

MINUTES OF THE TWENTY-SECOND MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY, NOVEMBER 27th, 2009 AT 11:00 A.M.

Present: J. Ottenheimer, Chair
C. Bennett
T. Clift
K. Marshall
E. Martin
G. Shortall

Present by Invitation: Derrick Sturge, Vice-President Finance and Chief Financial Officer
Chris Kieley, Vice-President Strategic Planning and Business Development
Jim Keating, Vice-President Oil and Gas

Secretary: W. Chamberlain

260. CONSTITUTION OF THE MEETING

Notice of the meeting was forwarded to Directors on November 5, 2009. A quorum of Directors being present, the meeting was duly called and validly constituted.

D. Sturge joined the meeting.

261. SAFETY MOMENT

W. Chamberlain presented a safety moment.

262. VERIFICATION OF MINUTES

A copy of the minutes of the **EIGHTEENTH, NINETEENTH, TWENTIETH** and **TWENTY-FIRST** meetings of the Board of Directors of Nalcor Energy held on September 25th, October 22nd, November 6th and November 12th, 2009, were included in the meeting papers circulated prior to the meeting.

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On motion duly made by E. Martin, seconded by T. Clift and unanimously carried, be it resolved:

THAT the minutes of the of the **EIGHTEENTH, NINETEENTH, TWENTIETH** and **TWENTY-FIRST** meetings of the Board of Directors of Nalcor Energy held on September 25th, October 22nd, November 6th and November 12th, 2009, which minutes are currently before this meeting, be and they are hereby verified as being correct; and

THAT the Chairman be and he is hereby authorized to verify the minutes by signing the Minute Book.

263. BUSINESS ARISING

There was no other business arising.

264. BOARD COMMITTEE REPORTS

265. Audit Committee

G. Shortall reported that the Committee received an update on the IFRS conversion that has been ongoing and its impact. A great deal of work has been completed and a number of accounting standards were reviewed to determine which standards were most suitable to the Corporation. The IFRS conversion is on schedule and the progress is comparable to other similar corporations. The biggest item is with respect to the sinking fund depreciation to a straight line depreciation which could have a cumulative effect of approximately \$318 million.

He further advised that an investigation related to an employee in Labrador has been concluded and he is satisfied with the explanation from J. Haynes with respect to the outcome.

266. Governance Committee

T. Clift reported that the Committee did not meet and is waiting for the risk management to be completed. Board and committee documents are being

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redrafted and will need to be finalized next year.

D. Sturge advised that the Management will be increasing corporate governance disclosure.

G. Shortall asked about the status of the Code of Business Conduct and Ethics and the whistleblower policy. W. Chamberlain advised that the Code of Business Conduct and Ethics is being amended and should be ready for roll out early next year.

267. PRESIDENT'S REPORT

268. Corporate Performance Review

E. Martin reviewed the 2009 Nalcor Performance Report that was included with the Board papers. There were 12 lost time and 3 medical treatment injuries which exceeds the target but the lead lag ratio with respect to reporting is on target. The corporate incidents by line of business and department were reviewed and illustrated that the majority of incidents were in a few specific areas whereas in many areas the safety performance was very good. The framework for safety excellence remains the long term focus and immediate and near term actions were reviewed. The environmental management system targets are being progressed. The Holyrood 2009 variance from ideal production schedule performance is 10.8% and within the target.

J. Keating and C. Kieley joined the meeting.

269. BUSINESS UNIT REPORTS

270. Newfoundland and Labrador Hydro

This Newfoundland and Labrador Hydro update was reviewed by the Newfoundland and Labrador Hydro Board of Directors and accordingly it was agreed that it did not need to be reviewed at this meeting.

271. CF(L)Co

This CF(L)Co update was reviewed previously by the Newfoundland and Labrador Hydro Board of Directors and accordingly it was agreed that it did not need to be reviewed at this meeting.

272. Oil and Gas

J. Keating reviewed the Oil and Gas report that was included with the Board papers but he also circulated an updated report at the meeting.

J. Keating left the meeting.

273. Bull Arm

C. Kieley reviewed the Bull Arm Fabrication report that was included with the Board papers.

**274. Other Activities**

C. Kieley reviewed the Other Activities report that was included with the Board papers. He reviewed the key performance measures related to recall power sales including monthly net revenue, energy volumes and monthly netback prices. An overview was provided with respect to recall power electricity markets.

