

# **“How We Govern”**

## **Our Report on Corporate Governance and Executive Compensation at ENMAX Corporation**

---

December 10, 2010

## Table of Contents

Executive Summary .....	2
<b>1. Introduction to ENMAX</b>	
Who We Are .....	3
Regulated Services – Distribution and Transmission .....	3
Unregulated Services – Generation and Retail .....	3
Our Roots – ENMAX Before Deregulation .....	5
Our Business Prior to Deregulation.....	5
Our Earnings and Value Prior to Deregulation.....	5
Our Financial Achievements Since Introducing the Vertical Integration Strategy in 2005.....	6
Our Business Today – ENMAX's Business Plans and Strategy .....	7
Our Core Businesses and Our Focus on Customers .....	7
ENMAX Energy Electricity Generation Portfolio.....	7
Our Non-Financial Achievements.....	8
Our Vision for the Future .....	9
Generate Choice .....	10
<b>2. Corporate Governance at ENMAX</b>	
Culture of Corporate Governance .....	11
ENMAX's Corporate Culture.....	11
Corporate Governance Philosophy at ENMAX Corporation.....	11
The Important Governance Role Provided by ENMAX's Shareholder.....	12
The Mandate from our Shareholder .....	12
Our Shareholder Relationship .....	12
Corporate Governance at ENMAX.....	13
Principal Role of the Board .....	13
Board Governance Support to Management.....	13
Key Responsibilities of Board Committees Set Out in Mandate Documents and Corresponding Work Plans.....	15
Independent and Non-independent Directors.....	17
Independence and Membership of the Audit and Finance Committee .....	21
Position Descriptions for Board Chair, Committee Chairs, Directors and President and CEO .....	22
Appointment of Directors .....	22
Board Orientation, Continuing Education and Board Performance.....	26
Communications Oversight.....	30
Executive Talent Management .....	30
Communicating with the Board .....	30
External Auditor .....	31
2010 Board of Directors Biographies.....	32
Director Compensation .....	40
<b>3. Executive Compensation Governance</b>	
2010 Executive Team Biographies .....	43
Executive Compensation Governance .....	47
Compensation Philosophy .....	47
Executive Compensation Objectives .....	47
Benchmarking and Peer Group .....	47
Variable Pay Plans with Payouts Spanning Multiple Years.....	53
CEO Compensation – 2008 Objectives and Assessment .....	54
Pension and Benefit Plans.....	55
Benefit Programs .....	56
Executive Compensation .....	57
Termination and Change of Control Benefits.....	59
Employment Agreements – Summary of Termination Provisions .....	60
Appendix 1 – Board Evaluations .....	62
Appendix 2 – Position Descriptions .....	66
Appendix 3 – Terms of Reference for the Board of Directors .....	69
Appendix 4 – Audit and Finance Committee Mandate .....	72

## Executive Summary

The purpose of this document is to provide a clear and comprehensive review of corporate governance, including executive compensation, at ENMAX Corporation.

We believe it is important for our Shareholder, The City of Calgary, and by extension, all citizens of Calgary, to know who ENMAX is, what we do and how we deliver reliable, competitively priced, efficient energy products and services to thousands of Albertans everyday.

An important part of this conversation is discussing how we compensate ENMAX Board members and senior executives invested with the responsibility to provide oversight and stewardship for our organization. It is also important for readers to understand the context in which those compensation decisions are made.

To facilitate this, "How We Govern" features three key sections: *An Introduction to ENMAX* describes our structure, history, competitive operating environment and achievements; *Corporate Governance at ENMAX* provides a detailed look at the roles and responsibilities of ENMAX Board members; and *Executive Compensation Governance* introduces our Board and Executive Team and presents the remuneration they earn.

The ENMAX mandate from our Shareholder sets exemplary standards and expectations for our organization. We strive to:

- be a strong advocate for consumers;
- deliver best in class profitability, safety and reliability;
- demonstrate leadership in advancing more environmentally sensitive power generation choices for consumers, including natural gas, solar and wind; and
- sustain an appropriate dividend for our Shareholder, and all the citizens of Calgary, while ensuring adequate earnings are reinvested in our organization to advance our strategic, longer-term growth objectives.

Over the past decade, ENMAX has worked diligently to meet this mandate, in the process evolving from a former department within The City of Calgary to that of an active participant in Alberta's competitive retail electricity market.

We take pride in the fact that more Albertans have chosen ENMAX than any other electricity retailer in the province, responding to our offers featuring price certainty and no-penalty contracts. That, in turn, has enabled ENMAX to generate solid and sustained Shareholder value. Between 2005 and 2009, ENMAX almost doubled total revenues and net earnings. In 2009, we generated \$2.3 billion of revenue and \$205.9 million of net earnings, while increasing shareholder equity to \$1.7 billion.

At the same time, we've significantly enlarged our power generating capabilities, largely with choices that mean less CO<sub>2</sub> than traditional coal-fired electricity generation. Our goal is to bring power generation closer to the customers we serve while providing a greater array of choices that include solar, wind and natural gas. We want to empower customers so they too can share in generating solutions.

The level of disclosure in "How We Govern" meets Canada's national standard for corporate governance practices. It includes a thorough

**ENMAX is committed to full transparency on governance and is extending disclosure on executive compensation.**

discussion of ENMAX's governance philosophy, the roles and responsibilities of Board Committees, a Skills Matrix that highlights each director's

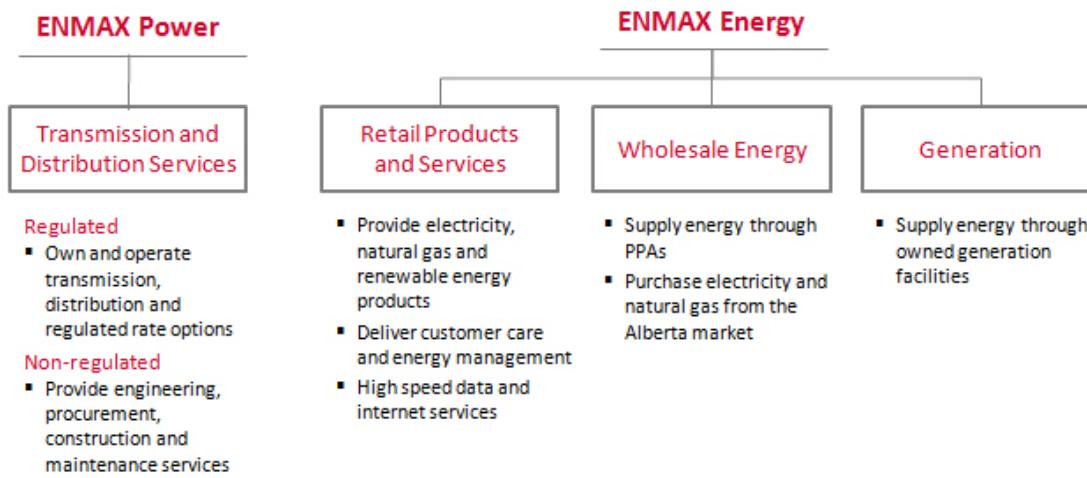
competencies, the lists of peer companies against which our Director and Executive compensation is based and full disclosure of all compensation paid to the current top five earning executives at ENMAX. This is the disclosure standard ENMAX will adhere to for future reporting. "How We Govern" is available publicly at [www.enmax.com](http://www.enmax.com).

## Who We Are

ENMAX is a vertically integrated utility that provides electricity, natural gas, renewable energy and value-added services to customers. Our roots in Alberta are strong. We've been providing electricity to Albertans for over 100 years, formerly as The City of Calgary Electric System, and since 1998, as ENMAX Corporation. Currently we serve approximately 660,000 customer sites throughout the province.

These include residential, small business, industrial, commercial and institutional customers.

ENMAX's core activities are conducted through two key subsidiaries – ENMAX Power Corporation (ENMAX Power) and ENMAX Energy Corporation (ENMAX Energy) and our core operations are organized into four business lines.



### Regulated Services – Distribution and Transmission

ENMAX Power owns, operates and maintains our electricity transmission and distribution network in and around Calgary. Our network covers 1,089 square kilometers ( $\text{km}^2$ ) and consists of 281 km of primarily 138 kilovolt (kV) transmission wires that deliver bulk power through 36 substations and about 7,500 km of distribution lines.

ENMAX Power's transmission and distribution businesses are regulated by the Alberta Utilities Commission (AUC). ENMAX Power also provides

metering, meter data management, customer enrolment and load settlement services to electricity market participants in Calgary in compliance with the System Settlement Code and Tariff Billing Codes, respectively. ENMAX Power also performs these services on behalf of five municipalities in Alberta. Within its service area, ENMAX Power is accountable for the Regulated Rate Option (RRO) to customers who have not chosen an alternative retail electricity offering.

### Unregulated Services – Generation and Retail

ENMAX Energy Corporation (ENMAX Energy) is the competitive retail subsidiary of the Corporation which provides a variety of electricity, natural gas and renewable energy products, as well as customer care and energy management services. ENMAX Energy operates across Alberta and serves all customer segments, including residential, small business, industrial, commercial and institutional.

ENMAX Energy continues to grow its customer base and is the leader in Alberta's retail electricity market.

ENMAX Energy sources the electricity it supplies to retail customers from long-term Power Purchase Arrangements (PPAs), ownership of generation facilities, and purchases made in Alberta's wholesale

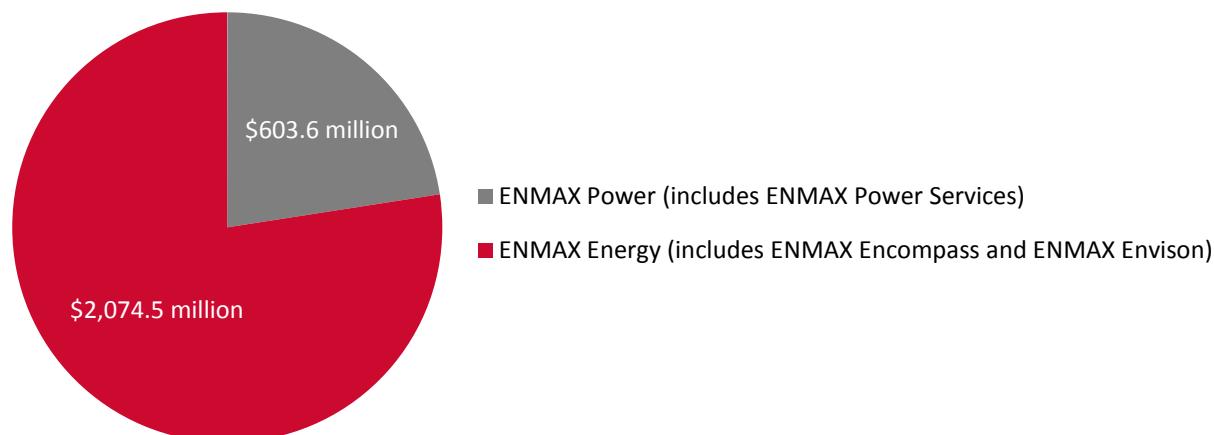
electricity market. Our total power supply capacity at January 1, 2010 was 2,083 megawatts (MW).

ENMAX Power Services Corporation is a wholly owned, unregulated subsidiary of ENMAX Power and provides engineering, procurement, construction and maintenance services and also specializes in construction and maintenance of Light Rail Transit (LRT) systems.

ENMAX Encompass Inc. provides billing and customer care services to all residential and small commercial customers for both regulated rate and contracted options.

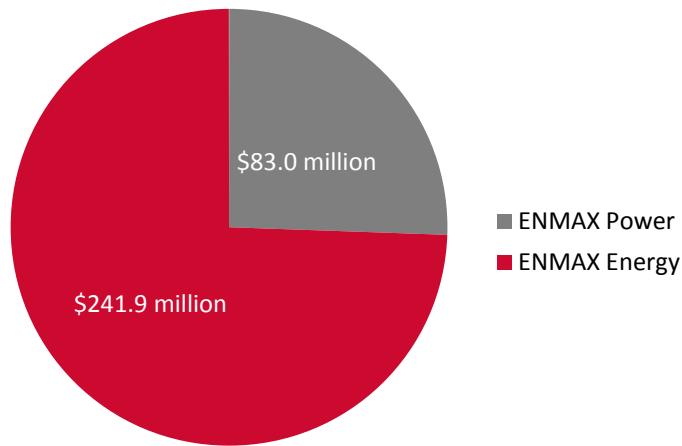
ENMAX Envision Inc. provides high-speed data and Internet services to businesses in Calgary.

#### **ENMAX Corporation 2009 Revenue\***



Consolidated ENMAX Corporate Revenue \$2,314 million

#### **ENMAX Corporation 2009 Earnings Before Interest and Income Taxes\***



Consolidated ENMAX Corporation Net Earnings \$205.9 million

\*Divisional information before Corporate and Intersegment Eliminations

## Our Roots – ENMAX Before Deregulation

### Our Business Prior to Deregulation

The City of Calgary Electric System began operating in 1905, bringing the relatively recent innovation of electricity to a booming metropolis of several thousand people. Today, that entity is now ENMAX Corporation, which operates as a wholly owned subsidiary of The City of Calgary.

The City of Calgary's electric system functioned under The City of Calgary's management structure and was governed in a manner similar to the Water Works or Road Works Departments. At that time, all of The City of Calgary's electricity was purchased from hydro and coal-fired facilities owned and operated by TransAlta Corporation under the terms of a long-term contract.

In the 1990s, the Alberta government decided to deregulate and re-structure the province's electric utility industry. The first step in the process was the passage of the Electric Utilities Act in 1995. The Act created an open-access, competitive power pool through which electric energy is traded in the province. On January 1, 1996, The City of Calgary Electric System began buying electricity from the newly formed Power Pool of Alberta, now called the Alberta Electric System Operator.

In 1996, Calgary City Council approved a proposal to make The City of Calgary Electric System a wholly owned subsidiary beginning on January 1, 1998. This subsidiary was to be called ENMAX Corporation. An affiliated retailer, ENMAX Energy, was also incorporated on January 1, 1998.

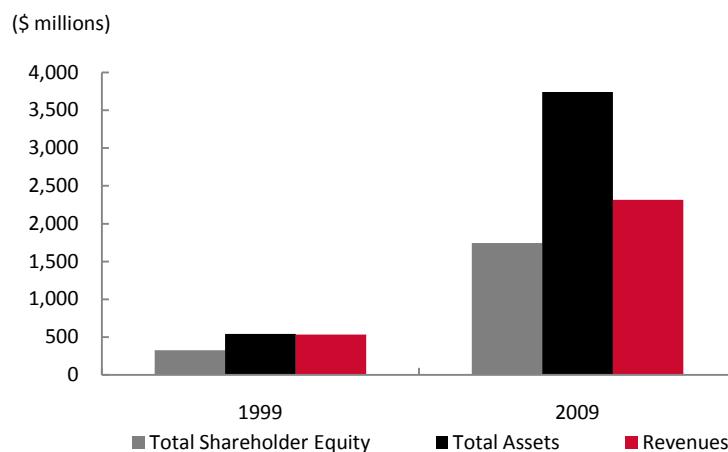
A major step in the deregulation process took place on January 1, 2001 when buyers of the PPAs got the right to receive the output of the formerly regulated power plants in Alberta. Also, on January 1, 2001, retail competition began in Alberta's electricity market. Leading up to January 1, 2001, ENMAX, as a newly formed corporate entity, had several options:

- continue to purchase power through contracts;
- acquire electric supply through the capital purchase of auction PPAs; and/or
- build, own and operate its own power plants.

ENMAX pursued a combined strategy involving all three options. These key strategic decisions positioned ENMAX for significant growth and enabled our organization to become a leader in the Alberta electricity and energy supply market.

### Our Earnings and Value Prior to Deregulation

The following graph denotes several of ENMAX's financial metrics at the onset of deregulation of Alberta's electricity market and demonstrates the past decade of growth since then.



## Our Financial Achievements Since Introducing the Vertical Integration Strategy in 2005

By every measure, ENMAX Corporation's shift to a customer centric business model has produced significant and sustained increases in the organization's key financial metrics, almost doubling revenues and earnings during the five-year period between 2005 and 2009, while positioning the enterprise to continue delivering a stable, secure supply of electricity and natural gas, combined with superior customer service and a commitment to building renewable capacity in our generation portfolio.

### ENMAX Corporation – Key Financial Achievements – 2005 – 2009

\$ Millions	2005	2006	2007	2008	2009
Revenue	1,295.6	1,665.1	2,107.2	2,668.0	2,314.2
Earnings	116.7	130.1	141.8	181.1	205.9
Assets	1,791.2	2,160.4	2,456.2	3,481.6	3,744.3
Shareholders Equity	1,305.4	1,385.5	1,458.8	1,596.5	1,744.5
Dividends Generated (Paid in the following year)	50.0	50.0	50.0	55.0	61.8

### ENMAX Debt

Between 2005 and 2009, ENMAX has increased its long-term debt from \$220 million to \$1.3 billion. As of December 31, 2009, close to half of this debt is in ENMAX's regulated transmission and distribution business and has been necessitated by the economic growth and expansion of The City of Calgary, which required investment in new transmission and distribution wires. The Alberta Utilities Commission allows returns to ENMAX and other utilities based on a debt/equity ratio of 60% debt so as the regulated asset base grows, the debt carried by the regulated business grows with it. As of December 31, 2009, the regulated asset base has risen to approximately \$1,069 million and 60%, or approximately \$600 million of this, is financed by debt.

ENMAX's remaining debt has been created to fuel the growth in our competitive energy business and will drive future earnings and dividend levels. Specifically, acquisitions of assets including the Calgary Energy Centre and Kettles Hill Wind Farm and the construction of the Taber Wind Farm and Crossfield Energy Centre have added significant earnings capacity, while the additional debt to support the regulated business and these new assets have added to ENMAX's debt load. The additional earnings these investments have created continue to support ENMAX's strong investment grade credit ratings from two major credit rating agencies.

## Our Business Today – ENMAX's Business Plans and Strategy

### Our Core Businesses and Our Focus on Customers

Under our vertical integration strategy, we procure or produce electricity at the wholesale/generation level, we transport electricity from generators to customers over transmission and distribution lines, and we sell electricity, natural gas, and value added services to consumers in Alberta. Earning margins in all three segments of the energy market has proven to be both a positive and profitable business model.

ENMAX Corporation's core operations are organized into four business lines: Transmission and Distribution Services, Retail Products and Services, Wholesale Energy and Generation. ENMAX Power manages the transmission and distribution services business line and ENMAX Energy manages the retail, wholesale energy and generation business lines. Corporate services for all business lines, which include finance, treasury, legal and regulatory, human resources, information technology and other administrative functions, are performed centrally by the parent company, ENMAX Corporation.

ENMAX Energy's electricity is supplied through the Wholesale Energy and Generation business lines. We manage an electricity supply portfolio consisting of long-term power purchase arrangements (PPAs), company-owned generation capacity and purchases from the Alberta power pool. Our natural gas supply needs are acquired in the Alberta marketplace.

The Generation business line, through ENMAX Energy, develops, owns and operates electricity generating assets and at December 31, 2009, our capacity was approximately 2,083 MW.

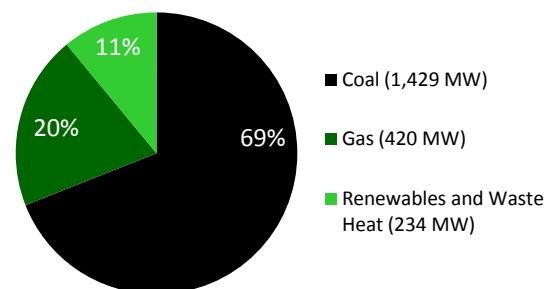
ENMAX's vision is to provide customers with access to state-of-the-art, environmentally responsible generation across Alberta, which is geographically located in the province to optimize the efficiency of new and existing infrastructure. Our long-term plan is to have 100% of customers' needs matched by renewable energy, co-generation, district energy or the best available clean coal or gas technologies.

### ENMAX Energy Electricity Generation Portfolio

Facility	Type	Owned, PPA, or Contract	Expiration Date of Contracts	Capacity at 01/01/10 (MW)
Keephills	Coal	PPA	2020	766
Battle River units 3 & 4	Coal	PPA	2013	295
unit 5	Coal	PPA	2020	368
				1429
Calgary Energy Centre	Gas	100% Owned	n/a	300
Crossfield	Gas	100% Owned	n/a	120
McBride Lake	Wind	50% Owned	2023	75
		100% Contracted		
Taber	Wind	100% Owned	n/a	80
Kettles Hill	Wind	100% Owned	n/a	63
Furry Creek	Hydro	100% Owned	n/a	11
Energy recovery generation <sup>1</sup>	Waste Heat	50% Owned	n/a	5
				654
Total Capacity				2083

<sup>1</sup> Total capacity of the Energy Recovery Generation Facilities is 10 MW of which ENMAX's 50% portion is 5 MW.

### Net Generation Capacity by Source (MW)



ENMAX sees strong potential in the role natural gas will play in power generation in the coming years. Our intent is to gradually grow the gas-fired generation capacity of our portfolio so that we move away from coal and replace it with gas-fired generation.

### Natural Gas-Fired Electricity

- Generates less than half of the CO<sub>2</sub> of conventional coal-fired generating facilities;
- can be built close to where it is consumed, drastically reducing transmission and infrastructure costs and increasing efficiency by eliminating line loss; and
- takes advantage of Alberta's abundant natural gas supply.

## Our Non-Financial Achievements

ENMAX Corporation's corporate performance in the areas of renewable energy, electric system reliability, human resources practices, corporate social responsibility and financial reporting has attracted wide interest and commendation. Following are several of the recent awards ENMAX has earned:

	Alberta's Most Respected Corporations	Alberta Venture Magazine recognized ENMAX in 2009 as one of Alberta's Most Respected Corporations, for the pioneering efforts we've made in applying new power generation technologies for home-based generation. Alberta Venture specifically cited our efforts to pilot test micro-generation technology options in employees' homes, and for promoting alternative generation options, like more natural gas-fired facilities, to advance a new and more environmentally sensitive model for electricity generation in Alberta.
	Alberta's Top 50 Employers	ENMAX was recognized as one of Alberta's Top 50 Employers for 2009 – the third consecutive year we've qualified for this designation. The award highlighted efforts ENMAX makes to create a workplace offering diverse and challenging opportunities, competitive compensation and benefits, and flexible work practices, as well as family-friendly offerings like on-site child-care.
	Best 50 Corporate Citizens in Canada	Corporate Knights magazine awarded ENMAX the number six spot on their annual list of the top 50 corporate citizens in Canada in 2009. Ranking methodology focused on the quality of connection an organization has with its employees and with the environment, as well as responsible financial metrics.
	Inaugural Douglas M. Staszeky Distribution Automation Award	Established by the Institute of Electrical and Electronic Engineers' (IEEE) Power & Energy Society in 2009, this award recognizes individuals in our industry who have helped make the automation of electric utility distributions systems a reality. ENMAX Power employees Jack Li and Dean Craig were honoured to jointly receive the first-ever award. Distribution automation automatically switches distribution circuit faults to restore power to customers as quickly as possible and since inception, has saved Calgary electricity customers more than 14.5 million minutes of outages.
	Oilweek Magazine/ATB Financial Annual Report Competition	Even though ENMAX Corporation is not publicly traded, our Board and Executive have long demonstrated their commitment to balanced corporate disclosure, having produced comprehensive annual reports every year since 1999, when ENMAX Corporation was created. ENMAX Corporation's 2008 and 2009 annual reports were recently recognized in the Oilweek/ATB Financial Annual Report Competition for their excellence in financial disclosure, editorial and design excellence. Considered western Canada's leading energy-related annual report competition, the 2008 and 2009 ENMAX annual reports earned top position in the Transmission & Utility/Public and Government Sector categories for two consecutive years. In addition, ENMAX's 2008 annual report received the Apex Award, for the best annual report in the entire competition that year, from a field of 65 reports produced by Alberta's leading energy producers.
	One of Canada's 30 Greenest Employers	Maclean's Magazine added ENMAX to its list of Canada's 30 greenest employers in April 2009, highlighting our efforts to create a culture of environmental responsibility. They cited the high percentage (98%) of ENMAX employees that adopted our EcoPledge program, which encourages workers to reduce their environmental footprint at work and at home.

## Our Vision for the Future

As a new organization, ENMAX embraced the deregulation of Alberta's electricity industry. Our vision is to bring low cost energy production to customers. Under deregulation, ENMAX is free to choose energy production that produces less CO<sub>2</sub>, requires less transmission infrastructure and is more efficient. We can use the waste heat from that energy production to heat buildings, schools, and industries and are free to offer more choices that include solar power, wind and natural gas.

In addition, our customers are entitled to price certainty without complex contracts. Our customers have the right to put solar panels on their homes or businesses. Our customers need to know they have a utility that is as concerned about the overall cost of electricity as they are.

ENMAX's ability to bring these low cost options to our customers is central to our vertically integrated strategy. It produces low cost, greater earnings stability and a stable dividend for our Shareholder.

At a high level, ENMAX is focused on:

- State-of-the-art energy efficiency in both energy production and energy use;
- Strategies promoting alternatives like natural gas and renewable energy;
- Minimum environmental impacts from energy production and use (e.g. GHGs, water use, etc.);
- Product offerings that respond to individual customer needs and choices including home-based electricity generation; and
- Cost structures that respond to the pressures of competition.

More specifically, ENMAX's vision involves:

### Generation

New forms of power generation, including:

- large-scale, best available technology, thermal generation located close to load. This generation will be natural gas-fired for the foreseeable

future and the fuel may change over time as new technologies, such as coal gasification, become economic.

