

Annual General Meeting – Finance Update

Derrick Sturge, Vice-President, Finance & CFO

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Boundless Energy



Overview

- 2011 Financial Results
- 2012 Financial Outlook
- Financing Growth and Re-Investment

2011 Financial Highlights

- Continue to improve financial performance
 - New investments starting to have an impact
 - Financial position continues to strengthen
 - All business units contributing to performance
 - Five-year numbers trending in right direction
- Oil production increased by 613,000 bbls
 - Increased production from White Rose Growth Project
 - First oil production from Hibernia Southern Extension
- Lease of Bull Arm Site to ExxonMobil commenced
- Increased capital expenditures

Financial Overview

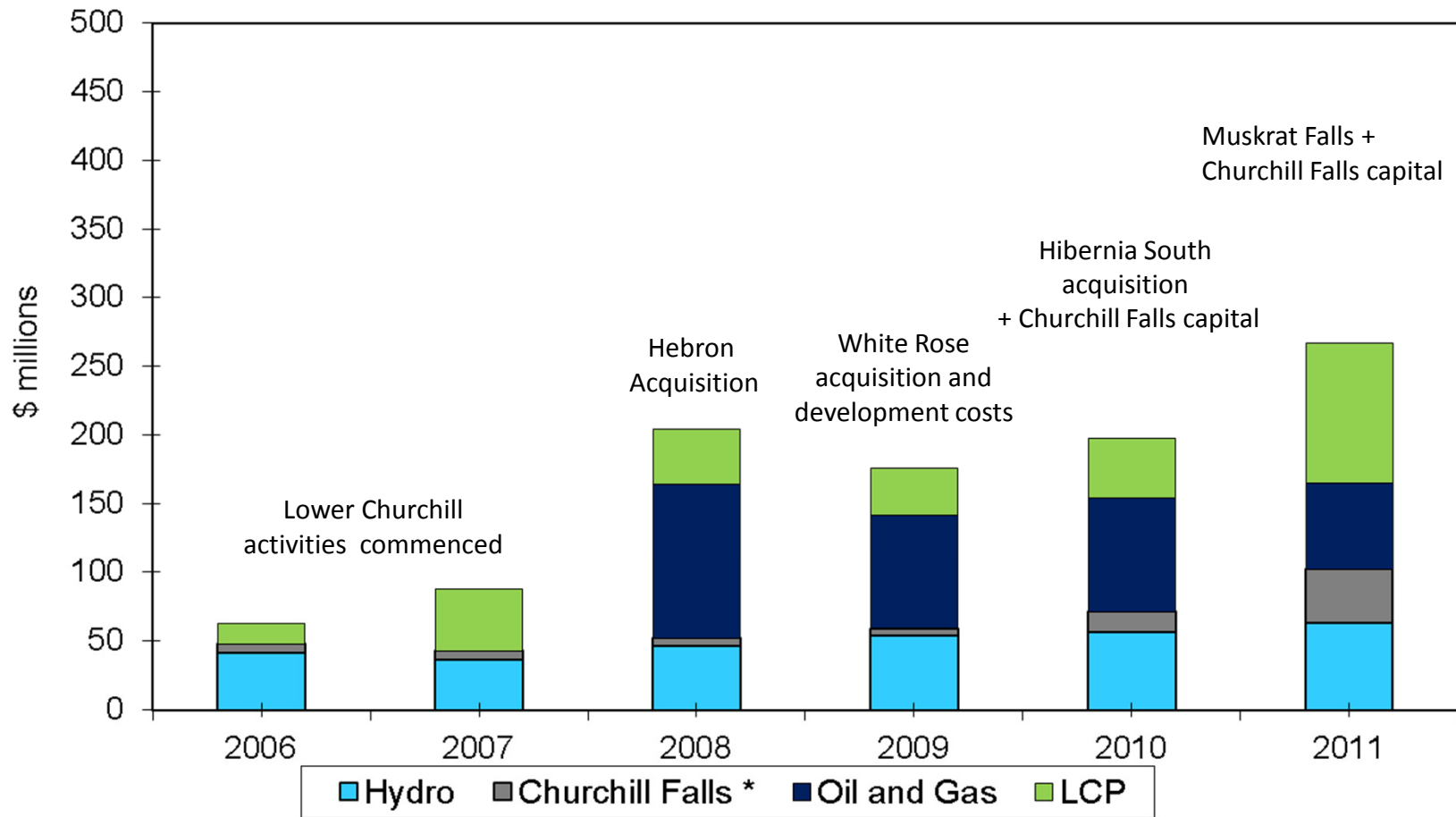
	2006	2010	2011
Revenue (\$ millions)	571	620	730
Net Income (\$ millions)	70	78	127
Total Assets (\$ millions)	2,232	2,805	3,041
Return on Capital Employed	8.9%	8.7%	10.9%
Cash from Operations (\$ millions)*	121	146	213
Capital Expenditures (\$ millions)	61	196	255
Debt / Equity	70% / 30%	43% / 57%	38% / 62%

