



Nalcor Energy releases its 2011 Business and Financial Report

May 31, 2011 - Nalcor Energy released its Business and Financial Report for the fiscal year ending December 31, 2011. The report was tabled yesterday in the Newfoundland and Labrador House of Assembly by the Minister of Natural Resources, Honourable Jerome Kennedy. The consolidated financial statements for Newfoundland and Labrador Hydro, a subsidiary of Nalcor Energy, were also tabled.

The 2011 consolidated net income for Nalcor was \$126.7 million. This is an increase in net income of \$49.2 million over last year and is primarily attributed to higher earnings in Nalcor's Oil and Gas division and an increase in earnings related to Hydro's regulated activities.

In addition, the company's debt to capital ratio for 2011 was 38.5 per cent compared to 42.5 per cent in 2010, representing a continued improvement in the company's balance sheet and financial outlook. Nalcor's improved capital structure is an important factor in facilitating its business objectives including the Lower Churchill Project, oil and gas and other energy investments.

"This past year is highlighted by a number of accomplishments across all our lines of business, including first oil from the Hibernia Southern Extension and the signing of a sublease agreement between ExxonMobil Canada Properties and Nalcor Energy Bull Arm Fabrication for occupancy of the Bull Arm site for the Hebron Project construction. said Ed Martin, Nalcor Energy's President and CEO. "Our commitment to strengthen Nalcor's financial position allows us to take a leadership role in managing Newfoundland and Labrador's energy resources and contribute to economic growth in Newfoundland and Labrador."

For more information, view the backgrounder on key business performance highlights from 2011 and the 2011 Nalcor Energy Business and Financial Report available online at nalcenergy.com. Nalcor Energy will provide an overview of the 2011 Business and Financial Report at its Annual General Meeting (AGM) which will take place on Tuesday, June 5, 2011 from 9:00 a.m. to 11:00 a.m. at the Holiday Inn in St. John's.



About Nalcor Energy

Nalcor Energy's business includes the development, generation, transmission and sale of electricity; the exploration, development, production and sale of oil and gas; industrial fabrication and energy marketing. Focused on sustainable growth, the company is leading the development of the province's energy resources and has a corporate-wide framework which facilitates the prudent management of its assets while continuing an unwavering focus on the safety of its workers and the public. Nalcor has five lines of business: Newfoundland and Labrador Hydro, Churchill Falls, Oil and Gas, Lower Churchill Project and Bull Arm Fabrication.

Media Contact:

Dawn Dalley, Manager, Corporate Communications & Shareholder Relations
t: 709.737.1315 c: 709.727-7715 e: ddalley@nalcorenergy.com



BACKGROUND

Key business performance highlights from 2011

Nalcor Energy

- Achieved a 50 per cent reduction over 2010 in lost-time injuries, and reduced the number of days lost by 84 per cent over 2010.
- Reported 7,135 safety-related observations through the Safe Workplace Observation Program (SWOP).
- Nalcor Energy and its CEO Ed Martin named one of “Canada’s 2012 Clean50 and Clean16” in recognition of the company’s environmental efforts.
- Finalized a Diversity and Inclusion Strategy and established an internal Diversity Council.
- Employee recognition programs resulted in 3,000 peer recognitions and eight employees presented with prestigious President’s Awards.
- Awarded more than \$50,000 in scholarships to Newfoundland and Labrador youth; and employees donated more than \$63,000 to charitable organizations, supported by the company’s Employee Matching and Volunteer Contribution Programs.

Newfoundland and Labrador Hydro

- The first three projects were commenced through Hydro’s Industrial Energy Efficiency Program with an expected energy savings of 3.6 gigawatt hours per year.
- Achieved 98.3% winter availability for key electricity generating assets, exceeding its target of 96%.



Churchill Falls

- Celebrated 40 years since first power. The company completed significant capital work in 2011 as part of a long-term renewal program of its production assets to ensure its continued safe and reliable operation.
- Completed 100% of its Environmental Management System targets and milestones.

Oil and Gas

- First oil achieved in 2011 in the Hibernia Southern Extension, in which Nalcor has a 10 per cent working interest, and West White Rose pilot project, in which Nalcor has a five per cent working interest.
- Oil and Gas exploration strategy completed, offering tremendous potential to develop new resources in the offshore.

Lower Churchill Project

- The New Dawn Agreement, including an Impacts and Benefits Agreement ratified by Labrador Innu and finalized by Nalcor, Canada, the Province and the Innu of Labrador.
- Secured commitment for Federal Loan Guarantee for Lower Churchill Project, Phase One.
- Project execution advanced with the selection of SNC-Lavalin Inc. as the Project's engineering, procurement and construction management contractor.

Bull Arm Fabrication

- Nalcor Energy Bull Arm Fabrication signed a sublease agreement with ExxonMobil Canada Properties for occupancy of the Bull Arm site for the Hebron Project construction.