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A SOFT LANDING

Recession and Canada's 100 Highest Paid CEOs

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A Soft Landing: Recession and Canada's 100 Highest Paid CEOs

CANADA'S RECESSION MADE the last year a tough one for most, with the notable exception of Canada's CEOs.

Due to a worldwide economic meltdown caused by reckless financial speculation and dodgy banking practices, 2008 threw entire nations into chaos, left hundreds of thousands of Canadians out of a job, and plunged governments into overnight fiscal deficits.

But for the 100 highest paid CEOs in Canada, 2008 was a relatively good year following a string of very good years.

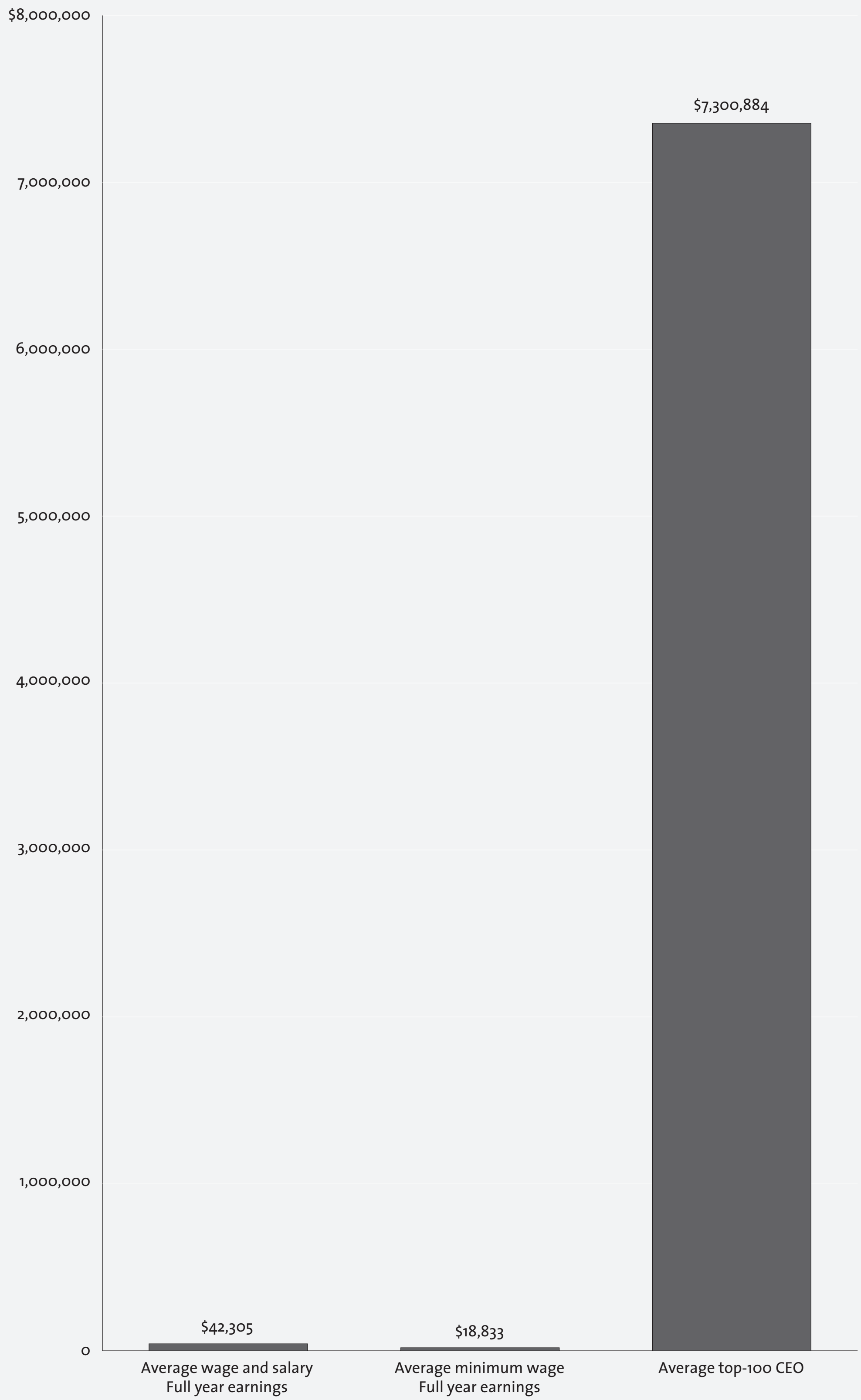
The chart below shows the resilient earnings of the 100 highest paid CEOs in Canada in 2008 — including healthy compensation for Canada's big bank CEOs, despite a recessionary federal government bank 'bailout' in the form of mortgage purchasing that helped banks preserve their annual profit-making.

