Westney
Consulting Group

Draft

Potential Costs of Contractor Change for the Lower Churchill Project

6 June 2016

PRIVILEGED AND CONFIDENTIAL IN CONTEMPLATION OF LITIGATION

Context

This document illustrates potential costs to the project under two scenarios concerning change of existing contractor

Scenario 1 - Warm Site Turnover: Based on compensation for cooperation, accommodations will be negotiated with the existing contractor for assisting / supporting site turnover to a new contractor. The planned demobilization will be limited to the existing contractor's permanent staff. All contractors and local hires will be offered opportunities with the incoming contractor. History indicates it is possible to accomplish this in a period of about two months.

Scenario 2 - Cold Site Turnover: The existing contractor will totally demobilize and will offer little assistance to the incoming contractor. The new contractor will have to determine status of the installed work, plan the work to completion, hire staff, and rehire / replace vendors, sub-contractors and suppliers. Based on similar circumstances this timing would likely be roughly a year.

The individual estimates in this document represent the experience / opinion of experienced Westney consultants. While the individual estimates of the elements are likely not complete nor absolutely accurate, the collective sums and ranges are representative, based on similar experiences.

Summary of potential costs affiliated with a "warm" vs. "cold" site turnover

		Warm Turnover millions	Cold Turnover millions
1	Mobilization of new contractor*	$180	$300
2	Demobilization of Astaldi*	$114	$70
3	Loss of Productivity*	$8	$75
3	Escalation*	$0	$30
	Point Estimate Total	$302	$475
	Likely Range	$200 to $400	$350 to $600

* More detail regarding cost elements are on the following slides

1 Details on the potential cost of mobilizing a new contractor

All figures in millions	Warm Turn.	Details	Cold Turn.	Details
Incremental costs for new contract (incl. personnel concessions, OH recovery, profit)	$120.0	Direct/operating OH at $10 per hour X 4 million work-hours; SG&A/profit $80 million	$120.0	(same)
Effort to recruit/secure existing staff/workforce	$0.9	20 people for 3 months	$2.7	50 people for 6 months
Bridging payroll for retaining existing staff/workforce during change	$3.2	200 people for 2 months	19.2	200 people for 12 months
Bridging payroll for new contractor during change	$3.0	50 people for 4 months	$1.5	50 people for 2 months
Adjustment/changes to existing licenses, permits, PLA, etc.	$1.0	Based on experience/opinion	$5.0	Based on experience/opinion
Development of new contractor team and construction plan	$4.0	20k hours at $200 per hour	$4.0	(same)
Social introduction and integration into community/site	$1.0	Based on experience/opinion	$25.0	Based on experience/opinion
Media campaign announcing and validating change	$1.0	Based on experience/opinion	$2.0	Based on experience/opinion
Visitation and travel for new contractor, vendors, and sub-contractors	$2.0	100 trips at $20k per trip	$4.0	200 trips at $20k per trip
Site and work evaluation for new contractor's plans to execute the work	$2.0	10k hours at $200 per hour	$10.0	50k hours at $200 per hour
Date transfer and installation of new systems/reporting for accounting, etc.	$24.0	100 people for 6 months	$18.0	50 people for 12 months
Evaluation of existing suppliers and sub-contractors	$2.0	10k hours at $200 per hour	$2.0	(same)
Sourcing, evaluation, and order placement for new suppliers and sub-contractors	$2.0	10k hours at $200 per hour	$2.0	(same)
Interface and alignment with mechanical and electrical contractors	$1.0	Based on experience/opinion	$15.0	Based on experience/opinion
Maintenance of site	$10.0	2 months at $5 million per month	$60.0	12 months at $5 million per month
TOTAL	**$180.1**		**$300.4**	

2 Details on the potential cost of demobilizing Astaldi

All figures in millions	Warm Turn.	Details	Cold Turn.	Details
Additional security staff for close out of personnel, minimization of theft/sabotage	$7.2	200 people for 3 months	$14.4	200 people for 3 months + 50 people for 12 months more
Relocation/clean-up resulting from abandonment/lack of care in final days	$20.0	100k hours at $100 per hour + $10 million	$40.0	Double the effort of the Warm Case
Payments to Astaldi for services required in transition	$75.0	...	$0.0	...
Additional staff to inventory materials and material payment status	$2.5	10k hours at $250 per hour	$2.5	(same)
Additional staff to inventory sub-contractors and sub-contractor payment	$1.5	10k hours at $150 per hour	$3.0	Double the effort of the Warm Case
Additional staff to closeout contractor payroll, accounts payable, etc.	$1.2	10 people for 8 months	$1.2	(same)
Additional staff for special arrangements for travel/relocation (personnel retention)	$2.0	Based on experience / opinion	$0.0	...
Additional staff to survey and measure work complete and in progress	$1.8	20 people for 6 months	$1.8	(same)
Additional staff to check status of all construction equipment (condition/owner)	$1.8	20 people for 6 months	$3.0	Additional costs for disposal/maintenance
Additional staff to inventory materials small tools and consumables/replacements	$1.0	Based on experience / opinion	$4.0	Based on experience / opinion
TOTAL	**$114.0**		**$69.9**	

3 Details on the potential for loss of productivity and escalation

All figures in millions

	Warm Turn.	Details	Cold Turn.	Details
Loss of Productivity	$7.5	10k cubic meters at 5 hours per cubic meter x $150 per hour	$75.0	50k cubic meters at 10 hours per cubic meter x $150 per hour
Escalation / Supplier Settlements	$0.0	...	$30.0	3% on $1 billion

Disclaimer

Any expressed opinions or recommendations expressed by Westney herein are the product of the experience of the Westney consultant(s) and are provided as input and information for decisions; any reliance upon or decisions made from the information is the sole judgment/ decision of the user of the information.

CH-0007 Replacement Contractor Strategy

08 August 2016

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LOWER CHURCHILL PROJECT

PRIVILEGED AND CONFIDENTIAL – IN CONTEMPLATION OF LITIGATION

Take a MOMENT for Safety

Commercial Framework

- Minimal assumption of risk by replacement contractor
- Assignment of existing key sub-contractors and suppliers
- Assumption to keep majority of existing CH-0007 Contractor team
- Assumption of responsibility for craft labour
- No liquidated damages
- Minimal securities – compliance with Project Finance Agreement
- Cash neutral

Commercial Framework (Cont'd.)

- Possibly cost-plus, open book (depending on subs)
- Incentives to be developed for key objectives:
  - Schedule milestones
  - Cost targets
  - Production
  - Productivity
  - Retention of personnel

2 Phased Approach

- Phase 1:
  - Planning and critical preparatory activities by the replacement contractor
  - Continues through to Phase 2 or upon termination by LCP
- Phase 2:
  - Execution of the remaining work by the replacement contractor
  - Continues through to completion of the work

Selection Criteria

- Recent successful major civil work execution (preferably on LCP)
- Demonstrated successful local labour management experience
- Proven people, processes and systems
- Local cold climate experience
- Relevant hydro / heavy civil experience
- Commitment and ability to maintain existing working infrastructure, organizational structure, and people to best advantage (i.e. won't throw out the baby with the bathwater)
- Availability of experienced resources

Selection Criteria (Cont'd)

- Reputation for safety and environmental stewardship
- Organizational commitment
- Site specific experience
- Knowledge and experience with LCP processes and systems

Possible Replacement Contractors

- H. J. O'Connell (or JV)
  - Good LCP contractor to date / best labour management
  - Successful LCP experience (CH0006 - Bulk Excavation, Electrode Sites at Forteau and Dowden's Point, Soldier's Pond Civil)
  - Wuskwatim powerhouse and intake (2009 – 2011) $240M, 120,000m3 concrete, JV lead with EBC and Neilson
  - Major civil works Long Harbour and Voisey's Bay
  - Knows CM/Supervision team at MF (many of the Astaldi team members worked for HJOC)
  - Personnel with hydro experience in NL and elsewhere
  - Market intelligence indicates that HJOC have capacity at present due to downturn in projects
  - HJOC already familiar with CH0007 - prepared proposal to help Astaldi mobilize in 2013/2014 (Astaldi never accepted)
  - Would promote local pride / commitment
  - Part of Bird Construction - $1 Billion + annual revenue

Possible Replacement Contractors

- Pennecon Heavy Civil (or JV)
  - LCP experience (Crushing sub-contractor for Tideway – SOBI, CH0003 - Site Access Road, CH0004 - Muskrat Falls Camp, CH0009 – North and South Dams – JV with Barnard)
  - Personnel with hydro experience – Wuskwatim, Granite Canal, Star Lake, elsewhere
  - Knows CM/Supervision team at MF (many of the Astaldi team members worked for Pennecon)
  - Would promote local pride / commitment
  - Part of Pennecon Group - $300 Million + annual revenue

Options Previously Considered

- Contractor selection process in early 2015 (with Westney)
- A main criteria was need for confidentiality – eliminated local companies.
- Financial wherewithal was a consideration to enable massive securities (potentially restricting HJOC, Penney etc)
- Resulted in Bechtel and Kiewit shortlisted
- Some preference for larger contractors at that time due to the situation on site in early 2015 (organizational challenges, extent of work remaining). The situation has since evolved – execution team in place / nature of work to be completed simpler / focus now on intake/powerhouse only.
- Kiewit was dropped due to subsequent issues regarding confidentiality

Notes

- Bechtel have since backed out citing other company priorities (June 2016). Also, Bechtel performance at Keeyask reported to be lacking.
- Kiewit / Aecon would tend to 'throw out' existing wherewithal and 'start over', leading to cost and schedule impacts – 'restart' would be problematic.
- Reports that Kiewit's Canadian hydro construction wherewithal has since 'imploded'.

Next Steps

- Management authorization to proceed (EVP/CEO)
- Informal contact with proposed replacement contractors
- Execution of non-disclosure agreements
- Prepare procurement strategy and bid evaluation plan
- Assembly of background materials
- Presentation to bidders
- Solicit proposals
- Bid clarifications and negotiations

Next Steps (Cont'd.)

- Evaluate proposals and prepare recommendation for award
- Management approvals
- Execute agreement
- Commencement of services – Phase 1
- Commencement of services – Phase 2 (if required)

Sharing our ideas in an open and supportive manner to achieve excellence.

Teamwork

Open Communication

Fostering an environment where information moves freely in a timely manner.

Honesty and Trust

Being sincere in everything we say and do.

Relentless commitment to protecting ourselves, our colleagues, and our community.

Safety

Respect and Dignity

Appreciating the individuality of others by our words and actions.

Leadership

Empowering individuals to help, guide and inspire others.

Holding ourselves responsible for our actions and performance.

Accountability

CH0010 – Intake, Powerhouse and Transitions Dams: Remaining Construction

Bid Evaluation & Award Recommendation 09-Nov-2016

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LOWER CHURCHILL PROJECT

Take a MOMENT for Safety

Agenda

- Purpose
- Background
- Scope
- Bidder Overview
- Evaluation & Scoring
- Recommendation
- Commercial Considerations
- Next Steps

Purpose

- To provide the results of the Bid Evaluation, and to seek approval to proceed with award to the preferred bidder.

Background

- There exists the risk that the CH0007 Contractor may default, terminate or abandon the work, and there is the possibility that LCP may terminate the CH0007 Contractor.
- LCP has developed a 'Replacement Contractor Strategy' as part of contingency planning.
- Contingency plan includes for bidding and awarding Package CH0010.

Scope of Work: 2 Phased Approach

- Phase 1:
  - Familiarization / understanding of remaining scope, existing resources/infrastructure, status of work
  - Planning and critical preparatory activities – 'Transition Plan'
  - Reach high 'state of readiness' as quickly as possible
- Phase 2:
  - Execution of the remaining work
- Scope of Work detailed in RFP document.

Bidders

Bidders List:

- H.J. O'Connell
- Pennecon Heavy Civil Ltd. (PHCL)
- Kiewit

Bid Submissions:

- Pennecon Heavy Civil Ltd. (PHCL)
- Kiewit-O'Connell Partnership

Bidder Selection Criteria
(per Replacement Contractor Strategy)

- Recent successful major civil work execution (preferably on LCP)
- Demonstrated successful local labour management experience
- Proven people, processes and systems
- Local cold climate experience
- Relevant hydro / heavy civil experience
- Commitment and ability to maintain existing working infrastructure, organizational structure, and people to best advantage (i.e. won't throw out the baby with the bathwater)
- Availability of experienced resources

Bidder Selection Criteria (Cont'd)

- Reputation for safety and environmental stewardship
- Organizational commitment
- Site specific experience
- Knowledge and experience with LCP processes and systems

Bidder Overview

Pennecon Heavy Civil Ltd.

Pros

- Solid execution team – strong PM and CM
- Strong desire to work closely with LCP team
- Strong focus on retention of existing site team, subcontractors and suppliers
- Focus on tapping into existing CH0007 team members' inputs into execution and craft selection
- 'Right-sized' execution plan
- Previous Muskrat Falls experience - knowledge of site/resources/infrastructure, and apparent intent to maintain existing site structure
- Does not intend to reinvent the existing construction execution plan – validate and execute approach
- Best team to ramp up fast / maintain momentum
- Strong commitment – high priority – reputation building - 'more skin in the game'
- Not as likely to 'load up' the job
- Adequate systems
- More experience working under SPO at MF
- CM has intimate knowledge of winter work methods (Thermal Control Plans)
- CM has knowledge of opportunities to streamline site management org.

Cons

- Limited redundancy for key management staff
- CM org missing some key functions
- Engineering manager somewhat weak (new resource proposed in presentation)

Bidder Overview (cont'd)

Kiewit - O'Connell Partnership

Pros

- Solid execution team
- Strong resource base / people who worked under Kiewit system
- Robust systems
- Were involved in takeover of Hibernia GBS

Cons

- Execution plan (per presentation) out-with RFP requirements and conflicted with KOP's formal proposal – does not favor high state of readiness
- Limited commitment to retain existing staff
- Uncertainty regarding retaining existing subcontractors / suppliers
- Limited previous Muskrat Falls experience
- 'Cold start' approach – lengthy start-up
- HJOC has very limited role / influence (i.e. HJOC labour manager's influence)
- Negative view of labour
- Org. gaps – engineering / mechanical & electrical management

Evaluation and Scoring

- Evaluation followed approved Bid Evaluation Plan signed on Oct 18, 2016
- Evaluation team consisted of RP, KM, BK, & EB
- Evaluation team supported by other LCP groups, on 'as required' basis.
- Evaluation Criteria
  - Commercial
  - Execution Plan
  - Organization and Key Staff

Bid Evaluation – Commercial

Commercial Bid Tabulation

Date: Nov 3, 2016

RFP CH0010: Intake, Powerhouse & Transition Dams - Remaining Construction

Item	Description	Weight	PHCL Score (Max 100)	PHCL Weighted Score	KOP Score (Max 100)	KOP Weighted Score
1	Commercial Factors	**50**	40	20	40	20
2	Estimated Cost	**50**	100	50	81.9	41.0
	Overall Weighted Score		**70**		**61**	
	Overall Ranking		**1**		**2**	

Estimated Cost Scoring:

1.Bidder with lower price assigned score of 100

2. Score for Bidder with higher price determined as follows:

100 - [((higher price - lower price)/ lower score) x 100)]

		Bidder	Bid Tab Score
Lower Price	$269,363,375	1	100
Higher Price	$318,090,103	2	81.9

Note: **Pennecon Heavy Civil Ltd (PHCL)**

Kiewit O'Connell Partnership (KOP)

Bid Evaluation – Execution Plan

Execution Plan Bid Tabulation

Date: Nov 3, 2016

Item	Description	Weight	PHCL Score Factor	PHCL Weighted Score	KOP Score Factor	KOP Weighted Score
	PHASE 1					
1	Objectives and Approach - Ability to Achieve a High State of Readiness Quickly	**10**	0.75	7.5	0.25	2.5
2	Transition Plan	**10**	0.75	7.5	0.25	2.5
3	Staff Mobilization Timeline	**5**	0.75	3.75	0.75	3.75
	Subtotal Phase 1	**25**		18.75		8.75
	PHASE 2					
4	Objectives and Approach - Transition Plan Implementation	**15**	0.75	11.25	0.25	3.75
5	Mobilization of Resources and Integration of Existing Astaldi Staff	**10**	1	10	0.5	5
6	Approach Related to Existing Subcontractors, Equipment and Suppliers	**10**	1	10	1	10
7	Computer Systems	**2**	0.75	1.5	1	2
8	Construction Execution Philosophy	**30**	0.75	22.5	0.75	22.5
9	Post-Submission Presentation (Understanding of Company requirements, prepared to work "with" Company, consistency with proposal, etc.)	**8**	1	8	0.5	4
	Subtotal Phase 2	**75**		63.25		47.25
	Overall Weighted Score	**100**	**82**		**56**	
	Overall Ranking		**1**		**2**	

Bid Evaluation – Org. & Key Staff

Organization & Key Staff Bid Tabulation

Date: Nov 3, 2016

RFP CH0010: Intake, Powerhouse & Transition Dams - Remaining Construction

Part	Description	Weight	PHCL Score (Max 100)	PHCL Weighted Score	KOP Score (Max 100)	KOP Weighted Score
A	Organization	**40**	80.5	32.2	82.5	33
B	Key Staff	**60**	97.3	58	100	60
	Overall Weighted Score		**91**		**93**	
	Overall Ranking		**2**		**1**	

Key Personnel Scoring:

1. Highest Part B Score from worksheets assigned score of 100
2. Other Bidders' score determined as follows:

100 - [((highest score - Bidder Score)/ highest score) x 100)]

		Bidder	Bid Tab Score
Highest Bidder Score	924	KOP	100
Next Highest Score	899	PHCL	97.3

Bid Evaluation – Weighted Scores

Overall Scoring Bid Tabulation

Date: Nov 3, 2016

RFP CH0010: Intake, Powerhouse & Transition Dams - Remaining Construction

Item	Description	Weight	PHCL Score (Max 100)	PHCL Weighted Score	KOP Score (Max 100)	KOP Weighted Score
1	Commercial	20	70	14	61	12
2	Execution Plan	40	82	32.8	56	22.4
3	Organization & Key Staff	40	91	36.2	93	37.2
	Overall Weighted Score		**83**		**72**	
	Overall Ranking		**1**		**2**	

Note: Pennecon Heavy Civil Ltd (PHCL)
Kiewit O'Connell Partnership (KOP)

Recommendation

- Pennecon Heavy Civil Ltd. is recommended by bid evaluation team
- Defining Factors
  - Compliance with LCP Requirements
  - Management commitment
  - Focus on maintaining momentum
  - Solid Project Team & Execution Plan

Next Steps

- Start final negotiations with PHCL immediately, including addressing the bidder's perceived cons
- Issue LNTP to PHCL for Phase 1 by 15 Nov., as scheduled
- Finalize Master Services Agreement* and execute (for Phase 1)
- Arrange for PHCL to set up in space contiguous to LCP office
- Set up LCP management / interfacing team
- Notify CH0007 Contractor ?

* Phase 2 will require a separate Civil Works Agreement

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Accountability

Backup Slides

Perspectives

- Major scopes being performed by competent subs
- Shop drawings ~ 90% complete. Therefore, no engineering hold-ups.
- Spillway completed.
- Transition dams essentially completed.
- All required infrastructure in place.
- All required equipment in place.
- Rock foundations all covered.
- Foundation grouting programs > 80 % complete
- Crushing completed – all aggregates in place.
- Staffing in place – management change out only.

In summary – all the ingredients are there !!

Pennecon - Perspectives

- PM built Waskwatim (mirror image) powerhouse
- CM turned Astaldi around late 2014/early 2015
- Many of the existing CH0007 CM superintendents etc were brought in by CM
- May be able to leverage synergies CH0009. At very least, will have significant resources which can help if required.

Kiewit-O'Connell - Perspectives

- Estimate of craft hours significantly understated – clarification response 'wobbly'
- KOP will likely 'load up' the job
- Exposure to much higher indirect costs (i.e. 3/1 craft/staff ratio)
- Mark-ups higher than PHCL
- Apparent tendency to 'work around' the LCP project team

Pages 45 – 111 have been fully redacted.

Muskrat Falls Project
Astaldi Briefing for Government of Canada

Boundless Energy

October 12, 2016

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Purpose

- To address the following questions posed by Natural Resources Canada as part of Enhanced Federal Loan Guarantee discussions relating to the Muskrat Falls contract with Astaldi:

1. Details on current Bridge Agreement including due diligence, monitoring, status, performance indicators. Due diligence includes Nalcor's assessment of technical and financial factors regarding Astaldi.
2. Framework for the pending agreement including principles and objectives (supported by due diligence approach). Current status, estimated time to complete and outstanding issues.
3. Next steps with Astaldi – what is overall approach to move them along toward contract completion beyond the pending Bridge Agreement.
4. Details on Plan B including approach, due diligence, status, timing and potential project impact (cost and schedule).