* Before working capital adjustments

Net Income by Business Unit

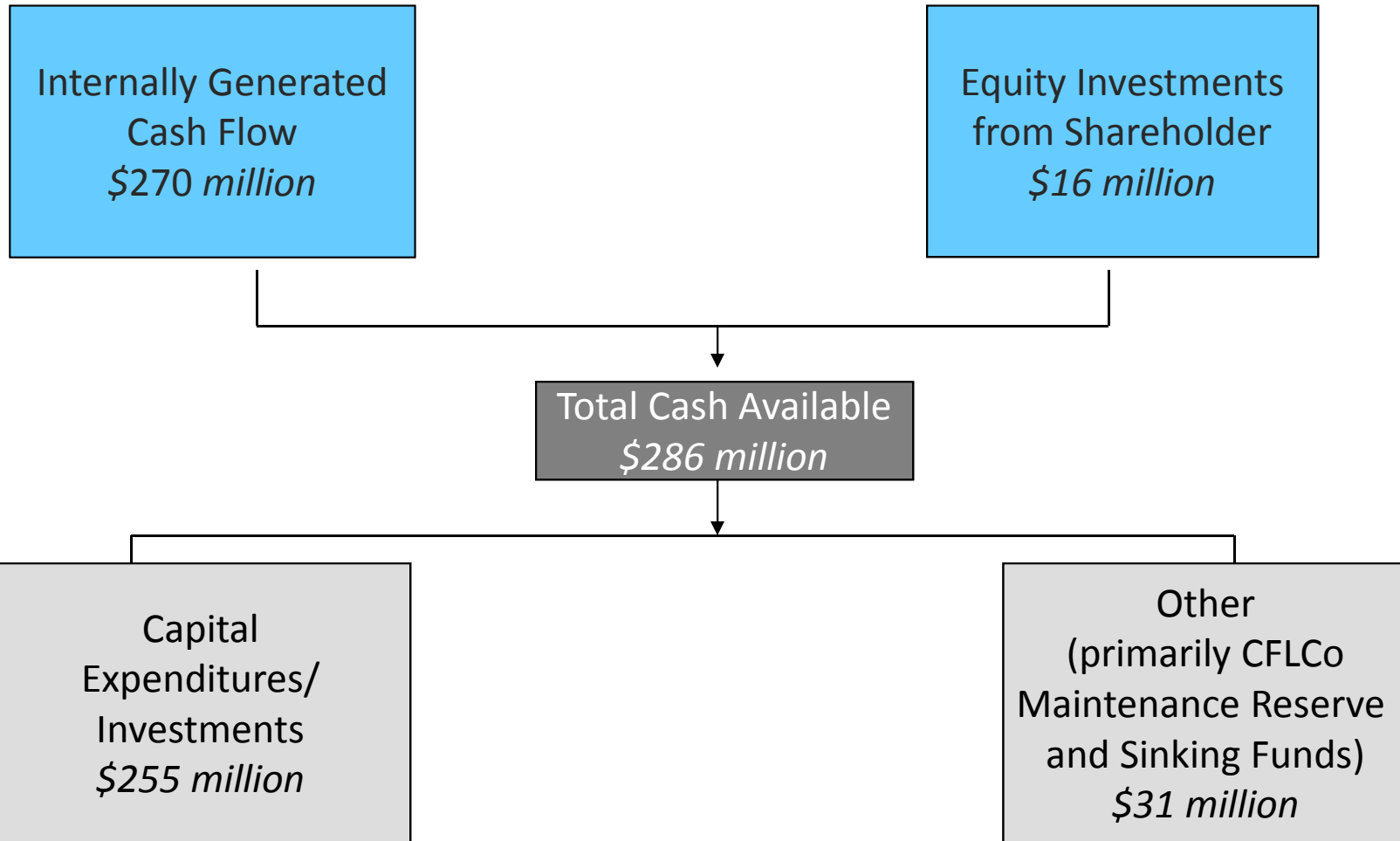
(\$millions)	2010	2011
Hydro	6.5	21.0
Churchill Falls	26.8	24.4
Energy Marketing	48.9	43.3
Oil and Gas	(2.5)	39.1
Bull Arm Fabrication	1.1	3.7
Other (Corporate, IOC, Menihek)	(3.3)	(4.8)
Net Income	77.5	126.7

