



EXECUTIVE COMPENSATION GOVERNANCE REPORT

2013 | ENMAX Corporation



ENMAX'S APPROACH TO EXECUTIVE COMPENSATION

ENMAX'S STRATEGIC DIRECTION

At ENMAX, we power Alberta's way of life. For more than a century, we have provided Calgarians with safe, reliable electricity. We have powered generations of families, homes and businesses, and built the electricity infrastructure which has enabled the successful growth of Calgary and Alberta. That is a legacy we are proud of, and one that inspires us to continue creating value for our customers, stakeholders and Shareholder, the City of Calgary.

We make, move and market electricity products and services across our network of wires to homes and businesses. Our diversity across the electricity value chain is a key strength for our company and it enables us to maintain a diverse portfolio of assets, and deliver stable earnings to our Shareholder, The City of Calgary. Going forward, the ENMAX promise remains the same – to exceed our customers' expectations while providing safe, reliable power that can be depended on every day.

COMPENSATION PRINCIPLES

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

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

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

PAY POSITIONING

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

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

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

PEER GROUP

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

We periodically review the peer group selection criteria and companies within the peer group for continued relevance and appropriateness. A comprehensive peer group review was conducted in 2011, at which point the peer group was expanded. In August 2013, the HRC reviewed the peer group to ensure that the criteria identified for selecting peer companies for benchmarking purposes were still valid. Our next peer group review will be conducted in 2014.

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

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

Availability of market data is also a factor in the development of the peer group. As such, the companies in our peer group are all participants in the general industry surveys that ENMAX uses for benchmarking purposes.

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

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

ENMAX is near the 71st percentile of its peer group on revenue. As a scope measure, revenue typically has the strongest indication of market pay levels, and is viewed as a good indication of the complexity of an organization. Asset size serves as a secondary reference as it reflects the complexity and scope of operations for those organizations with whom we compete for talent. ENMAX is near the 40th percentile on assets.

	REVENUE	ASSETS
50th Percentile	\$1.9 Billion	\$7.5 Billion
75th Percentile	\$3.7 Billion	\$14.2 Billion
ENMAX	\$3.4 Billion	\$4.6 Billion
Percentile Rank	71st Percentile	40th Percentile

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

COMPENSATION COMPONENTS

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

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

Our AVPP and LTVPP programs are designed to:

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

PAY MIX

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

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

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

COMPENSATION GOVERNANCE AT ENMAX

MANDATE OF THE HUMAN RESOURCES AND GOVERNANCE COMMITTEE

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

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

COMPENSATION APPROVAL PROCESS

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

	ANALYSIS	RECOMMENDATIONS	APPROVAL
Who	• President and CEO	• HRC following review of President & CEO’s recommendations	• Board of Directors
Inputs	• Corporate Business Unit and Individual Business Results • Market data analysis and competitive practices provided by Towers Watson	• CEO provided recommendations re: Direct Reports total direct compensation • Meridian compensation consultants	• Human Resources Committee recommendations including President & CEO total direct compensation as informed by market data and compensation consultants

COMPENSATION RISK MITIGATION

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

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

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

In August 2013 the HRGC retained the services of an independent external compensation advisor to assess the risks inherent in ENMAX’s compensation programs. The Committee received confirmation that the current compensation programs and governance practices do not encourage excessive risk-taking that would have a material impact on ENMAX’s financial results and reputation. The next risk assessment will be conducted in 2015.

