

Muskrat Falls Corporation

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LTR-CH00070001-0453

13 March 2015

ASTALDI Canada Inc.
358 Hamilton River Road
Happy Valley-Goose Bay, NL
A0P 1C0 Canada

Attention: Giacomo Orsatti Project Manager

Subject: Agreement No.: CH0007- 001: Construction of Intake and Powerhouse, Spillway and Transition Dams – The Integrated Covered Structure (ICS)

Dear Mr. Orsatti:

On Friday, March 6, 2015, Company representatives, Mr. Ed Bush and Mr. Bruce Hallock met with Contractor representative Mr. G. Orsatti to discuss the status of the ICS. The ICS was further discussed in the joint Steering Committee Meeting held on March 11, 2015.

As a result of the above meetings, Company makes the following observations and comments:

1. There are two options regarding the ICS. One is to retain and work within and around the portion of the structure constructed to-date. Second is to demolish the building immediately.
2. Pursuant to item 1 above, Contractor has confirmed its absolute intention to retain the ICS, commission the overhead cranes, and maintain this status quo for the ongoing Intake and Power House work, at least for the immediate and near future. Contractor stated its belief that the benefits in keeping the ICS far outweigh any advantage resulting from its current removal.
3. Contractor must recognize that its decision and the immediate implementation of the associated works on the ICS are absolutely fundamental with regard to the impact on construction efficiency, interface with the Hydro-Mechanical Equipment contract and overall Project Completion.
4. Contractor has not provided any documented analysis or risk assessment to justify its decision. Absent a detailed analysis and risk assessment, Company has no ability to fully understand Contractor's belief in the added benefits of retaining the ICS in terms of cost, schedule and use of critical resources.

5. Pursuant to item 4 above, Company requests Contractor to provide a risk / benefit analysis for submittal as soon as possible. This is to enable Company to better understand Contractor's decision and to confirm that it is based on some level of analysis and substance as opposed to simple assumption.

Company will continue to fully cooperate in providing its support in the ongoing "ICS Working Meetings" and contribute wherever possible to help Contractor derive any project benefit from its decision and ongoing actions in this regard.

Regards,
Muskrat Falls Corporation

A handwritten signature in blue ink, appearing to read "Scott O'Brien", with a stylized flourish extending to the right.

Scott O'Brien
Project Manager - Muskrat Falls Generation