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More Nuggets on Pay From Proxy Filings

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Many of the most interesting nuggets on executive pay are buried so deep in the new corporate filings that it helps to bring along a calculator and a shovel.

The Securities and Exchange Commission's new disclosure rules were supposed to make it easier for investors to understand how top managers were being paid. But piles of new data and proxy statements that are about as easy to parse as the federal tax code have even experts scratching their heads.

"There is an awful lot of stuff you have to wade through to get to the stuff that matters," said Jannice L. Koors, a compensation consultant at Pearl Meyer & Partners. "We are now in the business of data mining."

Among the choice details recently unearthed in recent filings:

Ray R. Irani, [Occidental Petroleum](#)'s chairman and chief executive, is so far the highest paid corporate chief whose compensation package was tallied under the new rules. His total pay was about \$52.1 million last year, according to an analysis by Equilar, the executive compensation research firm. But that was just the amount that Occidental's board awarded him last year.

In fact, he took home a lot more. First, there was the \$270.1 million in profit from stock options he cashed out in 2006. Then there was the \$93.3 million that Mr. Irani withdrew from a huge deferred stock plan that was revealed for the first time this year under the new rules.

(It is found in a table on Page 28 of the Occidental proxy statement, in the kind of fine print often used by credit card and insurance companies.)

According to its proxy statement, the company ended the program late last year in light of the substantial "liability and expense" of the program.

Of course, Mr. Irani can expect even more money down the road. Besides his annual pay, he still can tap at least four other deferred compensation plans, totaling at least \$124 million.

International Business Machines will freeze this year an executive retention plan that helped bolster retirement benefits for Samuel J. Palmisano, its chairman and chief executive, to more than \$33 million. On top of his \$18.8 million pension, Mr. Palmisano is eligible to collect about \$14.2 million through a special retention plan.

In its proxy statement, [I.B.M.](#) said that it set up the program in 1995 to keep senior managers when the company's "very existence" was at risk, but that the "original purpose had been met."

I.B.M. closed the program in 2004 for new participants, and said that by the end of the year, it would freeze the payments earned by any existing managers. An I.B.M. spokesman could not be reached for comment about the timing.

Buried in the proxy of the pharmaceutical giant [Pfizer](#) were details about more than the money it pays its board members and top executives. The company also took the unusual step of disclosing its independent compensation consultant's compensation.

"The total amount of fees paid to Frederic W. Cook & Co. for services to the committee in 2006 was \$184,555," Pfizer's proxy revealed. That works out to at least \$15,000 a month just so the company can be certain that the wages and benefits of its top executives are well designed and competitive.

"Shareholders had asked about the information," said Bryant Haskins, a Pfizer spokesman. "It was just an effort to be more transparent and go beyond what was asked for."

Other proxy statements appear to have been written by puzzle makers. [Verizon](#)'s long-term incentive plan is one notable example. Over the last three years, Verizon investor returns were slightly above the median for its industry, but two out of every three big companies in the Standard & Poor's 500-stock index performed better. How much did Verizon's performance program pay out? A handy chart would guide you to somewhere in the 41 percent range.

But the text of the proxy leads the careful reader to a different conclusion: the payout is closer to 82 percent of the amount the company actually expects to award annually. The percentages in the table are based on the maximum amount payable under Verizon's bonus plan — about twice the target level.

"It's a shell game," said Brian Foley, an independent compensation consultant in White Plains. "They wrote it in a way that was most favorable to them."

"Here they have a setup that allows them to get paid out fairly well based on beating, only slightly, the median for the telecom group even though it is D level performance over all," he added.

A Verizon spokesman was not available for comment.