The total average compensation for Canada's highest paid 100 CEOs was $7,300,884 in 2008 — a stark contrast from the total average Canadian income of $42,305. During the worst of economic years, the average earnings of Canada's highest paid 100 CEOs were 174 times greater than Canadians earning an average income.

TIME IS MONEY, FOR CANADA'S CEOS

In 2008, Canada's 100 highest paid CEOs pocketed what takes Canadians earning an average income an entire year to make — and those CEOs did so by 1:06 PM January 4.

CHART 1 **Canada's Top Paid CEOs and the Rest of Us**



By the time most Canadian workers get back from lunch on the first working day of the year, Canada's highest paid CEOs will have already earned their year's income.

To put this into perspective, it is important to note that the stratospheric performance of CEO salaries is a relatively recent phenomenon — and highly resilient.

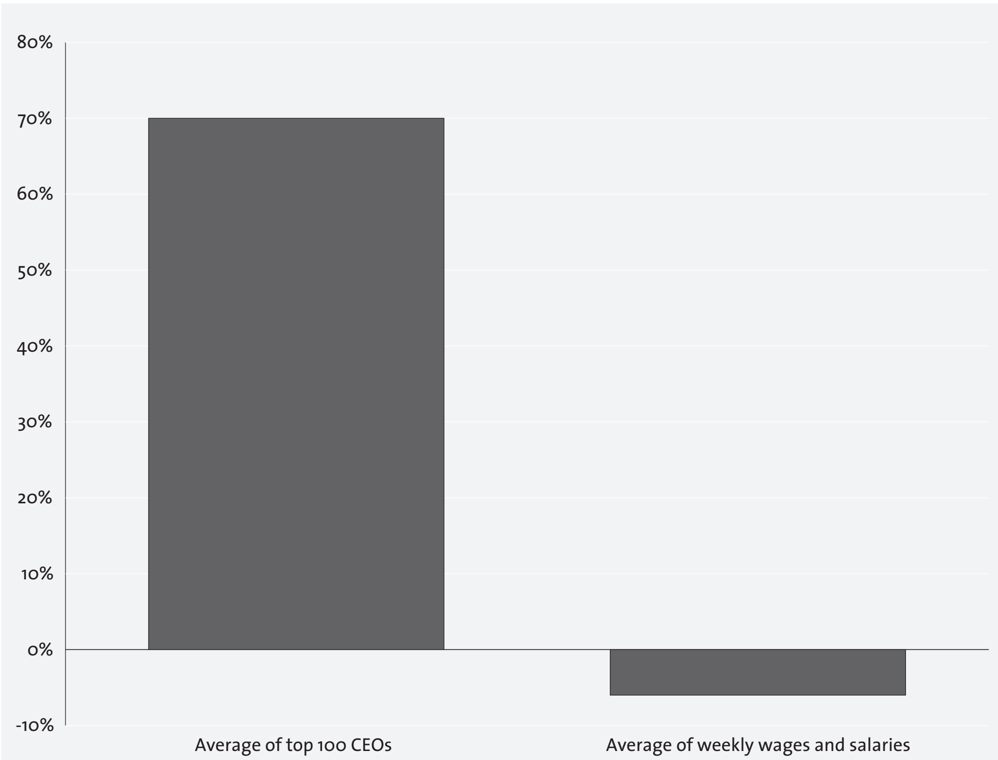
As recently as 1995, the Globe and Mail reported that the average pay of Canada's highest paid 50 CEOs was $2.66 million, 85 times the pay of the average worker. By 2008, the average pay of the highest paid 50 CEOs had skyrocketed to 243 times the pay of the average worker.

It's a similar story for Canada's highest paid 100 CEOs, who pocketed 104 times more than the average worker in 1998 but now pocket 174 times more.

The distance between minimum wage workers and Canada's CEOs is even bigger. Canada's highest paid 100 CEOs earn a year's worth of minimum wage work by 2:23 PM on New Years Day.

Between 1998 and 2008, the highest paid 100 CEOs' average compensation has outpaced inflation by 70%. Canadian earning the average income lost 6% to inflation over that period.

CHART 2 **Inflation Protection?**
% change in employment earnings after adjusting for inflation, 1998 to 2008



The year 2008 was also the year governments and citizens around the world started to pay attention to the astronomical salaries pocketed by CEOs. Especially in the U.S., there was widespread popular and political outrage at the payment of enormous bonuses to CEOs — and many of their high-flying employees — who had overseen the wiping out of billions of dollars in shareholder value. For years, citizens have been told CEO pay is a reward for good performance, but that claim sounded more than a little hollow in 2008.

Two leading Canadian business thinkers in particular have been weighing in heavily on the issue.

