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Subject: Board Deck
Date: Wednesday, November 13, 2013 10:44:01 AM
Attachments: [.png](#)
[Board Briefing \(Nov-13\) 13.11.13.1030.pdf](#)

Hi Ed,

Attached please find the current draft of the board presentation for your review and feedback.



Board Briefing (Nov-13) 13.11.13.1030.pdf

Thanks!

Auburn



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Lower Churchill Project Phase I

Financing Briefing

November 15, 2013

Boundless Energy



[Outstanding Review Items]

Prime	Slide #	Description
Gord / Tom	11	Update once model finalized – data represents initial run of latest view of capex
Gord / Tom	44	Update once model finalized – data represents initial run of latest view of capex
Tom	60	Update once model finalized – data represents initial run of latest view of capex
Gord	61	Update once model finalized – data represents initial run of latest view of capex
John	90-108	Please advise all Appendix B is good to go Check RED text
John	98	Confirm no “Muskrat General Security Agreement and Subordination Acknowledgement” required under Lab Transco although both MF & LTA GSAs under Muskrat’s
John	From 92	Determine where (if anywhere) corresponding “Nalcor and LIL LP Transfer Agreement (existing contracts, assets and permits)” should go on LIL side

Nalcor Team

- Derrick Sturge – Vice-President, Finance & CFO
- Rob Hull – General Manager, Commercial & Financing
- Jim Meaney – General Manager, Finance LCP
- Auburn Warren – Manager, Investment Evaluation
- Craig Hippern – Manager, Financial Planning & Investment Analysis
- Greg Jones – General Manager, Energy Marketing
- Xeno Martis – Financing Counsel, Fasken Martineau
- John Green – Commercial Counsel, McInnes Cooper

Safety Moment

Introduction & Overview

Purpose

Provide a technical briefing to the members of the following Boards of Directors in advance of approval of commercial, financing and related agreements

- Nalcor Energy (“Nalcor”)
- Newfoundland and Labrador Hydro (“NLH”)
- Labrador-Island Link General Partner Corporation
- Labrador-Island Link Holding Corporation
- Labrador-Island Link Operating Corporation
- Muskrat Falls Corporation
- Labrador Transmission Corporation

Introduction

- The business case justifying Muskrat Falls (“MF”), Labrador Transmissions Assets (“LTA”) and Labrador-Island Link (“LIL”) (collectively “the Projects”) was based on domestic (NL) power requirements
- The financing structure is designed such that it is supported solely by the cash flow from these domestic sales and does not require any export sales
- The full costs of the Projects are paid by NLH customers through contractual arrangements between NLH and the Projects’ entities
 - Series of agreements developed to ensure cash flow stream from NLH is secured to support financing of the Projects
 - Agreements were drafted by McInnes Cooper along with representatives from Nalcor and NLH
 - The Province along with their legal counsel Ottenheimer Baker were involved throughout the process
 - Agreements reviewed by Canada and their legal counsel with required revisions having been made
- The Province has directed the Board of Commissioners of Public Utilities (“PUB”) to allow NLH to recover in rates the costs incurred under these contractual arrangements
- The equity portion of the financing will be provided to Nalcor by NL under Equity Support Agreements and Equity Support Guarantees and by Emera under Nalcor/Emera Formal Agreements

Introduction (continued)

- The debt portion of financing will be funded through a series of long term bonds, all issued on a single financial close date, that carry the Government of Canada's AAA credit rating based on the Federal Loan Guarantee ("FLG")
- The financing is split into the two major project components:
 - MF/LTA
 - LIL
- The debt financing arrangements consist of two distinct pieces: (i) the arrangements with the external lenders, and (ii) the internal arrangements between MF/LTA and LIL with Canada
 - The financing agreements the Board will be asked to approve are those that primarily put in place the financing and guarantee arrangements between Canada, the Funding Vehicles and the Nalcor special purpose entities created to facilitate the financing
 - These agreements were primarily drafted by Fasken Martineau, Nalcor's financing legal counsel and have been reviewed and input provided by the Nalcor team, the Province, Borden Ladner Gervais (the Province's legal counsel), Canada, and Cassels Brock (Canada's legal counsel)
 - An independent engineer and independent insurance consultant have also been engaged to provide additional comfort to the Guarantor as a key aspect of the financing process
- The Nalcor corporate structure development was influenced by: (i) ownership of various project components, (ii) retention of Nalcor tax-exempt status, (iii) open access transmission requirements, and (iv) ownership of LIL transmission rights

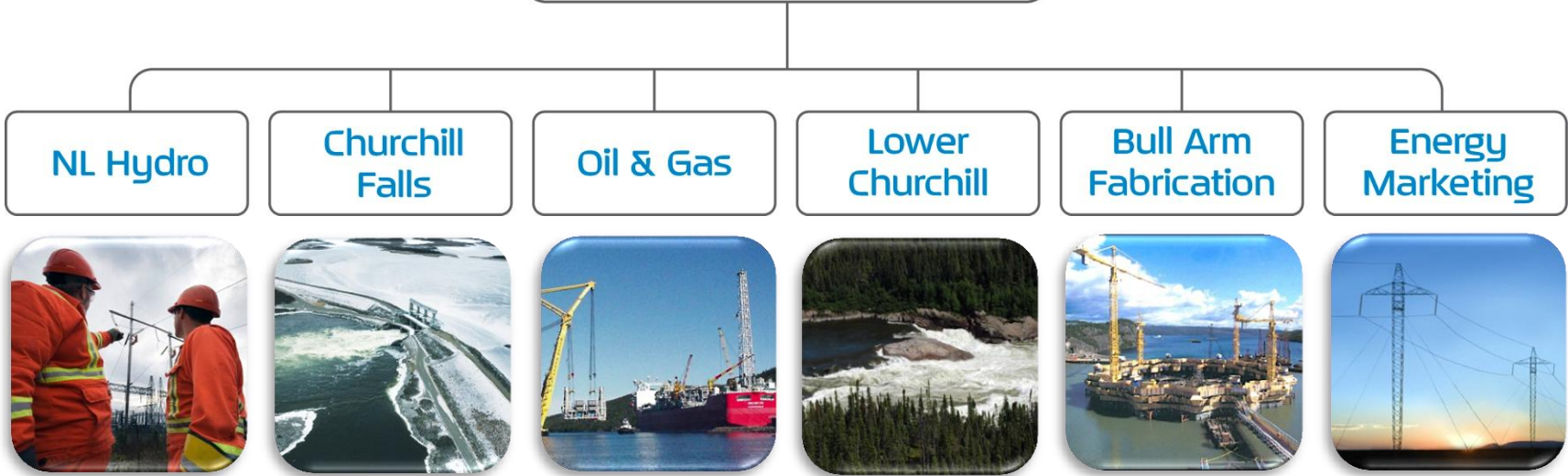
Presentation Outline

1. Nalcor Overview
2. Project Overview
3. Corporate Structure / Governance
4. NL Agreements
5. Financing Overview
6. FLG Structure
7. Financing Structure
8. Request For Financing (“RFF”) Process

Appendices:

- A. *Financing Agreement Summaries*
- B. *Summary of Agreements by Legal Entity*
- C. *Summary of New Subsidiary Key Activities*

Nalcor Overview



Nalcor's vision is to build a strong economic future for successive generations of Newfoundlanders and Labradorians

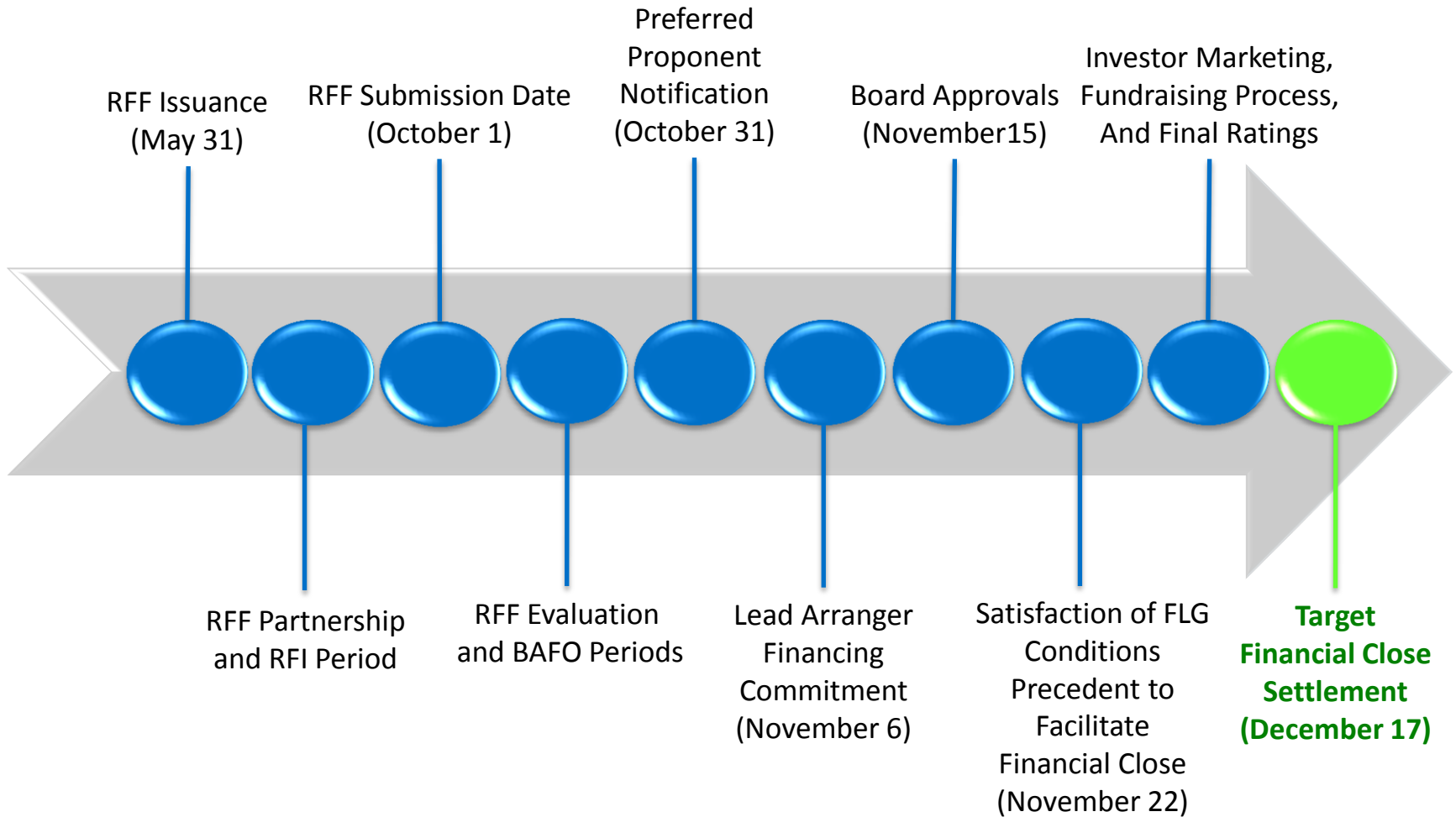
Financial Snapshot

<i>\$ billions</i> (Note – totals may not add due to rounding)	MF/LTA	LIL	Total
Total Debt	\$ 2.6	\$ 2.4	\$ 5.0
NL Total Equity	1.9	0.3	2.2
Emera Total Equity	-	0.5	0.5
Total Sources	\$ 4.5	\$ 3.2	\$ 7.7
Construction capital expenditures ⁽¹⁾	\$ 3.9	\$ 2.6	\$ 6.5
IDC/AFUDC ⁽²⁾ and financing costs	0.4	0.5	0.9
Reserves and other	0.2	0.1	0.3
Total Uses	\$ 4.5	\$ 3.2	\$ 7.7

⁽¹⁾ Excludes IDC and equity component on AFUDC

⁽²⁾ IDC means Interest During Construction; AFUDC means Allowance for Funds Used During Construction

Financing Schedule – Key Milestones

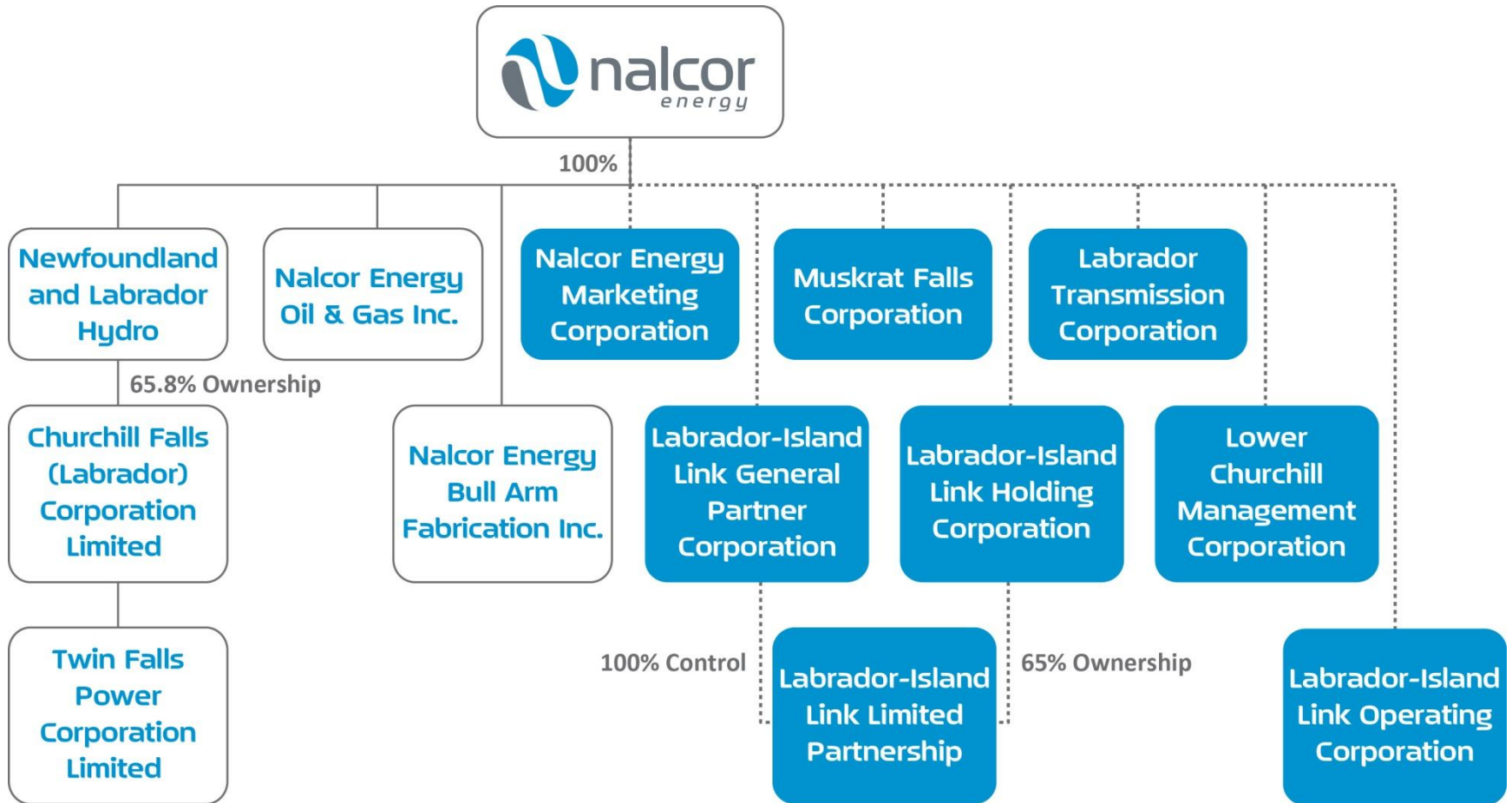


Corporate Structure / Governance

Introduction

- Provide background on the new Nalcor subsidiaries responsible for:
 - i. the development, construction and commissioning of Phase 1 of the Lower Churchill Project (“LCP”),
 - ii. related energy marketing activities
- Outline key activities and arrangements of the new subsidiaries over which governance will be provided by the Boards of Directors (see Appendix C)

