



Pearl Meyer & Partners

*A Clark Consulting Practice*

# BEHIND THE NUMBERS: *New York Times 2006 CEO Pay Survey*

**Jan Koors**

Managing Director

**Gregory Loehmann**

Consultant

*Dial in: 800.659.2093*

*Participant Passcode: 74503525*

*Event Password: ceopay*

April 11, 2006



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- All lines will be muted during the presentation
- For technical help dial \*0 or call 866-779-3239
- Questions may be submitted throughout the presentation and will be answered at the end of the session
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The screenshot shows two overlapping windows. The top window is titled 'Chat' and contains a text input field with the placeholder 'Type chat message here...', a 'Send' button, and a 'Send to:' dropdown menu currently set to 'All Participants'. The bottom window is titled 'Q&A' and contains a text input field with the placeholder 'Type your question here', a 'Send' button, a 'Respond Privately...' button, and a 'Delete' button. A green arrow points from the left side of the slide to the 'Q&A' tab in the bottom window.

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## OUR SPEAKERS

- **Jan Koors**

Jan Koors, Managing Director in the New York office, joined Pearl Meyer & Partners in 2001. She has more than 20 years of experience in all areas of executive compensation, including value-based annual and long-term incentive plans, salary structure development, subsidiary pay programs and performance measure selection. She has consulted extensively in the retail, apparel and consumer goods sectors. Prior to joining Pearl Meyer & Partners, Ms. Koors was a Principal at SCA Consulting. She previously worked in the compensation consulting practices of Towers Perrin and PricewaterhouseCoopers. Ms. Koors received her A.B. from Wellesley College.

- **Greg Loehmann**

Mr. Loehmann is a Consultant with Pearl Meyer & Partners, located in their New York office. He has five years of experience in executive compensation and as Staff leader, currently oversees the New York office's consulting staff. He leads the Firm's proxy research for *The New York Times* CEO Pay Survey as well as its marketing and research efforts relating to director compensation and equity utilization. Mr. Loehmann received a B.A. from Colgate University.



# NEW YORK TIMES

## 2005 PROXY ANALYSIS FOR 200 CEOs

### Selection Criteria

- **Prior analysis**
- **“Early” filers**
  - 8/11/05 through 3/31/06
  - Included fiscal years from 5/29/05 to 1/28/06
- **Large “name brand” corporations**

### 200 Companies

- **Revenues**
  - Average \$21 billion
  - Median \$12 billion
- **FYE Market Cap**
  - Average \$34 billion
  - Median \$16 billion

- There were 172 CEOs who held their Chief Executive Officer positions in both 2004 and 2005
  - Our summary is based on year-to-year changes for this subset of 172 CEOs



## WHAT WE FOUND...

- Pay is up about 8% at median
  - This compares to +17.5% increase last year
- Option value was flat while full value awards and LTIP payments increased more than 40%
- More voluntary disclosure in advance of anticipated SEC rules



# 2005 CHIEF EXECUTIVE OFFICER COMPENSATION SUMMARY

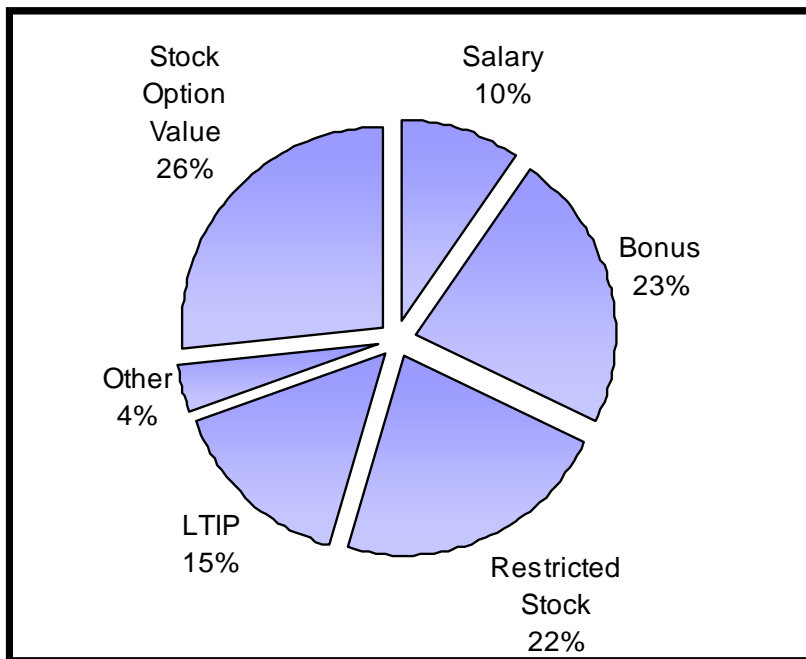
	Average			Median		
	2005	2004	% Change vs. 2004	2005	2004	% Change vs. 2004
Salary	\$1,098,012	\$1,038,331	+5.7%	\$1,026,117	\$1,000,000	+2.6%
Bonus	\$2,605,990	\$2,405,454	+8.3%	\$1,841,000	\$1,759,905	+4.6%
Total Cash	\$3,704,002	\$3,443,786	+7.6%	\$2,887,136	\$2,812,668	+2.6%
Restricted Stock	\$2,522,865	\$2,130,925	+18.4%	\$827,943	\$254,000	+226.0%
LTIP	\$1,712,451	\$888,903	+92.6%	\$0	\$0	n/a
<b>RS+LTIP</b>	<b>\$4,235,316</b>	<b>\$3,019,828</b>	<b>+40.3%</b>	<b>\$2,136,680</b>	<b>\$1,481,140</b>	<b>+44.3%</b>
Other Compensation	\$472,875	\$499,420	-5.3%	\$202,539	\$175,964	+15.1%
Total Direct Compensation	\$8,412,193	\$6,963,034	+20.8%	\$5,597,852	\$5,106,037	+9.6%
<b>Stock Option Value</b>	<b>\$3,040,804</b>	<b>\$3,047,283</b>	<b>-0.2%</b>	<b>\$2,188,793</b>	<b>\$2,125,863</b>	<b>+3.0%</b>
<b>Total Remuneration</b>	<b>\$11,452,997</b>	<b>\$10,010,317</b>	<b>+14.4%</b>	<b>\$8,549,985</b>	<b>\$7,891,482</b>	<b>+8.3%</b>
Sales (Millions)	\$20,939			\$11,968		
Market Cap (Millions)	\$32,641			\$16,382		
Net Income % Change	33.9%			15.8%		
Total Shareholder Return	12.0%			6.7%		