An analysis by Roger Martin, dean of the University of Toronto Rotman School of Management demonstrates that compensating CEOs based on stock prices through share grants or stock options compensates them for the wrong thing.[1] Instead of compensating CEOs for aspects of corporate performance over which they could conceivably exercise some influence like business strategy, or sales, or profit, share-based compensation systems pay CEOs based on something they cannot influence or control — the market price of their companies' shares.

Furthermore, Martin reasons that because stock markets are "expectations markets", the price of a company's shares is based not on the performance of the company in the past, but on what investors expect the performance of the company to be in the future. Using a football analogy, he likens paying a CEO based on share prices to paying a football quarterback based on whether or not his team beats the betting points spread. Not only does the points spread (the expectations market) have nothing to do with the quarterback's performance on the field, in football it is illegal for a quarterback to participate in that market. Using the same logic, Martin argues that CEOs should receive bonuses based on how their companies perform in their businesses rather than on how the bets placed by investors influence the value of their shares.

Martin concludes:

> The true key to long-term sustainability is building customer and employee bases that enable long-term profitability. If we are to emerge from this mess, executives must switch their focus entirely to the real market and completely ignore the expectations market. This entails building skills and experience in building real products, developing real consumers and earning real profits. It also means never giving earnings guidance and not attempting to meet any expectation placed on the firm by any shareholder.
>
> In addition, executive compensation should have no component of stock-based compensation at all. Compensation should be based entirely on real-market measures such as revenues, profits, and return on book equity. Incentives should also be aligned to real market performance.

> While these proposals might seem draconian, they are absolutely necessary to save corporations from themselves. Customers and employees will only accept the legitimacy of a business if its executives put customers and employees ahead of shareholders who buy shares from existing shareholders; companies will only become skilled at creating real value if they don't spend their time on the expectations market; and the negative impact of hedge funds will only diminish if executives stop spending their time jerking-around expectations.

Renowned Canadian business thinker Henry Mintzberg, starting from the same premises, went much further in a November 2009 Wall Street Journal article arguing that corporate leaders should not be paid bonuses at all.[2]

> These days, it seems, there is no shortage of recommendations for fixing the way bonuses are paid to executives at big public companies.
>
> Well, I have my own recommendation: Scrap the whole thing. Don't pay any bonuses. Nothing.
>
> This may sound extreme. But when you look at the way the compensation game is played — and the assumptions that are made by those who want to reform it — you can come to no other conclusion. The system simply can't be fixed. Executive bonuses — especially in the form of stock and option grants — represent the most prominent form of legal corruption that has been undermining our large corporations and bringing down the global economy. Get rid of them and we will all be better off for it.

Despite the recession, the public outrage, the criticism of political leaders and the devastating analyses of key business thinkers, the practice of compensating Canadian CEOs has not changed perceptibly since the global economic meltdown.

Public concern over CEO pay has given rise to a wide variety of potential public policy responses. In the administration of the TARP bailout of financial institutions, the United States has set limits on the compensation and bonuses paid in corporations receiving public financial assistance. While the intended effect may have been to have a ripple effect through the financial services industry in particular and business in the U.S. in general, the actual effect has been to induce large corporations to pay the public money back in an attempt to avoid the salary and bonus restrictions imposed as bailout conditions.

CEOs have taken the idea of the town of Lake Wobegon, Minnesota, where everyone is above average, to a new level. Executive compensation — the work of an incestuous cabal of CEOs, CEOs serving as corporate directors and compensation consultants making their living from those CEOs — has built a fantasy world in which everyone is (relatively) extraordinary.

As Mintzberg points out in his Wall Street Journal opinion piece:

> The failings of the current system — and the executives who live by it — are painfully obvious. Although these executives like to think of themselves as leaders, when it comes to their pay practices, many of them haven't been demonstrating leadership at all. Instead they've been acting like gamblers — except that the games they play are hopelessly rigged in their favor.

SOLUTIONS: A WAY FORWARD

The common response from CEO pay apologists is that the only people who have a right to care are the shareholders of these companies and, by extension, the directors elected to represent them in the governance of the company. The shareholders are paying them, the line goes, and if they didn't think the CEO was worth it they wouldn't pay them.

Unfortunately, it is not that simple. In the first place, nearly everyone involved in determining compensation is in the club — not directly conflicted, that would be considered inappropriate, but in the same community of interest. The "independent" consultants have nothing useful to say about what a CEO *should* be paid; they can only say what other CEOs *are* paid. Compensation decisions for CEOs — and for that matter other high flyers in the corporate world — are based on what others are paid. In other words, the logic is perfectly circular.