Nalcor Corporate Structure



LCP Entity Structure Key Considerations

- Project Financing – "ring-fence" project debt from Nalcor and other assets; FLG also requires separate MF, LTA and LIL borrowing entities
- Limitation of liability – limit liability back to Nalcor and NL relating to financing/commercial arrangements, construction contracts, etc.
- Separate ownership in MF/LTA from LIL – separate entities required as Emera has interest in LIL, but not MF/LTA
- Protect tax-exempt status of Nalcor in LIL – Emera being taxable resulted in adoption of the partnership structure for LIL
- Ensure LIL transmission rights are held in separate entity from that owned in part by Emera - 100% transmission rights to be owned by Nalcor in separate entity from the LIL Partnership (i.e. LIL Opco)
- Satisfy US/FERC regulatory requirements

Independent Directors Requirement

- Subsection 14.1 (6)(e) of the *Energy Corporation Act* (ECA) stipulates that the board of directors of a subsidiary of Nalcor Energy shall include a minimum number of independent directors, that number varying depending on the size of the board
- A subsidiary board consisting of 5 or 6 members is required to have at least 2 independent directors
- Subsection 14.1 (7) of the ECA defines “independent director” as “a person who is not a member of the board of directors of the corporation or another subsidiary or an employee or officer of the corporation, another subsidiary or the Crown”
- As part of the LCP indicative rating process, credit rating agencies stated a requirement that there be at least one “super” independent director on the board of directors of each of the LCP entities that will be involved in the financing arrangements

Independent Directors Requirement (continued)

- The Labrador-Island Link General Partner Corporation was incorporated in July 2012 and one of the two independent directors on the board of that company is a “super” independent director
- A “super” independent director is defined as:
 - a duly appointed member of the Board of Directors who shall not have been, at the time of such appointment or at any time in the preceding five years, (i) a direct or indirect legal or beneficial owner of any capital stock of the Corporation or of any of its Affiliates, (ii) a creditor, supplier, employee, officer, director, family member, manager or contractor of the Corporation or any of its Affiliates, or (iii) a Person who Controls (whether directly, indirectly or otherwise) the Corporation or any of its Affiliates or any creditor, supplier, employee, officer, director, manager or contractor of the Corporation or any of its Affiliates*

Independent Directors Requirement (continued)

- The requirement for independent directors for these companies is as follows:
 - Muskrat Falls Corporation – 2 (1 super)
 - Labrador Transmission Corporation – 2 (1 super)
 - Labrador-Island Link Operating Corporation – 2 (1 super)
 - Lower Churchill Management Corporation – 2
 - Nalcor Energy Marketing Corporation – 2

LIL Subsidiaries

- **Labrador-Island General Partner Corporation (“LIL GP”)**
 - Established in July 2012, it is the general partner of the LIL Limited Partnership (“LIL LP”) and is 100% owned by Nalcor. As general partner, LIL GP has the full power to manage and control the LIL LP (which is the entity through which debt will be borrowed to finance construction of the LIL)
- **Labrador-Island Link Holding Corporation (“LIL Holdco”)**
 - Established in July 2012, it holds Nalcor’s limited partnership interest in the LIL. This is the entity that will be used to fund Nalcor equity contributions for LIL development and receive distributions during operations
- **Labrador-Island Link Operating Corporation (“LIL Opco”)**
 - New entity that will receive operating control over 100% of the transmission capacity on the LIL from the LIL LP. LIL Opco will be considered the “transmission owner” for purposes of offering transmission service over the LIL
 - LIL Opco will also have to guarantee the debt financing related obligations of the LIL LP, as payments from NLH relating to use of the LIL will flow through LIL Opco as part of the commercial agreement structure

MF/LTA Subsidiaries

- **Muskrat Falls Corporation (“Muskrat”)**
 - New entity that will hold the water power and land rights necessary for the construction of the power generation facility at MF and will construct, own and operate these assets
 - Muskrat will be the entity through which Nalcor finances construction of the MF plant
- **Labrador Transmission Corporation (“Lab Transco”)**
 - New entity that will construct, own and operate the transmission link between the MF plant and the existing facility at Churchill Falls. Lab Transco will be considered the “transmission owner” for purposes of offering transmission service over the LTA
 - Lab Transco will be the entity through which Nalcor finances construction of the LTA

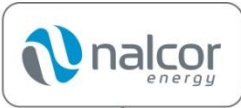
Other Subsidiaries

- **Lower Churchill Management Corporation (“Devco”)**
 - New entity that will be established to carry out the project management (“PM”) functions for the Project during the development phase. The project manager’s role will include providing planning, engineering and design management, construction management, risk management, cost control, finance and accounting, procurement, supply chain management and other services to Muskrat, Lab Transco and the LIL LP
 - Once Devco is established, most of the PM personnel and resources currently housed within Nalcor will be seconded or transferred to Devco
 - Two primary advantages of creating Devco and having it perform the PM function as opposed to Nalcor:
 1. Having a separate entity perform this function ensures Nalcor and NL isolated from direct liability associated with the PM function
 2. A separate PM subsidiary simplifies the security required by lenders (guarantor) and avoids having Nalcor involved in the financing. As part of their security, lenders will need to be able to step into key contracts in the event of a default, including the PM contract. In the event Nalcor was to continue with the PM function its obligations would have to be pledged to lenders

Other Subsidiaries (continued)

- **Nalcor Energy Marketing Corporation (“NEM”)**
 - New entity that will be the external face of Nalcor to the North American energy markets and will market energy and energy related products in Canada and the US. It will enter into power sales agreements, marketing agreements, transmission services agreements and other necessary or associated arrangements for the sale and purchase of power and energy outside the Province
 - Nalcor’s current energy marketing efforts associated with Churchill Falls recall power and the related HQTE transmission booking are managed through NLH – the creation of NEM will allow Nalcor to centralize its non-regulated electricity export activities and isolate any associated liabilities from the NLH regulated business

Directors Summary



Terrance Styles (Chair)
 Leo Abass
 Erin Breen
 Tom Clift
 Al Hawkins
 Ken Marshall
 Ed Martin
 Gerald Shortall



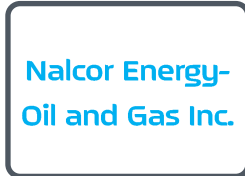
Terrance Styles (Chair)
 Leo Abass
 Erin Breen
 Tom Clift
 Al Hawkins
 Ken Marshall
 Ed Martin
 Gerald Shortall



Terrance Styles (Chair)
 Richard Cacchione
 Jim Keating
 Ken Marshall
 Ed Martin
 Marie-Jose Nadeau
 Gerald Shortall
 Bob Warr



Chris Kieley (Chair)
 Van Alexopoulos
 Oral Burry
 Wayne Chamberlain
 Patrick Gwilliam
 Maurice McClure
 Gerard McDonald
 Tolaver Rapp
 Derrick Sturge



Terrance Styles (Chair)
 Justin Ladha
 Ken Marshall
 Ed Martin
 Gerald Shortall



Terrance Styles (Chair)
 Gilbert Dalton
 Al Hawkins
 Ed Martin
 Mike Mulrooney
 Gerald Shortall



Rick Daw
 Ken Marshall
 Ed Martin
 John Quaiocoe
 Gerald Shortall



Gilbert Bennett
 Ann Marie Hann
 Paul Humphries
 Ed Martin
 Derrick Sturge
 Chris Woodford



Terrance Styles (Chair)
 Libby Burnham
 Ron Ellsworth
 Ed Martin
 Gerald Shortall



Tom Clift (Chair)
 Erin Breen
 Sheila Kelly-Blackmore
 Tom O'Brien
 Derrick Sturge



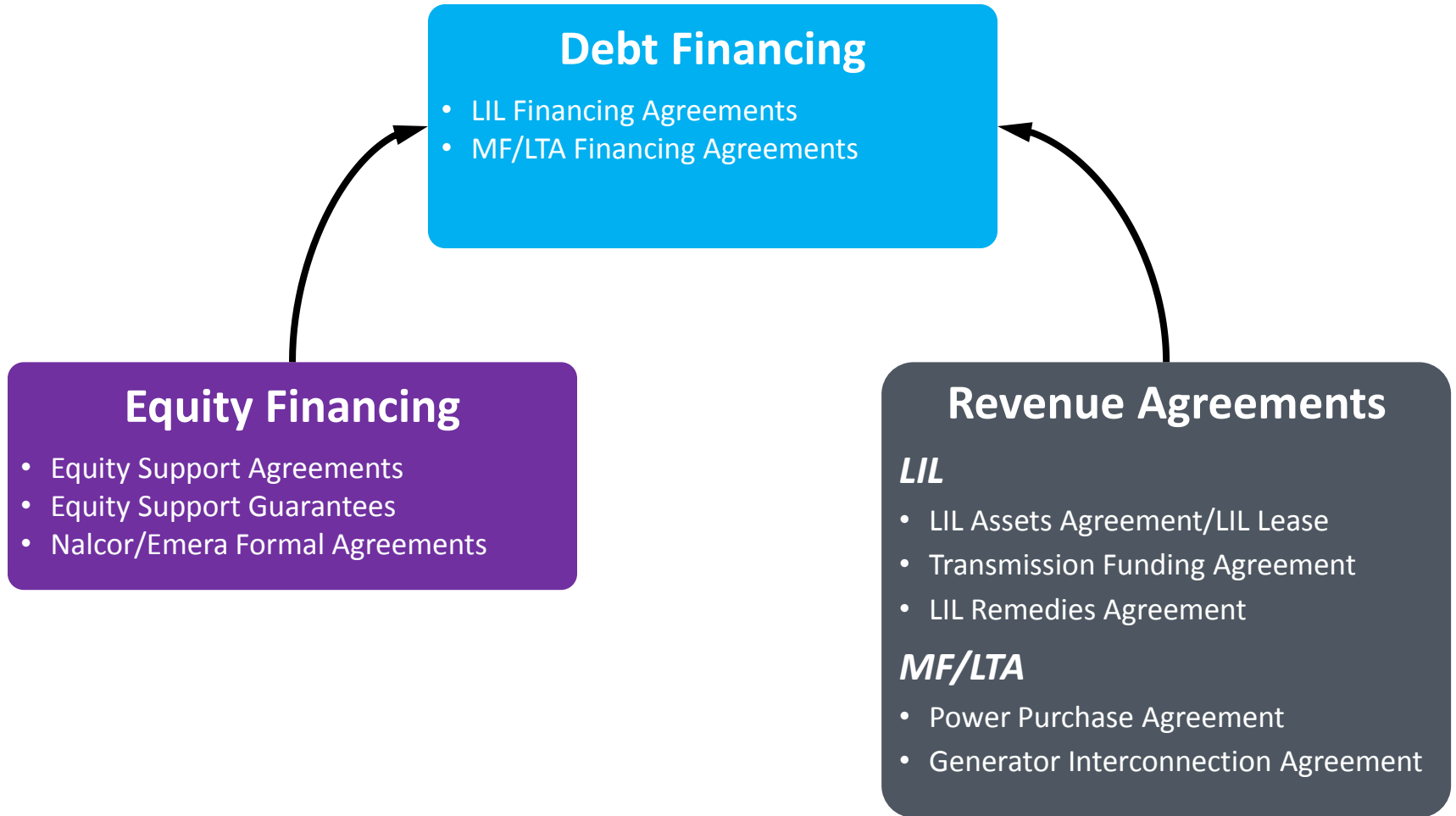
Al Hawkins
 Chris Loomis
 Ed Martin
 Gerald Shortall
 Desmond Whalen



Gilbert Bennett
 Edmund Martin
 Gerard McDonald
 June Perry
 Donna Stone
 Derrick Sturge

NL Agreements

Financing and Commercial Agreements



NL Agreements – Overview

- Structure and contractual obligations
 - All contract cash flows will originate from NLH and will be directed by the Collateral Agent to the project lenders in priority order as per the FLG transaction structure
 - Arrangements will provide for full recovery of all project costs from NLH, and allow for a defined equity return to the project owners
- NL Agreements comprise six key commercial agreements
 - Power Purchase Agreement (“PPA”);
 - Generator Interconnection Agreement (“GIA”);
 - LIL Assets Agreement;
 - LIL Lease (“Lease”);
 - Transmission Funding Agreement (“TFA”); and
 - LIL Remedies Agreement
- Consistency across the NL Agreements
 - Standardized structure
 - Generally common provisions and definitions – applicable law, indemnities, dispute resolution, limitation of liability, assignment, and confidentiality

NL Agreements – Overview (continued)

- **Power Purchase Agreement (“PPA”)**

- Parties: NLH and Muskrat
- Provides for the purchase by NLH and the sale by Muskrat of energy, capacity, ancillary services and greenhouse gas credits, payments for which are made on a full cost recovery basis

- **Generator Interconnection Agreement (“GIA”)**

- Parties: NL System Operator, Lab Transco and Muskrat
- Provides for the construction of LTA by Lab Transco to enable interconnection of the MF Plant with the NL transmission system. Muskrat makes payments to Lab Transco and recovers such costs from NLH via the PPA (flow-through cost recovery)

