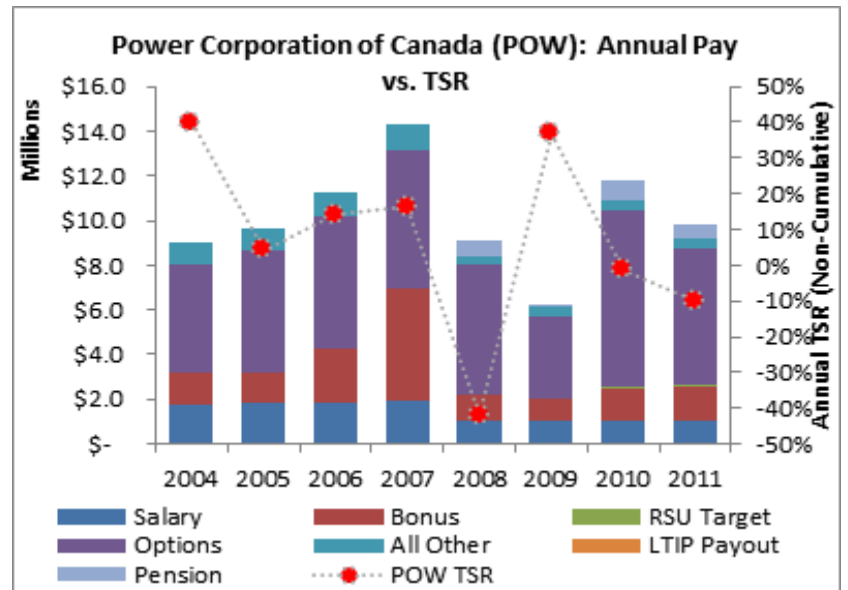
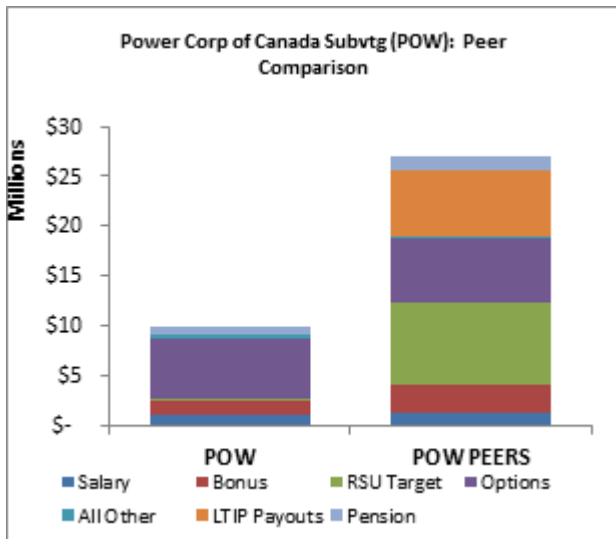


# Power Corp of Canada (POW): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 3	4 YEAR = 0	6 YEAR = 7	8 YEAR = 3	TOTAL: 13/24

POW's performance peer group mainly comprises firms with significantly higher CEO pay. POW's CEOs are compensated largely with options, which have made up well over 50% of their pay since 2004. Between 2004 and 2007, CEO pay rose steadily, as did share performance. Beginning in 2008, however, POW's approach to CEO pay changed dramatically, becoming far less focused on annual cash compensation - both salary and annual bonus have been much lower since 2008. **This change in approach, combined with volatile share performance, have resulted in pay/performance misalignment in two of our four observation periods, and an overall Pay for Performance Score of 13/24.**



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
NYSE:AET	Aetna Inc.
NYSE:ALL	Allstate Corporation
NYSE:AXP	American Express Company
NYSE:BAC	Bank of America Corporation
NYSE:COF	Capital One Financial Corporation
NYSE:CI	CIGNA Corporation
NYSE:C	Citigroup Inc.
NYSE:PNC	PNC Financial Services Group Inc.
NYSE:WFC	Wells Fargo & Company
NYSE:STT	State Street Corporation

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NYSE:AET	39.9%	NYSE:AXP	25.9%	NYSE:AET	5.1%
2	NYSE:CI	14.7%	NYSE:AET	21.0%	NYSE:AXP	3.2%
3	NYSE:AXP	11.6%	NYSE:CI	17.4%	NYSE:CI	2.6%
4	NYSE:COF	-0.2%	<b>TSE:POW</b>	<b>12.5%</b>	NYSE:COF	1.5%
5	NYSE:PNC	-3.1%	NYSE:WFC	11.7%	NYSE:WFC	1.1%
6	NYSE:WFC	-9.6%	NYSE:COF	10.5%	NYSE:PNC	1.1%
7	NYSE:STT	-11.5%	NYSE:STT	10.0%	NYSE:STT	0.9%
8	NYSE:ALL	-11.5%	NYSE:PNC	9.2%	NYSE:ALL	0.6%
9	<b>TSE:POW</b>	<b>-14.3%</b>	NYSE:C	6.1%	NYSE:C	0.6%
10	NYSE:C	-44.2%	NYSE:ALL	4.6%	<b>TSE:POW</b>	<b>0.4%</b>
11	NYSE:BAC	-58.1%	NYSE:BAC	0.0%	NYSE:BAC	0.0%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:AXP	\$23,275,688	NYSE:WFC	\$2,769,394	NYSE:C	\$5,273,175	NYSE:C	\$6,926,276	NYSE:COF	\$20,945,422
2	NYSE:COF	\$21,107,752	NYSE:AXP	\$1,978,138	NYSE:WFC	\$3,066,115	NYSE:WFC	\$5,835,508	NYSE:AXP	\$17,759,466
3	NYSE:WFC	\$19,647,199	NYSE:C	\$1,653,101	NYSE:CI	\$2,769,394	NYSE:AXP	\$3,956,277	NYSE:WFC	\$11,868,856
4	NYSE:CI	\$19,450,963	NYSE:PNC	\$1,156,450	NYSE:STT	\$2,579,492	NYSE:CI	\$3,758,463	NYSE:C	\$9,655,294
5	NYSE:C	\$16,596,108	NYSE:ALL	\$1,087,976	NYSE:ALL	\$2,228,175	NYSE:STT	\$3,568,562	NYSE:CI	\$8,952,571
6	NYSE:STT	\$16,417,752	<b>TSE:POW</b>	<b>\$1,050,000</b>	NYSE:PNC	\$1,988,029	NYSE:ALL	\$3,316,151	NYSE:PNC	\$8,463,411
7	NYSE:PNC	\$16,172,535	NYSE:CI	\$989,069	NYSE:AXP	\$1,978,138	NYSE:PNC	\$3,144,479	NYSE:STT	\$8,349,526
8	NYSE:ALL	\$12,004,811	NYSE:STT	\$989,069	NYSE:AET	\$1,978,138	NYSE:AET	\$2,967,208	NYSE:ALL	\$7,462,409
9	NYSE:AET	\$10,190,050	NYSE:AET	\$989,069	<b>TSE:POW</b>	<b>\$1,500,000</b>	<b>TSE:POW</b>	<b>\$2,550,000</b>	NYSE:AET	\$6,968,986
10	<b>TSE:POW</b>	<b>\$9,860,580</b>	NYSE:BAC	\$939,616	NYSE:COF	\$0	NYSE:BAC	\$939,616	<b>TSE:POW</b>	<b>\$6,220,000</b>
11	NYSE:BAC	\$8,005,391	NYSE:COF	\$0	NYSE:BAC	\$0	NYSE:COF	\$0	NYSE:BAC	\$6,045,150

# 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

