ASTALDI

To the kind attention of Mr. Stan Marshall
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Rome, 26th of April, 2016

Dear Mr. Marshall,

First, allow me to congratulate you on your appointment as CEO of Nalcor Energy and thank you for taking the helm at this critical juncture.

I understand and appreciate the magnitude of the task you have undertaken. I trust that by working together we can ensure the success of this project.

Our respective teams have been engaged continuously over the past year in well-documented attempts to resolve fundamental issues. I welcome your leadership in this negotiation, but note that the time we have available is short. Astaldi Canada ("Astaldi") and its subcontractors have mobilised important resources for the critical summer production period, however labour reimbursement under the Astaldi contract ("Lmax") expires in a month unless reasonable measures are agreed.

This negotiation started more than a year ago, with a meeting between CEOs held on site on 22 March 2015. Days later, on 25 March 2015 Astaldi's extension of time claims were diverted into an extra-contractual, good faith settlement process. On 19 May 2015, Astaldi's CEO requested an urgent meeting to resolve the critical issues affecting the contract. Nalcor's CEO responded on 11 June 2015 setting two preconditions to resolution: first, that Astaldi provide a rebaseline schedule acceptable to Nalcor, and, second, that Astaldi demonstrate sustainable productivity against forecast concrete production rates.

Throughout this protracted period of negotiation with Nalcor, Astaldi developed a rebaseline schedule which was substantially shared by both technical teams. Astaldi also achieved remarkable labour production, publicly recognized by your predecessor as *"one of the largest types of pours experienced in the Canadian industry"*. Although independently assessed by a jointly-retained expert, Dr. William Ibbs as the best attainable in the circumstances, these levels of production still falls short of contractual assumptions Astaldi shared with Nalcor during contract formation. Moreover, Astaldi efforts to hugely increase labour resources at Nalcor's request has accelerated the consumption of "Lmax".

In a meeting between Nalcor and Astaldi senior management on 16 June 2015, the parties agreed to jointly work together to ensure the completion of the works. On 31 July 2015, the parties signed a "road map", agreeing to cooperate in good faith to develop by 30 September 2015 a way forward to achieve the successful completion of the project.

In September 2015, legal counsel established a joint task force to undertake a "without prejudice" Collaborative Settlement Process in order to assist the CEOs in developing a reasonable commercial solution. The task force met regularly and documented its progress. The task force considered various contractual solutions to address the new circumstances and the new value of the works. Nalcor forwarded to Astaldi a term sheet containing the items of a possible agreement. This Collaborative Settlement Process was suspended following an inconclusive meeting between management and CEOs for both organizations during the week of 24 January 2016.

Nalcor has been aware of the order of magnitude of Astaldi's claims since at least 7 October 2015, when Astaldi presented its Cost and Productivity Analyses, estimating the additional compensation required at that time (not including some of the ongoing entitlements detailed below) to be over $700,000,000 mainly due to the fact that the actual labour productivity rates of available manpower pursuant to the applicable collective agreement were unaccountably lower than the labour productivity assumptions considered by Astaldi, based on similar projects performed in remote regions around the world. It appears that Nalcor was aware of this possibility at the time of contract formation and failed to disclose this information to Astaldi (as explained in Astaldi's Justification for Additional Compensation mentioned below) .

Most recently, on 1 March 2016, Astaldi and Nalcor CEOs had a further meeting during which the parties agreed to review and agree, by 30 April 2016, to the rebaseline schedule proposed by Astaldi and to find possible commercial solution by 30 May 2016.

On 21 March 2016, however, Nalcor's CEO required Astaldi to submit a "without prejudice" justification for additional compensation. On 31 March 2016, Astaldi delivered this document, currently aggregating $785,500,000 along with associated schedule relief, and, as you will see upon review, Astaldi's claims that contract CH0007 is void or voidable for reasons related to non-disclosure by Nalcor of crucial labour productivity

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information (upon which “Lmax” was based). Astaldi has repeatedly sought disclosure from Nalcor on this core issue, which Nalcor has denied on the basis that it would reveal information contrary to Nalcor’s current bargaining position with Astaldi.

Clearly we have much to discuss, all of it vitally important to our respective organizations and urgent in every sense of the word. Thus, I consider our meeting to be a matter of first priority. It is essential that we take the necessary actions to bring this project to a mutually beneficial conclusion.

I suggest that we meet at your offices during the week of 2 May 2016.

I look forward to hearing from you in this regard.

Yours sincerely,

Attachment: List of key documentation

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LIST OF KEY DOCUMENTATION

1) Astaldi CEO letter dated 19/05/2015
2) Nalcor CEO letter dated 11/06/2015
3) Minutes of Meeting of 16/06/2015
4) Road Map dated 31/07/2015
5) Letters Astaldi and Nalcor dated 1/09/2015 establishing Collaborative Settlement Process
6) Costs and Productivity Analyses submitted on 7/10/2015
7) Nalcor letter dated 18/12/2015 transmitting draft Term sheet
8) Minutes of Meeting of 1/03/2016
9) Nalcor letter dated 21/03/2016
10) Astaldi letter dated 31/03/2016 with Justification for Incremental Compensation