

Welcome to Equilar's monthly newsletter. We would like to take a brief moment to highlight key trends in Board of Director compensation and update you on Equilar activities.

► **CHAIRMAN OF THE BOARD - FREE SHIPPING (BUT NO ANNUAL RETAINERS)**

This month, we are using our recently launched **BoardInsight** service to analyze retainers for over 14,000 board chairmen and directors at over 1,500 of the largest US companies in our 3,000 company database. Retainers tend to be the largest component of board compensation, with meeting fees and initial fees generally less significant. Non-executive board chairmen often receive incremental pay above that of other directors given their additional responsibilities and the time commitment required for the position.

Here are some of our findings:

- Cash versus equity:
 - 85% of companies analyzed provide a cash retainer;
 - 81% of companies analyzed provide an equity-based retainer;
 - 69% of companies analyzed provide both a cash and an equity-based retainer;
 - Nearly 3% of the companies do not offer any board retainers, including notable companies such as Amazon (although directors presumably qualify for their free shipping offer), Liberty Media, and Berkshire Hathaway.
- The range of chairman and director retainers varies considerably from company to company, as illustrated in the table below:

	Median (\$)	Average (\$)	Minimum (\$)	Maximum (\$)
Director Retainers				
Cash	24,000	25,093	1,000	75,000
Equity-based	60,799	122,593	180	1,902,482
Chairman Retainers				
Cash	75,000	107,747	1,500	612,500
Equity-based	318,543	569,093	65,000	1,947,345

Methodology Notes: Based on most recent proxy filings as of 1/28/03 for 1,500 companies in BoardInsight; equity-based retainers include option grants, restricted stock awards, units and SARs; option grants were valued on the date of grant using Black-Scholes methodology and have not been adjusted to reflect current stock prices; median and average calculations are based only on companies that provide cash or equity-based retainers for directors and board chairmen.

► **NEW BOARDINSIGHT LAUNCHED**

With the passage of Sarbanes-Oxley, company boards are undergoing the most radical restructuring in years. Director pay levels are being recalibrated, new committees are forming, and the time commitment required of board members continues to increase. **BoardInsight** helps you navigate through this environment of intense focus on corporate and compensation governance issues by providing instant access to accurate and comprehensive analysis on the latest trends in director compensation. In a matter of minutes, **BoardInsight** allows you to:

- Benchmark your director pay structure versus your competition.
- Analyze the independence and composition of boards.
- Research committee structures, charters, director option plans, and other board policies.

Please click [here](#) to download a **BoardInsight** product brochure. To view a sample **BoardInsight Report**, please click [here](#).

Call us at 650.286.4525 or e-mail us at sales@equilar.com for a **BoardInsight** demonstration.

Prepare yourself for the upcoming proxy season and stay on the leading edge of board compensation trends.

▶ 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.

- [Ex-Tyco CFO Indicted for Tax Evasion](#) (Tim McLaughlin, *Reuters*, February 19, 2003)
- [Filings Show CEOs Got Raises as Returns Fell](#) (Graef Crystal, *Bloomberg News*, January 28, 2003)
- [Eight-digit salary club to drop members](#) (Dan Sorid, *Reuters*, January 16, 2003)
- [Silverman's Gilded Contract at Cendant](#) (Graef Crystal, *Bloomberg News*, January 7, 2003)
- [Report: New Tyco CFO Got \\$22 Million](#) (Stephen Taub, *CFO.com*, January 2, 2003)

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.

▶ 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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