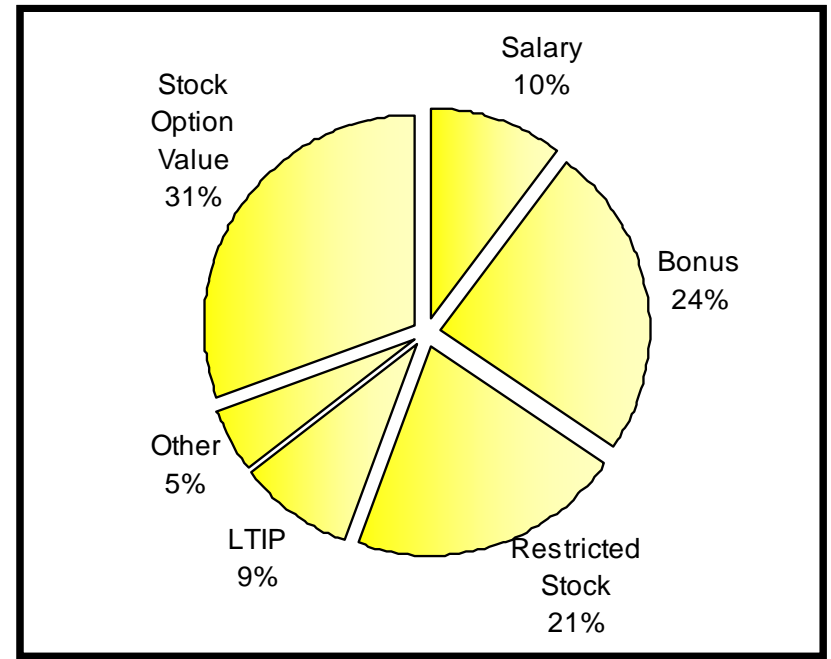
# PAY MIX REFLECTS THE DECLINING USE OF OPTIONS AS THE PRIMARY LONG TERM INCENTIVE

