

EXECUTIVE EXCESS 2013

BAILED OUT BOOTED BUSTED

A 20-YEAR REVIEW OF AMERICA'S TOP-PAID CEOS



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Key Findings

This 20th anniversary *Executive Excess* report examines the “performance” of the 241 corporate chief executives who have ranked among America’s 25 highest-paid CEOs in one or more of the past 20 years.

The lavishly compensated CEOs we spotlight here should be exemplars of value-added performance. After all, sky-high CEO pay purportedly reflects the superior value that elite chief executives add to their enterprises and the broader U.S. economy. But our analysis reveals widespread *poor* performance within America’s elite CEO circles. Chief executives performing poorly — and blatantly so — have consistently populated the ranks of our nation’s top-paid CEOs over the last two decades.

The Poor Performers Club

Our data set draws from the top-paid CEO lists for the years from 1993 through 2012. CEOs who performed poorly — by the most basic of definitions — occupied 38 percent of the 500 slots in these 20 annual lists. These poorly performing chief executives either wound up getting fired, had to pay massive settlements or fines related to fraud charges, or led firms that crashed or had to be bailed out during the 2008 financial crisis.

- ***The Bailed Out:*** CEOs whose firms either ceased to exist or received taxpayer bailouts after the 2008 financial crash held 22 percent of the slots in our sample. Richard Fuld of Lehman Brothers enjoyed one of Corporate America’s largest 25 paychecks for eight consecutive years — until his firm went belly up in 2008.
- ***The Booted:*** Not counting those on the bailed out list, another 8 percent of our sample was made up of CEOs who wound up losing their jobs involuntarily. Despite their poor performance, the “booted” CEOs jumped out the escape hatch with golden parachutes valued at \$48 million on average.
- ***The Busted:*** CEOs who led corporations that ended up paying significant fraud-related fines or settlements comprised an additional 8 percent of the sample. One CEO, Jerald Fishman of Analog Devices, had to pay a penalty out of his own pocket for back-dating his stock option grant for personal gain. The other companies shelled out payments that totaled over \$100 million per firm.

Our analysis of America’s most highly paid CEOs over the past two decades has found that our elite chief executives also belong to an assortment of other eyebrow-raising clubs.

The Men’s Club

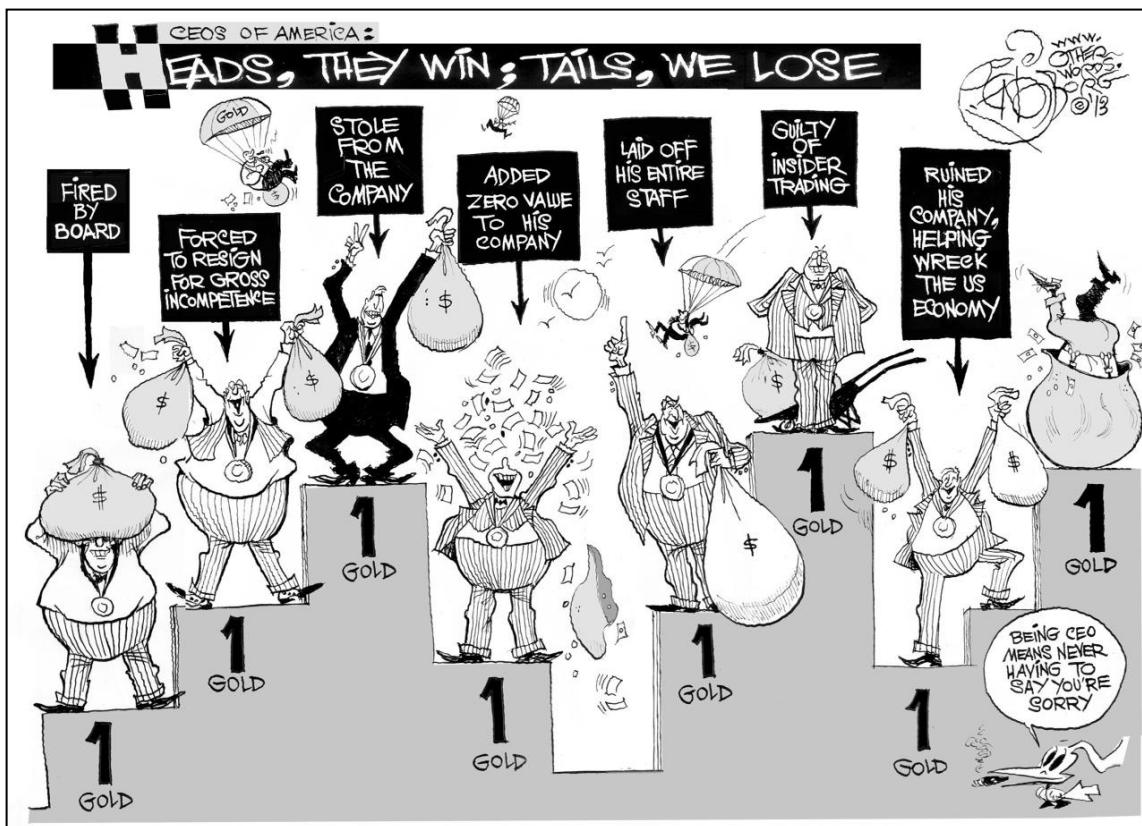
- Only four women have made the top 25 lists over the past 20 years. Adding to the group’s clubbiness: Two sets of brothers and one set of male cousins populate our two-decade sample of America’s highest-paid CEOs.

The \$1 Billion Club

- Three CEOs particularly stand out in our analysis. These three have each raked in more than \$1 billion in inflation-adjusted pay over the course of the past 20 years. Lawrence Ellison of Oracle tops the overall pay list, with \$1.8 billion. Sanford Weill of Travelers and Citigroup pocketed \$1.5 billion, and Michael Eisner of Disney grabbed \$1.4 billion.

The Taxpayer Trough Club

- CEOs whose companies rank among the nation's top 100 recipients of federal government contracts comprise more than 12 percent of the top-paid chief executives on our 20 annual lists. In the same years that these CEOs pocketed some of corporate America's fattest paychecks, their firms snagged \$255 billion in taxpayer-funded federal contracts.



Introduction

For this special 20th edition of our *Executive Excess* series, we've stepped back from our normal annual CEO pay review and tried to scrutinize the entire "body of work" of America's highest-paid corporate chief executives over the past two decades.

This "body of work" ought to be something that does Corporate America proud. Our highest-paid CEOs have, after all, collected a particularly generous amount of compensation over recent years. And all this compensation, corporate spokespeople have continually reminded us, reflects the exceptional "value" these amply rewarded executives have added to their enterprises.

In reality, America's most highly paid executives over the past two decades have added remarkably little "value" to anything except their own personal portfolios.

Extensive research over recent years has exposed the chronic problem of "pay for poor performance." This research generally defines performance narrowly, as a matter of shareholder returns.

In this report, we present a new, more dramatic performance yardstick. We have sought to identify those highly paid CEOs who either led their enterprises to bankruptcy or bailout, ended up fired, or saw their companies have to pay out significant millions in fraud-related fines and settlements.

Even this expanded measure does not cover, we readily acknowledge, the entire "poor performance" executive landscape. CEOs can poorly perform on a variety of other corporate fronts. Top executives who have "delivered" for their shareholders, for instance, by manipulating marketplace monopolies, freezing their workers' paychecks, or cutting corners on environmental protections are certainly not "adding value."

But these other instances of poor performance remain difficult, if not impossible, to quantify. So we've limited our "poor performance" analysis to those behaviors — bailouts and bankruptcies, firings, and frauds — where we do have clear and specific metrics that we can readily tally. And what we've found, even with this distinctly narrow lens on bad behaviors, presents a stark picture of a pay system that encourages high-risk behavior and lawbreaking — at the expense of taxpayers and investors. Over the past two decades, shockingly large numbers of America's highest-paid CEOs have qualified as members of Corporate America's Poor Performers Club.

The CEOs in our 20-year review belong to other clubs of dubious distinction as well. Almost all of them, our figures show, belong to the Men's Club. A few of them belong to the \$1 Billion Club, and many more of them belong to the Taxpayer Trough Club, that not-so-exclusive fraternity of highly paid CEOs who owe much of their good fortune to federal government contracts.

"Value-added high performance," our overall figures make plain, has become little more than an empty mantra that CEOs and their apologists intone to justify the unjustifiable. An

alarming number of CEOs are not adding exceptional value to our economy. They are extracting vast sums from it.

We claim no great originality for this insight. Critics of modern American corporate compensation have been making this same general observation for years. Yet American chief executive compensation continues on what has become an inexorable upward march, even as the overall economy sputters through five years of Great Recession and tepid recovery.

The most widely heralded CEO pay reforms — most notably, advisory shareholder say on pay — have so far done little to slow the executive pay march. We need stronger approaches to reform. Congress did take one promising stab at stronger measures in 2010 when lawmakers added to the Dodd-Frank Act a mandate that requires corporations to annually reveal the pay gap between their top executives and most typical workers.

But this reform has gone totally unenforced. Three years after Dodd-Frank became law, the Securities and Exchange Commission had not even gotten around to publishing proposed regulations for implementing the mandate.

We see CEO-worker pay ratio disclosure as an important step forward toward corporate compensation common sense. We detail this step — and many other promising approaches to CEO pay reform — in this year's edition of our *Executive Excess* Executive Pay Reform Scoreboard.

The pay gap between
CEOs and average
American workers
has grown from
195-to-1 in 1993
to 354-to-1 in 2012.

One final introductory observation: Putting this 20th annual *Executive Excess* report together has been a sobering experience. The Institute for Policy Studies began this annual series two decades ago because we — and so many other Americans in the early 1990s — considered CEO compensation outrageously lush. CEO pay excess had even become a highly visible issue on the 1992 presidential primaries. Democratic candidates — and even one Republican — loudly denounced the corporate greed grab they saw all around them.

But those outrageously lavish CEO pay levels of 20 years ago now seem almost quaintly modest compared to current levels. The pay gap between large company chief executives and average American workers has grown from 195-to-1 in 1993 to 354-to-1 in 2012.¹ And these CEO figures don't even include the compensation numbers for private investment fund managers, pay totals that now routinely soar into the nine-digit stratosphere.

Two decades have essentially recalibrated our nation's moral sensibilities. The outrageous has become the everyday.

This scares us. What scares us even more: the thought that unless regulators, lawmakers, or shareholders do something to stop this madness, 20 years from now today's corporate compensation will seem as modest as the pay levels of 1993.

