

1 **Q. Further to the response to PUB-NP-006, when was the last time that the Company**
2 **reviewed the appropriateness of its target of the median of the Canadian**
3 **Commercial Industrial Companies for salary adjustments for executives and**
4 **directors? Provide the most recent report on the appropriateness of this target.**
5

6 A. Newfoundland Power first adopted the broad Canadian Industrial comparator group as
7 the basis for executive and director (then, manager) salary policy in 1997. The
8 appropriateness of the use of this market to establish executive and director salary policy
9 for Newfoundland Power was first considered by the Board in 1998.

10
11 Newfoundland Power provided expert evidence and testimony in relation to its executive
12 and senior management compensation in its *1998 General Rate Application*.¹ This
13 included the use of the median level of the broad Canadian Industrial comparator group
14 as the basis of executive salary policy and the Canadian Industrial non-executive
15 comparator group as the basis of director salary policy. At that time, the Board accepted
16 the Company's management compensation as reasonable.²

17
18 Since 1998, Newfoundland Power has consistently used the median of the Canadian
19 Industrial comparator group as the basis of executive and director salary policy.³ The
20 Board has accepted the resulting executive and director salary costs as reasonable on a
21 consistent basis.⁴

22
23 This comparator group for Newfoundland Power executive compensation was last
24 examined by the Board at the Company's *2016/2017 General Rate Application*. The
25 expert evidence of the Hay Group Limited in that proceeding was that:

26
27 *"Hay Group believes that it is reasonable for NF Power to compare itself to the list of*
28 *organizations of Appendix C because:*

- 29
30
 - 31 • *Jobs are compared on a "point adjusted" basis which means they are compared*
32 *to those of overall skill, effort, and responsibility, and not necessarily on the basis*
33 *of "same title";*
 - 34 • *The organizations are comparably classified as "private sector commercial*
35 *industrial" and*
 - 36 • *NF Power competes for its executive resources with organizations across the*
breadth and depth of business sectors across Canada."

1 See Hay Group report *Newfoundland Power – Review of Total Compensation for Senior Positions*,
September 9, 1998, filed in relation to Newfoundland Power's *1998 General Rate Application*. Expert
testimony relating to the report was provided by Hay Group's Mr. Ron Goldthorpe.

2 See Order No. P.U. 36 (1998-99), page 41.

3 See, for example, *Board of Commissioners of Public Utilities Financial Consultants Report Newfoundland
Power Inc. – 2003 General Rate Application Hearing*, February 4, 2003, page 39.

4 See Order No. P.U. 19 (2003), page 93, Order No. P.U. 43 (2009), page 37 and Order No. P.U. 18 (2016),
page 43.

1 *"NF Power sets its pay standards relative to market Median/P50, which Hay Group*
2 *believes is reasonable because:*

- 3
- 4 • *As a utility it is appropriate to compare to the standard of a broad market place*
5 *as opposed to only comparing against the higher or lower paying sectors; and*
 - 6 • *NF Power incorporates performance considerations in its determination of*
7 *incumbent-specific salary and bonus values, such that higher performers will be*
8 *appropriately paid above market standards (i.e., above P50), while those who*
9 *have not yet proven themselves may not be fully paid to market standards (i.e.,*
10 *below P50)."*⁵

11

12 A copy of Hay Group's March 2016 report is provided as Attachment A to this response.

13

14 In considering this evidence, the Board found:

15

16 *"...In this case Mr. Aboud of the Hay Group testified to the*
17 *appropriateness of the peer group used to determine Newfoundland*
18 *Power's executive compensation levels and the Board has been presented*
19 *with no evidence to support a finding that the use of this comparator*
20 *group, with the median/50th percentile compensation values as the basis*
21 *for setting executive pay and standards, is now unreasonable."*⁶

22

23 For approximately two decades, Newfoundland Power has used a consistent market
24 reference for the purpose of establishing its executive and director salary policy. The
25 reasons supporting Newfoundland Power's use of the broad based Canadian Industrial
26 Commercial comparator group to establish executive and director salary policy have not
27 changed over this period. Given this, the Company has not considered other comparator
28 groups for the purposes of establishing executive and director salary policy.

