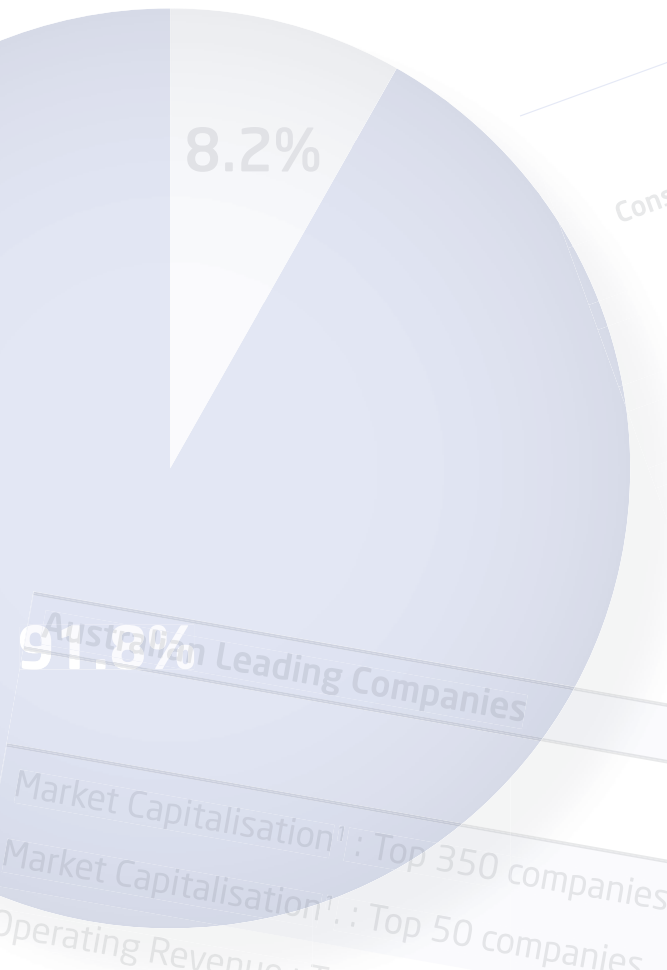


# Board of Directors Study in Australia and New Zealand

2007

Director



Australian Leading Companies  
Market Capitalisation<sup>1</sup>: Top 350 companies  
Market Capitalisation<sup>1</sup>: Top 50 companies  
Operating Revenue: Top 350 companies  
Operating Revenue: Top 50 companies  
Total Assets: Top 350 companies  
Total Assets: Top 50 companies  
Operating Profit: Top 350 companies  
Operating Profit: Top 50 companies

**KORN FERRY INTERNATIONAL IN ASSOCIATION WITH EGAN ASSOCIATES**



Average A\$	Executive Directors Count #
3,441,112,414	350
12,475,220	50
1,796,281,928	350
9,219,618,240	50
7,533,570,063	250

# 2007

## Board of Directors Study in Australia and New Zealand

## About Korn/Ferry International

Korn/Ferry International (NYSE:KFY), with more than 70 offices in 40 countries, is the largest global provider of executive search and leadership development solutions. The firm works closely with clients to provide solutions tailored to their recruitment and assessment needs: through the company's executive search business, identifying CEOs, COOs, CFOs and other senior-level executives; through the Global Board Services Practice, recruiting for boards of directors and consulting on matters of corporate governance; through the firm's Leadership Development Solutions business, which provides evaluation and development of senior management teams; and through Futurestep, Korn/Ferry's middle management recruitment provider.

Since 1972, Korn/Ferry has been a premier provider of director recruiting and corporate governance consulting, understanding the challenges associated with assembling a knowledgeable, cohesive and effective board prepared to meet the growing demands for greater accountability and more effective board performance. The firm has a dedicated team of global professionals whose sole focus is recruiting for company boards for clients worldwide and whose depth and expertise on matters of corporate governance are unparalleled.

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## About Egan Associates

Egan Associates, established initially as a research organisation by John Egan in the mid 1970s has for the past 19 years, advised leading public companies, those preparing for listing, private and international corporations, government and related corporatised entities, as well as innovative enterprises, many with a technology or sciences base, on CEO, executive and non-executive director reward, cash incentive programs, equity plans and synthetic derivatives, as well as strategic and corporate governance issues now embracing guidance on the content and preparation of company remuneration reports for shareholder review.

The company is retained by a number of Australian and New Zealand leading corporate entities as an advisor to their Chief Executive and/or Board on strategic remuneration challenges, including the construct of CEO pay and service agreements including contemporary termination provisions, unlatching payments for external appointees, and performance aligned 'at risk' remuneration plans, particularly those that have become increasingly sensitive as a result of emerging corporate governance guidelines, disclosure and shareholder scrutiny. Egan Associates' principals bring diverse backgrounds and skills to providing leading edge solutions. These skills, combined with a comprehensive director and executive remuneration database, give us the capability to provide sound counsel across all industry sectors.

Details of our services are set out fully on the company's website.

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## Foreword

The 2007 Boards of Directors Study in Australia and New Zealand produced by Korn/Ferry International, with information from Egan Associates' extensive sources, has for several years commented on the structure, performance and compensation of boards of directors.

This Report presents insight into the changing structure of emoluments for boards and includes Editorial comment on the continuing movement in non-executive directors' fees in Australia and New Zealand.

Signed by



Gary Reidy  
Managing Director, Australasia  
Korn/Ferry International



John Egan  
Chairman  
Egan Associates

## Preamble

### Challenges for the Chairman

In today's buoyant economic times, it may seem to some observers that the chairmen of public companies have a relatively easy ride. Nothing could be further from the truth. The corporate landscape in Australia and New Zealand has changed dramatically in the past decade. The impact of the globalisation of financial markets and greater competition has made many companies into huge multi-nationals whilst some have fallen by the wayside. The focus on corporate governance, and tighter regulation, the advent of competition from private equity and the emergence of China as an economic power have all added new challenges for boards and their chairmen. Not to mention the battle to find and retain top executive talent.

In 2007, KFI has published a practical aide-memoire "Questions for the Chairman" which poses questions on all aspects of a chairman's responsibilities and challenges. This editorial briefly focuses on three important topical issues for boards.

### Conflicts of Interest

The recent series of well publicised management buyouts and private equity takeovers has tested the capacity of boards to address potential conflicts of interest. Public concerns that shareholders have not been kept fully informed or have been misinformed by some executives and boards led to the Takeovers Panel issuing a Guidance Note. The fundamental question for boards to ask is whether they have adequate procedures in place to deal with conflicts of interest and the inevitable information that is available during the long periods of time taken in dealing with a transaction.

### Corporate Social Responsibility and Sustainability

CSR has been an important priority for most boards for some years as companies strive to demonstrate they have a "corporate conscience" and acknowledge a responsibility to be good corporate citizens.

Sustainability and the debate about our natural resources has become a hot topic. Conservation and more efficient use of water, electricity, fossil fuels and raw materials and their relationship to pollution and climate change and their impact on corporate balance sheets will become increasingly important considerations for boards in the next decade.

The advent of carbon trading and carbon taxes will add a new dimension to strategic planning.

