Fixed Price Incentive Fee Contract - Seller Fee Calculations under Cost Overruns

S.No.	Target Cost	Seller's Fee	Target Price	Ceiling Price	Actual Cost	Cost Overrun	Share Ratio (for cost overrun)	Buyer's Share Ratio (for cost overrun)	Seller's Share Ratio (for cost overrun)	Buyer's Share (of cost overrun)	Seller's Share (of cost overrun)	Point of Total Assumption	Buyer's Price	Seller's Profit/Loss
	TC	SF	TP = TC + SF	CP	AC	CO	SR	BSR	SSR	BS = CO x BSR	SS = CO x SSR	PTA = ((CP - TP) / BSR) + TC	BP = TP + BS OR CP, whichever is lower	SP = BP - AC
1	$60,000	$15,000	$75,000	$100,000	$60,000	$0	60 : 40	0.60	0.40	$0	$0	$101,667	$75,000	$15,000
2	$60,000	$15,000	$75,000	$100,000	$70,000	$10,000	60 : 40	0.60	0.40	$6,000	$4,000	$101,667	$81,000	$11,000
3	$60,000	$15,000	$75,000	$100,000	$80,000	$20,000	60 : 40	0.60	0.40	$12,000	$8,000	$101,667	$87,000	$7,000
4	$60,000	$15,000	$75,000	$100,000	$90,000	$30,000	60 : 40	0.60	0.40	$18,000	$12,000	$101,667	$93,000	$3,000
5	$60,000	$15,000	$75,000	$100,000	$97,500	$37,500	60 : 40	0.60	0.40	$22,500	$15,000	$101,667	$97,500	$0
6	$60,000	$15,000	$75,000	$100,000	$100,000	$40,000	60 : 40	0.60	0.40	$24,000	$16,000	$101,667	$99,000	-$1,000
7	$60,000	$15,000	$75,000	$100,000	$101,667	$41,667	60 : 40	0.60	0.40	$25,000	$16,667	$101,667	$100,000	-$1,667
8	$60,000	$15,000	$75,000	$100,000	$110,000	$50,000	60 : 40	0.60	0.40	$30,000	$20,000	$101,667	$100,000	-$10,000
9	$60,000	$15,000	$75,000	$100,000	$120,000	$60,000	60 : 40	0.60	0.40	$36,000	$24,000	$101,667	$100,000	-$20,000

Notes	
Row 1	When Actual Cost is equal to Target Cost, Seller gets the full fee, and Buyer pays the Target Price.
Row 5	Point of Total Assumption is NOT the same as point of zero profit/loss (for the Seller).
Row 6	Seller may be in losses even before the Actual Cost hits the Point of Total Assumption.
Row 7	When Actual Cost equals Point of Total Assumption, Buyer Price equals Ceiling Price. In other words, at or beyond Point of Total Assumption, Buyer Price equals Ceiling Price

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