## Total Remuneration Pay Mix

2005



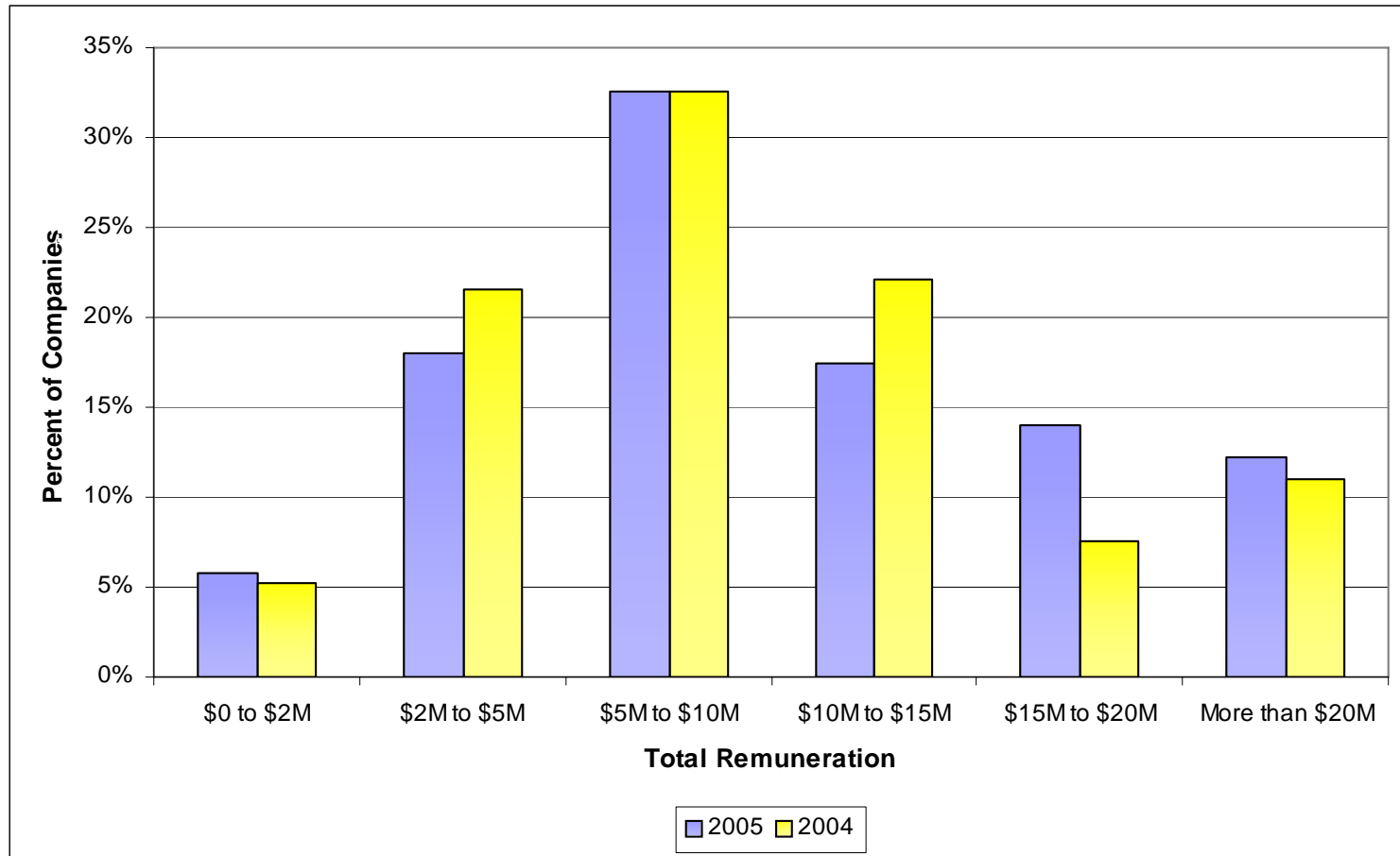
2004





# DISTRIBUTION OF PAY IS LARGELY UNCHANGED FROM 2004

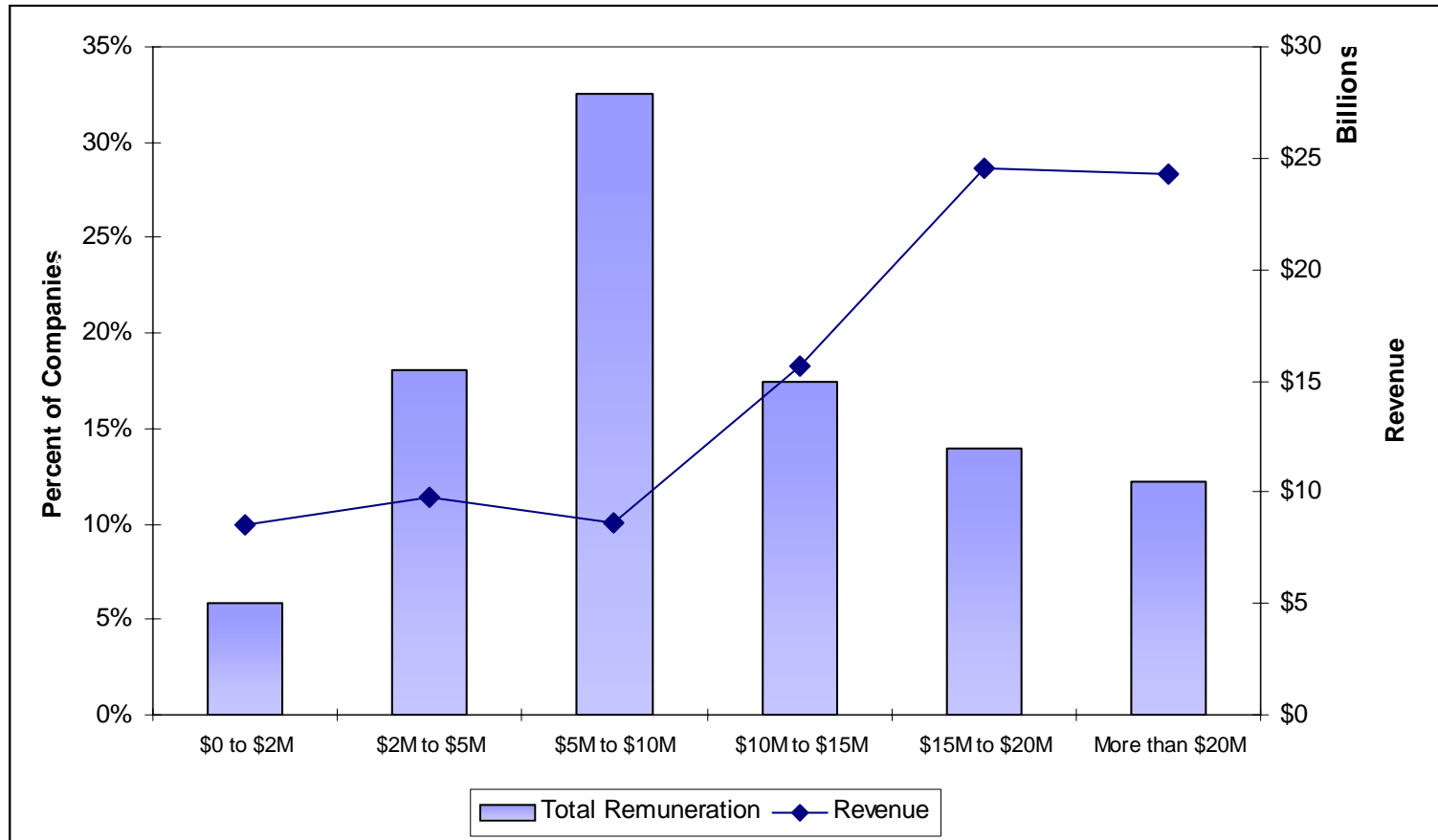