He provided an update with respect to non-regulated generation activities including Abitibi hydro assets and the Menihek facilities and also provided an overview with respect to natural gas, island and Labrador wind and the Ramea wind-hydrogen-diesel projects.

C. Kieley left the meeting.

275. FINANCIAL REPORT**276. Financial Summary**

D. Sturge reviewed the Financial Summary that was included with the Board papers.

277. 2010 Financing Plan

D. Sturge reviewed the 2010 Financing Plan that was circulated at the meeting.

278. 2010 Operating and Capital Budget

D. Sturge reviewed in detail the 2010 Operating and Capital Budgets that were circulated at the meeting. There were a number of key assumptions made with respect to the budgets including the oil price forecast and the timing of first oil with respect to White Rose project and the level of capital

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expenditures related to the Lower Churchill Project depending on whether decision is made with respect to Gate 2B.

[REDACTED]

D. Sturge further advised that the Corporation will be committing to make a payment of \$2 million under the Upper Churchill Redress Agreement with the Innu of Labrador. G. Shortall raised the issue of the treatment of this payment and whether it should be a Lower Churchill capital expenditure.

D. Sturge advised that the debt to debt plus equity target is 75% and upon further discussion with the Board it was agreed that Management will revisit this and look at more to increase equity and have less debt taking into consideration what the Shareholder has planned in 2010.

D. Sturge advised that there is a legislative requirement to have the budgets filed with the Minister by November 30, 2009.

On motion duly made by C. Bennett, seconded by G. Shortall and unanimously carried, be it resolved:

THAT the Nalcor Energy Operating and Capital Budgets for 2010, as tabled and initialed by the Secretary for identification, and as amended by the President and CEO with respect to finalization of the oil price forecast and timing of first oil, the Lower Churchill capital expenditures and treatment of the Upper Churchill Redress Agreement payment, the impact of any additional costs associated with any replacement or repairs to the CF(L)Co T8 underground transformer and adjustments to any equity investment from the Shareholder, be and they are hereby approved.

279. Financial Risk Management

D. Sturge reviewed the Financial Risk Management report that was included with the Board papers. He advised that the purpose of the report was to provide an overview of the key financial risks and the respective roles of the Board and Audit Committee. The Financial Risk Management Policy was reviewed including the acceptable risk management products, the approval matrix and considerations in developing a risk management strategy.

He provided an overview of the current hedging in place, hedging that is under consideration and next steps.

On motion duly made by T. Clift, seconded by G. Shortall and unanimously carried, be it resolved:

THAT the Financial Risk Management Policy presented to the Board on November 27, 2009, be and it is hereby approved.

280. Compliance Certificate

D. Sturge referred to the Compliance Certificate for the period ended October 31, 2009 that was included in the Board papers.

281. 2010 MEETING SCHEDULE

There were no concerns raised with respect to the 2010 Meeting Schedule that was included in the Board meeting papers.

282. NEXT MEETING

The next meeting is scheduled for Friday, March 5, 2010. Messrs. Martin, Sturge and Chamberlain left the meeting for the in camera meeting of the Board.

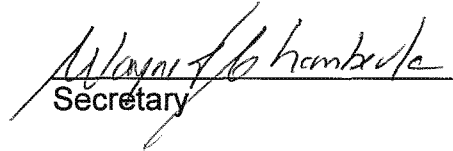
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283. IN CAMERA

Messrs. Martin, Sturge and Chamberlain returned to the meeting after conclusion of in camera meeting. The Chair advised that the review of the 2010 – 2014 Draft Corporate Plan would be deferred to the next meeting.

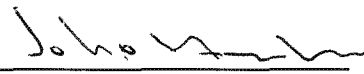
284. TERMINATION

There being no further business the meeting terminated.


Secretary

Verified at a meeting held on

March 5, 2010


Chair

ACTION LIST
 November 27, 2009

<p>November 21, 2008</p>	<p>Management to provide a presentation on historical information on oil and pricing in the oil commodity market (#124)</p>	<p>E. Martin</p>	<p>Future Meeting</p>
<p>September 25, 2009</p>	<p>Management assess the need for any further indemnities that may be required with respect to other officers of Nalcor Energy that are also officers of CF(L)Co.</p>	<p>E. Martin</p>	<p>Future Meeting</p>