⁵ See Newfoundland Power's 2016/2017 General Rate Application, The Hay Group Limited's Newfoundland Power Inc. Executive Compensation Review, March 18, 2016, pages 4-5, and Appendix C - 2016 Canadian Commercial Industrial Market, page 13.

⁶ See Order No. P.U. 18 (2016), page 43.

Hay Group Limited Executive Compensation Review
March 2016



HayGroup

Newfoundland Power Inc.

Executive Compensation Review

March 18, 2016

Prepared by: Karl Aboud

Project Scope

Newfoundland Power Inc. (NF Power) requested that Hay Group provide a reasonableness review of NF Power's compensation structure for its four senior executive positions: the President & CEO, the VP Operations & Engineering, the VP Finance & CFO, and the VP Regulation & Planning.

The project mandate included that Hay Group would compare:

- NF Power executive jobs to others in the market place on the basis of similar job content (i.e., evaluation points), which is consistent with NF Power's historical compensation principles;
- NF Power compensation values to those of a broad selection of Canadian commercial industrial organizations (i.e., the comparator group), which is consistent with NF Power's historical compensation principles;
- NF Power compensation values to the median level (i.e., 50th percentile) of the defined comparator group, which is consistent with NF Power's historical compensation principles; and
- NF Power's compensation package against all elements of compensation, which includes Annual Base Salary, Target Total Cash (i.e., base salary plus target bonus), Target Total Direct (i.e., total cash plus mid/long term incentive), and Target Total Remuneration (i.e., total direct plus benefits, pension and perquisites).

This review has been prepared by Mr. Karl Aboud, Senior Principal, Korn Ferry Hay Group Canada Reward Practice. For reference please see Karl's resume in Appendix A.

Summary

In summary, Hay Group believes that:

- It is reasonable for NF Power to use comparative executive jobs (i.e., jobs at similar evaluation points to those of NF Power) within the broad Canadian Commercial Industrial market place as its comparator group;
- It is reasonable for NF Power to use the Median / 50th Percentile levels of comparator group compensation values as the basis by which to establish its own executive pay standards; and
- The NF Power incumbent-specific executive pay values are within the normal range of variance to the market pay standards that Hay Group typically experiences in these types of reviews. More specifically:
 - The NF Power incumbent specific salaries range from being as low as 10% below market median to as high as 4.6% above market median. This range of differential is easily within the norms of virtually all sophisticated organizations in Canada. Furthermore, NF Power has a salary range structure that sets its range minimum to be 15% below market median and its range maximum to be 15% above market median. This range spread is, if anything, a bit narrow to private sector market standards, which are more typically 20% above & below standard. As such, NF Power's salary differentials are easily within its approved range structure.
 - The NF Power annual bonus value or short term incentive (STI) targets (i.e., 50% for the CEO and 40% for the other three executives) are less than the respective market median standards. This perspective is shown via the data on Table 2, to follow. We'll use the CEO for example, but all executive calculations are consistent. In Table 2, the CEO's salary is 3.7% less than market standard but the CEO's total cash is 11.2% less than market standard. The difference between the two data sets is STI. Specifically, the NF Power CEO has a 50% target STI (i.e., 540,000 / 360,000), while that of the market is 63% (i.e., 608,188 / 373,753).

Job Content / Job Evaluation

Every organization has unique attributes with respect to business functions, size (e.g., revenues, assets), geographical diversity, ownership, and corporate structure. Furthermore, the jobs within each organization are unique relative to factors such as mandate, reporting relationship, decision-making authority, etc. These attributes should be normalized when an organization compares its jobs to those of the market place.

