

EXHIBIT 14

PERFORMANCE SECURITY

GUARANTEE

This agreement (hereinafter called the “Guarantee”) is made this **29th** day of **November, 2013**, **Astaldi S.p.A.** (the “**Guarantor**”) who is the parent company of **Astaldi Canada Inc.** (hereinafter called the “**Contractor**”) in favour of **Muskrat Falls Corporation** (hereinafter called the “**Company**”), **Computershare Trust Company of Canada** (hereinafter called the “**Security Trustee**”) and the Company’s and Security Trustee’s successors and assigns.

In consideration of the Company entering into a contract for the performance by the Contractor for **construction of intake and powerhouse, spillway and dams at Muskrat Falls, Labrador in the Province of Newfoundland and Labrador** and made as of **November 29, 2013** (the “**Agreement**”), the Guarantor hereby agrees with Company and Security Trustee as follows:

1.0 Guarantee

1.1 The Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Company, Security Trustee and their successors and assigns (collectively, the “**Guaranteed Parties**”), as a direct obligation, the full and prompt performance, payment and observance by the Contractor of each and every acknowledgement, covenant, agreement, undertaking, indemnity, waiver, release and obligation of the Contractor contained in the Agreement (collectively, the “**Guaranteed Obligations**”).

2.0 Separate Claims and Liability Absolute

2.1 Each and every default in performance, observance or payment of any of the Guaranteed Obligations by the Contractor shall give rise to a separate claim hereunder, and separate claims may be made and brought, as the case may be, hereunder as each such default occurs.

2.2 The guarantee herein provided for shall be a continuing, absolute and unconditional guarantee of performance, observance and payment of the Guaranteed Obligations and shall remain in full force and effect until each and all of the Guaranteed Obligations shall have been fully and satisfactorily discharged in accordance with the terms and provisions of the Agreement and the Guarantor shall have fully and satisfactorily discharged all of its obligations under this Guarantee.

3.0 No Impairment and Immediate Payment

3.1 The liability of the Guarantor hereunder shall remain in full force and effect irrespective of and shall in no way be affected or impaired by (and no notice to the Guarantor shall be required in respect of):

- (a) any compromise, waiver, renewal, extension, indulgence, amendment, addition, deletion, change in, modification of, or release of any security (including any other guarantee, letter of credit, bond or holdback) for or in respect of any of the

Guaranteed Obligations;

- (b) any failure, neglect or omission on the part of Company or Security Trustee to give the Guarantor notice of the occurrence of any default by the Contractor under or with respect to the Guaranteed Obligations, or to realize upon any obligations or liabilities of the Contractor;
 - (c) any amalgamation, merger or consolidation of the Contractor or the Guarantor or any sale, lease or transfer of any of the assets of the Contractor or the Guarantor;
 - (d) any change in the ownership of any shares of the capital stock of the Guarantor or the Contractor;
 - (e) any change in the financial condition of the Contractor or the Guarantor or a Guaranteed Party;
 - (f) any Insolvency Event affecting the Contractor or its assets or a Guaranteed Party or its assets, or any resulting release, stay or discharge of any Guaranteed Obligation;
 - (g) any lack or limitation of power, incapacity or disability on the part of the Contractor any other irregularity, defect or informality on the part of the Contractor with respect to the Guaranteed Obligations;
 - (h) any provision of any laws, statutes, rules or regulations or any other circumstance that might constitute a defence available to, or a discharge of, the Guarantor in respect of this guarantee, provided always that the indebtedness, obligations and liabilities guaranteed by the Guarantor hereunder shall in all circumstances be limited to the covenants, agreements, undertakings, obligations and liabilities of the Contractor under this Agreement;
 - (i) the assignment by Company of its interest, in whole or in part, in and to the Agreement; or
 - (j) any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing and any other circumstance that might otherwise constitute a legal or equitable defence or discharge of the liabilities of a guarantor or surety that might otherwise limit recourse against the Guarantor.
- 3.2 The obligations and liabilities of the Guarantor hereunder shall not be impaired, diminished, abated or otherwise affected by:
- (a) any claim, including any set-off, defence, deduction, counterclaim or cross-claim that the Contractor or the Guarantor may have or claim to have, at any time or from time to time; or
 - (b) the commencement by or against the Contractor or the Guarantor of any proceedings under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements,

compositions or extension or other similar laws.

- 3.3 A Guaranteed Party shall not be bound to exhaust its recourse against the Contractor or others or any securities (including, any Surety Bonds, letter of credit, insurance policy and/or other bond) or other guarantees it may at any time hold before being entitled to performance of or payment of the Guaranteed Obligations from the Guarantor and the Guarantor renounces all benefits of discussion and division.

