

From: jamesmeaney@nalcenergy.com
Sent: Tuesday, October 25, 2011 7:45 PM
To: Derrick Sturge; Auburn Warren; Paul Harrington; Jason Kean; Lance Clarke; thomas.f.garner@ca.pwc.com
Cc: Joe Parker; jmatovich@kcpl.ca; Carla Russell; Martis_Xeno; Picotte_Daniel; johanne.mullen@ca.pwc.com
Subject: Rating agency presentation - latest version
Attachments: RAP 11.10.25.1930.pptx

Version as of this evening...

LCP team to provide updated "Project Execution" section

Other slides where updates / revisions required noted with red NTD's

See everyone in the Bat Cave tomorrow morning

Regards

Jim



RAP 11.10.25.1930.pptx



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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Lower Churchill Phase 1: [naming per agency] Presentation

November •, 2011

Boundless Energy



DRAFT: 11.10.24.1930



Confidential and Commercially Sensitive

Nalcor Team

Presenting

- Derrick Sturge – VP, Finance & CFO
- Paul Harrington – Project Director, LCP
- Jim Meaney – Corporate Treasurer & Chief Risk Officer
- Auburn Warren – Manager, Investment Evaluation

Supporting

- Terry Paddon – Deputy Minister (NL Finance)
- Charles Bown – Associate Deputy Minister (NL Natural Resources)
- Jason Kean – Deputy Project Manager, MF & LIL
- Lance Clarke – Commercial Manager, LCP
- Rob Hull – General Manager, Commercial & Financing
- Rob Henderson – Manager, System Operations and Customer Service
- Tom Garner – Financial Advisor (PwC)

Presentation Outline

1. Safety Moment
2. Purpose of Presentation
3. Introduction & Background
4. Investment Grade Rating Highlights
5. Project Execution
6. Key Agreements & Project Structure
7. Financing Strategy
8. Financial Metrics & Debt Service
9. Summary and Next Steps

Safety Moment.....

Purpose

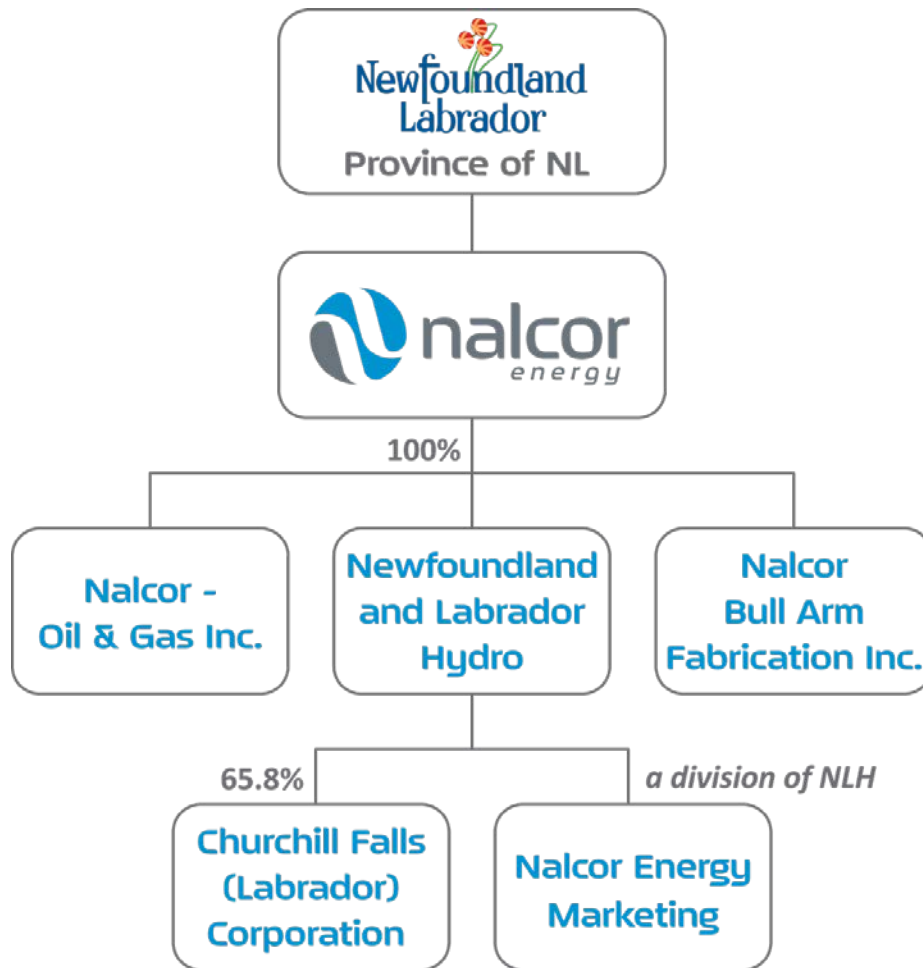
- Launch the indicative credit rating process for the proposed \$[3.9] billion of two project debt financings for Phase I of the Lower Churchill:
 - Muskrat Falls (“MF”) and Labrador Transmission Assets (“LTA”)
 - Labrador Island Link (“LIL”), assuming 100% Nalcor ownership
- Nalcor is undertaking this credit rating assessment now for two reasons:
 - to gain valuable financial market information to prepare for a project Sanction decision in 2012; and
 - to meet one of the requirements of the Government of Canada for a federal loan guarantee (“FLG”)
- Financing of the Maritime Link (“ML”) to be undertaken by Emera Inc. – outside the scope of this credit rating request

Investment Grade Rating Highlights

- ✓ Robust business case
- ✓ Attractive project attributes
- ✓ High quality regulated revenue sources
- ✓ Assembled experienced team with complex mega-project expertise
- ✓ Proven operating experience
- ✓ Robust financial profile
- ✓ Access to export markets via two transmission routes
- ✓ Strong support from shareholder – Government of NL
- ✓ Projects supported by Innu – ratified IBA
- ✓ Projects supported and endorsed by Government of Canada

Introduction & Background

Nalcor Energy – Corporate Profile



Who is Nalcor?

- Diversified growth focused energy company
- World class energy assets
- Partner with other leading energy companies
- Demonstrated history of building and operating hydro-electric and transmission assets
- Key player in executing NL Energy Plan

Key Assets / Operational Statistics

Hydro-electric generation (MW)	6,386
Other Generation (MW)	698
Transmission Lines (km)	4,820
<hr/>	
Labrador-NY Transmission (MW)	[265]
Oil Reserves (Mbbbls)	22.7
Oil Production (000 bbls per year)	840
<hr/>	
Domestic Electricity Sales (TWh)	8.4
Export Sales- HQ (TWh)	29.0
Export Sales – NY / NB (TWh)	1.5

Nalcor Financial Profile

New slide

Lower Churchill Project – Phase 1

Muskrat Falls (824 MW)

Ownership: 100% Nalcor
 Construction cost: \$2.5 billion
 Regulatory recovery: 100% NL Hydro
 Regulatory as % of total revenue: ~90%
 First Power: late 2016

Labrador-Island Transmission Link

Ownership: ~71% Nalcor & 29% Emera
 (upon Emera's participation)
 Construction cost: \$2.1 billion
 Regulatory recovery: 100% NL Hydro
 First Power: late 2016

5,428 MW Churchill Falls
 Hydro-Electric Plant

Labrador Transmission Assets

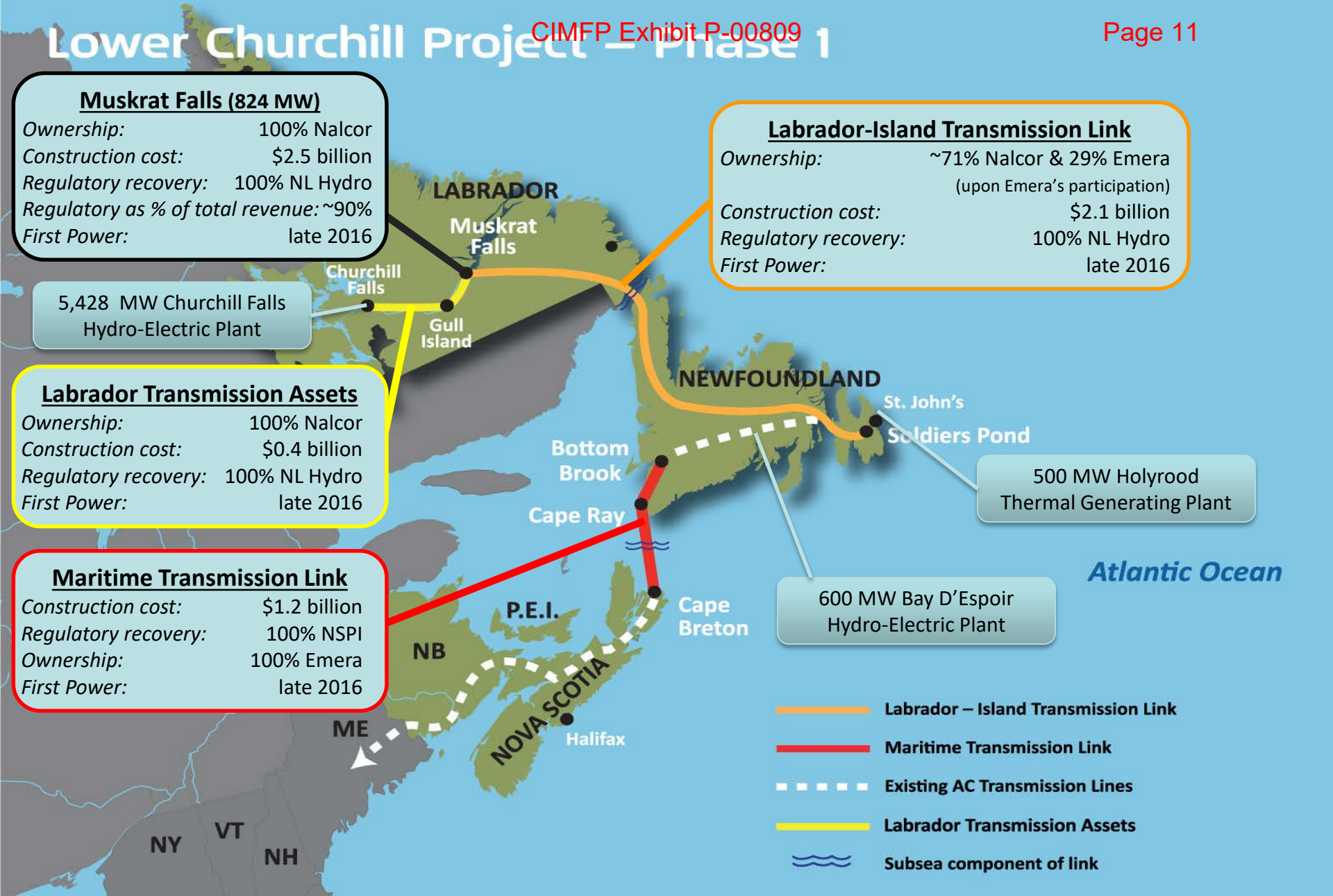
Ownership: 100% Nalcor
 Construction cost: \$0.4 billion
 Regulatory recovery: 100% NL Hydro
 First Power: late 2016

Maritime Transmission Link

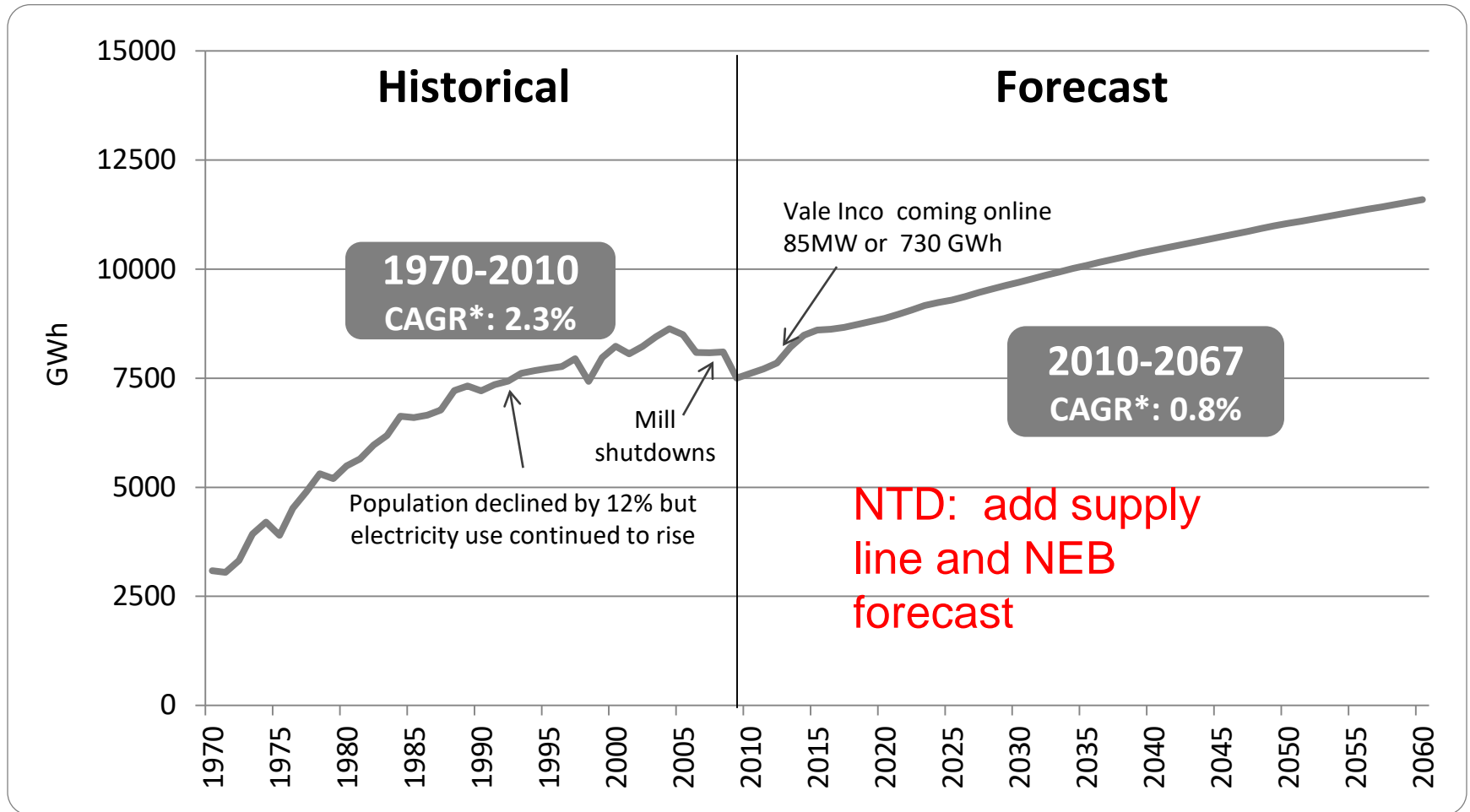
Construction cost: \$1.2 billion
 Regulatory recovery: 100% NSPI
 Ownership: 100% Emera
 First Power: late 2016

