

Welcome to Equilar's monthly newsletter. We would like to take a brief moment to highlight key trends in executive compensation and update you on recent product enhancements.

► **ANALYSIS OF THE MONTH - FIRST HALF 2002 CEO COMPENSATION TRENDS**

With proxy filings for the first half of 2002 nearly complete, we have identified several interesting trends in CEO compensation. We compared annual packages of CEOs at companies with fiscal year ends between January 31, 2002 and June 30, 2002. We only included individuals who served as CEOs for both fiscal 2001 and 2002.

Key Highlights

- Over 35% of the CEOs didn't receive a Bonus
- Median CEO Bonus declined by over 43%
- Median CEO Total Cash Compensation declined by over 12%
- Median CEO Total Direct Compensation declined by over 5%
- Median Net Income of companies declined by nearly 40%

To see the complete analysis and a sample of Equilar's newest report, please click [here](#).

CEO Summary Statistics (Median Values)			
	Most Recent Period	Prior Period	Year over Year % Change
Base Salary	11,000,000	18.3%	
Bonus	4,000,000	42.2%	
# of CEOs that didn't receive a bonus	6,500,000	13.4%	
% of CEOs that didn't receive a bonus	4,013,000	9.9%	
Total Cash	3,544,512	1.0%	
Total Direct Compensation	3,400,000	11.6%	
# of Options Granted	3,400,000	11.6%	
Revenues	3,400,000	11.6%	
Net Income	3,400,000	11.6%	
	3,400,000	11.6%	
	3,400,000	11.6%	

► **THE BREEN EFFECT**

At the top of the short list for a number of high profile CEO positions, Ed Breen was finally lured away from Motorola to become CEO of Tyco International in late July. Mr. Breen was awarded a \$1.5 million base salary, \$1.5 million guaranteed bonus, \$3.5 million signing bonus, 7.35 million options and 1.35 million deferred stock units, several Monets (*including* NY sales tax) and shower curtains shy of his predecessor. Interesting is the impact Breen has had on the market capitalizations of the companies involved. On the day Breen's move was announced (July 26th), Tyco's market cap increased by over \$7.5 billion, while Motorola's declined by just under \$3 billion, a nearly \$10.5 billion swing in shareholder value. Since his hire, Mr. Breen has created more value for Tyco shareholders than the combined GDPs of the countries of Eritrea (\$2.9 billion), Malawi (\$9.4 billion) and Tuvalu (\$11.6 million, remember Dot TV?). Not bad for a month's worth of work.

	Tyco	Motorola
Stock Price (as of)		
7/25/02	\$8.25	\$12.81
7/26/02	\$12.03	\$10.90
9/3/02	\$15.91	\$11.64
Market Capitalization (\$MMs)		
7/25/02	16,460.2	28,002.2
7/26/02	24,002.0	25,059.4
9/3/02	29,927.6	26,760.7
Change in Market Capitalization (\$MMs)		
7/25/02	-	-
7/26/02	7,541.8	(2,942.8)
9/3/02	13,467.4	(1,241.5)

Do you have an idea for next month's analysis? Please send an e-mail with your suggestion to support@equilar.com

► EQUILAR IN THE NEWS

Equilar's analysis has recently been featured in CFO Magazine, CNBC, Reuters and The Wall Street Journal.

- [CEO Candidates Find Skinnier Pay Packages](#) (*The Wall Street Journal*, September 3, 2002, subscription required)
- [Tyco Shares up 84 pct since arrival of new CEO](#) (*Reuters*, August 20, 2002)
- [Tyco CFO Swartz, general counsel to leave the company](#) (*Reuters*, August 1, 2002)
- CEO Interview with Bill Griffeth (*CNBC Power Lunch*, July 30, 2002)
- [New Tyco CEO says "charged up" for new job](#) (*Reuters*, July 26, 2002)
- [Kowlowski gone, will Swartz follow?](#) (*CFO Magazine*, July 23, 2002)

Members of the press or interested members of the public should feel free to contact us at press@equilar.com. We would be happy to help provide data and analysis to assist you in your story.

► EQUILAR INSIGHT UPDATE

Product Pipeline/Board of Director - Over the past several months, we have received a number of inquiries about board of director analysis. We are currently in the process of developing a service to analyze trends in this area and welcome your comments and suggestions.

Please contact us at support@equilar.com.

Custom Analysis – In addition to the powerful analysis available directly through Equilar Insight, we have performed custom runs for a number of our clients. With over 200 unique data elements for over 40,000 executives in our proxy statement and S-1 databases, we can create a custom report for you in a matter of hours. Our customized reports have been an invaluable resource for compensation consultants, attorneys, private equity firms, recruiters and executives in the analysis and design of management compensation plans. Several examples include identifying:

- Founder Chairmen that were previous CEOs;
- Founder CEOs that owned over 10% of a company and were granted options prior to an IPO; and
- CFOs hired in Silicon Valley in the last year.

▶ CONTACT EQUILAR

If you would like to learn more about Equilar and how we can help you, please contact us by phone (877.441.6090), e-mail (support@equilar.com), or visit us on the Web at www.equilar.com.

If you were forwarded this e-mail and wish to be included in future mailings, please send an e-mail to support@equilar.com with the word "subscribe" in the subject field. If you wish to unsubscribe from this service, please send an e-mail to support@equilar.com with the word "unsubscribe" in the subject field.

DISCLAIMER

The information and analysis in this email and attachments are intended to be for informational purposes only. The analysis is based on information taken from publicly filed documents and we do not represent to its accuracy. Equilar, Inc. assumes no liability for the use or interpretation of information contained herein. This publication is provided "as is" without warranty of any kind, either expressed or implied, including, but not limited to, the implied warranties of merchantability, fitness for a particular purpose, or non-infringement of third party rights.
