

Docu-Drama: Say on pay advocates gain traction

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Advocates of having public companies allow their owners to express their opinion on how much companies pay their top brass enter the 2009 proxy season with a head of steam.

Such "say-on-pay" shareholder resolutions have been filed at more than 100 U.S. companies so far this season — including Apple, Yahoo, Intel and Hewlett-Packard — according to a network of more than 70 organizations established in 2007 known as the Interfaith Center on Corporate Responsibility.

"We're pleased that a number of companies in the United States already have responded and their boards have agreed to institute an" advisory vote on executive pay in 2009, according to Timothy Smith, a senior vice president at Walden Asset Management, one of 11 asset management firms in the network, which includes public pension and labor funds, foundations, religious investors, retiree organizations and individual investors.

"We expect more companies to step forward this winter and declare their support such as Hewlett-Packard did last week," Smith said in a statement.

While HP did put out a press release on Jan. 16 saying that its board had decided to allow shareholders to "determine whether the company should conduct an annual nonbinding advisory stockholder vote related to executive compensation," the vote on whether to allow a vote on compensation won't take place until 2010, meaning that HP's

shareholders won't be able to express satisfaction or lack thereof about executive pay until 2011, at the earliest.

"We have adopted this procedure because executive compensation involves important issues relating to corporate governance," said Mark Hurd, HP chairman and chief executive.

Important, but not evidently urgent. HP's timing allows the company to dodge the issue following a very good year for its CEO, which leads us to our next item:

HURD'S HAUL: Hurd's compensation for 2008 was disclosed in the company's proxy filed with the SEC on Tuesday.

Hurd, who has undeniably lit a fire under HP's stock since becoming CEO in 2005, got \$25.4 million in cash last year, including a \$1.45 million salary and \$23.9 million in bonus money.

He was also granted stock-based compensation valued at \$7.9 million, earned \$98,000 in dividends on his unvested restricted stock, got \$71,482 worth of mortgage assistance under the terms of his hiring agreement, and sold 400,000 shares from an option exercise that netted him \$10 million.

We've become slightly jaded by huge executive payouts over the years. But one detail of Hurd's compensation got our mouth watering. HP reimbursed Hurd for \$79,814 for taxes on meals associated with business travel "in connection with events to which family members were invited."

We're talking food.

We asked HP if it would be possible to get a figure for the total amount of meal expense on which the tax payment was based, but have yet to hear back.

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But let's imagine the feds claim 35 percent and the state of California takes 9 percent. That would make the value of Hurd's initial food benefit about \$181,000. Assuming three meals a day, every day of the year, that works out to about \$165 per meal.

No matter how you cut it, that's a lot of Whoppers.

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