

MINUTES OF THE FIFTY-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 THURSDAY, JUNE 28, 2012 AT 08:30 A.M.

Present in Person: T. Styles, Chair
E. Breen
T. Cliff
A. Hawkins
K. Marshall
E. Martin
G. Shortall

Present by Video Conference: L. Abbass

Present by Invitation: D. Sturge, Vice-President and Chief Financial Officer
G. Bennett, Vice-President Lower Churchill Project
J. Keating, Vice-President Oil and Gas
J. MacIsaac, Vice President Project Execution and Technical Services

Secretary: W. Chamberlain

664. CONSTITUTION OF THE MEETING

Notice for the meeting was forwarded to Directors on June 12, 2012. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

665. SAFETY MOMENT

Mr. Keating provided a safety moment on QWERTY keyboard and safety and then left the meeting.

666. VERIFICATION OF MINUTES

A copy of the minutes of the Forty-Eighth, Forty-Ninth and Fiftieth meetings of the Board of Directors of Nalcor Energy held on April 18, 2012, April 27, 2012 and

May 23, 2012, respectively, were included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the **FORTY-EIGHTH, FORTY-NINTH** and **FIFTIETH** meetings of the Board of Directors of Nalcor Energy held on April 18, 2012, April 27, 2012 and May 23, 2012 respectively, which minutes are currently before this meeting, be and they are hereby verified as being correct; and

THAT the Chairperson be and he is hereby authorized to verify the minutes by signing the Minute Book.

667. BUSINESS ARISING

There was no business arising.

668. BOARD COMMITTEE REPORTS

669. Audit Committee

Mr. Shortall advised that the Audit Committee met on May 31, 2012 and reviewed the timetable and process for the finalization of the accounting policies and issues related to the Nalcor/Emera Lower Churchill Project agreements.

670. PRESIDENT'S REPORT

671. Corporate Performance Review

Mr. Martin reviewed the 2012 Nalcor Plan Performance Report that was included in the Board papers circulated prior to the meeting. He reviewed the corporate plan highlights and advised that corporate performance is related to the five corporate goals and each of the lines of business have a performance measure related to each of the corporate goals. He explained that the color scheme reflects the performance to date and whether the performance measure can be achieved by year end.

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He reviewed the safety performance and noted that there were several injuries to date and there is an increased focus on safety and will need to have a good second half performance in order to meet targets.

Mr. Martin reviewed the Finance targets and noted that there were three main drivers that have had an impact being low gas prices in U.S. which are having a negative impact on electricity prices, delay in the filing of the GRA related to the delay by court in rendering a decision on the Rate Stabilization Plan PUB application and declining oil prices. He advised that as a result of the current outlook with respect to the Finance targets, the lines of business are looking at what initiatives they can take to respond to the forecasted impact on net income as part of an overall recovery plan.

He also advised that NL Hydro winter availability performance has performed well and provided an overview of the best employer benchmarking that will be undertaken in 2012 as part of the ongoing program of surveying employees every two years.

672.

BUSINESS UNIT REPORTS

673.

Newfoundland and Labrador Hydro

Mr. Martin advised that a report would be provided at the Board of Directors meeting of Newfoundland and Labrador Hydro which immediately follows this meeting.

674.

CF(L)Co

Mr. Martin advised that a report would be provided at the Board of Directors meeting of Newfoundland and Labrador Hydro which immediately follows this meeting.

675. Lower Churchill

Mr. Bennett joined the meeting and reviewed the Lower Churchill Project Report that was included in the Board papers circulated prior to the meeting. He briefly reviewed the 2012 plan highlights and provided an update on the status of the two judicial review applications before the Federal Court. He noted that the public meetings to receive input and comments from the public regarding the Environmental Assessment for the transmission component of the Project concluded and the comments were provided to Government for consideration.

He advised that Emera Inc. is progressing the Maritime Link EIS and are currently awaiting guidelines from Government and noted that early works has commenced on the Muskrat Falls access road.

