

MINUTES OF THE TWENTY-SIXTH 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, JUNE 25th, 2010 AT 08:00 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
Jim Keating, Vice-President Oil and Gas
Wayne Chipman, Manager Oil & Gas
Ian O'Leary, Drilling Manager
John Steele, Member of Oilco Board

Secretary: W. Chamberlain

349. CONSTITUTION OF THE MEETING

Notice of the meeting was forwarded to Directors on May 28, 2010. A quorum of Directors being present, the meeting was duly called and validly constituted.

350. SAFETY MOMENT

Mr. Clift provided a safety moment on safe use of gardening equipment.

351. VERIFICATION OF MINUTES

A copy of the minutes of the **TWENTY-FIFTH** meeting of the Board of Directors of Nalcor Energy held on April 30, 2010, were included in the meeting papers circulated prior to the meeting.

On motion duly made by Mr. Shortall, seconded by Mr. Clift and unanimously carried, it was resolved:

THAT the minutes of the **TWENTY-FIFTH** meeting of the Board of Directors of Nalcor Energy held on April 30th, 2010, 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.

352. BUSINESS ARISING

The Action List was reviewed and Mr. Martin advised that when hiring Co-op students that consideration will be given to the Co-op students at the College of the North Atlantic in the Safety Engineering Program. The remaining matters are ongoing and will be completed for future meetings.

353. BOARD COMMITTEE REPORTS

354. Safety, Health and Environment Committee

Ms. Bennett reported that the Committee held its first meeting on June 23, 2010 and will meet quarterly. The Committee received a report from Management on safety, health and environmental matters and has requested to be provided with a high level outline of what is planned for the Corporation with respect to safety over the next few years. The Committee also received a presentation from Mr. Jim Keating on the Corporation's response to the deep water Horizon major oil spill incident in the Gulf of Mexico. It was also agreed that Mr. Keating would provide a more detailed presentation to Nalcor and Nalcor Oil Boards.

355. Audit Committee

Mr. Shortall reported that the Committee was provided with an update on the IFRS conversion which included a number of accounting issues related thereto and also accounting issues related to the trust that was established by the Government with respect to the Churchill Falls (Labrador) Corporation good faith action against Hydro Quebec. The Committee reviewed the external Auditor's Management Letter relating to the 2009 Audit and there were no materials issues

identified. The Committee also reviewed the Internal Audit Report and management responses on several matters.

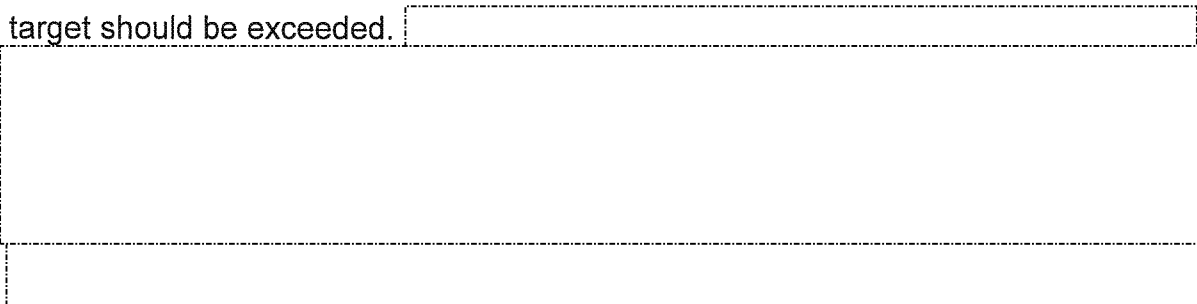
356. PRESIDENT'S REPORT

357. Performance Report

Mr. Martin first provided an update on collective bargaining negotiations with IBEW 1615. He advised that conciliation is scheduled for the end of July with a report being completed in August.

Mr. Martin reviewed the 2010 Corporate Plan Performance Report which was included in the board papers distributed prior to the meeting. He noted that with respect to safety, zero and zero is currently being achieved in several areas including Holyrood Thermal Generating Station, TRO Central, CF(L)Co Production and CF(L)CO Engineering among others. He noted that 3 of the 6 injuries occurred in May and that there is a continued focus on safety awareness with temporary and apprentice workers as 4 of the 6 injury incidents were to these employees.

Mr. Martin advised that the environmental leadership targets are lagging but expect to meet the targets at year end and that the Hydro winter availability target should be exceeded.



358. 2009 Transparency and Accountability Annual Report

Mr. Martin referred to the 2009 Annual Performance Report Transparency and Accountability dated June 2010 which was included in the board papers

distributed prior to the meeting. Board members were complimentary of the transparency and comprehensiveness of the Report.

