



**EXECUTIVE COMPENSATION GOVERNANCE REPORT**  
2012 | ENMAX Corporation

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# ENMAX CORPORATION'S APPROACH TO EXECUTIVE COMPENSATION

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## ENMAX'S STRATEGIC DIRECTION

At ENMAX, we power Alberta's way of life. We buy and make electricity, move it across our network of wires to homes and businesses, and market it in ways that work for our customers. Our diversity across the electricity value chain continues to strengthen our company and enables us to deliver steady earnings to our Shareholder, The City of Calgary. Going forward, the ENMAX promise remains the same – to exceed our customers' expectations while providing safe, reliable power that can be depended on every day.

## COMPENSATION PRINCIPLES

At ENMAX, we compensate, reward, and recognize employees at every level of the organization based on their contributions toward our business outcomes. We work hard to attract, motivate, and retain a capable workforce. In order to accomplish this, we have established compensation programs that are designed to meet the following objectives:

- Attract and retain key talent by providing compensation that is competitive with our established peer group;
- Encourage behaviours that generate outcomes aligned with our business strategy and "risk profile";
- Align employee interests with our business objectives by supporting a pay-for-performance culture that rewards strong performance and reduces variable compensation paid in the event of certain business goals not being met;
- Responsible and transparent compensation policies and processes ; and
- Flexibility in order to respond to continuously evolving market and governance practices.

Ultimately, we endeavour to ensure that we are competitive with the labour market within which we compete for key talent.

## PAY POSITIONING

In order to support our compensation objectives, ENMAX's compensation structure is designed to provide target total direct compensation at the median (50th percentile) of our established labour market (described below under Peer Group) for performance that meets expectations. Compensation for an individual may vary from the median based on a variety of factors, including:

- Scope of the role within ENMAX;
- Key skills and contributions of the individual;
- Tenure and experience in the role; and
- Other considerations related to attraction and retention.

The competitiveness of our compensation structure is reviewed periodically to ensure continued appropriateness. On an annual basis, the Human Resources Committee (HRC) reviews the positioning of each executive within the context of ENMAX's compensation structure, competitive pay levels, and internal relativity, and appropriate adjustments are made.

## PEER GROUP

We review our compensation structure and its competitiveness annually relative to a peer group of companies that is considered to be relevant for compensation purposes. This comparison reflects the market within which ENMAX competes for executive talent and with companies that have similar business operations. In addition, the peer group has significant Alberta presence, reflecting local pay practices and competitive pressures.

We periodically review the peer group selection criteria and companies within the peer group for continued relevance and appropriateness. A comprehensive peer group review was conducted in 2011, at which point the peer group was expanded. In August 2012, the HRC reviewed the peer group to ensure that the criteria identified for selecting peer companies for benchmarking purposes were still valid. Our next peer group review will be conducted in 2013.

The following criteria have been used to develop our current peer group.

| CRITERIA            | FOCUS   | RATIONALE  |
|---------------------|---|--|
| Industry            | <ul style="list-style-type: none"> <li>• Power Generation</li> <li>• Energy Utilities</li> <li>• Energy Services</li> <li>• Oil &amp; Gas Exploration &amp; Production</li> <li>• Independent Power Producers &amp; Energy Traders</li> <li>• Oil &amp; Gas Storage &amp; Transportation</li> <li>• Non-autonomous organizations</li> </ul> | <ul style="list-style-type: none"> <li>• Industries in which relevant skills and experience at the executive level are typically found, as well similarity in business focus.</li> <li>• Also reflects that organizations in some of these industries operate under a similar regulatory framework as ENMAX and have similar lines of business.</li> </ul> |
| Ownership Structure | <ul style="list-style-type: none"> <li>• Government organizations</li> <li>• Autonomous, publicly-traded companies</li> <li>• Subsidiary organizations</li> </ul>   | <ul style="list-style-type: none"> <li>• Reflects the ownership structure of ENMAX, with responsibilities to taxpayers, and considers that executive talent can be sourced from a variety of organizations.</li> </ul>   |
| Size                | <ul style="list-style-type: none"> <li>• Similar in size to ENMAX (i.e., approximately 0.5x to 2x ENMAX's revenue)</li> </ul>   | <ul style="list-style-type: none"> <li>• Reflects the scope and complexity of operations, and level of infrastructure required to operate in this industry.</li> </ul>   |
| Geography           | <ul style="list-style-type: none"> <li>• Based in Canada</li> <li>• Representation of Alberta-based organizations</li> </ul>  | <ul style="list-style-type: none"> <li>• Reflects the pay practices and competitive environment within which ENMAX competes for executive talent in Alberta and, more broadly, Canada</li> </ul>   |

Availability of market data is also a factor in the development of the peer group. As such, the companies in our peer group are all participants in Towers Watson's Energy and General Industry surveys.

Our peer group for executive compensation purposes is comprised of the following organizations:

| COMPANY                          | PROVINCE         | INDUSTRY                                     | OWNERSHIP STRUCTURE           |
|----------------------------------|------------------|--|-------------------------------|
| AltaLink LP                      | Alberta          | Electric Utilities                           | Limited Liability Partnership |
| ARC Resources Ltd.               | Alberta          | Oil & Gas Exploration & Production           | Autonomous/Publicly Traded    |
| ATCO Ltd.                        | Alberta          | Multi-Utilities                              | Autonomous/Publicly Traded    |
| BC Hydro                         | British Columbia | Electric Utilities                           | Government                    |
| Bruce Power, L.P.                | Ontario          | Independent Power Producers & Energy Traders | Limited Liability Partnership |
| Canadian Oil Sands Ltd.          | Alberta          | Oil & Gas Exploration & Production           | Autonomous/Publicly Traded    |
| Capital Power Corp.              | Alberta          | Independent Power Producers & Energy Traders | Autonomous/Publicly Traded    |
| Chevron Canada Resources         | Alberta          | Multi-Sector Holdings                        | Subsidiary                    |
| Devon Canada Corporation         | Alberta          | Oil & Gas Exploration & Production           | Subsidiary                    |
| Emera Inc.                       | Nova Scotia      | Electric Utilities                           | Autonomous/Publicly Traded    |
| Enbridge Gas Distribution Inc.   | Alberta          | Gas Utilities                                | Subsidiary                    |
| EPCOR Utilities Inc.             | Alberta          | Electric Utilities                           | Government                    |
| FortisAlberta Inc.               | Alberta          | Electric Utilities                           | Subsidiary                    |
| FortisBC Energy Inc.             | British Columbia | Electric Utilities                           | Subsidiary                    |
| Fortis Inc.                      | Newfoundland     | Electric Utilities                           | Autonomous/Publicly Traded    |
| Hydro One Inc.                   | Ontario          | Electric Utilities                           | Government                    |
| Inter Pipeline Fund              | Alberta          | Oil & Gas Storage & Transportation           | Autonomous/Publicly Traded    |
| Manitoba Hydro-Electric Board    | Manitoba         | Electric Utilities                           | Government                    |
| Ontario Power Generation Inc.    | Ontario          | Electric Utilities                           | Government                    |
| Pengrowth Energy Corporation     | Alberta          | Oil & Gas Exploration & Production           | Autonomous/Publicly Traded    |
| Saskatchewan Power Corp.         | Saskatchewan     | Electric Utilities                           | Government                    |
| SaskEnergy Inc.                  | Saskatchewan     | Gas Utilities                                | Government                    |
| Terasen Gas Inc. (FortisBC Inc.) | British Columbia | Electric Utilities                           | Autonomous/Publicly Traded    |
| TransAlta Corp.                  | Alberta          | Independent Power Producers & Energy Traders | Autonomous/Publicly Traded    |

ENMAX is near the 70th percentile of its peer group on revenue. As a scope measure, revenue typically has the strongest indication of market pay levels, and is viewed as a good indication of the complexity of an organization. Asset size serves as a secondary reference as it reflects the complexity and scope of operations for those organizations with whom we compete for talent. ENMAX is near the 20th percentile on assets.

|                 | REVENUE         | ASSETS          |
|-----------------|-----------------|-----------------|
| 50th Percentile | \$2.1 Billion   | \$7.9 Billion   |
| 75th Percentile | \$3.7 Billion   | \$15.0 Billion  |
| ENMAX           | \$3.2 Billion   | \$4.8 Billion   |
| Percentile Rank | 68th Percentile | 19th Percentile |

Our executive roles are assessed relative to the most directly comparable positions in the peer companies, considering such factors as position responsibilities, span of control, management level, reporting relationships, and strategic focus.