CEO Pay Leaders: A 20-Year Review

This report analyzes the top 25 highest-paid CEOs for each of the past 20 years, as reported in annual *Wall Street Journal* executive pay surveys. These highest-paid lists hold a combined 500 slots, but because so many CEOs appear on multiple annual lists, just 241 individual CEOs overall made it into our analysis. Of these, 134 still remain active in their CEO suites.²

The Poor Performer Club

Of the 500 slots on the highest-paid lists, 38 percent were held by CEOs who led firms that were bailed out or crashed in the 2008 financial crisis, wound up getting fired, or had to pay settlements or fines related to fraud charges.³

The Bailed Out

CEOs whose firms either ceased to exist or received taxpayer bailouts after the 2008 financial crash held 112 (22 percent) of the 500 pay leader slots. We included in this category CEOs who either sat at the corporate helm at the onset of the 2008 financial collapse or who exited the scene before the crisis hit but had promoted reckless practices widely considered to have contributed to the crisis.⁴ Our tally includes the CEOs of firms that have been acquired by the parent companies listed in Table 1.⁵

All of these firms combined received \$258 billion in taxpayer bailouts.⁶ Of the 17 bailed-out firms that still exist, four have placed their CEOs back on the top 25 highest-paid lists. Kenneth Chenault of American Express has been back on the list three times since 2008, and James Dimon of JPMorgan Chase has appeared twice. Vikram Pandit of Citigroup and Lloyd Blankfein of Goldman Sachs have each shown up once.

The Fabulously Lucrative CEO Ride at Lehman Brothers

CEO Richard Fuld of Lehman Brothers enjoyed one of Corporate America's largest 25 paychecks for the eight consecutive years before his bank crashed in 2008, setting a record for the largest bankruptcy in U.S. history and precipitating the financial crisis.

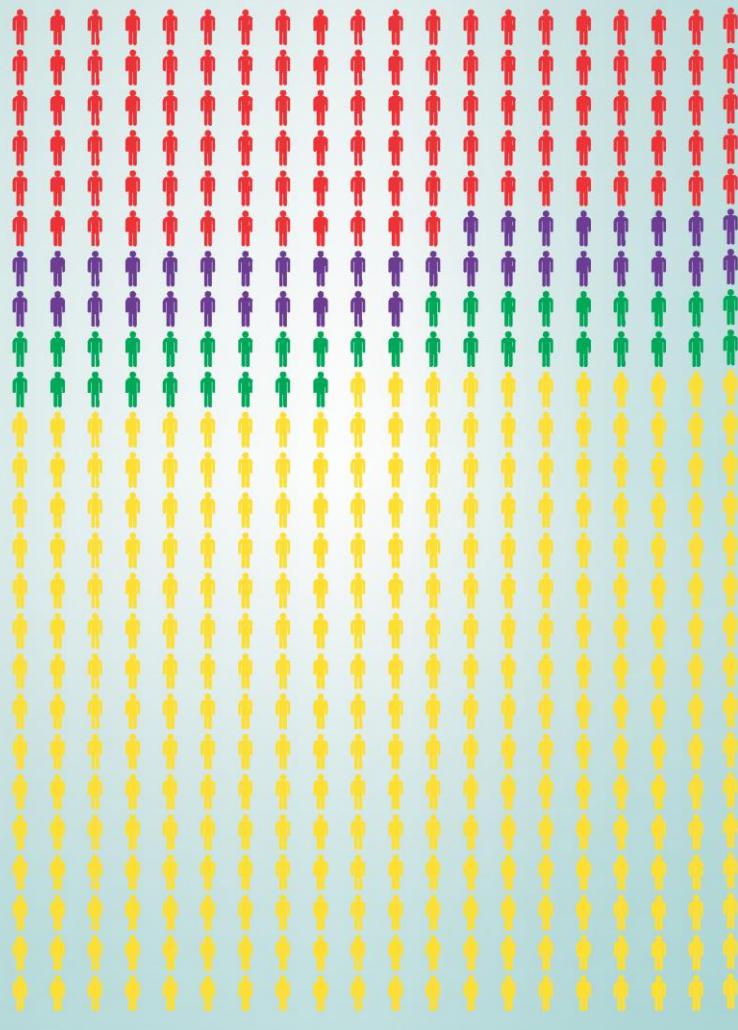
Lehman CEO Richard Fuld's Compensation in Years Leading up to the Crash

(\$millions)

2000	2001	2002	2003	2004	2005	2006	2007	total
66.0	105.2	28.7	52.9	41.8	104.4	27.3	40.0	466.3

CEOs ON TOP 25 HIGHEST-PAID LISTS OVER PAST 20 YEARS

POOR PERFORMERS (nearly 40% were
bailed out, booted, or busted)



Bailed out: 112
(crashed or took bailouts
in the 2008 crisis)



Busted: 38
(paid massive fraud-related
fines or settlements)



Booted from job: 39



Other: 311

Big Paychecks → Big Bailouts → Big Paychecks

The two U.S. banks that have received the largest taxpayer bailouts since 2008 — Citigroup and Bank of America — also rate as the two banks whose CEOs have appeared most frequently on the top 25 highest-paid CEO lists.

The Citigroup story in particular speaks volumes about the low risks to CEOs — and the high risks to the rest of us — of an out-of-control executive compensation system.

In the 1990s, John Reed and Sanford Weill teamed up in an aggressive lobby campaign to repeal Glass-Steagall, the Depression-era law that protected depositors by preventing commercial banks from speculating with their money. Reed then ran the bank now called Citigroup. Weill served as CEO of the Travelers Group insurance giant and later succeeded Reed as head of Citi.

Reed and Weill went all-out to have the Glass-Steagall firewall eliminated, clearing the way in 1999 for a fully legal merger of their two financial firms. Today, both [Reed](#) and [Weill](#) acknowledge that this repeal helped create the high-risk investment banking culture that invited the 2008 crisis.

But before the crisis hit, Reed and Weill simply took the money and ran. Weill appeared on the top 25 highest-paid lists seven times and Reed twice during the 1993-2012 period. Over the course of his CEO career, Weill accumulated more than \$1 billion in pay, making him a charter member of the “\$1 Billion Club.”

The Citigroup CEO at the time of the 2008 crash, Vikram Pandit, offered to accept only \$1 in salary until the firm returned to profitability. At that point, Citi had laid off [75,000 employees](#) and depended totally on taxpayer support. Pandit, meanwhile, could afford his magnanimous gesture. He had made the top 25 list in 2008 with a \$38 million payout.

But Pandit’s gesture towards shared sacrifice didn’t last long. In 2011, Pandit returned to the top 25 highest-paid list, with \$43 million in total compensation. In 2012, the Citi board proposed another eye-popping pay package. This time shareholders revolted. By the end of the year, the board had ushered Pandit out the door — with a generous [\\$15.5 million golden parachute](#).

Table 1: The Bailed Out
 (Includes three firms that collapsed as a result of the financial crisis.)

Company	Bailout Received* (\$billions)	CEO appearances on top 25 highest-paid lists, 1993-2012
American Express	\$3.4	12
American International Group	\$69.8	4
Bank of America (includes Merrill Lynch, BankAmerica, Bank One)	\$45.0	18
Bank of New York Mellon (includes Mellon and Bank of New York)	\$3.0	5
Bear Stearns	Seized and sold	10
Capital One Financial	\$3.6	2
Citigroup (includes Travelers)	\$50.0	15
Goldman Sachs	\$10.0	7
JPMorgan Chase (includes J.P. Morgan)	\$25.0	7
Lehman Brothers	Dissolved	8
M&T Bank	\$1.1	1
Morgan Stanley (includes Morgan Stanley Dean Witter)	\$10.0	12
Regions Financial	\$3.5	1
State Street	\$2.0	1
U.S. Bancorp	\$6.6	2
Washington Mutual	Seized and sold	1
Wells Fargo (includes Golden West)	\$25.0	6
Total	\$257.9	112
% of the 500 slots on the top 25 highest-paid lists		22

Source: [U.S. Department of the Treasury](#).⁷

*Does not include secret below-market rate loans provided by the Federal Reserve that are now estimated to be worth [trillions of dollars](#) in income for the banks.

The Booted

Twenty-seven of the CEOs in our sample lost their jobs involuntarily, either through termination, “forced retirement,” or bankruptcy. These CEOs, many of them perennial chief executive pay leaders over the last 20 years, occupied 72 of the 500 slots — 14 percent — on the highest-paid lists.

Outright financial fraud led to nine of these involuntary terminations. Five of the chief executives among the 27 fired led firms that no longer exist. Some of these firms went bankrupt. Others were acquired at fire-sale prices.⁸

CEOs, even when fired, typically walk away with massive parting gifts. These 27 CEOs enjoyed severance and other golden parachute payments with a combined value of more than \$1.2 billion (see Table 2). The average payment: \$47.7 million. One [study](#) found that the average golden parachute for large company U.S. CEOs as a whole totaled \$30.2 million in 2011.

Corporate America’s Largest Golden Parachutes

Eckhard Pfeiffer, Compaq Computer: \$416 million

Pfeiffer enjoyed the softest landing of any of the ousted CEOs surveyed. After seven years on the job, he was fired in 1999. Pfeiffer had [tried to blame](#) a weak PC market for poor Compaq earnings — at a time when competitors Dell and Gateway were going strong. His board didn’t buy that. [Business Insider](#) would later place Pfeiffer on a list of the “15 Worst CEOs in History.” Pfeiffer’s contract provided him \$6 million in severance. He was also allowed to walk away with stock options worth about \$410 million, according to a Compaq proxy statement filed shortly before the ouster. Hewlett-Packard bought Compaq in 2002.

Hank McKinnell, Pfizer: \$198 million

Early in 2006, pharmaceutical powerhouse Pfizer disclosed that CEO Hank McKinnell would receive special executive retirement benefits worth \$82 million. Investors would not be pleased. In McKinnell’s five years at the helm, the drugmaker’s stock price had plunged 40 percent. The shareholder outcry contributed to McKinnell’s ouster later that year, but the board allowed him [to keep every penny](#) of the pension benefits. On top of that, the board let McKinnell exit with additional compensation worth [\\$116 million](#). Among these added extras: a \$12 million severance payment, a \$2 million bonus, \$6 million in restricted stock, \$18 million in other share payments, and \$78 million in deferred compensation.