### Finding the Right Chief Executive Officer

Choosing the right Chief Executive Officer is considered one of the most important tasks a board performs. The shortage of talent has made this job even more difficult and has placed a greater emphasis on companies to have depth in their internal succession ranks. The pressure on boards to ensure that their company is appropriately remunerating, retaining and incentivising key executives will continue to increase. Recent global searches for Top 20 Australian companies have demonstrated the quality of homegrown talent, this trend is likely to continue and boards will spend more time on remuneration, talent and succession issues than ever before.

## Editorial Comment

Our research of non-executive directors' emoluments in this 2007 report continues to indicate an underlying increase in the fee levels for non-executive directors generally. Additionally, there is evidence that non-executive directors are receiving increased fees for their service on committees.

This current research investigates the directors' fees payable in over 350 publicly listed Australian companies and 50 listed New Zealand companies. The information contained in this report is not directly comparable to our previous reports due to the significant changes in the sample size and sample composition. We have been able to increase the sample of companies by over 16%.

Research reveals that there is evidence that the ratio of the chairman fees to the aggregate non-executive directors fees is reducing. This is due to the fact that this ratio is normally based upon the retainer fee and not the aggregate fees, which includes fees for service on board committees and subsidiaries.

As has been previously reported many Australian companies have closed the defined benefit retirement plans for directors. Although, there is evidence that many companies are providing a retirement contribution equating to 9% of a director's total fees, there are also instances where companies are either not limiting the contribution to the SGC limit or incorporating the mandatory contribution into the director's retainer fee. For the 2008 financial year in Australia the legislated superannuation contribution is capped at an aggregate fee level of \$145,880 or \$13,129.20.

Our research reveals that fees payable to the chairman in many of the major corporates have now reached \$700,000, having broken the \$500,000 barrier in the past few years. Major corporates are now paying non-executive directors aggregate fees in excess of \$200,000 of which a proportion is required to be allocated to share acquisition. Many small cap companies on the bourses are continuing to offer fees up to \$50,000 plus options. There have been examples in the recent past of non-executive directors having steered an organisation to its IPO where the value of equity post listing has exceeded \$1 million. Whereas for some other directors under the same circumstances with holdings of say 200,000 options were nominally in the money by less than \$50,000.

Over the past year we have also witnessed a degree of rationalisation in terms of the size of boards, whether this is the result of a lack of suitable board talent or the unpalatability of board membership due to increasing corporate governance requirements and perceptions of personal risk, is yet to be determined. Some commentators have indicated that it will become increasingly difficult for boards to attract suitably qualified individuals because the risks are not worth the rewards.

There has also been much public debate about the relationship between increasing corporate governance requirements and escalating directors' fees and that the increased workload justifies the fee increase. Some commentators have utilised a simplified analysis correlating directors' fees with the number of board and committee meetings held and attended. This type of analysis obfuscates the issues and ignores the fact that increasing workloads are not merely reflected by boards or board committees meeting more frequently, but rather by the increased time commitment of directors in preparation for both board and committee meetings. Workloads have increased due to the extended time devoted to strategy formulation and planning and the increased level of engagement between the chairman and/or committee chairman and the company's external advisers in ensuring that directors are fully informed and are aware of

their obligations in an environment of increasing global complexity, as well as regulatory and legislative compliance.

### **New Zealand**

In the New Zealand market, fee levels within listed companies remain well behind the Australian market in aggregate. This principally reflects a substantial difference in company scale and the 2007 data reveals that fee levels have remained relatively stable since last reporting.

Several years ago it was recognised that the fee levels in New Zealand were significantly below those in Australia and there has been a progressive adjustment to these levels over the years. The level of fees paid to non-executive directors remains below Australian fees despite the fact that there are now several trans-Tasman director participants.

In New Zealand a number of boards have closed off either their formal or informal retirement provisions, although some continue to retain these retirement arrangements. The retirement provisions that persist will generally reflect the sum of the fees paid over the last three years, after ten years board service and be pro-rated for between three and five years service.

# Introduction

## Information and Interpretation

This 2007 Study has been compiled by Egan Associates from an analysis of published information from annual reports through to December 2006 of leading companies in Australia and New Zealand.

This Study has adopted the same format and data gathering methods as in previous Studies. The number of Australian companies included in this year's Study is 350, compared with 300 in 2006. The number of New Zealand companies is 50, which is unchanged from the 2006 Study. The total number of companies included in the Study is 400.

In this Study the revenue ranges and market capitalisation ranges for Australian companies have been changed to reflect the current market. Similarly the revenue rank and market capitalisation rank have been changed. Market Capitalisation is determined as at 30 March 2007 with a 22-day smoothing applied.

## Revenue and Market Capitalisation Ranges

### 2007

Greater than \$10 billion  
\$5 - \$10 billion  
\$2 - \$5 billion  
\$500 million - \$2 billion  
\$200 - \$500 million  
Less than \$200 million

### Previous Study

Greater than \$5 billion  
\$2 - \$5 billion  
\$500 million - \$2 billion  
\$200 - \$500 million  
Less than \$200 million

## Revenue and Market Capitalisation Ranks

### 2007

Top 50 Companies  
Second 50 Companies  
Top 100 Companies  
Top 100 - 200 Companies  
Top 200 - 350 Companies

### Previous Study

Top 50 Companies  
Second 50 Companies  
Top 100 Companies  
Top 100 - 200 Companies  
Top 200 - 300 Companies

## Analysis of Board Fees

Board fee analysis includes the following:

- base or retainer fees,
- committee fees,
- disclosed SGC contributions and other benefits.

The analysis excludes disclosed retirement benefit accruals.

## Profile of Participating Organisations

The list of 400 organisations, 350 Australian companies and 50 New Zealand companies from which data has been drawn, is appended. The analysis is restricted to the Top 350 Australian and Top 50 New Zealand Companies by market capitalisation as at 30 March 2007 with 22-day smoothing applied, and excludes Property Trusts, Funds, Overseas-based companies and subsidiaries.

<b>Australian Leading Companies</b>		
	<b>Average A\$</b>	<b>Count #</b>
Market Capitalisation <sup>1</sup> : Top 350 companies	3,441,112,414	350
Market Capitalisation <sup>1</sup> : Top 50 companies	18,112,475,220	50
Operating Revenue : Top 350 companies	1,796,281,928	350
Operating Revenue : Top 50 companies	9,219,618,240	50
Total Assets : Top 350 companies	7,533,570,063	350
Total Assets : Top 50 companies	46,591,416,300	50
Operating Profit : Top 350 companies	279,628,145	350
Operating Profit : Top 50 companies	1,623,377,620	50

1. Market Capitalisation as at 30 March 2007

<b>New Zealand Leading Companies</b>		
	<b>Average NZ\$</b>	<b>Count #</b>
Market Capitalisation <sup>1</sup> : Top 50 Companies	\$1,079,781,318	50
Operating Revenue : Top 50 companies	\$731,852,905	50
Total Assets : Top 50 companies	\$1,117,934,206	50
Operating Profit : Top 50 companies	\$61,688,386	50

1. Market Capitalisation as at 30 March 2007

## Non-Executive Chairmen Fees

Non-executive chairman fees in Australian Leading Companies have been analysed according to company size, that is by revenue and market capitalisation, and by GICS sector.

### By Revenue

Table 1 shows that the average fees for the Total Sample (278) of non-executive chairmen stood at \$194,163 and at the median, \$142,100.

