



December 18th, 2015

AH-Letter-PM-094

Muskrat Falls Corporation
Lower Churchill Project Muskrat Falls Corporation
350 Torbay Road Plaza, Suite No. 2
St. John's, NL, A1A 4E1

Attention: Scott O'Brien – Project Manager, Muskrat Falls Generation

Reference: CH0032: Supply and Install Powerhouse and Spillway Hydro-Mechanical Equipment

Subject: 1) Agreement CH0032-001. Supply and Install Powerhouse and Spillway Hydro – Mechanical Equipment

2) AH Proposal for Acceleration of Spillway Installation Schedule to meet River Diversion Requirements on/or before 30 June, 2016

Dear Mr. O'Brien;

Andritz Hydro Canada Inc. is pleased to provide the attached revised Acceleration Proposal for the Spillway Installation Schedule. This Proposal revises and supersedes the Acceleration Proposal sent to you on December 4th, 2015.

The significant change is advancing the partial spillway completion date on a best efforts basis to June 15, 2016. Secondly, the Contractor has made some adjustments to section 6, the detailed Cost Estimate. Contractor, with better sequencing from Subcontractors, has optimized the planning by bringing forward the partial completion date from June 30, 2015 to June 15, 2016. The June 15, 2016 partial completion date is both different from the baseline schedule and an improvement from Contractor's December 4, 2015 Acceleration Proposal. Since the schedule has been further shortened by better sequencing of the concrete work, Contractor's costs have increased mostly due to additional staffing efforts needed to supervise an additional labour team.

This Proposal includes a total price including Part A Firm, Part B Variable and Part C Bonus. The Scope of Work is described for partial completion required for river diversion by June 15, 2016, and Milestone M4 Work for completion after June 15, 2016.

Since November 12, 2015, Contractor has mobilized and carried out diligently the plan set out in the revised Acceleration Proposal, including the planned activities highlighted in the schedule since November 12, 2015 and into December. This acceleration work performed by Contractor prior to agreement between the parties as to the terms of the Change Order is carried out in reservation of all rights and remedies in the Contract.

The Contractor wishes to meet soon with the Company to discuss the commercial aspects of the revised Acceleration Proposal.

Yours truly,



Bill Mavromatis
Project Manager
Andritz Hydro Canada Inc.

ATTACHMENTS: 1) Proposal for Acceleration of Spillway Installation Schedule (18 pages)
2) Appendix A - Proposed Acceleration Schedule in .pdf format (21 Pages)
3) P6 .XER electronic file of Proposed Acceleration Schedule (via Aconex)

Cc: Frank Gillespie, LCP Deputy Company Representative/Area Manager
Bruce Drover, LCP Package Leader – Hydro Mechanical Equipment
Line Tremblay, LCP Senior Contract Administrator
Jean-François Harpin – AH Large Hydro Manager Operations
Mathieu Bertrand - AH Installation Coordinator
Nicole Hu – AH Commercial Manager
Daniel Bernier – AH Muskrat Falls Site Manager