COMPENSATION “CLAW-BACKS”

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

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

- The amount of variable pay received by the executive or former executive was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of, or affected by, a material restatement of all or a portion of ENMAX’s financial statements;

- The executive or former executive engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- The amount of variable pay received would have been lower had the financial results been properly reported

COMPENSATION ADVISORS

The HRGC retains the services of Meridian Compensation Partners Inc. to serve as the independent external advisor on executive compensation matters. In 2013, Meridian's services included:

- providing input on the 2014 LTVP program design
- review of metrics used in our 2014 Annual Variable Pay Program

Management also retains the services of external advisors on other compensation-related matters. For 2013:

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

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

COMPANY	SERVICES	2012 Fees	2013 Fees
Meridian (Retained by the HRGC)	Executive Compensation Consulting	\$56,794	\$15,150
Towers Watson (Retained by the HRGC)	Executive Compensation Consulting	n/a	\$49,130
Towers Watson (Retained by Management)	Executive Compensation Consulting	\$33,882	\$81,439

2012 EXECUTIVE COMPENSATION

NAMED EXECUTIVE OFFICERS

This section discusses compensation decisions related to the Named Executive Officers (NEOs) in 2013, who are as follows:

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

SETTING EACH COMPENSATION COMPONENT

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

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

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

Salaries

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

In 2013, we increased executive salaries by an average of 3.5% to reflect merit increases, cost of living increases, and competitive pressures. The following shows the year-over-year change in salaries for each of the NEOs.

POSITION	2012 SALARY	2013 SALARY	% CHANGE
President & CEO	\$600,000	\$620,000	+3.3%
EVP Finance & CFO	\$390,000	\$402,000	+3.1%
EVP Generation & Wholesale Energy	\$420,200	\$429,000	+2.1%
EVP Regulatory & Legal Services	\$339,500	\$350,000	+3.1%
EVP Transmission & Distribution Services	\$370,000	\$385,000	+4.1%

Annual Variable Pay Plan (AVPP)

Plan Design

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

The AVPP is designed to:

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

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

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

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

As disclosed in ENMAX's 2011 Executive Compensation report, a Threshold level of performance on Return on Equity (ROE) was required before any payouts under the plan were possible. In 2013, the Board approved the removal of this requirement for the 2014 plan. The Board of Directors retains overall discretion for all AVPP payouts in the event the company incurred significant financial difficulty in unique circumstances unforeseen at the time of the budget approval.



2013 Payouts

The HRGC considers a range of key factors in determining recommended compensation levels for the CEO and other NEOs. Recommendations are submitted to the Board for approval. In any given year, actual AVPP payouts for the NEOs may be more or less than target levels. The specific payouts associated with the AVPP are outlined below and in the Summary Compensation Table (page 16).

The following provides the targeted performance at the Corporate level, and ENMAX's actual results relative to target. The resulting payout factors for EBITDA and Safety are shown, and are calculated based on actual performance relative to pre-established threshold, target, and maximum performance levels for 2013. We achieved excellent safety, financial and operating results in 2013, despite the extraordinary challenges we faced, resulting in the 2013 Corporate Performance Payout Factor of 96.5%.

PERFORMANCE MEASURE	2013 TARGET PERFORMANCE	2013 ACTUAL PERFORMANCE	PAYOUT FACTOR
EBITDA (70% Weight)	\$392.1 Million	\$375.9 Million	84.0%
Safety (30% Weight)	1.4	0.9	125.8%
Corporate Performance Payout Factor			96.5%

Business Unit KPIs and actual performance achieved in 2013 are shown below. The resulting Business Unit Performance Factor ranges from 132.4% to 143. While adjustments to these results are not common, adjustments were approved to ensure no department was negatively impacted by additional, unplanned costs related to the sale of Envision or the June flood. In addition, while we didn't achieve the threshold level for the growth in the Distributed Generation Home Solar initiative that was one of the Encompass goals, the decision was made to reward this measure at threshold to acknowledge the exceptional efforts by the Encompass team in this area.

The HRGC and Board retain the ultimate authority to exercise discretion to ensure that AVPP payouts are appropriate in light of actual performance achieved, and consider external factors that are beyond the participants' control for which they should not be rewarded or penalized. Accordingly, 2013 had a number of unusual events, but there were two – the sale of Envision and the cost of the June flood - that were particularly unusual. In both cases, strong performance by the organization was worthy of special consideration. In recognition of this performance, management requested an approximately \$9 million adjustment, an increase, to the EBITDA results for the purposes of the AVPP payout. This unique consideration along with the overall year-end financial and safety results were reviewed and approved by the Human Resources and Governance committee of the Board of Directors.

