

MINUTES OF THE THIRTY-FOURTH 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 TUESDAY, DECEMBER 21st, 2010 AT 04:30 P.M.

Present: E. Martin, Acting Chair

Present by Telephone: C. Bennett
T. Clift
K. Marshall
G. Shortall

Absent: J. Ottenheimer

Present by Invitation: G. Bennett, Vice-President Lower Churchill Project

Secretary: W. Chamberlain

432. CONSTITUTION OF THE MEETING

Notice of the meeting was forwarded to Directors on December 21, 2010. A quorum of Directors being present, the meeting was duly called and validly constituted.

Mr. Bennett joined the meeting.

433. SAFETY MOMENT

Mr. Chamberlain provided a safety moment on Canada Safety Council Christmas safety tips.

434. LOWER CHURCHILL PROJECT UPDATE

Mr. Martin circulated a Lower Churchill Update presentation. Mr. Martin commenced to review the presentation and advised that the purpose of the meeting was to provide an update on the Lower Churchill Project ("Project") including next steps, an overview of expenditures, approvals that will be required, major deliverables in 2011 and selection of an EPCM contractor.

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He advised that the Project passed through Decision Gate 2 (DG2) which included an independent review assessment that concluded that the Project had achieved optimal project definition, had clear objectives and a well developed project team and had completed the necessary steps to pass through DG2.

Mr. Martin further advised that the Project is proceeding with all activities and analysis to get to Decision Gate 3 which is Project sanction. Phase 3 activities include detailed engineering and procurement which will require the selection and mobilization of an EPCM contractor. He noted that a letter of intent will likely be concluded with the preferred EPCM contractor within the next week which will then lead to a contract in early 2011 and mobilization as early as March 2011.

He stated that the other priorities in 2011 include project financing activities including market sounding, the Generation project EA public panel hearings, submission of EIS for the Labrador-Island transmission, completion of the preliminary design for the Strait of Belle Isle crossing, formal agreements with Emera regarding Maritime Link and finalization of the aboriginal negotiations.

Mr. Martin reviewed the expenditures to date including write downs as of November 30, 2010 and the breakdown of the budget to Decision Gate 3. He then provided an overview of the RFP and EPCM proposal review processes with respect to the procurement of detailed engineering, procurement and contract management services.

Mr. Bennett advised that after the comprehensive review and evaluation process by the Project team the two remaining EPCM bidders were technically competent but the preferred bidder, among other things, had more depth of human resources to provide the services and provided better value. He provided an overview of the commitment of the preferred bidder to provide local benefits including establishment of a project office in St. John's, execution of the bulk of

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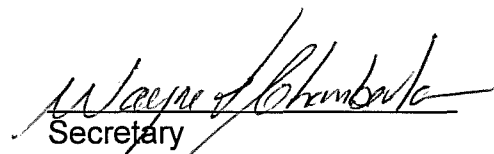
the engineering and management activities in the Province and the establishment of a procurement function in the Province. Mr. Bennett disclosed the identity of the preferred bidder and advised that the next step is to issue a letter of intent to the preferred bidder.

Mr. Martin advised that is important to now engage the EPCM contractor to optimize the EPCM activities that will be required in order to be prepared and ready to pass through DG3. The EPCM costs for 2011 and the total cost of the EPCM contract were reviewed and it was noted that the scope of work did not include the Maritime Link or the Strait of Belle Isle submarine cable crossing work. The scope of work related to Muskrat Falls and the Labrador-Island Link.

A brief overview was provided with respect to the management of key near term risks and near term approvals by the Board, the Shareholder and President & CEO.

435. TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

April 1, 2011


Chairperson