Table 2: Pay Leaders Forced Out of Their Jobs

Company	CEO	Years on top 25 list, 1993-2012	Major reasons for termination	Golden parachutes (\$millions)
American International Group	Maurice R. Greenberg	4	Financial fraud charges	0.0
Avon	Andrea Jung	2	Poor performance	n/a
Bank of New York Mellon	Robert P. Kelly	1	Board conflict	\$33.8
Bear Stearns	James E. Cayne	9	Financial collapse	0.0
Beazer Homes USA	Ian J. McCarthy	1	Financial fraud charges	\$5.2
Citigroup	Charles Prince	2	Poor performance	\$29.5
Citigroup	Vikram S. Pandit	2	Poor performance	\$15.5
Compaq Computer	Eckhard Pfeiffer	3	Poor performance	\$416.0
Electronic Data Systems	Richard H. Brown	1	Financial fraud charges	\$32.0
Enron	Kenneth L. Lay	4	Financial Fraud charges	\$60.0
Hewlett-Packard	Mark V. Hurd	3	Falsifying expense accounts	\$34.6
Honeywell	Michael R. Bonsignore	1	Poor performance	\$15.0
JCPenney	Ronald B. Johnson	1	Poor performance	\$0.1
KB Home	Bruce Karatz	5	Financial fraud charges	\$114.0
Lehman Brothers	Richard S. Fuld Jr.	8	Financial collapse	0.0
Louisiana-Pacific	Harry A. Merlo	1	Financial fraud, sexual harassment charges	\$4.0
Merrill Lynch	E. Stanley O'Neal	5	Poor performance	\$161.0
Merrill Lynch	John A. Thain	1	Financial collapse	\$25.0
Occidental	Ray R. Irani	8	Poor performance	\$38.0
Pfizer	Henry A. McKinnell	1	Poor performance	\$198.0
Qwest Communications	Joseph P. Nacchio	1	Financial fraud charges	\$10.5
Sprint	William T. Esrey	1	Poor performance	\$9.0
Tenet Healthcare	Jeffrey C. Barbakow	1	Financial fraud charges	\$1.3
Tyco International	L. Dennis Kozlowski	3	Financial fraud charges	0.0
Visteon	Donald J. Stebbins	1	Poor performance	\$12.6
Washington Mutual	Kerry K. Killinger	1	Financial collapse	\$15.3
YAHOO	Carol Bartz	1	Poor performance	\$10.4
Total		72		\$1,240.8
Average				\$47.7
Total, not including those on bailed-out list		39		
% of the 500 slots on the top 25 highest-paid lists		8		

Note: "Gold parachute" amounts include the value of severance payments and other parting gifts, including the market value of unexercised stock options. See Appendix 1 for details and sources.

The Busted

Fraud makes for another useful lens to help bring abysmal CEO performance into focus. Not counting the CEOs of bailed-out companies and those forced out of their jobs, another 19 of Corporate America's pay leaders over the last two decades led companies that found themselves having to pay out mega millions in fraud-related fines and settlements. Eighteen shelled out more than \$100 million.

In most cases, the companies paid these sums as part of negotiated deals that allowed them to deny any wrongdoing. One CEO had to pay a penalty out of his own pocket. This chief executive had backdated stock options for his own personal gain (see Table 3).

Eleven of these CEOs had left their firms before the fraud charges were fully resolved.⁹ Former Bristol-Myers Squibb CEO Charles Heimbolt, for example, had exited and been appointed George W. Bush's ambassador to Sweden by the time his firm paid \$450 million to settle government and civil cases related to accounting fraud during his tenure. Heimbolt [never returned](#) any of his compensation.

From Pinstripes to Horizontal Stripes

Two of America's top-paid CEOs over the last two decades have served time in prison for their crimes. Another is on probation, and a fourth died before sentencing.

Dennis Kozlowski, Tyco

Kozlowski made the highest-paid lists three times, with his biggest jackpots in 1999 (\$170 million) and 2000 (\$125 million). He was convicted in 2005 of looting his company for \$100 million and sentenced to up to 25 years in prison. Since 2012, Kozlowski has been in a [work-release program](#) that requires him to spend only two days a week in a minimum-security prison.

Joseph Nacchio, Qwest

Nacchio made the list in 2000 with a pay package of \$96 million. By 2007, he had been sentenced to six years in prison for insider trading related to his sale of \$52 million in his telecom company's stock. He was also ordered to pay [\\$19 million](#) in fines and \$44.6 million in forfeitures. In 2010, Qwest was acquired by CenturyLink.

Kenneth Lay, Enron

Lay made the top 25 highest-paid list four times, including a whopping \$140 million package in 2000, the year before the energy company collapsed amid one of the biggest accounting scandals in history. Lay was found guilty in 2006 on 10 counts of securities fraud and other charges, but died before sentencing.

Bruce Karatz, KB Home

Karatz was convicted in 2010 of backdating stock options to inflate his compensation. He avoided jail time, but [was sentenced](#) to five years probation.

Table 3: Pay Leaders Associated with Fraud Charges

These 19 pay leader CEOs led companies that would end up paying out substantial sums in fraud-related fines and settlements. Eighteen of their companies paid more than \$100 million in such payments. Another, Jerald Fishman of Analog Devices, paid a personal fine for options backdating. See Appendix 2 for sources and details. The table does not include CEOs listed in the “Bailed Out” and “Booted” sections who led companies also associated with fraud.

Company	CEO	Years on top 25 list, 1993-2012	Type of fraud charges
Abbott Labs	Duane L. Burnham	1	Marketing
America Online	Stephen M. Case	2	Accounting
Ameriprise Financial	James M. Cracchiolo	1	Securities
Analog Devices	Jerald G. Fishman	1	Options backdating
Bankers Trust	Charles S. Sanford Jr.	1	Derivatives
Bristol-Myers Squibb	Charles A. Heimbold Jr.	3	Accounting
Cardinal Health	Robert D. Walter	1	Accounting
CIGNA	Wilson H. Taylor	2	Medicare, shortchanging doctors
DaVita HealthCare	Kent J. Thiry	1	Kickbacks and pushing overuse of a prescription drug
Intel	Craig R. Barrett	1	Fraud related to anti-trust
Johnson & Johnson	William C. Weldon	1	Marketing
Lilly (Eli)	Sidney Taurel	1	Marketing
McKesson	John H. Hammergren	4	Medicaid
Medtronic	Arthur D. Collins Jr.	1	Medicare and kickbacks
Merck	Raymond V. Gilmartin	1	Medicaid and kickbacks
Oracle	Lawrence J. Ellison	10	Contract, pricing, insider trading
Philip Morris	Geoffrey C. Bible	3	Marketing
Schering-Plough	Richard Jay Kogan	2	Medicaid
Textron	Lewis B. Campbell	1	Fraudulent product research, contract
Total		38	
% of the 500 slots on the top 25 highest-paid lists		8	

Stock options, the most lucrative category of executive compensation, have become widely criticized over recent years, especially since the 2001 Enron accounting fraud scandal. Options, [critics charge](#), encourage excessive risk-taking and efforts to boost short-term stock prices by any means necessary. A recent National Bureau of Economic Research [paper](#) has also shown that CEOs who spend money on lavish luxury goods are statistically more likely to lead companies where fraud is occurring.

The Men's Club

Only four women have made the top 25 lists over the past 20 years. One made the list twice. Women, overall, occupied only five out of the 500 slots on the list, just 1 percent of the grand total. By contrast, the percentage of women in Congress, while still low, has risen from [10 to 18 percent](#) over the past two decades.

The four women in America's loftiest CEO circles:

Andrea Jung, Avon

Jung made the top 25 highest-paid list in 2004 and 2008, with total direct compensation of about \$26 million in each of those years. Jung [was fired](#) in 2012 after three years of declining profits at the cosmetics retailer. The board also reportedly felt Jung had mishandled an [SEC investigation](#) into possible bribery by the company in China and other countries. That probe remains ongoing.

Carol Bartz, Yahoo

Bartz made the list in 2009, her first year in the job, with a \$45 million pay package. Two years later, she was fired for [failing to boost revenues](#). During her short tenure, she slashed [4 percent](#) of the tech firm's workforce.

Irene Rosenfeld, Mondelez International

Rosenfeld made the list in 2012, with \$22 million in compensation. She served as the CEO of Kraft Foods before that firm split into two separate companies last year. Rosenfeld assumed leadership of the new company specializing in global snacks, which took the name Mondelez. The firm is facing an [SEC investigation into bribery](#) in India and an Indian government probe into tax evasion charges.

Marion Sandler, Golden West Financial (Co-CEO with her husband Herbert Sandler)

Marion Sandler ranked in the top 25 in 1998 with \$18 million in compensation. A decade later, *Time* magazine [included both Sandlers](#) in a "Top 25 list" of a different sort: people to blame for the financial crisis. Golden West's aggressive subprime mortgage lending generated billions for the couple and helped prompt the end of the Wachovia brand. That [national bank purchased](#) Golden West in 2006 shortly before the housing bubble burst and was subsequently acquired by Wells Fargo.

All in the Family

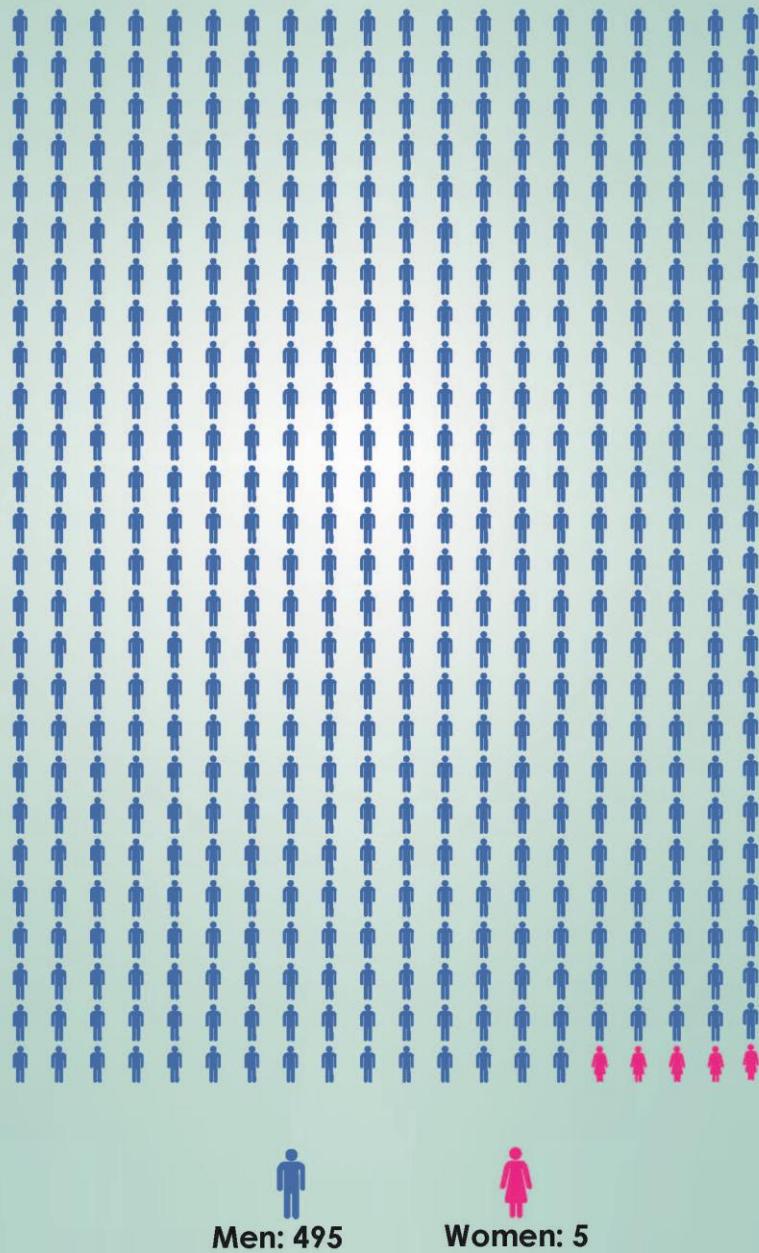
One reflection of the clubbiness of the CEO pay leader group: Six of its members turn out to be blood relatives.

