

1 Q. Further to CA-NLH-105, please provide a copy of the following documentation
2 relating to the Mercer Review: (1) copy of letter(s) of engagement (ii) copy of all
3 draft reports provided to Hydro by Mercer, (iii) copy of Mercer's final reported to
4 Hydro.

5
6
7 A. CA-NLH-203 Attachment 1 provides a copy of the Letter of Engagement relating to
8 work conducted by Mercer on behalf of Hydro (in conjunction with Nalcor).

9
10 As part of its business, Mercer provides customized analysis on a pay-for-service
11 basis which is confidential and not publically disclosed. A Non-Disclosure
12 Agreement with Mercer outlines intended use of such information, expectations for
13 non-disclosure, including restrictions for disclosure. A copy of the Mutual Non-
14 Disclosure Agreement is included in CA-NLH-203 Attachment 2. The agreement
15 outlines intended use of such information, expectations for non-disclosure,
16 including restrictions for disclosure. The agreement further outlines the
17 requirement to provide notice to Mercer relating to any request to disclose
18 information as a result of legal proceedings so that the other party (i.e., Mercer) has
19 an opportunity to challenge any such legal process.

20
21 Hydro initiated notice to Mercer of the request from the Board of Commissioners of
22 Public Utilities to release the reports. A copy of Mercer's instruction to Hydro is
23 provided in PUB-NLH-029 Attachment 1. Hydro has provided the relevant and
24 required information specific to the review of salary and wages and policy changes
25 that affect Hydro in the responses to CA-NLH-105 and PUB-NLH-032.

Christopher Howe
Principal

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Calgary, Alberta T2P 0B4
403 476 3258
Fax: 403 261 6938
Christopher.howe@mercercanada.com
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MERCER

February 24, 2011

Mr. Michael J. Roberts
Manager Human Resources,
Nalcor Energy
Hydro Place, 500 Columbus Drive
P.O. Box 12800
St. John's, Newfoundland A1B 0C9

Private & Confidential

Subject: Engagement Letter Agreement

Dear Michael:

We are delighted to have the opportunity to work with Nalcor Energy ("you" or "Client"). The purpose of this letter of engagement ("Agreement") is to set forth the terms under which Mercer (Canada) Limited (solely with respect to the services it provides under a PIF (as defined below), "Mercer" or "we"), will provide services to you.

Project Initiation Form

Mercer will perform the services as we mutually agree from time to time ("Services") which are described in a Project Initiation Form substantially in the form attached to this Agreement or in a commission disclosure letter (each referred to herein as a "PIF"). Each PIF must specify at a minimum: (1) our respective responsibilities with respect to the Services; (2) the information and data we will need in order to perform the Services; (3) any time constraints on the performance of the Services; and (4) the compensation we will receive for performing the Services. To the extent a PIF has been delivered to and accepted by you prior to the execution of this Agreement, such PIF shall be deemed to be subject to the terms of this Agreement. For purposes of this Agreement, the term "Agreement" shall include any PIFs.

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Terms and Conditions Governing Engagement

Our performance of the Services (whether provided pursuant to a written PIF or not) shall be subject to the following terms:

1. Payment Terms.

- A. We will perform the Services in consideration of your payment of our compensation. Our compensation for the Services, such as professional fees, commissions or other amounts payable to us ("Compensation") will be set forth in the applicable PIF or as otherwise agreed. In addition to our Compensation, we will also bill monthly for our reasonable expenses. You will be responsible for any sales, value added taxes or similar taxes related to the performance or receipt of the Services, including those taxes assessed by authorities subsequent to payment for the Services.
- B. Invoices are due and payable within thirty (30) days of the date of the invoice. If any invoice is not timely paid, we may exercise our right to claim interest for late payment as permitted by applicable law. If any invoice remains unpaid for longer than ninety (90) days from the date of the invoice, we may either suspend the provision of the Services until payment is received, or terminate this Agreement and/or any PIF with immediate effect.
- C. If we become involved (whether or not as a party) in a dispute (including audits or investigations) between you and a third party (including a governmental entity), or if we are asked to preserve records relating to the Services or this Agreement beyond the scope of Services described in the applicable PIF, these additional services will be documented in a PIF. If no PIF or other agreement is reached on these additional services, you agree to pay us at our then current standard rates for all our time spent, and will reimburse us for all reasonable expenses incurred by us, in connection with such dispute or documentation preservation request. We will reimburse such payments in the event and to the extent such dispute is finally determined to have resulted primarily from our negligence, conduct in bad faith or fraud.