4.0 Waiver of Rights by Guarantor

- 4.1 It is the intent and purpose hereof that the Guarantor shall not be entitled to and does hereby waive any and all defences available to guarantors, sureties and other secondary parties at law or in equity. Without limiting the generality of the foregoing, the Guarantor hereby waives notice of acceptance of this Agreement and of the non-performance by the Contractor, diligence, presentment, protest, notice of protest, dishonour, demand for payment from Company and/or Security Trustee and notice of non-payment or failure to perform on the part of the Contractor and all other notices whatsoever. The guarantee hereunder is a guarantee of payment, performance and compliance. In order to hold the Guarantor liable hereunder, there shall be no obligation on the part of a Guaranteed Party at any time to demand or resort for payment or performance to the Contractor, its properties or assets or to any security, property or other rights or remedies whatsoever, nor shall there be any requirement that the Contractor be joined as a party to any proceeding for the enforcement of any provision of this Guarantee and a Guaranteed Party shall have the right to enforce the provisions of this Guarantee irrespective of whether or not legal proceedings or other enforcement efforts against the Contractor are pending, sought, resorted to or otherwise realized upon. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when from time to time, the Contractor shall default under or with respect to any of the Guaranteed Obligations, and that, notwithstanding recovery hereunder for or in respect of any such default, the guarantee herein shall remain in full force and effect unamended and shall apply to each and every subsequent default.
- 4.2 Without prejudice to and without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations and liabilities of the Guarantor under this Guarantee and without in any way requiring the consent of or giving notice to the Guarantor, a Guaranteed Party may grant time, renewals, extensions, indulgences, releases and discharges to and accept compositions from or otherwise deal with the Contractor or the Guarantor or others, including any other guarantors, as such Guaranteed Party may see fit and such Guaranteed Party may take, abstain from taking or perfecting, vary, exchange, renew, discharge, give up, realize on or otherwise deal with security and guarantees in such manner as such Guaranteed Party may see fit.
- 4.3 The guarantee hereunder shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the obligations hereunder

is rescinded or must otherwise be restored or returned by a Guaranteed Party upon the insolvency, bankruptcy or reorganization of the Contractor or the Guarantor, or otherwise, all as though such payment had not been made.

- 4.4 Neither an action or proceeding brought under the guarantee hereunder regarding the Guaranteed Obligations nor any judgment or recovery in consequence of that action or proceeding operates as a bar or defence to any further action that may be brought under such guarantee. The Guarantor acknowledges and agrees that, if judgment is granted on an action or proceeding commenced under the guarantee hereunder, the Guarantor's obligations to the Guaranteed Parties do not merge with such judgment or end the Guarantor's obligations hereunder.
- 4.5 A waiver by a Guaranteed Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Guaranteed Party would otherwise have had on any future occasion with regard to any subsequent breach. No failure to exercise nor any delay in exercising on the part of such Guaranteed Party any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any other rights and remedies provided under this Agreement or otherwise by law.

5.0 Timing, Interest and Expenses

- 5.1 The liability of the Guarantor under the guarantee herein shall arise forthwith after demand has been made in writing on the Guarantor, and the liability of the Guarantor shall bear interest from the date of such demand at the average prime rate as published by the Bank of Nova Scotia plus three percent (3%) per annum, calculated daily not in advance.
- 5.2 In addition to satisfaction of the Guaranteed Obligations, the Guarantor agrees to pay to each of the Guaranteed Parties any and all reasonable out-of-pocket costs and expenses, including legal fees on a solicitor and his own client basis and other professional advisor charges incurred by it in connection with enforcing any of its rights hereunder.

6.0 No Exercise of Security

- 6.1 The Guarantor covenants that until the satisfaction and performance in full of all Guaranteed Obligations, the Guarantor will not:
- (i) exercise against the Contractor or against any security held by it for any of the Guaranteed Obligations any right or remedy arising by reason of the observance and/or performance of any Guaranteed Obligations under this Guarantee, whether by subrogation, contribution, indemnity, set off or otherwise; or

- (ii) claim as a creditor or otherwise in competition with a Guaranteed Party in respect of any monies owing to a Guaranteed Party for or on account of the Guaranteed Obligations in any bankruptcy, liquidation or other insolvency proceedings relating to the Contractor; and the Guarantor covenants to give the Guaranteed Parties the benefit of each such claim and of all monies received or receivable in respect thereof and in the meantime hold the same in trust for the Guaranteed Parties.

