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Griswell, Oman head up list of top-paid Iowa executives

Mary Junck of Lee Enterprises also ranked in the top six.

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New reporting rules on executive pay have made it extremely difficult to precisely measure a CEO's 2006 compensation against company performance. But any way you slice it, Barry Griswell of Principal Financial Group still came out a winner.

Griswell, chairman and CEO of the state's largest public company, also hauled in the largest compensation package - \$16,848,924, according to documents filed with the U.S. Securities and Exchange Commission.

The insurance and financial services company doesn't see it quite that way. It calculated instead that their 58-year-old leader actually earned \$9,688,820. Or \$9,040,612 if some options, stock awards and long-term compensation were figured differently.

In the year previous, Principal said Griswell's total compensation was \$7,760,419. But because of the massive government-ordered overhaul to the reporting methodology, the company, as well as many experts, say that 2005 pay and 2006 pay are apples and oranges and really can't be compared to one another. That problem should fade in a few years as all companies adhere to the new rules.

The change is so great that few companies that reported under the new method made any comparison to previous years. So that makes it difficult to gauge whether a CEO was paid fairly in relation to company performance.

In every proxy statement sent to the SEC, a summary compensation table wraps up pay, bonuses, and the dollar value of stock and option awards.

"If you want to relate pay to performance, you can't use the table," said Pearl Meyer, co-founder and managing director of Steven Hall & Partners, an executive compensation consulting company in New York.

Meyer said new pay disclosure rules mix actual pay, such as weekly pay, with some hypothetical valuations of items such as the change of pension value of deferred compensation. To her way of thinking, the tables tell investors less about what executives earned than they do about how the directors designed compensation packages.

Rounding out the list of top-paid CEOs and chairmen of Iowa-based companies, according to SEC documents:

- Clayton Jones, of Cedar Rapids-based Rockwell Collins Inc. He received a salary of \$880,000 and a bonus and other compensation valued at \$3,158,400, for a total package of \$4,038,400.

- William Kerr, Meredith Corp. The Des Moines publishing and broadcasting company paid him a salary of \$1 million, and a bonus and other incentives worth \$2,606,659, for a total package of \$3,606,659.

- William Oddy, now retired from FBL Financial Group Inc. He earned \$682,500 in salary in his

final year running the West Des Moines insurance and financial services company, but incentive add-ons boosted him to \$3,378,862.

- Mary Junck, Lee Enterprises, Davenport. Her \$1.1 million salary was supplemented by incentive pay that lifted her total reported compensation to \$3,167,200.

The second-best paid Iowa executive was Mark Oman, who is neither a CEO nor employed by an Iowa company. He is senior executive vice president of the Home & Consumer Finance business unit of Wells Fargo & Co.

Oman made \$600,000 in salary in 2006. But with the car allowance, country club dues and home security expenses added in, his total package was \$6,350,977.

Other non-CEOs who pulled in big pay packages included three top lieutenants at Principal: John Aschenbrenner (\$5.3 million); James P. McCaughan (\$4.3 million); and Larry Zimpleman (\$4.5 million).

Pay for CEOs is supposed to be tied to performance of the company, in profits and return to shareholders, both for the just-completed year and often for a series of years. But because of the complexity of compensation programs, the best-performing company doesn't always mean the fattest payday for the boss.

After a tough 2005 - because of claims paid for Hurricane Katrina - United Fire & Casualty Co. saw its 2006 operating income leap an astounding 1,800 percent. The return to shareholders was minus 11.5 percent, however, and president and CEO John Rife earned \$839,000, which is slightly more than he made in 2005.

Russell Gerdin earned \$300,000 at the helm of Iowa City-based truck line Heartland Express Inc., the same salary he's made since at least 1995. He received no bonus or incentive payout.

Gerdin founded the company, however, and he still owns 39.8 million shares, worth about \$660 million. On May 30 he collected \$79.6 million - 265 years' worth of his salary - when Heartland distributed a special \$2 per share dividend to stockholders.

About the report

The Des Moines Sunday Register examined pay for top executives at the 20 largest Iowa-based publicly traded companies as measured by their market capitalization, or total value of outstanding shares.

The survey included the top three money earners for 2006. Past years' reports have looked at pay reports for the three previous years. But major revisions have been made to reporting standards nationwide, so this year's review is only for the last fiscal year of each reporting company.

The study looked at all publicly disclosed components of their pay to arrive at the total: salary, bonus, long-term cash, and cash-value stock awards, as well as other compensation that included everything from 401(k) matching contributions to help with country club dues. The value of stock option awards, if reported, is included.

The survey also looked at five selected companies based outside the state but with major operations in Iowa.

Survey information was taken from proxy statements, which publicly traded companies file with the U.S. Securities and Exchange Commission. Results were compiled by Equilar Inc., a

California company that analyzes executive pay, and furnished by Pearl Meyer & Partners, a consulting firm.

To access the Securities and Exchange Commission's list of proxies, go to www.sec.gov and click on the section marked Filings and Forms (EDGAR) on its main page. Look for a file marked "Def14" or "Def14A" on the company that is selected.

United Fire & Casualty Co. is not required to file a proxy. But the Cedar Rapids insurer publishes that document in the investor relations section of its Web site, www.unitedfiregroup.com.

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