The average non-executive chairman fees vary across the revenue ranges from \$552,796 for those companies in the range of greater than \$10 billion, to \$115,842 for those with revenue in the range of less than \$200 million. When ranked from the Top 50 to those ranked between the Top 200 to 350 companies, average non-executive chairman fees vary from \$403,698 to \$116,327.

**Table 1: Non-Executive Chairmen Fees in Australian Leading Companies by Revenue**

	75th Percentile A\$	Median A\$	25th Percentile A\$	Average A\$	Sample #
<b>Total Sample</b>	257,990	142,100	91,356	194,163	278
<b>Revenue Ranges</b>					
Greater than \$10 billion	641,413	534,619	438,774	552,796	13
\$5 - \$10 billion	467,685	398,876	335,625	403,006	10
\$2 - \$5 billion	366,056	299,750	250,865	313,823	31
\$500 million - \$2 billion	261,928	200,995	151,544	213,436	62
\$200 - \$500 million	148,287	111,454	82,994	136,501	50
Less than \$200 million	130,850	98,773	78,308	115,842	112
<b>Revenue Ranked</b>					
Top 50 Companies	496,122	359,926	295,156	403,698	46
Second 50 Companies	310,560	221,502	164,721	244,911	42
Top 100 Companies	419,251	300,266	211,728	327,913	88
Top 100 - 200 Companies	182,139	133,507	89,896	151,842	85
Top 200 - 350 Companies	130,481	98,827	76,489	116,327	105

## By Market Capitalisation

In relation to market capitalisation (Table 2), the non-executive chairmen fees on average range from \$484,320 for those companies in the range of greater than \$10 billion, to \$97,434 for those with market capitalisation of less than \$200 million. When ranked from the Top 50 to those ranked between the Top 200 to 350 companies average non-executive chairmen fees vary from \$423,108 to \$113,522.

**The average fees for chairmen in the top 50 ranked by market capitalisation is \$423,108.**

The highest number of non-executive chairmen are within the market capitalisation range, \$200 to \$500 million, and the average fees paid in companies of this size is \$116,293, and at the median \$100,275.

**Table 2: Non-Executive Chairmen Fees in Australian Leading Companies by Market**

	75th Percentile A\$	Median A\$	25th Percentile A\$	Average A\$	Sample #
<b>Market Capitalisation Ranges</b>					
Greater than \$10 billion	549,000	469,646	348,340	484,320	24
\$5 - \$10 billion	374,753	359,113	284,985	338,074	25
\$2 - \$5 billion	300,336	247,647	182,575	236,297	34
\$500 million - \$2 billion	193,487	150,000	101,698	158,368	83
\$200 - \$500 million	133,294	100,275	77,659	116,293	96
Less than \$200 million	100,274	83,937	78,308	97,434	16
<b>Market Capitalisation Ranked</b>					
Top 50 Companies	512,250	387,877	332,663	423,108	46
Second 50 Companies	299,750	237,910	179,850	233,740	41
Top 100 Companies	416,138	312,413	223,828	333,865	87
Top 100 - 200 Companies	182,575	143,148	101,662	155,707	77
Top 200 - 350 Companies	130,775	98,100	78,085	113,522	114

## By GICS Sector

Industries are categorised using the GICS (Global Industry Classification Standard) adopted by the Australian Securities Exchange. GICS comprises 10 economic sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities.

Table 3 reveals that the average chairman fees for the two largest sectors, Financials and Materials is \$227,834 and \$194,711 respectively. Consumer Staples has the highest average chairman fees, at \$237,681 and Information Technology has the lowest average fees, at \$127,491.

**Table 3: Non-Executive Chairmen Fees in Australian Leading Companies by GICS Sector**

GICS Sector	75th Percentile A\$	Median A\$	25th Percentile A\$	Average A\$	Sample #
Consumer Discretionary	216,722	123,685	91,039	160,945	34
Consumer Staples	333,411	217,153	165,610	237,681	14
Energy	303,923	120,726	92,025	192,683	22
Financials	337,575	150,000	86,666	227,834	61
Health Care	236,134	138,430	94,842	170,007	19
Industrials	229,461	154,512	98,804	192,626	45
Information Technology	157,027	112,180	93,833	127,491	15
Materials	261,569	143,148	81,512	194,711	59
Telecommunication Services				193,290	3
Utilities	249,269	181,264	132,925	193,701	6

**Consumer Staples has the highest average chairman fees at \$237,681, and Information Technology has the lowest average fees, at \$127,491.**

## Non-Executive Directors' Fees

Non-executive directors' fees in Australian Leading Companies have been analysed according to company size, that is by revenue and market capitalisation, and by GICS sector.

### By Revenue

Table 4 shows that non-executive directors' fees on average across the Total Sample stand at \$104,589, and at the median, \$87,497.

The highest number of non-executive directors (420) are within the revenue range "Less than \$200 million" and the average fees paid to directors of companies of this size is \$65,053, and at the median \$56,000.

When ranked from the Top 50 to those ranked between the Top 200 to 350, average non-executive directors' fees vary from \$168,741 to \$64,194 and at the median \$158,818 to \$56,000.

<b>Table 4: Non-Executive Directors' Fees in Australian Leading Companies by Revenue*</b>					
	75th Percentile A\$	Median A\$	25th Percentile A\$	Average A\$	Sample #
<b>Total Sample</b>	138,539	87,497	59,950	104,589	1,298
<b>Revenue Ranges</b>					
Greater than \$10 billion	233,819	209,056	170,635	210,708	86
\$5 - \$10 billion	187,041	163,574	147,000	165,941	68
\$2 - \$5 billion	169,082	137,807	113,938	145,787	196
\$500 million - \$2 billion	118,139	92,396	78,377	102,378	320
\$200 - \$500 million	97,768	72,275	55,867	85,069	208
Less than \$200 million	70,000	56,000	45,409	65,053	420
<b>Revenue Ranked</b>					
Top 50 Companies	203,469	158,818	130,800	168,741	297
Second 50 Companies	146,384	107,215	88,200	120,810	227
Top 100 Companies	183,221	139,310	104,375	147,977	524
Top 100 - 200 Companies	97,334	77,600	59,950	86,702	379
Top 200 - 350 Companies	70,425	56,000	45,000	64,194	395

\*Excludes Non-Executive Chairmen

## By Market Capitalisation

Analysis by market capitalisation (Table 5) shows average fees range from \$190,477 for companies with market capitalisation greater than \$10 billion to \$63,367 for companies with market capitalisation of less than \$200 million. At the median, the fees range from \$187,042 to \$54,500.

**Non-executive directors of the top 100 companies are paid an average fee of \$148,939.**

Analysis of the Top 50 companies by market capitalisation reveals average fees of \$178,646, and at the median \$167,751. For companies in the Top 200 to 350 range, average and median fees are \$65,483 and \$57,845 respectively.