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2. Instructions: Provision of Information and Assistance.

You will provide all necessary and reasonably requested information, direction and cooperation to enable us to provide the Services, and any direction (whether verbal or written) shall be effective if contained expressly in the applicable PIF or if received (whether verbally or in writing) from a person known to us or reasonably believed by us to be authorized to act on your behalf. You agree that we shall use all information and data supplied by you or on your behalf without independently verifying the accuracy, completeness or timeliness of it. We will not be responsible for any delays or liability arising from missing, delayed, incomplete, inaccurate or outdated information and data, or if you do not provide adequate access to your employees, agents or other representatives necessary for us to perform the Services. We will be entitled to charge you in respect of any additional work carried out as a result.

3. Confidential Information: Data.

- A. Each of us is likely to disclose information ("Disclosing Party") to the other ("Receiving Party") from time to time in the course of the provision of the Services, which is marked or designated as confidential or proprietary at or prior to disclosure or which would appear to a reasonably prudent person to be confidential and/or proprietary in nature ("Confidential Information"). The Receiving Party will not disclose such Confidential Information to any person other than in connection with the provision of the Services or as otherwise provided for in this Agreement. This restriction does not apply to information that (i) the Receiving Party must disclose by law or legal process, (ii) is either already in the public domain or enters the public domain through no fault of the Receiving Party, (iii) is available to the Receiving Party from a third party who, to the Receiving Party's knowledge, is not under any non-disclosure obligation to the Disclosing Party, or (iv) is independently developed by or for the Receiving Party without reference to any Confidential Information of the Disclosing Party.
- B. Notwithstanding Section 3A, you agree that we will be entitled to disclose information, including Confidential Information, relating to the Services or you to regulators having jurisdiction over our business. You also agree that, notwithstanding any other provision in this Agreement, we may include the identities of those persons who are identified by you as contact persons for you and information about the terms of this Agreement, the Services and the Compensation

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in our internal client management, financial and conflict checking databases.

- C. You hereby grant us a perpetual, non-exclusive, royalty-free license to copy, modify and use any information and data supplied by you or on your behalf so that we may create analytical trend data (in anonymous form) and in order to improve the quality of our advice to all of our clients. We will not disclose any information in a manner which allows particular clients or individuals to be identified. Notwithstanding the foregoing, you agree that your name may appear in a list of participating organizations for reports containing such analytical trend data.
- D. Our respective obligations under Section 3A shall survive for a period of five (5) years from the date of termination of this Agreement or for such longer period as is required by law, except that any trade secrets disclosed to the Receiving Party shall be maintained in confidence in perpetuity or until such time as they are no longer reasonably considered to be trade secrets by the Disclosing Party.
- E. We may retain your information in paper or imaged format and we may destroy paper copies if we retain digital images thereof.

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4. Personal Information.

