



Ninth annual survey of

**Canada's Most
Respected** Corporations

2003 Survey Results

A large, abstract glass sculpture is positioned on the left side of the page. It is made of clear, polished glass and has a shape that resembles a flame or a drop of liquid. The sculpture is illuminated from the side, creating a warm, golden glow that highlights its intricate, flowing lines. The base of the sculpture is a wide, shallow, circular platform. The background is dark, which makes the glass sculpture stand out prominently.

Canada's Most Respected Corporations

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Introduction

KPMG is pleased to sponsor the findings of the ninth annual survey of *Canada's Most Respected Corporations*, conducted by Ipsos-Reid.

Since 1994 this survey has provided a reliable, scientifically-based measure of how Canada's leading senior executives—one of the most influential groups in the country—view their peers and the organizations they lead.

Not only does the survey identify the companies that Canada's business leaders respect, but it also highlights the reasons why these leading organizations are so admired by their peers. In this way, the survey offers a model of respect that shows where Canada's CEOs aspire to take their organizations in the future.

The concept of "respect" is difficult to define because it has so many dimensions. For that reason, *Canada's Most Respected Corporations* measures respect in a variety of categories, including financial performance, human resources management, innovation and product/service development, corporate social responsibility, high quality service/product, and long-term investment value.

At KPMG, we believe that respect is a key, defining characteristic in the health and success of a business. In sponsoring the survey, we are proud to take a leadership role in helping determine what makes businesses respect others. KPMG is committed to ensuring that what we do as a firm and as a profession is respected, and that we associate with the Canadian companies and leaders that stand out as most respected. We will continue to support initiatives that raise the bar for performance and integrity in corporate Canada.

① "We will continue to support initiatives that raise the bar for performance and integrity in corporate Canada."



The Rankings

The Top-Ranked Companies by Category

In conducting the 2003 survey of *Canada's Most Respected Corporations*, Ipsos-Reid asked Canada's leading CEOs to name the companies they most admire in these categories: financial performance, human resources management, innovation and product/service development, corporate social responsibility, high quality service/product, long-term investment value, customer service and corporate governance. CEOs were also asked to name the company and CEO they most admire or respect overall.

The top ranked companies by category for this year's survey are as follows:

Category	Winner
Best Long-Term Investment Value	RBC Financial Group
Innovation and Product/Service Development	Research in Motion Ltd.
Human Resources Management	RBC Financial Group
Financial Performance	RBC Financial Group
Corporate Social Responsibility	RBC Financial Group
High Quality Service/Product	WestJet Airlines Ltd.
Corporate Governance	RBC Financial Group
Customer Service	WestJet Airlines Ltd.
Top of Mind Most Admired or Respected	RBC Financial Group

The Most Respected Corporations: 2003 Honour Roll

*A progressive ranking system was used, and the total points awarded across all questions determined each corporation's place on the honour roll.
The most respected Canadian corporations as ranked by Canadian CEOs:*

