

MINUTES OF THE THIRTIETH SPECIAL 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, OCTOBER 8th, 2010 AT 10:00 A.M.

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

Present by Telephone: G. Shortall

Present by Invitation: D. Sturge, Vice-President
Finance and Chief Financial Officer
G. Bennett, Vice-President Lower
Churchill Project
C. Kieley, Vice-President Strategic
Planning and Business Development
G. Jones, Manager Business
Development

Secretary: W. Chamberlain

413. CONSTITUTION OF THE MEETING

Notice of the meeting was forwarded to Directors on October 6, 2010. A quorum of Directors being present, the meeting was duly called and validly constituted.

Mr. Sturge joined the meeting.

414. SAFETY MOMENT

Mr. Chamberlain provided a safety moment on preventing falls in winter months. Mr. Martin also referred to an email sent by a CF(L)Co employee with respect to safe driving and moose collisions.

415. LOWER CHURCHILL PROJECT UPDATE

Mr. Bennett joined the meeting. Mr. Martin commenced to provide an update with respect to the negotiations with Emera Inc. regarding the Lower Churchill Project and the potential sale and delivery of power to Nova Scotia with transmission access to and through Nova Scotia, New Brunswick and into Maine and New England. He reported that negotiations with Emera are progressing and that there are a few outstanding matters.

Mr. Martin advised that meetings were also held with the CEO of New Brunswick Power in Churchill Falls, Labrador to discuss the potential of the Lower Churchill Project and he advised that New Brunswick Power would provide a proposal for Nalcor's consideration.

Mr. Martin reported that a generation planning report prepared by Nalcor's Systems Planning Department examined the need and requirement for the next source of generation to meet future load growth on the Island and the report confirmed that a decision needs to be made by the end of 2010, as to the next source of generation to meet future load requirements. The generation planners considered various options for the next source of generation including additional thermal generation, a gas plant, other hydro or wind developments and the development of Muskrat Falls and associated transmission to the Island. The analysis concluded and recommendation is that the Muskrat Falls and the Island Link transmission was the best source of generation to meet future load growth in the province.

Mr. Martin provided an overview of the development of the Muskrat Falls plant and the blocks of energy related thereto. The 824 MW Muskrat Falls plant would produce 4.9 TWh of energy and the current load requirements on the Island was

30th Nalcor Energy Board Meeting
October 8, 2010
Page 3 of 6

between 1 and 2.0 TWh and is expected to grow to 3.9 TWh over the next thirty plus years.

Mr. Martin also noted that Emera Inc. is interested in paying 20% of the capital costs of the construction of the Muskrat Falls plant, Island Link transmission and the transmission structures and submarine cable and associated equipment between the Island and Nova Scotia ("Maritime Link"), to receive 20% of the power output of the Muskrat Falls plant, less any transmission line losses. Emera Inc. would recover their capital costs contribution by seeking to include such costs in the Nova Scotia rate base and therefore the price for the power and energy would have to be competitive with other renewable energy sources of generation, including wind and biomass projects. Emera is seeking a 45 year term which they believe is necessary to reduce price of the energy so that the capital costs will be included in the Nova Scotia rate base. Nalcor is seeking a shorter term agreement and is considering providing a terminal value to Emera in order to meet the regulatory concerns and reduce the term of the agreement.

He advised that there are three blocks of power with respect to the Muskrat Falls project being: (i) first block to meet province's load requirements, (ii) second block to deliver 1 TWh of energy to Nova Scotia and (iii) a third block which is available to sell to the Maritimes and/or New England.

Board members expressed concerns with a term of 45 years which was viewed as being too long and that a shorter term arrangement was necessary.

Mr. Martin reviewed the transmission access rights that Emera Inc. has in Nova Scotia, New Brunswick and into Maine, including the Bayside and MEPCO transmission rights.

30th Nalcor Energy Board Meeting
October 8, 2010
Page 4 of 6

Mr. Martin advised that the remaining issues relate primarily to the length of the term of the arrangement and providing Emera Inc. with an opportunity to make an additional investment in the Island Link transmission assets, such that they would not have greater than a 49% ownership interest in all of the transmission assets of the Muskrat Falls project including the Maritime Link. Emera is also interested in further developing its relationship with Nalcor with respect to the marketing of Nalcor's surplus power and energy. He also noted that New Brunswick Power is interested in participating but at this point may complicate the negotiations with Emera and as a result, Nalcor will need to ensure the Term Sheet with Emera Inc. does not exclude opportunities for New Brunswick Power.

Mr. Martin summarized the next steps and advised that a draft of the Term Sheet is expected to be sent to Emera Inc. today and will then try to conclude a Term Sheet within 30 days. He cautioned that Emera Inc. is a publicly traded company and that the information received is very confidential and commercially sensitive and should not be shared or disclosed to a third party.