Hay Group uses its job evaluation methodology to “point score” all positions in its compensation database. Job evaluation allows the skills, efforts, and responsibilities of a job to be quantified, such that the resulting points may be used as a comparison proxy that adjusts for the differences between the various comparator organizations and their unique job mandates. An organization’s jobs are compared to others in the market place on the basis of similar job content / job evaluation points. Highlights of the Hay Group Method of Job Evaluation are provided in Appendix B.

Each of the four NF Power executive jobs in question has been evaluated, and their Total Point evaluations are illustrated in Table 1, below. For example, the NF Power CEO role will be compared to the pay values of executive jobs in the market place that are represented by 2128 Total Points of job content.

Table 1 – NF Power Job Evaluations

NF Power Jobs	Total Job Evaluation Points
President & CEO	2128
VP Operations & Engineering	1628
VP Finance & CFO	1560
VP Regulation & Planning	1560

It should be noted that the evaluation process only concerns itself with the skills, efforts and responsibilities required for competent performance. The evaluation points do not reflect incumbent-specific characteristics such as performance or actual pay.

Comparative Markets

The most current Hay Group compensation database is effective as of December 2015, and has 544 participating organizations. NF Power pay principles suggest that its jobs be compared to the Commercial Industrial subset of the database, which is comprised of 278 organizations, and for which the participant list is illustrated in Appendix C.

Hay Group believes that it is reasonable for NF Power to compare itself to the list of organizations of Appendix C because:

- Jobs are compared on a “point adjusted” basis which means they are compared to those of similar overall skill, effort and responsibility, and not necessarily on the basis of “same title”;
- The organizations are comparably classified as “private sector commercial industrial” and
- NF Power competes for its executive resources with organizations across the breadth and depth of business sectors across Canada.

Percentile Levels

This review will present comparative values at three percentile levels, being:

- The 25th percentile, which represents the compensation values at which twenty-five percent of the database observations pay less and seventy-five percent pay more;
- The 50th percentile (i.e., median), which represents the compensation values at which fifty percent of the database observations pay less and fifty percent pay more; and
- The 75th percentile, which represents the compensation values at which seventy-five percent of the database observations pay less and twenty-five percent pay more.

NF Power sets its pay standards relative to market Median / P50, which Hay Group believes is reasonable because:

- As a utility it is appropriate to compare to the standard of a broad market place as opposed to only comparing against the higher or lower paying sectors; and
- NF Power incorporates performance considerations in its determination of incumbent-specific salary and bonus values, such that higher performers will be appropriately paid above market standards (i.e., above P50), while those who have not yet proven themselves may not be fully paid to market standards (i.e., below P50).

Compensation Elements

The review will consider the compensation elements as listed and defined below.

Actual Base Salary The actual annual base salary paid to the comparable database observations.

Target Total Cash Actual base salary plus an annual bonus value that represents the target award assuming that all incentive provisions are accomplished exactly to plan.

Target Total Direct Target total cash plus a mid/long term incentive value (i.e., LTI) that represents the assumed annualized net present value of the mid/long term incentive grants.

Target Total Remuneration Target total direct plus a noncash value that is the sum of the employer paid costs of the organization's benefit, perquisite, and retirement programs.

Further explanation of the calculation of the employer's cost of the noncash items is found in Appendix D.

Compensation Analysis

Tables 2 and 3, following, compare NF Power compensation values to those of the market place.

Table 2 compares the values of all compensation elements previously defined in this report.

Table 3, on the other hand, excludes the NF Power LTI values. NF Power has advised Hay Group that LTI values are not recovered in the regulatory process, and therefore Table 3 assesses the cost implications for the rate payers.



