

AGENDA

New Comp Rules Spur Severance Debate

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New disclosures have put a price tag on CEO severance and change-in-control packages while sparking debate over such send-offs.

A study by executive compensation research firm **Equilar** finds that the median CEO severance payment at 137 Fortune 200 companies was about \$21 million last year, while the median for change-in-control packages was about \$28.6 million, according to a *CNN/Money* report on the research.

Over 71% of CEOs are eligible for severance, and nearly 82% are in line for change-of-control payments, the study also found.

The data became fully available only now because of new **SEC** compensation disclosure rules.

Such packages have to be big to compensate successful CEOs for the risk they assume when leaving one job for another where their employer may be sold, argued corporate governance lawyer **Mary Ann Jorgenson** in a recent CNBC debate.

No top executive should make a major career change without the change-in-control insurance, said Jorgenson, a partner at **Squire, Sanders & Dempsey**.

Dan Pedrotty, director of the **AFL-CIO**'s office of investment, countered that some companies, such as **Home Depot**, have opted recently against giving their incoming CEOs golden parachutes.

Fat send-offs amount to "pay for failure," Pedrotty said, in that they could encourage CEOs to push for takeovers that benefit them more than shareholders.

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