Brothers Irwin and Alan Jacobs both held the top post of Qualcomm. Brothers John and Jerry Grundhofer traded off at the helm of U.S. Bancorp.

And two of the most notorious financial firms had cousins as chief execs: Maurice Greenberg at AIG and Alan Greenberg at Bear Stearns.

CEOs ON TOP 25 HIGHEST-PAID LISTS OVER PAST 20 YEARS

Gender Breakdown



The \$1 Billion Club

Three CEOs from our data set have taken home inflation-adjusted pay of more than \$1 billion over the last two decades.

Lawrence Ellison, Oracle: \$1.8 billion

Ellison has led America's CEO paypalooza, with more than \$1.8 billion in pay over the past 20 years. Assuming he worked a 60-hour work week — we'll count all those business-deal lunches and dinners — Ellison averaged \$29,123 an hour every week of the year for 20 years. Ellison's compensation amounts to 2,322 times the median pay of American workers.

Sanford Weill, Travelers and Citigroup: \$1.5 billion

Weill served as the CEO of Travelers and then Citigroup after that bank acquired Travelers. During his 13 years as a CEO over the 1993-2012 period, he amassed compensation of \$1.5 billion. That works out to an hourly rate of \$36,719, the highest in the \$1 Billion Club. As explained earlier in our bailout discussion, Weill lobbied aggressively for the repeal of financial regulations that many believe contributed to the 2008 financial crisis.

Michael Eisner, Disney: \$1.4 billion

For Eisner, Disneyland would be not only the Happiest Place on Earth, but one of the most lucrative. Eisner pocketed nearly \$1.4 billion during his time at Disney's helm from 1993 until he retired in 2005. His \$34,341 an hour totaled more than 5,000 times as much as the minimum wage.

The \$1 Billion Club Versus Average and Minimum Wage Workers

CEO	Company	Total Inflation-adjusted pay, 1993-2012	Years as CEO	Average annual pay, 1993-2012	Ratio of CEO pay to median U.S. worker pay	Ratio of CEO pay to federal minimum wage
Lawrence Ellison	Oracle	\$1,817,247,440	20	\$90,862,372	2,322:1	6,545:1
Sanford Weill	Travelers/Citigroup	\$1,489,308,351	13	\$114,562,181	1,903:1	5,364:1
Michael Eisner	Walt Disney	\$1,392,880,306	13	\$107,144,639	1,780:1	5,017:1

Sources: *The Wall Street Journal*, corporate proxy statements, and U.S. Bureau of Labor Statistics. See Appendix 1 for more detail.

The Taxpayer Trough Club

Financial bailouts offer just one example of how a significant number of CEO pay leaders owe much of their good fortune to taxpayers. Government contracts offer another. CEOs of firms on the federal government's top 100 contractors list occupied 62 of the 500 slots — more than 12 percent — on the annual highest-paid CEO lists of the last 20 years. In the same years that their CEOs pocketed some of corporate America's fattest paychecks, these firms received \$255 billion in taxpayer-funded federal contracts (see Table 4).

Five of the companies with CEOs on the top 25 highest-paid lists made the top 100 U.S. contractors list every year over the past 20 years. These firms include: Lockheed Martin, United Technologies, IBM, General Electric, and Honeywell.¹⁰ These five companies have received \$671 billion in federal contracts over the past 20 years.

The federal government does set a maximum benchmark for contractor executive compensation. No contractor can currently bill the government for more than \$763,029 in individual executive pay. But this benchmark only limits the executive pay a company can directly bill the government for reimbursement and does not curb windfalls that contracts with the federal government generate for top executives in the form of inflated bonuses and stock options.

Additional Taxpayer Support for Excessive Executive Pay

Even if a corporation is not receiving government funds directly, taxpayers are subsidizing all highly paid CEOs through a giant loophole in the federal tax code. Under current rules corporations can deduct unlimited amounts off their income taxes for the expense of executive stock options and other so-called “performance-based” pay. The more corporations pay their CEOs, the less they pay in taxes.

This loophole creates a perverse incentive to compensate executives excessively because ordinary taxpayers wind up paying the bill. A recent study by the [Economic Policy Institute](#) estimates that tax-deductible executive compensation cost the federal treasury \$30.4 billion over the years 2007-2010.

How did this loophole come to be? In 1993, amid widespread public revulsion at executive pay excess, Congress passed legislation that capped the tax deductibility of executive pay at \$1 million. The ostensible message this legislation sent: No rational society can view annual executive compensation over \$1 million as a reasonable business expense worthy of a tax deduction. Without putting a ceiling on executive pay, this reform aimed to prevent taxpayers from subsidizing amounts over \$1 million per executive. But the 1993 law left a huge loophole. Corporations could exempt “performance-based” pay from the \$1 million limit. This loophole quickly led to an explosion of “performance-based” compensation, particularly in the form of stock options.

Corporate boards of directors touted this new surge in stock options as a means to align the interests of executives and shareholders. In real corporate life, if a firm's shares decline in value over time, executives with stock options actually lose nothing.

In fact, during stock slumps, executives often receive boatloads of new options with lower exercise prices. In 2007, for instance, Goldman Sachs gave executives options to purchase 3.5 million shares. In December 2008, after the crash had driven Goldman shares to record lows, the bank's top executives received nearly [36 million stock options](#), ten times the previous year's total. These new options grants positioned Goldman executives for massive new windfalls even if the bank's shares never regained their 2007 price level.

Meanwhile, on the upside, stock options gains have no limit, a reality that encourages reckless, short-sighted executive behaviors designed to jack up share prices by whatever means necessary.

The CEOs of bailed-out firms and companies that depend heavily on government contracts take up 174 of the 500 slots on our pay leader lists, over a third of the total. But all the CEOs on these high-pay lists are harvesting taxpayer dollars since their corporations all benefit from the tax loophole that lets them deduct executive pay excess off their taxes.

Lockheed Martin's Tax-Dollar Gusher

More taxpayer dollars have flowed into the coffers of aerospace giant Lockheed Martin than any other U.S. corporation over the past 20 years. In 2012, U.S. government contracts accounted for 82 percent of Lockheed's [net sales](#) revenue. A massive chunk of these public funds has wound up in the pockets of the company's executives.

Five times over the past 20 years Lockheed CEOs ranked among America's top 25 highest-paid chief executives, earning sums that dwarf the pay levels of any U.S. military general or, for that matter, the commander in chief.

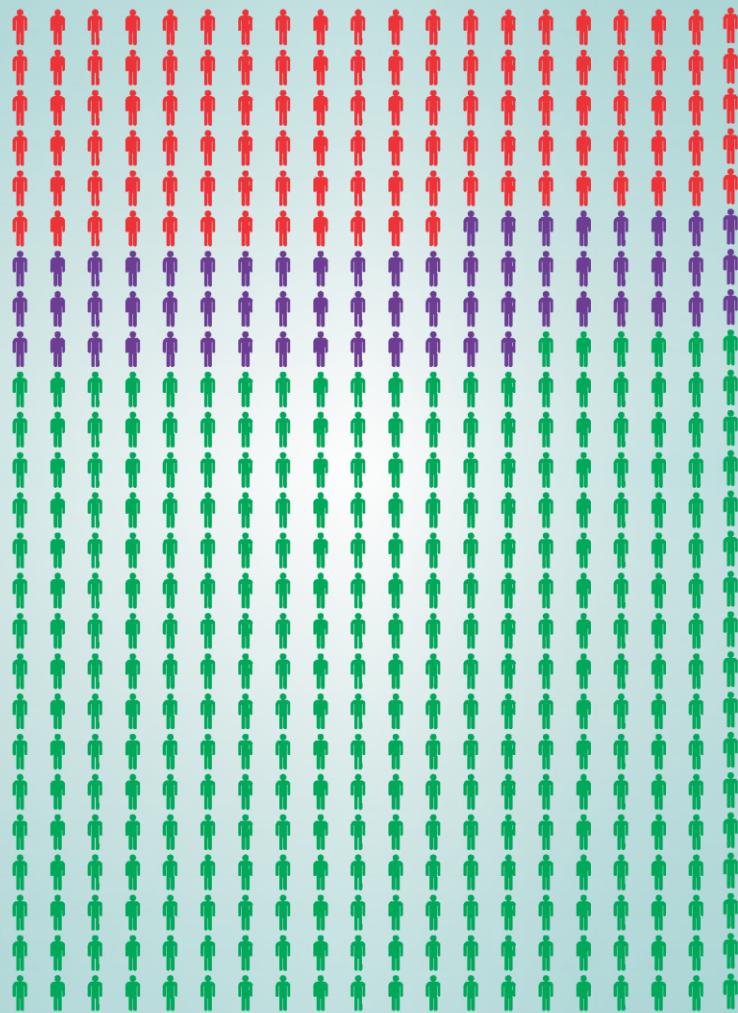
These taxpayer dollars haven't inspired superior CEO performance. Lockheed Martin stands responsible for one of the most wasteful military projects of all time, the F-22 Raptor. At a cost of \$339 million each, this plane became the most expensive fighter jet ever [built](#) — and never saw action in actual fighting. Lockheed Martin has now turned its attention to a new fighter jet program: the F35. Plagued by [serious defects](#), the F35 project is seven years behind schedule and 70 percent over its initial cost estimate. If the Defense Department eventually gets as many F35 jets as it has requested, this project will rate as the [most expensive weapon system](#) in history.

Lockheed Martin CEOs Who Ranked in Top 25 Highest-Paid

	Total compensation in years the CEO made the top 25 highest-paid list, 1993-2012 (\$million)	Compensation year
Robert Stevens	\$18.7	2009
Robert Stevens	\$21.1	2006
Vance Coffman	\$25.0	2002
Vance Coffman	\$16.4	2001
Norman Augustine	\$23.1	1996

CEOs ON TOP 25 HIGHEST-PAID LISTS OVER PAST 20 YEARS

SUPPORTED BY TAXPAYERS (bailed out, contractors, loophole beneficiaries)



Bailed Out: 112
(crashed or took bailouts
in the 2008 crisis)



Contractors: 62
(among top 100
federal contractors)



Others who benefit from
exec pay tax loophole: 326

Table 4: Pay Leaders among Top 100 U.S. Government Contractors

Company	Years on top 25 highest-paid CEOs list and top 100 contractors list simultaneously	Total contract value for all years in which CEO was on both lists (\$millions)
AlliedSignal	4	4,626.2
AT&T	2	1,114.1
Boeing	1	23,942.8
Chrysler	2	683.8
Electronic Data Systems	1	560.8
Exxon	3	1,777.9
Fedex	1	968.8
General Dynamics	1	2,705.6
General Electric	8	16,556.6
Harris	1	567.4
Hewlett-Packard	1	2,625.2
Honeywell International	3	6,975.1
IBM	11	10,972.6
ITT	2	1,268.7
Lockheed Martin	5	125,323.7
McKesson	4	19,222.9
Motorola	1	355.2
Texas Instruments	2	831.1
United Technologies	6	32,790.4
Valero Energy	2	878.8
Wyeth-Ayerst International	1	519.7
Total	62	255,267.4

Sources: General Services Administration “Federal Procurement Data System” and *Wall Street Journal* compensation surveys. Companies are listed under the names in effect the year in which the CEO appeared on the top 25 highest-paid list (even if they were later acquired by another company).¹¹

Where are Mozilo, Ebbers, and Dunlap?