ASTALDI IN CONTEXT

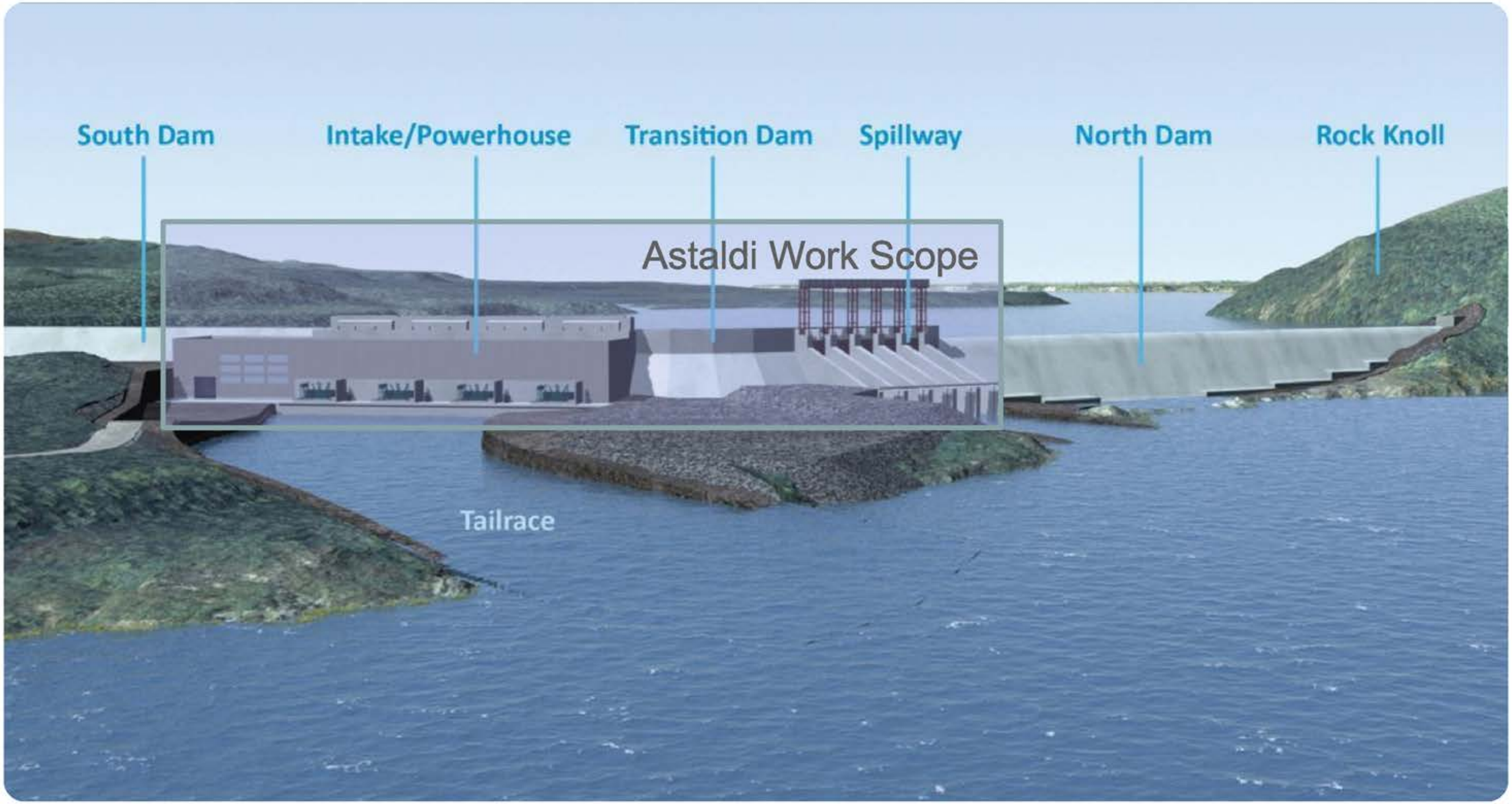
Contract Approach is Toward Larger Scopes that use Fixed-Pricing to the Extent Practical

Active LCP contractors with scopes >C$100 million account for ~67% of current AFE

	Name	Value[1] (C$M)	Scope	Contract type
LTA	Valard	270	T-line construction AC	Unit-rate installation contract
	Alstom	210	CF/MF switchyards	Lump sum EPC
LITL	Valard	890	T-line construction DC	Unit-rate installation contract
	Alstom	740	Switchyards, converter stations, synchronous condensers	Lump sum EPC
	Multiple	400	Clearing and access	50% unit-rate/lump sum, 50% reimbursable
	Nexans	150	Subsea cable	Lump sum EPC
MFG	Astaldi	1,140	Powerhouse, intake, and spillway, transition dams	Labor capped target-price /non-labor unit-rate
	Andritz	440	Turbines, generators, and gates	Lump sum EPC
	Barnard Pennecon	290	Dams	Non-labor unit-rate/reimbursable labor
	TBD	210[2]	Balance of plant	TBD
	Gilbert	140	North Spur stabilization	Reimbursable
	Johnsons	130	Reservoir clearing	Lump sum

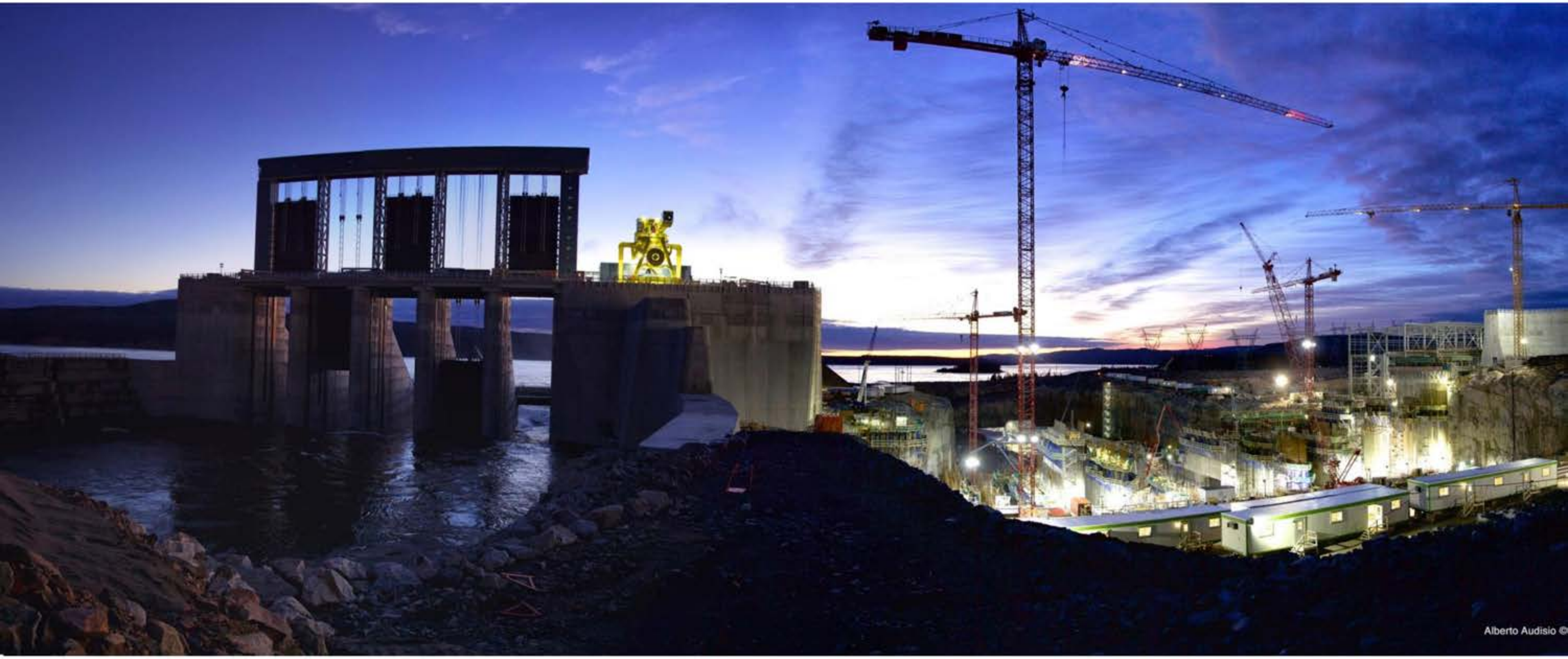
1 Approximate budget values at June 2016, prior to AFE Rev3 rebaseline. Intent is to illustrate relative contract values.

Muskrat Falls Generating Facility



Muskrat Falls – Generation Site

Muskrat Fall – Generation Site



Powerhouse

Powerhouse

Powerhouse Intake

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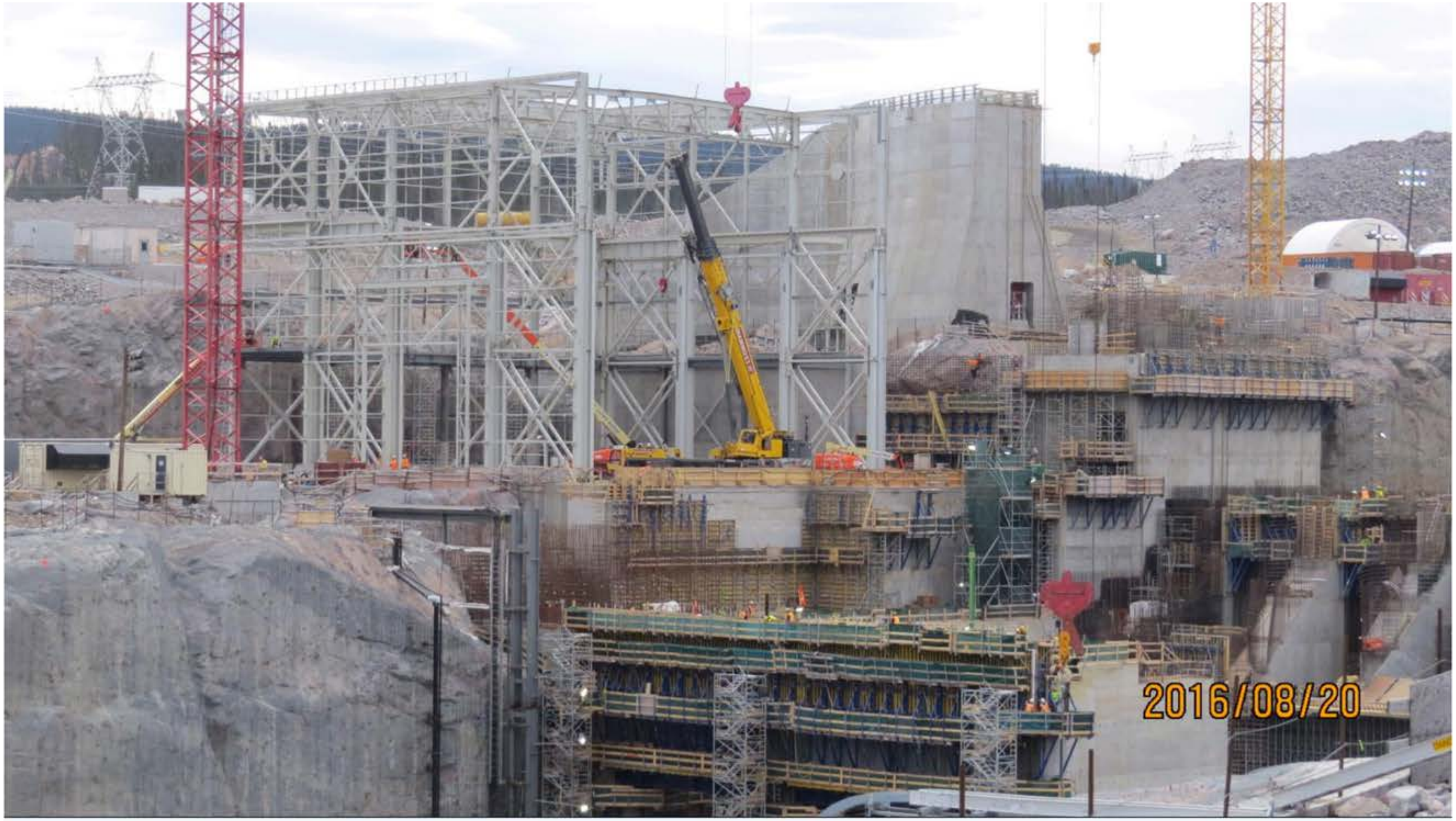
Powerhouse Intake

South Service Bay



Spillway

Site View from North Spur

ASTALDI PERFORMANCE

Astaldi Performance 2013-2016

- Exceedingly slow start in 2013-14
  - Astaldi ramp-up pace and missteps
  - Integrated Cover System (ICS) execution and consequential removal issues
  - Labor contract management opportunities missed
  - Astaldi mismanagement of the workforce allocation between production and support workers, particularly during 2014
  - Astaldi not realizing the productivity expectations in their bid
- Significant turnaround Summer 2015 onward, as a result of the Project Team's work with the Contractor,
  - ~230,000 cubic meters placed at end of September 2016
  - performed much better,
  - established, functioning team
  - potential for additional improvement

Bridge Agreement – Key Points

- The Bridge Agreement (BA) dated 27 July 2016 provides a method of increasing the Contract Price by $150 M
- The payment of the $150M is split as follows:
  - $140M based on Concrete volumes placed by area and month
  - $10M for steel erection within the period covered by the Bridge Agreement
- The BA includes provisions to handle shortfalls in production in one month that can be caught up in a following month
- The BA does not waive, compromise or release any right or remedy available under the CH0007 Contract and do not constitute any amendment or change to the terms and conditions of the original Contract
- The BA establishes October 28th 2016 as a date to achieve a commercially reasonable resolution of contractual/commercial matters, acceptable to both Parties. If that date is not met then Contractor shall continue to perform the Work and be paid as contemplated in the BA
- The advance payment reimbursement is suspended through December 2016 and deferred into 2017
- Liquidated damages are suspended through October 2016 and should a comprehensive settlement be agreed then those accrued to that may be waived
- Schedule basis for the BA is the May 2016 Control schedule Baseline Document
- Contractor has advise that cost at completion is $1.975 including a 7% gross profit. The BA acknowledges that the Parties do not agree as to the reason(s) and liability for the additional cost or as to the value of the Work at completion.

Astaldi Performance against Bridge Agreement

CH0007-001 - Concrete Production

Data Date: 05-Oct-2016

Month	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	Jul-2016	Aug-2016	Sep-2016	Oct-2016	Nov-2016	Dec-2016	Total
Cumulative Concrete Placed	150,248	150,248	155,384	164,005	180,119	190,055	202,621	216,736	231,081	233,260			-
Monthly Concrete Target	0	0	6,033	7,261	10,798	15,494	16,725	20,529	20,488	14,918	11,126	4,066	127,438
Bridge Agreement							13,500	17,191	19,531	18,058	-	-	68,280
Monthly Concrete Placed	0	0	5,136	8,621	16,114	9,936	12,566	14,115	14,345	2,179			83,012
Variance - Monthly Target	0	0	(897)	1,360	5,316	(5,558)	(4,159)	(6,414)	(6,143)				
Variance - Cumulative Target	0	0	(897)	463	5,779	222	(3,938)	(10,352)	(16,495)				

- The Bridge Agreement volumes are shown as the red dotted line with the actual volumes placed as the black solid line.
- Note the impact of the Draft Tube #2 incident in May on subsequent month's production
- Astaldi are currently achieving 76% of the concrete volumes with an opportunity to catch up the shortfall in November and December

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Monitoring and Performance Indicators

- Nalcor's site team are monitoring the concrete pours on a daily basis
- Reporting of concrete poured is provided by the Nalcor Site team daily
- Safety and Quality requirements are strictly enforced for all concrete pours
- Currently Astaldi are achieving 76% of the concrete volumes and can catch up on the shortfall in November and December

DUE DILIGENCE

Nalcor Actions to Address Astaldi Issues

- Engagement at highest levels of Astaldi and Nalcor continuously over last 2 ½ + years
- Nalcor support and leadership in implementing performance improving initiatives and organizational improvements
  - Planning and Execution
  - Labour Management
  - Leadership and supervision, etc.
- Nalcor Site Team augmented with senior Project Management personnel to provide on site decision making and support to Astaldi
- 2015/16 Status
  - Astaldi concrete production rate vastly improved and Construction management team fully functional.
  - Nalcor continues to provide support, guidance and leadership

Nalcor Due Diligence - Overview

- Cross industry project performance analysis of Astaldi global projects by third party
- Astaldi corporate financial performance including liquidity analysis
- Forensic audit on Astaldi cost, at their premises
- Three separate approaches used to forecast likely ranges of cost and schedule to complete for Astaldi
- Historical data and fact capture done by claims and legal team to prepare for potential dispute and provide knowledge for negotiations
- Ongoing monitoring and analysis done of Astaldi's current operations and improvement to ensure ability and likelihood to complete
- Utilizing combination of internal expertise supported by external experts as outlined on following slide ....

Nalcor Expertise Utilized

- Westney – Mega Project Risk consultants and Project Management Advisors
  - Examples of the expertise at this firm includes:
    - Retired CEO of one of the worlds largest construction companies
    - Retired senior VP of one of the worlds largest engineering and construction companies
    - Retired US Army corp of engineers Colonel
    - Founder of US Construction industry institute
  - [redacted]
- Cleveland and Assoc.
  - Forensic Accountant with Construction Expertise
- McInnes Cooper – Construction lawyers
  - Various subconsultants
- Long International
  - Construction Claims advisors
- Internal Team members with combined Mega Project experience of hundreds of years including:
  - Commercial Experts
  - Data analysts
  - Construction experts
  - Project Management Experts

Key Points with Respect to MFG and Astaldi as Analyzed by Westney

Key Points	Supporting Points
1 **A quality Astaldi site team is in place**	▪ Westney's review during the summer of 2015 revealed key improvements and production exceeding expectations
2 **Work-hours remaining for concrete installation is the largest cost-risk, with the worst-case likely occurring if Astaldi is replaced**	▪ Cost to completion is dependent on Astaldi's rate of concrete installation and associated work-hours required. The cost per work-hour is relatively certain
3 **Schedule risk** (and associated cost) **are directly tied to the rate of concrete installation**	▪ The schedule is dependent on rate of concrete installation and seasonal effect
4 **Significant additional costs will be incurred if Astaldi is replaced**	▪ A combination of the cost of replacement, time lost, and loss of productivity is likely >C$500 million
5 [redacted]	

FINANCIAL DUE DILIGENCE

Background

- In recent years Astaldi SpA, the parent of Astaldi Canada and a publicly listed company on the Italian stock exchange, has expanded its operations into lower margin lines of business while at the same time increased debt levels – this has put significant pressure on debt ratios and raised credit rating agency concerns in 2015/2016
- At the time of MF contract award, Astaldi's debt ratios were at more favorable levels and an appropriate performance security package was put in place (C$350 million in letters of credit and performance bonds)
- Nalcor engaged in Fall 2015 a global external consultant on a confidential basis to assist with an assessment of Astaldi's financial position over the MF Project timeline – a detailed briefing on this due diligence was shared with NRCan and it's advisors through the Intralinks data room in February 2016
- Over the past year Astaldi's share price has fallen over 70% from approximately €11 to €3 as investors grew increasingly concerned with the company's financial position and ability to meet debt covenants – over that period the MF contract also became an increasing focus of equity analysts on quarterly results calls
- Astaldi's results up to Q2 2016 did not reflect any reported negative impacts of the MF contract - the impact has been "sterilized" by assuming zero margin - whereas their current forecasts indicate it will cost a minimum of C$700-800 million above the initial contract price to complete
- If Astaldi has to recognize a significant loss on the MF contract it would likely put significant pressure on their share price and debt covenant ratios – the latter could freeze availability on their €500 million revolving credit facility, possibly accelerate repayment of long-term debt, and cause a serious liquidity issue for the company

Background (cont'd...)

- In July 2016 Astaldi announced a renegotiation of the covenants under this credit facility, providing the company with some additional flexibility in order to support execution of their Strategy Plan 2016-2020 released in May 2016 – focus of this plan includes reduced investment in lower margin concession projects and debt reduction through asset disposals and working capital management
- In September 2016 Astaldi announced its sale of the A4 motorway (Italy) to Abertis for €110 million was completed; Astaldi has also advised discussions underway with interested parties for other concession assets in Chile, Italy and Turkey, however, historically efforts in this area haven taken time
- Through ongoing discussions with Astaldi and analysis of new public information as it becomes available, Nalcor has continued to update models used to assess Astaldi's financial position over the MF Project timeline – update completed in July 2016 in support of Bridge Agreement negotiations (see pages that follow) and a subsequent update will occur with the release of Q3 2016 results, expected in November
- **Negotiations with Astaldi for additional compensation have, and will continue to, give consideration to the implications any settlement will have on the company's overall financial position, covenants and the cash flow liquidity they will need to support the performance required to complete the work**

Financial Forecast 2016-2020
(Source: Astaldi, July 2016)

Income Statement (€ Mln)	2015A	2016F	2017F	2018F	2019F	2020F
Revenues	2.855	3.076	3.289	3.454	3.730	4.028
Growth		7.7%	6.9%	5.0%	8.0%	8.0%
Core EBITDA	302	306	318	338	366	396
Income from SPVs	54	68	71	71	41	40
Total EBITDA	356	374	389	410	407	436
margin	12.5%	12.2%	11.8%	11.9%	10.9%	10.8%
EBIT	277	310	328	355	347	372
margin	9.7%	10.1%	10.0%	10.3%	9.3%	9.2%
EBT	113	154	182	205	232	252
margin	3.9%	5.0%	5.5%	5.9%	6.2%	6.3%
Net Result	81	95	108	122	140	151
margin	2.8%	3.1%	3.3%	3.5%	3.8%	3.7%
Statement of Financial Position (€ Mln)	**2015A**	**2016F**	**2017F**	**2018F**	**2019F**	**2020F**
Fixed asset	958	1,008	996	969	730	771
Net Working Capital	689	804	738	722	827	873
Funds	(22)	(28)	(38)	(38)	(38)	(38)
Total Invested Capital	1,626	1,784	1,696	1,653	1,519	1,606
Net Financial Position *(Net Debt)*	(989)	(1,073)	(898)	(757)	(507)	(470)
Net Worth *(Equity)*	637	711	798	896	1,011	1,136

Financial Forecast 2016-2020 (cont'd....)

