



350 Torbay Road Suite 2  
St. John's, NL Canada A1A 4E1  
t. 709.737.1440 or 709.752.3460 f. 709.754.0787  
nalcorenergy.com

Rec. No.: L010-S011-200-170331-00229

05 November 2013

SNC-Lavalin Inc.  
350 Torbay Road  
St. John's, NL A1A 4E1

Attention: Mr. Bernard Gagne

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

Dear Bernard:

Nalcor is in receipt of your letters S011-L010-200-170330-00217 and S011-L010-200-170330-00219 regarding your request for Nalcor to stop identifying SNC-Lavalin as its EPCM Consultant for the Lower Churchill Project.

As noted in your second letter, this issue was discussed at the meeting with Messrs. Bourbeau and Verhagen on 16 October 2012. Nalcor explained at that time that it had already removed the SNC-Lavalin EPCM consultant designation from its letterhead used for correspondence with bidders, contractors and suppliers. It was further explained that this action had been taken independent of, and prior to, your request.

Pursuant to the Agreement, all contracts and purchase orders are prepared and issued in Nalcor's name. Furthermore, as advised during the above noted meeting, the reference to SNC-Lavalin as "Engineer" retained by Nalcor to provide engineering, procurement and construction management services had been removed earlier this year from Project Request for Proposal, contract and purchase order templates. All dealings with Project bidders, contractors and suppliers are direct between Nalcor and those entities and they understand that Nalcor is responsible for procurement and construction management of the Project.

In regard to agencies and authorities, with the exception of any permits that have to be obtained in a contractor's name, Nalcor is responsible for obtaining all permits for the Project. All dealings are direct between Nalcor and such agencies and authorities.

Mr. Bernard Gagne  
SNC-Lavalin Inc.  
05 November 2013

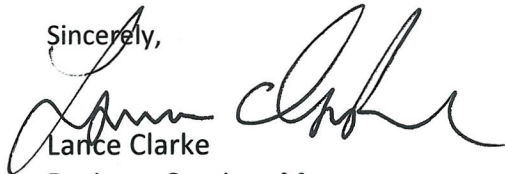
2

In addition, other stakeholders with whom Nalcor is engaged are aware and understand that Nalcor and SNC-Lavalin are working in an "integrated team" environment for procurement and construction management with Nalcor as the lead and responsible party.

If you have specific examples of other entities that you believe are unaware of our working relationship, please advise and, if necessary, we will address them directly. Otherwise, based on the above, Nalcor considers that all pertinent parties are more than aware of our relationship and does not see any necessity to issue a formal notice to each and every stakeholder as you request.

If you have any questions regarding the above or wish to further discuss this issue, please contact the undersigned or Clarence Hewitt.

Sincerely,



Lance Clarke  
Business Services Manager  
Lower Churchill Project  
CH/ch

cc: P. Harrington  
R. Power  
C. Hewitt