## Total Remuneration Distribution





# PAY AND COMPANY SIZE GENERALLY APPEAR LINKED

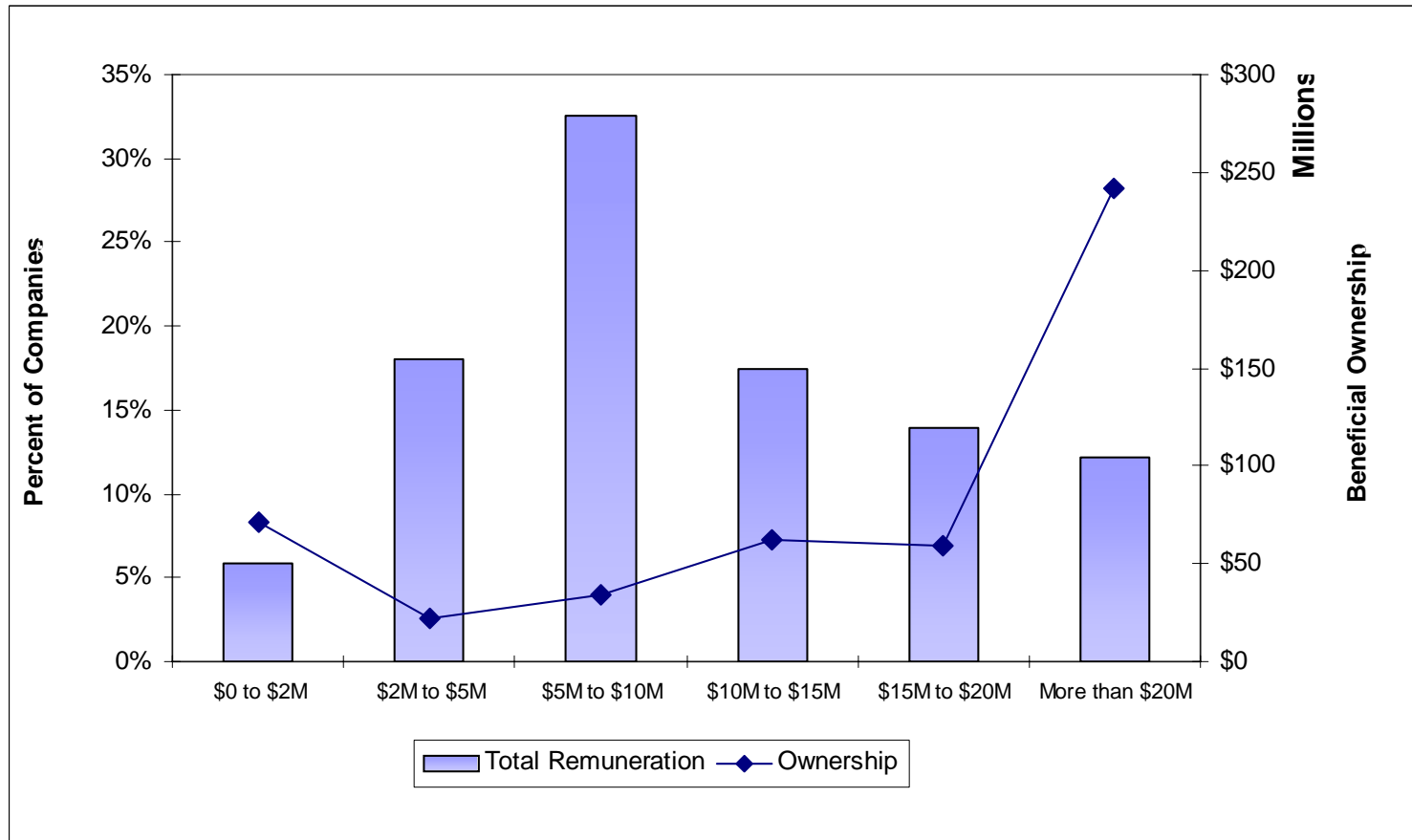
## 2005 Total Remuneration and Median Revenue





