Q. Did Newfoundland Power have external expertise to assist with the review of salaries and wages from the period 2012 onward? If so, please provide a copy of each such report provided to Newfoundland Power.

A. Newfoundland Power uses Hay Group Limited (the "Hay Group") to provide external expertise to assist with the review of salaries and wages for executive and senior management employees.

Attachment A contains Hay Group's correspondence regarding executive compensation for 2012 to 2015.

Attachment B contains Hay Group's correspondence regarding director compensation for 2012 to 2015.

Newfoundland Power used Towers Watson & Co ("Towers Watson) to assist in a review of managerial compensation during the period.

Attachment C contains the Towers Watson *Reward Review Recommendations*, May 21, 2013.

Attachment D contains the Towers Watson *Salary Range Design Considerations*, February 13, 2014.

Hay Group's Recommendations for
Newfoundland Power's Salary Policy for Executive
2012 to 2015

HayGroup®

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fax +1.416.868.6871

www.haygroup.com/ca

NEWFOUNDLAND POWER
A FORTIS COMPANY

October 14, 2011

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, NL
A1B 3P6

Dear Mr. Ludlow,

Re: Executive Compensation – 2012 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2012 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial market effective May 1, 2011. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2012 market actual salary medians (Column 6) for Newfoundland Power. This is based on 2011 market actual salary data (Column 5) adjusted upwards by 2.9%, based on data collected between July and August 2011, to estimate 2012 market practice.

Table 1 – Estimated Newfoundland Power 2012 Executive Market Actual Salary Medians

Position [1]	Current Evaluation [2]	Estimated 2011 Market Actual Salary Median (in 2010) [3]	Newfoundland Power 2011 Actual Base Salary [4]	2011 Market Actual Salary Median [5]	Estimated 2012 Market Actual Salary Median [6]
President & CEO - E.A. Ludlow	2448	$367,900	$385,000	$363,600	$374,100
VP Customer Operations & Engineering - G. Smith	1708	$251,000	$256,000	$248,700	$255,900
VP Finance & CFO - J. Perry	1560	$230,800	$230,000	$227,900	$234,500
VP Regulatory Affair & General Counsel - P.S. Alteen	1560	$212,000*	$230,000	$227,900	$234,500

*Reflects previous evaluation of 1418

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director
Executive Compensation

cc: Barry Perry, Fortis Inc.

Appendix A – Commercial Industrial Comparator Group (N = 268)

3M Canada Company
A&W Food Services of Canada Inc.
ABB Inc.
ACA Co-operative Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Agfa Healthcare Canada
Agfa Inc.
Air New Zealand
Air Products Canada Ltd.
Aker Chemetics
Akzo Nobel Canada Inc.
Alamos Gold Inc.
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
Allergan Canada Inc.
Aluminerie Alouette Inc.
Amcor Limited
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Arrow Transportation Systems Inc.
Ashland Inc.
Ashland Inc. - Global Chemicals
Ashland Inc. - Performance Materials
Ashland Inc. - Valvoline
Ashland Inc. - Water Technologies
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
Autopro Automation Consultants Ltd.
Janssen Inc.
John Deere Limited Canada
Jubilant Life Sciences Limited - Draximage
Jubilant Life Sciences Limited - Draxis Pharma
Katz Group Canada Ltd.
Kellogg Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Kruger Products
Kuehne + Nagel Ltd.
LANXESS Inc.
LS Travel Retail North America
Labatt Breweries of Canada
Lake Shore Gold Corp.
Lantic Inc.
Lego Systems, Inc.
Lehigh Hanson
Linde Canada Limited
Lotus Bakeries
Lowe's Companies, Inc.
MDA
Mainstream Canada Ltd.
Mark Anthony Group
McCormick Canada Co.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Meridian Lightweight Technologies Inc.
Methanex Corporation
Michelin North America (Canada) Inc.
Minas Basin Pulp & Power Co. Ltd.
Mitsubishi Canada Limited
Montship Inc.
Morneau Sobeco Income Fund
The Mosaic Company

BASF Canada Inc.
BHP Billiton - Ekati Diamond Mines
BHP Billiton Canada Inc.
Babcock & Wilcox Canada Ltd.
BakeMark Ingredients Canada Ltd.
Barkerville Gold Mines Ltd.
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
The Beer Store
Black Cat Blades Ltd.
Blue Mountain Resorts Limited
Boehringer Ingelheim (Canada) Ltd.
Bombardier Transportation Canada Inc.
Brink's Canada Limited
Bristol-Myers Squibb Canada Co.
Britco Structures Inc.
Broan-NuTone Canada Inc.
Bruce Power
Bunge North America
CHEP Canada
CKF Inc.
CNH America, LLC.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Pacific Railway
Canexus Limited
Canfor Pulp Limited Partnership
Canon Canada Inc.
Canpotex Limited
Cargill Limited
Catalyst Paper Corporation
Mustang Survival Corp.
Mylan Pharmaceuticals ULC
NOVA Chemicals Corporation
Navtech Systems Support Inc.
Neopost Canada
Newmont Mining Corporation of Canada Limited
MDS Nordion
North Atlantic Refining
Northern Pulp Nova Scotia Corp.
Nova Scotia Power Inc.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Nycomed Canada Inc.
Oakrun Farm Bakery Ltd.
Omicron
L'Oréal Canada Inc.
P & H MinePro Services
PPG Canada Inc.
PPG Canada Inc. - Fine Chemicals Division
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Phantom Mfg. (Int'l) Ltd.
Pharmascience Inc.
Philips Electronics Ltd.
Pioneer Hi-Bred Limited
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Procter & Gamble Inc.
Puratos Canada Inc.
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto - Fer et Titane Inc.
Rio Tinto Iron Ore
Ritchie Bros. Auctioneers (Canada) Ltd.
Rogers Communications Inc.

Caterpillar of Canada Corporation
Centerra Gold Inc.
Christie Digital Systems Inc.
The Churchill Corporation
Co-op Atlantic
Cognis Canada Corporation
Compass Group Canada
Country Ribbon Inc.
Cytec Canada Inc.
DENSO Manufacturing Canada, Inc.
DSM Nutritional Products Canada Inc.
Daishowa-Marubeni International Ltd.
Danone Canada Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Direct Energy Marketing Ltd.
Dow Chemical Canada Inc.
Dow Corning Canada Inc.
Dr Pepper Snapple Group
Dr. Oelker Ltd.
Dundee Precious Metals
Dyno Nobel Canada Inc.
EFW Radiology
E.I. du Pont Canada Company
EMD Serono Canada Inc.
ERCO Worldwide
EWOS Canada Ltd.
Eli Lilly Canada Inc.
Elkem Métal Canada Inc.
Essar Steel Algoma Inc.
Ferrero Canada Limited Commercial Division
Ferrero Canada Limited Industrial Division
Finning International Inc.
Fisher & Paykel Healthcare Inc.
Forbo Linoleum Inc.
Gates Canada Inc.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO inc.
SMS Equipment Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
sanofi-aventis
Schneider Electric
Sears Canada Inc.
The Shaw Group Limited
Sherritt International Corporation
Shire BioChem inc.
Shiseido (Canada) Inc.
Shoppers Drug Mart Corporation
Shore Gold Inc.
Siegwerk Canada Inc.
Siemens Canada Limited
Silver Standard Resources Inc.
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Sonoco Canada Corporation
Sultran Ltd.
TELUS Communications Inc.
TVI Pacific, Inc.
Tait Electronics Ltd.
Takeda Pharmaceuticals North America, Inc.
Taro Pharmaceuticals Inc.
Tech Data Canada Corporation
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Thales Rail Signalling Solutions
Thompson Creek Metals Company
Thrifty Foods Inc.

General Kinetics Engineering Corporation
Gerdau Ameristeel
GlaxoSmithKline Inc.
Graceway Pharmaceuticals
Graham & Brown
Grand & Toy
Griffith Laboratories Limited
Group SEB Canada Inc.
Henkel Canada Corporation
Hilti (Canada) Ltd.
Hobart Food Equipment Services Canada
Hoffmann-La Roche Ltd.
The Home Depot Canada
Hudson's Bay Company
HumanWare
Hunter Dickinson Inc.
Huntsman Polyurethane
INVISTA (Canada) Company
ITW Construction Products
Ingersoll-Rand Canada Inc.
Innophos Canada Inc.
J. H. Ryder Machinery Limited
TimberWest Forest Corp.
Timminco Limited
Tolko Industries Ltd.
Toromont CAT, A Division of Toromont Industries Ltd.
Trane Canada Co.
Twin Rivers Paper Company
Ultramar Ltée
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vale Inco Limited
Vicwest Income Fund
Viterra Inc.
Votorantim Cement North America
VPL Enterprises Ltd.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Winners Merchants International L.P.
Xstrata Copper Canada
Yara Belle Plaine Inc.
Zellers
Zellstoff Celgar Partnership Limited

HayGroup

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tel +1.416.868.1371
fax +1.416.868.6871

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NEWFOUNDLAND POWER
A FORTIS COMPANY

January 16, 2013

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, NL
A1B 3P6

Dear Mr. Ludlow,

Re: Executive Compensation – 2013 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2013 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial market effective May 1, 2012. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2013 market actual salary medians (Column 7) for Newfoundland Power. This is based on 2012 market actual salary data (Column 6) adjusted upwards by 2.9%, based on data collected between July and August 2012, to estimate 2013 market practice.

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Table 1 – Estimated Newfoundland Power 2013 Executive Market Actual Salary Medians

Position [1]	Incumbent [2]	Current Evaluation [3]	Estimated 2012 Market Actual Salary Median (in 2011) [4]	Newfoundland Power 2012 Actual Base Salary [5]	2012 Market Actual Salary Median [6]	Estimated 2013 Market Actual Salary Median [7]
President & CEO	E.A.Ludlow	2448	$374,100	$400,000	$370,700	$381,500
VP Customer Operations & Engineering	G. Smith	1708	$255,900	$265,000	$254,600	$262,000
VP Finance & CFO	J. Perry	1560	$234,500	$240,000	$234,400	$241,200
VP Regulation & Planning	P.S. Alteen	1560	$234,500	$240,000	$234,400	$241,200

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director, Executive Compensation

cc: Barry Perry, Fortis Inc.

HayGroup

Appendix A – Commercial Industrial Comparator Group
(N = 275)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Inc.
ATCO I-Tek
Abbott Laboratories, Limited
Acuity Brands
Agfa Healthcare Canada
Agfa Inc.
Ainsworth Engineered Canada L. P.
Air Products Canada Ltd.
Akzo Nobel Canada Inc.
Alamos Gold Inc.
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
Aluminerie Alouette Inc.
Amgen Canada Inc.
Amway Canada Corporation
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Arrow Transportation Systems Inc.
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atlantic Poultry Incorporated
Atotech Canada Ltd.
BASF Canada Inc.
BHP Billiton - Ekati Diamond Mines
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
BakeMark Ingredients Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
Bekaert Canada
Belden CDT (Canada) Inc.
Bericap North America Inc.
Blue Mountain Resorts Limited
Boehringer Ingelheim (Canada) Ltd.
Bombardier Transportation Canada Inc.
Brink's Canada Limited
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
CAE Inc.
CGGVeritas
CHEP Canada Inc.
CKF Inc.
CNH America, LLC.
Cabot Canada Ltd.
Campbell Company of Canada
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Pacific Railway
Canexus Limited
Canfor Pulp Limited Partnership
CannAmm Occupational Testing Services
Canon Canada Inc.
Canpotex Limited
Cargill Limited
Catalyst Paper Corporation
Caterpillar Logistics Services Canada Limited
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Centerra Gold Inc.
Christie Digital Systems Inc.
Chubb Edwards
The Churchill Corporation
Compass Group Canada
Co-op Atlantic
Coty Canada
Country Ribbon Inc.
DP World Canada
DSM Nutritional Products Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Direct Energy Marketing Ltd.
Dow Chemical Canada Inc.
Dr. Oetker Ltd.
Dynaplast Extruco Inc.

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EFW Radiology
E.I. du Pont Canada Company
EMD Serono Canada Inc.
ERCO Worldwide
EWOS Canada Ltd.
Eli Lilly Canada Inc.
Elkem Métal Canada Inc.
Essar Steel Algoma Inc.
Finning Canada
Finning International
Fisher & Paykel Healthcare Inc.
G4S Cash Services (Canada) Ltd.
Gates Canada Inc.
General Kinetics Engineering Corporation
Gerdau Ameristeel
GlaxoSmithKline Inc.
Goldcorp Inc.
Golf Town
Graham & Brown
Grand & Toy
Griffith Laboratories Limited
Henkel Canada Corporation
Henry Schein Canada
Hilti (Canada) Ltd.
Hobart Food Equipment Services Canada
Hoffmann-La Roche Ltd.
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
HumanWare
Hunter Dickinson Inc.
Huntsman Polyurethane
INEOS Canada Partnership
INVISTA (Canada) Company
Ingersoll-Rand Canada Inc.
Innophos Canada Inc.
Janssen Inc.
John Deere Limited Canada
Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
K.I. Pembroke
KPMG MSLP
Kellogg Canada Inc.
Kemira Chemicals Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Kongsberg Automotive
Kruger Products
LANXESS Inc.
Labatt Breweries of Canada
Lake Shore Gold Corp.
Lantic Inc.
Lantic Inc. - Rogers Sugar Division
Lego Systems, Inc.
Lehigh Hanson
Leo Pharma
LifeLabs
Linamar
Loblaw Companies Limited
Lotus Bakeries
Lowe's Companies, Inc.
Lundin Mining Corporation
MDA
MERSEN Canada Dn Ltd.
MERSEN Canada Toronto Inc.
Maidstone Bakeries Co.
Mainstream Canada Ltd.
McCoy Corporation
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Merz Pharma Canada
Methanex Corporation
Michelin North America (Canada) Inc.
Minas Basin Pulp & Power Co. Ltd.
The Minto Group
Mitsubishi Canada Limited
Montship Inc.
Morneau Shepell Inc.
The Mosaic Company
Navtech Systems Support Inc.
North American Palladium Ltd.
North Atlantic Refining
Northern Pulp Nova Scotia Corp.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Omicron
L'Oréal Canada Inc.
Otis Spunkmeyer Canada Limited
Outotec (Canada) Ltd.
OxyVinyls Canada Inc.
PPG Canada Inc.

HayGroup®

PPG Canada Inc. - Fine Chemicals Division
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Phantom Mfg. (Int'l) Ltd.
Pharmascience Inc.
Philips Electronics Ltd.
Pioneer Hi-Bred Limited
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Procter & Gamble Inc.
Purdue Pharma
Randstad Canada
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto Iron Ore
Ritchie Bros. Auctioneers (Canada) Ltd.
Rolls-Royce Canada Ltd.
Rothmans, Benson & Hedges Inc.
Runge Limited
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO inc.
SNC-Lavalin Group Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
sanofi-aventis
Saskatchewan Roughrider Football Club
Schneider Electric
Sears Canada Inc.
The Shaw Group Limited
Sherritt Coal
Shiseido (Canada) Inc.
Shore Gold Inc.
Siegwerk Canada Inc.
Sika Canada Inc.
Silver Standard Resources Inc.
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Sonoco Canada Corporation
Sultran Ltd.
Suncor Energy Inc.
Syncrude Canada Ltd.
TELUS Communications Inc.
TVI Pacific, Inc.
Tait Electronics Ltd.
Takeda Canada Inc.
Taro Pharmaceuticals Inc.
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Tetley Canada Inc.
Teva Canada Limited
Thompson Creek Metals Company
TimberWest Forest Corp.
Tolko Industries Ltd.
TomTom International
Toromont CAT, A Division of Toromont Industries Ltd.
Toys "R" Us (Canada) Ltd.
Ultramar Ltée
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vale Inco Limited
Vallourec Tubes Canada Inc.
VAM Canada
Viterra Inc.
Votorantim Cement North America
VPL Enterprises Ltd.
VWR International
W.E.T. Automotive Systems Ltd.
Wal-Mart Canada Corp.
WD-40 Products Canada Ltd.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Winners Merchants International L.P.
Xstrata Copper Canada
Xstrata Nickel Canada
Xstrata Zinc Canada
Yara Belle Plaine Inc.
Yukon Zinc Corporation
Zellstoff Celgar Partnership Limited

HayGroup

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NEWFOUNDLAND POWER
A FORTIS COMPANY

October 2, 2013

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, Newfoundland
A1B 3P6

Dear Mr. Ludlow,

Re: Executive Compensation – 2014 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2014 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial market effective May 1, 2013. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2014 market actual salary medians (Column 7) for Newfoundland Power. This represents 2013 market actual salary data (Column 6) adjusted upwards by 2.5%, based on data collected in July 2013 for the purpose of estimating 2014 market practice.

