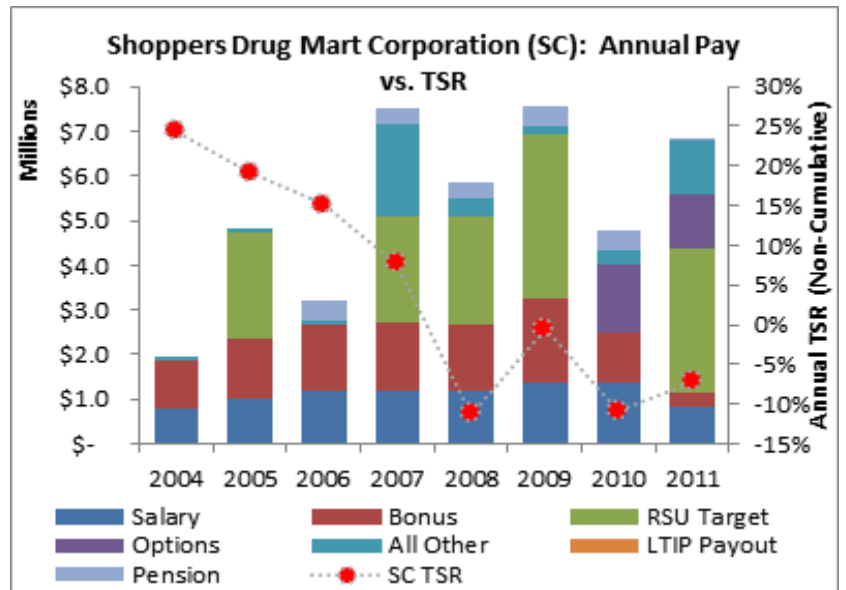
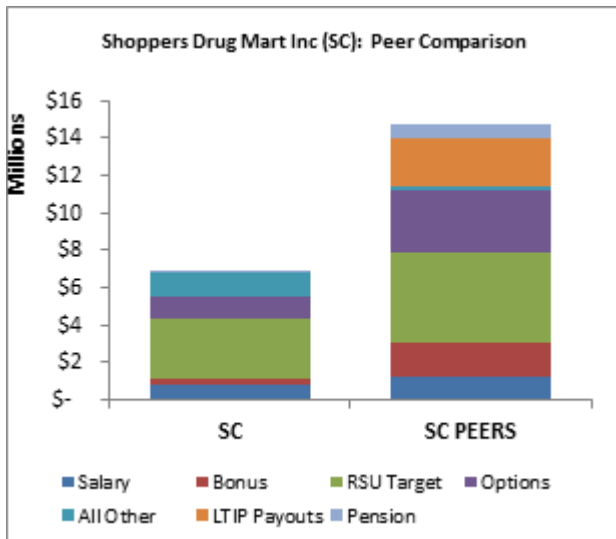


# Shoppers Drug Mart Inc (SC): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 0	4 YEAR = 4	6 YEAR = 7	8 YEAR = 8	TOTAL: 19/24

SC's year-over-year pay/performance alignment between 2010 and 2011 was not strong, however this was due largely to the fact that their outgoing CEO was not granted an RSU award for 2010 because of his resignation. The result was an unusual jump in CEO pay in 2011 that caused misalignment due to SC's TSR of -7% for that period. Alignment in every other observation, however was very strong, resulting in a Pay for Performance Score of 19/24.