2013 Business Unit Performance

PERFORMANCE MEASURE	TARGET PERFORMANCE	2013 ACTUAL PERFORMANCE	PAYOUT FACTOR
ENMAX POWER			
Cost Control (25% Weight)	\$88.5 Million	\$85.1 Million	137.8%
Reliability – SAIDI ¹ Index (12.5% Weight)	0.45	0.43	120.0%
Reliability – SAIFI ² Index (12.5% Weight)	0.90	0.76	150.0%
Project Delivery (50% Weight)	Various Milestones	Based on Year-end Review of Performance	128.5%
ENMAX Power Performance Payout Factor			132.4%

¹ System Average Interruption Duration Index.

² System Average Interruption Frequency Index.

PERFORMANCE MEASURE	2013 TARGET PERFORMANCE	2013 ACTUAL PERFORMANCE	PAYOUT FACTOR
ENMAX POWER SERVICES			
Margin (20% Weight)	\$3.3 Million	\$8.4 Million	150.0%
Performance – URD ¹ Design Timelines (25% Weight)	85%	96%	136.7%
Performance – Streetlights (25% Weight)	920	657	150.0%
Project Delivery (30% Weight)	Various Milestones	Based on Year-end Review of Performance	140.0%
ENMAX Power Services Performance Payout Factor			143.7%

¹ Underground residential distribution design build shallow utilities.

PERFORMANCE MEASURE	2013 TARGET PERFORMANCE	2013 ACTUAL PERFORMANCE	PAYOUT FACTOR
ENMAX ENERGY			
Cost Control (20% Weight)	\$45.7 Million	\$45.4 Million	106.5%
Performance – Residential Customer Growth (15% Weight)	300,000	312,000	140.0%
Reliability/Performance – Generation Asset Availability (5% Weight)	90%	98.6%	150.0%
Performance – Commercial Contracted Gross Margin (15% Weight)	\$42	\$70.5	150.0%
Project Delivery (40% Weight)	Various Milestones	Based on Year-end Review of Performance	150.0%
Reliability/Performance – Price Weighted Availability (5% Weight)	95%	99.8%	150.0%
ENMAX Energy Performance Payout Factor			139.8%

PERFORMANCE MEASURE	2013 TARGET PERFORMANCE	2013 ACTUAL PERFORMANCE	PAYOUT FACTOR
ENMAX ENCOMPASS			
Cost Control (35% Weight)	\$41.5 Million	\$39.2 Million	150.0%
Customer Satisfaction (15% Weight)	80%	82%	120.0%
First Call Resolution (15% Weight)	80%	82%	120.0%
Performance – Residential Customer Growth (20% Weight)	300,000	312,000	140.0%
Performance – DG KW Contracted (5% Weight)	509	262	50.0% ¹
Performance – Commercial markets Customer Support – Satisfaction Score (10% Weight)	10	13.5	135.0%
ENMAX Encompass Performance Payout Factor			132.5%

¹ CEO granted exception for payout at threshold

PERFORMANCE MEASURE	2013 TARGET PERFORMANCE	2013 ACTUAL PERFORMANCE	PAYOUT FACTOR
ENMAX SHARED SERVICES			
Cost Control (40% Weight)	\$91.7 Million	\$86.2 Million	150.0%
Reliability / Performance (20% Weight)	Average of Business Unit Performance	Average of Business Unit Performance	131.0%
Project Delivery (40% Weight)	Average of Business Unit Performance	Average of Business Unit Performance	127.0%
ENMAX Shared Services Performance Payout Factor			137.0%

Individual goals are established at the beginning of the year, specific to each NEO and his or her area of responsibility. Individual performance is assessed by the Board for the CEO, and by the CEO for her direct reports. Key accomplishments for 2013 are provided below, along with the resulting performance rating.

