

Avon CEO gets a raise as company struggles

By: [Aaron Elstein](#)

Published: March 23, 2007 - 1:29 pm

By many measures, 2006 was not a pretty year for Avon Products Inc.

Net income plunged by 44%, to \$480 million, as the company grappled with an extensive restructuring plan unveiled in late 2005. The cosmetics giant eliminated 2,700 employees, or 6% of its work force.

Despite Avon's difficulties, Chief Executive Andrea Jung got a raise.

Avon awarded Ms. Jung \$13.3 million in total compensation last year, the company said Friday. That's about \$2 million more than she was paid in 2005, according to Equilar data.

Avon's compensation committee, which is chaired by Time Inc. CEO Ann Moore, says Ms. Jung was paid about \$1.4 million in salary last year, granted \$4.2 million worth of stock, and awarded \$4 million worth of stock options. She was also paid \$3.3 million for hitting certain revenue and operating profit targets.

Avon's share price rose 18% last year amid an 8% rise in sales, to \$8.7 billion.

Ms. Jung's pay, though hardly the largest among New York CEOs, has drawn the attention of shareholder activists who believe it is detached from Avon's performance.

The United Brotherhood of Carpenters and Joiners has introduced a resolution that shareholders will vote on at Avon's annual meeting in May that seeks to more closely tie executive pay with corporate performance. A similar proposal received 25% of shareholder votes last year.

Avon opposes the shareholder resolution, describing it as "unnecessary."