Each of us and our respective Affiliates (as defined below) will comply with our respective obligations arising from data protection and privacy laws in effect from time to time to the extent applicable to this Agreement and the Services. This includes, without limitation, (i) the obligation, if any, of you or your Affiliates, to obtain any required consent(s) in respect of the transfer of information to us by you or any third party relating to an identified or identifiable individual that is subject to applicable data protection, privacy or other similar laws ("Personal Information"), (ii) any obligation with respect to the creation or collection of additional Personal Information by us, and (iii) any obligation with respect to the use, disclosure and transfer by us of Personal Information as necessary to perform the Services or as expressly permitted under this Agreement. Subject to Section 3C, any use or processing by us of Personal Information supplied by or on your behalf in connection with the Services shall be done solely on your behalf. We shall handle such Personal Information in accordance with your reasonable instructions as may be provided from time to time in the applicable PIF or as reasonably necessary for the purpose of providing the Services and shall not handle such Personal Information in a manner inconsistent with the terms of this Agreement. We also confirm that we have taken appropriate technical and organizational measures intended to prevent the unauthorized or unlawful processing of Personal Information and the accidental loss or destruction of, or damage to, Personal Information. For purposes of this Agreement, "Affiliates" means, with respect to either party, any entity directly or indirectly controlling, controlled by or under common control with such party.

5. Ownership and Use of Work: Intellectual Property.

- A. All materials prepared by us specifically and exclusively for you pursuant to this Agreement (the "Work") shall be owned exclusively by you. Notwithstanding anything to the contrary set forth in this Agreement, we will retain all copyright, patent and other intellectual property rights in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills, knowledge and experience owned or possessed by us before the commencement of, or developed or acquired by us during or after, the performance of the Services, including without limitation, all systems, software, specifications, documentation and other materials created, owned or licensed and used by us or our Affiliates or subcontractors in the course of providing the Services (the "Intellectual Property"), and we shall not be restricted in any way with respect thereto. To the extent any Work incorporates any Intellectual Property, we hereby grant you a non-exclusive, non-transferable right to use such Intellectual Property solely for purposes of utilizing the Work internally in

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accordance with the terms of this Agreement.

- B. Unless we provide our prior written consent, you will not use, in a manner other than as mutually contemplated when we were first retained by you to perform the applicable Services, or disclose to any third party, other than your legal advisors, accountants or financial advisors with a need to know, any Work or Intellectual Property or other material supplied by us under this Agreement, and you shall be responsible for, and we shall have no liability with respect to, modifications made by any person other than us to the Work, Intellectual Property or other work product provided to you by us. You will indemnify, defend and hold us and our Affiliates harmless in respect of any Loss (as defined in Section 7) incurred by us as a result of your breach of this obligation or any modifications made by any person other than us to the Work, Intellectual Property or other work product provided to you by us.

6. **Dispute Resolution.**

- A. Before commencing any action or proceeding with respect to any dispute between us arising out of or relating to this Agreement, the parties shall first attempt to settle the dispute through consultation and negotiation in good faith and in a spirit of mutual cooperation. If the dispute is not resolved within five (5) business days, either of us may elect to escalate the resolution of such dispute by submitting the dispute in writing to senior executives from each of us who will promptly meet and confer in an effort to resolve the dispute. Each party will identify such senior executive by notice to the other party, and each party may change its senior executive at any time thereafter by notice. Any mutually agreed decisions of the senior executives will be final and binding on both parties. In the event the senior executives are unable to resolve any dispute within thirty (30) days after submission to them, either party may then refer such dispute to mediation by a mutually acceptable mediator to be chosen by both parties within forty-five (45) days after written notice by either party demanding mediation. Neither party may unreasonably withhold, delay or condition consent to the selection of a mediator. All communications and discussions in furtherance of this paragraph shall be treated as confidential settlement negotiations that are not subject to disclosure to any third party. The costs of the mediator shall be shared equally, but each party shall pay its own attorney's fees.