(Source: Astaldi, July 2016)

Cash Flow (€/Mln)	2015	2016F	2017F	2018F	2019F	2020F
Self-financing		159	169	177	199	215
of which Constructions		121	137	155	206	226
of which Concessions		38	32	22	(7)	(11)
Net Working Capital		(114)	65	16	(105)	(46)
of which Constructions		(124)	64	15	(107)	(47)
of which Concessions		9	2	2	2	2
Operating Cash-Flow		45	234	193	94	169
Capex		(267)	(74)	(70)	(110)	(105)
of which Constructions		(48)	(51)	(55)	(59)	(64)
of which Concessions		(219)	(24)	(16)	(51)	(41)
Asset disposal		159	36	42	290	0
Cash-Flow		(63)	196	165	274	64
of which Constructions		(50)	150	115	40	115
of which Concessions		(13)	46	50	234	(51)
Dividends		(21)	(23)	(25)	(26)	(29)
Total Cash-Flow		**(84)**	**175**	**141**	**249**	**37**
NFP Year Opening		(989)	(1,073)	(898)	(757)	(507)
Total Cash-Flow		(84)	175	141	249	37
NFP Ending	(989)	(1,073)	(898)	(757)	(507)	(470)

Potential Concession Disposals
(Source: Astaldi, July 2016)

CONCESSION	TIMING OF DISPOSAL	MINIMUM CASH-IN	COMMENTARY
A4 HOLDING *14.3% stake*	2H 2016	€110m	▪ SPA expected to be signed by mid-May for a total value slightly below current book value ▪ Closing by end-year
CHACAYES HYDRO PLANT *27.3% stake*	2H 2016	€28-40m	▪ Former partner (Pacific Hydro) already sold its stake to SPIC (State Power Investment China) which expressed interest in Astaldi's stake as well – expected to be sold above BV
MILAN SUBWAY LINE 5 *38.7% stake*	2017	€60-65m	▪ Due diligence ongoing with 3 potential buyers, of which 2 buyers already expressed strong interest in Astaldi's stake ▪ Potential financial upside for 2016
TUSCANY HOSPITALS *35% stake*	2017	€15-20m	▪ Former partner has sold its stake to a buyer interested in Astaldi's stake as well ▪ Expected an offer from a second player
TURKEY 3rd Bridge *33.3% stake*	2018	€250-300m	▪ Project currently in the early completion phase – will be open to traffic in August 2016 – ramp-up phase by 2017 ▪ Firstly disposal of ca. 50% of the value (semi-equity share) by 1H 2018
MESTRE HOSPITAL *37% stake*	2018	€20-25m	▪ Non-binding offers expected in the context of the disposal of the Tuscany hospitals
TURKEY GOI MOTORWAY *18.9% stake*	2019	€250-300m	▪ Phase 1 started operations in 1H 2016 ▪ Highway construction expected to be completed by 1H 2019 and disposal in 2H 2019

Projected Covenant Analysis July 2016

(€ Million)

Per Astaldi July 2016 Forecast			**2016F**		**2017F**		**2018F**		
EBITDA			374		389		410		
Equity for Covenant			767		850		947		
Net Debt for Covenant			1,268		1,078		819		
Forecasted Ratios									
Debt/EBITDA			3.39x		2.77x		2.00x		
Debt/Equity			1.65x		1.27x		0.86x		
Covenant									
Debt/EBITDA			4.60x		4.15x		3.70x		
Debt/Equity			2.20x		1.80x		1.60x		
Revised with Potential MF Impact to Maintain Covenants									
Loss on MF	EUR		(60)		(75)		(125)		**(260)**
	CAD	*$*	*(87)*	*$*	*(109)*	*$*	*(181)*	***$***	***(377)***
EBITDA			314		314		285		
Equity for Covenant			730		803		869		
Net Debt for Covenant			1,328		1,153		944		
Forecasted Ratios									
Debt/EBITDA			4.23x		3.67x		3.31x		
Debt/Equity			1.82x		1.44x		1.09x		

Loss that could be sustained while maintaining reasonable headroom under covenants

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ASTALDI PATH FORWARD & POTENTIAL OUTCOMES

Current Situation

- Astaldi has not taken any formal contractual or legal action, but has been constantly explaining their concerns to us, and seeking to negotiate a solution.
- They have a very significant problem.
- We have continued to work in a collaborative manner with both parties focused on improving project execution, which is occurring.
- This has been the preferred mode of interaction to date to ensure the work progresses
- Astaldi reached a point in July where they needed to address issues which are fundamentally impacting their company's future.
- This resulted in Nalcor negotiating the Interim or "Bridge" agreement with Astaldi to ensure the construction season was not lost

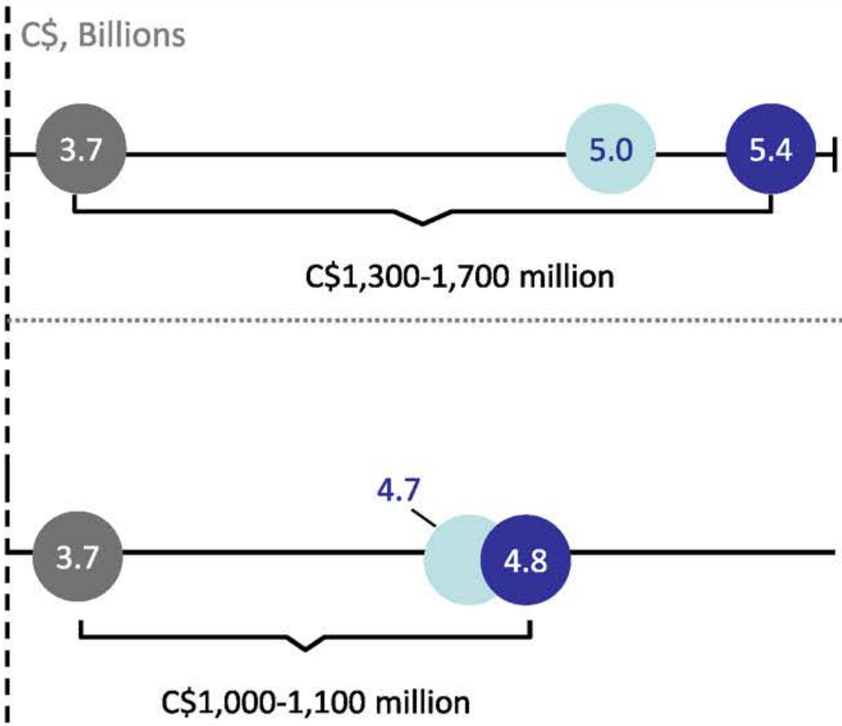
[redacted]

[redacted]

Risk Exposure for MFG Greater if No Deal Reached

Current AFE · Bottom of Predictive Range (P25) · Top of Predictive Range (P75)

Range of cost outcomes



Details

No negotiated agreement with Astaldi

- Exposure driven by Astaldi's performance and the impact on schedule and other contractors
- Additional exposure due to the potential of having to implement a replacement contractor

Agreement with Astaldi and C$450M Nalcor contribution

- Negotiation will Astaldi provides greater certainty in outcome as several cost-risks are reduced, which include avoiding potential replacement costs, limiting further schedule delay, and ensuring concrete production in-line with recent Astaldi performance
- Negotiation scenario assumes that Astaldi is able to absorb the remaining loss (beyond that of the Nalcor contribution)

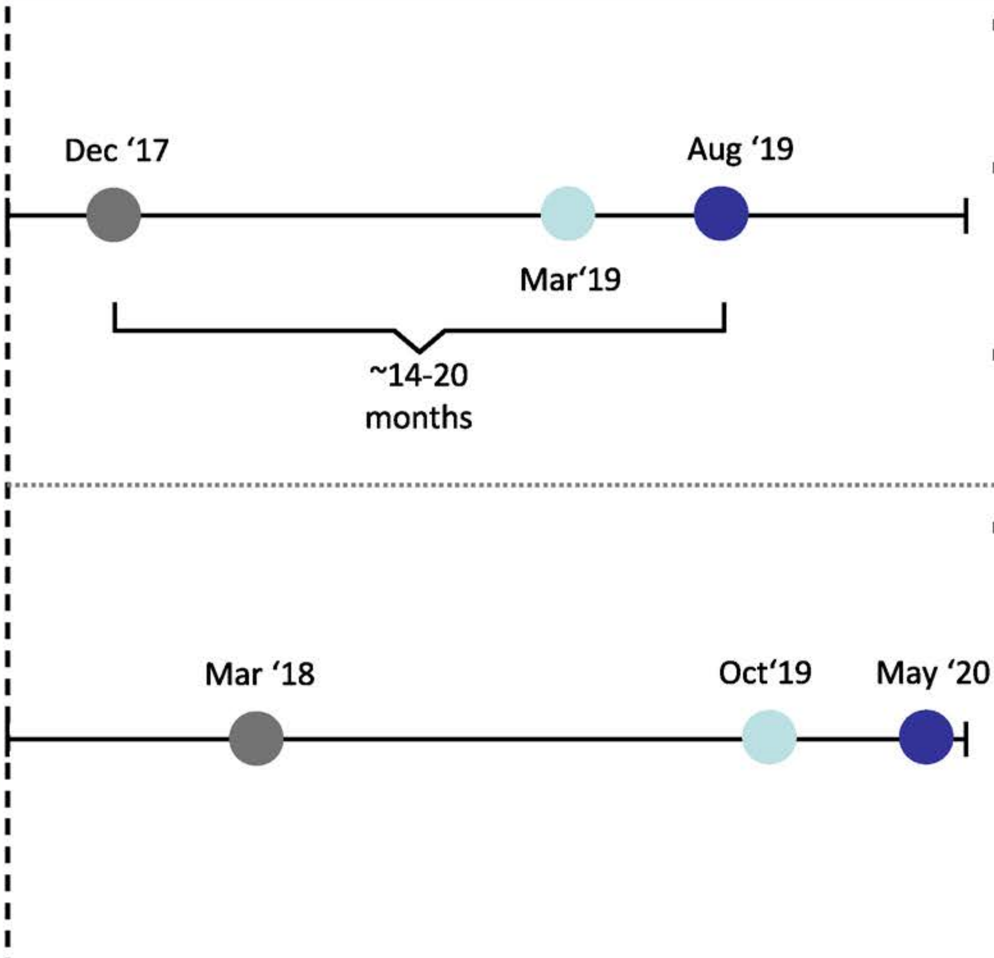
First Power Generation is ~14-20 Months Behind the Sanction Schedule, Greater Delay Possible with No Astaldi Deal

Sanction schedule | Bottom of Predictive Range (P25) | Top of Predictive Range (P75)

Range of cost outcomes

Schedule for first power generation (negotiated agreement with Astaldi)

Schedule for full power (negotiated agreement with Astaldi)



Details

- Sanction target aggressive and not reflective of productivity challenges
- Slow ramp-up by Astaldi resulted in unrecoverable time that is impacting MFG's other contractors
- Potential for even greater delay if no deal is reached with Astaldi

- Until LIL/LTA complete and MFG full power achieved, Nalcor/NL must fund all project expenditures (including bond payments) with equity in accordance with the financing arrangements and long-term power supply and transmission related agreements with NLH

Commercial Principles (Nalcor Goals)

Astaldi must take on a large loss (To the extent they can survive)

- Have Astaldi take responsibility for their errors
- Have Astaldi share in the additional costs to complete from this point onward

Any deal is predacated on performance in the field

- Performance must stay within planned expectations and industry norms (No slowing down or stopping)
- There must be a heavy focus on improved efficiency
- Additional funds should be paid consistent with performance (e.g., after concrete installation)

We must maintain our strong contractual position whilst limiting future risk exposure

- Basic contract terms should remain in place
- As deemed necessary, new protections should be put in place, i.e. Insolvency protections, ownership change
- Securities will remain unchanged or increased
- Have Astaldi take future performance risk exposure
- Will seek a full waiver of claims
- Additional funds may have physical assets or revenue streams tied to them
- Future payments will be protected for local use

Potential Astaldi Deal is Predicated on Several Core Attributes

Core attributes of any deal with Astaldi

	Details
Financial structure	▪ First, Astaldi must "pay back" funds that were spent on execution errors as initial additional funds ▪ Next tranche of funds (after Astaldi's initial contribution) could be a "dollar for dollar" ratio from Astaldi and Nalcor, with any larger Nalcor contribution occurring at the end of the job ▪ Astaldi's cash contribution should be maximized to the extent their corporate liquidity allows ▪ Additional funds from Nalcor to Astaldi could be in the form of a preferred-payback loan, to the extent possible
Payment conditions	▪ All payments will be tied to performance ▪ Initial Astaldi funds will likely be tied to a fixed installation quantity (i.e., cubic meters of concrete poured), with remaining funds paid on a C\$/m^3 basis or in milestone/completion bonuses with time default penalties
Covenants and protections	▪ Existing securities will stay in place ▪ Existing contract articles will remain to the extent practical ▪ Contract will be modified to define transition rights to allow for take-over of willing Astaldi employees, materials, equipment, and subcontracts in the event of Astaldi acquisition, insolvency, or breach of contract

ASTALDI APPROACH – FALL 2016

INCREASING PRESSURE

(Last Week) Focus Area 1 – Year End	(October) Focus Area 2 - March	(November-December) Focus Area 3 - 2017
▪ Performance under Bridge Agreement ▪ September pay as a result (use as leverage) ▪ Highlight opportunities/concerns ie. Productivity, Indirects, Management – Critical Path Focus	▪ Critical Path Focus ▪ Milestones to March ▪ Key Metrics beyond Concrete ▪ Continue to Highlight Opportunities ▪ Astaldi to share pain ▪ Cash flow to meet Milestones ▪ Consider default notice if reaction unacceptable	▪ Critical Path Focus ▪ Milestones to December 2017 ▪ Key Metrics ▪ Performance focused ▪ Cash Flow to meet Milestones ▪ Force them to tell us they are stopping by January or put them in Default
▪ Sets tone for going forward ▪ Sets expectations on performance ▪ Starts to test their willingness for pain ▪ Sets relevant scope for March discussion	▪ Reinforces: – Pain Share (Errors) – Performance – Expectation for 2017 ▪ Sets relevant Scope for 2017 discussion	▪ Sticks to our messages – Pain Share (Errors) – Performance ▪ Deal puts us in strong position from volume perspective

PLAN B OVERVIEW

Plan B Strategy

- A Nalcor team has been established to pursue the Plan B option
- The Nalcor team is led by a Nalcor Senior Manager and supported by technical and commercial expertise
- Step 1 of the Plan B strategy has been carried out and was developed in case of a termination of the Works by Astaldi. This consists of an action list that Nalcor would enact to secure the work site, all equipment and materials and to step in and ensure continuation of the Works whilst a replacement contractor could be mobilized
- Step 2 of the Plan B strategy was to approach proven Contractors under a Non Disclosure Agreement to determine if they had the capacity and willingness to bid as a Replacement Contractor
- Step 3 of the Plan B strategy is currently underway and is the accelerated bidding process wherein Nalcor is seeking how the potential Replacement Contractors would propose to plan, prepare and execute the Work

Plan B Strategy - Step 3

- Non-Public Request For Proposal process is underway
- Three qualified Canadian firms have confirmed they will submit proposals
- Two phases
  - Phase 1. Planning and Preparation Phase
    - Assess the status of construction and provide a switchout plan to supplement Nalcor's existing work
  - Phase 2. Execution Phase
    - Actual takeover of the powerhouse and intake project
- Phase 2 only triggered if required however selected Contractor will provide a fully developed Transition Plan as part of Phase 1 which will address all aspects of preparation, planning and execution including:- organization, retention of personnel, permits, environment management, systems, safety and security, planning , equipment and materials
- Submissions are due by mid October
- Submissions will inform the Astaldi value decision –i.e. provide key cost and schedule data to compare the CH0007 contract with and without Astaldi completing the Work

SUMMARY

Overall Strategy and Prognosis

- Nalcor's strategy is based on the following:
  - To continue to negotiate in good faith whilst Astaldi performance is deemed to be reasonable
  - Increases to the Contract Price will only be considered if Astaldi performance is acceptable
  - Payment of the increased Contract Price tied to measurable performance such as concrete placement or steel erection
  - Original Contract Securities are kept in place
  - Astaldi is contractually bound to complete the work and must take responsibility for actions and inactions which caused the increase in the estimated cost at completion. Nalcor will contribute to that cost but will not bear the full cost
- Prognosis is that by the end of 2016 the volume of concrete placed will be ~ 250,000 m^3 and if a second Bridging Agreement can be negotiated for a reasonable price then a further ~120,000 m^3 could be placed in 2017 for a total of ~370,000 m^3 out of the entire Powerhouse, Intake and Spillway volume of ~440,000 m^3.
- Resulting in ~50,000 m^3 remaining in the Powerhouse and Intake by the end of 2017 with Nalcor still holding the contract securities should Astaldi fail or walk away from the contract.

Where We Are Today: Solid Foundation in Place for Execution; Commercial Negotiations Active

Current performance

- 2015 production exceeded external advisor expectations
- 2016 production has proceeded close to plan, exception of Draft tube issue, commercial positions will be hardening
- Astaldi year end and Nalcor preparation for 2017 season will drive timelines

Next steps and key dates with Astaldi

	Details
Next steps	▪ Agree final production plan and cost for 2017 ▪ Evaluate Astaldi's financial capacity relative to the cost ▪ Determine acceptable Nalcor supplemental funding ▪ Attempt to negotiate agreement for 2017
Key dates	▪ Oct 31 – End of Bridge Agreement, Q3 for Astaldi ▪ Dec/Jan – Decision required to mobilize Plan B for 2017 construction season

Lower Churchill Project
CH0007 Astaldi Agreement Overview
December 2016

Boundless Energy

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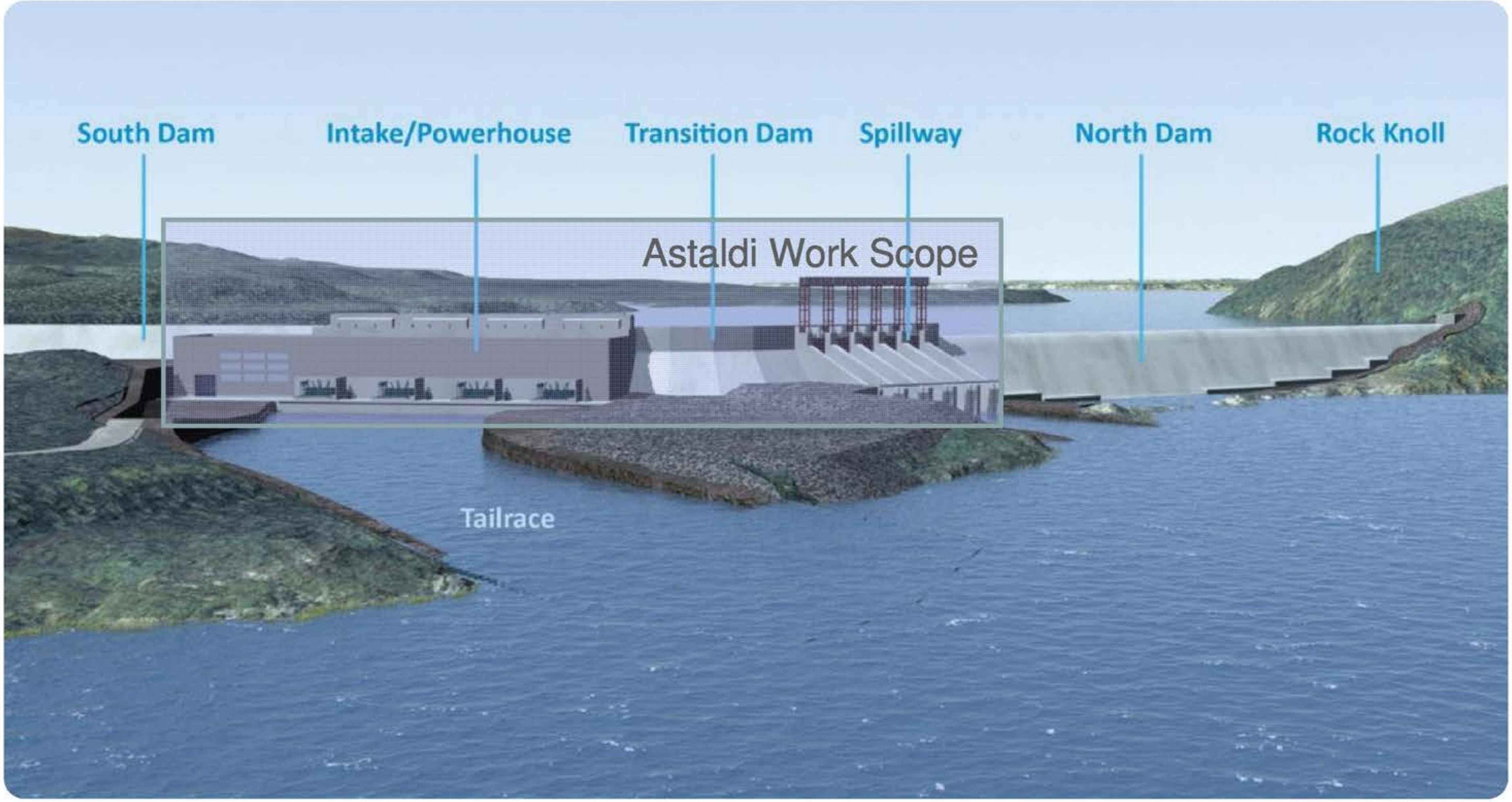
LOWER CHURCHILL PROJECT