Rank 03	Rank 02	Rank 01	Company	Sector	Revenues (000s)**	CEO	Head Office
1	1	2	RBC Financial Group	Financial Services	23,234,000	Gordon M. Nixon	Montreal
2	7	147	Westjet Airlines Ltd.	Transportation	683,420	Clive J. Beddoe	Calgary
3	3	3	BCE Inc.	Telecommunications	19,809,000	Michael J. Sabia	Montreal
4	5	7	Loblaw Companies Ltd.	Food Retail	23,099,000	John A. Lederer	Toronto
5	2	1	Bombardier Inc.	Manufacturing	23,798,900	Paul M. Tellier	Montreal
6	8	6	Research in Motion Ltd.	Telecommunications	319,791	Jim Balsillie/Mike Lazaridis	Waterloo
7	12	24	The Bank of Nova Scotia	Financial Services	18,310,000	Richard E. Waugh	Toronto
8	19	-	EnCana Corporation	Energy	11,031,000	Gwyn Morgan	Calgary
9	20	14	BMO Financial Group	Financial Services	13,059,000	Tony Comper	Toronto
10	4	8	Magna International Inc.	Automotive Manufacturing	13,044,000	Belinda Stronach	Aurora
11	23	30	Canadian Tire Corporation, Ltd.	Retail	5,944,500	Wayne C. Sales	Toronto
12	17	18	Suncor Energy Inc.	Energy	4,913,000	Rick George	Calgary
13	16	10	Canadian Imperial Bank of Commerce	Financial Services	17,055,000	John Hunkin	Toronto
14	22	-	Four Seasons Hotels and Resorts	Hospitality	312,446	Isadore Sharp	Toronto
15	18	41	Manulife Financial Corporation*	Financial Services	16,532,000	Dominic D'Alessandro	Toronto
16	6	23	Dofasco Inc.	Steel	3,590,600	Don Pether	Hamilton
17	11	38	Wal-Mart Canada Corp.	Retail	4,044,800	Mario Pillozzi	Mississauga
18	9	5	TD Bank Financial Group	Financial Services	16,680,000	W. Edmund Clark	Toronto
19	24	21	GE Canada Inc.	Electronic Instruments/ Controls	3,321,190	Robert T. E. Gillespie	Mississauga
20	15	25	Microsoft Canada Co. (tie)	Computer Software	1,164,000	Frank Clegg	Mississauga
20	13	29	Canadian National Railway Company (tie)	Transportation	6,173,000	E. Hunter Harrison	Montreal
21	41	4	Nortel Networks Limited	Telecommunications	10,591,000	Frank Dunn	Brampton
22	10	13	IBM Canada Ltd.	Computers	5,300,000	Ed J. Kilroy	Markham
23	33	245	Enbridge Inc.	Energy	4,830,600	Patrick D. Daniel	Calgary
24	35	51	TransCanada PipeLines Limited	Energy	5,300,000	Harold N. Kvisle	Calgary
25	30	24	Petro-Canada	Energy	9,917,000	Ron A. Brenneman	Calgary

* Merger with John Hancock Financial Services announced Sept. 03.

** Revenues based on data published by the *Report on Business Public 1000* or *Financial Post 500* released in 2003.

Best Long-Term Investment Value

The most respected corporations in Canada based on how CEOs perceive their long-term investment value (i.e. consistent dividend and share-value growth).

2003	Ranking 2002	2001	Company
1	1	2	RBC Financial Group
2	4	3	BCE Inc.
3	8	13	The Bank of Nova Scotia
4	10	-	EnCana Corporation
5	7	8	Loblaw Companies Ltd.
6	15	16	Manulife Financial Corporation
7	2	1	Bombardier Inc.
8	20	16	BMO Financial Group
8	13	7	GE Canada Inc.
9	5	12	Magna International Inc.
10	12	20	Canadian National Railway Company

Innovation and Product/Service Development

The most respected corporations in Canada based on how CEOs perceive their innovation and product/service development. (i.e. percentage of profits/revenues derived from goods and/or services that are less than five years old).

2003	Ranking 2002	2001	Company
1	1	3	Research in Motion Ltd.
2	2	2	Bombardier Inc.
3	7	1	Nortel Networks Limited
4	3	5	Microsoft Canada Co.
5	13	16	WestJet Airlines Ltd.
6	10	16	ATI Technologies Inc.
6	4	8	Magna International Inc.
7	22	16	Rogers Communications Inc.
8	8	10	Loblaw Companies Ltd.
9	12	-	Biovail Corporation
10	23	12	CGI Group Inc.
10	9	12	IBM Canada Ltd.

Human Resources Management

The most respected corporations in Canada based on how CEOs perceive their human resources practices (i.e. workplace training; senior level succession planning; harmonious labour relations; productivity enhancements via TQM; etc.).

2003	Ranking 2002	2001	Company
1	1	2	RBC Financial Group
2	5	18	WestJet Airlines Ltd.
3	2	7	Dofasco Inc.
4	8	4	GE Canada Inc.
5	6	5	BCE Inc.
5	9	17	Suncor Energy Inc.
6	6	-	The Bank of Nova Scotia
6	4	7	IBM Canada Ltd.
6	3	11	Magna International Inc.
7	16	16	Canadian Tire Corporation, Ltd.
8	11	20	Husky Injection Molding Systems Ltd.
8	10	-	EnCana Corporation
9	18	18	Loblaw Companies Ltd.
9	25	10	PCL Construction Group Inc.
10	7	1	Bombardier Inc.

Financial Performance

The most respected corporations in Canada based on how CEOs perceive their financial performance (i.e. consistent earnings growth; prudent debt management; etc.).