HayGroup

Mr. Earl Ludlow
Newfoundland Power

Table 1 – Estimated Newfoundland Power 2014 Executive Market Actual Salary Medians

Position [1]	Incumbent [2]	Current Evaluation [3]	Estimated 2013 Market Actual Salary Median (in 2012) [4]	Newfoundland Power 2013 Actual Base Salary [5]	2013 Market Actual Salary Median [6]	Estimated 2014 Market Actual Salary Median [7]
President & CEO	E.A. Ludlow	2448	$381,500	$420,000	$391,500	$401,300
VP Customer Operations & Engineering	G. Smith	1708	$262,000	$275,000	$262,100	$268,700
VP Finance & CFO	J. Perry	1560	$241,200	$250,000	$241,100	$247,100
VP Regulation & Planning	P.S. Alteen	1560	$241,200	$250,000	$241,100	$247,100

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director
Executive Compensation

cc: Barry Perry, Fortis Inc.

HayGroup

Mr. Earl Ludlow
Newfoundland Power

Appendix A – 2013 Commercial Industrial Market (n=260)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Americas Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Ainsworth Engineered Canada L. P.
Air Products Canada Ltd.
Akzo Nobel Canada Inc.
Alamos Gold Inc.
Alberta Newsprint Company
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
Allergan Canada Inc.
Amcor Rigid Plastics
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
Apple Canada Inc.
Aptalis Pharma Inc.
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Archer-Daniels-Midland Company (Canada) Ltd.
Arla Foods Inc.
Arrow Transportation Systems Inc.
Ashland Inc.
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
Avis Budget Group, Inc.
BASF Canada Inc.
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
The Bay
Bayer Inc.
Bekaert Canada
Benteler Automotive
Big Lots Canada, Inc.
Blue Mountain Resorts Limited
Boehringer Ingelheim (Canada) Ltd.
Bombardier Inc.
Bonduelle North America Inc.
Brink's Canada Limited
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
Buckman Laboratories of Canada Ltd.
CGGVeritas
CHC Helicopter
CKF Inc.
CNH America, LLC.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canexus Corporation
Canfor Pulp Limited Partnership
CannAmm Occupational Testing Services
Canpotex Limited
Capgemini Canada
Capital Power Corporation
Cargill Limited
Catalyst Paper Corporation
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Chemtrade Logistics
Chemtura Canada Co Cie
Christie Digital Systems Inc.
Chubb Edwards
The Churchill Corporation
Co-op Atlantic
Compass Group Canada
Continental Tire Canada, Inc.
Country Ribbon Inc.
Cytec Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Dominion Diamond Corporation - Ekati Diamond Mine
Dow Chemical Canada Inc.
Dr Pepper Snapple Group
Dr. Oetker Ltd.
E.I. du Pont Canada Company
EMD Serono Canada Inc.
EWOS Canada Ltd.
Eden Valley Poultry Inc.
Eli Lilly Canada Inc.
Essar Steel Algoma Inc.
FMC of Canada, Ltd.
Finning (Canada)
Finning International Inc.
Fisher & Paykel Appliances
GDF SUEZ Energy North America, Inc.
Gap (Canada) Inc.
General Kinetics Engineering Corporation
Glatfelter
GlaxoSmithKline Inc.
Goldcorp Inc.
Golf Town
Grand & Toy
Griffith Laboratories Limited
Group SEB Canada Inc.
Henkel Canada Corporation
Henry Schein Canada
Hoffmann-La Roche Ltd.
Holcim (Canada) Inc.
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
HumanWare
Hunter Dickinson Inc.
Huntsman Polyurethane
INVISTA (Canada) Company
Interquisa Canada
Janssen Inc.
John Deere Limited Canada

HayGroup

Mr. Earl Ludlow
Newfoundland Power

Appendix A – 2013 Commercial Industrial Market (n=260) (cont'd)

Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
KPMG MSLP
Kellogg Canada Inc.
Kemira Chemicals Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Kongsberg Automotive
Kruger Products
LANXESS Inc.
Labatt Breweries of Canada
Lake Shore Gold Corp.
Lantic Inc.
Lantic Inc. - Rogers Sugar Division
Lehigh Hanson Materials Limited
Leo Pharma
LifeLabs
Linamar
Liquor Stores GP Inc.
Loblaw Companies Limited
Lowe's Companies Canada, ULC
MacoPharma Canada Inc.
Mainstream Canada Ltd.
Marine Harvest Canada
McCormick Canada Co.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Methanex Corporation
Michelin North America (Canada) Inc.
Millar Western Forest Products Ltd.
The Minto Group
Mission Group Enterprises
Mitsubishi Canada Limited
Montship Inc.
Morneau Shepell Inc.
The Mosaic Company
Navtech Systems Support Inc.
Neovia Logistics Services
Nike Canada Corp.
Noralta Lodge Ltd.
North American Palladium Ltd.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Nutreco Canada Inc.
OEM Remanufacturing
Occidental Chemical Corporation
L'Oréal Canada Inc.
Overwaitea Food Group LP
PPG Canada Inc.
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Pharmascience Inc.
Pioneer Hi-Bred Limited
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Primex Manufacturing Ltd.
Procter & Gamble Inc.
Purdue Pharma
Randstad Canada
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto Iron Ore
Rogers Communications Inc.
Rolls-Royce Canada Ltd.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SEMAFO Inc.
SMS Equipment Inc.
SNC-Lavalin Group Inc.
Sandoz Canada Inc.
sanofi canada inc
Seed Hawk Inc.
The Shaw Group Limited
Sherritt Coal
Sherritt International Corporation
Shoppers Drug Mart Corporation
Shore Gold Inc.
Shred-it International
Sidel Canada Inc.
Siemens Canada Limited
Sika Canada Inc.
Silver Standard Resources Inc.
Skretting
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Sonoco Canada Corporation
Strathcona Paper LP
Sultran Ltd.
Suncor Energy Inc.
TELUS Communications Inc.
TVI Pacific, Inc.
Takeda Canada Inc.
Tata Global Beverages Canada
Technip Canada Ltd.
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Thales Canada Inc.
Thompson Creek Metals Company
TimberWest Forest Corp.
Tolko Industries Ltd.
TomTom International
Toromont CAT, A Division of Toromont Industries Ltd.
Total E&P Canada
Toys "R" Us (Canada) Ltd.
Ultramar Ltée
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vale Canada Ltd
Vallourec Tubes Canada Inc.
Viterra Inc.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Winners Merchants International L.P.
Xstrata Copper Canada
Xstrata Nickel Canada
Xstrata Zinc Canada

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July 10, 2014

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, Newfoundland
A1B 3P6

Dear Mr. Ludlow:

Re: Executive Compensation – President & CEO Newfoundland Power

I am pleased to confirm our evaluation of the President & CEO job at Newfoundland Power:
GIV3 800 G4(66) 528 G4P 800 = 2128

Further to Newfoundland Power's executive compensation practice, we attach to this letter a summary of market data and proposed salary positioning. We also confirm the Canadian commercial industrial median for base salary is $348,500.

I trust this letter provides the information required. If you have any questions, please do not hesitate to call.

Yours truly,
Hay Group Limited

Bill Greenfield

Bill Greenfield
Senior Consultant

cc: Barry Perry – Fortis Inc.
Christopher Chen – Hay Group Limited

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President & CEO, Newfoundland Power

		Hay Points	Base Salary[1]	Target Compensation[2]			
				STI (as % base)	Total Cash	LTI (as % base)[3]	Total Direct
President & CEO, Newfoundland Power	*95% Salary Compa-ratio*	2128	$331,100	40%	$463,600	50%	$629,100
	90% Salary Compa-ratio	2128	$313,700	40%	$439,200	50%	$596,000

Notes:

1. Data represents 95% or 90% compa-ratios from market median salary
2. Target incentive compensation values (short-term incentive, stock options, and Performance Share Units ("PSUs")) are based on post-reorganization Hay Points value
3. Includes stock options and PSUs. A valuation factor of 10% has been applied to the target stock option grant values
4. Market data are as of December 2013 and presented in $CAD

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October 8, 2014

Mr. Gary Smith
President & Chief Executive Officer
Newfoundland Power
P.O. Box 8910
55 Kenmount Road
St. John's, Newfoundland
A1B 3P6

Dear Mr. Smith:

Re: Executive Compensation – Vice President, Engineering and Operations

I am pleased to confirm our evaluation of the Vice President, Engineering and Operations at Newfoundland Power:

FIII3 608 F4(57) 350 F4P 608 = 1566

Further to Newfoundland Power's executive compensation practice, we attach to this letter a summary of market data and proposed salary positioning. We also confirm the Canadian commercial industrial median for base salary is $247,600.

I trust this letter provides the information required. If you have any questions, please do not hesitate to call.

Yours truly,
Hay Group Limited

Bill Greenfield

Bill Greenfield
Senior Consultant

cc: Earl Ludlow – Fortis Inc.
Christopher Chen – Hay Group Limited

Vice President, Engineering and Operations
1566 Hay Points

				Target Compensation[2]			
		Hay Points	Base Salary[1]	STI (as % base)[3]	Total Cash	LTI (as % base)[3,4]	Total Direct
Vice President, Engineering and Operations	*90% Salary Compa-ratio*	1566	$222,800	35%	$300,800	25%	$356,500
	85% Salary Compa-ratio	1566	$210,400	35%	$284,100	25%	$336,700

Notes:

1. Data represents 90% or 85% compa-ratios from market median salary.
2. Target incentive compensation values (short-term incentive, stock options, and Performance Share Units ("PSUs")) are based on Hay Points.
3. Includes only those organizations which have a plan at this level.
4. Includes stock options and PSUs for Newfoundland Power. A valuation factor of 10% has been applied to the target stock option grant values.
5. Market data are as of December 2013 and presented in $CAD.

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NEWFOUNDLAND POWER
A FORTIS COMPANY

February 16, 2015

Mr. Gary Smith
President and Chief Executive Officer
Newfoundland Power
55 Kenmount Road
P.O. Box 8910
St. John's, NL A1B 3P6

Dear Mr. Smith,

Re: Executive Compensation – 2015 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2015 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial market effective May 1, 2014. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2015 market actual salary medians (Column 7) for Newfoundland Power. This represents 2014 market actual salary data (Column 6) adjusted upwards by 2.6%, based on data collected between July and August 2014 for the purpose of estimating 2015 salary increases.

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Table 1 – Estimated Newfoundland Power 2015 Executive Market Actual Salary Medians

Position [1]	Incumbent [2]	Current Evaluation [3]	Estimated 2014 Market Actual Salary Median (in 2013) [4]	Newfoundland Power 2014 Actual Base Salary [5]	2014 Market Actual Salary Median [6]	Estimated 2015 Market Actual Salary Median [7]
President & CEO	G. Smith	2126	$268,700 [1]	$331,100	$350,000	$359,100
VP, Engineering and Operations	G. Murray	1628	* [2]	$210,000	$259,300	$266,000
Chief Financial Officer and VP, Finance	J. Perry	1560	$247,100	$262,000	$251,300	$257,800
VP, Regulation and Planning	P.S. Alteen	1560	$247,100	$262,000	$251,300	$257,800

1. Market data based on previous role as VP Customer Operations & Engineering, evaluated at 1708 points
2. New role / Incumbent

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director

Appendix A – 2014 Commercial Industrial Market (n=268)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Americas Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Agrium Inc.
Ainsworth Engineered Canada L P.
Air New Zealand
Air Products Canada Ltd.
Alamos Gold Inc.
Alberta Newsprint Company
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
AltaSteel Ltd.
Amcor Limited
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
ArcelorMittal - Baffinland Iron Mines Corporation
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Longeuil
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Archer-Daniels-Midland Company (Canada) Ltd.
Arla Foods Inc.
Ashland Inc.
Ashland Inc. - Performance Materials
Ashland Inc. - Specialty Ingredients
Ashland Inc. - Valvoline
Ashland Inc. - Water Technologies
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
BASF Canada Inc.
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
Bekaert Canada
BEL Group
Belden (Canada) Inc.
Bericap North America Inc.
Blue Mountain Resorts Limited
Boehringer Ingelheim (Canada) Ltd.
Bombardier Inc.
Bonduelle North America Inc.
Booking.com B.V.
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
CAE Inc.
CEPSA Quimica Montreal L.P.
CGGVeritas
CHEP Canada Inc.
CKF Inc.
CNH America, LLC.
CSL Silicones Inc.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Goose Inc.
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Tire Corporation
Canfor Pulp Limited Partnership
Canpotex Limited
Capgemini Canada
Capstone Mining Corp.
Cargill Limited
Catalyst Paper Corporation
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Centerra Gold Inc.
Cermaq Canada
CertainTeed Gypsum North American Services
Christie Digital Systems Inc.
Chubb Edwards
Cliffs Natural Resources Inc.
Compass Group Canada
Compass Minerals International, Inc.
Continental Tire Canada, Inc.
Coty Canada
Country Ribbon Inc.
Cytec Canada Inc.
DOF Subsea Canada
DSM Nutritional Products Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Dominion Diamond Corporation - Ekati Diamond Mine
Dorman Products Inc.
Dow Chemical Canada Inc.
E & J Gallo Winery
E.I. du Pont Canada Company
EMD Serono Canada Inc.
Eden Valley Poultry Inc.
Edmonton Eskimo Football Club
Eli Lilly Canada Inc.
Elliott Turbomachinery Canada, Inc.
Enbridge Inc.
Essar Steel Algoma Inc.
Ferrero Canada Limited Commercial Division
Finning (Canada)
Finning International Inc.
First Majestic Silver Corp.
Fisher & Paykel Appliances
Fisher & Paykel Healthcare Inc.
Flowserve Canada Inc.
Fluor Canada Ltd.
Fortune Minerals Limited
GDF SUEZ Energy North America, Inc.
GE Canada
Gap (Canada) Inc.
General Kinetics Engineering Corporation
General Shale Brick, Inc.
Geodis Wilson Canada Ltd.
George Weston Limited
Gerdau Long Steel North America
GlaxoSmithKline Inc.
Glencore Canada Corporation - Copper
Glencore Canada Corporation - Nickel
Glencore Canada Corporation - Zinc
Goldcorp Inc.
Henkel Canada Corporation
Henry Schein Canada
Hewitt Equipement Limitée
Hoffmann-La Roche Ltd.
Holcim (Canada) Inc.

