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CANADA'S CEO ELITE 100

The 0.01%

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Canada's CEO Elite 100: The 0.01%

IF YOU'RE LOOKING for Canada's richest 1%, the compensation tables in the proxy circulars of Canadian publicly listed corporations are a good place to start.

If you've made it into Canada's richest 1% club, you're among the 246,000 prestigious few tax filers who made a minimum of $169,300 and an average income of $404,500 (as of 2007, when the most recent data available is from).

Canada's CEO Elite 100 — the 100 highest paid CEOs of companies listed in the TSX Index — readily surpass this entrance requirement: Their total average compensation hit the heady $8.38 million mark in 2010. That represents a 27% increase over the average $6.6 million they pocketed the previous year.

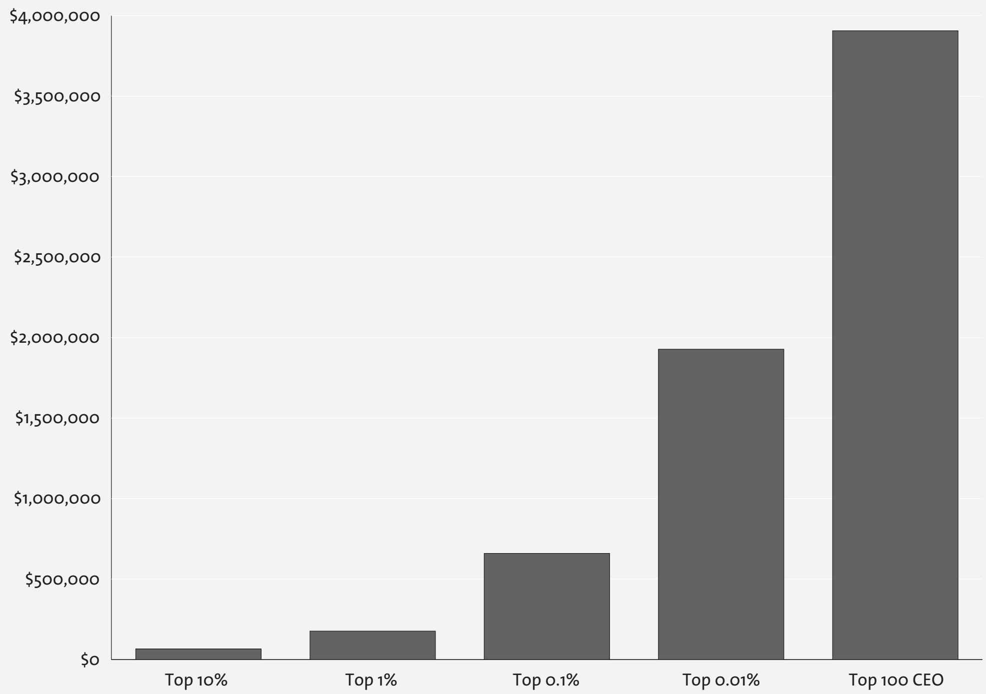
The lowest paid among Canada's CEO Elite 100 'earned' $3.9 million in 2010. That would put him — and all but one of the CEO Elite 100 is male — well into the richest 0.01% of Canadian tax filers, a privileged group of 2,460 tax filers whose minimum income was $1.85 million in 2007.[1]

The conclusion from these data is inescapable. Soaring executive salaries have played a significant role in driving the growth in income inequality in Canada. In 2010, 188 of the CEOs of companies in the TSX Index had enough compensation to get them into the 0.01% club.

In the words of the Occupy movement, what about the 99%? In stark contrast to Canada's CEO Elite 100, Canadians working full-time, full-year for the average weekly wage earned a humble $44,366 in 2010.

Between September 2010 and September 2011, average weekly earnings in Canada rose by only 1.1%. After taking inflation into account, weekly earnings are now lower than they were during the worst of Canada's 2008–9 recession, resulting in a dangerous mix: Canadians are feeling the squeeze of shrinking disposable incomes, a rising cost of living, and record-high household debt.

CHART 1 Minimum Income Required For Club Membership, 2010



Reality is even harsher for Canada's minimum wage workers: If they were lucky enough to have a full-time job, minimum wage workers earned, on average, $19,798 in 2010.

Here's how the income gap between Canada's CEO Elite 100 and the rest of us plays out in real time: By 12:00 noon January 3, the Elite 100 already have what it takes the average Canadian the rest of the year, working full-time, to earn. The highest paid pockets the average Canadian wage by about 10:30 a.m. on January 2, the first paid day of the year. It takes the lowest paid among the Elite 100 a little longer to fill their glasses and raise a toast to their success: By 4:43 pm January 4 they've surpassed the average Canadian wage earner.