Table 2 – All Compensation Elements

Title	Statistic	Points	Actual Base Salary (\$)	Target Total Cash (\$)	Long-Term Incentive Present Value (eligible)* (\$)	Target Total Direct Compensation (\$)	Target Total Remuneration (\$)
President & CEO		2128	360,000	540,000	324,000	864,000	955,070
	P75		469,409	781,126	641,593	1,332,829	1,454,841
	P50		373,753	608,188	336,741	850,266	924,405
	P25		302,374	454,499	142,059	563,585	607,208
	NP vs. P50		-3.7%	-11.2%	-3.8%	1.6%	3.3%
VP, Operations & Engineering		1628	250,000	350,000	125,000	475,000	564,211
	P75		350,831	538,606	344,149	799,439	886,092
	P50		277,707	402,327	168,408	514,276	600,762
	P25		232,753	315,566	62,842	369,070	405,597
	NP vs. P50		-10.0%	-13.0%	-25.8%	-7.6%	-6.1%
VP, Finance & CFO		1560	280,000	392,000	140,000	532,000	607,986
	P75		330,507	501,931	304,438	730,550	800,007
	P50		267,704	382,365	152,694	482,084	554,037
	P25		225,986	305,897	59,237	352,317	387,153
	NP vs. P50		4.6%	2.5%	-8.3%	10.4%	9.7%
VP, Regulation & Planning		1560	280,000	392,000	140,000	532,000	627,869
	P75		330,507	501,931	304,438	730,550	800,007
	P50		267,704	382,365	152,694	482,084	554,037
	P25		225,986	305,897	59,237	352,317	387,153
	NP vs. P50		4.6%	2.5%	-8.3%	10.4%	13.3%

Notes:

* Newfoundland Power LTI values reflect Policy LTI values effective 2016.



Table 3 – Rate Payer Adjustment (LTI excluded)

Title	Statistic	Points	Target Total Remuneration (\$)	Long-Term Incentive Present Value (eligible)* (\$)	Target Total Remuneration ** (\$)
President & CEO		2128	955,070	324,000	631,070
	P75		1,454,841		1,454,841
	P50		924,405		924,405
	P25		607,208		607,208
	NP vs. P50		3.3%		-31.7%
	Market Position				P27
VP, Operations & Engineering		1628	564,211	125,000	439,211
	P75		886,092		886,092
	P50		600,762		600,762
	P25		405,597		405,597
	NP vs. P50		-6.1%		-26.9%
	Market Position				P29
VP, Finance & CFO		1560	607,986	140,000	467,986
	P75		800,007		800,007
	P50		554,037		554,037
	P25		387,153		387,153
	NP vs. P50		9.7%		-15.5%
	Market Position				P37
VP, Regulation & Planning		1560	627,869	140,000	487,869
	P75		800,007		800,007
	P50		554,037		554,037
	P25		387,153		387,153
	NP vs. P50		13.3%		-11.9%
	Market Position				P40

Notes:

* Newfoundland Power LTI values reflect Policy LTI values effective 2016.

** Newfoundland Power value excludes LTI, but is compared to market data that includes LTI.

Appendix A

Karl Aboud

Toronto, Canada

HayGroup[®]



Overview

Karl Aboud is the National Director of Hay Group Canada's Reward Consulting Practice.

The Reward Consulting Practice includes executive compensation, job measurement, incentive design, market pricing, performance management, and salary structure.

Karl joined Hay Group in 1990, and is based in the Toronto office.

Client Sectors

The Reward Practice provides its service offerings to a wide variety of industries, including financial services, manufacturing, utilities, transportation, pharmaceutical, retail/wholesale and the public sector, and is active across all provinces of Canada.

Karl's Education and Affiliations

Karl earned his Bachelor of Business Administration from Bishop's University in 1976, and his Masters Business Administration from The University of Western Ontario in 1982.

Karl is a frequent speaker & presenter at many Human Resource affiliations across Canada, has published many compensation oriented journal articles, and was one of the co-authors of a Hay Group text entitled *The Manager's Guide to Rewards*.

Prior to joining Hay Group, Karl was Manager Investment Banking, RBC Financial, and was also Director of Compensation for Moore Corporation Limited.