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Appendix A – 2014 Commercial Industrial Market (n=268) (cont'd)

The Home Depot Canada
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
Hunter Dickinson Inc.
Huntsman Polyurethane
IKEA Canada
Information Services Corporation of Saskatchewan
JYSK CANADA
Janssen Inc.
John Deere Limited Canada
Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
KPMG MSLP
Kellogg Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Knauf Insulation Ltd.
LANXESS Inc.
Labatt Breweries of Canada
Lafarge Canada Inc.
Lake Shore Gold Corp.
Lantic Inc.
Lehigh Hanson Materials Limited
Leo Pharma
LifeLabs
Linamar
Luxottica Group
Magotteaux Ltée
Marine Harvest Canada
Mary Kay, Inc.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Methanex Corporation
Michelin North America (Canada) Inc.
MindGeek Holding SARL
Mission Group Enterprises
Mitsubishi Canada Limited
Montship Inc.
Morneau Shepell Inc.
The Mosaic Company
Navtech Systems Support Inc.
Newmont Mining Corporation of Canada Limited
Nike Canada Corp.
North American Palladium Ltd.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Nutreco Canada Inc.
Occidental Chemical Corporation
L'Oréal Canada Inc.
Orica Canada Inc.
P & H MinePro Services
PPG Canada Inc.
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Pharmascience Inc.
Pirelli Tires - Canada
Plastiflex Canada Inc.
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Precision Drilling Oilfield Services Corporation
Primex Manufacturing Ltd.
Procter & Gamble Inc.
Purdue Pharma
Randstad Canada
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto - Fer et Titane Inc.
Rio Tinto Iron Ore
Rogers Communications Inc.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO Inc.
SMS Equipment Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
Sandoz Canada Inc.
Schneider Electric
Schweitzer Engineering Laboratories
The Shaw Group Limited
Sherritt International Corporation
Shoppers Drug Mart Corporation
Shore Gold Inc.
Shred-it International
Siemens Canada Limited
Silver Standard Resources Inc.
Skretting
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Solar Turbines Incorporated
Solvay North America
Sonoco Canada Corporation
Staples Business Depot
Stillwater Mining Company
Strathcona Paper LP
Styrolution Canada Limited
Suncor Energy Inc.
TELUS Communications Inc.
TVI Pacific, Inc.
Takeda Canada Inc.
Target Corporation
Taro Pharmaceuticals Inc.
Tata Global Beverages Canada
Tech Data Canada Corporation
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Teva Canada Limited
Thales Canada Inc.
Tim Hortons Inc.
Tolko Industries Ltd.
Toromont CAT, A Division of Toromont Industries Ltd.
Total E&P Canada
Umicore Canada Inc.
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vacon Canada
Vale Canada Limited
Valero Energy Inc.
Viterra Inc.
Votorantim Cement North America
WD-40 Products Canada Ltd.
W.E.T. Automotive Systems Ltd.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Westmoreland Coal Company - Canada
Winners Merchants International L.P.
Yamana Gold Inc.
Yara Belle Plaine Inc.
Zale Corporation

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NEWFOUNDLAND POWER
A FORTIS COMPANY

February 16, 2015

Mr. Gary Smith
President and Chief Executive Officer
Newfoundland Power
55 Kenmount Road
P.O. Box 8910
St. John's, NL A1B 3P6

Dear Mr. Smith,

RE: Executive compensation program updates

As part of the executive compensation review conducted in 2014, Hay Group Ltd. ("Hay Group") reviewed your current executive compensation practices and conducted an extensive compensation benchmarking for your executives. This letter provides an overview and illustration of the proposed amendments, effective January 1, 2015.

The 2014 review was conducted to ensure Newfoundland Power's ongoing alignment with the key purposes of its executive compensation program, specifically to:

- Motivate executives to deliver strong business performance;
- Attract and retain highly qualified executives;
- Align the interests of executives and stakeholders;
- Ensure that a significant portion of executive compensation is dependent upon individual and corporate performance;
- Balance executive compensation paid for short-term, medium-term and long-term results;
- Mitigate any potential risks inherent in the compensation structure; and
- Keep the executive compensation program simple to communicate and administer.

As a component of this review, compensation benchmarking was conducted for all of Newfoundland Power's executives. Findings from this benchmarking indicated the presence of a gap to your targeted median positioning against the Canadian commercial industrial market. To address this compensation gap and reinforce the Corporation's dedication to building a strong pay for performance culture, a number of changes to your executive compensation practices are proposed. Key changes (discussed in greater detail to follow) include:

- The adjustment of short-term incentive ("STI") targets;
- Changes to long-term incentive ("LTI") program; and
- Changes to Fortis' share ownership guideline policy.

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1. 2015 Salary Increases

We note that individual executives' base salary adjustment will be determined on a case-by-case basis with reference to the Corporation's compa-ratio guidelines. Specifically, progression beyond 110% compa-ratio to a maximum of 115% will have to be approved on an individual case basis by your Board of Directors.

In order to highlight the proposed changes in incentive compensation and for comparison purposes, we have assumed an across the board salary increase of 2.6%, effective January 1, 2015, for your executives. This projected increase reflects market forecasts collected between July and August 2014 for the purpose of estimating 2015 salary increases.

The projected impact of base salary and incentive compensation changes on an individual basis has been modeled and presented in the appendix to this document. Modeling has been conducted for target total direct compensation (i.e., base salary + STI + LTI).

2. Adjustment of STI Targets

In addressing the identified gaps to market compensation, each compensation component was evaluated relative to the market independently and in aggregate to determine appropriate adjustments. While the most significant changes have been made to LTI compensation in order to further drive focus on sustained corporate performance, STI targets have also been changed to better align with market practices.

Former and 2015 STI target opportunities are as presented in Table 1 below. Executives remain eligible to earn up to 150% of these targets for consistent superior performance. An additional payment of up to 50% of the STI target opportunities may be awarded at the Board's discretion in recognition of individual responses to exceptional challenges or opportunities.

Table 1 – Short-term Incentive Targets as a % of Base Salary

<table>
<tr><th>Position Hay Points</th><th>Former</th><th>Position Hay Points</th><th>2015</th></tr>
<tr><td rowspan="2">1,601 – 2,400</td><td rowspan="2">40</td><td>1,801 – 2,400</td><td>50</td></tr>
<tr><td rowspan="2">1,500 – 1,800</td><td rowspan="2">40</td></tr>
<tr><td>1,500 – 1600</td><td>35</td></tr>
<tr><td>1,201 – 1,499</td><td>30</td><td>1,201 – 1,499</td><td>35</td></tr>
<tr><td>1,001 – 1,200</td><td>25</td><td>1,001 – 1,200</td><td>30</td></tr>
</table>

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3. Changes to LTI Program

As previously mentioned, the most significant changes are in the LTI program, including adjustments made to target grant opportunity, the addition of Restricted Share Units ("RSUs"), changes to Performance Share Unit ("PSU") metrics, and a change in the methodology by which grant recommendations are made.

3.1 Grant Levels and Target Compensation Values

Previously, executives were eligible for both stock options and PSUs. Each program had separate grant levels with specific Hay Points ranges. These grant levels were determined within the context of total compensation, along with base salary and STI.

It was proposed to alter this practice to instead base LTI awards on a pre-determined Target LTI Compensation Value for the full LTI package, allocated between LTI components in fixed proportions. This new allocation methodology provides for better control of LTI compensation value, irrespective of fluctuations in Fortis' share price or stock option valuation factor.

Target LTI Compensation Values have been proposed for the executive roles following the 2014 review. However, it was deemed prudent to phase in LTI increases over multiple years. As such, target LTI values have been spread over 2015 and 2016, with planned increases to be reviewed for 2016 grants, subject to the final decision of the Board of Directors.

LTI Valuation Methodology:

Each LTI component has a different method by which compensation value is calculated. A compensation value, in essence, estimates the future value of the benefit that can be realized by the executive and discounts this amount back to the grant date, which allows for equitable comparison between different types of LTI components.

Stock options

- Compensation value calculated based on a valuation factor determined using the Black-Scholes or Binomial valuation models.
- Under past practice, grant levels were expressed as a % of base salary, with the number of options granted calculated based on: (salary x grant level) / Fortis share price
- Under new practice, target compensation values are expressed as a % of base salary, with the number of options granted calculated based on: (salary x Target LTI Compensation Value x weighting of stock options) / (Black-Scholes or Binomial values of Fortis share price)

PSUs / RSUs

- Compensation value calculated based on a valuation factor of 1 multiplied by Fortis share price
- Under past practice, PSU targets were expressed as a % of base salary, with the number of PSUs granted calculated based on: (salary x grant level) / Fortis share price
- Under new practice, target compensation values are calculated based on: (salary x Target Compensation Value x weighting of P/RSUs) / Fortis share price

Changes to Target LTI Values for 2015 are presented in Table 2:

Table 2 – Long-term Incentive Targets as a % of Base Salary

Position Hay Points	Former				2015
	Stock Options		PSUs	Former Aggregate[1,2]	
	Share price	Binomial value[1]			
	[A]	[B] = [A] x 10%	[C]	[D] = [B] + [C]	[E]
2,001 – 2,400	300	30	20	50	75
1,801 – 2,000	150	15	20	35	60
1,500 – 1,800	150	15	10	25	40
1,401 – 1,499	150	15	10	25	35
1,201 – 1,400	100	10	10	20	30
1,101 – 1,200	100	10	10	20	30
1,000 – 1,100	100	10	0	10	25

1. Assumes a Binomial valuation factor of 10% for Fortis stock options
2. Reflects sum of stock option and PSU grants

3.2 LTI Components

Commencing in 2015, executives will be eligible to receive RSUs in addition to the stock options and PSUs that were granted in previous years. This balanced portfolio of LTI components will ensure ongoing alignment with the organization's long-term goals and reward executives for strong and sustained operational performance.

The new RSU plan functions similarly to the PSU plan, with the exception that there are no performance criteria for vesting at the end of the 3-year vesting period other than continued employment.

Table 3 – High-level Summary of LTI Components

	PSUs	RSUs	Stock options
Weighting	**50%**	**25%**	**25%**
Detail	Value derived from full value of share at time of vesting; number of PSUs vesting may change based on performance on metrics	Value derived from full value of share at time of vesting	Value derived from share price appreciation from time of grant to time of exercise
Compensation value	Based on market share price	Based on market share price	Determined based on Black-Scholes or Binomial valuation models
Vesting requirements	Performance	Time	Time

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3.3 PSU Metrics

Changes have also been made with regard to the performance metrics under the PSU Plan. Table 4 below summarizes the performance metrics that will be assessed for grants that occurred prior to January 1, 2015 and those that occurred on or after January 1, 2015.

Table 4 – PSU metrics

<table>
<tr><th colspan="2">PSUs granted
prior to January 1, 2015</th><th colspan="2">PSUs granted
on or after January 1, 2015</th></tr>
<tr><th>Metric</th><th>Weighting</th><th>Metric</th><th>Weighting</th></tr>
<tr><td>Total Shareholder Returns ("TSR") (Fortis Inc.)</td><td>20%</td><td rowspan="2">TSR (Fortis Inc.)</td><td rowspan="2">50%</td></tr>
<tr><td rowspan="2">Compound Annual Growth Rate ("CAGR") in Earnings per Share ("EPS") (Fortis Inc.)</td><td rowspan="2">50%</td></tr>
<tr><td rowspan="2">Cumulative EPS (Fortis Inc.)</td><td rowspan="2">50%</td></tr>
<tr><td>CAGR in Property Plant and Equipment ("PP&E") (Fortis Inc.)</td><td>30%</td></tr>
<tr><td colspan="4">No values will be payable if Fortis Inc.'s corporate long-term credit rating is below the median credit rating for comparator organizations</td></tr>
</table>

3.4 Sample LTI Calculation

The following page contains a sample calculation under the previous and current LTI grant methodologies to illustrate the difference in process. This scenario presents a calculation for a sample executive in a role with 1358 Hay Points and a 2014 base salary of $240,000.

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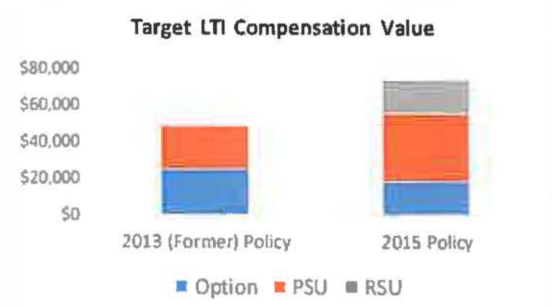
Sample Executive

Illustration Only

2014 Salary	$240,000
Expected Increase	2.6%
2015 Salary	$246,300
Points	1358
Fortis Share Price (Feb 10, 2015):	$40.39
Stock Option Unit Value (Binomial Value):	$4.04
PSU Unit Value:	$38.8991
RSU Unit Value:	$38.8991



2013 Stock Option and PSU Grant Policy
- Separate Stock Option / PSU Grant Percentages

	Grant Level (% of Salary)	# of Options/ Shares Granted		Target LTI Compensation Value		% of Total Target LTI Compensation Value
Stock Option	100%	6,100.00	(1)	$24,629.82	(3)	50%
PSU	10%	633.18	(2)	$24,630.00	(4)	50%
Total Target LTI Compensation Value				$49,259.82	(5)	
Total Target LTI Compensation Value (% of Salary)				20%	(6)	

2015 LTI Policy
-Single Target LTI Compensation Value, allocated amongst PSUs, RSUs and Stock Options

	# of Options/ Shares Granted		Target LTI Compensation Value		% of Total Target LTI Compensation Value
Total Target LTI Compensation Value (% of Salary)			30%	(7)	
Total Target LTI Compensation Value			$73,890.00	(8)	
PSU			$36,945.00	(9)	50%
RSU			$18,472.50	(10)	25%
Stock Option			$18,472.50	(11)	25%
PSU	949.76	(12)			
RSU	474.88	(13)			
Stock Option	4,574.00	(14)			

Footnotes:

(1) Salary x Stock Option Grant % / Fortis Share Price of $40.39
(2) Salary x PSU Grant % / PSU Unit Value of $38.8991
(3) # of Options granted x Binomial Value of $4.04
(4) # of PSUs granted x PSU Unit Value of $38.8991
(5) (3) + (4)
(6) Total LTI Target Value / 2015 Salary
(7) 2015 Single LTI Target Value (% of Salary)
(8) (7) x 2015 Salary
(9) (8) x PSU Weighting
(10) (8) x RSU Weighting
(11) (8) x Stock Option Weighting
(12) (9) / PSU Unit Value of $38.8991
(13) (10) / RSU Unit Value of $38.8991
(14) (11) / Binomial Value of $4.04, (reference only)

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3.5 LTI Awards for Non-Executive Employees with Positions Rated above 1,000 Hay Points

Effective January 1, 2015, stock options will no longer be granted to employees below the executive level on an annual basis. Select employees who were granted stock options in 2014 will receive an equivalent award of PSUs, calculated at 5% of the employee's base salary for 2015.

Table 5 – LTI Awards for Non-Executive Employees

		2014	2014 Options				2015 PSUs
		Salary	Options Granted	Grant[1] Value	Compensation[2] Value	% of Base Salary	Option Replacement (% of Base Salary)
Newfoundland Power							
R. W. Pike	Manager, St. John's Region	173,500	2,824	86,782	8,678	5.0%	5%
P. Feehan	Manager, Regional	160,000	2,604	80,021	8,002	5.0%	5%

1. Based on a volume weighted average price of $30.73
2. Compensation value based on a Binomial valuation factor of 10.00%.

LTI awards for non-executive employees are discretionary and subject to review by the Corporation from time to time.

4. Share Ownership Guidelines

Previously, executives holding positions evaluated above 2,000 Hay Points were required to own a minimum number of Fortis shares. However, all executives who were eligible for stock option grants were encouraged to hold common shares. Prior to January 1, 2015, for executives who had been granted options for 5 years or more, the maximum number of options granted in a given year to the executive would be limited by the number of shares held by the executive since the beginning of the previous calendar year. This stock option grant limit policy will cease with the adoption of the new Share Ownership Policy.

Effective January 1, 2015, all executives are required to beneficially own, directly or indirectly, a minimum number of Fortis shares based on position and level. The share ownership guidelines include the following details, with required multiples outlined in Table 5 below:

- This value is expressed as a multiple of base salary;
- The number of RSUs held by the executive will be included in shareholdings;
- Minimum share ownership must be achieved within 5 years of appointment to an eligible position;
- Executives will be generally expected to make regular and consistent progress toward achieving the minimum position over the 5 year period between applicability and required compliance;
- Ownership levels will be calculated annually on each December 31;
- In circumstances where the Share Ownership Policy would place hardship on an executive, the applicable executive may submit a request in writing to the Fortis Inc. CEO summarizing the particular circumstances and the extent to which an exemption is requested. A final decision will be made by the Fortis Inc. CEO, in consultation with the Chair of the Fortis Human Resources Committee, as to an alternative share ownership plan for the executive that may be applicable; and
- Any executive that fails to comply with the Share Ownership Requirements will not be eligible for future equity-based compensation awards until the later of (i) the end of the one-year period commencing on the date of such failure or (ii) such time as the executive is again in compliance with the Share Ownership Policy.