Several notoriously overpaid and scandal-plagued CEOs do not appear in this report. Among the most notable absences:

Bernard Ebbers, WorldCom

A perennial pay leader until caught in the middle of an accounting scandal that led to the biggest bankruptcy in U.S. history at the time (before Lehman), Ebbers would be sentenced in 2005 to [25 years in prison](#). WorldCom does not appear in the sample of firms surveyed by *The Wall Street Journal*, the source of our top 25 highest-paid lists.

Angelo Mozilo, Countrywide Financial

In 2006, the Associated Press ranked Mozilo's \$42.9 million pay package the nation's sixth largest. That would be shortly before Countrywide's subprime mortgage loans helped crash the economy. Aside from a small settlement for fraud and insider trading, Mozilo has [escaped scot-free](#). Countrywide also does not appear in the *Wall Street Journal* surveys.

Al Dunlap, Scott Paper and Sunbeam

Dunlap made the *Wall Street Journal* top 25 list in 1994 with \$6.4 million in compensation. At the time, he was running Scott Paper — into the ground. At Scott and during several previous CEO stints, Dunlap lived up fully to his "Chainsaw Al" reputation. He slashed workforces massively to cut costs before selling off his companies. Dunlap would go on to take the reins at Sunbeam, and that firm would later be ordered to pay out [\\$141 million](#) to shareholders for accounting fraud. Dunlap paid \$18.5 million himself to settle various lawsuits. But Dunlap didn't make it onto our fraud list since this particular fraud occurred at Sunbeam and not Scott Paper. SEC investigators believe that Dunlap presided over [accounting fraud](#) at Scott Paper, too, but no charges were ever filed.

Executive pay reform scorecard

Over the past 20 years, we have seen no shortage of creative and practical proposals for reining in excessive executive compensation. Our Executive Pay Reform Scorecard evaluates the handful of reforms that have actually been implemented, as well as the many others that remain on the table. Out of this extensive list, three pending reforms strike us as particularly urgent:

1. **CEO-worker pay ratio disclosure:** Three years after President Barack Obama signed the Dodd-Frank legislation, the SEC has still not implemented this commonsense transparency measure. The reform would discourage both large pay disparities that can harm employee morale and productivity and excessive executive pay levels that can encourage excessively risky behavior.
2. **Pay restrictions on executives of large financial institutions:** Within nine months of the enactment of the 2010 Dodd-Frank law, regulators were supposed to have issued guidelines that prohibit large financial institutions from granting incentive-based compensation that “encourages inappropriate risks.” Regulators are still dragging their feet on this modest reform.
3. **Limiting the deductibility of executive compensation:** At a time when Congress is debating sharp cuts to essential public services, corporations are able to avoid paying their fair share of taxes by deducting unlimited amounts from their IRS bill for the cost of executive compensation. Two bills, the Stop Subsidizing Multimillion Dollar Corporate Bonuses Act (S.1746) and the Income Equity Act (H.R. 199) would fix this outrageous loophole and significantly reduce taxpayer subsidies for excessive CEO pay.

Principles for a Better CEO Pay System

This Executive Pay Reform Scorecard covers proposals that have been either introduced in the U.S. Congress or enacted into law over recent years, as well as other promising reform approaches either proposed or put into place elsewhere in the world. We have based our pay reform rating system in this scorecard on the following five principles that advance economic fairness and stability in executive pay policy and practice.

1. Encourage narrower CEO-worker pay gaps.

Extreme pay gaps — situations where top executives regularly take home hundreds of times more in compensation than average employees — run counter to basic principles of fairness. These gaps also endanger enterprise effectiveness. Management guru Peter Drucker [believed](#) that the ratio of pay between worker and executive can run no higher than 20-to-1 without damaging company morale and productivity. Researchers have documented that Information-Age enterprises operate more effectively when they tap into — and reward — the creative contributions of employees at *all* levels.¹²

2. Eliminate taxpayer subsidies for excessive executive pay.

Ordinary taxpayers should not have to foot the bill for excessive executive compensation. And yet they do. Government contracts and business subsidies routinely make mega millionaires out of the executives who run the corporations that receive these contracts and subsidies. And all chief executives benefit from the tax provision that lets corporations deduct off their corporate income taxes essentially whatever they choose to pay their CEOs.

3. Encourage reasonable limits on total compensation.

The greater the annual reward an executive can receive, the greater the temptation to make reckless executive decisions that generate short-term earnings at the expense of long-term corporate health. Government policies can encourage more reasonable compensation levels without micromanaging pay levels at individual firms.

4. Bolster accountability to shareholders.

On paper, the corporate boards that determine executive pay must answer to shareholders. Recent reforms have made some progress toward forcing corporate boards to defend before shareholders the rewards they extend to corporate officials.

5. Extend accountability to broader stakeholder groups.

Executive pay practices, as the 2008 financial crisis vividly demonstrated, impact far more than shareholders. Effective pay reforms need to encourage management decisions that take into account the interests of all corporate stakeholders, not just shareholders but consumers, employees, and the communities where corporations operate.

In the tables below, we grade each reform by assigning a rating for each of these five principles.

Ratings

- 1 = Represents a small step toward achieving the principle
- 2 = Represents substantial progress
- 3 = Represents major progress
- 4 = Achieves the principle

Passed / recently enacted through statute or regulation

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Disclosure							
CEO-worker pay ratio	The Dodd-Frank financial reform law (Sec. 953b) requires all U.S. corporations to compute and report the median annual total compensation of their employees, excluding the CEO, and reveal the ratio between CEO and employee pay. But regulators have still not implemented the provision. Corporate lobby groups are pressing regulators to water down the rule, and Republicans in Congress are pushing a bill to repeal the rule altogether (HR 1135).	This provision, if actually implemented, would for the first time ever require major U.S. firms to reveal how much they value the contributions of all employees, not just top executives. Enterprises operate more effectively when they tap the creativity of all who labor within them. This provision could boost efforts (see Pending) to limit pay excess via tax and procurement policies that leverage the public purse.	2		2	1	2
Pay versus performance	The Dodd-Frank financial reform law (Sec. 953a) requires all U.S. corporations to disclose the relationship between executive pay and corporate financial performance, including changes in share prices over the previous year. SEC action on this provision has been delayed.	This disclosure requirement reinforces the excessive fixation on short-term, narrowly defined performance criteria and does little to advance long-term investor or stakeholder interests. However, this debate is worth monitoring, as some corporate lobby groups are recommending approaches to implementation that could actually result in less information provided in summary compensation table of proxy statements.				1	1
Employee and director hedging	The Dodd-Frank financial reform law (Sec. 955) requires firms to disclose whether they have a policy on hedging by employees or directors. SEC action on this provision has been delayed.	Top executives use hedging contracts to bet against their own firm's success. This means they win whatever the ultimate cost to the company and community. But merely requiring disclosure may not end this practice.				1	1
Government contractor pay	Rules stemming from the 2008 Government Funding Transparency Act require government contractors and subcontractors to annually disclose the names and total pay, including bonus and stock options, of their five top-paid officers. The rule applies to companies that earn at least 80 percent of their revenue from federal contracts, grants, and loans and that have received \$25 million in fed funding the previous year. ¹³	This reform expands executive pay reporting requirements that already apply to publicly held companies to privately held firms that rely heavily on federal contracts. By helping taxpayers see how much of their money is filling the pockets of the executives who run businesses with big federal contracts, this mandate could speed procurement reforms that encourage more reasonable pay (see Pending).	2	1		1	4

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Governance							
Shareholder 'Say on Pay'	The Dodd-Frank financial reform law (Sec. 951) requires firms to provide shareholders the right to a nonbinding vote on the compensation of executives. Dodd-Frank also requires an advisory vote regarding compensation arrangements ("golden parachutes") that are triggered by a merger or acquisition.	Pay proposals failed to receive a majority of shareholder support at 58 companies this year. The biggest impact of the law is that it has encouraged the majority of companies to consult with shareholders before the vote and has encouraged some companies to make positive changes in their executive pay practices. But it has not resulted in lower total executive pay in the United States or in European nations where "say on pay" mandates have been on the books for over a decade.	1		1	2	4
Proxy access	The Dodd-Frank financial reform (Sec. 972) gives the SEC the authority to adopt rules allowing shareholders to place candidates on the ballots for board of director elections. But this authority was overturned in 2011 on cost-benefit grounds. And corporate lobby groups are threatening to file similar lawsuits over other proposed regulations. Notes Americans for Financial Reform: "This legal threat is creating a serious chilling effect on regulators' implementation of new Dodd-Frank rules."	If these rules are ever implemented, institutional investors will have a greater capacity to challenge incumbents and incumbents may become more attentive to broader perspectives on executive compensation.	1		1	4	6
Compensation committee and consultant independence	The Dodd-Frank financial reform law (Sec. 952) requires securities exchanges to set listing standards related to the independence of board compensation committees and their advisers. The SEC adopted rules designed to implement Section 952 in June 2012. ¹⁴	Cracking down on board and consultant conflicts of interest remains an important objective, but the SEC's ruling will have extremely limited impact. The SEC ignored recommendations by independent groups to bar stock exchanges from listing companies that do not have compensation committees and failed to give guidance to the exchanges on defining "independence." ¹⁵ The defining will be left to stock exchanges. Legal analyst J. Robert Brown Jr. argues that the rule may actually provide an incentive for companies to avoid creating compensation panels , a move that could give CEOs a greater say in the hiring of pay consultants.			1	2	3