**Table 5: Non-Executive Directors' Fees in Australian Leading Companies by Market**

	75th Percentile A\$	Median A\$	25th Percentile A\$	Average A\$	Sample #
<b>Market Capitalisation</b>					
Greater than \$10 billion	222,890	187,042	155,000	190,477	179
\$5 - \$10 billion	177,139	147,767	129,746	154,282	133
\$2 - \$5 billion	128,960	109,000	82,555	111,281	185
\$500 million - \$2 billion	97,522	81,035	62,740	86,016	401
\$200 - \$500 million	71,000	58,916	46,262	65,394	353
Less than \$200 million	62,568	54,500	48,200	63,367	47
<b>Ranked by Market Capitalisation</b>					
Top 50 Companies	214,025	167,751	140,797	178,646	300
Second 50 Companies	126,856	105,688	81,875	108,245	219
Top 100 Companies	186,021	141,685	107,955	148,939	519
Top 100 - 200 Companies	96,334	80,415	62,807	85,717	368
Top 200 - 350 Companies	70,850	57,845	47,519	65,483	411

\*Excludes Non-Executive Chairmen

## By GICS Sector

Industries are categorised using the GICS (Global Industry Classification Standard) adopted by the Australian Securities Exchange. GICS comprises 10 economic sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities.

Table 6 reveals that the average fee for the largest sector, Financials is \$132,252, and at the median \$115,702. Financials has the highest fees whilst Information Technology has the lowest fees at \$62,271 on average and \$56,125 at the median.

<b>Table 6: Non-Executive Directors' fees in Australian Leading Companies by GICS Sector*</b>					
	75th Percentile A\$	Median A\$	25th Percentile A\$	Average A\$	Sample #
<b>GICS Sector</b>					
Consumer Discretionary	111,783	81,500	60,000	94,282	171
Consumer Staples	140,163	96,284	75,979	110,794	87
Energy	139,557	83,726	47,366	99,210	91
Financials	197,000	115,702	60,375	132,252	305
Health Care	95,695	68,608	55,000	80,036	93
Industrials	126,440	88,843	62,242	99,480	205
Information Technology	73,854	56,125	43,400	62,271	66
Materials	128,949	90,750	57,020	101,373	235
Telecommunication Services	170,572	143,537	110,586	129,458	13
Utilities	120,361	87,611	74,891	99,314	32

\*Excludes Non-Executive Chairmen

# Board Composition and Demographics

## Executive v Non-Executive Directors

This 2007 Study, in common with our analysis over past years, shows strong support for there being a majority of non-executive directors serving on the boards of Australian Leading Companies.

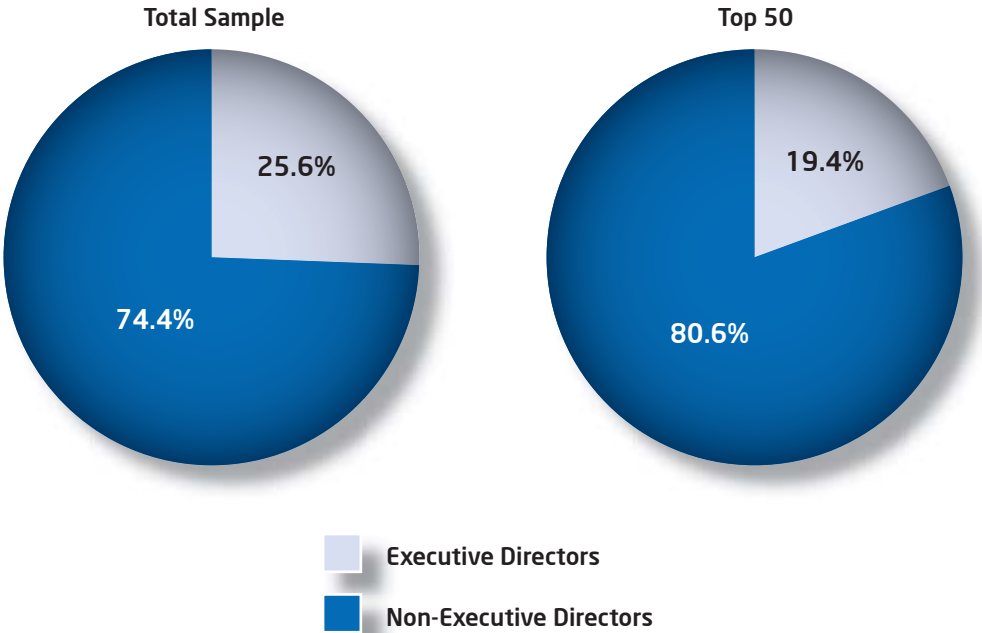
Chart 1 shows that the composition of the board for the Total Sample is 74.4% non-executive directors and 25.6% executive directors and the Top 50 sample shows that the boards comprise 80.6% non-executive directors and 19.4% executive directors.

In general terms, the proportion of non-executive to executive directors increases according to company size. Chart 2, for example, shows that:

- in companies with revenue greater than \$10 billion, 82.6% of board members are non-executive; and
- in companies with revenue less than \$200 million, 69.1% of boards members are non-executive.

When analysed by GICS Sector (Chart 3), Telecommunication Services has the highest proportion of non-executive directors (85%) whereas Health Care has the lowest proportion of non-executive directors serving on their boards (71.5%).