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Table 6 – Share ownership guidelines

Position	2015 Share Ownership Requirement
CEOs of subsidiaries	2 times annual base salary
All other executives	1 time annual base salary

I trust that this overview is of assistance to you. Please do not hesitate to contact me if you would like to discuss the contents of this memo.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director

Appendix – Projected Impact of Compensation Changes

	Base Salary		2015 Compensation (2013 Policy)							2015 Compensation (2015 Policy)				Target Total Direct 2015 Vs. 2013 Policy		
	2014	2015 Projected	Target STI (% of Base Salary)	Target Total Cash	Stock Options (Grant Level)	Stock Option (Comp Value)	PSUs (Comp Value)	LTI Value (% of Base Salary)	Target Total Direct	Target STI (% of Base Salary)	Target Total Cash	LTI Value (% of Base Salary)	Target Total Direct	Variance	Overall Increase	Overall Increase (% of 2015 Base Salary)
Newfoundland Power																
Gary Smith	331,100	339,800	40%	475,700	300%	30%	20%	50%	645,600	50%	509,700	75%	764,600	18%	119,000	35%
Gary Murray	210,000	215,500	40%	301,700	150%	15%	10%	25%	355,600	40%	301,700	40%	387,900	9%	32,300	15%
Jocelyn Perry	262,000	268,900	35%	363,000	150%	15%	10%	25%	430,200	40%	376,500	40%	484,100	13%	53,900	20%
Peter Alteen	262,000	268,900	35%	363,000	150%	15%	10%	25%	430,200	40%	376,500	40%	484,100	13%	53,900	20%

** Assumes 2.6% salary increase*

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NEWFOUNDLAND POWER
A FORTIS COMPANY

February 16, 2015

Mr. Gary Smith
President and Chief Executive Officer
Newfoundland Power
55 Kenmount Road
P.O. Box 8910
St. John's, NL A1B 3P6

Dear Mr. Smith,

Re: Executive Compensation – 2015 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2015 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial market effective May 1, 2014. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2015 market actual salary medians (Column 7) for Newfoundland Power. This represents 2014 market actual salary data (Column 6) adjusted upwards by 2.6%, based on data collected between July and August 2014 for the purpose of estimating 2015 salary increases.

Table 1 – Estimated Newfoundland Power 2015 Executive Market Actual Salary Medians

Position [1]	Incumbent [2]	Current Evaluation [3]	Estimated 2014 Market Actual Salary Median (in 2013) [4]	Newfoundland Power 2014 Actual Base Salary [5]	2014 Market Actual Salary Median [6]	Estimated 2015 Market Actual Salary Median [7]
President & CEO	G. Smith	2128	$268,700 [1]	$331,100	$350,000	$359,100
VP, Engineering and Operations	G. Murray	1628	* [2]	$210,000	$259,300	$266,000
Chief Financial Officer and VP, Finance	J. Perry	1560	$247,100	$262,000	$251,300	$257,800
VP, Regulation and Planning	P.S. Alteen	1560	$247,100	$262,000	$251,300	$257,800

1. Market data based on previous role as VP Customer Operations & Engineering, evaluated at 1708 points
2. New role / incumbent

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director

Appendix A – 2014 Commercial Industrial Market (n=268)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Americas Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Agrium Inc.
Ainsworth Engineered Canada L. P.
Air New Zealand
Air Products Canada Ltd.
Alamos Gold Inc.
Alberta Newsprint Company
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
AltaSteel Ltd.
Amcor Limited
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
ArcelorMittal - Baffinland Iron Mines Corporation
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Longeuil
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Archer-Daniels-Midland Company (Canada) Ltd.
Arla Foods Inc.
Ashland Inc.
Ashland Inc. - Performance Materials
Ashland Inc. - Specialty Ingredients
Ashland Inc. - Valvoline
Ashland Inc. - Water Technologies
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
BASF Canada Inc.
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
Bekaert Canada
BEL Group
Belden (Canada) Inc.
Bericap North America Inc.
Blue Mountain Resorts Limited
Boehringer Ingelheim (Canada) Ltd.
Bombardier Inc.
Bonduelle North America Inc.
Booking.com B.V.
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
CAE Inc.
CEPSA Química Montreal L.P.
CGGVeritas
CHEP Canada Inc.
CKF Inc.
CNH America, LLC.
CSL Silicones Inc.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Goose Inc.
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Tire Corporation
Canfor Pulp Limited Partnership
Canpotex Limited
Capgemini Canada
Capstone Mining Corp.
Cargill Limited
Catalyst Paper Corporation
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Centerra Gold Inc.
Cermaq Canada
CertainTeed Gypsum North American Services
Christie Digital Systems Inc.
Chubb Edwards
Cliffs Natural Resources Inc.
Compass Group Canada
Compass Minerals International, Inc.
Continental Tire Canada, Inc.
Coty Canada
Country Ribbon Inc.
Cytec Canada Inc.
DOF Subsea Canada
DSM Nutritional Products Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Dominion Diamond Corporation - Ekati Diamond Mine
Dorman Products Inc.
Dow Chemical Canada Inc.
E & J Gallo Winery
E.I. du Pont Canada Company
EMD Serono Canada Inc.
Eden Valley Poultry Inc.
Edmonton Eskimo Football Club
Eli Lilly Canada Inc.
Elliott Turbomachinery Canada, Inc.
Enbridge Inc.
Essar Steel Algoma Inc.
Ferrero Canada Limited Commercial Division
Finning (Canada)
Finning International Inc.
First Majestic Silver Corp.
Fisher & Paykel Appliances
Fisher & Paykel Healthcare Inc.
Flowserve Canada Inc.
Fluor Canada Ltd.
Fortune Minerals Limited
GDF SUEZ Energy North America, Inc.
GE Canada
Gap (Canada) Inc.
General Kinetics Engineering Corporation
General Shale Brick, Inc.
Geodis Wilson Canada Ltd.
George Weston Limited
Gerdau Long Steel North America
GlaxoSmithKline Inc.
Glencore Canada Corporation - Copper
Glencore Canada Corporation - Nickel
Glencore Canada Corporation - Zinc
Goldcorp Inc.
Henkel Canada Corporation
Henry Schein Canada
Hewitt Equipement Limitée
Hoffmann-La Roche Ltd.
Holcim (Canada) Inc.

Appendix A – 2014 Commercial Industrial Market (n=268) (cont'd)

The Home Depot Canada
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
Hunter Dickinson Inc.
Huntsman Polyurethane
IKEA Canada
Information Services Corporation of Saskatchewan
JYSK CANADA
Janssen Inc.
John Deere Limited Canada
Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
KPMG MSLP
Kellogg Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Knauf Insulation Ltd.
LANXESS Inc.
Labatt Breweries of Canada
Lafarge Canada Inc.
Lake Shore Gold Corp.
Lantic Inc.
Lehigh Hanson Materials Limited
Leo Pharma
LifeLabs
Linamar
Luxottica Group
Magotteaux Ltée
Marine Harvest Canada
Mary Kay, Inc.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Methanex Corporation
Michelin North America (Canada) Inc.
MindGeek Holding SARL
Mission Group Enterprises
Mitsubishi Canada Limited
Montship Inc.
Morneau Shepell Inc.
The Mosaic Company
Navtech Systems Support Inc.
Newmont Mining Corporation of Canada Limited
Nike Canada Corp.
North American Palladium Ltd.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Nutreco Canada Inc.
Occidental Chemical Corporation
L'Oréal Canada Inc.
Orica Canada Inc.
P & H MinePro Services
PPG Canada Inc.
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Pharmascience Inc.
Pirelli Tires - Canada
Plastiflex Canada Inc.
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Precision Drilling Oilfield Services Corporation
Primex Manufacturing Ltd.
Procter & Gamble Inc.
Purdue Pharma
Randstad Canada
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto - Fer et Titane Inc.
Rio Tinto Iron Ore
Rogers Communications Inc.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO inc.
SMS Equipment Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
Sandoz Canada Inc.
Schneider Electric
Schweitzer Engineering Laboratories
The Shaw Group Limited
Sherritt International Corporation
Shoppers Drug Mart Corporation
Shore Gold Inc.
Shred-it International
Siemens Canada Limited
Silver Standard Resources Inc.
Skretting
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Solar Turbines Incorporated
Solvay North America
Sonoco Canada Corporation
Staples Business Depot
Stillwater Mining Company
Strathcona Paper LP
Styrolution Canada Limited
Suncor Energy Inc.
TELUS Communications Inc.
TVI Pacific, Inc.
Takeda Canada Inc.
Target Corporation
Taro Pharmaceuticals Inc.
Tata Global Beverages Canada
Tech Data Canada Corporation
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Teva Canada Limited
Thales Canada Inc.
Tim Hortons Inc.
Tolko Industries Ltd.
Toromont CAT, A Division of Toromont Industries Ltd.
Total E&P Canada
Umicore Canada Inc.
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vacon Canada
Vale Canada Limited
Valero Energy Inc.
Viterra Inc.
Votorantim Cement North America
WD-40 Products Canada Ltd.
W.E.T. Automotive Systems Ltd.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Westmoreland Coal Company - Canada
Winners Merchants International L.P.
Yamana Gold Inc.
Yara Belle Plaine Inc.
Zale Corporation

Hay Group's Recommendations for
Newfoundland Power's Salary Policy for Directors
2012 to 2015

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NEWFOUNDLAND POWER
A FORTIS COMPANY

January 6, 2012

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, NL
A1B 3P6

Dear Mr. Ludlow,

Re: Manager Compensation – 2012 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2012 for the management group immediately below the executive level.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial non-executive market effective May 1st, 2011. The companies included in this sample are listed in Appendix B. We continue to observe some market data volatility at the level of your Manager, Regional. As with previous years, additional market information for the Manager, Regional role has been included in Appendix A.

Table 1, on the following page, illustrates the estimated 2012 market actual salary medians (Column 5) for your managers. This is based on 2011 market actual salary data (Column 4) adjusted upwards by 2.9%, based on data collected between July and August 2011, to estimate 2012 market practice.

Table 1 – Estimated Newfoundland Power 2012 Market Actual Salary Medians

Position [1]	Current Evaluation [2]	Estimated 2011 Market Actual Salary Median (in 2010) [3]	2011 Market Actual Salary Median [4]	Estimated 2012 Market Actual Salary Median [5]
Manager, Regional	1124	$159,800	$156,300	$160,800
Manager, Regional	1124	$159,800	$156,300	$160,800
Manager, Corporate Services	1056	$153,000	$149,200	$153,500
Manager, Human Resources & Corporate Affairs	954	$142,700	$138,900	$142,900
Manager, Engineering	954	$142,700	$138,900	$142,900
Manager, Operations	954	$142,700	$138,900	$142,900
Manager, Customer Relations & Information Services	954	$142,700	$138,900	$142,900
Manager, Finance	890	$136,100	$134,300	$138,200
Manager, Rates & Regulation	890	$136,100	$134,300	$138,200

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director
Executive Compensation

cc: Barry Perry, Fortis Inc.

Appendix A: Manager, Regional Market Comparison

Market	Commercial Industrial (Non-Exec Only)	Commercial Industrial (Exec & Non-Exec)	Atlantic Canada Industrial[1] (Exec & Non-Exec)
2011 Market Actual Salary Median	$156,300	$172,000	$135,600
Estimated 2012 Market Salary Median	$160,800	$177,000	$139,500

Notes:
1. For a list of industrial organizations with jobs in Atlantic Canada, please see Appendix C.

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Appendix B – Commercial Industrial Comparator Group – Non-Executive (N = 258)

3M Canada Company
A&W Food Services of Canada Inc.
ABB Inc.
ACA Co-operative Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Agfa Healthcare Canada
Agfa Inc.
Air New Zealand
Air Products Canada Ltd.
Aker Chemetics
Akzo Nobel Canada Inc.
Alamos Gold Inc.
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
Allergan Canada Inc.
Aluminerie Alouette Inc.
Amcor Limited
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Arrow Transportation Systems Inc.
Ashland Inc.
Ashland Inc. - Global Chemicals
Ashland Inc. - Performance Materials
Ashland Inc. - Valvoline
Ashland Inc. - Water Technologies
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
Autopro Automation Consultants Ltd.
BASF Canada Inc.
BHP Billiton - Ekati Diamond Mines
BHP Billiton Canada Inc.
Babcock & Wilcox Canada Ltd.
BakeMark Ingredients Canada Ltd.
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
The Beer Store
Boehringer Ingelheim (Canada) Ltd.
Bombardier Transportation Canada Inc.
Brink's Canada Limited
Bristol-Myers Squibb Canada Co.
Britco Structures Inc.
Broan-NuTone Canada Inc.
Bruce Power
Bunge North America
CHEP Canada
CKF Inc.
CNH America, LLC.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Pacific Railway
Canexus Limited
Canfor Pulp Limited Partnership
Canon Canada Inc.
Canpotex Limited
Cargill Limited
Catalyst Paper Corporation
Caterpillar of Canada Corporation
Centerra Gold Inc.
Christie Digital Systems Inc.
The Churchill Corporation
Co-op Atlantic
Cognis Canada Corporation
Compass Group Canada
Country Ribbon Inc.
Cytec Canada Inc.
DENSO Manufacturing Canada, Inc.
DSM Nutritional Products Canada Inc.
Daishowa-Marubeni International Ltd.
Danone Canada Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Direct Energy Marketing Ltd.
Dow Chemical Canada Inc.

Dow Corning Canada Inc.
Dr Pepper Snapple Group
Dr. Oetker Ltd.
Dundee Precious Metals
Dyno Nobel Canada Inc.
EFW Radiology
E.I. du Pont Canada Company
EMD Serono Canada Inc.
ERCO Worldwide
EWOS Canada Ltd.
Eli Lilly Canada Inc.
Elkem Métal Canada Inc.
Essar Steel Algoma Inc.
Ferrero Canada Limited Commercial Division
Ferrero Canada Limited Industrial Division
Finning International Inc.
Fisher & Paykel Healthcare Inc.
Forbo Linoleum Inc.
Gates Canada Inc.
General Kinetics Engineering Corporation
Gerdau Ameristeel
GlaxoSmithKline Inc.
Graceway Pharmaceuticals
Graham & Brown
Grand & Toy
Griffith Laboratories Limited
Group SEB Canada Inc.
Henkel Canada Corporation
Hilti (Canada) Ltd.
Hobart Food Equipment Services Canada
Hoffmann-La Roche Ltd.
Hudson's Bay Company
HumanWare
Hunter Dickinson Inc.
Huntsman Polyurethane
INVISTA (Canada) Company
ITW Construction Products
Ingersoll-Rand Canada Inc.
Innophos Canada Inc.
J. H. Ryder Machinery Limited
Janssen Inc.
John Deere Limited Canada
Jubilant Life Sciences Limited - Draximage
Jubilant Life Sciences Limited - Draxis Pharma
Kellogg Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Kruger Products
Kuehne + Nagel Ltd.
LANXESS Inc.
LS Travel Retail North America
Labatt Breweries of Canada
Lake Shore Gold Corp.
Lantic Inc.
Lego Systems, Inc.
Lehigh Hanson
Linde Canada Limited
Lotus Bakeries
Lowe's Companies, Inc.
MDA
Mainstream Canada Ltd.
Mark Anthony Group
McCormick Canada Co.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Meridian Lightweight Technologies Inc.
Methanex Corporation
Michelin North America (Canada) Inc.
Minas Basin Pulp & Power Co. Ltd.
Mitsubishi Canada Limited
Montship Inc.
The Mosaic Company
Mustang Survival Corp.
Mylan Pharmaceuticals ULC
NOVA Chemicals Corporation
Navtech Systems Support Inc.
Neopost Canada
Newmont Mining Corporation of Canada Limited
Nordion
North Atlantic Refining
Northern Pulp Nova Scotia Corp.
Nova Scotia Power Inc.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Nycomed Canada Inc.
Oakrun Farm Bakery Ltd.
Omicron
L'Oréal Canada Inc.
P & H MinePro Services
PPG Canada Inc.
PPG Canada Inc. - Fine Chemicals Division
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation

