

**Muskrat Falls Corporation**

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**Lower Churchill Project Operations Office**

350 Torbay Road, Suite 2  
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17-Mar-2016

LTR-CH0032001-0286

Mr. William Mavromatis  
Andritz Hydro Canada Inc.  
6100 Trans Canada Hwy.  
Pointe-Claire, Quebec  
H9R 1B9

**Re: Subject Agreement CH0032-001 Supply & Install Powerhouse  
Spillway Hydro Mechanical Equipment  
Confirmation of Performance Default**

Dear Mr. Mavromatis:

Company provided Contractor with a Notice of Default on March 4, 2016. The particulars of the default were set out in that letter. Company required Contractor to submit the following to commence to rectify the default: (1) a detailed resource loaded recovery plan to satisfy the river diversion date of June 15, 2016, and (2) individual letters from contractors/subcontractors confirming their commitment to that recovery plan. Contractor has failed to deliver the required recovery plan and confirmation letters from its subcontractors.

Therefore, Company confirms that Contractor is in default. Company will call upon the letters of credit provided by Contractor as security for performance of the Work if Contractor's default continues without sufficiency of sustained and effective effort by Contractor to rectify the default and / or Company incurs damages in terms of time and cost. Company's recourse against the letters of credit may be made by Company at any time without further notice to Contractor.

Yours truly,



Scott O'Brien  
Project Manager – Muskrat Falls Generation  
Project Delivery Team  
Lower Churchill Project