At this rate, the average of Canada's CEO Elite 100 make 189 times more than Canadians earning the average wage. If you think that's the way it has always been, it's not. As recently as 1998, the highest paid 100 Canadian CEOs earned 105 times more than the average wage.[2]

The gap between Canada's CEO Elite 100 and the rest of us is growing at a fast and steady pace, to date impervious to a tumultuous global economic reality with no signs of abating.

What the data say loud and clear is that Canada's CEO Elite 100 have left the rest of us behind in their gold dust. Those with incomes in the stratosphere no longer

CHART 2 Canada's Top Paid CEOs and the Rest of Us

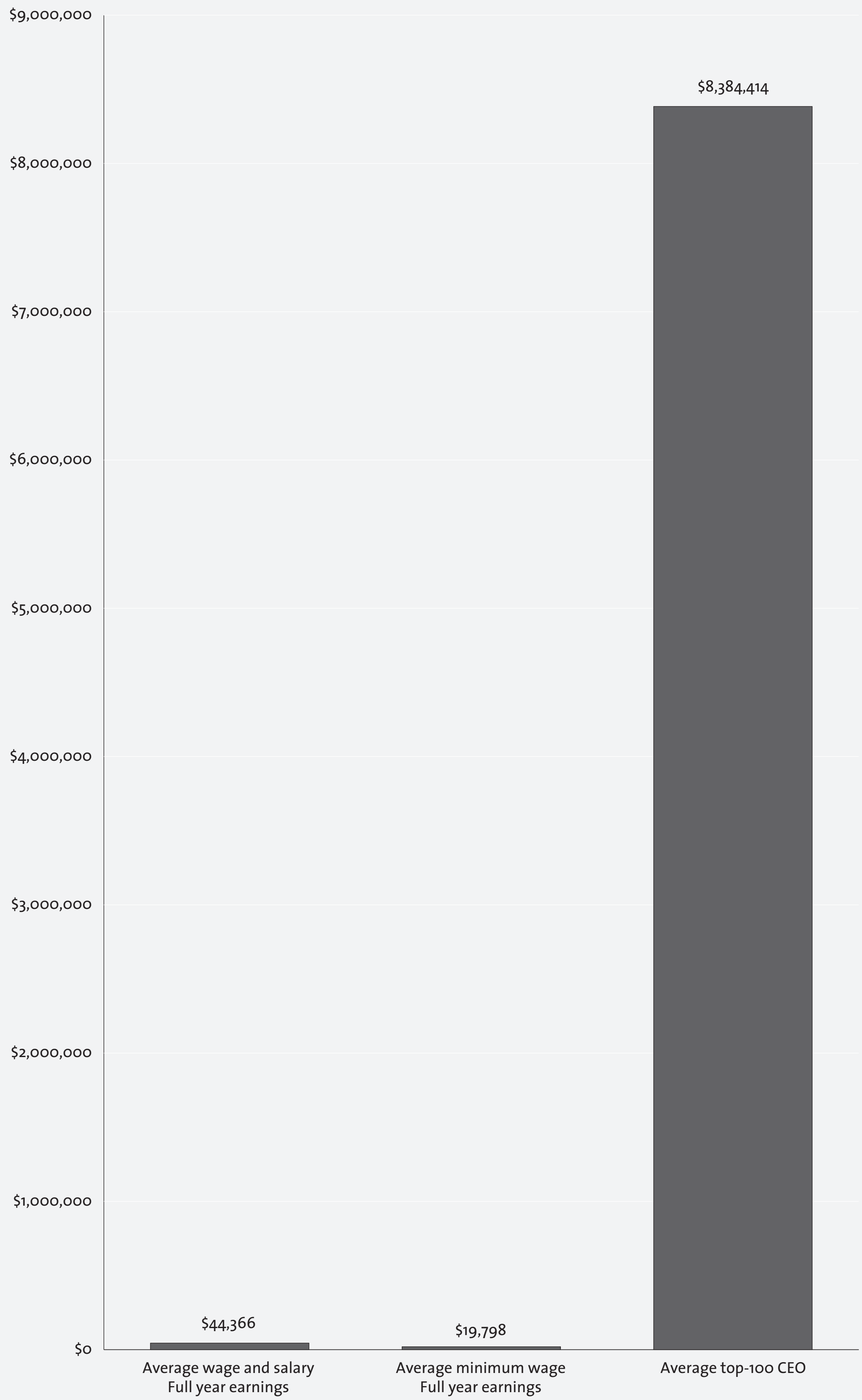
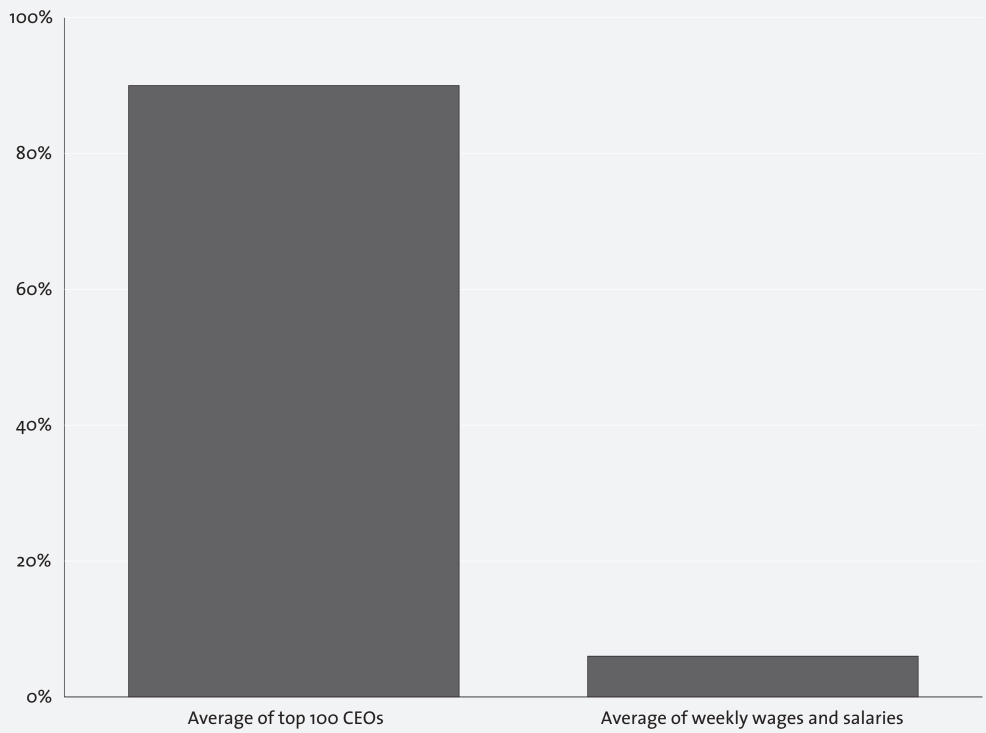