- large-scale renewable generation, such as wind and solar farms.
- small-scale distributed micro-generation using renewable technology, such as wind and solar, as well as micro-cogeneration.
- District heating plants to capitalize on the economies of this form of heat provision.

### Transmission

- Smart Grid – an intelligent, auto-balancing and self-monitoring power grid that delivers electricity from suppliers to consumers using digital technology to save energy, reduce costs, reduce environmental impacts, and increase reliability. Smart grid promotes small-scale distributed generation and enhances customer choice and system reliability.
- Economic Efficiency – each transmission project must be subjected to a thorough economic analysis which considers the overall costs of building new wires relative to other investments that may maintain reliability at a lower cost.

### Retail/Distribution

- Enhanced Product offerings – this will include electricity priced for on-peak and off-peak periods, energy efficiency initiatives based on time of use information, and home area network systems to allow for the use of smart thermostats, air conditioning and heating controls, and appliance controls.
- Improved service levels through remote outage detection, remote on-demand meter reads, distribution system load control, etc.
- Efficient vehicles – this is likely to include electric vehicles.

## Generate Choice

ENMAX is leading the way forward on providing customers with energy efficient utility products and services based on best available technology and minimum environmental impact. Our organization is well positioned to secure a leading role in this emerging arena.

**ENMAX's vision is to  
be the utility that  
defines how Albertans  
are energized.**

ENMAX is now making a series of micro-generation technologies available to Alberta homeowners – including solar photo voltaic panels and micro wind turbines.

## Culture of Corporate Governance

### ENMAX's Corporate Culture

The people who work at ENMAX share a number of qualities. Dynamic, innovative, responsible and engaged, ENMAX's team is also diverse.

Approximately 65% of our more than 1,678\* employees are unionized and are members of the International Brotherhood of Electrical Workers or the Canadian Union of Public Employees. Non-union employees are classified as Management Professionals and comprise approximately 35% of our workforce.

Together, ENMAX employees have created a clear corporate culture. We strive for "best in class"

performance – one characterized by respect for individual initiative, an emphasis on safety and accountability, strong governance,

compliance, high standards of ethics, and a relentless focus on our customers.

**ENMAX's seven core values guide all employee activities and define the way in which we work.**

Seven core values inform and are fundamental to how we manage our business. They include:

- Safety – We value the safety of our employees, our co-workers and the public.
- Accountability – We are accountable to our Shareholder, ourselves, our co-workers, customers and stakeholders, and to the organization for what we do.
- Trustworthy – We operate in a manner that is reliable, ethical and honest.
- Responsible – We demonstrate leadership when it comes to our operating practices and sustainability.
- People Focus – We respect, challenge, reward and develop our people.
- Operational Excellence – We strive to be reliable, accurate, efficient and profitable.
- Customer Focus – We listen to customer requirements, ensure we understand them and strive to exceed their expectations.

\* As of December 31, 2009, ENMAX directly employed 1,678 people.

### Corporate Governance Philosophy at ENMAX Corporation

At ENMAX, our Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth, as well as enhancing stakeholder confidence. ENMAX is committed to sound corporate practices based on openness, fairness, professionalism and accountability to pave the way for our long-term success. We recognize that our indirect Shareholders are the citizens and ratepayers of Calgary.

We believe that ENMAX must meet or exceed adherence to the regulatory framework as set out in National Instrument 58-101 "Disclosure of Corporate Governance Practices". Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance philosophy and culture.

Transparency, accountability, integrity, fairness and intensive communication with stakeholders are integral to our functioning. We believe in system-driven performance and performance oriented systems. We accord highest priority to these systems to protect the interests of the Corporation, our Shareholder and our stakeholders, blending growth

and efficiency with governance and ethics. Our Board formulates strategies and policies to optimize

**ENMAX believes openness, fairness, professionalism and accountability pave the way for our long-term success.**

value for our stakeholders, including customers, employees, the Shareholder, the citizens of Alberta and society at large.

ENMAX has a sound Corporate Governance mechanism in place built around the following principles:

- Diversified, expertise-based Board drives our Corporation
- Clear definition of roles and responsibilities of our Board, leading to decentralized decision making
- Delegation to various Committees of the Board
- Established system of accountability through rigorous evaluations of the Board, including the CEO
- Established leading edge enterprise risk management system
- Customer relationship management
- Undivided commitment towards stakeholders

## The Important Governance Role Provided by ENMAX's Shareholder

### The Mandate from our Shareholder

#### Entrepreneurial

The City of Calgary has encouraged ENMAX to embrace change and innovation. We seek new opportunities and work to achieve greater efficiencies within the new energy market in which we compete. Our goal is to earn the business of consumers and to provide continued value to our regulated customers.

#### Stable dividend

ENMAX's current Dividend Policy, set by The City of Calgary in its capacity as Shareholder, requires the Corporation to pay the greater of \$30 million per year or 30% of prior year net earnings. ENMAX strives to pay a dividend that provides an appropriate cash return to The City of Calgary, a reinvestment of profit to grow long-term equity value, and a predictable and objective basis for the determination of future dividends so lenders have confidence in our ability to pay interest and principal on debt. Further information on ENMAX's dividend can be found on page 29.

#### Consumer advocacy

In this competitive market, ENMAX has a strong understanding of the various complexities that consumers face. Many of our core values relate to the importance of being an advocate for the consumer. In particular, our Customer Focus core value reflects our understanding that our Shareholder provides vital services to approximately 1 million people who are also customers of ENMAX and that our vertically integrated strategy depends on our earning and retaining the business of end use customers. We take pride in delivering value to our customers in Calgary and across Alberta.

#### Environmental leader

The City of Calgary has looked to ENMAX to set the example of environmental leadership. This is aligned with The City of Calgary's own focus on leading the way in environmental responsibility, such as its commitment to use wind power to supply The City's own electricity needs.

### Our Shareholder Relationship

ENMAX enjoys a strong relationship with its Shareholder, The City of Calgary, and regularly seeks direction on a variety of business matters, including approval of annual budgets, approval of acquisition transactions in excess of \$30 million, approval of divestitures in excess of \$8 million, appointment of ENMAX directors, the approval of the peer group for director compensation, and the appointment of the external auditor.

In 2009, ENMAX met with Council in its capacity as Shareholder three times, which included one Special Shareholder meeting to approve the Bonnybrook Energy Centre. Until September 30, 2010, ENMAX has met with Council in its capacity as Shareholder two times, which included one Special Shareholder meeting to approve the sale of the B.C. Assets.

ENMAX's Executive and the Board meet with Council, in their capacity as Shareholder representatives, for regularly scheduled meetings, which include the Annual Meeting of the Shareholder, which is typically held in May. All members of the public are invited and welcome to attend this meeting. ENMAX also meets with Council, as the Shareholder representative to discuss and approve the ENMAX budget on an annual basis. This meeting is conducted in-camera for competitive reasons.

The Chair of the Audit and Finance Committee meets with The City of Calgary Audit Committee annually as well. This meeting provides an opportunity for the Chair of the Audit and Finance Committee to discuss ENMAX's governance practices as they relate to the Audit function.

## Corporate Governance at ENMAX

### Principal Role of the Board

The principal role of the Board of ENMAX is to advance and protect the Corporation and its stakeholders, including the Shareholder. ENMAX's Board members work to develop the Corporation's assets and promote the best interests of the Corporation at all times. The CEO and Executive Team are responsible for developing corporate strategy and the day-to-day management of the business. The Board is responsible for overseeing the

CEO and Executive and ensuring systems are in place to manage business risks. The Board, through engagement with the Executive, monitors the approach of the Corporation to ethics, compliance with applicable laws and regulatory policies, environmental risks and obligations, health and safety performance, financial practices, disclosure and reporting.

### Board Governance Support to Management

The Board works diligently to provide strong oversight and direction, while ensuring the Corporation operates in a responsible manner and complies with applicable laws and regulations. This is a significant responsibility, as Board members provide leadership that helps to shape the overall tone and corporate culture. Two of the most critical functions the Board performs in its oversight role involve the Corporation's strategic development and talent pool management.

The Board is fully engaged in the development, testing and approval of the ENMAX's high-level business strategies. These are examined, debated and receive thorough scrutiny at the Board level.

Equally important are the individuals entrusted with execution of the Corporation's business strategies. ENMAX's Board is responsible for selecting and retaining a competent CEO and Executive team.

**ENMAX has a sound corporate governance mechanism in place.**

When ENMAX hires a chief executive officer, the Board or a designated Board Committee, will actively manage the selection process. Selection criteria include integrity, technical competence, character, and experience in the energy industry.

The Human Resources Committee and the Board reviews the output of a formal performance appraisal process on an annual basis that provides an assessment of Executive performance. Such a process helps to ensure that the issues that are

appropriate to address in the periodic evaluation process are considered.

The Board recognizes that the structure, composition, and resources of the Board should be constructed to permit effective oversight of the variable compensation programs. ENMAX has established a Human Resources Committee that reports to the Board to oversee the organization's compensation programs.

The Human Resources Committee and the Board reviews both the performance of the CEO and Executives on at least an annual basis. In addition, the Board receives assurance that Management conducts performance appraisals for all employees and the Board reviews and approves compensation and benefit programs. While the Board considers the compensation and benefit packages of similarly situated companies, the Board tailors these programs to ENMAX's size and financial condition, and the nature, scope, and complexities of its operation.

The Board and the Human Resources Committee monitor employee turnover rates to evaluate whether ENMAX is retaining employees with the expertise needed to fulfill its goals. The Board also verifies that ENMAX has adequate training programs to support needed skill levels and to keep employees current and conversant with industry trends.

The Board and the Human Resources Committee review a management succession plan to address the succession of the CEO and other key executives. This plan identifies critical positions and qualified

potential successors, including interim replacements. The Board reviews this plan annually.

The Board believes that variable compensation can be a useful management tool. The Board constantly evaluates the variable compensation programs at ENMAX to ensure they are appropriately balanced and provide recognition for individual and team effort. The Board actively oversees the development and operation of variable compensation policies, systems, and related control processes.

The Board has access to a level of expertise in compensation practices that is appropriate for the nature, scope, and complexity of ENMAX's activities.

#### **Annual Board Focus on Key Priorities**

Since 2005, as part of its progressive approach to governance the ENMAX Board has annually identified a key issue of significant importance to the long-term success and viability of the Corporation and has then, in addition to providing normal Board oversight, focused itself on an in-depth review of this particular priority area.

These have included:

- a focus in 2005 on pension governance at ENMAX;
- an in-depth review of safety at ENMAX in 2006 and 2007;
- a 2008 and 2009 examination of the systems and processes in place to assess and monitor enterprise risk management; and
- a review of ENMAX's talent management processes in 2010 and plans to continue this focus in 2011.

#### **Pension Governance**

In 2005, the Board examined the governance associated with the ENMAX Pension Plan, carefully reviewing the long-term sustainability of the Defined Contribution and Defined Benefit Plans and the Defined Benefit Supplemental Retirement Plan. This review resulted in the establishment of a Pension Governance Committee of the Board with responsibility for making certain that the plan was administered in accordance with its provisions and in compliance with legislation and regulations. The Committee also approved the ENMAX Pension Plan structure, funding policy and the communication and education plans for plan members and beneficiaries. In 2006, the ENMAX Defined Contribution Plan was enhanced allowing employees to make optional

contributions, which were matched by ENMAX at a rate between 50% and 150%, based on the points a member had earned within the plan. The ENMAX Defined Benefit Plan was closed to non-union employees. The ENMAX Defined Benefit Supplemental Plan was closed to new entrants and a Defined Contribution Supplemental Plan was established. In 2007, the Pension Governance Committee was disbanded and the Human Resources Committee took on responsibility for pension governance. More information on the ENMAX Pension Plan can be found on page 55.

#### **Safety**

In 2006 and 2007, the Board conducted an in-depth review of safety practices and processes at ENMAX and established an Occupational Health and Safety Committee of the Board. This resulted in an enhanced ENMAX Occupational Health and Safety Policy that outlined the responsibilities of ENMAX and its employees to safety and in the establishment of the Safety Absolutes for ENMAX (SAFE). This document highlights the fundamental safety practices to which all ENMAX employees must adhere, and provided the groundwork for ENMAX's safety vision – Mission Zero – an ENMAX where no employee or member of the public gets injured because of the work we do. In 2007, the Occupational Health and Safety Committee was disbanded and the Human Resources Committee assumed oversight for health and safety matters.

#### **Enterprise Risk Management**

In 2008, the Board established the Enterprise Risk Management Committee. This Committee was tasked with the review and monitoring of 110 enterprise risks. With support from Management, this Committee put in place a framework for assessing the risk exposures, namely earnings at risk and risk to five-year enterprise value. The Committee also monitored Executive efforts to mitigate risk. In 2009, the Enterprise Risk Management Committee continued to focus on the top enterprise risks with other Board Committees, monitoring the balance of the risks which were allocated to each Committee based on their functional areas of accountability.

## Talent Management

In 2010, the Board held a full day session for the first time to consider talent management at ENMAX and this will now occur annually. Further work is planned

in 2011, where the Board will continue to examine the systems and processes in place to attract, retain and develop the talent needed to meet ENMAX's strategic objectives.

## Key Responsibilities of Board Committees Set Out in Mandate Documents and Corresponding Work Plans

---

ENMAX has the following Board Committees:

- Audit and Finance Committee (AFC)
- Human Resources Committee (HRC)
- Corporate Governance Committee (CGC)
- Enterprise Risk Management Committee (ERMC)
- Corporate Social Responsibility and Sustainability Committee (CSR)
- Investment Review Committee (IRC)
- Project Management Committee (newly established in November 2010) (PMC)

Each Board Committee has an established Mandate and work plan, with the exception of the newly

established Project Management Committee in progress. The mandates and work plans are reviewed by each Committee and by the Corporate Governance Committee annually. Amendments to the Mandates and/or work plans are recommended by the Corporate Governance Committee to the Board for approval.

Mandates for ENMAX's Board and each Board Committee are posted on ENMAX's website at [www.enmax.com](http://www.enmax.com). The mandate of the Board of Directors and the Audit and Finance Committee are attached as Appendices 3 and 4.

The table below provides an overview of the oversight role of each Board Committee.

---

### Audit and Finance Committee

The Committee focuses on assisting the Board in overseeing:

- the integrity of annual and quarterly financial statements or any other financial information that is to be disseminated to the public or filed with any regulatory authority;
- implementation of the long-term financing plans of the Corporation;
- our compliance with accounting and finance-based legal and regulatory requirements;
- the independent auditors' qualifications and independence;

- the internal accounting system and financial reporting controls established by management;
- performance of the internal and external audit process and independent auditors;
- the integrity of the expenses of the CEO and EVP expenses; and
- the accountability of certain financial risks.

The Committee is responsible for appointing, compensating and overseeing the Internal Auditor. The Internal Auditor is accountable to and reports directly to the Audit and Finance Committee, and understands that he must maintain an open and transparent relationship with the Committee.

---

### Human Resources Committee

The Committee focuses on assisting the Board in overseeing:

- key compensation and human resource policies;
- CEO and Executive compensation based on the Committee's evaluation of the CEO and Executive performance;
- Executive management succession and development;

- pension plans;
- occupational health and safety; and
- the accountability of certain human resources related risks, including pension risk, safety risk, and workforce retention and development risks.

---

### Corporate Governance Committee

The Committee focuses on assisting the Board in overseeing:

- our approach to corporate governance, including establishing corporate governance principles and a code of conduct and ethics;
- identifying and recommending qualified individuals as potential members of the Board and Board Committees;
- making recommendations for directors' compensation;

- overseeing the directors' compliance with our Principles of Business Ethics; those processes related to the strategic planning process and strategic planning implementation and those communications policies and programs;
- Management's reports on our insurance program and D&O liability insurance and indemnity agreements; and
- the accountability of certain corporate governance,

- assessing the size and composition of the Board;
  - assessing the number of Board Committees and their composition and mandates;
  - evaluating the Board and the Board's approach to corporate governance;
- strategic and communications risks.
- The Committee is responsible for appointing, compensating and overseeing the Corporate Secretary. The Corporate Secretary is accountable to and reports directly to the Board, and understands that she must maintain an open and transparent relationship with the Committee.
- 

#### Enterprise Risk Management Committee

The Committee focuses on assisting the Board in overseeing:

- our program and procedures to identify significant risks and the systems to mitigate risk;
  - receiving regular reports from Management on our significant risks or exposures and the steps taken to monitor and manage these risks;
- receiving management's recommendations as to changes in Enmax's risk management practices;
  - recommending risk management policies to the Board as appropriate; and
  - reviewing Management's reports on our business continuity plans.
- 

#### Corporate Social Responsibility and Sustainability Committee

The Committee focuses on assisting the Board in overseeing:

- all matters related to ENMAX's environment and social responsibility issues;
  - the performance of ENMAX's marketing activities; and
- the accountability of certain environmental, social responsibility and marketing risks.
- 

#### Investment Review Committee

The Committee focuses on assisting the Board in overseeing potential investment opportunities, with a focus on:

- the steady growth of the Corporation;
  - maximization of Shareholder value;
  - the fit of the opportunity within the strategic plan;
- the financial resources as well as the other resources required to benefit from the opportunity in the short and long term; and
  - the material risks related to the opportunity.
- 

#### Project Management Committee

The Committee focuses on assisting the Board in overseeing current projects (in the development stage) with a focus on:

- meeting deliverables at each gate of the stage-gate process;
  - ongoing project oversight for all proposed projects (and identifying the need for third-party reviews) that will help to ensure that project outcomes are realized and on-budget;
  - ensuring that appropriate systems, processes and controls for managing projects are in place;
- ensuring projects are being completed within the scope, schedule and budget approved by the Board and Shareholder;
  - the review and evaluation of ongoing projects to identify issues and risks; and
  - the achievement of project and program outcomes while limiting risk to all ENMAX stakeholders.
-

## Independent and Non-independent Directors

Independent Board members bring a fundamental benefit to a Corporation – objectivity. Having a majority of independent directors provides assurance that decisions are made that are in the best interests of the Corporation. The Corporate Governance Committee and the Board reviews the independence status of each Board member every year, to ensure that the Board is composed of a majority of Directors who can provide unbiased, independent, varied and experienced perspectives. In order to determine independence, ENMAX refers to the definition of independence, as set out in Multilateral Instrument 52-110 "Audit Committees".

Board members must provide the Board with information about their business and other relationships with ENMAX and with ENMAX employees. They must also advise the Board if there are any material changes to their circumstances or relationships that could affect the Board's assessment of independence.

The Board believes that at least a substantial majority of the Board must be independent, and that the Audit and Finance Committee and the Human Resources Committee must consist of entirely independent Board members. As such, 77% of ENMAX's Board members are considered to be independent. Mr. Holden is not considered to be independent as he is President and CEO of ENMAX. Aldermen Lowe and Pincott are not considered to be independent because they serve as Aldermen of The City of Calgary, which is the 100% Shareholder of ENMAX.

Mr. Cliff Fryers, Chairman of the Board, is an independent Director. Mr. Fryer's predecessor, Mr. Thompson MacDonald was also an independent Chair. Mr. Fryers assumed the role of the Chairman of the Board in May 2010.

## ENMAX Board Committees

	Audit and Finance	Human Resources	Corporate Governance	CSR and Sustainability	Investment Review	Enterprise Risk Management	Project Management
<b>Independent</b>							
John Abbott					✓	✓	✓
Cliff Fryers	✓	✓			✓		
James Hankinson	✓				✓	✓	
Mike Harris		✓	✓	✓			
Don Lenz	✓	✓			✓		
Greg Melchin	✓		✓				✓
Margot Micallef			✓	✓			✓
Sarah Morgan-Silvester	✓	✓		✓		✓	
Robert Page			✓	✓		✓	
Charles Ruigrok		✓				✓	✓
<b>Non-Independent</b>							
Gary Holden							
Gord Lowe			✓				✓
Brian Pincott				✓	✓		
<b>Total Committee Members</b>	5	5	5	5	5	5	
<b>Total Number of Meetings Held in 2009</b>	4	3	4	3	4	4	
<b>Total Number of Meetings Held in 2010</b>	3	4	4	3	6	3	

Chair      Advisory

**Board and Committees hold In-camera meetings without management directors**

All members of the Board strive to attend all Board and Committees of which they are members. In 2009, the Board and Committee attendance rate averaged 95%. Until September 30, 2010, the Board and Committee attendance rate averaged 90%. The number of meetings held in 2009 and until September 30, 2010 is set out below, along with the attendance schedules of the individual Board members.

The Board emphasizes the importance of Board members attending Committee meetings of which they are not members and as such, Directors have a standing invitation to attend all Committee meetings, regardless of membership. When setting the meeting schedule for the subsequent year, all Board members are scheduled to attend at least one Committee meeting of which they are not a member. Directors may participate by teleconference if they cannot attend in person. In this way, Board members can both contribute to and

gain comfort with the level of knowledge, engagement and participation of those other Committees with respect to their mandates and responsibilities.

At each Board and Committee meeting, in-camera sessions are held with the CEO (without Management) and without the CEO.

Generally speaking, when a corporation has a controlling shareholder, those board members who have ties to the controlling shareholder are considered "non-independent". Therefore, to ensure that the interests of the minority shareholders are protected, boards may hold meetings or in-camera sessions without the representatives of the controlling shareholder (i.e. the "non-independent board members) present. In the case of ENMAX, notwithstanding that Aldermen Lowe and Pincott are considered non-independent due to their ties to the controlling Shareholder, the need to hold in-camera sessions at which they are not present does not arise as there is no minority interest to protect.

## Board Meeting Attendance 2009

2009 Meeting Attendance

Director	Board		AFC		CGC		HR		CSR		ERM		IRC		Total				
	#	Special Meetings	#	%	#	%	Guest	#	%	Guest	#	%	Guest	#	%	Guest	#	%	
Cliff Fryers	6/6	3/3	100%	4/4	100%		3/3	100%		1			1	4/4	100%	1	4/4	100%	
Mike Harris	6/6	3/3	100%			1	1/1	100%	1	2/2	100%	3/3	100%			1		15/15 100%	
Bob Hawkesworth	6/6	2/3	89%			1			1			3/3	100%			1		11/12 92%	
Donald Lenz	6/6	3/3	100%	4/4	100%				1	2/2	100%			1	4/4	100%	1	3/4	75%
Francis Leong	6/6	3/3	100%	4/4	100%				1	3/3	100%			1	4/4	100%	1		20/20 100%
Gord Lowe	6/6	2/3	89%			1	3/4	75%						1			1		11/13 85%
Thompson MacDonald (Chair of the Board)	6/6	3/3	100%	4/4	100%	4	4/4	100%	3/3	100%	2	3/3	100%	1	4/4	100%	4/4	100%	4 31/31 100%
Ian MacGregor	5/6	2/3	78%	3/3	100%				2	3/3	100%			1			1	3/4	75%
Greg Melchin	6/6	3/3	100%	1/1		1	4/4	100%	2/2	100%				1			1		16/16 100%
Margot Micallef	6/6	2/3	89%			4/4	100%					1	3/3	100%	3/4	75%			18/20 90%
Sarah Morgan-Silvester	6/6	2/3	89%	4/4	100%				1	1/1	100%	1	2/2	100%			1		15/16 94%
Bob Page	6/6	3/3	100%			1			1			3/3	100%	4/4	100%	1			16/16 100%
<b>Totals</b>	71/72	31/36	94%	24/24	100%	9	19/20	95%	8	16/16	100%	5	17/17	100%	7	23/24	96%	10 14/16 88% 4	

Chair

### Comments:

Mr. MacGregor ceased to be a member of Audit and Finance Committee effective August 11, 2009

Mr. Melchin was appointed to the Audit and Finance Committee effective August 11, 2009

Mr. Harris was appointed to the Corporate Governance Committee effective August 11, 2009

Mr. Fryers ceased as a member of the Corporate Governance Committee effective August 11, 2009

Mr. MacDonald ceased as a member of the CSR and Sustainability Committee effective August 11, 2009

Ms. Morgan-Silvester ceased as a member of the CSR and Sustainability Committee effective August 11, 2009

Mr. MacGregor was appointed to the Enterprise Risk Management Committee effective August 11, 2009

Mr. Lenz ceased as a member of the Human Resources Committee effective August 11, 2009

Mr. Harris ceased as a member of the Human Resources Committee effective August 11, 2009

Mr. Melchin ceased as a member of the Human Resources Committee effective August 11, 2009

Mr. MacDonald was appointed to the Human Resources Committee effective August 11, 2009

Ms. Morgan-Silvester was appointed to the Human Resources Committee effective August 11, 2009

## Board Meeting Attendance 2010

2010 Meeting Attendance (until September 30, 2010)

Director	Board		AFC		CGC		HR		CSR		ERM		IRC		Total							
	#	Special Meetings	#	%	#	%	Guest	#	%	Guest	#	%	Guest	#	%	Guest	#	%	Guest	#	%	
John Abbott																				1		
Cliff Fryers (Chair of the Board as of May 21, 2010)	5/5	1/1	100%	3/3	100%			2	4/4	100%	2			2	2/2	100%	1	6/6	100%	22/22	100%	
James Hankinson	2/2	1/1	100%	1/1	100%			1						1	1/1	100%		3/3	100%	8/8	100%	
Mike Harris	5/5	0/1	86%			1	4/4	100%			1	3/3	100%				1			13/14	93%	
Bob Hawkesworth	3/3		100%			1					1	2/2	100%				1			6/6	100%	
Donald Lenz	4/5	1/1	86%	3/3	100%						1			1	3/3	100%		6/6	100%	18/19	95%	
Francis Leong	3/3	1/1	100%	2/2	100%			1	3/3	100%				2/2		100%				11/11	100%	
Gord Lowe	5/5	0/1	86%			1	4/4	100%						1						1	10/11	100%
Thompson MacDonald (Chair of the Board until May 21, 2010)	3/3	1/1	100%			1	2/3	66%	3/3	100%				2	2/2	100%				3	11/12	92%
Ian MacGregor	1/2		50%					1	1/3	33%				2/2		100%		2/2	100%	6/9	67%	
Greg Melchin	5/5	1/1	100%	3/3	100%		4/4	100%			2					1	3/3	100%	17/17	100%		
Margot Micallef	4/5	1/1	86%			3/4	75%			1	1/3	33%		1/3		33%				11/17	65%	
Sarah Morgan-Silvester	5/5	1/1	100%	3/3	100%				4/4	100%				1	1/1	100%				15/15	100%	
Bob Page	5/5	1/1	100%			1		1	1/1	100%	1	3/3	100%	3/3		100%				14/14	100%	
Brian Pincott	2/2	0/1	66%								1/1		100%							3/4	75%	
Charles Ruigrok																						
<b>Totals</b>	52/55	9/12	91%	15/15	100%	5	17/19	89%	6	16/18	89%	9	9/12	75%	8	18/20	93%	4	18/18	100%	5	

Chair

### Comments:

Mr. MacGregor ceased to be a member of the Board of Directors on May 14, 2010

Mr. MacDonald ceased to be a member and the Chair of the Board of Directors on May 21, 2010

Mr. Leong ceased to be a member of the Board of Directors on May 21, 2010

Mr. Hawkesworth ceased to be a member of the Board of Directors on May 21, 2010

Mr. Hankinson was appointed as a member of the Board of Directors on May 21, 2010

Mr. Pincott was appointed as a member of the Board of Directors on May 21, 2010

Mr. Fryers was appointed to Chair of the Board of Directors on May 21, 2010

Mr. Melchin was appointed Chair of the Audit and Finance Committee on May 21, 2010

Mr. Hankinson was appointed Chair of the Enterprise Risk Management Committee on May 21, 2010

Mr. Hankinson was appointed to the Investment Review Committee on May 21, 2010

Ms. Morgan-Silvester was appointed as Chair of the Human Resources Committee on May 21, 2010

Mr. Donald Lenz was appointed as Chair of the Investment Review Committee on May 21, 2010

Mr. Pincott was appointed as a member of the CSR and Sustainability Committee on May 21, 2010

Mr. Abbott was appointed as a member of the Board of Directors on September 7, 2010

Mr. Ruigrok was appointed as a member of the Board of Directors on September 7, 2010

Due to a family emergency, Ms. Micallef was unable to attend on one day, during which three committee meetings were held. If she had been in attendance on that day her attendance record would have been 82%.

