

MINUTES OF THE THIRTY-SEVENTH 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, APRIL 1, 2011 AT 11:00 A.M.

Present in Person: C. Bennett
T. Clift
K. Marshall
G. Shortall
E. Martin

Absent: J. Ottenheimer, Chair

Present by Invitation: D. Sturge, VP Finance & CFO
K. Legge, General Manager Finance and Corporate Services
C. Kieley, VP Strategic Planning & Business Development

Secretary (Acting): P. Hickman

460. CHAIR OF THE MEETING

In the absence of John Ottenheimer, Chair of the Board of Directors, it was agreed that Mr. Marshall would act as Chair of the meeting.

461. CONSTITUTION OF THE MEETING

Notice for the meeting was forwarded to Directors on March 17, 2011. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

462. SAFETY MOMENT

Mr. Hickman provided a safety moment on the wear and tear of tires.

463. VERIFICATION OF MINUTES

A copy of the minutes of the 34th, 35th and 36th meetings of the Board of Directors of Nalcor Energy held on December 21, 2010, January 19, 2011 and February 4,

2011, respectively, were included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the **THIRTY-FOURTH, THIRTY-FIFTH, and THIRTY-SIXTH** meetings of the Board of Directors of Nalcor Energy held on December 21st, 2010, January 19th and February 4th, 2011, respectively, 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.

464. ACTION LIST

The Board reviewed the Action List which was included in the meeting papers.

With respect to the item relating to detail as to what investments were included in "other costs" in the 2011 Financing Plan, Mr. Sturge explained that these costs included Exploits expenditures, as well as operations and maintenance costs of Nalcor.

465. King Air Incidents



466. COMMITTEE REPORTS**467. Safety, Health and Environment Committee**

Ms. Bennett reported that at the most recent meeting, the Committee reviewed aviation safety with John Hollohan, Manager Safety & Health and Nelson Pilgrim, Superintendent Air Services. As well, they received a presentation on safety and environmental issues related to the Bull Arm Lease with Exxon. She stated that both of these exercises were quite useful and informative. She stated that the Committee also discussed the need to focus on apprentices and temporary workers, as a disproportionate number of injuries continue to occur within these groups of employees.

468. Environmental Assessment – Lower Churchill Project

At this time Mr. Martin provided a report to the Board on the status of the Environment Assessment relating to the Lower Churchill Project.

469. Audit Committee

Mr. Shortall reported that at its recent meeting, the Audit Committee reviewed the 2010 results with the External Auditors. He stated that there are no significant issues relating to the statements of any of the Nalcor companies. He stated that it is the recommendation of the Audit Committee that the Financial Statements of Nalcor be approved by the Board.

470. FINANCIAL REPORT

Mr. Legge reviewed the Financial Report which was included in the meeting papers.

Mr. Legge reviewed the earnings related to the various segments of the Corporation. The performance of the Energy Marketing segment was noted, as performance had improved over 2009 and earnings were greater than the 2010 Budget.

Mr. Legge reviewed the performance summary and corporate financial score card included in the Financial Report.

The Board discussed the equity contributions from Government. Mr. Sturge reported that Nalcor did not utilize all of the equity contributions that were available to it in 2010. Mr. Shortall inquired as to how Nalcor could "protect" the Government's intended equity contributions. Mr. Sturge stated that when they are included in the Government's budget then they are confirmed. As well, when Nalcor puts long-term financing in place for the Lower Churchill Project, it will require a commitment from Government for equity contributions and it will not be possible for these commitments to be unfulfilled.

471. 2010 CONSOLIDATED FINANCIAL STATEMENTS

The 2010 Consolidated Financial Statements, a copy of which was included in the meeting papers, were noted. Mr. Legge distributed a new version of Note 22 relating to the Lower Churchill Hydro Electric Development. He stated that the Note had been reviewed by Gilbert Bennett, VP-Lower Churchill Project and his suggested changes had been incorporated into the Note.

On motion duly made by G. Shortall, seconded by E. Martin and unanimously carried, it was resolved:

THAT the 2010 Consolidated Financial Statements comprising the Consolidated Balance Sheet as at December 31, 2010, and the Consolidated Statement of Income and Retained Earnings and Consolidated Statement of Cash Flows for the year-ended December 31, 2010, as tabled and initialed by the Secretary for identification, be and they are hereby approved; and

THAT any two Directors be and they are hereby authorized to sign said Balance Sheet on behalf of the Board.

472. AUDIT RESULTS REPORT

Mr. Shortall reported that the Audit Results Report was reviewed at the recent Audit Committee meeting with the External Auditors. He noted that the Audit was conducted as planned. The external audit went well.

473. 2010 PERFORMANCE REPORT

Mr. Martin reviewed the 2010 Performance Report, a copy of which was included in the meeting papers.

Mr. Martin reviewed the 2010 key accomplishments which were listed in the report. He stated that he believes that there is traction on safety and that the Corporation is headed in the right direction. The Corporation is still not where it needs to be, but improvements have certainly been made. He noted that many areas of the Corporation are at zero and zero with respect to safety incidents. He also noted that the Corporation is trending downward with respect to the All Injury and Lost Time Injury rates.