Chart 1: Proportion of Directors for Total Sample and Top 50



Top 50 ranked by Market Capitalisation

Chart 2: Proportion of Directors by Revenue

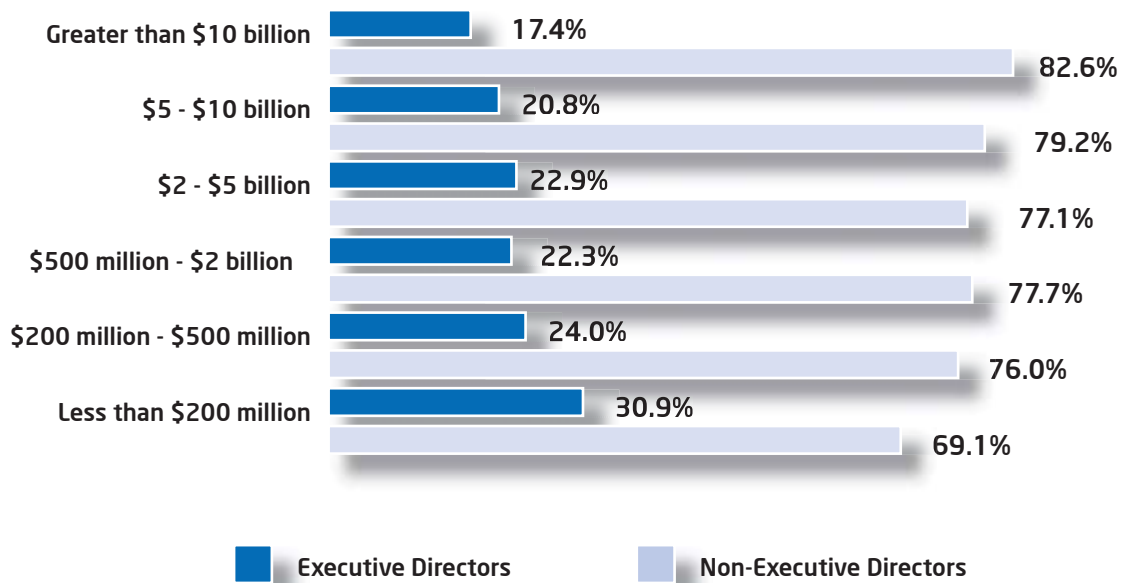
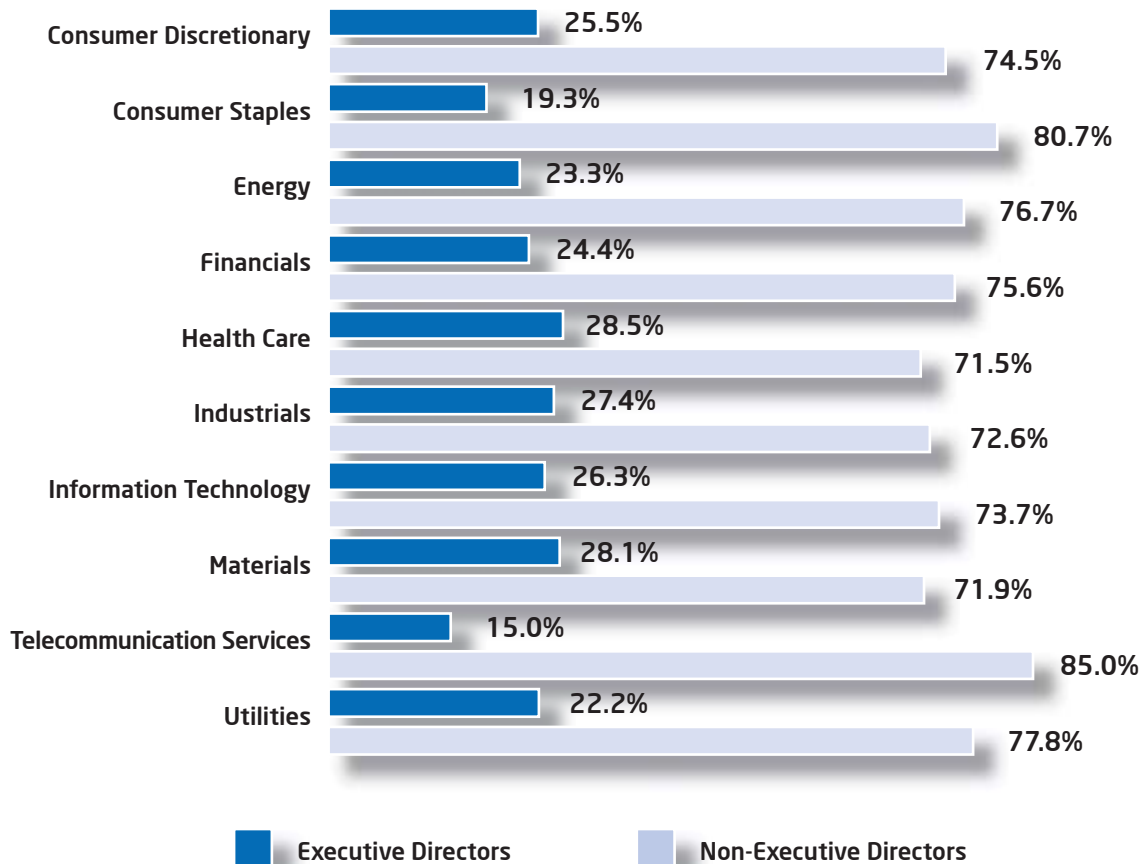


Chart 3: Proportion of Directors by GICS Sector



## Gender of Directors (Executive and Non-Executive)

In 2007, as in previous years, men hold the overwhelming majority of chairman and director (executive and non-executive) positions. Men hold 97.7% of chairman roles for the Total Sample and 98% for the Top 100. For director roles, for the Total Sample, women hold 8.2% of positions, and for the Top 100 companies, 12.6% of directors are women (Charts 4 and 5).

Chart 4: Board Composition by Gender for Total Sample

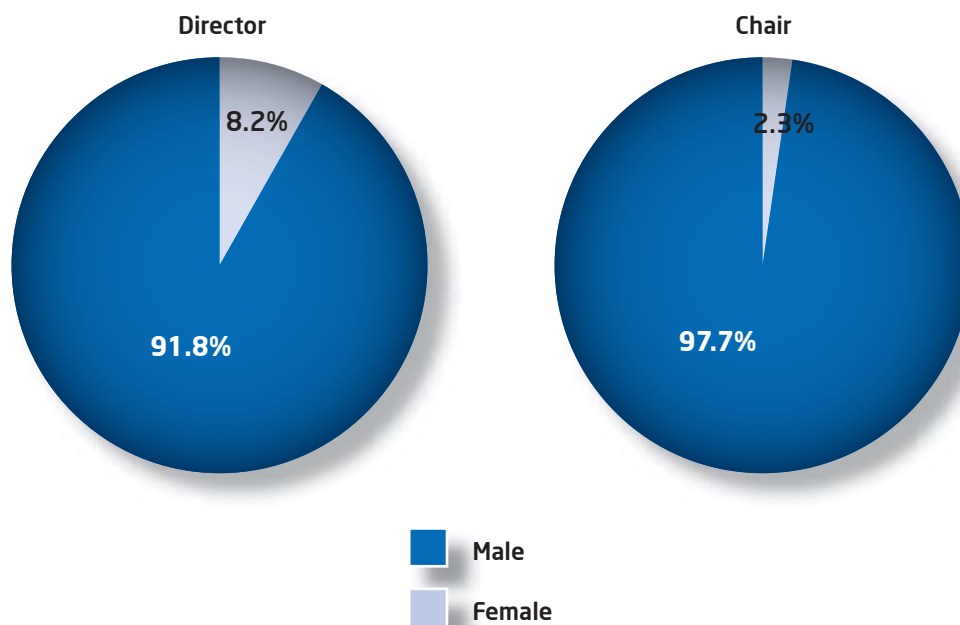
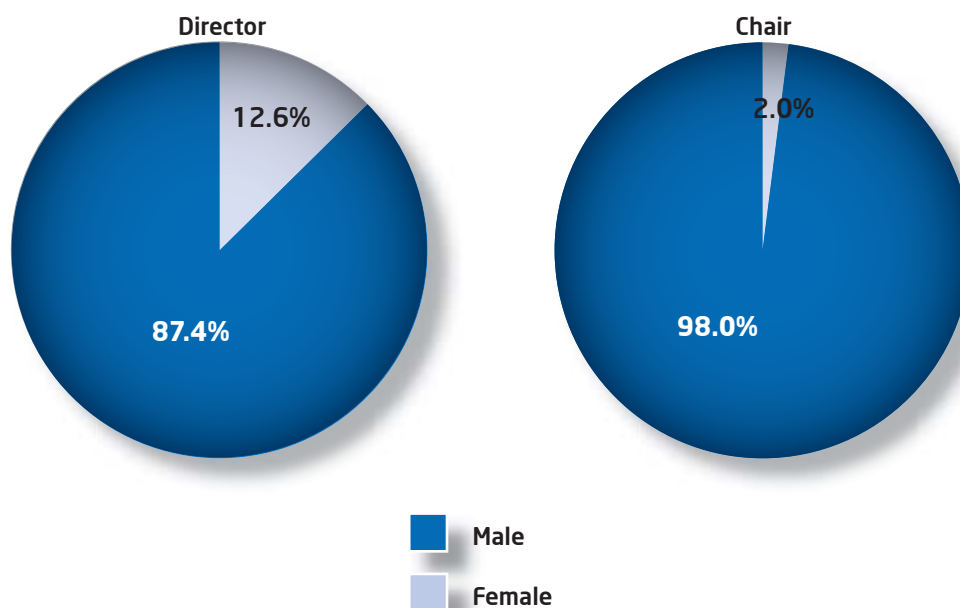


Chart 5: Board Composition by Gender for Top 100



Top 100 ranked by Market Capitalisation

## Distribution of Board Size

Executive and non-executive directors are included in the measurement of board size. Board size is analysed according to revenue and then by GICS sector, with board size in the following seven categories:

- less than 4 directors;
- 4 to 5;
- 6 to 7;
- 8 to 9;
- 10 to 11;
- 12 to 13;
- greater than 13.