Penske Truck Leasing
PepsiCo Canada
Phantom Mfg. (Int'l) Ltd.
Pharmascience Inc.
Pioneer Hi-Bred Limited
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Procter & Gamble Inc.
Puratos Canada Inc.
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto - Fer et Titane Inc.
Rio Tinto Iron Ore
Ritchie Bros. Auctioneers (Canada) Ltd.
Rogers Communications Inc.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO inc.
SMS Equipment Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
sanofi-aventis
Schneider Electric
Sears Canada Inc.
The Shaw Group Limited
Sherritt International Corporation
Shire BioChem inc.
Shiseido (Canada) Inc.
Shoppers Drug Mart Corporation
Shore Gold Inc.
Siegwerk Canada Inc.
Siemens Canada Limited
Silver Standard Resources Inc.
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Sonoco Canada Corporation
TELUS Communications Inc.
Tait Electronics Ltd.
Takeda Pharmaceuticals North America, Inc.
Taro Pharmaceuticals Inc.
Tech Data Canada Corporation
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Thales Rail Signalling Solutions
Thompson Creek Metals Company
Thrifty Foods Inc.
Timminco Limited
Tolko Industries Ltd.
Toromont CAT, A Division of Toromont Industries Ltd.
Trane Canada Co.
Twin Rivers Paper Company
Ultramar Ltée
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vale Inco Limited
Vicwest Income Fund
Viterra Inc.
Votorantim Cement North America
VPL Enterprises Ltd.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Winners Merchants International L.P.
Xstrata Copper Canada
Yara Belle Plaine Inc.
Zellers
Zellstoff Celgar Partnership Limited

Appendix C – Atlantic Canada Industrial Comparator Group – Industrial Organizations with jobs in Atlantic Canada (N = 73)

3M Canada Company
A&W Food Services of Canada Inc.
ACA Co-operative Limited
AV Nackawic Inc.
Agfa Healthcare Canada
Akzo Nobel Canada Inc.
Amcor Limited
Andrew Peller Limited
Ashland Inc.
Ashland Inc. - Valvoline
Ashland Inc. - Water Technologies
Babcock & Wilcox Canada Ltd.
The Bay
Brink's Canada Limited
CHEP Canada
CKF Inc.
CNH America, LLC.
Canada Post Corporation
Canadian National Railway Company
Canon Canada Inc.
Cargill Limited
Co-op Atlantic
Country Ribbon Inc.
Danone Canada Inc.
Direct Energy Marketing Ltd.
E.I. du Pont Canada Company
Gates Canada Inc.
Grand & Toy
Halifax Port Authority
Halifax Regional Water Commission
Hilti (Canada) Ltd.
Ingersoll-Rand Canada Inc.
Kruger Products
Kuehne + Nagel Ltd.
LS Travel Retail North America
Labatt Breweries of Canada
Lantic Inc.
Linde Canada Limited
McElhanney Land Surveys Ltd.
Michelin North America (Canada) Inc.
Minas Basin Pulp & Power Co. Ltd.
Montship Inc.
NB Power Holding Corporation
North Atlantic Refining
Northern Pulp Nova Scotia Corp.
Nova Scotia Power Inc.
P & H MinePro Services
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Penske Truck Leasing
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Rio Tinto Iron Ore
Ritchie Bros. Auctioneers (Canada) Ltd.
Rogers Communications Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
Sears Canada Inc.
The Shaw Group Limited
Shoppers Drug Mart Corporation
Sleeman Breweries Ltd.
Sonoco Canada Corporation
TELUS Communications Inc.
Tech Data Canada Corporation
Toromont CAT, A Division of Toromont Industries Ltd.
Trane Canada Co.
Twin Rivers Paper Company
Ultramar Ltée
Vale Inco Limited
Vicwest Income Fund
Wal-Mart Canada Corp.
Winners Merchants International L.P.
Zellers

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NEWFOUNDLAND POWER
A FORTIS COMPANY

January 16, 2013

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, NL
A1B 3P6

Dear Mr. Ludlow,

Re: Manager Compensation – 2013 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2013 for the management group immediately below the executive level.

Our views are based upon the current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial non-executive market effective May 1, 2012. The companies included in this sample are listed in Appendix A. As with previous years, additional market information for the Manager, Regional role has been provided in Appendix B.

Table 1, on the following page, illustrates the estimated 2013 market actual salary medians (Column 7) for your managers. This is based on 2012 market actual salary data (Column 6) adjusted upwards by 2.9%, based on data collected between July and August 2012, to estimate 2013 market practice.

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Table 1 – Estimated Newfoundland Power 2013 Market Actual Salary Medians

Position [1]	Incumbent [2]	Current Evaluation [3]	Estimated 2012 Market Actual Salary Median (in 2011) [4]	Newfoundland Power 2012 Actual Base Salary [5]	2012 Market Actual Salary Median [6]	Estimated 2013 Market Actual Salary Median [7]
Manager Regional	Jardine	1124	$160,800	$163,500	$167,800	$172,700
Manager Regional	Feehan	1124	$160,800	$140,000	$167,800	$172,700
Manager Eastern Region & Corporate Communication	Pike	1056	$153,500	$163,500	$157,300	$161,900
Manager Operations	Lacour	954	$142,900	$154,000	$142,700	$146,800
Manager Human Resources & Corporate Affairs	Obrien	954	$142,900	$152,500	$142,700	$146,800
Manager Customer Relations & Info Servs.	Collins	954	$142,900	$152,500	$142,700	$146,800
Manager Engineering	Murray	954	$142,900	$147,000	$142,700	$146,800
Manager Rates & Regulation	Henderson	890	$138,200	$138,800	$138,400	$142,400
Manager Finance	Hiscock	890	$138,200	$128,000	$138,400	$142,400

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director
Executive Compensation

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Appendix A – Commercial Industrial Comparator Group – Non-Executive (N = 261)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Americas Limited
ATCO I-Tek
Abbott Laboratories, Limited
Acuity Brands
Agfa Healthcare Canada
Agfa Inc.
Ainsworth Engineered Canada L. P.
Air Products Canada Ltd.
Akzo Nobel Canada Inc.
Alamos Gold Inc.
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
Aluminerie Alouette Inc.
Amgen Canada Inc.
Amway Canada Corporation
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Arrow Transportation Systems Inc.
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atlantic Poultry Incorporated
Atotech Canada Ltd.
BASF Canada Inc.
BHP Billiton - Ekati Diamond Mines
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
BakeMark Ingredients Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
Bekaert Canada
Belden CDT (Canada) Inc.
Bericap North America Inc.
Boehringer Ingelheim (Canada) Ltd.
Bombardier Transportation Canada Inc.
Brink's Canada Limited
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
CAE Inc.
CGGVeritas
CHEP Canada Inc.
CKF Inc.
CNH America, LLC.
Cabot Canada Ltd.
Campbell Company of Canada
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Pacific Railway
Canexus Corporation
Canfor Pulp Limited Partnership
Canon Canada Inc.
Canpotex Limited
Cargill Limited
Catalyst Paper Corporation
Caterpillar Logistics Services Canada Limited
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Centerra Gold Inc.
Christie Digital Systems Inc.
Chubb Edwards
The Churchill Corporation
Co-op Atlantic
Compass Group Canada
Coty Canada
Country Ribbon Inc.
DP World Canada
DSM Nutritional Products Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Direct Energy Marketing Ltd.
Dow Chemical Canada Inc.

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Dr. Oetker Ltd.
EFW Radiology
E.I. du Pont Canada Company
EMD Serono Canada Inc.
ERCO Worldwide
EWOS Canada Ltd.
Eli Lilly Canada Inc.
Elkem Métal Canada Inc.
Essar Steel Algoma Inc.
Fisher & Paykel Healthcare Inc.
G4S Cash Services (Canada) Ltd.
Gates Canada Inc.
General Kinetics Engineering Corporation
Gerdau Long Steel North America
GlaxoSmithKline Inc.
Goldcorp Inc.
Golf Town
Graham & Brown
Grand & Toy
Griffith Laboratories Limited
Henkel Canada Corporation
Henry Schein Canada
Hilti (Canada) Ltd.
Hobart Food Equipment Services Canada
Hoffmann-La Roche Ltd.
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
HumanWare
Hunter Dickinson Inc.
Huntsman Polyurethane
INEOS Canada Partnership
INVISTA (Canada) Company
Ingersoll-Rand Canada Inc.
Innophos Canada Inc.
Janssen Inc.
John Deere Limited Canada
Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
K.I. Pembroke
KPMG MSLP
Kellogg Canada Inc.
Kemira Chemicals Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Kongsberg Automotive
Kruger Products
LANXESS Inc.
Labatt Breweries of Canada
Lake Shore Gold Corp.
Lantic Inc.
Lantic Inc. - Rogers Sugar Division
Lego Systems, Inc.
Lehigh Hanson Materials Limited
Leo Pharma
LifeLabs
Linamar
Loblaw Companies Limited
Lotus Bakeries
Lowe's Companies, Inc.
MDA
MERSEN Canada Dn Ltd.
MERSEN Canada Toronto Inc.
Maidstone Bakeries Co.
Mainstream Canada Ltd.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Merz Pharma Canada
Methanex Corporation
Michelin North America (Canada) Inc.
Minas Basin Pulp & Power Co. Ltd.
The Minto Group
Mitsubishi Canada Limited
Montship Inc.
The Mosaic Company
Navtech Systems Support Inc.
North American Palladium Ltd.
North Atlantic Refining
Northern Pulp Nova Scotia Corp.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Omicron
L'Oréal Canada Inc.
Otis Spunkmeyer Canada Limited
Outotec (Canada) Ltd.
OxyVinyls Canada Inc.
PPG Canada Inc.
PPG Canada Inc. - Fine Chemicals Division
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada

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Phantom Mfg. (Int'l) Ltd.
Pharmascience Inc.
Pioneer Hi-Bred Limited
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Procter & Gamble Inc.
Purdue Pharma
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto Iron Ore
Ritchie Bros. Auctioneers (Canada) Ltd.
Rolls-Royce Canada Ltd.
Rothmans, Benson & Hedges Inc.
Runge Limited
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO inc.
SNC-Lavalin Group Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
Sanofi Canada
Saskatchewan Roughrider Football Club
Schneider Electric
Sears Canada Inc.
The Shaw Group Limited
Sherritt Coal
Shiseido (Canada) Inc.
Shore Gold Inc.
Siegwerk Canada Inc.
Silver Standard Resources Inc.
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Sonoco Canada Corporation
Suncor Energy Inc.
Syncrude Canada Ltd.
TELUS Communications Inc.
Tait Electronics Ltd.
Takeda Canada Inc.
Taro Pharmaceuticals Inc.
Tata Global Beverages Canada
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Teva Canada Limited
Thompson Creek Metals Company
Tolko Industries Ltd.
TomTom International
Toromont CAT, A Division of Toromont Industries Ltd.
Toys "R" Us (Canada) Ltd.
Ultramar Ltée
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vale Inco Limited
Vallourec Tubes Canada Inc.
VAM Canada
Viterra Inc.
Votorantim Cement North America
VPL Enterprises Ltd.
VWR International
W.E.T. Automotive Systems Ltd.
Wal-Mart Canada Corp.
WD-40 Products Canada Ltd.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Winners Merchants International L.P.
Xstrata Copper Canada
Xstrata Nickel Canada
Xstrata Zinc Canada
Yara Belle Plaine Inc.
Yukon Zinc Corporation
Zellstoff Celgar Partnership Limited

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Appendix B: Manager, Regional Market Comparison

Market	Commercial Industrial (Non-Exec Only)	Commercial Industrial (Exec & Non-Exec)	Atlantic Canada Industrial[1] (Exec & Non-Exec)
2102 Market Actual Salary Median	$167,800	$180,400	$136,100
Estimated 2013 Market Salary Median	$172,700	$185,600	$140,000

Note:

1. See Appendix C for a list of industrial organizations with jobs in Atlantic Canada.

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Appendix C – Atlantic Canada Industrial Comparator Group – Industrial Organizations with jobs in Atlantic Canada (N = 73)

3M Canada Company
A&W Food Services of Canada Inc.
Acuity Brands
Agfa Healthcare Canada
AgraPoint International, Inc.
Akzo Nobel Canada Inc.
Atlantic Poultry Incorporated
Babcock & Wilcox Canada Ltd.
The Bay
Brink's Canada Limited
CHEP Canada Inc.
CKF Inc.
CNH America, LLC.
Canada Post Corporation
Canadian National Railway Company
Canon Canada Inc.
Cargill Limited
Chubb Edwards
Co-op Atlantic
Country Ribbon Inc.
Direct Energy Marketing Ltd.
Dow Chemical Canada Inc.
E.I. du Pont Canada Company
G4S Cash Services (Canada) Ltd.
Gates Canada Inc.
Golf Town
Grand & Toy
Halifax Port Authority
Halifax Regional Water Commission
Halifax-Dartmouth Bridge Commission
Henry Schein Canada
Hilti (Canada) Ltd.
Home Outfitters
Ingersoll-Rand Canada Inc.
KPMG MSLP
Kemira Chemicals Canada Inc.
Kimberly-Clark Corporation
Kruger Products
Labatt Breweries of Canada
Loblaw Companies Limited
Marine Atlantic Inc.
McElhanney Land Surveys Ltd.
Michelin North America (Canada) Inc.
Minas Basin Pulp & Power Co. Ltd.
NB Power Holding Corporation
North Atlantic Refining
Northern Pulp Nova Scotia Corp.
Nova Scotia Egg Producers
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Penske Truck Leasing
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Ritchie Bros. Auctioneers (Canada) Ltd.
Rolls-Royce Canada Ltd.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
Sears Canada Inc.
The Shaw Group Limited
Sleeman Breweries Ltd.
Sonoco Canada Corporation
Suncor Energy Inc.
TELUS Communications Inc.
Toromont CAT, A Division of Toromont Industries Ltd.
Toys "R" Us (Canada) Ltd.
Ultramar Ltée
Vale Inco Limited
VAM Canada
Wal-Mart Canada Corp.
Winners Merchants International L.P.
Xstrata Nickel Canada
Xstrata Zinc Canada

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NEWFOUNDLAND POWER
A FORTIS COMPANY

January 15, 2014

Mr. Earl Ludlow
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, Newfoundland
A1B 3P6

Dear Mr. Ludlow,

Re: Manager Compensation – 2014 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2014 for the management group immediately below the executive level.

Our views are based upon the current evaluation of the roles (updated in November, 2013) using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial non-executive market effective May 1, 2013. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2014 market actual salary medians (Column 7) for your managers. This represents 2013 market actual salary data (Column 6) adjusted upwards by 2.5%, based on data collected in July 2013 for the purpose of estimating 2014 market practice.