2003	Ranking 2002	2001	Company
1	1	1	RBC Financial Group
2	4	6	Loblaw Companies Ltd.
3	4	10	The Bank of Nova Scotia
4	10	13	Manulife Financial Corporation
5	9	14	BMO Financial Group
6	7	4	BCE Inc.
6	11	67	WestJet Airlines Ltd.
7	3	7	Magna International Inc.
8	6	-	EnCana Corporation
9	11	24	Wal-Mart Canada Corp.
10	11	8	Canadian Imperial Bank of Commerce

Corporate Social Responsibility

The most respected corporations in Canada based on how CEOs perceive their commitment to corporate social responsibility (i.e. charitable donations; progressive environmental, product and workplace-safety practices; sensitivity to shareholders' rights issues; trade association leadership; etc.).

2003	Ranking 2002	2001	Company
1	1	1	RBC Financial Group
2	2	2	BCE Inc.
3	3	3	Suncor Energy Inc.
4	4	4	Canadian Imperial Bank of Commerce
5	12	5	BMO Financial Group
6	9	11	Shell Canada Ltd.
7	11	16	Syncrude Canada Ltd.
8	5	7	Dofasco Inc.
9	9	6	Alcan Inc.
9	12	12	Petro-Canada
9	8	-	EnCana Corporation
10	16	19	The Bank of Nova Scotia

High Quality Service/Product

The most respected corporations in Canada based on how CEOs perceive the quality of their services/products (i.e. service or product is of high quality and provides good value for money, etc.).

2003	Ranking 2002	2001	Company
1	4	21	WestJet Airlines Ltd.
2	5	3	BCE Inc.
3	2	5	Loblaw Companies Ltd.
4	1	1	Bombardier Inc.
5	10	12	Four Seasons Hotels and Resorts
6	6	11	Research in Motion Ltd.
7	7	8	RBC Financial Group
8	8	10	Canadian Tire Corporation, Ltd.
9	5	7	Wal-Mart Canada Corp.
10	21	-	Fairmont Hotels and Resorts Inc.

Corporate Governance

The most respected corporations in Canada based on how CEOs perceive their corporate governance (i.e. structure and process, transparency and reporting).

2003	Ranking 2002	Company
1	1	RBC Financial Group
2	3	BCE Inc.
3	6	Canadian Imperial Bank of Commerce
4	7	TransCanada PipeLines Limited
4	5	BMO Financial Group
5	10	EnCana Corporation
6	6	Bombardier Inc.
7	8	The Bank of Nova Scotia
8	12	TransAlta Corporation
9	10	Suncor Energy Inc.
9	9	Canadian National Railway Company
10	4	Manulife Financial Corporation

Customer Service

The most respected corporations in Canada based on how CEOs perceive their customer service (i.e. providing exceptional service to customers).

2003	Ranking 2002	Company
1	2	WestJet Airlines Ltd.
2	3	Four Seasons Hotels and Resorts
3	4	Loblaw Companies Ltd.
4	5	BCE Inc.
5	1	Wal-Mart Canada Corp.
6	10	Canadian Tire Corporation, Ltd.
7	7	RBC Financial Group
8	6	Dell Computer Corporation
8	9	Sears Canada Inc.
9	5	Fairmont Hotels and Resorts Inc.
10	13	TD Bank Financial Group

Top of Mind

The most respected corporations in Canada based on CEOs' answers to the question "what company in Canada, other than your own, do you most admire or respect?"

2003	Ranking	2002	Company
1		1	RBC Financial Group
2		5	WestJet Airlines Ltd.
3		2	Bombardier Inc.
4		4	Loblaw Companies Ltd.
5		13	Suncor Energy Inc.



The Views of the CEOs

Concerning “Respect”

Tellier emerges as most respected leader...

With a year under his belt at the helm of Bombardier, Paul Tellier has emerged for the second year running as the most respected CEO in the country, with 15 per cent of CEOs personally writing his name in the slot for the CEO they most admire and respect (up dramatically from the 6 per cent who chose Tellier in 2002). The CEOs named include:

CEO	Corporation	%
Paul M. Tellier	Bombardier Inc.	15
Dominic D’Alessandro	Manulife Financial Corporation	6
Rick George	Suncor Energy Inc.	3
Clive J. Beddoe	WestJet Airlines Ltd.	3
Ray Royer	Domtar Inc.	3
Peter Godsoe*	The Bank of Nova Scotia	3
Gwyn Morgan	EnCana Corporation	3
Remi Marcoux	Transcontinental Inc.	2
Frank Stronach**	Magna International Inc.	2
Gordon Nixon	RBC Financial Group	2
Isadore Sharp	Four Seasons Hotels and Resorts	2

* Peter Godsoe retired from The Bank of Nova Scotia on December 2, 2003, but remains chairman of the board until the bank’s annual meeting in March 2004.