Director attendance at regularly scheduled Board and Committee meetings represents only a small portion of the time and effort contributed to advance ENMAX's interests. Directors generously share their expertise and experience in many ways throughout ENMAX. For example, outside of formally

scheduled Board meetings, the Board Chair typically meets with ENMAX's CEO at least once a week, to discuss current business issues. The Chair of the Corporate Governance Committee meets with each Committee Chair to discuss Committee mandates and other governance related issues, again, outside

of regularly scheduled meetings. Other directors contribute to the development of specific initiatives inside the organization as part of their oversight role, as the need arises.

It is recognized by the Board that when newly appointed Board members join, they may have

difficulty arranging their schedules so as to attend all Board meetings that have been previously scheduled by ENMAX. When this occurs, these newly appointed Board members are expected to contact the Chair of the Board, the Chairs of the applicable Board Committees and/or applicable Management members to be updated on the meeting business.

## **Independence and Membership of the Audit and Finance Committee**

The Audit and Finance Committee consists of five directors, all of whom are "financially literate" and "independent" within the meaning of Multilateral Instrument 52-110 "Audit Committees". In considering criteria for the determination of financial literacy, the Board looks at the ability to read and understand a balance sheet, an income statement, and a statement of cash flow that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by ENMAX's financial statements.

In addition to the requirements of Multilateral Instrument 52-110, the Board has established a higher standard wherein we define "Financial Experts". All five ENMAX Audit and Finance Committee board members are Financial Experts and financially literate under 52-110. In considering criteria for the determination of a Financial Expert, the Board considers senior executive experience or consulting in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets. Board members must also have a comprehensive knowledge of internal financial controls and GAAP and have expertise in auditing, evaluating or analyzing financial statements.

Audit and Finance Committee Member	Relevant Education and Experience	Independent?
Cliff Fryers	<p><b>Financial Expert</b></p> <ul style="list-style-type: none"> <li>▪ Formerly, a tax law partner with the law firm of Milner Fenerty (now Fraser Milner). While at Milner Fenerty from 1980 to June of 1997, he offered legal advice on mergers and acquisitions, corporate reorganizations, resource taxation and international taxation. He also carried on a significant practice involving negotiation with fiscal authorities, including tax litigation. He made numerous appearances before the Tax Court of Canada, the Federal Court of Canada, and the Supreme Court of Canada.</li> <li>▪ Formerly a tax lawyer in the Tax Litigation Section of the Department of Justice</li> <li>▪ Formerly Governor of the Canadian Tax Foundation and a Director of the Canadian Petroleum Tax Society</li> <li>▪ Bachelor of Commerce degree, with a major in Marketing and a minor in Corporate Finance, from the University of Saskatchewan, Saskatoon, in 1970, and his Law degree from the same institution in 1971</li> </ul>	Yes
James Hankinson	<p><b>Financial Expert</b></p> <ul style="list-style-type: none"> <li>▪ Served as the President and Chief Executive Officer of Ontario Power Generation Inc.</li> <li>▪ Served as the President and Chief Executive Officer of New Brunswick Power Corporation</li> <li>▪ Served as the President and Chief Operating Officer of Canadian Pacific Limited</li> <li>▪ Holds a Master of Business Administration from McMaster University and an Honorary Doctor of Law degree from Mount Allison University. He is also a Chartered Accountant</li> </ul>	Yes

Audit and Finance Committee Member	Relevant Education and Experience	Independent?
Don Lenz	<p>Financial Expert</p> <ul style="list-style-type: none"> <li>▪ Formerly, Vice President and Director of RBC Dominion Securities Inc. from 1986 to 1999</li> <li>▪ Formerly, Vice President, Goldman Sachs &amp; Co.</li> <li>▪ Formerly, Vice President, A.E. Ames &amp; Co. Incorporated</li> <li>▪ Extensive experience in raising equity and debt capital for many of Canada's leading companies, mergers and acquisitions, project finance and real estate advisory activity</li> </ul>	Yes
Greg Melchin (Chair)	<p>Financial Expert</p> <ul style="list-style-type: none"> <li>▪ Formerly, an Alberta MLA, and held the following Alberta Committee assignments: Member of Treasury Board; Chair, Standing Policy Committee on Finance and Intergovernmental Relations; and Chair, Capital Planning Committee</li> <li>▪ Formerly, Chief Financial Officer of Karl Oil &amp; Gas/Cumorah Construction</li> <li>▪ Formerly, Vice President, Finance for Torode Realty Ltd.</li> <li>▪ Held financial positions with Adcorp Enterprises Ltd., Fielding Land Enterprises Limited, Bennett &amp; White Western Ltd., and Peat, Marwick, Mitchell &amp; Co. Chartered Accountants</li> <li>▪ C.A. designation and Fellow Chartered Accountant designation from the Institute of Chartered Accountants of Alberta</li> </ul>	Yes
Sarah Morgan-Silvester	<p>Financial Expert</p> <ul style="list-style-type: none"> <li>▪ Formerly, Chair, HSBC Trust Company (Canada); Chair, HSBC Securities (Canada) Inc; Chair, HSBC Investment Funds (Canada) Inc</li> <li>▪ Formerly, Executive Vice President, Personal Financial Services and Wealth Management for HSBC Bank Canada</li> <li>▪ Fellow of the Institute of Canadian Bankers</li> <li>▪ Bachelor of Commerce, University of British Columbia, 1982</li> </ul>	Yes

## Position Descriptions for Board Chair, Committee Chairs, Directors and President and CEO

The Board has established Position Descriptions for the Chair of the Board, the Committee Chairs and individual Board members. Position descriptions are reviewed annually by the Corporate Governance Committee and any amendments are recommended for approval to the Board of Directors.

The Board has also established a position description for the President and Chief Executive Officer (CEO).

The President and CEO position description is reviewed annually by the Human Resources Committee and any amendment is recommended for approval to the Board of Directors.

These position descriptions are provided in Appendix 2.

## Appointment of Directors

On an annual basis the Board performs two key tasks related to the appointment of directors:

1. The Board meets for two full days to discuss, deliberate and approve the ENMAX strategy;
2. The Board performs a rigorous Board Evaluation process where a performance assessment of the Board Chair, the CEO, the Board as a whole, and individual directors is undertaken.

These processes help determine whether or not the Board's composition is suitable to provide oversight to ENMAX's management in successfully carrying out ENMAX's strategy. A Skills Matrix which sets out the

skills the Board of ENMAX should possess is maintained and reviewed by the Corporate Governance Committee and the Board on an annual basis. When analyzing the Skills Matrix, the Corporate Governance Committee assesses the needs of the Board to ensure that there is a range of skills represented, including an understanding of:

- the industry in which ENMAX operates;
- the markets in which ENMAX operates; and
- accounting, finance and legal matters.

If the Corporate Governance Committee determines that the ENMAX Board does not have the correct

composition, the Director recruitment process will begin (this may or may not include asking for the resignations of certain Directors). The recruitment process includes the following steps:

1. The Corporate Governance Committee retains an external, independent recruitment advisor to identify individuals with the skills and experience required by the Board. It should be noted that any recommendations that are made by the ENMAX Board for potential Board members are submitted to the external recruitment advisor in order to maintain independence throughout the recruitment process.
2. The recruitment advisor develops a list of potential appointees taking into account, among other things, the particular skills and experience of each individual appointee and their ability to fit with the existing Board. An analysis of their skills in comparison to the Skills Matrix is also undertaken. The recruitment advisor considers behavioural characteristics of those potential appointees, including having ethics and integrity, having strong ability to be a team player, having the capability to have a wide perspective, having strong reasoning skills and having strong business judgment. The recruitment advisor also considers any potential conflicts that an appointee may have.
3. Once the external recruitment advisor identifies suitable candidates, those candidate profiles will be sent to and discussed with the Chair of the Corporate Governance Committee to ensure that the initial list of proposed candidates has adequately taken into account the skills required by the Board in accordance with the Skills Matrix.
4. Those candidate profiles will be sent to a "Selection Committee" which the Corporate Governance Committee and the Board has authorized to review candidate profiles and perform interviews. The Selection Committee generally consists of the Board Chair, the Chair of the Governance Committee, and the Chair of the Audit and Finance Committee.
5. Once the interviews take place, a fulsome overview of the process for determining any potential appointees is provided to the Corporate Governance Committee and if agreement is reached as to which candidates will be put forth to the Board, the Corporate Governance

Committee will recommend to the Board the most appropriate person from the short list of potential appointees to be invited to become a director of ENMAX. Upon approval of the Board, the Director nominees will be put forward for election by the Shareholder at the next Annual Meeting of the Shareholder, or interim Annual Meeting of the Shareholder.

Factors considered by the Corporate Governance Committee when recommending a person for appointment as a director also include the time commitment required by a director to effectively discharge his or her duties to the Corporation; the number of existing directorships and other commitments that may demand the attention of the appointee; the nature of existing positions, directorships or other relationships and the impact that each may have on the appointee's ability to exercise independent judgment; and the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

The Corporate Governance Committee requires the Corporate Secretary to maintain an evergreen list of potential board directors, as previously identified by both Board members and the external recruitment advisor.

Generally, two Aldermanic representatives serve on the ENMAX Board. If an Aldermanic vacancy occurs, the Board Chair will solicit the Mayor as to a suitable replacement. This potential replacement will then be nominated at the Annual Meeting of the Shareholder.

#### **Skills Matrix**

The ENMAX Board believes that a board with a broad mix of skills and expertise can more effectively oversee the wide range of issues that arise with a Corporation of our size and complexity. ENMAX's forward-looking skills matrix identifies those skills that have the greatest opportunity to strengthen the Board to assist in recruiting directors, as well as to ensure that the skills that are required to provide effective oversight to ENMAX's management in successfully carrying out ENMAX's strategy are represented on ENMAX's Board.

On an annual basis, the Corporate Governance Committee and the Board complete a comprehensive review of the Board Skills Matrix. The

Chair of the Corporate Governance Committee and the Chair of the Board also regularly review the Skills Matrix. Individual Board members are required to complete a self-assessment against the Skills Matrix, are reviewed and agreed upon by the Corporate Governance Committee. It is through this process

that the Board determines if the Board is constituted of the appropriate Board members that are necessary to fulfill ENMAX's strategy. The Skills Matrix is a living document, and is constantly evolving in accordance with ENMAX's strategy.

The table below lists the 19 categories of skills and experience that are essential to the Board overall, to effectively oversee and act as a strategic resource for the Corporation.

Skill	Experience Description	# of Directors with Skill
Government Relations Expertise	Serving an active role in municipal, provincial or federal government, in addition to senior management experience in political and public consultation.	6
Retail Business Expertise	Senior Executive or consulting experience in retail business, combined with a strong knowledge of ENMAX's strategy, markets, competitors, financials, operational issues and regulatory concerns. May include marketing expertise related to energy marketing.	3
Communication and/or Public Relations Expertise	Senior Executive or consulting experience within a communications or public relations firm or serving in a Senior Executive communications or public relations capacity within another corporation.	7
Information Technology Expertise	Senior Executive or consulting experience with Information Technology. May have formal education in this regard.	1
Energy Sector Expertise	Senior Executive or consulting experience in the energy industry, combined with a strong knowledge of ENMAX's strategy, markets, competitors, financials, operational issues, regulatory concerns and technology. May have technical training and formal education in this regard (e.g. Engineering degree).	7
Commodities Trading	Senior Executive experience in financial commodities trading firms.	2
Corporate Governance Expertise	Senior Executive experience relating to corporate governance, including acting as the Chair of a Corporate Governance and/or Nominating Committee of a board of directors (public, private or non-profit sectors) or serving in a senior role as either General Counsel and/or Corporate Secretary, including accumulating expertise in this regard as a result of a role in a law firm. May include formal education (e.g. ICD.D or Chartered Directors Course designations) or other academic training relating to the corporate governance profession.	5
Financial Expertise	Senior Executive experience or consulting in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets. Comprehensive knowledge of internal financial controls and GAAP. Expertise in auditing, evaluating or analyzing financial statements. May have formal education in this regard.	7
Tax Expertise	Senior Executive experience or consulting in tax, including thorough understanding of tax law and complex issues and corporate incentives relating to tax. May have formal education in this regard.	1
Financially Literate	Individual having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by ENMAX's financial statements.	13
Successful Corporate Leadership Experience	Senior Executive experience driving strategic insight and direction to encourage innovation and conceptualize key trends to continuously challenge the organization to sharpen its vision while achieving significant organic growth.	9
Mergers and Acquisitions Experience	Senior Executive and/or legal experience in M&A activity. Includes consulting role in M&A activities.	6

Skill	Experience Description	# of Directors with Skill
Committee/Board Chair Experience	Prior or current experience as a board member of a major organization (public, private or non-profit sectors).	12
Environmental Expertise	Thorough understanding of environmental regulations and public policy related to environmental matters, including active participation in environmental initiatives and demonstrated leadership in environmental sustainability.	3
Risk Management Expertise	Senior Executive experience in analyzing exposure to risk and successfully determining appropriate measures to manage such exposure.	6
Human Resources Expertise	Senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefit and pension programs, human capital planning, legislation and agreements. This includes specific expertise in executive compensation programs including base pay, incentives, equity and perquisites. Understanding of management of human capital planning, including retention, succession, training and recruitment.	2
Pension Experience	Thorough understanding of pension programs and legislation, including acting as consultant or in an advisory role with respect to same.	1
Electricity Industry Expertise	Senior executive experience in electric utility transmission, distribution and generation operations.	3
Engineering/Construction Expertise	Senior executive experience in construction and engineering, major infrastructure and project management. May include formal education in this regard.	1

The table below illustrates directors who have the indicated level of expertise according to their self-assessments.

Name	Government Relations Expertise	Retail Business Expertise	Communication and/or Public Relations Expertise	Information Technology Expertise	Energy Sector Expertise	Commodities Trading	Corporate Governance Expertise	Financial Expertise	Tax Expertise	Financially Literate	Successful Corporate Leadership Experience	M&A Experience	Committee/Board Chair Experience	Environmental Expertise	Risk Management Expertise	Human Resources Expertise	Pension Experience	Electricity Industry Expertise	Engineering/Construction Expertise
John Abbott				✓			✓		✓	✓	✓	✓	✓		✓				
Cliff Fryers	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓				
James Hankinson	✓		✓		✓		✓	✓	✓		✓		✓				✓		
Mike Harris	✓	✓			✓			✓	✓		✓	✓	✓		✓	✓			
Gary Holden			✓					✓	✓	✓	✓						✓		
Don Lenz								✓	✓	✓	✓	✓	✓		✓	✓	✓		
Gord Lowe	✓	✓			✓				✓				✓						
Greg Melchin	✓	✓	✓		✓	✓			✓	✓	✓	✓	✓						
Margot Micallef	✓	✓				✓	✓		✓	✓	✓	✓	✓		✓				
Sarah Morgan-Silvester	✓		✓				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		
Robert Page	✓	✓	✓	✓					✓		✓	✓	✓		✓			✓	
Brian Pincott	✓	✓								✓		✓							
Charles Ruigrok			✓							✓	✓	✓	✓	✓				✓	

## Board Orientation, Continuing Education and Board Performance

---

The Board believes that director education is important. It helps directors maintain skills, gain insights and increase their understanding of our operations, as well as developing issues affecting our business and governance practices. ENMAX offers an orientation program for new directors, and a continuing education program for all directors.

### Orientation for Directors

All new members of the Board undergo a comprehensive orientation program, which addresses the Board of Directors' mandate, the Board's role and the ENMAX governance structure, and the nature and scope of ENMAX's operations. The purpose of the orientation program is to help new directors assume their responsibilities quickly, maximizing their potential contribution and the capacity of the Board as a whole. The Board aims to foster a culture that encourages new directors to participate fully and effectively in board activities as soon as possible.

The Directors' Orientation Program contains the following key elements:

- 1) One-on-One Interviews with Executives and other Key Players:
  - Chair of the Board and each of the Committee Chairs
  - President and Chief Executive Officer
  - Executive Vice-President & Chief Financial Officer
  - Corporate Secretary
  - Heads of Major Business Units
  - External Auditors
  - Internal Auditor
  - D&O Insurance Specialists
- 2) New Board members (and current Board members) are provided with the opportunity to attend all Committee meetings.
- 3) ENMAX believes that site visits are a critical component to enhance our Directors' understanding of the ENMAX business. Currently, the following site visits are available to both new and current Board members and all Board members are expected to attend these site visits, upon availability:
  - Calgary Downtown District Energy Centre
  - Calgary Energy Centre

- Crossfield Energy Centre
- Customer Care Tour
- Electricity 101
- ENMAX Place
- In-the-Field Job Shadowing
- South Service Centre
- Taber Wind Farm

- 4) An educational manual is also provided to the Board, which covers a wide range of topics, including:
  - Information on our corporate and organizational structure;
  - Recent regulatory filings;
  - Financial information;
  - Governance documents; and
  - Important policies.

### Continuing Education for Directors

The ENMAX continuing education program has three components:

- Receiving management presentations at Board and Committee meetings;
- Visiting facilities we operate;
- Attending conferences and seminars;
- Receiving presentations from guest speakers on matters relevant to the company; and
- Receiving presentations from fellow ENMAX Board members as to matters related to their areas of expertise when something related to their expertise is topical and relevant to the company.

Management makes presentations to the Board and Committees:

- When they are making key business decisions;
- During strategic planning meetings;
- On topical issues from time to time;
- In response to questions and requests from directors.

ENMAX encourages directors to attend conferences, seminars and courses. They can be on any subject that is related to their role on our Board or Board Committees, or that is important for enhancing their knowledge of an industry relevant to us. The ENMAX

Corporate Secretary notifies the Board of pertinent conferences, seminars and other educational opportunities. ENMAX reimburses directors for these expenses in accordance with guidelines provided in an expense reimbursement policy overseen by the Corporate Governance Committee.

ENMAX also has Directors who are leaders in ethics and corporate governance teaching. Specifically, Ms. Margot Micallef is a member of the Faculty of the Directors College, McMaster University, and Adjunct Professor for the University of Alberta's MBA program in governance and ethics. Mr. Fryers has been a speaker at the Institute of Corporate Directors.

### **Board Performance**

The Corporate Governance Committee assesses the effectiveness of the Board, the Committees and the individual Board members through a formal process every year. The Corporate Governance Committee uses the results of the evaluations to assess the composition of the committees and the effectiveness of their meetings, make the most of a directors' expertise and identify gaps in skills and experience. For further details on the evaluations that ENMAX conducts, as well as the areas on which Board members are requested to comment, please see Appendix 1.

In 2009, the Corporate Governance Committee recommended to the Board that an external consultant be retained every three years to perform the assessment process. This process will begin for the 2011 evaluation process.

The results of the 2009 assessment showed that the Board and Committees are meeting their mandates, and performing well overall.

### **Board Oversight of CEO and Business**

The ENMAX Articles require our Board to have at least one director and no more than 13.

### **Overseeing the CEO**

The CEO is appointed by the Board and is responsible for managing ENMAX's affairs. His or her key responsibilities involve articulating the vision for the Corporation, focusing on creating value for the Shareholder, and developing and implementing a strategic plan that is consistent with the corporate vision. The Human Resources Committee reviews the

CEO's annual objectives before recommending them to the Board for approval.

The CEO is accountable to the Board and Board Committees, and the Human Resources Committee and the Board conduct a formal review of his or her performance once a year. On a quarterly basis (at each regularly scheduled Board meeting), the CEO provides a report, outlining ENMAX's quarterly business performance and key business issues. Likewise, the Executive Vice President, Finance and Chief Financial Officer (CFO) provides a quarterly report to the Board, addressing key issues related to both quarterly financial performance, and any financial issues that need to be brought to the attention of the Board. Financial performance and any variances to the ENMAX capital plan and budget are discussed in detail in the CFO Report, along with the Corporation's progress towards the achievement of the Board-approved key performance indicators. The CFO Report is first reviewed by the Audit and Finance Committee.

The Board has established clear limits of contracting/spending authority for the CEO and other levels of ENMAX Management. These are described in the Delegation of Authority Policy, which the Board reviews on an annual basis and updates, as necessary.

The Board has adopted a position description for the CEO, which is reviewed on an annual basis. Full details of the CEO Position Description can be found on page 69.

### **Decision-making**

When making decisions, the paramount consideration is the interest of ENMAX Corporation. In addition, the Board considers the interests of the Shareholder, customers, employees, suppliers, communities where we operate, the environment, governments, and regulators and the general public.

### **Strategic planning**

ENMAX's CEO and Executive are responsible for developing the strategic plan, which it presents to the Board annually for approval. The Board holds one special, two-day meeting a year to specifically discuss the plan and other strategic issues such as corporate opportunities and the main risks facing our business. The Executive also presents strategic issues to both the Board and the Corporate

Governance Committee as needed throughout the year, but at a minimum, on a quarterly basis.

The Executive carries out an annual review, revises our strategic plan based on our progress, and establishes annual corporate objectives, a one-year budget and a capital plan and presents these to the Board for approval. The annual budget is also presented to the Shareholder for approval.

### **Managing and assessing risk**

Risk can take different forms, including operational, financial, governance, health and safety, environmental, compensation, strategic and reputational risk. ENMAX uses an enterprise risk management system to effectively manage and assess risk, and provide comprehensive updates to the Board through the Enterprise Risk Management Committee.

Our enterprise risk management system is a broadly focused systematic approach to identifying, assessing, reporting and managing significant risks facing the Corporation, in our corporate office and in our operations. We follow defined principles, which are approved by the Board on an annual basis, to help us identify and mitigate uncertainties that can negatively affect our business activities and ability to achieve our corporate objectives or strategic plan. Executive members who have been identified as owning the risks outline the controls that are planned or already in place, and any risk assessments and work that are under way to mitigate risk.

Our Executive Risk Management Committee meets monthly to review our progress in managing the most significant risks and identifying any emerging risks. The Executive reports on our enterprise risk management system to the Enterprise Risk Management Committee. Individual risks are reviewed quarterly by the Board Committee to which each risk has been assigned.

The Board has overall responsibility for oversight of risk at ENMAX. The Enterprise Risk Management Committee is responsible for ensuring that a robust risk management process is in place, and for monitoring the overall risk profile of the Corporation. Each Board Committee is responsible for monitoring risks in a specific area:

- The Audit and Finance Committee is responsible for monitoring certain financial, credit, disclosure, IT and marketing risks;
- The Human Resources Committee is responsible for oversight of compensation risk, talent management risk, succession risk and health and safety risk;
- The Corporate Governance Committee is responsible for governance risks, certain regulatory risks and strategic risks;
- The Corporate Social Responsibility and Sustainability Committee is responsible for environmental risks; and
- The Investment Review Committee is responsible for certain development and operational risks.