Mr. Bennett briefly reviewed safety and environmental performance and noted that performance has been good and is on target. Upon reviewing the significant events he advised that the DG3 deliverables that would support Project sanction are being progressed noting that Manitoba Hydro International has been engaged to provide a report to the shareholder on reasonableness of the processes and analysis completed. To date there are no significant unresolved issues.

For the benefit of the new Board members and as a refresher for the other Board members, Mr. Martin provided a detailed overview of the extensive process and analysis to screen out the alternatives to the Project and he also examined the relevant factors and capital cost analysis of the three components of the Project that has been undertaken and progressed over the last few years.

Mr. Martin also provided an overview and update on the significant issues and status of the Federal loan guarantee negotiations and also the current schedule and issues related to obtaining the approval of the Nova Scotia public utilities regulator (UARB) for the construction of the Maritime Link and finalization of the

Federal loan guarantee. He noted that negotiations with Emera Inc. continue and a meeting is scheduled to discuss and resolve any outstanding issues so as to permit the parties to execute the necessary formal agreements.

Mr. Bennett provided an update regarding the judicial review of the Regie decision to deny NL Hydro's complaints related to its transmission service requests;

[REDACTED]

[REDACTED] Mr. Bennett left the meeting.

676.

Oil and Gas

Mr. Keating joined the meeting and commenced to review the Oil and Gas Report that was included in the Board papers circulated prior to the meeting.

[REDACTED]

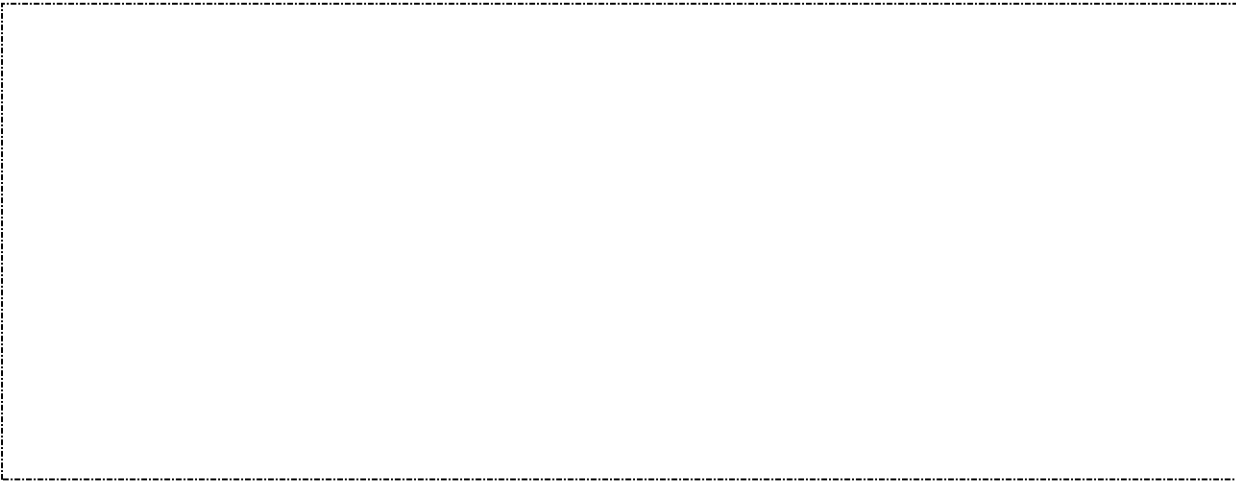


677. Bull Arm

Mr. Martin reviewed the Bull Arm Fabrication Report that was included in the Board papers circulated prior to the meeting.



678. Energy Marketing



679.

FINANCIAL REPORT

680.

