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# Show Us the Money

Investors Deserve Clear and Comprehensible Pay Disclosures

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Sima J. Gandhi June 2010





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This publication is a product of CAP's Doing What Works project, which promotes government reform to efficiently allocate scarce resources and achieve greater results for the American people. Doing What Works specifically has three key objectives: (1) eliminating or redesigning misguided spending programs and tax expenditures focused on priority areas such as health care, energy, and education; (2) improving government's ability to execute by streamlining management and strengthening operations in the areas of human resources, information technology, and procurement; and (3) building a foundation for smarter decision making by enhancing transparency, performance measurement, and evaluation. Doing What Works publications and products can be viewed at [http://www.americanprogress.org/projects/doing\\_what\\_works](http://www.americanprogress.org/projects/doing_what_works). This project is undertaken in partnership with the Rockefeller Foundation's Campaign for American Workers.



# Executive summary and introduction

Yankees third baseman Alex Rodriguez signed the biggest contract in baseball history in 2007—a 10-year contract worth potentially more than \$300 million. Rodriguez receives an average \$27 million annual salary, plus a \$6 million bonus every time he matches the career home run totals of Willie Mays (660), Babe Ruth (714), Hank Aaron (755), and Barry Bonds (762). He pockets another \$6 million if he breaks Bonds’s record.

That same year, Goldman Sachs’s CEO Lloyd C. Blankfein earned a record-breaking \$70 million. Like Rodriguez, he earned two types of compensation—a \$600,000 fixed salary and performance-based bonuses. But there’s one key difference: The standards and metrics that measure Rodriguez’s performance are clear. Blankfein’s are not.

Congress requires publicly traded companies like Goldman Sachs to disclose information—including total pay and performance targets—about their executive compensation contracts. The requirement assumes shareholders will use this information to hold companies accountable for executive performance. The government does not require the disclosures to be comprehensible, however.

Congress is tackling this disclosure deficit as part of its financial regulatory reform initiative. The bill passed by Congress includes helpful language directing the Securities and Exchange Commission to clarify disclosure rules on CEO compensation. Regulators should take this opportunity to ensure that disclosures to investors follow two principles:

1. **Show us the money.** Regulators should require companies to display executive compensation information in a standardized graphical format that allows for easy evaluation by ordinary investors. The information should allow shareholders to quickly gauge whether an executive’s performance warranted receipt of his or her performance-based pay, and whether the compensation awarded is commensurate with the value added to a company.
2. **Make sure we understand.** Regulators should in turn be required to evaluate disclosures for comprehensibility. SEC officials should write disclosure rules that focus on the understanding that readers take away, rather than merely focusing on the information companies provide. One approach is to apply a “reasonable person” test to compensation disclosures and require revisions if company reports are not easily comprehensible.

Corporate adherence to the twin principles of simplicity and comprehensibility will protect shareholders and empower investors to police excessive executive compensation.

Mandatory filings with the SEC, the federal agency charged with protecting investor interests, are often hard to understand. They are long and dense, and filled with financial jargon that even experts can have difficulty deciphering. This is a problem for shareholders as well as the broader economy. Regulators, policymakers, and the public at large have a stake in knowing whether corporate pay practices create incentives that are conducive to real and sustainable economic growth.

Improvements in disclosure will not necessarily correct other causes of excessive compensation, such as poor corporate governance. But they will make executive pay more transparent to investors, among them the tens of millions of ordinary people with a stake in public companies through investments in mutual funds and 401Ks.

# How pay-for-performance currently works—or doesn't

Congress has been in the business of regulating executive compensation for two decades. It limited companies' tax deduction for executive compensation to \$1 million in 1993 with an exception for when the executive's pay is based on performance.

This rule, section 162(m) of the tax code, had the effect of encouraging most companies to establish performance-based pay for executives. It allowed Exxon-Mobil, for example, to pay its CEO \$27 million in 2009 while retaining its tax deduction.