CHART 3 **Income is Growing... For Some**
% change in employment earnings after adjusting for inflation, 1998 to 2010



live in the world occupied by the rest of us. They live on another planet, in a world largely created by them, that few of us would recognize if we stumbled into it.

Chart 2 tells the story better than the numbers.

Chart 3 shows just how much CEOs' pay have grown since 1998, even after allowing for inflation, as compared with the real income growth of the average Canadian employee.

These skyrocketing salaries put CEOs firmly into a very exclusive club.

When you add up the CEO Elite 100's average total compensation, base salary, cash bonuses, grants of company shares, stock options, other compensation and pension compensation value increase, you get $838 million. That would be enough to wipe out the deficits of Manitoba, New Brunswick, Nova Scotia or PEI.

SOARING CEO PAY: A RECENT PHENOMENON

In the 1960s, George Romney, the father of U.S. presidential candidate Mitt Romney, famously turned down a bonus from American Motors because it would have taken his pay above 10 times that of a production worker in one of his plants.

Canada's CEO Elite 100 Pay Pack 2010

Average CEO compensation: **$8.38 million**

Total compensation of the Elite 100: **$838 million**

Value of unvested share grants: **$549 million**

Value of in-the-money options outstanding: **$2 billion**

CEO accumulated pension value: **$559 million**

Budgetary deficit forecast for 2011–12, Province of Manitoba: **$425 million**

Deficit forecast, New Brunswick: **$546 million**

Deficit forecast, Nova Scotia: **$319 million**

Deficit forecast, PEI: **$42 million**

*Deficit forecasts from "Government Budget Balances and Net Debt", TD Economics, 28 November 2011

In the 1980s, high pay for a CEO in the United States was about 40 times that of the average worker; likely less than that in Canada, although no comparable data are available.

In 1995, the average pay of Canada's highest paid 50 CEOs was $2.66 million, 85 times the pay of the average worker. In 2010, the average pay of the highest paid 50 CEOs had skyrocketed to 255 times the pay of the average worker.[3]

It mirrors a trend documented in the CCPA's report, *The Rise of Canada's Richest 1%*: Income inequality is growing in Canada at a blistering pace, driven by the rise of the very richest in our country.

Fully one-third of all income gains in Canada between 1987 and 2007 went to the richest 1% of Canadians — reversing a 30-year trend that had nudged Canada along the path of greater equality that had begun in the wake of the Great Depression of the 1930s.[4]

Until recently, Canada stood among the middle of the pack when it came to international comparisons of income inequality. Now, that status is threatened by a troubling trend: the Conference Board of Canada observes income inequality is growing at a faster pace than it is in the U.S. A recent OECD study confirms these findings and observes that inequality in Canada is rising relative to that in most OECD countries.[5] How much longer can Canada sustain a trend that polarized America and has spilled over into our own borders without seeing the well-documented effects of inequality — social unrest, rising crime rates, diminished trust, as well as worsening health and mental health issues?

