

From: auburnwarren@nalcoreenergy.com
Sent: Thursday, November 14, 2013 8:13 PM
To: Derrick Sturge; James Meaney; Rob Hull; Craig Hippern; Xeno Martis
Subject: Fw: URGENT: Updated capital costs

Hi all

Hope evening is going well....

Please see jim's note below. Could you please email Ed to remind him that we are meeting with tomorrow and discussion may go towards the capex issue?

Thanks

Auburn

Auburn Warren, CA

Manager, Investment Evaluation

Nalcor Energy

<p>From: James Meaney Sent: Thursday, November 14, 2013 7:50 PM To: Gilbert Bennett; Paul Harrington Cc: Derrick Sturge; Auburn Warren; Rob Hull; Jason Kean; Lance Clarke Subject: URGENT: Updated capital costs</p>
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Gilbert/Paul

As a follow up to last week's session with Canada and their advisors where we tabled the projected \$300m capital cost increase along with the financing cost savings, Auburn and his team are meeting with Canada and Blair Franklin tomorrow at 11am EST in Toronto to review financial models that have updated with the \$6,531m cost flow series provided by LCP Project Controls mid week. This session was originally supposed to occur Tuesday, but had to be postponed to ensure we had the updated cost flow. The capital cost figures will only be seen at the aggregate level in the models (as opposed to the material contract level detail), as follows:

MF - 3,285

LIL - 2,527

LTA - 720

The question will likely come up what's driving the decrease in LIL compared to the DG3 estimate of 2,609. Hoping you can provide a few key points on this that Auburn can convey to Canada/BF.

The question will also be asked as to when we'll be providing the material contracts reconciliation that your planning on sending to Ed for sign off. Unfortunately we didn't get a chance to have our meeting today, and Derrick, Rob and I will be back in with the Boards of the new LCP entities from 8:30 to 12:30 tomorrow. I think the alignment meeting got rescheduled to 11:00.

In light of the above, I would suggest you send the material contracts reconciliation to Ed this evening advising this needs to be sent to Canada and MWH tomorrow as they specifically requested it be provided as part of completing their FLG due diligence and the IE report by early next week. I think it fair to say both the Nalcor Finance and LCP Project Teams are aligned on the fact that this must occur, particularly if we are to have Canada issue their FLG in late November so we can release the Lead Arranger into the markets for a financial close in December.

If we need to discuss further by all means let me know, as I can send out a conference bridge to facilitate a call this evening.

Thanks

Jim