Privileged and Confidential in Contemplation of Litigation

Astaldi Contract in General

Privileged and Confidential- In contemplation of litigation

Muskrat Falls Generating Facility



CH0007 Background

Privileged and Confidential- In contemplation of litigation

- CH0007 for spillway, intake, powerhouse and dams
- Total concrete ~ 445,000 m3
- Four bidders shortlisted:
  - Astaldi
  - Salini
  - Aecon JV
  - IKC (Kiewit)
- Contract awarded in fall 2013 to Astaldi Canada Inc.
- Bid values (3 of the 4 bidders had similar hours):
  - Astaldi 1.1 B Fixed (Also highest Technical Score per SNC)
  - Salini 1.2 B Fixed
  - Aecon 1.6 B Not Fixed
  - IKC 2.0 B Fixed

The Astaldi bid appeared to be very beneficial and compliant with requirements

Positive factors of the Astaldi bid

	Details
Support from other competitive bids	▪ Multiple bids contained similar work-hour and production estimates ▪ Two bids were within 10% of each other ▪ An aggressive production plan was proposed via a new methodology[1], but plan was consistent with other Canadian bidder
Good credit	▪ Rated a "B+" credit risk by Standard and Poor's and Moody's
Significant financial guarantees	▪ Aggregate limit of liability at 50% of contract value ▪ Parent company guarantee ▪ Milestone LDs of ~$75 million ▪ Letters of credit ~$200 million ▪ Performance bond ~$150 million

[1] Integrated cover system (ICS) built over the powerhouse to enable year-round concrete installation

Original CH0007 Bid Values

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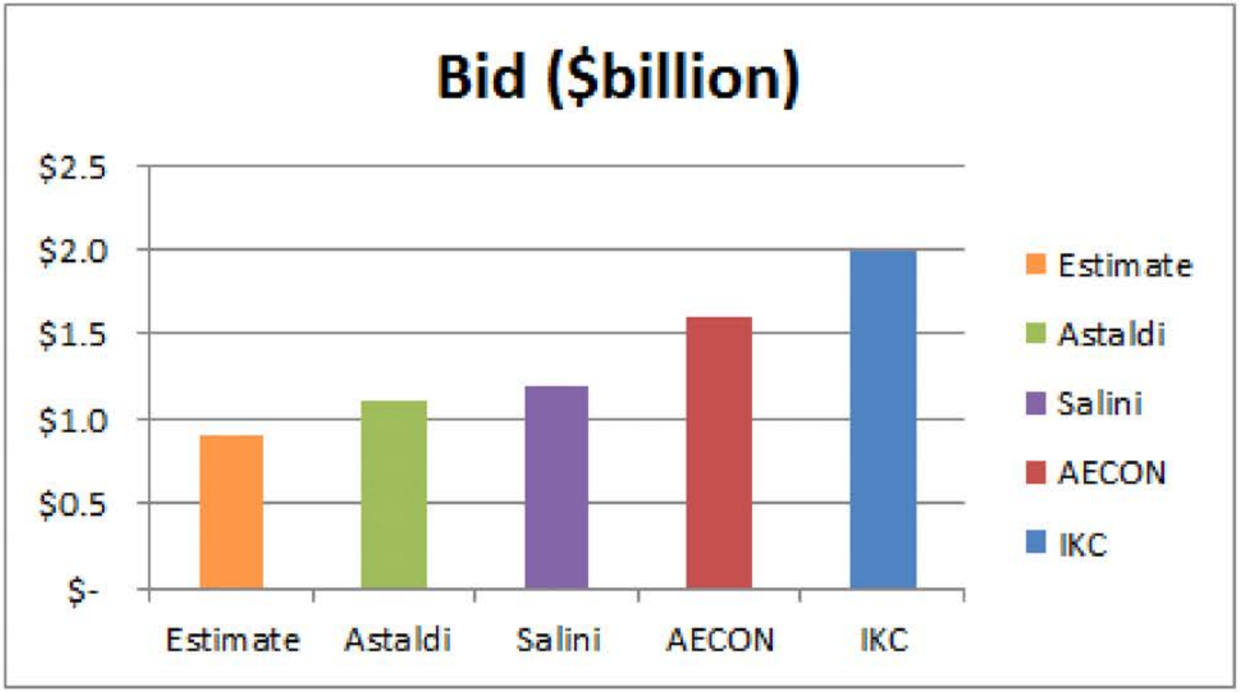

Note – Estimated DG3 quantities have not changed, hours have

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Astaldi had post award corporate challenges - Projected Bank Covenant Analysis July 2016

(€ Million)

Per Astaldi July 2016 Forecast		**2016F**	**2017F**	**2018F**	
EBITDA		374	389	410	
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Debt/EBITDA		4.23x	3.67x	3.31x	
Debt/Equity		1.82x	1.44x	1.09x	

Loss that could be sustained while maintaining reasonable headroom under covenants

Perspective on the Astaldi contract and path forward (Westney)

1. The situation with Astaldi is an outlier and would not be considered in normal project contingency
2. The selection of Astladi was appropriate at the time
3. [redacted] shows that Astaldi now has liquidity and credit issues, putting contract enforceability in question
4. Astaldi has overcome execution issues and is not insolvent, despite financial challenges – making termination for cause very risky
5. Negotiating with Astaldi provides the best opportunity for a predictive outcome; disruption of continuity/replacement will cause a very significant negative impact
6. Even with additional funding, Astaldi will still face a large loss, and any additional funds will primarily be reinvested in NL
7. The timing of a path forward decision is critical for several reasons (e.g., seasonality of production, labour max cap summer 2016, Astaldi financial reporting dates)

[redacted]

[redacted]

Astaldi Performance

Astaldi Challenges Leading to the Gap in Contract Price

- Missed Price in the estimate - 2013
  - Predominantly related to labour
- Exceedingly slow start in 2013-14
  - Exacerbated missed estimate
- Other Performance Opportunities not availed of 2014-2016
  - Integrated Cover System (ICS)
  - Labour Agreement efficiencies, etc.
- Draft tube collapse 2016
- Protests 2015-2016

Astaldi Performance 2013-2016

- Exceedingly slow start in 2013-14
  - Astaldi ramp-up pace and missteps
  - Integrated Cover System (ICS) execution and consequential removal issues
  - Labour contract management opportunities missed
  - Astaldi mismanagement of the workforce allocation between production and support workers, particularly during 2014
  - Astaldi not realizing the productivity expectations in their bid
- Significant turnaround Summer 2015 onward, as a result of the Project Team's work with the Contractor,
  - ~250,000 cubic meters placed at end of November 2016
  - performed much better,
  - established, functioning team
  - potential for additional improvement
- Poised for successful production in 2017-18

Concrete Work Status – Data

Description/Area	UoM	Forecasted Quantities	Actual		Planned		
			Cumul. Installed Nov-2016	Progress	Period Installed Dec-2016	Cumul. Installed Dec-2016	Progress
North Transition Dam	**m3**	**8,738**	8,738	100%	-	8,738	100%
Center Transition Dam	**m3**	**29,150**	24,592	84%	-	24,592	84%
South Transition Dam	**m3**	**10,250**	7,689	75%	-	7,689	75%
Separation Wall	**m3**	**10,636**	10,636	100%	-	10,636	100%
Spillway	**m3**	**71,150**	50,996	72%	-	50,996	72%
Intake	**m3**	**146,347**	60,517	41%	2,782	63,299	43%
Powerhouse	**m3**	**166,591**	90,355	54%	3,155	93,510	56%
Unit 1	m3	36,280	24,170	67%	405	24,575	68%
Unit 2	m3	35,560	15,768	44%	990	16,758	47%
Unit 3	m3	35,440	13,565	38%	422	13,987	39%
Unit 4	m3	36,542	16,114	44%	1,338	17,452	48%
South Service Bay	m3	21,032	20,242	96%	-	20,242	96%
North Service Bay	m3	1,737	496	29%	-	496	29%
		442,862	**253,523**	**57%**	**5,937**	**259,460**	**59%**

Privileged and Confidential- In contemplation of litigation

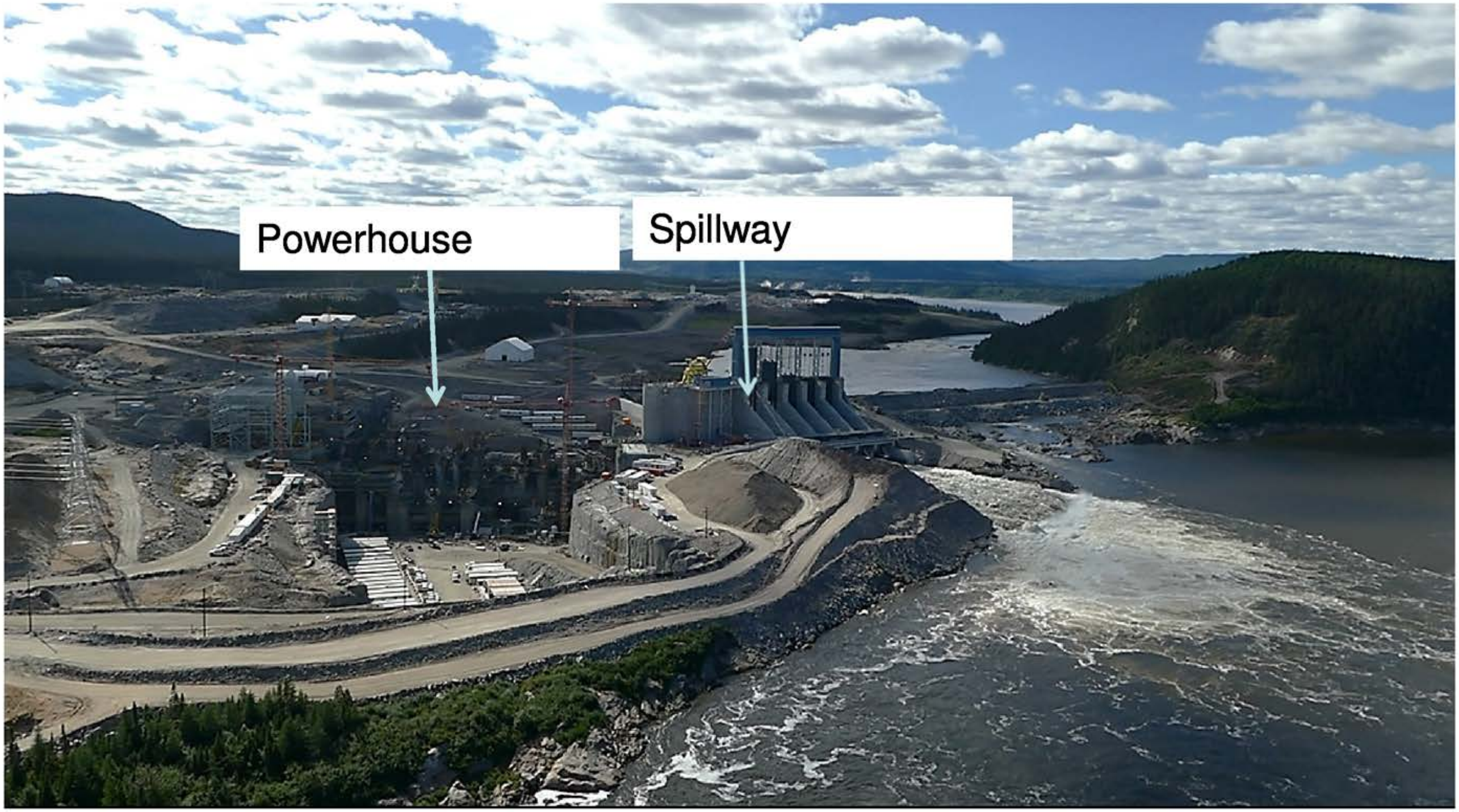
Structural Work Summary

- Astaldi Forecast to achieve 100% completion of South Service Bay at the end of December 2016.
- Ongoing architectural activities related to roof and siding.
- Forecast to start structural erection works for Unit 1 – Powerhouse in Mid December 2016 (Contractors' plan).

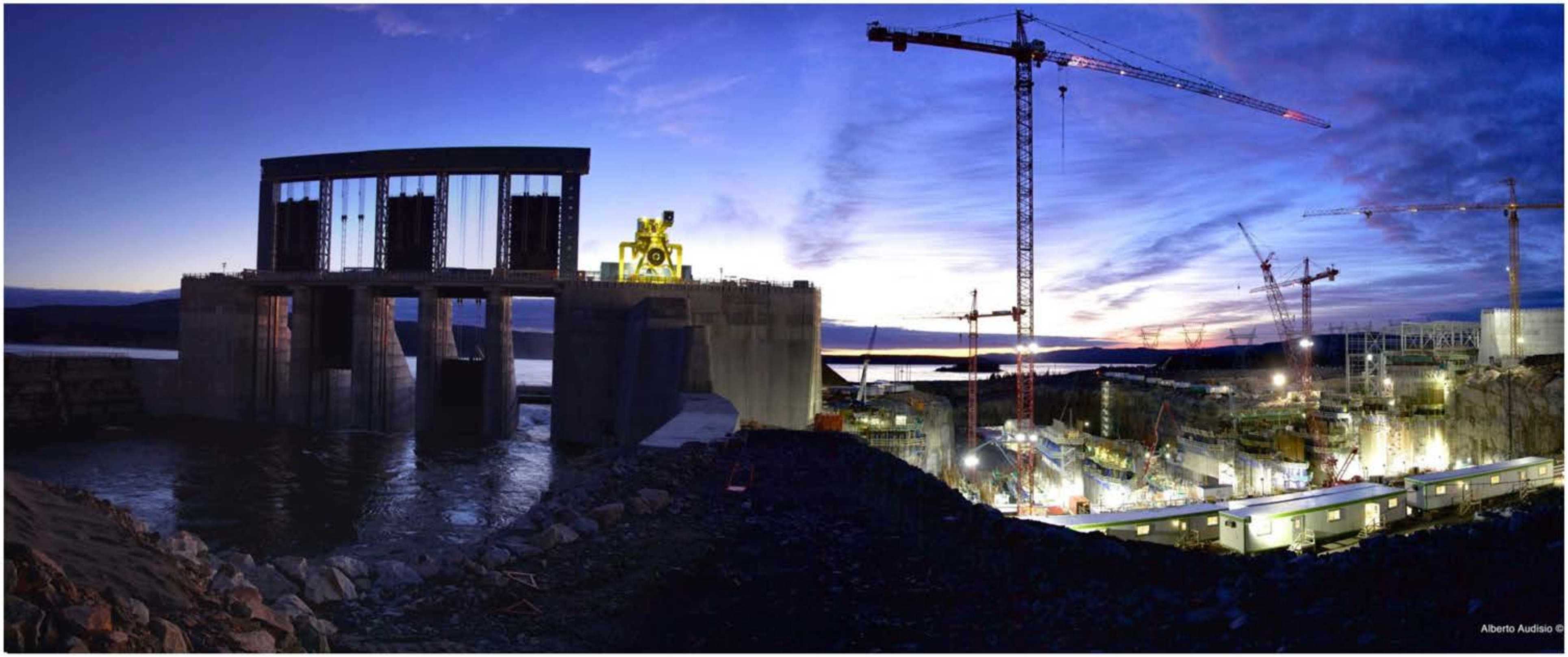
Structural Steel Work Summary (as of 15-Nov-2016)					
Area	Total Weight (M.T.)	Fabricated in Shop		Erected at Site	
		M.T.	% Complete	M.T.	% Complete
South Service Bay	1150	1050	91%	850	74%
Unit 1	700	350	50%	Erection Pending	
Unit 2	600	2	0.3%		
Unit 3	650	Fabrication Pending			
Unit 4	650				
North Service Bay	300				
TOTAL (M.T.)	**4050**	**1402**	**35%**	**850**	**21%**

Privileged and Confidential- In contemplation of litigation

Muskrat Falls – Generation Site



Muskrat Fall – Generation Site



Powerhouse

Powerhouse

Powerhouse Intake

Powerhouse Intake

South Service Bay

Spillway

Commercial Deal

Options Overview

- LCP has been analyzing go-forward options for the past 18 months
- Astaldi vs replacement contractor were two main options
- Costs, strategic risks, schedule impacts and technical challenges were extensively reviewed
- Barring a default by Astaldi, the best option was deemed to stay with Astaldi – at the right price
- Key decision taken to ensure summer 2016 was not lost resulting in a Bridge Agreement to the end of the season
- Plans for a replacement contractor were put in place with a RFP issued; 2 bids received (Reimbursable compensation)

Options Cost Summary

- Bidders for Plan B provided rates and markups only
- No full cost estimates provided in bids
- To normalize cost comparisons, LCP's estimate for trade hours required to complete the contract scope were used
- Reimbursable contract and change-out come with inherent risks

Decision – Is Astaldi best option long term?

- Four key factors in our long term option analysis

1. Total cost to complete
2. Switchout cost (Assumes no time lost overall)
3. Security recovery
4. Willingness/Ability by Astaldi to contribute

Cost and Deal Data

- Presentation of Numbers and comparisons to the deal

Principles of Astaldi Deal

- New contract price of $1.830 billion vs original contract price of $1.140 billion
- Reinstatement of some/all of the advance payment backed by Letter of Credit (Essentially a loan)
- A new schedule and milestones will be agreed
- Joint steering meetings to recommence
- Nalcor will "consider" additional compensation up to $50 million for extraordinary circumstances
- No disclosure of details
- Target deal by December 15th

Risks and Opportunities

Risks

Plan B	Astaldi Current Offer
Capture of securities will be resisted and thus overestimated	Political risk – public reaction may be negative
Switchout costs assumption may be underestimated	Performance risk – Astaldi performance could revert to poor
Performance of Plan B contractor may be worse than Astaldi (Many unknowns including learning curve)	Astaldi may interpret it as a reimbursable contract and increase indirects and not control costs
Profit and overhead of plan B may be higher than estimated	Astaldi may still have financial corporate issues
Time and material contract – Not Fixed price	

Opportunities

Plan B	Astaldi Current Offer
Contractor may be able to make productivity improvements that Astaldi cannot seem to do	Improved contract conditions and definition of default
Local contractor may be more motivated to perform	Fixed price
More money will stay in the provincial economy	Terms and conditions dictated by Nalcor

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Sharing our ideas in an open and supportive manner to achieve excellence.

Teamwork

Open Communication

Fostering an environment where information moves freely in a timely manner.

Honesty and Trust

Being sincere in everything we say and do.

Relentless commitment to protecting ourselves, our colleagues, and our community.

Safety

Respect and Dignity

Appreciating the individuality of others by our words and actions.

Leadership

Empowering individuals to help, guide and inspire others.

Holding ourselves responsible for our actions and performance.

Accountability

Additional Back Up Material

Commercial Deal Information

Commercial – Principles (Nalcor Goals)

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Astaldi must take on a large loss (To the extent they can survive)

- Have Astaldi take responsibility for their errors
- Have Astaldi share in the additional costs to complete from this point onward

Any deal is predicated on performance in the field

- Performance must stay within planned expectations and industry norms (No slowing down or stopping)
- Their must be a heavy focus on improved efficiency
- Additional funds should be paid consistent with performance (e.g., after concrete installation)

We must maintain our strong contractual position whilst limiting future risk exposure

- Basic contract terms should remain in place
- As deemed necessary, new protections should be put in place, i.e. Insolvency protections, ownership change
- Securities will remain unchanged or increased
- Have Astaldi take future performance risk exposure
- Will seek a full waiver of claims
- Additional funds may have physical assets or revenue streams tied to them
- Future payments will be protected for local use

Potential Astaldi deal is predicated on several core attributes

Core attributes of any deal with Astaldi

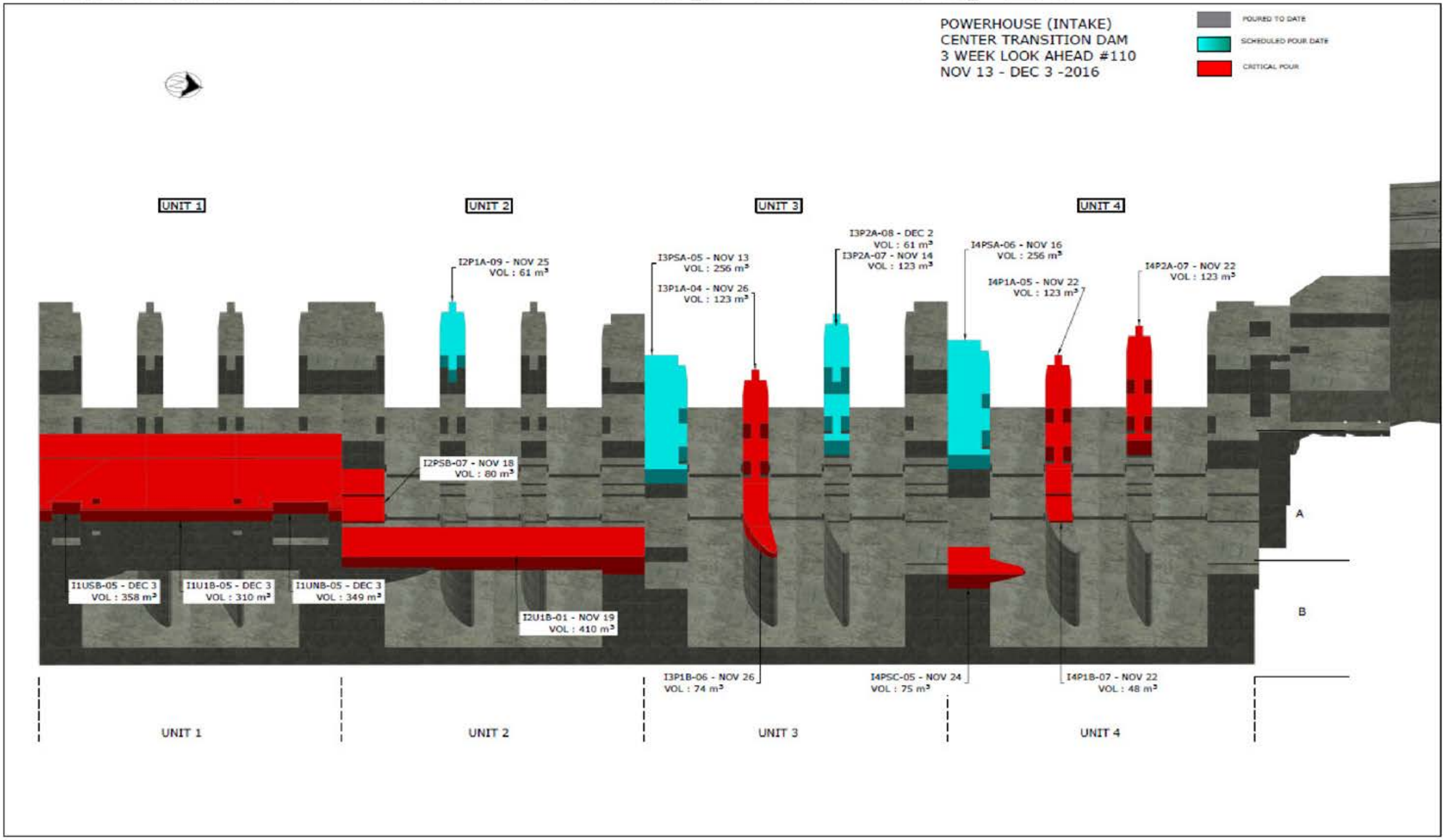
	Details
Financial structure	▪ First, Astaldi must "pay back" funds that were spent on execution errors as initial additional funds ▪ Next tranche of funds (after Astaldi's initial contribution) could be a "funding" ratio from Astaldi and Nalcor, with any larger Nalcor contribution occurring at the end of the job ▪ Astaldi's cash contribution should be maximized to the extent their corporate liquidity allows
Payment conditions	▪ All payments will be tied to performance ▪ Initial Astaldi funds will likely be tied to a fixed installation quantity (i.e., cubic meters of concrete poured), with remaining funds paid on a C$/$m^3$ basis or in milestone/completion bonuses with time default penalties
Covenants and protections	▪ Objective is for existing securities to stay in place ▪ Existing contract articles will remain to the extent practical ▪ Contract will be modified to define transition rights to allow for take-over of willing Astaldi employees, materials, equipment, and subcontracts in the event of Astaldi acquisition, insolvency, or breach of contract

Decision – Is Astaldi best option long term?