### **Internal controls**

The Board and Board Committees are responsible for monitoring the integrity of our internal controls and management information systems. The Audit and Finance Committee is responsible for overseeing the internal controls, including controls over accounting and financial reporting systems. The Internal Auditor reports directly to the Chair of the Audit and Finance Committee and provides quarterly reports to the Committee while the CFO makes quarterly presentations on our financial results and forecasts to the Audit and Finance Committee and Board.

ENMAX's Executive is responsible for establishing and maintaining an adequate system of internal control over financial reporting to provide reasonable assurance that public reporting of our financial information is reliable and accurate, our transactions are appropriately accounted for and the Corporation's assets are adequately safeguarded.

## **Dividend**

The Dividend Policy approved by our Shareholder states that ENMAX shall pay dividends based on the greater of \$30 million per year or 30% of the prior year's net earnings. The dividend will be paid to the Shareholder on a quarterly basis.

Our Shareholder has been prudent in maintaining an appropriate balance between reinvesting some Corporation earnings into the business and paying a manageable portion of the earnings to the Shareholder in the form of a dividend. The reinvestment of earnings into the Corporation has been essential to the significant growth achieved since 2005.

On an annual basis, the Audit and Finance Committee recommends to the Board of Directors the annual dividend to be paid to the Shareholder.

The following table sets out the dividend generated to the Shareholder for the years 2007, 2008 and 2009.

Year	Dividend Generated (Payable in Following Year)
2009	\$61,800,000
2008	\$55,000,000
2007	\$50,000,000

## **Ethics and Integrity – Business Conduct**

Our Board expects all directors, officers and employees to act with honesty, with integrity and impartiality, to earn and maintain the trust of our Shareholder, employees, other stakeholders, customers and the communities where we operate. Our Principles of Business Ethics Policy contains principles and guidelines for ethical behavior and describes the governance and corporate culture we want to develop and preserve. The Board reviews and approves the Principles of Business Ethics Policy. A copy of the Principles of Business Ethics Policy can be found on the ENMAX website at [www.enmax.com](http://www.enmax.com). It covers the following, among other things:

### **1. Ethical Conduct in the Workplace**

- Diversity
- Harassment
- Health and Safety
- Work Performance

### **2. Ethical Conduct in External Work Relationships**

- Purchasing and Suppliers
- Gifts and Entertainment
- Relationships with Customers
- Fair Competition
- Relationships with Non-Profit or Professional Organizations
- Conducting International Business

### **3. Ethical Use of Corporation Property and Information**

- Confidential and Private Information
- Use of Corporation Assets
- Accounting and Financial Reporting
- Managing Risk
- Using E-mail and the Internet

### **4. Protecting the Environment**

### **5. Ethical Conduct as Individual Employees**

- Avoiding Conflict of Interest
- Traveling on Corporation Business
- Outside Business Activities
- Investments
- Disclosure of Investment Information

### **6. Our Conduct as Employees, Supervisors, Officers and Directors of ENMAX Corporation**

ENMAX has had a confidential ethics hotline in place since 2004, and employees can anonymously express any concerns online or by phone about inappropriate business conduct through a third party who ensures anonymity of the employee. All matters are brought to the attention of the Director, Compliance who either investigates the matter or assigns the investigation to those with specific responsibility for the area involved. The outcome of the investigation is communicated to the employee through the third party service provider. Every report made through the ethics hotline is reported to the Corporate Governance Committee on a quarterly basis.

All new employees must read the Principles of Business Ethics Policy when they are hired and sign an acknowledgement that they have read and understood and will comply with the Policy. The Directors and Officers of ENMAX are required to complete a Disclosure of Conflicts form on an annual basis in which they must disclose any conflicts. This helps to ensure that Board members exercise

independent judgment in considering transactions and agreements in which a director or executive officer has a material interest. The Board ensures that a Board member who has a material interest in a transaction or agreement doesn't participate in

discussions or vote on the matters about which he or she is conflicted.

A report of both Board and Executive material interests is presented to the Board.

## **Communications Oversight**

It is within the Corporate Governance Committee's mandate to assist the Board in overseeing communications. Specifically, the Corporate Governance Committee annually reviews policies and programs designed to create a strong, cohesive, sustained and positive image of the Corporation to its Shareholder, customers, employees and society. In this capacity, the Corporate Governance Committee assists the Board in overseeing the following:

- The development and projection of the Corporation's image to customers and the public;

- The appropriate integration of public affairs considerations with the strategic direction of the Corporation;
- The status and adequacy of the Corporation's efforts to develop and maintain useful relationships with governments, especially with regards to legislative and regulatory matters;
- The recommendation to the Board of Directors of an external communications policy which addresses all public disclosure matters; and
- The development and implementation of a government relations program.

## **Executive Talent Management**

ENMAX's succession planning process involves a detailed, documented process for identifying and developing successors from our most talented individuals for the CEO, Executive Team and other positions deemed critical for the success of the Corporation. Each year, the CEO reviews with the Human Resources Committee the internal talent pool considered for these positions.

The Board ensures that there are opportunities for Board members to get to know the employees who

have been identified as potential executives. They make presentations to the Board and are invited to Corporation functions where they can interact with Directors more informally.

In 2010, the Board implemented a process wherein ENMAX Talent Management would be discussed at a full day Board session. The first of Talent Management session occurred in November 2010.

## **Communicating with the Board**

The Shareholder, employees or other interested parties may contact the Chair of the Board, or any of the other Board members, by writing to them at our corporate office. You may either write to the Board at the following address, or e-mail the Corporate Secretary at [likness@enmax.com](mailto:likness@enmax.com).

ENMAX Corporation  
141 - 50th Ave. S.E.  
Calgary, Alberta T2G 4S7

Attention: Leanne E. Likness, Corporate Secretary

## External Auditor

Deloitte and Touche LLP are our current external auditors. The Audit and Finance Committee is responsible for reviewing Deloitte and Touche LLP's performance, fees, qualifications, independence and audit of our financial statements.

The Committee must pre-approve all services the external auditors will provide to make sure that they remain independent. Any service that is not generally pre-approved must be approved by the Audit and Finance Committee before the work is

carried out, or by the Committee Chair or Board Chair as long as the proposed service is presented to the full Audit and Finance Committee at its next meeting.

On an annual basis, the Audit and Finance Committee recommends approval for the appointment of the external auditor to the Board of Directors, who then recommends approval to the Shareholder for the appointment of the external auditor for the ensuing year.

## External Audit Fees

Fees payable to Deloitte and Touche, ENMAX's Auditors, for the years ended December 31, 2008 and December 31, 2009, are detailed in the following table:

	Year Ended December 31, 2008	Year Ended December 31, 2009
Audit Fees	\$272,526	\$285,564
Audit Related Fees	174,900	204,580
Tax Fees	0	0
All Other fees	273,946	70,682
Total	\$721,372	\$560,826

Audit fees were paid for professional services rendered by the auditors for the audit of ENMAX's annual financial statements or services provided in connection with statutory and regulatory filings. Audit related fees for both 2008 and 2009 were paid for review of quarterly financial statements, the audit of Kettles Hill Wind Energy Inc., the audit of Calgary Energy Centre, the Natural Gas Rebate Audit and the annual audit of the Employee Benefit Plan. Audit related fees in 2009 also include the audit of Schedule of Gross Revenues for Furry Creek Power Ltd. which was not completed in 2008.

The 2008 other fees included professional services in relation to a review of the front office governing documents, property tax assessments and filings, assistance with the change over to IFRS, review of private placement debenture documents, assessment of the new SAP system and assistance with implementation and interpretation of new miscellaneous accounting standards.

The 2009 other fees include professional services in relation to assistance with the IFRS transition, review of private placement debenture documents and assistance with implementation of new miscellaneous accounting standards interpretation.

## 2010 Board of Directors Biographies

The table below provides information about each current Board member, including their background and experience and other directorships. Meeting attendance and total compensation is as of September 30, 2010. New committee appointments were approved by the Board in November 2010. As such, the Board Committees served are as reflected in the following biographies, current as at the date of this document, which may reflect "0/0" attendance. Further details on Directors attendance can be found on page 20 of this document.

<b>John Abbott</b>	Mr. Abbott retired in 2009 from BMO Nesbitt Burns Investment Banking Group. He currently works part-time consulting with Canadian and Chinese companies primarily in the energy sector.  For the past 20 years, he has been involved in numerous M&A, equity and debt financing transactions for oil & gas, pipeline and power generation and distribution companies.  In 2004, in addition to client coverage responsibilities in Calgary, John initiated coverage of Chinese energy companies and has developed very good relationships with the State-owned companies and the Chinese National Energy Administration.  Mr. Abbott brings 30 years of financial industry experience to the ENMAX board, having worked with Burns Fry Capital Markets Group, Burns Fry Investment Banking and BMO Nesbitt Burns. Most recently he served as a Managing Director of the BMO Capital Markets Energy Group.  John holds a Bachelor of Commerce degree and a MBA from Memorial University of Newfoundland and is a Chartered Financial Analyst.
Age: 54	
Calgary, Alberta	
Director Since September 2010	
Independent	

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010		Other Public Company Boards	Total Compensation (until September 30, 2010)
Enterprise Risk Management	0/0	N/A	N/A	N/A
Investment Review	0/0	N/A		Total Compensation Paid in 2009
Project Management	0/0	N/A		Mr. Abbott was appointed to the Board on September 7, 2010 and did not attend any Board meetings

Areas of Expertise: Energy Sector Expertise, Financial Expertise, Financially Literate, Successful Corporate Leadership Expertise, M&A Experience, Committee/Board Chair Expertise, Risk Management Expertise

**Cliff Fryers**  
Chair of the Board



Age: 63  
Calgary, Alberta

Director Since 2003

Independent

Mr. Fryers is Chairman and Chief Executive Officer of the White Iron Group of Companies. In addition to serving on the Board of ENMAX, he is also Vice-Chair of the Board of Advisors of Walton Global Investments Ltd. Group and on the Board of Directors of many of its affiliated companies. He just stepped down as Chairman of the Board of Partners in Planning Financial Group Ltd. and Titan Funds Inc. He is Chief Executive Officer and Director with Kanata Developments Ltd., as well as Chairman of the Board of the Manning Centre for Building Democracy.

Mr. Fryers was Chief of Staff to E. Preston Manning, M.P., Leader of Her Majesty's Official Opposition in the House of Commons, the Reform Party of Canada and the Canadian Alliance until June of 2000. He assumed the formal role of Chief of Staff in June 1997 in order to help build the United Alternative, which became the Canadian Alliance. He did this in the capacity of a Chair of the United Alternative Steering Committee.

Prior to that, Mr. Fryers was a partner with the law firm of Milner Fenerty (now Fraser Milner), which he joined in 1980. He worked in the Tax Litigation Section of the Department of Justice, Ottawa from 1971 to 1977 and then as General Tax Counsel for Mobil Oil Canada, Ltd.

While at Milner Fenerty from 1980 to June of 1997, he offered legal advice on mergers and acquisitions, corporate reorganizations, resource taxation and international taxation.

Mr. Fryers received his Bachelor of Commerce degree, with a major in Marketing and a minor in Corporate Finance, from the University of Saskatchewan, Saskatoon, in 1970, and his Law degree from the same institution in 1971.

He was a member of the Law Societies of four provinces, Saskatchewan (1972), Ontario (1977), Manitoba (1978) and Alberta (1978), but now continues as an active member of only the latter.

Mr. Fryers was also a Governor of the Canadian Tax Foundation and a Director of the Canadian Petroleum Tax Society.

He has previously been Chair of the Audit and Finance Committee, Chair of the Corporate Governance Committee and Chair of the Occupational Health and Safety Committee.

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010		Other Public Company Boards	Total Compensation (until September 30, 2010)
Audit and Finance	3/3	100%	N/A	\$163,478
Human Resources	4/4	100%		
Investment Review	6/6	100%		
				Total Compensation Paid in 2009
				\$126,000

Areas of Expertise: Government Relations Expertise, Communication and/or Public Relations Expertise, Energy Sector Expertise, Corporate Governance Expertise, Financial Expertise, Financially Literate, Tax Expertise, Successful Corporate Leadership Expertise, M&A Experience, Committee/Board Chair Expertise, Risk Management Expertise

<b>James Hankinson</b> Chair, Enterprise Risk Management Committee	Mr. Hankinson served as the President and Chief Executive Officer of Ontario Power Generation Inc. from 2005 until his retirement in 2009. He is now a Corporate Director.  Mr. Hankinson served as the President and Chief Executive Officer of New Brunswick Power Corporation from 1996 until 2002. In 1973, he joined Canadian Pacific Limited and served as President and Chief Operating Officer from 1990 to 1995.  Mr. Hankinson has broad management experience in energy, transportation, resource and manufacturing-based businesses. He serves as Director of a number of Canadian companies, including Maple Leaf Foods Inc., CAE Inc. and Shoppers Drug Mart Corporation.  Mr. Hankinson has a Master of Business Administration from McMaster University and an Honorary Doctor of Law degree from Mount Allison University. He is also a Chartered Accountant.
Age: 67  Toronto, Ontario	

Director Since  
May 2010

Independent

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010		Other Public Company Boards	Total Compensation (until September 30, 2010)
Audit and Finance	1/1	100%	Maple Leaf Foods Inc. CAE Inc. Shoppers Drug Mart	\$39,410
Enterprise Risk Management (Chair)	1/1	100%		Total Compensation Paid in 2009
Investment Review	3/3	100%		Mr. Hankinson was appointed to the Board on May 21, 2010

Areas of Expertise: Energy Sector Expertise, Financial Expertise, Financially Literate, Retail Business Expertise, Successful Corporate Leadership Expertise, Committee/Board Chair Expertise, Electricity Industry Expertise

<b>Mike Harris, ICD.D</b>	Prior to Mr. Harris' election to the Ontario Legislature in 1981, he was a schoolteacher, a School Board Trustee and Chair, and owned and operated several successful businesses in Northern Ontario.
---------------------------	---

  
Age: 65  
  
Toronto, Ontario

Elected to the Ontario Legislature in 1981, Mr. Harris held several portfolios and critic responsibilities in both Government and Opposition. In 1990, Mr. Harris became the Leader of the P.C. Party of Ontario and on June 8, 1995, Mr. Harris became the twenty-second Premier of Ontario following a landslide election victory. In 1999, he was re-elected – making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

After leaving office in April 2002, Mr. Harris joined the law firm of Goodmans LLP as a Senior Business Advisor. Mr. Harris joined the law firm of Cassels Brock & Blackwell LLP in March 2010.

Mr. Harris serves as a Director on several corporate boards including Magna International Inc., Canaccord Financial and FirstService Corporation. He is Chair of the Board of Trustees for the Chartwell Seniors Housing REIT, is Chair of the Board for EnGlobe Corp. and Route1 Inc. He is also a Director on the Boards of the Tim Horton Children's Foundation and the Mount Royal University Foundation.

Mr. Harris also serves on a number of corporate advisory boards for various companies, and is President of his own consulting firm – Steane Consulting Ltd. As well, he is a Senior Fellow with the Fraser Institute, a leading Canadian economic, social research and education organization.

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010		Other Public Company Boards	Total Compensation (until September 30, 2010)
Corporate Governance	4/4	100%	Magna International Inc. Canaccord Financial FirstServices Corporation	\$80,250
Corporate Social Responsibility	3/3	100%		Total Compensation Paid in 2009
Human Resources	1/1	100%		\$102,500

Areas of Expertise: Government Relations Expertise, Communications and/or Public Relations Expertise, Corporate Governance Expertise, Financially Literate, Successful Corporate Leadership Expertise, Committee/Board Chair Expertise, Environmental Expertise

<b>Gary Holden</b> President and Chief Executive Officer	Mr. Holden is President and Chief Executive Officer (CEO) of ENMAX Corporation (ENMAX) and Chief Executive Officer (CEO) of each of ENMAX's subsidiary corporation, with the exception of ENMAX Power Corporation.
	Prior to joining ENMAX in May, 2005, Mr. Holden held several key positions with other energy-related companies. Most recently he was President and Chief Operating Officer, AltaGas Income Trust, where, under his tenure, AltaGas flourished in the public markets, converted to a trust and grew substantially. Prior to serving AltaGas, Gary was Chairman and CEO of EnSource Energy Services, a TSX-listed service company specializing in oil and gas processing, power generation, compression and instrumentation/controls. Gary began his career in Calgary where he held a variety of positions with TransAlta Corporation. He was Executive Vice-President, Generation, and CEO of TransAlta New Zealand Limited, where he was responsible for the Australia and New Zealand business activities for TransAlta.
Age: 49 Calgary, Alberta	In 1983, Mr. Holden received a B.Sc. in Mechanical Engineering from the University of Calgary and in 1997 was selected as one of Canada's Top 40 under 40. He was also the runner-up as CEO of the Year in 1998 in New Zealand.
Director Since 2005	In 1983, Mr. Holden received a B.Sc. in Mechanical Engineering from the University of Calgary and in 1997 was selected as one of Canada's Top 40 under 40. He was also the runner-up as CEO of the Year in 1998 in New Zealand.
Non-independent	Mr. Holden serves as a director on each of the ENMAX Boards, the Canadian Electricity Association, the Alberta Children's Hospital Foundation, Climate Change Central and Climate Change Emissions Management Corporation. Mr. Holden is the former Chair of the Science Alberta Foundation. He serves as a member of the University of Calgary Chancellor's Club and as a member of the World President's Organization (WPO).

**Areas of Expertise:** Energy Sector Expertise, Financially Literate, Successful Corporate Leadership Expertise, M&A Experience, Electricity Industry Expertise

Mr. Holden is not reimbursed for his role as a director. For further information on Mr. Holden's compensation, please refer to the Summary Compensation Table on page 57.

<b>Don Lenz</b> Chair, Investment Review Committee	Mr. Donald Lenz is a Managing Director of Newport Partners LP. and also serves on a number of boards associated with the Newport Partners Private Growth Fund. In addition to serving on the Board of ENMAX, he serves as a director of Walton Global International. He has also served on other public boards including Trizec Canada Inc., DataMirror Corporation and Dalsa Corporation.
	Mr. Lenz was Vice President and Director of RBC Dominion Securities Inc. from 1986 to 1999, Vice President, Goldman Sachs & Co. from 1976 to 1986 and with A.E. Ames & Co. Incorporated from 1969 to 1976. His experience includes raising equity and debt capital for many of Canada's leading companies, mergers and acquisitions, project finance and real estate advisory activity.
Age: 64 Toronto, Ontario	Mr. Lenz received his Bachelor of Science (Chemical Engineering) degree from the University of Saskatchewan, Saskatoon, in 1970.

Director Since 2005

Independent

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Audit and Finance	3/3 100%	DataMirror Corporation	\$93,750
Human Resources	3/3 100%	Trizec Canada Inc.	
Investment Review (Chair)	6/6 100%	Dalsa Corporation	
<b>Total Compensation Paid in 2009</b>			<b>\$132,000</b>

**Areas of Expertise:** Financial Expertise, Financially Literate, Pension Experience, M&A Experience, Committee/Board Chair Experience, Risk Management Expertise, Human Resources Expertise

<b>Gord Lowe, ICD.D</b>	Alderman Gord Lowe has been a Calgary Alderman since October 2001. Within The City of Calgary, Alderman Lowe is currently Chair of the Standing Policy Committee on Finance and Corporate Services, member of the Standing Policy Committee on Land Use, Planning and Transportation, Audit Committee, Calgary Planning Commission, Corporate Pension Governance Committee, and Legacy Parks Fund Committee. He also serves as a director on the ENMAX Board.  Prior to being elected as an Alderman, Gord was Manager of Calgary Air Traffic Control at the Calgary International Airport between 1977 and 1996.  Alderman Lowe has a long history of community involvement including volunteering at the 1988 Olympic Games for the Airspace Design, Management and Control. As well, he was a member of the Calgary Transportation Authority, Calgary Police Commission, Calgary Subdivision and Development Appeal Board, Alberta Law Enforcement Review Board and Alberta Social Care Facilities Review committee.
Age: 71 Calgary, Alberta	
Director Since 2004	

**Non-independent**

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Corporate Governance (Advisory)	4/4 100%	N/A	N/A – Neither Alderman Lowe or Alderman Pincott receive compensation for serving on the ENMAX Board of Directors
Project Management	No Project Management Committee Meetings were held in 2010		

**Areas of Expertise:** Government Relations Expertise, Communication and/or Public Relations Expertise, Corporate Governance Expertise, Financially Literate, Committee/Board Chair Experience

<b>Greg Melchin, FCA, B.Sc., ICD.D</b>	Mr. Melchin was a Member of the Legislative Assembly (MLA), of Alberta (Calgary-North West Constituency) from 1997 to 2008. During that time he held the following Ministerial Assignments: Minister of Seniors and Community Supports; Minister of Energy; and Minister of Revenue. While an MLA, Mr. Melchin also held the following Alberta Committee assignments: Member of Treasury Board; Chair, Standing Policy Committee on Finance and Intergovernmental Relations; and Chair, Capital Planning Committee.  Mr. Melchin has extensive experience in the business community. As Chief Financial Officer of Karl Oil & Gas/Cumorah Construction, he arranged private equity and debt financing for property acquisitions and for exploration and development activities. As Vice President, Finance for Torode Realty Ltd., he was responsible for financial strategy, acquisitions and financial reporting. Prior thereto, he held financial positions with Adcorp Enterprises Ltd., Fielding Land Enterprises Limited, Bennett & White Western Ltd., and Peat, Marwick, Mitchell & Co. Chartered Accountants.  Mr. Melchin has served on a number of crown and public boards. He currently serves as Chair of the Board at PPP Canada (a federal crown corporation) and as a director for Baytex Energy Trust and Total Energy Services.
Chair, Audit and Finance Committee	
Age: 57 Calgary, Alberta	
Director Since 2008	
Independent	Gregory graduated from Brigham Young University in 1977 with a B.Sc.. He received his C.A. designation from the Institute of Chartered Accountants of Alberta in January 1980 and a Fellow Chartered Accountant designation in June 2004. He also holds an ICD.D designation from the Institute of Corporate Directors/Haskayne School of Business, University of Calgary.

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Corporate Governance	4/4 100%	Baytex Energy Trust	\$82,250
Audit and Finance (Chair)	3/3 100%	Total Energy Services	
Project Management	No Project Management Committee Meetings were held in 2010		
<b>Total Compensation Paid in 2009</b>			<b>\$99,500</b>

**Areas of Expertise:** Government Relations Expertise, Financially Literate, Communication and/or Public Relations Expertise, Energy Sector Expertise, Corporate Governance Expertise, Finance Expertise, Successful Corporate Leadership Expertise, Committee/Board Chair Experience

**Margot Micallef, Q.C.** Ms. Margot M. Micallef, Q.C. is founder and President of Oliver Capital Partners Inc., a private equity investment and advisory firm offering corporate and mergers and acquisitions advisory services to public and private companies. Oliver's portfolio companies include, investments in broadcasting, publishing, fast food, real estate and food manufacturing.



Age: 51  
Calgary, Alberta

Director Since 2003

Independent

Ms Micallef has served as an Adjunct Professor in governance and ethics for the MBA Program at the University of Alberta and is on the Faculty of the Directors College, a joint venture between McMaster University and the Conference Board of Canada.

Prior to founding Oliver Capital Partners Inc., Ms. Micallef was a Senior Vice-President of Shaw Communications Inc., in Calgary, Alberta; a Partner with Russell and DuMoulin (now Fasken Martineau DuMoulin) in Vancouver, British Columbia; and was a co-instructor for the Faculty of Law at the University of British Columbia.

Ms. Micallef was appointed a Queen's Counsel in 2002. In 2009 Ms. Micallef was a recipient of an Excellence in Leadership Award from the Canadian Women in Communications and in 2010 was named as a Finalist for the RBC Canadian Women Entrepreneur Awards.

Ms. Micallef has served on a number of public and private company boards. She currently serves as a Director of a number of companies in which Oliver Capital Partners has invested as well as Solium Capital Inc. and Cambrian House Inc. In addition, Ms. Micallef is active in her community through fund raising initiatives which in the past have included: The Alberta Ballet, The Alberta Ballet School of Dance, the HR MacMillan Planetarium, Homes of Hope and the Intensive Care Foundation of Alberta. Currently she serves as the Chair of the Alberta fundraising initiative for the Canadian Museum of Human Rights. She is also on the Board of Directors of Canadian Women in Communications.