** Frank Stronach is the chairman of Magna International Inc.

The qualities that CEOs respect in their peers...

CEOs, reflecting on their corporate experience, indicated that the following attributes come to mind when they hear that a company or CEO is respected:

- Vision, focus, discipline or good strategy (42 per cent)
- Track record (39 per cent)
- Financial performance (38 per cent)

The newly-minted CEO of Bombardier (formerly CEO of Canadian National Railway Company), Paul Tellier, emerges as Canada’s most respected business leader this year, with 15 per cent of CEOs personally writing his name in the slot for the CEO they most admire and respect.

Respected companies may enjoy a share price premium...

To most CEOs the word “respect” also has a significant financial impact. Nine in ten believe that companies that are more respected by the public enjoy a premium in their share price (46 per cent strongly believing in this view) compared to only one in ten who disagree.

CEOs are spending more time building respect...

Two-thirds (67 per cent) of CEOs indicate that a great part of their job involves building respect for their company among the general public, compared with 32 per cent who don't share this point of view. These numbers match closely with CEOs' views in 2002 (when 64 per cent answered that building respect was a greater part of their job).

The Economy

Modest optimism on national economy...

A majority (73 per cent) of Canadian CEOs believes that the economy will slow down over the next year, but continue to have some growth. This compares to the 77 per cent who expressed this belief last year. Nearly one quarter of CEOs think the economy will grow as strongly in the coming year, up smartly from 18 per cent in last year's survey. Only three per cent believe that the national economy is likely to enter a recession, compared to five per cent in 2002.

In fact, CEOs are quite confident that there will not be a major economic downturn in the next two years—nearly nine in ten (86 per cent) have this view (up from 81 per cent in 2002, and 65 per cent in 2001). One in ten CEOs (13 per cent) hold the contrary view and believe that there is likely to be a major economic downturn in the next two years.

Interest likely to stay about the same...

Three-quarters of CEOs (75 per cent) are of the opinion that the rate of inflation in Canada will likely not change over the coming year, an increase of seven points from 2002. A steadily declining portion of CEOs (16 per cent) thinks that there will be an increase in inflation (down from 25 per cent in 2002, 32 per cent in 2001, and 36 per cent in 2000). Eight per cent indicate that inflation is likely to decrease.

Split views on federal government's ability to create a favourable business environment...

CEOs are split down the middle when asked whether the federal government has created a business environment that is conducive to economic growth and development. Half of CEOs (50 per cent) agree that the federal government has succeeded in this respect, with the other half disagreeing (49 per cent). This represents a slight rise in positive feelings toward the federal government over last year, when just under half (46 per cent) of business leaders agreed that the federal government had created a good business environment.

Globalization and taxes top the CEOs' issues list....

When asked what they think is the most serious issue facing Canadian business, CEOs responded as follows:

Issue	2003	2002
Globalization/international competitiveness	21%	23%
Taxation	18%	22%
Value of the Canadian dollar	16%	10%
Productivity	13%	17%
Government/politics	13%	13%

Shareholders have benefitted from Canada's strong economic performance...

Canada's CEOs believe that shareholders have done considerably better in the past 12 months than they did in 2002. Twenty-four per cent of CEOs stated that they believed shareholders had benefitted most from the relatively good national economic performance of the past 12 months, up a whopping 20 points from four per cent last year. The largest portion (34 per cent) believes that the collective group of "Management, Shareholders, and Employees" has benefitted most from the past 12 months (up sharply from 24 per cent in 2002).

The Outlook for Canadian Corporations

CEOs prepare to open company wallets...

With over half (53 per cent) of CEOs planning to increase spending in the coming year, it would seem that CEO expectations have bounced back from the dip in 2002 (when 46 per cent indicated they would be increasing spending) and have come back to 2001 levels (52 per cent). This contrasts with the 12 per cent who indicate that business spending is likely to decrease (down slightly from 16 per cent in 2002), and 33 per cent who indicate that their business spending will likely remain the same (down from 37 per cent in 2002).

Majority confident that their company will do better than last year...

A majority (72 per cent) of CEOs indicate that their companies will do financially better in 2003 than they did in 2002. This is essentially unchanged from the 71 per cent who held this view in 2002. Only five per cent indicate that the financial outlook is likely to be worse than last year (down three points from eight per cent who held this view in 2002) while 20 per cent indicate the financial outlook will likely be the same as last year.