- Securities likely to offset premium and switchout cost +/- $25m
  - Critical assumption that a switchout results in security collection
- Opportrunities remaining
  1. Maximize efficiencies on cost to complete
  4. Maximize Astaldi Contributions
- 1. Efficiencies
  - Costs of options appear fairly equal with a performance opportunity for either path of at least 10%
  - Astaldi need to achieve similar results to stay even with Plan B, insert equivalent in cash or simply take the remaining execution risk
- 4. Astaldi Contributions
  - If Astaldi will insert additional funds, every $ inserted is likely to be better for us than switching out

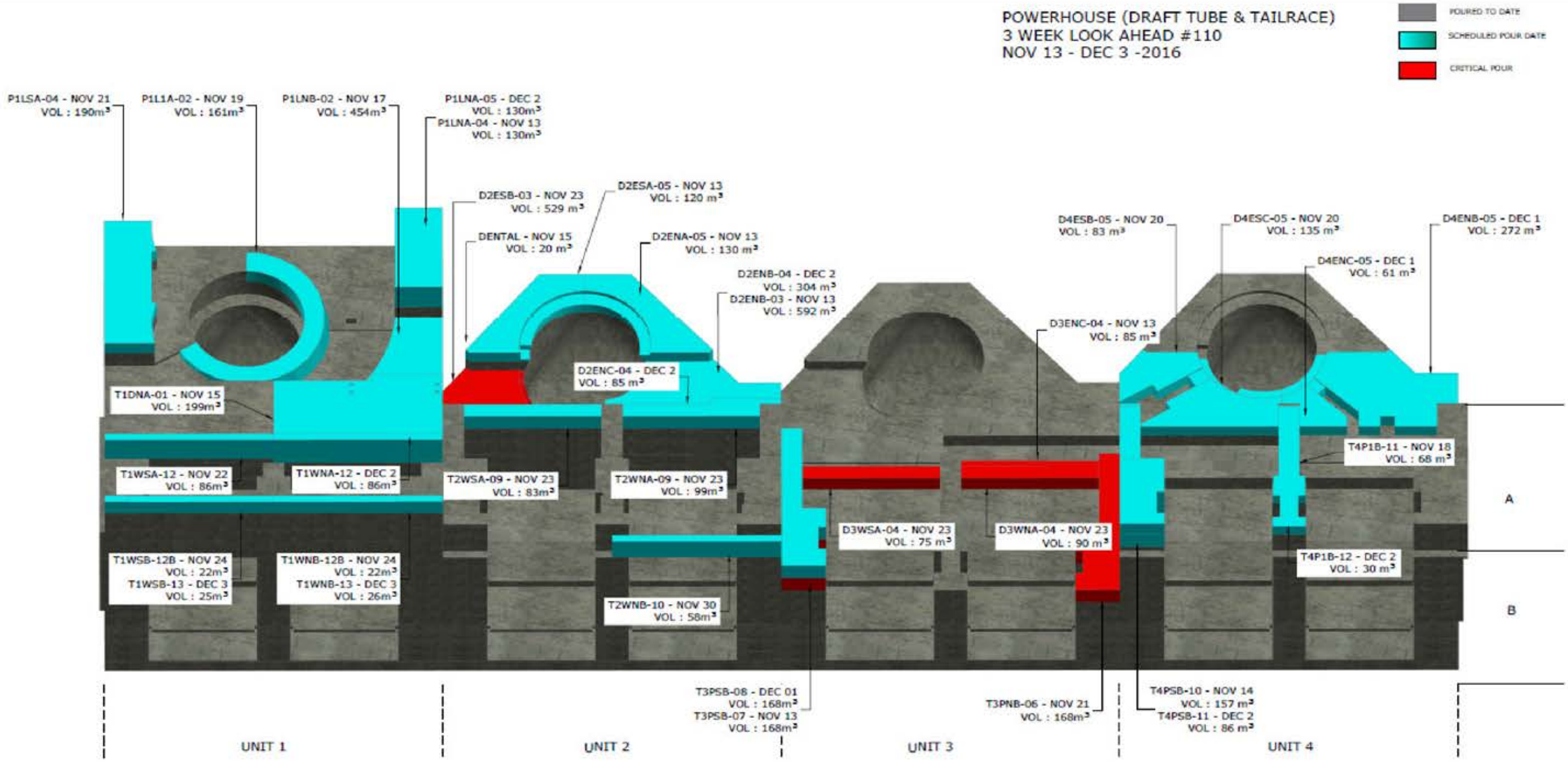
Astaldi Performance

Intake: Concrete up to Dec/16

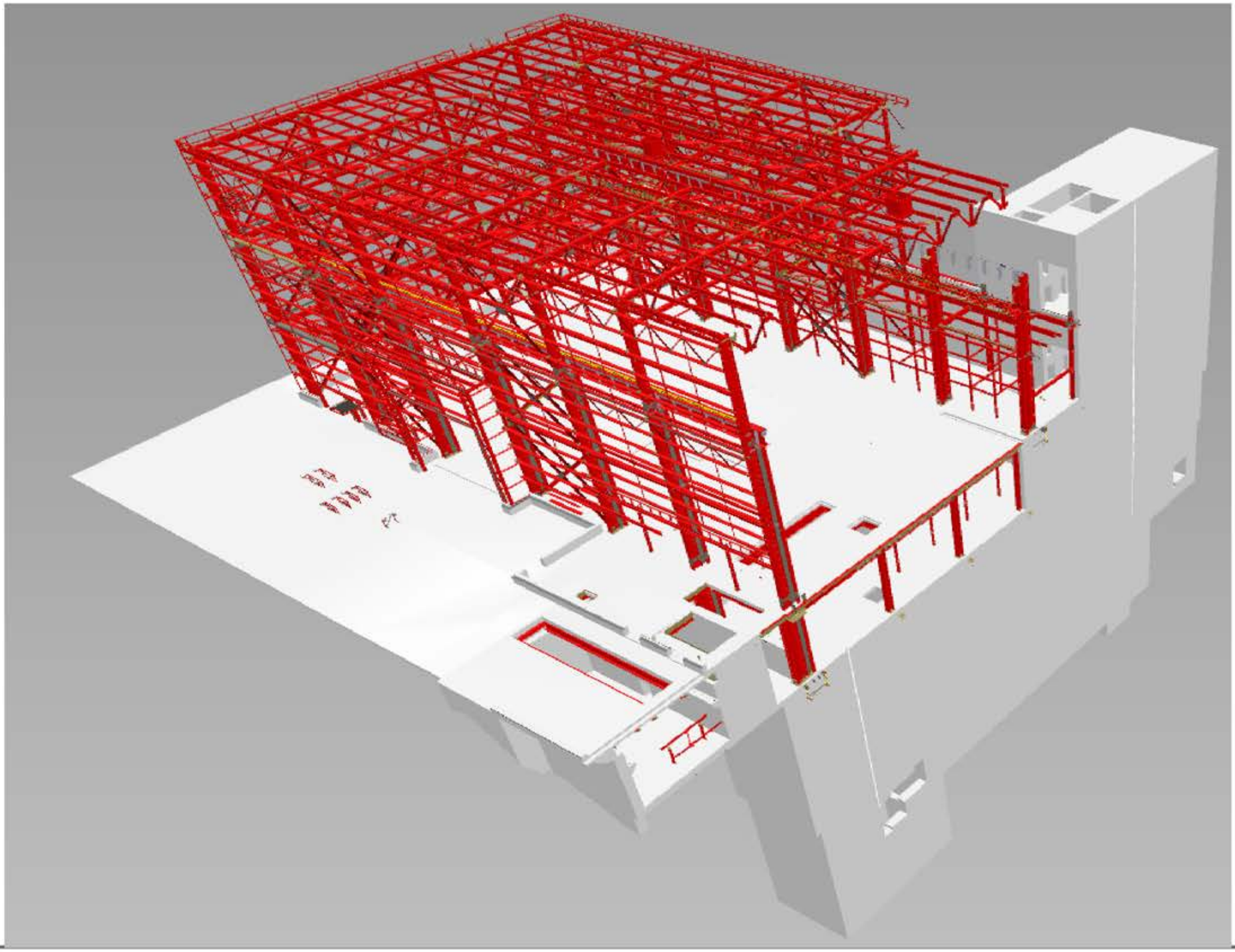


nalcor energy

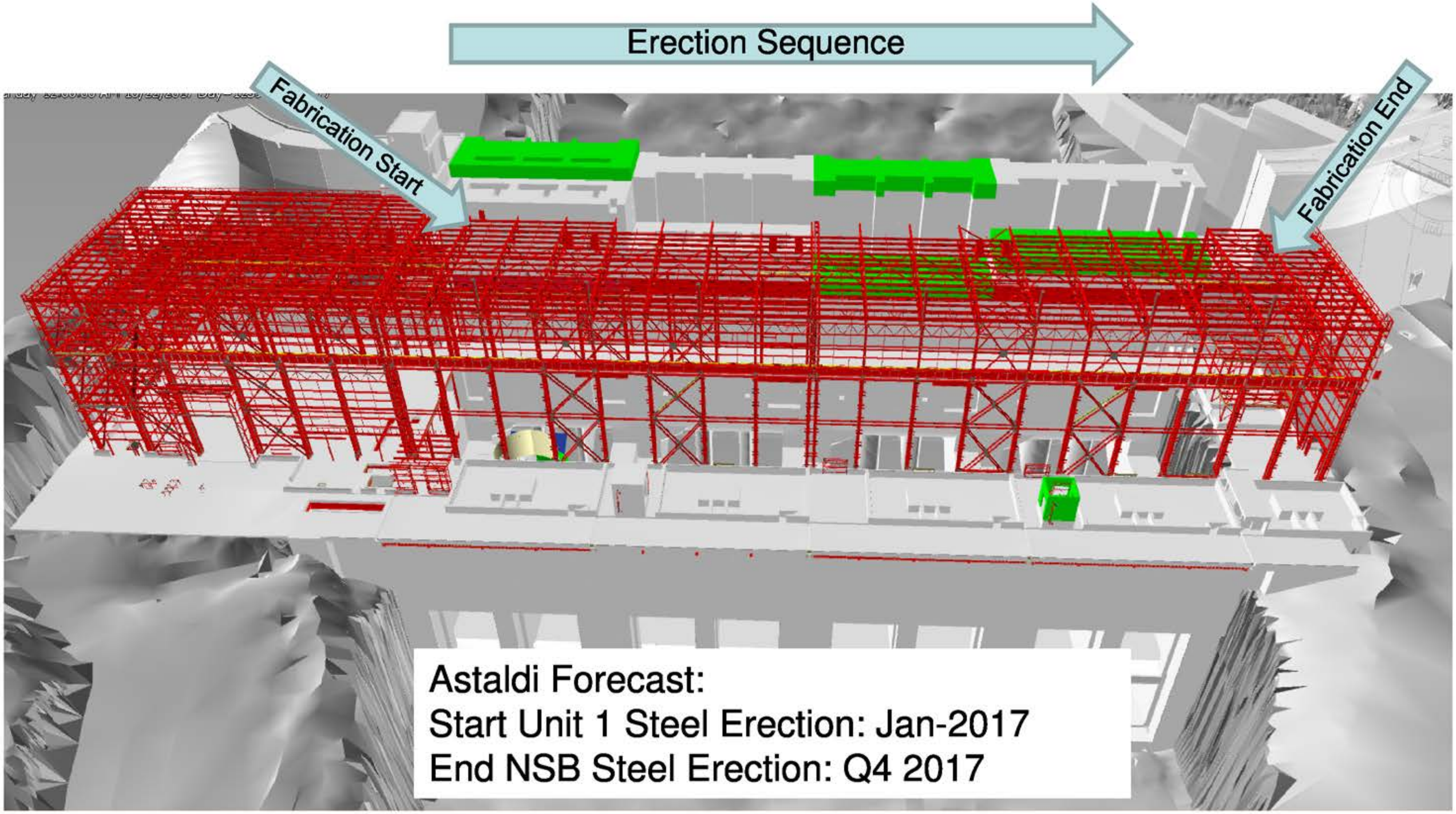
Powerhouse – Draft tubes: Concrete up to Dec/16



Forecast: South Service Bay Steel – 31-Dec-2016



Powerhouse Steel Units 1-4 and NSB



Key points with respect to MFG and Astaldi as analyzed by Westney (Earlier in 2016)

DRAFT

Key points	Supporting points
1 **A quality Astaldi site team is in place**	▪ Westney's review during the summer of 2015 revealed key improvements and production exceeding expectations
2 **Work-hours remaining for concrete installation is the largest cost-risk, with the worst-case likely occurring if Astaldi is replaced**	▪ Cost to completion is dependent on Astaldi's rate of concrete installation and associated work-hours required. The cost per work-hour is relatively certain
3 **Schedule risk** (and associated cost) **are directly tied to the rate of concrete installation**	▪ The schedule is dependent on rate of concrete installation and seasonal effect
4 **Significant additional costs will be incurred if Astaldi is replaced**	▪ A combination of the cost of replacement, time lost, and loss of productivity is likely >C$500 million
5 [redacted]	

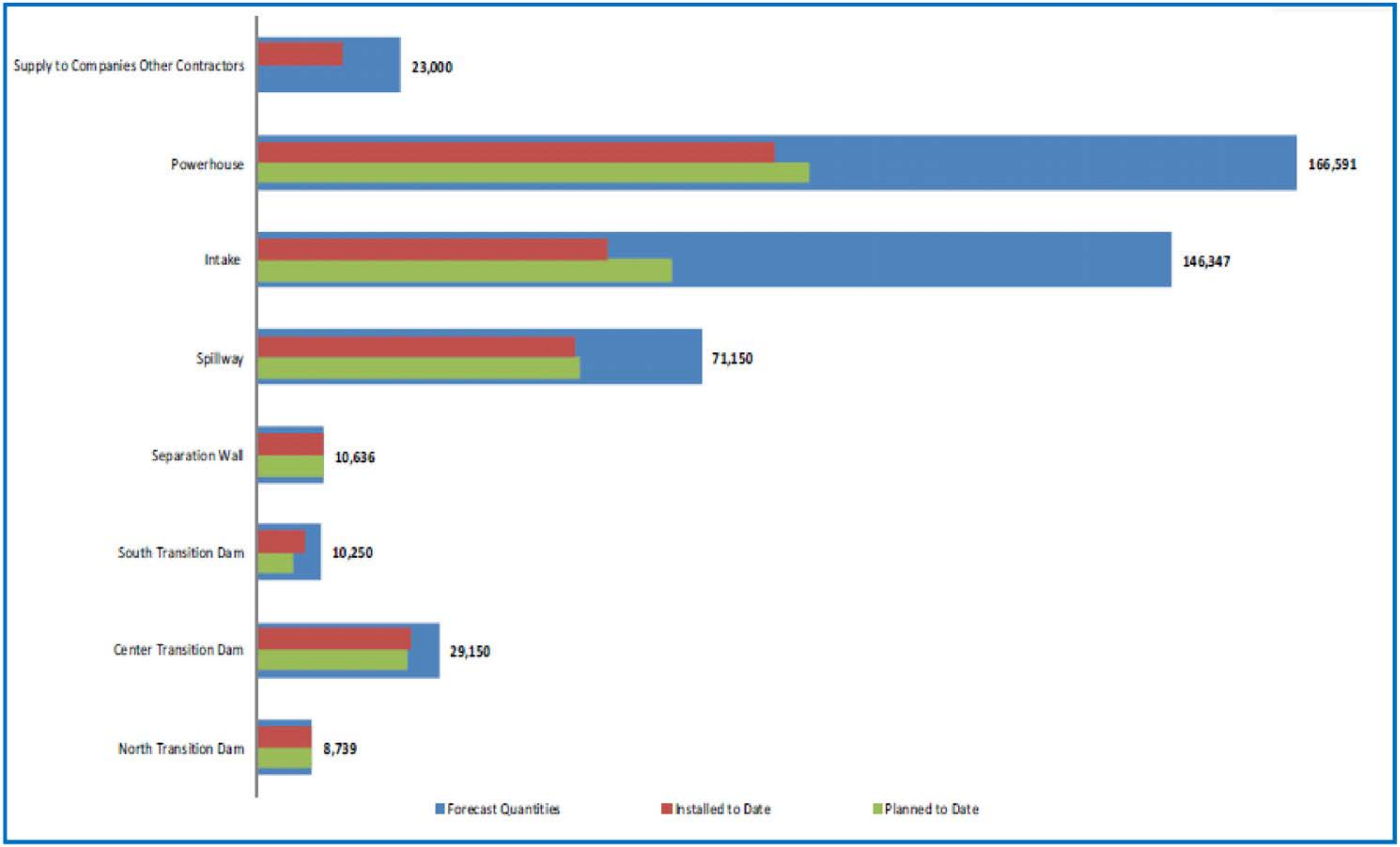
Astaldi Performance to Date

- Exceedingly slow start in 2014
  - Astaldi ramp-up pace and missteps
  - Integrated Cover System (ICS) execution and consequential removal issues
  - Labor contract management opportunities missed
  - Astaldi mismanagement of the workforce allocation between production and support workers, particularly during 2014
  - Astaldi not realizing the productivity expectations in their bid
- Significant turnaround began in spring/summer 2015, as a result of the Project Team's work with the Contractor
- Turnaround continued until May 2016 when draft tube incident occurred
- Production in summer 2016 fell behind due to draft tube incident but has returned to exceed performance levels in the fall of 2016

Concrete Work Summary

- Forecasted end December: 58% total concrete placement.
- Transition Dams – Substantially completed at ~90% (not critical path)
- Spillway – 72% completed, remaining concrete to achieve 100% related to the rollways scope of work (Not needed until 2018)
- Intake – 42% forecasted at the end of December 2016.
- Powerhouse – 55% forecasted at the end of December 2016.

Concrete Work Status: Visual



Due Diligence

Nalcor Actions to Address Astaldi Issues

- Engagement at highest levels of Astaldi and Nalcor continuously over last 2 ½ + years
- Nalcor support and leadership in implementing performance improving initiatives and organizational improvements
  - Planning and Execution
  - Labour Management
  - Leadership and supervision, etc.
- Nalcor Site Team augmented with senior Project Management personnel to provide on site decision making and support to Astaldi
- 2015/16 Status
  - Astaldi concrete production rate vastly improved and Construction management team fully functional.
  - Nalcor continues to provide support, guidance and leadership

Nalcor Due Diligence

- Cross industry project performance analysis of Astaldi global projects by third party
- Astaldi corporate financial performance including liquidity analysis
- Forensic audit on Astaldi cost, at their premises
- Three separate approaches used to forecast likely ranges of cost and schedule to complete for Astaldi
- Historical data and fact capture done by claims and legal team to prepare for potential dispute and provide knowledge for negotiations
- Ongoing monitoring and analysis done of Astaldi's current operations and improvement to ensure ability and likelihood to complete
- Utilizing combination of internal expertise supported by external experts as outlined on following slide ....