HayGroup

Mr. Earl Ludlow
Newfoundland Power

Table 1 – Estimated Newfoundland Power 2014 Market Actual Salary Medians

Position [1]	Incumbent [2]	Evaluation [3]	Estimated 2013 Market Actual Salary Median (in 2012) [4]	Newfoundland Power 2013 Actual Base Salary [5]	2013 Market Actual Salary Median [6]	Estimated 2014 Market Actual Salary Median [7]
Manager, St. John's Region	Murray	1142	$146,800 [1]	$156,000	$174,100	$178,500
Manager, Engineering	Jardine	1040	$172,700 [2]	$168,400	$158,500	$162,500
Manager, Western Region	Feehan	1040	$172,700 [2]	$153,000	$158,500	$162,500
Manager, Eastern Region	Pike	1040	$161,900 [3]	$168,400	$158,500	$162,500
Manager, Network Operations	Lacour	1040	$146,800 [4]	$158,600	$158,500	$162,500
Manager, Customer Relations & Information Technology	Collins	994	$146,800 [5]	$158,600	$151,500	$155,300
Manager, Human Resources	O'Brien	954	$146,800	$157,000	$146,700	$150,400
Manager, Rates & Regulation	Henderson	890	$142,400	$143,000	$143,700	$147,300
Manager, Finance	Hiscock	805	$142,400 [6]	$135,500	$139,400	$142,900
Manager, Corporate Affairs and Communications	McCarthy	805	*	$150,000	$139,400	$142,900

1. Based on former Manager Engineering evaluation of 954
2. Based on former Manager Regional evaluation of 1124
3. Based on former Manager Eastern Region & Corporate Communication evaluation of 1056
4. Based on former Manager Operations evaluation of 954
5. Based on former Manager Customer Relations & Info Servs. evaluation of 954
6. Based on former Manager Finance evaluation of 890
* No estimate made in 2012 of 2013 Market Actual Salary Median

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director
Executive Compensation

HayGroup

Mr. Earl Ludlow
Newfoundland Power

Appendix A – 2013 Commercial Industrial Market (n=260)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Americas Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Ainsworth Engineered Canada L. P.
Air Products Canada Ltd.
Akzo Nobel Canada Inc.
Alamos Gold Inc.
Alberta Newsprint Company
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
Allergan Canada Inc.
Amcor Rigid Plastics
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
Apple Canada Inc.
Aptalis Pharma Inc.
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Archer-Daniels-Midland Company (Canada) Ltd.
Arla Foods Inc.
Arrow Transportation Systems Inc.
Ashland Inc.
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
Avis Budget Group, Inc.
BASF Canada Inc.
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
The Bay
Bayer Inc.
Bekaert Canada
Benteler Automotive
Big Lots Canada, Inc.
Blue Mountain Resorts Limited
Boehringer Ingelheim (Canada) Ltd.
Bombardier Inc.
Bonduelle North America Inc.
Brink's Canada Limited
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
Buckman Laboratories of Canada Ltd.
CGGVeritas
CHC Helicopter
CKF Inc.
CNH America, LLC.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canexus Corporation
Canfor Pulp Limited Partnership
CannAmm Occupational Testing Services
Canpotex Limited
Capgemini Canada
Capital Power Corporation
Cargill Limited
Catalyst Paper Corporation
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Chemtrade Logistics
Chemtura Canada Co Cie
Christie Digital Systems Inc.
Chubb Edwards
The Churchill Corporation
Co-op Atlantic
Compass Group Canada
Continental Tire Canada, Inc.
Country Ribbon Inc.
Cytec Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Dominion Diamond Corporation - Ekati Diamond Mine
Dow Chemical Canada Inc.
Dr Pepper Snapple Group
Dr. Oetker Ltd.
E.I. du Pont Canada Company
EMD Serono Canada Inc.
EWOS Canada Ltd.
Eden Valley Poultry Inc.
Eli Lilly Canada Inc.
Essar Steel Algoma Inc.
FMC of Canada, Ltd.
Finning (Canada)
Finning International Inc.
Fisher & Paykel Appliances
GDF SUEZ Energy North America, Inc.
Gap (Canada) Inc.
General Kinetics Engineering Corporation
Glatfelter
GlaxoSmithKline Inc.
Goldcorp Inc.
Golf Town
Grand & Toy
Griffith Laboratories Limited
Group SEB Canada Inc.
Henkel Canada Corporation
Henry Schein Canada
Hoffmann-La Roche Ltd.
Holcim (Canada) Inc.
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
HumanWare
Hunter Dickinson Inc.
Huntsman Polyurethane
INVISTA (Canada) Company
Interquisa Canada
Janssen Inc.
John Deere Limited Canada

HayGroup

Mr. Earl Ludlow
Newfoundland Power

Appendix A – 2013 Commercial Industrial Market (n=260) (cont'd)

Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
KPMG MSLP
Kellogg Canada Inc.
Kemira Chemicals Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Kongsberg Automotive
Kruger Products
LANXESS Inc.
Labatt Breweries of Canada
Lake Shore Gold Corp.
Lantic Inc.
Lantic Inc. - Rogers Sugar Division
Lehigh Hanson Materials Limited
Leo Pharma
LifeLabs
Linamar
Liquor Stores GP Inc.
Loblaw Companies Limited
Lowe's Companies Canada, ULC
MacoPharma Canada Inc.
Mainstream Canada Ltd.
Marine Harvest Canada
McCormick Canada Co.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Methanex Corporation
Michelin North America (Canada) Inc.
Millar Western Forest Products Ltd.
The Minto Group
Mission Group Enterprises
Mitsubishi Canada Limited
Montship Inc.
Morneau Shepell Inc.
The Mosaic Company
Navtech Systems Support Inc.
Neovia Logistics Services
Nike Canada Corp.
Noralta Lodge Ltd.
North American Palladium Ltd.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Nutreco Canada Inc.
OEM Remanufacturing
Occidental Chemical Corporation
L'Oréal Canada Inc.
Overwaitea Food Group LP
PPG Canada Inc.
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Pharmascience Inc.
Pioneer Hi-Bred Limited
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Primex Manufacturing Ltd.
Procter & Gamble Inc.
Purdue Pharma
Randstad Canada
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto Iron Ore
Rogers Communications Inc.
Rolls-Royce Canada Ltd.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SEMAFO Inc.
SMS Equipment Inc.
SNC-Lavalin Group Inc.
Sandoz Canada Inc.
sanofi canada inc
Seed Hawk Inc.
The Shaw Group Limited
Sherritt Coal
Sherritt International Corporation
Shoppers Drug Mart Corporation
Shore Gold Inc.
Shred-it International
Sidel Canada Inc.
Siemens Canada Limited
Sika Canada Inc.
Silver Standard Resources Inc.
Skretting
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Sonoco Canada Corporation
Strathcona Paper LP
Sultran Ltd.
Suncor Energy Inc.
TELUS Communications Inc.
TVI Pacific, Inc.
Takeda Canada Inc.
Tata Global Beverages Canada
Technip Canada Ltd.
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Thales Canada Inc.
Thompson Creek Metals Company
TimberWest Forest Corp.
Tolko Industries Ltd.
TomTom International
Toromont CAT, A Division of Toromont Industries Ltd.
Total E&P Canada
Toys "R" Us (Canada) Ltd.
Ultramar Ltée
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vale Canada Ltd
Vallourec Tubes Canada Inc.
Viterra Inc.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Winners Merchants International L.P.
Xstrata Copper Canada
Xstrata Nickel Canada
Xstrata Zinc Canada

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NEWFOUNDLAND POWER
A FORTIS COMPANY

January 19, 2015

Mr. Gary Smith
President & Chief Executive Officer
Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, Newfoundland
A1B 3P6

Dear Mr. Smith,

Re: Manager Compensation – 2015 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2015 for the management group immediately below the executive level.

Our views are based upon your current evaluation of the roles using the Hay Group job evaluation methodology and compensation information in the Hay Group database accumulated from the Commercial Industrial non-executive market effective May 1, 2014. The companies included in this sample are listed in Appendix A.

Table 1, on the following page, illustrates the estimated 2015 market actual salary medians (Column 7) for your managers. This represents 2014 market actual salary data (Column 6) adjusted upwards by 2.6%, based on data collected between July and August 2014 for the purpose of estimating 2015 market practice.

HayGroup

Mr. Gary Smith
Newfoundland Power

Table 1 – Estimated Newfoundland Power 2015 Market Actual Salary Medians

Position (1)	Incumbent (2)	Evaluation (3)	Estimated 2014 Market Actual Salary Median (in 2013) (4)		Newfoundland Power 2014 Actual Base Salary (5)	2014 Market Actual Salary Median (6)	Estimated 2015 Market Actual Salary Median (7)
Manager, Engineering	Jardine	1040	$162,500		$173,500	$163,900	$168,200
Manager, St. John's Region	Pike	1040	$162,500	(1)	$173,500	$163,900	$168,200
Manager, Eastern Region	Chubbs	1040	$162,500	(2)	$130,000	$163,900	$168,200
Manager, Regional	Feehan	1040	$162,500	(3)	$160,000	$163,900	$168,200
Manager, Operations	Lacour	1040	$162,500		$163,400	$163,900	$168,200
Manager, Operations Support	Manning	994	-	(4)	$130,000	$157,800	$161,900
Manager, Technology	Collins	994	$155,300	(5)	$163,400	$157,800	$161,900
Manager, Human Resources and Corp Affa	O'Brien	954	$150,400	(6)	$161,700	$153,500	$157,500
Manager, Customer and Corporate Relatic	McCarthy	954	$142,900	(7)	$155,000	$153,500	$157,500
Manager, Revenue and Supply	Henderson	890	$147,300	(8)	$147,300	$149,300	$153,200
Manager, Finance	Hiscock	805	$142,900		$139,500	$143,700	$147,400

(1) Based on evaluation of former Manager, Eastern Region (1040 Points)
(2) New Incumbent
(3) Based on evaluation of former Manager, Western Region (1040 Points)
(4) New position
(5) Based on evaluation of former Manager, Customer Relations and Information Technology (994 Points)
(6) Based on evaluation of former Manager, Human Resources (954 Points)
(7) Based on evaluation of former Manager, Corporate Affairs and Communications (805 Points)
(8) Based on evaluation of former Manager, Rates and Regulation (805 Points)

I will be happy to answer any questions that may arise.

Sincerely,
Hay Group Limited

Christopher A. Chen, LLB
National Director
Executive Compensation and Reward

HayGroup

Mr. Gary Smith
Newfoundland Power

Appendix A – 2014 Non-Executive Commercial Industrial Market (n=274)

3M Canada Company
A&W Food Services of Canada Inc.
ALS Canada Ltd.
AMEC Americas Limited
ATCO I-Tek
AV Nackawic Inc.
Abbott Laboratories, Limited
Ainsworth Engineered Canada L P.
Air New Zealand
Air Products Canada Ltd.
Alamos Gold Inc.
Alberta Newsprint Company
Alberta-Pacific Forest Industries Inc.
Alcon Canada Inc.
AltaSteel Ltd.
Amcor Limited
Amgen Canada Inc.
Amway Canada Corporation
Andrew Peller Limited
ArcelorMittal - Baffinland Iron Mines Corporation
ArcelorMittal Canada
ArcelorMittal Canada Contrecoeur-Ouest Inc.
ArcelorMittal Canada Hamilton
ArcelorMittal Canada Longeuil
ArcelorMittal Canada Saint-Patrick
ArcelorMittal Dofasco Inc.
ArcelorMittal Mines Canada
ArcelorMittal Tubular Products - Automotive Division
Archer-Daniels-Midland Company (Canada) Ltd.
Arla Foods Inc.
Ashland Inc.
Ashland Inc. - Performance Materials
Ashland Inc. - Specialty Ingredients
Ashland Inc. - Valvoline
Ashland Inc. - Water Technologies
Astellas Pharma Canada Inc.
AstraZeneca Canada Inc.
Atlantic Packaging Products Ltd.
Atotech Canada Ltd.
BASF Canada Inc.
BHP Billiton Canada Inc.
BIC Graphic Canada
Babcock & Wilcox Canada Ltd.
Barilla
Barrick Gold Corporation
Basell Canada Inc.
Baxter Corporation
The Bay
Bayer Inc.
Bekaert Canada
BEL Group
Belden (Canada) Inc.
Bericap North America Inc.
Boehringer Ingelheim (Canada) Ltd.
Bombardier Inc.
Bonduelle North America Inc.
Booking.com B.V.
Bristol-Myers Squibb Canada Co.
Broan-NuTone Canada Inc.
Bruce Power L.P.
CAE Inc.
CEPSA Química Montreal L.P.
CGGVeritas
CHEP Canada Inc.
CKF Inc.
CNH America, LLC.
CSL Silicones Inc.
Cabot Canada Ltd.
Campbell Company of Canada
Canada Goose Inc.
Canada Safeway Limited
Canadelle Inc.
Canadian Forest Products Ltd.
Canadian National Railway Company
Canadian Tire Corporation
Canfor Pulp Limited Partnership
Canpotex Limited
Capgemini Canada
Capstone Mining Corp.
Cargill Limited
Catalyst Paper Corporation
Caterpillar of Canada Corporation
Caterpillar Tunneling Canada Corporation
Centerra Gold Inc.
Cermaq Canada
CertainTeed Gypsum North American Services
Christie Digital Systems Inc.
Chubb Edwards
Cliffs Natural Resources Inc.
Compass Group Canada
Compass Minerals International, Inc.
Continental Tire Canada, Inc.
Coty Canada
Country Ribbon Inc.
Cytec Canada Inc.
DOF Subsea Canada
DSM Nutritional Products Canada Inc.
Danfoss Inc.
De Beers Canada Inc., Corporate Division
De Beers Canada Inc., Exploration Division
De Beers Canada Inc., Mining Division
Deeley Harley-Davidson Canada
Detour Gold Corporation
Dominion Diamond Corporation - Ekati Diamond Mine
Dorman Products Inc.
Dow Chemical Canada Inc.
E & J Gallo Winery
E.I. du Pont Canada Company
EMD Serono Canada Inc.
Eden Valley Poultry Inc.
Edmonton Eskimo Football Club
Eli Lilly Canada Inc.
Elliott Turbomachinery Canada, Inc.
Enbridge Inc.
Essar Steel Algoma Inc.
Ferrero Canada Limited Commercial Division
First Majestic Silver Corp.
Fisher & Paykel Appliances
Fisher & Paykel Healthcare Inc.
Flowserve Canada Inc.
Fluor Canada Ltd.
GDF SUEZ Energy North America, Inc.
GE Canada
Gap (Canada) Inc.
General Kinetics Engineering Corporation
General Shale Brick, Inc.
Geodis Wilson Canada Ltd.
Gerdau Long Steel North America
GlaxoSmithKline Inc.
Glencore Canada Corporation - Copper
Glencore Canada Corporation - Nickel
Glencore Canada Corporation - Zinc
Goldcorp Inc.
Henkel Canada Corporation
Henry Schein Canada
Hewitt Equipement Limitée
Hoffmann-La Roche Ltd.
Holcim (Canada) Inc.
The Home Depot Canada
Home Outfitters
HudBay Minerals Inc.
Hudson's Bay Company
Hunter Dickinson Inc.
Huntsman Polyurethane
IKEA Canada
Information Services Corporation of Saskatchewan
JYSK CANADA
Janssen Inc.