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010		Other Public Company Boards	Total Compensation (until September 30, 2010)
Corporate Governance (Chair)	3/4	75%	Solium Capital Inc.	\$84,750
Corporate Social Responsibility	1/3	33%		
Project Management Committee	No Project Management Committee Meetings were held in 2010			Total Compensation Paid in 2009
				\$106,500

Areas of Expertise: Communication and/or Public Relations Expertise, Retail Business Expertise, Corporate Governance Expertise, Financially Literate, Corporate Governance Expertise, Finance Expertise, Successful Corporate Leadership Expertise, M&A Experience, Committee/Board Chair Experience, Risk Management Expertise

<b>Sarah Morgan-Silvester</b> Chair, Human Resources Committee	Ms. Sarah Morgan-Silvester is currently Chancellor of the University of British Columbia, Chair of the Vancouver Fraser Port Authority and Chair of BC Women's Hospital & Health Centre Foundation. She is also a member of the University of British Columbia Board of Governors and a Member of the David Suzuki Foundation National Business Advisory Council.  Sarah has extensive experience across North America in the financial services sector. As past Executive Vice President, Personal Financial Services and Wealth Management for HSBC Bank Canada, Sarah had national responsibility for retail banking, full service and self-directed brokerage, asset management, trust, insurance and private banking.  She is past Chair of the Lower Mainland Port Amalgamation Transition Committee, which was responsible for overseeing the merger of the three ports in the Lower Mainland, including Canada's largest port. Past affiliations include: Chair, Blue Ribbon Council on Vancouver's Business Climate; Chair, HSBC Trust Company (Canada); Chair, HSBC Securities (Canada) Inc; Chair, HSBC Investment Funds (Canada) Inc; Director, Canadian Direct Insurance Inc.; Member of the Faculty Advisory Board for Sauder School of Business, University of British Columbia and Director, Family Services of the North Shore; Director of the CD Howe Institute; and Director of Women in the Lead Inc.
Age: 51 Vancouver, British Columbia	Sarah is a past recipient of Canada's Top 40 Under 40 Award. She has additionally been named to Vancouver's Power 50 List, is a recipient of Business in Vancouver's Influential Women in Business Award and has received a Lifetime Achievement Award from the Association of Women in Finance. She graduated from the University of British Columbia in 1982 with a Bachelor of Commerce (honors). She is a Fellow of the Institute of Canadian Bankers.
Director Since 2007	
Independent	

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Audit and Finance	3/3	100%	\$89,750
Corporate Social Responsibility	0/0	N/A	
Enterprise Risk Management	1/1	100%	Total Compensation Paid in 2009
Human Resources (Chair)	4/4	100%	\$116,000

**Areas of Expertise:** Retail Business Expertise, Information Technology Expertise, Financial Expertise, Financially Literate, Successful Corporate Leadership Expertise, Committee/Board Chair Experience, Environmental Expertise, Risk Management Expertise, Human Resources Expertise

<b>Robert Page</b> Chair, Corporate Social Responsibility and Sustainability Committee	Dr. Page is currently TransAlta Professor of Environmental Management and Sustainability in the Institute for Sustainable Energy, Environment, and Economy at the University of Calgary where he is also an adjunct professor in the Haskayne School of Business. From 1997 to early 2007 he was Vice President Sustainable Development for TransAlta Corporation and from 1990 to 1997, he was Dean, Faculty of Environmental Design, and University of Calgary.  Dr. Page is a frequent speaker in Canada, US, and EU on his work on energy and environment. He is Chair of the National Round Table on Environment and Economy to the federal government and parliament. He is chair of the management committee of the ISO 14,000 series of international environmental standards (Geneva). He is a board member of the Canadian Water Network on university water based water research.  Earlier in his career he was board chair of Biocap Canada and of the International Emissions Trading Association (Geneva). He was formerly a board member of the International Institute for Sustainable Development and of the Pew Centre on Global Climate Change (Washington D.C.) Over the years he has done research work and corporate consulting on arctic pipelines, environmental risk management and regulation, environmental finance and markets, and carbon capture and storage where he is on the North American task force to design geological storage standards.  He holds a Ph.D. in International Relations from Oxford University and Bachelor of Arts and Master of Arts degrees from Queen's University.
Age: 70 Calgary, Alberta	
Director Since 2007	
Independent	

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Corporate Governance	0/0	N/A	\$81,750
Corporate Social Responsibility (Chair)	3/3	100%	Total Compensation Paid in 2009
Enterprise Risk Management	3/3	100%	\$106,500

**Areas of Expertise:** Government Relations Expertise, Energy Sector Expertise, Financially Literate, Committee/Board Chair Experience, Environmental Expertise, Communication and/or public relations, Commodities Trading , Electricity Industry Expertise

**Brian Pincott** Alderman Brian Pincott was first elected to serve as Alderman for Ward 11 in October 2007. Brian moved to Calgary in 1996 and since his arrival has been involved in numerous community activities and initiatives.



Age: 49  
Calgary, Alberta

Director Since  
May 2010

Non-Independent

Currently, Alderman Pincott serves on the following committees of Council:

- Standing Policy Committee on Finance and Corporate Services
- Standing Policy Committee on Utilities and Environment
- Standing Policy Committee on Community and Protective Services
- Attainable Homes Calgary Corporation
- Audit Committee
- Bow River Basin Council
- Calgary Economic Development
- Calgary Housing Company
- Family and Community on Land and Asset Strategy
- Federation of Canadian Municipalities

Alderman Pincott graduated from Acadia University with a Bachelor of Arts in 1985. From that time until his election to Calgary City Council, Brian worked in the theatre industry across Canada in a variety of roles, most recently as Production Manager and Lighting Designer for Alberta Theatre Projects.

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Corporate Social Responsibility Investment Review	1/1 0/0	N/A	N/A – Neither Alderman Lowe or Alderman Pincott receive compensation for serving on the ENMAX Board of Directors

Areas of Expertise: Government Relations Expertise, Communication and/or Public Relations Expertise, Financially Literate, Committee/Board Chair Experience

**Charles Ruigrok** Mr. Ruigrok served as CEO of Syncrude Canada Ltd. from late 2003 until his retirement in 2007. He is now a Corporate Director.



Age: 54  
Calgary, Alberta

Director Since  
September 2010

Independent

Prior to his term at Syncrude, Mr. Ruigrok served as Vice President of Oil Sands Development and Research at Imperial Oil, where he was responsible for the development of Imperial's extensive oil sands asset portfolio, including Imperial's Cold Lake operation and their 25 per cent interest in Syncrude. His 26-year career with Imperial Oil included diverse assignments in operations, project management, R&D, business planning and natural gas marketing.

Charles has broad management experience in the energy industry, bringing both operating and major project engineering and construction management expertise to the ENMAX board. He holds Bachelor of Engineering Science (1978) and Master of Engineering (1984) degrees in Civil Engineering from the University of Western Ontario and is a member of Professional Engineers Ontario.

Mr. Ruigrok is also a director of Soane Energy LLC and a past director of Syncrude Canada Ltd, Rainbow Pipeline Company, Progas Limited, the Alberta Chamber of Resources, and Petroleum Technology Alliance Canada, and a former member of the Board of Governors of the Canadian Association of Petroleum Producers.

Board Committees Served (current)	Meeting Attendance to Sept. 30, 2010	Other Public Company Boards	Total Compensation (until September 30, 2010)
Enterprise Risk Management	0/0	N/A	N/A
Human Resources	0/0	N/A	Total Compensation Paid in 2009
Project Management (Chair)	0/0	N/A	Mr. Ruigrok was appointed to the Board on September 7, 2010 and did not attend any Board meetings

Areas of Expertise: Energy Sector Expertise, Financially Literate, Successful Corporate Leadership Experience, M&A Experience, Committee/Board Chair Experience, Risk Management Expertise, Engineering/Construction Expertise

## Director Compensation

ENMAX provides all independent Board members with a compensation package of annual cash retainers and meeting fees. The package provides competitive remuneration for the increasing responsibilities, time commitments and accountability of Board members. The CEO and Aldermen Lowe and Pincott do not receive compensation for their role on the Board.

In 2006, the Shareholder approved the following process for determining Board compensation:

1. The Shareholder is asked to approve, every three years, the peer group against which ENMAX's director compensation is assessed. There are currently 13 companies in the peer group;
2. Compensation is targeted at the 50<sup>th</sup> percentile of that peer group;
3. The ENMAX Board of Directors is authorized to adjust compensation for directors, Committee Chairs and the Chair of the Board to the 50th percentile of the peer group.

Currently, ENMAX remuneration is based on the last review of Directors' compensation by the Shareholder which occurred in 2008. This review occurred as a result of the need to refine the peer group that had been previously established in 2005, to recognize that ENMAX had changed considerably

since that time. Revenues had increased from approximately \$1.3 billion in 2005 to expected revenue for 2008 of \$2.7 billion. ENMAX operations now included generation and the Corporation's geographical base of operations now included British Columbia. In keeping with this growth the responsibilities and workload of Directors had increased. As such, the ENMAX Board retained the services of a third party compensation consultant (Towers Perrin, now Towers Watson) to assist in the identification of an appropriate peer group and provide market data.

That peer group, along with the proposed Board compensation was presented to the Shareholder in 2008. In keeping with the process for determining Board compensation, the peer group and the Director compensation was approved by the Shareholder at that time. It is important to note, that recommendations made by the Corporate Governance Committee to the Board related to Directors compensation are the responsibility of the Corporate Governance Committee and the Board and may reflect factors and considerations other than information provided by Third Party Consultants, Towers Watson. Since that time, the Board remuneration is set as follows:

Base Compensation for Chair of the Board of Directors (for outside and unrelated Chair)	\$200,000 per year, paid as \$50,000 per quarter
Base Compensation for Committee Chair (for outside and unrelated Chair)	\$75,000 per year, paid as \$18,750 per quarter
Base Compensation for all other outside and unrelated directors	\$65,000 per year, paid as \$16,250 per quarter
Remuneration per Board or Shareholder meeting (in person or conference call) for outside and unrelated	\$1,500
Remuneration per Committee meeting (in person or conference call) for outside and unrelated	\$1,500

In addition, ENMAX Corporation reimburses directors for the incidental costs associated with attending Board meetings or functions including air travel, car service, hotel accommodation and meals. Directors are requested to keep a record of such expenses, including receipts. The Chairman of the Board signs all Director expenses and the Chair of

the Audit and Finance Committee signs any expenses of the Chairman of the Board. Further, Directors are compensated for attendance at "Other" meetings of which may take a significant period of time. The Director Peer Group will be revisited and presented for approval to the Shareholder in 2011.

The following table illustrates the alignment between ENMAX and the peer group (values reported for 2009):

	ENMAX	Peer Group	
Industry	Electric Utilities	Similarly-sized in terms of revenue scope (i.e., approximately 0.5x to 2 times that of ENMAX); Reflected the national market for Director talent, while incorporating a significant Alberta presence to reflect local pay practices and competitive pressures; Non-autonomous organizations (i.e., government organizations); Power generation companies; Energy utilities; and Companies operating in a regulated industry	
Location	Calgary	Headquartered in Canada	
		Median	75 <sup>th</sup> Percentile
Revenue	\$2.314 billion (40 <sup>th</sup> percentile relative to peer group)	\$2.462 billion	\$3.514 billion
Assets	\$3.744 billion (37 <sup>th</sup> percentile relative to peer group)	\$5.293 billion	\$11.057 billion

Specifically, our Peer Group for Director Compensation purposes includes:

Company	Province	Industry Classification
AltaGas Income Trust	Alberta	Power Generation
Atco Ltd.	Alberta	Natural Gas and Electric Energy Operations
Cogeco Cable Inc.	Quebec	Telecommunication Services
Emera Inc.	Nova Scotia	Generation, Transmission and Distribution of Electricity
EPCOR	Alberta	Energy Services
Fortis Inc	Newfoundland	Electricity and Gas Distribution
Gaz Metro LP	Quebec	Distribution, Transportation and Storage of Natural Gas
Hydro One	Ontario	Electricity Distribution, Generation and Telecommunications
Manitoba Telecom Services	Manitoba	Telecommunications
Ontario Power Generation	Ontario	Generation and Sale of Electricity
Shaw Communications Inc.	Alberta	Telecommunications
Toronto Hydro	Ontario	Electricity Distribution, Energy Management and Telecommunications
TransAlta Corp	Alberta	Production and Sale of Electricity

The following tables detail what ENMAX paid to each Director in 2009 and 2010.

**2009 Directors Compensation**

Name	Retainer		Attendance Fees					Total Fees Paid
	Board and Committee Members	Committee Chair	Board	Shareholder	Committee Meetings	Other Meetings	Travel Fee	
Cliff Fryers	\$0	\$75,000	\$10,500	\$3,000	\$28,500	\$9,000	\$0	\$126,000
Mike Harris	\$65,000	\$0	\$10,500	\$0	\$13,500	\$4,500	\$9,000	\$102,500
Don Lenz	\$0	\$75,000	\$10,500	\$0	\$27,000	\$6,000	\$13,500	\$132,000
Francis Leong	\$0	\$75,000	\$10,500	\$4,500	\$22,500	\$7,500	\$0	\$120,000
Thompson MacDonald	\$200,000	\$0	\$10,500	\$4,500	\$34,500	\$13,500	\$0	\$263,000
Ian MacGregor	\$23,750	\$47,596	\$9,000	\$1,500	\$21,000	\$7,500	\$0	\$86,596
Greg Melchin	\$65,000	\$0	\$10,500	\$3,000	\$16,500	\$4,500	\$0	\$99,500
Margot Micallef	\$0	\$75,000	\$7,500	\$3,000	\$16,500	\$4,500	\$0	\$106,500
Sarah Morgan-Silvester	\$65,000	\$0	\$10,500	\$3,000	\$16,500	\$10,500	\$10,500	\$116,000
Robert Page	\$0	\$75,000	\$10,500	\$1,500	\$13,500	\$6,000	\$0	\$106,500
<b>Totals:</b>	<b>\$418,750</b>	<b>\$422,596</b>	<b>\$100,500</b>	<b>\$24,000</b>	<b>\$210,000</b>	<b>\$73,500</b>	<b>\$33,000</b>	<b>\$1,258,596</b>

**Comments:**

Ian MacGregor was appointed as Chair of the Investment Review Committee in the second quarter of 2009

**2010 Directors Compensation (until September 30, 2010)**

Name	Retainer		Attendance Fees					Total Fees Paid
	Board and Committee Members	Committee Chair	Board	Shareholder	Committee Meetings	Other Meetings	Travel Fee	
John Abbott	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cliff Fryers	\$71,978	\$37,500	\$9,000	\$1,500	\$30,000	\$12,000	\$1,500	\$163,478
James Hankinson	\$0	\$25,910	\$4,500	\$0	\$7,500	\$0	\$1,500	\$39,410
Mike Harris	\$48,750	\$0	\$9,000	\$0	\$15,000	\$3,000	\$4,500	\$80,250
Don Lenz	\$0	\$56,250	\$6,000	\$0	\$19,500	\$3,000	\$9,000	\$93,750
Francis Leong	\$0	\$29,256	\$4,500	\$1,500	\$13,500	\$1,500	\$1,500	\$51,756
Thompson MacDonald	\$78,022	\$0	\$4,500	\$1,500	\$25,500	\$4,500	\$1,500	\$115,522
Ian MacGregor	\$0	\$27,814	\$3,000	\$0	\$10,500	\$1,500	\$0	\$42,814
Greg Melchin	\$32,500	\$18,250	\$7,500	\$1,500	\$19,500	\$3,000	\$0	\$82,250
Margot Micallef	\$0	\$56,250	\$7,500	\$1,500	\$10,500	\$9,000	\$0	\$84,750
Sarah Morgan-Silvester	\$32,500	\$18,250	\$9,000	\$0	\$15,000	\$7,500	\$7,500	\$89,750
Robert Page	\$0	\$56,250	\$9,000	\$1,500	\$13,500	\$1,500	\$0	\$81,750
Charles Ruigrok	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$263,750</b>	<b>\$325,730</b>	<b>\$73,500</b>	<b>\$9,000</b>	<b>\$180,000</b>	<b>\$46,500</b>	<b>\$27,000</b>	<b>\$925,480</b>

**Comments:**

Mr. Ian MacGregor ceased to be a director as of May 14, 2010

Mr. Thompson MacDonald ceased to be a director as of May 21, 2010

Mr. Francis Leong ceased to be a director as of May 21, 2010

Mr. Cliff Fryers was appointed as Chairman of the Board of Directors as of May 21, 2010

Mr. Greg Melchin was appointed as Chairman of the Audit and Finance Committee as of May 21, 2010

Ms. Sarah Morgan-Silvester was appointed Chairman of the Human Resources Committee as of May 21, 2010

Mr. James Hankinson was appointed to the Board on May 21, 2010

Mr. James Hankinson was appointed as Chairman of the Enterprise Risk Management Committee in the third quarter of 2010

Mr. John Abbott was appointed as a member of the Board of Directors in the third quarter of 2010

Mr. Charles Ruigrok was appointed as a member of the Board of Directors in the third quarter of 2010

## 2010 Executive Team Biographies



### Gary Holden

President and Chief Executive Officer

Mr. Holden is President and Chief Executive Officer (CEO) of ENMAX Corporation (ENMAX) and Chief Executive Officer (CEO) of each of ENMAX's subsidiary corporation, with the exception of ENMAX Power Corporation.

Prior to joining ENMAX in May, 2005, Mr. Holden held several key positions with other energy-related companies. Most recently he was President and Chief Operating Officer, AltaGas Income Trust, where, under his tenure, AltaGas flourished in the public markets, converted to a trust and grew substantially.

Prior to serving AltaGas, Gary was Chairman and CEO of EnSource Energy Services, a TSX-listed service company specializing in oil and gas processing, power generation, compression and instrumentation/controls. Gary began his career in Calgary where he held a variety of positions with TransAlta Corporation. He was Executive Vice-President, Generation, and CEO of TransAlta New Zealand Limited, where he was responsible for the Australia and New Zealand business activities for TransAlta.

In 1983, Mr. Holden received a B.Sc. in Mechanical Engineering from the University of Calgary and in 1997 was selected as one of Canada's Top 40 under 40. He was also the runner-up as CEO of the Year in 1998 in New Zealand.

Mr. Holden serves as a director on each of the ENMAX Boards, the Canadian Electricity Association, the Alberta Children's Hospital Foundation, Climate Change Central and Climate Change Emissions Management Corporation. Mr. Holden is the former Chair of the Science Alberta Foundation. He serves as a member of the University of Calgary Chancellor's Club and as a member of the World President's Organization (WPO).



### David Halford

Executive Vice President, Finance and Chief Financial Officer

Mr. Halford joined ENMAX in April 2009 as the Executive Vice President, Finance and Chief Financial Officer. He is responsible for all financial policy, planning and reporting, risk management, corporate finance, tax and treasury functions of ENMAX and its subsidiaries.

Prior to joining ENMAX, Mr. Halford held Chief Financial Officer roles at OPTI Canada and Irving Oil. Prior to Irving Oil, he was a Partner in the corporate finance group at Deloitte and Touche, LLP. Mr. Halford is a Chartered Accountant and holds a Bachelor of Arts degree from the University of Western Ontario. Mr. Halford is also a Board Member of OPTI Canada Limited.



### Dale McMaster

Executive Vice President, Transmission & Distribution Services

Mr. McMaster was appointed Executive Vice President, Transmission & Distribution Services in September 2010. He is responsible for the regulated transmission and distribution (wires) businesses and regulated market services including metering, meter data management, load settlement, tariffs and billing. He is also responsible for the non-regulated power services engineering, construction, procurement and maintenance business.

With more than 35 years in the utility industry, Mr. McMaster has widespread experience with transmission projects and the Alberta market, from infrastructure planning to power pool and system operations and has also consulted extensively on international transmission and infrastructure projects.

Prior to joining ENMAX, Mr. McMaster held several key positions with other organizations, including Chief Executive Officer at the Alberta Electric System Operator (AESO), President of the Transmission Administrator of Alberta, and Chief Operations Officer for the Power Pool of Alberta.

Mr. McMaster holds a Bachelor of Electrical Engineering from the University of Saskatchewan.



**Dave Rehn**

Executive Vice  
President, Generation  
and Wholesale Energy

Mr. Rehn joined ENMAX in December 2007 as the Executive Vice President, Generation and Wholesale Energy. He is responsible for the valuation, development, design, construction, acquisition, operation and asset management of ENMAX's fleet of generation facilities. He also is responsible for wholesale gas and electric purchases and sales and other related energy commodities.

Prior to joining ENMAX, Mr. Rehn served as the Senior Vice President and Chief Procurement Officer of Constellation Energy. His experience also includes 25 years with Duke Energy Corporation where he held a variety of positions including President and Chief Executive Officer of Duke Energy Power Services North America, where he was responsible for developing, acquiring, building and operating gas electric generation assets in North America. He is currently a board member for Naikun Wind Energy Group and has also served as a board director for the United American Energy Corporation, Duke/UAE LLC, American Ref-Fuel Company and the United Way of Rock Hill, South Carolina and Richland, Washington. Mr. Rehn holds a Bachelor of Science and Master of Science in Engineering Mechanics from North Carolina State University and is a registered Professional Engineer in the states of North Carolina and South Carolina.



**Helen Bremner**

Executive Vice  
President, Smart Grid  
Technologies

In November 2009, Ms. Bremner joined ENMAX as Executive Vice President, Smart Grid Technologies. Her responsibilities include developing and commercializing ENMAX's distributed generation plans, advance metering infrastructure, introduction of electric vehicles in the Alberta market and related smart grid technologies.

Ms. Bremner has utility and consulting experience in North America, Australia and New Zealand. Prior to joining ENMAX, Ms. Bremner was Chief Executive Officer at ARC Innovations Ltd. in New Zealand. She also held senior positions at Meridian Energy Ltd. and TransAlta New Zealand and consulted for Anderson Consulting and Booz Allen and Hamilton. Ms. Bremner has an MBA from the University of Chicago, an MA from St. Andrew University and attended the Stanford Executive Program.



**Robert Hemstock**

Executive Vice  
President, Regulatory  
and Legal Services

Mr. Hemstock joined ENMAX in 2006 as the Executive Vice President, Regulatory and Legal Services. He is responsible for regulatory, legal, compliance and environmental matters for ENMAX Corporation and its subsidiaries.

Prior to joining ENMAX, Mr. Hemstock was Vice President, Government and Regulatory Affairs for Direct Energy Marketing in Western Canada from 2002 to 2004 and in 2005 he assumed responsibility for Direct Energy's government and regulatory affairs activities across Canada.

From 1996 to 2002 he was responsible for government and regulatory affairs matters at UBS Warburg Energy Canada and Enron Canada. Mr. Hemstock has a Bachelor of Commerce from the University of Alberta. He received a LL.B. from the University of Calgary in 1989 and has been a member of the Law Society of Alberta since 1990.



**Terry Tyler**

Executive Vice President, Chief Technology Officer and Chief Information Officer

As CTO, Mr. Tyler is responsible for ENMAX's long-range vision for the industry including screening and evaluating technologies for their potential applicability to ENMAX. As CIO, Mr. Tyler is responsible for strategic process transformation and the efficient and effective use of information within ENMAX. Mr. Tyler also oversees the regulated and retail billing and customer care functions for ENMAX.

Prior to joining ENMAX in August 2008, Mr. Tyler held executive roles at Tennessee Valley Authority, IBM Business Consulting Services, Florida Power Corporation and Comanche Peak Nuclear Plant. Mr. Tyler also formed and co-owned a successful consulting company, Energelex, which was the Program Manager for the post Three Mile Island Industry Degraded Core Rulemaking (IDCOR) program for the Department of Energy (DOE) and Nuclear Regulatory Commission (NRC) in the United States.

Mr. Tyler holds an MBA in Finance and Management and a BS in Nuclear Engineering from the University of Tennessee and is a licensed professional engineer in the state of Tennessee. He speaks regularly on the future of the energy and utilities industry. He currently serves on the advisory board to the College of Computer and Electrical Engineering at the University of Tennessee. Mr. Tyler is DOE Management Oversight and Risk Tree and Accident Investigation Certified.



**Joanne Bjarnason**

Vice President, Marketing

Ms. Bjarnason is responsible for growing our Residential and Small Business markets, as well as for developing the ENMAX Brand and for overseeing the Corporation's overall marketing activities.

Prior to joining ENMAX at the end of 2008, Ms. Bjarnason held senior marketing and business development positions at CIBC, Corby Distilleries and L'Oreal. She has almost 25 years experience in international marketing and business development across a range of customer-focused businesses spanning three continents.

Ms. Bjarnason has an undergraduate degree from the University of British Columbia and holds an MBA in Marketing and International Business from McGill University. She also obtained a diploma from the Ecole des Hautes Etudes Commerciales in Paris, France and attended the INSEAD Executive Program.



**Erin Kurchina**

Vice President, Human Resources

Ms. Kurchina joined ENMAX as Manager, Corporate Secretariat in June 2000 and was appointed Vice President, Human Resources in July 2008. As Vice President of Human Resources, Ms. Kurchina is responsible for overseeing ENMAX's Human Resources strategy including the Corporation's approach to recruitment, compensation, employee relations and talent management. Ms. Kurchina also oversees ENMAX's facilities and occupational health and safety management activities.

Before coming to ENMAX she worked in Human Resources and the Corporate Secretariat at Ontario Hydro. Ms. Kurchina holds a Masters in Public Administration and a Bachelor of Commerce from the University of Toronto, where she also pursued PhD studies in leadership.



**James McKee**

Vice President,  
Commercial &  
Industrial Markets

Mr. McKee joined ENMAX in 2002 and was appointed Vice President, Commercial and Industrial Markets in 2009. Mr. McKee is responsible for growing our Industrial, Commercial and Institutional business through the development of new products and services, as well as ensuring customer focused service delivery.

Previously, Mr. McKee held the position of Vice President in ENMAX Energy in the areas of Commercial and Industrial Energy Marketing, Retail Development and Commercial Development. He also spent over 10 years with Honeywell International in several senior sales positions. Mr. McKee holds a Bachelor of Science in Mechanical Engineering from the University of Manitoba and is a Registered Professional Engineer in the province of Alberta.



**Ian Todd**

Vice President,  
Government and  
Media Relations

Mr. Todd joined ENMAX in the summer of 2009 and is focused on developing relationships with stakeholders, all levels of government and media relations on behalf of ENMAX.

Mr. Todd joined ENMAX after serving as Chief of Staff for two federal cabinet ministers in three different portfolios during two minority governments. Mr. Todd has 20 years of experience in provincial and federal politics as a senior political advisor.

