

New SEC rules made ranking pay a bit tougher than usual

By Amy Martinez

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Ranking executive pay for all publicly traded Northwest companies proved tricky this year because of new disclosure rules adopted by the Securities and Exchange Commission.

The new rules took effect Dec. 15 requiring more information from companies on perks, pensions, severance agreements, and the value of stock and option awards. Additionally, companies must now disclose pay for chief financial officers, as well as CEOs and the next three highest-paid executives.

But because some of the Northwest's biggest companies — Costco, Microsoft, Nike and Starbucks — run on fiscal years ending before Dec. 15, they have not yet disclosed executive compensation under the new rules.

As a result, comparisons of all Northwest companies are based on salary and bonuses. In other comparisons, companies that did not disclose pay under the new rules are excluded, and additional forms of compensation such as stock and option awards are included.

Three Northwest companies — Getty Images, Stonepath Group and TRM — are left out because they haven't yet disclosed 2006 executive compensation.

The Seattle Times hired Equilar, a San Mateo, Calif., executive-compensation research firm, to gather the information and compile the rankings.

Among companies that disclosed pay under the new rules, total compensation is the sum of base salary, bonuses, cash incentive plan payouts, stock and option awards and a catch-all category called "other compensation," typically perks. Stock and option awards are the full value given in 2006, not just those that vested during the year.

Cash compensation is the sum of base salary, bonuses and cash-incentive-plan payouts for executives at companies reporting under the new rules. Equilar considers it comparable to the sum of base salary and bonuses for executives at companies reporting under the old rules.

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