Perhaps more important, even if a board of directors would like to bring its CEO's pay down to earth, they are caught in a bind. To begin with, boards of directors are totally dependent on the CEO they hire. Indeed, the hiring of the CEO is probably the most important decision a board of directors gets to make. So there's a lot of pressure to hire the right CEO for the job. And when it comes to looking for a CEO, boards find themselves in what game theorists call a prisoner's dilemma. Every corporation would be better off if they all paid their CEOs less; but if one and only one pays its CEO less, it will be financially a less attractive place to work than all of the other corporations and because everyone is prepared to assume that executives are motivated only by money, that corporation's choice of CEOs will be much more limited. To put it simply, boards fear that stepping outside the norm will lead them to be unable to hire the best.

So while the argument that boards are groups of adults that don't have to do anything — like pay outrageous salaries and bonuses — unless they want to, it is not reasonable to expect boards to push their senior executives off the salary escalator.

What about shareholders, and "say on pay" provisions? Again, not the answer. Say on pay means shareholders can say they are unhappy with executive compensation; it does not mean they can actually do anything about it. And there simply is no viable mechanism for corporate governance that would enable shareholders to exercise actual control over pay practices except through the corporation's directors.

That leaves government as the only actor left to inject sanity into an irrational compensation system. Government can do this through one of two approaches: regulation and/or the tax system.

There are some problems with a regulatory approach. It is next to impossible distinguish between appropriate and inappropriate bonuses. It raises the boogeyman of government interference that would inevitably generate a storm of outrage from the business sector and ultimately threaten the government in question's political viability. Also, any regulatory regime would simply kick off an elaborate game of evasion and entrapment between the regulated and the regulators.

The tax approach makes a lot more sense. If we as a society have concluded that excessive pay is unacceptable, we can tax a portion of that excessive pay package back. Corporations could still pay their senior executives whatever they wish to pay them. Executives would still have that all-important (to them) measuring stick indicating what they are "worth". The public will have made a clear statement of its view on excessive compensation practices. The impact of excessive pay on income inequality will be moderated. And the public will benefit from the public services that can be funded with this newly generated fiscal capacity.

For example, as Ed Broadbent, the originator of Canada's commitment to end child poverty in 1989 has argued, higher taxes on high pay could provide the financial resources to fund a targeted plan to reduce, and potentially eliminate, the depth of poverty among Canadian families with children.[3]

But even without taking the step of raising top tax Canada's well-compensated CEOs, there is one simple thing Canada could do to curb CEOs' enthusiasm — and their take-home pay. We could end the public subsidy of excessive CEO pay packages.

Subsidy? For these outrageous pay systems? Surely not. Yes, Virginia, there is a Santa Claus, and it comes in the form of lower taxes on CEO pay — lower taxes than Canadians generally pay on their own wages and salaries.

In 2008, the average CEO received at least one fifth of pay[4] the form of stock options — options to buy shares in the company he (or in rare instances, she) works for at a pre-determined price. If the price of the shares goes up above the pre-determined price, the CEO buys the stock at that price and sells it at the market price, pocketing the difference. The trick here is that Canadian tax law treats the income represented by the difference between the exercise price and the market value as a capital gain, which in Canada is taxed at half the rate of ordinary wage and salary income. While this is a perversion of the logic that is used to justify special treatment for capital gains — the "investor" here has no downside risk — it is enormously valuable to CEOs. Based on the valuation placed on options granted in 2008, that benefit will be worth $358,000.[5]

If you look at what the average of the top 100 CEOs actually got from options that were vested or exercised in 2008, the tax subsidy amounts to an average of over $700,000. The value of this benefit to the average CEO in 2008 is 16 times the annual pay of the average Canadian.

APPENDIX I

How the Calculations Were Done

DATA FOR CEO SALARIES are extracted from the disclosures contained in the proxy circulars prepared by corporations in advance of their annual meetings. Proxy circulars were obtained either from the Canadian corporate information databank, SEDAR, or directly from the websites of the corporations themselves.

New accounting rules for reporting of executive compensation were supposed to have taken effect for 2008. These new rules included a requirement that corporations disclose comprehensive compensation of its five top officers in a standard summary compensation table. In general, the data behind this report are extracted from the amounts reported as executive compensation in this summary table. This table captures salary, annual bonus payments, grants of shares, stock options, pension accrual and other compensation.

Three specific disclosure requirements are of particular interest: the value of pension accrual during the year; the value of stock options granted during the year; and executive perquisites. These new disclosure requirements were intended to provide a more complete and accurate record of executive compensation. Unfortunately, the actual disclosure of many corporations left much to be desired. Where sufficient additional information had been provided in the circular, adjustments were made to generate the numbers used in this report.

