Muskrat Falls Project Update

June 26, 2014
Components of Project Value

- Overall project value is a function of:
  1. Safety
     - Strong performance
  2. Quality/Reliability
     - Improved since Sanction
  3. Revenue
     - Increased since Sanction
  4. Schedule
     - First power continues to be in late 2017
  5. Cost
     - Increased since Sanction
Key Changes Since Sanction (Dec’12)

• Revenue consists of:
  – Domestic electricity sales (includes return on equity)
  – Value from excess power sales and other storage/transmission opportunities

• Increased revenues from the sale of export surplus energy of $100 million (Net Present Value)
  – Maritime Link and Energy Access Agreement
Key Changes Since Sanction (Dec’12)

• Costs are comprised of capital (facilities) costs, financing costs and operating costs:

1. Capital (facilities) costs
   • Market influences - $235 million (3.8%)
   • Planned productivity and performance enhancements - $347 million (5.6%)
   • Planned investments in quality and system reliability improvements - $206 million (3.3%)
Key Changes Since Sanction (Dec’12)

Cost growth contributors since Sanction


Market conditions: $235M
Construction productivity and performance enhancement measures: $347M
Design enhancements to improve quality and system reliability: $206M

Outlook: June 2014 Capital Cost Estimate: $6.990B

Notes:
1. Value excludes interest during construction and capitalized financing costs
2. June 2014 cost outlook includes contingency of $224 million
3. Additions may vary due to rounding
Key Changes Since Sanction (Dec’12)

2. **Financing costs**
   - Savings of ~$300 million (NPV) negotiated during financing

3. **Operating costs**
   - No change
Realizing Benefits Today

- As of April 2014:
  - Total project workforce is 1,785
  - 1,527 of project workforce are NL residents
  - Employment expected to reach 2,500 by end of 2014
  - >$457 million invested in NL businesses
  - >$105 million in salaries paid to NL residents
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.

**Respect and Dignity**
Appreciating the individuality of others by our words and actions.

**Leadership**
Empowering individuals to help, guide and inspire others.

**Safety**

**Accountability**
Holding ourselves responsible for our actions and performance.