The average board size across the Total Sample stands at 7 and for the Top 50, 9 directors.

**For the Top 50, no board has fewer than 6 directors and 86% have between 6 and 11 directors.**

Table 7 displays the number of directors serving on the boards of the Total Sample companies and those for the Top 50 companies ranked by market capitalisation. Further analysis is provided on companies within specific revenue ranges and GICS sector.

Most (87%) of the Total Sample have between 4 and 9 directors, and 10% have boards with 10 or more directors. Only 3% of the Total Sample companies have fewer than 4 directors, all of which are companies with less than \$200 million revenue, and in either the Materials or Energy sectors.

For the Top 50, no board has fewer than 6 directors and 86% have between 6 and 11 directors and 14% have more than 12 or more directors.

With regard to boards with more than 13 directors, 1% of the Total Sample and 4% of the Top 50 companies have boards of this size. Of the largest companies by revenue, that is those greater than \$10 billion, 8% have boards with more than 13 directors.

Most of the large boards (12 or more directors) are in the Consumer Staples (13%), and Consumer Discretionary and Industrials sectors (6%).

**Table 7: Distribution of Board Size - All Directors (Executive and Non-Executive)**

	<4 Directors		4-5 Directors		6-7 Directors		8-9 Directors		10-11 Directors		12-13 Directors		>13 Directors		Sample #
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
	<b>Total Sample</b>	11	3	102	29	138	39	65	19	23	7	8	2	3	
<b>Top 50 Companies</b>	0	0	0	0	14	28	19	38	10	20	5	10	2	4	50

**Revenue Ranges**

Greater than \$10 billion	0	0	0	0	3	23	5	38	2	15	2	15	1	8	13
\$5 - \$10 billion	0	0	0	0	4	36	3	27	1	9	3	27	0	0	11
\$2 - \$5 billion	0	0	1	3	8	22	16	44	8	22	2	6	1	3	36
\$500 million - \$2 billion	0	0	12	16	35	48	18	25	6	8	1	1	1	1	73
\$200 - \$500 million	0	0	18	31	27	47	9	16	4	7	0	0	0	0	58
Less than \$200 million	11	7	71	45	61	38	14	9	2	1	0	0	0	0	159

**GICS Sector**

Consumer Discretionary	0	0	18	38	13	28	9	19	4	9	2	4	1	2	47
Consumer Staples	0	0	0	0	7	44	4	25	3	19	2	13	0	0	16
Energy	2	7	9	33	13	48	2	7	1	4	0	0	0	0	27
Financials	0	0	20	27	22	29	22	29	9	12	2	3	0	0	75
Health Care	0	0	7	28	12	48	5	20	1	4	0	0	0	0	25
Industrials	0	0	11	21	26	49	10	19	3	6	2	4	1	2	53
Information Technology	0	0	10	50	8	40	2	10	0	0	0	0	0	0	20
Materials	9	12	26	34	33	43	7	9	1	1	0	0	1	1	77
Telecommunication Services	0	0	1	33	1	33	1	33	0	0	0	0	0	0	3
Utilities	0	0	0	0	3	43	3	43	1	14	0	0	0	0	7

## Age of Directors (Executive and Non-Executive)

It should be noted that not all directors in the sample disclose their age.

For all directors across the Total Sample age ranges from 30 to 85, with the average age 57 years and at the median 59 years (Table 8).

For non-executive directors, age ranges from 30 to 85, with the average at 59 and for executive directors age ranges from 30 to 79 years, with the average at 53.

Among the Top 50 companies ranked by revenue the average age of all directors is 58 years, down from the average of 61 years in the 2006 Study.

<b>Table 8: Age of Directors in Australian Leading Companies by Revenue</b>					
	75th Percentile	Median	25th Percentile	Average	Sample #
<b>Total Sample</b>	63	59	52	57	1,761
<b>Revenue Ranked</b>					
Top 50 Companies	63	60	53	58	438
Second 50 Companies	63	58	52	57	311
Top 100 Companies	63	59	53	58	749
Top 100 - 200 Companies	63	59	54	58	490
Top 200 - 350 Companies	62	57	50	56	522

With regard to the analysis by GICS sector (Table 9), the youngest directors (average age 56 years) are found within Information Technology.

<b>Table 9: Age of Directors in Australian Leading Companies by GICS Sector</b>					
	75th Percentile	Median	25th Percentile	Average	Sample #
<b>GICS Sector</b>					
Consumer Discretionary	64	58	51	57	235
Consumer Staples	62	59	53	58	120
Energy	62	58	53	58	116
Financials	63	57	51	57	400
Health Care	64	59	53	58	119
Industrials	63	59	53	58	300
Information Technology	62	57	50	56	77
Materials	63	60	53	58	334
Telecommunication Services	59	56	54	57	16
Utilities	62	58	51	57	44

## Board Committees

Committees have been grouped according to similarity of function. Our analysis shows that companies use a variety of titles for committees as noted in Table 10.

Table 10 shows that 95% of the Total Sample and 100% of the Top 50 have an Audit Committee, and 88% of the Total Sample and 98% of the Top 50 have a Remuneration Committee. With regard to Nomination committees, 30% of the Total Sample and 52% of the Top 50 have this committee, up from 48% in the 2006 Study.

<b>Table 10: Distribution of Core Committees</b>				
<b>Committee</b>	<b>Total Sample #</b>	<b>Total Sample %</b>	<b>Top 50 #</b>	<b>Top 50 %</b>
Audit <sup>1</sup>	334	95	50	100
Corporate Governance	20	6	6	12
Nomination <sup>2</sup>	106	30	26	52
Occupational Health &	36	10	9	18
Other <sup>4</sup>	72	21	30	60
Remuneration <sup>5</sup>	309	88	49	98
Risk <sup>6</sup>	63	18	17	34

Analysis of committee structures is complicated by the variety of nomenclatures of committees and by the fact that companies adopt a variety of groupings of functions of committees. In some companies, the audit committee is carried out by the whole board.

<sup>1</sup> Could include: stand alone Audit Committee, Audit & Compliance, Audit Compliance & Risk, Audit & Risk.

<sup>2</sup> Stand alone Nomination Committee.

<sup>3</sup> Could include: stand alone OH/S Committee, OH/S & Environment, stand alone Environment Committee.

<sup>4</sup> All other committee types. Could include: Review, Conduct, Industry Specific, Marketing, Management, Planning, Strategy, Resources and Restructure, as well as infrequently occurring committees such as, Special Board Meetings, Donations, and Conduct.

<sup>5</sup> Could include: stand alone Remuneration Committee, Remuneration & Nomination, Governance, and Remuneration & HR.

<sup>6</sup> Includes: stand alone Risk Committee, Finance, and Risk & Investment.

