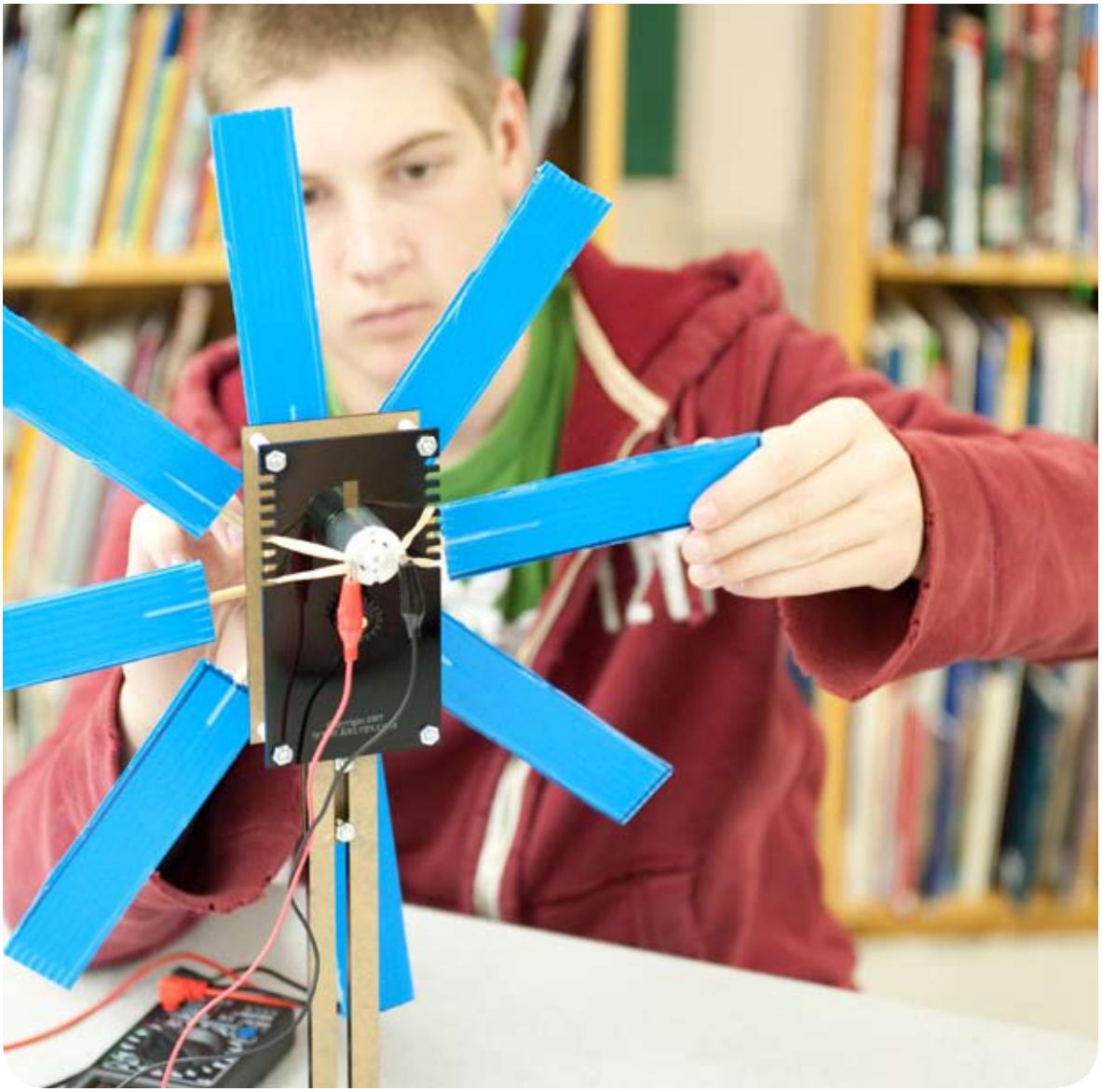


YEAR END RESULTS AND BOARD ASSESSMENT

for the 2008/09 fiscal year

Énergie NB Power

2

introduction

In July 2008, NB Power's Board of Directors established 10 key performance indicators (KPIs). The Board announced that NB Power would release public reports on its progress on a quarterly basis.

The Board established these KPIs to measure the long-term performance of NB Power.

These quarterly reports were intended to keep New Brunswickers informed about the progress that NB Power is making, as well as the challenges it faces in diverse areas of business. The Board's intention was to make NB Power more accountable and visible by increasing the amount of timely, genuine communication available to customers. For the past year, the NB Power management team has released these quarterly reports.

This report is the next step and provides the Board's evaluation of NB Power's performance for 2008/09 in the 10 key business areas. It outlines activities relating to each KPI over the fiscal year and provides commentary and an overall assessment from the Board.

On the cover:

A student at Keswick Ridge School builds a model wind turbine as part of NB Power's participation in the FACES program.

Farmland near Magnetic Hill.

Safety is a top priority on every NB Power job site.

