

MINUTES OF THE THIRTY-FIRST MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON TUESDAY, NOVEMBER 2ND, 2010 AT 3:00 P.M.

Present in Person: J. Ottenheimer, Chair
C. Bennett
T. Clift
K. Marshall

Present by Telephone: E. Martin
G. Shortall

**Present by Invitation
By Telephone:** G. Bennett, VP Lower Churchill
Project
D. Sturge, VP Finance & CFO

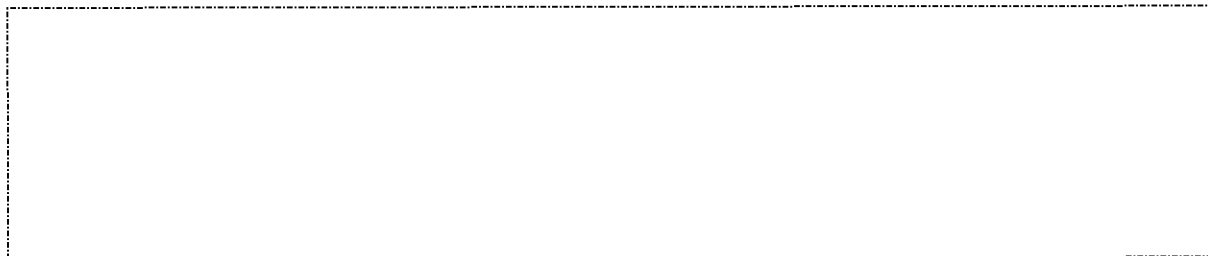
Secretary (acting): P. Hickman

419. CONSTITUTION OF THE MEETING

A quorum of Directors being present, the meeting was duly called for the transaction of business.

420. PARSONS POND – GAS MIGRATION





It was noted that a draft News Release had been distributed to the Board members prior to the meeting. Mr. Martin stated that this release will be issued very shortly. Any questions from the media relating to this matter will be addressed by Jim Keating, VP, Oil and Gas.

421.

**DISCUSSIONS WITH EMERA
RE: LOWER CHURCHILL PROJECT**

Mr. Martin provided the Board with an update on the status of discussions that have taken place between Nalcor and Emera with respect to the development of Muskrat Falls and a transmission link between Labrador and Newfoundland and between Newfoundland and Nova Scotia. He stated that the parties are getting closer to a business deal with respect to this development. He noted that he had discussed with Government officials, including the Premier and a number of Cabinet Ministers, the basic elements of the deal and they are in agreement with it.

Mr. Martin then reviewed a presentation, copies of which had been provided to the Board members. He stated that a decision is required on the next generation source to meet Island demand by year end. Muskrat Falls with an Island link is the preferred option, even in the case that assumes excess electricity is not monetized, and significant water will be spilled. He stated that in addition to determining the next generation source, various options have been considered with respect to maximizing the value of the spilled water and the analysis resulted in a decision to pursue arrangements with Emera if overall value is enhanced.

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Mr. Martin then provided a generation expansion summary to the Board providing information on various aspects of the generating station at Muskrat Falls and both the Island and Maritime links.

Mr. Martin then provided a summary of the main elements of the deal being discussed with Emera, the details of which were included in the presentation.

Mr. Martin stated that Emera has also expressed interest in purchasing a small block of surplus power that would be available in addition to the 1 Twh. Mr. Martin outlined the details of Emera's proposal with respect to this block of power.

Mr. Martin stated that the deal that he described is in synch with the Province's Energy Plan. The Department of Natural Resources reviewed the Energy Plan and the proposed deal and have confirmed that is the case. As well, there are no discrepancies between what was announced by the Premier last week and the deal that is being discussed.

Mr. Martin stated that the terms of the deal will be included in a Term Sheet, which the parties agreed will not be binding. However, the Term Sheet is quite detailed and our legal advice is that in some respects, it does take on the form of a binding document. Mr. Martin stated that there are a few items to finalize with respect to the deal, but he expects the parties may be able to agree on the basis of the deal within the next day or so. It will then take several days to complete the written Term Sheet, which will in turn be signed by both parties.

The Board provided Mr. Martin with the authority to accept the deal as outlined to them, but asked that if time permits, a meeting of the Board be called to review the final deal prior to the Term Sheet being signed. Mr. Martin stated that a

condition of the Term Sheet will be that it is subject to the approval of the respective Board's of Directors and any required Shareholder approval that is needed.

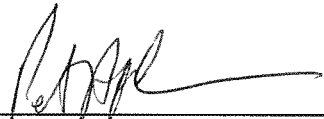
Messrs. Martin, Sturge, Bennett and Hickman left the meeting at this time.

422. IN CAMERA

The Board held an In Camera session.

423. TERMINATION

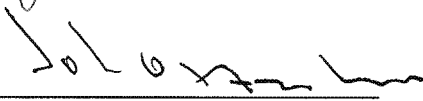
There being no further business, the meeting was terminated.



Secretary

Verified at a meeting held on

Jan. 19, 2011



Chair