Tax deductions for ordinary and necessary business expenses—reasonable compensation, rent, electricity bills—are sound tax policy because they help make sure that a company is taxed only on its profits.

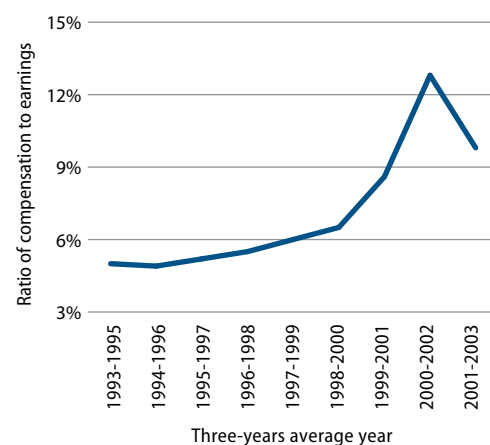
Under section 162(m), companies must demonstrate that executive compensation in excess of \$1 million is based on performance in order to qualify for the deduction. A company's board of directors must set the terms of the contract, including performance metrics, and present the information to shareholders.<sup>1</sup> And shareholders must approve the general terms of such a contract before an executive can get paid. If a board changes those terms, shareholders must approve the changes.

If shareholders are displeased with how boards pay executives under the contract, they can vote out the directors responsible for setting the pay.<sup>2</sup>

Linking compensation to performance should have replaced the gilded era of executive excess with a meritocratic age of performance-based pay. Executives who performed strongly would be paid well and those who performed poorly would be paid less. And compensation committees and shareholders would wield the axe of accountability to keep executive pay in check.

Things have not quite worked out this way. Performance-based compensation now makes up the bulk of an executive's pay. This surge in performance pay has coincided with higher overall compensation.

**FIGURE 1**  
Rise in total executive compensation as a percentage of corporate earnings



Source: Lucian Bebchuk and Jesse Fried, "Pay Without Performance" (Boston: Harvard University Press, 2004), available at <http://www.pay-without-performance.com/>



## The mechanics of compensation oversight

Shareholders and other investors have a strong interest in understanding when compensation is excessive. Research correlates excessive executive compensation with poor company performance. The companies that most excessively pay can generate negative returns of 13 percent.<sup>3</sup>

Shareholders have a legal right to oversee executive compensation. This right is typically expressed in four ways:

- Performance-based pay cannot qualify for the section 162(m) tax deduction unless a majority of voting shareholders review and approve a company's executive compensation policies. A company must seek reapproval from shareholders when changing those policies.
- Shareholders can exercise indirect oversight of compensation packages by voting out the board of directors during the annual election.
- Shareholders can sue over compensation they believe is excessive. Goldman Sachs was sued by three different shareholders in recent months.
- Shareholders may express displeasure with compensation practices by selling shares, which affects a public company's market value.

Non-shareholders also have a strong financial interest in understanding how corporations compensate executives. Many people use 401Ks, IRAs, and other long-term financial plans to save for life events such as retirement, a first home purchase, or children's college education. These investors often make their investments through mutual funds, which means they are not company shareholders even though the value of these investment vehicles is directly linked to a company's share price. Institutional investors managed shares worth about 66 percent of the total U.S. equity markets as of 2006.<sup>4</sup>



As Figure 1 illustrates, a greater portion of company earnings now goes toward paying executives than it did prior to passage of section 162(m). CEOs at S&P 500 companies earned an average of \$10.5 million in 2007.<sup>5</sup>

It is fair to ask whether a CEO's pay should ever reach these levels, even when performance is good. But the principle of more pay for better performance is sound. The problem, as exposed in the recent financial crisis, is that the putative link between pay and performance is broken in many boardrooms.