Mr. Martin reviewed the remainder of the Report.

474. 2011-2015 CORPORATE PLAN

Mr. Martin reviewed the draft 2011-2015 Corporate Plan, a copy of which is included in the meeting papers.

Mr. Martin first reviewed the strategy framework which was included in the Report. He explained that this outlines a process used to develop corporate plans for all of the various business units. He stated that this would not change to any great degree from year to year. He then reviewed the near term strategy and noted that the focus of the Corporation will be shifted more on the Lower Churchill Project in the near term. He then noted the 2010 Corporate Plan highlights for Nalcor.

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Ms. Bennett inquired as to whether the new personnel at Natural Resources and in the Premier's office are familiar with Nalcor's Corporate Plan. Mr. Martin stated that he has met twice with the Minister to review the Corporation's plans and activities and will continue to hold such meetings with the Minister. He agreed that it is important to continue to keep the Shareholder informed as to the Corporation's activities.

475. 2011 CORPORATE PERFORMANCE REVIEW

Given that this meeting was held later than normal and that a full quarter of the year had passed by, he felt it was important to provide the Board with a report as to how the Corporation is doing with respect to the 2011 Corporate Plan. He noted the Performance Report relating to the 2011 Plan which was included in the meeting papers. He highlighted the Corporate Plan highlights which were included in the Report. He also noted that there had been two medical treatment injuries as of the end of February of this year.

**476. RATIFICATION OF APPROVAL OF TRANSPARENCY
AND ACCOUNTABILITY REPORT**

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

THAT the email approval of the Board of Directors of the 2010 Transparency and Accountability Report, be and it is hereby ratified.

477. BUSINESS UNIT REPORTS

The Business Unit Reports relating to Lower Churchill, Oil and Gas, Bull Arm, Energy Marketing, and Other Activities, which were included in the meeting papers, were noted.

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478. LOWER CHURCHILL PROJECT

Mr. Martin provided an update to the board with respect to various activities ongoing with respect to the Lower Churchill Project. He then discussed the recent announcement of the Prime Minister that the Conservatives, if elected in the upcoming Federal Election, will provide a guarantee for financing for Muskrat Falls.

Mr. Martin also noted that the process for the ratification of the New Dawn Agreement by the Innu is underway and feedback has been positive as to the status of that exercise.

479. APPOINTMENT OF OFFICERS

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

WHEREAS pursuant to Sub-section 12(1) of the Energy Corporation Act, the Board of Directors may appoint Officers of the Corporation;

THEREFORE BE IT RESOLVED THAT Robert Hull be and he is hereby appointed General Manager – Commercial / Financing, effective April 1, 2011.

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

WHEREAS pursuant to Sub-section 12(1) of the Energy Corporation Act, the Board of Directors may appoint Officers of the Corporation;

THEREFORE BE IT RESOLVED THAT Kent Legge be and he is hereby appointed General Manager – Finance and Corporate Services, effective April 1, 2011.

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480. PROXY – GIPCO ANNUAL GENERAL MEETING

On motion duly made by E. Martin, seconded by C. Bennett and unanimously carried, it was resolved:

THAT Nalcor Energy, a Shareholder of Gull Island Power Company Limited ("GIPCo"), hereby appoints John Ottenheimer and Ed Martin or, failing either of them, Gilbert Bennett or, failing him, Jim Haynes, or, failing him, Derrick Sturge, as proxies of Nalcor Energy to attend, vote and otherwise act for and on behalf of Nalcor Energy at the 2011 Annual General Meeting of the Shareholders of GIPCo, and at any adjournment thereof, in respect of all matters that may properly come before the meeting, in the same manner as Nalcor Energy could, if it were an individual Shareholder, each of them to have such power in respect of fifty (50) percent of all shares of GIPCo registered in the name of Nalcor Energy;

AND BE IT FURTHER RESOLVED

THAT any two of the Chairman, the President and Chief Executive Officer and the Secretary of Nalcor Energy, be and they are hereby authorized and directed to execute under the Corporate Seal of Nalcor Energy an instrument or instruments of proxy to the above effect;

AND BE IT FURTHER RESOLVED

THAT the Corporation will vote its shares at the forthcoming Annual Meeting of Gull Island Power Company Limited in favour of those individuals nominated for election as Directors of GIPCo.