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- B. Any dispute that is not resolved within six (6) months of the date of the initial demand for mediation by one of the parties may then be submitted to a court of competent jurisdiction. To facilitate an expeditious and economical judicial resolution of such dispute, each party shall waive and not demand a trial by jury, and each party agrees not to include any employee, officer, director or trustee of the other as a party in any action, proceeding or counterclaim relating to such dispute. Nothing in this Section 6 will prevent either of us from resorting to judicial proceedings at any time if interim relief from a court is necessary to prevent serious and irreparable injury or damage to that party or to others. Except to the extent prohibited under applicable law, any claim, action or proceeding against a party or any of its Affiliates will be barred unless the other party initiates the dispute resolution procedures set forth in this Section 6 within one year of first discovering the act, error or omission that is the basis for such claim.

7. Limitation of Liability.

- A. Except to the extent a Loss (as defined below) sustained by you is finally determined to have directly resulted from the negligence, fraud or bad faith conduct by us or any officer, director, or employee of ours or our Affiliates ("Mercer Party"), neither we nor any Mercer Party shall be liable to you in connection with the Services, this Agreement or the acts or omissions of any third party (other than our subcontractors, if any).
- B. In no event shall our liability and the liability of our Affiliates, in the aggregate, to you, your Affiliates, your officers, directors or employees or those of your Affiliates and any third party (including any benefit plan, its fiduciaries or any plan sponsor) for any and all Losses arising in connection with or resulting from the Services provided under this Agreement, exceed five times our Compensation under the applicable PIF or the most recent PIF, if there is more than one applicable PIF, related to the Services in the twelve month period immediately preceding the most recent event giving rise to such Loss or, if there is no PIF, five times our Compensation related to the Services giving rise to such Loss in the twelve month period immediately preceding the most recent event giving rise to the Loss. In no event shall either party or its Affiliates be liable in connection with this Agreement or the Services for any loss of profit or incidental, consequential, special, indirect, punitive or similar damages. Each of the parties

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acknowledges that the Compensation for the Services to be provided under this Agreement and the applicable PIF reflects the allocation of risk set forth in this Section 7.

- C. Nothing in this Section 7 limiting the liability of a party shall apply to (i) any liability that has been finally determined to have arisen from the conduct in bad faith or fraud on the part of such party or (ii) the extent such limitation of liability is not permissible under applicable law, including laws that may hold parties liable for certain acts of good faith.
- D. For purposes of this Agreement "Loss" means damages, claims, liabilities, losses, awards, judgments, penalties, interest, costs and expenses, including reasonable legal fees. For the avoidance of doubt, multiple claims arising out of or based upon the same act, error or omission, or series of continuous, interrelated or repeated acts, errors or omissions shall be considered a single Loss.
- E. In the event that Section 7C(ii) applies and that you, as a delegatee, are engaging us on behalf of a pension committee subject to Quebec law, you will indemnify and save us harmless against any Loss that exceeds the limit specified in Section 7B.

8. Unforeseen Events.

Neither party shall be liable for delays or failures in performance of obligations under this Agreement, other than failure to make payments hereunder when due, resulting from events beyond its reasonable control, including without limitation "acts of God," fire, flood, riots, new laws which prevent the carrying out of the Services, the results of terrorist activity, failures of third party suppliers, and electronic and other power failures.

9. Duration and Termination of this Agreement.

This Agreement will continue until terminated as provided in this Section, except as provided otherwise in a PIF. This Agreement and any PIF may be terminated (i) by either party upon ninety (90) days' prior written notice to the other party, (ii) by either party upon material breach by the other party, which breach is not cured within thirty

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(30) days after receipt of written notice thereof, or (iii) immediately by us for non-payment of invoices by you as provided under Section 1. After the termination of this Agreement, Sections 3, 4, 5, 6, 7, 9 and 10 will survive in full force and effect. Any termination of this Agreement shall not relieve you or your Affiliates of their obligations to pay for Services rendered and expenses incurred by us or our Affiliates up to and including the effective date of such termination, and such termination may require you to pay termination fees to the extent provided in a PIF. Notwithstanding the foregoing, to the extent that the parties agree that Mercer shall continue to provide Services after the effective date of termination of this Agreement or any PIF, the terms and conditions of this Agreement and the applicable PIF shall survive until such Services are completed or the parties agree that the Services shall no longer be provided.