With respect to pensions, many corporations disclosed not the value to the executive of the additional pension entitlement accrued during the year, but the change in the value of the pension as carried on the books of the company, after allowing for changes in actuarial assumptions. As a result, there were several instances in which a circular reveals an increase in an executive's pension entitlement at retirement, but the actual disclosure shows a negative number for the year. This apparent paradox is generally attributable to a difference between the salary projected for the executive in the corporation's valuation of the pension and the actual salary received by the executive during the year. Where sufficient data were provided in the circular to do so, these disclosures were corrected to show an estimated present value of the accrual during the year using conservative actuarial assumptions.

With respect to compensation in the form of stock options, the new rules required corporations to disclose both the number of stock options granted and the exercise price in the circular and to present an estimated value for the options granted in the summary table. This value was to be estimated using an industry standard, the Black-Scholes method for options valuation. Many corporations did not disclose a value for the options granted to its executives during the year.

This new requirement, together with its inconsistent application, created two problems for our analysis. First, in prior years, our analysis as well as that performed by others has been based on actual cash income received by executives during the year. Options were not included in compensation at the time of grant. Instead, the value realized from the exercise of stock options during the year was included. The change in the basis for reporting means that, in general, data for 2008 are not comparable with data for prior years. In general, it is to be expected that the forecast method for options valuation will produce a lower value than the "value as exercised" method. This expected difference arises in part from the fact that once an option has matured, executives are able to choose the timing of exercise in order to maximize their return whereas the forecast methodology is not able to take into account the value of this ability to choose. As an example, under the methodology typically used in prior years, in reporting the earnings of the CEOs of Research in Motion we would have included $27 million each in prior option awards vested during the year whereas in 2008, no options grants were reported.

The second problem for our analysis was that not all proxy circular reporting for 2008 actually followed the new disclosure rules. Several corporations chose to disclose only the number of options granted and the exercise price, without estimating and reporting a value. Where it was possible, an estimated value of the option granted was generated by assuming a share value on the date of exercise equal to its market value in October 2009. Where it was not possible to estimate a current value for the option a value of zero was reported.

APPENDIX II

Top 100 CEOs

Rank	**Name**	Company	Base Salary	Bonus	Shares	Options	Pension	Other	**Total**	*
1	**Thomas Glocer**	Thomson Reuters Corp.	1,499,271	3,027,497	28,169,591	1,937,512	-	1,961,362	**36,595,233**	
2	**Ted Rogers**	Rogers Communications Inc.	1,592,067	2,388,101		2,700,438	190,512	14,613,590	**21,484,708**	1
3	**J. M. Lipton**	Nova Chemicals Corp	1,332,518	3,091,441	6,396,086	-	8,457,853	475,346	**19,753,245**	
4	**George Cope**	BCE Inc.	959,327	3,265,000	11,250,000	3,750,000	185,463	141,555	**19,551,345**	
5	**Robert Brown**	CAE Inc. FY end March 08	1,030,000	4,496,000	5,815,250	2,299,553	3,503,000	149,341	**17,293,144**	
6	**William Doyle**	Potash Corp. of Saskatchewan	1,092,000	2,075,000	2,919,270	6,508,418	4,173,645	257,984	**17,026,317**	
7	**Hunter Harrison**	Canadian National Railway Co.	1,790,880	3,575,195	3,450,745	1,799,124	1,620,129	1,113,975	**13,350,048**	
8	**Dominic D'Alessandro**	Manulife Financial Corp.	1,361,540		3,906,240	3,906,240	2,115,000	1,962,254	**13,251,274**	
9	**Stephen Wetmore**	Bell Aliant Regional Com. Income Fund	900,000	664,200	1,799,996		2,199,855	5,999,199	**11,563,250**	
10	**Serafino Iacono (Co-chairman)**	Pacific Rubiales Energy Corp	521,437		101,500	10,543,011		128,843	**11,294,791**	
11	**Miguel de la Campa (Co-chairman)**	Pacific Rubiales Energy Corp	521,437		101,500	10,543,011		128,027	**11,293,975**	
12	**Jeffrey Orr**	Power Financial Corp.	3,358,665	2,000,000	122,500	4,008,734	1,360,000	399,379	**11,249,278**	1
13	**Jean Claude Gandur**	Addax Petroleum Corp.	1,802,970	1,893,119	7,410,415		62,584	-	**11,169,088**	
14	**Edmund Clark**	Toronto-Dominion Bank	1,500,000	1,250,000	4,500,113	3,750,035	-	71,071	**11,071,219**	4
15	**Tye Burt**	Kinross Gold Corp.	1,250,035	2,747,477	3,552,483	2,368,322	899,291	246,182	**11,063,790**	
16	**Frank Stronach (Chairman)**	Magna International Inc.	200,000	8,152,000				2,427,630	**10,779,630**	
17	**Randall Eresman**	EnCana Corp.	1,242,983	3,752,400		4,296,873	913,310	132,219	**10,337,785**	
18	**Gordon Nixon**	Royal Bank of Canada	1,400,000	2,400,000	2,750,000	2,200,000	770,000	43,496	**9,563,496**	
19	**Ron Brenneman**	Petro-Canada	1,345,913	1,791,000	2,381,080	2,475,268	1,052,000	154,067	**9,199,328**	
20	**Richard Waugh**	Bank of Nova Scotia	1,000,000	500,000	3,010,000	3,010,000	514,000	1,157,705	**9,191,705**	
21	**Michael Wilson**	Agrium Inc.	1,260,800	2,285,155	2,186,551	2,183,551	1,235,076	27,618	**9,178,751**	
22	**Gregory Wilkins**	Barrick Gold Corp.	1,492,495	2,132,270	2,300,009	2,269,524	543,715	160,290	**8,898,303**	
23	**John A Manzoni**	Talisman Energy Inc.	1,254,000	1,341,780		5,027,580	1,000,400	192,581	**8,816,341**	
24	**Allan Leighton**	Loblaw Cos. Ltd. / Weston	2,000,000	2,775,700	3,000,000			1,010,650	**8,786,350**	

