Sabia and his amazing time machine

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Running a big corporation is difficult. Running one as sclerotic and bureaucratic as **BCE** can make you feel older quickly. After 7½ years inside the lumbering phone company, Michael Sabia has aged.

It turns out that the impact of this stress can be quantified: One year of hard living as a senior executive at BCE is the equivalent of about 3½ years for other mortals. We know this not because Mr. Sabia's family doctor told us so, but because it's right there in the company's financial disclosure. Since joining the company in late 1999, he has accumulated 26 years of service toward his pension plan. You've heard of dog years? Now there are Sabia years.

The wrinkle is that this rapid aging - hey, at least *something* happens quickly at BCE - is a financial boon to Mr. Sabia, whether the company is taken over or not, whether he keeps his job or not. When he hits 55 next year, the chief will be eligible for a nifty annual stipend of $836,500 for the rest of his life. Wishing him good health and assuming he lives to be 80, the value of that pension today is almost $12-million (discounting the future payments at a rate of 5 per cent). In fact, it's really more than that, because the pension payment rises with inflation.

That's not a bad deal, but it's not all. In March - that is, after the initial approaches by private equity firms - Mr. Sabia was given 450,000 new stock options. If the winning bid is $40 a share, those options will be worth $4.2-million, before taxes. If he gets blown out the door or quits after the deal, he gets an $8.4-million goodbye payment.

So there's almost $25-million right there, and that doesn't count various and sundry other items - life insurance, deferred shares, and so on. The point of adding this all up is not to make Mr. Sabia look greedy. He isn't. A man who spent the prime years of his life as a federal civil servant is unlikely to be motivated by money. Compared with a lot of executives at similar-sized companies, he is paid like a monk; his salary is $1.25-million and he never takes a cash bonus. Bill Fox, a BCE spokesman, said Mr. Sabia accepted a lower pay package when he became the CEO in 2002 in return for a better pension.

Even so, Mr. Sabia is going to end up a pretty rich guy, whether the company is taken over for $38 a share, $40, or not taken over at all, and that tens of millions of dollars are his reward for less than a decade of passable, but hardly awe-inspiring, leadership. Share price is a crude and often unfair measure of a CEO's value, but from Mr. Sabia's first day until the first takeover story appeared in late March, BCE's shareholders earned 6.5 per cent a year, including dividends, well below the returns of the S&P/TSX composite, Telus, Rogers, AT&T and Qwest.

Whether or not you believe Mr. Sabia's performance makes him deserving of the parting gifts he's due, one thing is certain: You can't blame him for negotiating a swell contract. It's the directors who agreed to all this (including the pension arrangement that pays him as though he's been working for Bell since Olivia Newton-John topped the charts). And while we're on the topic of the board, let's pause to consider the skin they've got in the game.

Dick Currie, the chairman, owns a million shares (worth $38-million), and Jimmy Pattison has got 91,500. (These figures don't include deferred units given for sitting on the board, since those don't really represent cash that an individual has consciously put at risk.) Then there are the others. John McArthur, an American and former dean of Harvard's graduate business school, has bought a grand total of 860 shares, but cut him some slack; he's been on the board for only 12 years. Donna Soble Kaufman, a Toronto lawyer, managed to accumulate 3,049 shares in nine years.

She's the chair of the special committee that's trying to sell the company. Excuse me: The committee that's examining BCE's alternatives, of which "one option" is to sell the company. Presumably, her group will go through the motions of examining whether there's some way to keep it independent. And that's fine, except that every major shareholder you talk to is skeptical about the idea of leaving the company in the hands of the current regime. If Mr. Sabia gets a golden parachute this rich, they say, they're entitled to a payoff, too. Now, if only they could get the same pension deal.