NAME	2013 KEY ACCOMPLISHMENTS	2013 PERFORMANCE RATING
Gianna Manes	<ul style="list-style-type: none"> • Developed and delivered a long term plan for the ENMAX Group of companies to ensure the organization continues to position itself for success, and generate positive Shareholder value • Delivered strong operational results despite key challenges during the 2013 year, and at the same time, made significant progress in advancing ENMAX's strategic objectives. • Improved cost management, internal efficiency, and employee communications and engagement. • Positively advanced the ENMAX brand and reputation, strengthening emphasis on community and stakeholder communications and engagement, government and Shareholder relations 	Met or exceeded all expectations
David Halford	<ul style="list-style-type: none"> • Significantly contributed to many key company initiatives and played a key role in overseeing sale of ENMAX Envision Inc. to Shaw Communications Inc. • Implemented an enhanced strategic planning process for the organization 	Met or exceeded all expectations
David Rehn	<ul style="list-style-type: none"> • Oversaw ongoing Shepard Energy Centre construction and initial commissioning activities • Completed Calgary Energy Centre major maintenance program on time and on budget and Shepard Energy Centre joint venture transaction with Capital Power • Advanced development of ENMAX's information technology function and District Energy 	Met or exceeded all expectations
Robert Hemstock	<ul style="list-style-type: none"> • Key leadership contributions made across ENMAX's legal, regulatory, corporate responsibility, and government relations initiatives • Strong leadership in advancing ENMAX's interests in the Cost of Service Application for Distribution and Transmission, legal and regulatory support for the Shepard Energy Centre joint venture, and legal and regulatory support for the Envision sale. 	Met or exceeded all expectations
Dale McMaster	<ul style="list-style-type: none"> • Key leadership contributions resulting in enhanced ENMAX Power performance, project delivery and talent management • Strong leadership in advancing ENMAX's safety mandate, regulatory proceedings and in leading ENMAX Power through response to 2013 Southern Alberta Floods 	Met or exceeded all expectations

Based on the Corporate, Business Unit, and Individual/Team performance achieved, the overall payout factor, target and actual AVPP payouts for each NEO based on 2013 performance is presented below.

POSITION	CORPORATE PERFORMANCE FACTOR	BUSINESS UNIT FACTOR	INDIVIDUAL FACTOR	OVERALL PAYOUT FACTOR	AVPP PAYOUT RANGE (% OF SALARY)			PAYOUT FOR 2013 PERFORMANCE	
					THRESHOLD	TARGET	MAXIMUM	\$ VALUE	% OF SALARY
President & CEO	96.5%	n/a	150%	107%	37.5%	75%	112.5%	\$500,000	81%
EVP Finance & CFO	96.5%	137.0%	140%	117%	22.5%	45%	67.5%	\$212,286	53%
EVP Generation & Wholesale Energy	96.5%	139.8%	130%	116%	22.5%	45%	67.5%	\$223,980	52%
EVP Regulatory & Legal Services	96.5%	137.0%	130%	115%	22.5%	45%	67.5%	\$181,676	52%
EVP Transmission & Distribution Services	96.5%	134.7% ¹	145%	118%	22.5%	45%	67.5%	\$203,825	53%

¹ Business Unit performance payout factor is a blend between ENMAX Power Corporation (80% weight) and ENMAX Power Services (20% Weight)

Long Term Variable Pay Plan (LTVPP)

Plan Design

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

The LTVPP is designed to provide a greater focus on forward-looking performance over a multi-year period. The LTVPP program:

- Closely aligns with performance objectives that are viewed to be key success factors of the longer term strategic plan;
- Encourages cross business unit collaboration to achieve shared goals;
- Strengthens the pay-for-performance focus by measuring results over a forward-looking, 3-year performance period;
- Strengthens retention via a vesting schedule that "cliff-vests" at the end of the 3-year performance period; and
- Provides alignment with common variable pay and good governance practices in the market.

