\$80,322	\$661,000		-661001	\$2,944,095	
26											
27											
28	\$50,000	\$50,000	\$52,500	\$52,500	\$110,250	\$115,763	\$551,736		\$96,264		
29											
30											
31	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$24,500	\$192,000		\$24,000		
32											
33											
34	\$68,848	\$78,848	\$68,848	\$78,848	\$137,697	\$157,697	\$960,600		\$39,400		
35											
36											
37									\$130,000		
38											
39											
40	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$100,576		\$399,424		
41											
42											
43			\$25,000		\$50,000	\$25,000	\$100,000		\$125,000		
44											
45											
46	\$132,000	\$132,000	\$138,000	\$138,000	\$140,000	\$75,000	\$1,085,019		\$186		
47											

	A	B	C	D	E	F	G
48		**Difference from OC approved budget Budget (Jan 2002)>>>> "Project Cost Estimate"					
49							

	H	I	J	K	L	M	N	O	P	Q	R
48							\$22,789,299		\$0		
49											

	A	B	C	D	E
1	Updated:	May 21, 2003			
2					
3	Item		Original Cost Estimate (Jan. 2001)	Revised Cost Estimate (Dec. 2001)	Revised Cost Estimate (May 2003)
4	Case-Control Study		\$1,761,000	\$2,283,094	\$2,944,095
5	DP & ME Studies		\$15,109,000	\$16,702,000	\$16,855,273
6	Total Research Costs		\$16,870,000	\$18,985,094	\$19,799,368
7	Scientific Review Panel			\$648,000	\$551,736
8	Ethics Review Panel			\$216,000	\$192,000
9	*External Pathology & Cytogenetics Workgroups			\$130,000	\$0
10	Total Panel Costs		\$450,000	\$994,000	\$743,736
11	API Seed Monies		\$500,000		
12	Outside Counsel			\$500,000	\$100,576
13	Public Affairs		\$1,000,000	\$1,000,000	\$960,600
14	QA/QC Activities			\$225,000	\$100,000
15	Miscellaneous Costs		\$1,500,000	\$1,725,000	\$1,161,176
16	Subtotal		\$18,820,000	\$21,704,094	\$21,704,280
17	API Overhead (5%)		\$941,000	\$1,085,205	\$1,085,019
18	GRAND TOTAL		\$19,761,000	\$22,789,299	\$22,789,299
19		* \$130,000 Included in UC Grant			
20	Notes/Assumptions:				
21		- The total research costs have changed as a result of the protocol review process and			
22		- Panel costs assume that there will be only one face-to-face meeting for each panel each			
23		- Miscellaneous costs for outside counsel and media relations are based solely on			

SHANGHAI HEALTH STUDY

An Overview of API Accounting Practices

Lorraine Twerdok
November 11, 2003