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Tax Policy							
Cap on the deductibility of executive pay packages in the health insurance industry	Since 1993, all U.S. companies have been subject to a \$1 million cap on the tax deductibility of executive pay, but this cap comes with a giant loophole that exempts "performance-based" pay. The Affordable Care Act eliminates this loophole — in the health insurance industry — and lowers the cap to \$500,000 starting in 2013. ¹⁶ A similar rule for TARP recipients applied only to top executives. This provision covers all firm employees.	This rule, while applying only to health insurance companies, does set a valuable precedent for reducing taxpayer subsidies for excessive executive pay and provides an incentive for lowering overall CEO compensation. It will be important to track the response to this reform carefully to prevent the exploitation of possible loopholes such as funneling compensation into tax-free pension funds. But if properly implemented, this provision could give impetus to proposals noted below to cap the tax deductibility of executive pay at all U.S. firms.	1	3	1		5
Other							
Pay restrictions on executives of large financial institutions	The Dodd-Frank financial reform law (Sec. 956) prohibits large financial institutions from granting incentive-based compensation that "encourages inappropriate risks." After issuing an initial proposal in 2011, regulators have still not produced a final rule for this provision.	The jury remains out. Member groups of the Executive Compensation Task Force of Americans for Financial Reform have made numerous recommendations that would increase the impact but were ignored in the regulators' proposal. These include: <ul style="list-style-type: none"> • Prohibit stock options, since they can encourage excessive risk-taking. • Extend deferral of 75 percent of bonuses from three to five years. • Apply rules to any employee who could put the firm at substantial risk.¹⁷ Given strong Wall Street pressure, the already weak regulations that are still pending may be further watered down . ¹⁸					?
Clawbacks	The Dodd-Frank financial reform law (Sec. 954) requires executives to repay compensation gained as a result of erroneous data in financial statements. Executives must repay "excess" incentive compensation received during the three-year period preceding an accounting restatement. SEC action on this provision has been delayed.	This rule takes an important step toward ensuring that executives do not get to keep pay based on performance goals not actually achieved. Previous clawback provisions in the Sarbanes-Oxley law only apply to restatements resulting from misconduct. The Dodd-Frank rule, unfortunately, applies only to top execs, leaving high-bonus traders off the hook.			1	2	1
							4

Federal Reserve guidance on incentive compensation	In 2010, the Fed released guidelines on financial firm incentive pay. Unlike the European Union (see below), the Fed does not require firms to impose standard formulas for bonus payouts or to set compliance deadlines. Instead, the Fed's general principles encourage longer-term performance and avoid undue risks for the firm or financial system.	Given the vagueness of the guidelines and the confidentiality of the Federal Reserve's reviews of company compliance, evaluating the impact of this guidance on actual pay practices will be next to impossible.						0
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Proposed / introduced in U.S. Congress

Reform	Description	Significance	Progress ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Tax and Procurement Policy							
Ending the preferential capital gains treatment of carried interest	Under current law, hedge and private equity fund managers pay taxes at a 15 percent capital gains rate on the profit share — "carried interest" — they get paid to manage investment funds, rather than the 35 percent rate they would pay under normal tax schedules. In 2007, the House passed a tax reform bill, H.R. 3996, that defines "carried interest" as ordinary income. The Senate did not take action. A fix is included in President Obama's FY2014 budget .	Closing the carried interest loophole would address the most extreme example of Wall Street privilege.	1	4	3		8
Limiting the deductibility of executive compensation	In 1993 Congress set a \$1 million cap on the individual executive pay corporations could deduct from their income taxes. But that cap did not apply to "performance-based" pay, a giant loophole that exempted stock options and other "incentive" pay. A Senate bill, the Stop Subsidizing Multimillion Dollar Corporate Bonuses Act (S.1746) would eliminate the exceptions for "performance-based" or commission-based pay and apply the cap to all employees of all companies that are required to file periodic SEC reports. The Income Equity Act (H.R. 199) would deny all firms tax deductions on any executive pay that runs over 25 times the pay of a firm's lowest-paid employee or \$500,000, whichever is higher.	A meaningful tax deductibility cap would eliminate a perverse incentive for excessive compensation. Under current rules, the more a firm pays its CEO, the more the firm can deduct from its taxes. Other taxpayers bear the brunt of this loophole, either through the increased taxes needed to fill the revenue gaps or through cutbacks in public spending. The Joint Committee on Taxation estimates that S.1746 would generate \$50 billion in revenue over 10 years.	2	4	2	1	9

Reform	Description	Significance	Progress ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Ending the stock option accounting double standard	Current accounting rules value stock options on their grant date. The current tax code values stock options on the day that executives cash them in, often a much higher figure. Senators Carl Levin (D-Mich.) and Sherrod Brown (D-Ohio) have proposed a reform to require the corporate tax deduction for stock option compensation to be not greater than the stock option book expense shown on a corporation's financial statement. Formerly known as the Ending Excessive Corporate Deductions for Stock Options Act, this proposal is now contained in a new, broader bill, The Cut Unjustified Tax Loopholes Act (S.268).	Under current rules, companies can lower their tax bill by claiming deductions for options that are much higher than the option value they report in their financial statements. This tax incentive encourages corporate boards to hand executives huge stock option windfalls. The Joint Committee on Taxation has estimated that ending this tax break would raise \$24.6 billion over 10 years.	1	3	1		5
Limiting deferred compensation	Most CEOs at large companies now legally shield unlimited amounts of compensation from taxes through special deferred accounts set up by their employers. By contrast, ordinary taxpayers face strict limits on how much income they can defer from taxes via 401(k) plans. In 2007, the Senate passed a minimum wage bill that would have limited annual executive pay deferrals to \$1 million, but the provision was dropped in conference committee.	These special deferred compensation plans cost U.S. taxpayers an estimated \$80.6 million per year. Beyond that, these plans widen the divide between CEOs and ordinary workers, whose pension benefits have declined significantly at most firms. ¹⁹	2	1	1		4
Leveraging federal procurement dollars to discourage excessive executive compensation	Firms that rely heavily on government subsidies, contracts, and other forms of support continue to face no meaningful restraints on pay. Every year, the Office of Management and Budget does establish a maximum benchmark for contractor compensation, currently \$763,029. But this benchmark only limits the executive pay a company can directly bill the government for reimbursement. It does not curb windfalls that contracts with the federal government generate for top executives. The Patriot Corporations Act (H.R. 929) would extend tax breaks and federal contracting preferences to companies that meet good behavior benchmarks, including not compensating any executive at more than 100 times the income of the company's lowest-paid worker.	By law, the U.S. government denies contracts to companies that discriminate, in their employment practices, by race or gender. This reflects clear public policy that our tax dollars should not subsidize racial or gender inequality. In a similar way, this reform would tap the power of the public purse to discourage extreme economic inequality.	2	3	2	3	10

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Progressive taxation	Executive pay can be affected indirectly through reforms that tax income in top brackets at high rates. A number of proposals before Congress are designed to ensure the ultra rich pay their fair share. Two of particular note are: the Fairness in Taxation Act (HR 1723), which would create new rates and additional tax brackets for higher incomes (45 percent for incomes from \$1-10 million and topping out at 49 percent for incomes over \$1 billion) and the Sensible Estate Tax Relief Act (HR 16), which would exempt up to \$3.5 million of an estate from taxes and apply a 45 percent rate to the rest.	In the quarter-century after World War II, with tax rates in effect that took a substantial bite out of income in the highest tax brackets, corporate boards simply did not compensate executives at lush levels — because the bulk of that excessive pay would simply be taxed away. Steeply graduated progressive taxation can serve as a significant disincentive for excessive executive compensation. Some CEOs themselves have argued that policymakers should not alter the compensation system, but just tax incomes at higher levels.	1	3	1		5

Promising / not yet before Congress

Reform	Description	Significance	Progress ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Banker bonus limits	Starting January 1, 2014, the European Union will be limiting banker bonuses to no more than annual salary, or up to 200 percent of annual salary with shareholder approval. The cap will apply to bankers in non-EU banks located in the EU. The rule applies to senior staff (including Americans) working for EU-based banks anywhere in the world as well as to EU-based staff of U.S. and Asian banks. The rule would cover every kind of bonus, including so-called long-term incentive plans for senior staff. The Dutch government has proposed an even tougher standard. The Dutch plan would lower the 100 percent cap on “variable” pay to just 20 percent of basic salary.	This reform does not set a numerical limit on pay, but will likely go much further than many other reforms to bring down CEO pay levels by limiting total compensation to no more than the amount of executive salary. Bonus pay typically runs up to 10 times straight salary payouts. This approach also helps counter the “bonus culture” that encourages high-risk investing.	3		3	2	2

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Signing and merger bonus ban	This past March, Swiss voters adopted a national ballot initiative that, among other provisions, prohibits executive sign-on and merger bonuses. The bans will likely go into effect in 2015.	"Golden hellos" have become increasingly commonplace in the United States, and merger bonuses give executives a powerful incentive to wheel and deal instead of working to build enterprises fit for long-term success.	3		3	2	2
'Skin in the game' mandate	All new top executives, under a proposal from veteran investment adviser Vincent Panvini, would be required to place a significant share of their own financial assets in escrow for five or ten years. If a CEO's company lost value over that time, the CEO would forfeit money from that escrow.	Small business entrepreneurs seldom behave recklessly because they typically have their own personal wealth tied up in their business. This proposal aims to give corporate executives a similar incentive for responsible behavior.				3	3
Strict caps on executive compensation for bailout firms — before the next crisis	In 2009, the Senate approved an amendment to the stimulus bill that would have capped total pay for all employees of all bailout companies at no more than \$400,000, the salary of the U.S. President. Such a restriction could be enacted today for application in the event of future bailouts. The European Union recently enacted similar rules. Banks that receive public funds in the future will have to cap their executive pay to no more than 15 times the national average salary or 10 times the wage of the average worker at the bank.	This restriction could have an important preventive effect. Given a clear warning about the consequences for their own paychecks, executives might think twice about taking actions that endanger their own future — and ours.	3	3	3	3	3
A CEO pay limit for firms in bankruptcy	The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (Sec. 331) prohibits companies in bankruptcy from giving executives any "retention" bonus or severance pay that runs over ten times the average bonus or severance awarded to regular employees in the previous year. This legislation could be strengthened by closing a loophole that exempts "performance-based pay."	This reform would help end the unjust practice whereby executives, after declaring bankruptcy and eliminating workers' jobs and pensions, then turn around and pocket millions in severance.	2			2	1