# SIGNIFICANT STOCK OWNERSHIP EXPLAINS SOME OF THE LOWER CEO PAY LEVELS

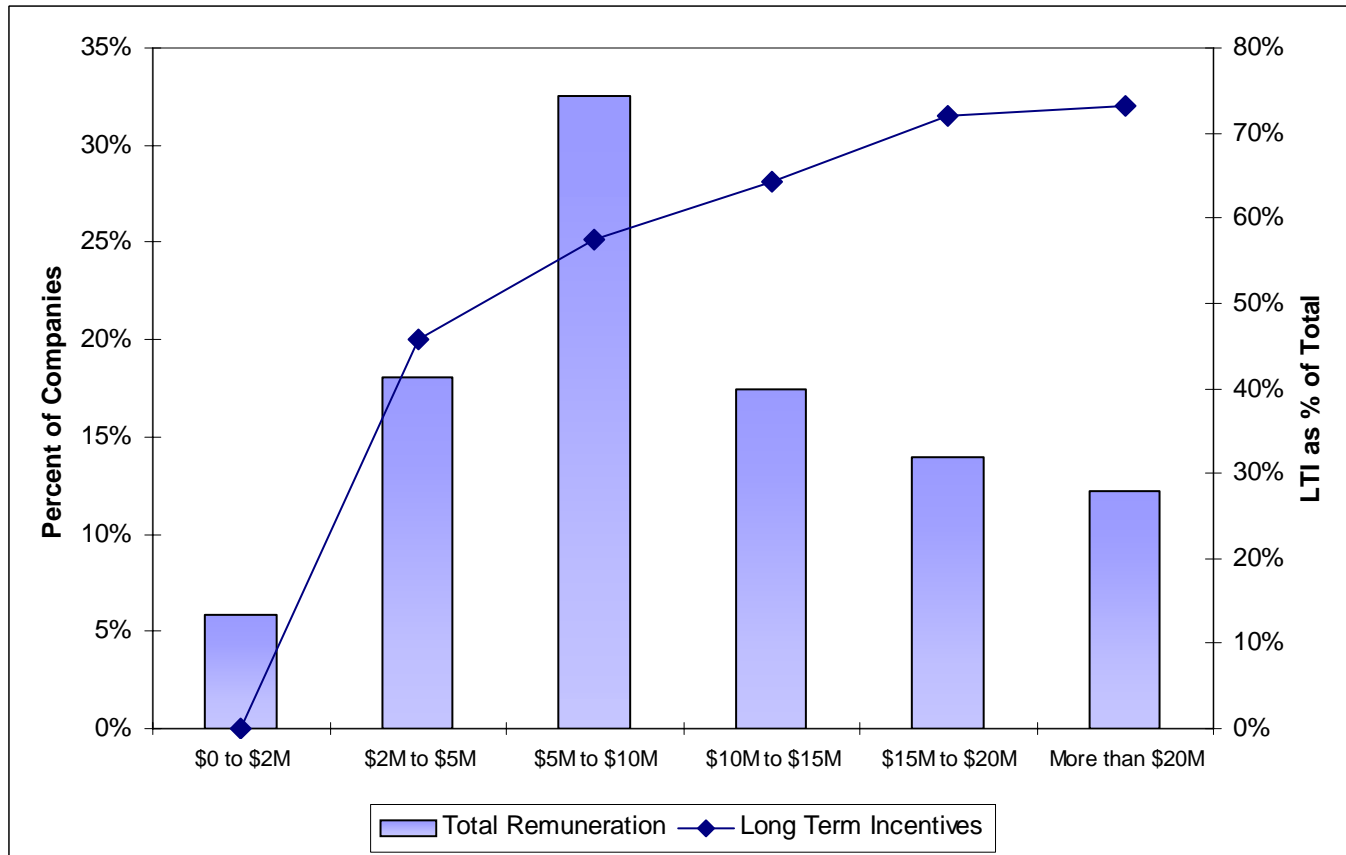
## Total Remuneration and Median Beneficial Ownership