Rank	**Name**	Company	Base Salary	Bonus	Shares	Options	Pension	Other	**Total**	*
25	**Kevin McArthur**	Goldcorp Inc.	1,224,900	897,180	4,806,000	1,713,077	11,500	28,200	**8,680,857**	
26	**Craig H. Muhlhauser**	Celestica Inc	999,388	2,132,029	3,997,554	1,332,518	14,711	179,387	**8,655,586**	
27	**Harold Kvisle**	TransCanada Corp.	1,237,503	2,552,000	3,000,000	1,000,000	753,000	12,354	**8,554,857**	1
28	**Eugene C. McBurney**	GMP Corp. Chairman		8,318,185					**8,318,185**	
29	**Jim Shaw**	Shaw Communications Inc.	2,000,000	6,000,000			-	226,176	**8,226,176**	2,4
30	**Richard George**	Suncor Energy Inc.	1,277,308	900,000	3,091,904	2,520,461	-	243,141	**8,032,814**	4
31	**Pierre Beaudoin**	Bombardier Inc.	1,049,000	1,104,300	1,853,400	2251900	1,486,100	81,200	**7,825,900**	4
32	**Richard J. Harrington**	Thomson Reuters Corp.	1,528,078		5,008,320			1,221,444	**7,757,842**	4
33	**D. A. Loney**	Great-West Lifeco Inc.	729,167	1,062,500	30,041	560,000	4,853,253	58,028	**7,292,989**	
34	**Pierre Peladeau**	Quebecor Inc	1,200,000			5,769,562	15,900		**6,985,462**	1
35	**James Kinnear***	Pengrowth Energy Trust	6,950,000						**6,950,000**	
36	**Darren Entwistle**	TELUS Corp.	1,225,000	451,413	1,819,900	2,500,000	840,000	52,903	**6,889,216**	
37	**Stephen Snyder**	TransAlta Corp.	975,000	2,548,320	2,670,585		437,900	54,746	**6,686,551**	
38	**Donald Stewart**	Sun Life Financial Inc.	1,142,308		3,300,006	2,200,009	-	-	**6,642,323**	
39	**Robert A. Milton**	ACE Aviation Holdings Inc	1,210,000	-	-	-	314,000	5,040,474	**6,564,474**	
40	**Donald Lindsay**	Teck Cominco Ltd.	1,144,000	500,000	2,216,004	2,282,784	336,000	40,000	**6,518,788**	1
41	**Peter Munk**	Barrick Gold Corp.	938,086	5,472,170				94,949	**6,505,205**	
42	**Patrick Daniel**	Enbridge Inc.	1,181,250	2,000,000	1,163,100	1,314,400	650,000	166,760	**6,475,510**	
43	**William Downe**	Bank of Montreal	1,032,000	1,400,000	1,750,000	1,800,000	-	401,444	**6,383,444**	
44	**Nancy Southern**	Atco Ltd. / Canadian Utilities Ltd.	1,000,000	1,200,000		2,651,480	1,413,269	40,375	**6,305,124**	
45	**Gerry McCaughey**	Canadian Imperial Bank of Commerce	1,000,000	-	2,700,000	742,500	413,000	1,445,719	**6,301,219**	5
46	**Jacques Lamarre**	SNC-Lavalin Group Inc.	1,035,000	2,328,750	1,034,000	1,136,300	637,500	109,342	**6,280,892**	
47	**Charles Fischer**	Nexen Inc.	1,348,750	1,500,000		2,245,760	938,800	124,245	**6,157,555**	
48	**Bruce Aitken**	Methanex Corp.	1,096,750	1,000,000	1,657,800	1,571,122	212,124	337,280	**5,875,076**	
49	**Donald Walker**	Magna International Inc.	110,500	2,613,000				3,135,320	**5,858,820**	
50	**Jurgen Schreiber**	Shoppers Drug Mart Corp.	1,200,000	1,480,500	2,400,000		366,800	410,872	**5,858,172**	
51	**Edward M. Siegel Jr.**	Russel Metals Inc	587,972	3,627,788		1,537,250	9,817	10,131	**5,772,958**	
52	**Siegfried Wolf**	Magna International Inc.	100,000	2,613,000				3,032,720	**5,745,720**	
53	**David Goodman**	Dundee Wealth	650,000	1,026,667	3,889,917			52,854	**5,619,438**	
54	**Mario Longhi**	Gerdau Ameristeel Corp.	1,148,826	2,041,080	1,310,305		1,054,714	4,518	**5,559,443**	
55	**Ronald Pantin**	Pacific Rubiales Energy Corp	495,317	101,500		4,795,027		85,504	**5,477,347**	
56	**Allen Chan**	Sino-Forest Corp.	479,567	4,743,764				98,869	**5,322,199**	
57	**Geoffrey T. Martin**	CCL Industries	615,053	198,276	4,348,800		12,602	141,088	**5,315,819**	
58	**Sean Boyd**	Agnico-Eagle Mines Ltd.	925,000	740,000	39,000	3,312,000	270,750	21,265	**5,308,015**	4
59	**Scott Saxberg**	Crescent Point Energy Trust	371,000	1,800,000	3,113,515			7,983	**5,292,498**	
60	**Louis Vachon**	National Bank of Canada	800,000	743,900	1,200,000	2,000,000	368,000	175,057	**5,286,957**	6
61	**Ian Greenberg**	Astral Media Inc	850,000	1,147,271	1,531,600	588,700	1,154,900		**5,272,471**	3
62	**Paul Desmarais Jr.**	Power Corp. of Canada	1,000,000	1,250,000	170,625	1,449,001	876,000	437,000	**5,182,626**	
63	**James Balsillie**	Research in Motion Ltd.	1,194,418	1,300,625	2,648,358		15,539	11,000	**5,169,939**	
64	**Michael Lazaridis**	Research in Motion Ltd.	1,194,418	1,300,625	2,648,358		10,103	11,000	**5,164,503**	

