

Overhaul means more details on pay

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The U.S. Securities and Exchange Commission overhauled reporting guidelines for executive compensation last year, providing more information than ever about what executives are paid.

The good news is that shareholders have a better idea of the total compensation executives get, including greater detail about pension values, stock and options, severance agreements and miscellaneous compensation, experts say.

"In general, the SEC is trying to improve transparency and shed more light on a lot of the things that might have been called stealth wealth in the past," said Alexander Cwirko-Godycki, a senior analyst with Equilar Inc., a San Mateo, Calif.-based firm that specializes in analyzing data on executive compensation.

The bad news is that the new rules have created confusion. The total compensation tally in the summary table of the SEC filing includes stock and option categories that represent the accounting expense or income recorded that year by the company. In some cases, these accounting items show a negative number for the year, making it look as though the executive paid the company money and leading many experts to ignore these columns.

The table also includes a change in the value of the executives' pension plan, which could be caused by a change in the expected market return of assets in the plan.

Many analysts have been using additional numbers in the filing to adjust the compensation reports to reflect what they believe is a clearer picture of what the executive was paid in the year. The Free Press followed these analyst recommendations to make similar adjustments for its analysis.

Even with disagreements over how the figures are organized, most analysts agree the new rules are an improvement.

"The burden is now on the company to explain what happened," Cwirko-Godycki said. "Then, everyone can judge each situation."

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