# HIGHER TOTAL REMUNERATION LEVELS DRIVEN BY LONG TERM INCENTIVES

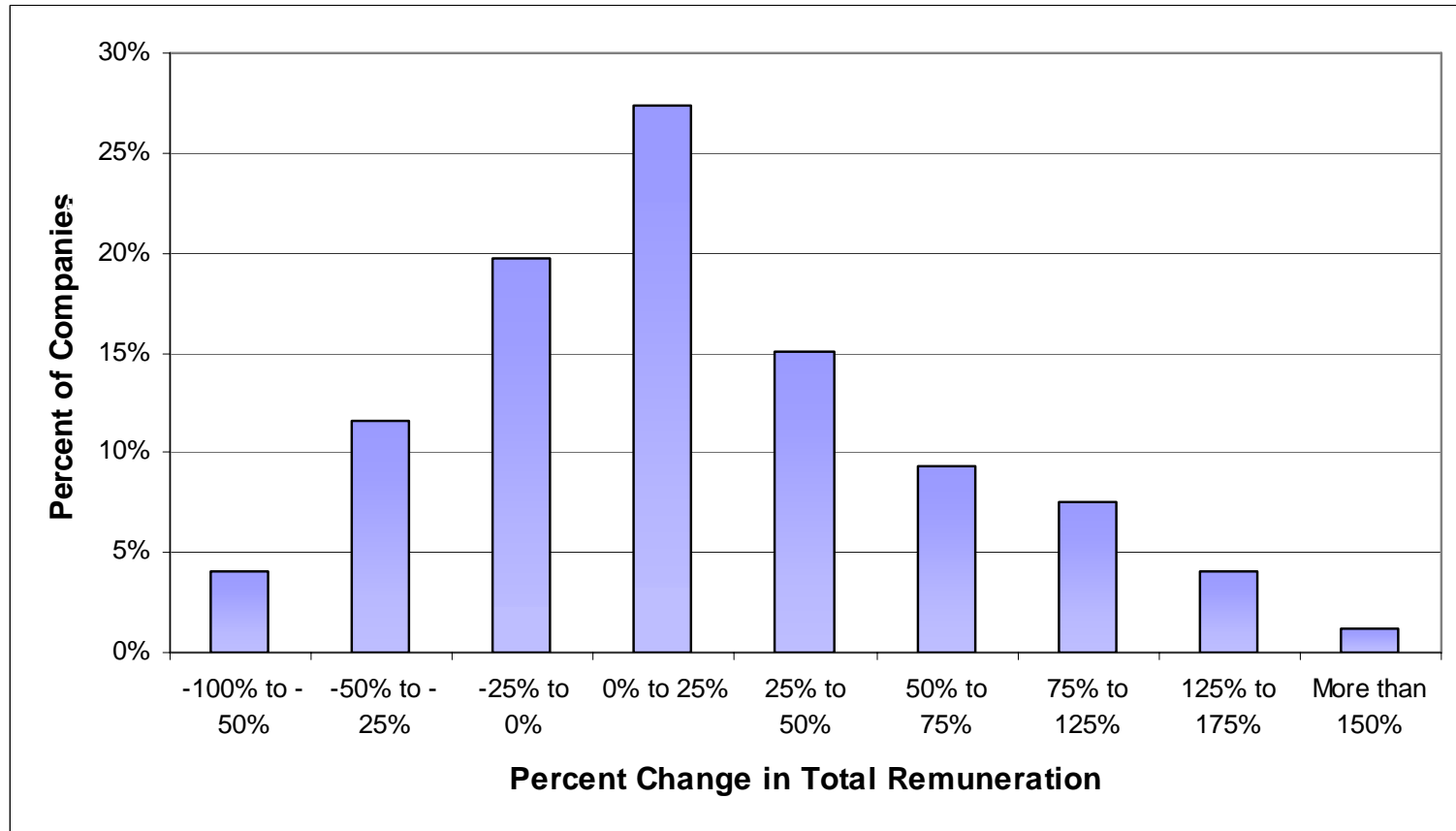
## Total Remuneration and Long Term Incentive as a Percent of Total Remuneration