On motion duly made by Mr. Clift, seconded by Mr. Marshall and unanimously carried, it was resolved:

THAT the 2009 Annual Performance Report Transparency and Accountability dated June 2010 presented to the Board at its June 25th, 2010 meeting, be and it is hereby approved.

359. BUSINESS UNIT REPORTS

360. Newfoundland and Labrador Hydro

It was agreed that a Newfoundland and Labrador Hydro update would be presented and provided at the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting. Accordingly, it was agreed that the Board would not be provided with an update at this meeting.

361. CF(L)Co

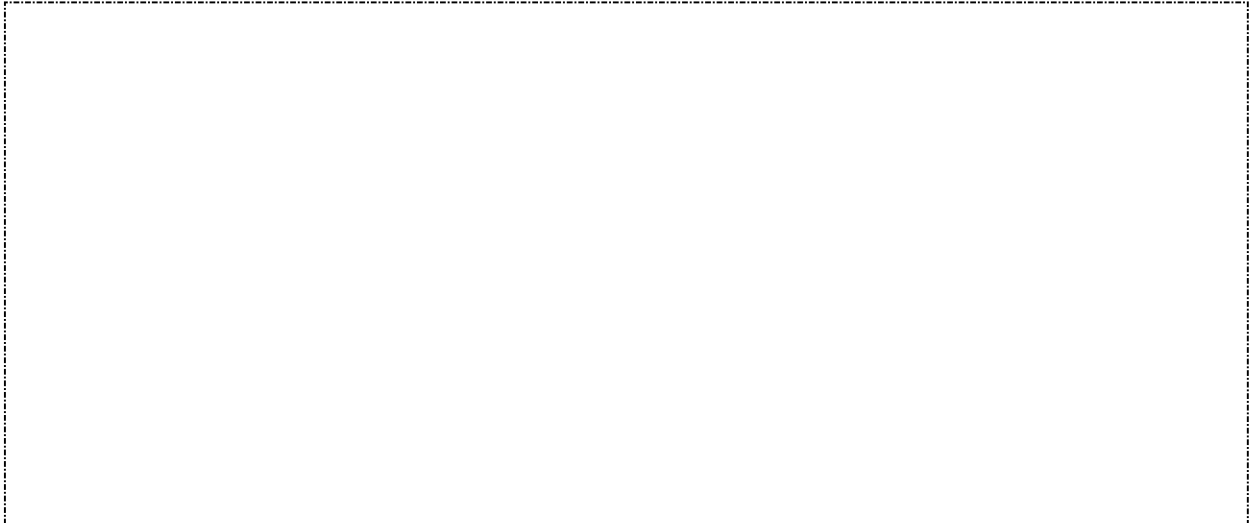
It was agreed that a CF(L)Co update would be presented and provided at the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting. Accordingly, it was agreed that the Board would not be provided with an update at this meeting.

362. Lower Churchill Project Update

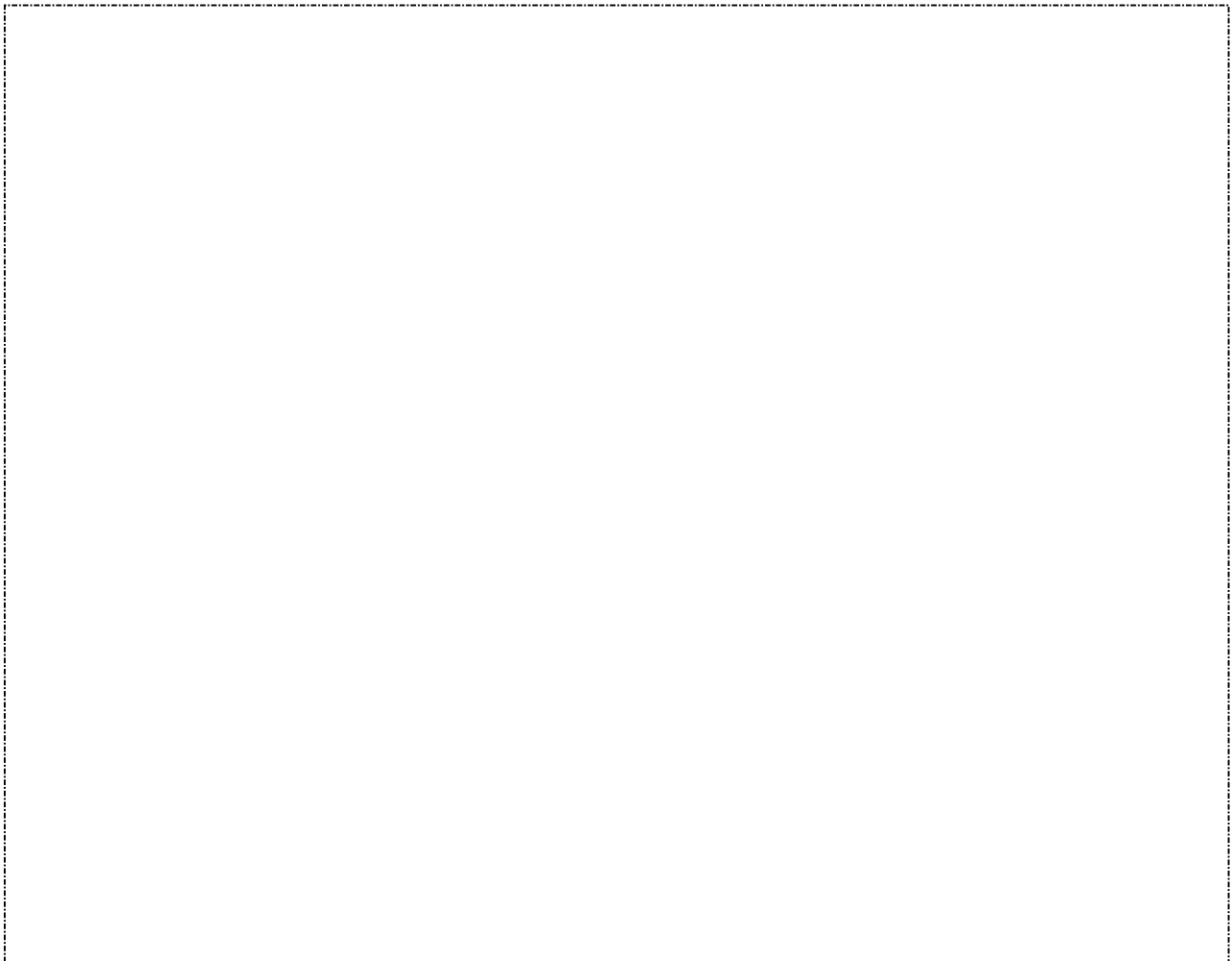
Mr. Martin commenced to review the Lower Churchill Project Report that was included in the meeting papers. The review of the Lower Churchill Project Report was suspended upon the arrival of Mr. Steele.

