

CEO Reward 2009: a year of further decline by John Egan

Among the top 100 companies whose financial years ended between January and October 2009, CEO reward levels reflected a decline from 2008 and a significant decline from the peak of the 2007 calendar year.

The most significant area of reward decline was contributed to by a decline in annual incentive payments, this was coupled with lower CEO fixed annual remuneration in a number of companies primarily predicated on the changing of the guard where incoming CEOs received less than their long serving predecessors.

In our assessment this circumstance will continue to flow through in 2010 to a modest extent.

In the reporting year new CEOs have been appointed at Fairfax Media, Lend Lease, Macquarie Group, National Australia Bank, Qantas and Telstra and in the next reporting period changes in CEO reward will emerge arising from recent appointments at Bendigo Bank, Boral, Brambles, Caltex and Suncorp-Metway, to name but a few.

The charts below provide an illustration of the progressive change in CEO reward since 1993, though in particular highlight the percentage movement and actual reward levels among the CEOs of the ASX top 100 over an extended period.

The final chart reveals the flat-lining of fixed annual remuneration over the last couple of years, in part as a result of executive churn, though clearly demonstrates the responsible position taken by a significant number of Chief Executives in relation to their base remuneration and the initiatives taken by boards in responding to the economic challenges of the last two calendar years substantially managing containment in guaranteed rewards while carefully monitoring bonus payments across the majority of the ASX 100 in a manner which reflects current profitability, share price performance and dividends, matters of critical importance to shareholders.

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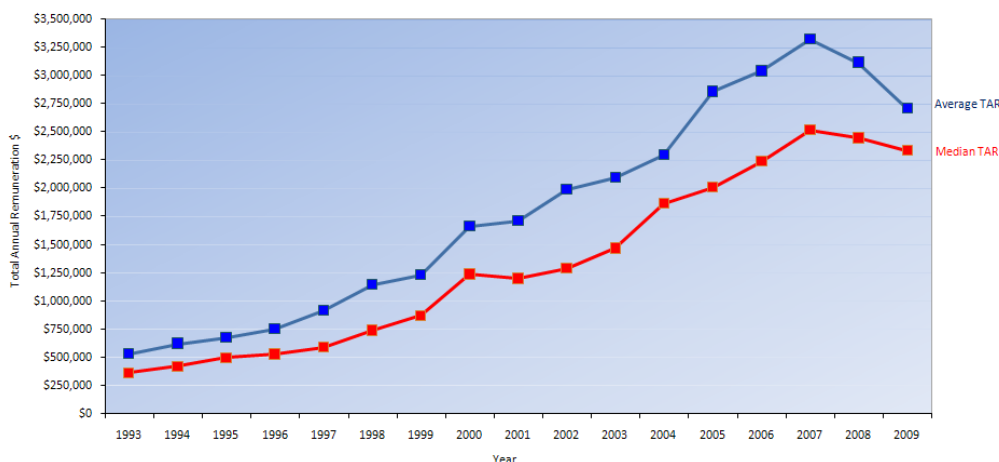
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Average and Median Total Annual Remuneration (TAR*) among the Top 100 Companies
Chief Executive Officers 1993 - 2009



Companies ranked by Market Capitalisation
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Companies are ranked by Market Capitalisation at 30 June of each year (and excludes property trusts, funds, overseas entities and subsidiaries).
2009 data excludes companies with December year end.
*TAR: Comprises base salary, superannuation, benefits and the grossed up impact of fringe benefits tax, plus annual incentive payments.

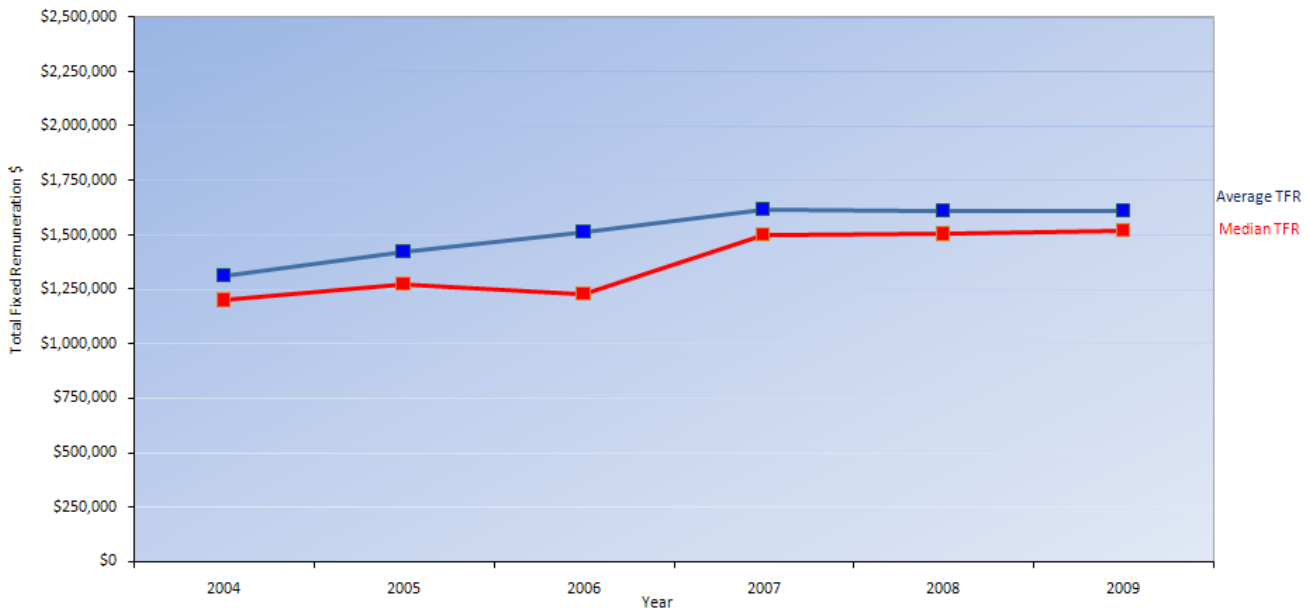
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% Increase in Average and Median Total Annual Remuneration (TAR*) among the Top 100 Companies Chief Executive Officers 1993 - 2009



Companies ranked by Market Capitalisation
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 Prior to 2003, Executive Remuneration Bands were used. From 2004 onwards, Executives' Actual Total Annual Remuneration were used.
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Average and Median Total Fixed Remuneration (TFR*) among the Top 100 Companies Chief Executive Officers 2004 - 2009



Companies ranked by Market Capitalisation
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