

There's no better example than **Home Capital Group Inc.**, a Toronto-based mortgage provider that's been one of the best investments a Canadian investor could own. If you had invested \$10,000 in the stock on June 30, 1995, you would have had nearly \$1.4-million after 10 years. No dual-class company even comes close. For that, Home Capital's shareholders can thank a strong housing market, but also CEO Gerry Soloway's decision to give up his multiple-voting power in May, 2003.

At the time, the stock was \$9; now it's \$39.50. "We've done very well, but I think that abolishing the dual class has been a real boost to investor confidence," Mr. Soloway says.

So, how about it, Craig Dobbin? Isn't CHC, with a \$1.1-billion market cap, mature enough to enter the age of corporate democracy, and let go of the dual class?

"I'll tell you when I'm going to give it up," he says. "When I give up myself . . . when I'm ten toes up."

Five who've done it right...and five who haven't

DESMARAIS FAMILY

Power Corp.

You can argue that they've built their empire with help from friends and benevolent regulators in Ottawa. But it's hard to argue with the results: Over the past decade, Power Corp.'s shareholders have done better than Berkshire Hathaway's.

COUTU FAMILY

Jean Coutu Group

The family of the Quebec drugstore chain acts as an owner should. The Coutus pay themselves modestly and don't take stock options or rich pensions. And the performance has been stellar: Only six dual-class companies in the S&P/TSX composite have done better since 1995.

JAY HENNICK

FirstService Corp.

Okay, so he'll never win any awards for governance. But Mr. Hennick has \$77-million of his own money invested in the business, has accepted no stock options for three years and made improvements to the board, such as appointing an independent chairman.

ALAIN BOUCHARD

Alimentation Couche-Tard Inc.

The chief executive officer and three other executives collectively own about 20 per cent of the convenience store chain. When the four men reach age 65, or if their voting power shrinks to less than 50 per cent, the dual-class structure disappears automatically.

REMI MARCOUX

Transcontinental Inc.

In a tough industry - printing - Transcontinental has somehow put together a 10-year record that rivals the big banks; with annual returns of 20 per cent. Compare it to Quebecor World, and it's easy to see what a difference good management can make.

PIERRE KARL PELADEAU

Quebecor Inc., Quebecor World Inc.

The man has the distinction of controlling not one, but two of the worst-performing dual-class companies; Despite his family's already-large share ownership, he took a million stock options last year from Quebecor World. For what?

FRANK STRONACH

Magna International Inc., MI Developments Inc. and Magna Entertainment Corp.

Where to begin? The \$50-million-plus paycheques? The spending on horse racing? Maybe it wouldn't be so bad, except that he owns less than 1 per cent of Magna International, enjoying all the benefits of control with little of the risk. Shareholder returns have been mediocre.

BOMBARDIER FAMILY

Bombardier Inc.

They care deeply about the company, yet still came close to wrecking it. Laurent Beaudoin expanded too aggressively and drove the Bomber into a financial straitjacket. To raise cash, the company sold its snowmobile division to - guess who? - the family (and other investors) at a very good price. Then he drove out Paul Tellier, one of the most highly regarded Canadian executives.

CONRAD BLACK

Hollinger International Inc. and Hollinger Inc.

Richard Breeden, the former SEC chief who helped break Lord Black's grip on his newspaper company, said that if he were "philosopher king for one day," he would get rid of multiple-voting shares. After the related-party deals with Breeden committee found at Hollinger, it's no wonder he feels that way.

VIC DE ZEN

Royal Group Technologies Ltd.

Here's a swell idea: Buy a piece of land for \$21-million, flip it to your company the same day for \$27-million, and pocket the difference. When Mr. De Zen decided to give up voting control, the stock jumped 13 per cent in a week. As with Lord Black, his insider deals have led to a criminal

