

Steele, Ruth

From: EMartin@nalcorenergy.com
Sent: Friday, March 18, 2016 9:09 PM
To: Mullaley, Julia; Coady, Siobhan
Cc: GBennett@nalcorenergy.com; PHarrington@lowerchurchillproject.ca; LanceClarke@lowerchurchillproject.ca
Subject: Fwd: Astaldi letter
Attachments: Martin - Stinellis letter - Final clean.pdf; ATT00001.htm

Minister and Julia,
Astaldi letter attached, following good dialogue and alignment among folks involved, Nalcor and the consultant EY. [REDACTED] Nalcor is satisfied to send. Please forward to the Premier.
Ed

Sent from my iPhone

Begin forwarded message:

From: "Lance Clarke" <LanceClarke@lowerchurchillproject.ca>
Date: March 18, 2016 at 8:56:29 PM NDT
To: "Ed Martin" <EMartin@nalcorenergy.com>
Cc: "Brian Crawley" <BrianCrawley@lowerchurchillproject.ca>, "Paul Harrington" <PHarrington@lowerchurchillproject.ca>
Subject: Astaldi letter

Ed

Attached please find final draft. We have spoken with EY numerous times and believe we are aligned. [REDACTED] We are now forwarding it to you as agreed.

(See attached file: Martin - Stinellis letter - Final clean.pdf)

rgds

Lance Clarke
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Nalcor Energy - Lower Churchill Project

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MUSKRAT FALLS CORPORATION LETTERHEAD

[Date]

Filipo Stenillis
Astaldi S.p.A.

Dear Mr. Stenillis:

**Re: CH0007 – Powerhouse, Spillway and Transition Dams
Commercial Discussions – Without Prejudice**

We understand from our meeting in St. John's earlier this month that Astaldi wishes to pursue discussions regarding commercial issues faced by Astaldi in the performance of Contract CH0007.

A key principle that we have consistently emphasized is that there must be valid contractual justification for any incremental compensation. This has been reinforced in recent discussions with our shareholder. Therefore, in order for Muskrat Falls Corporation to pursue further discussions, Astaldi must provide its position in writing that sets out in detail the contractual basis for additional compensation. For the avoidance of doubt, Muskrat Falls Corporation has not seen any evidence of contractual entitlement.

In the event that Astaldi wishes to pursue further discussions, Muskrat Falls Corporation requires, on a without prejudice basis, written, detailed rationale for each area that Astaldi believes additional compensation should be due, including the financial value of each and the relevant aspects of the contract. In addition, please fully disclose and individually quantify all underlying causes of increases in cost under the contract.

In parallel to these efforts we are pleased that there is continued cooperation in the field between our respective teams and we look forward to a safe and successful 2016 construction season.

Ed Martin