10. Additional Terms.

- A. Service-Specific Terms. The Service-Specific Terms set forth in Schedule A hereto shall apply to the extent applicable to the Services specified in a PIF and shall be deemed to be incorporated by reference into such PIF.
- B. Notices. Any notice that is to be given by one party to the other under this Agreement will be given in writing and delivered to Chris Howe, 222 3rd Avenue SW, Suite 1200 Calgary, AB T2P 0B4, fax No. 403 261 6938, christopher.howe@mercer.com if to Mercer, or Mr. Michael J. Roberts, Hydro Place, 500 Columbus Drive, St John's Newfoundland A1B 0C9 if to Client, or any other address specified by notice subsequently by one party to the other. A notice will be effective upon receipt.
- C. No Third Party Beneficiaries. Neither this Agreement nor the provision of the Services is intended to confer any right or benefit on any third party, other than the Affiliates of each party that execute a PIF, and, in such event, solely as set forth in such PIF and this Agreement.
- D. No Publicity. You agree not to refer to us or attribute any information to us in the press, for advertising or promotional purposes, or for the purpose of informing or influencing any other party, including the investment community, without our prior written consent. We agree not to refer to you in the press or for promotional purposes without your prior written consent, provided that we may include your

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name in our representative client listing and as provided in Section 3C.

- E. Waiver. The failure by either party to insist upon strict performance of any provision of this Agreement shall in no way constitute a waiver of rights under this Agreement, at law or in equity.
- F. Warranties of Mercer. Except as expressly set forth in this Agreement, we expressly disclaim any warranty, express or implied, including but not limited to any implied warranty of merchantability and fitness for a particular purpose.
- G. Entire Agreement, Amendment, Assignment, Subcontracting. This Agreement (including any PIF and the Services-Specific Terms as set forth in Schedule A, as applicable to certain Services and any schedules or exhibits attached hereunder) sets forth the entire agreement between the parties relating to its subject matter and supersedes and replaces any existing agreement or undertaking, both written and oral, between the parties relating thereto. Except with respect to a change in address for notices, this Agreement shall not be amended except by a written document executed by both of us. In the event of any inconsistency between the terms of a PIF and those in the Agreement, the provisions contained in this Agreement shall prevail unless the PIF specifically amends a term contained herein. Neither of us may assign this Agreement without the prior written consent of the other, except that we may assign this Agreement to an Affiliate with reasonable prior written notice to you. We may subcontract with any of our Affiliates upon reasonable prior written notice to you, and we may subcontract with third parties with your prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.
- H. Governing Law and Jurisdiction. Unless otherwise provided in a PIF, this Agreement and all PIFs issued hereunder will be governed by, and interpreted in accordance with, the law of the Province of Ontario and will be subject to the exclusive jurisdiction of the courts located in the Province of Ontario.
- I. Severability. If any provision of this Agreement (or any portion thereof) is determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected by such determination and shall remain binding upon the parties.

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- J. Advice on Legal Matters. We are not engaged in the practice of law and the Services provided hereunder, which may include commenting on legal issues or drafting documents which could constitute legal advice, do not constitute and are not a substitute, for legal advice. Accordingly, we recommend that you secure the advice of competent legal counsel with respect to any legal matters related to the Services or otherwise.
- K. Counterparts. This Agreement may be executed and delivered (including by facsimile or a scanned PDF version) in one or more counterparts, each of which when executed shall be deemed an original, but all of which taken together shall constitute one and the same agreement.
- L. Language. The parties acknowledge that they have required this Agreement to be written in English. Les parties aux présentes reconnaissent qu'elles ont exigé que la présente soit rédigée en anglais.

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If you have any questions about these terms and conditions, please do not hesitate to call me. If not, please indicate your agreement to the terms of this Agreement by signing the enclosed copy of this Agreement and PIF, if applicable, and returning it to us.