# MOST EXECUTIVES WITHIN PLUS OR MINUS 25% OF THEIR PRIOR YEAR PAY

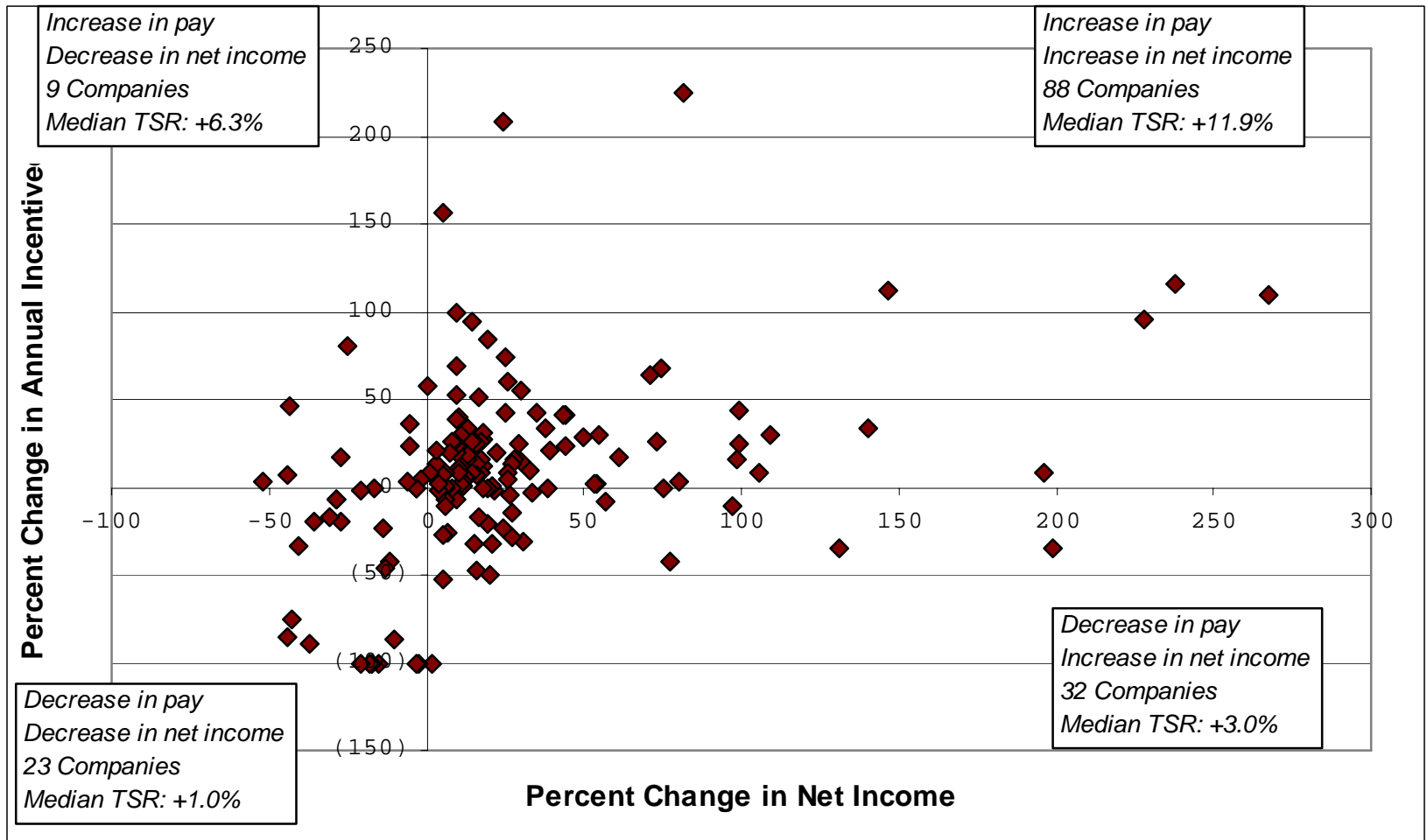
## Total Remuneration Percent Change





# PAY FOR PERFORMANCE?

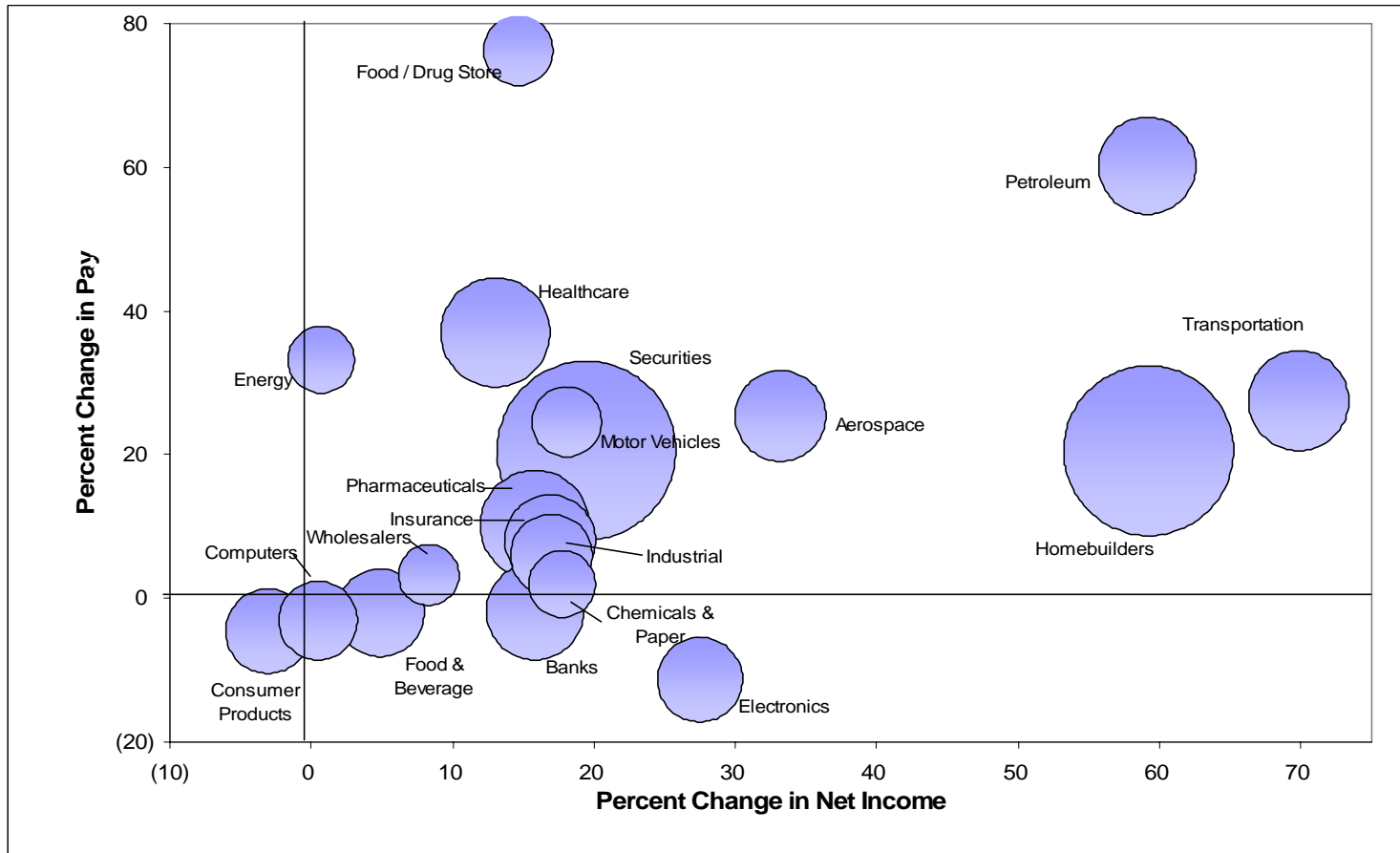
## Change in Annual Incentive vs. Change in Net Income