Nalcor Expertise Utilized

- Westney – Mega Project Risk consultants and Project Management Advisors
  - Examples of the expertise at this firm includes:
    - Retired CEO of one of the worlds largest construction companies
    - Retired senior VP of one of the worlds largest engineering and construction companies
    - Retired US Army corp of engineers Colonel
    - Founder of US Construction industry institute
  - [redacted]
- Cleveland and Assoc.
  - Forensic Accountant with Construction Expertise
- McInnes Cooper – Construction lawyers
  - Various subconsultants
- Long International
  - Construction Claims advisors
- Internal Team members with combined Mega Project experience of hundreds of years including:
  - Commercial Experts
  - Data analysts
  - Construction experts
  - Project Management Experts

Astaldi Estimated Cost

($M, rounded)

	$ Millions
Total estimated cost at completion*	**2,100**
Costs to Date	
Certified payments for work done to Oct 31 under original contract	(870)
Certified payments for work done to Oct 31 under BA	(110)
Sub-Total Nalcor Billable Costs for Work Done to Oct 31	**(980)**
Astaldi loss to Oct 31	(170)
Sub-Total Costs to Date	**(1,150)**
Remaining cost to complete*	**950**

Go-Forward Cost Gap (post Oct 31)	$ Millions
Remaining cost to complete*	950
Less	
Remaining value in contract	(240)
Remaining value in BA	(40)
Go-forward Cost Gap*	**670**

* excludes travel costs
* excludes contingency, risks and claims ~ $70 M
* excludes P&OH ~ $150 M
* excludes productivity and efficiency opportunity ~ ($100 M)

Final AFE and Requisition values will be determined following ongoing reconciliation between Nalcor and Astaldi systems.

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Deal Summary

($M, rounded)

Cost Summary	
Costs to Oct 31	1,150
Remaining cost to complete	950
Total Direct Cost at Completion	**2,100**
Other Astaldi Asks	
Profit and overhead	150
Contingency	70
Sub-Total Other Astaldi Asks	**220**
Total Cost at Completion	**2,320**

LCP Share	
Original contract	1,100
Approved changes	10
Bridge Agreement	150
Sub-Total	**1,260**
Nalcor Offer	570
Total Nalcor Contract Value	**1,830**

Astaldi Share	
Direct Costs	
Loss to Oct 31	170
Additional Astaldi Share	100
Total Astaldi Direct Cost	**270**
Other Astaldi Asks	
Profit and overhead	150
Contingency	70
Sub-Total Other Astaldi Asks	**220**
Total Astaldi Offer	**490**

Final AFE and Requisition values will be determined following ongoing reconciliation between Nalcor and Astaldi systems.

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Plan B Estimated Cost

($M, rounded)

Go-Forward Cost Gap	$ Millions
Remaining cost to complete*	950
Less	
Remaining value in contract	(240)
Remaining value in BA	(40)
Go-forward Cost Gap*	**670**
Total Cost Gap*	**670**
Additional Plan B Costs	
Switchout estimate	75
Profit and overhead	220
Astaldi security collection	(275)
Total Additional Plan B Net Cos	**20**
Total Plan B	**690**

* excludes productivity and efficiency opportunity ~ ($100 M)

Final AFE and Requisition values will be determined following ongoing reconciliation between Nalcor and Astaldi systems.

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Option Comparison – Dec 12/16

($M, rounded)

Option B

Go-Forward Cost Gap	$ Millions
Remaining cost to complete*	950
Less	
Remaining value in contract	(240)
Remaining value in BA	(40)
Go-forward Cost Gap*	**670**
Total Cost Gap*	**670**
Additional Plan B Costs	
Switchout estimate	75
Profit and overhead	220
Astaldi security collection	(275)
Total Additional Plan B Net Costs	**20**
Total Plan B	**690**

Astaldi

Go-Forward Cost Gap	$ Millions
Remaining cost to complete*	950
Less	
Remaining value in contract	(240)
Remaining value in BA	(40)
Go-forward Cost Gap*	**670**
Additional Astaldi Loss	**100**
Remaining Gap to New Contract Price	**570**

* excludes productivity and efficiency opportunity ~ ($100 M)

Delta
$120 M

Final AFE and Requisition values will be determined following ongoing reconciliation between Nalcor and Astaldi systems.

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MUSKRAT FALLS CORPORATION
and
ASTALDI CANADA INC.

The Parties have agreed to the following principles which are subject to a negotiated amendment to the Agreement of November 29, 2013:

1. The Parties agree that the Contract Price is increased to $1,830,000,000 plus applicable taxes, exclusive of reimbursable Travel Allowances, based on performance criteria and milestones which are to be detemined.

2. Company will reinstate, by December 31, 2016, its Advance Payment to Contractor in an amount to be agreed, subject to an extension of the final expiry date of the advance payment letter of credit currently held by Company to 30 September 2019.

3. The Work shall be performed in accordance with an approved Control Schedule Baseline Document.

4. Company and Contractor shall institute a Joint Steering Committee to meet monthly to consider opportunities to reduce the cost of performing the Work, and implement safety management, quality assurance, and cost control improvements. The CEOs to target a meeting quarterly, but shall meet a minimum of three times per year.

5. For extraordinary risks not currently known or anticipated, Company may consider additional compensation. If any additional compensation is agreed, the cumulative value of such shall not exceed $50,000,000.

6. Neither Party shall disclose these principles, the subject matter of related negotiations and any amendments to the Agreement without the prior approval of the other Party.

7. Any amendment to the Agreement shall be subject to the approval of the Parties's respective boards of directors. Each Party shall seek to obtain their respective board approvals by Decemeber 15, 2016.

For and on behalf of Muskrat Falls Corporation

____
Signature of Authorized Representative

STAN MARSHALL
Name of Authorized Representative

CH0007

For and on behalf of Astaldi Canada Inc.

Signature of Authorized Representative

FRANCESCO MARIA ROTUNDI

Name of Authorized Representative

FILIPPO SOTTNELLIS

	up to 01/10/2016	Up to Oct 2016	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Astaldi Costs																	
Total Costs		1,183.6	49.8	35.6	38.3	41.4	47.0	50.8	56.4	59.9	59.0	56.2	46.4	44.9	38.0	29.2	26.4
Less Travel		28.9	1.8	2.1	1.2	1.4	1.7	1.9	2.1	2.1	2.2	2.3	2.2	1.8	1.7	1.4	0.9
Total Astaldi Costs less Travel		**1,154.7**	**48.0**	**33.5**	**37.1**	**40.0**	**45.3**	**48.8**	**54.2**	**57.8**	**56.8**	**53.9**	**44.2**	**43.1**	**36.3**	**27.8**	**25.5**
Astaldi Ineligible Costs																	
Claim Super		-	-	0.5	1.0	0.5	0.5	-	-	-	-	-	-	-	-	-	1.0
PROCO Claim (Court decision)		15.4	-	-	-	-	-	-	0.9	0.9	0.9	0.9	-	-	-	-	-
Pending resolutions (LRM - AGF - ISKUETEU)		4.0	-	-	0.5	0.5	0.5	0.5	-	-	-	-	-	-	-	-	-
Risks Lab		-	-	-	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	1.7
Risks		-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.1
Total Astaldi Ineligible Costs		**19.4**	**-**	**0.5**	**2.2**	**1.7**	**1.7**	**1.2**	**1.6**	**1.6**	**1.6**	**1.6**	**0.7**	**0.7**	**0.7**	**0.7**	**3.7**
Total Astaldi Costs less Travel and Ineligible Costs		**1,135.3**	**48.0**	**33.0**	**35.0**	**38.3**	**43.6**	**47.6**	**52.7**	**56.2**	**55.2**	**52.4**	**43.5**	**42.4**	**35.6**	**27.1**	**21.8**
Nalcor Costs																	
Total Costs		1,183.4	48.9	23.9	28.2	27.1	38.1	54.4	68.8	65.1	61.3	58.2	52.1	56.0	36.1	20.5	22.2
Less Travel		28.9	1.0	0.6	0.8	0.7	0.9	1.3	1.5	1.3	1.3	1.2	1.2	1.3	0.9	0.5	0.6
Total Nalcor Costs less Travel		**1,154.5**	**47.9**	**23.3**	**27.4**	**26.4**	**37.2**	**53.1**	**67.3**	**63.8**	**60.0**	**57.0**	**50.8**	**54.7**	**35.2**	**20.0**	**21.6**
				10.2	9.7	13.6	8.1	(4.3)	(13.0)	(6.0)	(3.3)	(3.1)	(6.6)	(11.6)	1.2	7.8	
Astaldi Revenues																	
Original Contract																	
Non-labour		231.2	10.9	5.9	4.6	5.9	9.0	11.2	15.1	16.1	15.3	14.8	11.0	12.4	7.1	5.4	4.9
Labour to LMAX		612.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour profit		20.4	1.1	0.4	0.2	0.3	0.7	1.0	1.5	1.6	1.5	1.4	1.0	1.1	0.5	0.3	0.2
CHRs		8.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total Original Contract		**872.1**	**12.8**	**6.3**	**4.8**	**6.2**	**9.7**	**12.3**	**16.6**	**17.8**	**16.8**	**16.2**	**12.0**	**13.6**	**7.6**	**5.8**	**5.2**
Bridge Agreement		112.8	23.7	8.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Completion Agreement																	
Work scope payments		-	-	-	-	-	7.7	-	7.7	-	7.7	11.5	11.5	46.0	-	15.3	-
Concrete production payments		-	-	-	2.3	3.9	8.3	11.8	17.3	18.7	17.5	16.8	11.3	13.2	5.9	3.3	2.5
Sub-total Completion Agreement		**-**	**-**	**-**	**2.3**	**3.9**	**16.0**	**11.8**	**24.9**	**18.7**	**25.2**	**28.3**	**22.8**	**59.2**	**5.9**	**18.7**	**2.5**
Total Astaldi Revenues		**984.9**	**36.5**	**14.8**	**7.1**	**10.2**	**25.7**	**24.0**	**41.6**	**36.5**	**42.0**	**44.5**	**34.8**	**72.8**	**13.6**	**24.4**	**7.7**
Nalcor Revenues																	
Original Contract																	
Non-labour		231.2	9.1	6.2	5.2	6.3	8.7	10.8	14.5	15.4	14.6	14.2	10.6	11.9	7.1	5.5	5.0
Labour to LMAX		612.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour profit		20.4	0.9	0.4	0.3	0.4	0.7	1.0	1.5	1.6	1.5	1.4	1.0	1.1	0.5	0.3	0.2
CHRs		8.4	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total Original Contract		**872.1**	**11.2**	**6.6**	**5.5**	**6.8**	**9.4**	**11.8**	**16.0**	**17.1**	**16.2**	**15.6**	**11.5**	**13.1**	**7.6**	**5.8**	**5.2**
Bridge Agreement		112.8	22.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Completion Agreement																	
Work scope payments		-	-	-	-	-	7.8	-	7.8	-	7.8	11.7	11.7	46.8	-	15.6	-
Concrete production payments		-	-	4.6	3.2	4.8	8.2	11.6	17.0	18.4	17.2	16.5	11.2	13.0	5.8	3.3	2.4
Sub-total Completion Agreement		**-**	**-**	**4.6**	**3.2**	**4.8**	**16.0**	**11.6**	**24.8**	**18.4**	**25.0**	**28.2**	**22.9**	**59.8**	**5.8**	**18.9**	**2.4**
Total Nalcor Revenues		**984.9**	**33.1**	**11.2**	**8.7**	**11.5**	**25.4**	**23.4**	**40.8**	**35.5**	**41.2**	**43.8**	**34.4**	**72.9**	**13.4**	**24.7**	**7.7**

	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
Astaldi Costs																		
Total Costs	28.7	30.6	30.2	32.2	32.5	33.8	31.5	22.2	21.6	19.8	15.4	15.0	14.6	15.4	17.2	8.5	6.1	1.3
Less Travel	0.9	1.0	1.1	1.1	1.1	1.1	1.1	1.1	0.8	0.7	0.6	0.4	0.5	0.5	0.6	0.5	0.3	0.2
Total Astaldi Costs less Travel	**27.8**	**29.6**	**29.1**	**31.1**	**31.3**	**32.7**	**30.4**	**21.2**	**20.9**	**19.2**	**14.8**	**14.6**	**14.1**	**14.9**	**16.7**	**8.0**	**5.8**	**1.1**
Astaldi Ineligible Costs																		
Claim Super	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROCO Claim (Court decision)	-	-	-	0.9	0.9	0.9	0.9	-	-	-	-	-	-	-	-	-	-	-
Pending resolutions (LRM - AGF - ISKUETEU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risks Lab	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	2.1	2.1	2.1	0.7	0.7	0.7	0.7	-	-	-
Risks	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.5	1.5	1.5	0.4	0.4	0.4	2.9	-	-	-
Total Astaldi Ineligible Costs	**3.7**	**2.7**	**2.7**	**3.6**	**3.6**	**3.6**	**3.6**	**2.7**	**3.6**	**3.6**	**3.6**	**1.2**	**1.2**	**1.2**	**3.7**	**-**	**-**	**-**
Total Astaldi Costs less Travel and Ineligible Costs	**24.1**	**26.9**	**26.4**	**27.5**	**27.7**	**29.1**	**26.8**	**18.4**	**17.3**	**15.6**	**11.3**	**13.5**	**13.0**	**13.7**	**13.0**	**8.0**	**5.8**	**1.1**
Nalcor Costs																		
Total Costs	19.6	30.7	32.3	34.0	26.9	30.0	28.3	17.8	14.0	11.5	8.0	13.7	8.7	9.7	11.4	3.7	4.0	2.5
Less Travel	0.5	0.7	0.8	0.8	0.7	0.6	0.6	0.5	0.4	0.3	0.2	0.4	0.2	0.3	0.3	0.1	0.1	0.1
Total Nalcor Costs less Travel	**19.1**	**30.0**	**31.5**	**33.2**	**26.2**	**29.4**	**27.7**	**17.3**	**13.6**	**11.2**	**7.8**	**13.3**	**8.5**	**9.5**	**11.1**	**3.6**	**3.8**	**2.5**
Astaldi Revenues																		
Original Contract																		
Non-labour	5.5	7.3	7.6	8.0	8.1	9.6	9.3	8.7	1.1	0.8	0.6	0.7	0.6	0.6	0.2	-	-	-
Labour to LMAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour profit	0.3	0.5	0.6	0.6	0.5	0.7	0.7	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.2	-	-	-
CHRs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-
Sub-total Original Contract	**5.8**	**7.9**	**8.2**	**8.7**	**8.6**	**10.4**	**10.0**	**8.9**	**1.3**	**0.9**	**0.7**	**0.9**	**0.7**	**0.7**	**0.4**	**-**	**-**	**-**
Bridge Agreement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Completion Agreement																		
Work scope payments	-	-	19.2	-	-	42.2	61.4	19.2	11.5	-	92.0	-	-	-	-	-	30.7	-
Concrete production payments	3.4	6.2	6.8	7.5	5.4	8.3	7.8	2.9	2.2	1.5	1.2	1.5	1.1	1.2	1.8	-	-	-
Sub-total Completion Agreement	**3.4**	**6.2**	**26.0**	**7.5**	**5.4**	**50.5**	**69.2**	**22.1**	**13.7**	**1.5**	**93.2**	**1.5**	**1.1**	**1.2**	**1.8**	**-**	**30.7**	**-**
Total Astaldi Revenues	**9.2**	**14.1**	**34.2**	**16.2**	**14.1**	**60.8**	**79.2**	**31.0**	**14.9**	**2.4**	**93.9**	**2.4**	**1.8**	**1.8**	**2.2**	**-**	**30.7**	**-**
Nalcor Revenues																		
Original Contract																		
Non-labour	5.6	7.4	7.7	8.2	8.4	10.3	9.9	8.9	1.5	1.0	0.8	1.0	0.8	0.8	1.2	-	-	-
Labour to LMAX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Labour profit	0.3	0.5	0.6	0.6	0.5	0.7	0.7	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	-	-	-
CHRs	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Original Contract	**5.9**	**8.0**	**8.3**	**8.8**	**8.9**	**11.0**	**10.6**	**9.1**	**1.6**	**1.2**	**0.9**	**1.1**	**0.9**	**0.9**	**1.4**	**-**	**-**	**-**
Bridge Agreement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Completion Agreement																		
Work scope payments	-	-	19.5	-	-	42.9	62.4	19.5	11.7	-	93.6	-	-	-	-	-	31.2	-
Concrete production payments	3.3	6.1	6.7	7.4	5.4	8.2	7.7	2.9	2.1	1.5	1.2	1.5	1.1	1.2	1.8	-	-	-
Sub-total Completion Agreement	**3.3**	**6.1**	**26.2**	**7.4**	**5.4**	**51.1**	**70.1**	**22.4**	**13.9**	**1.5**	**94.8**	**1.5**	**1.1**	**1.2**	**1.8**	**-**	**31.2**	**-**
Total Nalcor Revenues	**9.2**	**14.1**	**34.5**	**16.2**	**14.3**	**62.1**	**80.7**	**31.5**	**15.5**	**2.7**	**95.7**	**2.6**	**2.0**	**2.0**	**3.2**	**-**	**31.2**	**-**

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total to Nov 2016	Dec-16	2017	2018	2019	Grand Total
Astaldi Costs											
Total Costs	0.6	-	-	-	-	1,233	36	567	325	79	2,240
Less Travel	-	-	-	-	-	31	2	22	11	3	69
Total Astaldi Costs less Travel	0.6	-	-	-	-	1,203	33	545	314	76	2,171
Astaldi Ineligible Costs											
Claim Super	-	-	-	-	-	-	1	2	2	-	5
PROCO Claim (Court decision)	-	-	-	-	-	15	-	4	4	-	22
Pending resolutions (LRM - AGF - ISKUETEU)	-	-	-	-	-	4	-	2	-	-	6
Risks Lab	-	-	-	-	-	-	-	7	21	3	31
Risks	-	-	-	-	-	-	-	1	14	4	19
Total Astaldi Ineligible Costs	-	-	-	-	-	19	1	16	41	7	83
Total Astaldi Costs less Travel and Ineligible Costs	0.6	-	-	-	-	1,183	33	530	273	69	2,088
Nalcor Costs											
Total Costs	2.2	1.3	-	-	-	1,232	24	566	275	57	2,155
Less Travel	0.1	0.0	-	-	-	30	1	13	7	2	52
Total Nalcor Costs less Travel	2.2	1.3	-	-	-	1,202	23	553	269	56	2,103
Astaldi Revenues											
Original Contract											
Non-labour	-	-	-	-	-	242	6	128	71	2	449
Labour to LMAX	-	-	-	-	-	612	-	-	-	-	612
Labour profit	-	-	-	-	-	21	0	11	5	0	38
CHRs	-	-	-	-	-	9	0	1	0	-	10
Sub-total Original Contract	-	-	-	-	-	885	6	140	76	3	1,110
Bridge Agreement	-	-	-	-	-	137	8	-	-	-	145
Completion Agreement											
Work scope payments	-	-	-	-	-	-	-	107	245	31	383
Concrete production payments	-	-	-	-	-	-	-	130	56	6	192
Sub-total Completion Agreement	-	-	-	-	-	-	-	238	301	36	575
Total Astaldi Revenues	-	-	-	-	-	1,021	15	377	378	39	1,830
Nalcor Revenues											
Original Contract											
Non-labour	-	-	-	-	-	240	6	125	75	4	450
Labour to LMAX	-	-	-	-	-	612	-	-	-	-	612
Labour profit	-	-	-	-	-	21	0	11	5	0	38
CHRs	-	-	-	-	-	10	0	0	0	-	10
Sub-total Original Contract	-	-	-	-	-	883	7	136	80	4	1,110
Bridge Agreement	-	-	-	-	-	135	-	-	-	-	135
Completion Agreement											
Work scope payments	-	-	-	-	-	-	-	109	250	31	390
Concrete production payments	-	-	-	-	-	-	5	130	55	6	195
Sub-total Completion Agreement	-	-	-	-	-	-	5	239	305	37	585
Total Nalcor Revenues	-	-	-	-	-	1,018	11	376	384	41	1,830

Bridge Agreement
made and executed on 27 July 2016

("Bridge Agreement")

Between:

MUSKRAT FALLS CORPORATION
a body corporate constituted pursuant to the Corporations Act, RSNL 1990, c. C-36, as amended, and having its head office at the City of St. John's, Province of Newfoundland and Labrador (hereinafter referred to as the "**Company**")

\- and -

ASTALDI CANADA INC.
a company duly registered at the Registraire des entreprises (NEQ) 1168070192, having its head office at 4001 Saint-Antoine Avenue West, Suite 110, Montreal Quebec H4C 1B9, (hereinafter referred to as the "**Contractor**")

WHEREAS Company and Contractor entered into the Civil Works Agreement for the construction of the intake and powerhouse, spillway and transition dams, Agreement No. CH0007, dated 29 November 2013 (the "Agreement");

WHEREAS the Parties understand the cost to Contractor to complete the Agreement exceeds the amount remaining to be paid under the Agreement**;**

AND WHEREAS the Parties do not agree as to the reason(s) and liability for the said additional cost;

AND WHEREAS it is in the best interests of both Parties that conditions be found under which work under the Agreement may continue uninterrupted:

NOW THEREFORE IN CONSIDERATION OF THEIR MUTUAL PROMISES and the exchange of valuable consideration, the receipt and sufficiency of which is hereby duly and irrevocably acknowledged, **THE PARTIES HERETO AGREE AS FOLLOWS**:

Contract Price

1. Company shall increase the Contract Price by $150 Million (plus HST) in 2016 on the terms and conditions as set out below.

2. Upon confirmation by Company that Contractor has performed the following work for the installation of concrete and steel erection in compliance with all Technical Requirements, quality and safety requirements set out in the Agreement, such confirmation not to be unreasonably withheld, Contractor shall be entitled to issue a Production Payment Certificate and invoice an amount for concrete and steel as set out below in paragraphs 3 to 11, inclusive (each a "Production Payment").