# COMPENSATION COMPONENTS

Our executive compensation program is comprised of the following elements of compensation.

| COMPENSATION ELEMENT                        | LINK TO COMPENSATION OBJECTIVES   | LINK TO BUSINESS OBJECTIVES   |
|---|---|---|
| <b>FIXED COMPENSATION</b>                   |   |   |
| Salary                                      | <ul style="list-style-type: none"> <li>• Competitiveness</li> <li>• Income security</li> <li>• Recognize skills and leadership, and reflect degree of accountability</li> </ul> | Competitive pay ensures high quality talent in order to achieve the business objectives   |
| Pension                                     | <ul style="list-style-type: none"> <li>• Competitiveness</li> <li>• Income security</li> <li>• Retention</li> </ul>   | Competitive pension ensures high quality talent in order to achieve the business objectives   |
| Benefits                                    | <ul style="list-style-type: none"> <li>• Competitiveness</li> <li>• Health &amp; well-being</li> </ul>  | Competitive benefits ensures high quality talent in order to achieve the business objectives  |
| Perquisites                                 | <ul style="list-style-type: none"> <li>• Competitiveness</li> </ul>   | Competitive perquisites ensures high quality talent in order to achieve the business objectives   |
| <b>VARIABLE (OR "AT-RISK" COMPENSATION)</b> |   |   |
| Annual Variable Pay Plan (AVPP)             | <ul style="list-style-type: none"> <li>• Competitiveness</li> <li>• Pay-for-performance</li> <li>• Retention</li> </ul>   | Rewards the achievement of short-term objectives measured at the Corporate, Business Unit, and Individual/Team level during the year<br>Competitive pay ensures high quality talent in order to achieve the business objectives |
| Long-term Variable Pay Plan (LTVPP)         | <ul style="list-style-type: none"> <li>• Competitiveness</li> <li>• Pay-for-performance</li> <li>• Retention</li> </ul>   | Rewards the achievement of longer-term business and strategic objectives measured over a 3-year period<br>Competitive pay ensures high quality talent in order to achieve the business objectives                               |

Following the completion of the review of our compensation programs and practices in 2011, changes to the design of our AVPP and LTVPP were introduced in 2012 in order to;

1. provide a greater pay-for-performance focus aligned with the achievement of our strategic goals,
2. strengthen the alignment of participants' interests with our Shareholder, and
3. better align the full range of compensation opportunities with market levels.

## PAY MIX

Our total "direct" compensation is comprised of salary and variable pay, and excludes pension, benefits and perquisites. A targeted pay mix is determined for each executive in consideration of competitive practices, internal relativity, and the role's scope of responsibility. The targeted mix between the compensation elements varies depending on the executive's ability to impact short-term and long-term business results, and to reflect competitive practices.

The actual pay mix may vary from target based on an assessment of multiple factors (discussed above in Pay Positioning), and is reviewed annually by management and the HRC to ensure that ENMAX's compensation objectives are being achieved. The actual pay mix varies from year to year based on performance and other factors.

Our compensation structure has been developed in order to provide the majority of compensation in the form of variable, or "at-risk", pay to ensure alignment with performance and our Shareholder's interests.

# COMPENSATION GOVERNANCE AT ENMAX

## MANDATE OF THE HUMAN RESOURCES COMMITTEE

The Human Resources Committee (HRC) of the Board of Directors (Board) is responsible for the oversight of ENMAX's compensation programs for executives. Specific accountabilities of the HRC include:

- Oversee key compensation and human resources policies;
- Review the compensation philosophy and programs to ensure alignment with business objectives;
- Review the CEO's performance and the CEO's assessment of the performance of her direct reports;
- Review and recommend to the Board for approval the compensation of the CEO and other executives and approve the overall salary budget;
- Oversee the pension plans; and
- Assess certain human resources-related risks, including pension risk, and workforce development and retention risks.

## COMPENSATION APPROVAL PROCESS

The HRC meets quarterly with special meetings convened as required over the course of the year. The CEO provides recommendations to the HRC on compensation-related issues, based on information and analysis prepared by management with input from external compensation consultants and experts. The HRC considers a variety of information in reviewing the CEO's recommendations and makes a recommendation to the Board for their approval. The Board reviews the recommendation and has ultimate authority to approve it.

|        | ANALYSIS  | RECOMMENDATIONS  | APPROVAL  |
|--------|---|--|---|
| Who    | <ul style="list-style-type: none"> <li>• President and CEO</li> </ul>   | <ul style="list-style-type: none"> <li>• HRC following review of President &amp; CEO's recommendations</li> </ul>  | <ul style="list-style-type: none"> <li>• Board of Directors</li> </ul>  |
| Inputs | <ul style="list-style-type: none"> <li>• Corporate Business Unit and Individual Business Results</li> <li>• Market data analysis and competitive practices provided by Towers Watson</li> </ul> | <ul style="list-style-type: none"> <li>• CEO provided recommendations re: Direct Reports total direct compensation</li> <li>• Meridian compensation consultants</li> </ul> | <ul style="list-style-type: none"> <li>• Human Resources Committee recommendations including President &amp; CEO total direct compensation as informed by market data and compensation consultants</li> </ul> |

## COMPENSATION RISK MITIGATION

Our compensation programs are designed to align with standardized Canadian governance practices so as not to unintentionally create an incentive for executives to take undue risk. The HRC regularly reviews the compensation programs for continued appropriateness and, from time to time, makes modifications to align with evolving market and good governance practices.

Highlights of our programs and practices that mitigate compensation-related risks are outlined below.

| RISK-MITIGATING PRACTICES | DESCRIPTION   |
|---------------------------|---|
| Oversight Responsibility  | All executive compensation-related decisions are reviewed and approved by the HRC and Board, which has ultimate oversight and accountability of executive compensation at ENMAX. In preparing its recommendations, the HRC has access to its own independent advisor to provide input from an external perspective.   |
| Competitive Positioning   | Our compensation philosophy targets compensation to be delivered near the 50th percentile, with the ability to pay at, above, or below the targeted level based on performance and other relevant factors. The overall pay levels and pay mix are established by referencing market levels and do not "over-weigh" any one compensation element.  |
| Pay Mix                   | A significant portion of executive compensation is delivered in variable pay, through the AVPP and LTVPP. Performance is assessed over multiple time horizons (1-year through the AVPP, and 3-year through the LTVPP), with a greater emphasis on long-term performance for executives. Multiple, overlapping performance periods ensure that there is an ongoing focus on long-term sustainability of performance.   |
| Measuring Performance     | Performance is assessed in our AVPP and LTVPP using a variety of measures at the Corporate, Business Unit, and Individual/Team level.<br><br>The measures have been selected to provide a balanced focus on various financial and operating results that ultimately support our business strategy. Multiple measures reduce the emphasis on one metric and provide a more holistic view of performance.<br><br>Specific performance goals, such as the threshold, target, and maximum for each measure, are reviewed annually by the HRC for continued appropriateness and relevance; the performance range is adjusted for upcoming performance periods, as appropriate. |
| Incentive Plan Caps       | Incentive plan payouts are capped in order to ensure that excessive payments do not occur in years of extraordinary performance. AVPP payouts are capped at 150% of target, and LTVPP payouts are capped at 200% of the opportunity size.   |
| Incentive Claw-backs      | A claw-back policy is in place which seeks recoupment of variable compensation (or adjustment of future payments) in the event of material restatement of financials or intentional fraud or misconduct that caused or partially caused the need for restatement.   |

In August 2012 the HRC retained the services of an independent external compensation advisor to assess the risks inherent in ENMAX's compensation programs. The Committee received confirmation that the current compensation programs and governance practices do not encourage excessive risk-taking that would have a material impact on ENMAX's financial results and reputation.