500 MW Holyrood
 Thermal Generating Plant

600 MW Bay D'Espoir
 Hydro-Electric Plant

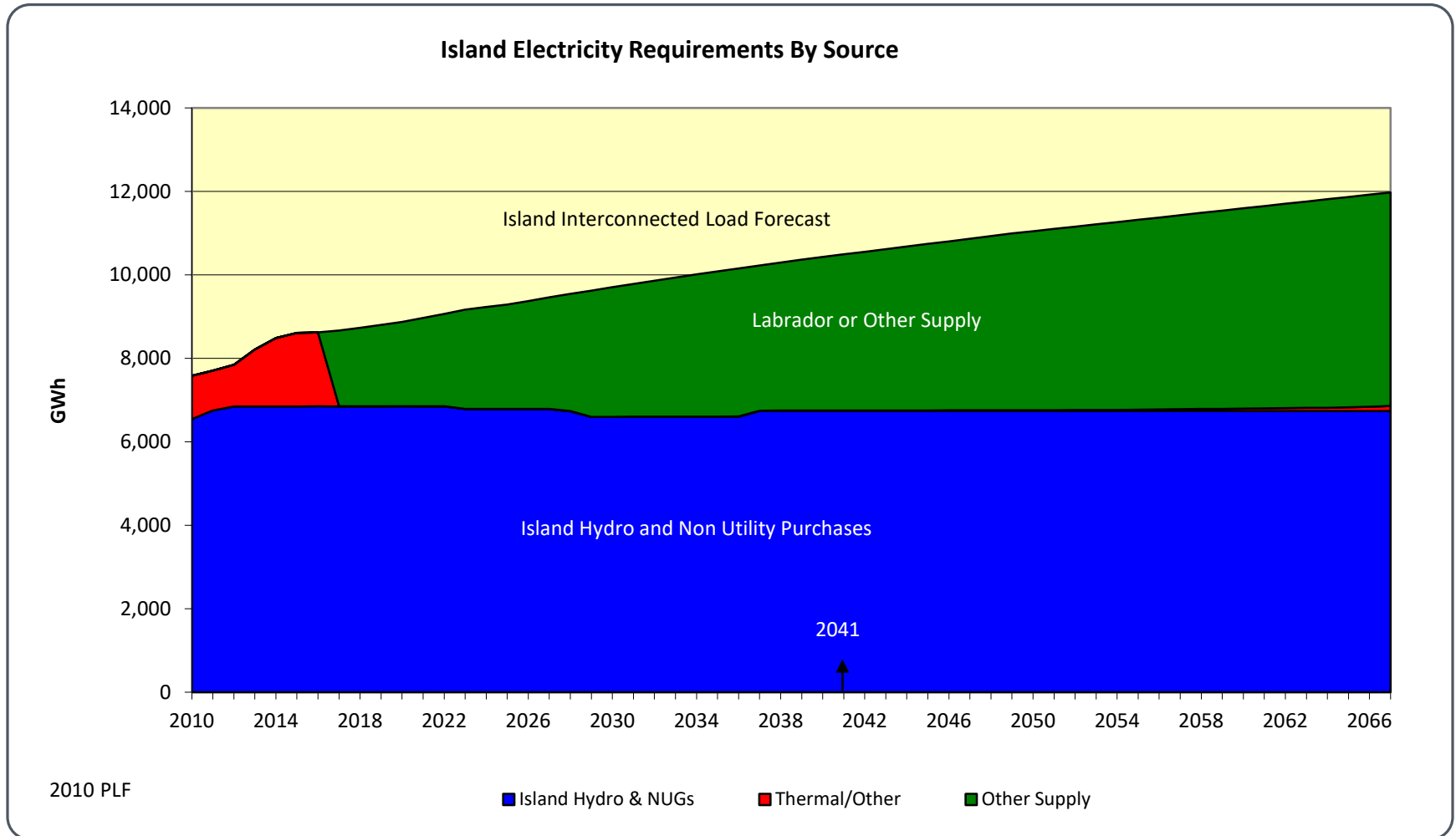


Island Electricity Needs



*CAGR: Compound Annual Growth Rate

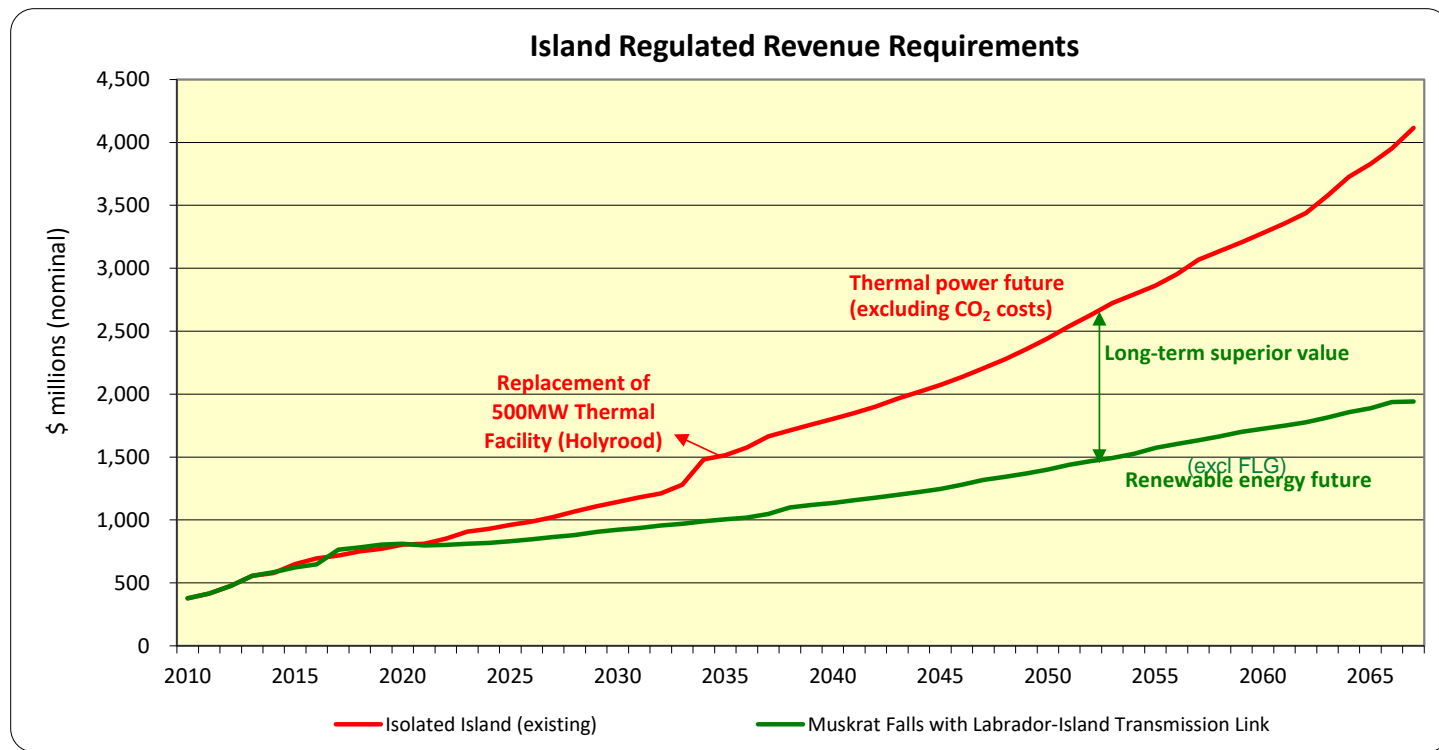
Island Supply Requirements (2010 – 2067)



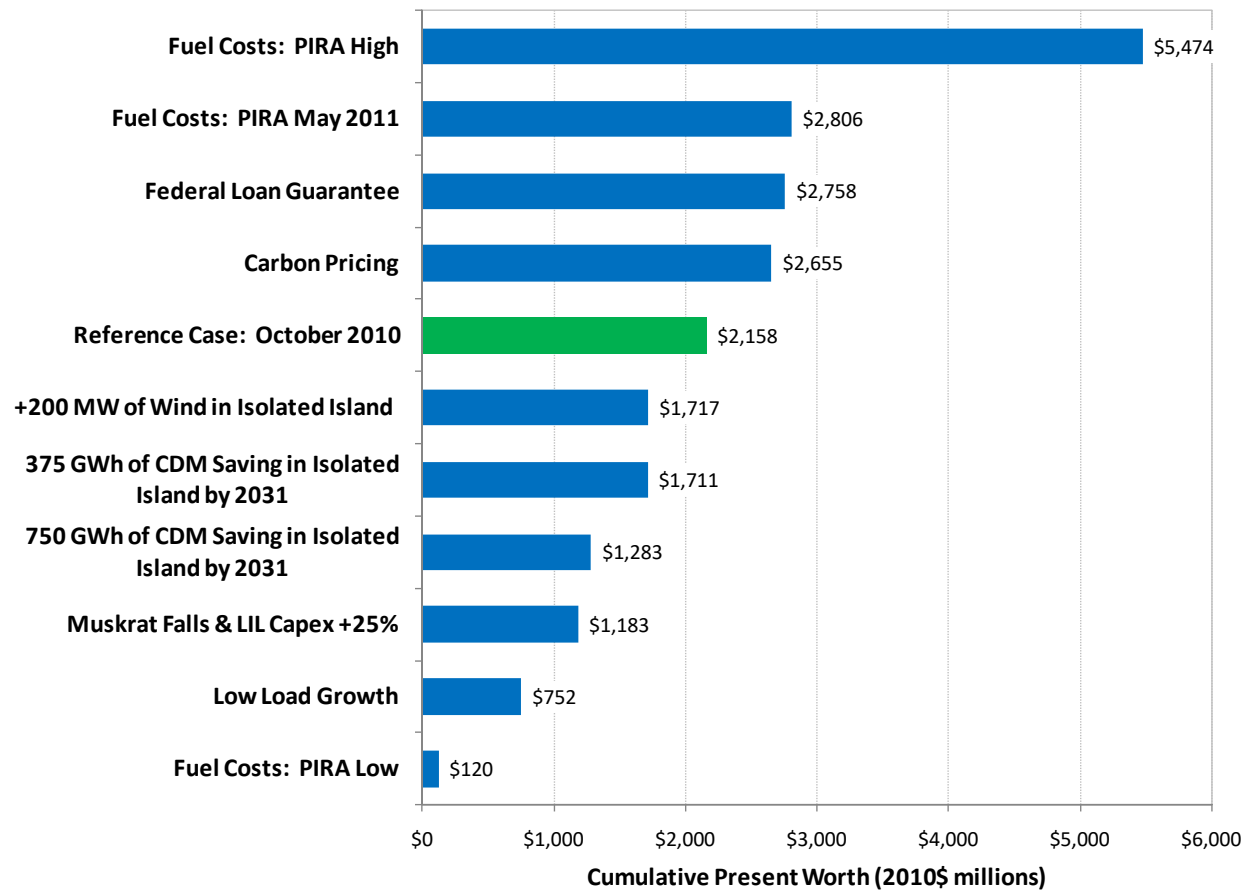
Island Supply Costs

NTD: Add footnote on PIRA oil price forecast in Isolated Island

- Muskrat Falls provides the least-cost alternative to meet NL customer demand for power
- \$40+ billion in nominal savings over the life of the asset (PV of \$2.2+ billion savings)
- Long-term rate stability – removes reliance on thermal generation and global fuel prices
- Muskrat Falls provides a reduction in “real” rates to customers

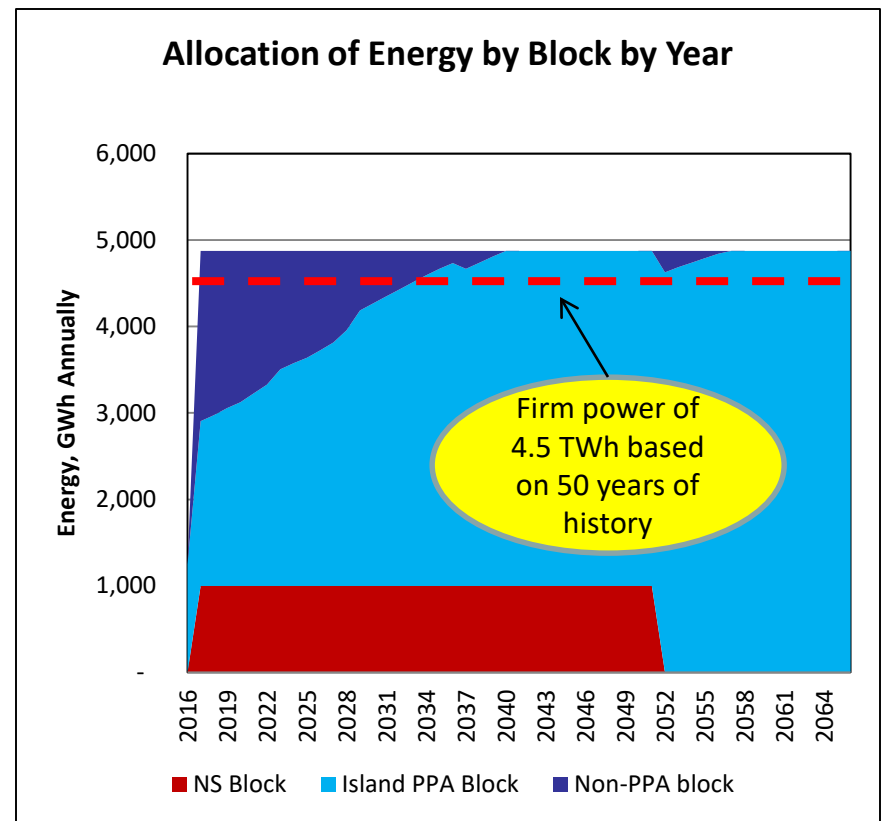
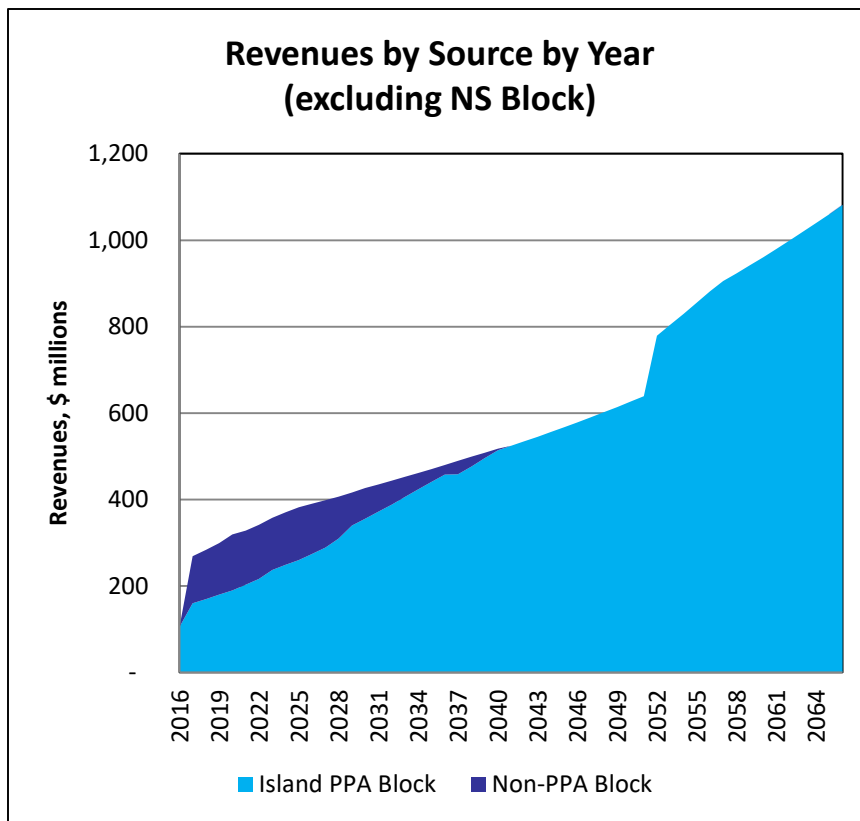


Navigant Sensitivity Results: CPW Difference between Alternatives



MF Annual Revenue & Energy Supply

MF revenue and energy will be largely supported by a long-term PPA with NLH to meet Island demand.



Where we are...