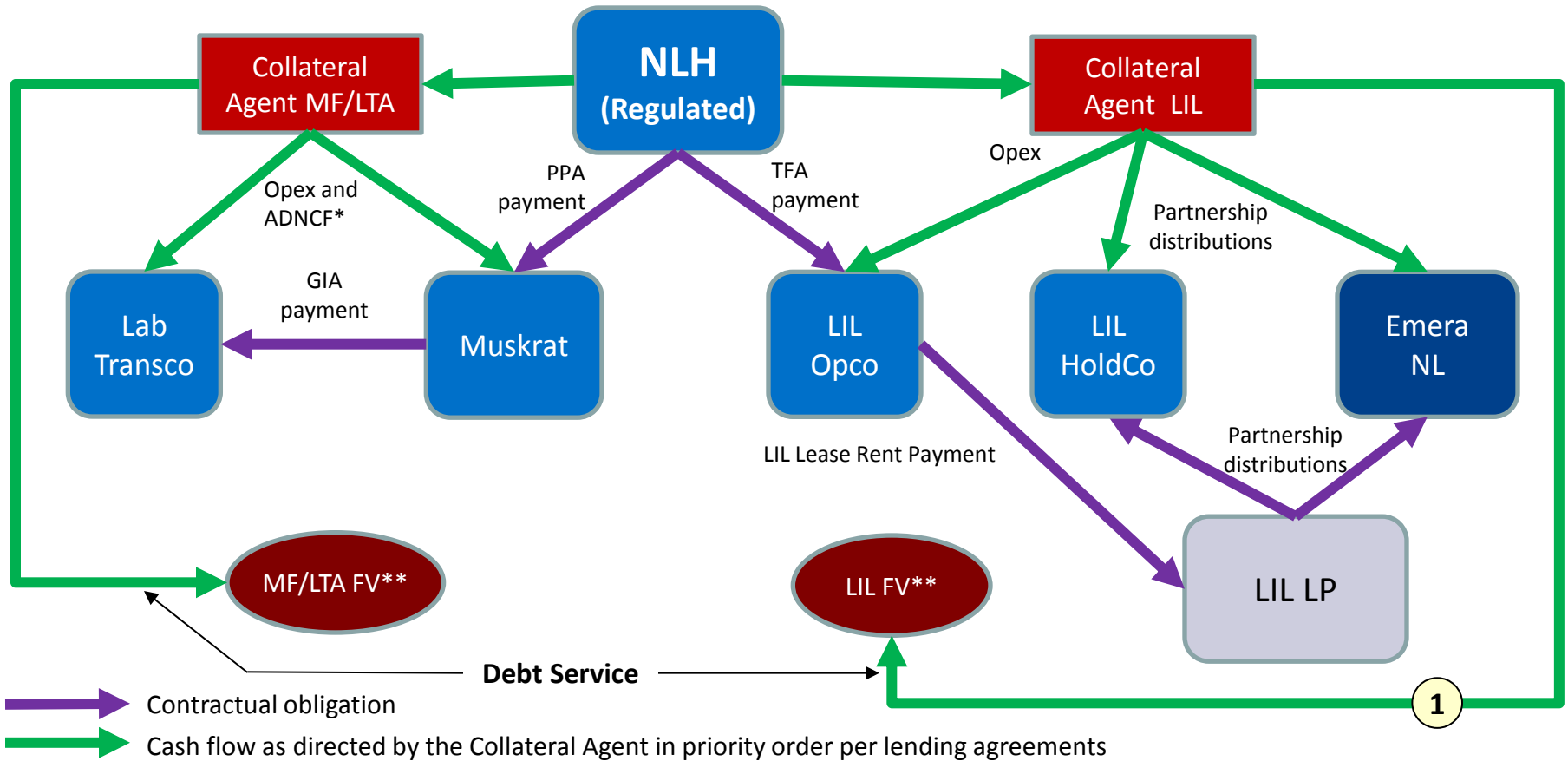
- **LIL Assets Agreement**

- Parties: LIL Opco and the LIL LP
- Provides for the interconnection of the LIL with the NL transmission system, the provision of budget information prior to commissioning of the LIL, and the payment of the optional prepaid rent

NL Agreements – Overview (continued)

- **LIL Lease (“Lease”)**
 - Parties: LIL Opco, LIL LP and NLH
 - Provides for a lease/sublease and assignment of the LIL assets and associated rights by LIL LP to LIL Opco in exchange for the payment of rent and the obligation of LIL Opco to operate and maintain the LIL
- **Transmission Funding Agreement (“TFA”)**
 - Parties: LIL Opco, LIL LP and NLH
 - Provides for the TFA payment which includes an amount equal to the rent and the operating and maintenance costs by NLH to LIL Opco to enable LIL Opco to meet its financial obligations under the Lease and the TFA
- **LIL Remedies Agreement**
 - Parties: LIL Opco, LIL LP and NLH
 - Defaults and remedies under the LIL Assets Agreement, the Lease and the TFA contain typical default provisions. Damages will generally be the losses suffered by a party arising from a breach of the applicable agreement. Due to the legal structure of the LIL related agreements, the LIL Remedies Agreement provides for specific remedies for certain defaults as opposed to the general remedies in the individual agreements

NL Agreements – Structure



*ADNCF - After Debt Net Cash Flow

**FV – Funding Vehicle

1 During the Construction period for LIL, an Intermediary Trust receives debt service and then pays it on to the LIL FV

PPA

- Three blocks of energy provided by Muskrat to NLH:
 - **Base Block Energy:** an amount of energy predetermined at the date of execution of the PPA based on the latest load forecast. In exchange for the Base Block Energy, NLH makes irrevocable and unconditional payments (based on an escalating supply price) that provides for full cost recovery, including capital, operating and maintenance, taxes, GIA payments , debt service costs and a defined return on equity
 - **Supplemental Block Energy:** an amount of energy available to NLH if load requirements exceed the predetermined Base Block Energy. Supplemental Block Energy will be provided at no additional cost to NLH
 - **Commissioning Period Block Energy:** an amount of energy available to NLH during the commissioning period. NLH will nominate the price, if any, that it will pay for such energy purchases
- The PPA contains detailed provisions surrounding energy and capacity management allowing NLH the flexibility required to enable it to meet NL native load during the contract term
- Base Block Energy payment includes an adjustment mechanism to ensure debt service obligations will always be met – if the mechanism is utilized, NLH will be reimbursed at a future date

PPA

(continued)

- Muskrat will place property and liability insurance coverages as are appropriate
- Defaults and remedies under the agreement contain typical default provisions. Damages will generally be the losses suffered by a party arising from a breach of the agreement. In addition, specific remedies are provided as follows:
 - **Failure by NLH to make Base Block Energy payments:** Muskrat may give notice to NLH to make a liquidated damages payment to Muskrat equal to the cost of redeeming the debt of Muskrat (including costs). Muskrat will then recalculate the Base Block Energy payments to reflect the redemption payment and may pursue further losses at law, equity or pursuant to the agreement
 - **Failure by Muskrat to provide PPA services (including after default under lending agreements):** If the PPA services are not available for a period of 24 consecutive hours or 24 non-consecutive hours within a seven day period, NLH may give notice that it will take operational control of the MF Plant, which may be returned to Muskrat at NLH's option upon five business days notice
- The PPA will terminate at the earlier of:
 - a period of not less than 50 years from the date of commissioning; and
 - by written agreement of the parties (subject to approval of the lenders)

GIA

- Muskrat shall make irrevocable and unconditional payments (based on an escalating supply price) that provide for full LTA cost recovery, including capital, operating and maintenance, taxes, debt service costs and a defined return on equity
- Lab Transco will place property and liability insurance coverages as are appropriate
- Defaults and remedies under the agreement contain typical default provisions. Damages will generally be the losses suffered by a party arising from a breach of the agreement. In addition, specific remedies are provided as follows (which remedies may be assigned to NLH under the PPA for NLH's benefit)
 - **Failure by Muskrat to make LTA payments:** Lab Transco may give notice to Muskrat that it requires Muskrat to make a liquidated damages payment to Lab Transco equal to the cost of redeeming the debt of Lab Transco (including costs). Lab Transco will then recalculate the LTA payments to reflect the redemption payment and may pursue further losses at law, equity or pursuant to the agreement

GIA (continued)

- Remedies (continued):
 - **Failure by Lab Transco to provide LTA services after default under lending agreements:** If the LTA services are not available for a period of 24 consecutive hours or 24 non-consecutive hours within a seven day period, Muskrat may give notice that it will take operational control of the LTA, which operational control may be returned to Lab Transco at Muskrat's option upon five business days notice

- The GIA will terminate at the earlier of:
 - upon the end of the term of the PPA (on 90 days notice);
 - the end of the earlier of the LTA service life and the MF Plant service life, provided that the obligation to make the payments under the GIA shall continue for 50 years after the LTA is commissioned; and
 - by written agreement of the parties (subject to approval of the lenders)

LIL Assets Agreement

- Commits LIL LP to interconnect the LIL with the NLH transmission facilities and the LTA, and to complete upgrades to the Island interconnected system to facilitate the operation of the LIL
- Commits the parties to provide step-in agreements in favour of the Security Trustee
- Provides for the prepayment of rent due under the Lease to ensure compliance with the LIL LP Agreement and tax laws
- Obligates LIL Opco to provide operations and maintenance budget information to LIL LP prior to commissioning of the LIL
- Obligates LIL LP to provide appropriate insurance during the construction period
- Term commences on signing and terminates upon commissioning of the LIL

Lease

- In consideration for the payment of rent by LIL Opco to LIL LP and LIL Opco assuming responsibility for operating and maintaining the LIL, LIL LP will lease/sublease and assign, as required, the LIL Assets and rights to LIL Opco for the Lease Term. The rent payment is irrevocable and unconditional and is calculated on a traditional cost of service basis equal to depreciation plus a return on rate base (weighted average debt interest cost plus regulated ROE), plus other related amounts (e.g. Tax Adjustment Amount)
- LIL Opco will perform all sustaining activities and LIL LP will pay for all sustaining costs. LIL LP will recover these costs on a traditional cost of service basis through Rent
- LIL Opco will place property and liability insurances as are appropriate, giving due consideration to the requirements under the financing documents

Lease (continued)

- The Lease will terminate at the earlier of:
 - the later of one month prior to the end of the LIL’s service life and the date which is five years after the date on which the financing is paid in full;
 - January 1, 2075;
 - such date as may be provided for in the LIL Remedies Agreement; and
 - by written agreement of the parties (subject to approval of the lenders).

TFA

- During the term of the TFA, NLH will irrevocably pay to LIL Opco the TFA Payments, which include an amount equal to the Lease rent and the operating and maintenance costs of the LIL
- LIL Opco will perform certain general covenants during the term of the Lease (including onward payment of the rent to LIL LP) and will operate and maintain the LIL in a good and reasonable state of repair consistent with good utility practice
- The TFA will terminate at the earlier of:
 - five years following the date on which the financing is paid in full;
 - 15 years following the date the FLG is released or expires;
 - such date as may be provided for in the LIL Remedies Agreement; and
 - by written agreement of the parties (subject to approval of the lenders)

LIL Remedies Agreement

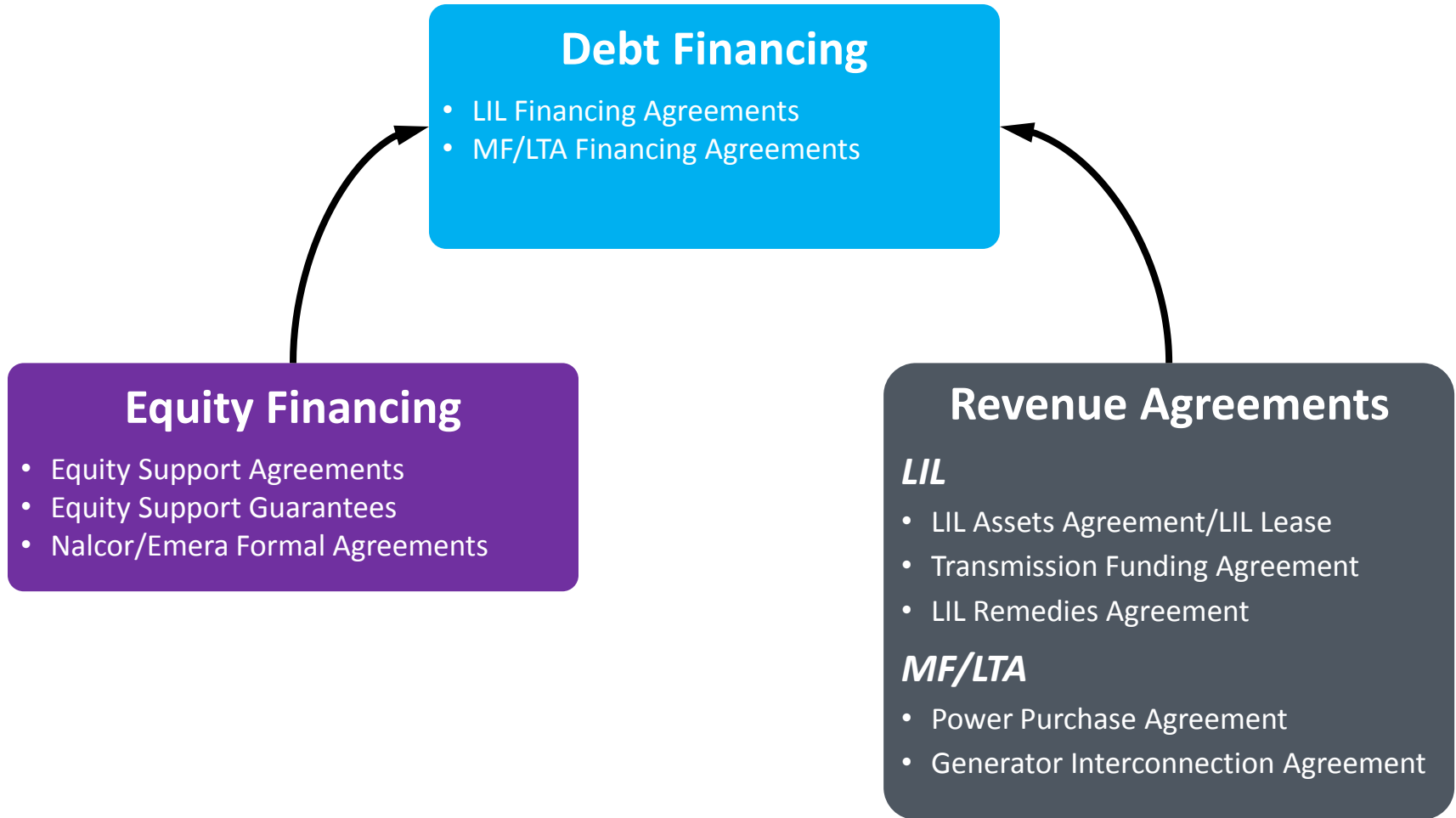
- The remedies will be, unless otherwise stated, in addition to and not in substitution for the remedies set forth in the Lease and the TFA
- Specific remedies:
 - **Failure by NLH to make TFA Payments:** LIL LP may give notice to LIL Opco and NLH that it requires a liquidated damages payment in an amount equal to the cost of redeeming the debt of LIL LP (including costs). Upon receipt of this payment, the TFA and the Lease will terminate without further liability. LIL Opco agrees to enter into a GSA and grant LIL LP a security interest in the TFA as security for this payment
 - **Failure by LIL LP to pay sustaining costs under the Lease:** NLH will have the right to require LIL Opco to continue the sustaining activities and NLH will fund them
 - **Failure by LIL LP to provide quiet enjoyment due to wilful act/omission or gross negligence of Financing Party, Agent, or Acquiror:** If the transmission capability of the LIL is not available for a period of 24 consecutive hours or 24 non-consecutive hours within a seven day period, NLH may give notice to LIL Opco and LIL LP that it will suspend the TFA Payments if the default is not rectified and losses paid. NLH will resume payments once the default is cured. If the transmission capability of the LIL is not available for a period of 10 consecutive days or 10 non-consecutive days within a 90 day period, NLH may give notice that it will terminate the TFA. In this event, LIL Opco may then terminate the Lease