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## COMPENSATION "CLAW-BACKS"

A compensation "claw-back" provision for our variable pay plans was introduced in 2012 and applies to the President & CEO, Executive Vice Presidents, and Vice Presidents.

The determination of payments under ENMAX's variable pay programs are based on assumptions and representations provided by management. The Board reserves the right to seek repayment of past payments made and/or amend any future payments in situations where:

- The amount of variable pay received by the executive or former executive was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of, or affected by, a material restatement of all or a portion of ENMAX's financial statements;
- The executive or former executive engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- The amount of variable pay received would have been lower had the financial results been properly reported.

## COMPENSATION ADVISORS

The HRC retains the services of Meridian Compensation Partners Inc. to serve as the independent external advisor on executive compensation matters. In 2012, Meridian's services included:

- reviewing the CEO employment contract;
- assessing the risks inherent in our compensation programs;
- providing input on the 2013 LTVP program design; and
- reviewing metrics used in our Annual Variable Pay Program.

Management also retains the services of external advisors on other compensation-related matters. For 2012:

- Towers Watson was retained to review the competitiveness of our executive compensation and to provide periodic advice on matters related to our variable pay plans. ENMAX also participates in various compensation surveys run by Towers Watson.
- Towers Watson is ENMAX's actuary and, as such, provides actuarial services for defined benefit pension administration and associated accounting/financial services related to the pension plan.
- Mercer (Canada) Limited was retained to provide investment consulting services related to the ENMAX Pension Plan (DB and DC provisions).
- In 2012, management conducted a Request for Proposal for investment consulting services. SEI Investments Canada (SEI) was contracted as a Manager of Managers for the DB component of the ENMAX Pension Plan (Pension Plan) and Towers Watson was contracted as an investment advisor for the DC component of the Pension Plan.

Fees paid by ENMAX to the HRC's and Management's external compensation advisors are outlined below. This reflects when fees were paid, and may not align with when work actually began or ended.

| COMPANY                                   | SERVICES  | 2011 FEES | 2012 FEES |
|---|---|-----------|-----------|
| Meridian (Retained by the HRC)            | Executive Compensation Consulting               | \$51,390  | \$56,794  |
| Towers Watson<br>(Retained by Management) | Executive/Non-executive Compensation Consulting | \$291,083 | \$33,882  |
|   | Pension Plan Actuarial Services                 | \$145,076 | \$314,408 |
|   | Accounting/Finance                              | \$164,167 | \$115,000 |
|   | Compensation Surveys                            | \$17,357  | \$9,975   |
| Mercer<br>(Retained by Management)        | Investment Consulting                           | \$63,572  | \$14,805  |
|   | Compensation Surveys                            | \$6,552   | \$7,573   |

# 2012 EXECUTIVE COMPENSATION

## NAMED EXECUTIVE OFFICERS

This section discusses compensation decisions related to the Named Executive Officers (NEOs) in 2012, who are as follows:

- President & CEO - Gianna Manes
- Former Interim President & CEO - Charles Ruigrok
- EVP Finance & CFO - David Halford
- EVP Generation & Wholesale Energy - David Rehn
- EVP Regulatory & Legal Services - Robert Hemstock
- EVP Transmission & Distribution Services - Dale McMaster

## SETTING EACH COMPENSATION COMPONENT

Our compensation programs are designed to support ENMAX's business objectives, allowing us to successfully execute our human resources strategy and support a high-performing culture by aligning pay with performance. In determining our executives' compensation in a given year, the HRC considers a comprehensive set of factors, which includes:

- External market data for comparable positions within our peer group;
  - Assessment of ENMAX's performance;
  - Assessment of performance of the CEO and the CEO's direct reports;
  - Each executive's potential to contribute to our strategic direction and long-term value creation for our Shareholder;
- and
- Summary of compensation decisions from the prior year.

In addition, the HRC considers advice from its independent compensation advisor and factors such as market trends and practices, competitive pressures, and business outlook.

## SALARIES

Salaries are established at a level that is competitive in the market for similar roles and reflects the nature and level of the position, the level of skill, knowledge, and experience each individual brings to their role, and each individual's level of performance.

In 2012, we increased executive salaries by an average of 3.6% to reflect merit increases, cost of living increases, and competitive pressures. The following shows the year-over-year change in salaries for each of the NEOs.

| POSITION                                 | 2011 SALARY | 2012 SALARY | % CHANGE |
|--|-------------|-------------|----------|
| President & CEO                          | n/a         | \$600,000   | n/a      |
| EVP Finance & CFO                        | \$375,000   | \$390,000   | +4.0%    |
| EVP Generation & Wholesale Energy        | \$412,000   | \$420,200   | +2.0%    |
| EVP Regulatory & Legal Services          | \$320,000   | \$339,500   | +6.1%    |
| EVP Transmission & Distribution Services | \$350,000   | \$370,000   | +5.7%    |

## ANNUAL VARIABLE PAY PLAN (AVPP)

### Plan Design

ENMAX’s AVPP provides for competitive compensation that reflects the company’s overall financial performance, achievement of key performance indicators (KPIs) related to each business unit or functional area over which an executive has oversight, and individual performance.

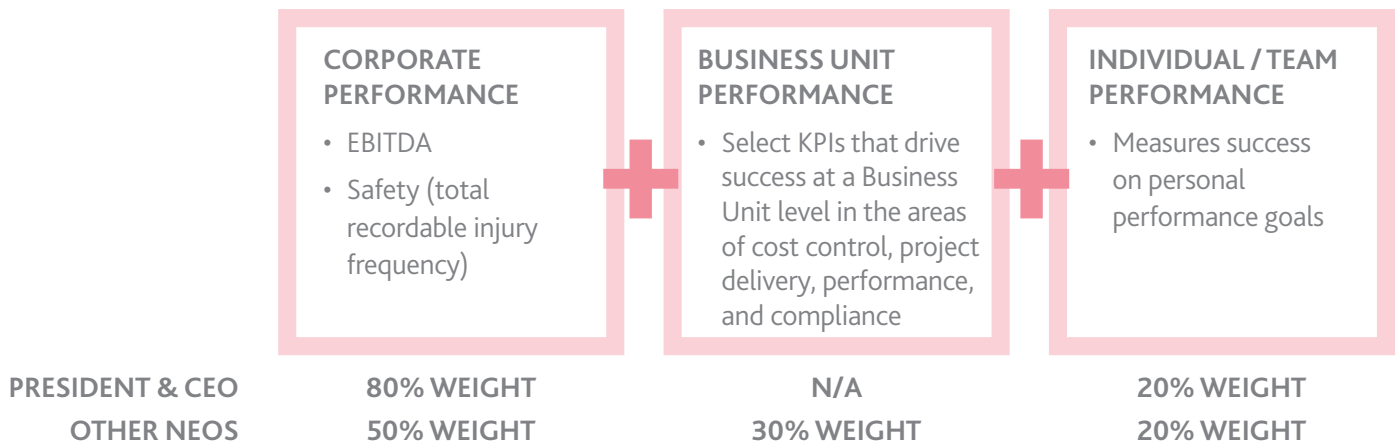
Following the completion of a review of ENMAX’s pay programs in 2011, the AVPP was updated to better reflect ENMAX’s business strategy, compensation philosophy, and market practice. The key changes to the plan were designed to:

- Provide clear and quantifiable performance expectations by establishing threshold, target, and maximum performance levels, with payouts that are reflective of the level of performance achieved;
- Improve line-of-sight by ensuring an appropriate weighting on Corporate, Business Unit, and Individual/Team performance;
- Focus Business Unit KPIs on key success objectives of cost control, project delivery, reliability/performance, and compliance;
- Ensure that each KPI is thoughtfully developed by considering participants’ ability to impact performance;
- Allow for increased differentiation of payouts based on individual contributions and performance; and
- Ensure a competitive payout opportunity at various levels of performance.