## New Zealand Companies

### Non-Executive Chairmen Fees

The analysis of New Zealand companies has been compiled in New Zealand dollars. Note that the Revenue ranges for New Zealand companies have not been changed since our 2006 Study.

Table 11 highlights the fees paid to non-executive chairmen in the Total Sample. The average fee for a non-executive chairman stands at NZ\$116,181 and at the median, NZ\$90,000.

	75th Percentile NZ\$	Median NZ\$	25th Percentile NZ\$	Average NZ\$	Sample #
<b>Total Sample</b>	157,563	90,000	73,258	116,181	43
<b>Revenue Ranges</b>					
Greater than \$5 billion				332,750	2
\$2 - \$5 billion				187,500	2
\$500 million - \$2 billion	163,759	155,125	90,000	137,324	13
\$200 - \$500 million	127,117	84,000	73,750	94,572	12
Less than \$200 million	80,000	73,258	56,750	73,942	14

### Non-Executive Directors' Fees

Fees paid to non-executive directors across the Total Sample (Table 12) is NZ\$61,340 on average and at the median, NZ\$54,474. Across the revenue sample, on average non-executive directors serving on boards of companies with greater than \$5 billion in revenue, are paid NZ\$124,859, and those serving on boards of companies with less than \$200 million in revenue are paid NZ\$39,790.

	75th Percentile NZ\$	Median NZ\$	25th Percentile NZ\$	Average NZ\$	Sample #
<b>Total Sample</b>	73,000	54,474	37,500	61,340	225
<b>Revenue Ranges</b>					
Greater than \$5 billion	143,695	132,500	102,500	124,859	11
\$2 - \$5 billion	112,750	90,000	78,125	99,080	11
\$500 million - \$2 billion	83,570	63,250	50,000	70,610	77
\$200 - \$500 million	67,125	51,250	40,000	54,107	62
Less than \$200 million	50,000	35,000	31,808	39,790	64

\*Excludes Non-Executive Chairmen

## Age of Directors (Executive and Non-Executive)

It should be noted that not all directors disclose their age.

The median age for directors across all revenue ranges varies from 59 to 61 years (Table 13).

For all directors, ages range from 38 to 80 years and for executive directors ages range from 47 to 68 years.

**Table 13: Age of Directors in New Zealand Leading Companies by Revenue**

	75th Percentile	Median	25th Percentile	Average	Sample #
<b>Revenue Ranges</b>					
Greater than \$5 billion	65	61	57	61	10
\$2 - \$5 billion				55	3
\$500 million - \$2 billion	66	60	55	60	30
\$200 - \$500 million	64	59	52	58	28
Less than \$200 million	64	60	51	58	17

# Appendix

## List of Organisations Surveyed - Australian Companies

Abacus Property Group	AV Jennings Limited	CP1 Limited
ABB Grain Limited	Avoca Resources Limited	Crane Group Limited
ABC Learning Centres Limited	AWB Limited	Credit Corp Group Limited
Acrux Limited	AXA Asia Pacific Holdings Limited	Cromwell Corporation Limited
Adelaide Bank Limited	Babcock & Brown Limited	CSL Limited
Adelaide Brighton Limited	Bank of Queensland Limited	CSR Limited
Aditya Birla Minerals Limited	Bannerman Resources	CuDeco Limited
Adsteam Marine Limited	Beach Petroleum Limited	CVC Limited
AED Oil Limited	Becton Property Group	David Jones Limited
Aevum Limited	Bendigo Bank Limited	Deep Yellow Limited
Agincourt Resources Limited	BHP Billiton Limited	Devine Limited
AGL Energy Limited	Billabong International Limited	Dexion Limited
ALE Property Group	Biota Holdings Limited	Dominion Mining Limited
Alesco Corporation Limited	Blackmores Limited	Domino's Pizza Enterprises Limited
Alinta Limited	Bluescope Steel Limited	Downer EDI Limited
Allco Finance Group Limited	Bolnisi Gold NL	DWS Advanced Business Solutions Limited
Allegiance Mining NL	Boom Logistics Limited	Emeco Holdings Limited
Alliance Resources Limited	Boral Limited	emitch Limited
Alumina Limited	Bradken Limited	Energy Developments Limited
Amalgamated Holdings Limited	Brambles Industries Limited	Energy Resources of Australia Limited
Amcor Limited	Bravura Solutions Limited	Energy World Corporation Ltd
AMP Limited	Brickworks Limited	Envestra Limited
Ansell Limited	Cabcharge Australia Limited	ERG Australia Limited
Anzon Australia Limited	Caltex Australia Limited	ETRADE Australia Limited
APA Group	Campbell Brothers Limited	Fairfax Media Limited
APN News & Media Limited	Cardno Limited	Fantastic Holdings Limited
APN Property Group Limited	CBH Resources Limited	Felix Resources Limited
Aquila Resources Limited	Cedar Woods Properties Limited	FKP Limited
Arasor International Limited	Cellestis Limited	Fleetwood Corporation Limited
ARB Corporation Limited	Centamin Egypt Limited	Flight Centre Limited
ARC Energy Limited	Centennial Coal Company Limited	Forest Enterprises Australia Limited
Argo Investments Limited	Centro Properties Group	Fortescue Metals Group Limited
Aristocrat Leisure Limited	Ceramic Fuel Cells Limited	Foster's Group Limited
Arrow Energy NL	Challenger Financial Services Group	Futuris Corporation Limited
Aspen Group Limited	Charter Hall Group	Gindalbie Metals Limited
Ausdrill Limited	Citigold Corporation Limited	Global Mining Investments Limited
Ausenco Limited	City Pacific Limited	Gloucester Coal Limited
Auspine Limited	Clinuvel Pharmaceuticals Limited	Goodman Fielder Limited
Austal Limited	Clive Peeters Limited	GPT Group
Austar United Communications Limited	Clough Limited	GrainCorp Limited
Austbrokers Holdings Limited	Coates Hire Limited	Great Southern Limited
Austereo Group Limited	Coca-Cola Amatil Limited	GUD Holdings Limited
Australand Property Group	Cochlear Limited	Gunns Limited
Australia and New Zealand Banking Group Limited	Codan Limited	GWA International Limited
Australian Agricultural Company Limited	Coffey International Limited	Harvey Norman Holdings Limited
Australian Education Trust	Coles Group Limited	Hastie Group Limited
Australian Foundation Investment Company Limited	Colorado Group Limited	Healthscope Limited
Australian Pharmaceutical Industries Limited	Commander Communications Limited	Herald Resources Limited
Australian Stock Exchange Limited	Commonwealth Bank of Australia	Heron Resources Limited
Australian Wealth Management Limited	Compass Resources NL	HFA Accelerator Plus Limited
Australian Worldwide Exploration NL	Computershare Limited	Hills Industries Limited
Automotive Holdings Group Limited	ConnectEast Group	Home Building Society Limited
	Consolidated Minerals Limited	Horizon Oil Limited
	Consolidated Rutile Limited	Housewares International Limited
	Copperco Limited	HPAL Limited
	Corporate Express Australia Limited	Hunter Hall International Limited
	Count Financial Limited	