Rank	Name	Company	Base Salary	Bonus	Shares	Options	Pension	Other	Total	*
65	**André Desmarais**	Power Corp. of Canada	1,000,000	1,250,000	170,625	1,449,001	594,000	555,750	**5,019,376**	
66	**Francois Coutu**	Jean Coutu Group PJC Inc/The	820,731	427,890			3,636,700		**4,885,321**	1
67	**Jay S Hennick**	FirstService Corp	1,231,566	3,568,270					**4,799,836**	
68	**John Lau**	Husky Energy Inc.	1,477,750	3,029,000			132,998	157,888	**4,797,636**	
69	**Frederic Green**	Canadian Pacific Railway Ltd.	893,750			2,625,790	988,000	226,829	**4,734,369**	
70	**John Macken**	Ivanhoe Mines Ltd.	676,919	586,308		3,413,572		32,433	**4,709,232**	
71	**Steve Laut**	Canadian Natural Resources Ltd.	550,000	463,500		3,538,898		96,295	**4,648,693**	
72	**Peter R. Jones**	HudBay Minerals Inc	41,806				11,770	4,527,386	**4,580,962**	
73	**Gerald Grandey**	Cameco Corp.	986,000	553,000	970,750	1,347,000	290,500	412,611	**4,559,861**	1
74	**Marc Tellier**	Yellow Pages Income Fund	825,000	650,000	2,637,032		416,000		**4,528,032**	1
75	**Mayo M. Schmidt**	Viterra Inc	850,000	1,354,688	2,197,404			85,000	**4,487,092**	2
76	**Marvin F. Romanow**	Nexen Inc.	601,250	700,000		2,747,514	317,800	119,016	**4,485,580**	
77	**M.H. McCain**	Maple Leaf Foods Inc	960,000	151,125	3,169,320		165,346		**4,445,791**	1
78	**Keith A. Carrigan**	BFI Canada Ltd	487,216	487,216	1,916,297	159,250	10,500	1,370,761	**4,431,240**	
79	**Alain Bedard**	TransForce Inc	875,000	1,500,000	528,054		1,340,100	145,533	**4,388,687**	
80	**Wm. Wells**	Biovail Corp	573,520	860,000	2,151,250	162,000		584,809	**4,331,579**	
81	**Gerald Schwartz**	Onex Corp.	644,345	3,654,000					**4,298,345**	
82	**Raymond McFeetors**	Great-West Lifeco Inc.	566,653	2,125,000	45,000	897,000	366,871	204,281	**4,204,805**	
83	**Ellis Jacob**	Cineplex Galaxy Income Fund	803,419	756,609	1,740,965	455,000	218,800	165,875	**4,140,668**	
84	**Robert S Pritchard**	Torstar Corp	875,000	559,666	1,093,750	1,093,750	431,000	63,270	**4,116,436**	
85	**Michael Waites**	Finning International Inc.	690,194	250,000		2,414,833	691,000	55,027	**4,101,054**	
86	**Stephen H. Sorenson**	Uex Corp	315,000			3,707,833		648	**4,023,481**	
87	**B.H. March**	Imperial Oil Ltd.	479,700	493,984	1,584,780		611,774	821,511	**3,991,749**	
88	**Charles Jeannes**	Goldcorp Inc.	612,450	630,600	1,461,428	1,111,295	117,514	44,840	**3,978,127**	1
89	**Luc Desjardins**	Transcontinental Inc	239,423		412,248			3,300,893	**3,952,564**	
90	**Stanley Marshall**	Fortis Inc.	870,000	950,000	798,466	439,462	618,146	248,077	**3,924,151**	
91	**Peter Marrone**	Yamana Gold Inc.	939,082	469,541	2,409,754		-	46,723	**3,865,100**	
92	**Marcel Coutu**	Canadian Oil Sands Trust	800,000	690,000	1,000,000	1,000,000		208,000	**3,698,000**	
93	**Kevin Loughrey**	Thompson Creek Metals Co Inc	525,000	950,000		2,002,000	17,366	192,295	**3,686,661**	1
94	**Thomas Gauld**	Canadian Tire Corp.	1,074,519	575,885	1684781			300,003	**3,635,188**	1
95	**Brett Herman**	TriStar Oil & Gas Ltd	300,000	196,800	2183555	882,223		28,750	**3,591,328**	
96	**S. Defalco**	MDS Inc	800,204		750,122	1,642,550	321,232	33,753	**3,547,861**	
97	**W.P. Buckley**	ShawCor Ltd	685,000	1,573,229		1,052,435	179,400	28,088	**3,518,152**	
98	**D.L. Rogers**	Sears Canada Inc	641,863	2,596,425			69,865	183,287	**3,491,440**	
99	**Edward Sonshine**	RioCan REIT	900,000	1,503,000		859,133	178,700		**3,440,833**	1
100	**Rupert Duchesne**	Groupe Aeroplan Inc.	597,565	896,348	1,404,800		79,135	235,933	**3,213,781**	

