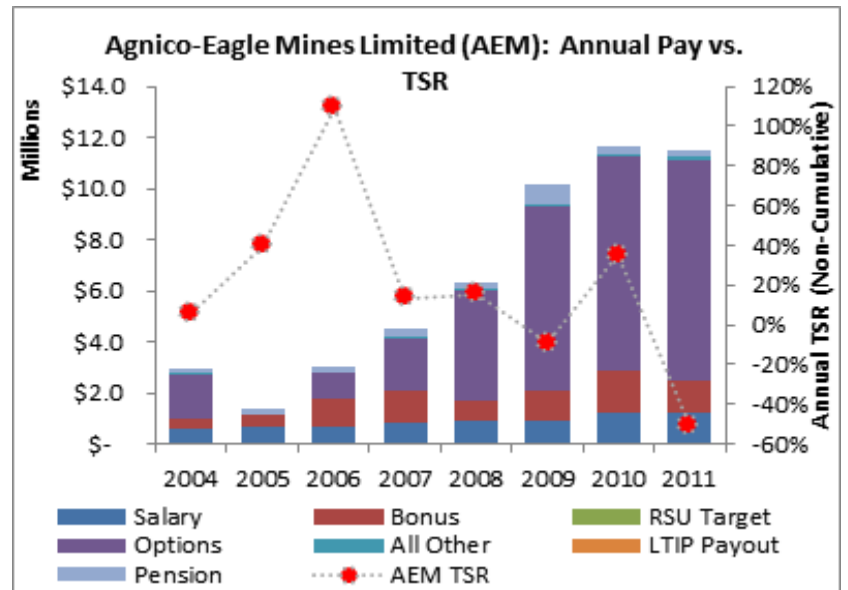
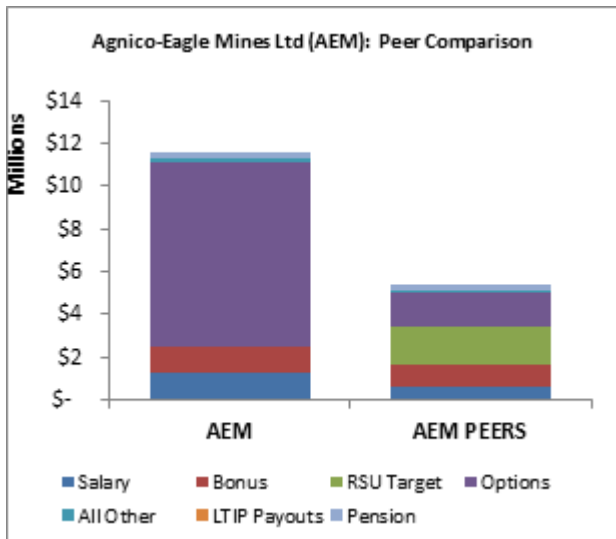


Agnico-Eagle Mines Ltd (AEM): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 2	4 YEAR = 0	6 YEAR = 3	8 YEAR = 5	TOTAL: 10/24

Since 2005, AEM's CEO pay has been on a dramatic upward trajectory from under \$2 million to nearly \$12 million. While TSR in the same period has been strong, driven by a sharp share price spike in 2006, recent shareholder losses did not have an impact on CEO pay. In fact, AEM's CEO pay in 2011 was nearly double that of its closest peer, largely driven by an option grant worth over \$8 million at the time of grant. AEM ranks in the top 2 among its peers in the dollar value of each of its pay components despite ranking in the bottom 2 in TSR, ROE and ROA.

Although AEM shareholders have enjoyed a very strong 8-year TSR of 177%, there may be some cause for concern in the company's lack of short term alignment in 2011 in the wake of very poor performance both from an absolute and relative point of view, particularly in light of the fact that AEM's CEO compensation is significantly higher than that of its peers. This continues a trend of pay and performance discord that began in 2008.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:CG	Centerra Gold Inc.
TSE:ARZ	Aurizon Mines Ltd.
TSE:ABX	Barrick Gold Corporation
TSE:AGI	Alamos Gold Inc
TSE:CNL	Continental Gold Limited
TSE:DGC	Detour Gold Corporation
TSE:ASR	Alacer Gold Corp.
TSE:BTO	B2Gold Corp.
TSE:CGG	China Gold International Resources Corp. Ltd.

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:ASR	36.1%	TSE:CG	23.3%	TSE:CG	21.2%
2	TSE:BTO	15.2%	TSE:ABX	18.6%	TSE:ARZ	10.5%
3	TSE:AGI	-6.5%	TSE:ARZ	13.7%	TSE:CNL	9.9%
4	TSE:CG	-7.3%	TSE:BTO	11.5%	TSE:AGI	9.7%
5	TSE:ABX	-12.2%	TSE:CNL	11.3%	TSE:BTO	9.7%
6	TSE:DGC	-13.8%	TSE:AGI	10.9%	TSE:ABX	8.9%
7	TSE:CNL	-24.8%	TSE:CGG	6.0%	TSE:CGG	4.4%
8	TSE:ARZ	-31.3%	TSE:ASR	5.3%	TSE:ASR	4.1%
9	TSE:AEM	-51.1%	TSE:DGC	1.5%	TSE:DGC	1.0%
10	TSE:CGG	-52.9%	TSE:AEM	-17.2%	TSE:AEM	-10.9%
11						

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:AEM	\$11,528,047	TSE:ABX	\$1,639,949	TSE:ABX	\$2,295,928	TSE:ABX	\$3,935,877	TSE:AEM	\$8,666,400
2	TSE:ABX	\$6,936,438	TSE:AEM	\$1,260,000	TSE:BTO	\$1,500,000	TSE:AEM	\$2,457,000	TSE:DGC	\$2,749,500
3	TSE:DGC	\$4,698,250	TSE:CG	\$684,272	TSE:DGC	\$1,323,750	TSE:BTO	\$1,950,000	TSE:ARZ	\$2,586,400
4	TSE:ASR	\$3,873,239	TSE:DGC	\$625,000	TSE:AEM	\$1,197,000	TSE:DGC	\$1,948,750	TSE:AGI	\$2,283,000
5	TSE:ARZ	\$3,508,577	TSE:AGI	\$575,797	TSE:ASR	\$1,117,648	TSE:ASR	\$1,691,220	TSE:ABX	\$2,272,493
6	TSE:AGI	\$3,397,069	TSE:ASR	\$573,572	TSE:CG	\$788,083	TSE:CG	\$1,472,355	TSE:ASR	\$2,182,019
7	TSE:CG	\$3,381,697	TSE:ARZ	\$537,500	TSE:AGI	\$529,734	TSE:AGI	\$1,105,531	TSE:CG	\$1,637,330
8	TSE:BTO	\$1,955,100	TSE:BTO	\$450,000	TSE:ARZ	\$370,000	TSE:ARZ	\$907,500	TSE:CNL	\$875,326
9	TSE:CNL	\$1,312,645	TSE:CNL	\$241,667	TSE:CNL	\$195,652	TSE:CNL	\$437,319	TSE:CGG	\$0
10	TSE:CGG	\$0	TSE:CGG	\$0	TSE:CGG	\$0	TSE:CGG	\$0	TSE:BTO	\$0
11										

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

