

2015 PERFORMANCE CONTRACT				
Line of Business/Division:		NL Hydro		CEO Signature:
Department/Region:		Regulated Operations		
Position:		VP NLH		Incumbent Signature:
Incumbent:		Rob Henderson		
Target:		20%		
Salary:				Date:
PART A - Corporate KPI's:		30%		
Performance Indicator	Weight	Threshold	Target	Opportunity
		Performance Level	Performance Level	Performance Level
<b>Goal 1: Safety</b>				
Lead/Lag ratio	6.00%	>= 600:1	>= 750:1	>= 900:1
<b>Goal 2: Environment</b>				
Environmental Leadership Targets	4.50%	>= 92% of environmental leadership targets completed	>= 95% of environmental leadership targets completed	>= 97% of environmental leadership targets completed
<b>Goal 3: Business Excellence</b>				
Financial Performance	6.00%	Achieve Net Income (Threshold as per Nalcor Corporate Plan)	Achieve Net Income (Target as per Nalcor Corporate Plan)	Achieve Net Income (Opportunity as per Nalcor Corporate Plan)
Project Execution	3.00%	Achieve 2015 capital program delivery (safety, quality, cost and schedule) (Threshold as per Nalcor Corporate Plan)	Achieve 2015 capital program delivery (safety, quality, cost and schedule) (Target as per Nalcor Corporate Plan)	Achieve 2015 capital program delivery targets (safety, quality, cost and schedule) (Opportunity as per Nalcor Corporate Plan)
Asset Management	3.00%	Complete threshold activities in 2015 phase of asset management plan	Complete 2015 phase of asset management plan	Complete Threshold, Target & Opportunity activities in 2015 asset management plan.
Oil & Gas Exploration Strategy	3.75%	Complete 80% of planned 2015 activities in exploration strategy	Complete 2015 planned activities in explorations strategy	Target + complete 20% of planned 2016 activities.
Lower Churchill Project	3.75%	MRF/LIL (Phase 1) Achieve 2015 safety, cost, schedule and quality targets (Threshold as per Nalcor Corporate Plan)	MRF/LIL (Phase 1) Achieve 2015 safety, cost, schedule and quality targets (Target as per Nalcor Corporate Plan)	MRF/LIL (Phase 1) Achieve 2015 safety, cost, schedule and quality targets (Opportunity as per Nalcor Corporate Plan)
<b>Total Part A:</b>	<b>30%</b>			

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PART B - Divisional/Departmental Targets: 70%				
Performance Indicator	Performance Weighting	Threshold	Target	Opportunity
		Performance Level	Performance Level	Performance Level
<b>Safety</b>				
Reg Ops of Hydro and Non Reg (Exploits/Menihek)	10.00%	Hydro Corporate Plan Threshold	AIFR<=0.60	Hydro Corporate Plan Opportunity
FELT Leadership	10.00%	N/A	360 FELT Leadership score >= 8.0	360 FELT Leadership score >= 11.0
<b>Primary Goal(s)</b>				
<b>Business Excellence</b>				
GRA Leadership	5.00%	Threshold as per Hydro Corporate Plan <sup>1</sup>	Target as Per Hydro Corporate Plan <sup>1</sup>	Opportunity as per Hydro Corporate Plan <sup>1</sup>
Customer Reliability - SAIDI (direct and NP)	5.00%	SAIDI <=1.98 hours/customer, 5% off target	SAIDI <=1.88 hours/customer	SAIDI <=1.69 hours/customer, 10% better than target
Customer Reliability - SAIFI (direct and NP)	5.00%	SAIFI <=1.13 Interruptions/customer, 5% off target	SAIFI <=1.08 Interruptions/customer	SAIFI <=0.97 Interruptions/customer, 10% better than target
Financial Perf. Hydro O&M Budget (excl. EFB)	5.00%	<= 101% of Budget	<=100% of Budget	<= 97.5% of Budget
Operation and Maintenance Plan for Winter Readiness	5.00%	100% planned outages on December 1 and 95% of Winter Ready Planned Maintenance Completed	Threshold plus 100% of Winter Ready Annual Work Plan Completed	Target plus 100% Annual Work Plan Completed
Capital Budget Project Completions	5.00%	Hydro Corporate Plan Threshold	Hydro Corporate Plan Target	Hydro Corporate Plan Opportunity
Muskat Operations Readiness <sup>1</sup>	5.00%	Threshold as per TTO Steering Committee Plan <sup>1</sup>	Target as per TTO Steering Committee Plan <sup>1</sup>	Opportunity as per TTO Steering Committee Plan <sup>1</sup>
Complete Line of Business Asset Management Initiatives	5.00%	All Threshold Activities in Hydro Plan	All Target Activities in Hydro Plan	All Opportunity Activities in Hydro Plan
<b>Secondary Goals</b>				
<b>Environmental Leadership</b>				
Environmental Management System Targets Completed	5.00%	92%	95%	100%
<b>People and Community Goals</b>				
All Other Hydro Corporate Plan Initiatives Completion	5.00%	75% or more of the LOB's annual plan initiatives have been completed	90% or more of the LOB's annual plan initiatives have been completed	100% or more of the LOB's annual plan initiatives have been completed
<b>Total Part B:</b>	<b>70%</b>			
<sup>1</sup> See PC Attachment for Threshold, Target and Opportunity Measures				