Project Execution

- Passed through Decision Gate 2 (“DG2”) Q4-2010; moving towards Decision Gate 3 (“DG3”) Q2-2012
- SNC Lavalin engaged as EPCM Consultant
- Environmental processes under way
- Innu Nation IBA and land claims ratified with agreements to be executed Q4-2011
- RFP’s for LIL subsea cable and MF turbine & generator contracts issued
- DG2 related reviews including IPA, IPR and Navigant complete
- Independent Engineer to be engaged by Q1-2012

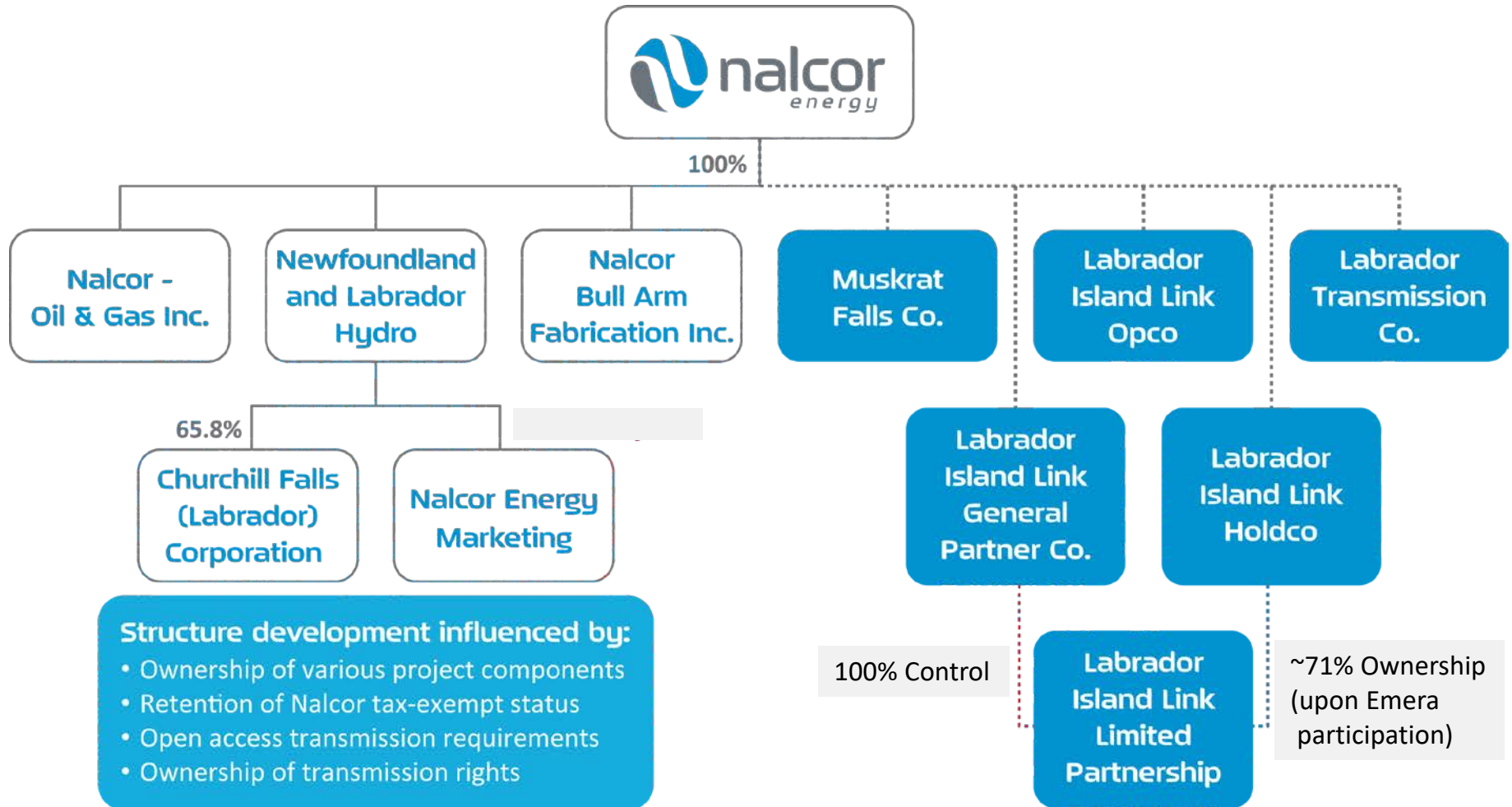
Commercial & Financing

- NL Government Commitment Letter – equity commitment and cost recovery framework to be enacted by Q2-2012
- NL Memorandum of Principles – agreed to principles for power supply and transmission arrangements with NLH; agreements to be finalized Q1-2012
- Emera Term Sheet – agreements to be finalized Q4-2011
- Financing strategy well developed
- FLG Memorandum of Agreement with Canada; term sheet to be finalized Q1-2012
- Water Agreements executed

Financing Strategy & Capital Structure

- Debt Structure
 - 3 project entities participating in 2 financings (MF/LTA borrow jointly)
 - Sizing based on available debt service coverage
 - Total debt of \$[3.9] billion
- Prudent capital structure, debt-to-equity ratios as follows:
 - MF 59:41; LTA 40:60; Combined 58:42
 - LIL 75:25
- Equity to be provided by Nalcor supported by NL equity commitment
 - Base
 - Contingent
- Debt Service
 - All debt servicing can be supported by revenues from sales to NLH
 - Revenues from export sales are not required to support debt servicing

Nalcor's Future Corporate Structure



Investment Grade Rating Highlights

Investment Grade Rating Highlights

✓ Robust Island supply business case

- ❖ Least cost source of new generation
- ❖ \$40+ billion nominal (\$2.2+ billion PV) preference over Isolated Island scenario
- ❖ Eliminates rate volatility and provides improved reliability
- ❖ Decline in electricity prices in real terms
- ❖ Business case not dependent on export sales
- ❖ Business case confirmed by Navigant independent review report

✓ Attractive project attributes

- ❖ Hydro-electric generation provides the ability to store electricity, ease of dispatch, and facilitates development of other renewable energy
- ❖ MF hydrology and site conditions make it one of the two most attractive undeveloped hydro-electric projects as per NEB Report
- ❖ Proven hydro-electric and transmission technology

Investment Grade Rating Highlights (continued)

✓ **High quality regulated revenue streams**

- ❖ Government commitment to ensure ratepayer obligation supporting cost recovery by regulated utility, Newfoundland & Labrador Hydro (“NLH”)
- ❖ NLH provides 100% of LIL/LTA and nearly 90% of MF revenue
- ❖ 50-year power supply and transmission contracts

✓ **Access to liquid export markets via two transmission routes**

- ❖ Partnership with Emera provides transmission routes into NS, NB and New England
- ❖ Supplemented by existing 265 MW firm HQTE transmission rights to New York

✓ **Robust financial profile**

- ❖ Debt fully amortized within life of contracts
- ❖ Delivering strong forecast debt service coverage ratios in base and stress cases

Investment Grade Rating Highlights (continued)

✓ Experience in developing complex mega-projects

- ❖ Team has extensive hydro-electric and transmission experience
- ❖ Disciplined project execution and risk management approach
- ❖ Assembled world-class project management experience including building and operating energy assets in Labrador
- ❖ Interdependencies amongst project components directly addressed and managed

✓ Proven operating experience

- ❖ Operating over 6,000 MW of hydro-electric projects for over 40 years
- ❖ Built and operated over 4,800 km of transmission lines
- ❖ Plan in place to address operational transfer to HVDC
- ❖ Experience in trading electricity in North American electricity markets

Investment Grade Rating Highlights (continued)

- ✓ **Strong support from shareholder – Government of NL**
 - ❖ Lower Churchill fundamental to Energy Plan
 - ❖ Shareholder commitment for sufficient equity to achieve project in-service
 - ❖ **Project requirements, including cost recovery, ensured by NL Government (the “Government Assurance”)**
 - ❖ Legislation enacted to facilitate water coordination agreement

- ✓ **Projects supported by Innu – ratified Impacts & Benefits Agreement**

- ✓ **Projects supported and endorsed by Government of Canada**

Project Execution

NTD: LCP Team to update entire section

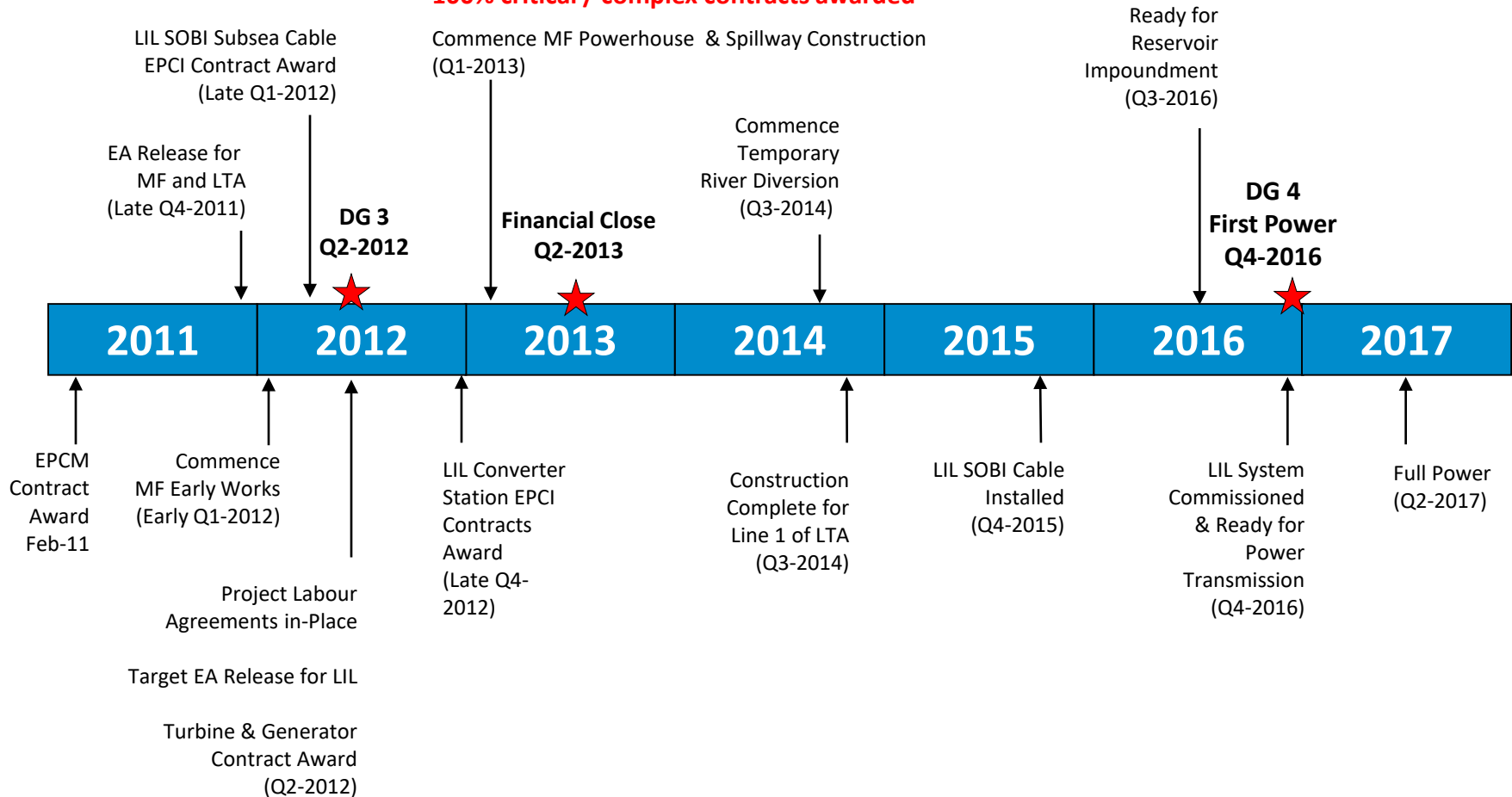
LCP Fly-Through

Mega-project Success Factors Addressed

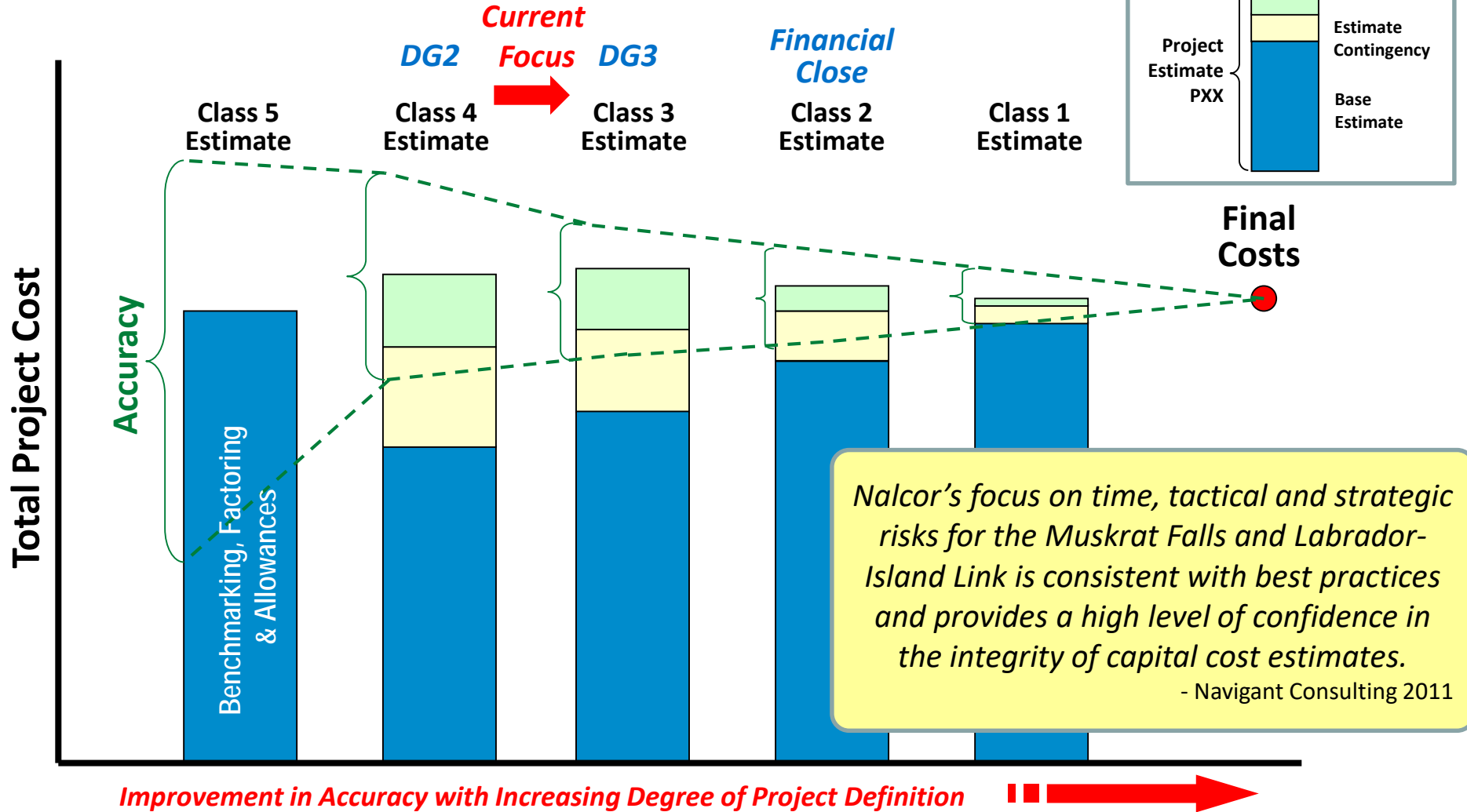
- ✓ Clear scope definition
- ✓ Solid project plan
- ✓ Realistic cost estimate basis
- ✓ Optimal delivery / contracting strategy including early de-risking
- ✓ Contracting strategies that minimizes and optimally allocates risk
- ✓ Application of proven technology
- ✓ Strong, owner team that includes functional expertise and offers continuity over the Project
- ✓ Strong project control during execution

