

MINUTES OF THE NINETY-SEVENTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON WEDNESDAY, APRIL 20, 2016 AT 10:00 A.M.

Present in Person: **K. Marshall, Chair**
 E. Martin, Member
 L. Abbass, Member
 T. Clift, Member
 G. Shortall, Member

Present by Invitation: **M. Roberts, Vice-President HROE**
 J. Green, McInnis Cooper

Secretary: **P. Hickman**

1259. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on April 5, 2016. A quorum of members being present, the meeting was declared duly called and validly constituted for the transaction of business.

1260. 2015 PERFORMANCE CONTRACTS

The Chair reported to the Board that discussions had been held over the previous few weeks with representatives of the Government of Newfoundland and Labrador with respect to the payout of the 2015 performance contract payments. He stated that Government requested that the Board not approve the payout on these contracts.



The Chair stated that he advised the Government that [REDACTED] and in the absence of a written directive from [REDACTED] Government not to make the payments, the Board would proceed with approval of the payout of the 2015 performance contract payments.

The Board discussed the amount of the payouts and it was agreed that given the fact that there were some performance issues in 2015, specifically with respect to financial performance and safety, that there would be a 25% reduction in each employee's payout. The Board were of the opinion that it is within their discretion to reduce the payments in this manner given these performance issues. With respect to Mr. Martin, it was agreed that his payout would be based on an average of the level of performance achieved versus targets by all other employees who entered into a Performance Contract for 2015.

On motion duly made by G. Shortall, seconded by T. Clift and unanimously carried, with Mr. Martin abstaining, it was resolved:

THAT the payout of the 2015 Performance Contract payments to the President and CEO, Vice-Presidents, General Counsel and Corporate Secretary and their direct reports and other eligible managers, at a reduction of 25% to reflect performance issues at a corporate level in 2015, be and it is hereby approved.

Mr. Martin left the meeting at this time.

1261. CESSATION OF MR. MARTIN'S EMPLOYMENT

John Green, McInnes Cooper Law Firm, joined the meeting by phone at this time.

The Board discussed the cessation of Mr. Martin's employment with the Corporation. The Chair stated that the Board is of the understanding that an

agreement was reached between the Government and Mr. Martin with respect to his severance pay upon his termination of employment with the company.

The meeting was adjourned at 11:30am.

The meeting reconvened at 2:00pm with Messrs Marshall, Abbass, Clift and Shortall in attendance, as well as Mr. Green (by phone), Mr. Roberts and Mr. Hickman. Mr. Martin did not re-join the meeting.

The Chair reported that he had had a discussion with a representative of the Government of Newfoundland and Labrador and it was confirmed that there was an agreement between the Government and Mr. Martin that he would receive severance payments upon the cessation of his employment with the Corporation. The severance payment was to be in accordance with his employment contract as if he had been dismissed at the discretion of the Board.

Mr. Green left the meeting at this time.

On motion duly made by L. Abbass, seconded by T. Clift and unanimously carried, it was resolved:

WHEREAS Ed Martin has stepped down as President and Chief Executive Officer of Nalcor Energy and its subsidiaries effective close of business April 20, 2016;

AND WHEREAS Mr. Martin is to receive the severance provisions that he would be entitled to under the terms of his Employment Contract dated November 2, 2009 as if terminated at the discretion of the Board of Directors;

THEREFORE BE IT RESOLVED THAT the Board of Directors hereby authorizes the Corporation to enter into a Settlement Agreement with Mr. Martin to provide him with the following:

1. Severance - (a) salary and all benefits, cost shared where applicable, for the equivalent period of two (2) years (twenty four (24) months) in lieu of notice plus the equivalent of the highest annual bonus received in Mr. Martin's best total compensation year prior to the date of termination for each year of the two year pay in lieu of notice period; (b) outplacement services up to \$25,000.00 as invoiced to Nalcor by the service provider.
2. Other provisions – (a) as agreed by Mr. Martin and the Board of Directors, a lump sum payment of the SERP benefits to which he is entitled under the terms of the aforementioned Employment Contract; (b) any other payments to which any employee of Nalcor would be entitled upon the termination of their employment with the Corporation.

AND BE IT FURTHER RESOLVED THAT the Settlement Agreement include confidentiality, non-solicit and non-compete (1year) clauses.

AND BE IT FURTHER RESOLVED THAT any two of the officers of Nalcor be and are hereby authorized and directed to (a) approve the Settlement Agreement and (b) execute and deliver the Settlement Agreement and the execution by such officers shall be conclusive proof that they have approved the Settlement Agreement and that Nalcor has authorized such officers and directors to execute the Settlement Agreement in the form in which it has been executed.

1262. RESIGNATION OF THE BOARD

On motion duly made by G. Shortall, seconded by L. Abbass and unanimously carried, it was resolved:

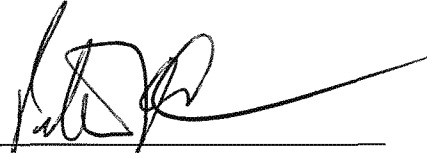
WHEREAS it has become apparent that the Government of Newfoundland and Labrador does not have confidence in the members of the Board of Directors to oversee the activities of the Corporation;

THEREFORE BE IT RESOLVED THAT the all of the members of the Board of Directors of the Corporation hereby resign effective 5:00pm Friday, April 22, 2016.

Mr. Hickman advised the Board members that they should in addition to the resolution, submit individual letters of resignation.

1263. TERMINATION

There being no further business, the meeting was terminated.



Secretary

Adopted at a meeting held on

~~June 14~~, 2016


Chairperson