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

FINANCIAL PERFORMANCE (50% WEIGHT)

- 3-year average Return on Capital Employed (ROCE)



STRATEGIC OBJECTIVES (50% WEIGHT)

- Improvement in Maturity of Safety Culture
- Improvement in Maturity of Talent Development Culture
- Execution of Key Strategic Projects

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

In 2011, the LTVPP Program was changed from a former graduated vesting (i.e., 50% at the end of year 1, and 25% at the end of years 2 and 3) to cliff vesting (i.e. 100% at the end of year 3). Given this change, ENMAX introduced a one-time Year 1 LTVPP Transition Plan for the 2012 performance period (to be paid in 2013) and a one-time Year 2 LTVPP Transition Plan for the 2012 and 2013 performance periods (to be paid in 2014). Each Transition Plan is subject to financial and strategic performance measures that were set at the outset of the performance periods:



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

Special Project Compensation

The Board of Directors awarded a special effort bonus to the President & CEO in recognition of her leadership during 2013 Flood relief efforts, the sale of the Envision business and cost control management in the amount of \$200,000. This amount was paid in March 2014.

Pension Plans

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

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

ENMAX Pension Plan – Defined Contribution Plan

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

- Employees are immediately enrolled upon hire and are immediately vested in the plan, therefore, entitled to ENMAX's contributions upon termination or retirement;
- ENMAX contributes 4% of employees' base salary;
- Employees may make optional contributions between 0% to 4% of base salary, which ENMAX matches at a rate between 50% to 150% based on the employee's age and service;

- Total contributions to the DC provision cannot exceed the Money Purchase Limit imposed by the Income Tax Act (Canada), which was \$24,270 in 2013; and
- Employees direct their own investments and may invest in various funds covering all major asset classes.

Defined Contribution Supplemental Retirement Plan (DC-SRP)

Effective March 21, 2006, the DC provision of the Supplemental Plan (DC-SRP) was established for all new employees and existing employees who did not previously qualify for the DB provisions of the Supplemental Plan. The DC-SRP is available to employees whose base salary plus actual annual variable pay amounts exceed the annual earnings threshold under the DC provision of the Registered Plan. Other aspects of the DC-SRP include:

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

Defined Benefit Supplemental Retirement Plan (DB-SRP)

ENMAX closed the DB provision of the Supplemental Plan (DB-SRP) to new entrants effective March 21, 2006. Participants whose earnings would exceed an annual earnings threshold under the DB provisions of the Registered Plan (\$150,164 for 2013) will earn service for that year under the DB-SRP. Other aspects of the DB provisions include:

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

Benefit Plans

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

Flexible Perquisite Account

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

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

DETAILED COMPENSATION DISCLOSURE

SUMMARY COMPENSATION TABLE

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

POSITION TITLE NAME	YEAR	SALARY (A)	OTHER COMPENSATION ¹ (B)	VARIABLE PAY PAID (EARNED IN PREVIOUS YEARS)		TOTAL COMPENSATION PAID IN YEAR (REGARDLESS OF YEAR EARNED) ⁴ (A+B+C+D)	ANNUAL VARIABLE PAY PLAN EARNED IN 2013, PAID IN 2014 ⁵	PENSION VALUE ⁶
				ANNUAL VARIABLE PAY PLAN ² (C)	LONG- TERM VARIABLE PAY PAID ³ (D)			
President & CEO	2013	\$620,000	\$20,576	\$486,000	\$275,000	\$1,401,576	\$700,000	\$88,480
Gianna Manes ⁷	2012	\$450,000	\$115,383	\$0	\$0	\$565,383	\$486,000	\$44,000
EVP Finance & CFO	2013	\$402,000	\$15,576	\$247,500	\$604,500	\$1,269,576	\$212,286	\$51,960
	2012	\$390,000	\$15,510	\$209,000	\$437,500	\$1,052,010	\$247,500	\$47,888
David Halford	2011	\$375,000	\$15,478	\$205,000	\$375,000	\$970,478	\$209,000	\$46,400
EVP Generation & Wholesale Energy	2013	\$429,000	\$15,576	\$274,900	\$435,250	\$1,154,726	\$223,980	\$70,390
	2012	\$420,200	\$15,510	\$191,000	\$320,000	\$946,710	\$274,900	\$61,120
David Rehn	2011	\$412,000	\$335,603	\$187,000	\$300,000	\$1,234,603	\$191,000	\$59,900
EVP Regulatory & Legal Services	2013	\$350,000	\$15,576	\$212,400	\$523,600	\$1,101,576	\$181,676	\$74,013
	2012	\$339,500	\$15,510	\$158,000	\$410,000	\$923,010	\$212,400	\$85,789
Robert Hemstock	2011	\$320,000	\$15,478	\$145,000	\$475,000	\$955,478	\$158,000	\$57,068
EVP Transmission & Distribution Services	2013	\$385,000	\$15,576	\$228,300	\$340,250	\$969,126	\$203,825	\$61,330
	2012	\$370,000	\$15,510	\$147,000	\$130,000	\$662,510	\$228,300	\$51,650
	2011	\$350,000	\$15,478	\$41,000		\$406,478	\$147,000	\$39,100
Dale McMaster								

¹ All Other Compensation reflects the value of the flexible perquisite account and company-paid critical illness insurance coverage. Ms. Manes receives a flexible perquisite account of \$20,000 per year, and all other NEOs receive flexible perquisite accounts of \$15,000 per year. All NEOs received company-paid critical illness insurance coverage of \$576 in 2013, \$510 in 2012, and \$478 in 2011. For Mr. Rehn, the value in All Other Compensation for 2011 and 2010 includes payments under the Project Medium-term Variable Pay Plan in the amounts of \$320,125 and \$395,975, respectively. For Ms. Manes, the value in All Other Compensation for 2012 includes a \$100,000 relocation bonus.

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

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

⁴ Total Compensation Paid in Year includes salary, other compensation and amounts from previous year's AVPP and LTVPP programs vesting and paid in year indicated. Ms. Manes total compensation does not include the \$200,000 special award which is payable in 2014.

⁵ Reflects amounts earned based on performance during the year indicated and to be paid in March of the following year. For Ms. Manes, the value includes a \$200,000 special project compensation awarded by the Board detailed on page 14.

⁶ Pension Value reflects the compensatory components of the Registered Plan and the Supplemental Plan.

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

LTVPP OPPORTUNITY GRANTS TABLE

The table below summarizes LTVPP Opportunity Grants over the last three years. LTVPP Opportunity Grant amounts listed in 2013 are broken out into their respective performance periods.

NAME	YEAR	LTVPP OPPORTUNITY / GRANT (FUTURE PAYMENT)		
		MIN	TARGET	MAX
Gianna Manes	2013 Grant ¹	\$0	\$682,000	\$1,364,000
	2012 Grant ²	\$0	\$550,000 ⁴	\$1,100,000
	2012 Year 2 Transition Opportunity Grant ³	\$0	\$300,000	\$600,000
	2012 Year 1 Transition Opportunity Grant ⁵	\$0	\$150,000	\$300,000
David Halford	2013 Grant ¹	\$0	\$345,000	\$690,000
	2012 Grant ²	\$0	\$400,000	\$800,000
	2012 Year 2 Transition Opportunity Grant ³	\$0	\$300,000	\$600,000
	2012 Year 1 Transition Opportunity Grant ⁵	\$0	\$200,000	\$400,000
	2011 ⁶		\$400,000	
David Rehn	2013 Grant ¹	\$0	\$280,000	\$560,000
	2012 Grant ²	\$0	\$300,000	\$600,000
	2012 Year 2 Transition Opportunity Grant ³	\$0	\$225,000	\$450,000
	2012 Year 1 Transition Opportunity Grant ⁵	\$0	\$150,000	\$300,000
	2011 ⁶		\$240,000	
Robert Hemstock	2013 Grant ¹	\$0	\$300,000	\$600,000
	2012 Grant ²	\$0	\$320,000	\$640,000
	2012 Year 2 Transition Opportunity Grant ³	\$0	\$240,000	\$480,000
	2012 Year 1 Transition Opportunity Grant ⁵	\$0	\$160,000	\$320,000
	2011 ⁶		\$320,000	
Dale McMaster	2013 Grant ¹	\$0	\$290,000	\$580,000
	2012 Grant ²	\$0	\$300,000	\$600,000
	2012 Year 2 Transition Opportunity Grant ³	\$0	\$225,000	\$450,000
	2012 Year 1 Transition Opportunity Grant ⁵	\$0	\$150,000	\$300,000
	2011 ⁶		\$260,000	