Project Milestones

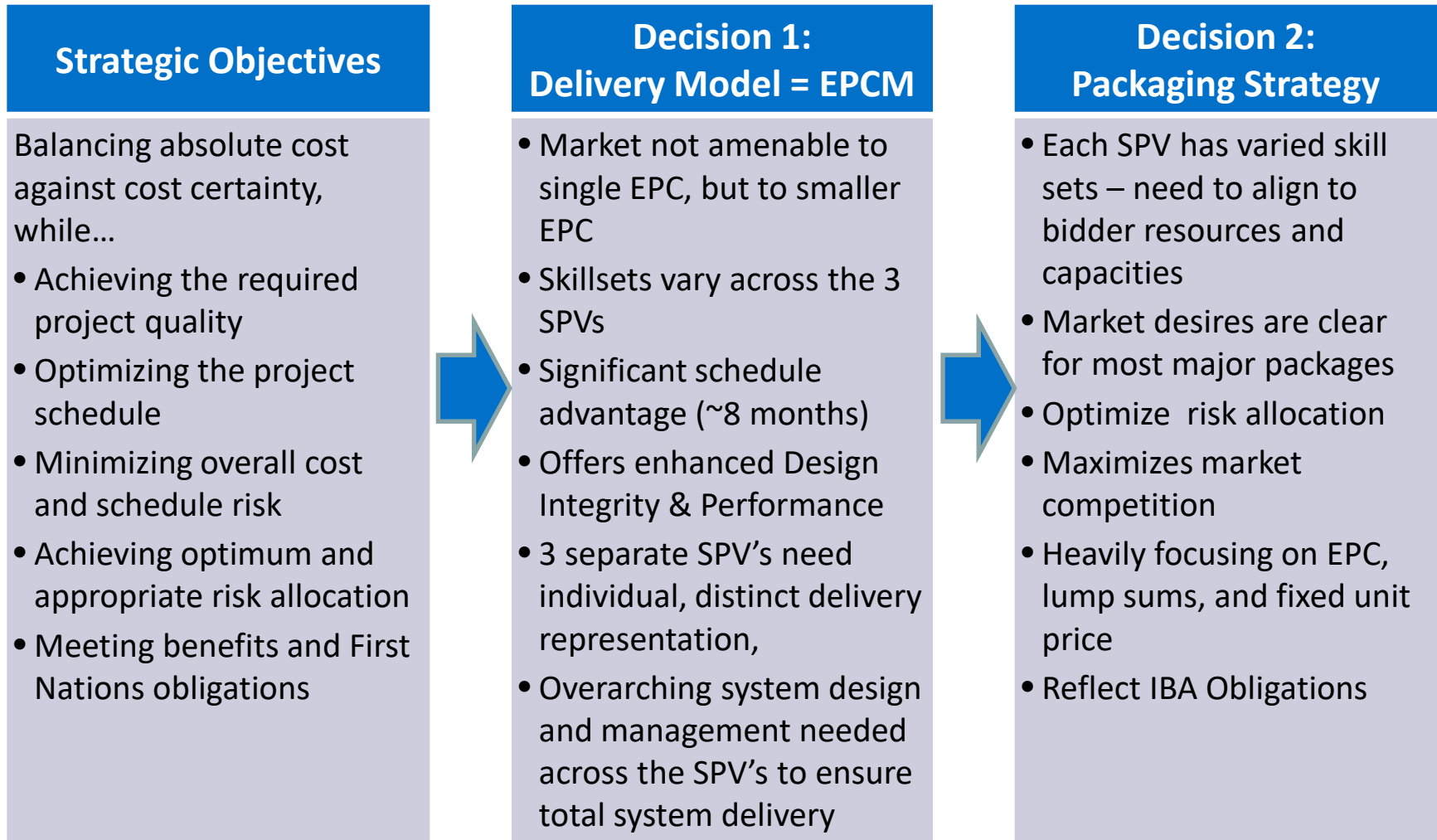
~80% of total contract value awarded
100% critical / complex contracts awarded



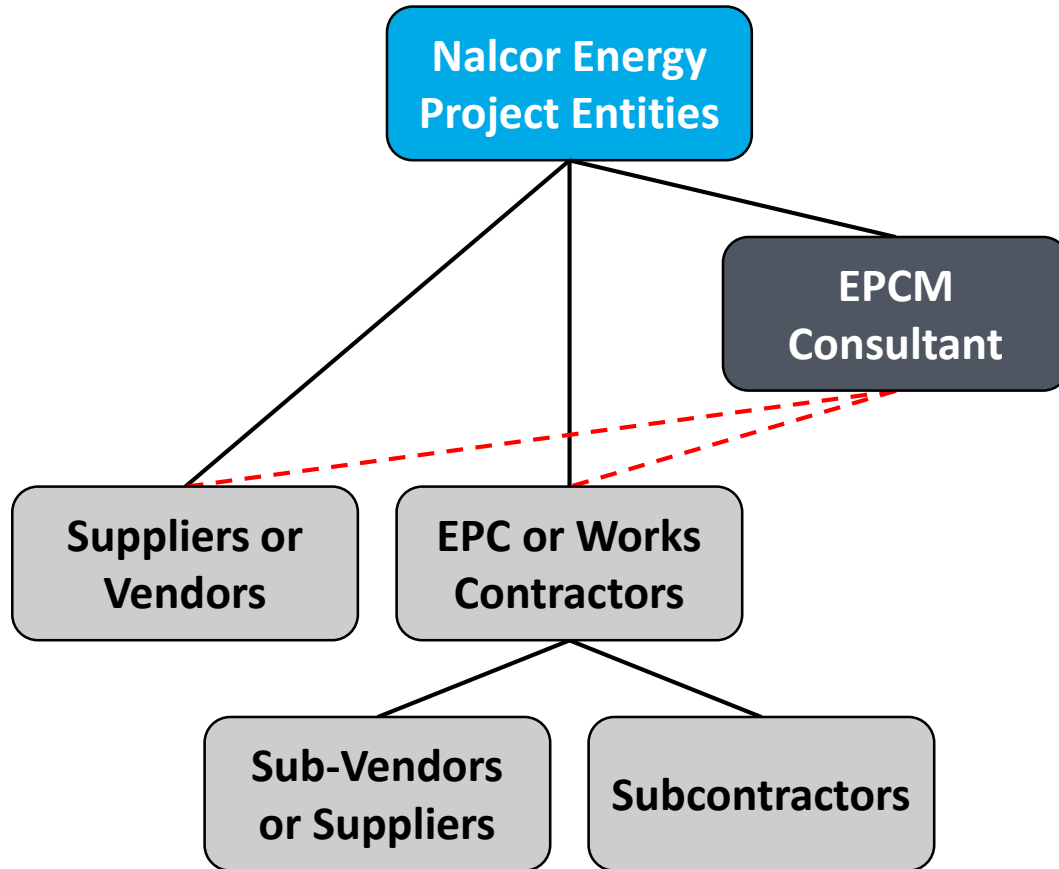
Establishing Sound Cost Basis



Optimizing Project Delivery



Delivery Structure



— Contractual Arrangement
- - - EPCM Agent Role

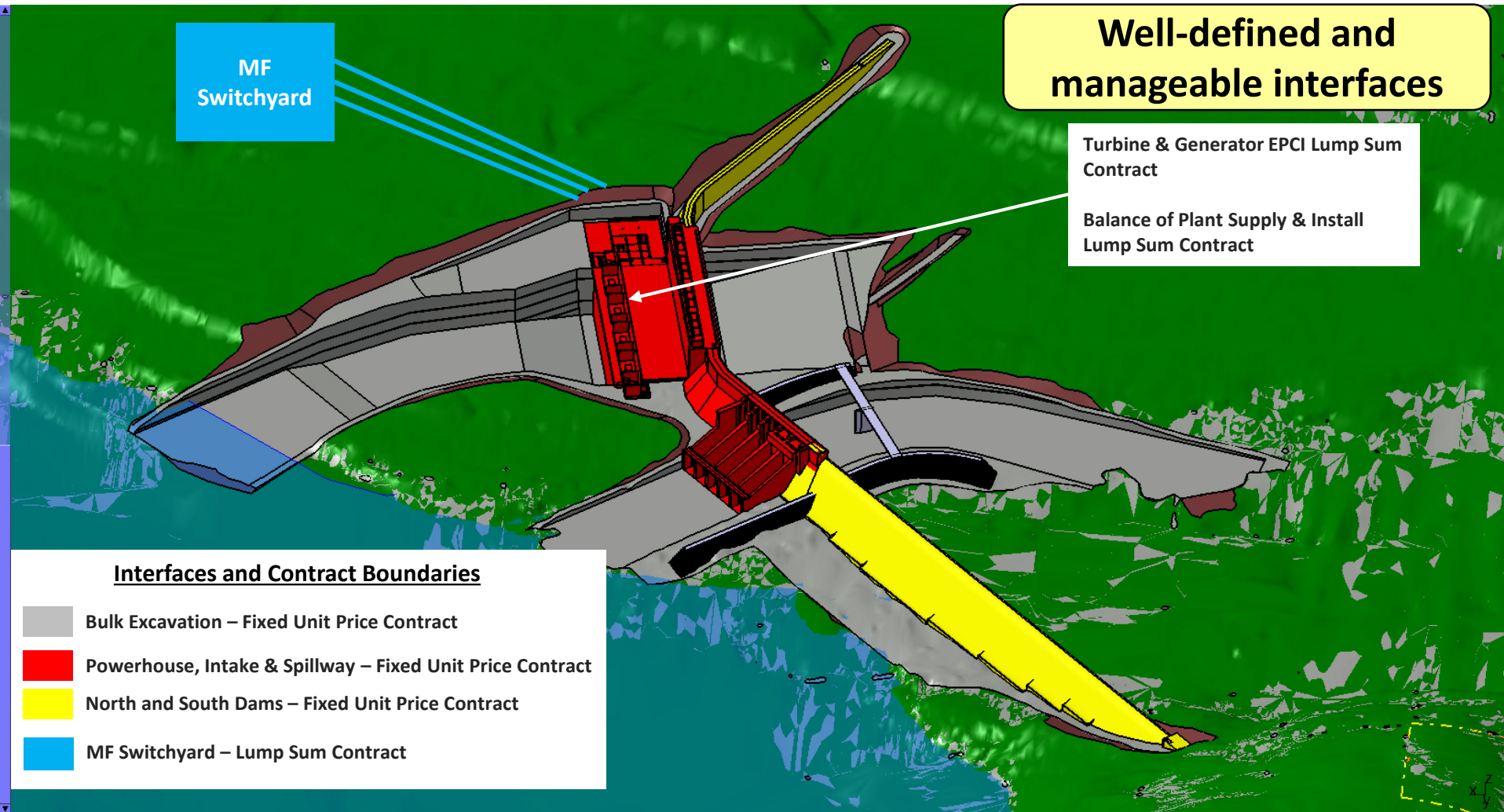
EPCM Consultant performs engineering, procurement and construction management services.

Agreements are between Project entities and EPC or Works Contractors and Suppliers / Vendors.

The EPCM Consultant acts as agent of the Nalcor in both procurement and construction management activities.

Note: The above is not applicable for SOBI Crossing, where Nalcor provides all procurement and construction management for this specialized scope.

MF Contract Packaging



Strategic De-risking

Risk management is achieved via disciplined management process



Achieved

- Selection of robust LCC HVdc technology with overload capacity
- SOBI consists of 3 cables including a redundant or spare cable each in separate seabed routes
- Secured the SLI “A-Team”
- Extensive geotechnical baseline
- IBA and Land Claims with Innu Nation
- Pilot program for Horizontal Directional Drilling to confirm production rates prior to bid
- Early award of Bulk Excavation Contract to protect schedule
- Turbine model efficiency testing program in order to guarantee turbine efficiency and power output



Going Forward

- Using geotechnical results from Bulk Excavation achieve firmer prices on Powerhouse contract
- Physical Model Testing to confirm MF plant layout and hydraulics
- Contracting that optimizes competition and synergies
- Confirming long-lead deliveries and prices
- Cost certainty through EPC/EPCI and fixed unit price contracts
- Project Labour Agreements
- System Engineering / Integration Focus

Proven Technology

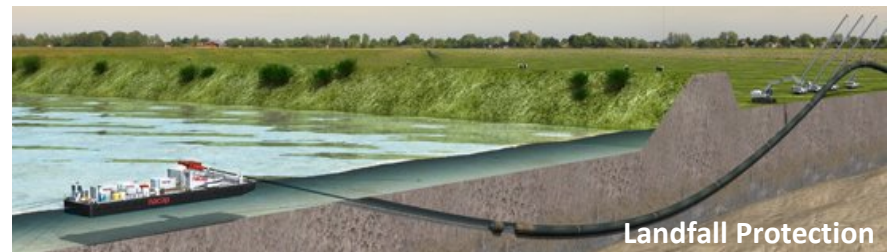
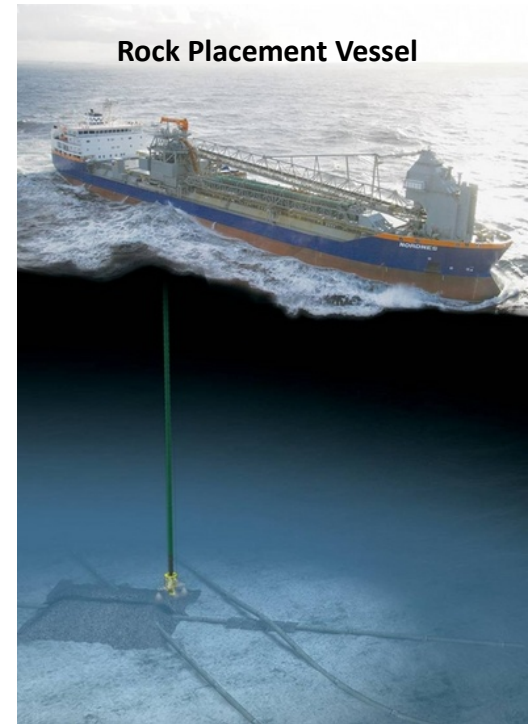
Nalcor's application of proven technology ensures operational integrity

MF	LTA	LIL
<ul style="list-style-type: none">• Low-head, close-coupled concrete powerhouse founded on Canadian Shield• Kaplan turbines to achieve efficiency over a wide range of flow and water level• Design philosophies premised upon "Good Utility Practice"• Conservative efficiency targets supported by equipment redundancy• Core Nalcor technology	<ul style="list-style-type: none">• Conventional AC technology• Extension of existing Labrador transmission system• Core Nalcor capability	<ul style="list-style-type: none">• LCC HVDC technology used in Canada for 40+ years• Mass Impregnated submarine cables• SOBI cable protection methods proven offshore East Coast• Typical HVdc Overland transmission• Top-tier undersea cable and converter station suppliers only being considered – EPCI