The range of payouts (expressed as a percentage of salary) based on performance of the NEOs is outlined below.

| POSITION        | BELOW THRESHOLD PERFORMANCE (% OF SALARY) | THRESHOLD PERFORMANCE (% OF SALARY) | TARGET PERFORMANCE (% OF SALARY) | MAXIMUM PERFORMANCE (% OF SALARY) |
|-----------------|---|-------------------------------------|----------------------------------|-----------------------------------|
| President & CEO | 0%  | 37.5%                               | 75%                              | 112.5%                            |
| Other NEOs      | 0%  | 22.5%                               | 45%                              | 67.5%                             |

Performance is measured based on Corporate, Business Unit, and Individual factors, with specific weightings for each component. The weighting of each component varies by organization level, as shown below for the NEOs. Performance scores for each component can range from 0% of target for performance below threshold, 50% of target for threshold performance, to 150% of target for maximum performance. AVPP payouts are capped at 150% of target.



## 2012 Payouts

The HRC considers a range of key factors in determining recommended compensation levels for the CEO and other NEOs. Recommendations are submitted to the Board for approval. In any given year, actual AVPP payouts for the NEOs may be more or less than target levels. The specific payouts associated with the AVPP are outlined below and in the Summary Compensation Table (page 21).

The following provides the targeted performance at the Corporate level, and ENMAX's actual results relative to target. The resulting payout factors for EBITDA and Safety are shown, and are calculated based on actual performance relative to pre-established threshold, target, and maximum performance levels for 2012. 2012 was an exceptionally strong year for both financial and safety performance resulting in the 2012 Corporate Performance Payout Factor of 150%.

| PERFORMANCE MEASURE | 2012 TARGET PERFORMANCE             | 2012 ACTUAL PERFORMANCE | PAYOUT FACTOR |
|---------------------|-------------------------------------|-------------------------|---------------|
| EBITDA (70% Weight) | \$402.1 Million                     | \$464.4 Million         | 150%          |
| Safety (30% Weight) | 1.54                                | 0.43                    | 150%          |
|                     | Corporate Performance Payout Factor |                         | 150%          |

Business Unit KPIs and actual performance achieved in 2012 are shown below. The resulting Business Unit Performance Factor ranges from 122% to 143%. The CEO exercised the following discretion in assessing and adjusting mid year 2012 Business Unit KPI performance measures:

- ENMAX Power Company Cost Control was adjusted for KPI purposes to reflect unbudgeted safety initiatives and compliance activities that were identified subsequent to the development of the 2012 budget;
- The Commercial Customer Growth KPI was removed for the purposes of calculating the ENMAX Energy 2012 Business Unit rating due to changes in portfolio position and market price; and
- ENMAX Encompass Cost Control was adjusted by approximately \$1M to recognize the added cost the organization incurred in direct support of higher than anticipated customer sign-ups and revenue early in 2012.

The HRC and Board retain the ultimate authority to exercise discretion to ensure that AVPP payouts are appropriate in light of actual performance achieved, and consider external factors that are beyond the participants' control for which they should not be rewarded or penalized. The Board did not exercise discretion in 2012 regarding any additional AVPP changes.

## ENMAX Power

| PERFORMANCE MEASURE                       | TARGET PERFORMANCE                    | 2012 ACTUAL PERFORMANCE                 | PAYOUT FACTOR |
|---|---------------------------------------|---|---------------|
| Cost Control (25% Weight)                 | \$78.9 Million                        | \$79.5 Million                          | 92%           |
| Reliability – SAIDI1 Index (12.5% Weight) | 0.45                                  | 0.39                                    | 150%          |
| Reliability – SAIFI2 Index (12.5% Weight) | 0.90                                  | 0.66                                    | 150%          |
| Compliance (25% Weight)                   | 0                                     | 0                                       | 150%          |
| Project Delivery (25% Weight)             | Various Milestones                    | Based on Year-end Review of Performance | 100%          |
|   | ENMAX Power Performance Payout Factor |   | 123%          |

1 System Average Interruption Duration Index.  
2 System Average Interruption Frequency Index.

## ENMAX Power Services

| PERFORMANCE MEASURE                                      | 2012 TARGET PERFORMANCE | 2012 ACTUAL PERFORMANCE                 | PAYOUT FACTOR |
|--|-------------------------|---|---------------|
| Cost Control (25% Weight)                                | \$5.5 Million           | \$4.0 Million                           | 150%          |
| Performance – URD1 Design Timelines (12.5% Weight)       | >85%                    | 97%                                     | 140%          |
| Performance – URD1 Construction Timelines (12.5% Weight) | >75%                    | 77%                                     | 107%          |
| Compliance (25% Weight)                                  | 0                       | 0                                       | 150%          |
| Project Delivery (25% Weight)                            | Various Milestones      | Based on Year-end Review of Performance | 150%          |
| ENMAX Power Services Performance Payout Factor           |                         |   | 143%          |

<sup>1</sup> Underground residential distribution design build shallow utilities.

## ENMAX Energy and Envision

| PERFORMANCE MEASURE  | 2012 TARGET PERFORMANCE | 2012 ACTUAL PERFORMANCE                 | PAYOUT FACTOR |
|--|-------------------------|---|---------------|
| Cost Control (25% Weight)                                  | \$53.0 Million          | \$44.7 Million                          | 150%          |
| Performance – Residential Customer Growth (12.5% Weight)   | 215,000                 | 282,000                                 | 150%          |
| Performance – Generation Asset Availability (12.5% Weight) | 93%                     | 92.4%                                   | 90%           |
| Compliance (25% Weight)                                    | 0                       | 0                                       | 150%          |
| Project Delivery (25% Weight)                              | Various Milestones      | Based on Year-end Review of Performance | 145%          |
| ENMAX Energy and Envision Performance Payout Factor        |                         |   | 141%          |

## ENMAX Encompass

| PERFORMANCE MEASURE                                    | 2012 TARGET PERFORMANCE | 2012 ACTUAL PERFORMANCE                 | PAYOUT FACTOR |
|--|-------------------------|---|---------------|
| Cost Control (25% Weight)                              | \$39.4 Million          | \$39.8 Million                          | 89%           |
| Customer Satisfaction (25% Weight)                     | 80%                     | 79.5%                                   | 98%           |
| Performance – Residential Customer Growth (25% Weight) | 215,000                 | 282,000                                 | 150%          |
| Compliance (25% Weight)                                | 0                       | 0                                       | 150%          |
| ENMAX Encompass Performance Payout Factor              | 122%                    | Based on Year-end Review of Performance | 145%          |
| ENMAX Energy and Envision Performance Payout Factor    |                         |   | 141%          |

## ENMAX Shared Services

| PERFORMANCE MEASURE                                 | 2012 TARGET PERFORMANCE              | 2012 ACTUAL PERFORMANCE                 | PAYOUT FACTOR |
|---|--------------------------------------|---|---------------|
| Cost Control (25% Weight)                           | \$85 Million                         | \$77.8 Million                          | 150%          |
| Reliability / Performance                           | Average of Business Unit Performance | Average of Business Unit Performance    | 136%          |
| Project Delivery                                    | Average of Business Unit Performance | Average of Business Unit Performance    | 124%          |
| Compliance (25% Weight)                             | 0                                    | 0                                       | 150%          |
| ENMAX Shared Services Performance Payout Factor     | 140%                                 | Based on Year-end Review of Performance | 145%          |
| ENMAX Energy and Envision Performance Payout Factor |                                      |   | 141%          |

Individual goals are established at the beginning of the year, specific to each NEO and his or her area of responsibility. Individual performance is assessed by the HRC for the CEO, and by the CEO for her direct reports. Key accomplishments for 2012 are provided below, along with the resulting performance rating.