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
CEO pay limits at public-funded institutions	Last November, voters in a California regional hospital district voted to limit the salary of the El Camino Hospital CEO to twice the state's gubernatorial compensation, a move that would halve the \$714,460 that CEO is currently receiving. In New York State, service providers that annually average over \$500,000 in state support and receive at least 30 percent of their annual in-state revenue from state funds cannot, as of July 1, use more than \$199,000 in state funds to pay individual executive compensation.	Moves like these help redefine what society at large considers a responsible level of executive compensation. Agencies in New York can use revenue from non-taxpayer sources to boost pay over \$200,000, but must first file a waiver to gain approval.	3	4	4	2	13
Overall CEO pay limit	Swiss voters will cast ballots this November on an initiative that limits top corporate executive compensation to no more than 12 times worker pay. This past May, Egypt put into effect a pay cap that limits paychecks for top public sector executives to 35 times the new-hire pay for higher ed grads. ²⁰ Labor groups want a maximum wage set at 15 times the minimum wage — and want this maximum applied to executive slots in both the public and private sectors.	Current pay ratios at major firms in Switzerland are running near 100 to 1. As late as the 1990s, the Swiss corporate pay gap only averaged 14 times. Publicly owned companies in Egypt currently employ about 835,000 employees, with another 5.8 million Egyptians working in public administration.	4		4	3	3
Corporate board diversity	At least a dozen EU countries require firms above a certain size to include worker representatives on their boards.	Investment portfolio diversity decreases risk and improves overall performance. Corporate board diversity could have the same impact. European executive pay over the recent decades has consistently run at much lower levels than U.S. executive pay.				3	3
'Say on Pay' with teeth	The UK now requires public companies to give shareholders a binding vote on compensation every three years. The German government has drafted a similar proposal . Michel Barnier, the EU's internal markets commissioner, is proposing that shareholders also have the power to vote on the ratio between the lowest and highest-paid employees in the company. In 2011, Australia gave shareholders the power to remove directors if a company's executive pay report gets a "no" vote from 25 percent of shareholders or more at two consecutive corporate annual meetings.	Policies like these give shareholders much more power than they received through the purely advisory "Say on Pay" rules in the United States. Four U.S. companies whose shareholders rejected a pay plan in 2011 received a second no vote in 2012, and yet the firms still have no legal obligation to alter the pay packages.	2		2	5	9

Reform	Description and Status	Significance	Progress Ratings				
			CEO-worker gap	Taxpayer subsidies	Total pay limits	Shareholders	Stakeholders
Pay ratio limit	French President François Hollande has capped executive pay at firms where the government owns a majority stake to 450,000 euros, essentially 20 times the minimum wage. In the United States, veteran management consultant Douglas Smith has called for a similar pay ratio limit on firms receiving taxpayer funds." Amalgamated Transit Union president Lawrence Hanley, a member of the AFL-CIO Executive Board, last year called for a " maximum wage law " that would limit executive pay to a "specific multiple" of the wage earned by their lowest-paid employees.	Corporate salary differentials near 10 and 20:1 have been commonplace in Japan and some European nations for many years. A government could step toward mandating such a limit by denying government contracts, tax breaks, or subsidies to any corporations that compensate executives at a set ratio of worker pay.	4	4	4		13
Corporate tax penalty on excessive executive pay	French President François Hollande has proposed that French corporations pay a special tax equal to 75 percent of any individual executive compensation they pay out over 1 million euros, about \$1.3 million.	Hollande advanced this proposal after the French high court struck down, on technical grounds, an earlier proposal that would have set a new 75 percent top personal tax rate.	4	4	4	3	18
Abolish executive performance pay	Michael Dorff of Southwestern Law School, author of the upcoming University of California Press book, <i>Indispensable and Other Myths: The True Story of CEO Pay</i> , is proposing the abolition of CEO "performance pay."	At best, stock options and other performance-pay incentives have CEOs thinking more about their own personal rewards than long-term enterprise sustainability. At their worst, "pay for performance" deals encourage criminal behavior.	4		4	3	14
Allow tax deductions for incentive pay only if they share incentive rewards broadly within the enterprise	Richard Freeman and Douglas Kruse of Harvard University and Joseph Blasi of Rutgers University propose that Congress only allow tax deductions for executive incentives when corporations award as much incentive pay "to the bottom 80 percent of their workforce as they do to the top 5 percent."	Tax deductions for stock option deductions have now reached rather staggering levels. Using figures from Standard & Poor's ExecuComp database, Freeman, Kruse, and Blasi compute that these deductions averaged over \$50 billion a year from 2001 to 2007. This proposal would give major corporations a significant financial incentive to end top-heavy reward distributions.	2	3	2		7

Appendix 1: Methodology and Sources

Top 25 Highest-Paid Data

Drawn from *Wall Street Journal* annual executive compensation surveys. For the period 1993-2005, total compensation included: salary, bonus (even if deferred or paid in common or restricted stock), and long-term compensation including gains from the exercise of stock options or stock appreciation rights and the value of restricted stock units at grant and the value of payouts under any other long-term incentive compensation plan. For the period 2006-2012, total compensation included: salary, annual incentives, and long-term incentives. Long-term incentives include stock option grants, restricted stock grants, performance-based grants-equity, performance-based grants-cash, and restricted cash grants (which are not disclosed elsewhere). Because of the inclusion of stock and option grants (which are based on formula-based estimates of future values rather than exercise values) during the 2006-2012 period, the value of compensation actually received by the executive may differ from the amounts reported.

For an Excel spreadsheet with each of the CEOs on the top 25 highest-paid lists for each of the past 20 years and their total compensation, see: <http://www.ips-dc.org/reports/executive-excess-2013/>

Sources and notes on the “Poor Performers”

The Bailed Out: Drawn from “U.S. Department of the Treasury, Troubled Asset Relief Program, Transactions Report - Investment Programs, For Period Ending May 22, 2013.” <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Investment-Program-Transaction-Reports.aspx>

The Booted: To avoid negative PR, legal, and financial repercussions, corporations tend to portray the firing of a CEO as a voluntary resignation. Given this, [a number of academic researchers](#) have developed an accepted approach to classifying “forced turnover” by relying on articles in reputable news sources that state that the CEO was fired, forced to resign, or left following a policy disagreement or some other equivalent. We followed this approach.

Maurice R. Greenberg, American International Group:

<http://dealbook.nytimes.com/2009/07/06/aig-lawyer-says-greenberg-lied-to-rewrite-history/>

Andrea Jung, Avon: After losing her CEO post in 2011, Jung maintained her position as chairman for about another year. The exact amount of her golden parachute is not possible to calculate, but included extension of her full salary and benefits until her employment contract ends in April 2014 and early qualification for her supplemental pension.

<http://www.sec.gov/Archives/edgar/data/8868/000000886812000083/form8-k.htm>

Robert P. Kelly, Bank of New York Mellon:

<http://www.reuters.com/article/2011/09/02/us-bankofnymellon-kelly-idUSTRE7816YO20110902>

James E. Cayne, Bear Stearns: <http://dealbook.nytimes.com/2008/01/11/a-guide-to-hunting-bear-stearns/> and
http://images.businessweek.com/ss/09/03/0331_ousted_ceos/2.htm

Ian J. McCarthy, Beazer Homes USA: <http://www.builderonline.com/business/mccarthys-severance-pay.aspx>

Charles Prince, Citigroup: http://news.xinhuanet.com/english/2007-11/10/content_7043601.htm

Vikram S. Pandit, Citigroup: Golden parachute included \$6.6 million in bonuses, \$8.8 million in deferred compensation, and the right to exercise stock option grants that vested before he was fired until they expire in 2018 and 2021.
http://www.sec.gov/Archives/edgar/data/831001/000114420412060962/v328063_8k.htm

Eckhard Pfeiffer, Compaq Computer:

<http://money.cnn.com/1999/04/19/companies/cpq/> (see details in box on p.9)

Richard H. Brown, Electronic Data Systems: Includes \$12.4 million in cash and \$19.6 million in retirement benefits. Also received \$5.4 million in deferred stock and acceleration of unvested options.

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Kenneth L. Lay, Enron: Later voluntarily relinquished his severance payment.

<http://www.nytimes.com/2001/11/14/business/the-markets-market-place-enron-chief-will-give-up-severance.html?pagewanted=all>

Mark V. Hurd, Hewlett-Packard:

<http://mobile.reuters.com/article/technologyNews/idUSTRE67851Z20100809>

Michael R. Bonsignore, Honeywell:

http://brainerddispatch.com/stories/111400/bus_1114000006.shtml

Ronald B. Johnson, JCPenney: <http://www.forbes.com/sites/abrambrown/2013/04/08/j-c-penney-firing-ceo-johnson-was-probably-easy-his-exit-package-is-tiny/>

Bruce Karatz, KB Home: Karatz was awarded \$114 million. After facing options backdating charges, Karatz “voluntarily agreed” to pay the company \$13 million — the difference between the original value of options he has exercised and their revised value, as well as resetting the exercise price on options he has not yet exercised. <http://www.businessweek.com/stories/2006-12-22/the-golden-parachute-club-of-2006businessweek-business-news-stock-market-and-financial-advice> and
<http://www.nytimes.com/2007/04/08/business/yourmoney/08axe.html?pagewanted=all&r=0>

Richard S. Fuld Jr., Lehman Brothers: <http://www.cnbc.com/id/27558526>

Harry A. Merlo, Louisiana-Pacific: Includes lump-sum payment of \$3.2 million, as well as \$628,000 premium equity accrued in life insurance policy and \$90,000 to reimburse him for the cost of obtaining office space.

<http://www.buyandhold.com/StockMgr?request=display.content&ContentURL=%2Fcustom%2Fbuyandhold.com%2Fhtml-secFilings.asp%26symbol=LPX&symb=LPX&sequenceid=1&guid=398714>

E. Stanley O’Neal, Merrill Lynch:

http://weblogs.baltimoresun.com/business/hancock/blog/2007/10/merrill_lynch_guy_s_golden_para.html

John A. Thain, Merrill Lynch: <http://dealbook.nytimes.com/2008/09/15/thain-straps-on-2nd-golden-chute-this-year/>

Ray R. Irani, Occidental: After losing his CEO post in 2012, Irani maintained his position as chairman. His severance deal includes \$2 million annual payments in addition to \$38 million severance payment.

<http://www.nytimes.com/2013/05/04/business/occidental-chairman-irani-agrees-to-leave-company.html>

Henry A. McKinnell, Pfizer: <http://www.washingtonpost.com/wp-dyn/content/article/2006/12/21/AR2006122101165.html>

Joseph P. Nacchio, Qwest Communications:

http://www.denverpost.com/nacchio/ci_5385987

William T. Esrey, Sprint: <http://www.marketwatch.com/story/ex-sprint-ceo-entitled-to-9-million-in-severance-pay>

Jeffrey C. Barbakow, Tenet Healthcare:

<http://www.sddt.com/News/article.cfm?SourceCode=20040406cd>

L. Dennis Kozlowski, Tyco International:

<http://www.nytimes.com/2002/06/04/business/04CND-TYCO.html?pagewanted=all>

Donald J. Stebbins, Visteon:

<http://www.workforce.com/article/20120815/NEWS01/120819973/visteons-ceo-don-stebbins-received-12-6-million-separation-deal#>

Kerry K. Killinger, Washington Mutual:

<http://www.nytimes.com/2010/04/13/business/13wamu.html>

Carol Bartz, YAHOO: <http://www.businessinsider.com/carol-bartz-yahoo-employees-approval-ranking-2011-9>

The Busted

There is no centralized database on corporate crimes. We used LEXIS-NEXIS and other online sources to document settlements and fines related to civil and criminal charges of fraudulent activities for the purpose of financial gain. We set a minimum for inclusion at \$100 million in settlements or fines related to activities carried out while the CEO was at the helm of the company. The one exception was Jerald Fishman of Analog Devices. Since this fraud involved his personal financial gain (through options backdating), we thought it legitimate to include even if it did not meet the \$100 million threshold. Below are links to sources on significant settlements and fines. It is not a comprehensive inventory of all such payments the firm may have made during the period studied.