6.2 The Guarantor covenants and agrees with the Guaranteed Parties that it has not taken and will not take any security from the Contractor in respect of the Guaranteed Obligations. Any security taken by the Guarantor in breach of this provision, and all monies at any time received or receivable in respect thereof, shall be held in trust for the Guaranteed Parties as security for the Guaranteed Obligations.

7.0 General Conditions

7.1 The Guarantor shall, from time to time, request of the Company, execute and deliver, all such further agreements, instruments and documents and do all such further acts and things as the Company may require to give effect to the transactions contemplated by this Guarantee.

7.2 This Guarantee shall ensure to the benefit of and be binding upon the respective heirs, legal representatives, successors and assigns of the Guarantor, Security Trustee and the Company.

7.3 This Guarantee shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador. The Guarantor irrevocably submits to the jurisdiction of the courts of the Province of Newfoundland and Labrador in any action or proceeding arising out of or relating to this Guarantee but nothing shall prevent the Guaranteed Parties from enforcing this Guarantee or any related judgment against the Guarantor in any other jurisdiction.

7.4 This Guarantee shall not be assigned by the Guarantor without the prior written consent of the Company and Security Trustee.

IN WITNESS whereof the Guarantor has caused this Guarantee to be signed, sealed and delivered by its duly authorized representatives the day and year first above written.

Astaldi S.p.A.

Guarantor

By: _____

Name: _____

Title: _____

[seal]

PERFORMANCE BOND

No. _____ \$

KNOW ALL MEN BY THESE PRESENTS THAT

_____ as Principal, hereinafter called the Principal, and _____, a corporation created and existing under the laws of _____, and duly authorized to transact the business of Suretyship in _____, as Surety, hereinafter called the Surety, are held and firmly bound unto Muskrat Falls Corporation and Computershare Trust Company of Canada as Obligees, hereinafter collectively or individually called the Obligee, in the amount of _____ Dollars, (\$ _____) lawful money of Canada, for the payment of which sum, well and truly to be made, the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a written contract with an Obligee, dated the _____ day of _____, for _____ in accordance with the contract documents submitted therefore which are by reference made part hereof and are hereinafter referred to as the Contract.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if the Principal shall promptly and faithfully perform the Contract then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Whenever the Principal shall be, and declared by an Obligee to be, in default under the Contract, the Obligee having performed the Obligee's obligations thereunder, the Surety may promptly remedy the default, or shall promptly

1. complete the Contract in accordance with its terms and conditions or
2. obtain a bid or bids for submission to the Obligee for completing the Contract in accordance with its terms and conditions, and upon determination by the Obligee and the Surety of the lowest responsible bidder arrange for a contract between such bidder and the Obligee and make available as work progresses (even though there should be a default, or a succession of defaults, under the contract or contracts of completion, arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the Contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the Contract price", as used in this paragraph, shall mean the total amount payable by the Obligee to the Principal under the Contract, less the amount properly paid by the Obligee to the Principal.

Any suit under this Bond must be instituted before the expiration of two (2) years from the date on which final payment under the Contract falls due.

The Surety shall not be liable for a greater sum than the specified penalty of this Bond.

The attached Rider, signed by the Principal and the Surety, is part of and incorporated into this Bond.

No right of action shall accrue on this Bond, to or for the use of, any person or corporation other than an Obligee named herein, or the heirs, executors, administrators, assigns or successors of an Obligee.

IN WITNESS WHEREOF, the Principal and the Surety have Signed and Sealed this Bond this day of _____ .

SIGNED AND SEALED in the presence of:

_____)		
_____)		
_____)	[*NAME OF PRINCIPAL]	(SEAL)
Witness _____)		
_____)		
_____)	[*NAME OF SURETY]	(SEAL)
Witness _____)		
_____)		
_____)		
Witness _____)		

RIDER TO PERFORMANCE BOND NO.

TO BE ATTACHED TO AND FORM PART OF PERFORMANCE BOND NO. _____ , dated concurrently with the execution of this Rider, issued by the _____ , as Surety, on behalf of _____ , as Principal, and in favour of Muskrat Falls Corporation and Computershare Trust Company of Canada , as Obligees.