A significant proportion of CEO pay is derived from grants of shares and options.

Among Canada's CEO Elite 100, 70 CEOs received part of their pay in grants of stock and 73 in stock options. For those who received share grants, the average grant was valued at $2.64 million; for those awarded options, the average award was valued at $3.22 million.

These awards really pile up. Of the CEO Elite 100 in 2010, 65 finished the year with unvested stock grants; 88 with in-the-money stock options from prior grants. That adds up to a motherlode of future compensation awaiting the Elite 100.

The amounts awaiting these CEOs in the future are staggering: The Elite 100 in 2010 had $549 million in unvested stock grants waiting for them, and were holding in-the-money stock options (that is, options to buy a stock where the price of the stock had already risen above the price of the option) with a value in 2010 of $2.0 billion, an average in total of $26 million per CEO.

Stock options continue to be popular, despite the recurring controversy surrounding them: 90% of the Elite 100 CEOs get at least part of their compensation from options. On average, their in-the-money options are worth 2-2/3 years of their compensation. The estimated value of options granted in 2010 accounted for 28% of the Elite 100's total compensation.

It is not hard to see why options are so popular. First, there are the tax advantages, courtesy of our governments. Stock options are taxed as if they were capital gains, rather than as ordinary income. That means that every dollar of income realized from exercising a stock option is taxed as if it is 50 cents. As a result, one quarter of CEOs' 2010 reported income is taxed at half the rate paid on wage and salary income.

At the top marginal tax rate in Ontario of 46.41%, the average CEO's tax savings from this special treatment would be $542,684. That's a tax subsidy to Canada's richest 1% of more than half a million dollars, courtesy of the rest of us.

The other reason CEOs like stock options is that the amount that is actually disclosed in their companies' proxy circulars is a conservative estimate of their total value. Boards of directors don't know, and indeed can't know, what these things will be worth when they pay off, giving the CEO a paycheque with no theoretical maximum.

In an effort to ensure greater transparency and comparability in executive compensation, financial reporting rules applicable to stock options were changed in Canada for periods beginning in 2008. Instead of reporting the amount executives actually realized when they cashed their options in, corporations began to report a statistical estimate of what the options might have been worth in the market when they were granted. So we find out what the corporation estimated the options were worth. But we never learn what they were actually worth — which makes the actual compensation of Canada's CEO Elite 100 an enduring mystery.

Furthermore, these estimates tend to be on the conservative side, partly because they are based on historical volatility in share prices, and partly because they can-

TABLE 1 **Options Granted to the CEOs of Canada's Five Major Chartered Banks**

Company	Name	Number	Option Strike Price	Value reported in proxy circular	Price 4 Nov 2011	Value as of 4 Nov 2011
BMO	Downie	219,749	34.13	1,800,000	58.07	5,260,791
BNS	Waugh	444,084	33.89	3,010,000	52.24	8,148,941
CIBC	McCaughey	107,481	49.75	862,500	73.96	2,240,103
RBC	Nixon[6]	247,344	52.94	2,750,000	45.85	0
TD	Clark	420,172	42.50	3,750,035	74.81	12,794,237
TOTAL				12,172,535		28,444,072

not take into account the fact that a CEO chooses a time to exercise his or her options for maximum benefit.

To see how conservative these estimates actually are, let's look at what happened to the options granted to the CEOs of Canada's five major chartered banks in 2008 — since they manage to make the Elite 100 list each and every year.

When a corporation grants stock options to an executive, it gives the executive the right to buy a given number of shares of the corporation at a pre-determined price — known as the strike price. The strike price is normally the market price of the stock on the day the option is granted. When the price rises above the strike price, the difference represents the value of the option, because the CEO could exercise his or her option at the strike price and sell at the higher price.

The values reported in proxy circulars since 2008 for stock option grants are determined using a statistical methodology known after its creators as the Black-Scholes method. The Black-Scholes method develops an estimated value for an option based on statistical descriptions of the stock's price history.

In this table, we compare the option grant value reported by the banks in their 2008 proxy circulars with the value reached by those options by November 4, 2011, taking into account the number of options granted, the strike price and the closing price of the stock.