## Executive Compensation Governance

### Compensation Philosophy

ENMAX compensates, rewards, and recognizes all employees, at every level of the organization, based on their contribution to business outcomes. We work hard to attract, motivate, and retain a capable workforce. The overriding standard for compensation is to ensure that we are competitive within the market in which we work and compete for talent.

### Executive Compensation Objectives

Our executive compensation program consists of salary, annual variable pay, project medium-term variable pay and medium-term and long-term variable pay. Annually, with the assistance of external experts we thoroughly assess the competitiveness of these three individual components and overall compensation levels with the goal of providing total compensation for fully qualified employees that comes close to market median levels. Compensation may vary from the median depending on corporate success and individual performance. Our compensation programs are designed to be market competitive with Canadian organizations in related industries that are of a similar size and scope of operations.

For Executives, relative weighting on salary, annual and long-term variable pay for each Executive takes

into account the Executive's role, their ability to affect business results over the short and longer term and the compensation mix for similar positions in the competitive market.

- **Salary** establishes a competitive foundation considering both internal equity and comparability and external market competitiveness.
- **Annual variable pay** recognizes achievement of corporate, business and individual goals with a one-year time horizon.
- **Project/Medium-term/Long-term variable pay** aligns longer-term Executive and company interests by focusing Executives on superior financial performance and sustained value creation.

### Benchmarking and Peer Group

Under ENMAX's compensation model, salary, target annual and long-term variable pay are benchmarked with reference to the median of comparable executive roles in the peer group.

Every three years, or more frequently if necessary, the Human Resources Committee of the Board retains the services of third-party compensation consultants to develop and confirm the relevance of the peer group used for executive compensation benchmarking purposes. Towers Watson was retained in 2007 to assist in the identification of an appropriate peer group and provide market data necessary to make compensation decisions in 2008, 2009 and 2010. In 2009, the Committee did not retain the services of third party compensation consultants as we were in the second year of our three-year cycle. A review of the current executive compensation programs was initiated in 2010 and

Towers Watson has been retained to support this project.

We have developed a peer group for use for benchmarking compensation levels for our Named Executive Officers (NEOs) and the broader Executive team (direct reports to the President and Chief Executive Officer).

Our NEOs are our President and Chief Executive Officer, our Executive Vice President Finance and Chief Financial Officer, and our four highest paid Executives reporting to the President and CEO for 2009.

Our peer group represents the market within which we compete for executive talent. In 2009, our peer group for our Executive team, including our Named Executive Officers, consisted of organizations that met the following key selection criteria:

- similarly-sized in terms of revenue scope (i.e. approximately 0.5 to 2 times that of ENMAX);
- headquartered in Canada;
- reflected the national market for Executive talent, while incorporating a significant Alberta presence to reflect local pay practices and competitive pressures;
- non-autonomous organizations (i.e. government and subsidiary organizations);
- power generation companies;
- energy utilities; and
- companies operating in a regulated industry.

The following table illustrates the alignment between ENMAX and the peer group (values reported for 2009):

ENMAX		Peer Group	
Industry	Electric Utilities	Canadian Electric Utilities, Multi-Utilities, Independent Power Producers, Oil and Gas Exploration and Production	
Location	Calgary	Predominantly Alberta	
Revenue	\$2.314 billion (66 <sup>th</sup> percentile relative to peer group)	Median	75 <sup>th</sup> Percentile
Assets	\$3.744 billion (38 <sup>th</sup> percentile relative to peer group)	\$1.344 billion	\$2.772 billion
		\$4.583 billion	\$7.655 billion

Specifically our Peer Group for Executive Compensation purposes includes:

Company	Province	Industry Classification
AltaGas Ltd.	Alberta	Oil and Gas Storage and Transportation
ARC Energy Trust	Alberta	Oil and Gas Exploration and Production
ATCO Ltd.	Alberta	Multi-Utilities
ATCO Electric Ltd.	Alberta	Electric Utilities
ATCO Power Ltd.	Alberta	Electric Utilities
AltaLink LP	Alberta	Electric Utilities
BC Hydro		Electric Utilities
Canadian Oil Sands Trust	Alberta	Oil and Gas Exploration and Production
Capital Power Corporation	Alberta	Independent Power Producers and Energy Traders
Chevron Canada Limited	Alberta	Oil and Gas Exploration and Production
Chevron Canada Limited (upstream)	Alberta	Oil and Gas Exploration and Production
Devon Canada Corporation	Alberta	Oil and Gas Exploration and Production
EPCOR Utilities, Inc.	Alberta	Electric Utilities
FortisAlberta Inc.	Alberta	Electric Utilities
Inter Pipeline Fund	Alberta	Oil and Gas Storage and Transportation
Pengrowth Energy Trust	Alberta	Oil and Gas Exploration and Production
Saskenergy Incorporated	Saskatchewan	Gas Utilities
Terasen Gas Inc.	British Columbia	Gas Utilities
TransAlta Corp.	Alberta	Independent Power Producers and Energy Traders

Our roles are assessed relative to the most directly comparable positions in the peer companies. As a result, there may not be a match for each position in every company.

### Pay Mix

The following table indicates the percentage of each of the three compensation elements – salary, annual variable pay and long-term variable pay – that each NEO receives, excluding benefits, pension and

perquisites, averaged over a three-year period. Actual pay mix may vary from year to year as our compensation programs are designed to meet both performance and competitiveness objectives.

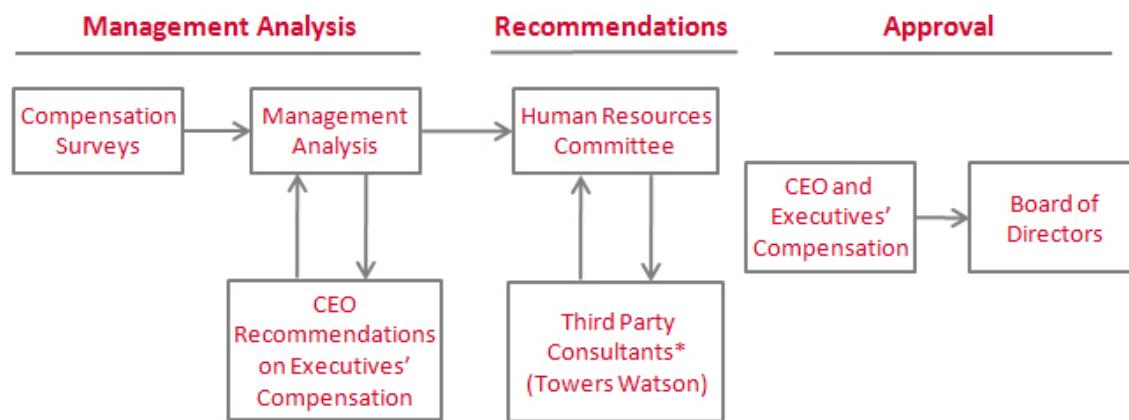
We have structured our executive compensation programs to provide a significant proportion of our compensation in the form of variable or at-risk compensation to ensure alignment with the shareholder's interests.

The actual mix between the compensation elements varies, depending on the Executive's ability to impact

short and long-term business results and competitive practices.

Position	At-Risk Compensation		
	Salary	Annual Variable Pay	Long-term Variable Pay
CEO	40%	25%	35%
CFO	50%	20%	30%
Other NEOs	50%	20%	30%

## Compensation Approval Process



\* Provide market data and assistance in reviewing the peer group and compensation plan design.

In determining our Executives' compensation, the Human Resources Committee considers a comprehensive analysis that includes:

- External market data for comparable positions to those of ENMAX within the peer group;
- CEO recommendations for direct reports – including an assessment of success achieved in the performance period; and
- A summary of compensation decisions from the prior year for reference.

In developing its recommendations to the Board of Directors, the Committee considers the long-term impact of its recommendation on our future earnings and performance to ensure that increases it approves will not yield unintended consequences such as erosion of future profitability, loss of shareholder confidence, etc.

The Committee also reviews the three compensation elements, both individually and in total, to ensure they align with the program objectives. This process is conducted annually, typically at the March Committee meeting. Salary increases, when awarded, are effective January 1<sup>st</sup> of that same year.

It is important to note that recommendations made by the Human Resources Committee to the Board related to the salary, annual variable pay and any form of long-term variable pay are the responsibility of the Committee and the Board and may reflect factors and considerations other than information provided by Third Party Consultants, Towers Watson.

## Setting Each Compensation Component

### Salaries

Salaries are set at a level competitive in the market for similar roles and reflect the nature and level of the position, the level of skill, knowledge, and experience each individual brings to their role.

### Annual Variable Pay

ENMAX's annual variable pay program provides for competitive compensation that reflects:

- overall financial performance;
- success on key performance indicators (KPIs) related to each business unit, over which an Executive has oversight and;
- individual performance.

There is a three step process in determining NEOs Annual Variable Pay:



### Determine Pool Value

Earnings before interest, taxes, depreciation and amortization (EBITDA) is the measure ENMAX uses to calculate overall corporate financial success and this is the funding measure for our annual variable pay plan. A threshold level of EBITDA must be achieved before any annual variable pay is awarded, to ensure that our shareholder's interests are protected.

## 2009 Annual Variable Pay Plan Funding

(based on 2008 Results)

	Target	Result	Performance Relative to Target
2008 EBITDA	\$321.2 million	\$366.6 million	114%

Note: EBITDA values are net of all variable pay payouts.

## Allocate the Pool to the Business Units

In keeping with our objective to achieve best in class success as an organization, we have structured our annual variable pay plan to reflect best in class level of performance. There is an expectation that in striving for best in class performance we will not always achieve that level of success on every measure annually. Each business unit is evaluated annually on the overall result and the progress made that year toward those best in class objectives that relate to their business.

Success relative to these KPIs is used to allocate the pool to the various business units. Once the pool is allocated to each business unit, each NEO's accomplishments relative to their own stretch objectives determines their individual payout.

The overall performance assessment score is based on whether the business unit met, exceeded or did not meet its KPIs. Business units are eligible to receive an overall performance assessment that exceeds 100%.

This assessment is considered by the Human Resources Committee in their annual compensation determination process for the NEOs.

The results outlined in the table below reflect business unit achievements for 2009 variable pay.

Business Unit (NEOs included)	Key Performance Indicator by Business Unit	Overall Performance Assessment
ENMAX Corp. Gary Holden Dwayne Dubois Robert Hemstock Terry Tyler	<p><b>Safety</b></p> <ul style="list-style-type: none"> <li>▪ Achieve best in class Total Recordable Injury Frequency</li> <li>▪ Achieve best in class Lost Time Severity Rate</li> <li>▪ Achieve best in class in number of hazards and near misses reported           <ul style="list-style-type: none"> <li>▪ emphasis on creating a culture of corrective behaviour that learning from hazard and near miss reporting provides</li> </ul> </li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>▪ Achieve best in class carbon footprint reduction (applies to our fleet and facilities)</li> <li>▪ EcoPledge participation – engage a significant number of employees to commit to reduce their environmental impact at work</li> <li>▪ EcoPledge tracking – survey employees in Q4 to determine the level of achievement relative to EcoPledge commitments made</li> </ul> <p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>▪ High degree of understanding by employees of regulatory and compliance requirements as demonstrated by zero regulatory and industry investigations</li> </ul>	95%
ENMAX Energy David Rehn Allan Buchignani	<p><b>Safety</b></p> <ul style="list-style-type: none"> <li>▪ Achieve best in class Total Recordable Injury Frequency</li> <li>▪ Achieve best in class Lost Time Severity Rate</li> <li>▪ Achieve best in class in number of hazards and near misses reported           <ul style="list-style-type: none"> <li>▪ emphasis on creating a culture of corrective behaviour that learning from hazard and near miss reporting provides</li> </ul> </li> </ul> <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>▪ Achieve best in class carbon footprint reduction (applies to our fleet and facilities)</li> <li>▪ EcoPledge participation – engage a significant number of employees to commit to reduce their environmental impact at work</li> <li>▪ EcoPledge tracking – survey employees in Q4 to determine the level of achievement relative to EcoPledge commitments made</li> </ul> <p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>▪ High degree of understanding by employees of regulatory and compliance requirements as demonstrated by zero regulatory and industry investigations</li> </ul> <p><b>Customer Renewal Rates</b></p> <ul style="list-style-type: none"> <li>▪ Industry leading Retention/Renewal Rate</li> </ul>	100%

## Assess NEO Individual Performance

Individual performance is a key determinant in an NEO's Annual Variable Pay. The individual performance accomplishments for 2008 and the overall performance rating for each NEO who reports to the CEO are outlined in the table below:

Named Executive Officer (Title)	2008 Key Accomplishments	Overall Performance Rating
Dwayne Dubois (Acting Executive Vice President Finance and Chief Financial Officer)	<ul style="list-style-type: none"> <li>▪ Successfully secured financing from the Alberta Capital Finance Authority on ENMAX Power assets while maintaining regulator-approved thresholds</li> <li>▪ Began IFRS conversion including development of an IFRS framework and analysis of key accounting differences from Canadian GAAP to IFRS</li> <li>▪ Provided background information and analysis to successfully defend methodologies, assumptions and amounts included in the Formula Based Regulation (FBR) application for ENMAX Power</li> </ul>	Met all expectations, exceeded some expectations
David Rehn (Executive Vice President, Generation and Wholesale Energy)	<ul style="list-style-type: none"> <li>▪ Led successful acquisition of Calgary Energy Centre and Kettles Hill Wind Farm – both through competitive processes</li> <li>▪ Developed business case for district energy, obtained preliminary approvals and began construction on 9th Ave District Energy facility</li> <li>▪ Initiated and completed construction of ERG (waste heat recovery electric generation facility) on time and on budget</li> </ul>	Met all expectations, exceeded some expectations
Robert Hemstock (Executive Vice President, Regulatory and Legal Services)	<ul style="list-style-type: none"> <li>▪ Executive Sponsor of ENMAX Power Corporation's successful FBR application, and provided testimony at AUC hearing.</li> <li>▪ With the CEO and others developed the ENMAX greenhouse gas policy position and advocated policy to federal and provincial officials</li> <li>▪ Led ENMAX's comprehensive analysis work on transmission policy in Alberta and supported CEO to formulate principled corporate messaging on negative implications of this policy on the Alberta market and consumers</li> </ul>	Met all expectations, exceeded some expectations
Allan Buchignani (Executive Vice President, Fuel Supply)	<ul style="list-style-type: none"> <li>▪ Initiation of the fuel supply business by the start-up of Stoker Resources</li> <li>▪ Sought new fuel supply opportunities that would maximize ENMAX's interests</li> </ul>	Met all expectations, exceeded some expectations
Terry Tyler (Executive Vice President, Chief Technology Officer and Chief Information Officer)	<ul style="list-style-type: none"> <li>▪ Led the successful re-integration of the customer care function following repatriation from Accenture Business Services for Utilities (ABSU) in May of 2008</li> <li>▪ Led the successful implementation of our customer care solution (SAP billing system)</li> <li>▪ Began the multi-year information technology (IT) transformation project to evolve the IT organization to a best in class in-house consulting organization</li> </ul>	Met all expectations, exceeded some expectations

NOTE: David Halford joined ENMAX as Executive Vice President Finance and Chief Financial Officer in 2009 after the variable pay awards were made.

The Human Resources Committee reviews the recommendations and performance assessments put forward by the CEO for his Executive team and forwards the recommendation (or any changes) to the Board for approval.

The Human Resources Committee Chair and Board Chair jointly recommend the CEO's compensation payouts to the Human Resources Committee. The Committee's recommendation is then presented to the Board for approval.

For NEOs, in any given year, actual payouts may be more or less than target levels. Typical payout ranges are from 0-150% of target.

The specific payouts associated with the Annual Variable Pay Plan are outlined in the Summary Compensation Table.

### **2009 Annual Variable Pay Targets and Actual Payouts for 2008 Success (as a % of 2008 Salary)**

Position	Minimum	Target	Maximum	Actual Payout
President and CEO	0%	60%	90%	90%
Executive Vice President, Finance and CFO	0%	40%	60%	70% <sup>1</sup>
Executive Vice President, Generation and Wholesale Energy	0%	40%	60%	40%
Executive Vice President, Regulatory and Legal Services	0%	40%	60%	43%
Executive Vice President, Fuel Supply	0%	40%	60%	52%
Executive Vice President, Chief Technology Officer and Chief Information Officer (CTO & CIO)	0%	40%	60%	83% <sup>2</sup>

<sup>1</sup> In 2009, the CFO payout is not representative of a typical year as the incumbent was acting as Interim CFO and his variable pay in 2009 is reflective of the acting assignment.

<sup>2</sup> In 2009, the EVP, CTO and CIO payment is less than other NEOs due to his prorated eligibility for 2008 (due to his hire date) and represents an anomaly in terms of percentage of salary.

### **Variable Pay Plans with Payouts Spanning Multiple Years**

#### **Long-term Variable Pay Plan**

Our long-term variable pay plan provides Executives with a long-term incentive to sustain high performance, demonstrate their commitment to the organization and align Executives' interests with those of our Shareholder. The pool is funded by allocating a maximum of 15% of year over year growth in our Net Income. The Board retains full discretion in determining the pool funding and the annual awards are approved by the Board.

Executive Vice Presidents and the CEO are eligible for annual awards that vest over the following three years. The vesting schedule is 50% one year following award and 25% in each of the next two years following the award. In determining the size of an individual's award, the Committee reviews the relevant market data, the strategic importance and contribution of the Executive to our long-term success, and retention considerations.

#### **Total Value of Long-term Variable Pay Grants awarded over the last 3 years (to all participants)**

2009	\$4,000,000 (50% vesting in 2010, 25% in 2011 and 25% in 2012)
2008	\$2,154,000 (50% vesting in 2009, 25% in 2010 and 25% in 2011)
2007	\$2,625,000 (50% vesting in 2008, 25% in 2009 and 25% in 2010)

These values represent the total awarded by year – and the vesting timeframe. The actual long-term variable pay awards made to the CEO and other NEOs in 2007, 2008 and 2009 are outlined in our Summary Compensation Table.

#### **Other Variable Pay Plans**

##### **Medium-term Variable Pay Plan**

We have a medium-term variable pay plan for Vice-Presidents, Directors, Managers and select individual

contributors below the manager level. This is a time-based vesting program that enables us to be competitive with our peers in the Alberta marketplace who offer a range of long-term variable pay plans at comparable levels to our roles. We introduced this plan in 2006 to improve our competitiveness on a total direct compensation basis. Grants made under that plan vest 50% one year following grant, and 25% at the end of each of the next two years.

Our Acting Chief Financial Officer (Dwayne Dubois) received awards under this plan in 2008 and 2009 that are included in the Summary Compensation Table. No other NEOs participate in this program.

#### **Project Medium-term Variable Pay Plan (PMTVPP)**

We have a variable pay plan through which our Executive Vice President, Generation and Wholesale Energy (Mr. David Rehn) and select other individuals (no other NEOs) are eligible to receive awards tied to successful completion of new generation asset

construction projects and acquisitions and successful integration of new power generation assets. Payments are linked to pre-determined milestones and require achievement of financial, schedule, and operational measures.

The payment Mr. Rehn received from this plan in 2009 is included in the Summary Compensation Table under the column Medium-term/Project/Long-term Variable Pay. The Board of Directors approved this payout.

### **CEO Compensation – 2008 Objectives and Assessment**

Our CEO's responsibility is to provide leadership in setting and achieving goals that create long-term value for our Shareholder, our customers and our employees. In determining Mr. Holden's 2009 annual variable pay and long-term variable pay awards, the Board considered several factors including Mr. Holden's accomplishments relative to these strategic objectives and relevant market data.

For 2009 annual and long-term variable pay determination, the following summarizes the key achievements the Board considered in determining his payout/award.

Mr. Holden's leadership led to continuation of a significant positive trend in surpassing budgeted financial targets for the year. In addition to this financial stewardship Mr. Holden focussed on the following five key priorities:

1. Initiate as a key element of the strategy, development of downtown district energy, gas fired generation in the Calgary region
2. Initiate the development of a Smart Grid plan including smart metering and micro-generation
3. Improve the Corporation's focus on safety and move toward best in class safety performance relative to other Canadian utilities
4. Continue to grow the EasyMax customer base and improve customer care systems
5. Successfully apply for and implement Formula Based Regulation for the Transmission and Distribution business – a first in Alberta

The Board has assessed that the CEO has met or exceeded expectations in all five priorities. The Board and Shareholder approved the development of 1000 MW of gas-fired generation, the Board

approved Crossfield Energy Centre, Downtown District Energy and the acquisition of the Kettles Hill wind farm and the Calgary Energy Center. Furthermore, the advancement of the home generation program and smart metering initiative moved forward with multiple pilot projects as planned. Safety was advanced with the advent of the Safety Absolutes program and the Values Based Safety initiative. The Commercial and Industrial markets and EasyMax sales took a material increment of market share and Formula Based Regulation was approved by the Alberta Utilities Commission.

In addition, the company had excellent financial performance. The company improved its return on capital employed (ROCE) and grew earnings for the third consecutive year. Return on Equity was 11.9% up from 10.1% in 2005 and was projected to reach 12.3% for 2009. Cash return on average assets was 16.8% up from 13.6% in 2005. Earnings grew by 55% from 2005 to 2008. Revenue grew by 106% in the 2005 through 2008 period as more gas and electricity volumes were added.

Reliability of the electricity network in Calgary was also excellent. The key reliability statistic related to outage duration was three (3) times better than the national average of all Canadian Electricity Association utility companies reporting this measure.

Finally, in 2008, the CEO made the critical decision to improve customer satisfaction by repatriating the call center and customer care functions and rebuilding the billing platform for future expansion, providing the opportunity for an increase in customer options such as home generation.

## Pension and Benefit Plans

### ENMAX Registered Pension Plan – Defined Contribution (DC)

The Defined Contribution (DC) option under the ENMAX Registered Pension Plan provides immediate enrolment and immediate vesting for eligible participants. The amount payable upon termination or retirement is the value within the employee's DC account at the time of transfer. Other features include:

- ENMAX contributes 4% of employee earnings to a maximum earnings level determined by applying the Money Purchase Limit set by the Income Tax Act (ITA) each year against the member's "points" (age + service);
- Employees may make optional contributions of between 0% to 4% of eligible earnings, which ENMAX matches at a rate between 50% to 150% based on the member's points;
- Employees may also make unmatched voluntary contributions of between 0% to 8% of earnings, provided overall contributions do not exceed the annual maximum prescribed by the CRA;
- Employees may change the amount of their optional contributions at any time;
- Employees direct investments and may invest in the various funds covering all major asset classes; At the end of 2009, there were 15 segregated funds with an array of investment types and styles, for members to choose from;
- Company and optional employee contributions are locked-in in order to provide income at retirement, as required by Alberta pension legislation and, upon event, may be transferred to a Locked-In Retirement Account ("LIRA") of the employee's choosing;
- Voluntary contributions may be withdrawn at any time, subject to applicable taxes.

*While ENMAX operates a Defined Benefit (DB) Option under the ENMAX Registered Pension Plan, none of the Named Executive Officers belong to the DB plan. The pension values reflected in the Summary Compensation table include the DC pension values.*

### ENMAX Supplemental Pension Plan (non-registered)

Our NEOs participate in one of the two non-registered Supplemental Retirement Plans; plan

details and participant information follows. Tables outlining the values attributable to the supplemental retirement plan are found on page 59 and 60 of this report.

### Defined Benefit – Supplemental Retirement Plan (non-registered)

ENMAX established a Defined Benefit Supplemental Retirement Plan (DB-SRP) in 2000. The DB-SRP was closed to new entrants in March 2006. The DB-SRP provides benefits to participants whose registered pension benefits are limited by the maximum defined benefit accrual limits set by the ITA. In 2009, the limit was set at \$2,444.44 per year of service. DB-SRP participants whose pensionable earnings exceed an annual threshold determined by the provisions of the plan (\$136,112 for 2009) will accrue service for that year, under the DB-SRP. Other aspects of the DB-SRP provisions include:

- Employee contributions are neither permitted nor required;
- Formula for each year of Pensionable Service is 1.75% of Highest Average Pensionable Earnings;
  - Highest Average Pensionable Earnings is defined as the sum of the pensionable earnings in the five consecutive calendar years in which earnings are the highest divided by five years, or the member's continuous service if less;
- Earnings are determined by the amount of base pay and actual annual variable pay in excess of the maximum pensionable earnings limit;
- Vesting occurs after two years of continuous service;
- Normal retirement is 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's credited service and age equals 85 points;

*Of the NEOs, the following are participants in the DB-SRP – Gary Holden, Dwayne Dubois, Robert Hemstock and Allan Buchignani. The pension values reflected in the Summary Compensation table include the DB-SRP values.*

### **Defined Contribution – Supplemental Retirement Plan (non-registered)**

Effective March 21, 2006 the Defined Contribution Supplemental Retirement Plan (DC-SRP) was established for all new employees and current employees who did not previously qualify for DB-SRP membership. The DC-SRP is available for employees whose pensionable earnings (salary pay and annual variable pay amounts) exceed an annual threshold based on each member's points. Other aspects of the DC-SRP provisions include:

- Employee contributions are neither permitted nor required;

- Company contributions are 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);
  - Points are age + service
- Vesting occurs after two years of continuous service;
- Each participant's DC-SRP values are tracked in a notional account maintained by Sun Life Financial.