MERCER (CANADA) LIMITED

solely in connection with the Services it provides pursuant to a PIF



By: _____

Name: _____ Christopher Howe
(Please Print)

Date: _____ February 24, 2011

Title: _____ Principal

ACCEPTED AND AGREED NALCOR ENERGY

By: _____

Name: _____ Michael J. Roberts
(Please Print)

Date: _____ Feb 25, 2011

Title: _____ Manager Human Resources

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SCHEDULE A

SERVICES-SPECIFIC ADDITIONAL TERMS

THE FOLLOWING ADDITIONAL TERMS SHALL APPLY TO THE EXTENT APPLICABLE TO THE SERVICES PROVIDED:

FOR RETIREMENT SERVICES:

1. You expressly acknowledge that, with respect to the provision of the Services, we are not, nor are any of our Affiliates or subcontractors, an "administrator", an "agent" of the "administrator" or a "fiduciary" within the meaning under applicable law, unless provided otherwise herein or required by applicable law.

FOR HEALTH & BENEFITS SERVICES:

1. We do not act on behalf of any insurer or other service provider, are not bound to utilize any particular insurer or service provider, and do not have the authority to make binding commitments on behalf of any insurer or service provider. In addition, we do not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to you. We are not responsible for the solvency or ability to pay claims of any insurance carrier or for the solvency or ability of any service provider to provide service. Insurance carriers or service providers with which your other risk or insurance coverage or other business is placed will be deemed acceptable to you, in the absence of contrary instructions from you.
2. You understand that the failure to provide, or cause to provide, complete, accurate, up-to-date, and timely documentation and information to us, an insurer, or other service provider, whether intentional or by error, could result in an impairment or voiding of coverage or service. You agree to review all policies, endorsements and program agreements delivered to you by us and will advise us of anything which you believe is not in accordance with the negotiated coverage and terms within thirty (30) days following receipt.
3. You expressly acknowledge that, with respect to the provision of the Services, we are not, nor are any of our Affiliates or subcontractors, an "administrator" or a "fiduciary" within the meaning under applicable law, unless provided otherwise herein or required by applicable law.

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FOR INVESTMENT CONSULTING SERVICES:

1. You will retain all decision-making authority with respect to the management and administration of your plan(s), including appointment and termination of investment managers and final decisions regarding investment policy. Our responsibility does not include discretionary control of any plan or the assets contained therein. We shall have no responsibility for the actions or advice of any other investment advisors or service providers to you or your plan(s).
2. We believe that our ability to provide objective recommendations to our clients is paramount to our business success; therefore, if you are an investment management firm or an affiliated person of an investment management firm, your decision to retain us to provide the Services will not be taken into consideration by our manager research teams or consultants in the ratings, reviews, or recommendations we provide to our clients.

FOR MERGER AND ACQUISITION SERVICES:

1. We reserve the right to provide services to other parties or their affiliates who may be involved in this transaction. In the past we may have provided services to such other parties or their affiliates, and currently may be providing and in the future may provide services to such other parties or their affiliates for which we have received, are receiving or would expect to receive compensation. In addition, we undertake no obligation to notify any party or its affiliates involved in the transaction subject to the applicable PIF, that it has, is or will provide services to other parties or their affiliates in connection with such transaction or otherwise, except to the extent required by law. If we are engaged to provide services to two or more parties in connection with this transaction, we will take appropriate measures, including using separate teams ("Team" or "Teams"), to preserve the confidentiality of each client's Confidential Information. In the event that the Team advising you has knowledge of another party to the transaction based upon prior work or becomes aware of information relating to the transaction (such as the identity of another potential bidder), the Team will be under no obligation to disclose such information to you. Each Team working for a party in this transaction will provide its advice and services based upon the Team's own professional judgment; differences in advice or calculations provided by different Teams shall not be evidence of an error.
2. You will indemnify us and our Affiliates and our directors, officers, stockholders and employees and those of our Affiliates (collectively, "Indemnified Persons") from and against all claims, liabilities, losses, damages, costs and expenses as incurred (including reasonable legal fees and costs) and pay our standard rates for professional