A 2009 investigation by New York State Attorney General Andrew M. Cuomo found that bonuses at large banks did not decline along with profits during the financial crisis. "The bonus incentive system," wrote Cuomo, "does not appear to have been tethered to any consistent principles tying compensation to performance or risk metrics."<sup>6</sup>

## The breakdown between pay and performance

Hartford Financial Services' CEO earned an average annual salary of \$13.5 million over a six-year period, making him one of Forbes' "overpaid bosses" of 2009. Yet Hartford's annualized total return during that period was -17 percent. American Express is another example. It applied for billions in government bailout funds in 2007 as its stock price plunged 65 percent, yet its CEO was compensated over \$40 million.

Seeming contradictions between executive pay and executive performance are not confined to the financial sector. Abercrombie and Fitch's CEO earned about \$70 million dollars as the apparel retailer's net income for fiscal 2008 dropped 43 percent and the company's share price fell about 70 percent that calendar year.

# The disclosure deficit

Shareholder activism should not be the only defense against excessive compensation, and the decoupling of pay from performance that Cuomo highlighted last year has multiple causes, from corporate governance failures to anemic regulatory enforcement. But shareholders do provide a crucial check on corporate leaders, and poor information limits investors' understanding of executive compensation practices. As former SEC Chairman Christopher Cox said in a 2006 speech:

“... we can help shareholders and compensation committees of Boards of Directors to assess the information themselves, and reach their own conclusions. It is their job... to determine how best to align executive compensation with corporation performance, to determine the appropriate levels of executive pay, and to decide on the metrics for determining it. Our job is to ensure that investors have available to them all of the compensation information they need, presented in a clear and understandable form that they can use.”

Yet the SEC's emphasis on publicly releasing data has led companies to submit excessively long disclosure filings, undermining Cox's emphasis on clarity. This may limit shareholders' ability to hold boards of directors accountable for executive compensation.

This confusion about performance-based pay can be deliberate, according to Harvard Law School corporate governance expert Lucian Bebchuk.<sup>7</sup> The “desire to minimize outrage gives designers of compensation arrangements a strong incentive to try to obscure and legitimize—or, more generally, to camouflage—both the level and performance-insensitivity of executive compensation,” he wrote in a 2004 book; “camouflage thus allows executives to reap benefits at the expense of shareholders.”<sup>8</sup>

Intentionally obfuscatory disclosure is effective at thwarting shareholder oversight. Lynda J. Grant, an attorney representing a shareholder suing Goldman Sachs for excessive compensation, said in an interview that the firm's current disclosure is “so complicated that it takes me days to parse through it. I don't know that the average shareholder could comprehend it. They give you pages and pages of a very complex plan but they don't generally tell you that Mr. Blankfein will make ‘X’ in a year if he does ‘Y.’”<sup>9</sup>

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## In SEC filings, sometimes more is less

The SEC currently requires companies to disclose “specific performance targets” related to performance-based pay. If such specifics would reveal trade secrets, companies may merely “discuss how difficult it will be for the executive or how likely it will be for the company to achieve... target levels.”<sup>10</sup> Most companies opt for the discussion route rather than disclose the performance target itself. But that discussion is often confusing and long, and requires shareholders to refer to other documents.

Consider Goldman’s discussion of its 2007 compensation awards in its Form DEF 14A, the proxy statement annually provided to shareholders. The discussion starts on page 13 and extends through page 37, requiring readers who want to understand how values are calculated to “see Note 12 to our audited financial statements included in our 2007 Annual Report on Form 10-K,” and then referring investors to its “RPCP” for terms about section 162(m) pay.<sup>11</sup>

The SEC’s current approach assumes that shareholders are empowered when companies release information. But excessive information can mean less transparency, as any corporate lawyer knows. (A common litigation ploy is to purposefully overwhelm opponents with documents in the hopes that key pieces of information will be overlooked.)