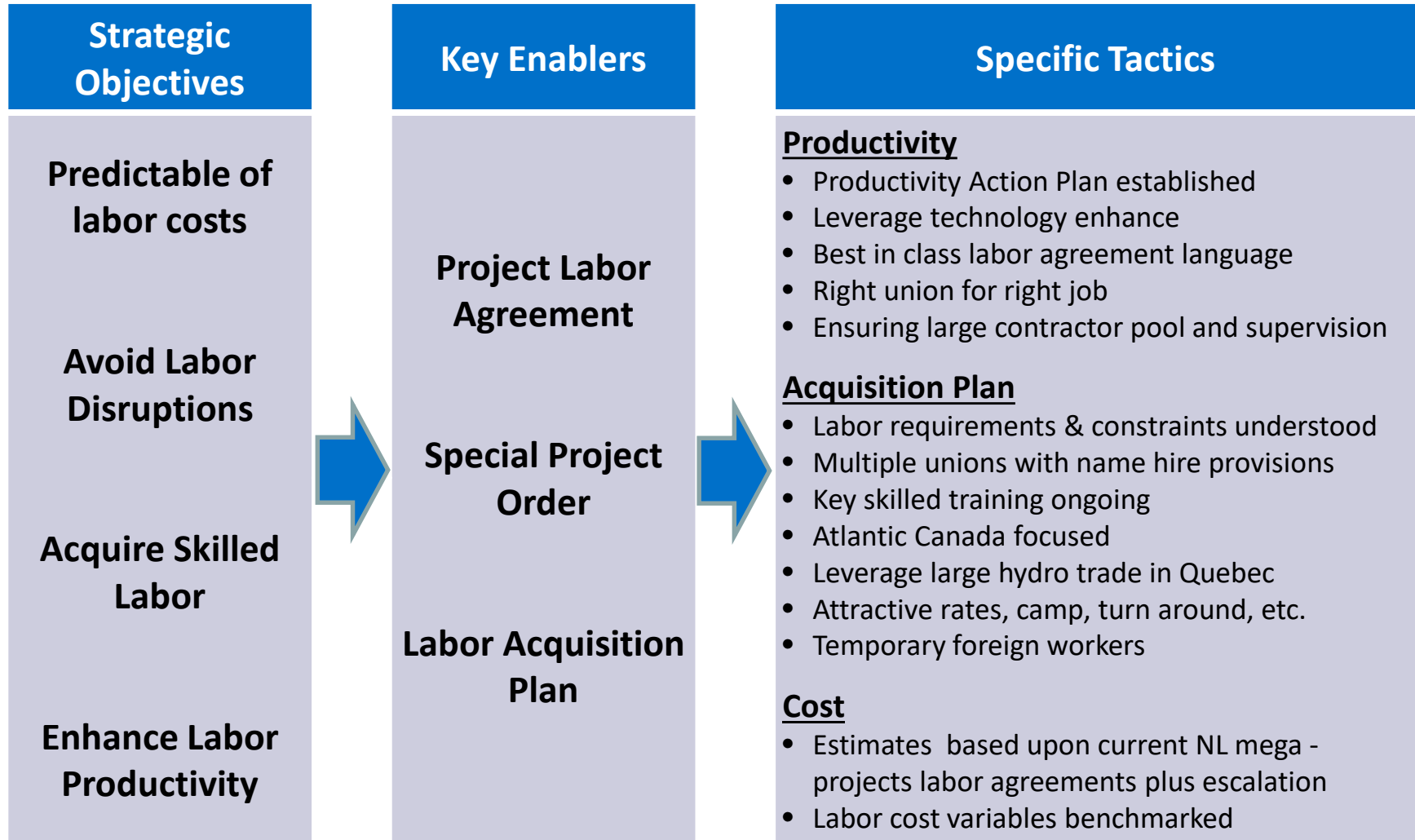
SOBI Crossing: A “deeper” look

Selected solution for the SOBI cable crossing builds upon team’s extensive experience in the design and installation of subsea infrastructure in harsh environments combined with learnings from global cable projects.

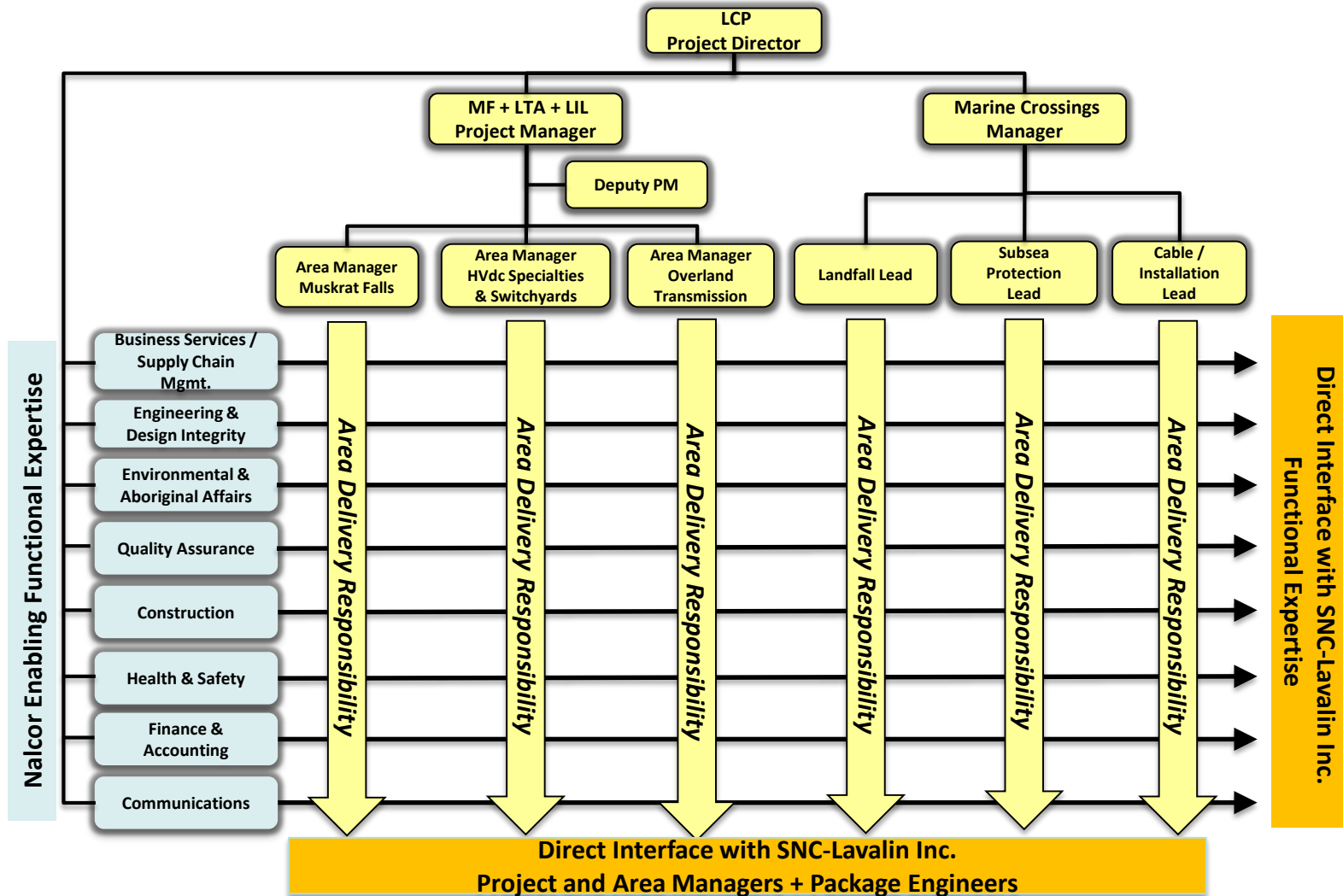
- Each of the 3 submarine cables will each have a dedicated horizontally directionally drilled (HDD) conduit to protect the cable from shore and pack ice at the landfall points.
- The conduits will take each cable to a water depth of between 60 to 80m, thus avoiding iceberg scour.
- The cables will then be laid on the sea bed and each protected with a separate rock berm which will protect against fishing gear and dropped objects (as for Terra Nova and White Rose).



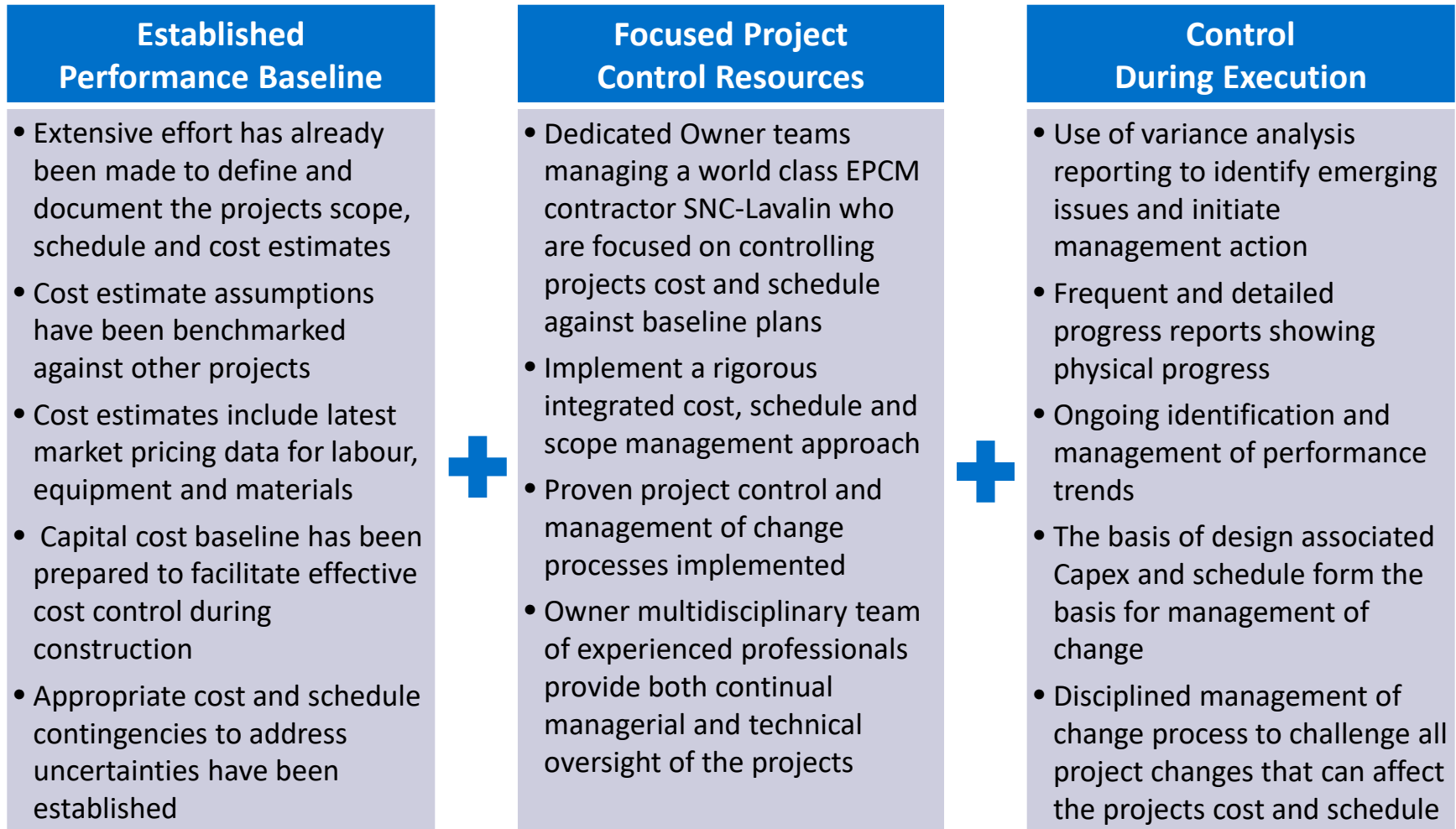
Ensuring Resource Availability



Proven & Experienced Project Team

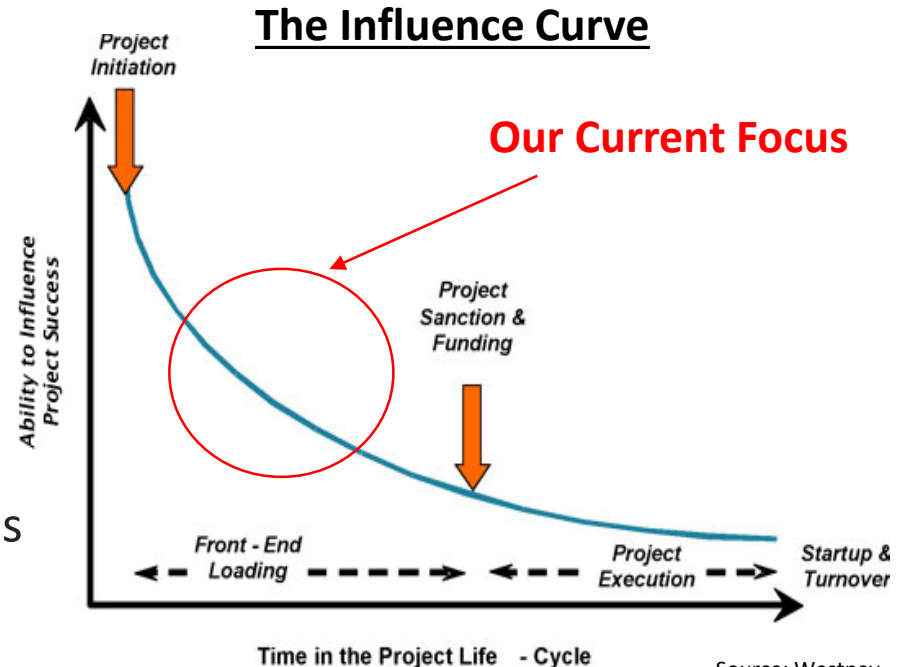


Maintaining Control During Execution



Recap: Positioned for *Flawless Execution*

- Front-end loading project definition and execution planning
- Early and continued focus on de-risking the projects
- Robust and disciplined project management with strong owner project controls
- Contracting strategies that minimizes and optimally allocates risk
 - Nalcor is the Integrator
 - Engaged a world-class EPCM consultant (SNC-Lavalin)



“Project is better prepared than a typical megaproject at end of Front-End Loading (FEL) 2,” and the “Project has clear objectives and a well-developed project team that has closed the project scope and achieved optimal project definition.”

- Independent Project Analysts, August 2010

Performance Security Strategy

Complement contracting strategy to mitigate residual risks...