WHEREAS, upon the request of the Principal and Obligees, and in consideration of \$1.00 and other valuable consideration the receipt and sufficiency of which is acknowledged by the Surety, **IT IS UNDERSTOOD AND AGREED THAT** the above described bond is hereby amended to include the following paragraphs:

1. Surety hereby waives notice of any change to the Contract or the related subcontracts, including changes to time of performance, scope of work and price.
2. No waiver by the Obligees of any provision of the Contract shall release the Surety of its obligations given under this Bond although in no event shall the obligations of the Surety under the Bond exceed those of the Principal.
3. To the limit of the amount of this Bond, if there is a failure by the Principal to perform or otherwise to fulfil its obligations under and comply with the terms of the Contract which has neither been remedied by the Principal or expressly waived by the Obligee in writing, and if the Principal is declared in default and the Surety is called upon under this Bond, then the Surety is obligated to the Obligees for all obligations of the Principal under the Contract, including:
 - (a) the responsibilities of the Principal for correction of defective design, work and materials, and for completion of the Contract;
 - (b) the fulfilment by the Principal of all Performance Guarantees, as defined and specified in the Contract; and
 - (c) the obligation to pay liquidated damages, as specified in the Contract.
4. For purposes of any suit under this Bond, final payment shall be deemed to fall due on the date of Final Completion as shown on the Final Completion Certificate, as defined in the Contract.
5. This Bond shall expire on the date of Final Completion as shown on the Final Completion Certificate, as defined in the Contract, provided that the time for instituting any suit under this Bond shall be as set out in the Bond.

IT IS FURTHER UNDERSTOOD AND AGREED THAT nothing herein shall be held to change, alter or vary the terms of the above described Bond except as hereinbefore set forth.

IN WITNESS WHEREOF, the Principal and the Surety have Signed and Sealed this Performance Bond Rider this _____ day of _____.

SIGNED AND SEALED in the presence of:

_____)
_____)

[*NAME OF PRINCIPAL] (SEAL)

Witness _____)

[*NAME OF SURETY] (SEAL)

_____)

Witness

Letter of Credit - Performance

(date of issue)

To: *(COMPANY LEGAL NAME)*
(address)

From: *(ISSUING BANK)*
(address)

Subject: Our Irrevocable Standby Letter of Credit - Performance Number *(#)*

WHEREAS *(legal name of Contractor)* having its head office at *(address of Contractor)* (hereinafter referred to as the "Applicant"), has signed a contract bearing the effective date of *(insert date)* , and reference number *(insert number)* with Muskrat falls Corporation having its head office at 500 Columbus Drive, St. John's, NL A1B 0C9 (hereinafter referred to as the "Beneficiary"), for *(insert contract description)* (hereinafter referred to as the "Contract");

WHEREAS under Article 7 of the Contract, the Applicant is required to provide to the Beneficiary an Irrevocable Standby Letter of Credit - Performance in the amount of, *(insert)* Million Dollars *(\$****)* to secure the performance of its obligations under the Contract;

We, *(name and address of bank)* (hereinafter referred to as the "Bank"), for the account of the Applicant, hereby issue in favor of the Beneficiary our transferable Irrevocable Standby Letter of Credit – Performance in the amount of *(insert)* Million Dollars *(\$****)* (hereinafter referred to as the "Credit"). We hereby irrevocably and unconditionally undertake to pay to the Beneficiary at sight, without protest or notification, and without inquiring any further proof or conditions, and without consideration for any objections or protests which the Applicant may make, any sum or sums not exceeding the aggregate sum of *(insert)* Million Dollars *(\$****)*, free of all imposts, taxes, duties, charges, fees, withholdings and/or deductions whatsoever both present and future, of any nature whatsoever and by whomsoever imposed, and without set-off or counterclaim, upon presentation to the Bank of a demand in writing duly signed by two (2) Beneficiary's officers against this Credit, provided the demand is in the form set out in Exhibit "A" hereto, which forms an integral part of this Credit, and that such demand is made no later than on the *(insert)* day of *(insert month, year)* (hereinafter referred to as the "Expiry Date") or any new expiry date (as defined below). Only the Beneficiary or a transferee may make drawings under this Credit.

This Credit shall be automatically extended for one (1) year periods from the Expiry Date or from any subsequent expiry date (hereinafter referred to as "New Expiry Date") successively, unless the Bank sends by express courier to the Beneficiary at the above-mentioned address, with a copy to the Applicant, a written notice at least sixty (60) days prior to the Expiry Date or a New Expiry Date, stating that the Bank elects not to extend this Credit for any such additional period. In the event the Bank elects not to extend the Expiry Date or any New Expiry Date of this Credit, then the Bank

hereby unconditionally and irrevocably undertakes to pay to the Beneficiary the total amount then outstanding under this Credit upon presentation to the Bank by the Beneficiary, prior to the Expiry Date or the New Expiry Date, of a demand for payment stating that the Bank has elected not to extend this Credit and that the Beneficiary is therefore entitled to such payment, provided the demand is in the form set out in Exhibit "B" attached hereto, which forms an integral part of this Credit.