KEY NB POWER MILESTONES FOR 2008/09

3

This has been an exciting year for NB Power. In addition to modest financial successes in past fiscal year, the first stage of the Point Lepreau Generating Station (PLGS) Refurbishment Project was completed on time and on budget and the Station was handed over to Atomic Energy of Canada Limited (AECL) for stage two of the project.

A number of positive milestones were accomplished in the 2008/09 fiscal year, including:

- becoming the first full-service utility in Canada to reach 12 consecutive months without a lost time accident
- receiving the 2008 Canada Awards for Excellence (CAE) Silver recognition for Healthy Workplace® from the National Quality Institute
- maintaining generation and transmission reliability during the refurbishment outage
- successfully restoring the Grand Falls Generating Station following major damage from flooding in spring 2008
- connecting the Kent Hills Wind Farm, which is New Brunswick's first wind project and the largest wind farm in Atlantic Canada
- achieving reduced fuel costs of 20 to 30 per cent in the test unit at Coleson Cove Generating Station through the use of pet coke

Employees and contractors celebrate bringing the Grand Falls Generating Station back to service six weeks ahead of schedule.

One of NB Power's 18 hybrid vehicles.

key performance indicators

Each of the Board's key performance indicators outlined below is followed by a brief summary of NB Power's activities in 2008/09.

Board KPI 1

Limiting rate increases

Although fuel costs are rising, management will limit rate increases to three per cent each year over the next three fiscal years: 2008/09, 2009/10 and 2010/11.

Overview of 2008/09 activities

The NB Power rate increase for 2008/09 was limited to three per cent, significantly lower than rate increases in most neighbouring jurisdictions.

NB Power's residential rates compare very favourably with those of neighbouring utilities in Canada and the US. In fact, NB Power customers continue to see rates that remain the lowest in the Maritimes and Northeastern US.

The three percent rate increase was based on a budgeted net earnings target of $69 million for 2008/09. Actual net earnings for the fiscal year were $70 million.

In achieving the net earnings result, management faced a number of significant financial challenges including:

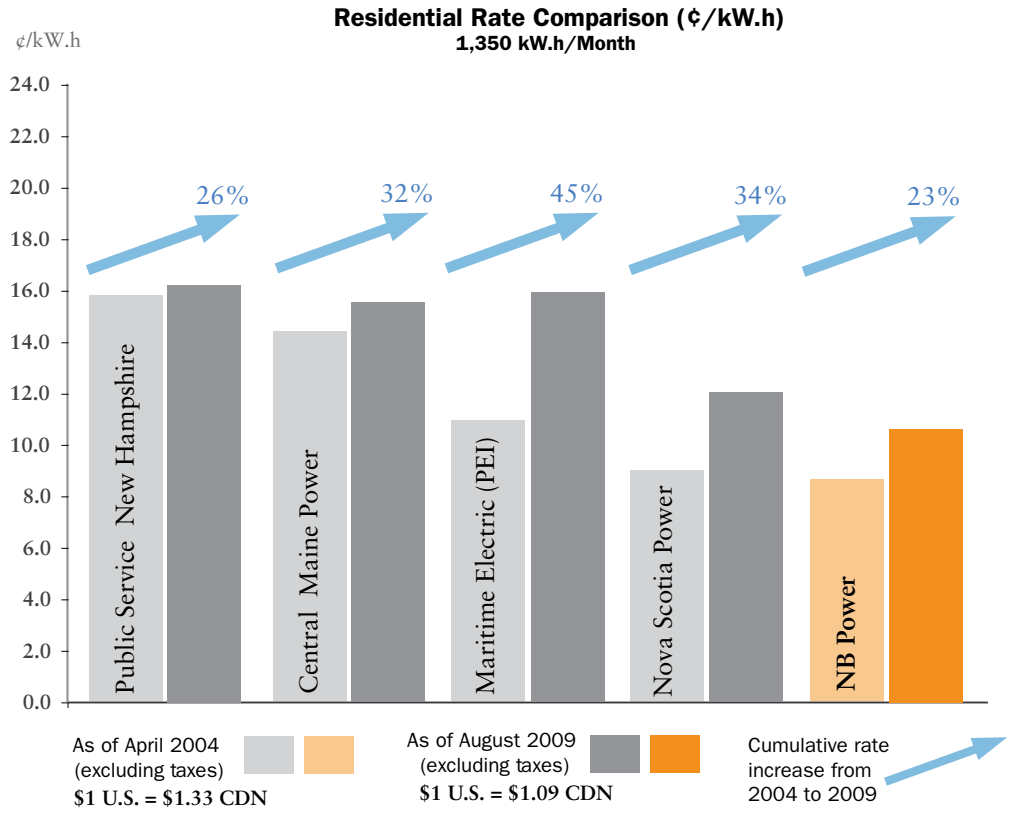
- reduced revenue from loss of industrial load, particularly in the pulp and paper sector
- a serious steam pipe rupture at Belledune Generating Station took the plant offline for several months
- flood damage at the Grand Falls Generating Station which reduced hydro capacity for five months

Positive financial developments included

- hydro flows 17 per cent higher than the long term average (despite the temporary loss of Grand Falls Generating Station). When hydro flows are higher than expected, NB Power is able to avoid producing higher-cost thermal-fuel based energy.
- continued success in constantly scanning the energy markets for opportunities to either buy cheaper energy or sell surplus energy
- lower interest rates on NB Power's debt because of market conditions
- continued focus by management on cost containment and innovation to reduce costs, particularly in fuel and purchased power

At NB Power, fuel prices are locked in for fuel that is forecast to be required in 18 months. By doing this, costs can be predicted 18 months in advance. Although there is no control over world fuel market prices, this forward purchasing offers some control over when these costs impact NB Power's expenses.

