

From: jamesmeaney@nalcenergy.com
To: dsturge@nalcenergy.com
Cc: [Auburn Warren](#)
Subject: Re: Fwd: Board Papers
Date: Friday, November 8, 2013 12:27:34 PM

I think the message that needs to go back to Ed is the Value Update presentation Jason/Paul made on Weds (which he had a hand in) provided the proper context to the \$300m increase in capital cost being offset by savings on financing costs, etc,.....and out of that Canada/MWH have specifically asked for a reconciliation for the 17 material contracts (represent approx 75% procured contract value) as well as the total \$6.2b vs \$6.5b in order to complete the IE report next week and their due diligence needed for issuance of the FLG. Relating to that Auburn has a financial model review session with Canada/BF next week to complete their FLG due diligence in this area and their expectation will be it reflects the \$6.5b.

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From: Derrick Sturge/NLHydro
To: James Meaney/NLHydro
Date: 11/08/2013 11:54 AM
Subject: Fwd: Board Papers

we will need to circle back with Ed later.....

Derrick Sturge, FCA
Vice-President, Finance & CFO
Nalcor Energy

Sent from my iPad

Begin forwarded message:

From: "Ed Martin"
Date: November 8, 2013 at 10:03:12 AM NST
To: "Derrick Sturge"
Subject: Re: Board Papers

I was under the specific understanding that we would not have to do new financial models at all, just provide an update the capital and other costs to the feds - have the feds now asked for it. If not, why do we just leave the info as a cost update. Doing new financial models will need extensive review, new cost

flows, and a huge amount of work, which is all news to me at this point. It will also require extensive engagement. I thought it was just an overview update. I am speaking in a few minutes.

Ed

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From: Derrick Sturge
Sent: 11/08/2013 09:55 AM NST
To: Ed Martin
Subject: Re: Board Papers

Hi Ed, we are now in a mad panic getting revised cost numbers and profiles from project team on cost update. The revised financial models with the new capital costs are required to be attached to the NL Agreements which are being approved by the various Boards. Also, the financing agreements which are being approved by the various Boards will also need to include the updated capex. Meeting with Canada next Tuesday to review these revised models.

derrick

Derrick Sturge, FCA
Vice-President, Finance & CFO
Nalcor Energy

Sent from my iPad

On Nov 8, 2013, at 9:45 AM, "Ed Martin" wrote:

Do we have to include the updated capital numbers at this time, as the offset financing and revenue savings are not included at this time. Not appropriate to do just one element.

Ed

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Derrick Sturge---11/08/2013 09:38 AM NST---Hi Ed; we are working to get a technical briefing package for the various Boards of Directors next T

From:
Derrick Sturge
To:
Ed Martin
Cc:

Date:
11/08/2013 09:38 AM NST
Subject:
Board Papers

Hi Ed; we are working to get a technical briefing package for the various Boards of Directors next Thursday. The agreements that are being approved will now have the revised capex number included. As a result, it will be necessary to revise all our models to reflect the \$6.5.....this info would be included in the materials going to the Boards next week. Just wanted to give you a heads up on that. Our deck will be focused on the corporate structure, commercial agreements, financing structure, FLG, and financing

agreements. I suggested to Peter that he may wish to have Gilbert prepare a general project update type deck as well to present. The session will consist of the 6 brand new directors, the 4 relatively new ones on GP Co and LIL Holdco, and the Nalcor/ NLH directors.....so while the Nalcor/ NLH directors will be relatively informed, the other 10 directors will not be anywhere near s informed.

derricjk

Derrick Sturge, FCA
Vice-President, Finance & CFO
Nalcor Energy

Sent from my iPad