

Muskkrat Falls Corporation

Corporate Office
500 Columbus Drive
P. O. Box 15000, Stn. A
St. John's, NL Canada A1B 0M4

Lower Churchill Project Operations Office
350 Torbay Road, Suite 2
St. John's, NL Canada A1A 4E1

17-May-2017

ASTALDI Canada Inc.

114 Hamilton River Road
North Star Building,
Happy Valley-Goose Bay,
NL, Canada A0P 1C0

Attention: Don Delarosbil, Project Manager

Agreement No.: CH0007-001
Title: Construction of Intake and Powerhouse, Spillway and Transition Dams
Subject: RE: Draft Tube Formwork Final Report
References: [1] LTR-CH0007001-1742
[2] LTR-CH0007001-0115
[3] LTR-CH0007001-0347
[4] PEG-NL Guidelines for Structural Engineering Services – April 2011

Dear Mr. Delarosbil,

By way of letter LTR-CH0007001-1742, Contractor has asserted that Company or the Engineer has contractual and legal obligations to review formwork/falsework (formwork) design. Please be advised that Company takes absolute exception to these contentions, which are not only incorrect but have no basis or grounds whatsoever either in contract or from a statutory / legislative perspective.

Agreement Article 3.12 expressly states that Contractor has the sole responsibility for temporary structures, and pursuant to Article 1.14 the Agreement Articles shall prevail in case of any conflict with the Agreement Exhibits and / to the Scope of Work. Contractor was notified by letter, REF [2] dated 4-Apr-2014, for temporary structures Company review is limited to verification of engineering seals and again, REF [3] dated 21-Nov-2014 when Contractor was requested to provide the calculations to Company for information purposes only.

Contractor's reference to the PEG-NL structural engineering guidelines to support its argument that Company's Engineer is responsible for contractor's formwork is without merit. Section 4.4 of the PEG-NL guidelines expressly states that detailed site inspections and design reviews of formwork and falsework do not form part of a Structural Engineer of Record's ("SER") basic services. Company's SER was not retained to duplicate the services for which Contractor is contractually responsible. Further, Sections 4.5 and 4.5.4 of the PEG-NL guidelines are also clear in stating that Contractor, using the services of a professional engineer, is responsible for construction erection drawings.

The assignment of responsibility in the Agreement between Company and Contractor is abundantly clear, with Contractor assuming sole responsibility for all temporary structures. This assignment is also entirely consistent with the PEG-NL guidelines, as noted above.

We trust you understand Company's position and look forward to Contractor's timely performance of the remaining Work.

Regards,

Muskrat Falls Corporation



Scott O'Brien
Company Representative, Muskrat Falls Generation