Utility	Rate increases during 2008/09 (%)	Effective date(s)
NB Power	3	April 2008
Nova Scotia Power	9.3	January 2009
Maritime Electric	11.8	April 2008
Public Service New Hampshire	11	July 2008 and January 2009
Central Maine Power	-6.7	July 2008 and March 2009



5

When fuel is purchased in an unplanned situation, as in the unforeseen outages at the Grand Falls and Belledune Generating Stations in 2008/09, the impact of current fuel prices are felt immediately. For the most part, however, the current price of fuel will not impact NB Power's costs until 18 months later. This provides NB power with time to find solutions to help offset the impact of rising market prices.

Despite fluctuations in fuel prices, NB Power remains committed to limiting rate increases to three per cent each year over the next two fiscal years: 2009/10 and 2010/11.

Board Assessment

Keeping rates as low as possible while covering costs is the ultimate test of NB Power's performance. The gap between NB Power's rates and those of neighbouring utilities is evidence of NB Power's success in providing New Brunswickers with the lowest possible rates.

Board KPI 2

Reducing electricity consumption

NB Power, working with Efficiency NB, will help our customers get more for their electricity dollar by helping them maximize ways to conserve electricity.

Overview of 2008/09 activities

NB Power is active in New Brunswick communities and local schools, helping to educate customers and students about the importance of conserving electricity.

In late 2008, NB Power partnered with the Provincial Capital Commission's "Lights Across the Province" initiative to provide energy-efficient holiday LED lights to 50 communities in New Brunswick. This was the first year in the two-year project that provides lights for use on municipal Christmas trees and other holiday decorations. The estimated greenhouse gas emission savings for the project was approximately 19 tonnes, or the about the weight of 12 cars.

A musician and students participating in the "Learning Through the Arts" pilot program.

In January 2009, NB Power added the Home Energy Centre, an online energy management tool, to www.nbpower.com. The tool is a part of the new customer self-serve website that helps customers to learn more about their energy consumption, save money on their bills and access their NB Power accounts online.

This past spring, NB Power participated in a series of New Brunswick home shows in communities around the province. This provided customers with an opportunity to ask questions about reducing their consumption and how to lower their bills.

NB Power partnered with Efficiency NB and Natural Resources Canada to hold several "Dollars to $ense – Spot the Energy Savings" municipal workshops to teach communities how to conserve electricity and lower their bills.

There have been continued efforts to inform customers about net metering, which allows customers to generate their own electricity using sources including solar and wind to offset their electricity consumption. This information appeared in advertisements in New Brunswick newspapers and on www.nbpower.com.

In order to affect the next generation of customers, NB Power is focusing conservation education efforts in New Brunswick classrooms.

These initiatives include:

- sponsoring the "Learning Through the Arts" (LTTA) pilot program, which sees local artists teaching grade four and five students about conservation through various forms of artistic expression
- creating the first annual NB Power Earth Day Conservation Education Challenge, which saw grade six classes across the province submitting proposals on how their class could conserve electricity
- partnering on the Conservation Education Outreach pilot with Science East in local schools
- developing a pilot project with District 10 to develop an independent study class for students to research their school's energy consumption and reduce usage by 10 per cent

Board Assessment

We believe that NB Power is taking the right approach in educating its customers, employees and communities about the importance of energy conservation. The initiatives completed in 2008/09 demonstrate innovation and a long-term approach to changing the way New Brunswickers think about their electricity use.

Board KPI 3

Delivering electricity reliably and efficiently

The reliable and efficient delivery of electricity is fundamental to our service to New Brunswickers. To ensure the reliability of your electric power we will set and report on service targets for Fiscal 2008/09.

Overview of 2008/09 activities

NB Power has a well-established reputation of working to get its customers back online as quickly and safely as possible. There are many reasons for power interruptions, including scheduled outages for the purpose of construction and preventative maintenance, contacts with trees or tree limbs and lightning and adverse weather events.

In the second and third quarters of 2008/09, NB Power crews responded to several significant outages caused by severe winter weather.

NB Power crews were called to neighbouring jurisdictions several times to help with power restoration as well. Over the holidays, dedicated crews gave up time with their families and friends to respond to outages at home and in Nova Scotia and Maine. The major outage in Nova Scotia lasted for days and several crews spent Christmas

Eve, Christmas Day and Boxing Day working to get Nova Scotia customers back online so that they could enjoy their holidays.

Through its participation in the Canadian Electricity Association (CEA), NB Power benchmarks its reliability performance against other Canadian utilities. Through participation in industry groups such as the CEA, NB Power is able to remain current with industry best practices, understand industry trends and share experiences of other utilities with respect to reliability.

