

- 1 **Q. Please provide (for 2008 and 2009) documentation pertaining to the median of**
2 **salaries paid by Canadian Commercial Industrial companies.**
3
4 A. Attachment A contains HayGroup's recommendations for Newfoundland Power's salary
5 policy based on the median of salaries paid by Canadian Commercial Industrial
6 companies for the Executive group for 2008 and 2009, respectively.

**HayGroup's Recommendations for
Newfoundland Power's Salary Policy
2008 and 2009**

October 31, 2007

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

Mr. Earl Ludlow,

Re: Executive Compensation – 2008 Salary Policy

We have been asked to recommend salary policy levels in 2008 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay methodology and compensation information in the Hay database accumulated from the Commercial Industrial executive market effective May 1st, 2007. The companies included in this sample are listed in Appendix A.

Table 1, following, illustrates the recommended 2008 salary policy for Newfoundland Power. This is based on median 2007 market salary data adjusted upwards by 3.5% to estimate market practice at January 1, 2008.

Table 1 – Recommended Newfoundland Power 2008 Executive Salary Policy

Position	2007 Policy	Current Salary	Recommended 2008 Policy
President & CEO - E. A. Ludlow	\$321,678	\$315,000	\$332,900
VP Operations – P. Delaney	\$225,009	\$225,000	\$235,300
VP Finance & CFO – J. Perry	\$201,515	\$185,000	\$210,200
VP Cust. & Corporate Svcs. – L. Hutchens	\$193,338	\$193,300	\$200,600
Corp. Counsel & Sec. P. S. Alteen	\$193,338	\$202,000	\$200,600

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Crane", with a long horizontal flourish extending to the right.

David Crane
Senior Consultant - Executive Compensation

Appendix A – List of Organizations

- A&W Food Services of Canada Inc.
- Abitibi Consolidated Inc.
- ACA Co-operative Limited
- AgraPoint International, Inc.
- Ainsworth Engineered Canada L. P.
- Aker Kvaerner Chemetics
- Alberta-Pacific Forest Industries Inc.
- Alcan Inc.
- Alcon Canada Inc.
- Algoma Steel Inc.
- Allergan Canada Inc.
- Altana Pharma Inc.
- AltaSteel Ltd.
- AMSTED Canada Inc.
- Andrew Peller Limited
- Arkema Canada Inc.
- Ashland Distribution
- Ashland Water Technologies
- AstraZeneca Canada Inc.
- Atlantic Packaging Products Ltd.
- Atotech Canada Ltd.
- Barrick Gold Corporation
- Barry Callebaut Canada Inc.
- Bayer Inc.
- Bericap North America Inc.
- BHP Billiton Ekati Diamond Mines
- Biovail Corporation
- Blount Canada Ltd.
- Boehringer Ingelheim (Canada) Ltd.
- Bronswerk Marine Inc.
- Bruce Power
- Campbell Company of Canada
- Canadelle Inc.
- Canadian Forest Products Ltd.
- Canadian National Railway Company
- Canexus Limited
- Canfor Pulp Limited Partnership
- Canpotex Limited
- Catalyst Paper Corporation
- Centerra Gold Inc.
- CHEP Canada
- Christie Digital Systems Inc.
- Ciba Specialty Chemicals Canada Inc.
- CKF Inc.
- CMA Holdings Inc.
- Continental Tire Canada, Inc.
- Co-op Atlantic
- Cooper Lighting
- Cott Corporation
- Country Ribbon Inc.
- CVRD Inco Limited
- Daishowa-Marubeni International Ltd.
- De Beers Canada Inc., Corporate Division
- De Beers Canada Inc., Exploration Division
- De Beers Canada Inc., Mining Division
- Deeley Harley-Davidson Canada
- Dofasco Automotive Group
- Dofasco Inc.
- Dofasco Tubular Products Corporation - Corporate
- Dyno Nobel Limited
- E.I. du Pont Canada Company