Concrete Production Payments

3. In each month from July 2016 to October 2016, inclusive, Contractor shall achieve the volume of concrete in each area specified in Table 1 below:

Area	July	Aug	Sept	Oct	Total
	m^3	m^3	m^3	m^3	
South Service Bay	Included in total	1074	1457	1400	
Unit 1 - Intake	Included in total	2227	2418	2228	
Unit 1 - Powerhouse	Included in total	1377	2009	1406	
Unit 1 - Tailrace/Draft T Outlet	Included in total	550	784	581	
Unit 2 - Intake	Included in total	2000	1850	1950	
Unit 2 - Powerhouse	Included in total	0	825	1364	
Unit 2 - Tailrace/Draft T Outlet	Included in total	1669	1685	900	
Unit 3 - Intake	Included in total	2200	1831	1350	
Unit 3 - Powerhouse	Included in total	750	880	780	
Unit 3 - Tailrace/Draft T Outlet	Included in total	941	1499	1500	
Unit 4 - Intake	Included in total	2810	2027	2050	
Unit 4 - Powerhouse	Included in total	500	800	1000	
Unit 4 - Tailrace/Draft T Outlet	Included in total	950	1038	850	
North Service Bay	Included in total	24	0	0	
Centre Transition Dam	Included in total	122	262	0	
South Transition Dam	Included in total	0	167	700	
Total Volume	**13500**	**17191**	**19531**	**18058**	**68280**
I					
Concrete Production Payment Value	**$32,400,000**	**$35,000,000**	**$37,600,000**	**$35,000,000**	**$140,000,000**

Table 1. Concrete Volumes by Area and Month

4. For the month of July, Contractor shall be entitled to include in its Production Payment Certificate and invoice on the last day of the month a pro rata amount for the actual volume of concrete installed (as determined by the actual concrete volume installed in July divided by the Total Volume specified for July in Table 1 multiplied by the Concrete Production Payment Value).

5. As of the 15th of each month for August to October, inclusive, Contractor shall be entitled to issue a Production Payment Certificate and invoice the pro rata amount of the Concrete Production Payment Value for concrete installed in the areas listed in Table 1 from the 1st day of the month to the 15th day of the month.

6. As of the last day of each month for August to October, provided Contractor is within +/- 30% of the concrete volume in a month for each line item area in Table 1 and achieves the Total Volume of concrete for the month in Table 1, Contractor may include the Concrete Production Payment Value less the amount invoiced on the 15th day of the month in its Production Payment Certificate and invoice.

7. In the event that Contractor fails to achieve the Total Volume of concrete specified in Table 1 for a given month for August to October, inclusive:

   (a) provided Contractor has achieved 70% of the concrete volume for the month in each of the areas for Units 1 and 2, Contractor shall be entitled to include a pro rata amount for the actual volume of concrete installed in its Production Payment Certificate and invoice on the last day of the month (as determined by the actual concrete volume installed in the month in the areas in Table 1 divided by the specified Total Volume for the month multiplied by the Concrete Production Payment Value);

   (b) if Contractor has not achieved 70% of the concrete volume for the month in each of the areas for Units 1 and 2, Contractor shall not be entitled to issue a Production Payment Certificate and invoice for the last day of the month until such time as the 70% concrete volume requirement has been achieved.

8. If Contractor has not achieved the Total Volume of concrete specified in Table 1 for a month, Contractor shall be entitled to include in a Production Payment Certificate and invoice an amount applicable to the unearned volume in the subsequent period of 15 days in which the full volume is achieved, including months after October 2016.

9. For greater certainty, the maximum payment for concrete installation under this Bridge Agreement (the Total Volume of concrete in Table 1) is one hundred forty million dollars ($140,000,000.00).

Steel Erection Payments

10. Contractor may include an amount for steel erection in a Production Payment Certificate and invoice for that month in which the steel erection as noted below has been achieved:

    (a) Completion of South Service Bay structural erection including roof structure, up to line 4 and between gridlines A - D. Excludes the mezzanine structure in between lines 1-2.
    Steel Erection Payment Value $5,000,000.00

    (b) Completion of scope as per Sequence No. 1 on MFA-SN-CD-3320-ST-DD-0031-01 rev C1.
    Steel Erection Payment Value $5,000,000.00

For greater certainty, the above payments in sub paragraphs (a) and (b) shall not be withheld due to steel reasonably impacted by ECNs, including ECN No. CH0007001-0056.

Invoice Payment

11. As it relates to Production Payment Certificates, Company will approve within 2 days from receipt and the related Production Payment invoices issued by Contractor will be paid no later than 15 days following receipt of Contractor's invoice at Company's St. John's project office. For clarity, all other invoices issued by the Contractor will be paid no later than 30 days following receipt in accordance with the Agreement.

Payment for Materials on Site

12. Contractor may include an amount for material supplied and on site as a separate line item in its Payment Certificate and invoice for July 2016, as follows:

    (a) Contractor shall confirm current inventory on Site by July 29, 2016;

    (b) Contractor shall confirm by July 29, 2016, that Company has assignment rights for supply subcontracts;

    (c) Contractor shall provide its inventory value to Company for the period from July 29, 2016, to October 31, 2016;

    (d) Company shall advance to Contractor that inventory value in the payment of the July, 2016, invoice;

    (e) Company will deduct the advance for the inventory value from the Payment Certificate and invoice for October 2016 or upon any earlier termination of the Agreement.

Travel Allowances

13. For avoidance of doubt, the travel allowance for all Contractor's Work Force covered by the Collective Agreement and working at the Site will be continued to be reimbursed on the basis of cost incurred in accordance with the terms of the Agreement.

Funding Availability

14. Company has available additional funds for Contractor that it is willing to include in an overall resolution for the years following 2016 subject to the Parties reaching a commercially reasonable overall resolution.

Advance Payment

15. Company will suspend reimbursement of the current outstanding balance of the advance payment from the date of this Bridge Agreement through December 2016 and defer reimbursement into 2017. This suspension is made solely at the discretion of Company and can be terminated by Company at any time and for any reason.

16. Unless otherwise agreed, reimbursement of the outstanding balance of the advance payment by Contractor to Company will recommence in January 2017.

17. Subject to an extension of the duration of the advance payment letter of credit as agreed by Company, the advance payment will be reimbursed from Payment Certificates and invoices commencing in January 2017 at the percentages stipulated in the Agreement. In the absence of an acceptable extension of the advance payment letter of credit, the outstanding balance of the advance payment will be reimbursed in three equal increments by deductions from Company payments in January, February and March, 2017.

Schedule and Cost

18. Company acknowledges Contractor is working and will continue to work to perform the balance of the Work in accordance with the activities, logic and durations shown on the May 2016 Control Schedule Baseline Document (CSBD) which can be used for the purposes of discussions for a commercially reasonable resolution as may be agreed by the Parties. Each Party affirms the position it has taken in previous correspondence on this issue, including Contractor's justification document, Company's response, and Contractor's reply.

19. Contractor has advised that its estimated cost at completion is $1.975B (including 7% gross profit), which exceeds the Contract Price. The Parties do not agree as to the reason(s) and liability for the additional cost or as to the value of the Work at completion. Contractor's estimate cost at completion is the amount which can used for the purposes of discussions for a commercially reasonable resolution for a comprehensive settlement agreement as may be agreed by the Parties. Each Party affirms the position it has taken in previous correspondence on this issue including, Contractor's justification document, Company's response, and Contractor's reply.

Liquidated damages

20. In any commercially reasonable resolution for a comprehensive settlement agreement as may be agreed by the Parties, Company is willing to waive liquidated damages accrued to date.

21. Company will suspend, through October 2016, its right to payment of liquidated damages for any Milestones which have not been achieved by the dates specified in the Agreement.

Camp Accommodations

22. The Parties will continue to work together to promote alternative arrangements to solve issue regarding availability of camp accommodation, including but not limited to the use of bunk beds in the camp and finding other accommodations outside of the camp. If alternative solutions are agreed by the Parties that are not contemplated in the Agreement and which entail additional costs to Contractor then the additional costs shall be covered by a Change Order.

Further Commercial Discussions

23. The Parties will negotiate in good faith to try to achieve a commercially reasonable resolution for a comprehensive settlement agreement, acceptable to both Parties, by October 28, 2016, of contractual/commercial issues.

24. If by October 28, 2016, the Parties have not agreed to a commercially reasonable overall settlement:

    a. The Parties may continue to negotiate to achieve a commercially reasonable resolution and Contractor shall continue to perform the Work and continue to be paid for this Work in the manner contemplated by this Agreement.

    or

    b. Contractor, at any time thereafter, may state its intention to terminate the Agreement in accordance with its terms or cease performance of the Work. If Contractor gives 90 days' prior written notice of such decision to Company and Contractor during the 90 day period:

        i. continues performance of work, including reasonable transitional activities, as directed by Company; and

        ii. takes appropriate actions to mitigate Company's losses,

    then Company will

        i. waive the liquidated damages under Article 26 of the Agreement that have accrued to the end of the 90 day period; and

        ii. pay Contractor for work performed during the 90 day period in accordance with the pricing in Exhibit 2 of the Agreement for material, labour, and reasonable overheads.

    For greater certainty, nothing in paragraph b above shall prevent the Parties from exercising all rights and remedies under the Agreement or at law, including those arising from termination of the Agreement or cessation of performance of the Work, and other than the waiver of liquidated damages described in paragraph b above, the Parties reserve all rights and remedies under the Agreement and at law. Without prejudice to those rights and remedies, the Parties will seek in good faith a mutually beneficial mitigation of potential outcomes.

25. The Parties shall each be available for meetings in August, September and October to discuss resolution of commercial issues.

26. The Parties are free to propose any item for inclusion in an agenda.

27. Proposed agendas to be provided two Business Days prior to a meeting.

Revocation of Contractor's Notices of Default

28. Contractor hereby revokes its Advance Payment Notice of Default and its Camp Accommodation Notice of Default.

General

29. Unless otherwise defined, all capitalised terms and expressions used herein shall have the meaning respectively ascribed thereto in the Agreement.

30. This Bridge Agreement, and the payments by Company to Contractor and other matters contemplated by it, shall not be deemed to be an admission of fault, wrongdoing or liability on the part of either Party, which fault, wrongdoing or liability is expressly denied in respect of any cause, matter or thing arising from or in relation to the Agreement.

31. By signing this Bridge Agreement neither Party waives, compromises or releases any right or remedy available under the Agreement or at law.

32. The temporary suspension of the reimbursement of the advance payment and, except for a change to the Contract Price, the Production Payments do not constitute any amendment or change to the terms and conditions of the Agreement. Subject to the reservations above, the Agreement remains in full force and effect.

33. Notwithstanding execution of this Bridge Agreement by the Parties, this Bridge Agreement shall be subject to any necessary consents required under the LCP financing agreements.

EXECUTED AS AN AGREEMENT:

For and on behalf of Muskrat Falls Corporation

____
Signature of Authorized Representative

STAN MARSHALL.
Name of Authorized Representative

____
Signature of Authorized Representative

GILBERT BENNETT.
Name of Authorized Representative

For and on behalf of Astaldi Canada Inc.

Signature of Authorized Representative

FRANCESCO MARIA ROTUNDI

Name of Authorized Representative

(FILIPPO STINELLIS)

CH0007 COMPLETION CONTRACT

MUSKRAT FALLS CORPORATION

and

ASTALDI CANADA INC.

1 December 2016

CH0007 COMPLETION CONTRACT

Effective as of December 1, 2016

("Completion Contract")

Between:

MUSKRAT FALLS CORPORATION
a body corporate constituted pursuant to the Corporations Act, RSNL 1990, c. C-36, as amended, and having its head office at the City of St. John's, Province of Newfoundland and Labrador (hereinafter referred to as the "**Company**")

- and -

ASTALDI CANADA INC.
a company duly registered at the Registraire des entreprises (NEQ) 1168070192, having its head office at 780 ave Brewster, Suite 03-300, Montreal Quebec H4C 2K1, (hereinafter referred to as the "**Contractor**")

WHEREAS Company and Contractor entered into the Civil Works Agreement for the construction of the intake and powerhouse, spillway and transition dams, Agreement No. CH0007, dated 29 November 2013 (the "**Agreement**");

WHEREAS the Parties understand the cost to Contractor to complete the Work exceeds the amount remaining to be paid under the Agreement;

AND WHEREAS the Parties entered into an agreement dated 27 July 2016 respecting additional compensation for concrete installation and steel erection for the months of July to October 2016, inclusive, which work formed part of the Work under the Agreement ("**Bridge Agreement**");

AND WHEREAS it is in the best interests of both Parties that conditions be found under which the Work under the Agreement may continue to Final Completion:

NOW THEREFORE IN CONSIDERATION OF THEIR MUTUAL PROMISES and the exchange of valuable consideration, the receipt and sufficiency of which is hereby duly and irrevocably acknowledged, **THE PARTIES HERETO AGREE AS FOLLOWS**:

Bridge Agreement

1. The Bridge Agreement is extended to and terminated as of 11:59 pm NST, November 30, 2016.

2. Notwithstanding termination of the Bridge Agreement in accordance with paragraph 1, Company shall pay for the volumes of concrete set out in Table 1 of the Bridge Agreement installed from November 1 to November 30, 2016, inclusive, at the rates and in accordance with the payment terms set out in the Bridge Agreement, being twenty-one million nine hundred sixty-one thousand four hundred forty-four dollars ($21,961,444.00). The total earned by Contractor under the Bridge Agreement up to and including November 30, 2016, is one hundred thirty-four million seven hundred eighty-seven thousand two hundred thirty-three dollars ($134,787,233.00).

3. Any portion of the total earned amount set out in paragraph 1 of the Bridge Agreement that has not been earned by November 30, 2016, shall form part of the compensation available to be earned pursuant to paragraph 7(a) of this Completion Contract.

Contract Price

4. Notwithstanding Section 1.1, Exhibit 2 - Compensation in the Agreement, the Contract Price is hereby increased to give a total Contract Price of one billion eight hundred thirty million dollars ($1,830,000,000.00), plus applicable taxes but exclusive of reimbursable travel costs for craft labour under the Agreement, the increase being the additional compensation available to be earned under the Bridge Agreement and this Completion Contract and inclusive of direct and indirect costs of performing the Work.

5. For greater certainty:

   (a) the total Contract Price set out in paragraph 4 is inclusive of all Changes , whether known or unknown, which are or could be the subject of Change Requests and Change Orders up to and including November 30, 2016, and shall include all amounts payable by Company pursuant to paragraphs 7(a) and (b), 16 and 17;

   (b) Company shall not assess or claim unrecovered backcharges for issues which have occurred prior to and including November 30, 2016; and

   (c) the increase in the Contract Price set out in paragraph 4 and pursuant to the Bridge Agreement are not Changes or as a result of Change Orders for the purposes of Section 9.3 of Exhibit 2 of the Agreement;

   (d) all dollar amounts are exclusive of HST and in Canadian dollars.

6. By the later of forty-five (45) days from the execution date of this Completion Contract or February 28, 2017, Contractor shall:

   (a) increase the value of the performance payment letter of credit number 504-12-0013271 issued by the National Bank of Canada ("Performance LC") and currently held by

Company as security pursuant to Article 7 of the Agreement by the amount of eighty million ($80,000,000.00), to give a total performance security of one hundred eighty million dollars ($180,000,000.00) and extend the expiry date of the Performance LC to September 30, 2019, with such increase and extension to be in a form acceptable to Company;

(b) provided Contractor is not in default pursuant to paragraph 39, twelve months after the date of issue of the increased Performance LC Company shall issue a certificate to the National Bank of Canada to reduce the value of the Performance LC by eighty million ($80,000,000.00), and thereafter the value of the Performance LC shall be one hundred million dollars ($100,000,000.00) until called upon or relinquished;

(c) Company shall pay Contractor for the cost to increase the value of the Performance LC referenced in paragraph 6(a) by Change Order in an amount that shall not exceed three million dollars ($3,000,000.00).

Payment for Work Performed to Final Completion and Advance

7. Company will provide payment for Work performed by Contractor from December 1, 2016 to Final Completion, re-instate the advance made under the Agreement and provide an additional advance as follows:

(a) five hundred eighty-one million seven hundred three thousand seven hundred ninety-seven dollars ($581,703,797.00), which is comprised of the following two amounts:

(i) two hundred ninety-eight million four hundred fifty-eight thousand two hundred eighty-two dollars ($298,458,282) for concrete production as further described herein, not to be exceeded but subject to any adjustment to the Contract Price to which Contractor is entitled under the terms of the Agreement and this Completion Contract; and

(ii) two hundred eighty-three million two hundred forty-five thousand five hundred fifteen dollars ($283,245,515) for work scope objectives as further described herein, not to be exceeded but subject to any adjustment to the Contract Price to which Contractor is entitled under the terms of the Agreement and this Completion Contract;

payable as compensation by a combination of concrete production payments and work scope payments as further described in this Completion Contract;

(b) the balance of the Non-Labour Component under the Agreement;

(c) advances disbursed by Company to Contractor, and repayable by Contractor to Company as further described in this Completion Contract, in the following amounts:

(i) twenty-nine million nine hundred ninety-four thousand eight hundred twenty-six dollars ($29,994,826.00) as an additional advance; and

(ii) eighty-one million seven hundred five thousand one hundred seventy-four dollars ($81,705,174.00), to re-instate the advance made under the Agreement.

Advance Payment

8. Contractor may invoice Company for the total of the advances referenced in paragraph 7(c) (the total being $111,700,000.00) at any time prior to December 31, 2016. Following receipt of the invoice, Company shall advance to Contractor the amount referenced in paragraph 7(c) as follows:

   (a) twenty-nine million nine hundred ninety-four thousand eight hundred twenty-six dollars ($29,994,826.00) by December 31, 2016;

   (b) twenty-one million seven hundred five thousand one hundred seventy-four dollars ($21,705,174) by February 28, 2017;

   (c) thirty million dollars ($30,000,000) by March 31, 2017;

   (d) thirty million dollars ($30,000,000) by April 30, 2017.

9. By the later of forty-five (45) days from the execution date of this Completion Contract or February 28, 2017, Contractor shall provide at it's cost one of the following:

   (a) an increase of the advance payment letter of credit number 504-12-0013280 issued by the National Bank of Canada and currently held by Company as security pursuant to Article 7 of the Agreement ("Current Advance LC") by the amount of twenty-nine million nine hundred ninety-four thousand eight hundred twenty-six dollars ($29,994,826.00) and extend the expiry date to September 30, 2019, with such increase and extension to be in a form acceptable to Company; or

   (b) a new advance payment letter of credit with an expiry date of September 30, 2019, in the amount of one hundred thirty-two million four hundred twenty-four thousand eighty-one dollars ($132,424,081.00) to secure repayment of the unpaid balance of the advance made under the Agreement and the advance made pursuant to paragraph 7(c) ("New Advance LC"). The New Advance LC shall be issued by a bank satisfying the requirements of Article 7.3 of the Agreement and in the form and with the content specified in Exhibit 14 of the Agreement. Upon delivery of the New Advance LC to Company, Company shall give up and deliver to Contractor Current Advance LC. The New Advance Payment LC shall be deemed to be the security described in Article 7.3(a) of the Agreement for all purposes of the Agreement.

10. Company will suspend reimbursement of the current outstanding balance of the advance payment made under the Agreement (being $20,724,081.00) from the effective date of this Completion Contract through December 2016 with recovery by Company through the provisions of paragraph 11.

11. Contractor shall reimburse Company the current outstanding balance of the advance payment made under the Agreement and the advances described in paragraph 7(c) and the current outstanding balance of the advance payment made under the Agreement by deductions from Payment Certificates and invoices Approved by Company for the following work scope objectives described in Schedule A:

    B4 in an amount of $5,296,963

B5 in an amount of $5,296,963
B in an amount of $13,242,408
C2 in an amount of $13,242,408
C3 in an amount of $13,242,408
C in an amount of $19,863,612
D3 in an amount of $10,593,926
D4 in an amount of $11,918,167
E1 in an amount of $19,863,613
D in an amount of $19,863,613

12. If the reimbursement to be made pursuant to paragraph 11 has not fully repaid all advances under the Agreement and this Completion Contract by April 30, 2019, then Company shall be entitled to issue a Notice of default. If Contractor has not re-paid the advance in full within 30 days of the Notice Company shall be entitled to immediately recover the outstanding balance from the security described in paragraph 9. Contractor waives any right it may have to dispute a Notice of default issued in accordance with this paragraph.

13. Upon the repayment of the advance referenced in paragraph 7(c)(i), Company shall issue a certificate to the issuing bank for the reduction of the value of the paragraph 9 security by twenty-nine million nine hundred ninety-four thousand eight hundred twenty-six dollars ($29,994,826.00). In July of 2018 and January 2019, Contractor may request that Company present a certificate to the issuing bank to further reduce the value of the paragraph 9 security by the additional amounts of the advance that have been repaid to Company by Contractor. Company shall consider the request for a reduction in the value of the paragraph 9 security and may, in its sole discretion, determine whether to issue the requested certificate to the issuing bank.

Material on Site

14. Company has paid eight million seven hundred forty-two thousand four hundred fifty-nine dollars ($8,742,459.00) for the inventory value of materials on Site ("Inventory Value") in accordance with paragraph 12(d) of the Bridge Agreement. While contemplated by paragraph 12(e) of the Bridge Agreement, Company has not deducted that amount from Contractor's invoices.

15. Contractor has re-instated the stockpile of materials on Site and as a result Company shall defer the deduction of the Inventory Value and make the deduction from Contractor's invoice of November 2017. If there is an insufficient amount in the November 2017 invoice to fully repay the Inventory Value, then Company shall deduct the available amount and make deductions from succeeding invoices until the Inventory Value is fully repaid.