The CEA benchmark data indicates that NB Power favourably when it comes to reliability. The average number of interruptions for NB Power customers in 2008/09 was 2.6, and the average number of hours that an NB Power customer was without power in 2008/09 was 5.2. NB Power continually works toward maintaining and improving its reliability.

NB Power has 20,284 kilometres of distribution lines and 6,703 kilometres of transmission lines.

The high level of reliability that NB Power customers experience doesn't happen by chance; there are rigorous maintenance programs in place to keep the wires section of NB Power working well, including:

- substation and line maintenance
- padmount transformer inspections
- vegetation management around distribution and transmission lines,
- streetlight maintenance
- thermal vision line inspection (using heat sensor technology to identify issues before an outage occurs)
- air and ground patrols
- pole replacement programs
- switch maintenance and breaker and transformer overhauls

NB Power's generating system must also maintain a high level of reliability in order to keep the lights on in New Brunswick homes and businesses. NB Power operates 16 generating stations powered by hydro, coal, oil, nuclear and diesel, making its fleet one of the most diverse in North America.

Employees work through all conditions to keep the lights on for New Brunswickers.

NB Power has programs in place to indentify issues and take corrective action in a timely manner. Periodic equipment inspections and system reviews, coupled with long-term maintenance plans for major station components such as generators and turbines, has resulted in station reliability that is better than industry benchmarks. NB Power recently implemented a new computerized maintenance management system. This technology improves NB Power's ability to focus on predictive and preventative maintenance and reduce time spent on reactive maintenance.

NB Power uses station availability as a measure of generating unit performance in relation to other North American utilities. When compared to data reported by the North American Electric Reliability Council (NERC), the station availability of NB Power's thermal and hydro stations was 4.8 per cent and 3.7 per cent higher than NERC comparators.

NB Power's wires and conventional generating divisions spend approximately $70 million (25 per cent of their annual operating costs excluding fuel) on maintenance. An additional $34 million is invested each year in improvements to the system to ensure long-term reliability.

Board Assessment

NB Power consistently continues to perform well in terms of reliability; whether it is the reliability of the generating stations producing the electricity or the transmission and distribution lines bringing the energy into New Brunswick homes and businesses. Employees' dedication to keeping the lights on in this province is exceptional and it is evident that much planning and preventative work goes into producing these results.

8

Board KPI 4

Reducing CO_2 emissions

With the real possibility of a carbon tax and carbon credits becoming part of the energy market, NB Power will reduce the amount of CO_2 it generates from seven million tons to five million tons by 2012 to protect against a substantial increase in environmental costs.

Overview of 2008/09 activities

Developments in the area of international, national and provincial environmental regulatory frameworks have led to an increased focus on the reduction of greenhouse gases and air pollutants. It appears inevitable that in the near future, there will be direct and substantial financial costs associated with emissions. NB Power continues to monitor these developments and incorporate them into its long-term energy supply planning.

NB Power's completed and proposed wind developments at Kent Hills, Caribou, Lamèque and Aulac are forecast to reduce CO_2 emissions by one million tonnes per year once they are all in operation.

The completion of the Point Lepreau Generating Station Refurbishment Project will have a significant effect on NB Power's environmental footprint. Generating electricity at this Station will translate directly to a reduction of approximately 2 million tonnes of CO_2 per year compared to equivalent thermal generation.

Over the last year, significant effort went into developing NB Power's embedded generation program. The program offers companies and individuals an opportunity to generate electricity using an environmentally sustainable energy source, and connect to NB Power's distribution system. The embedded generator's energy output is not used to offset the customer's existing electricity consumption, as in the net metering program. Instead, NB Power purchases the renewable energy and environmental attributes at a set price under a long-term agreement. Typical embedded generators may include a landfill or a saw mill.

NB Power will continue to monitor developments in environmental regulatory frameworks and work towards reducing its environmental footprint.

Board Assessment

We are confident that NB Power is taking the right approach in reducing its CO_2 emissions. Reducing NB Power's environmental footprint is the right thing to do.

A wind turbine at the Kent Hills Wind Farm in Albert County.

Board KPI 5

Maximizing "Made-in-New Brunswick" energy options

Also looking to the future, it is important that NB Power maximize its "Made-in-New Brunswick" energy options to guard against fluctuations in global energy prices. The first step will be to have NB Power integrate a minimum of 300 MW of wind energy into its grid by 2010.

Overview of 2008/09 activities

NB Power made huge strides in expanding its renewable energy portfolio this year by progressing on a number of wind projects.

New Brunswick's first wind project, the 96 megawatt Kent Hills Wind Farm, started commercial operation in December 2008. With 32 giant wind turbines, it is the largest wind farm in Atlantic Canada. The wind farm is expected to generate about 275,000 MWh of clean, renewable energy annually. That is enough to power more than 17,250 homes every year and reduce carbon emissions by 192,500 tonnes annually.

The wind project developments at Caribou Mountain, Aulac and Lamèque are progressing.

The 99 megawatt Caribou Mountain development includes two facilities with a total of 33 wind turbines. The project is expected to begin commercial operation in the 2009/10 fiscal year.