HayGroup®

Mr. Gary Smith
Newfoundland Power

John Deere Limited Canada
Johnson Matthey Ltd.
K+S Potash Canada
KGHM International Ltd.
KPMG MSLP
Kellogg Canada Inc.
Kennametal Ltd.
Kimberly-Clark Corporation
Kinross Gold Corporation
Knauf Insulation Ltd.
LANXESS Inc.
Labatt Breweries of Canada
Lafarge Canada Inc.
Lake Shore Gold Corp.
Lantic Inc.
Lehigh Hanson Materials Limited
Leo Pharma
LifeLabs
Linamar
Luxottica Group
Magotteaux Ltée
Marine Harvest Canada
Mary Kay, Inc.
McElhanney Consulting Services Ltd.
The McElhanney Group Ltd.
McElhanney Land Surveys Ltd.
Michelin North America (Canada) Inc.
MindGeek Holding SARL
Mission Group Enterprises
Mitsubishi Canada Limited
Montship Inc.
Morneau Shepell Inc.
The Mosaic Company
Navtech Systems Support Inc.
Newmont Mining Corporation of Canada Limited
Nike Canada Corp.
North American Palladium Ltd.
Novartis Pharmaceuticals Canada Inc.
Novo Nordisk Canada
Occidental Chemical Corporation
L'Oréal Canada Inc.
Orica Canada Inc.
P & H MinePro Services
PPG Canada Inc.
PPG Canada Inc. - Industrial Coatings Division
PPG Canada Inc. - Performance Glazing Division
Pan American Silver Corporation
Penske Truck Leasing
PepsiCo Canada
Pharmascience Inc.
Pirelli Tires - Canada
Plastiflex Canada Inc.
Potash Corporation of Saskatchewan Inc.
Praxair Canada Inc.
Primex Manufacturing Ltd.
Procter & Gamble Inc.
Purdue Pharma
Richemont Canada Inc.
Rio Tinto - Diavik Diamond Mines
Rio Tinto - Fer et Titane Inc.
Rio Tinto Iron Ore
Rogers Communications Inc.
Rothmans, Benson & Hedges Inc.
Russel Metals Inc.
SABIC Innovative Plastics Canada Incorporated
SEMAFO inc.
SMS Equipment Inc.
Saint-Gobain Abrasives Canada Inc.
Saint-Gobain Ceramic Materials Canada/Abrasive Materials
Sandoz Canada Inc.
Schneider Electric
Schweitzer Engineering Laboratories
The Shaw Group Limited
Sherritt International Corporation
Shoppers Drug Mart Corporation
Shore Gold Inc.
Shred-it International
Siemens Canada Limited
Skretting
Sleeman Breweries Ltd.
Société en Commandite Tafisa Canada Inc.
Sofina Foods Inc.
Solar Turbines Incorporated
Solvay North America
Sonoco Canada Corporation
Staples Business Depot
Stillwater Mining Company
Strathcona Paper LP
Styrolution Canada Limited
Suncor Energy Inc.
TELUS Communications Inc.
Takeda Canada Inc.
Target Corporation
Taro Pharmaceuticals Inc.
Tata Global Beverages Canada
Tech Data Canada Corporation
Teck Resources Limited
Teck Resources Limited - Highland Valley Copper
Teck Resources Limited - Trail Operation
Teekay Corporation
Tembec Inc.
Teranet Inc.
Teva Canada Limited
Thales Canada Inc.
Tim Hortons Inc.
Tolko Industries Ltd.
Toromont CAT, A Division of Toromont Industries Ltd.
Total E&P Canada
Umicore Canada Inc.
uniPHARM Wholesale Drugs Ltd.
Uranium One Inc.
Vacon Canada
Vale Canada Limited
Valero Energy Inc.
Viterra Inc.
Votorantim Cement North America
WD-40 Products Canada Ltd.
W.E.T. Automotive Systems Ltd.
Wal-Mart Canada Corp.
Wescast Industries Inc.
West Fraser Timber Co. Ltd.
Westmoreland Coal Company - Canada
Winners Merchants International L.P.
Yamana Gold Inc.
Yara Belle Plaine Inc.
Zale Corporation

Towers Watson
Reward Review Reccommendations
May 21, 2013

Newfoundland Power

Reward review recommendations

21st May 2013

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Recommendations

1. Compensation philosophy
2. Job evaluation and grading
3. Base pay
4. Performance management
5. Pay for performance

Recommendations

1. Compensation philosophy

- Retain the premise of the existing compensation philosophy
- Prioritize and undertake a systematic redesign of specific reward programs to ensure that the organization supports and follows through on the compensation philosophy
- Define the role / purpose of different reward elements as part NLP’s broader employee value proposition (see the example on the following page)
- Outline NLP’s position on key reward design considerations more clearly (see the example on the following page)

1. Compensation philosophy – illustrative example

Role of base pay	Base pay is a tool to both attract and retain talent and drive individual performance throughout the organization
Role of variable pay	Variable pay is a tool to encourage the achievement of specific performance objectives that support organization priorities
Competitive positioning	NLP's total reward offering should be aligned to the median of the relevant market for each employee group (which may vary)
Performance orientation	NLP reward programs support and encourage both individual and collective high performance through merit awards and annual incentive awards respectively
Affordability (cost management)	Our reward budget and programs will be set / designed in light of both external circumstances and internal affordability. Reward decisions will be tightly governed
Performance / reward link	Performance management outcomes will be directly linked to reward . Throughout the year, exceptional performance will be recognized through both financial and non-financial means
Internal/external focus	NLP reward programs balance the need to be both internally equitable and externally competitive – our design approach is consistent for all employees but outcomes may be different
Peer group(s)	Peer groups will focus on the organizations that NLP hires people from and loses people to and may be different for different employee groups in order to maintain relevance
Flexibility	Flexibility is key to NLP's success and our reward programs are designed with this in mind – managers will be have structured discretion over reward decisions and ongoing management

2. Job evaluation and grading

- Since NLP is comfortable with the Hay job evaluation methodology, we suggest that you retain the methodology but amend:
  - The job evaluation language, to ensure that it captures the what it is that NLP views as most important from a job sizing perspective (do you use the full range of options available under education for example – from school leaver to MBA graduate)
  - The weighting of the factors, to ensure that job evaluation "scores" are not biased towards "management" jobs (we often find that the accountability factor can overplay the importance of people management vs. deep technical expertise)
  - The number of grades and the point boundaries associated with each grade, to improve grade distribution (the spread of jobs across the grades)
    - Drop current bands 1 and 2 and widen the point ranges for the remaining grades
- Communicate the revised grading structure using simple grade descriptors
  - Fewer and broader grades supported by the development of grade descriptors that offer a tangible distinction between grades will ease a lot of the pressure on grading
  - Develop a strategy to communicate the revised grades to the organization

3. Base pay

- Align the base pay structure to the revised grading structure
- Remove the sub-bands (5T, 6L and 6T) – they create unnecessary administration for very little return given the lack of differentiation from the original bands 5 and 6 (although we appreciate that this was not historically the case)
- Develop variable width pay ranges (see the following page) that balance:
  - Cost control – narrower pay ranges (i.e. 30% - 40%) for junior levels where it is possible to observe more of a “going rate”, and
  - Flexibility – wider pay ranges (i.e. 60%+) for senior levels where there is more variability in external market pay and where broader consideration of, for example, performance (for existing employees) and previous pay (in the case of new hires) needs to be taken into account
- Retain some overlap between pay ranges but try not to exceed 50% - any more makes it difficult to manage pay progression with promotion from one grade to the next (and potentially contributes to perceptions of inequity)
- For broader pay ranges, consider the implementation of “market anchors” to provide guidance to people managers with responsibility for pay decisions
- Develop communication materials to support the implementation and ongoing governance / management of the new pay ranges

3. Base pay – developing variable width pay ranges

Variable ranges support choice around the flexibility required to appropriately manage pay at different levels in the organization; focusing on narrow "market rates" at junior levels and broadening out to reflect both external and internal considerations at senior levels

Process

- Define grades (using the revised job evaluation methodology)
- Obtain market data on benchmark jobs
- Group similarly "valued" positions into levels and define range midpoints
- Create varied width ranges around midpoints as appropriate
- Draft guidelines to assist managers in determining pay increases

Advantages	Disadvantages
• Reflects logical pay practice • Supports a less hierarchical organizational structure • More flexibility to balance internal equity needs relative to market levels • Provides some control over costs • Allows managers more flexibility to differentiate pay increases based on performance and contribution • Reduces barriers to developmental moves • Supports broader roles	• Provides less structure than narrow ranges • Requires managers who are skilled in using market data in making pay decisions and able to support an effective performance management process • Puts pressure on performance evaluation systems • Potentially reduces the scope for promotion (fewer and broader ranges mean more differentiation within each range)

4. Performance management

- Develop a new performance management rating scale with either 4 or 5 ratings:
  - If 4 – one negative / developmental and three positive
  - If 5 – one negative, one developmental and three positive
- Develop rating labels and descriptors that support the messages that you want to get across – avoid the use of passive language for employees who meet performance expectations
- Introduce performance distribution guidelines (with roughly 5% employees either falling below expectations or developing, 65% - 75% meeting expectations, and 20% to 30% exceeding expectations)
- Revise the existing performance management process and documents to accommodate the new rating scale
  - Process: build in time for calibration meetings
  - Documents: align to the new rating scale
- Develop manager and employee communication materials to support the implementation and ongoing success of the revised performance management approach

4. Performance management

- Communicate confirmed year-end performance ratings to employees to embed NLP's commitment to performance differentiation and the value placed on high performance
- Strengthen the link between confirmed performance ratings and pay (see next page)

5. Pay for performance

- Develop overall budget recommendation in light of the external environment (market and economic), regulatory requirements and affordability
- Model annual merit awards based on the expected distribution of performance suggested to managers (see page 9, third main bullet) and position in pay range
  - Assuming “on target” performance for an employee who is well positioned in their pay range results in an increase in line with budget, and
  - Aiming for 1.5 x differentiation between “on target” and high performance (i.e. 3% for “on target” performance and 4.5% for high performance)
- Provide managers with merit award budgets based on the modeled merit matrix
- Develop manager and employee communication materials to support the implementation and ongoing success of the revised pay for performance approach
- Put more emphasis on communicating pay for performance outcomes to embed NLP’s commitment to performance differentiation and the value placed on high performance
- Depending on the organization’s appetite to increase compensation costs, develop and implement a simple annual incentive plan with a corporate performance threshold

End

Towers Watson
Salary Range Design Considerations
February 13, 2014

Newfoundland Power

Salary range design considerations

Tom Hellier
Veronica Van

February 13, 2014

TOWERS WATSON

Contents

Background and introduction

- Newfoundland Power (NL Power) has asked Towers Watson to assist with the design of market aligned salary ranges for the new banding structure
- As part of our analysis we have tested the "fit" of the new five band structure (collapsed from the previous twelve band structure) by reference to external market data and, throughout this document, we have suggested two alternatives for you to take into account prior to finalizing the banding structure and corresponding salary ranges
- In addition to the salary range analysis, commentary has been provided on external market practice regarding:
  - How to manage pay for managers and direct reports who sit in a common band, and
  - Approaches to managing retention concerns

Methodology
Developing pay ranges for consideration (1)

- Principally, this has involved reviewing “geo-adjusted” (see page 6) mid-market (median) data from both general industry and energy and utilities comparator groups with a view to anchoring salary ranges that are market aligned while also considering internal equity across different roles within each new band
- Following our discussions with you, we have identified two options for salary ranges for comparison:
  - Option 1 – one range per band – based on a “one-size fits all approach”
  - Option 2 – multiple ranges per band – allocation to each range is based on each role characteristics, accountabilities and responsibilities (i.e., supervisory / management, professional, technical support and/or business support)
- Please note both range structures are aligned to the new five band structure and NL Power’s preferred “80% to 100%” pay structure model

Methodology
Developing pay ranges for consideration (2)

- NL Power preliminary banding structure:

NLP Bands	TW Career Levels			
	Supervisory / Management	Professional	Technical Support	Business Support
Band 5	M2 - Manager / M3 - Sr. Manager	P4 - Specialist / P5 - Master		
Band 4	M2 - Manager	P4 - Specialist		
Band 3	M1 - Supervisor	P3 - Career	T4 - Lead	
Band 2		P1 - Entry / P2 - Intermediate	T3 - Senior	U3 - Senior
Band 1				U2 - Intermediate

Methodology
Market data

- Competitive market data has been sourced from Towers Watson's:
  - 2013 Canadian General Industry and Middle Management, Professional and Support Compensation Survey, and
  - 2013 Energy Compensation Survey
- Market data has been adjusted by an annualized aging factor of 2.9% to reflect the prevailing rate of salary increase reported in 2013 and for 2014
- The data has also been discounted by a factor of 5.0% to reflect the geographic salary differential observed between the Newfoundland labour market and that across Canada nationally. This discount is based on both Economic Research Institute (ERI) data accurate as of February 2014, and our own observations of the pay differentials reported in our survey data

Salary ranges for consideration

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Salary range options for consideration

- As highlighted earlier in this document, two potential salary range structures are presented over the following pages:
  - **Option 1 (One-size fits all) –** 1 range within each bands with salary ranges set at 80% to 100% of market median data
  - **Option 2 (Multiple ranges per band) –** 11 ranges within 5 bands with salary ranges built for each level of responsibility (i.e., supervisory / management, professional, technical support and/or business support). Salary ranges set at 80% to 100% of market median data
- From page 9 onwards we provide observations on the fit of each option put forward for consideration

General observations

- As discussed over the course of the past few months, Towers Watson typically views an 80% to 100% salary range as overly restrictive – particularly when “market” (in this instance median) is reflected in the range maximum. We recommend a 110% maximum as this is the norm in the market and would also alleviate employees falling above the range maximum
  - Evidence of this can be seen on pages 10 and 11, where we see the majority of employees falling above the suggested range maximum
- Across all options, NL Power’s aggregate compa-ratio (across all bands) appears to show reasonable alignment to market. However, there is significant variability in alignment by band:
  - Band 1 is consistently higher that what we would consider to be a market competitive range of around +/-10% of target market position (50^{th} percentile). Union equity internally supports the use of an anchor for this band thereby increasing the range maximum from that noted
  - Bands 2 and 3 remain consistently within the market range
  - However, competitive positioning slips for higher bands (i.e., 4 and 5) generally due to a wider differentials in the market data reported for roles in those bands
- Market pay is typically higher across all bands for technical roles including equipment maintenance and electrical equipment engineering (see Appendix for further details)
- Energy and utilities industry data has been considered in the development of each of the options presented from page 10. However, the market reference rates are typically closer to the general industry data
- Please note that the salary range options have been developed excluding data for legal roles which are paid significantly higher, in most instances, than other roles in the organization

Salary range options for consideration

Option 1 (one range per band)

Overview						
Number of salary bands	5					
Number of salary ranges	5					
Band minimum – maximum *(as a % of market reference point)*	80% - 100%** market reference rate is set to range **maximum**					
Band	**Total**	**Band 1**	**Band 2**	**Band 3**	**Band 4**	**Band 5**
# Below range	3	-	1	2	-	-
# In range	173	9	51	61	23	29
# Above range	74**	4**	46**	23**	-	1**
Average compa-ratio *(as a % of market reference point)*	96%	95%	98%	97%	88%	92%

NL Power	Potential Salary Ranges	
	Min	Max
Band 5	$96	$120
Band 4	$88	$110
Band 3	$72	$90
Band 2	$60	$75
Band 1	$40	$60*

- Approximately 31% of incumbents fall outside of their salary range in this model
  - 30% of all incumbents – the majority of who sit in bands 2 and 3 – fall above the range maximum
- The aggregate compa-ratio of 96% is reasonable. However, market competitiveness appears to slip in band 4

Union equity anchor recommended. Will reduce compa-ratio and the number of employees above range

*****A 110% maximum is more typical in the market and would reduce the number of employees falling above range***

Salary range options for consideration
Option 2 (multiple ranges per band)

Overview						
Number of salary bands	5					
Number of salary ranges	11					
Band minimum – maximum *(as a % of market reference point)*	80% - 100%** market reference rate is set to range **maximum**					
Band	**Total**	**Band 1**	**Band 2**	**Band 3**	**Band 4**	**Band 5**
# Below range	3	-	-	1	-	2
# In range	160	9	44	56	23	28
# Above range	86**	4**	53**	29**	-	-
Average compa-ratio *(as a % of market reference point)*	98%	95%	103%	98%	90%	90%

NLP Bands	Potential Salary Ranges ($000s)			
	Supervisory / Management	Professional	Technical Support	Business Support
Band 5	$100 - $125	$96 - $120		
Band 4	$88 - $110	$84 - $105		
Band 3	$72 - $90	$68 - $85	$72 - $90	
Band 2		$60 - $75	$56 - $70	$44 $66*
Band 1				$36 $60*

- Approximately 35% of incumbents fall outside of their salary range in this model
  - 33% of all incumbents – the majority of who sit in bands 2 and 3 – fall above the range maximum
- The aggregate compa-ratio of 98% is reasonable

Union equity anchor recommended. Will reduce compa-ratio and the number of employees above range
****A 110% maximum is more typical in the market and would reduce the number of employees falling above range***

Managing within salary ranges can be complicated…

- There are a number of options open to consider when managing manager / direct report pay within a single band. However, based on our observations of external practice, we can narrow the range of options down to three:
  - **Option 1 –** determine a pay differential policy line that states, for example, that managers will be consistently be paid x% more than their direct reports
    - Pros – simple to administer and communicate
    - Cons – doesn't always reflect market data – particularly for technical specialist roles which increasingly command higher market pay than traditional management roles
  - **Option 2 –** develop competency profiles that clearly illustrate the different requirements of individual contributor and management roles within each band to explain why how jobs at the same level can have a reporting relationship
    - Pros – allows closer alignment to your stated compensation philosophy and the market than option 1
    - Cons – can be difficult for HR to communicate and managers to accept
  - **Option 3 –** differentiate salary ranges for different employee groups (could be individual contributors and managers or others)
    - Pros – allows closest possible alignment to market
    - Cons – could be perceived as less equitable. Could result in increased fixed costs if some ranges are positioned higher than they would be under the one size fits all approach