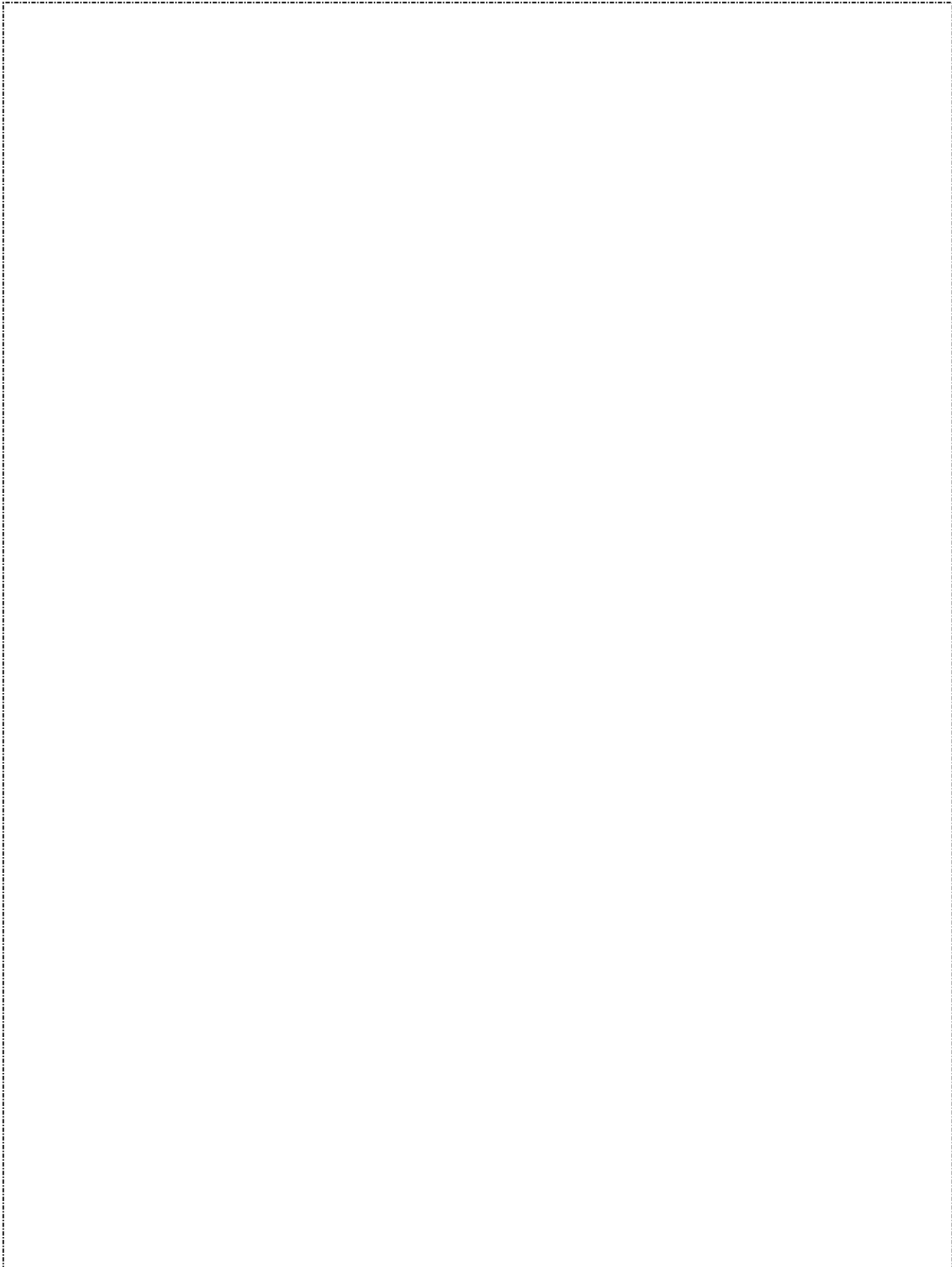
481. COMPLIANCE CERTIFICATE

A copy of the latest Compliance Certificate was distributed to the Board members at the meeting.

Mr. Clift joined the meeting at this time.

482.

STAR LAKE FRAMEWORK AGREEMENT





483. FINANCIAL RISK MANAGEMENT POLICY

The Financial Risk Management Policy included in the meeting papers was noted. This policy included the updates suggested by the Board at its January 2011 meeting.

484. COMPENSATION

It was noted that at the meeting of the Newfoundland and Labrador Hydro Board of Directors which was held immediately prior to this meeting, the Board had received a report on compensation issues.

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

THAT Management be and is hereby directed and authorized to proceed with the payout of performance contract payments to the Executive Team other than the President & CEO and to direct reports of the Vice-Presidents, as presented to and recommended by the NLH Compensation Committee.

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

THAT the Executive Team receive a general salary increase of 3.5% retroactive to April 1, 2010, as presented to and recommended by the NLH Compensation Committee.

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

THAT a general salary adjustment to the base salary of all non-union employees, including the Executive Team, of 4% effective April 1, 2011 be and is hereby approved.

485. NEXT MEETING


It was agreed that the meeting scheduled for April 29, 2011 would be canceled. The next meeting is at the call of the Chair.

486. IN CAMERA SESSION

The Board agreed that it was not necessary to hold an In Camera Session at this time.

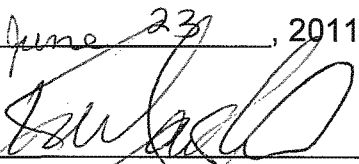
487. TERMINATION

There being no further business, the meeting was terminated.



Secretary

Verified at a meeting held on

June 23, 2011


Chairperson