Acciona Wind is developing two wind farms in New Brunswick at Aulac and Lamèque. They have publically acknowledged that they are facing challenges on these projects, however NB Power continus to work with them in order to make the projects successful.

On another "Made-in-New Brunswick" front, NB Power has developed a technology to co-fire petroleum coke, a solid fuel, with liquid heavy fuel oil in its Coleson Cove Generating Station. This innovative technology development will reduce production costs of the converted unit by approximately some 20 to 30 percent. In March 2009, after a full year of accumulating test results, NB Power received approval to use the technology development from the New Brunswick Department of the Environment. Test burn results showed no significant change in Sulphur Dioxide (SO_2), Nitrous Oxides (NO_x) or

Employees with pulverized petroleum coke at the Coleson Cove Generating Station.

Particulate Matter emissions; through the use of existing environmental technology at the facility all environmental approval limits were met. As well, there has been no detrimental effect on existing equipment as a result of burning the new fuel blend.

Steps were also taken to burn a lower-cost fuel blend at the Belledune Generating Station, thereby decreasing generation costs for the benefit of rate-payers. Employees continue to seek innovative solutions to fuel cost challenges and this is just another example of the intelligence and skills that go into delivering results for New Brunswickers.

Board Assessment

We are pleased with NB Power's continued focus on "Made-in-New Brunswick" energy options in support of the Provincial Government's self-sufficiency action plan.

10

Board KPI 6

Refurbishing Point Lepreau Generating Station

NB Power has a tradition of industry leadership in providing effective energy solutions. The refurbishment of the Point Lepreau Generating Station is the first of its kind in the world. Being on time and on budget will save New Brunswickers hundreds of millions of dollars. Although AECL is the primary contractor for the project, NB Power will manage the project to ensure that it is delivered on time and on budget.

Overview of 2008/09 activities

The nuclear and energy industries are monitoring NB Power and AECL's performance on the PLGS Refurbishment Project. Refurbishment provides an extremely cost effective alternative to new nuclear construction and an environmentally friendly alternative to conventional thermal generation.

Employees work on scaffolding at the Point Lepreau Generating Station.

PLGS is the first of the world's fleet of CANDU-6 reactors to undergo a refurbishment of this nature. As a first-of-its-kind project, the refurbishment continues to face scheduling challenges. The successful completion of the Refurbishment Project remains NB Power's top priority, working together with AECL.

There are three overall stages of the Refurbishment Project:

Stage 1 – Station Shutdown and Defueling, an NB Power responsibility

The Refurbishment Project started on March 28, 2008; when the Station was shut down to begin Stage 1. During this first stage, NB Power successfully defueled the full reactor core by removing all 4,560 fuel bundles from the 380 channels. This marked a world first in the CANDU-6 industry. Stage 1 was completed on time and on budget.

Stage 2 – Executing the Outage, an AECL responsibility

Stage 2 started on May 30, 2008, when NB Power turned over the fuelling machine vaults to AECL to allow the second phase of the Refurbishment Project to begin. AECL has experienced difficulties with the customized complex tooling required for this work, and as a result, the project was behind schedule at end of the 2008/09 fiscal year.

To address this, NB Power has been working collaboratively with AECL through this stage to minimize impacts on the remaining schedule. Project workers have found innovative ways to complete work activities in parallel to manage

Employees in the radiation protection control area at PLGS.

schedule challenges. NB Power personnel have been seconded to AECL.

Stage 3 – Commissioning and Return to Service, an NB Power responsibility

At present, preparations are underway to ensure NB Power will be ready for the final stage of the Refurbishment Project. Discussions with the Canadian Nuclear Safety Commission, the nuclear regulator, have been ongoing to clarify expectations and processes for completing this important phase of work. This stage will see AECL hand the Station back over to NB Power to begin re-commissioning activities. NB Power's target is to finish commissioning within 90 days of turnover.

Turbine rotor and generator upgrade

Coinciding with the Refurbishment Project, NB Power is upgrading to a more efficient turbine design to increase the output capacity of the plant by some 25 megawatts. The project economics are very favourable for New Brunswick customers, providing additional emission-free energy at a low fixed cost.

Overall, the turbine upgrade has progressed favourably, with one exception. In October 2008, three new low pressure turbines arrived at the Port of Saint John. While loading the barge in preparation for transport to the Station, an incident occurred where two turbine rotors toppled into the water. Fortunately, there were no workers injured. The two recovered turbine rotors were thoroughly examined and tested at the Siemens factory in the United Kingdom. The evaluations were reviewed and accepted by NB Power and an independent consultant. As a result, the decision to move forward with the installation of the recovered turbine rotors was made. They were scheduled to return to the Station in summer 2009, with no impact on the overall project schedule and no negative impact on the project economics.

In May 2008, the main generator rotor was sent to the Siemens factory in United Kingdom for rewinding and final testing. The generator rotor will return to the Station in the summer of 2009.

Safety

At the end of March 2009, NB Power employees reached a milestone of over 3.9 million person-hours at the Station without a lost time accident. This is equivalent to one person working approximately 487,500 eight-hour days. AECL reached 2.2 million person-hours on the project without a lost time accident. This is equivalent

to one person working more than 278,720 eight-hour days. Safety continues to be a top priority for everyone involved.

