



**Lower Churchill Project
SNC-LAVALIN INC.**
350 Torbay Road, Suite 2
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8 October 2013

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SLI REFERENCE No.: 505573-0000-30CC-I-1441
LC Ref. No: S011-L010-200-170330-00217
NALCOR REFERENCE No.:

Nalcor Energy

Hydro Place, 500 Columbus Drive
P.O. Box 12800, St. John's, NL, A1B 0C9 CANADA

Attention: Mr. Paul Harrington, Project Manager

**Subject: Lower Churchill, Phase 1 Development
Agreement LC-G-002
Engineering, Procurement and Construction Management (EPCM) Services
AMENDMENT TO THE EPCM Contractor Designation**

Dear Mr. Harrington:

As explained in our letter dated 19 September 2013, SNC-Lavalin wishes to amend our Agreement to reflect the reality of the execution method. Nalcor have been imposing its method and own managers to the EPCM contractor organizational charts since late Stage 2, leaving practically no authority to SNC-Lavalin personnel in the decision making process or even to access basic information about the execution of the Project.

Even after numerous interventions by SNC-Lavalin's top management during sponsor meetings and a specific involvement by our CEO, SNC-Lavalin was unable to persuade Nalcor to stop removing SNC-Lavalin from the decision making process and dismissal of our senior managers as members of the project team.

As a result and one of the leading actions required for the process of amending the Agreement, it is not only mandatory to develop Heads of Agreement to align SNC-Lavalin's rights, obligations, responsibilities and liabilities to a level more consistent with the project execution method imposed by Nalcor, but also officially detach SNC-Lavalin from the designation of being the EPCM Contractor on the Lower Churchill Project. Consequently, we respectfully request Nalcor to immediately stop identifying SNC-Lavalin as the EPCM Consultant for Nalcor and remove any mention of such in any documents.



In the event that you wish to discuss this further, please notify Mr. Luc Bourbeau at the coordinates below.

- Email luc.bourbeau@snclavalin.com or
- Telephone at (514) 393-8000 ext. 56256

Sincerely,
SNC-LAVALIN INC.

A handwritten signature in blue ink, appearing to read 'B. Gagné', with a long horizontal line extending to the right.

Bernard Gagné
Acting Vice-President and General Manager

c.c.: Scott Thon, Luc Bourbeau