

- 1 **Q. Korn Ferry Report, page 9, Table 2. Please explain how each of the compensation**  
2 **elements for the President & CEO has a negative percentage in NFP vs P50 yet the**  
3 **total Target Remuneration is a positive percentage.**  
4
- 5 A. Table 2 measures Newfoundland Power compensation elements against the market  
6 median or P50. Table 2 indicates that the CEO compensation competitiveness is:  
7
- 8 Actual Salary is 1% below P50.  
9
- 10 Target Total Cash (Salary + Target STI) is 8% below P50. This means that the CEO  
11 salary is close to P50, but Target STI amount is below P50.  
12
- 13 Target Total Direct Compensation (Target Total Cash + LTI) is 0% vs P50. This means  
14 Newfoundland Power CEO is at P50 for the aggregate value of Salary, Target STI and  
15 LTI. This also means that Newfoundland Power's strength in LTI has offset its gap in  
16 STI.  
17
- 18 Target Total Remuneration (Target Total Direct Compensation + Benefits) is 5% above  
19 P50. This means Newfoundland Power CEO has a stronger benefit package than P50,  
20 shifting the CEO market position from P50 for Target Total Direct Compensation to 5%  
21 above P50 for Target Total Remuneration.