

MINUTES OF THE FIFTY-NINTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON SUNDAY, NOVEMBER 25, 2012 AT 09:30 P.M.

Present in Person: E. Martin

Present by Telephone: T. Styles, Chair
E. Breen
T. Clift
A. Hawkins
K. Marshall
G. Shortall

Absent: L. Abbass

**Present by Invitation
By Telephone:** D. Sturge, Vice-President Finance
and Chief Financial Officer
G. Bennett, Vice-President Lower
Churchill Project (9:40)

Secretary: W. Chamberlain

743. CONSTITUTION OF THE MEETING

Notice of the meeting was sent to Directors on November 25, 2012. A quorum of Directors being present, the Chair declared the meeting duly called and validly constituted for the transaction of business.

744. SAFETY MOMENT

Mr. Chamberlain provided a safety moment on preventing falls in winter.

745. UPDATE MUSKRAT FALLS PROJECT

Mr. Martin stated that the purpose of the meeting was to provide Board members with an update on Lower Churchill Project (Project) matters. He advised that since the last meeting the focus has been on responding to the draft term sheet received from the federal government with respect to the federal loan guarantee (FLG). He provided an overview of the three most significant issues related to the

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term sheet being environmental and aboriginal claims, credit substitution and the application of the FLG with respect to the Project and the Maritime Link.

He stated that he believes the first two issues will be resolved in a satisfactory manner and is working with the Shareholder on a possible solution with respect to the linking of the FLG to the completion of both the Project and the Maritime Link. One option would be the sanctioning of both at the same time with a commercial arrangement in place with Emera Inc. (Emera) that would provide comfort that the Maritime Link would be built without a conditional FLG.

Mr. Martin stated that the Corporation and Emera have been meeting to conclude a framework and principles with respect to a commercial arrangement to respond to the Term Sheet. The Nova Scotia Utility and Review Board (UARB) submission has been re-examined and tested with respect to the next least cost alternatives and is considered solid. He also noted that the legislation in Nova Scotia was reviewed and it requires the UARB to approve the Maritime Link if the Maritime Link is the lowest cost option.

He provided a high level overview of the current thinking with respect to the commercial arrangement with Emera including a sharing of risk, if required, to ensure success in obtaining UARB approval for the Maritime Link. He advised that a statement of principles with respect to the commercial agreement is near to being finalized with Emera and that a letter from both Nalcor and Emera to the Honourable Joe Oliver, Minister of Natural Resources Canada is being drafted in response to the Term Sheet. He also advised that the commercial arrangement with Emera will also include a framework to resolve future issues that could arise between the parties with respect to the Project.

Mr. Sturge advised that the credit ratings were received this week from the three rating agencies being DBRS, S&P and Moodys and that they are the same as the indicative credit ratings that were communicated earlier to the Board.


Mr. Sturge and Mr. Bennett had nothing further to add and advised that Mr. Martin had covered all of the relevant points.

746. OTHER BUSINESS

The Secretary advised that all Board meetings scheduled for this week would be postponed as a result of the unavailability of Mr. Martin and Mr. Sturge and are currently looking at rescheduling to the week of December 10, 2012. He advised that Board members would be canvassed for available dates and stated that the three Board Committee meetings would proceed as scheduled.

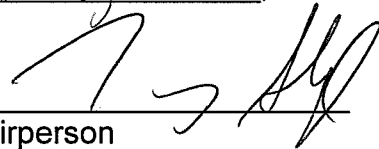
747. TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

January 18, 2013


Chairperson