

EXECUTIVE COMPENSATION

CIBC chief took home millions

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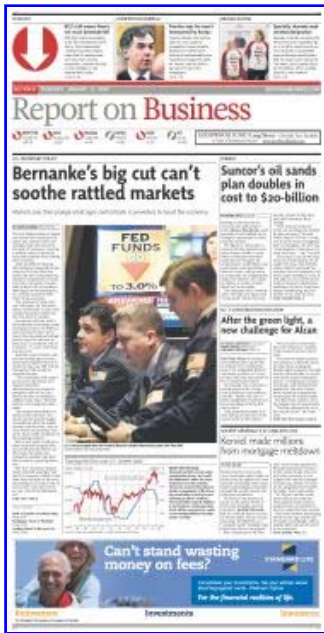
Canadian Imperial Bank of Commerce chief executive officer Gerry McCaughey made \$9.4-million in 2006, the bank disclosed yesterday in its shareholder proxy circular.

CIBC, which is the first of the Big Five banks to report compensation numbers this year, sets the CEO's compensation on a retroactive basis, and has not yet determined Mr. McCaughey's bonus or share awards for fiscal 2007, which ended Oct. 31.

His base salary remains \$1-million, the bank said. In 2006, Mr. McCaughey was awarded a bonus of \$3.07-million and restricted shares worth \$4.23-million.

He became CEO of the bank in August, 2005, just as it took a \$2.4-billion (U.S.) charge to settle legal matters related to Enron Corp.

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In fiscal 2007, the bank took \$777-million in writedowns as a result of subprime mortgage losses, and has since announced \$2.46-billion in writedowns that are being booked in fiscal 2008.

The bank's compensation committee, "on behalf of the board, has full confidence in the leadership of the chief executive officer and his ability to execute on CIBC's strategy to deliver consistent and sustainable performance over the long term," the proxy circular states.

Meanwhile yesterday, a new report by independent analyst Diane Urquhart estimates nine top CIBC executives made at least \$120.5-million (Canadian) from a special incentive plan created in 2000 to link executive pay to merchant banking investments. She believes the plan was likely related to the bank's lucrative investment in U.S. technology company Global Crossing Ltd.

Ms. Urquhart estimates former CIBC chief executive officer John Hunkin earned a total of \$90.4-million between 1999 and his

retirement in 2005, including \$27.4-million on shares awarded under the special incentive plan.

She estimates current CEO McCaughey has made \$102.9-million, including shares worth \$22.3-million he received under the incentive plan that he still holds. Those calculations are based on valuations at the end of fiscal 2007.

Her analysis also estimates top executives at CIBC have reaped more than \$500-million in compensation - including options and shares - since 1999, even though the bank has stumbled through a series of costly mistakes.

The report argues the compensation totals have been "egregious" given the "reckless risk-taking" that has hurt CIBC's share price, including the subprime mortgage crisis, Enron settlements and a writedown of the bank's investment in the Amicus electronic bank.

Ms. Urquhart calculates shares awarded under the special incentive program were worth about \$92-million when they vested in 2003.

She used insider trading filings to calculate that the shares were ultimately worth at least \$120.5-million by the time executives sold them. Some executives still own the shares or left the bank before selling them and no longer have to file insider trading reports.

She estimated the total gains for those individuals based on the assumption they still owned the shares as of Jan. 25 and had not sold them.

Also yesterday, **Bank of Montreal** said its CEO, Bill Downe, earned \$5.83-million last year, not counting \$3.8-million that the bank put toward his future pension costs.

It was Mr. Downe's first year on the job as CEO. In light of the bank's financial performance, and consistent with Mr. Downe's own recommendation, he did not receive a bonus, BMO said.

The bank's earnings per share fell 20 per cent in 2007, as it suffered hundreds of millions of dollars in losses from its commodity trading operations.

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