Market practice: Retention awards

Annual incentives and retention awards

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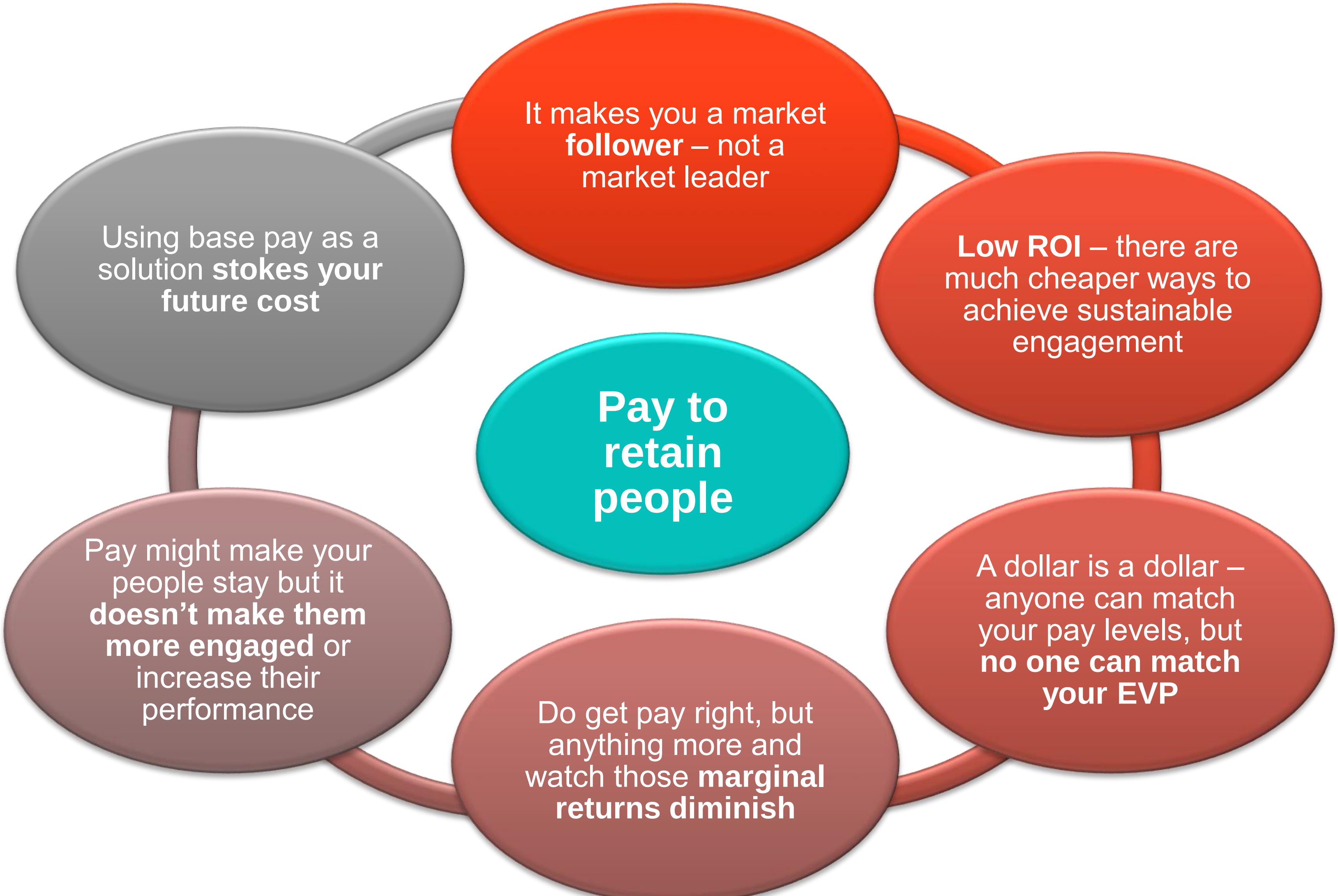
Annual incentive eligibility and target award levels

- Based on high-level analysis for the benchmark jobs, NLP appears to be behind market on variable (merit payment) pay:
  - In the market, jobs at all bands are typically eligible to receive some form of variable pay (normally an annual incentive)
  - Target award levels vary from approximately 5% for current band 2 jobs to approximately 15% for band 8 jobs (although plan mechanics often mean that high performers are able to achieve 1.5x to 2x target)
- The data presented below should be considered together with the market base pay data in determining whether there is an appetite internally to:
  - Amend the mix of fixed and variable pay, and
  - Introduce a more formal, target based, annual incentive program

Current band	Average 2012 merit payment (% of base)	50th %ile target variable pay (% of base)
2	4.0%	5.0%
3	4.0%	5.0%
4	3.0%	5.0%
5	3.5%	7.5%
6	3.4%	7.5%
7	5.0%	10.0%
8	6.0%	15.0%

The problem with using pay to retain people…



…Solutions for engaging and retaining your employees

- Our research suggests that while pay is the number one driver of employee attraction and retention, it's significance drops as a driver of engagement as non-pay factors become much more important:

Work out your Total Rewards ROI	Up the game of your managers	Get really good at communicating your rewards	Encourage career development	Reduce stress, encourage wellness
• Spend your dollars where they make most impact—do you know where this is? • Focus on programmes that create sustainable engagement, not just thought that make people stay because they can't afford to leave • Make pay dollars work by linking to performance	• Time to look at manager capabilities • How well do you equip managers to deal with change?	• It's free money—employees value what they understand • Be clear about your employee value proposition	• Get job design right so that people feel they have a role in which they can be their best • Focus on different types of development and growth: multiple models of success • Stop overpromising and under-delivering: be clear about the "give-get"	• Review your process for matching workforce planning to business need • Innovate around wellness programs • Keep refining flexible working practices: link to manager capabilities

Retention programs for key talent (1)

- Compensation based retention programs are commonly used when organizations are
  - Undergoing significant restructuring and/or transformation (whether to achieve headcount reduction or not),
  - Involved in merger, acquisition or divestiture activity that is likely to result in significant organizational change, or
  - Faced with losing critical skill employees due to scarcity of skills and aggressive competition
- The duration of the retention vehicle often varies:
  - Most long-term approaches balance the need to take immediate action with a longer-term strategy that employs both financial and non-financial interventions; whereas
  - Short-term approaches tend focus more on cash based financial interventions with immediate, staged or deferred payment

Retention programs for key talent (2)

- The structure of a retention programs depends on the definition of the in-scope population; e.g. who/what roles it is considered necessary to retain in order to secure the success of transitional/long-term business objectives
- Many organizations continue to limit this to main board members, senior executives and/or senior management
- Increasingly, however, organizations are taking a broader view on who and/or what to focus the retention effort on. This might include (but is not limited to):
  - Key contributors and/or technical experts, typically with niche or scarce skills;
  - Roles that are considered critical to delivering on key business objectives;
  - Top sales roles or teams that provide a significant proportion of revenue, such as account managers;
  - Key roles or teams that are required to perform high levels of customer service management or maintenance, e.g. ensuring “business as usual” for customers;
  - Those with leadership potential at mid-level; and/or
  - A broad range of individuals who are generally recognized as being high or top performers across a range of functions and levels of seniority

Retention plan design observations (1)

Plan	Pros	Cons
Guaranteed bonus within existing arrangements	• Simple and transparent • Relatively low cost/cost neutral	• Limited upside for "at risk" individuals • Undermines any individual performance related bonus • Easily bought out
"Pay to stay" retention bonus/equity – unconditional	• Simple and transparent • Signals clear retention intent • Limited knock-on cost (retirement, social security etc.) • Can be scaled to reflect retention need	• No direct link to the achievement of key milestones or business objectives • Higher cost • Easily bought out
"Pay to perform" retention bonus/equity – conditional	• As above • Supports the achievement of key business milestones and objectives • Provides a safeguard against underperformance	• May be negatively perceived by individuals who are already facing uncertainty • Higher cost • Easily bought out
Enhanced base pay arrangements (varied term)	• Simple and transparent • Provides a regular boost for "at risk" individuals	• No direct link to the achievement of key milestones or business objectives • Higher cost – coupled with knock-on costs (retirement, social security etc.) • Easily bought out
Enhanced pension arrangements (/SERPs)	• Signals longer-term commitment • Potentially higher value • Less straightforward to buy out	• Administratively complex • Potentially higher cost • Difficult to link to the achievement of key milestones or business objectives (either you get it or you don't)

Retention plan design observations (2)

Plan	Pros	Cons
Early retirement opportunities (age dependent)	• Reduced risk of unemployment for those near to retirement • Perceived high value/relatively low cost (depending on precise arrangements) • May support additional programs around development and redeployment • Less straightforward to buy out	• Likely to benefit a small population • Difficult to link to the achievement of key milestones or business objectives (either you get it or you don't) • No guarantee of knowledge transfer
Enhanced severance arrangements	• Lump sum earnings may appeal to employees with reasonable external job prospects • Tax may be offset if payment is part or fully transferred to an RRSP • Can combine a number of approaches; outplacement, training, pay, retirement etc.	• Potentially higher cost • Can be bought out, although may be difficult to value externally • Difficult to link to the achievement of key milestones or business objectives
Career development/promotion opportunities (including retraining and redeployment)	• Likely to appeal to high performing/high potential employees • May support knowledge transfer across the organization • Potentially low cost/cost neutral	• Requires clarity around open positions • Requires a potentially significant time investment • Easily matched by perceivably more stable competitors • Likely to require additional financial incentives • No performance guarantees
International/regional mobility opportunities	• Provides an opportunity to lock key individuals in • May benefit the business more broadly (knowledge transfer etc.) • Relatively low cost	• Likely to benefit a small population • Employees are unlikely to appreciate non-compensation costs to the business • No performance guarantees

Appendix – detailed market data

TOWERS WATSON

Detailed findings
Market data

Band 1

Benchmark / Level		2014 Competitive Salary					
		General Industry			Energy		
		25P	50P	75P	25P	50P	75P
All functions	Intermediate (U2)	$41,350	$46,043	$51,517	---	---	---
Financial Reporting	Intermediate (U2)	$42,328	$44,185	$50,148	---	---	---

Band 2

Benchmark / Level		2014 Competitive Salary					
		General Industry			Energy		
		25P	50P	75P	25P	50P	75P
All functions	Entry (P1) / Intermediate (P2)	$50,930	$56,845	$64,616	---	---	---
Application Dev	Entry (P1) / Intermediate (P2)	$51,419	$57,724	$64,176	$75,280	$70,199	$80,762
Financial Reporting	Entry (P1) / Intermediate (P2)	$51,517	$58,360	$69,846	$62,999	$69,924	$75,330
Electrical Equip Eng	Entry (P1) / Intermediate (P2)	$63,247	$76,982	$83,972	$73,187	$81,223	$84,342
Equipment Maintenance	Entry (P1) / Intermediate (P2)	$56,502	$64,469	$85,780	$75,962	$86,875	$99,816
All functions	Senior (T3)	$57,480	$67,158	$78,302	---	---	---
Equipment Maintenance	Senior (T3)	$61,390	$75,271	$95,409	$86,874	$97,022	$111,815
Application Dev	Senior (T3)	$61,683	$71,557	$83,092	---	---	---
All functions	Senior (U3)	$48,682	$54,645	$61,097	---	---	---
Financial Reporting	Senior (U3)	$47,313	$55,427	$64,225	---	---	---

Detailed findings
Market data

Band 3

Benchmark / Level		2014 Competitive Salary					
		General Industry			Energy		
		25P	50P	75P	25P	50P	75P
Equipment Maintenance	**Lead (T4)**	$72,925	$99,417	$112,614	$106,696	$114,134	$120,497
Application Dev	**Lead (T4)**	$85,927	$89,935	$104,011	---	---	---
All functions	**Lead (T4)**	$68,429	$84,167	$97,951	---	---	---
All functions	**Career (P3)**	$70,970	$77,520	$87,295	---	---	---
Application Dev	**Career (P3)**	$74,098	$78,986	$87,686	$90,100	$94,287	$99,135
Financial Reporting	**Career (P3)**	$71,752	$80,355	$92,965	$81,140	$91,303	$101,916
Rates	**Career (P3)**	$70,579	$81,234	$88,762	$75,308	$86,961	$89,208
Electrical Equip Eng	**Career (P3)**	$85,731	$92,867	$101,567	$94,305	$100,814	$104,588
Equipment Maintenance	**Career (P3)**	$81,528	$93,649	$104,402	$93,969	$101,672	$108,748
All functions	**Supervisor (M1)**	$67,940	$77,226	$90,228	---	---	---
Financial Reporting	**Supervisor (M1)**	$74,001	$82,407	$106,162	$105,722	$108,508	$129,880
Equipment Maintenance	**Supervisor (M1)**	$74,783	$85,145	$107,726	$112,296	$131,480	$139,092
Electrical Equip Eng	**Supervisor (M1)**	$84,460	$88,859	$111,441	---	---	---
Application Dev	**Supervisor (M1)**	$83,190	$93,552	$106,357	$112,450	$125,302	$128,453

Detailed findings
Market data

Band 4

Benchmark / Level		2014 Competitive Salary					
		General Industry			Energy		
		25P	50P	75P	25P	50P	75P
All functions	Specialist (P4)	$88,957	$97,755	$110,463	---	---	---
Application Dev	Specialist (P4)	$86,220	$94,725	$105,575	$108,189	$113,534	$120,817
Financial Reporting	Specialist (P4)	$89,739	$104,891	$117,013	$107,297	$112,997	$119,165
Rates	Specialist (P4)	$88,859	$102,741	$110,463	$99,130	$106,184	$112,129
Electrical Equip Eng	Specialist (P4)	$107,335	$117,893	$130,210	$115,889	$127,020	$133,598
Equipment Maintenance	Specialist (P4)	$106,748	$116,719	$126,886	$111,596	$123,339	$127,024
All functions	Manager (M2)	$88,371	$99,417	$113,103	---	---	---
Application Dev	Manager (M2)	$96,093	$103,523	$123,758	$132,538	$142,820	$162,724
Financial Reporting	Manager (M2)	$91,792	$107,531	$140,278	$140,870	$151,624	$167,396
Equipment Maintenance	Manager (M2)	$96,289	$107,824	$133,729	$134,552	$146,756	$158,153
Rates	Manager (M2)	$100,785	$127,473	$135,782	---	$129,923	---
Electrical Equip Eng	Manager (M2)	$107,042	$153,182	$175,959	$152,999	$160,798	$182,742

Detailed findings
Market data

Band 5

Benchmark / Level		2014 Competitive Salary					
		General Industry			Energy		
		25P	50P	75P	25P	50P	75P
Application Dev	**Specialist (P4) / Master (P5)**	$94,969	$105,966	$122,096	$118,296	$127,737	$141,022
All functions	**Specialist (P4) / Master (P5)**	$100,737	$113,054	$129,574	---	---	---
Rates	**Specialist (P4) / Master (P5)**	$88,859	$102,741	$110,463	$99,130	$106,184	$112,129
Financial Reporting	**Specialist (P4) / Master (P5)**	$100,492	$118,675	$135,293	$119,993	$128,373	$139,246
Equipment Maintenance	**Specialist (P4) / Master (P5)**	$118,577	$129,525	$139,105	$120,561	$136,101	$139,370
Electrical Equip Eng	**Specialist (P4) / Master (P5)**	$120,239	$132,067	$146,828	$126,628	$141,714	$150,060
Application Dev	**Manager (M2) / Senior Manager (M3)**	$105,575	$115,400	$130,014	$138,830	$150,816	$165,261
All functions	**Manager (M2) / Senior Manager (M3)**	$102,252	$113,591	$129,965	---	---	---
Rates	**Manager (M2) / Senior Manager (M3)**	$100,785	$127,473	$135,782	---	$129,923	---
Financial Reporting	**Manager (M2) / Senior Manager (M3)**	$101,714	$116,719	$147,121	$146,195	$163,400	$188,784
Equipment Maintenance	**Manager (M2) / Senior Manager (M3)**	$107,677	$125,517	$153,426	$134,552	$146,756	$158,153
Electrical Equip Eng	**Manager (M2) / Senior Manager (M3)**	$121,607	$151,227	$184,219	$152,999	$160,798	$182,742