- Eli Lilly Canada Inc.
- Enbridge Gas Distribution Inc.
- ERCO Worldwide
- EWOS Canada Ltd.
- Exopack Canada
- Finning (Canada)
- Finning International Inc.
- Fishery Products International Limited
- FundSERV Inc.
- Gates Canada Inc.
- General Kinetics Engineering Corporation
- Gerdau Ameristeel
- Goldcorp
- Grand & Toy
- Hallmark Tubulars Ltd.
- Hanson Building Materials America
- Harvard Developments Inc.
- HDS Retail North America
- Hilti (Canada) Ltd.
- Hoffmann-La Roche Ltd.
- Home Hardware Stores Limited
- Hudson's Bay Company
- Hybrid Turkeys
- IAMGOLD
- INVISTA (Canada) Company
- ITW Construction Products
- ITW Unipac
- James Richardson International Limited
- John Deere Limited Canada
- JTI-Macdonald Corp.
- Kellogg Canada Inc.
- Kimberly-Clark Corporation
- Kinross Gold Corporation
- KPMG MSLP
- Kruger Inc.
- Kruger Products
- Kuehne + Nagel Ltd.
- Labatt Breweries of Canada
- Lafarge Canada Inc.
- Lantic Sugar Limited
- LANXESS Inc.
- Lego Systems, Inc.
- Levi Strauss & Co. (Canada) Inc.
- LifeScan Canada Ltd.
- Lilydale Inc.
- Mainstream Canada Ltd.
- Major Drilling Group International Inc.
- Manitoba Telecom Services Inc.
- Maple Leaf Sports & Entertainment Ltd.
- McCormick Canada Co.
- McElhanney Consulting Services Ltd.
- McElhanney Land Surveys Ltd.
- MDA
- Merck Frosst Canada & Co.
- Meridian Technologies Inc.
- Minas Basin Pulp & Power Co. Ltd.
- Mitsubishi Canada Limited
- Mother Parker's Tea & Coffee Inc.
- Neenah Paper, Inc. - Pictou Mill
- Neopost Canada
- Nestlé Canada Inc.
- Newmont Mining Corporation of Canada Limited
- NexInnovations Inc.
- Norbord Inc.
- North Atlantic Refining
- NOVA Chemicals Corporation

- Nova Scotia Power Inc.
- NovaGold Resources Inc.
- Novartis Pharma Canada Inc.
- Novo Nordisk Canada
- Nunavut Investment Group Inc.
- Oakrun Farm Bakery Ltd.
- Osler, Hoskin & Harcourt, LLP
- P & H MinePro Services
- Pan American Silver Corporation
- Parkland Industries
- Patheon Inc.
- Pepsi-QTG Canada Inc.
- Petro-Canada
- Pfizer Canada Inc.
- Phantom Mfg. (Int'l) Ltd.
- Potash Corporation of Saskatchewan Inc.
- PPG Canada Inc.
- PPG Canada Inc. - Automotive Glass Division
- PPG Canada Inc. - Fine Chemicals Division
- PPG Canada Inc. - Flat Glass Division
- PPG Canada Inc. - Industrial Coatings Division
- Prairie Mines & Royalty Ltd.
- Praxair Canada Inc.
- Pristine Power Inc.
- QIT-Fer et Titane Inc.
- Quest Air Technologies Inc.
- Rhodia Canada Inc.
- Robeez Footwear Ltd.
- Rogers Sugar Ltd.
- Rohm and Haas Canada Inc.
- Russel Metals Inc.
- Sandvik Materials Technology Canada
- sanofi-aventis
- Saskatchewan Wheat Pool
- Saskferco Products Inc.
- Siemens Power Generation, A Division of Siemens Canada Ltd.
- Skretting
- St Marys Cement Inc.
- Teekay Shipping (Canada) Ltd.
- Tembec Inc.
- Thales Rail Signalling Solutions
- The Bay
- The Beer Store
- The Loyalty Group
- The McElhanney Group Ltd.
- The Shaw Group Limited
- Tolko Industries Ltd.
- Tracer Industries Canada Limited
- Transwest Mining Systems
- Tree Island Industries Ltd.
- Ultramar Ltée
- uniPHARM Wholesale Drugs Ltd.
- Valeant Canada Limited
- Vanguard Plastics Ltd.
- W.E.T. Automotive Systems Ltd.
- Wal-Mart Canada Inc.
- West Fraser Timber Co. Ltd.
- Winners Merchants International L.P.
- Xstrata Zinc Canada
- Zellers

November 11, 2008

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

Mr. Ludlow,

Re: Executive Compensation – 2009 Estimated Market Actual Salary Median

We have been asked to provide estimated market actual salary levels in 2009 for members of your executive group.