1 Perqusites not disclosed
2 No option value disclosure
3 No option disclosure, value estimated based on October 19, 2009 share price
4 Negative or zero pension accrual reported
5 Bonus reported as TBD, used 2007 actuals
6 Revised from initial release to reflect footnoted disclosure in National Bank 2008 proxy circular

Notes

1 With respect to perquisites, many corporations chose to take advantage of a reporting exemption for perquisites totaling the lesser of $50,000 or 10% of salary. For those corporations which chose to take advantage of the exemption, the compensation of the named officers is understated. Roger Martin, "Undermining Staying Power: The Role of Unhelpful Management Theories", Rotman Magazine, Spring 2009

2 Henry Mintzberg, "No More Executive Bonuses!", Wall Street Journal, November 30, 2009.

3 Ed Broadbent, "How to end child poverty: Tax the rich: Why have others nearly wiped out child poverty, but Canada has not?", Globe and Mail, November 23, 2009

4 Options are conservatively valued at the time of grant using a options value forecasting formula, which in the real world of stock options, will tend to produce a conservative value. So the reported value of 1/5 of pay is likely conservative. In addition, a number of corporations with executives in the top-paid 100 did reported the number of options they granted in 2008 and the option price, but not an estimate of the value of the option, when exercised. With the exception of a few instances where alternative methods were available for estimating the value, no value is included in the total for individuals whose options were not valued in the summary compensation table.

5 For options granted in 2008, the calculation is based on an average stock option value reported of $1,558,516 (an understatement—see Appendix I for explanation); top marginal tax rate of 46.4% (Ontario); capital gains exclusion rate of 50%. For options vested and realized in 2008, the average stock option value is $2.96 million. That figure is also an understatement. Options exercised represents the actual value realized from securities options. Options vested in the year represents the value of options as of the day the executive becomes

entitled to exercise them. Since the executive has a choice as to whether or not to exercise an option, and will generally choose to wait to exercise an option until the most advantageous time given market conditions, the value on vesting will tend to understate the actual value realized and therefore the actual value of the tax subsidy received. Many corporations report only the value of options vested rather than the value of options exercises. Furthermore, because some corporations do not have options plans at all, averaging options income over all 100 of the highest-paid CEOS will tend to understate the benefit received by those executives that actually benefit from stock options.