

MINUTES OF THE SIXTY-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, DECEMBER 4, 2012 AT 03:40 P.M.

Present in Person: E. Martin

Present by Telephone: T. Styles, Chair
L. Abbass
E. Breen
T. Clift
A. Hawkins (4:00)
K. Marshall (3:50)
G. Shortall

Present by Invitation: D. Sturge, Vice-President Finance and Chief Financial Officer
G. Bennett, Vice-President Lower Churchill Project

Secretary: W. Chamberlain

752. CONSTITUTION OF THE MEETING

Notice of the meeting was sent to Directors on December 3, 2012. A quorum of Directors being present, the Chair declared the meeting duly called and validly constituted for the transaction of business.

753. SAFETY MOMENT

Mr. Chamberlain provided a safety moment on fragrances leave some workers breathless.

754. UPDATE MUSKRAT FALLS PROJECT

Mr. Martin stated that the purpose of the meeting was to respond to any questions that the Board had with respect to the materials sent to them recently by email on December 3, 2012 including the federal loan guarantee (FLG) term sheet, the equity commitment letter from the Shareholder, the one page discussion sheet outlining the key terms of the sanction agreement being negotiated with Emera Inc. (Emera) and the financial source and uses table.

He reported that the FLG term sheet was released to the media earlier today and that he subsequently met with the media and the Opposition MHAs on the FLG which resulted in the Board meeting being delayed.

The Board members advised that they did not require a background summary. Mr. Martin advised that he was prepared to respond to any questions that the Board has with respect to the documents that were recently sent to the Board.

Board members had questions on various clauses of the FLG term sheet. There was discussion regarding clause 2.3 and the commitment that the financial close for the Maritime Link (ML) must occur no later than 90 days after the Nalcor projects or December 31, 2013. Mr. Martin advised that Nalcor intends to seek financial close before December 31, 2013 and noted that Emera expressed concern that if Nalcor's financial close is later than anticipated, that Emera would like the benefit of additional time as well.

Board members had questions on whether hedging would be necessary. Mr. Sturge stated that hedging may be required and that Emera would likely want a hedge. Board members had questions on clause 3.3 which provided a FLG amortization profile. Mr. Sturge advised that the economics of the Project were based upon a 55 year amortization period and the FLG will apply for a 40 year period. He advised that upon expiration of the FLG the asset will have operated for a period of 40 years and that financing of the remaining term should not be an issue since the debt will have been substantially retired resulting in a strong credit rating at that point.

Mr. Martin responded to the comments and questions from the Board with respect to the A and B conditions precedent in clause 3.5 and the risks associated with these requirements. He reviewed each of the ten conditions precedent and provided an overview of what was completed and what was required to achieve the remaining conditions precedent. He stated that the risk

associated with some of the outstanding conditions precedent were being addressed in a separate sanction agreement that is being negotiated with Emera and/or the Nova Scotia government.

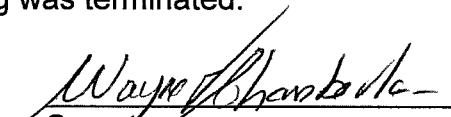
Mr. Martin and Mr. Sturge responded to comments and questions from the Board members with respect to guaranteed debt breakdown in clause 3.1, the different amortization profiles in clause 3.3, the debt service coverage ratio in clause 4.1, the list of events of default in clause 4.4, the selection and appointment of the independent engineer in clause 4.9, the calculation of interest during construction and financing costs on a pro forma basis in clause 4.10, change of control restrictions in clause 4.11, the debt service and liquidity reserves in clause 4.16, the LIL prepaid rent reserve in clause 4.17 and commitments by the parties in Schedule A.

Mr. Martin responded to comments and questions from the Board on the capital cost estimate with respect to the Maritime Link.

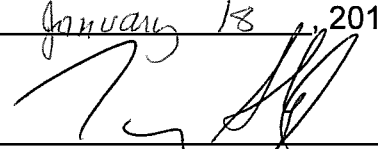
Mr. Martin advised that the one page discussion sheet outlining the key terms of the sanction agreement that was provided to the Board is the current draft and continues to be negotiated between Nalcor and Emera and noted that when the sanction agreement is negotiated it will likely be disclosed publicly.

755. TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

January 18, 2013

Chairperson