Contact

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Tel: +1.416.815.6410

Appendix B – Hay Group Method of Job Evaluation

To date, the Hay Group Method has been used to evaluate hundreds of thousands of clerical, blue collar, technical, professional, sales and managerial jobs within a wide variety of private and public sector organizations.

The focus of the job evaluation process using the Hay Group Method is on the nature and requirements of the job itself, not on the capabilities, background, personal characteristics, or the current salary of the job holder.

The Hay Group Method is based on the premise that jobs can be grouped in terms of the **knowledge** required to do the job, the **thinking** needed to solve the problems commonly faced, and the **responsibilities** assigned to the jobs.

The Hay Group Method is reflected in Guide Charts used to define each factor and provide quantitative measures that form the basis for evaluation.

By focusing on the important aspects of the content of each job and the end results which each is expected to achieve, the Hay Group Method provides a vehicle for systematically assessing the relationships among various positions and their relative value to the organization.

Additional safeguards are built-in to ensure that the final evaluations are free of bias. The Hay Group Method provides a rational, disciplined approach to job evaluation.

With 7 offices in Canada, 18 in the U.S.A. and 7,000 clients serviced from 64 offices in 28 countries worldwide, Hay Group Limited is the largest Human Resources consulting firm in the world.

In Canada, Hay Group has worked with over 1,500 organizations in both public and private sectors. In the private sector, a list of our clients utilizing the Hay Group Guide Chart Method includes almost one half of Fortune's 500 companies and over 80% of the Financial Post's Top 100 companies in Canada and 50% of the Top 1,000 companies in Canada.

The Hay Group Guide Chart factors are listed as follows.

➤ **Know-How**

- Practical, technical, or specialized knowledge and skill (depth and/or breadth)
- Planning, Organizing & Integrating Knowledge
- Communicating & Influencing Skills

➤ **Problem Solving**

- Thinking Environment – Freedom to Think
- Thinking Challenge

➤ **Accountability**

- Freedom to Act
- Nature of Impact
- Magnitude of Impact

Appendix C – 2016 Canadian Commercial Industrial Market

3M Canada Company	BMT Fleet Technology
A&W Food Services of Canada Inc.	BP Canada Energy Group ULC
ALS Canada Ltd.	BWXT Canada Ltd.
AMEC Americas Limited	Barilla
Agfa Healthcare Canada	Barrick Gold Corporation
Agfa Inc.	Baxter Corporation
Agnico-Eagle Mines Limited	The Bay
Ainsworth Lumber Co. Ltd.	Bayer Inc.
Air New Zealand	Becton Dickinson Canada Inc.
Air Products Canada Ltd.	Belden (Canada) Inc.
Albéa Canada Inc.	Boehringer Ingelheim (Canada) Ltd.
Alberta Newsprint Company	Bonduelle North America Inc.
Alberta-Pacific Forest Industries Inc.	The Brick Warehouse LP
Alcon Canada Inc.	Bristol-Myers Squibb Canada Co.
Allergan Canada Inc.	Bruce Power L.P.
AltaSteel Ltd.	CGGVeritas
Amcor Limited	CHEP Canada Inc.
Amgen Canada Inc.	CKF Inc.
Amway Canada Corporation	CLAAS North America Holdings Inc.
Andrew Peller Limited	CNH Industrial
ArcelorMittal - Baffinland Iron Mines Corporation	CSL Silicones Inc.
ArcelorMittal Canada	Cabot Canada Ltd.
ArcelorMittal Canada Contrecoeur-Ouest Inc.	Campbell Company of Canada
ArcelorMittal Canada Hamilton	Canada Goose Inc.
ArcelorMittal Canada Longeuil	Canadelle Inc.
ArcelorMittal Canada Saint-Patrick	Canadian Forest Products Ltd.
ArcelorMittal Dofasco Inc.	Canadian National Railway Company
ArcelorMittal Mines Canada	Canfor Pulp Limited Partnership
ArcelorMittal Tailored Blanks Americas Corp.	Canpotex Limited
ArcelorMittal Tubular Products - Automotive Division	Capgemini Canada
Archer-Daniels-Midland Company (Canada) Ltd.	Capstone Mining Corp.
Arkema Canada Inc.	Cargill Limited
Arrow Transportation Systems Inc.	Catalyst Paper Corporation
Asahi Refining Canada, Ltd.	Caterpillar of Canada Corporation
Ashland Inc.	Caterpillar Tunneling Canada Corporation
Ashland Inc. - Performance Materials	Centerra Gold Inc.
Ashland Inc. - Valvoline	Centrica Energy Canada
Astellas Pharma Canada Inc.	Cermaq Canada Ltd.
AstraZeneca Canada Inc.	Chemtura Canada Co Cie
Atlantic Packaging Products Ltd.	Christie Digital Systems Inc.
Avis Budget Group, Inc.	Cliffs Natural Resources Inc.
Axiall Canada Inc.	Coca-Cola Bottling Company
BASF Canada Inc.	Colacem Canada Inc.
B/E Aerospace, Inc.	Compass Group Canada
BHP Billiton Canada Inc.	Continental Tire Canada, Inc.
	Coty Canada
	Country Ribbon Inc.