Concrete Production Payments

16. For concrete installed from December 1, 2016, to Final Completion in compliance with all Technical Requirements, quality and safety requirements set out in the Agreement, Company will pay Contractor :

(a) one thousand eight hundred dollars ($1800) per cubic metre of concrete installed for the first 131,456 cubic meters of concrete; and

(b) one thousand thirty-four dollars forty-nine cents ($1034.49) per cubic metre of concrete installed for the volume beyond the first 131,456 cubic meters to completion of the Work.

The payment for concrete installed from December 1, 2016, to Final Completion shall be in addition to the applicable Non Labour Component under the Agreement. Contractor will seek opportunities to advance the placement of concrete volumes on the Baseline Schedule critical path.

Work Scope Payments

17. Provided the work is in compliance with all Technical Requirements, quality and safety requirements set out in the Agreement, such confirmation not to be unreasonably withheld, Company shall pay Contractor the amounts set out in Schedule A upon Contractor completing the associated work scope objectives set out in Schedule A.

Extraordinary Risks Not Currently Known

18. For extraordinary risks not currently known or anticipated, Company may consider additional compensation. If any additional compensation is agreed, the cumulative value of such shall not exceed fifty million dollars ($50,000,000.00).

19. Upon Contractor considering that an extraordinary risk event has occurred, Contractor shall present such supporting documentation to the Joint Steering Committee, as Company may reasonably require, as to the cause and impact of the event for consideration by the Company following Substantial Completion.

Invoicing and Payment

20. Invoicing and payment for concrete installation and work scope objectives under this Completion Contract shall be in accordance with the provisions of Article 12 of the Agreement with the following amendments:

(a) For concrete production payments:

(i) as of the 15th of each month Contractor shall be entitled to issue a Production Payment Certificate and invoice for the amount of the concrete installed from the 1st day to the 15th day of the month;

(ii) as of the last day of each month Contractor shall be entitled to issue a Production Payment Certificate and invoice for the amount of concrete installed from the 16th to the last day of the month; and

provided the volume of concrete is accurately quantified, Company will approve Production Payment Certificates issued by Contractor within five (5) days from receipt, and the related invoice will be paid no later than fifteen (15) days following receipt of Contractor's invoice at Company's St. John's project office.

(b) For work scope objectives:

(i) based on existing processes referenced in Schedule A and for greater clarity, the Parties will confirm a process, by February 28, 2017, to further define the basis upon which a work scope objective listed in Schedule A has been achieved, including timing for delivery of documents;

(ii) upon completing a work scope objective listed in Schedule A Contractor shall seek payment for the relevant amount in accordance with the provisions of Article 12.8(b) of the Agreement, and payment will be made no later than fifteen (15) days following receipt of Contractor's invoice at Company's St. John's project office.

21. Contractor covenants that payments by Company to Contractor under this Completion Contract will only be used to fund costs to perform the Work.

22. For avoidance of doubt:

(a) the travel costs for all Contractor's Work Force covered by the Collective Agreement and working at the Site will be continued to be reimbursed on the basis of cost incurred in accordance with the terms of the Agreement; and

(b) the Non Labour Component costs and compensation as per Section 2.6 of Exhibit 2 in the Agreement will continue to be invoiced and paid in accordance with the terms of the Agreement.

Financial and Cost Reports

23. Contractor shall provide the following financial and cost reports to Company at the frequency noted below:

(a) From its finance department:

- "Reporting Package" of Astaldi Canada Inc. – Quarterly
- Costo Economico & Stato Patrimoniale - Monthly
- Revenue reconciliation (certified basis) – Monthly
- Accounts payable listing and subcontractor detailed ledger - Monthly

(b) From its project control department:

- Contgest report (Muskrat Falls only) – Monthly
- Cost data transactions (download in Excel), referred to as BaaN, that support the Contgest - Monthly
- Revenue reconciliation of all payment certificates - Monthly

- Project cost control report (Excel) monitoring monthly actual and forecast costs – Monthly
- Revised budget/current forecast of costs at completion - As issued

(c) From Astaldi SpA finance department:

- Updates to Astaldi SpA 2016-2020 Strategy Plan financial forecasts and assumptions in a format similar to the information provided by Contractor to Company in July 2016 - Quarterly

Confirmation of Responsibility

24. For greater certainty and notwithstanding anything to the contrary in this Completion Contract, Contractor confirms that it is and shall remain fully responsible under the Agreement and this Completion Contract for:

(a) scheduling and planning all aspects of the Work, including the preparation of a Control Schedule Baseline Document; and

(b) all means and methods of performing the Work; and

(c) the risk of any cost of performing the Work to Final Completion in excess of the Contract Price set out in paragraph 4, but subject to any adjustment to the Contract Price to which Contractor is entitled under the terms of the Agreement and this Completion Contract providing that any matter, occurrence or issue for such entitlement arises after November 30, 2016, and that it is not known or ought to have been known as of that date.

Joint Steering Committee

25. Company and Contractor shall institute a Joint Steering Committee to meet monthly to consider reasonable safety management, quality assurance, engineering management, construction management, execution planning, interface management and cost control opportunities.

26. The Joint Steering Committee shall be lead by senior management representatives of each Party and shall be comprised of representatives of each Party at the level of the project managers and above.

27. Upon the recommendation by Company to the Joint Steering Committee, Contractor shall give favourable consideration to the retention of third parties to carry out assessments of opportunities to improve Contractor's safety, quality, engineering, planning and cost management systems for presentation to the Steering Committee, with a specific focus on ensuring the work is performed safely in the correct sequence to achieve the work scope objectives by the dates set out in Schedule A, that the work is performed efficiently as possible, and to the required standards of quality and all other requirements as prescribed in the Agreement.

28. Company's and Contractor's Chief Executive Officers shall target meeting a minimum of three times a year.

Baseline Control Schedule

29. Contractor shall prepare a Control Schedule Baseline Document that defines the critical path to achieve the dates in Schedule A ("Baseline Schedule") and present that Baseline Schedule on or before January 31, 2017, to Company for review and comment.

30. Contractor confirms that Contractor will provide the necessary planning and management expertise to ensure the timely and efficient completion of the Work in accordance with the Baseline Schedule.

31. The Baseline Schedule shall be updated by Contractor and reported to Company in accordance with the provisions of Exhibit 3 to the Agreement.

Liquidated Damages

32. Company waives its right to assess or claim liquidated damages for any Milestones which have not been achieved by the dates specified in the Agreement ("Agreement LDs") which have accrued to December 1, 2016.

33. Provided the Agreement is not terminated for any reason, Company will suspend from December 1, 2016, its right to payment of Agreement LDs and which accrue after November 30, 2016. If Contractor achieves Substantial Completion at any point in time then Company waives its right to assess or claim Agreement LDs.

34. If the Agreement is terminated for an event of default described in Articles 24.1(f), (g), (i), (j) or (k), then any Agreement LDs shall be immediately payable except that such liquidated damages shall be limited to the amount accrued between December 1, 2016, and the date of the termination.

35. If Contractor fails to complete a work scope objective listed in Schedule B by the date specified therein, then Contractor shall pay liquidated damages to Company at the rate specified in Schedule B from the date the delay commenced to the date the work scope objective was achieved ("Completion Contract LDs"). Subject to paragraph 36, the provisions of Article 26 of the Agreement shall apply as if the Completion Contract LDs were the liquidated damages described in Article 26.1.

36. Notwithstanding Article 26.1 of the Agreement, Contractor's limit of liability for Completion Contract LDs shall be eighty-five million dollars ($85,000,000.00).

Camp Accommodations

37. Notwithstanding the limit on camp accommodation to be supplied by Company in Section 5.1.1.3 of Exhibit 12 – Site Services, Company shall provide accommodation for all Contractor's Personnel in the camp, up to a maximum of one thousand four hundred fifty (1450) rooms, conditional upon Contractor providing an accurate written notice of the

number of beds for Contractor's Personnel in a calendar month at least thirty (30) days prior to the calendar month in which the accommodations are required. If Contractor requests in the notice for the months of April – August, 2017, Company shall provide a bunk bed in up to ten percent (10%) of the rooms and any inconvenience allowance payable to Contractor's Personnel will be reimbursed by Company up to a maximum of five hundred thousand dollars ($500,000.00), with any allowance in excess of that amount to be paid by Contractor.

38. If Contractor fails to use at least 90% of the number of beds set out in the notice required by paragraph 37 then Company shall be entitled to compensation from Contractor in the amount of twenty ($20) per day per each unused bed which had been made available to Contractor.

Default

39. Contractor hereby agrees that it shall be deemed to be in default under Article 24.1 of the Agreement in the event of any of the following as if the following were included as an event of default in Article 24.1:

    (a) if Contractor fails to complete any of the work scope objectives listed in Schedule C by the dates specified therein, unless the failure to achieve the work scope objective is due to an event of Force Majeure, or a Change, or a Suspension Period;

    (b) if Contractor breaches the covenant set out in paragraph 21;

    (c) if Contractor or Astaldi S.p.A. transfers its shares by sale, assignment, amalgamation, merger, trust, operation of law or otherwise unless consented to in writing by Company

    (d) if Contractor fails to obtain the securities specified in paragraphs 6 and 9 by the dates set out therein .

40. Notwithstanding the provisions in Article 24.2 of the Agreement, Contractor shall have no right to rectify or cure the default under paragraph 39 and Company shall have the right to give Notice of the default, immediately or at any time after the default, to Contractor and any surety and the right, at Company's election, to exercise any or all of the following remedies at any time without further notice:

    (a) terminate, in whole or in part, the rights or obligations of Contractor under this Agreement;

    (b) take possession of the Work, Worksites and Contractor's Items and, subject to Article 24.8, finish the Work by whatever method Company deems expedient;

    (c) call upon and receive payment from the securities provided by Contractor in accordance with Article 7 of the Agreement and any securities provided pursuant to paragraphs 6 and 9.

41. In the event Company exercises the remedies in paragraphs 40(a) and (b), such exercise shall be deemed to be a termination of the Agreement for the purposes of Article 24.13 of the Agreement. In addition to the obligations of Contractor under Article 24.13 of the

Agreement, Contractor shall not impede Company from retaining or employing Contractor's Personnel for the purposes of finishing the Work.

42. For greater certainty, Article 24 of the Agreement is amended by the addition of the default provisions in paragraphs 39 – 41 but otherwise remains unchanged and of full force and effect. In the event of any inconsistency between paragraphs 39 - 41 and Article 24 of the Agreement, the provisions of paragraphs 39 – 41 shall prevail.

Draft Tube 2 Insurance Recovery

43. Contractor shall provide Company with a complete copy, including any attachments, schedules and exhibits, of any claim made by Contractor under the construction all risk policy maintained by Company pursuant to Article 20.1 of the Agreement in respect of the draft tube #2 formwork failure which occurred on or about May 31, 2016 ("DT2 Failure").

44. Subject to an accounting for any amounts paid by Company to Contractor for work performed to rectify, repair and/or replace formwork and concrete as a result of the DT2 Failure, any funds received by Company from the construction all risk policy insurer for losses claimed by Contractor under that policy in respect of that failure shall be paid by Company to Contractor within fifteen (15) days of receipt and satisfaction of any requirements under the LCP financing agreements.

Confidentiality

45. Neither Party shall disclose this Completion Contract, the subject matter of related negotiations and any amendments to the Agreement without prior written approval of the other Party. If disclosure is required by Applicable Laws, the rules and regulations of any regulatory body or stock exchange, so far as it is lawful and practical to do so prior to such disclosure, the Party who is required to make the disclosure shall promptly liaise with the other Party to obtain that other Party's advice regarding such disclosure.

Mutual Release

46. Subject to paragraph 47, Contractor and Company mutually and irrevocably and unconditionally release, waive and forever discharges each other, their respective affiliates and related companies and their respective directors, officers, shareholders, agents, representatives, employees, successors and assigns, both present and former, from any and all claims, demands, actions, causes of actions, complaints, losses, interests, costs (direct and indirect) and/or damages of any kind or nature, whether known or unknown or ought to have been known, that arise out of or relate to the Agreement and Contractor's performance of the Work up to and including November 30, 2016, including but not limited to the claims set out in Contractor's "justification for incremental compensation" submitted to Company on or about April 1, 2016.

47. Nothing herein shall be interpreted to release Contractor from its quality (including any Defect caused prior to January 1, 2017), safety and Warranty obligations under the Agreement.

Agreement Affirmed

48. Except as expressly modified by the Bridge Agreement and this Completion Contract, the Parties affirm all of their rights and obligations under the Agreement and that the Agreement remains in full force and effect.

49. This Completion Contract, and the payments by Company to Contractor and other matters contemplated by it, shall not be deemed to be an admission of fault, wrongdoing or liability on the part of either Party, which fault, wrongdoing or liability is expressly denied in respect of any cause, matter or thing arising from or in relation to the Agreement.

50. For greater certainty, the governing law and attornment provisions of Article 1.19 of the Agreement shall apply to this Completion Contract.

General

51. Unless otherwise defined, all capitalised terms and expressions used herein shall have the meaning respectively ascribed thereto in the Agreement. Unless otherwise stated, references to a paragraph number are references to that numbered paragraph in this Completion Contract.

52. Notwithstanding execution of this Completion Contract by the Parties, this Completion Contract shall be subject to and conditional upon:

    (a) all written consents from parties to the LCP financing agreements that are required by the terms of those agreements;

    (b) written confirmation by the sureties, Liberty Mutual Insurance Company and AIG Insurance Company of Canada, that they have had notice of the terms and conditions of this Completion Contract and that the performance bond, number BDTO-230043-013/93-52-47, and all riders thereto currently held by Company as security pursuant to Article 7 of the Agreement retain their full and unimpaired validity, force and effect;

    (c) written confirmation by the sureties, Liberty Mutual Insurance Company and AIG Insurance Company of Canada, that they have had notice of the terms and conditions of this Completion Contract and that the holdback release bond, number BDTO-230044-013/93-52-48, and all riders thereto currently held by Company as security pursuant to Article 12.16 of the Agreement retain their full and unimpaired validity, force and effect; and

    (d) written consent to the terms and conditions of this Completion Contract by Astaldi S.p.A., the guarantor under the Parent Company Guarantee dated November 29, 2013, acknowledging that the Parent Company Guarantee retains its full and unimpaired validity, force and effect.

53. Contractor confirms that upon execution of this Completion Contract and with the compensation contemplated herein it has all necessary resources, including financial resources, which it requires to perform the Work to Final Completion in accordance with the Agreement and this Completion Contract. Contractor confirms that it has diligently assessed

the work remaining to be completed under the Agreement and this Completion Contract and represents to Company that it is not aware of and does not anticipate the occurrence of any facts, circumstances, events or conditions that will delay the Contractor's ability to meet the work scope default dates, or that might ground any claim for schedule extension by Change Order.

54. Each Party confirms that it has read this Completion Contract and fully understands its terms and that each Party voluntarily accepts its rights and obligations under this Completion Contract as it is in the best interests of each Party to do so. Each Party further confirms that they each have received the benefit of independent legal advice regarding the terms of this Completion Contract.

EXECUTED AS AN AGREEMENT on February 14 **, 2017, and effective as of December 1, 2016:**

For and on behalf of Muskrat Falls Corporation

Signature of Authorized Representative

Stan Marshall - President and CEO
Name of Authorized Representative

Signature of Authorized Representative

Gilbert Bennett - Executive Vice President
Name of Authorized Representative

For and on behalf of Astaldi Canada Inc.

Signature of Authorized Representative

FRANCESCO MARIA ROTUNDI (PRESIDENT)
Name of Authorized Representative

SCHEDULE A
Work Scope Objective Compensation

CH0007 Work Scope Objectives

Completion of Work Scope Objectives is contingent upon Company acceptance of applicable Mechanical Completion Certificate (MCC) and their associated Punchlists for the scope related to each item as per the CH0007 Civil Completions Guidelines MFA-PT-MD-000-CV-PL-0001-01 and Completion Scope Definition document MFA-PT-MD-0000-CV-LS-0001-01.

Item	Area	Description	Date	Value $
A1	SSB	**SSB M18 Completion,** including all primary, secondary & miscellaneous structural steel, architecture and electrical including high bay lighting. Exceptions; - Reception Building - Mezzanine 5-7 above EL 25 - OH Crane Roof Opening - Elevator Shaft & Stair No.1 (inside elevator shaft) - Steel columns for mezzanine masonry walls on line 2 & D	31-Mar-17	11,330,000
A2	SSB	SSB Parking Area Retaining Wall & SSB to Converter/Switchyard Scope	30-Jun-17	11,330,000
B1	Unit 1	**Powerhouse Ready for Draft Tube Cone Installation Conditions** (applies to Items B1 to B4 inclusive) - Completion of Sequence 4 & 5 (Connection to Intake at EL 24.8) on MFA-SN-CD-3320-ST-DD-0031-01 - Ready for Main South OH Crane 200T load test (Unit 1 only) - Tailrace deck area complete including all concrete and misc steel - Roofing complete between A-D - High Bay lighting and roof drains systems installed - PxLSA-05, PxUSB-01, PxUNB-01, PxUNA-01 complete	2-Jul-17	14,162,000
B2	Unit 2		29-Aug-17	8,497,000
B3	Unit 3		26-Sep-17	8,497,000
B4	Unit 4		22-Oct-17	8,497,000

Item	Area	Description	Date	Value $
B5	Powerhouse	**Powerhouse Building Enclosed Milestone, including the following:** - Structural Steel complete except SSB reception area, mezzanine 2 and mezzanine roof between lines 8 - 27 - SSB Elevator shaft complete, including mezzanine steel and concrete deck between lines 5-7 and misc steel - Mezzanine 1 concrete floor complete between Lines 1 - 27 - Roofing complete except above Mezzanine area between D-E, Lines 8-27 - Cladding complete, except: reception building area, NSB and Unit 4 - Powerhouse heating and ventilation operational as per Exhibit 12 clause 2.5.1	30-Oct-17	11,330,000
B	Powerhouse	Completion of B1 to B5 Work Scope Objectives, including cladding for NSB and Unit 4	30-Nov-17	16,995,000
C1	Unit 1 - Pit Free	M24 - Generator Floor Completed, including Pit Free	28-Jul-18	14,162,000
C2	Unit 2 - Pit Free	M32 - Generator Floor Completed, including Pit Free	13-Sep-18	11,330,000
C3	Unit 3 - Pit Free	M40 - Generator Floor Completed, including Pit Free	28-Oct-18	11,330,000
C4	Unit 4 - Pit Free	M48 - Generator Floor Completed, including Pit Free	6-Dec-18	8,497,000
C	All Units - Pit Free	Completion of C1 to C4 Work Scope Objectives	6-Dec-18	25,492,000
D1	Intake 1	M28 - Intake Structure Complete and Ready for start of Hydro-Mechanical Works by Company's Other Contractor (CH0032) Includes; - PH Mezzanine EL 34 & Roof complete (Lines 8 to 12)	22-Dec-17	11,330,000
D2	Intake 2	M36 - Intake Structure Complete and Ready for start of Hydro-Mechanical Works by Company's Other Contractor (CH0032) Includes; - PH Mezzanine EL 34 & Roof complete (Lines 12 to 17)	2-Apr-18	14,162,000

Item	Area	Description	Date	Value $
D3	Intake 3	M44 - Intake Structure Complete and Ready for start of Hydro-Mechanical Works by Company's Other Contractor (CH0032) Includes; - PH Mezzanine EL 34 & Roof complete (Lines 17 to 21)	18-Aug-18	19,827,000
D4	Intake 4	M52 - Intake Structure Complete and Ready for start of Hydro-Mechanical Works by Company's Other Contractor (CH0032) Includes; - PH Mezzanine EL 34 & Roof and NSB Building Enclosure complete (Lines 21 to 27)	1-Jul-18	16,995,000
D	Intake	Completion of D1 to D4 Work Scope Objectives	18-Aug-18	25,492,000
E1		M2 Substantial Completion (excluding rollways 2 and 4)	20-Dec-18	19,827,000
E2		M2A Final Completion	1-Jun-19	14,163,516

Schedule B
Completion Contract Liquidated Damages

Contractor shall pay Company liquidated damages at the rates set out below for each of the following work scope objectives if the work scope objective has not been achieved by the specified date:

Work Scope Objectives Subject to Liquidated Damages

1. Item C1, as described in Schedule A, by 28 July 2018

2. Item D1, as described in Schedule A, by 22 December 2017

3. B (Overall), as described in Schedule A, by 30 November 2017

4. C (Overall), as described in Schedule A, by 6 December 2018

5. D (Overall), as described in Schedule A, by 18 August 2018

Liquidated Damages Rates

Subject to the limit of liability for Completion Contract LDs described in paragraph 36, liquidated damages shall accrue at the following rates for each day of delay to the achievement of the work scope objective, calculated from the date the delay commenced to the date the work scope objective is achieved:

For the first 30 days ....$0 / day
For days 31 to 45 inclusive ....$50,000 / day

Should a work scope objective be achieved prior to day 46 then all accrued Completion Contract LDs to that date for such work scope objective shall be waived. Should the delay to such work scope objective reach 46 days then all accrued Completion Contract LDs shall become due and;

For days 46 to 60 inclusive ....$80,000 / day
For days 61 to 75 inclusive ....$160,000 / day
For each day after day 75 ....$500,000 / day

Schedule C
Work Scope Default Dates

The following are the work scope objectives which are subject to default pursuant to paragraph 39(a):

1. Item B5, as described in Schedule A - January 29, 2018

2. Item C (Overall), as described in Schedule A - March 6, 2019

3. Item D (Overall), as described in Schedule A - November 16, 2018