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time spent (including for preparing, defending or giving testimony or furnishing documents) in connection with actual or threatened actions, proceedings or investigations by any person or entity other than you whether or not we are a party (collectively "Losses"), relating to the Services or any matter relating to the Services. However, you will not be liable under this indemnity to an Indemnified Person to the extent any Losses sustained by such Indemnified Person are finally determined to have resulted primarily from the gross negligence, or conduct in bad faith of such Indemnified Person.

3. The following provision shall replace Section 7A of the Agreement:
 - A. Except in the event that a Loss (as defined below) sustained by you is finally determined to have resulted directly from our gross negligence, fraud, or conduct in bad faith or that of any of our officers, directors or employees or our Affiliates ("Mercer Party"), neither we nor any Mercer Party shall be liable to you in connection with this Agreement or the Services or the actions or omissions of any third party (other than Mercer's subcontractors, if any).

FOR EXECUTIVE REMUNERATION SERVICES - (OTHER THAN ENGAGEMENTS WITH THE BOARD OF DIRECTORS OR ONE OF ITS COMMITTEES):

1. We have adopted Global Business Standards for executive remuneration assignments, a copy of which will be provided upon request. To the extent that the scope of the executive remuneration Services provided by us encompasses matters under the direct responsibility of your board of directors or a committee of the board of directors, any findings or recommendations can be attributed to us by you only if a Mercer consultant attends the presentation of the recommendations to the board of directors or committee thereof and is available to respond to questions.
2. To the extent you disclose any information in a governmental or regulatory filing about us relating to our provision of advice and counsel regarding the Services or executive remuneration matters, including in order to satisfy any legal requirements to disclose our identity, the particulars of the mandate for which we have been retained, or any other work that we performed for you, you agree that our identification and any description of our mandate or our work for you will be subject to our prior review and you shall ensure that our reasonably requested modifications are made to such identification and/or description.

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3. You will indemnify Mercer and its Affiliates and our directors, officers, stockholders and employees (collectively, "Indemnified Persons") from and against all Losses and to pay Mercer's standard rates for professional time spent (including for preparing, defending or giving testimony or furnishing documents) in connection with actual or threatened actions, proceedings or investigations by any party other than you, whether or not Mercer is a party, relating to the Services or any matter relating to the Services. However, you will not be liable under this indemnity to an Indemnified Person to the extent any Losses sustained by such Indemnified Person are finally determined to have resulted primarily from the negligence or conduct in bad faith of such Indemnified Person.
4. Mercer (and its Affiliates) may provide advice or other services or products to the Board of Directors of the Company or a committee thereof or to other clients in the same business section as the Company, which could potentially lead to a conflict of interest.

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MUTUAL NON-DISCLOSURE AGREEMENT

This Agreement is made as of the 8th day of December, 2010 by and between Nalcor Energy ("Nalcor") and Mercer (Canada) Limited ("Mercer"). Nalcor and Mercer hereby agree as follows:

1. In connection with certain discussions between Nalcor and Mercer concerning certain compensation consulting services Mercer will provide to Nalcor (the "Project"), Nalcor may disclose certain business, financial and technical information to Mercer that Nalcor considers confidential and/or proprietary, and Mercer may disclose certain business, financial and technical information to Nalcor that Mercer considers confidential and/or proprietary. (All such information shall be referred to herein as the "Confidential Information".)
2. If the Confidential Information is provided in a tangible form, the disclosing party shall clearly mark the information as confidential by applying the following inscription:

"Confidential Information"

If the Confidential Information is provided orally, the disclosing party shall clearly identify it as being confidential at the time it is disclosed to the receiving party.