# SOME OF THE HIGHEST PAYING INDUSTRIES ALSO SHOWED THE LARGEST INCREASES

## Percent Change in Pay vs. Percent Change in Net Income by Industry

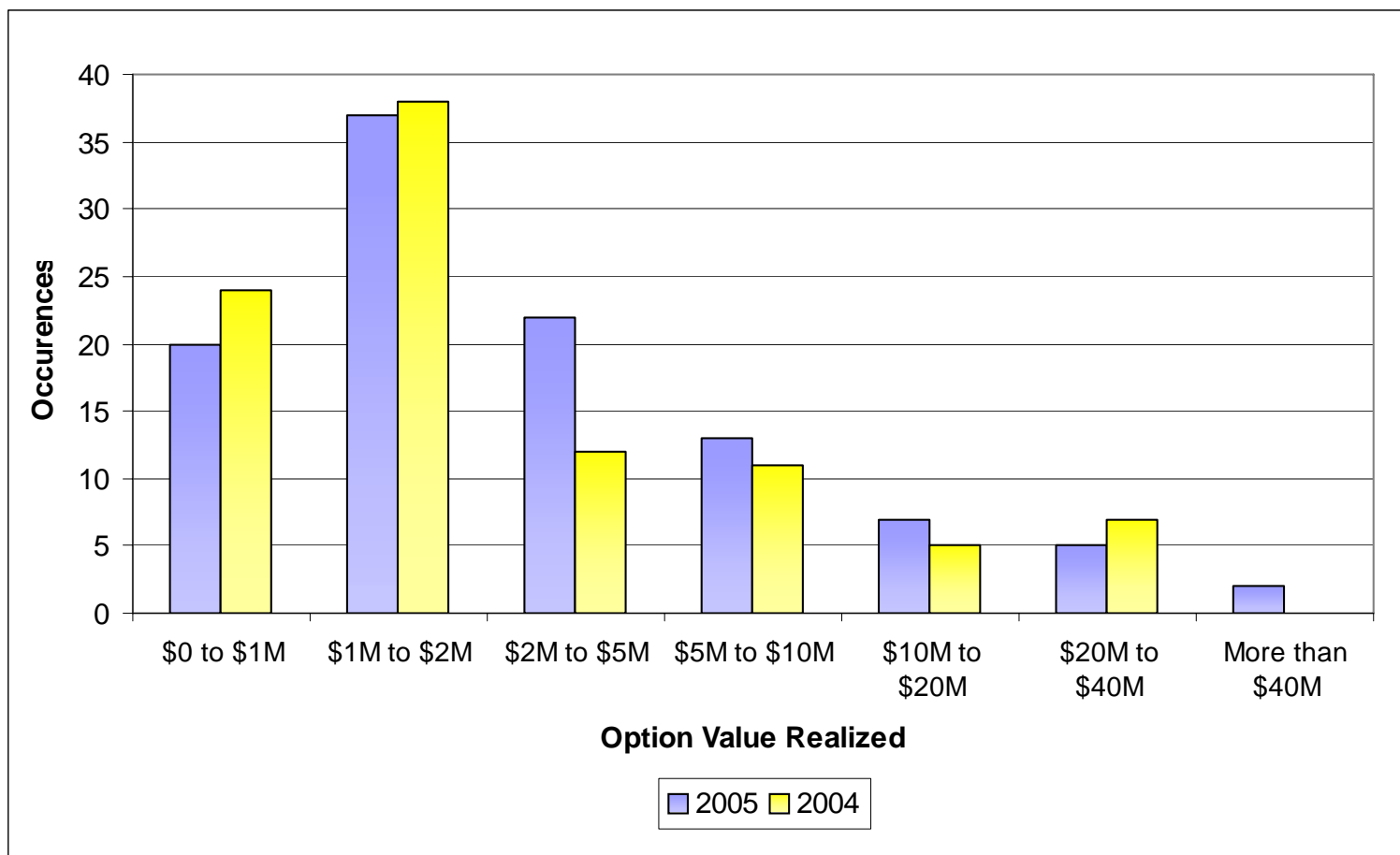


**NOTE: Size of circle indicates relative amount of median total remuneration.**



# PREVALENCE OF OPTION EXERCISE AND THE GAINS REALIZED WERE SIMILAR TO LAST YEAR

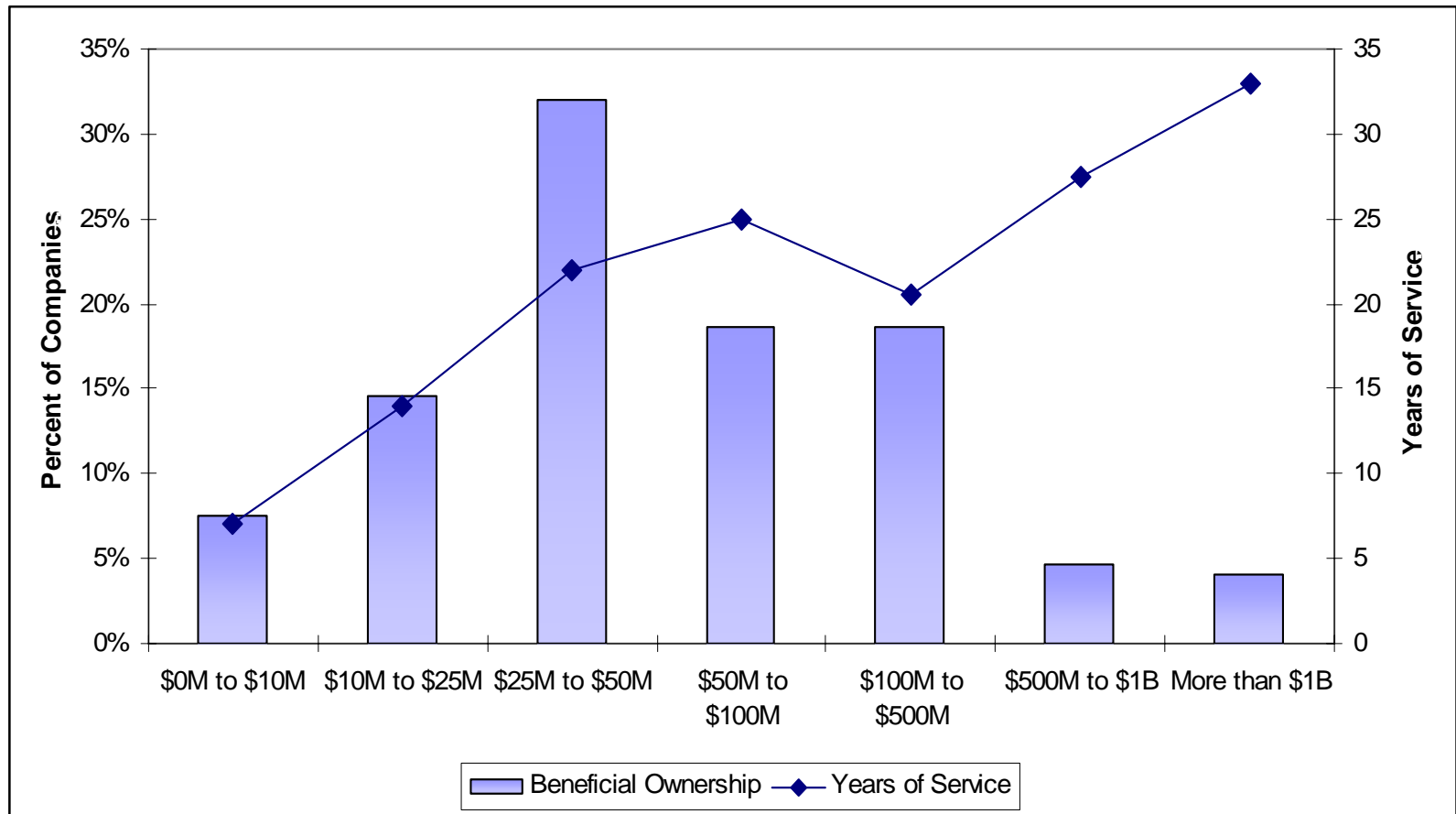
## Option Gains Realized





# CEO OWNERSHIP TRENDS UP SIGNIFICANTLY WITH INCREASING YEARS OF SERVICE

## Beneficial Ownership and Years of Service





## MAJORITY OF CEOs HAVE DEFINED BENEFIT RETIREMENT PLANS

- First year looking at defined benefit retirement program payments
  - In anticipation of fuller disclosure next year
- Collect data on estimated annual benefit
- 82% of companies have a defined benefit/SERP
  - 61% of those with plans provide a value (median annual benefit roughly \$940,000)
- Next year more data on more plans



# A PARTING WORD ABOUT THE SEC PROPOSAL

- Changes to disclosure format for current components of TDC
  - Performance plans
  - Perquisites and benefits
- Quantification of “event-driven” compensation
  - Retirement
  - Termination
  - Change in control



# SUBMIT A QUESTION

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