For example, the Bank of Montreal issued 219,749 options to its CEO in 2008 with a strike price of $34.13. In its compensation disclosure document for 2008, it reported a value for these options of $1,800,000. Based on the number of options and the strike price, that value would have been realized at a share price of $42.32. As of November 4, however, the share price was $58.07, a price that translates to an option value of $5.3 million — *nearly three times the amount reported.*

For the five bank CEOs, based on November 4, 2011 share prices, the combined value of their 2008 option grant as reported in their 2008 proxy statements was understated by $16 million — an average of $3.2 million, even after allowing for a zero value for RBC's options granted in 2007. Not only is it likely that the 2008 pay of the bank CEOs was massively understated, the income actually realized by these executives from the exercise of these options may never be disclosed — a loophole in Canadian executive pay accountability that needs to be remedied.[7]

As of the end of the five banks' 2010 fiscal years, their proxies disclosed that their CEOs were sitting on $113 million in unexercised in-the-money stock options, but we may never know what they actually realize from those options when they are exercised.

Canada's CEO Elite 100, as a group, were as of the end of 2010 sitting on a grand total of $2 billion in unexercised in-the-money stock options — that is, options to buy shares where the current market price had already exceeded the strike, or purchase, price.

The running total tax subsidy outstanding is 23% of that amount, or a staggering $475 million.

Corporate compensation for executives has been a major driver of income inequality in Canada. Canada's tax system has made it worse.

A 2007 Statistics Canada study found that the rate of tax went down between 1992 and 2004 for the richest 5%, with the biggest gain going to the richest 1/100 of 1%, whose effective tax rate dropped from 40% to 30% over the period. As impressive as their before-tax income gain was, the after-tax gain was, in relative terms, even greater — paid for by the rest of us in reduced public services.[8]

Pensions: What's Sauce for the Goose is Gravy for the Gander

Canadians are used to hearing a lot of advice from our corporate leaders about pensions, and in particular about how we no longer afford high quality, defined benefit pension plans for Canadian workers.

Many Canadian corporations have followed this script, freezing membership in their defined benefit pension plans, converting to defined contribution savings plans that shift the risk to employees, reducing benefits or simply not offering a pension plan at all.

It would appear, however, that Canada's CEO Elite 100 are not paying much attention to the script when it comes to their own compensation.

Of Canada's CEO Elite 100 — paid an average of over $8.38 million a year — 46 were members of defined benefit pension plans. Those plans had accrued to pay an average annual pension at age 65 of $1.19 million. The total accrued value of CEOs pension entitlements at the end of 2010, as reported by their corporate employers, came to a grand total of $559 million.

Questioning CEO Compensation in Canada

Governments and citizens around the world continue to focus attention on the astronomical salaries pocketed by CEOs. Especially in the U.S., there has been 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 has sounded more than a little hollow in the wake of the past recession. Two leading Canadian business thinkers in particular have been weighing in heavily on the issue: Roger Martin and Henry Mintzberg.[9]

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.[10] 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.[11]

> 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.

Imagine the town of Lake Wobegon, Minnesota, where everyone is above average. Executive compensation — the work of a cabal of CEOs serving as corporate directors and compensation consultants — takes that several steps further, creating a 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, it is 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 two major problems with a regulatory approach. First, it is next to impossible to separate legitimate, carefully thought out rewards from other payments. 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. Executives would still have that all-important 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.

Ed Broadbent, the originator of Canada's commitment to end child poverty in 1989, has argued higher taxes on excessive compensation could provide the financial resources to fund a targeted plan to reduce, and potentially eliminate, the depth of poverty among Canadian families with children.[12]

But even without taking the step of raising taxes for 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 by getting rid of the loophole that allows the proceeds from cashing in stock options to be taxed as if they were capital gains — at half the normal rate — rather than as ordinary income.

APPENDIX 1

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 have been in effect since 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. As a consequence, the totals for pension accrual during the year will tend to understate the value of the pension increase accumulated during the year.

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.

This new requirement, together with its inconsistent application, created two problems for our analysis. First, in years prior to 2008, our analysis as well as that performed by others had 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 years after 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 in general use is not able to take into account the full value of this ability to choose.

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.