Our views are based upon the current evaluation of the roles using the Hay methodology and compensation information in the Hay database accumulated from the Commercial Industrial executive market effective May 1st, 2008. The companies included in this sample are listed in Appendix A.

Table 1, following, illustrates the estimated 2009 market actual salary medians for Newfoundland Power. This is based on median 2008 market salary data adjusted upwards by 3.5%, based on data collected in October 2008, to estimate 2009 market practice.

Table 1 – Estimated Newfoundland Power 2009 Executive Market Actual Salary Medians

Position	Current Evaluation	Estimated 2008 Market Actual Salary Median (in 2007)	2008 Actual Base Salary	Estimated 2009 Market Actual Salary Median
President & CEO - E.A. Ludlow	2448	\$332,900	\$335,000	\$371,600
VP Finance & CFO - J. Perry	1500	\$210,200	\$202,000	\$220,900
VP Engineering & Operations - G. Smith ¹	1708	\$235,300	\$236,000	\$250,400
VP Cust. & Corporate Svcs. - L. Hutchens	1418	\$200,600	\$200,600	\$209,300
VP Reg. Affairs & Gen. Counsel - P.S. Alteen	1418	\$200,600	\$215,000	\$209,300

Notes:

(1) New incumbent for 2009. 2008 estimate is based on last year's incumbent.

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

Sincerely,

A handwritten signature in black ink, appearing to read "C. Chen", with a stylized flourish underneath.

Christopher A. Chen, LLB
Senior Consultant

Appendix A – Commercial Industrial Comparator Group (N = 192)

A&W Food Services of Canada Inc.	CHEP Canada
ACA Co-operative Limited	CKF Inc.
Abacus Private Equity	CMA Holdings Inc.
Abbott Laboratories, Limited	CSG Security Inc.
Agnico-Eagle Mines Limited	Campbell Company of Canada
Ainsworth Engineered Canada L. P.	Canadelle Inc.
Aker Chemetics	Canadian Forest Products Ltd.
Alberta-Pacific Forest Industries Inc.	Canexus Limited
Alcon Canada Inc.	Canfor Pulp Limited Partnership
Andrew Peller Limited	Canpotex Limited
Anglo American Exploration (Canada) Ltd.	Centerra Gold Inc.
ArcelorMittal Dofasco Inc.	Christie Digital Systems Inc.
ArcelorMittal Tubular Products - Automotive Division	Ciba Canada Ltd.
Arkema Canada Inc.	Co-op Atlantic
Ashland Distribution	Coca-Cola Bottling Company
Ashland Water Technologies	Cognis Canada Corporation
AstraZeneca Canada Inc.	Commercial Solutions Inc.
Atlantic Packaging Products Ltd.	Compass Group Canada
Atotech Canada Ltd.	Country Ribbon Inc.
Axcan Pharma Inc.	Daishowa-Marubeni International Ltd.
BHP Billiton Ekati Diamond Mines	De Beers Canada Inc., Corporate Division
Babcock & Wilcox Canada	De Beers Canada Inc., Exploration Division
BakeMark Ingredients Canada Ltd.	Deeley Harley-Davidson Canada
Barrick Gold Corporation	Dundee Precious Metals
Barry Callebaut Canada Inc.	Dyno Nobel Canada Inc.
Baxter Corporation	E.I. du Pont Canada Company
The Bay	EMD Serono Canada Inc.
Bayer Inc.	ERCO Worldwide
The Beer Store	EWOS Canada Ltd.
Boehringer Ingelheim (Canada) Ltd.	Eli Lilly Canada Inc.
Bronswerk Marine Inc.	Elkem Métal Canada Inc.
Bruce Power	Enbridge Gas Distribution Inc.

Appendix A – Commercial Industrial Comparator Group (N = 192) (cont'd.)