Sufficient
indemnity for
Nalcor project
entities

Possibility of
Contractor
replacement

Timely and
certain response
to maintain
project schedule

Sufficient
liquidity

Performance Security Approach

- Summarized version of bonding & security spreadsheet from data room
- LD approach from contracting strategy
- Contingent equity last line of defense

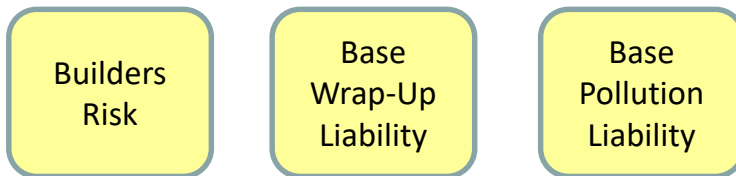
Insurance Strategy

Insurance Strategy Highlights

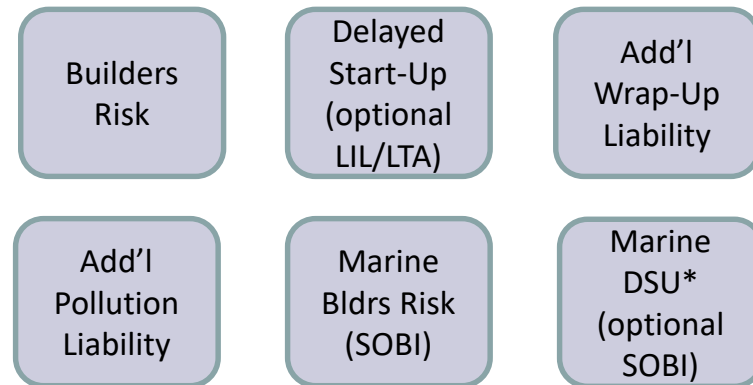
- Owner-Controlled Insurance Program
- One program serving three Nalcor project components
 - Cost and administrative efficiency
 - Each entity full named insured under the policy
- Phased coverage as projects progress, starting in 2012



Phase 1 - Early Works Placement (2012-2013)



Phase 2 - Full Policy Placement (2013-2017)



*DSU=Delayed Start-Up

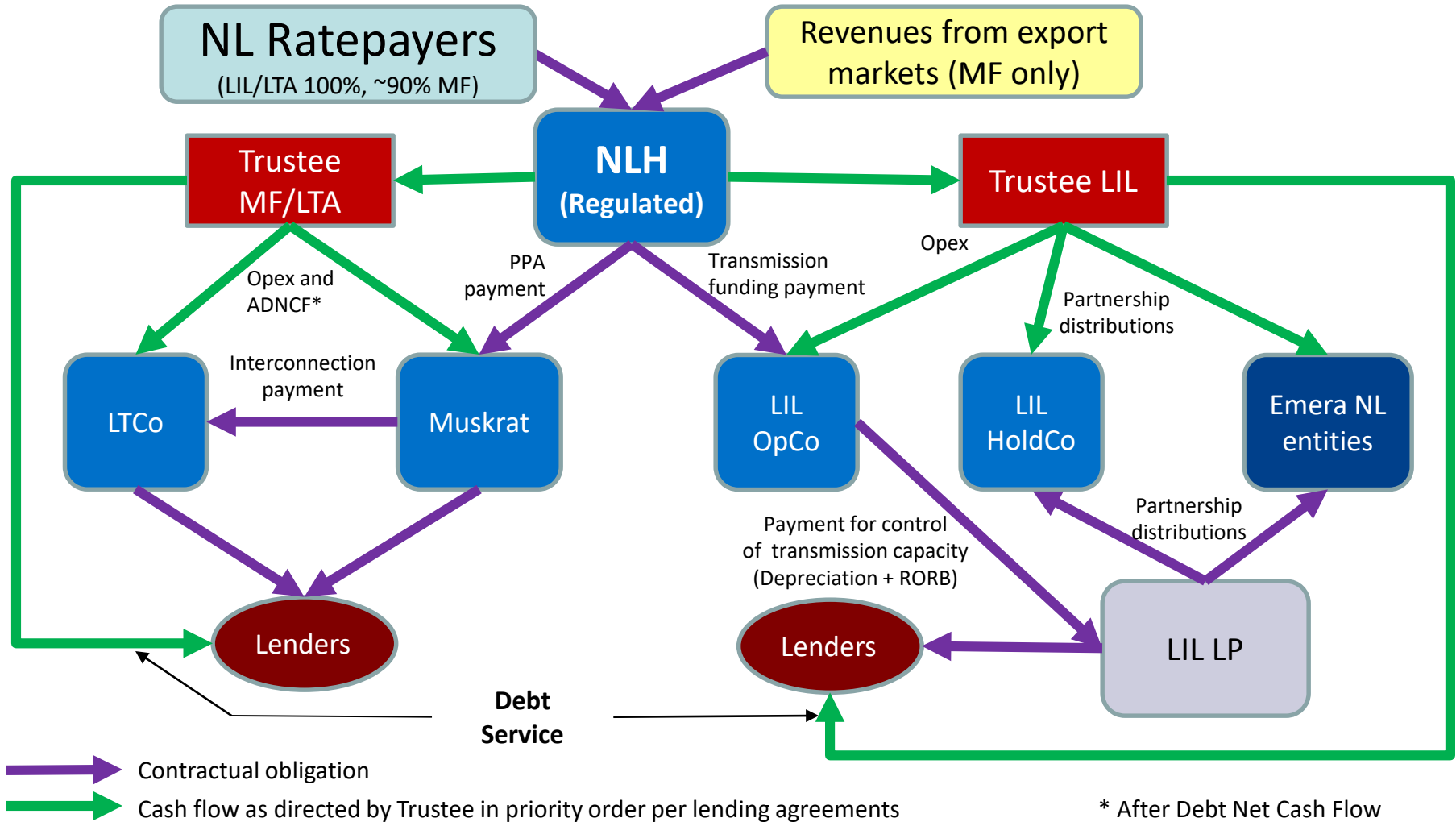
Insurance Approach

Formatting

TYPE OF POLICY	TIMING	PROJECT COMPONENT COVERED		
		MUSKRAT FALLS	ISLAND LINK.	LABRADOR AC
Early Works Builders Risk	Early Works 2012-2013	Early works only	As required, HDD only	As required
Full Builders Risk	Full Policy 2013-2017	All	✓, with sublimit on towers/lines (excludes SOBI marine)	✓, with sublimit on towers/lines
Delay-In-Startup	Full Policy 2013-2017	✓	optional	optional
Base Wrap-Up Liability	Early Works – Base Limits 2012-2017	Early works only	✓	✓
Addl. Wrap-Up Liability	Full Policy, incl. Addl. Limits 2013-2017	All	✓	✓
Base Pollution Liability	Early Works – Base Limits 2012-2017	Early works only	✓	✓
Addl. Pollution Liability	Full Policy, Addl. Limits 2013-2017	All	✓	✓
Marine Builders Risk	2015-2017 or as required	n/a	SOBI only	n/a
Marine Delay-in-Startup	2015-2017 or as required	n/a	optional	n/a

Project Structure & Key Agreements

Structure – Key Operating Cash Flows



Key Agreements

Agreement	Key Provisions
Muskrat - NLH PPA	<ul style="list-style-type: none"> • NLH purchases all Muskrat output excluding NS Block, at Muskrat plant • Base Block: take-or-pay obligation based on 2% escalating supply price and pre-determined volume; recovers all MF capital, operating & maintenance and financing costs (including debt service costs and defined equity IRR) plus any applicable taxes and fees • Costs recovered through Base Block include 100% of costs incurred by MF relating to LTA interconnection agreement (see below) • Variations in hydrology do not impact Base Block revenues • Additional Blocks (Supplemental + Residual): priced at market, whether consumed on the Island or exported via NEM • Initial term of 50 years
LTCO - Muskrat Interconnection Agreement	<ul style="list-style-type: none"> • Based on 2% escalating supply price (\$/MWh of Base Block); recovers all LTA capital, operating & maintenance and financing costs (including debt service costs and defined equity IRR) plus any applicable taxes and fees • Initial term of 50 years

Key Agreements

Agreement	Key Provisions
LIL OpCo - NLH Transmission Funding Agreement	<ul style="list-style-type: none"> • Facilitates NLH obtaining long term firm LIL transmission access • Recovers all LIL capital, operating and financing costs (including debt service costs and regulated ROE) plus any applicable taxes and fees • O&M responsibility resides with LIL Opco, not LIL LP borrowing entity • 50 year initial term
LIL OpCo - LIL LP Transmission System Asset Lease	<ul style="list-style-type: none"> • Conveys transmission capacity operating control to LIL OpCo • Consideration paid by LIL OpCo equals LIL LP's capital costs (depreciation) plus Return on Rate Base (debt interest cost plus regulated ROE) • 50 year initial term

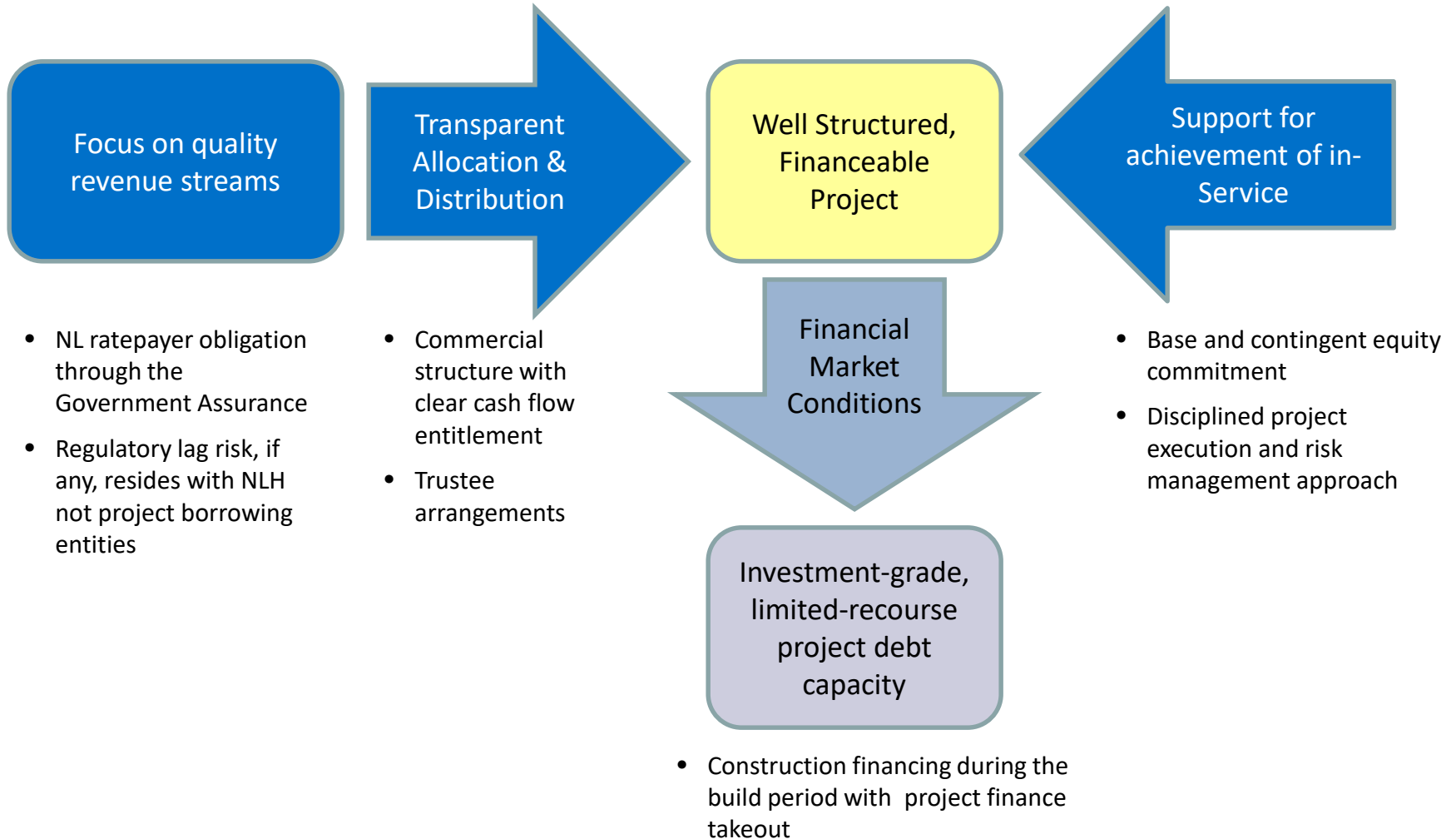
Key Agreements

Agreement	Key Provisions
Nalcor - Emera Agreements	<ul style="list-style-type: none">• Nalcor (or subsidiaries) provides Emera the NS Block for 35 years via the Maritime Link• Emera provides Nalcor (or subsidiaries) transmission access on the Maritime Link, through NS (NSPI) and through NB into New England (Emera)
MF/LTA and LIL Collateral Trustee Agreements	<ul style="list-style-type: none">• Cash flows directly from NLH to lender-approved trustees and are disbursed according to an agreed to waterfall

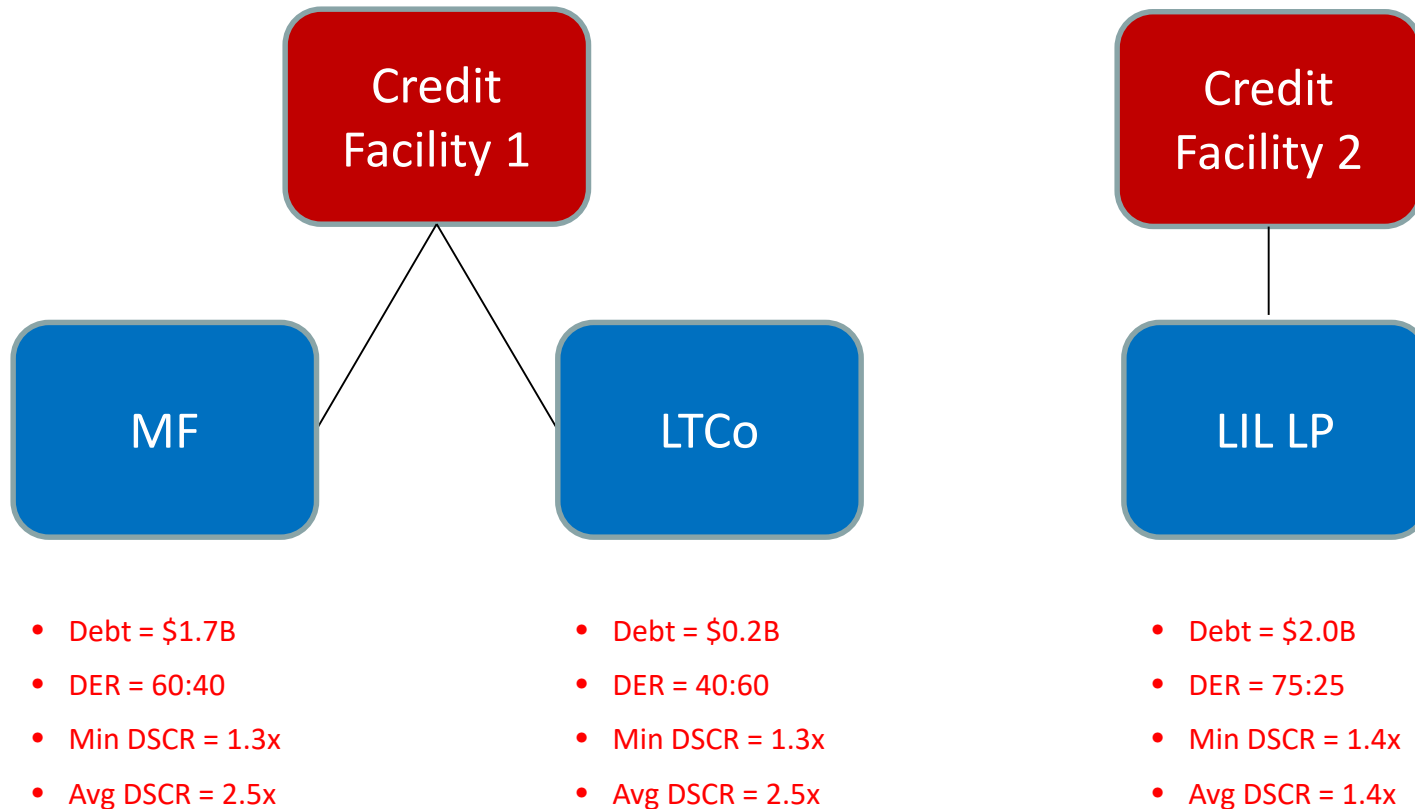
Project entities' revenue requirements ensured through the Government Assurance