| NAME            | 2012 KEY ACCOMPLISHMENTS  | 2012 PERFORMANCE RATING          |
|-----------------|---|----------------------------------|
| Gianna Manes    | <ul style="list-style-type: none"> <li>• Instituted processes and actions to drive improved safety culture and results, including the completion of the 2012 safety assessment, development and tracking of additional safety measures as determined from the assessment, development of action plans and initiate implementation of critical Measures.</li> <li>• Improved Executive and employee engagement:</li> <li>• Fostered teamwork and accountability at the senior leadership level and initiated improvement in such areas as succession planning and leadership development.</li> <li>• Implemented enterprise-wide communication and employee meetings in 2012 to discuss employee engagement survey results and develop management’s response plan.</li> <li>• Established and fostered constructive relationships with elected officials, regulators, the business community and key business partners to ensure understanding of ENMAX’s performance, decisions and positions on key issues facing our industry.</li> </ul> | Met or exceeded all expectations |
| David Halford   | <ul style="list-style-type: none"> <li>• Maintained investment grade credit ratings (BBB-or better) at both S&amp;P and DBRS throughout 2012.</li> <li>• Achieved corporate 2012 financial targets and Finance Office cost budget.</li> <li>• Executive-approved plan for upgrade to financial systems – in place by year end.</li> <li>• Internal Control for Financial Reporting project underway</li> </ul>  | Met or exceeded all expectations |
| David Rehn      | <ul style="list-style-type: none"> <li>• Achieved Operational Excellence through performance in the safety, reliability, and cost-effectiveness of operating our generation assets.</li> <li>• Managed the volatility and diversification of our asset and commodity portfolio and achieved financial targets.</li> <li>• Managed major capital projects including Shepard and Bonnybrook Turbine and Generator overhauls.</li> <li>• Secured joint partner for Shepard Energy Center.</li> </ul>   | Met or exceeded all expectations |
| Robert Hemstock | <ul style="list-style-type: none"> <li>• Approval of Federal Regulation providing definitive timelines for the retirement of existing coal plants or compliance with emissions limits that would require Carbon Capture and Storage. Environment Canada accepted ENMAX’s position of no Base Level Industrial Emission Requirements on existing coal plants.</li> <li>• Shepard partnership transaction closure.</li> </ul>   | Met or exceeded all expectations |
| Dale McMaster   | <ul style="list-style-type: none"> <li>• Significantly improved on the 2011 safety performance of ENMAX Power and established a robust safety framework that will enable the achievement of the goals of Mission Zero.</li> <li>• Complete the organization restructure for ENMAX Power.</li> </ul>   | Met or exceeded all expectations |



Based on the Corporate, Business Unit, and Individual/Team performance achieved, the overall payout factor, target and actual AVPP payouts for each NEO based on 2012 performance is presented below.

| POSITION                                 | BUSINESS UNIT FACTOR | INDIVIDUAL FACTOR | OVERALL PAYOUT FACTOR | AVPP PAYOUT RANGE (% OF SALARY) |        |         | PAYOUT FOR 2012 PERFORMANCE |             |
|--|----------------------|-------------------|-----------------------|---------------------------------|--------|---------|-----------------------------|-------------|
|  |                      |                   |                       | Threshold                       | Target | Maximum | \$ Value                    | % of Salary |
| President & CEO <sup>1</sup>             | n/a                  | 120%              | 144%                  | 37.5%                           | 75%    | 112.5%  | \$486,000                   | 108%        |
| EVP Finance & CFO                        | 140%                 | 120%              | 141%                  | 22.5%                           | 45%    | 67.5%   | \$247,500                   | 63%         |
| EVP Generation & Wholesale Energy        | 141%                 | 140%              | 145%                  | 22.5%                           | 45%    | 67.5%   | \$274,900                   | 65%         |
| EVP Regulatory & Legal Services          | 140%                 | 110%              | 139%                  | 22.5%                           | 45%    | 67.5%   | \$212,400                   | 63%         |
| EVP Transmission & Distribution Services | 127% <sup>2</sup>    | 120%              | 137%                  | 22.5%                           | 45%    | 67.5%   | \$228,300                   | 62%         |

<sup>1</sup> Pro-rated for date of hire.

<sup>2</sup> Business Unit performance payout factor is a blend between ENMAX Power Corporation (80% weight) and ENMAX Power Services (20% Weight)

## LONG TERM VARIABLE PAY PLAN (LTVPP)

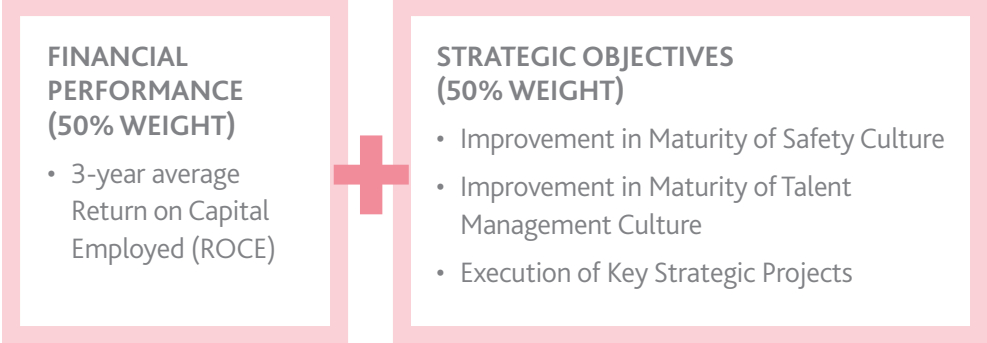
### PLAN DESIGN

ENMAX's CEO, Executive Vice Presidents and Vice Presidents are eligible to participate in the Long-Term Variable Pay Plan (LTVPP). ENMAX's LTVPP focuses executives on sustaining high performance, facilitating attraction and retention of critical talent, and aligning executives' interests with our focus on creating Shareholder value over a long-term time horizon.

In 2012, the LTVPP was redesigned to provide a greater focus on forward-looking performance over a multi-year period; this was changed from historical or one-year backward-looking performance that had been measured, and is already the focus of the AVPP. The redesigned LTVP:

- More closely aligns with performance objectives that are viewed to be key success factors of the longer term strategic plan;
- Encourages cross business unit collaboration to achieve shared goals;
- Strengthens the pay-for-performance focus by measuring results over a forward-looking, three-year performance period;
- Strengthens retention by transitioning to a new vesting schedule that "cliff-vests" at the end of the three-year performance period; and
- Provides better alignment with common variable pay and good governance practices in the market.

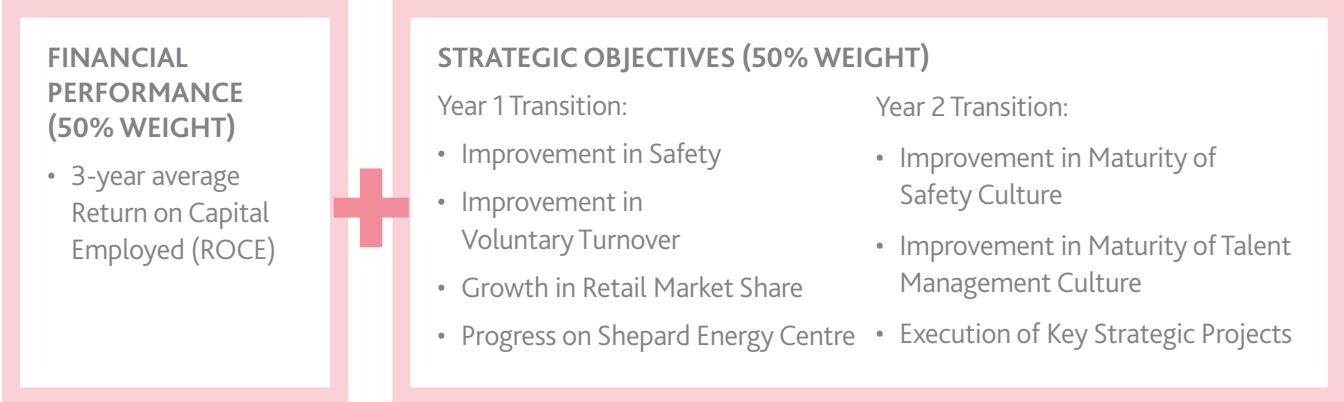
Performance under the LTVPP is measured based on an equal weighting between financial and strategic (non-financial) measures.