APPENDIX 2

Top CEO Listing

Rank	Name	Company	Base Salary	Bonus	Shares	Options	Pension	Other	Total
1	Frank Stronach	Magna International Inc.	205,988	41,908,220		17,006,353		2,690,726	61,811,287
2	Donald Walker	Magna International Inc.	329,358	10,121,908	668,613	4,073,219		1,485,739	16,678,837
3	Siegfried Wolf #	Magna International Inc.	278,443	9,787,596		4,073,219		2,388,678	16,527,936
4	Edward Sampson	Niko Resources Ltd.	705,028	720,029		15,049,559			16,474,616
5	Martin Konig	Eurpoean Goldfields	503,597	616,021	8,100,292	5,607,250			14,827,160
6	Richard Waugh	Bank of Nova Scotia	1,208,333	1,600,000	3,925,000	3,925,000	3,091,000	1,196	13,750,529
7	Steve Laut	Canadian Natural Resources Ltd.	586,923	4,022,938		6,990,000		1,536,427	13,136,288
8	S. DeFalco	Nordion	153,461				25,913	12,933,443	13,112,817
9	Gordon Nixon	Royal Bank of Canada	1,400,000	2,100,000	4,500,000	3,000,000	810,000	41,885	11,851,885
10	Jonathan Henry	Gabriel Resources	369,525	70,000	1,709,998	9,542,108		4,075	11,695,706
11	William Doyle	Potash Corp. of Saskatchewan	1,169,966	2,059,800		3,712,106	4,470,199	189,725	11,601,796
12	Edmund Clark	Toronto-Dominion Bank	1,500,000	1,960,000	5,210,053	2,605,028		151,714	11,426,795
13	Glenn Chamandy	Gildan Activewear Inc.	752,371	1,500,620	4,424,871	4,424,676	37,555	75,916	11,216,009
14	Miguel de la Campa	Pacific Rubiales Energy Corp.	580,200	596,777		9,813,507		173,185	11,163,669
15	Jose Francisco Arata	Pacific Rubiales Energy Corp.	580,200	596,777		9,813,507		163,263	11,153,747
16	Serafino Ianoco (Co-Chair)	Pacific Rubiales Energy Corp.	580,200	596,777		9,813,507		147,521	11,138,005
17	Ronald Pantin	Pacific Rubiales Energy Corp.	580,200	596,777		9,813,507		133,947	11,124,431
18	Murray Taylor	IGM Financial Inc.	771,667	837,200	34,880	301,204	8,996,566	76,856	11,018,373
19	Randall Eresman	Encana Corp.	1,429,234	2,703,958	3,024,106	2,785,893	684,974	147,686	10,775,852
20	Marvin Romanow	Nexen	1,231,250	1,515,000		5,443,035	2,379,100	197,483	10,765,868
21	Jeffrey Orr	Power Financial Corp.	3,823,000		133,168	4,379,738	1,598,000	422,280	10,356,186
22	Charles Jeannes	Goldcorp Inc.	1,338,870	3,849,444	2,291,528	2,295,881	478,904	72,911	10,327,538
23	Robert Friedland	Ivanhoe Mines			6,822,664			3,492,178	10,314,843
24	William Downe	Bank of Montreal	1,042,600	2,850,000	3,000,000	2,650,000	626,526	12,772	10,181,898
25	Darren Entwistle	Telus Corp.	1,225,000	893,997	6,893,997		874,000	53,451	9,940,445
26	Peter Marrone	Yamana Gold Inc.	1,283,837	3,859,280	3,956,378		724,346	103,388	9,927,229
27	Gerald McCaughey	Canadian Imperial Bank of Commerce	1,500,000	3,134,800	3,842,200	860,000	576,000		9,913,000
28	Aaron Regent	Barrick Gold Corp.	1,638,633	2,497,602	2,518,109	2,518,036	620,435	86,607	9,879,422