3. With respect to Confidential Information provided under this Agreement, the receiving party shall:
 - a. restrict disclosure of the Confidential Information solely to employees, representatives, agents and affiliates of the receiving party with a need to know;
 - b. advise those employees receiving the Confidential Information of the obligation for protecting the Confidential Information hereunder;
 - c. require representatives, agents and affiliates receiving the Confidential Information to enter into a Non-Disclosure Agreement, in form substantially similar to this Agreement, in relation to the Confidential Information;
 - d. use, and require those employees receiving the Confidential Information to use, the same degree of care with the Confidential Information, as is used with the receiving party's proprietary or confidential information;
 - e. not reverse engineer, disassemble, decompile or copy the Confidential Information except as permitted hereunder; and
 - f. not use for its own use or benefit or for the benefit of another, any and all of the Confidential Information furnished hereunder or hereafter by the disclosing party or, developed by the disclosing party during the term of this Agreement, except to the extent necessary for (i) negotiations, discussions and consultations with personnel or authorized representatives of the receiving party or the disclosing

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party with respect to the Project, (ii) preparing bids, estimates and proposals for submission to the disclosing party with respect to the Project, (iii) providing Services in connection with the Project, or (iv) any purpose the disclosing party may hereunder authorize in writing.

4. Notwithstanding anything to the contrary herein, the receiving party shall have no obligation to preserve the confidential nature of any Confidential Information which:
 - a. was previously known to the receiving party; or
 - b. is disclosed to third parties by the disclosing party without restriction; or
 - c. is or becomes available to any member of the public by other than unauthorized disclosure; or
 - d. was or is independently developed by the receiving party; or
 - e. is by Agreement of the disclosing party released for disclosure by a third party.
5. Disclosure of such Confidential Information shall not be precluded if disclosure is required by law, including, without limitation, pursuant to the terms of a subpoena or other similar process or in connection with a litigation, arbitration or other proceeding; provided, however, that the party required to make the disclosure shall give prior timely notice to the other party to enable the other party to challenge any such legal process.
6. Upon termination of the Project by either party, each party shall, at the request of the other party, promptly return to the other party all of the Confidential Information (and all copies or duplicates of the same) furnished to it. Notwithstanding the foregoing, the receiving party shall be entitled to retain, for archival purposes only, one copy of Confidential Information relied upon in producing any work product associated with the Project, provided that such Confidential Information shall continue to be subject to the terms of this Agreement.
7. Nothing contained in this Agreement shall be deemed to grant the receiving party any license under any of the disclosing party's rights or under any of the disclosing party's patents or patent applications now or hereafter issued or filed.
8. This Agreement shall benefit and be binding upon the parties hereto and their respective successors and assigns.
9. This Agreement shall become effective from the date hereof and shall continue for two (2) years unless terminated earlier in writing by either party. All obligations to protect the confidentiality of the Confidential Information shall survive the termination of this Agreement.

MERCER

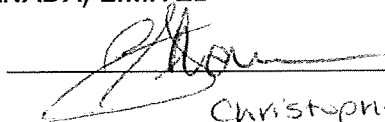
10. This Agreement shall be construed in accordance with the laws of the Province of Newfoundland and the laws of Canada applicable therein, without reference to choice of law principles.
11. This Agreement may be executed in counterparts, each of which shall be an original and all of which together shall be deemed one and the same document.
12. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto through their authorized officers have executed this Agreement as of the day and year first written above.

MERCER (CANADA) LIMITED

By:

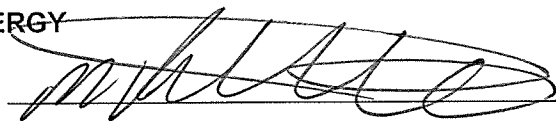
Name:
Title


Christopher Howe
Principal

NALCOR ENERGY

By:

Name:
Title:


MICHAEL ROBERTS
MANAGER, HUMAN RESOURCES