Capital Expenditures



* Includes Churchill Falls at 100%

Sources and Uses of Cash



2012 Financial Outlook

- Lower production levels in Oil and Gas
 - Planned WhiteRose FPSO off station
 - Partially offset by higher oil prices
- Softening in US market prices for electricity
- Increased capital expenditure levels across all business units
- Transition to International Financial Reporting Standards
 - No recognition of regulatory assets or liabilities
 - Potential future net income volatility for Hydro and Nalcor
 - No impact on customer rates

Financing Growth and Re-investment

- Cash flow required to finance growth and asset re-investment
- Significant improvement in the balance sheet
- Strong operating results support re-investment in aging assets
- Growth activities financed through debt and equity
 - Oil & Gas growth financed through equity
 - Lower Churchill Project
 - Pre-sanction expenditures financed through equity
 - Post sanction - combination of debt and equity
 - Debt component should not result in an increase in Province's Net Debt

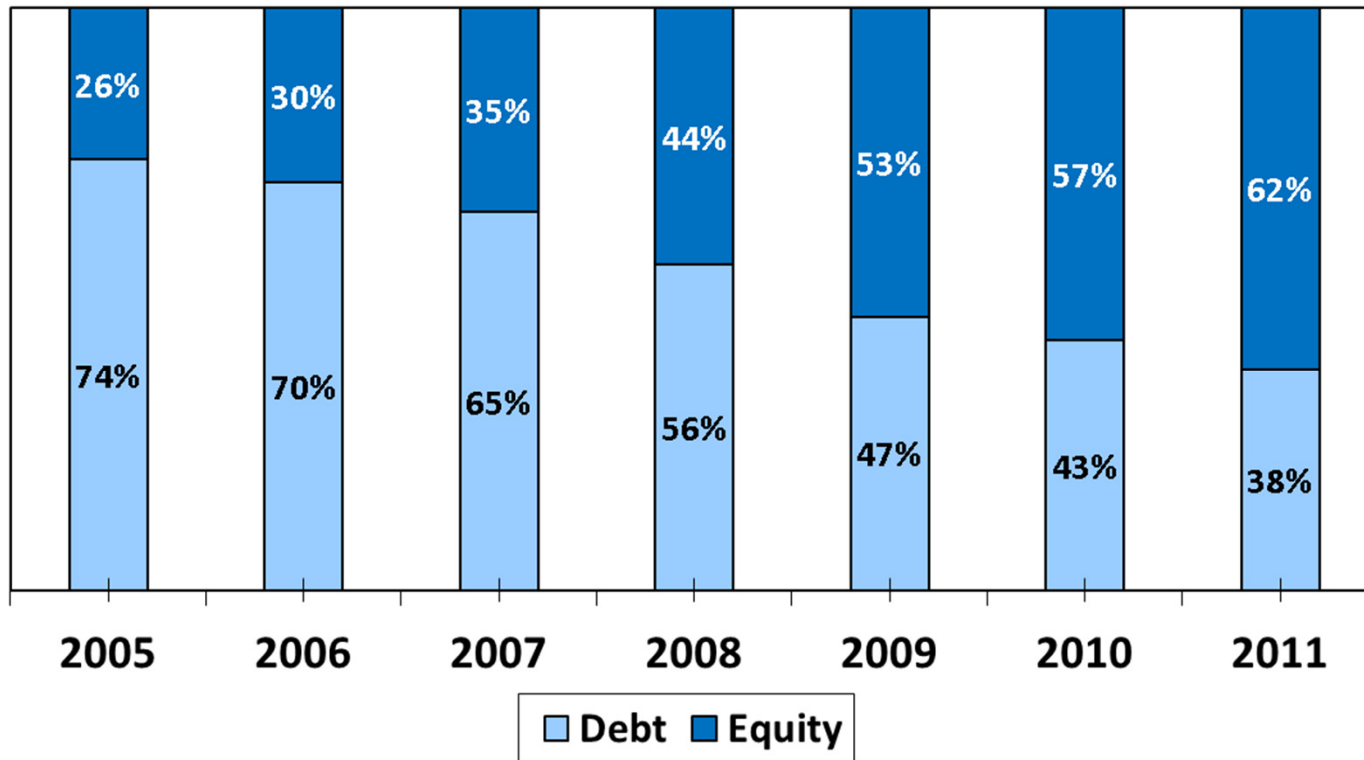
Equity Contributions

(\$millions)	2008/09	2009/10	2010/11	2011/12
Equity Approved in NL Budget	315	228	164	348
Actual equity Contribution	315	40	16	0

Total Equity Contributions of \$371 million

Strengthening the Balance Sheet

Nalcor Energy – Debt and Equity (2005 to 2011)



Summary

- Financial position has improved
- Generating cash flow from new investments
- Investment levels across all lines of business will continue to increase
- Focused on:
 - Understanding and managing business and financial risks
 - Ensuring new investments are evaluated and assessed in a consistent and rigorous manner
 - Preparing to finance future growth and asset re-investment in a prudent manner