

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 Equilar activities.

► **AND IN THIS CORNER OFFICE.... THE EXECUTIVE CHAIRMAN!**

When it comes to executive compensation, CEO pay captures the attention of journalists and investors. Typically overlooked is compensation for the Executive Chairman, an individual often more influential than the CEO. While there has been tremendous focus on the pay of CEOs, the compensation of the Executive Chairman drops off the radar screen. We took a peek at the Equilar Insight database and analyzed the most recently disclosed proxy statements for over 3,000 companies. We discovered several interesting statistics.

- Nearly 12% of the companies had a Non-CEO Executive Chairman;
- Median salary levels for Chairmen were 90% of CEO salary levels;
- Chairman salary levels are at or above the CEO's in over 35% of these companies; and
- More than 10% of the Executive Chairmen shared a common surname with the CEO.

Top Five Highest Paid Executive Chairman

Company	Name	FY End	Salary + Bonus	Market Cap (\$MMs)
Tommy Hilfiger Corp	Thomas J. Hilfiger	3/31/02	\$22,360,000 ⁽¹⁾	\$688.4
Enron Corp.	Kenneth L. Lay	12/31/00 ⁽²⁾	\$8,300,000	n/a
Aquila Inc.	Richard C. Green, Jr.	12/31/01	\$3,972,116	\$356.0
Federated Investors Inc.	John F. Donahue	12/31/01	\$3,500,000	\$2,941.0
FleetBoston	Terrence Murray	12/31/01	\$3,492,000	\$26,428.0

(1) Pursuant to an employment agreement entered into prior to the Company's initial public offering, Mr. Hilfiger receives annual salary payments equal to \$900,000 plus 1.5% of the net sales (as defined in the employment agreement) of TH USA and its subsidiaries over \$48,333,333.

(2) Enron has not yet filed a proxy statement for fiscal 2001.

► **EQUILAR INSIGHT SELECTED TOP PRODUCT OF 2002**

Equilar Insight was recently selected as a Top 10 HR Product of the Year by *Human Resource Executive*. We are honored to be recognized by the industry's leading publication as the premier solution during an era that has been described by Graef Crystal as "one hell of a year for executive compensation."

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▶ EQUILAR IN THE NEWS

We are quickly becoming the gold standard for analyzing executive compensation, as evidenced by the increasing use of our information service by leading media outlets.

- [Executive Excess?](#) (Paul Solman, *The NewsHour with Jim Lehrer*, December 2, 2002)
- [Thirty CEOs With Biggest Raises, Worst Returns](#) (Graef Crystal, *Bloomberg News*, December 11, 2002)
- [Here Are the Most Overpaid and Underpaid CFOs](#) (Graef Crystal, *Bloomberg News*, December 3, 2002)
- [The Unnoticed Pay Gap: CEO-to-CEO](#) (Graef Crystal, *Bloomberg News*, November 26, 2002)
- [The Incredible Shrinking Bonus](#) (Mark Lewis, *Forbes*, October 22, 2002)
- [Can justice be served?](#) (Bambi Francisco, *Marketwatch*, October 15, 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.

▶ COMING NEXT MONTH - BOARDINSIGHT

Don't ruin your holiday season tracking down board compensation data! Spend much needed time with your families and loved ones. We will be launching BoardInsight immediately after the New Year, just in time for proxy season.

With the unprecedented overhaul of director responsibilities, you need instant access to the most current trends in board and committee compensation. BoardInsight is the most comprehensive solution available, allowing you to make informed decisions when setting Board compensation levels in the post Sarbanes-Oxley era.

BoardInsight will provide detailed analysis around the following key items:

- Fees - retainers, meeting fees, and committee fees by director type;
- Board composition - independent directors and affiliations, committee members; and
- Board structures - terms, classified boards.

If you've been impressed with our award winning executive compensation service, you won't be disappointed with BoardInsight. Call now at 877-441-6090 to schedule a brief product demonstration.

▶ HAPPY HOLIDAYS!

Thanks to everyone for what has been truly an amazing year for Equilar. Happy Holidays to everyone and best wishes in the New 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.

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