LIL Remedies Agreement (continued)

- **Specific remedies** (continued):
 - **Failure by LIL Opco to perform operating and maintenance activities:** NLH may cease making the TFA Payments to LIL Opco, assume the rights and obligations of LIL Opco under the Lease (including the payment of rent to LIL LP) and perform the operating and maintenance activities. If NLH does not invoke this right, LIL LP may give notice that it intends to assume the rights and obligations of LIL Opco under the Lease with respect to operating and maintaining the LIL, and NLH will pay the operating and maintenance costs directly to LIL LP
 - **Failure by LIL Opco to pay Rent:** LIL LP may require LIL Opco to assign to NLH the Lease and NLH will thereafter assume and perform the conditions and obligations of LIL Opco in the Lease

Financing Overview

Financing and Commercial Agreements



Financing Background

- MF, LTA and LIL expenditures will be funded through the equity agreements and the debt financing that will be guaranteed by the Government of Canada as per the Federal Loan Guarantee Agreement executed in November 2012
 - NL has committed to provide the base level and contingent equity, if required, to ensure the Projects achieve in-service
 - Debt guarantee constitutes a direct, absolute, unconditional and irrevocable obligation of Canada and thereby carries the full faith and credit of Canada (i.e.. AAA ratings or equivalent from each of Standard & Poor's, Moody's, DBRS and Fitch Ratings)
 - Moody's confirmed an Aaa rating in a press release dated April 18, 2013; Standard and Poor's and DBRS have provided similar confidential ratings
- Nalcor has engaged a Preferred Proponent to act as Lead Arranger to provide a fully underwritten debt financing of up to \$2.6 billion for the MF/LTA Funding Trust and \$2.4 billion for the LIL Funding Trust

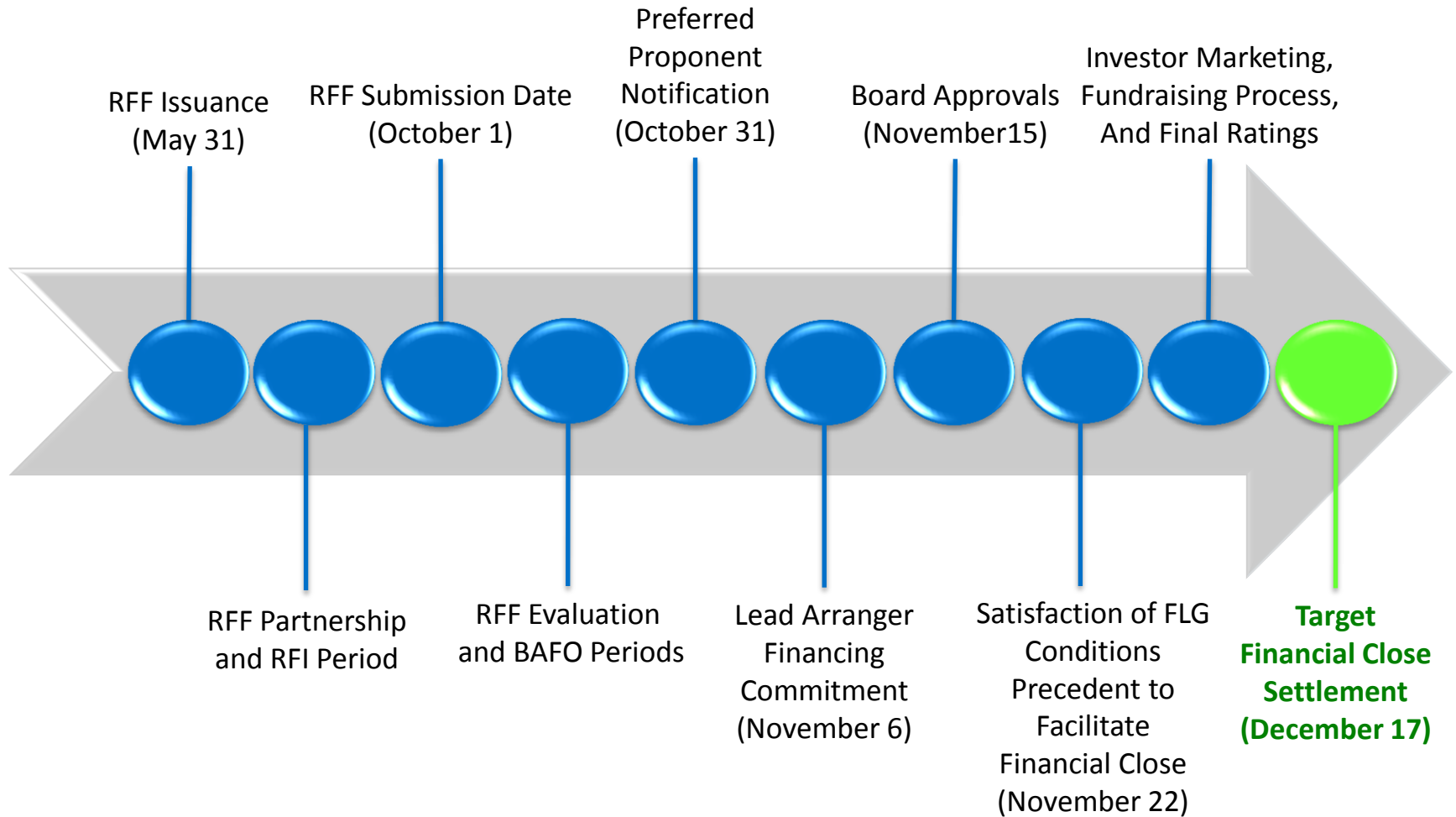
Financial Overview

<i>\$ billions</i> (Note – totals may not add due to rounding)	MF/LTA		MF/LTA (Nalcor)	LIL			Total		
	MF	LTA		Nalcor	Emera	Total	Nalcor	Emera	Total
Uses:									
Construction capital expenditures ⁽¹⁾	\$ 3.2	\$ 0.7	\$ 3.9	\$ 1.7	\$ 0.9	\$ 2.6	\$ 5.6	\$ 0.9	\$ 6.5
IDC/AFUDC and financing costs	0.3	0.1	0.4	0.3	0.2	0.5	0.7	0.2	0.9
Reserves and other	0.2	0.0	0.2	0.1	0.0	0.1	0.3	0.0	0.3
Total Uses	\$ 3.7	\$ 0.8	\$ 4.5	\$ 2.1	\$ 1.1	\$ 3.2	\$ 6.6	\$ 1.1	\$ 7.7
Sources:									
Debt drawdowns	\$ 2.0	\$ 0.4	\$ 2.4	\$ 1.6	\$ 0.5	\$ 2.1	\$ 4.0	\$ 0.5	\$ 4.5
IDC and financing costs	0.1	0.1	0.2	0.2	0.1	0.3	0.4	0.1	0.5
Total Debt	2.1	0.5	2.6	1.8	0.6	2.4	4.4	0.6	5.0
Equity contributions	1.6	0.3	1.9	0.2	0.4	0.6	2.1	0.4	2.5
AFUDC / funding phase revenue ⁽²⁾	-	-	-	0.1	0.1	0.2	0.1	0.1	0.2
Total Equity	1.6	0.3	1.9	0.3	0.5	0.8	2.2	0.5	2.7
Total Sources	\$ 3.7	\$ 0.8	\$ 4.5	\$ 2.1	\$ 1.1	\$ 3.2	\$ 6.6	\$ 1.1	\$ 7.7
Debt : Equity ratio	58:42	58:42	58:42	86:14	55:45	75:25	67:33	55:45	65:35

⁽¹⁾ Excludes IDC and equity component on AFUDC

⁽²⁾ Funding phase revenues means revenues earned prior to final completion of the Projects

Financing Schedule – Key Milestones



FLG Structure

FLG Transaction Structure Background

- Section 2.2 of the FLG Agreement executed with Canada on November 30, 2012 stated the following:

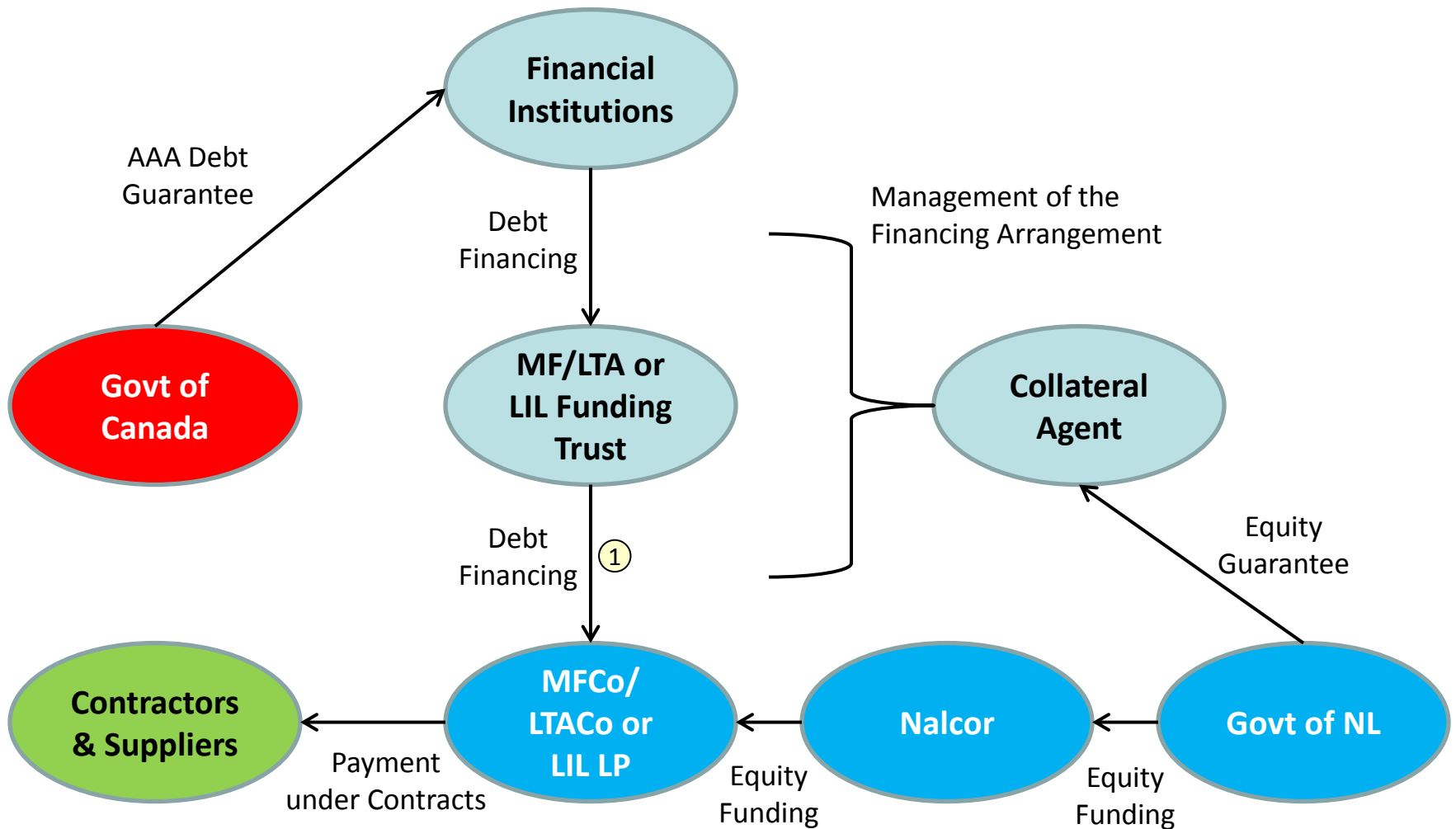
"Canada, the Borrowers and the Proponents will work to agree on a Transaction Structure that in conjunction with the FLG Agreement will result in the Project debt achieving Canada's AAA credit rating. The parties agree that the credit rating agencies will be asked to confirm that the FLG Agreement and Transaction Structure would achieve this objective. The Parties agree that they will work together to finalize the Transaction Structure and form of Guarantee, including obtaining confirmation from the credit rating agencies, by January 31, 2013 in order to facilitate the start of the financing process."

