

Corporate Performance and Compensation

In 2007, over one third of companies failed to achieve total shareholder return greater than the risk free rate of 4.12%. We would expect this poor performance to be reflected in CEO compensation over the same period. In fact, during this time, CEO base salary actually increased by 5.13% while total cash compensation (base plus bonus) increased by 11.09%. Similarly, CEO total direct compensation rose by 10.33%.¹

Performance and compensation should be directly linked. To understand this link, directors often ask the following questions:

1. How well does our company perform compared to our direct competitors?
2. Is CEO pay tied to performance, and is our process defensible?
3. Do we discuss these issues with our CEO and executives when we discuss their compensation?
4. Do we understand the details of the executive pay system and do these reflect competitive market, corporate objectives, and the requirements of shareholders and investors?
5. Do we use the same financial definitions when determining our performance and comparing it to our competitors? (For e.g. is

EBITDA calculated in the same way as our competitors?)

6. Does our Board have an efficient approach to reviewing all components of corporate risk and do we have the tools in place to identify, manage, mitigate, or eliminate these risks?

“At The Directors College, questions on executive compensation are common, indicating that best practices around executive compensation are not well understood by most directors. 3XCD supports our goal to educate directors in compensation design, board compensation, and other key board roles, so that they may perform their job at a proficient level.” - Dr. Chris Bart

**Principal and Lead Professor,
the Directors College**

3XCD is the only independent, financial advisory firm focused exclusively on Board compensation governance issues and compensation design. We specialize in executive compensation audits and international board compensation review and recommendations.

TSX 60 companies 2007

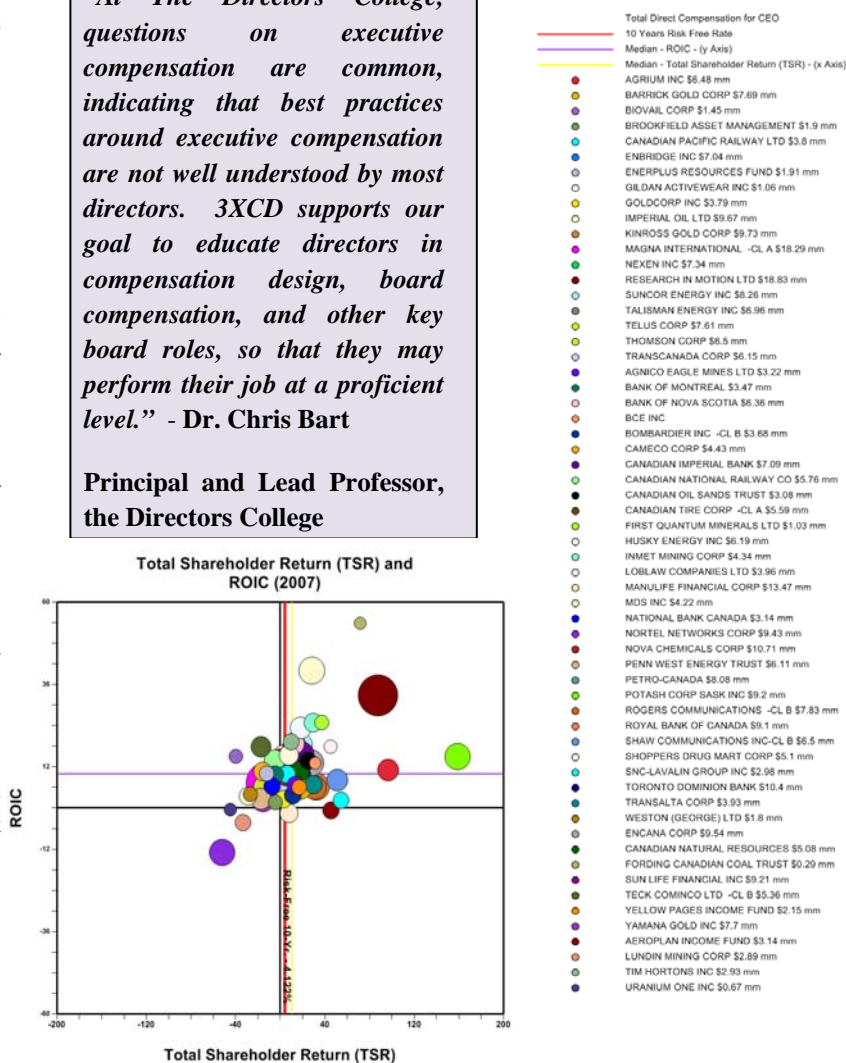


Chart above compares actual performance for the TSX 60 companies for fiscal year 2007. Circle size indicates relative size of Total Direct Compensation.