For ongoing updates on the Refurbishment Project, visit www.poweringthefuture.nbpower.com.

Board Assessment

We continue to express concern over the project schedule and discussions are ongoing between all parties involved. While the project will not meet its scheduled completion date, a refurbished Point Lepreau Generating Station will remain a cornerstone of NB Power's generation mix for decades to come. It protects our customers from volatile swings in other fuel prices.

From an environmental perspective, the Station produces no greenhouse gas emissions and provides the base load energy necessary to support increased use of wind and other renewable sources of energy.

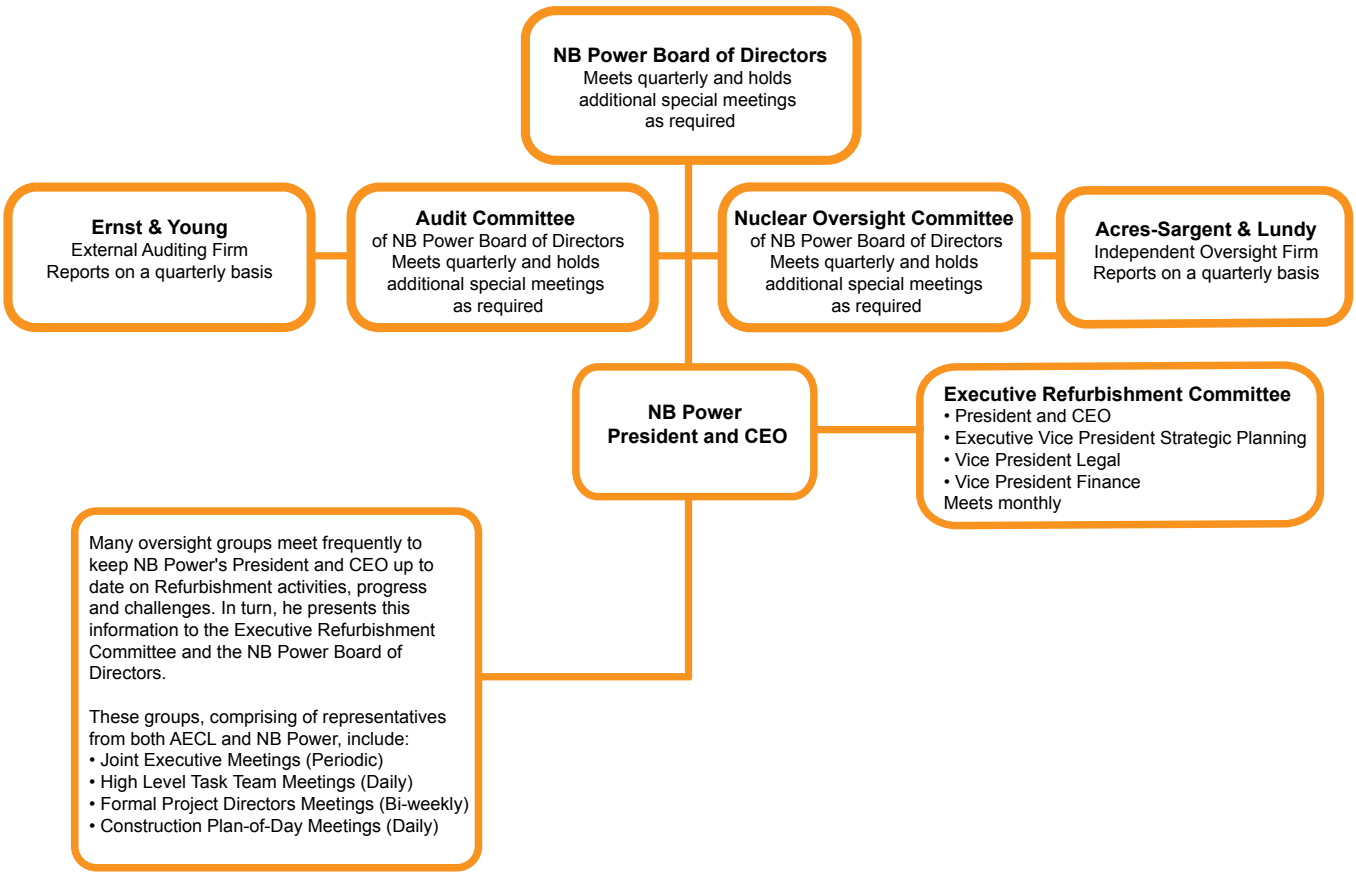
New schedule and cost targets will be established after the inspection period following completion of deconstruction activities.

Construction cost overruns are covered by AECL, not NB Power. While this leaves NB Power with the cost for replacement power during the extended outage period, it will have little impact on rates.

Oversight on this project is extremely important. A number of NB Power and independent groups and committees have been tasked with monitoring various components of the project, including budget adherence, technical performance and risk management.

A new project management team has been established and is working on a revised timetable and schedule for the remainder of the project. The team will present their plan to NB Power, AECL and the Board and we will share this information with the public in the coming months.