- Transaction Structure agreed to with Canada and was confirmed by S&P, DBRS and Moody's to have an AAA rating in February 2013
- Moody's rating publicly released April 18, with others to follow during the RFF process once their additional documentation requirements are met - this will support Nalcor's finance raising efforts for the Projects
- The AAA rating is advantageous for raising debt financing for the Projects with respect to interest cost savings and market availability given the amount of debt to be issued - these benefits will be fully passed onto NL ratepayers

FLG Structure Key Principles

- The Transaction Structure reflects a flow through structure whereby Lenders provide financing to a Funding Vehicle (“LCP FV”) which in turn on-lends the proceeds of such financing to a LCP special purpose project entity (the “Transaction Structure”) on a limited recourse project finance basis and that project financing by the LCP FV is secured on all the assets of the LCP special purpose project entity (a “Borrower”)
- Lenders, through the Indenture Trustee, receive an irrevocable, absolute and unconditional guarantee from Canada for all the payment obligations of the LCP FV
- The payment streams from each Borrower to the LCP FV correspond to the payment streams of the LCP FV to its respective Lenders

FLG Transaction Structure



① For LIL Financing, an Intermediary Trust will be inserted between the LIL Funding Trust and LIL LP

Financing Structure

Financing Structure Key Objectives

- The following outlines objectives relating to the FLG Financing Structure which were collectively agreed to by Nalcor and Canada:
 1. Maximize credit substitution benefits of the FLG
 2. Ensure total guaranteed exposure of Canada does not exceed \$5 billion
 3. Minimize all-in cost for both the construction and long-term financing components, based on risk adjusted Net Present Value (“NPV”) to NL ratepayers
 4. Completeness of the financing solution, including the amount of funding available and the Lead Arranger’s financial commitment to implementation of solution
 5. Mitigation of interest rate risk
 6. Successful execution of the financing plan
 7. Debt repayment based on an amortizing profile
 8. Ensure a fair and competitive RFF process
 9. Simplified decision making with respect to execution of the financing arrangements

Options Evaluated

- Overall Financing Structure approach predicated on: (i) construction financing, (ii) long-term financing and (iii) hedging facilities, as required
- The analysis presented by Nalcor to Canada focused on three representative Financing Structures:
 1. **Upfront Bond** – single issuance or series of bonds all issued at Financial Close
 2. **Leading Tranched Bonds** - multiple tranches of long-term bonds issued during the construction period to align with project funding requirements
 3. **Bank Facility + Trailing Tranched Bonds** - appropriately sized bank facility that is drawn upon during construction and periodically refinanced through issuance of long-term bonds
- Financing Structures including tranched bonds would require implementation of a hedging program to mitigate interest rate risk
- While all of these alternatives are representative of the spectrum of solutions currently being implemented in the market to fund projects of this nature, the final Financing Structure selected through the RFF process was a series of long term bonds, all issued on a single financial close date

RFF Process

RFF Background

- Nalcor approached the financial markets through the RFF process on May 31, 2013 to provide a fully underwritten debt financing of up to \$2.6 billion for the MF/LTA Funding Trust and \$2.4 billion for the LIL Funding Trust
- 17 major Canadian and international financial institutions were invited to participate in the RFF process
- During the RFF open period nearly 100 Requests for Information (“RFI’s”) were submitted in writing to Nalcor (per the terms of the RFF), with responses being posted for all Proponents
- In addition to members of the Nalcor team (including legal and financial advisors), representatives of the Governments of NL and Canada were actively engaged throughout
- 6 Proponents put forth submissions on October 1st of which 3 were compliant under the terms of the RFF
- Nalcor met with the three Proponents on October 8th and 22nd, and conducted two Best and Final Offer (“BAFO”) rounds to clarify and improve the terms of their proposals – this resulted in revised submissions from Proponents on October 11th and 24th
- Proponents were also provided key financing draft agreements that will form this basis of their arrangements with the Funding Trusts, Nalcor and Canada for review and acceptance
- Nalcor and the Funding Vehicles executed a financing commitment letter on November 6th

RFF Objectives

- Select a Lead Arranger to execute a financing for the Funding Vehicles where such financing satisfies the following key requirements:
 1. Provides a “complete financial solution” which includes, but is not limited to: (i) certainty with respect to pricing, amount and the timing of funds available; (ii) mitigation of any potential interest rate risk; and (iii) the extent of the Proponent’s commitment to implementation of the financing; and
 2. Minimizes the all-in cost for both the construction and long-term financing components, based on the risk-adjusted NPV to NL ratepayers
- In addition, the Lead Arranger scope of work included: (i) Lead Hedge Arranger (if a hedging program were required); (ii) Fiscal Agent under the Master Trust Indenture; and (iii) Collateral Agent to the Funding Vehicles

Importance of Certainty (Price & Placement)

- Magnitude of total debt amount required and NL's significant equity investment
- Opportunity to secure financing at historically low Government of Canada base rates and spreads, which the FLG further reduced - all forecasts pointing to increases over the planned construction period
- Presence of FLG facilitates the use of financing structures such as the Upfront Bond that provide certainty on availability and cost of total funding requirements from Day 1
 - Due to the magnitude of the financing, the Upfront Bond structure would not be available for project financing not guaranteed by Canada
 - Negative carry may be reduced by rising interest rates during construction period
 - Significant risk mitigation benefits given 5 year construction period and potential for change in global or Canadian economic conditions or “black swan” events over that time - could impact ability to issue debt or potentially even Canada's AAA rating

Key RFF Submission Requirements

- To satisfy the RFF's requirements, each Proponent had to submit a fully underwritten offer of financing for the entire amount of funding required that would be consistent with the key financing parameters provided in the RFF and would be executed via placement of a single bond or series of bonds at Financial Close (the "Benchmark Proposal")
- In addition, each Proponent could propose an alternate financing structure and hedging program (if required) that (i) it believed could better address the RFF objectives, (ii) met the funding profile provided in the RFF, and (iii) was consistent with the key financing parameters provided in the RFF (the "Alternate Proposal")

RFF Proposal Highlights

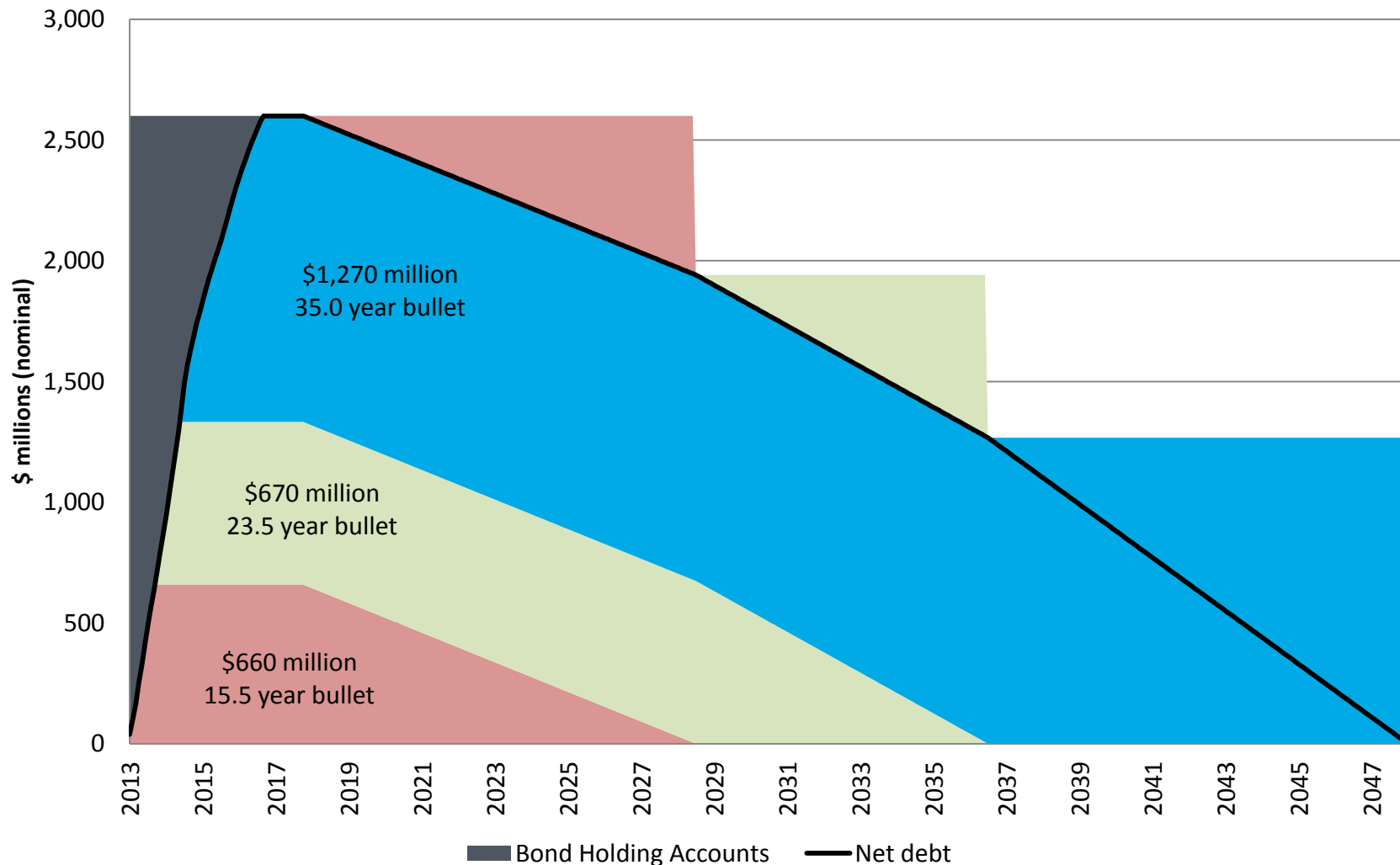
- RFF process created competitive tension amongst Proponents, yielding significant value to Nalcor and NL ratepayers:
 - Spreads 31-44% lower and underwriting fees 78-87% lower than those assumed for Sanction business case
 - Proponents offering 22-40 bps spread above fixed rate for Bond Holding Account investment product – not contemplated in Sanction business case
 - At Nalcor's request, all Proponents willing to hold their underwriting commitment and provide price certainty to differing degrees in the event Financial Close is delayed into Q1 2014
 - BAFO process between October 11th and 24th submissions resulted in approximately \$100 million in NL ratepayer savings on a NPV basis

RFF Evaluation – Criteria Framework

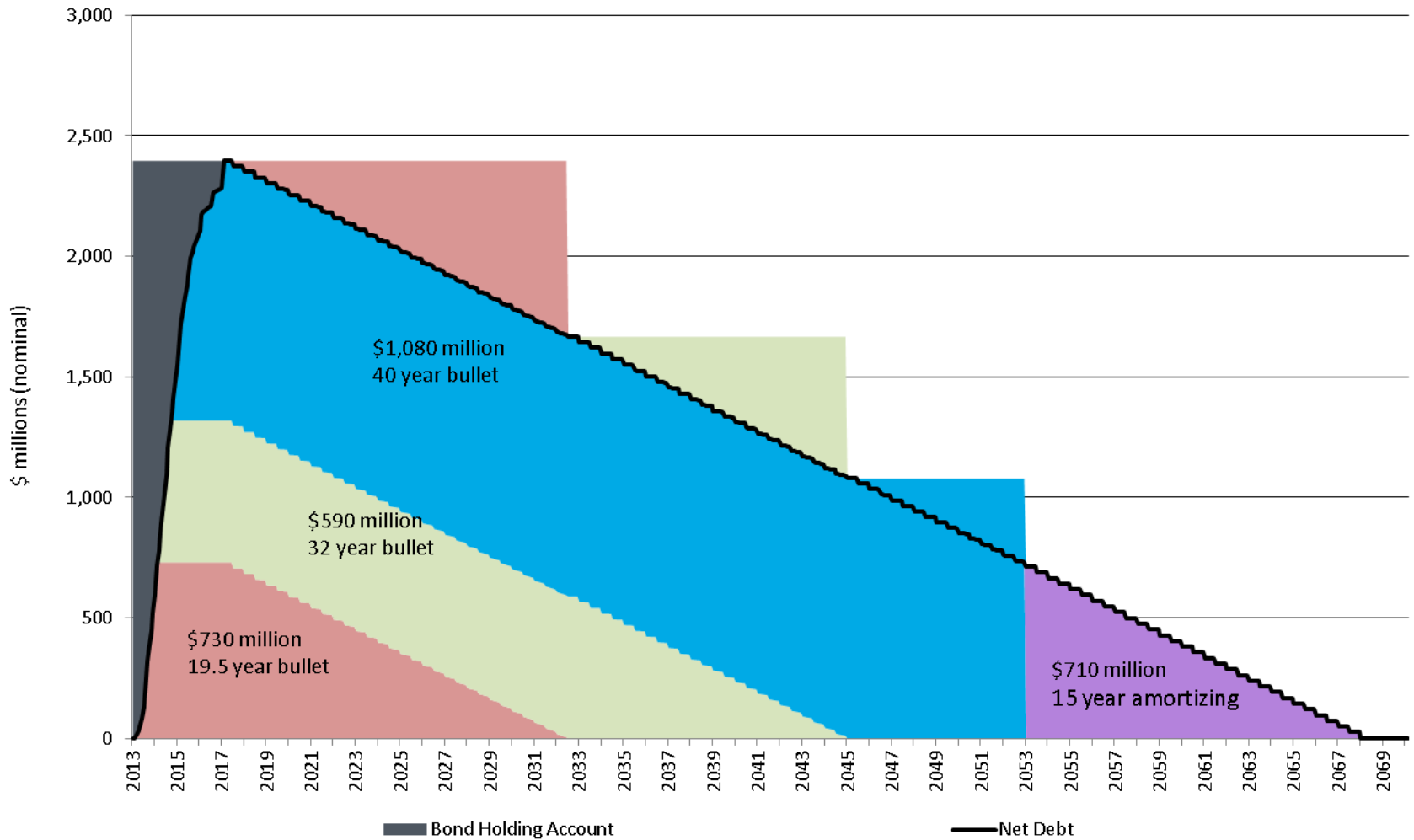
- Evaluation of RFF Submissions was conducted according to the following framework:

Element	Evaluation Weight
Qualification Criteria	
1. Proponent Identification & Team Composition	Pass/Fail
2. Financing Commitment Letter & Term Sheet for Benchmark Proposal	Pass/Fail
3. Confirmation Regarding Forms of Documents	Pass/Fail
Evaluation Criteria	
4. Proponent Qualifications & Reasonableness of Financing Execution Plan	10%
5. Certainty of Placement of the Financing & Hedging Program	20%
6. Certainty of Price of the Financing & Hedging Program	30%
7. NPV of the Proposed Financing Structure	40%

MF/LTA Proposed Solution



LIL Proposed Solution



Questions?