<p> Cytec Canada Inc. 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 Detour Gold Corporation Direct Energy Dominion Diamond Corporation - Ekati Diamond Mine Dow Corning Canada Inc. Dr. Oetker Ltd. Dyno Nobel Canada Inc. ENGIE North America Eaton Corporation Eden Valley Poultry Inc. Eli Lilly Canada Inc. EnerSys Inc. Essar Steel Algoma Inc. FMC of Canada, Ltd. Finning (Canada) Finning International Inc. First Majestic Silver Corp. Fisher & Paykel Appliances Fluor Canada Ltd. GE Canada Gap (Canada) Inc. General Kinetics Engineering Corporation Gerdau Long Steel North America Giant Tiger Stores Limited GlaxoSmithKline Inc. Glazer's Distributors Glencore Canada Corporation - Copper Glencore Canada Corporation - Nickel Glencore Canada Corporation - Zinc Grand & Toy Griffith Laboratories Limited Group SEB Canada Inc. Henry Schein Canada Hilti (Canada) Corporation Hoffmann-La Roche Ltd. The Home Depot Canada Home Outfitters HudBay Minerals Inc. Hudson's Bay Company Huntsman Polyurethane IKEA Canada INEOS Canada Partnership IHS Energy (Canada) Limited Information Services Corporation of Saskatchewan International Flavors & Fragrances Canada Ltd. </p>	<p> J.D. Irving, Limited - Forestry & Forest Products JTI-Macdonald Corp. Janssen Inc. John Deere Limited Canada K+S Potash Canada KGHM International Ltd. KPMG MSLP Kellogg Canada Inc. Kimberly-Clark Corporation Kinross Gold Corporation Kraft Heinz Company LANXESS Inc. Labatt Breweries of Canada Lake Shore Gold Corp. Lantic Inc. Lehigh Hanson Materials Limited Leo Pharma Levi Strauss & Co. (Canada) Inc. LifeLabs Linde Canada Limited Luxottica Group Magna International Inc. Magotteaux Ltée Marine Harvest Canada Mary Kay, Inc. McCormick Canada Co. McElhanney Consulting Services Ltd. The McElhanney Group Ltd. McElhanney Land Surveys Ltd. The Medcan Clinic Methanex Corporation Michelin North America (Canada) Inc. Mission Group Enterprises Mitsubishi Canada Limited Molnlycke Health Care Montship Inc. The Mosaic Company NOVA Chemicals Corporation Navtech Systems Support Inc. Neovia Logistics Services New Gold Inc. Nike Canada Corp. North American Palladium Ltd. Northern Lights Canada Novartis Pharmaceuticals Canada Inc. Novexco Inc. Novo Nordisk Canada Nutreco Canada Inc. Occidental Chemical Corporation Orica Canada Inc. Overwaitea Food Group LP </p>
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P & H MinePro Services	Solenis LLC
PPG Canada Inc.	Solvay Canada
PPG Canada Inc. - Industrial Coatings Division	Sopexa Canada
PPG Canada Inc. - Performance Glazing Division	Staples Business Depot
Pacific Rubiales Energy Corp.	Stelia Aéronautique Canada Inc.
Pan American Silver Corporation	Stelia North America
Penske Truck Leasing	Stuart Olson Inc.
PepsiCo Canada	Sun-Rype Products Ltd.
Potash Corporation of Saskatchewan Inc.	Suncor Energy Inc.
Praxair Canada Inc.	TELUS Communications Inc.