Finance Summary

Mr. Sturge reviewed the Financial Report for the period ended May 31, 2012 which was included in the Board papers circulated prior to the meeting. He provided a brief explanation to the new Board members on the format and layout of the report and that each report after the approval of the budget, will compare the forecast to the approved budget with actuals to May 31st. He also advised that there has been a recent accounting standard transition from Canadian GAAP to IFRS noting that IFRS does not provide for regulated utilities whereby NL Hydro had to maintain two sets of records in order to meet the requirements of the regulated utilities regulator (PUB).

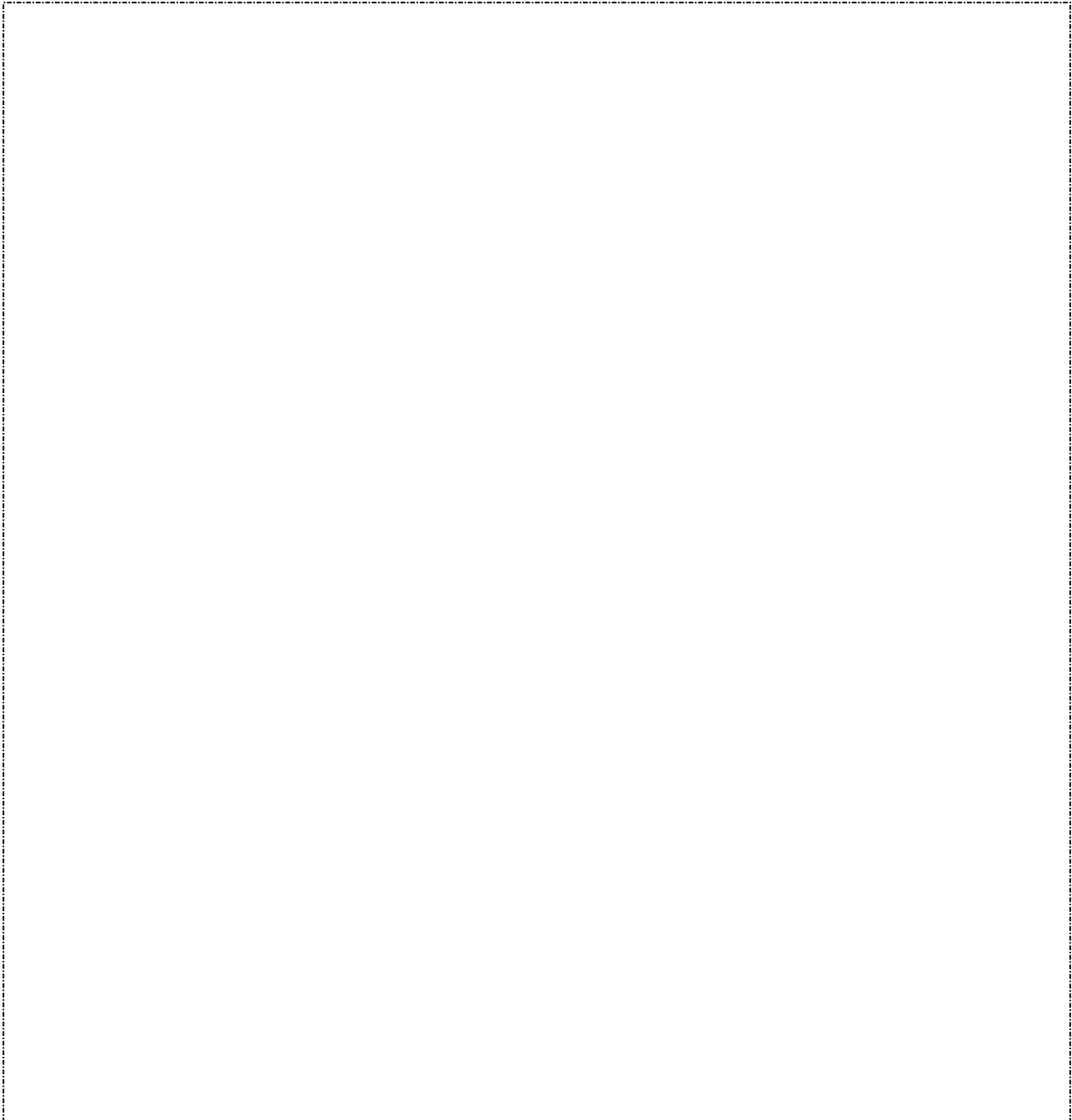
He reviewed the highlights and noted the budgeted net income and the reasons for any different forecast net income for each of the respective lines of business. With respect to NL Hydro he noted that net income will be negatively impacted as a result of the delay in the filing of the General Rate Application (GRA) last year, since the budget assumed the GRA would be filed and included new rates being effective on July 1, 2012. He also noted there was a forecast net interest expense related to the Upper Churchill Redress Agreement.