Financial and strategic goals and threshold, target and maximum levels of performance are set at the outset of each three year performance period. At the end of the performance period, the HRC assesses performance against each measure, determines success achieved and makes a recommendation to the Board. In making its assessment the HRC considers external factors beyond the participants’ control for which they should not be rewarded or penalized. Performance scores for each measure can range from 0% of target for performance below threshold, 50% of target for threshold performance, 100% for target performance to 200% of target for maximum performance. LTVPP payouts are capped at 200% of target.

As part of the LTVPP redesign, target compensation opportunity is established for each eligible executive position. LTVPP compensation opportunity is based on market references and consideration against internal executive peers. For the 2012 to 2014 performance period (to be paid in 2015), LTVPP compensation opportunity was approved by the Board and communicated to eligible Plan participants at the outset of the three year performance period. Participants understand that there is no certainty of payout as it is subject to performance and employment at the end of the three year performance period. LTVPP payments are made in March following the completion of the performance period.

Given that the LTVPP Program was changed from a former graduated vesting (i.e., 50% at the end of year 1, and 25% at the end of years 2 and 3) to cliff vesting (i.e. 100% at the end of year 3), ENMAX introduced a one-time Year 1 LTVPP Transition Plan for the 2012 performance period (to be paid in 2013) and a one-time Year 2 LTVPP Transition Plan for the 2012 and 2013 performance periods (to be paid in 2014). Each Transition Plan is subject to financial and strategic performance measures that were set at the outset of the performance periods:



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At the outset of the Year 1 2012 performance period and the Year 2 2012 and 2013 performance periods, LTVPP compensation opportunity was approved by the Board and communicated to Plan participants. Participants understand that there is no certainty of payout as it is subject to performance and employment at the end of the performance period. LTVPP payments are made in March following the completion of the performance period.

### **PROJECT MID-TERM VARIABLE PAY PLAN (PMTVPP) PLAN DESIGN**

The EVP Generation, IT & Supply Chain Management and select individuals (none of whom are NEOs) have historically been eligible to participate in the PMTVPP. Payouts under this plan were tied to the successful completion of projects focused on new generation asset construction and new generation asset acquisitions. Pre-determined milestones were established and relate to financial, operational, and timeline measures.

This plan was discontinued in 2011 following our review of our compensation programs. There are no further awards under the PMTVPP.

### **SPECIAL PROJECT COMPENSATION**

In 2012, three individuals were advised that they had the opportunity to receive a special project bonus for their efforts to advance the Shepard Energy Center project, a \$1.4 billion investment in Alberta's energy future. Only one NEO, the EVP Generation & Wholesale, has an outstanding opportunity payment which will be paid upon employment with ENMAX and successful completion of the Shepard Project in 2015.

### **PENSION PLANS**

All NEOs participate in the Defined Contribution (DC) provision of the ENMAX Pension Plan (Registered Plan).

In addition, the NEOs participate in the ENMAX Corporation Supplemental Retirement Plan (Supplemental Plan). The Supplemental Plan is an unfunded non-registered pension plan, and it provides benefits under a defined benefit (DB) provision and a DC provision. With the exception of Mr. Hemstock, all ENMAX's NEOs participate in the DC provision of the Supplemental Plan. The supplemental benefits payable to the NEOs are calculated consistently with all other members of the Supplemental Plan. As the Supplemental Plan is unfunded, benefits from this plan are paid from ENMAX's general revenues.

### **ENMAX PENSION PLAN – DEFINED CONTRIBUTION PLAN**

The Registered Plan provides benefits under a Defined Benefit (DB) provision and a DC provision. ENMAX's NEOs all participate in the DC provision and their benefits are calculated consistently with all other DC members. A summary of the DC provisions are provided below:

- Employees are immediately enrolled upon hire and are immediately vested in the plan, therefore, entitled to ENMAX's contributions upon termination or retirement;
- ENMAX contributes 4% of employees' base salary;
- Employees may make optional contributions between 0% to 4% of base salary, which ENMAX matches at a rate between 50% to 150% based on the employee's age and service;
- Total contributions to the DC provision cannot exceed the Money Purchase Limit imposed by the Income Tax Act (Canada), which was \$23,820 in 2012; and
- Employees direct their own investments and may invest in various funds covering all major asset classes.

### **DEFINED CONTRIBUTION SUPPLEMENTAL RETIREMENT PLAN (DC-SRP)**

Effective March 21, 2006, the DC provision of the Supplemental Plan (DC-SRP) was established for all new employees and existing employees who did not previously qualify for the DB provisions of the Supplemental Plan. The DC-SRP is

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available to employees whose base salary plus actual annual variable pay amounts exceed the annual earnings threshold under the DC provision of the Registered Plan. Other aspects of the DC-SRP include:

- Employee contributions are neither permitted nor required;
- ENMAX makes notional allocations of 6% (for employees with less than 40 points), 8% (for employees between 40 and 60 points) and 10% (for employees with 60 points or more) of pensionable earnings to the employee's notional account balance;
  - Pensionable earnings are determined as the amount of base salary plus actual annual variable pay in excess of the annual earnings threshold under the DC provision of the Registered Plan.
- Points are calculated based on age plus service;
- Employees' notional account balances are maintained by Sun Life Financial and are credited with notional investment income as if they were invested in a balanced fund; and
- Members are entitled to receive DC-SRP benefits after two years of participation in the Registered Plan.

### **DEFINED BENEFIT SUPPLEMENTAL RETIREMENT PLAN (DB-SRP)**

ENMAX closed the DB provision of the Supplemental Plan (DB-SRP) to new entrants effective March 21, 2006. Participants whose earnings would exceed an annual earnings threshold under the DB provisions of the Registered Plan (\$147,364 for 2012) will earn service for that year under the DB-SRP. Other aspects of the DB provisions include:

- Employee contributions are neither permitted nor required;
- Formula for each year of DB-SRP service is 1.75% of best average pensionable earnings;
  - Pensionable earnings are determined as the amount of base salary plus actual annual variable pay in excess of the annual earnings threshold under the DB provision of the Registered Plan; and
  - Best average pensionable earnings is the average of the pensionable earnings in the five consecutive calendar years in which pensionable earnings are the highest.
- Members are entitled to receive DB-SRP benefits after two years of service from date of hire; and
- Normal retirement is the later of age 55 and the attainment of 85 points, but not later than age 65. Early retirement is age 55. The early retirement reduction is 3% for each year that the member retires prior to the attainment of age 65 or the date when the member has 85 points under the Registered Plan.

### **BENEFIT PLANS**

All of our permanent employees, including ENMAX's NEOs, have a flexible benefits plan which allows for the ability to choose the levels of extended health & dental, group life insurance, short- and long-term disability, and accidental death and dismemberment insurance that meet their family's needs. Employees also have a health spending account. The benefit plan year resets every July and members may re-enroll and update their coverage levels.

### **FLEXIBLE PERQUISITE ACCOUNT**

Our executives are provided with a flexible perquisite account that they can allocate annually to one, or a combination, of the following items: a vehicle allowance, financial planning services, a health spending account (in addition to the amount provided under the core benefits plan), and club memberships.

The value of the flexible perquisite account is \$20,000 per year for the CEO and \$15,000 per year for other NEOs. This value of this benefit is included in the Summary Compensation Table under "All Other Compensation".