Workplace expansion plans are steady...

When considering their Canadian workforce over the next two years, 51 per cent of CEOs indicate that they will likely be expanding. This represents a consistent level of expectations since 2002, but is down from higher levels of expectations in 1999 when 62 per cent indicated workplace expansion plans, followed by 63 per cent in 2000 and 57 per cent in 2001. As for downsizing, 12 per cent of CEOs see this in their plans for the next two years—almost exactly the same number for the last five years. The bottom line: half expect to hire more, about a third are likely to stand pat and one in ten are likely to trim the ranks.

The CEOs' Top Priorities

Bullish on competing in the global marketplace...

Nine in ten (87 per cent) of Canadian CEOs indicate that their business has what it takes to compete in a global marketplace—unchanged from 2002 (86 per cent). Only 10 per cent disagree with this point of view. Intensity of agreement is also high—39 per cent of CEOs strongly agree with the view that they have what it takes to compete, also essentially unchanged from 41 per cent in 2002.

..but, most are keeping their powder dry...

While a healthy 29 per cent of CEOs believe that it's more important for their company to expand into new markets than to solidify their current market, the strong majority (71 per cent) believes that it's more important to solidify their current market than to expand. CEOs have traditionally been more inclined to believe that it is more important to solidify the home front rather than to expand to new markets, but it seems that in the coming year they will be somewhat more prudent than in the past. In 1999, 57 per cent indicated that it was better to solidify, 61 per cent in 2000, 52 per cent in 2001, 60 per cent in 2002, and 71 per cent in 2003.

The CEOs' top priorities for 2004...

	% indicating as a priority	% indicating as a major priority
Ensuring the long-term financial health of the company	95	81
Increasing productivity and performance improvement	91	65
Attracting and retaining high calibre employees	89	58
Customer loyalty growth	84	61
Ensuring trust from shareholders	82	54
Corporate governance	78	37
Risk management	77	36
Increasing short-term profitability	72	32
Transparency and public reporting	69	36
Expanding into new markets either inside or outside of Canada	61	24
Expanding into new products or services	55	18
Growth through merger and acquisition	53	19



About the Survey

The ninth annual survey of *Canada's Most Respected Corporations* was conducted by Ipsos-Reid between August and November, 2003, and involved interviews with 255 of the leading CEOs in Canada. With a sample of this size, the results are considered accurate to within ± 4.7 percentage points, 19 times out of 20. The margin of error will vary within regions and for other sub-groupings of the survey population.

About the Logo



The logo for *Canada's Most Respected Corporations* is a visual representation of the dimensions of "respect" as inspired by nature and its four elements: earth, fire, water and air.

- **Earth:** The stylized maple leaf—a graphic symbol of Canada—also represents fruitfulness, vast lands and strong foundations. Its red colour is associated with faith, communication and success.
- **Fire:** The orange strokes at the upper left represent the fire of the sun. The colour connotes intensity, heat and energy.
- **Water:** The dark blue curve at the right-hand side of the logo represents deep waters, and connotes clarity, honesty and strength.
- **Air:** The light blue swirl above the leaf—a symbol of wind—represents purity, integrity and direction. Its blue colour inspires confidence.

About the Award

Each *Canada's Most Respected Corporations* Award is handmade from crystal by a team of Canadian craftsmen in Halifax, Nova Scotia. The four elements—earth, fire, water and air—are all necessary to create the award.



About KPMG

KPMG LLP is the Canadian member firm of KPMG International, the global network of professional services firms whose aim is to turn understanding of information, industries, and business trends into value. With more than 100,000 people worldwide, KPMG member firms provide audit, tax and advisory services from more than 750 cities in 150 countries. Visit www.kpmg.ca.

About Ipsos-Reid

Established in 1979, Ipsos-Reid is one of North America's leading market research and public opinion companies. Founded by Dr. Angus Reid, Ipsos-Reid is a \$70 million company that has conducted extensive market and social research in 80 countries and in 40 languages, and serves clients around the world through more than 300 professionals and 1,000 data collection staff in 11 offices. The company is a member of the Paris-based Ipsos Group, ranked among the top 10 research companies in the world, with specialties in advertising, media, customer satisfaction, public opinion and market research. Visit www.ipsos-reid.com.



Canada's Most
Respected Corporations





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