Appendix A: Financing Agreement Summaries

Acronyms

Abbreviation	Name
Collateral Agent	To be filled by Lead Arranger
Devco	Lower Churchill Management Corporation
Emera LP	ENL Island Link Incorporated
Security Trustee	Computershare Trust Company of Canada
LIL GP	Labrador - Island Link General Partner Corporation
LIL Opco	Labrador - Island Link Operating Corporation
LIL LP	Labrador - Island Link Limited Partnership
Intermediary Trust (“IT”)	LIL Construction Project Trust
Issuer Trustee	BNY Trust Company of Canada
Lab Transco	Labrador Transmission Corporation
LIL Funding Vehicle (“LIL FV”)	Labrador - Island Link Funding Trust
MF/LTA Funding Vehicle (“MF/LTA FV”)	Muskrat Falls/Labrador Transmission Assets Funding Trust
Muskrat	Muskrat Falls Corporation
Nalcor	Nalcor Energy
LIL Holdco	Labrador - Island Link Holding Corporation

Summary by Legal Entity

Agreement	Nalcor	Muskat	Lab Transco	LIL GP	LIL Holdco	LIL LP	LIL Opco	Devco	MF/LTA FV	LIL FV	IT
1. MF/LTA Underwriting Agreement	✓	✓	✓						✓		
2. MF/LTA Project Finance ("PF") Agreement		✓	✓						✓		
3. MF/LTA Collateral Agency Agreement		✓	✓						✓		
4. MF/LTA Master Definitions Agreement	✓	✓	✓						✓		
5. MF/LTA Project Account Documents		✓	✓								
6. MF/LTA Security Documents	✓	✓	✓								
7. LIL Underwriting Agreement	✓					✓				✓	
8. LIL Project Finance Agreement						✓	✓				✓
9. LIL Collateral Agency Agreement				✓		✓	✓			✓	✓
10. LIL Master Definitions Agreement	✓			✓	✓	✓	✓			✓	✓
11. LIL Project Account Documents						✓	✓				
12. LIL Security Documents	✓			✓	✓	✓	✓				
13. Intermediary Trust Project Finance Agreement						✓	✓			✓	✓
14. LIL Collateral Agency Agreement (same as item 9)				✓		✓	✓			✓	✓
15. LIL Master Definitions Agreement (same as item 10)	✓			✓	✓	✓	✓			✓	✓
16. IT Project Account Documents											✓

Summary by Legal Entity (continued)

Agreement	Nalcor	Muskat	Lab Transco	LIL GP	LIL Holdco	LIL LP	LIL Opco	Devco	MF/LTA FV	LIL FV	IT
17. IT Security Documents						✓	✓				✓
18. MF Equity Support Agreement	✓	✓									
19. LTA Equity Support Agreement	✓		✓								
20. LIL Equity Support Agreement	✓			✓	✓	✓					
21. MF Equity Guarantee Issuance Agreement	✓	✓									
22. LTA Equity Guarantee Issuance Agreement	✓		✓								
23. LIL Equity Guarantee Issuance Agreement	✓			✓		✓	✓				
24. MF Equity Funding Agreement	✓	✓									
25. LTA Equity Funding Agreement	✓		✓								
26. LIL Equity Funding Agreement					✓	✓					
27. MF Project Development and Management Agreement		✓						✓			
28. LTA Project Development and Management Agreement			✓					✓			
29. LIL Project Development and Management Agreement						✓	✓	✓			
30. Project Interface and Coordination Agreement		✓	✓			✓	✓	✓			
31. Devco Credit Agreement	✓							✓			
32. Guarantee Assurance Agreement		✓	✓	✓		✓	✓		✓	✓	

MF/LTA PF Documents

1. MF/LTA Underwriting Agreement

Parties: MF/LTA Funding Vehicle, Muskrat, Lab Transco, Nalcor and Lead Arranger

Summary: This is the agreement pursuant to which MF/LTA Funding Vehicle proposes to sell to the Underwriters certain bonds. Muskrat and Lab Transco will be signing the agreement as they have agreed to pay the fees and expenses of the Underwriters and Nalcor accepts the benefit of the agreement

2. MF/LTA Project Finance Agreement

Parties: Muskrat, Lab Transco, MF/LTA Funding Vehicle and the Collateral Agent

Summary: This is the agreement pursuant to which Muskrat and Lab Transco borrow funds from MF/LTA Funding Vehicle on a cost to complete basis in order to finance project costs. Muskrat and LabTransco are required to open and maintain certain bank accounts (Project Accounts) with the Collateral Agent in which funds will flow through in accordance with the waterfall provisions of the MF/LTA Project Finance Agreement. The agreement contains customary project financing representations, warranties, covenants and events of default. Note that Muskrat and Lab Transco are joint and several borrowers under this agreement

MF/LTA PF Documents (continued)

3. MF/LTA Collateral Agency Agreement

Parties: Collateral Agent, MF/LTA Funding Vehicle, Canada, Security Trustee, Muskrat and Lab Transco

Summary: The Collateral Agency Agreement is designed to tie together the documents at all levels of the MF/LTA financing structure (i.e. the funding of the MF/LTA Funding Vehicle by the capital markets and the financing of Muskrat and Lab Transco by the MF/LTA Funding Vehicle) and the relationship with Canada in connection with the Guarantee Assurance Agreement and related documents. The agreement includes the control mechanisms that Canada has indicated it wants over the Collateral Agent and the security granted at all levels of the MF/LTA financing structure

4. MF/LTA Master Definitions Agreement

Parties: Collateral Agent, MF/LTA Funding Vehicle, Canada, Security Trustee, Nalcor, NL Crown, Muskrat and Lab Transco

Summary: This agreement sets forth all the definitions required in the agreements at the various levels of the MF/LTA financing structure. Without this agreement, it would be necessary for the parties to consult many agreements at once to fully understand the provisions and terms used in any one agreement forming part of the financing structure for MF/LTA

MF/LTA PF Documents (continued)

5. MF/LTA Project Account Documents

Parties: Muskrat, Lab Transco and Collateral Agent

Summary: Each of Muskrat and Lab Transco is required to open and maintain certain bank accounts with the Collateral Agent pursuant to the provisions of the MF/LTA Project Finance Agreement, some of which will be held jointly by Muskrat and Lab Transco. As such, Muskrat and Lab Transco will need to sign certain account opening documents relating to those accounts

MF/LTA PF Documents (continued)

6. MF/LTA Security Documents

a) Muskrat Security: As security for the obligations under the MF/LTA Project Finance Agreement, Muskrat is required to grant security on all of its assets. As such, it will be required to execute the following documents:

- i) Muskrat Collateral Trust Deed (re. security on all personal and real property) in favour of the Security Trustee
- ii) Muskrat Bond issued in the name of the Collateral Agent (this is a bond issued under the Muskrat Collateral Trust Deed) and the related written order and receipt
- iii) Muskrat Bond Pledge Agreement in favour of the Collateral Agent (pledge of the Muskrat Bond)
- iv) Muskrat Debenture in favour of the Security Trustee (this is an instrument that is being signed for real property registration purposes)
- v) Muskrat Assignment of Insurance in favour of the Security Trustee (security in respect of insurance proceeds, specifically)
- vi) Muskrat Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of Muskrat, the Security Trustee and the Collateral Agent in respect of the Muskrat Project Accounts)
- vii) MF/LTA Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of Muskrat, Lab Transco, the Security Trustee and the Collateral Agent in respect of the MF/LTA Project Accounts)

MF/LTA PF Documents (continued)

6. MF/LTA Security Documents (continued)

b) Lab Transco Security: As security for the obligations under the MF/LTA Project Finance Agreement, Lab Transco is required to grant security in favour of the Security Trustee on all of its assets. As such, it will be required to execute the following documents:

- i) Lab Transco Collateral Trust Deed (re. security on all personal and real property) in favour of the Security Trustee
- ii) Lab Transco Bond issued in the name of the Collateral Agent (this is a bond issued under the Lab Transco Collateral Trust Deed) and the related written order and receipt
- iii) Lab Transco Bond Pledge Agreement in favour of the Collateral Agent (pledge of the Lab Transco Bond)
- iv) Lab Transco Debenture in favour of the Security Trustee (this is an instrument that is being signed for real property registration purposes)
- v) Lab Transco Assignment of Insurance in favour of the Security Trustee (security in respect of insurance proceeds, specifically)
- vi) Lab Transco Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of Lab Transco, the Security Trustee and the Collateral Agent in respect of the LTA Project Accounts)
- vii) MF/LTA Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of Muskrat, Lab Transco, the Security Trustee and the Collateral Agent in respect of the MF/LTA Project Accounts)

MF/LTA PF Documents (continued)

6. MF/LTA Security Documents (continued)

c) Securities Pledges: As security for the obligations under the MF/LTA Project Finance Agreement, the shares of Muskrat and Lab Transco need to be pledged in favour of Canada. As such, the following documents will need to be signed:

- i) Securities Pledge Agreement by Nalcor in favour of Canada (re. shares of Muskrat)
- ii) Securities Pledge Agreement by Nalcor in favour of Canada (re. shares of Lab Transco)

LIL PF Documents

7. LIL Underwriting Agreement

Parties: LIL Funding Vehicle, LIL LP, Nalcor and Lead Arranger

Summary: This is the agreement pursuant to which LIL Funding Vehicle proposes to sell to the Underwriters certain bonds and the Underwriters agree to purchase all of them. LIL LP will be signing the agreement as it has agreed to pay the fees and expenses of the Underwriters and Nalcor accepts the benefit of the agreement

8. LIL Project Finance Agreement

Parties: LIL LP, Opco, Intermediary Trust and the Collateral Agent

Summary: This is the agreement pursuant to which LIL LP borrows funds from the Intermediary Trust on a cost to complete basis in order to finance project costs. LIL LP and LIL Opco are required to open and maintain certain bank accounts (Project Accounts) with the Collateral Agent in which funds will flow through in accordance with the waterfall provisions of the LIL Project Finance Agreement. The agreement contains customary project financing representations, warranties, covenants and events of default. LIL Opco is a party to this agreement as it guarantees the obligations of LIL LP under the agreement including to repay the loans

LIL PF Documents (continued)

9. LIL Collateral Agency Agreement

Parties: Collateral Agent, LIL Funding Vehicle, Intermediary Trust, Canada, Security Trustee, LIL LP, LIL Opco and LIL GP

Summary: The Collateral Agency Agreement is designed to tie together the documents at all levels of the LIL financing structure (i.e. the funding of LIL Funding Vehicle by the capital markets, the financing of the Intermediary Trust by LIL Funding Vehicle and the financing of LIL LP by the Intermediary Trust) and the relationship with Canada in connection with the Guarantee Assurance Agreement and related documents. The agreement includes the control mechanisms that Canada has indicated it wants over the Collateral Agent and the security granted at all levels of the LIL financing structure

10. LIL Master Definitions Agreement

Parties: Collateral Agent, LIL Funding Vehicle, Intermediary Trust, Canada, Security Trustee, Nalcor, LIL Holdco, NL Crown, LIL LP, LIL Opco and LIL GP

Summary: This agreement sets forth all the definitions required in the agreements at the various levels of the LIL financing structure. Without this agreement, it would be necessary for the parties to consult many agreements at once to fully understand the provisions and terms used in any one agreement forming part of the financing structure for LIL

LIL PF Documents (continued)

11. LIL Project Account Documents

Parties: LIL LP, LIL Opco and Collateral Agent

Summary: Each of LIL LP and LIL Opco is required to open and maintain certain bank accounts with the Collateral Agent pursuant to the provisions of the LIL Project Finance Agreement. As such, LIL LP and LIL Opco will need to sign certain account opening documents relating to those accounts

LIL PF Documents (continued)

12. LIL Security Documents

a) LIL LP Security: As security for the obligations under the LIL Project Finance Agreement, LIL LP is required to grant security on all of its assets. As such, it will be required to execute the following documents:

- i) LIL LP Collateral Trust Deed (re. security on all personal and real property) in favour of the Security Trustee
- ii) LIL LP Bond issued in the name of the Collateral Agent (this is a bond issued under the LIL LP Collateral Trust Deed) and the related written order and receipt
- iii) LIL LP Bond Pledge Agreement in favour of the Collateral Agent (pledge of the LIL LP Bond)
- iv) LIL LP Debenture in favour of the Security Trustee (this is an instrument that is being signed for real property registration purposes)
- v) LIL LP Assignment of Insurance in favour of the Security Trustee (security in respect of insurance proceeds, specifically)
- vi) LIL LP Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of LIL LP, the Security Trustee and the Collateral Agent in respect of the LIL LP Project Accounts)

LIL PF Documents (continued)

12. LIL Security Documents (continued)

b) LIL Opco Security: As security for the obligations under the LIL Project Finance Agreement, Opco is required to grant security in favour of the Security Trustee on all of its assets. As such, it will be required to execute the following documents:

- i) LIL Opco Collateral Trust Deed (re. security on all personal and real property) in favour of the Security Trustee
- ii) LIL Opco Bond issued in the name of the Collateral Agent (this is a bond issued under the LIL Opco Collateral Trust Deed) and the related written order and receipt
- iii) LIL Opco Bond Pledge Agreement in favour of the Collateral Agent (pledge of the LIL Opco Bond)
- iv) LIL Opco Debenture in favour of the Security Trustee (this is an instrument that is being signed for real property registration purposes)
- v) LIL Opco Assignment of Insurance in favour of the Security Trustee (security in respect of insurance proceeds, specifically)
- vi) LIL Opco Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of Opco, the Security Trustee and the Collateral Agent in respect of the LIL Opco Project Accounts)

LIL PF Documents (continued)

12. LIL Security Documents (continued)

c) Securities Pledges: As security for the obligations under the LIL Project Finance Agreement, the units of LIL LP, the shares of LIL Opco and the shares of LIL GP need to be pledged in favour of the Collateral Agent or Canada, as the case may be. As such, the following documents will need to be signed:

- i) Securities Pledge Agreement by LIL Holdco in favour of the Collateral Agent (re. LP units of LIL LP).
- ii) Securities Pledge Agreement by Emera LP in favour of the Collateral Agent (re. LP units of LIL LP). Nalcor and LIL Holdco will sign an acknowledgement in the agreement pursuant to which each of them will subordinate and postpone the security interest and pledge granted in its favour by Emera LP.
- iii) Securities Pledge Agreement by LIL GP in favour of the Collateral Agent (re. GP units of LIL LP).
- iv) Securities Pledge Agreement by Nalcor in favour of Canada (re. shares of LIL GP).
- v) Securities Pledge Agreement by Nalcor in favour of Canada (re. shares of Opco)

Intermediary Trust PF Documents

13. Intermediary Trust Project Finance Agreement

Parties: Intermediary Trust, LIL Funding Vehicle, LIL LP, LIL Opco and the Collateral Agent