Financing Strategy

Financing Strategy



Proposed Debt Financing

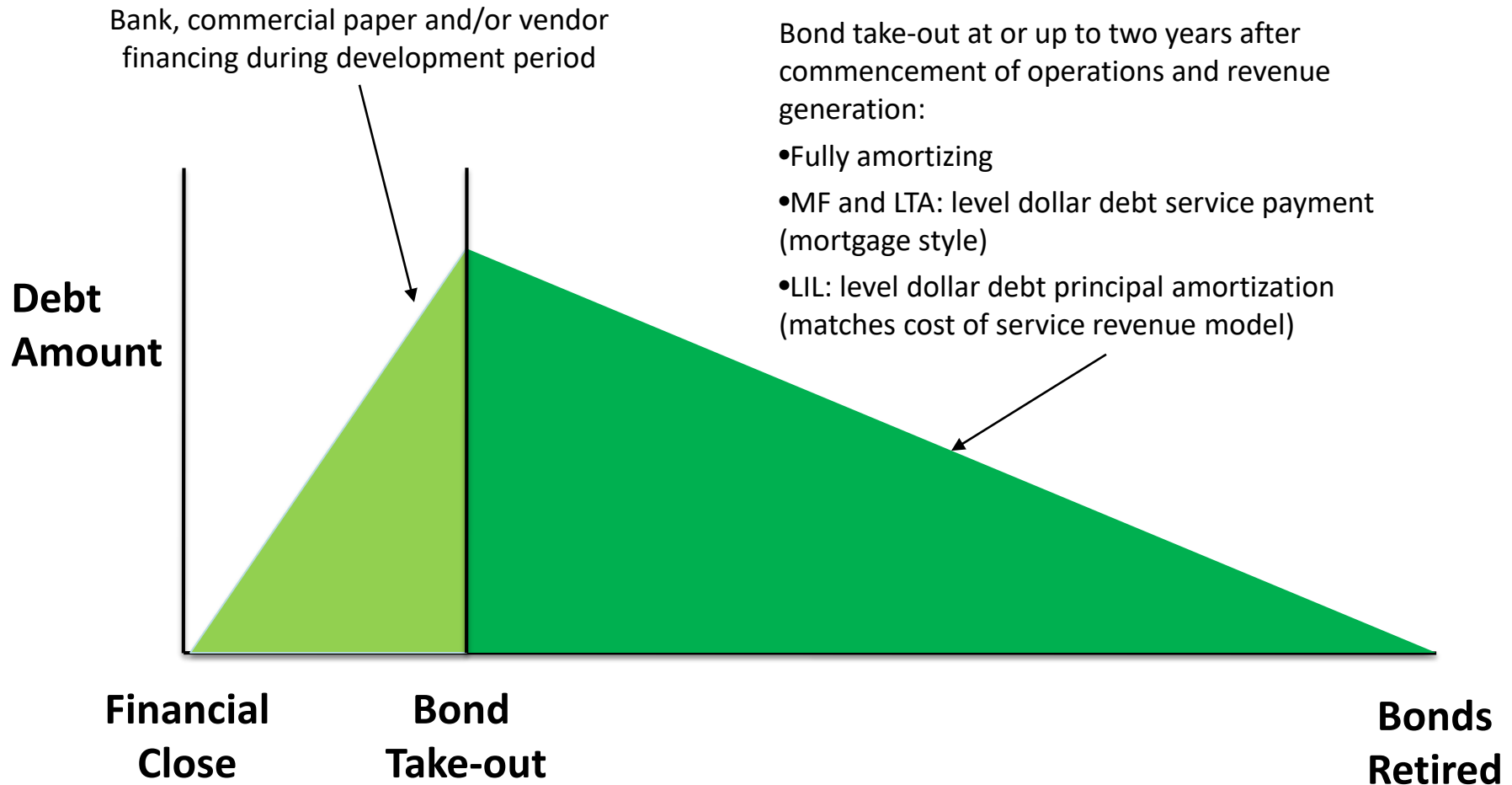


Sources & Uses

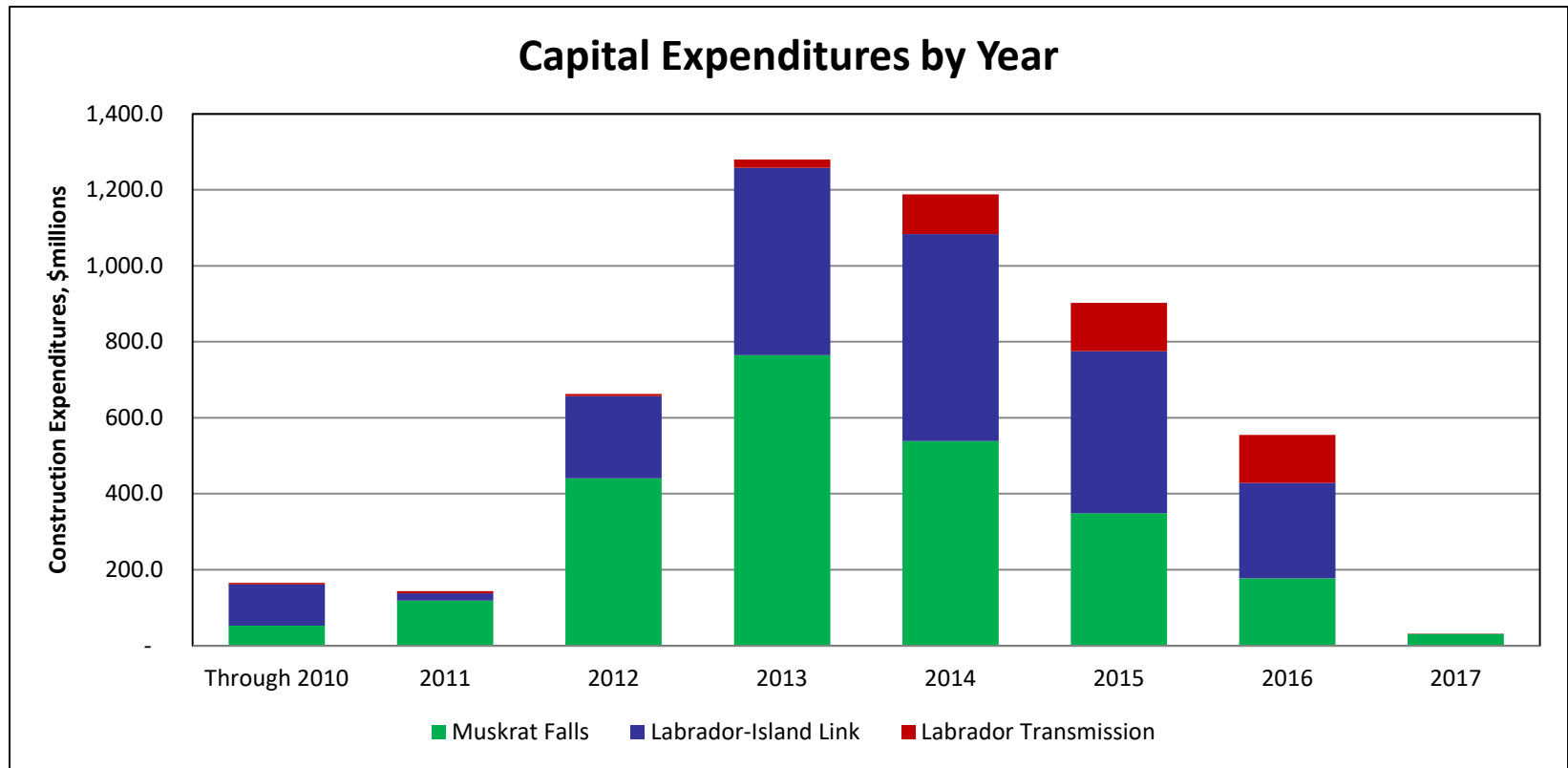
NTD: Tom to provide

Proposed Approach to Debt Financing

(Not to scale)



Capital Expenditures & Drawdown Schedule



Cumulative Debt & Equity Drawdowns (\$Millions)

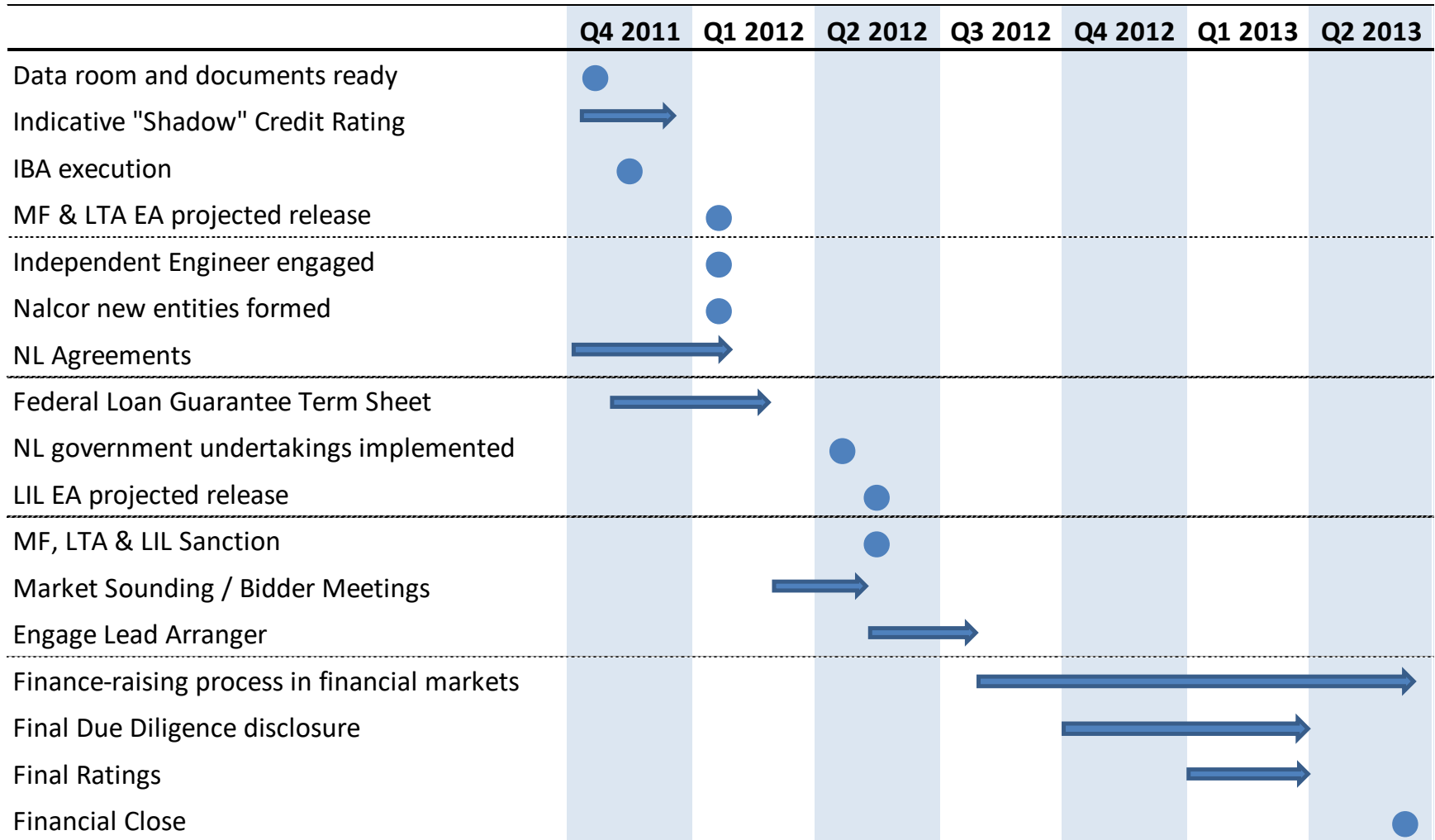
NTD: Tom to provide

Equity	\$	\$	\$	\$	\$	\$	\$	\$
Debt	\$	\$	\$	\$	\$	\$	\$	\$

Mitigating Project Interdependencies

Scenario	Technical & Operational	Financing Mitigation
LIL delayed; MF does not have eastern outlet (delays LTCO revenue from MF as well)	<ul style="list-style-type: none"> • 1 year schedule float on Strait of Belle Isle (“SOBI”) crossing component of LIL • Early issue of SOBI Cable RFP • SOBI Shoreline Protection pilot HDD program and seabed survey program underway • Optimize overland transmission labor through sequencing of work • Sales by MF through existing HQTE booking (portion not used by recall from Churchill Falls) 	<ul style="list-style-type: none"> • Contingent equity for liquidity • Additional project debt capacity due to recoverable cost framework
MF delayed: LIL does not have MF power to transport to island	<ul style="list-style-type: none"> • NLH purchase power from western/southern sources via Churchill Falls on existing HQTE transmission assets counter flowed • Recall power could be directed to serve Island load • Early award of turbine & generator contract to increase schedule float 	<ul style="list-style-type: none"> • Contingent equity for liquidity • Additional project debt capacity due to recoverable cost framework
LTA delayed; MF water management potentially affected	<ul style="list-style-type: none"> • Remote possibility - conventional AC transmission along existing line corridors • Transmission tower design nearing finalization - planning for line 1 to be ready Aug’14 	<ul style="list-style-type: none"> • Contingent equity for liquidity • Additional project debt capacity due to recoverable cost framework
ML delayed; no MF export market access east	<ul style="list-style-type: none"> • Sales through existing HQTE booking (portion not used by recall) • Cabot Strait RFP issued prior MF/LIL/LTA Sanction in order to secure manufacturing slot 	<ul style="list-style-type: none"> • Second layer MF debt contingent on proven market access via ML (if required, equity provides this layer of funding until condition is met)

The Path to Financial Close



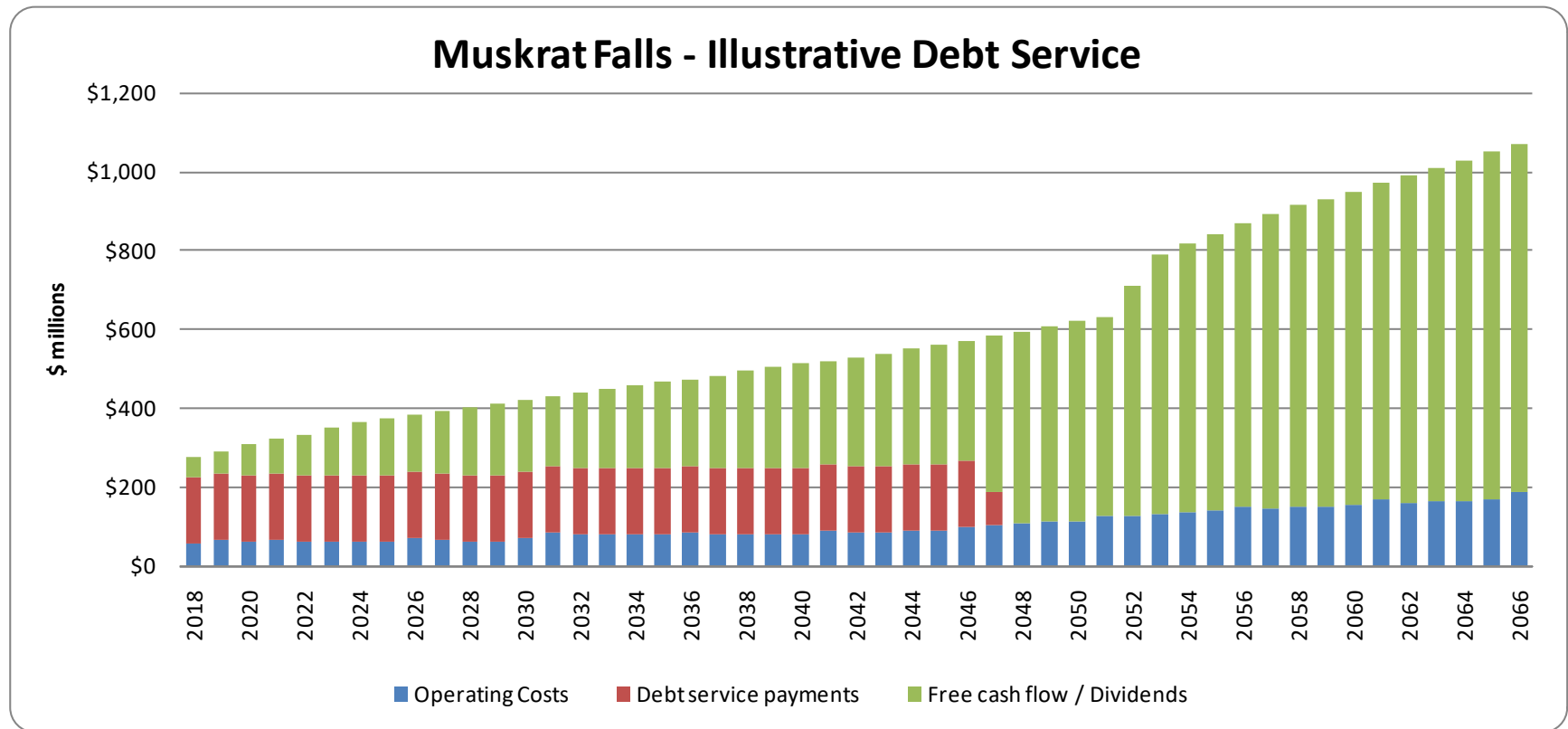
Financial Metrics & Debt Service

Modeling Assumptions

Assumption	Base Case			Stress Case		
	MF	LTA	LIL	MF	LTA	LIL
Capital cost (per DG2)	\$2.5 B	\$0.4 B	\$2.1 B		+15%	
Operating cost	Per DG2 estimates				+30%	
Interest rate	7.3% [NTD: GoC + Spread]				7.8%	
Financing Fees	TBD				TBD	
MF – hydrology	Average power 4.9 TWh annually			First 10 years firm power 4.5 TWh annually		
MF – export sales	PIRA Long Term Forecast (Oct 2010) with 50% discount			No export revenue		
LIL - ROE	9.5%			8.38% floor		