# DETAILED COMPENSATION DISCLOSURE

## SUMMARY COMPENSATION TABLE

Readers are referred to ENMAX's website for biographical information on all NEO's.

| POSITION TITLE<br>NAME   | YEAR | SALARY<br>(A) | OTHER<br>COMPENSATION <sup>1</sup><br>(B) | VARIABLE PAY PAID<br>(EARNED IN PREVIOUS YEARS) |  | TOTAL<br>COMPENSATION<br>PAID IN YEAR<br>(REGARDLESS OF<br>YEAR EARNED) <sup>4</sup><br>(A+B+C+D) | ANNUAL<br>VARIABLE PAY<br>PLAN EARNED<br>IN 2012, PAID IN<br>2013 <sup>5</sup> | PENSION<br>VALUE <sup>6</sup> |
|--|------|---------------|---|---|--|---|--|-------------------------------|
|  |      |               |   | ANNUAL<br>VARIABLE PAY<br>PLAN <sup>2</sup> (C) | LONG-TERM<br>VARIABLE PAY<br>PAID <sup>3</sup> (D) |   |  |                               |
| President & CEO<br>Gianna Manes <sup>7</sup>                                 | 2012 | \$450,000     | \$115,383                                 | \$0   | \$0  | \$565,383   | \$486,000  | \$44,000                      |
| Former Interim<br>President & CEO<br>Charles Ruigrok <sup>8</sup>            | 2012 | \$721,545     | \$0                                       | \$0   | \$0  | \$721,545   | \$0  | \$0                           |
|  | 2011 | \$1,288,523   | \$0                                       | \$0   | \$0  | \$1,288,523   | \$0  | \$0                           |
| EVP Finance &<br>CFO<br>David Halford  | 2012 | \$390,000     | \$15,510                                  | \$209,000                                       | \$437,500  | \$1,052,010   | \$247,500  | \$47,888                      |
|  | 2011 | \$375,000     | \$15,478                                  | \$205,000                                       | \$375,000  | \$970,478   | \$208,600  | \$46,400                      |
|  | 2010 | \$375,000     | \$15,460                                  | \$134,000                                       | \$200,000  | \$724,460   | \$205,000  | \$21,666                      |
| EVP Generation &<br>Wholesale Energy<br>David Rehn                           | 2012 | \$420,200     | \$15,510                                  | \$191,000                                       | \$320,000  | \$946,710   | \$274,900  | \$61,120                      |
|  | 2011 | \$412,000     | \$335,603                                 | \$187,000                                       | \$300,000  | \$1,234,603   | \$191,000  | \$59,900                      |
|  | 2010 | \$412,000     | \$411,435                                 | \$169,000                                       | \$200,000  | \$1,192,435   | \$187,000  | \$59,048                      |
| EVP Regulatory &<br>Legal Services<br>Robert Hemstock                        | 2012 | \$339,500     | \$15,510                                  | \$158,000                                       | \$410,000  | \$923,010   | \$212,400  | \$85,789                      |
|  | 2011 | \$320,000     | \$15,478                                  | \$145,000                                       | \$475,000  | \$955,478   | \$158,300  | \$57,068                      |
|  | 2010 | \$320,000     | \$15,460                                  | \$152,000                                       | \$375,000  | \$862,460   | \$145,000  | \$32,611                      |
| EVP Transmission<br>& Distribution<br>Services<br>Dale McMaster <sup>9</sup> | 2012 | \$370,000     | \$15,510                                  | \$147,000                                       | \$130,000  | \$662,510   | \$228,300  | \$51,650                      |
|  | 2011 | \$350,000     | \$15,478                                  | \$41,000  |  | \$406,478   | \$146,500  | \$39,100                      |
|  | 2010 | \$107,692     | \$5,153                                   | \$0,000   |  | \$112,845   | \$41,000   | \$8,615                       |

<sup>1</sup> All Other Compensation reflects the value of the flexible perquisite account and company-paid critical illness insurance coverage. Ms. Manes receives a flexible perquisite account of \$20,000 per year, and all other NEOs receive flexible perquisite accounts of \$15,000 per year. All NEOs, except for Mr. Ruigrok, received company-paid critical illness insurance coverage of \$510 in 2012, \$478 in 2011, and \$460 in 2010. For Mr. Rehn, the value in All Other Compensation for 2011 and 2010 includes payments under the Project Medium-term Variable Pay Plan in the amounts of \$320,125 and \$395,975, respectively. For Ms. Manes, the value in All Other Compensation for 2012 includes a \$100,000 relocation bonus.

<sup>2</sup> Reflects amounts earned based on performance in previous year and paid in March of year indicated.

<sup>3</sup> Reflects amounts earned as part of previous year's LTVPP that have vested and paid in year indicated.

<sup>4</sup> Total Compensation Paid in Year includes salary, other compensation and amounts from previous year's AVPP and LTVPP programs vesting and paid in year indicated.

<sup>5</sup> Reflects amounts earned based on performance during the year indicated and to be paid in March of the following year.

<sup>6</sup> Pension Value reflects the compensatory components of the Registered Plan and the Supplemental Plan.

<sup>7</sup> Ms. Manes commenced employment with ENMAX in April 2012; compensation is reflective of the amount earned during the year.

<sup>8</sup> Mr. Ruigrok acted as Interim President and CEO from February 2011 to March 2012. Amounts shown for Mr. Ruigrok reflect earnings as Interim President and CEO; any amounts earned as a Director are reflected in the Board of Directors disclosure tables. Mr. Ruigrok is not eligible to participate in the AVPP, LTVPP, pension plan (registered and supplemental), or flexible benefits program, and did not receive company-paid critical illness insurance coverage.

<sup>9</sup> Mr. McMaster commenced employment with ENMAX in September 2010; compensation is reflective of the amount earned during the year.

## LTVPP OPPORTUNITY GRANTS TABLE

In 2012, ENMAX changed its Long Term Variable Pay Plan Program. Prior to 2012, LTVPP Opportunity Grants were time based, not performance based, and vested over a three year period with a portion being paid out each year. Beginning in 2012, LTVPP Opportunity Grants are made at target (100%) with the entire amount vesting at the end of the prospective 3-year period. Under the new plan, actual payout amounts are based upon performance against pre-determined KPIs and can range from 0% to 200% of the target opportunity. In order to transition to the new plan, Special Transition Opportunity Grants were made in 2012 (for payout in 2013 and 2014) as well as the first 3-year performance based LTVPP Opportunity Grant which vests in 2015. The table below summarizes LTVPP Opportunity Grants over the last three years. LTVPP Opportunity Grant amounts listed in 2012 are broken out into their respective performance periods.

| NAME            | YEAR  | LTVPP OPPORTUNITY / GRANT<br>(FUTURE PAYMENT) |           |             |
|-----------------|---|---|-----------|-------------|
|                 |   | MIN   | TARGET    | MAX         |
| Gianna Manes    | 2012 Grant <sup>1</sup>                               | \$0   | \$550,000 | \$1,100,000 |
|                 | 2012 Year 2 Transition Opportunity Grant <sup>2</sup> | \$0   | \$300,000 | \$600,000   |
|                 | 2012 Year 1 Transition Opportunity Grant <sup>3</sup> | \$0   | \$150,000 | \$300,000   |
| David Halford   | 2012 Grant <sup>1</sup>                               | \$0   | \$400,000 | \$800,000   |
|                 | 2012 Year 2 Transition Opportunity Grant <sup>2</sup> | \$0   | \$300,000 | \$600,000   |
|                 | 2012 Year 1 Transition Opportunity Grant <sup>3</sup> | \$0   | \$200,000 | \$400,000   |
|                 | 2011 <sup>4</sup>                                     |   | \$400,000 |             |
|                 | 2010 <sup>4</sup>                                     |   | \$550,000 |             |
| David Rehn      | 2012 Grant <sup>1</sup>                               | \$0   | \$300,000 | \$600,000   |
|                 | 2012 Year 2 Transition Opportunity Grant <sup>2</sup> | \$0   | \$225,000 | \$450,000   |
|                 | 2012 Year 1 Transition Opportunity Grant <sup>3</sup> | \$0   | \$150,000 | \$300,000   |
|                 | 2011 <sup>4</sup>                                     |   | \$240,000 |             |
|                 | 2010 <sup>4</sup>                                     |   | \$400,000 |             |
| Robert Hemstock | 2012 Grant <sup>1</sup>                               | \$0   | \$320,000 | \$640,000   |
|                 | 2012 Year 2 Transition Opportunity Grant <sup>2</sup> | \$0   | \$240,000 | \$480,000   |
|                 | 2012 Year 1 Transition Opportunity Grant <sup>3</sup> | \$0   | \$160,000 | \$320,000   |
|                 | 2011 <sup>4</sup>                                     |   | \$320,000 |             |
|                 | 2010 <sup>4</sup>                                     |   | \$600,000 |             |
| Dale McMaster   | 2012 Grant <sup>1</sup>                               | \$0   | \$300,000 | \$600,000   |
|                 | 2012 Year 2 Transition Opportunity Grant <sup>2</sup> | \$0   | \$225,000 | \$450,000   |
|                 | 2012 Year 1 Transition Opportunity Grant <sup>3</sup> | \$0   | \$150,000 | \$300,000   |
|                 | 2011 <sup>4</sup>                                     |   | \$260,000 |             |
|                 | 2010 <sup>4</sup>                                     |   | \$0       |             |