Notwithstanding the foregoing, in no event will this Credit extend beyond *(insert date)* (hereinafter referred to as the "Final Expiry Date").

This Credit may be automatically reduced by a certificate issued by the Beneficiary to the Bank (without further inquiry by the Bank of proof or conditions) stating the amount of reduction applicable to this Credit and presented to the Bank by the Applicant or the Beneficiary.

The terms of this Credit set forth in full the terms of our undertaking and this undertaking is not in any way modified, amended or amplified by reference to any document, instrument referred to in this Credit, or in which this Credit is referred to, or to which this Credit is related, and any such reference does not incorporate by reference any document, instrument or agreement.

Partial drawings are authorized. All costs related to this Credit are for the account of the Applicant.

The Beneficiary may transfer its rights under this Credit in their entirety (but not in part) to any transferee. Transfer of the Beneficiary's rights under this Credit to any such transferee shall be effected only upon the presentation to us of this Credit accompanied by a transfer letter in the form attached hereto as Exhibit "C", and we consent to such transfer. Upon such transfer, the transferee shall have no further rights to transfer this Credit. Transfer fees and commissions shall be for the account of the Applicant. The Beneficiary's signatures on such Exhibit "C" must be verified by the Beneficiary's bankers thereon indicating the name of the Beneficiary's bank (and name, title and signature(s) of bank officer(s)), or attested to by a notary public. Notwithstanding any other terms herein, a transfer must comply with all applicable laws, including international trade sanctions and anti-money laundering regulations.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce (ICC Publication no. 600) and for matters not covered by the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce, (ICC Publication no. 600) it shall be governed by and interpreted in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada, applicable therein.

(NAME OF BANK)

per: _____

Letter of Credit - Warranty

(date of issue)

To: *(COMPANY LEGAL NAME)*
(address)

From: *(ISSUING BANK)*
(address)

Subject: Our Irrevocable Standby Letter of Credit – Performance (Warranty) Number *(#)*

WHEREAS *(legal name of Contractor)* having its head office at *(address of Contractor)* (hereinafter referred to as the "Applicant"), has signed a contract bearing the effective date of *(insert date)*, and reference number *(insert number)* with Muskrat Falls Corporation having its head office at 500 Columbus Drive, St. John's, NL A1B 0C9 (hereinafter referred to as the "Beneficiary"), for *(insert contract description)* (hereinafter referred to as the "Contract");

WHEREAS under Article 7 of the Contract, the Applicant is required to provide to the Beneficiary an Irrevocable Standby Letter of Credit – Performance (Warranty) in the amount of, *(insert)* Million Dollars *(\$*****)* to secure the performance of its warranty obligations under the Contract;

We, *(name and address of bank)* (hereinafter referred to as the "Bank"), for the account of the Applicant, hereby issue in favor of the Beneficiary our transferable Irrevocable Standby Letter of Credit – Performance in the amount of *(insert)* Million Dollars *(\$*****)* (hereinafter referred to as the "Credit"). We hereby irrevocably and unconditionally undertake to pay to the Beneficiary at sight, without protest or notification, and without inquiring any further proof or conditions, and without consideration for any objections or protests which the Applicant may make, any sum or sums not exceeding the aggregate sum of *(insert)* Million Dollars *(\$*****)*, free of all imposts, taxes, duties, charges, fees, withholdings and/or deductions whatsoever both present and future, of any nature whatsoever and by whomsoever imposed, and without set-off or counterclaim, upon presentation to the Bank of a demand in writing duly signed by two (2) Beneficiary's officers against this Credit, provided the demand is in the form set out in Exhibit "A" hereto, which forms an integral part of this Credit, and that such demand is made no later than on the *(insert)* day of *(insert month, year)* (hereinafter referred to as the "Expiry Date") or any new expiry date (as defined below). Only the Beneficiary or a transferee may make drawings under this Credit.