Summary: This is the agreement pursuant to which the Intermediary Trust borrows funds from LIL Funding Vehicle, which funds will be on-lent to LIL LP on a cost to complete basis under the LIL Project Finance Agreement in order to finance project costs. The Intermediary Trust will be required to open and maintain certain bank accounts with the Collateral Agent in which funds will flow through in accordance with the waterfall provisions of the IT Project Finance Agreement. The representations, warranties, covenants and events of default contained in the IT Project Finance Agreement are less onerous than those included in the LIL Project Finance Agreement. LIL LP and LIL Opco are parties to this agreement as they guarantee the obligations of the Intermediary Trust under the agreement including to repay the loans

14. LIL Collateral Agency Agreement (same agreement as item 9 above)

Parties: Collateral Agent, LIL Funding Vehicle, Intermediary Trust, Canada, Security Trustee, LIL LP, LIL Opco and LIL GP

Summary: The Collateral Agency Agreement is designed to tie together the documents at all levels of the LIL financing structure (i.e. the funding of LIL Funding Vehicle by the capital markets, the financing of the Intermediary Trust by LIL Funding Vehicle and the financing of LIL LP by the Intermediary Trust) and the relationship with Canada in connection with the Guarantee Assurance Agreement and related documents. The agreement includes the control mechanisms that Canada has indicated it wants over the Collateral Agent and the security granted at all levels of the LIL financing structure

Intermediary Trust PF Documents (continued)

15. LIL Master Definitions Agreement (same agreement as item 10 above)

Parties: Collateral Agent, LIL Funding Vehicle, Intermediary Trust, Canada, Security Trustee, Nalcor, LIL Holdco, NL Crown, LIL LP, LIL Opco and LIL GP

Summary: This agreement sets forth all the definitions required in the agreements at the various levels of the LIL financing structure. Without this agreement, it would be necessary for the parties to consult many agreements at once to fully understand the provisions and terms used in any one agreement forming part of the financing structure for LIL

16. IT Project Account Documents

Parties: Intermediary Trust and Collateral Agent

Summary: The Intermediary Trust is required to open and maintain certain bank accounts with the Collateral Agent pursuant to the provisions of the IT Project Finance Agreement. As such, the Intermediary Trust will need to sign certain account opening documents relating to those accounts

Intermediary Trust PF Documents (continued)

17. IT Security Documents

a) IT Security: As security for the obligations under the IT Project Finance Agreement, the Intermediary Trust is required to grant security on all of its assets. As such, it will be required to execute the following documents:

- i) IT Collateral Trust Deed (re. security on all personal and real property) in favour of the Security Trustee
- ii) IT Bond issued in the name of the Collateral Agent (this is a bond issued under the IT Collateral Trust Deed) and the related written order and receipt
- iii) IT Bond Pledge Agreement in favour of the Collateral Agent (pledge of the IT Bond)
- iv) IT Assignment of Insurance in favour of the Security Trustee (security in respect of insurance proceeds, specifically)
- v) IT Blocked Account Agreement in favour of the Security Trustee (this is the agreement governing the rights of the Intermediary Trust, the Security Trustee and the Collateral Agent in respect of the IT Project Accounts)

Intermediary Trust PF Documents (continued)

17. IT Security Documents (continued)

b) LIL LP Security: As security for its guarantee under the IT Project Finance Agreement, LIL LP is required to grant security in favour of the Security Trustee on all of its assets. As such, it will be required to execute the following documents:

- i) IT Partnership Bond issued in the name of the Collateral Agent (this is a bond issued under the LIL LP Collateral Trust Deed – referred to in item 12.a)i) of the LIL Project Finance Documents) and the related written order and receipt
- ii) IT Partnership Bond Pledge Agreement in favour of the Collateral Agent (pledge of the IT Partnership Bond)

c) LIL Opco Security: As security for its guarantee under the IT Project Finance Agreement, LIL Opco is required to grant security in favour of the Security Trustee on all of its assets. As such, it will be required to execute the following documents:

- i) IT Opco Bond issued in the name of the Collateral Agent (this is a bond issued under the LIL Opco Collateral Trust Deed – referred to in item 12.b)i) of the LIL Project Finance Documents) and the related written order and receipt
- ii) IT Opco Bond Pledge Agreement in favour of the Collateral Agent (pledge of the IT Opco Bond)

Equity Agreements

18. MF Equity Support Agreement

Parties: Nalcor, Muskrat and the Collateral Agent

Summary: This is the agreement pursuant to which Nalcor covenants and agrees to make equity contributions in Muskrat upon receipt of a cash call notice issued by Muskrat, in order to fund various project costs and contributions to escrow accounts to be maintained as a debt service reserve and a liquidity reserve

19. LTA Equity Support Agreement

Parties: Nalcor, Lab Transco and the Collateral Agent

Summary: This is the agreement pursuant to which Nalcor covenants and agrees to make equity contributions in Lab Transco upon receipt of a cash call notice issued by Lab Transco, in order to fund various project costs and contributions to escrow accounts to be maintained as a debt service reserve

20. LIL Equity Support Agreement

Parties: Nalcor, LIL Holdco, LIL GP, LIL LP and the Collateral Agent

Summary: This is the agreement pursuant to which Nalcor and LIL Holdco covenant and agree to make equity contributions in LIL LP upon receipt of a cash call notice issued by LIL GP, in order to fund various project costs and contributions to an escrow account to be maintained as a debt service reserve

Equity Agreements (continued)

21. MF Equity Guarantee Issuance Agreement

Parties: Nalcor and Muskrat

Summary: Pursuant to the MF/LTA Project Development and Management Agreement, Devco is obliged to seek the consent and approval of Muskrat as regards any Decision Requiring Owner's Consent. Given that any consent or approval Muskrat may give in connection with a Decision Requiring Owner's Consent may likely require an equity contribution from Nalcor, this agreement provides an undertaking by Muskrat (i) to provide Nalcor with any request for consent received from Devco, as well as all supporting documentation and information, and (ii) not to consent to any such request without the prior consent of Nalcor

22. LTA Equity Guarantee Issuance Agreement

Parties: Nalcor and Lab Transco

Summary: Pursuant to the MF/LTA Project Development and Management Agreement, Devco is obliged to seek the consent and approval of Lab Transco as regards any Decision Requiring Owner's Consent. Given that any consent or approval Lab Transco may give in connection with a Decision Requiring Owner's Consent may likely require an equity contribution from Nalcor, this agreement provides an undertaking by Lab Transco (i) to provide Nalcor with any request for consent received from Devco, as well as all supporting documentation and information, and (ii) not to consent to any such request without the prior consent of Nalcor

Equity Agreements (continued)

23. LIL Equity Guarantee Issuance Agreement

Parties: Nalcor, LIL LP, LIL Opco and LIL GP

Summary: Pursuant to the LIL Project Development and Management Agreement, Devco is obliged to seek the consent and approval of LIL LP (during the Construction Period) or LIL Opco (during the Operating Period) as regards any Decision Requiring Owner's Consent. Given that any consent or approval LIL LP or LIL Opco may give in connection with a Decision Requiring Owner's Consent may likely require an equity contribution from Nalcor and LIL Holdco, this agreement provides an undertaking by LIL LP, LIL Opco and LIL GP (i) to provide Nalcor with any request for consent received from Devco, as well as all supporting documentation and information, and (ii) not to consent to any such request without the prior consent of Nalcor

24. MF Equity Funding Agreement

Parties: Nalcor and Muskrat

Summary: This is the agreement setting forth the manner and time at which Nalcor shall make equity contributions in Muskrat upon receipt of a cash call notice issued by Muskrat and the manner in which amounts received from Nalcor shall be credited to the stated capital of Muskrat

Equity Agreements (continued)

25. LTA Equity Funding Agreement

Parties: Nalcor and Lab Transco

Summary: This is the agreement setting forth the manner and time at which Nalcor shall make equity contributions in Lab Transco upon receipt of a cash call notice issued by Lab Transco and the manner in which amounts received from Nalcor shall be credited to the stated capital of Lab Transco

26. LIL Equity Funding Agreement

Parties: LIL Holdco and LIL LP acting through its general partner LIL GP

Summary: This is the agreement setting forth the manner and time at which LIL Holdco shall make equity contributions in LIL LP upon receipt of a cash call notice issued by LIL LP (until Commissioning of the LIL) and the manner in which amounts received from LIL Holdco shall be credited to the appropriate capital account of LIL LP. In addition, this agreement also sets forth the manner in which equity contributions in respect of cost overruns shall be credited to the Class C Limited Unit Capital Account of LIL LP

Project Management Agreements

27. MF Project Development and Management Agreement

Parties: Devco and Muskrat

Summary: This is the agreement pursuant to which Muskrat retains the services of Devco to provide project development and management services in connection with the development of the Muskrat Falls Project

28. LTA Project Development and Management Agreement

Parties: Devco and Lab Transco

Summary: This is the agreement pursuant to which Lab Transco retains the services of Devco to provide project development and management services in connection with the development of the LTA

29. LIL Project Development and Management Agreement

Parties: Devco, LIL Partnership and LIL Opco

Summary: This is the agreement pursuant to which LIL LP and LIL Opco retain the services of Devco to provide project development and management services in connection with the development of the LIL Project. Devco will, during the Construction Period, act in accordance with the instructions of LIL LP, and during the Operating Period, act in accordance with the instructions of LIL Opco

Project Management Agreements (continued)

30. Project Interface and Coordination Agreement

Parties: LIL LP, LIL Opco, Muskrat, Lab Transco and Devco

Summary: This Agreement and the Project Development and Management Agreements are intended to be complementary to each other and operate in a coordinated manner such that Devco may provide its services on a coordinated integrated basis so that, upon completion of the Muskrat Falls Project, Labrador Transmission Assets Project and Labrador-Island Link Project they can and will be operated together as if they were developed together as a single project to deliver a seamless, fully integrated system that in Labrador is fully and seamlessly interconnected and integrated with the existing Churchill Falls Hydroelectric Plant, and that at Soldier's Pond in Newfoundland is fully and seamlessly interconnected and integrated with NLH's transmission and distribution system

31. Devco Credit Agreement

Parties: Nalcor and Devco

Summary: This is the agreement pursuant to which Devco borrows funds from Nalcor, the proceeds of which will be used by Devco for working capital and other general corporate purposes of Devco, including to finance the services to be rendered by Devco under the Project Development and Management Agreements

Guarantee Assurance Agreement

32. Guarantee Assurance Agreement

Parties: Canada, LIL Funding Vehicle, MF/LTA Funding Vehicle, the Intermediary Trust, LIL LP, LIL Opco, LIL GP, Muskrat and Lab Transco

Summary: Since Canada is issuing the Federal Loan Guarantee in respect of the payment obligations of LIL Funding Vehicle and MF/LTA Funding Vehicle under the bonds issued in the capital markets, Canada has required that this agreement be signed as it will contain undertakings of LIL Funding Vehicle, MF/LTA Funding Vehicle, LIL LP, LIL Opco, LIL GP, Muskrat and Lab Transco to repay to Canada all amounts paid by Canada under the Federal Loan Guarantee

Appendix B:
Summary of Agreements by Legal Entity

Introduction

- With respect to the NL Revenue Agreements and the Financing of the Projects, the following outlines by legal entity the Agreements to be authorized and approved
- Acronyms for the legal entities are as follows:

Abbreviation	Legal Entity
Devco	Lower Churchill Management Corporation
Lab Transco	Labrador Transmission Corporation
LIL GP	Labrador - Island Link General Partner Corporation
LIL Holdco	Labrador - Island Link Holding Corporation
LIL LP	Labrador - Island Link Limited Partnership
LIL Opco	Labrador - Island Link Operating Corporation
Muskrat	Muskrat Falls Corporation
Nalcor	Nalcor Energy

Note: Excluded the following from MC word doc:

1. Province of NL
2. Intermediary Trust

Nalcor Energy

1. Financing Commitment Letter (already authorized and approved)
2. Nalcor and Muskrat Asset Transfer Agreement (existing contracts, assets and permits)
3. Nalcor and Lab Transco Asset Transfer Agreement (existing contracts, assets and permits)
4. Nalcor and Devco Asset Transfer Agreement (existing contracts, assets and permits)
5. Nalcor and LIL LP Transfer Agreement (existing contracts, assets and permits)
6. Nalcor and Devco EPCM Assignment Agreement
7. LIL Equity Guarantee Issuance Agreement
8. MF Equity Guarantee Issuance Agreement
9. LTA Equity Guarantee Issuance Agreement
10. LIL Equity Funding Agreement
11. MF Equity Funding Agreement
12. LTA Equity Funding Agreement
13. LIL Equity Support Agreement
14. MF Equity Support Agreement
15. LTA Equity Support Agreement
16. Credit Agreement with Devco to provide Devco with working capital
17. Administrative Services Agreement (Devco)
18. Certificated Securities Pledge Agreement – LIL GP Shares

Nalcor Energy (continued)

19. Certificated Securities Pledge Agreement – Muskrat Shares
20. Certificated Securities Pledge Agreement – Lab Transco Shares
21. Certificated Securities Pledge Agreement – Opco Shares
22. Subordination Agreement (Pre-FCP Pledge)
23. Subordination Agreement (Emera NL Cross Default Indemnity Agreement)
24. [Funding Protocol with the Province]
25. LIL Underwriting Agreement
26. MF/LTA Underwriting Agreement
27. Payment of \$10,000 to establish the LIL Funding Vehicle Trust
28. Payment of \$10,000 to establish the MF/LTA Funding Vehicle Trust
29. Payment of \$10,000 to establish the Intermediary Trust
30. Payment of \$10,000 “contributed surplus” to LIL Opco
31. LIL Master Definitions Agreement
32. MF/LTA Master Definitions Agreement
33. Transfer to Muskrat of Water Management Agreement [under discussion]
34. Transfer to Muskrat of Water Lease [under discussion]
35. Transfer to Muskrat/Lab Transco/LIL LP of rights and obligations of Innu Impacts and Benefits Agreement (“IBA”) [under discussion]

Newfoundland and Labrador Hydro

1. LIL Lease
2. Transmission Funding Agreement
3. Opco Step-In Agreement
4. Partnership Step-In Agreement
5. LIL Remedies Agreement
6. Opco Security Agreement and Subordination Acknowledgement
7. Generator Interconnection Agreement (in its capacity as Newfoundland and Labrador System Operator (NLSO))
8. Muskrat Step-In Agreement (in its own right and in its capacity as NLSO)
9. Lab Transco Step-In Agreement (in its own right and in its capacity as NLSO)
10. Lab Transco General Security Agreement and Subordination Acknowledgement
11. Power Purchase Agreement (PPA)
12. PPA Step-In Agreement
13. Muskrat General Security Agreement and Subordination Acknowledgement