Oversight of Refurbishment Project



Board KPI 7

Planning for the future

It is essential that NB Power understands and anticipates its future business climate.

A special Strategic Planning Group will be re-instated with a mandate to source the least cost fuel alternative by, among others, working with neighbouring jurisdictions on transmission, generation, conservation, green energy alternatives and CO_2 reduction alternatives.

Overview of 2008/09 activities

In September 2008, a Strategic Planning Group was re-instated at NB Power. Throughout 2008/09, the team worked on an integrated resource plan for NB Power, and the first draft is expected be available by December 2009.

The Strategic Planning Group provides vital medium and long-term strategic planning for NB Power. Its primary focus is to offer strategies, directions and courses of action to achieve the corporate mission. It accomplishes this by working collaboratively with staff from NB Power, government and other stakeholders to develop those strategies that form the basis for operating plans.

The group is focussed on five key areas of Strategic Planning: Supply-Side Planning, Demand-Side Planning, Business Improvement, Telecommunications Planning and Transmission Planning. The group continues to look into further developments in renewable energy in New Brunswick, including additional hydro and wind projects.

The Board has approved NB Power's decision to proceed with an application for an Environmental Impact Assessment in Grand Falls to explore the possibility of adding additional hydro capacity at the current Grand Falls Generating Station site. This would provide New Brunswickers with an added source of clean and low cost energy. More details about this development will be announced this fall.

Board Assessment

We are pleased with the restoration of a Strategic Planning Group at NB Power and are confident that it will play a vital role in the future of NB Power and the New Brunswick energy hub. This team will continue to investigate long-term strategies and plans to enable NB Power to continue to meet the energy needs of New Brunswickers.

The Mactaquac Generating Station.

Board KPI 8

Contributing to a strong economy

Building a strong economy is important to all New Brunswickers. Management will take an active role, working with business, labour and governments to foster economic opportunities in the Province.

Overview of 2008/09 activities

NB Power has an important role to play in building a strong economy for the province. Working with customers, business and governments, it seeks to foster positive economic opportunities throughout New Brunswick, especially in these tough economic times.

An employee conducts field environmental work on a project site.

Early in the fiscal year, representatives from NB Power joined the Atlantic Bio Energy Forum, a group made up of regional government, industry, federal and regional organizations and post-secondary institutions. The Forum's purpose was to better understand what opportunities may exist in the area of wood-based bio products. The forum's work has been completed and several opportunities were identified. NB Power is supporting a wood torrefaction process.

Wood torrefaction is a thermal process that dries wood products to create a charcoal-like substance that can be burned as fuel in coal-fired boilers. This work supports the struggling forestry industry in the province.

NB Power has been working with Fraser Paper, an integrated paper company pulp and paper facilities in Edmundston, and lumber mills in Plaster Rock and Juniper. NB Power has helped Fraser Paper's efficiency in the use of their steam and electricity generating by amending a contract that will save them millions of dollars annually, at no cost to New Brunswick ratepayers.

Aside from working with large industrial customers, helping residential customers experiencing financial need is also a priority for NB Power.

NB Power is a member of the No Disconnect Policy Liaison Committee, which is comprised of representatives from the Department of Energy, Department of Social Development and New Brunswick Municipal Electric Utilities (represented by Saint John Energy). The committee's role is to assist New Brunswickers in coping with their winter heating bills.

This year, the winter no-disconnection period was extended by one month (to include April) to assist those facing legitimate financial crisis.

NB Power was a corporate sponsor for the Salvation Army's Warm Hearts, Warm Homes, a program designed to assist New Brunswickers with their heating bills in the winter months. In addition to a corporate contribution of $150,000, Management pledged to match employee contributions and donations. Employees donated more than $7,600 through personal donations and fundraising events.

NB Power contributes directly to the provincial economy through its employment and purchases of goods and services and is a major investor in industrial equipment in the province.

Board Assessment

We are pleased with NB Power's progress in the area of economic development. The support that it is providing, both directly and indirectly, has a huge impact on the New Brunswick economy and in local communities as well. NB Power projects continue to promote positive economic spinoffs that improve the lives of New Brunswickers by bringing employment opportunities and contracts to local residents and businesses.

Board KPI 9

Communicating with New Brunswickers

In an effort to better serve our customers and New Brunswick, NB Power will issue quarterly reports detailing the status, opportunities and challenges of the electricity market globally and in New Brunswick. These reports will note NB Power's quarterly progress in achieving its key performance indicators.

Overview of 2008/09 activities

In October 2008, NB Power released the first in a series of public quarterly reports, which summarize activities in 10 key business areas. These reports clearly outline how events, at home and around the world, affect the decisions NB Power makes to meet New Brunswick's electricity needs reliably, safely and efficiently. These reports ensure that NB Power is accountable and transparent about its work.

To date, NB Power has issued four of these reports; in October 2008, November 2008, February 2009 and May 2009. The first quarterly report of 2009/10 will be published in September 2009.