Mr. Sturge provided highlights of the 2012 Capital Budget and the forecast of capital expenditures below budget due primarily to a decrease in Lower Churchill Project capital expenditures. He also reviewed the regulated Hydro capital expenditures and noted that the significant reason for the variance was that seven projects were not approved by the PUB which was recommended to be undertaken and will assess the risk of not completing these projects and pursue these further if necessary.

681. Compliance Certificate

Mr. Sturge referred to the Corporate Quarterly Compliance Certificate for the period ended March 31, 2012 that was included in the Board papers circulated prior to the meeting.

682. PROJECT EXECUTION





**683. APPROVAL OF 2011 ANNUAL PERFORMANCE
TRANSPARENCY & ACCOUNTABILITY REPORT**

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

THAT the 2011 Annual Transparency and Accountability Performance
Report dated June 2012 presented to the Board at its June 28, 2012
meeting, be and it is hereby approved.

684. APPOINTMENT TO COMMITTEES

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

THAT Terry Styles be appointed as a member of the Audit
Committee.

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

THAT Terry Styles be appointed as a member of the Compensation Committee.

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

THAT Leo Abbass be appointed as a member of the Corporate Governance Committee.

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

THAT Erin Breen and Allan Hawkins be appointed as members of the Safety, Health and Environment Committee.

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

THAT Tom Clift be appointed as Chair of the Safety, Health and Environment Committee.

**685. APPROVAL OF SHAREHOLDER RESOLUTIONS –
OILCO, BULL ARM, AND GIPCO**

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

THAT Nalcor Energy is hereby authorized to execute written resolutions of the Shareholder of Nalcor Energy-Oil and Gas Inc. ("Oilco") with respect to the following:

1. Approval of 2011 Financial Statements;
2. Appointment of Deloitte and Touche as Auditors of Oilco; and
3. Election of the following persons as Directors of Oilco to hold office until the next annual meeting or until their successors are duly elected or appointed:

Terry Styles
Edmund Martin
Gerry Shortall
Ken Marshall
John Steele
Chris Kieley

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

THAT Nalcor Energy is hereby authorized to execute written resolutions of the Shareholder of Nalcor Energy-Bull Arm Fabrication Inc. ("Bull Arm Inc.") with respect to the following:

1. Approval of 2011 Financial Statements;
2. Appointment of Deloitte and Touche as Auditors of Bull Arm Inc.; and
3. Election of the following persons to be Directors of Bull Arm Inc. to hold office until the next annual meeting or until their successors are duly elected or appointed:

Terry Styles
Edmund Martin
Bill Fanning
Mike Mulrooney
Gerry Shortall
Allan Hawkins

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

THAT Nalcor Energy is hereby authorized to execute written resolutions of the Shareholder of Gull Island Power Company Limited ("GIPCo") with respect to the following:

1. Approval of 2011 Financial Statements;
2. Appointment of Deloitte and Touche as Auditors of GIPCo; and
3. Election of the following persons to be Directors of GIPCo to hold office until the next annual meeting or until their successors are duly elected or appointed:

Terry Styles
Edmund Martin
Derrick Sturge

