

MINUTES OF THE THREE HUNDRED AND THIRTY-NINTH MEETING OF THE BOARD OF DIRECTORS OF NEWFOUNDLAND AND LABRADOR HYDRO HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY, MAY 5TH, 2006 AT 9:30 A.M.

**Present in
Person:**

D. MacDonald, Chair
T. Clift
B. Kelly
K. Marshall
E. Martin
B. Saunders
L. Sheppard
G. Shortall
C. Tucker
E. Turpin

**Present by
Invitation for
Part of the
Meeting:**

Derrick Sturge, Vice-President
Finance and Chief Financial Officer
Jim Keating, Vice-President,
Business Development
Gilbert Bennett, Vice-President,
Lower Churchill

Secretary:

W. Chamberlain

5057. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on April 5th, 2006. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

The Chair suggested and it was agreed that future meetings would commence at 8:00 a.m. Mr. Derrick Sturge joined the meeting at this time.

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5058. VERIFICATION OF MINUTES

Copies of the minutes of the **THREE HUNDRED AND THIRTY-EIGHTH** meeting of the Board of Directors of Newfoundland and Labrador Hydro held on February 24th, 2006 had been included in the meeting papers.

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

THAT the minutes of the **THREE HUNDRED AND THIRTY-EIGHTH** meeting of the Board of Directors of Newfoundland and Labrador Hydro held on February 24th, 2006, which minutes are currently before this meeting, be and they are hereby verified as being correct subject to amendment as noted by the Secretary; and

THAT the Chairman be and he is hereby authorized to verify the minutes of signing the Minute Book.

5059. BUSINESS ARISING

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5060 REPORT OF THE COMPENSATION COMMITTEE

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5061.

REPORT FROM THE AUDIT COMMITTEE

5062.

PRESIDENT'S REPORT

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5063.

BUSINESS UNIT REPORTS

5064.

Regulated Operations

5065.

New Business

5066. Lower Churchill

Mr. Gilbert Bennett joined the meeting at this time. Mr. Bennett reviewed the Lower Churchill Gateway Process that ensures that progress to the next phase of planning or execution only takes place after formal review and verification. The Readiness Process is used in conjunction with the Gateway Process and is used to measure progress and verify readiness at Project milestones and gates. The Readiness Process includes people, process and systems readiness. Approval is being sought for pre-sanction decision No. 1: Third Party Ownership (BOOT) versus a Newfoundland and Labrador led project. Mr. Bennett provided a summary of the decision review work as provided in the Board papers.

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

THAT the recommendation that the Lower Churchill project be planned and executed as a Newfoundland and Labrador led development, and that Newfoundland and Labrador Hydro will be the project lead on behalf of the Province of Newfoundland and Labrador be and is hereby approved.

Mr. Bennett also seeks approval of a proposed Capital Job Cost Change Order and supporting documentation that was provided with the Board papers.

On motion made by K. Marshall, seconded by T. Clift and unanimously carried, it was resolved:

THAT the Capital Job Cost Change Order for the Lower Churchill Development in the amount of \$20,725,900 to cover the period to December 31, 2006, be and it is hereby approved, for a total revised Capital Job Cost budget of \$89,729,900.

Mr. Bennett left the meeting at this time.

5067. FINANCING REPORT**5068. Structuring and Financing Growth**

Mr. Sturge reported that the corporate and capital structure must support the expanded mandate. Financial, tax and legal professionals will be engaged to provide advice on corporate structure and financing issues. Key issues are the appropriate corporate structure; types of financing that facilitate new business opportunities, minimizing the impact on the financial position of the Shareholder, evaluation and development of financial reporting, corporate governance and other processes to facilitate the expanded mandate.

5069. Annual Report**5070. Resolutions****5071. Approval of Change Orders**

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5072. Remuneration of Auditors

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5073. Banking

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5074. Change of Position Title

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5075. CORPORATE GOVERNANCE

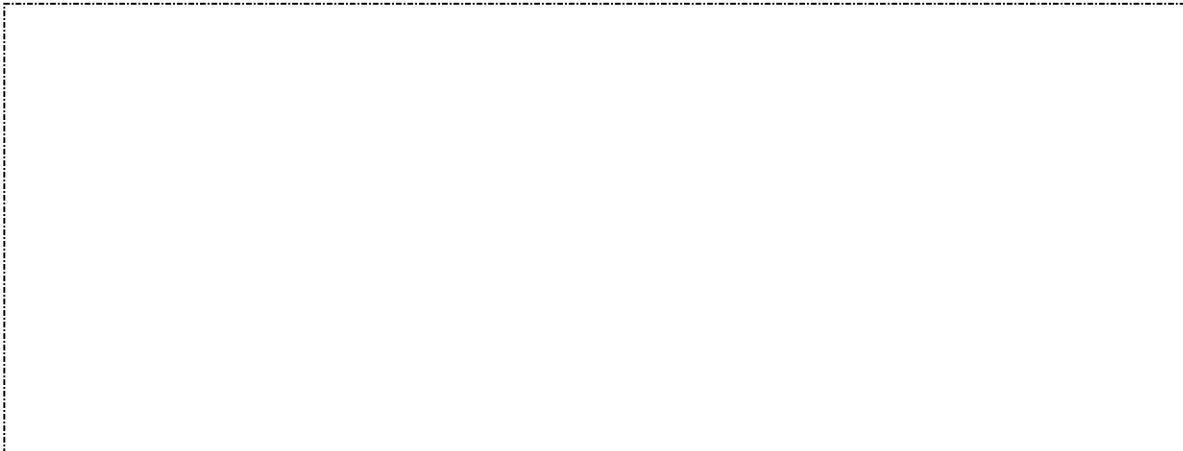
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5076.


APPOINTMENT OF OFFICERS



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5077. BY-LAW NO. 7 – AFFIXING OF CORPORATE SEAL



5078. NEXT MEETING



5079.

IN CAMERA

Mr. Martin, Mr. Sturge and Mr. Chamberlain returned to the meeting after conclusion of in camera meeting. The Chair reported that the Board would like to receive materials on presentations to the Board in a timely manner and before Board meetings. The Board would welcome an opportunity to visit the site of the Lower Churchill Project at some point and would also like to have Board meetings held in area offices or facilities occasionally to provide the Board members with an opportunity to become more familiar with the corporation.

5080.

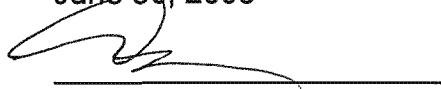
TERMINATION

There being no further business the meeting terminated.


Secretary

Verified at a meeting held on

June 30, 2006


Chair