Purdue Pharma	TVI Pacific, Inc.
Randstad Canada	Takeda Canada Inc.
Richemont Canada Inc.	Teck Resources Limited
Rio Tinto	Teck Resources Limited - Highland Valley Copper
Rio Tinto - Diavik Diamond Mines	Teck Resources Limited - Trail Operation
Rio Tinto - Fer et Titane Inc.	Teekay Corporation
Rio Tinto Exploration (Canada)	Tembec Inc.
Rio Tinto Iron Ore	Terratec Environmental Ltd.
Rogers Communications Inc.	Teva Canada Limited
Rogers Foods Ltd.	Thompson Creek Metals Company
Rolls-Royce Canada Ltd.	Tim Hortons Inc.
Rothmans, Benson & Hedges Inc.	TNS Canada Ltd.
Russel Metals Inc.	Tolko Industries Ltd.
SABIC Innovative Plastics Canada Incorporated	Transocean Inc.
SEMAFO inc.	Umicore Canada Inc.
SMS Equipment Inc.	Unilock
Samuel, Son & Co., Limited	uniPHARM Wholesale Drugs Ltd.
Sandoz Canada Inc.	Uranium One Inc.
Sasol Canada	Vale Canada Limited
Schweitzer Engineering Laboratories	Valero Energy Inc.
Sennheiser Canada Inc.	Valmet Ltd.
SGL Canada Inc.	Vanderlande Industries Canada Inc.
The Shaw Group Limited	Viterra Inc.
Sherritt International Corporation	Votorantim Cement North America
Shore Gold Inc.	WD-40 Products Canada Ltd.
Shred-it International	Wal-Mart Canada Corp.
Siemens Canada Limited	Wartsila Canada Incorporated
Silver Standard Resources Inc.	Wellgreen Platinum Ltd.
Skretting	Wecast Industries Inc.
Smart Serve Ontario	Westmoreland Coal Company - Canada
Sofina Foods Inc.	Winners Merchants International L.P.
Sojitz Canada Corporation	Yamana Gold Inc.
Solar Turbines Incorporated	

Appendix D – Cash Equivalent Values

Noncash Compensation An organization's cost for a noncash program is subject to numerous variables, such as composition of the group, experience, funding method, skill of the buyer and a company's accounting practices. Thus, programs with identical formulae can have widely differing costs from organization to organization or even from unit to unit within an organization. However, the value of a noncash item to a particular employee is primarily dependent on the level of benefit, perquisite or time off provided, not on the average age of the employees in the organization or the method chosen by the employer to fund the program.

Therefore, standard cost assumptions were derived. For noncash items which are conditional on the occurrence of an event such as death, disability or continuous employment in an organization, the cash equivalent has been calculated on the basis of the probability of receiving such items, using appropriate actuarial assumptions. For noncash items such as cars, loans and subsidized meals, which have immediate value, the cash equivalent has been calculated on the basis of the most probable average current replacement cost.

Employee Contributions Noncash compensation includes only the employer-paid value. Employee contributions are subtracted from the total value to obtain the employer paid amount.