Incomprehensible disclosures allow companies to hide information in plain sight, as the Enron Corporation accounting scandals show, according to Jonathan Macey, a Yale law professor:<sup>12</sup>

“There have been scandals in corporate history where people are really making stuff up, but [Enron] wasn’t a criminal enterprise of that kind. Enron was vanishingly close, in my view, to having complied with the accounting rules... The truth wasn’t hidden. But you’d have to look at their financial statements, and you would have to say to yourself, ‘What’s that about?’ It’s almost as if they were saying, ‘We’re doing some really sleazy stuff in footnote 42, and if you want to know more about it, ask us.’”<sup>13</sup>

As the *New York Times*’s Gretchen Morgenson pointed out in a 2007 column criticizing executive compensation disclosures, sometimes “more [disclosure] is definitely less.”<sup>14</sup>

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## Presentation matters

The SEC does require companies to present a snapshot of an executive’s compensation in filings, presumably as an aid to comprehension. But this table, shown in Figure 2, doesn’t necessarily provide clear information about performance targets. “The summary compensation table is supposed to be a snapshot?” said Brian Foley, an independent compensation consultant in White Plains, New York “Not even close.”<sup>15</sup>

The table appears at first glance to distill performance-based pay and the value of total compensation. But it's missing important information. It fails to clarify which pay categories are based on performance and which are fixed. The table doesn't disclose performance metrics. And although it includes a total compensation column, this amount may not reflect the true value of an executive's payout since the value in the year awarded may be more or less than the amount actually received.

**FIGURE 2**  
**Current summary table**

	Year	Salary	Bonus*	Stock awards**	Option awards	Change in pension value	All other compensation	Total
Lloyd C. Blankfein, CEO Goldman Sachs	2007	\$600,000	\$26,985,474	\$25,913,753	\$16,440,188	\$780	\$384,157	\$70,324,352

\* Of this amount, each of our NEOs used \$2,000,000 to acquire Base RSUs under our DSP. For a discussion of our DSP, see Compensation Discussion and Analysis — Details of the Elements of Our NEOs' Compensation — Our PMD Discount Stock Program.

\*\* As required by SEC rules, this column includes the dollar amount we recognized as fiscal 2007 compensation and benefits expense for financial statement reporting purposes under SFAS No. 123R with respect to RSUs granted for 2007 and prior years to our NEOs. The amounts in this column include expense for prior year awards as set forth above in footnote (a). The amount of compensation that our Compensation Committee determined to pay to each of our NEOs for fiscal 2007 in year-end RSUs is different than the accounting charge for such RSUs reflected in the table, and this difference is set forth above in footnote (a). The number of year-end RSUs awarded to each NEO was determined by dividing the dollar amount of compensation to be paid in year-end RSUs by the average closing price-per-share of Common Stock on the NYSE for the ten-trading-day period ending on November 30, 2007 (\$218.86), whereas the accounting charge for fiscal 2007 year-end RSUs is based on the closing price-per-share of Common Stock on the NYSE on December 19, 2007, the date of grant (\$204.16). For a discussion of the calculation of the grant date fair value

Note: All footnotes to table are not included.

Source: Goldman Sachs, Form DEF 14A (2008).

**FIGURE 3**  
**Recommended summary table<sup>16</sup>**

	Year	Total pay	Base pay	Performance-based pay	Metrics
Lloyd C. Blankfein, CEO, Goldman Sachs	2007	<b>\$70,324,352</b>	\$984,937	\$69,339,415	<ul style="list-style-type: none"> <li>• Diluted earnings per share</li> <li>• Net revenues</li> <li>• Contributions to hiring, mentoring, training, and diversity</li> <li>• Peer compensation</li> </ul>

Source: Goldman Sachs, Form DEF 14A (2008).

# Recommendations

Compensation information is only valuable if it's presented in a way the average shareholder can understand. Even sophisticated investors, who often hire compensation experts, should welcome improvements in how companies report information.

Without an effective disclosure regime, the shareholders and compensation committees charged with checking executive compensation may effectively be signing blank checks to CEOs and other corporate leaders. Paul Hodgson, a senior researcher with corporate governance firm The Corporate Library, said in an interview that the compensation summary chart “meets the SEC rule but it doesn’t communicate to shareholders precisely what the compensation committee rewarded ... Grant value indicates what the board intended but is not indicative of the actual value executives receive. I’ve had board members say to me ‘we had no idea’ that we paid so much.”<sup>17</sup>

The Senate’s version of the financial regulatory reform bill would require the SEC to clarify disclosures relating to compensation. The SEC should at a minimum require two modest, but meaningful, changes to how companies disclose executive compensation.