1. First full LTVPP grant under the new plan (2012-2014 performance period, paid in 2015)

2. Year 1 Transition Opportunity (2012 performance period, paid in 2013)

3. Year 2 Transition Opportunity (2012-2013 performance period, paid in 2014)

4. 2010 and 2011 Opportunity Grants were under a former, non performance based, plan

## PENSION PLAN TABLES

### ENMAX PENSION PLAN – DEFINED CONTRIBUTION PLAN

The table below presents the benefits accumulated under the DC provision. The actual benefit payable upon retirement or termination will be the value of the employee's DC account at the time of transfer.

| NAME                         | ACCUMULATED VALUE AT START OF YEAR | COMPENSATORY CHANGE <sup>1</sup> | ACCUMULATED VALUE AT END OF YEAR |
|------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Gianna Manes                 | \$0                                | \$15,880                         | \$27,182                         |
| David Halford                | \$68,006                           | \$15,880                         | \$102,005                        |
| David Rehn                   | \$90,219                           | \$17,014                         | \$115,073                        |
| Robert Hemstock <sup>2</sup> | \$97,991                           | \$11,789                         | \$123,549                        |
| Dale McMaster                | \$34,278                           | \$17,014                         | \$62,246                         |

<sup>1</sup> Compensatory change includes contributions made by ENMAX on the NEO's behalf.

<sup>2</sup> As Mr. Hemstock participates in the DB provision of ENMAX's Supplemental Retirement Plan, his total contribution to the DC provision of the Registered Plan cannot exceed \$17,684 in 2012.

### DEFINED CONTRIBUTION SUPPLEMENTAL RETIREMENT PLAN (DC-SRP)

The table below presents the benefits accumulated under the DC-SRP. The actual benefit payable upon retirement or termination will be the value within the employee's notional DC account at the time of transfer.

| NAME          | ACCUMULATED VALUE AT START OF YEAR <sup>1</sup> | COMPENSATORY CHANGE <sup>1</sup> | ACCUMULATED VALUE AT END OF YEAR |
|---------------|---|----------------------------------|----------------------------------|
| Gianna Manes  | \$0   | \$28,120                         | \$28,120                         |
| David Halford | \$63,459  | \$32,008                         | \$98,930                         |
| David Rehn    | \$163,677                                       | \$44,106                         | \$217,973                        |
| Dale McMaster | \$22,693  | \$34,636                         | \$58,071                         |

<sup>1</sup> Differs from the prior year accumulated value as this value reflects notional contributions made in early 2012 in respect of 2011.

### DEFINED BENEFIT SUPPLEMENTAL RETIREMENT PLAN (DB-SRP)

The table below presents the projected annual retirement benefits payable from the DB-SRP at year end and upon normal retirement. The table also includes the total accrued benefit obligation along with the change to the obligation in 2012.

| NAME            | NUMBER OF YEARS OF CREDITED SERVICE | ANNUAL BENEFITS PAYABLE  |                        | OPENING PRESENT VALUE OF ACCRUED BENEFIT OBLIGATION <sup>3</sup> | COMPENSATORY CHANGE <sup>4</sup> | NON-COMPENSATORY CHANGES <sup>5</sup> | CLOSING PRESENT VALUE OF ACCRUED BENEFIT OBLIGATION <sup>3</sup> |
|-----------------|-------------------------------------|--------------------------|------------------------|--|----------------------------------|---------------------------------------|--|
|                 |                                     | At Year End <sup>1</sup> | At Age 65 <sup>2</sup> |  |                                  |                                       |  |
| Robert Hemstock | 6.8384                              | \$39,200                 | \$128,300              | \$361,000  | \$74,000                         | \$8,000                               | \$443,000  |

<sup>1</sup> Pension earned to December 31, 2012 payable at normal retirement age (i.e., the later of age 55 and 85 points, but not later than age 65) based on best average pensionable earnings and service in the DB-SRP.

<sup>2</sup> Amounts payable on retirement at age 65, assuming that service continues to age 65 and the best average pensionable earnings remain unchanged from December 31, 2012.

<sup>3</sup> Determined using the methods and assumptions consistent with those in the notes on pension benefits in ENMAX's financial statements.

<sup>4</sup> Includes the service cost for the year and the impact on the accrued benefit obligation of the difference between actual and expected pensionable earnings for 2012.

<sup>5</sup> Includes all other changes in the accrued benefit obligation not included within the compensatory change such as interest on the accrued benefit obligation and 2012 service costs and the impact of changes in assumptions including the discount rate.

## EMPLOYMENT AGREEMENTS AND TERMINATION PROVISIONS

Ms. Manes and Mr. McMaster have employment agreements with ENMAX; employment of the other NEOs is covered by employment offer letters and annual Terms & Conditions of Variable Pay Plans. Severance in the event of termination without cause or constructive dismissal is outlined in the agreements.

| NAME            | TERMINATION WITHOUT CAUSE  |
|-----------------|--|
| Gianna Manes    | <p>Salary: if employed less than 3 years: 15 months' base salary + 20% of that sum in lieu of employment benefits and pension benefit; if employed more than 3 years: 15 months' base salary + 2 months' base salary per full or partial year of service in excess of 3 years, to a maximum of 24 months' base salary + 20% of that sum in lieu of employment benefits and pension benefits</p> <p>AVPP: target AVPP pro-rated to the date of termination</p> <p>LTVP: if termination is prior to the end of the performance period, entitlements to payout will be forfeited; if termination follows the end of the performance period, payouts will be made if they would have been payable during the notice period</p> |
| David Halford   | <p>Salary: 12 months' base salary</p> <p>AVPP: target AVPP pro-rated to the date of termination</p> <p>LTVP: if termination is prior to the end of the performance period, entitlements to payout will be forfeited; if termination follows the end of the performance period, payouts will be made if they would have been payable during the notice period</p>   |
| Robert Hemstock | <p>Salary: 12 months' base salary</p> <p>AVPP: target AVPP pro-rated for the number of months in the performance period</p> <p>LTVP: any payment of long-term variable pay awards that would otherwise be payable in the 12 months following the date of termination</p>   |
| Dale McMaster   | <p>Salary: if employed less than 3 years: 12 months' base salary + 20% of base salary in lieu of employment benefits and pension benefit; if employed more than 3 years: 12 months' base salary + 2 months' base salary per full or partial year of service in excess of 3 years, to a maximum of 24 months' base salary + 20% of base salary in lieu of employment benefits and pension benefits</p> <p>AVPP: target AVPP pro-rated for the number of months in the performance period</p> <p>LTVP: payments that otherwise would have been payable until all LTVP amounts have been paid</p>   |



Additional amounts to which the NEOs would be entitled upon various termination scenarios are outlined below, as per plan documents or other agreements.

|  | RETIREMENT  | RESIGNATION | TERMINATION WITH CAUSE | TERMINATION WITHOUT CAUSE   | TERMINATION FOLLOWING A CHANGE OF CONTROL  |
|--|---|-------------|------------------------|---|--|
| Severance (per Employment Agreement of Offer Letter) | n/a   | n/a         | n/a                    | Per employment agreement / offer letter   | Forfeited  |
| AVPP (per Plan Terms & Conditions)                   | Prorated to the date of termination at actual performance, subject to certain age, service, and notice conditions | Forfeited   | Forfeited              | Prorated to date of termination at target performance   | Forfeited  |
| LTVPP (per Plan Terms & Conditions)                  | At the discretion of the Board of Directors   | Forfeited   | Forfeited              | Forfeited if termination is prior to the end of the performance period; paid out if termination follows the end of the performance period and is within the notice period | Payout of all unvested opportunities based on performance to the most recent completed quarter |