This Credit shall be automatically extended for one (1) year periods from the Expiry Date or from any subsequent expiry date (hereinafter referred to as "New Expiry Date") successively, unless the Bank sends by express courier to the Beneficiary at the above-mentioned address, with a copy to the Applicant, a written notice at least sixty (60) days prior to the Expiry Date or a New Expiry Date, stating that the Bank elects not to extend this Credit for any such additional period. In the event the Bank elects not to extend the Expiry Date or any New Expiry Date of this Credit, then the Bank hereby unconditionally and irrevocably undertakes to pay to the Beneficiary the total amount then

outstanding under this Credit upon presentation to the Bank by the Beneficiary, prior to the Expiry Date or the New Expiry Date, of a demand for payment stating that the Bank has elected not to extend this Credit and that the Beneficiary is therefore entitled to such payment, provided the demand is in the form set out in Exhibit "B" attached hereto, which forms an integral part of this Credit.

Notwithstanding the foregoing, in no event will this Credit extend beyond *(insert date)* (hereinafter referred to as the "Final Expiry Date").

This Credit may be automatically reduced by a certificate issued by the Beneficiary to the Bank (without further inquiry by the Bank of proof or conditions) stating the amount of reduction applicable to this Credit and presented to the Bank by the Applicant or the Beneficiary.

The terms of this Credit set forth in full the terms of our undertaking and this undertaking is not in any way modified, amended or amplified by reference to any document, instrument referred to in this Credit, or in which this Credit is referred to, or to which this Credit is related, and any such reference does not incorporate by reference any document, instrument or agreement.

Partial drawings are authorized. All costs related to this Credit are for the account of the Applicant.

The Beneficiary may transfer its rights under this Credit in their entirety (but not in part) to any transferee. Transfer of the Beneficiary's rights under this Credit to any such transferee shall be effected only upon the presentation to us of this Credit accompanied by a transfer letter in the form attached hereto as Exhibit "C", and we consent to such transfer. Upon such transfer, the transferee shall have no further rights to transfer this Credit. Transfer fees and commissions shall be for account of the Applicant. The Beneficiary's signatures on such Exhibit "C" must be verified by the Beneficiary's bankers thereon indicating the name of the Beneficiary's bank (and name, title and signature(s) of bank officer(s)), or attested to by a notary public. Notwithstanding any other terms herein, a transfer must comply with all applicable laws, including international trade sanctions and anti-money laundering regulations.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce (ICC Publication no. 600) and for matters not covered by the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce, (ICC Publication no. 600) it shall be governed by and interpreted in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada, applicable therein.

(NAME OF BANK)

per: _____

Letter of Credit – Advance Payment

To: (*COMPANY LEGAL NAME*)
(*address*)

From: (*ISSUING BANK*)
(*address*)

Subject: Our Irrevocable Standby Letter of Credit – Performance (Advance Payment) Number
(*#*)

WHEREAS (*legal name of Contractor*) having its head office at (*address of applicant*) (hereinafter referred to as the "Applicant"), has signed a contract bearing the effective date of (*insert date*), and reference number (*insert number*) with Muskrat Falls Corporation having its head office at 500 Columbus Drive, St. John's, NL A1B 0C9 (hereinafter referred to as the "Beneficiary"), for (*insert contract description*) (hereinafter referred to as the "Contract");

WHEREAS under Article 7.3(a) and Section 9 of Exhibit 2 – Compensation of the Agreement, the Applicant is required to provide to the Beneficiary an Irrevocable Standby Letter of Credit - Performance (Advance Payment) in the amount of 10% of the Contract Price, which amount being (*insert*) Million Dollars (*\$******) to secure re-payment of an advance payment made by the Beneficiary to the Applicant;

We, (*name and address of bank*) (hereinafter referred to as the "Bank"), for the account of the Applicant, hereby issue in favor of the Beneficiary our transferable Irrevocable Standby Letter of Credit in the amount of (*insert*) Million Dollars (*\$*****) (hereinafter referred to as the "Credit"). We hereby irrevocably and unconditionally undertake to pay to the Beneficiary at sight, without protest or notification, and without inquiring any further proof or conditions, and without consideration for any objections or protests which the Applicant may make, any sum or sums not exceeding the aggregate sum of (*insert*) Million Dollars (*\$*****), free of all imposts, taxes, duties, charges, fees, withholdings and/or deductions whatsoever both present and future, of any nature whatsoever and by whomsoever imposed, and without set-off or counterclaim, upon presentation to the Bank of a demand in writing duly signed by two (2) Beneficiary's officers against this Credit, provided the demand is in the form set out in Exhibit "A" hereto, which forms an integral part of this Credit, and that such demand is made no later than on the (*insert*) day of (*insert month, year*) (hereinafter referred to as the "Expiry Date") or any new expiry date (as defined below). Only the Beneficiary or a transferee may make drawings under this Credit.