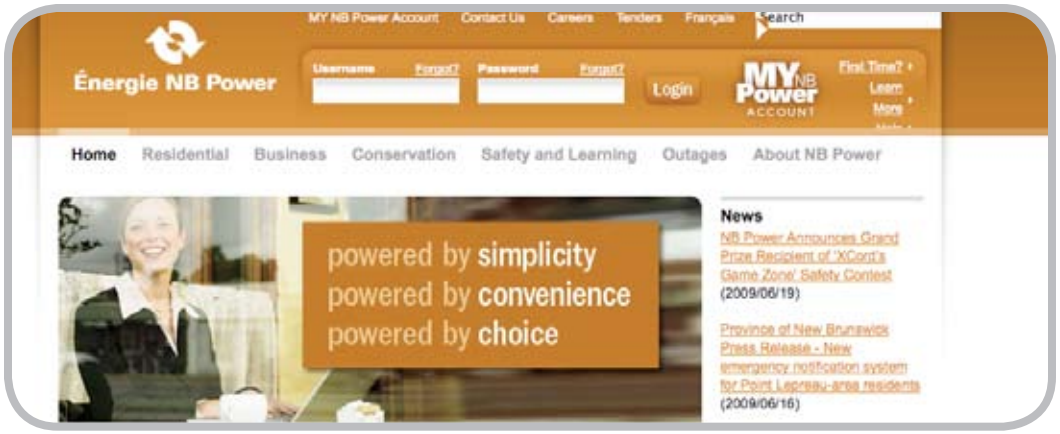
In addition to quarterly reports, management has instituted regular Refurb Reports. These reports provide regular updates on the progress and challenges of the Refurbishment Project and have provided the public with an opportunity for greater insight and understanding of this first of its kind mega project.

This year, NB Power launched a new customer-centric website that offers additional information on topics such as energy conservation, renewable energy and safety. This new website also offers customers self-serve online access to their NB Power accounts, giving customers greater control and convenience.

NB Power also changed its customer satisfaction index to the Customer Experience Index (CEI). The CEI is used to determine what attributes are important to customers and rate performance and satisfaction on these attributes, which include reliability, rates, safety, bill simplicity and social responsibility. The work on the CEI is only the beginning; as customer service initiatives and processes continue to become more customer-centric in order to better meet the needs of New Brunswickers.

Board Assessment

Through the quarterly reports and Refurb Reports issued this past year, NB Power has served New Brunswickers with a degree of openness that has not been seen before. We would like to see a continued focus on transparency and open dialogue with customers in order to help the public better understand NB Power's successes and challenges.



NB Power's new self-serve website, www.nbpower.com.

Board KPI 10

Recruiting and retaining the right leadership

The energy industry is highly competitive and highly skilled. Successful utilities are more dependent on having the right people in the right jobs than they are on "wires". To this end, the Board of Directors will set performance-based incentives for the executive and these will be set to industry standards. Specifically, salaries for the executive will target the mid-range when set against competitors. These salary ranges will neither be the highest, nor the lowest in the industry. The Board has set performance-pay envelopes for senior executives which can reach up to 25 per cent of their salaries. Performance management will ensure the greatest likelihood of success for New Brunswickers.

In light of these difficult economic times, the Board requested that NB Power management suspend the performance-based portion of executive compensation. The Board notes that management agreed to this request.

Board Assessment

We believe that NB Power has benefited from the establishment of the KPIs, which have provided clear goals for management and the foundation for public reporting on performance.

Employees receive all of the necessary training and skills to stay safe on the job.

Overall Board Assessment of 2008/09

Most of the KPIs are seeing excellent results and NB Power is demonstrating good progress in the defined key business areas.

The exception is the Refurbishment Project. We recognize the complexities of this mega-project and are satisfied that NB Power is doing all that it can to bring the project to a successful completion. However, the project is behind schedule and we noted continued concern.

what's next?

The Board has updated the KPIs for the 2009/10 fiscal year in order to provide continued focus on key business areas. The updated KPIs are:

1. Continue to focus safety
2. Limit rate increases and manage financial performance
3. Refurbishment of Point Lepreau Generating Station
4. Deliver reliable electricity
5. Manage costs
6. Optimize asset utilization
7. "People at Their Best"
8. Reduce environmental footprint
9. Contribute to a strong economy
10. Build relationships through communication

A trail at Fundy National Park.

About NB Power

NB Power employs over 2,500 New Brunswickers and consists of a holding company and four operating companies. It operates one of North America's most diverse networks of generating stations consisting of nuclear, hydro, coal, oil and diesel powered stations, with an installed net capacity of 3,959 MW. NB Power has established interconnections with neighbouring provinces and the state of Maine. NB Power is committed to serving its more than 375,000 customers in New Brunswick with safe, reliable and efficient electricity.

Mission

To provide electricity at the lowest possible cost, consistent with safety, reliability and the environment.

Vision

To achieve a level of excellence that will rank NB Power among the best-run utilities and that will contribute to a more vibrant New Brunswick.

We welcome your feedback.

NB Power
www.nbpower.com

corporatecommunications@nbpower.com

Customer service: 1 800 663-6272

Mailing address
515 King Street
P.O. Box 2000
Fredericton, NB E3B 4X1