

STATEMENT OF EDMUND MARTIN

MAY 30, 2016

The purpose of this statement is to provide information that does not appear to be reflected or understood in much of the public discourse to date.

In August 2005, I left a senior role at a large, publicly traded oil company to assume the role of President and CEO of Newfoundland and Labrador Hydro, with a clearly defined mandate to expand the company into a broader energy corporation for the long term benefit of the people of the Province, including not only power generation but also oil and gas, and I was directed to expand Hydro's (and subsequently Nalcor Energy's) horizons both strategically and geographically.

Since that time, I have dedicated over 10 years of my life to building Nalcor Energy into a company that will provide significant, long term benefits to future generations of Newfoundlanders and Labradoreans. In essence, the company will be Newfoundland and Labrador's "heritage fund", poised to return in excess of \$500 million per year for decades to come based only on the current suite of assets held by the company, and employing hundreds and hundreds of highly qualified, experienced and confident young Newfoundlanders and Labradoreans, trained to deal with and compete on an equivalent basis with the largest companies in the world as they continue to develop the provinces additional massive opportunities, still untapped, in hydroelectric and oil and gas.

In July 2005, when I joined the company, I signed an Executive Employment Contract with the company outlining the details of my compensation and terms of employment, including termination provisions, as is standard practice for senior roles of this nature. This contract was renewed in 2009 based on the structure of the 2005 Executive Employment Agreement.

I met with the Premier, his Chief of Staff, and the Minister of Natural Resources on April 17. I felt I had been effectively undermined and prevented from fulfilling my role (i.e. "constructive dismissal") following the comments made about Nalcor Management during the budget presentation and subsequent related public commentary, and/or lack thereof, from the Premier and Minister. In a professional effort to address the expressed lack of confidence in Nalcor Management, I suggested these two options:

- (a) Staying on to finish Muskrat Falls and continue to advance the company, provided the constructive dismissal issues were reasonably mitigated (my preferred option), or,
- (b) Leaving with my contractual severance being paid out to me,

I suggested they think about it for a couple of days, and offered to be available to discuss how we could best move forward. Minister Coady had requested and received a copy of my Employment Contract several weeks prior.

I met again with the Premier, his Chief of Staff and the Minister of Natural Resources on April 19, at which time the Premier indicated that the government felt that option (b) was the way to proceed. Following additional dialogue to ensure the implications of such a path were understood, and reiterating my offer to stay on provided the constructive dismissal issues were reasonably mitigated, I choose to accept the government's decision and depart gracefully by stepping down.

I was informed that the Board of Directors had invoked one of the clauses in the termination provisions in my Executive Employment Contract to give effect to Government's decision, and, had accepted the fact that my ability to effectively fulfill my mandate had been seriously undermined by the actions of the only shareholder of Nalcor Energy.

The Province and the company are accomplishing great undertakings - bigger than any one person - so I made an effort to exit with a minimum of disruption and rhetoric not only for my family, myself and Nalcor, but for the Government, as well as to avoid the very events that have occurred and are occurring which create a disincentive to others to enter important public roles.

I still think this was the preferred approach; however, I cannot stand by, from a values perspective, and allow the lack of clarity to impact the integrity of board members who are experienced professionals that have dedicated years and years to building a future for the next generations of young Newfoundlanders and Labradoreans. This is a bigger issue as it touches right and wrong. This I cannot abide.

Today, I wrote to Auditor General Terry Paddon, CPA, CA to express my commitment to make available all information related to discussions held in recent weeks as relates to my departure from Nalcor. It is important to me that there is full disclosure.