First the SEC should require companies to present information more simply. It should redesign the summary compensation table and require an accompanying narrative summary that explains executive pay in the context of performance metrics.

Second, the SEC should subject compensation disclosures to comprehensibility tests. It should ensure that a “reasonable person” can understand disclosure, and it should institute penalties or mandatory revisions to companies that fail comprehensibility tests.

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## 1. Show us the money

Figure 3 offers a template for a redesigned compensation summary table. The information here complies with the SEC’s mandate for disclosing “all elements of compensation,” but unlike Figure 2, it highlights priority information in an accessible and digestible format.

Focusing on the important information also helps to focus a reader’s eye on the information that matters: total pay received and how much of that pay is based on performance. These changes are not merely cosmetic; they highlight critical information and empower shareholders.

The placement of the chart is also important. It is often buried in the middle of a 60- to 80-page report. The chart would draw greater attention if, for example, it were placed at the beginning of the discussion on executive compensation, in an executive summary section, or on the ballot where shareholders vote for a company's board of directors.

A reconfigured summary chart, as proposed in Figure 3, simplifies the display and labels. We also add a column that includes factors used to evaluate the executive's performance-based pay.

There are other effective graphical ways the SEC might require companies to represent compensation schemes. Consider how the British supermarket and retailing giant Tesco incorporates performance targets into its charts in Figure 6. Tesco's chart clearly labels which executive is accountable for what measures and the incentives those measures are intended to create. It also shows how executives will be rewarded on the basis of those measures.

Of course, charts and graphs, however well designed, cannot tell the entire compensation story. The SEC should require companies to pair compensation charts with a brief narrative section that puts the data into context, in plain English that's comprehensible to readers. This information should not be buried in footnotes.

Apple already does this well. The computer company's 2010 description of executive cash bonuses clearly describes how much was awarded and why. This narrative immediately precedes the summary compensation table found in its DEF 14A Form:

"The Company's 2009 performance exceeded the maximum goals for adjusted sales and adjusted operating income established by the Compensation Committee for the bonus program. As a result, the named executive officers earned payouts equal to 100% of their base salaries..."<sup>18</sup>

**FIGURE 4**  
**Tesco short-term performance measures**

Measures	Participation	Incentives	Maximum potential % of salary	Performance period	Delivered via
Earnings per share	All executive directors	Year on year earnings growth	125% (U.S. CEO 62.5%)	One year	Annual cash and annual deferred share bonuses (3-year deferral)
Corporate objectives	All executive directors	Delivery of strategic business priorities, entrepreneurial spirit, and building framework for future growth	55% (U.S. CEO 27.5%)	One year	Annual cash and annual deferred share bonuses (3-year deferral)
Total shareholder return	All executive directors	Share price and dividend growth	30% (U.S. CEO 10%)	One year	Annual deferred share bonuses (3-year deferral)
Specific U.S. objectives	U.S.CEO	Delivery against financial and strategic milestones for U.S. businesses	200%	One year	Annual cash and annual deferred share bonuses (3-year deferral)
Specific U.S. objectives	Group CEO	Delivery against financial and strategic milestones for U.S. businesses	50%	One year	Annual deferred share bonuses (3-year deferral)

Source: Tesco 2009 Annual Report.

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## 2. Make sure we understand

Regulators should test for comprehensibility rather than merely directing companies to present information simply. Holding companies responsible for how well they convey information is already a common practice in product liability law. Courts often determine liability by assessing whether a “reasonable person” could understand a company’s instruction manual.

Government regulators should apply a similar standard to compensation disclosures. Regulators should make sure that the shareholders can actually comprehend the disclosure provided to them, whether through adoption of a “reasonable person” standard or another outcome-based gauge using focus groups or independent audits.

