

1 **Q. Please advise as to what bonuses and incentives for executive and management are**
2 **in place in the budget for 2002-2003 and forecast.**

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4 A. Table 1 provides the forecast short-term incentive ("STI") amounts for the Company's
5 Executives and Managers, and the merit compensation payouts for engineering,
6 professional and managerial employees below the level of Manager, for the 2002 to 2004
7 forecast period.
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Table 1 STI & Merit Compensation Forecast for 2002 to 2004			
Employee Category	2002F	2003F	2004F
Executive	\$430,125	\$301,750	\$310,803
Managers	216,375	163,176	168,072
Managerial	550,000	572,000	589,160
Total	\$1,196,500	\$1,036,926	\$1,068,035

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12 The forecast STI payout for 2002 is based on 1.5 times target percentage payout for
13 Executives and 1.25 times for Managers. The forecast for 2003 and 2004 is based on 100
14 per cent payout for both Executives and Managers.

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16 A detailed description of the Company's STI program is contained in the Company's
17 response to Request for Information NLH-210.

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19 Lump-sum merit payouts for engineering, professional and managerial employees below
20 the level of Manager are based on a number of factors including the individual
21 employee's base salary; the number of years in the position; the performance
22 expectations for the position and the employee's actual performance. Because of the size
23 of the managerial employee category (approximately 260 employees), the forecast is
24 developed as a lump sum amount based on the previous year's payout adjusted for
25 expected increases in base salary.