Essar Steel Algoma Inc.	LANXESS Inc.
Finning (Canada)	Lantic Sugar Limited
Finning International Inc.	Lego Systems, Inc.
FundSERV Inc.	Lehigh Hanson
Gates Canada Inc.	Levi Strauss & Co. (Canada) Inc.
General Kinetics Engineering Corporation	Lilydale Inc.
GlaxoSmithKline Inc.	The Loyalty Group
Goldcorp Inc.	Lundin Mining Corporation
Grand & Toy	Mainstream Canada Ltd.
Group SEB Canada Inc.	Mark Anthony Group
HDS Retail North America	Mattamy Homes Limited
H. H. Angus & Associates Limited	McCormick Canada Co.
Hallmark Tubulars Ltd.	McElhanney Consulting Services Ltd.
Harvard Developments Inc.	The McElhanney Group Ltd.
Hilti (Canada) Ltd.	McElhanney Land Surveys Ltd.
Hitachi Canadian Industries Ltd.	Meridian Technologies Inc.
Hobart Food Equipment Services Canada	Minas Basin Pulp & Power Co. Ltd.
Hoffmann-La Roche Ltd.	Mitsubishi Canada Limited
Hudson's Bay Company	Mittal Canada Contrecoeur-Ouest Inc.
IAMGOLD Corporation	Mittal Canada Inc.
INVISTA (Canada) Company	The Mosaic Company
ITW Foils	NOVA Chemicals Corporation
J. Ennis Fabrics Ltd.	Navtech Systems Support Inc.
JTI-Macdonald Corp.	Neenah Paper, Inc. - Pictou Mill
Johnson Matthey Ltd.	Neopost Canada
KPMG MSLP	Nestlé Canada Inc.
Katz Group Canada Ltd.	North Atlantic Refining
Kellogg Canada Inc.	Nova Scotia Power Inc.
Kinross Gold Corporation	NovaGold Resources Inc.
Kruger Inc.	Novartis Pharma Canada Inc.
Kruger Products	Novo Nordisk Canada
Kuehne + Nagel Ltd.	Nutreco Canada Inc.

Appendix A – Commercial Industrial Comparator Group (N = 192) (cont'd.)

Nycomed Canada Inc.	Sheritt Coal
OMYA (Canada) Inc.	Sico Inc.
Olin Chlor-Alkali Products	Siemens Canada Limited
Osler, Hoskin & Harcourt, LLP	Skretting
Overwaitea Food Group LP	Société en Commandite Tafisa Canada Inc.
P & H MinePro Services	TVI Pacific
PPG Canada Inc. - Automotive Glass Division	Taro Pharmaceuticals Inc.
PPG Canada Inc. - Fine Chemicals Division	Teck Cominco Limited
PPG Canada Inc. - Industrial Coatings Division	Teck Cominco Limited - Highland Valley Copper
PPG Canada Inc. - Performance Glazing Division	Teck Cominco Limited - Trail Operation
Pan American Silver Corporation	Teekay Corporation
Parkland Income Fund	Teknion Corporation
Patheon Inc.	Tembec Inc.
Pepsi-QTG Canada	Thales Rail Signalling Solutions
Petro-Canada	TimberWest Forest Corp.
Pfizer Canada Inc.	Timminco Limited
Phantom Mfg. (Int'l) Ltd.	Tolko Industries Ltd.
Potash Corporation of Saskatchewan	Toromont CAT, A Division of Toromont Industries Ltd.
Praxair Canada Inc.	Ultramar Ltée
QIT-Fer et Titane Inc.	Vale Inco Limited
Qualico Developments West Ltd.	Valeant Canada Limited
Randstad Canada	Vanguard Plastics Ltd.
Rhodia Canada Inc.	W.E.T. Automotive Systems Ltd.
Rio Tinto Alcan	Wal-Mart Canada Corp.
Rogers Sugar Ltd.	Western Oil Sands Inc.
Rohm and Haas Canada Inc.	Winners Merchants International L.P.
Russel Metals Inc.	Wyeth Pharmaceuticals
SMS Construction and Mining Systems Inc.	Xstrata Copper Canada
SMS Equipment Inc.	Xstrata Nickel Canada
Sandoz Canada Inc.	Xstrata Zinc Canada
Sandvik Materials Technology Canada	Yves Rocher
The Shaw Group Limited	Zellers