

1 **Reference: Korn Ferry Report, sec 2.**
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3 **Q. Korn Ferry states “NFP target short-term incentive (STI) levels, expressed as a %**
 4 **of salary, are lower than the market median.**
 5 **– 50% of salary for President & CEO; and**
 6 **– 35% of salary for VPs.”**

7 **a) Please complete and confirm the accuracy of the table provided.**
 8

Position	2019		2020		2021		2022		2023		Position Target STI (%)
	Actual STI		Actual STI		Actual STI		Actual STI		Actual STI		
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
CEO							221,000	51.2	269,000	57.4	50
VP Finance & CFO							112,000	36.5	141,000	44.5	35
VP, Engineering & Energy Supply							115,000	36.3	141,000	43.0	35
VP, Customer Operations							128,000	41.2	137,000	45.8	35

9 **b) In Korn Ferry’s evaluation, what is the average payout percentage and average**
 10 **payout versus target for companies within the Canadian Commercial Industrial**
 11 **Group? How does Newfoundland Power’s data compare to the other Utilities**
 12 **within the Canadian Commercial Industrial comparator group? How does**
 13 **Newfoundland Power’s data compare to the Utility Industry?**

14 **c) In Korn Ferry’s experience, how does Newfoundland Power’s Short-Term**
 15 **Incentive payout history compare to other Canadian Utilities?**

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 17 A. a) Prior years were not part of the current scope of work and Korn Ferry did not receive
 18 executive actual STI historical payout data from Newfoundland Power.

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 20 a) In Korn Ferry’s opinion, the average actual payout in the Canadian Commercial
 21 Industrial Group was reasonably close to the average target payout level. Korn Ferry
 22 notes that actual STI payouts relate to individual company performance and the
 23 executives’ own performance, both of which may vary from one year to another.
 24 Korn Ferry did not complete the data analysis on the Canadian Utility Industry
 25 separately which was not requested by Newfoundland Power.

26
 27 b) Korn Ferry did not track the data for the utility industry separately. Korn Ferry
 28 estimates that the actual payouts in the utility industry would not be volatile over the
 29 years.