Duane L. Burnham, Abbott Laboratories: <http://www.nytimes.com/2001/10/17/business/drug-maker-agrees-to-290-million-fine.html>

Steven M. Case, America Online: James Bandler, "Time Warner Agrees to Settle AOL-Related Accounting Charges; Company Expected to Pay More than \$500-Million to Put Issue Behind It," *The Globe and Mail (Canada)*, December 16, 2004.

James M. Cracchiolo, Ameriprise Financial:

<http://query.nytimes.com/gst/fullpage.html?res=9803EFDC173EF930A25757C0A9679D8B63>

Jerald Fishman, Analog Devices: <http://www.sec.gov/news/press/2008/2008-102.htm>

Charles S. Sanford Jr., Bankers Trust: Barbara Ross, "Nab 3 in 3.5M Scam," *Daily News (New York)*, July 20, 1999 and <http://www.thefreelibrary.com/P%26G+REPORTS+ONE-TIME+IMPACTS+ON+FOURTH+QUARTER+AND+FISCAL+YEAR...-a018433873> and Reuters, "Bankers Trust to pay US\$67M to settle claim," in *The Financial Post* (Toronto, Canada), January 25, 1996.

Charles A. Heimbold Jr., Bristol-Myers Squibb: Eric Dash, "Bristol-Myers Settles with SEC for \$150 Million," *The International Herald Tribune*, August 6, 2004 and

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Robert D. Walter, Cardinal Health: <http://www.sec.gov/news/press/2007/2007-147.htm> and <http://www.cfo.com/article.cfm/9278902?f=related&origin=archive> and

[http://markets.financialcontent.com/stocks/news/read/1889598/Cardinal Health Reserves \\$600 Million Toward Resolution of Class](http://markets.financialcontent.com/stocks/news/read/1889598/Cardinal_Health_Reserves_%20%600_Million_Toward_Resolution_of_Class)

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\$1 Billion Club

Compensation data are from *Wall Street Journal* surveys unless the CEO was not included in the survey in a particular year and then we calculated the amounts from corporate proxy statements using the *Wall Street Journal* methodology. We adjusted all figures so that they are in 2012 dollars. Median U.S. worker pay is based on U.S. Bureau of Labor Statistics, weekly and hourly earnings data from the Current Population Survey, Series Id: LEU0252881500.

Appendix 2: The *Executive Excess* series, year by year

Over two decades, Institute for Policy Studies researchers have examined how extremely high levels of compensation affect executive behavior. Such massive jackpots, we've found, give executives incentives to behave in ways that may boost short-term profits and expand their own paychecks at the expense of our nation's long-term economic health. Tax dodging, mass layoffs, reckless financial deals, offshoring jobs, "creative accounting"—all of these appear to boost CEO pay. But they have dealt one body blow after another to the American middle class, leaving a deeply skewed distribution of income and wealth.

Here is a list of the 19 previous editions of *Executive Excess*. For pdf copies, see: www.ips-dc.org/reports/executive-excess-2013

Executive Excess 2012: The CEO Hands in Uncle Sam's Pocket

Sarah Anderson, Chuck Collins, Scott Klinger, and Sam Pizzigati, Institute for Policy Studies

Executive Excess 2011: The Massive CEO Rewards for Tax Dodging

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Executive Excess 2004: Campaign Contributions, Outsourcing, Unexpensed Stock Options and Rising CEO Pay

Sarah Anderson and John Cavanagh, Institute for Policy Studies, and Chris Hartman, Scott Klinger, and Stacey Chan, United for a Fair Economy

Executive Excess 2003: CEOs Win, Workers and Taxpayers Lose

Sarah Anderson and John Cavanagh, Institute for Policy Studies, and Chris Hartman and Scott Klinger, United for a Fair Economy

Executive Excess 2002: CEOs Cook the Books, Skewer the Rest of Us

Scott Klinger and Chris Hartman, United for a Fair Economy, and Sarah Anderson and John Cavanagh, Institute for Policy Studies

Executive Excess 2001: Layoffs, Tax Rebates, the Gender Gap

Sarah Anderson and John Cavanagh, Institute for Policy Studies, and Chris Hartman and Betsy Leondar-Wright, United for a Fair Economy

Executive Excess 2000: Seventh Annual CEO Compensation Survey

Sarah Anderson and John Cavanagh, Institute for Policy Studies, and Chuck Collins, Chris Hartman, and Felice Yeskel, United for a Fair Economy

A Decade of Executive Excess: The 1990s, Sixth Annual Executive Compensation Survey, 1999

Sarah Anderson, John Cavanagh, and Ralph Estes, Institute for Policy Studies, and Chuck Collins and Chris Hartman, United for a Fair Economy

Executive Excess '98: CEOs Gain from Massive Downsizing, 1998

Marc Bayard and Chuck Collins, United for a Fair Economy, and Sarah Anderson and John Cavanagh, Institute for Policy Studies

CEOs Win, Workers Lose, Executive Excess: CEOs Gain from Massive Downsizing, 1997

Marc Bayard and Chuck Collins, United for a Fair Economy, and Sarah Anderson and John Cavanagh, Institute for Policy Studies

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Endnotes

- ¹ Source for 2012 ratio: AFL-CIO, <http://www.aflcio.org/Corporate-Watch/CEO-Pay-and-You/CEO-to-Worker-Pay-Gap-in-the-United-States>. Sources for 1993 ratio: Executive compensation figure from Business Week, April 25, 1994. Worker pay based on U.S. Department of Labor, Bureau of Labor Statistics, Employment, Hours, and Earnings from the Current Employment Statistics Survey. Average hourly earnings of production workers x average weekly hours of production workers x 52 weeks.
- ² As of July 17, 2013.
- ³ When CEOs qualified for more than one of these “poor performance” categories (e.g., they were fired for fraud), they were counted only once.
- ⁴ A CEO of Chrysler, another 2008 bailout beneficiary, made the highest-paid list, but was not included since his big payout came in 1993 – long before the 2008 crisis.
- ⁵ The Bank of America tally includes CEOs of Merrill Lynch and BankAmerica. Bank of New York Mellon's includes Mellon and Bank of New York. Citigroup's includes Travelers. JPMorgan Chase includes JP Morgan. Morgan Stanley includes Morgan Stanley Dean Witter. Wells Fargo includes Golden West.
- ⁶ Calculated by the authors based on data in <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Investment-Program-Transaction-Reports.aspx>
- ⁷ U.S. Department of the Treasury, Troubled Asset Relief Program, Transactions Report - Investment Programs, For Period Ending May 22, 2013. <http://www.treasury.gov/initiatives/financial-stability/reports/Pages/TARP-Investment-Program-Transaction-Reports.aspx>
- ⁸ Enron and Lehman Brothers went bankrupt. Bear Stearns, Merrill Lynch, and Washington Mutual were acquired by other firms.
- ⁹ These CEOs include: William C. Weldon, Johnson & Johnson; Arthur D. Collins Jr., Medtronic; Robert D. Walter, Cardinal Health; Craig R. Barrett, Intel; Duane L. Burnham, Abbott Labs; Stephen M. Case, America Online; Charles A. Heimbold Jr., Bristol-Myers Squibb; Wilson H. Taylor, CIGNA; Sidney Taurel, Eli Lilly; Raymond V. Gilmartin, Merck; and Richard Jay Kogan, Schering-Plough.
- ¹⁰ In the case of Honeywell, this includes their subsidiary AlliedSignal for the year 1999, the year they purchased the company.
- ¹¹ AlliedSignal was acquired by Honeywell. EDS was acquired by Hewlett-Packard. Exxon is now ExxonMobil. Motorola split in two to form Motorola Mobility and Motorola Solutions. Wyeth was acquired by Pfizer.
- ¹² For a review of the literature, check “The Ineffective Enterprise,” a discussion that appears in Sam Pizzigati, *Greed and Good: Understanding and Overcoming the Inequality that Limits Our Lives* (New York: Apex Press, 2004). <http://www.greedandgood.org/NewToRead.html>.
- ¹³ Brian P. Wagner, “The New Federal Contractor Transparency Rules,” Husch Blackwell LLP, 2011. http://www.huschblackwell.com/files/Publication/e41ccb47-caa6-41e9-ba3e-48e6891a1ce9/Presentation/PublicationAttachment/c6ebd4cb-aea8-4f55-ba60-508f50a6b732/WP_NewFedContractorTransRules.pdf
- ¹⁴ Securities and Exchange Commission, “Listing Standards for Compensation Committees,” July 27, 2012. <http://www.sec.gov/rules/final/2012/33-9330.pdf>
- ¹⁵ Daniel F. Pedrotty, “Re: Listing Standards for Compensation Committees (File No. S7-13-11),” American Federation of Labor and Congress of Industrial Organizations, May 19, 2011. <http://www.sec.gov/comments/s7-13-11/s71311-47.pdf>
- ¹⁶ See Section 9014 of the Health Care and Education Reconciliation Act of 2010.
- ¹⁷ See: Daniel F. Pedrotty, “Letter to Robert E. Feldman & Elizabeth M. Murphy,” AFL-CIO, May 31, 2011. <http://www.aflcio.org/corporatewatch/capital/upload/AFL-CIO-comment-letter-on-incentive-based-compensation-arrangements.pdf>. www.citizen.org/documents/Just-Not-Us.pdf, and Americans for Financial Reform, “Re: Incentive-Based Compensation Arrangements,” May 31, 2011. <http://ourfinancialsecurity.org/blogs/wp-content/ourfinancialsecurity.org/uploads/2011/06/AFR-956-5-31-111.pdf> and Bartlett Naylor and David Arkush, “Re: Incentive-Based Compensation Arrangements, Rin-3064-AD56,” Public Citizen, May 31, 2011. <http://www.citizen.org/documents/Public-Citizen-Comments-SEC-956.pdf>
- ¹⁸ Public Citizen, “Just Not Us,” July 2011. www.citizen.org/documents/Just-Not-Us.pdf

¹⁹ Lori Montgomery and Jeffrey H. Birnbaum, "Senate Panel Limits Pay Deferrals for Executives," *Washington Post*, January 18, 2007. <http://www.washingtonpost.com/wp-dyn/content/article/2007/01/17/AR2007011701071.html> Note: We divided the 10-year projected revenue by 10 to obtain an annual cost to taxpayers.

²⁰ "Maximum wage set starting next Tuesday," *Daily News Egypt*, May 6, 2013.
<http://www.dailynewsegyp.com/2013/05/06/maximum-wage-set-starting-next-tuesday/>