### Other disclosure requirements the SEC should consider

Here are some other standard performance-pay metrics the SEC might consider requiring companies to use on compensation disclosures:

Estimates of future payout based on performance. Some pay packages are contingent on an executive meeting future performance goals. One guide to future payout is historical payout rate, and some companies voluntarily disclose this information. The payout rate for Wal-Mart’s CEO, for example, was 87 percent from 2006 to 2009, meaning he received all but 13 percent of his possible performance-based pay.<sup>19</sup>

Short-term vs. long-term performance metrics. Disclosures frequently don’t specify whether performance-based pay is granted on the basis of short or long-term performance. Rewards for short-term goals, such as quarterly profits, may induce executives to de-emphasize a company’s

long-term performance. Shareholders should know whether company leaders’ priorities are in line with those of long-term investors. The SEC might also experiment with requiring companies to break out how much money may be paid out for performance over different time periods such as the next six months, 12 months, or five years.

Actual vs. awarded pay. The SEC does not require companies to report how executive compensation changes over time. But performance-based pay is often delivered through stock and options that fluctuate in value over time. For instance, Goldman’s Blankfein has earned stock and option awards now worth at least \$225 million during his tenure at the firm.<sup>20</sup> That’s 206 percent more than the amount the bank’s board “awarded.” Regulators should consider requiring companies to disclose the value of performance pay as exercised by executives, and not merely awarded.



# Conclusion

Corporate financial disclosures are meant to protect shareholders. Mandatory reports on executive pay should provide investors with a tool to hold companies accountable for excessive pay.

Regulators at the SEC should therefore require companies to improve disclosures about executive pay practices—and then test these disclosures for simplicity and comprehensibility.

The ultimate test of improved disclosure, of course, is shareholder action.

There are good reasons to believe that shareholders will take advantage of tools giving them improved oversight over excessive pay. A Harvard Business School study on U.K. executive pay from 2000 to 2005 found that CEO compensation became more correlated with operating performance after legislation gave shareholders a so-called “say on pay.” And companies respond to engaged investors.<sup>21</sup> A 2009 study in the United States found that firms decreased CEO pay by \$2.3 million, or 29 percent, when targeted by institutional shareholders calling for a stronger link between pay and performance.<sup>22</sup>

Of course, good compensation disclosures cannot prevent accounting scandals, option backdating, or other recent examples of corporate governance failures. But simple and comprehensible information about executive pay and its link to executive performance will empower investors to wield smarter oversight over companies. That’s good for the shareholding public, for government regulators, and for investor confidence in U.S. financial markets recovering from recession.