IBA Health Limited  
 IBT Education Limited  
 Iluka Resources Limited  
 Imdex Limited  
 Incitec Pivot Limited  
 Independence Group NL  
 Independent Practitioner Network Limited  
 Indophil Resources NL  
 Infomedia Limited  
 Insurance Australia Group Limited  
 Integrated Group Limited  
 Investa Property Group  
 InvoCare Limited  
 IOOF Holdings Limited  
 IRESS Market Technology Limited  
 IWL Limited  
 Jabiru Metals Limited  
 JB Hi-Fi Limited  
 Jetset Travelworld Limited  
 Jubilee Mines NL  
 Just Group Limited  
 K&S Corporation Limited  
 Kagara Zinc Limited  
 Kimberley Diamond Company NL  
 Kings Minerals NL  
 Kingsgate Consolidated Limited  
 Leighton Holdings Limited  
 Lend Lease Corporation Limited  
 Lion Nathan Limited  
 Lynas Corporation Limited  
 Macarthur Coal Limited  
 Macmahon Holdings Limited  
 Macquarie Bank Limited  
 Macquarie Goodman Group  
 McGuigan Simeon Wines Limited  
 McMillan Shakespeare Limited  
 McPhersons Limited  
 Mermaid Marine Australia Limited  
 Mesoblast Limited  
 Metals X Limited  
 Metcash Limited  
 MFS Limited  
 Milton Corporation Limited  
 Minara Resources Limited  
 Mincor Resources NL  
 Mineral Deposits Limited  
 MinTails Limited  
 Mirabela Nickel Limited  
 Mirvac Group Limited  
 MMC Contrarian Limited  
 Monadelphous Group Limited  
 Mortgage Choice Limited  
 Mount Gibson Iron Limited  
 Multiplex Group  
 Murchison Metals Ltd  
 MYOB Limited  
 National Australia Bank Limited  
 New Hope Corporation Limited  
 Newcrest Mining Group  
 Nexus Energy Limited  
 Nick Scali Limited  
 Novogen Limited  
 Nufarm Limited  
 Oaks Hotels & Resorts Limited  
 Oakton Limited  
 Oceana Gold Limited  
 OneSteel Limited  
 Orica Limited  
 Origin Energy Limited  
 Oxiana Limited  
 Pacific Brands Limited  
 Paladin Resources Ltd  
 Pan Australian Resources Limited  
 PaperlinX Limited  
 Peet Limited  
 Peptech Limited  
 Perilya Limited  
 Perpetual Limited  
 Perseverance Corporation Limited  
 Petsec Energy Limited  
 Pharmaxis Limited  
 Photon Group Limited  
 Platinum Australia Limited  
 PMP Limited  
 Portman Limited  
 Primary Health Care Limited  
 Prime Television Limited  
 Primelife Corporation Limited  
 Progen Industries Limited  
 Programmed Maintenance Services Limited  
 Publishing and Broadcasting Limited  
 Qantas Airways Limited  
 QBE Insurance Group  
 Queensland Gas Company Limited  
 Ramsay Health Care Limited  
 RCR Tomlinson Limited  
 realestate.com.au Limited  
 Redflex Holdings Limited  
 Reece Australia Limited  
 Regional Express Holdings Limited  
 Reject Shop Limited (The)  
 Repco Corporation Limited  
 Resolute Mining Limited  
 Resource Pacific Holdings Limited  
 Reverse Corp Limited  
 Ridley Corporation Limited  
 Riversdale Mining Limited  
 Roc Oil Company Limited  
 RP Data Ltd  
 Rural Press Limited  
 SAI Global Limited  
 Sally Malay Mining Limited  
 Salmat Limited  
 Santos Limited  
 Sedgman Limited  
 Seek Limited  
 Select Harvests Limited  
 Servcorp Limited  
 Seven Network Limited  
 Silex Systems Limited  
 Sims Group Limited  
 SIRTEx Medical Limited  
 Skilled Group Limited  
 Smorgon Steel Group Limited  
 SMS Management & Technology Limited  
 Sonic Healthcare Limited  
 Southern Cross Broadcasting Limited  
 SP AusNet  
 SP Telemedia Limited  
 Specialty Fashion Group Limited  
 Spotless Group Limited  
 St Barbara Limited  
 St George Bank Limited  
 Stockland Corporation Limited  
 Straits Resources Limited  
 STW Communications Group Limited  
 Summit Resources Limited  
 Suncorp-Metway Limited  
 Sunland Group Limited  
 Super Cheap Auto Group Limited  
 Sylvania Resources Limited  
 Symbion Health Limited  
 TABCORP Holdings Limited  
 Talent2 International Limited  
 Tap Oil Limited  
 Tassal Group Limited  
 Tattersall's Limited  
 Technology One Limited  
 Telstra Corporation Limited  
 Templeton Global Growth Fund Limited  
 Ten Network Holdings Limited  
 Thakral Holdings Limited  
 Timbercorp Limited  
 Toll Holdings Limited  
 Transfield Services Limited  
 Transpacific Industries Group Ltd  
 Transurban Group Limited  
 Treasury Group Limited  
 Trinity Group  
 Trust Company Limited  
 Tutt Bryant Group Limited  
 United Group Limited  
 UXC Limited  
 Valad Property Group  
 Veda Advantage Limited  
 Ventracor Limited  
 Village Roadshow Limited  
 Virgin Blue Holdings Limited  
 Vision Group Holdings Limited  
 Washington H Soul Pattinson Limited  
 Watpac Limited  
 WattyI Limited  
 Wesfarmers Limited  
 West Australian Newspapers Holdings Limited  
 Western Areas NL  
 Westfield Group  
 Westpac Banking Corporation  
 Whitefield Limited  
 WHK Group Limited  
 Wide Bay Australia Ltd  
 Woodside Petroleum Limited  
 Woolworths Limited  
 WorleyParsons Limited  
 Wotif.com Holdings Ltd  
 Zinifex Limited

## List of Organisations Surveyed - New Zealand Companies

AFFCO Holdings Limited	Infratil Limited NZ	Rakon Limited
Air New Zealand Limited	Lyttelton Port Company Limited	Rubicon Limited
Auckland International Airport Limited	Mainfreight Limited	Ryman Healthcare Ltd
Briscoe Group Limited	Metlifecare Limited	Sanford Limited
CanWest MediaWorks NZ Limited	Michael Hill International Ltd	Skellerup Holdings
Cavalier Corporation Limited	Millennium & Copthorne Hotels New Zealand Limited	Sky Network Television Limited
Contact Energy Limited	New Zealand Exchange Limited	SKYCITY Entertainment Group Limited
Delegat's Group Limited	New Zealand Oil & Gas Limited	Southern Capital Limited
Dominion Finance Holdings Limited	New Zealand Refining Company Limited (The)	Steel & Tube Holdings Limited
EBOS Group Limited	Northland Port Corporation (NZ) Ltd	Telecom Corporation of New Zealand
Fisher and Paykel Appliances Holdings Limited	Nuplex Industries Limited	Tenon Limited
Fisher and Paykel Healthcare Limited	PGG Wrightson Limited	Toll NZ Limited
Fletcher Building Limited	Port of Tauranga Limited	Tourism Holdings Limited
Freightways Express Limited	Property For Industry Limited	Tower Limited
Hallenstein Glasson Holdings Ltd	Provenco Group Limited	Turners & Growers Group
Hellaby Holdings Limited	Pumpkin Patch Limited	Vector Limited
	Pyne Gould Corporation Limited	Warehouse Group Limited (The)

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