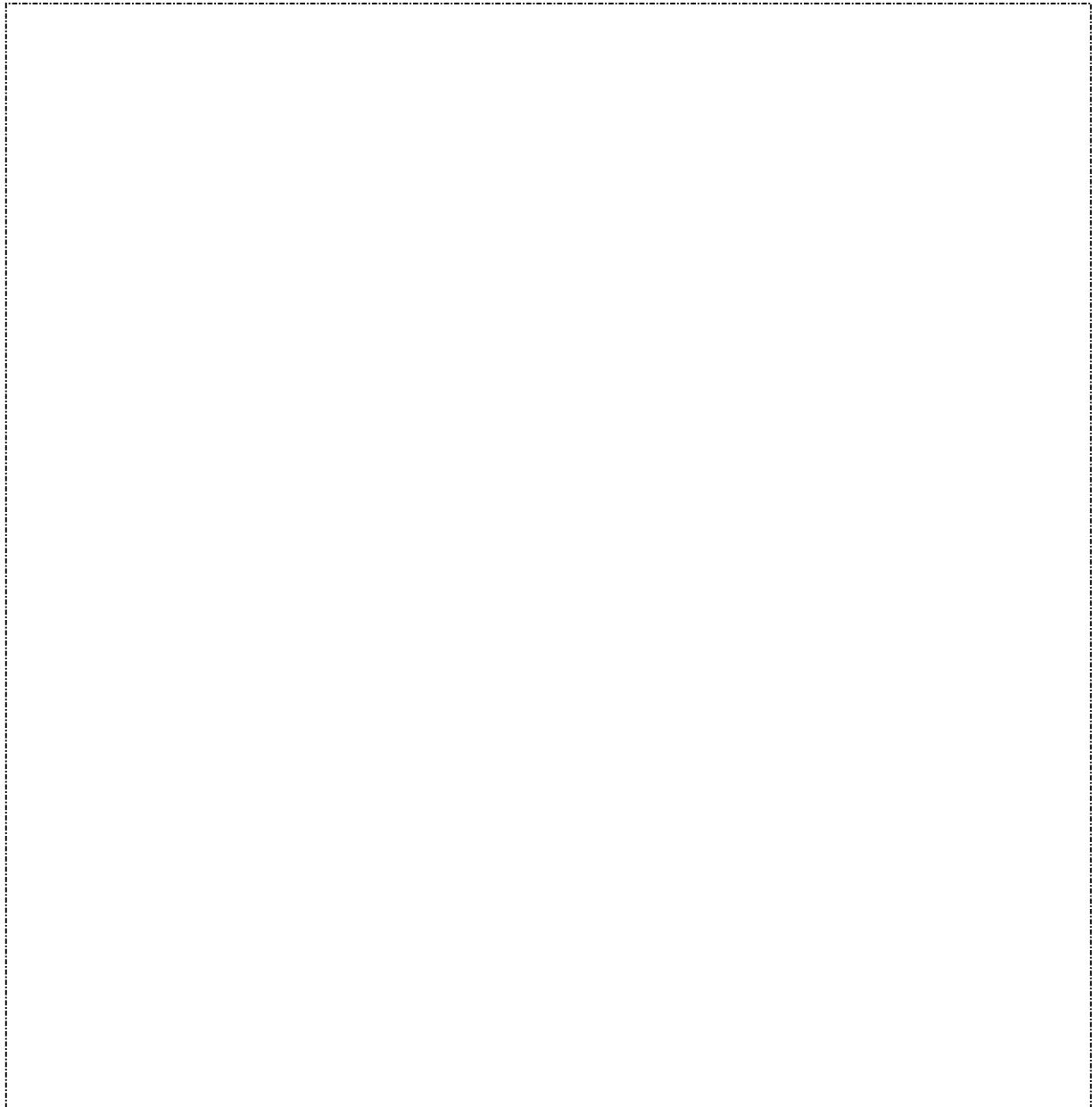
363. Oil and Gas

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Tom Clift left the meeting.





364. Lower Churchill Project Update (Cont'd)

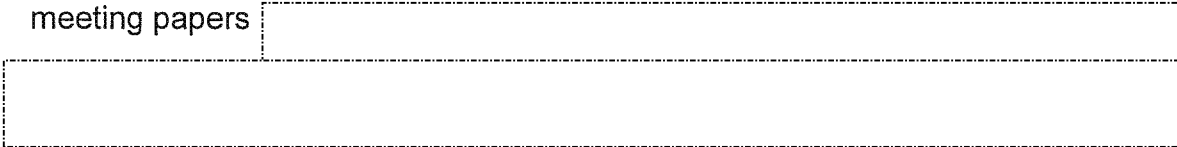
Mr. Martin completed the review the Lower Churchill Project Report that was included in the meeting papers.

Mr. Clift joined the meeting.

Mr. Martin noted that the current focus is on a configuration of the development of Muskrat Falls with an Island link and submarine cable to the Maritimes and New England.

365. Oil and Gas (Cont'd)

Mr. Martin briefly reviewed the Oil and Gas Report which was included in the meeting papers



366. Bull Arm

Mr. Martin referred to the Bull Arm Report in the board papers distributed prior to the meeting.

367. Energy Marketing

Mr. Martin referred to the Energy Marketing Report in the board papers distributed prior to the meeting.

368. Other Activities

Mr. Martin referred to the Bull Arm Report in the board papers distributed prior to the meeting.

369. FINANCIAL REPORT

370. Financial Summary

Mr. Sturge reviewed the Financial Report that was in the board papers distributed prior to the meeting. He reviewed the highlights as outlined in the report, as well as the year-end forecast, summary of earnings for the various segments of the Nalcor Companies and the Corporate financial scorecard. With respect to the capital expenditures, actual was less than budget due primarily to timing issues.

Ms. Bennett left the meeting.