Rank	Name	Company	Base Salary	Bonus	Shares	Options	Pension	Other	Total
29	Thomas Glocer	Thomson Reuters Corp.	1,596,406	3,671,733	2,204,526	1,995,517		313,922	9,782,104
30	Scott Saxberg	Crescent Point Energy Corp.	371,000	200,000	9,023,166			7,067	9,601,233
31	Tye Burt	Kinross Gold Corp.	1,400,671	2,873,434	3,089,715	1,184,391	739,308	291,803	9,579,322
32	Donald Guloien	Manulife Financial Corp.	1,031,821	1,483,050	3,078,620	3,078,620	516,000	103,235	9,291,346
33	Michael Wilson	Agrium Inc.	1,379,495	2,719,850	2,081,933	2,081,933	893,895	28,445	9,185,551
34	Richard George	Suncor Energy Inc.	1,400,000	2,577,000	2,829,228	2,830,212	(772,100)	201,425	9,065,765
35	Marc Tellier	Yellow Media Inc.	825,000		3,100,000	4,480,000	32,100	502,374	8,939,474
36	Ken Hartwick	Just Energy Group	700,000	350,000	7,825,000			28,000	8,903,000
37	John Macken #	Ivanhoe Mines Ltd.	735,376	823,951	6,822,664	191,434		31,749	8,605,175
38	Nadir Mohamed	Rogers Communications Inc.	1,200,000	1,500,000	2,735,303	2,735,441	339,748	70,000	8,580,492
39	Craig H. Muhlhauser	Celestica	1,000,000	2,044,969	3,750,000	1,250,000	150,815	198,799	8,394,583
40	John Manzoni	Talisman Energy Inc.	1,300,500	1,950,750	2,007,155	2,026,236	854,400	246,373	8,385,414
41	Donald Stewart	Sun Life Financial Inc.	1,100,000	1,675,000	2,750,007	2,750,005	(13,517)	4,000	8,265,495
42	Gerald Schwartz	Onex Corp.	1,366,300	6,862,740					8,229,040
43	Jim Shaw#	Shaw Communications Inc.	2,500,000	6,000,000			(515,550)	176,921	8,161,371
44	Sean Boyd	Agnico-Eagle Mines Ltd.	1,200,000	1,656,000	46,250	4,893,000	320,034	19,200	8,134,484
45	Patrick Daniel	Enbridge Inc.	1,231,500	1,290,000	3,117,180	1,322,020	949,000	146,156	8,055,856
46	Allan L. Leighton	George Weston Ltd.	2,000,000	2,994,250	2,984,378			50,004	8,028,632
47	Claude Mongeau	Canadian National Railway Co.	978,405	2,012,573	2,770,200	1,670,400	233,000	62,082	7,726,660
48	J.R. Shaw	Shaw Communications	1,500,000	6,326,730			(376,000)	230,132	7,680,862
49	Donald Lindsay	Teck Resources Ltd.	1,250,000	1,500,000	2,132,400	2,030,045	386,000	107,569	7,406,014
50	Marc Parent	CAE Inc.	598,846	1,000,000	754,151	4,292,305	591,000	51,960	7,288,262
51	Michael McCain	Maple Leaf Foods	993,695	1,973,149	3,924,168		156,812		7,047,824
52	John Shackleton	Open Text	514,970	3,685,482	2,778,409			19,123	6,997,984
53	Stephen Wetmore	Candian Tire Corp. Ltd.	1,250,000	1,705,165	1,249,971	2,499,986		254,422	6,959,544
54	Russell Girling	TransCanada Corp.	900,006	1,159,650	2,100,000	1,254,000	1,451,000	76,693	6,941,349
55	Gerald Grandey	Cameco Corp.	1,019,500	2,000,000	1,387,200	2,104,900	314,900		6,826,500
56	John M Cassady	Corus Entertainment	847,262	1,361,879	1,351,362	450,189	2,583,000	133,031	6,726,723
57	Jay S. Hennick	FirstService	1,555,639	5,133,774					6,689,413
58	David Garofalo	Hudbay Minerals	355,244	672,375	1,460,400	4,078,658	47,025	25,105	6,638,807
59	Ned Goodman	Dundee Corp	700,000	5,500,000		190,667		215,545	6,606,212
60	Frederic Green	Canadian Pacific Railway Ltd.	926,250	1,665,469	1,322,182	1,321,261	1,258,000	84,756	6,577,918
61	Randall Oliphant	New Gold Inc.	650,024	1,000,038	2,408,968	2,281,690			6,340,720
62	P. Thomas Jenkins	Open Text	483,572	3,390,111	2,412,910			17,963	6,304,557
63	Bruce Aitken	Methanex	1,162,000	635,000	1,872,000	1,885,884	223,685	379,814	6,158,383
64	Jean Nortier #	Uranium One Inc.	783,105	1,788,488		1,757,235		1,788,488	6,117,316
65	John Smith	Silver Standard Resources	260,426	300,011		5,400,294		50,001	6,010,732
66	Harris A. Fricker	GMP Capital	487,500	5,497,966					5,985,466
67	Jerry Fowden	Cott Corp	625,313	561,703	3,083,438	1,290,000		229,128	5,789,582
68	Andre Desmarais	Power Corp. of Canada	1,000,000	1,500,000	183,168	1,488,218	967,000	614,530	5,752,916
69	Louis Vachon	National Bank of Canada	853,300	884,000	1,303,700	2,172,800	297,000	208,559	5,719,359
70	Paul Wright	Eldorado Gold Corp.	900,000	1,732,500		2,538,000	525,466		5,695,966
71	Paul Desmarais, Jr.	Power Corp. of Canada	1,000,000	1,500,000	183,168	1,488,218	788,000	412,030	5,371,416
72	Murray John	Dundee Resources	300,000	5,000,000				50,097	5,350,097
73	Richard Clark	Brookfield Properties Corp.	617,963	4,119,756		562,347			5,300,066
74	Robert Gallagher	New Gold Inc.	650,024	800,030	2,007,473	1,825,352		11,329	5,294,208
75	Keith A. Carrigan	Progressive Waste Solutions	674,909	3,446,937	1,050,004		10,899	59,625	5,242,374
76	Brian Ferguson	Cenovus Energy Inc.	900,000	1,710,000	1,246,252	1,246,252	40,939	97,379	5,240,822
77	Edward Sonshine	RioCan Real Estate Investment Trust	960,000	1,718,400		820,834	1,732,300		5,231,534
78	Mike Lazaridis	Research In Motion Ltd.	1,200,000	1,098,480	2,770,299		10,500	11,000	5,090,279
79	James Balsillie	Research In Motion Ltd.	1,200,000	1,098,480	2,770,299		10,500	11,000	5,090,279
80	Pierre Duhaime	SNC-Lavalin Group Inc.	800,000	1,300,000	1,295,350	1,161,750	329,400	85,695	4,972,195