# Endnotes

- 1 See, 26 U.S.C. § 162(m)(4)(C)(ii); see also, § 1.162-27(e)(4)(i). And to the extent not otherwise provided by the tax code, whether a company's disclosure to shareholders is sufficient is determined by the Securities and Exchange Commission (SEC), the federal agency charged with protecting investor interests. § 1.162-27(e)(4)(iv).
- 2 Other statutory requirements also exist, including independent auditors and certification by a compensation committee that the performance goals are met.
- 3 Michael Cooper and others, "Performance for Pay? The Relationship Between CEO Incentive Compensation and Future Stock Price Performance" (2010), available at <http://ssrn.com/abstract=1572085>.
- 4 The Conference Board, "U.S. Institutional Investors Boost Ownership of U.S. Corporations to New Highs" (2008), available at [http://www.conference-board.org/utilities/pressdetail.cfm?press\\_id=3466](http://www.conference-board.org/utilities/pressdetail.cfm?press_id=3466).
- 5 Sarah Anderson and others, "Executive Excess 2007: The Staggering Social Cost of US Business Leadership" (Washington: Institute for Policy Studies and Untied for a Fair Economy, 2008), available at <http://www.ips-dc.org/reports/070829-executiveexcess.pdf>.
- 6 Andrew Cuomo, "No Rhyme or Reason: The 'Heads I Win, Tails You Lose' Bank Bonus Culture" (New York, 2009), available at [http://www.iddmagazine.com/white\\_papers/no-rhyme-or-reason-196107-1.html](http://www.iddmagazine.com/white_papers/no-rhyme-or-reason-196107-1.html).
- 7 See Lucian Bebchuk and Jesse Fried, "Pay Without Performance" (Massachusetts: Harvard University Press, 2004), available at [www.pay-without-performance.com/Preface%20and%20Introduction.pdf](http://www.pay-without-performance.com/Preface%20and%20Introduction.pdf); Professors Lucian Bebchuk and Jesse Fried write that companies deliberately employ strategies to camouflage the "amount and performance-insensitivity of executive compensation" to manage outsiders' perception of executive compensation.
- 8 Ibid.
- 9 Personal communication from Lynda J. Grant, Partner, The Grant Law Firm, PLLC, January 14, 2010.
- 10 Securities and Exchange Commission, "Executive Compensation and Related Person Disclosure," (2006), available at [www.sec.gov/rules/final/2006/33-8732a.pdf](http://www.sec.gov/rules/final/2006/33-8732a.pdf). See also, Sarah Anderson and others, "Executive Excess 2007: The Staggering Social Cost of US Business Leadership."
- 11 Securities and Exchange Commission, "Goldman Sachs 2008 Form Def 14A, Apple Inc.," (2008), available at [http://www.sec.gov/Archives/edgar/data/886982/000119312508049485/ddef14a.htm#toc53863\\_24](http://www.sec.gov/Archives/edgar/data/886982/000119312508049485/ddef14a.htm#toc53863_24).
- 12 Jonathan R. Macey, "A Pox on Both Your Houses: Enron, Sarbanes-Oxley and the Debate Concerning the Relative Efficiency of Mandatory Versus Enabling Rules," *Washington University Law Quarterly* (81) (2003): 329, available at <http://lawreview.wustl.edu/inprint/81-2/Macey.pdf>.
- 13 Malcolm Gladwell, *What the Dog Saw* (New York: Little, Brown and Company, 2009); pg. 173.
- 14 Gretchen Morgenson, "Weird and Weirder Numbers on Pay Reports," *The New York Times*, March 11, 2007, available at <http://select.nytimes.com/2007/03/11/business/yourmoney/11gret.html>
- 15 Ibid.
- 16 Base pay is calculated as the sum of salary, change in pension value, and all other compensation listed in Goldman's proxy for the Year 2007 and GE's proxy for FY 2007, respectively. Performance-contingent pay is the difference between total compensation, as listed in the respective summary compensation charts, and the guaranteed pay as calculated in the previous sentence.
- 17 Personal communication from Paul Hodgson, senior researcher, corporate governance firm The Corporate Library, January 11, 2010.
- 18 Securities and Exchange Commission, "2010 Form Def 14A, Apple Inc.," (2010), available at <http://google.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=6983726-948-346728&type=sect&TabIndex=2&companyid=2035&ppu=%252fdefault.aspx%253fcompanyid%253d2035%2526amp%253bfmformtyeld%253d148>.
- 19 Securities and Exchange Commission, "2010 Form Def 14A, Wal-Mart Stores Inc.," (2010), available at <http://www.sec.gov/Archives/edgar/data/104169/000119312510086323/ddef14a.htm>; Wal-Mart's payout rate for the performance period of 2/1/2006 – 1/31/2009 was 87%.
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- 21 Fabrizio Ferri and others, "Say on Pay CEO Compensation: Evidence from the UK" (Boston: Harvard Business School, 2009), available at <http://efmaefm.org/OEFMSYMPOSIUM/CGC%202009/papers/Ferri.pdf>.
- 22 Yonca Ertimur and others, "Shareholder Activism and CEO Pay" (Los Angeles: Conference on Empirical Legal Studies, 2009), available at <http://ssrn.com/abstract=1443455>.

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