Company	Y/E	Total Direct Compensation (\$ millions CDN)	Return on Invested Capital (ROIC) %	Total Shareholder Return (TSR) %	Industry Group
AEROPLAN INCOME FUND	12	3.1	-0.678	45.343	Media
AGNICO EAGLE MINES LTD	12	3.2	6.747	13.502	Materials
AGRIUM INC	12	6.5	11.089	96.534	Materials
BANK OF MONTREAL	10	3.5	9.724	-4.709	Banks
BANK OF NOVA SCOTIA	10	6.4	18.779	12.13	Banks
BARRICK GOLD CORP	12	7.7	6.003	17.574	Materials
BIOVAIL CORP	12	1.4	15.067	-39.855	Pharmaceuticals & Biotech
BOMBARDIER INC -CL B	1	3.7	3.793	11.236	Capital Goods
BROOKFIELD ASSET MANAGEMENT	12	1.9	1.664	-4.439	Real Estate
CAMECO CORP	12	4.4	10.678	-15.801	Energy
CANADIAN IMPERIAL BANK	10	7.1	15.815	20.16	Banks
CANADIAN NATIONAL RAILWAY CO	12	5.8	13.887	-5.312	Transportation
CANADIAN NATURAL RESOURCES	12	5.1	10.75	17.347	Energy
CANADIAN OIL SANDS TRUST	12	3.1	13.766	24.953	Energy
CANADIAN PACIFIC RAILWAY LTD	12	3.8	9.852	5.985	Transportation
CANADIAN TIRE CORP -CL A	12	5.6	9.415	5.653	Retailing
ENBRIDGE INC	12	7.0	4.618	2.706	Energy
ENCANA CORP	12	9.5	13.146	27.518	Energy
ENERPLUS RESOURCES FUND	12	1.9	10.09	-12.239	Energy
FIRST QUANTUM MINERALS LTD	12	1.0	24.908	37.086	Materials
FORDING CANADIAN COAL TRUST	12	0.3	53.831	71.558	Materials
GILDAN ACTIVEWEAR INC	9	1.1	17.895	44.976	Cons. Durables & Apparel
GOLDCORP INC	12	3.8	2.595	2.769	Materials
HUSKY ENERGY INC	12	6.2	23.359	18.156	Energy
IMPERIAL OIL LTD	12	9.7	40.045	28.178	Energy
INMET MINING CORP	12	4.3	24.882	29.374	Materials
KINROSS GOLD CORP	12	9.7	6.243	32.417	Materials
LOBLAW COMPANIES LTD	12	4.0	3.506	-29.011	Food & Drug Retailing
LUNDIN MINING CORP	12	2.9	-4.245	-33.442	Materials
MAGNA INTERNATIONAL -CL A	12	18.3	7.384	-13.404	Automobiles & Components
MANULIFE FINANCIAL CORP	12	13.5	13.829	5.36	Insurance
MDS INC	10	4.2	-1.493	7.74	Pharmaceuticals & Biotech
NATIONAL BANK CANADA	10	3.1	6.372	-7.371	Banks
NEXEN INC	12	7.3	10.504	0.307	Energy
NORTEL NETWORKS CORP	12	9.4	-12.925	-52.11	Tech. Hardware & Equipment
NOVA CHEMICALS CORP	12	10.7	13.139	0.376	Materials
PENN WEST ENERGY TRUST	12	6.1	2.695	-17.507	Energy
PETRO-CANADA	12	8.1	17.97	12.696	Energy
POTASH CORP SASK INC	12	9.2	14.998	158.766	Materials
RESEARCH IN MOTION LTD	2	18.8	32.832	87.486	Tech. Hardware & Equipment
ROGERS COMMUNICATIONS -CL B	12	7.8	5.978	30.871	Telecommunications Services
ROYAL BANK OF CANADA	10	9.1	15.961	16.256	Banks
SHAW COMMUNICATIONS INC-CL B	8	6.5	8.152	51.02	Media
SHOPPERS DRUG MART CORP	12	5.1	15.377	7.644	Food & Drug Retailing
SNC-LAVALIN GROUP INC	12	3.0	2.248	54.362	Capital Goods
SUN LIFE FINANCIAL INC	12	9.2	9.476	15.902	Insurance
SUNCOR ENERGY INC	12	8.3	18.361	18.043	Energy
TALISMAN ENERGY INC	12	7.0	8.138	-6.301	Energy
TECK COMINCO LTD -CL B	12	5.4	17.854	-17.344	Materials
TELUS CORP	12	7.6	10.905	-5.064	Telecommunications Services
THOMSON CORP	12	6.5	6.112	-14.708	Media
TIM HORTONS INC	12	2.9	19.296	9.62	Hotels Restaurants & Leisure
TORONTO DOMINION BANK	10	10.4	12.116	12.975	Banks
TRANSALTA CORP	12	3.9	6.862	29.684	Utilities
TRANSCANADA CORP	12	6.2	4.89	3.455	Energy
URANIUM ONE INC	12	0.7	-0.447	-44.813	Energy
WESTON (GEORGE) LTD	12	1.8	4.028	-26.836	Food & Drug Retailing
YAMANA GOLD INC	12	7.7	2.422	-15.536	Materials
YELLOW PAGES INCOME FUND	12	2.2	6.067	16.925	Media

Total Direct Compensation is the sum of disclosed base salary, short-term incentive and annual average of three-year long-term incentive, rounded to 1st decimal place. ROIC is net income divided by total invested capital over performance period.

*BCE has been removed from this group.

Notes:

1. Based on TSX 60 CEO average base, average total cash, and average total direct compensation movements for fiscal years 2006-2007.

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