In 2011, SC ranked 9th out of 11 peers in total CEO pay while ranking 5th in ROE and ROA. SC's EPS was below performance targets in 2011, resulting in a lower than usual bonus payout to the CEO. This partly offset the year-over-year increase described above.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
NDQ:SBUX	Starbucks Corp
NYSE:RAD	Rite Aid Corporation
NYSE:CVS	CVS Caremark Corporation
TSE:CLS	Celestica Inc.
NYSE:SVU	SUPERVALU Inc
NDQ:PETM	PetSmart Inc
NYSE:ODP	Office Depot Inc
TSE:NXY	Nexen Inc.
NYSE:GPS	Gap Inc
NYSE:NK	Nike Inc

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NDQ:SBUX	47.4%	NYSE:GPS	30.2%	NDQ:SBUX	16.8%
2	NYSE:NKE	36.0%	NDQ:SBUX	27.1%	NYSE:NKE	15.0%
3	NDQ:PETM	34.6%	NDQ:PETM	25.2%	NDQ:PETM	11.8%
4	NYSE:RAD	30.5%	NYSE:NKE	21.4%	NYSE:GPS	11.6%
5	NYSE:CVS	18.9%	<b>TSE:SC</b>	<b>14.4%</b>	<b>TSE:SC</b>	<b>8.4%</b>
6	NYSE:GPS	0.9%	NYSE:RAD	13.7%	TSE:CLS	6.4%
7	<b>TSE:SC</b>	<b>-7.2%</b>	TSE:CLS	12.9%	NYSE:CVS	5.4%
8	NYSE:SVU	-19.7%	NYSE:CVS	9.1%	TSE:NXY	3.5%
9	TSE:CLS	-22.4%	TSE:NXY	8.3%	NYSE:ODP	1.4%
10	TSE:NXY	-28.2%	NYSE:ODP	8.1%	NYSE:RAD	-5.1%
11	NYSE:ODP	-60.6%	NYSE:SVU	-4952.4%	NYSE:SVU	-8.6%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:NK	\$36,084,387	NYSE:ODP	\$1,628,160	NYSE:RAD	\$3,222,426	NDQ:SBUX	\$4,316,982	NYSE:NK	\$28,108,086
2	NDQ:SBUX	\$16,728,098	NYSE:NK	\$1,533,057	NDQ:SBUX	\$2,949,404	NYSE:RAD	\$4,230,516	NDQ:SBUX	\$11,943,100
3	NYSE:CVS	\$14,732,418	NYSE:GPS	\$1,483,604	NDQ:PETM	\$2,941,615	NDQ:PETM	\$4,019,130	NYSE:GPS	\$7,504,865
4	NYSE:GPS	\$10,885,379	NYSE:CVS	\$1,467,436	NYSE:NK	\$2,181,847	NYSE:NK	\$3,714,904	NYSE:RAD	\$5,768,066
5	NYSE:RAD	\$10,366,527	NDQ:SBUX	\$1,367,578	NYSE:GPS	\$1,688,248	NYSE:GPS	\$3,171,852	NYSE:CVS	\$5,342,912
6	NDQ:PETM	\$7,479,519	TSE:NXY	\$1,331,250	NYSE:CVS	\$1,453,932	NYSE:CVS	\$2,921,368	TSE:CLS	\$5,204,788
7	TSE:CLS	\$7,432,742	NDQ:PETM	\$1,077,515	TSE:CLS	\$956,924	NYSE:ODP	\$2,434,266	NYSE:ODP	\$4,771,270
8	NYSE:ODP	\$7,276,518	NYSE:RAD	\$1,008,090	NYSE:ODP	\$806,106	TSE:CLS	\$1,945,994	<b>TSE:SC</b>	<b>\$4,418,053</b>
9	<b>TSE:SC</b>	<b>\$6,848,792</b>	TSE:CLS	\$989,069	NYSE:SVU	\$360,412	TSE:NXY	\$1,331,250	NDQ:PETM	\$3,230,344
10	TSE:NXY	\$5,003,511	NYSE:SVU	\$840,709	<b>TSE:SC</b>	<b>\$312,500</b>	NYSE:SVU	\$1,201,121	TSE:NXY	\$1,823,834
11	NYSE:SVU	\$1,635,691	<b>TSE:SC</b>	<b>\$837,039</b>	TSE:NXY	\$0	<b>TSE:SC</b>	<b>\$1,149,539</b>	NYSE:SVU	\$360,412

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