Muskrat

1. Nalcor and Muskrat Asset Transfer Agreement (existing contracts, assets and permits)
2. Muskrat Project Development and Management Agreement
3. Project Interface and Coordination Agreement
4. Generator Interconnection Agreement
5. Lab Transco General Security Agreement and Subordination Acknowledgement
6. Muskrat Step-In Agreement
7. Lab Transco Step-In Agreement
8. Power Purchase Agreement
9. PPA Step-In Agreement
10. Muskrat General Security Agreement and Subordination Acknowledgement
11. MF Equity Guarantee Issuance Agreement
12. MF Equity Funding Agreement
13. MF Equity Support Agreement
14. Muskrat/Lab Transco Project Finance Agreement
15. Muskrat Collateral Trust Deed
16. Muskrat Bond
17. Muskrat Written Order
18. Muskrat Bond Pledge Agreement

Muskrat

(continued)

19. Muskrat Debenture
20. Muskrat Assignment of Insurance
21. Muskrat Blocked Account Agreement
22. Muskrat Securities Control Agreement
23. Muskrat/Lab Transco Master Definitions Agreement
24. Muskrat/Lab Transco Collateral Agency Agreement
25. Guarantee Assurance Agreement
26. MF/LTA Underwriting Agreement
27. Muskrat – Project Funding Account
28. Muskrat – Operating Account
29. Muskrat – Distribution Reserve Account
30. Muskrat – Insurance Reserve Account
31. Muskrat – Punch List Costs Account
32. Muskrat – Demobilization Costs Account
33. Muskrat/Lab Transco – Proceeds Account
34. Muskrat/Lab Transco – Sinking Fund Account
35. Muskrat/Lab Transco – Debt Service Reserve Account
36. Muskrat/Lab Transco – Liquidity Reserve Account

Muskrat

(continued)

37. Muskrat/Lab Transco – Working Capital Reserve Account
38. Funding Vehicle Administration Agreement
39. Nalcor Transfer to Muskrat of Water Management Agreement [under discussion]
40. Nalcor Transfer to Muskrat of Water Lease [under discussion]
41. Nalcor Transfer to Muskrat of rights and obligations of IBA [under discussion]
42. Documents needed to be signed by Muskrat for the Crown Lease and other real property rights which will form part of its estate

Lab Transco

1. Nalcor and Lab Transco Asset Transfer Agreement (existing contracts, assets and permits)
2. Lab Transco Project Development and Management Agreement
3. Project Interface and Coordination Agreement
4. Generator Interconnection Agreement
5. Muskrat Step-In Agreement
6. Lab Transco Step-In Agreement
7. Lab Transco General Security Agreement and Subordination Acknowledgement
8. LTA Equity Guarantee Issuance Agreement
9. LTA Equity Funding Agreement
10. LTA Equity Support Agreement
11. Muskrat/Lab Transco Project Finance Agreement
12. Lab Transco Collateral Trust Deed
13. Lab Transco Bond
14. Lab Transco Written Order
15. Lab Transco Bond Pledge Agreement
16. Lab Transco Debenture
17. Lab Transco Assignment of Insurance
18. Lab Transco Blocked Account Agreement

Lab Transco (continued)

19. Lab Transco Securities Control Agreement
20. Muskrat/Lab Transco Master Definitions Agreement
21. Muskrat/Lab Transco Collateral Agency Agreement
22. Guarantee Assurance Agreement
23. MF/LTA Underwriting Agreement
24. Lab Transco – Project Funding Account
25. Lab Transco – Operating Account
26. Lab Transco – Distribution Reserve Account
27. Lab Transco – Insurance Reserve Account
28. Lab Transco – Punch List Cost Account
29. Lab Transco – Demobilization Costs Account
30. Muskrat/Lab Transco – Sinking Fund Account
31. Muskrat/Lab Transco – Proceeds Account
32. Muskrat/Lab Transco – Debt Service Reserve Account
33. Muskrat/Lab Transco – Liquidity Reserve Account
34. Muskrat/Lab Transco – Working Capital Reserve Account
35. Funding Vehicle Administration Agreement
36. Nalcor Transfer to Lab Transco of rights and obligations of IBA **[under discussion]**

Lab Transco (continued)

37. Statutory Easements and whatever other documents are needed to be signed by Lab Transco for the other real rights which will form part of its estate

LIL GP

(as General Partner of the LIL LP)

1. Equity Guarantee Issuance Agreement
2. LIL Equity Support Agreement
3. Amended and Restated LIL Project Development and Management Agreement
4. Project Interface and Coordination Agreement
5. LIL Project Finance Agreement (including the guarantee of LIL LP contained therein)
6. LIL LP Collateral Trust Deed
7. LIL LP Bond
8. LIL LP Written Order
9. LIL LP Bond Pledge Agreement
10. LIL LP Debenture
11. LIL Assignment of Insurance
12. LIL Blocked Account Agreement
13. LIL Securities Control Agreement
14. LIL Master Definitions Agreement
15. LIL Collateral Agency Agreement
16. Guarantee Assurance Agreement
17. IT Project Finance Agreement
18. IT Partnership Bond

LIL GP

(as General Partner of the LIL LP) (continued)

19. IT Partnership Bond Pledge Agreement
20. LIL Assets Agreement
21. LIL Lease
22. Transmission Funding Agreement
23. Partnership Step-In Agreement
24. Opco Step-In Agreement
25. LIL Remedies Agreement
26. Opco Security Agreement and Subordination Acknowledgement (TFA)
27. Nalcor Transfer to LIL LP of rights and obligations of IBA [under discussion]
28. Statutory Easements on dry land
29. SOBI Lease with Public Works and Government Services (PWGS)
30. Lease or Statutory Easement the Province will provide for the SOBI
31. Funding Vehicle Administration Agreement
32. Intermediary Trust Administration Agreement
33. LIL Underwriting Agreement
34. LIL Equity Funding Agreement
35. Partnership – Project Funding Account
36. Partnership – Operating Account

LIL GP

(as General Partner of the LIL LP) (continued)

37. Partnership – Debt Service Reserve Account
38. Partnership – Prepaid Rent Reserve Account
39. Partnership – Distribution Reserve Account
40. Partnership – Project Insurance Reserve Account
41. Partnership – Punch List Costs Account
42. Partnership – Demobilization Costs Account
43. Partnership – Working Capital Reserve Account
44. Partnership – Sinking Fund Account

LIL GP (in its own right)

1. Certificated Securities Pledge Agreement (Partnership units held by the GP)
2. LIL Master Definitions Agreement
3. LIL Collateral Agency Agreement
4. Guarantee Assurance Agreement

LIL Holdco

1. LIL Equity Support Agreement
2. Certificated Securities Pledge Agreement (Partnership Units)
3. LIL Master Definitions Agreement
4. Subordination Agreement (Pre-FCP Pledge)

LIL Opco

1. Amended and Restated LIL Project Development and Management Agreement
2. Project Interface and Coordination Agreement
3. Assignment Agreement (assign certain rights and obligations under the Nalcor/Emera Agreements)
4. LIL Project Finance Agreement (including the guarantee of Opco contained therein)
5. OpCo Collateral Trust Deed
6. OpCo Bond
7. Opco Written Order
8. OpCo Bond Pledge Agreement
9. OpCo Debenture
10. OpCo Assignment of Insurance
11. OpCo Blocked Account Agreement
12. OpCo Securities Control Agreement
13. LIL Master Definitions Agreement
14. LIL Collateral Agency Agreement
15. Guarantee Assurance Agreement
16. IT Project Finance Agreement (including the guarantee of Opco contained therein)
17. IT OpCo Bond
18. IT OpCo Bond Pledge Agreement

LIL Opco (continued)

19. Opco – Project Funding Account
20. Opco – Operating Account
21. Opco – Distribution Reserve Account
22. Opco – Insurance Reserve Account
23. Opco- Punch List Costs Account
24. Opco – Demobilization Costs Account
25. LIL Assets Agreement
26. LIL Lease
27. Transmission Funding Agreement
28. Partnership Step-In Agreement
29. Opco Step-In Agreement
30. LIL Remedies Agreement
31. Opco Security Agreement and Subordination Acknowledgement (TFA)
32. Opco Security Agreement and Subordination Acknowledgement (LIL Lease)
33. LIL Equity Guarantee Issuance Agreement

Devco

1. EPCM Assignment Agreement
2. Credit Agreement
3. Administrative Service Agreement
4. Amended and Restated LIL Project Development and Management Agreement
5. Muskrat Project Development and Management Agreement
6. Lab Transco Project Development and Management Agreement
7. Project Interface and Coordination Agreement
8. Nalcor and Devco Asset Transfer Agreement (existing contracts, assets and permits)

Appendix C:
Summary of New Subsidiary Key Activities

Muskrat

- Financing and security documents, including the joint and several obligations for the LTA financing
- Equity Support Agreement (“ESA”) with Nalcor
- PPA with NLH and the GIA with Lab Transco
- Multi-Party Pooling Agreement (“MPPA”) and other agreements to be entered into with NLH relating to management of the overall NL electricity distribution system
- Interconnection Agreement relating to the LTA
- Just prior to Commissioning, an Operating & Maintenance (“O&M”) Agreement and a Management Agreement with NLH or some other affiliate of Nalcor
- Water Management Agreement with CFLCo
- Lease from the NL Crown and expropriation matters
- Project Development and Management Agreement with Devco and Lab Transco as well as the Project Interface and Coordination Agreement with each one of Devco, Lab Transco, LIL LP and LIL Opc
- General project management (keeping in mind that the primary responsibility will be contracted out to Devco subject to approval of Muskrat and Nalcor of major ticket items and large change orders)
- Various project construction contracts (some of them will have already been signed by Nalcor and assigned to Muskrat)
- Muskrat financial statements and annual budgets
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

Lab Transco

- Financing and security documents, including the joint and several obligations for the MF financing
- ESA with Nalcor
- GIA with Muskrat
- MPPA and other agreements to be entered into with NLH relating to management of the overall NL electricity distribution system
- Interconnection Agreements with Muskrat and LIL LP
- Just prior to Commissioning, an O&M Agreement and a Management Agreement with NLH or some other affiliate of Nalcor
- Interconnection and other agreements with CFLCo
- Statutory Easement from the NL Crown, expropriation matters and possibly a sublease with CFLCo
- Project Development and Management Agreement with Devco and Muskrat as well as the Project Interface and Coordination Agreement with each one of Devco, Muskrat, LIL LP and LIL Opco
- General project management (keeping in mind that the primary responsibility will be contracted out to Devco subject to approval of Lab Transco and Nalcor of major ticket items and large change orders)
- Various project construction contracts (some of them will have already been signed by Nalcor and assigned to Lab Transco)
- Lab Transco financial statements and annual budgets
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

LIL GP

- Financing and security documents for the LIL financing, including the joint and several liability of GPCo as the general partner
- Guarantee and security documents for the Intermediary Trust Financing as general partner of LIL LP
- ESA with Nalcor
- LIL Assets Agreement and LIL Lease with LIL Opco
- Remedies Agreement with NLH and LIL Opco
- MPPA and other agreements to be entered into with NLH relating to management of the overall NL electricity distribution system
- Interconnection Agreement with Lab Transco
- Various agreements with Emera pursuant to the NL Development and LIL LP Agreements (some of which have already been executed)
- Just prior to Commissioning, an O&M Agreement and a Management Agreement with NLH or some other affiliate of Nalcor
- Statutory Easement from the NL Crown and expropriation matters
- Strait of Belle Isle Lease with NL Crown and Canada
- Project Development and Management Agreement with Devco and LIL Opco as well as the Project Interface and Coordination Agreement with each one of Devco, Muskrat, Lab Transco and LIL Opco
- General project management (keeping in mind that the primary responsibility will be contracted out to Devco subject to approval of Lab Transco and Nalcor of major ticket items and large change orders)
- Various project construction contracts (some of them will have already been signed by Nalcor and assigned to LIL LP)
- LIL LP and LIL GP financial statements and annual budgets
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

LIL Holdco

- Limited recourse pledge agreement for the units it will hold in the LIL LP to secure the LIL financing
- ESA with Nalcor
- Various agreements with Emera pursuant to the NL Development and LIL LP Agreements
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

LIL Opco

- Guarantee for the LIL financing and security documents
- Guarantee and security documents for the Intermediary Trust Financing
- ESA with Nalcor for the Prepaid Rent and possibly to finance Sustaining Capital Activities
- TFA with NLH
- LIL Assets Agreement and the LIL Lease with LIL LP
- Remedies Agreement with NLH and LIL LP
- MPPA and other agreements to be entered into with NLH for the proper management of the NL electricity distribution system
- Interconnection Agreement with the LIL and Muskrat
- Just prior to Commissioning, an O&M Agreement and a Management Agreement with NLH or some other affiliate of Nalcor
- LIL Opco financial statements and annual budgets
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

Devco

- Party to the assignment to Devco by Nalcor of the EPCM Contract with SNC for the entire Project
- Project Development and Management Agreement and the Project Interface and Coordination Agreement with each one of Muskrat, Lab Transco, LIL LP and LIL Opco
- Secondment and transfer agreements with key Nalcor project team members
- Financial and other services agreement with Nalcor or NLH (depending on the services required)
- Budget management for each of the Projects
- Credit agreement with Nalcor to bridge operating expenses until payment is received from Muskrat, Lab Transco and LIL LP
- Devco financial statements and annual budgets
- Project labour relations for each of the Projects
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

NEM

- Marketing Agreement with Nalcor and Muskrat
- NEM financial statements and annual budgets
- Corporate “housekeeping” items (i.e.. approve corporate by-laws, appoint officers, banking resolution, etc.)

Appendix C:
Summary of Advisors Participating in Financing

Advisors Participating in Financing

Client	Advisor	Role
Nalcor	Fasken Martineau	Financing and Taxation Legal Counsel
	McInnes Cooper	Commercial, Taxation and NS Regulatory Legal Counsel
	Van Ness	US Regulatory Legal Counsel
	Weil Gotshal	US Financing Legal Counsel
	PwC	Financial Advisor
	John Matovich	Financial Advisor
	AON	Insurance Broker
NL	Borden Ladner Gervais	Financing Legal Counsel
	Ottenheimer Baker	Commercial Legal Counsel
Canada	Cassels Brock	Financing Legal Counsel
	Blair Franklin	Financial Advisor
	MWH	Independent Engineer
	Moore McNeil	Independent insurance Consultant
Lead Arranger	McCarthy Tétrault	Financing Legal Counsel
	Stewart McKelvey	Financing Legal Counsel
Emera	Oslers	Financing Legal Counsel
	Cox Palmer	Commercial Legal Counsel