This Credit shall be automatically extended for one (1) year periods from the Expiry Date or from any subsequent expiry date (hereinafter referred to as "New Expiry Date") successively, unless the Bank sends by express courier to the Beneficiary at the above-mentioned address, with a copy to the Applicant, a written notice at least sixty (60) days prior to the Expiry Date or a New Expiry Date, stating that the Bank elects not to extend this Credit for any such additional period. In the event the

Bank elects not to extend the Expiry Date or any New Expiry Date of this Credit, then the Bank hereby unconditionally and irrevocably undertakes to pay to the Beneficiary the total amount then outstanding under this Credit upon presentation to the Bank by the Beneficiary, prior to the Expiry Date or the New Expiry Date, of a demand for payment stating that the Bank has elected not to extend this Credit and that the Beneficiary is therefore entitled to such payment, provided the demand is in the form set out in Exhibit "B" attached hereto, which forms an integral part of this Credit.

Notwithstanding the foregoing, in no event will this Credit extend beyond *(insert date)* (hereinafter referred to as the "Final Expiry Date").

This Credit may be automatically reduced by a certificate issued by the Beneficiary to the Bank (without further inquiry by the Bank of proof or conditions) stating the amount of reduction applicable to this Credit and presented to the Bank by the Applicant or the Beneficiary.

The terms of this Credit set forth in full the terms of our undertaking and this undertaking is not in any way modified, amended or amplified by reference to any document, instrument referred to in this Credit, or in which this Credit is referred to, or to which this Credit is related, and any such reference does not incorporate by reference any document, instrument or agreement.

Partial drawings are authorized. All costs related to this Credit are for the account of the Applicant.

The Beneficiary may transfer its rights under this Credit in their entirety (but not in part) to any transferee. Transfer of the Beneficiary's rights under this Credit to any such transferee shall be effected only upon the presentation to us of this Credit accompanied by a transfer letter in the form attached hereto as Exhibit "C", and we consent to such transfer without charges or fees of any kind. Upon such transfer, the transferee shall have no further rights to transfer this Credit. Transfer fees and commissions shall be for account of the Applicant. The Beneficiary's signatures on such Exhibit "C" must be verified by the Beneficiary's bankers thereon indicating the name of the Beneficiary's bank (and name, title and signature(s) of bank officer(s)), or attested to by a notary public. Notwithstanding any other terms herein, a transfer must comply with all applicable laws, including international trade sanctions and anti-money laundering regulations.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce (ICC Publication no. 600) and for matters not covered by the Uniform Customs and Practice for Documentary Credits (2007 Revision) of the International Chamber of Commerce, (ICC Publication no. 600) it shall be governed by and interpreted in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada, applicable therein.

(NAME OF BANK)

per: _____

EXHIBIT "A"

(date)

To: *(full name & address of the issuing bank)*

From: *(full name & address of Company)*

Subject: This is the form of demand specified in the Irrevocable Standby Letter of Credit number *(number)* issued on the *(date)* by *(name of the issuing bank)*

Dear Sirs,

We, the undersigned, being the Beneficiary under the above captioned Irrevocable Standby Letter of Credit (hereinafter referred to as the "Credit") issued by *(name and address of the issuing bank)* on the instructions of *(name of the Contractor)* the Applicant, hereby request you to pay to us on receipt by you of the present demand the amount of *(currency and amount in figures and letters)*.

We state and declare:

that the Applicant is an Insolvent Party as defined in Contract number *(insert)*, or is a Defaulting Party as defined in Contract number *(insert)* and has failed to rectify or taken reasonable steps to rectify the default or breach;

and

that the Beneficiary has sent by facsimile at *(insert fax number)* and by express courier to the Applicant, attention of *(insert name)* a written notice of default, specifying the nature of default, at least fifteen (15) working days prior to this demand;

that as a result thereof, we have become entitled under the terms of the Contract number *(insert)* to be paid the amount claimed above;

and

that said amount has not otherwise been paid to us, whether directly or indirectly, by or on behalf of the Applicant.

(name of Company)
(address of Company)

per: _____
Name: _____

per: _____
Name: _____

Title: _____

Title: _____

Verification of Beneficiary's signature by Beneficiary's bankers:

Name of Bank:

Name of Bank officer:

Title of Bank officer:

EXHIBIT "B"

This is the form of demand specified in Irrevocable Standby Letter of Credit [#] issued on the [date], by [name of the issuing bank]

[date]

To: (ISSUING BANK'S NAME)
(address)

From: (COMPANY'S NAME)
(address)

Subject: This is the demand specified in Irrevocable Standby Letter of Credit – Performance number [#] issued on the [date], by [name of the issuing bank]

Dear Sirs,

We, the undersigned, being the Beneficiary under the above captioned Irrevocable Standby Letter of Credit issued by [issuing bank's name and address] on the instructions of [Contractor's name] (the "Applicant"), hereby request you to pay to us on receipt by you of the present demand the amount of [currency and amount in figures and letters] only.