Rank	Name	Company	Base Salary	Bonus	Shares	Options	Pension	Other	Total
81	Stanley Marshall	Fortis Inc.	1,000,000	1,160,000	1,407,600	483,565	622,444	231,859	4,905,468
82	Michael Pearson	Valeant Pharmaceuticals Intl. Inc.	399,101	772,454	3,714,955			11,192	4,897,703
83	Pierre Karl Peladeau	Quebecor	1,300,000	2,134,662		1,430,186	14,800	1,275	4,880,923
84	John A. McCluskey	Alamos Gold	509,250	585,638		3,768,000		6,898	4,869,786
85	Nancy Southern	ATCO Ltd. / Canadian Utilities	1,000,000	725,000	974,920	1,781,385	270,142	15,000	4,766,447
86	Michael Cooper	Dundee Realty	550,000	4,000,000				85,610	4,635,610
87	Charles Brindamour	Intact Financial Corp.	750,477	1,237,500	2,025,000		549,928	16,995	4,579,900
88	Calvin Rovinescu	Air Canada	1,400,000	1,601,125	1,392,195		156,400		4,549,720
89	Mayo Schmidt	Viterra Inc.	987,500	850,000	1,306,244	1,306,250		98,717	4,548,711
90	Ellis Jacob	Cineplex	803,419	964,618	1,827,804		665,350	239,896	4,501,087
91	David Demers	Westport Innovations	500,000	750,000	3,155,425			591	4,406,016
92	Alain Bedard	TransForce	875,000	1,750,000		1,349,309	256,800	172,344	4,403,453
93	Michael Roach	CGI Group Inc.	952,677	1,409,054		1,984,346		44,442	4,390,519
94	Bruce Flatt	Brookfield Asset Management Inc.	500,000		3,765,828			22,000	4,287,828
95	George Cope	BCE Inc.	1,250,000	2,456,250			398,531	162,643	4,267,424
96	Ian W. Delaney	Sherritt International	750,000	1,750,000	105,998	340,220		1,283,618	4,229,836
97	Sean Roosen	Osisko Mining Corp.	495,000	618,750	9,000	2,952,000		-	4,074,750
98	Robert Dutton	RONA	868,270	729,347	1,641,272	547,070	202,000	-	3,987,959
99	Galen G. Weston	Loblaw Cos. Ltd.	1,000,000	1,329,500		1,499,992		83,915	3,913,407
100	Pierre Beaudoin	Bombardier Inc.	1,162,900	870,200	1,027,800	528,600	184,600	131,500	3,892,000

Notes: Names marked with a # ceased to be CEO during the year. Corporations with more than one name on the list have co-ceo positions, both an incoming and an outgoing CEO with high enough pay to make the list or one or more executive board positions paid enough to make the list. Negative amounts for pensions reflect differences between current pensionable income and prior years' estimates.

Notes

1 Income thresholds at 1%, 0.1% and 0.01% from Armine Yalnizyan, "The Rise of Canada's Richest 1%", Canadian Centre for Policy Alternatives, December 2010

2 Sources: Executive Compensation, Globe and Mail Report on Business, April 26, 1999; average wages, Statistics Canada.

3 "50 Best Paid CEOs", Globe and Mail, Report on Business Magazine, July 1996 p. 83

4 The Rise of Canada's Richest 1%. Armine Yalnizyan, CCPA, December 2010

5 "Divided we stand", OECD, 2011

6 Mr. Nixon chose to forego his variable income for 2009, which included options granted in December 2008; this table reflects options granted in December 2007 and reported in RBC's 2008 proxy circular.

7 This understatement has a significant impact on the reported average earnings of top-paid CEOs. The $16 million understatement of options earnings for these five CEOs noted above would, by itself, alter the average pay of the top 100 by $160,000.

8 Calculations from Brian Murphy, Paul Roberts and Michael Wolfson, "High-income Canadians", *Perspectives on Labour and Income,* September 2007, Statistics Canada Catalogue no. 75-001-XIE.

9 Roger Martin and Henry Mintzberg have both been named to the list of the top 50 business thinkers in the world, named by the Thinkers50, an annual list co-sponsored by the Harvard Business Review.

10 Roger Martin, "Undermining Staying Power: The Role of Unhelpful Management Theories", Rotman Magazine, Spring 2009

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

12 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