MF Financial Forecast

- MF provides lenders with the minimum DSCR of 1.4 times and an average of 2.5 times during the term of the debt



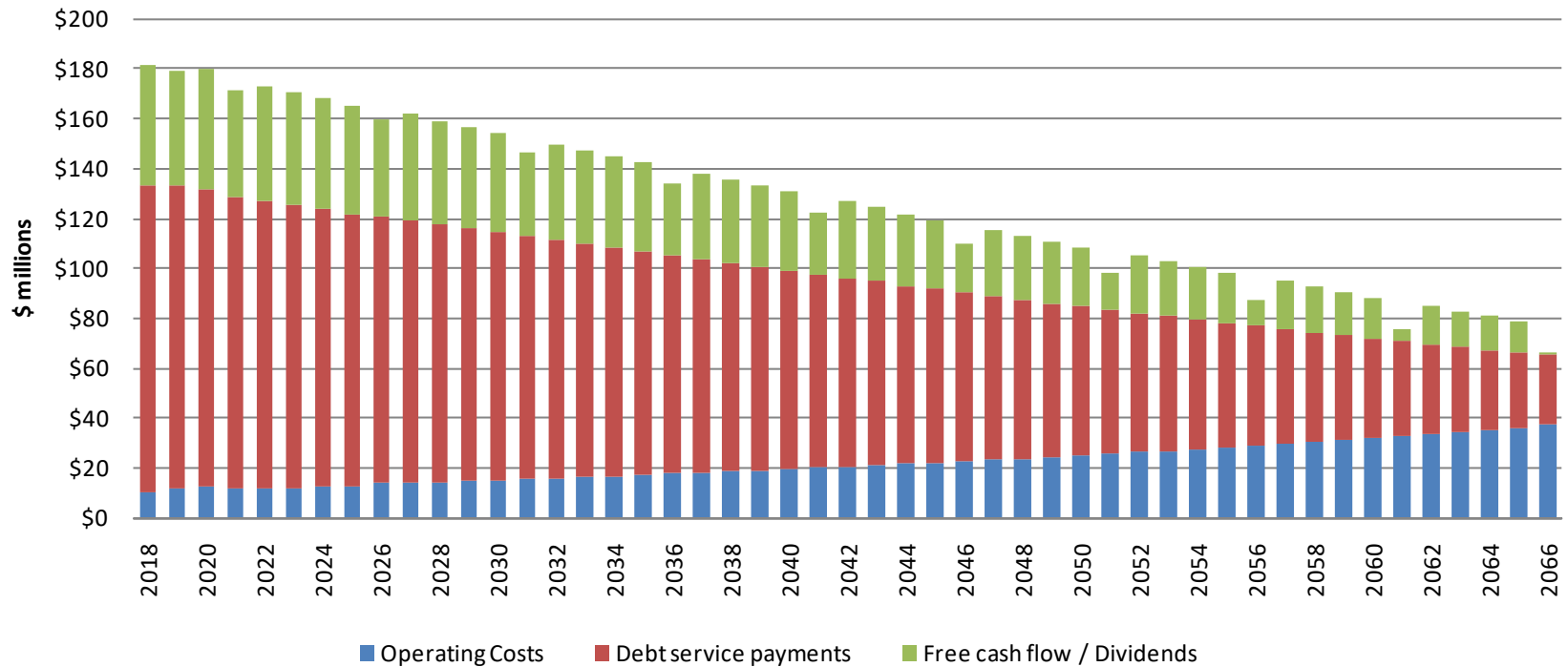
LTA Financial Forecast

- LTA provides lenders with the minimum DSCR of [] times and an average of []times during the term of the loan

LIL Financial Forecast

- LIL provides lenders with the minimum DSCR of 1.3 times and an average of 1.4 times during the term of the loan

Labrador-Island Link - Illustrative Debt Service



Debt Service

Nalcor's proposed financial structure provides for robust debt service in both base and stress case conditions

\$ Millions

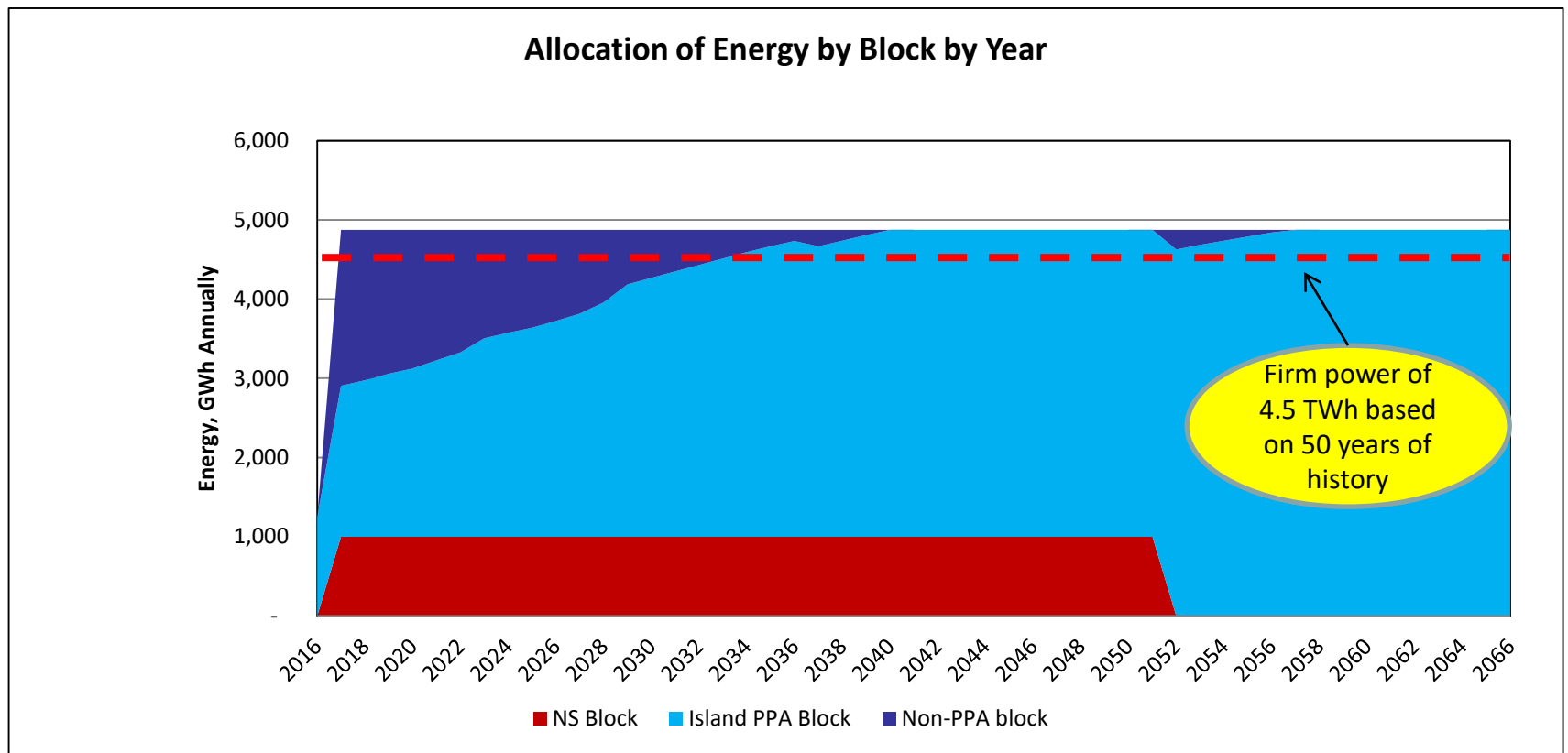
Case	Capex ⁽¹⁾	Debt	Equity	DER	IRR/ROE ⁽²⁾	Min DSCR	Avg DSCR
Muskrat Falls							
DG2 Base Case	\$2,841	\$1,903	\$1,268	60:40	9.8% _{IRR}	1.44	2.50
Stress Case	\$2,841	\$1,903	\$1,414	57:43	8.9% _{IRR}	1.16	2.39
Labrador Transmission Assets							
DG2 Base Case	\$455	\$189	\$291	39:61	8.4% _{IRR}	1.30	3.34
Stress Case	\$455	\$182	\$299	38:62	8.4% _{IRR}	1.30	3.38
Labrador-Island Link							
DG2 Base Case					9.5% _{ROE}		
Stress Case					8.4% _{ROE}		

Notes:

1. Escalated in nominal dollars, not including financing costs
2. MF and LTA equity return based on IRR over service life while LIL based on regulated ROE subject to a "floor" value

MF Debt Service

NTD: Add DSCR line on separate axis



Summary

Summary

- ✓ **Robust Island supply business case**
- ✓ **Attractive project attributes**
- ✓ **High quality regulated revenue streams**
- ✓ **Access to liquid export markets via two transmission routes**
- ✓ **Robust financial profile**
- ✓ **Experience in developing complex mega-projects**
- ✓ **Proven operating experience**
- ✓ **Strong support from project sponsor – Government of NL**
- ✓ **Projects supported and endorsed by Government of Canada**

Next Steps

- Indicative rating inquiries
 - James Meaney jamesmeaney@nalcenergy.com or 709-737-4860
- Data room access
 - Auburn Warren auburnwarren@nalcenergy.com or 709-737-1256
- Follow-up sessions during indicative rating process in St. John's and Toronto
- Final checkpoint prior to rating committee

Appendix A:

Indicative Debt Term Sheets

MF/LTA Indicative Debt Term Sheets page 1

CIMFP Exhibit P-00809 Page 68

Issuer:	<ul style="list-style-type: none">• Muskrat Falls Generation Co & Labrador Transmission Co (the “Companies”, borrowing jointly and severely)
Offering:	<ul style="list-style-type: none">• Construction facility• Long-term project finance debt takeout
Amount:	<ul style="list-style-type: none">• MF Tranche - \$1.7 billion• LTA Tranche - \$0.17 billion
Term:	<ul style="list-style-type: none">• Construction period plus up to 2 years (“Initial Term”) + 30 years
Interest:	<ul style="list-style-type: none">• []
Repayment:	<ul style="list-style-type: none">• Level dollar debt service payment with full amortization over term
Security	<ul style="list-style-type: none">• Muskrat Falls Generation Plant• Labrador Transmission Assets Transmission Line• Shares of the Companies• All of the Companies’ presently held or after acquired real and personal property, including interests in material contracts
Redemption	<ul style="list-style-type: none">• Market-appropriate – for example higher of face or NPV using specified discount (GoC plus spread)
Ranking	<ul style="list-style-type: none">• Senior
Flow of Funds	<ol style="list-style-type: none">1. Operating expenses2. Sustaining Capex3. Principal + Interest on Debt4. Establish / replenish debt service reserve fund, as required5. Sustaining Capex due within next 6 months6. Balance retained or distributed by the Companies

MF/LTA Indicative Debt Term Sheets

page 2

CIMFP Exhibit P-00809

Page 69

- Debt Service Reserve Fund:**
- 6 months forecasted debt service
- Liquidity Reserve Fund:**
- \$50 million
- Distribution Test:**
- DSCR test pre and post 12 months
- Key Covenants:**
- Negative pledge
 - Minimum DSCR
 - Restrictions on distributions
 - Restriction on termination/modification of MF-NLH PPA and LCo-MF Interconnection Agreement
 - Maintain appropriate insurance coverage
- Events of Default:**
- Termination of MF-NLH PPA and LCo-MF Interconnection Agreement
 - Breach of minimum DSCR
 - Breach of material contracts
 - Bankruptcy of Labrador Transco, Muskrat or NLH
 - Failure of Nalcor to meet equity call

LIL Indicative Debt Term Sheets page 1

CIMFP Exhibit P-00809

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Issuer:	<ul style="list-style-type: none">• Labrador Island Link Limited Partnership (the “Company”)
Offering:	<ul style="list-style-type: none">• Construction facility• Long-term project finance debt
Amount:	<ul style="list-style-type: none">• \$2.0 billion
Term:	<ul style="list-style-type: none">• Construction period plus up to 2 years (“Initial Term”) + 30 years
Interest:	<ul style="list-style-type: none">• []
Repayment:	<ul style="list-style-type: none">• Level dollar debt principal amortization over term
Security	<ul style="list-style-type: none">• Labrador Transmission Assets Transmission Line• All partnership units• All of the Company’s presently held or after acquired real and personal property, including interests in material contracts
Redemption	<ul style="list-style-type: none">• Market-appropriate – for example higher of face or NPV using specified discount (GoC plus spread)
Ranking	<ul style="list-style-type: none">• Senior
Flow of Funds	<ol style="list-style-type: none">1. Operating expenses2. Sustaining Capex3. Principal + Interest on Debt4. Establish / replenish debt service reserve fund, as required5. Sustaining Capex due within next 6 months6. Balance retained or distributed by the Companies

- Debt Service Reserve Fund:**
- 6 months forecasted debt service
- Liquidity Reserve Fund:**
- \$50 million
- Distribution Test:**
- DSCR test pre and post 12 months
- Key Covenants:**
- Negative pledge
 - Minimum DSCR
 - Restrictions on distributions
 - Restriction on termination/modification of LIL Opco-NLH Transmission Funding Agreement and LIL Opco-LIL LP Transmission System Asset Lease
 - Maintain appropriate insurance coverage
- Events of Default:**
- Termination of LIL Opco-NLH Transmission Funding Agreement and LIL Opco-LIL LP Transmission System Asset Lease
 - Breach of minimum DSCR
 - Breach of material contracts
 - Bankruptcy of LIL Opco, LIL LP or NLH
 - Failure of Nalcor to meet equity call