*Of the NEOs, the following are participants in the DC-SRP – David Halford, David Rehn and Terry Tyler. The pension values reflected in the Summary Compensation table include the DC-SRP values.*

## **Benefit Programs**

### **Flexible Benefits Program**

All of our permanent employees, including our Executives, enjoy a flexible benefits plan including the ability to choose the level of Extended Health & Dental, Group Life Insurance, Short- and Long-Term Disability, Accidental Death & Dismemberment insurance, that meet their family's needs. They also have a Health Spending Account (HSA).

The benefit plan year resets every July, and members may re-enrol 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/annum for the CEO, \$15,000/annum for Executive Vice Presidents and \$10,000/annum for Vice Presidents. The value for this benefit is included in the Summary Compensation Table under "Other Compensation."

## Executive Compensation

### Summary Compensation Table

Position Title Incumbent's Name	Year	Salary	Non-equity Variable Pay Plan Compensation				Total Compensation Awarded	Total Compensation Paid		
			Annual Variable Pay Plan	Long-term Variable Pay/Medium Term Variable Pay Project Awards	Pension Value	All Other Compensation				
President & Chief Executive Officer Gary Holden	2009	\$724,862	\$570,000	\$1,800,000	\$198,868	\$65,978	\$3,359,708	\$2,417,958		
	2008	\$631,661	\$500,000	\$1,104,000	\$176,511	\$20,430	\$2,432,602	\$1,941,102		
	2007	\$574,231	\$450,000	\$925,000	\$151,838	\$20,398	\$2,121,467	\$1,696,467		
Executive Vice President Finance and Chief Financial Officer David Halford <sup>1</sup>	2009	\$266,827	\$0	\$400,000	\$21,346	\$9,345	\$697,518	\$297,518		
Acting Executive Vice President Finance and Chief Financial Officer Dwayne Dubois <sup>2</sup>	2009	\$158,224	\$125,000	\$0	\$40,289	\$10,307	\$333,820	\$333,820		
	2008	\$179,708	\$70,000	\$120,000	\$36,492	\$10,430	\$416,630	\$342,880		
	2007	\$150,765	\$51,000	\$70,000	\$25,638	\$8,600	\$306,003	\$258,503		
Executive Vice President Generation and Wholesale Energy David Rehn <sup>3</sup>	2009	\$427,477	\$160,000	\$700,000 <sup>3</sup>	\$58,748	\$15,458	\$1,361,683	\$961,683		
	2008	\$400,000	\$0	\$0	\$36,653	\$265,430	\$702,083	\$702,083		
	2007	\$22,721	\$0	\$0	\$1,818	\$1,284	\$25,823	\$25,823		
Executive Vice President Regulatory and Legal Services Robert Hemstock	2009	\$332,065	\$135,000	\$400,000	\$52,224	\$15,458	\$934,747	\$809,747		
	2008	\$310,608	\$120,000	\$300,000	\$53,311	\$15,430	\$799,349	\$649,349		
	2007	\$293,731	\$120,000	\$300,000	\$49,938	\$15,398	\$779,067	\$654,067		
Executive Vice President Fuel Supply Allan Buchignani <sup>4</sup>	2009	\$285,198	\$150,000	\$0	\$52,105	\$39,454	\$526,757	\$651,757		
	2008	\$288,631	\$110,000	\$0	\$68,314	\$15,430	\$482,375	\$732,375		
	2007	\$272,746	\$110,000	\$400,000	\$64,922	\$15,398	\$863,066	\$663,066		
Executive Vice President Chief Technology Officer and Chief Information Officer Terry Tyler <sup>5</sup>	2009	\$331,692	\$80,000	\$500,000	\$32,999	\$15,458	\$960,149	\$460,149		
	2008	\$95,769	\$0	\$0	\$6,726	\$80,216	\$182,711	\$182,711		

#### NOTES

Total Compensation Awarded includes salary, annual variable pay and the total awarded under medium/project/long-term variable pay plans, pension value and all other compensation. Note the grants awarded under the medium/project/long-term variable pay plans vest in subsequent years according to pre-defined terms and conditions and vesting schedules. This may differ from what the executive was actually paid in the year referenced.

Total Compensation Paid includes salary, annual variable pay and the total that vested and was paid under medium/project/long-term variable pay plans, pension value and all other compensation. This value represents what the executive was actually paid in the year referenced (net of the pension value).

All ENMAX non-equity variable pay is paid in cash. We have no equity (stock-based) compensation.

1. David Halford started on April 20, 2009. Actuals paid in 2009 are reflected in the table.
2. Dwayne Dubois was Acting EVP Finance and CFO from November 4, 2008 to April 17, 2009, after which point he resumed his VP Finance role until his resignation on August 14, 2009.
3. David Rehn started on December 3, 2007. Actuals paid in 2007 are reflected in the table. Value for LTVPP/MTVPP/Project MTVPP in 2009 includes \$300,000 for project success and an award of \$400,000 under the long-term variable pay plan (vesting 50% in 2010, 25% in 2011 and 25% in 2012). Value in Other Compensation for 2009 includes \$15,000 for his flexible perquisite account and \$458 for company-paid critical illness insurance coverage. Value for Other Compensation for 2008 includes \$250,000 for a signing bonus, \$15,000 for a flexible perquisite account and \$430 for company-paid critical illness insurance coverage

4. Allan Buchignani retired on November 21, 2009. Actuals paid in 2009 are reflected in the table. Value in Other Compensation for 2009 includes \$24,035 of a retiring allowance paid in cash, \$15,000 for a flexible perquisite account and \$419 for company-paid critical illness insurance coverage.
5. Terry Tyler started on August 27, 2008. The amount shown in Other Compensation in 2008 includes a signing bonus of \$75,000, \$5,000 for his prorated flexible perquisite account and \$216 for company-paid critical illness insurance coverage.

#### **Registered Pension Plan Participation**

- All NEOs participate in ENMAX's Registered Defined Contribution Pension Plan

#### **Supplemental (Non-Registered) Pension Plan Participation**

- Mr. Holden, Mr. Dubois, Mr. Hemstock and Mr. Buchignani participate in ENMAX's Defined Benefit Supplemental Retirement Plan
- Mr. Halford, Mr. Rehn and Mr. Tyler participate in ENMAX's Defined Contribution Supplemental Retirement Plan

#### **Other Compensation in Each Year Includes:**

For all NEOs, company-paid critical illness insurance coverage as follows:

- \$458 in 2009, \$430 in 2008 and \$398 in 2007, prorated for start/termination

Also includes:

- For Mr. Holden, a flexible Perquisite Account of \$20,000/year and in 2009, \$45,519.96 in taxable benefits for the value of company-provided transportation .
- For other NEOs a flexible perquisite account of \$15,000/year prorated for starts/retirements
- For Mr. Dubois a flexible perquisite account of \$10,000/year prorated for his resignation in 2009. For 2008, it includes \$10,000 for a flexible perquisite account, and \$430 for company-paid critical illness insurance coverage. For 2007, it includes \$7700 for vehicle allowance, \$833 for a flexible perquisite account and \$67 for company-paid critical illness insurance coverage.

#### **Vesting schedule for Long-term Variable Pay Awards Outlined Above**

Year of Grant	Vesting Timeframe (time-based vesting)
2009	50% vests in 2010, 25% vests in 2011 and 25% vests in 2012
2008	50% vests in 2009, 25% vests in 2010 and 25% vests in 2011
2007	50% vests in 2008, 25% vests in 2009 and 25% vests in 2010

#### **Pension Tables**

##### **ENMAX Pension Plan - Defined Contribution Plan**

Name	Employer Contributions at Jan 1, 2009	Employer Contributions in 2009	Employer Contributions at Dec 31, 2009
Gary Holden	\$31,816	\$10,889	\$42,705
David Halford	\$0	\$14,640	\$14,640
Dwayne Dubois	\$19,630	\$10,889	\$30,519
David Rehn	\$13,471	\$15,700	\$29,171
Robert Hemstock	\$25,076	\$10,889	\$35,965
Allan Buchignani	\$78,903	\$13,405	\$92,308
Terry Tyler	\$6,726	\$14,640	\$21,366

Note: For 2010 we will update this information to include compensatory and non-compensatory changes to individual's Registered Defined Contribution Accounts.

This information is maintained through our 3<sup>rd</sup> Party Administrator (Sun Life Financial).

### **Defined Contribution Supplemental Retirement Plan (DC-SRP)**

Accounts in the DC-SRP are notional and tracked based on performance of a balanced fund by Sun Life Financial. Upon event (termination, retirement or death) the balances at the date of payout are communicated to ENMAX, then paid from general revenues. The table below illustrates 2009 activity:

Name	Employer Contributions at Jan 1, 2009	2009 Notional Contributions*	Employer Contributions at Dec 31, 2009
David Halford	\$0	\$6,706	\$6,706
David Rehn	\$25,000	\$43,048	\$68,048
Terry Tyler	\$0	\$18,295	\$18,295

\* In-year notional contributions are attributed to the previous year's accrual; members whose eligible earnings exceed the annual threshold have contributions added to their notional account the following January. Vesting occurs after 24 months of employment.

### **Defined Benefit Supplemental Retirement Plan (DB-SRP)**

Benefits payable under the Defined Benefit Supplemental Retirement Plan are paid from general revenues. The following table illustrates the values for 2009 service.

Name	Years of DB SRP Credited Service	Highest Average Excess Earnings	Annual Benefits Payable		Accrued Benefit Obligation at At Dec 31, 2009	2009 Compensatory Changes	2009 Non- Compensatory Changes	Accrued Benefit Obligation at Dec 31, 2009
			At Dec 31, 2009	At Age 65				
Gary Holden	4.7151	\$881,445	\$72,732	\$326,558	\$470,886	\$187,979	\$77,785	\$736,650
Dwayne Dubois*	3.7743	\$111,500	N/A	N/A	\$49,300	\$29,400	(\$78,700)	\$0
Robert Hemstock	3.8384	\$275,275	\$18,491	\$107,811	\$102,384	\$41,335	\$19,514	\$163,233
Allan Buchignani**	8.3451	\$283,500	\$36,000	\$36,000	\$346,700	\$38,700	\$77,200	\$462,600

\* Mr. Dubois resigned on August 14, 2009 and his DB SRP benefit was paid out as a lump sum on September 22, 2009.

\*\* Mr. Buchignani retired on November 21, 2009 and is currently receiving a monthly DB SRP pension.

### **Changes in Compensation Arrangements in 2009**

We did not introduce any new compensation or benefit programs in 2009 for our Named Executive Officers.

### **Changes in Pension Obligations**

The Summary Compensation Table pension value reflects the current service cost, less required member contributions to the plan, plus any changes in obligations resulting from compensation increases in excess of actuarial assumptions. Actual compensation changes may vary from the assumed rate of compensation increase and will vary among each Executive from year to year.

### **Termination and Change of Control Benefits**

#### **Payments on Resignation**

There are no additional payments for Named Executive Officers upon resignation. The following table discloses values that would have been provided in the normal course had they resigned effective December 31, 2009 from entitlements under the ENMAX non-registered Supplemental Retirement Plan.

Name	Pension (DB SRP)
Gary Holden	\$589,733
Dwayne Dubois	\$44,774 (as of resignation on August 14, 2009)
Robert Hemstock	\$134,837
Allan Buchignani	\$531,313 (as of retirement on November 21, 2009)

For the other NEOs who participate in the DC-SRP, their termination values are reflected in the DC-SRP table on page 59 of this report.

### Payments on Termination without Cause

For the NEOs with whom ENMAX does not have an employment agreement, we provide a severance tailored to the individual's circumstance reflecting age, service, and salary level.

There are no additional payments for Named Executive Officers upon resignation. The following table discloses values that would have been provided in the normal course had they resigned effective December 31, 2009 from entitlements under the ENMAX non-registered Supplemental Retirement Plan.

### Employment Agreements – Summary of Termination Provisions

The following table summarizes the compensation due to Gary Holden under various scenarios.

Reason	Compensation Treatment
Resignation	<ul style="list-style-type: none"><li>▪ All compensation ceases on date of termination with the date of termination at the Board's discretion</li></ul>
Death, retirement, incapacity to perform duties, termination with just cause	<ul style="list-style-type: none"><li>▪ All compensation ceases on date of termination</li></ul>
Termination by ENMAX without Cause	An amount equivalent to: <ul style="list-style-type: none"><li>▪ salary;</li><li>▪ target annual variable pay</li></ul> times one (1) year and two (2) months for each full year of completed service – to a maximum of twenty-four (24) months; and <ul style="list-style-type: none"><li>▪ the value of long-term variable pay grants that are payable during the notice and severance period</li><li>▪ had the termination occurred effective December 31, 2009 – value is \$5,389,650. (inclusive of pension value in table above)</li></ul>
Change of Control occurs: <ul style="list-style-type: none"><li>▪ if the company terminates Mr. Holden's employment within six months of change of control; or</li><li>▪ if the company takes action(s) that give Mr. Holden "good reason" to resign.</li></ul> Change of Control is defined as: <ul style="list-style-type: none"><li>▪ any time when more than 50% of either the legal or beneficial interest in the voting shares of the company has been transferred or disposed of by The City of Calgary in any manner to any other person (or persons) or entity (or entities), either as a result of a single transaction or a series of related or unrelated transactions.</li></ul> "Good reason" is defined as: <ul style="list-style-type: none"><li>▪ a demotion or any significant diminishment in the Executive's authority that would constitute constructive dismissal in common law; or</li><li>▪ any material reduction in the aggregate value of the Executive's cash compensation, pension plan entitlements and the Executive's benefits without replacing such reduced entitlements with other entitlements of comparable or greater value.</li></ul>	An amount equivalent to two (2) times "annual compensation" defined as: <ul style="list-style-type: none"><li>▪ salary for 12 months; and</li><li>▪ target annual variable pay;</li></ul> plus the value of long-term variable pay grants that are payable during the notice and severance period for the year in which the change of control occurs. <ul style="list-style-type: none"><li>▪ had the change of control occurred effective December 31, 2009 value to be paid is \$5,762,983. (inclusive of pension value in table above)</li></ul>

The following table summarizes the compensation due to David Halford (EVP Finance and CFO) under various scenarios.

Reason	Compensation Treatment
Involuntary termination for any reason other than for cause	An amount equivalent to: <ul style="list-style-type: none"><li>▪ salary for 12 months;</li><li>▪ target annual variable pay (40% of salary) prorated for the number of months in the performance period;</li><li>▪ any payment of long-term variable pay awards that would otherwise be payable in the twelve months following the date of termination; and</li><li>▪ had the termination occurred on December 31, 2009, the total paid would have been \$675,000.</li></ul>

The following table summarizes the compensation due to Mr. Hemstock (EVP Regulatory and Legal Services) under various scenarios.

Reason	Compensation Treatment
Involuntary termination for any reason other than for cause	An amount equivalent to: <ul style="list-style-type: none"><li>▪ salary for 12 months;</li><li>▪ target annual variable pay (40% of salary) prorated for the number of months in the performance period;</li><li>▪ any payment of long-term variable pay awards that would otherwise be payable in the twelve months following the date of termination; and</li><li>▪ had the termination occurred on December 31, 2009, the total paid would have been \$957,837 (inclusive of pension value in table above).</li></ul>

None of the other NEOs in this report has an employment agreement outlining compensation to be paid in the event of termination.

## Appendix 1 – Board Evaluations

### Board Chair Evaluation

1. The Chair takes a leadership role in improving the performance of the Board by:
  - a) assessing and coaching individual directors
  - b) personally setting an example of good governance practices
  - c) allowing the Board to have full governance of the Corporation's affairs through Board agendas, meeting frequency and duration
  - d) ensuring that issues presented are strategic and consequential
  - e) ensuring that issues are summarized and brought to appropriate closure
  - f) balancing the Board's work on stewardship and fiduciary responsibilities with the work that is intended to advance the broader goals of the organization
2. The Chair's style is one which:
  - a) encourages critical assessment of the issues
  - b) incorporates informal communication with Board members on an as needed basis to ensure that they are kept current on all major developments
  - c) fosters individual director contribution while still maintaining the desired cohesiveness and collegiality of the Board
  - d) exemplifies the ethical culture of the Corporation
3. The Chair assists the CEO in his relationship and interaction with the Board by:
  - a) advising on issues to be brought to the Board
  - b) ensuring that the Board has opportunities to become familiar with the subordinates of the CEO and with the Corporation's operations
  - c) informing the CEO of any concerns of the Board
  - d) acting as an effective between for the Management and Board members of ENMAX
  - e) explaining the types and level of information that Board members require from ENMAX management and staff in order to effectively perform their role
4. The Chair assists the CEO in performing his executive role by:
  - a) providing wise counsel and clear standard setting; acting as the principal sounding board and counselor for the CEO
  - b) monitoring that the CEO and senior management are exemplars of the desired values and ethics of the organization
  - c) fostering an environment of trust and openness
  - d) representing the organization
  - e) when required, the Chair represents the Corporation in a knowledgeable, positive manner
  - f) The Chair works well with Management in any joint representations to external or internal audiences
  - g) The Chair represents the interests of the Corporation and Board of Directors in any representations to the Shareholder and other key stakeholders

### Board of Directors Evaluation

The Board of Directors evaluation is a comprehensive evaluation with 105 questions, wherein Board members are requested to specifically comment on the following:

1. The right people and structure
2. The right culture
3. The right relationship with Management
4. The right issues and results
5. The right resources
6. The right follow-through
7. The right Committee processes

8. The right Committee effectiveness
    - Audit and Finance Committee
    - Enterprise Risk Management Committee
    - Corporate Governance Committee
    - Human Resources Committee
    - Investment Review Committee
    - Corporate Social Responsibility and Sustainability Committee
- \*\*Project Management Committee will be included in 2011 evaluation

---

#### Individual Directors Self Evaluation

- |   |   |
|---|---|
| 1. I know and understand my role as a Corporation director                                    | 11. I am consistently prepared and briefed for all matters to be discussed I regularly visit the Corporation's operations |
| 2. I contribute to the development of sound strategies  | 12. My contributions are succinct and to the point  |
| 3. I actively disseminate the Corporation's mission and vision                                | 13. My contributions are valued by board members  |
| 4. I have a sufficient understanding of the market in which the Corporation operates          | 14. I regularly undertake relevant professional development   |
| 5. I keep abreast of trends and issues affecting the market in which the Corporation competes | 15. I maintain good relations with colleagues   |
| 6. I am aware of my legal duties as a director  | 16. I maintain good relations with management   |
| 7. I actively contribute to the financial discussions   | 17. I communicate openly and honestly   |
| 8. I bring valuable experience to the Board   | 18. I share information willingly   |
| 9. I actively contribute to the effectiveness of the Board                                    | 19. I listen attentively to the ideas of others   |
| 10. I use my network of contacts to assist me in my role as a director                        | 20. I have no actual conflict of interest with the Corporation  |
|   | 21. I am aware and have an understanding of the Corporation's business risks  |
- 

#### Director Peer Evaluation

- |   |  |
|---|--|
| 1. Takes constructive stands at board or committee meetings when necessary, although such stands may be unpopular                           | 11. Finds and brings in information to help us stay relevant, informed, and focused          |
| 2. Expresses thoughtful, honest concerns or opinions on issues presented to the Board   | 12. Encourages contributions from all Board or committee members                             |
| 3. Attends meetings well prepared to evaluate and/or add value to agenda items presented to the Board and/or committee                      | 13. Contributes to clear objectives that are understood by everyone                          |
| 4. Is a valuable resource in fulfilling the accountabilities of the Board   | 14. Offers creative and innovative ideas   |
| 5. If he/she feels unable to fully evaluate an agenda item presented for approval, he/she asks for additional information, rather than vote | 15. Contributes to realistic planning  |
| 6. Is logical and responsive  | 16. Is an effective troubleshooter   |
| 7. His/her demeanor tends to encourage candor and discussion  | 17. Communicates persuasively  |
| 8. Gets to the heart of an issue quickly  | 18. Seeks information and opinions from others   |
| 9. Keeps current on areas and issues asked to deliberate on and decide on   | 19. Confronts conflict and helps us manage it constructively and productively                |
| 10. Keeps on track regarding accomplishing our objectives   | 20. The director understands and contributes to the strategic development of the Corporation |
|   | 21. The director uses his or her network of contacts to assist his or her role as a director |
|   | 22. The director maintains good relations with management                                    |
- 

#### CEO Annual Evaluation

- |  |  |
|--|--|
| 1. Leadership – Leads the Corporation and sets a philosophy and vision that is well understood, effectively communicated, widely supported, consistently applied and effectively implemented; sets standard for strong safety and ethical compliance.  | 5. Human Resources/Diversity – Ensures the development of effective recruitment, training, retention and personnel communications plans and programs to provide and motivate the necessary human resources to achieve objectives; establishes and monitors diversity programs to provide equal opportunity employment for all employees. |
| 2. Strategic Planning – Ensures the development of a long-term strategy; establishes objectives and plans that meet the needs of the Shareholder, the Corporation, and all corporate stakeholders; ensures consistent and timely progress toward strategic objectives; obtains and allocates resources in a manner consistent with strategic objectives. | 6. Communications – Serves as chief spokesperson, communicating effectively with all internal and external stakeholders.   |
| 3. Financial Results – Establishes appropriate annual financial goals and longer-term financial objectives and manages to consistently achieve these goals; ensures that appropriate accounting systems are maintained to protect assets and maintain effective control of operations.   | 7. External Relations – Ensures that the Corporation and its operating units contribute appropriately to the well-being of their communities and industries. Represents the Corporation in community and industry affairs.   |
| 4. Succession Planning – Develops, attracts, retains, motivates, and supervises an effective top management team capable of achieving objectives; provides for management succession.  | 8. Board Relations – Works closely with the Board of Directors to keep them fully informed on all important aspects of the status and development of the Corporation. Appreciates and understands the organization's need for governance processes. Implements Board policies and recommends policies for Board consideration.           |
-

The following table outlines the process that Board uses to conduct the each evaluation.

---

#### Board Chair Evaluation

1. On an annual basis, the Corporate Governance Committee reviews the Board Chair Evaluation and recommends any changes to be made to the Corporate Secretary.
  2. Once the Corporate Governance Committee agrees with the contents of the Board Chair Evaluation, the Corporate Secretary distributes the Board Chair Evaluation to each Board member (with the exception of the Board Chair) for comment.
  3. Once the Board Chair evaluations have been completed, the Corporate Secretary compiles the results and submits them to the Chair of the Corporate Governance Committee.
  4. The Chair of the Corporate Governance Committee conducts interviews with each Board member to discuss their individual comments on the performance of the Board Chair.
  5. The Board Chair receives a Report Card summarizing his performance.
  6. The Chair of the Corporate Governance Committee discusses the results with the Board Chair.
  7. The Chair of the Corporate Governance Committee presents the results to the Board of Directors.
  8. The Corporate Secretary prepares an Action Plan to track the resulting action items. The Action Plan is reviewed on a quarterly basis with the Corporate Governance Committee to ensure that any items of concern are being addressed.
- 

#### Board of Directors Evaluation

1. On an annual basis, the Corporate Governance Committee reviews the Board of Directors evaluation and recommends any changes to be made to the Corporate Secretary.
  2. Once the Corporate Governance Committee agrees with the contents of the Board of Directors evaluation, the Corporate Secretary distributes the Board of Director's evaluation to each Board member for comment.
  3. Once the Board of Director evaluations have been completed, the Corporate Secretary compiles the results and submits them to the Chair of the Corporate Governance Committee and the Board Chair.
  4. The Chair of the Corporate Governance Committee conducts interviews with each Board member to discuss their individual comments.
  5. The Chair of the Corporate Governance Committee discusses the results with the Board Chair.
  6. The Chair of the Corporate Governance Committee presents the results to the Board of Directors.
  7. The Corporate Secretary prepares an Action Plan to track the resulting action items. The Action Plan is reviewed on a quarterly basis with the Corporate Governance Committee to ensure that any items of concern are being addressed.
- 

#### Individual Director Self Evaluation

1. On an annual basis, the Corporate Governance Committee reviews the Individual Director Self Evaluation.
  2. Once the Corporate Governance Committee agrees with the contents of the Individual Director Self Evaluation, the Corporate Secretary distributes the Individual Director Self Evaluation to each Board member for comment.
  3. Once the Individual Director Self Evaluations have been completed, the Corporate Secretary compiles the results and submits them to the Chair of the Corporate Governance Committee and the Board Chair.
  4. The Chair of the Corporate Governance Committee conducts interviews with each Board member to discuss their individual comments.
  5. The Chair of the Corporate Governance Committee discusses the results with the Board Chair.
  6. The Chair of the Corporate Governance Committee presents the results to the Board of Directors.
  7. The Corporate Secretary prepares an Action Plan to track the resulting action items. The Action Plan is reviewed on a quarterly basis with the Corporate Governance Committee to ensure that any items of concern are being addressed.
-

#### Director Peer Evaluation

1. On an annual basis, the Corporate Governance Committee reviews the Director Peer Evaluation.
  2. Once the Corporate Governance Committee agrees with the contents of the Director Peer Evaluation, the Corporate Secretary distributes the Director Peer Evaluation to each Board member for comment.
  3. Once the Director Peer Evaluations have been completed, the Corporate Secretary compiles the results and submits them to the Chair of the Corporate Governance Committee and the Board Chair. The Chair of the Corporate Governance Committee's Director Peer Evaluation is only submitted to the Board Chair.
  4. The Director Peer Evaluation is not completed for the Board Chair or the CEO because they have their own individual evaluation forms.
  5. Each Board member receives a Report Card summarizing his/her performance.
  6. The Chair of the Corporate Governance Committee conducts interviews with each Board member to discuss their individual comments. The Board Chair discusses the individual comments of the Chair of the Corporate Governance Committee's evaluation directly with the Chair of the Corporate Governance Committee.
  7. The Chair of the Corporate Governance Committee discusses the results with the Board Chair.
  8. The Chair of the Corporate Governance Committee presents the results to the Board of Directors.
  9. The Corporate Secretary prepares an Action Plan to track the resulting action items. The Action Plan is reviewed on a quarterly basis with the Corporate Governance Committee to ensure that any items of concern are being addressed.
- 

#### CEO Annual Evaluation

1. On an annual basis, the Human Resources Committee reviews the CEO Annual Evaluation.
  2. Once the Human Resources Committee agrees with the contents of the CEO Annual Evaluation, the Corporate Secretary distributes the CEO Annual Evaluation to each Board member for comment (with the exception of the CEO).
  3. Once the CEO Annual Evaluations have been completed, the Corporate Secretary compiles the results and submits them to the Chair of the Human Resources Committee, the Chair of the Corporate Governance Committee and the Board Chair.
  4. The Chair of the Human Resources Committee conducts interviews with each Board member to discuss their individual comments.
  5. The Chair of the Human Resources Committee discusses the results with the Board Chair.
  6. The CEO receives a Report Card summarizing his performance.
  7. The Board Chair discusses the results with the CEO.
  8. The Board Chair presents the results to the Board of Directors.
  9. The Corporate Secretary prepares an Action Plan to track the resulting action items. The Action Plan is reviewed on a quarterly basis with the Human Resources Committee (and as necessary, the Corporate Governance Committee) to ensure that any items of concern are being addressed.
-

## Appendix 2 – Position Descriptions

### Chair of the Board

#### Interfacing with Management

- Act as the principal sounding board and counsellor for the CEO, including helping to define problems, monitoring and influencing strategic management, building relationships and ensuring the CEO is aware of concerns of the Board, the Shareholder and other stakeholders.
- Co-ordinate with the CEO to ensure that management strategy, plans and performance are represented to the Board, Shareholder and to other stakeholders as appropriate.
- Ensure the accountability of the CEO to the Board and the evaluation and monitoring of the performance of the CEO.
- Ensure the implementation of management succession and management development plans by the CEO.
- Direct the activities of the Corporate Secretary as they relate to the Board.