We state and declare:

that the Beneficiary has been notified by the Bank of its election not to extend the Credit; and

that as of the date of the present demand for payment the Applicant has not provided the Beneficiary with a satisfactory substitute irrevocable standby letter of credit or alternate satisfactory security.

[Company, name and address]

per: _____
Name: _____
Title: _____

per: _____
Name: _____
Title: _____

cc to the Applicant

Verification of Beneficiary's signature by Beneficiary's bankers:

Name of Bank:
Name of Bank officer:
Title of Bank officer:

**EXHIBIT "C"
TO LETTER OF CREDIT**

FORM FOR FULL TRANSFER OF LETTER OF CREDIT

_____, 20__

[Name and Address of Issuing Bank] :

Attention:

Re: Your Letter of Credit ("Letter of Credit") No. _____ in favour of Muskrat Falls Corporation

To Whom it May Concern:

The undersigned, Muskrat Falls Corporation, ("Transferor") has transferred and assigned (and hereby confirms said transfer and assignment) all of its rights in and under the Letter of Credit to [insert name and address of Transferee] ("Transferee"). Transferor confirms that it no longer has any rights under or interest in the Letter of Credit and that you shall have no further responsibility to make payment under the Letter of Credit to Transferor.

Transferor hereby surrenders the Letter of Credit to you and requests that you note the transfer of the Letter of Credit and deliver the Letter of Credit, amended or endorsed to reflect said transfer, to Transferee.

MUSKRAT FALLS CORPORATION

[NAME OF TRANSFEREE]

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

and Per: _____
Name: _____
Title: _____

and Per: _____
Name: _____
Title: _____

Verification of Beneficiary's signature by Beneficiary's bankers:

Name of Bank:

Name of Bank officer:

Title of Bank officer:

RELEASE OF HOLDBACK BOND

Bond No.: _____

Bond Amount: \$_____

KNOW ALL MEN BY THESE PRESENTS, that _____ as Principal, hereinafter called the Principal and _____, corporations duly authorized to transact the business of Suretyship in Canada, as Sureties, hereinafter called the Surety, are held and firmly bound unto Muskrat Falls Corporation and Computershare Trust Company of Canada, as Obligees, hereinafter collectively and individually called the Obligee, in the amount of _____ dollars (\$_____) lawful money of Canada, for the payment of which sum well and truly to be made, the Principal and the Surety bind themselves, their respective heirs, executors, administrators, successors and assigns jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a written contract with an Obligee for _____ which contract is dated the ____ day of _____.

AND WHEREAS, the Principal has requested release by the said Obligee of the holdback provided for in the aforesaid contract prior to the time at which such holdback becomes due.

NOW THEREFORE, the condition of this obligation is such that if the Principal shall indemnify and hold harmless the Obligee from and against any claim, damage, loss or expense which the Obligee may sustain by reason of having released the holdback, and from and against claims for lien, and shall promptly remove from title to the property upon or in respect of which the work of the said contract was or will be performed any claims for lien or certificates of action under the **Newfoundland and Labrador Mechanics' Lien Act** as a result of the work performed under the said contract, then this obligation shall be null and void; otherwise, it shall remain in full force and effect.

PROVIDED, HOWEVER, that this bond is subject to the following conditions and limitations, the performance or existence of each of which shall be a condition precedent to any right of recovery hereunder:

- (a) that the Surety shall not be liable for a greater sum than the specified amount of this bond; and
- (b) that upon confirmation that a lien arising out of the aforesaid contract has been filed, the Principal shall promptly, and in any event within five (5) Working Days upon receipt of notification, remove the lien from title to the subject property, after which time, the Principal shall be deemed to be in default and the Surety shall promptly remedy the default.

Any suit under this bond must be instituted before the expiration of one hundred eighty (180) days from the date on which final payment under the contract falls due.

NO RIGHT OF ACTION SHALL ACCRUE UNDER THIS BOND, to or for the use of, any person or corporation other than an Obligee named herein, or the heirs, executors, administrators, or successors of the Obligee.

IN WITNESS WHEREOF, the Principal and the Surety have signed and sealed this bond this ____ day of _____.

Principal Name

Surety name

_____ (Seal)

_____ (Seal)

, Attorney-in-Fact