



Middle River Power  
200 West Madison Street, Suite 3810  
Chicago IL 60606

Avenue Capital Group  
399 Park Avenue, 6<sup>th</sup> Floor  
New York, NY 10026

September 20, 2018

Dear Members of Navajo Nation,

It is with deep respect and sincere regret that we at Middle River Power and Avenue Capital Group write this letter. We have welcomed the opportunity to work closely with you to attempt to create a path forward for Navajo Generating Station (NGS), allowing it to continue to provide reliable, cost-competitive power beyond 2019, and to remain an important contributor to the Navajo Nation and Hopi Tribe communities and economies.

Unfortunately, due to recent developments in both California and Arizona that will create additional challenges for baseload power plants, Middle River Power and Avenue Capital have made the difficult decision to terminate our efforts with respect to NGS. We continue to believe a viable economic profile for the plant is possible beyond 2019, however we have not been able to secure commitments from counterparties to purchase a sufficient amount of power generated from NGS to enable a workable operating paradigm.

In addition, we have always known that, despite the promise of NGS, the go-forward timeline was a challenging one, and the Environmental Impact Statement (EIS) process would likely govern the schedule. As we have all discussed, that EIS process would need to start as soon as possible in order to meet key milestones. However, we believe the schedule has become virtually unworkable due to the delays in discussions with potential counterparties regarding power purchase agreements due to recent events. For these reasons, we have concluded, regrettably, that the steps required to facilitate our ownership and operation of NGS are no longer possible within the required timeframe.

Throughout this process, you have been a good partner and we will seek to continue the relationships that we have developed along the way. We trust and can only hope that the foundation we have built will allow us to find a way to work together again in the not-too-distant future.

Sincerely,

Joe Greco  
Middle River Power

Craig Hart  
Avenue Capital Group