#### Managing the Board

- Ensure that the Board has full governance of the Corporation's business and affairs and that the Board is alert to its obligations to the Corporation, the Shareholder, management, and other stakeholders and under the law.
- Ensure that the values and ethics of the Corporation are clearly communicated.
- Provide strong leadership of the Board; assist the Board in reviewing and monitoring the aims, strategy, policy and directions of the Corporation and the achievement of its objectives.
- Build Board unity, solidarity and trust.
- Resolve conflicts.
- Communicate with the Board to keep it current on all major developments, including avoiding surprises through timely discussion of potential developments and ensuring the Board has sufficient knowledge to permit it to comfortably and properly make major decisions when such decisions are required.

#### Committee Chairs

- Ensure that the Committee has a clear Mandate and defined responsibilities and that it performs meaningful work to fulfill these.
- Ensure that the values and ethics of the Corporation are clearly communicated.
- Provide strong leadership to the Committee.
- Build Committee unity, solidarity and trust.
- Resolve conflicts.
- Communicate with the Board to keep it up to date on all Committee major developments, including avoiding surprises through timely discussion of potential developments and ensuring the Board has sufficient knowledge to permit it to comfortably and properly make major decisions when such decisions are required.
- Set the frequency of the Committee meetings and review such frequency from time to time as considered appropriate or as requested by the Board.

- Set the frequency of Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board.
- Co-ordinate the agenda, information packages and related events for Board meetings with the CEO.
- Chair Board and Shareholder meetings. In the absence of the Board Chair, the Audit and Finance Committee Chair assumes the Chair position, and in the absence of both the Board and the Audit and Finance Committee Chair, the Corporate Governance Committee Chair assumes the Board Chair position.
- Encourage vigorous debate of issues.
- Build consensus on issues.
- Attend committee meetings where appropriate.
- Ensure that Board meetings are conducted in an efficient, effective and focused manner.
- Annually review and assess director, performance, attendance and the size and composition of the Board, in conjunction with the Corporate Governance Committee of the Board.
- Counsel collectively and individually, members of the Board utilizing their capabilities to the fullest extent necessary to the maximum benefit of the Corporation.

#### Relations with the Shareholder, other Stakeholders and the Public

- Chair Shareholder meetings.
- Communicate with Shareholder.
- Represent the Corporation's management and, where applicable, the Board at official functions and meetings, at the request of the CEO.
- Attend public service events as requested by the CEO in connection with the Corporation's charitable, educational and cultural activities.

- Co-ordinate the agenda, information packages and related events for Committee meetings.
- Attend and chair Committee meetings.
- Encourage vigorous debate of issues.
- Build consensus on issues.
- Ensure that Committee meetings are conducted in an efficient, effective and focused manner.
- Annually review and assess director performance, attendance and the size and composition of the Committee, in conjunction with the Corporate Governance Committee of the Board.
- Counsel collectively and individually, members of the Committee utilizing their capabilities to the fullest extent necessary to the maximum benefit of the Corporation.

---

## Board of Directors

### Director Responsibilities

- The fundamental role of a director is to exercise his/her business judgment to act in what they reasonably believe to be the best interests of the Corporation and its Shareholder. In fulfilling that responsibility, the director should be able to rely on the honesty and integrity of the Corporation's senior management and expert legal, accounting, financial and other advisors.
- A director exercises his/her duty by becoming familiar with and participating in the following:
- approval of the strategy for the business;
- appointment of the senior executive officers of the Corporation;
- setting goals and standards for management, monitoring their performance and taking corrective action where necessary;
- reviewing policies for implementing the strategy;
- reporting to the Shareholder on the performance of the business.; and
- fulfilling fiduciary and legal requirements.
- A Board member is expected to prepare for, attend and participate in all Board and applicable committee meetings, and to spend the time needed to meet as often as necessary to properly discharge their obligations.
- The Corporation's management will provide directors with materials, briefings and additional educational opportunities to permit them to become familiar with the Corporation and to enable them to better perform their duties. A director is expected to participate in briefings and educational opportunities.
- A director is expected to declare potential conflicts of interest and abstain from discussions and votes where there is a potential for conflict.
- The Board expects its directors to act ethically at all times and to acknowledge their adherence to the Board of Directors Code of Conduct and ENMAX Corporation's Code of Conduct. The Board will not permit the waiver of any ethics policy for any director.

### Director Qualifications

- The ENMAX Corporation Board of Directors believes that the Board should consist of a majority of independent and unrelated directors who meet the criteria for independence established by the Canadian Securities Administrators.
- The Corporate Governance Committee shall solicit and receive recommendations and review the qualifications of potential director candidates in accordance with the Mandate of that Committee. The consideration of a candidate as a director will be based on the Corporate Governance Committee's assessment of the individual's background, skills and abilities, and whether such characteristics qualify the individual to fulfill the needs of the Board at that time.
- The Board shall monitor the mix of skills and experience of a director in order to assure that the Board has the necessary tools to perform its oversight function effectively.

### Director Elections

- The Articles of Incorporation provide for a minimum of 1 director and a maximum of 13 directors. On an annual basis, the Board of Directors considers a recommendation from the Corporate Governance Committee regarding the optimal size for the Board. The individuals to serve as directors are approved by the Shareholder.
- A director is elected annually by the Shareholder to serve a one-year term.

### Term Limits

The Board believes that term limits are not the best way to maximize the effectiveness of the Board. While term limits may introduce fresh perspectives and new viewpoints, they may have the countervailing effect of causing the loss of the benefit gained from the contributions of a director who has developed, over time, increasing insight into the Corporation. As an alternative to term limits, the Corporate Governance Committee and Board review the appropriateness of each board member's continued service.

---

---

#### Chief Executive Officer

- Develop a corporate vision and direction with the Board, including ensuring that adequate plans for future development and growth of the business are prepared for general review and approval by the Board.
  - With the Board of Directors, advise, support, make proposals and engage support from the Shareholder for the Corporation's business direction and initiatives as required.
  - Initiate, develop for Board approval, present and implement: strategic plans, operating and capital budgets, and major corporate policies (as required).
  - Initiate, develop and approve: operating plans, allocation of corporate resources, corporate and business unit performance measures, policies, and procedures.
  - Ensure policies are uniformly understood and properly interpreted and administered; review and approve corporate policies not requiring Board approval.
  - Work with the Chairman of the Board to ensure Board of Directors' roles are properly developed and fulfilled.
  - Ensure appropriate corporate structure is in place and officer roles are appropriately developed and fulfilled.
  - Monitor and evaluate the Corporation's performance and objectives to ensure alignment with overall business objectives, including developing appropriate individual and corporate measures.
  - With approval of the Board of Directors as required, plan and direct all investigations, negotiations and actions pertaining to mergers, joint ventures, business acquisitions, or the sale of major assets.
  - Ensure that ENMAX acts in an environmentally and socially responsible manner in conducting its business.
  - Review and authorize financial and capital expenditure decisions to assess financial performance and alignment with business objectives.
  - Authorize or achieve Board authorization for Corporation financial transactions regarding debt and debt structuring.
  - Ensure the accounting activities and reports are in accordance with established standards and legal requirements, including the functioning of internal control and management information systems.
  - Demonstrate integrity and ethical leadership.
  - Establish and maintain effective communication and relations with investors, major customers, suppliers, competitors, government agencies, professional societies and other outside business interests.
  - Prescribe and delegate as appropriate, the specific authority of direct reports regarding policies, contractual commitments, expenditures, and human resource (personnel) actions.
  - Ensure the adequacy and proper utilization of corporate services.
  - Ensure that the interests of employees are preserved and protected and aligned with business direction.
  - Take necessary actions to safeguard and enhance the Corporation's resources and investments.
  - Provide executive oversight to pension governance including overseeing pension plan investments.
-

## Appendix 3 – Terms of Reference for the Board of Directors

### A. Purpose

The principal role of the Board of Directors is the stewardship of the Corporation. The Board's fundamental objective is the creation of Shareholder value, including the protection and enhancement of the value of the Corporation's assets. The Board oversees the conduct of the business and supervises management, which is responsible for the day-to-day conduct of the business. The Board must assess and ensure that systems are in place to manage the risks of the Corporation's business with the objective of preserving the Corporation's assets. The Board, with the involvement of the chief executive officer ("CEO"), must establish the strategic direction, vision, mission, values and long-term goals for the Company. In its supervisory role, the Board, through the CEO, sets the attitude and the disposition of the Corporation towards compliance with applicable laws, environmental, safety and health policies, financial practices and reporting. In addition to its primary accountability to the Shareholder, the Board and the CEO, are also accountable to government authorities, employees and the public. In exercising its responsibilities, the Board of Directors is committed to best governance practices.

### B. Procedure and Organization

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting Committees of the full Board, appointing Committee Chairs, recommending Director compensation, and making recommendations on the adoption, amendment and repeal of by-laws.

### C. Duties and Responsibilities

#### 1. Legal Requirements

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

- a) the Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- b) the Board has the statutory responsibility to:
  - i. manage the business and affairs of the Corporation;
  - ii. act honestly and in good faith with a view to the best interests of the Corporation;
  - iii. exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
  - iv. act in accordance with its obligations contained in the Alberta Business Corporations Act ("the Act") and the regulations thereto, the Corporations' Articles and By-Laws, and other relevant legislation and regulations;
- c) the Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a Committee of the Board:
  - i. any submission to the Shareholder of a question or matter requiring the approval of the Shareholder;
  - ii. the issuance of securities except in a manner and on terms already authorized;
  - iii. the declaration of dividends;
  - iv. the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
  - v. the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchases for any such shares;

- vi. the approval of management proxy circulars;
- vii. the approval of any financial statements of the Corporation to be put before the Shareholder at an annual meeting referred to in The Act.

## 2. Strategy Determination

The Board must ensure that there are long-term goals and a strategic planning process in place. The Board, with the involvement of the CEO, must establish the strategic direction, vision, mission, values and long-term goals for the Company. The CEO formulates the Corporation's strategy, policies and proposed actions and presents them in draft to the Board for approval. The Board brings objectivity and judgement to this process. The Board ultimately approves the strategy.

## 3. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to the Shareholder, and to ensure that there are systems in place which effectively identify, classify, monitor, manage and report those risks with a view to the long-term viability and growth of the Corporation. These risks span the Corporation's entire business and should include not only strategic, financial and environmental risks but also risks to human resources, information systems and physical assets.

## 4. Appointment, Training and Monitoring Executive

The Board has the responsibility:

- a) to appoint the CEO, to monitor and assess CEO performance, to determine CEO compensation, and to provide advice and counsel in the execution of the CEO's duties;
- b) to approve the appointment and remuneration of the CEO and the CEO's direct reports; and
- c) to ensure that adequate provision has been made to train and develop management and for the orderly succession of management.

## 5. Policies, Procedures and Compliance

The Board has the responsibility:

- a) to ensure the Corporation is operated at all times within applicable laws, regulations and regulatory requirements and to the highest ethical and moral standards;
- b) to approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- c) to ensure the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- d) to ensure the Corporation has a high regard for the health and safety of its employees in the workplace and has in place appropriate programs and policies;
- e) to identify and assess Public Affairs issues that impact significantly on the Corporation; and
- f) to review significant legislative initiatives and public policy trends and assess the legal consequences therof for the Corporation's directors and officers.

## 6. Reporting and Communication

The Board has the responsibility:

- a) to ensure the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its Shareholder, other stakeholders and the public generally;

- b) to ensure that the financial performance of the Corporation is adequately reported to the Shareholder, other security holders, and regulators on a timely and regular basis;
- c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- e) to report semi-annually to the Shareholder on its stewardship of the affairs of the Corporation for the preceding period.

## 7. Monitoring and Acting

The Board has the responsibility:

- a) to monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- b) to take action when performance falls short of its goals and objectives or when other special circumstances warrant; and
- c) to ensure that the Corporation has implemented adequate internal controls and management information systems which ensure the effective discharge of its responsibilities.

## Appendix 4 – Audit and Finance Committee Mandate

Pursuant to Section 4.1 of the Amended and Restated Bylaw of ENMAX Corporation (the "Corporation") and the Amended and Restated Bylaws of the Corporation's direct and indirect subsidiaries, a committee of the Board of Directors (the "Board") to be known as the "Audit and Finance Committee" (hereinafter referred to as the "Committee") is hereby established. The Committee has the oversight responsibility and specific duties described below.

### 1. Committee Composition

The Committee shall be comprised of a minimum of four directors, none of whom shall have any interest in, or business or other relationship with the Corporation that may, or may reasonably be perceived to, interfere with the exercise of the independence from management and the Corporation.

If not an appointed member of the Committee, the Chair of the Board may attend Committee meetings at his discretion but shall not be entitled to vote except as required by Section 4b.

The members of the Committee shall be financially literate or become financially literate within a reasonable period of time after being appointed. Further, at least one member of the Committee shall have accounting or related financial management expertise. For purposes hereof, "financially literate" shall mean the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity that can reasonably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be appointed or reappointed at the Organizational Meeting of the Board which will be the next regularly scheduled Meeting following the Annual Meeting of the Shareholder of the Corporation. Each member of the Committee shall continue to be a member thereof until his/her successor is appointed; unless he/she shall resign or be removed by the Board or he/she shall cease to be a director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than four directors as a result of the vacancy.

The Board shall appoint a Chair of the Committee. If the Chair of the Committee cannot be present at any meeting of the Committee, the Chair shall, in advance of the meeting, designate another member of the Committee, as Chair. Failing which, the Chair of the Committee shall be chosen by the Committee from among the members present. At all meetings of the Committee, every question shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the motion shall be lost and the person acting as Chair of the meeting shall not be entitled to a second or casting vote.

### 2. Committee Secretary

The Secretary of the Corporation, or with the approval of the Chair of Committee, the Secretary's designate, shall attend at and be the secretary at all meetings of the Committee.

### 3. Committee Investigations

The Committee has the authority to investigate any activity of the Corporation. All employees are to cooperate as requested by the Committee. All information received by the Committee in connection with any investigation will be made available for examination by a director of the Corporation upon request to the Secretary of the Committee.

### 4. Committee Meetings

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

- a) a quorum for meetings shall be a majority of Committee members, present in person or by telephone or other telecommunication device that permit all persons participating in the meeting to speak and hear each other;
- b) in circumstances where a quorum cannot be constituted as in Section 4a, the Chair of the Board may be considered in establishing quorum and shall be entitled to vote for the duration of the meeting;
- c) the Committee shall meet at least quarterly; and
- d) notice of the time and place of every meeting shall be given in writing or facsimile communication to each member of the Committee, the internal and external auditors of the Corporation, at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called. The external auditors attending a Committee meeting are entitled to attend meetings at the expense of the Corporation. The internal auditors shall attend meetings and serve as a resource to the Committee as required. A meeting of the Committee may be called by the Secretary of the Committee on the direction of the Chair or CEO of the Corporation, by a member of the Committee, the external auditors or internal auditors. Notwithstanding the provisions of this paragraph, the Committee shall at all times have the right to determine who shall and shall not be present at any part of the meeting of the Committee.

## 5. Specific Duties

The Committee shall:

- a) in connection with its advisory functions:
  - i. review and upon satisfaction recommend to the Board for approval all annual, interim and other financial statements of the Corporation, all annual and interim reports and annual information forms, management discussion and analysis and other public financial documents, if deemed required;
  - ii. review and recommend to the Board for approval all financial information included within any prospectus, offering memorandum or other material documents in connection with the offering of securities of the Corporation;
  - iii. review and recommend to the Board for approval any other material financial information to be disseminated to the public or filed with any securities commission or similar regulatory authority on behalf of the Corporation;
  - iv. review and be satisfied with the policy and procedures in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements;
  - v. review the external auditors' advice in respect of the Corporation's accounting systems and policies and representation letters given to the internal or external auditors by management;
  - vi. review with management and report to the Board, on an annual basis, on the financing plans of the Corporation, including the establishment of a long-term financial plan for the Corporation;
  - vii. at the conclusion of every Committee meeting, meet in-camera with each of the external auditors and the internal auditor and report to the Board on such meeting;
  - viii. review recommendations of the officers of the Corporation as to the appointment or reappointment of external auditors as well as qualifications in the case of new auditors and make recommendations to the Board with respect to the nomination and remuneration of external auditors to be appointed at each Annual Meeting of the Shareholder;

- ix. if a change in external auditors is proposed, the Committee will review the reasons for the proposed change as well as obtain a response from the incumbent auditor;
  - x. oversee the work of the external auditors engaged for the purpose of preparing or issuing an audit report or related work;
  - xi. review the recommendations as to the appointment, evaluation and termination of the internal auditor;
  - xii. on an annual basis, review and recommend for approval the Charter of the Internal Auditor, including the determination of independence of the Internal Auditor from management.
  - xiii. receive periodically, reports on the nature and extent of compliance with requirements regarding statutory deductions and remittances, including deductions and remittances under the Income Tax Act (Canada), the Excise Tax Act (Canada), the Canada Pension Plan Act, the Employment Insurance Act (Canada), the Alberta Corporate Tax Act and the Health Insurance Premiums Act (Alberta) and the nature and extent of non-compliance together with the reasons therefore, and the plan and timetable to correct deficiencies and report to the Board on the status of such matters;
  - xiv. review with management and report to the Board, on an annual basis, as to the occurrence of notifyable transactions under the Competition Act and compliance by the Corporation with notification requirements.
  - xv. review with management and report to the Board, on an annual basis, as to compliance with applicable bankruptcy and insolvency laws under the Bankruptcy and Insolvency Act (Canada), if applicable;
  - xvi. review with management and report to the Board, on an annual basis, as to compliance with orders of the Alberta Energy Board under the Electric Utilities Act and with obligations under the Public Utilities Board Act (Alberta);
  - xvii. review with management and report to the Board, on an annual basis, as to compliance with practices enumerated in the Fair Trading Act (Alberta);
  - xviii. when a reporting issuer, review on a semi-annual basis, the extent to which filings made under applicable securities legislation, including those under the Securities Act (Alberta) are in compliance with all applicable standards in respect thereof, and report any material deficiencies to the Board;
  - xix. annually review any policy that delegates financial authorities from the Board of Directors to the Executive including, but not limited to, the Delegation of Authority Policy, with a view to ensuring that Management has the appropriate authority to implement the Corporation's business objectives and strategic plan, and ensuring appropriate controls over such authorities; and
  - xx. annually review succession planning for the Chief Financial Officer and the internal auditor for the Corporation.
- b) in connection with the exercise of its powers:
- i. review related party transactions;
  - ii. engage and compensate independent counsel and other advisors that the Committee determines are necessary to carry out its duties;
  - iii. communicate directly with the internal and external auditors at each meeting of the Committee, or at any such other time as the Committee considers necessary to carry out its duties;

- iv. communicate the Committees' expectations regarding the internal and external auditor's performance and evaluate the auditors' past performance and with respect to the performance of the internal auditor, ensuring that the internal auditor is reviewing all of the Corporation's business units to ensure that appropriate internal controls are in place;
- v. review annually the audit plans of the internal and external auditors of the Corporation including the degree of coordination in those plans and inquire as to the extent the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. Review all recommendations made by the auditors for the strengthening of internal controls;
- vi. review quarterly reports from the external auditor regarding critical elements of the quarterly financial statements, accounting policies and recommendations for strengthening internal controls;
- vii. review an annual report from the internal auditor detailing the regular examination of the President and EVP/COO expenses and perquisites, including the use of the Corporation's assets;
- viii. review as required the adequacy and effectiveness of internal controls over the accounting and financial reporting system within the Corporation including management's response to the internal control recommendations of the internal and external auditors;
- ix. review any changes in accounting policies and the financial impact thereof and review any major areas of management judgement and estimates that have a significant effect upon the financial statements;
- x. review quarterly with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- xi. review annually with management material covenants in credit and loan agreements and trust indentures;
- xii. monitor compliance with applicable securities laws;
- xiii. review the information prepared for inclusion in the corporation's annual information form required by applicable securities laws in relation to the Committee, its composition, expertise and policies, among other things;
- xiv. approve the Charter of the ENMAX Corporation Certification Committee and any amendment(s) thereto;
- xv. review the disclosure provided by the Chief Executive Officer and Chief Financial Officer in connection with:
  - 1) the annual and interim certification obligations pursuant to applicable laws, if any;
  - 2) significant deficiencies and material weaknesses in the design or operation of internal controls that could adversely affect the Corporation's ability to disclose information required to be disclosed by it under applicable securities laws within the time periods required; and
  - 3) any fraud, whether or not material, that involved management or other employees with a significant role in the Corporation's internal controls;
- xvi. monitor the independence of the external auditor through written disclosures and meetings with the auditor and by reviewing the independent auditor's account of the total fees derived from the audit client for management advisory services, during the past year and a description of such services;

- xvii. directly or by delegation to the Audit and Finance Committee Chair and Chief Financial Officer, acting together, pre-approve non-audit related services provided by the external auditors and the fees related thereto and assess the impact of such non-audit related services on the independence of the external auditors;
- xviii. review the basis and amount of the external auditors' fees in light of the number and nature of reports issued by the auditors, the quality of the internal controls, the size, complexity and financial condition of the Corporation and the extent of internal audit and other support provided by the Corporation to the external auditors;
- xix. quarterly review all material consulting engagements for the effective and efficient use of consultants and to confirm that external audit firms were not contracted for consulting services not related to pre-approved audit services;
- xx. review any policy for the disclosure and confidentiality of information about ENMAX (the "Policy");
- xxi. approve earnings news releases before they are publicly disclosed;
- xxii. report to the Board after each Committee meeting, as required during the year and, upon request, at the end of each fiscal year, table a full report to the Board with respect to its activities during the preceding year with such recommendations as are deemed desirable in the circumstances;
- xxiii. review each proposed dividend to be declared considering the solvency requirements of applicable law and, in the Committee's discretion, make recommendations to the Board for consideration;
- xxiv. review the financial strategy considering current and future business needs, capital markets and ENMAX's credit rating;
- xxv. review an annual report with respect to business continuity;
- xxvi. take all reasonable steps to oversee conduct review by receiving quarterly and annual reports summarizing compliance with same;
- xxvii. receive reports in respect of the Corporation's due diligence process; and
- xxviii. formally assess its effectiveness on a yearly basis.

## 6. Risk Management

The Committee shall receive regular risk reports from management with respect to the risks identified in Schedule "A". Based on these regular risk reports, on a quarterly basis, the Committee shall accept the accountability for such risks and consent that such risks identified in Schedule "A" are appropriate to be monitored by the Committee. The Committee shall then monitor ongoing compliance and performance of such risk reports.

To honor the spirit and intent of the enterprise risk management process, authority to make amendments to the risks identified in Schedule "a" shall be delegated to the Chair of the Enterprise Risk Management Committee ("ERMC"). In conjunction and upon recommendation of the Committee, the ERMC shall have the authority to made amendments to the Board for approval.

Once such a determination has been made, risks will be amended accordingly, if necessary, and approved by the Committee.

## 7. External Consultants

In instances where members of the Committee believe that in order to properly discharge their fiduciary obligations to the Corporation it is necessary to obtain the advice of external experts, the Chair shall, at the

request of the Committee, engage the necessary experts. The Board shall be kept apprised of both the selection of the experts and the expert's findings through the Committee's regular reports to the Board.

**8. In-Camera Meetings**

The Committee shall meet in-camera for a part of each meeting of the Committee. The Committee shall also meet in-camera with the Internal Auditor, the External Auditor and the Chief Financial Officer for a part of each meeting of the Committee.