**Rob Henderson**  
**2015 Performance Contract**

	<b>Threshold</b>	<b>Target</b>	<b>Opportunity</b>
<b>GRA</b>	<p>Complete GRA Threshold activities:</p> <ol style="list-style-type: none"> <li>1. GRA - File all necessary applications that will enable a decision by the PUB to record an appropriate income amount for 2015 in the absence of a final GRA Order in 2015; <b>and</b></li> <li>2. Regulatory Process Improvement Strategy - Complete 75% of planned 2015 activities.</li> </ol>	<p>Complete Corporate Plan for GRA and implement direction:</p> <ol style="list-style-type: none"> <li>1. Complete GRA and achieve approval of direction that supports strong financial performance for Hydro in 2015 and beyond.</li> <li>2. Complete 2015 activities outlined in the multi-year regulatory process improvement strategy.</li> </ol>	<p>Complete GRA Opportunity activities:</p> <ol style="list-style-type: none"> <li>1. GRA - Complete GRA early and receive final order by September 30, 2015; <b>and</b></li> <li>2. Regulatory Process Improvement Strategy - Complete 100% of planned 2015 activities.</li> </ol>
<b>Muskat Operations Readiness</b>	<p>Items 1, 2 and 3 have been completed as planned and substantial progress has been made on items 4, 5 and 6 (e.g., contingent on final shareholder alignment).</p>	<p>Planned 2015 activities have been completed:</p> <ol style="list-style-type: none"> <li>1. All TTO teams have been established and are working as an integrated team, and the RFO/RFI/BTPO teams are co-located.</li> <li>2. Resourcing plans have been implemented to ensure that additional resources for 2015 have been engaged by the RFO/RFI/BTPO teams to supplement the Leads and Deputy Leads as required.</li> <li>3. An Integrated Project Schedule (IPS) which identifies and integrates the key Gate 4 deliverables and related milestones for all transition teams, as well as the key elements of Nalcor's stakeholder engagement plan, has been implemented and is being used to track and measure TTO progress.</li> <li>4. A future state model for electricity system operations has been developed in alignment with the shareholder; the underlying executive and organizational structure for Hydro and Nalcor has been finalized; and executive appointments in new roles identified to support long-term electricity operations have been completed or have been initiated.</li> <li>5. All requirements related to the negotiation of new commercial agreements or revisions to existing agreements have been identified and a schedule with timelines has been developed to execute all necessary commercial negotiations.</li> <li>6. Necessary legislative changes have been identified in consultation with DNR, and the required legislative amendments are ready for presentation in the HOA as early as Q1, 2016.</li> </ol>	<p>TARGET + significant progress has been made beyond plan in relation to items 4, 5 and/or 6.</p>