1 Grant for 2013-2015 performance period, paid in 2016

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

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

4 Pro-rated based on April 1, 2012 hire date

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

6 2011 Opportunity Grants were under a former, not performance based, plan

PENSION PLAN TABLES

ENMAX PENSION PLAN – DEFINED CONTRIBUTION PLAN

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

NAME	ACCUMULATED VALUE AT START OF YEAR	COMPENSATORY CHANGE ¹	ACCUMULATED VALUE AT END OF YEAR
Gianna Manes	\$27,182	\$16,180	\$61,968
David Halford	\$102,005	\$16,180	\$159,607
David Rehn	\$115,073	\$17,336	\$140,551
Robert Hemstock ²	\$123,549	\$12,013	\$172,334
Dale McMaster	\$62,246	\$17,336	\$97,808

¹ Compensatory change includes contributions made by ENMAX on the NEO's behalf.

² As Mr. Hemstock participates in the DB provision of ENMAX's Supplemental Retirement Plan, his pensionable earnings under the Registered Plan is lower than for members in the DC provision of the Supplemental Plan.

DEFINED CONTRIBUTION SUPPLEMENTAL RETIREMENT PLAN (DC-SRP)

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

NAME	ACCUMULATED VALUE AT START OF YEAR	COMPENSATORY CHANGE	ACCUMULATED VALUE AT END OF YEAR
Gianna Manes	\$28,120	\$72,300	\$105,158
David Halford	\$98,930	\$35,780	\$149,384
David Rehn	\$217,973	\$53,054	\$305,379
Dale McMaster	\$58,071	\$43,994	\$110,672

DEFINED BENEFIT SUPPLEMENTAL RETIREMENT PLAN (DB-SRP)

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

NAME	NUMBER OF YEARS OF CREDITED SERVICE	ANNUAL BENEFITS PAYABLE		OPENING PRESENT VALUE OF ACCRUED BENEFIT OBLIGATION ³	COMPENSATORY CHANGE ⁴	NON- COMPENSATORY CHANGES ⁵	CLOSING PRESENT VALUE OF ACCRUED BENEFIT OBLIGATION ³
		AT YEAR END ¹	AT AGE 65 ²				
Robert Hemstock	7.8384	\$48,000	\$137,000	\$443,000	\$62,000	\$16,000	\$521,000

¹ Pension earned to December 31, 2013 payable at normal retirement age (i.e., the later of age 55 and 85 points, but not later than age 65) based on best average pensionable earnings and service in the DB-SRP.

² Amounts payable on retirement at age 65, assuming that service continues to age 65 and the best average pensionable earnings remain unchanged from December 31, 2013.

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

⁴ Includes the service cost for the year and the impact on the accrued benefit obligation of the difference between actual and expected pensionable earnings for 2013.

⁵ Includes all other changes in the accrued benefit obligation not included within the compensatory change such as interest on the accrued benefit obligation and 2013 service costs and the impact of changes in assumptions including the discount rate.

EMPLOYMENT AGREEMENTS AND TERMINATION PROVISIONS

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

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

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

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