

From: pharrington@lowerchurchillproject.ca
Sent: Saturday, March 12, 2016 11:01 AM
To: koneill@nlh.nl.ca
Cc: Brian Crawley; Deanne Fisher; Gilbert Bennett; James Meaney; Lance Clarke; Aidan Meade
Subject: Re: EY & OC Report Release - Comms Review Karen/Deanne
Importance: High

Karen

With respect to the commercially sensitive aspects of the EY report - the last version I have was received 10th March 2016 .

I have documented my concerns to the OC and EY regarding EY and what I consider to be commercially sensitive and negative references they have made in their draft reports regarding Astaldi and other contractors, to no avail. My main concerns in this regard are as follows:-

Page 1 item 1.3 bullet 1

"The Muskrat Falls Generation (MFG) contract for civil construction is significantly behind schedule in the Powerhouse and Intake areas. The direct and indirect consequences of this delay are expected to have material impacts on cost and schedule that are not reflected in the September 2015 Forecast"

My view of the commercial sensitivity of the EY statement is that it could impact Astaldi's share price and exacerbate what Nalcor considers to be a delicate financial situation unnecessarily . Astaldi were quite vague in their recent analyst call regarding the Muskrat falls contract, the analysts are checking media and official web sites for anything they can find that provides more detail. EY are using strong words such as "significantly behind schedule" and "material impacts on cost and schedule", and analysts will pick up on this quickly. It is worth noting that Nalcor provided the information upon which EY are basing their opinion and that information was provided confidentially, covered by a signed NDA and should not be disclosed directly or indirectly by EY.

Page 8 MFG Civil works contract

items 5.5, 5.6, 5.7, 5.8,

As noted above, the same comment appliesMy view of the commercial sensitivity of the EY statement is that it could impact Astaldi's share price and exacerbate what Nalcor considers to be a delicate financial situation unnecessarily. Astaldi were quite vague in their recent analyst call regarding the Muskrat falls contract, the analysts are checking media and official web sites for anything they can find that provides more detail. EY are using strong words such as "significantly behind schedule" and "material impacts on cost and schedule", and analysts will pick up on this quickly. It is worth noting that Nalcor provided the information upon which EY are basing their opinion and that information was provided confidentially, covered by a signed NDA and should not be disclosed directly or indirectly by EY.

Regards Paul

Paul Harrington

Project Director

PROJECT DELIVERY TEAM

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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Karen O'Neill---03/12/2016 08:57:13 AM---

From: Karen O'Neill/NLHydro

To: Paul Harrington/NLHydro@nlhydro, Gilbert Bennett/NLHydro@nlhydro, James Meaney/NLHydro@nlhydro, Lance Clarke/NLHydro@nlhydro, Brian Crawley/NLHydro@nlhydro

Cc: Deanne Fisher/NLHydro@nlhydro

Date: 03/12/2016 08:57 AM

Subject: Re: EY & OC Report Release - Comms Review Karen/Deanne

Hey Folks, Ed is looking for some key points from us today regarding the info he noted below. Can you please confirm that you've seen this email and that you are able to provide some info today?

Jim-can you provide some key messages on points 2 and 3? Some points on how we need to ensure project/province is protected from a borrowing perspective from possible negativity from the release of the reports.

Paul/Lance - any major points you want to add from a commercial sensitivity perspective re: Astaldi and our commercial negotiations?

Any comments on what Brian sent around yesterday? I will add some of these points in the material we prepare for Ed which will then go to the Premier.

Thanks

Karen

Karen O'Neill

Communications Manager

Lower Churchill Project

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e. koneill@nalconenergy.com

On Mar 11, 2016, at 3:09 PM, Ed Martin <EMartin@nalconenergy.com> wrote:

Derrick and I met with the Premier, Minister and Julia today on the EY Interim Report and release. My feedback was as follows;

1. Report is a summary of Nalcor known and communicated information
2. In the context of Provincial Bond Markets and Federal Loan Guarantee, just releasing the report without providing context will be detrimental in positioning the Province in the Bond Markets for provincial financing (impacting capacity and pricing), and impact the potential for FLG expansion.
3. I indicated financiers should be provided context that the Project is good for the province, and continues to be, is supported by the Province, and the Project Management Team is proficient and on top of things. Playing catch up after the fact is a losing proposition, and ineffective.
4. I also fed back that the governance comments were unsubstantiated from our perspective as we did not discuss with EY.
5. I also said that, in any event, the governance comments were so broad such that they could be construed to include the IE, which is not proper or true, and comments should be adjusted.
6. As such, Karen and Deanne, as we provide input into the communications materials, including comments re no. 3 above to the extent agreed is essential, and being specific around governance, excluding the IE from the umbrella is important. I will also pursue with Julia as to the potential to adjust the report itself.

Ed

Brian Crawley---03/11/2016 11:07:55 AM---Folks... I am drafting a response to the report. Would it be possible to discuss at a high level la

From: Brian Crawley/NLHydro
To: Ed Martin/NLHydro@NLHydro, Gilbert Bennett/NLHydro@NLHydro, Karen O'Neill/NLHydro@NLHydro, Lance Clarke/NLHydro@NLHydro, Paul Harrington/NLHydro@NLHydro, Deanne Fisher/NLHydro@NLHYDRO
Date: 03/11/2016 11:07 AM
Subject: Fw: EY & OC Report Release - Comms Review Karen/Deanne

Folks... I am drafting a response to the report. Would it be possible to discuss at a high level late afternoon today, even if some folks have to join by phone? I'll have something well advanced by then. Monday afternoon

might be too late to do a proper rework if we don't have internal alignment.

Brian

----- Forwarded by Brian Crawley/NLHydro on 03/11/2016 11:02 AM -----

	EY & OC Report Release - Comms Review Karen/Deanne	
<0.10A2.gif>	Mon 03/14/2016 1:00 PM - 2:00 PM	
	Attendance is for Brian Crawley	
	Chair:	Deanne Fisher/NLHydro
	Location:	
<0.25EC.gif>	This entry has an alarm. The alarm will go off before the entry starts.	
Required: Brian Crawley/NLHydro@NLHydro, Ed Martin/NLHydro@NLHydro, Gilbert Bennett/NLHydro@NLHydro, Karen O'Neill/NLHydro@NLHydro, Lance Clarke/NLHydro@NLHydro		
Description		
<p>Folks,</p> <p>Setting up this meeting for Karen as she's on the GNP today. The purpose of the meeting is to review discuss the Communications approach, review Q&As and Key Messages in a</p> <p>Agenda: Safety Moment EY & OC Report Overview Review of Comms Approach, Q&As and KMs</p> <p>Karen and Deanne</p>		
Personal Notes		