Mr. Sturge also reviewed the GAAP and IFRS accounting issue with respect to oil and gas assets to be depleted, factors contributing to the error and the next steps to be taken to correct this accounting issue. The 2010 net income forecast is to be adjusted downward to reflect the revised depletion calculation based on existing proven reserves as opposed to the unit-of-production method. The net effect of this issue is that depletion was significantly understated as noted in the Financial Report and has been corrected. A reserves update for White Rose is being completed this year which could result in a further revision upward of proven reserves, which in turn could then increase the 2010 net income forecast.

371. Compliance Certificate

Mr. Sturge referred to the Compliance Certificate for the period ended March 31, 2010 in the board papers distributed prior to the meeting.

372. OTHER BUSINESS

There was no other business.

373. IN CAMERA

It was agreed that the In Camera would be held at the end of the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting.


374. NEXT MEETING

The next meeting of the Board is scheduled for Friday, September 24, 2010.

375. TERMINATION

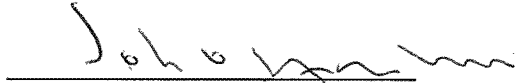
There being no further business, the meeting was terminated.

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Secretary

Verified at a meeting held on

Sept. 24, 2010



Chair

ACTION LIST
 June 25, 2010

November 21, 2008	Management to provide a presentation on historical information on oil and pricing in the oil commodity market (Minute #124)	E. Martin	Future Meeting
September 25, 2009	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.	E. Martin	Future Meeting
April 30, 2010	Review Committee Meeting Minutes	J. Ottenheimer/ E. Martin/ D. Sturge/ P. Hickman	September 24, 2010
June 25, 2010		E. Martin	Future Meeting
June 25, 2010		E. Martin	