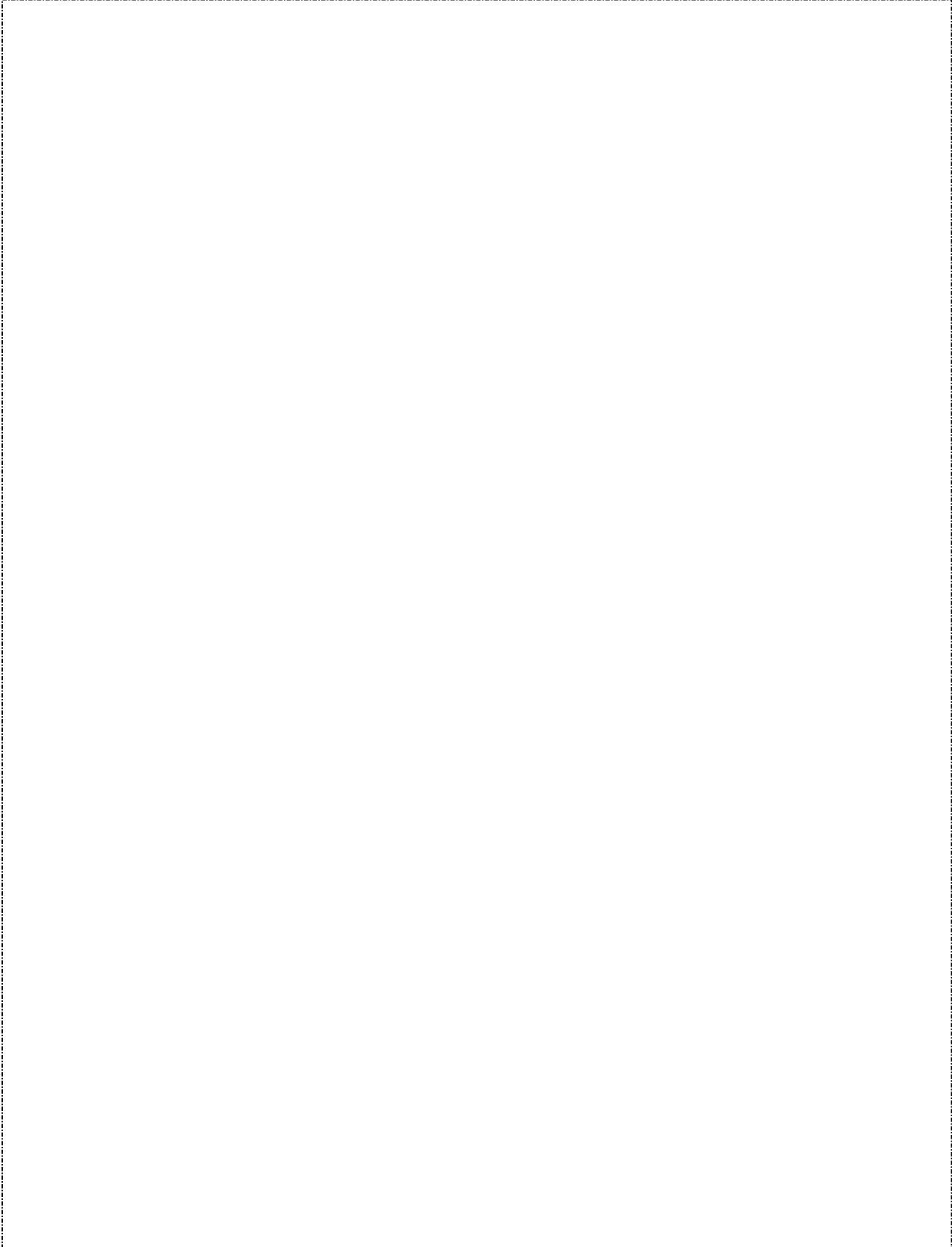
416. APPOINTMENT TO COMPENSATION COMMITTEE

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

THAT the Chair, John Ottenheimer, be appointed to the Compensation Committee of the Board.

417. LABRADOR INDUSTRIAL RATES

30th Nalcor Energy Board Meeting
October 8, 2010
Page 5 of 6



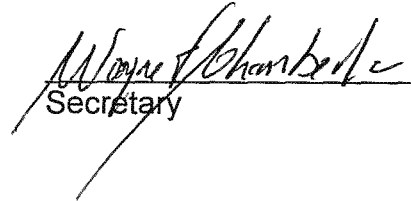
30th Nalcor Energy Board Meeting
October 8, 2010
Page 6 of 6



418.

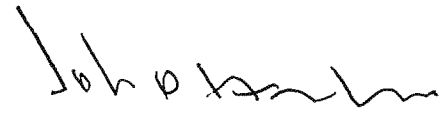
TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

Jan. 19, 2011


Chair