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Wednesday, January 18, 2012

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Executive Pay

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By LOUISE STORY
Updated: Dec. 5, 2011

Executive compensation at financial firms and other corporations began to soar in the 1990s. When the bottom dropped out of the economy in recent years, large pay packages became the focus of public fury — particularly when they were going to executives of companies receiving taxpayer funds.

President Obama has said that executive pay packages encouraging excessive risk led to the practices responsible for the financial crisis, and his administration has looked for ways to curb executive pay. But in fact, bonuses have continued to rise at a significant rate. Overall compensation in financial services rose 5 percent in 2010, according to one survey, with employees in some businesses like asset management getting increases of 15 percent.

In June 2010, the Federal Reserve, six months into a compensation review of the country's 28 largest financial companies, found that many of the bonus and incentive programs that economists say contributed to the financial crisis remained in place. And in a report released in July 2010, Kenneth R. Feinberg, President Obama's special master for executive compensation, said that nearly 80 percent of the \$2 billion in 2008 bonus pay doled out by troubled banks was unmerited.

An analysis by The Wall Street Journal found that pay and benefits at the top 25 publicly traded banks and security firms on Wall Street hit a record of \$135.5 billion.

But in March 2011, the New York State comptroller's office reported that cash bonuses on Wall Street dropped in 2010 while overall compensation rose 6 percent. The comptroller's report found that Wall Street doled out an estimated \$20.8 billion in cash in 2010, an 8 percent decline from 2009 and a fraction of what was paid out before the financial crisis. As cash payouts dipped slightly the previous year, so did profits on Wall Street.

That number dropped further by November 2011, when a closely watched compensation survey reported that Wall Street bonuses would fall by an average of 20 to 30 percent from the previous year. It would be the weakest bonus season since the financial crisis and a reflection of the leaner times confronting the industry. Those who work in trading and investment banking — usually Wall Street's most profitable businesses, although struggling this year — will experience the sharpest drops in pay, said Alan Johnson, managing director of Johnson Associates, the firm that conducted the survey.

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The Pay Gurus of Wall Street

By DEALBOOK

As Wall Street banks gear up for their annual bonus season, one group of influential outsiders, known as compensation consultants, is lending advice on pay to banks and other financial firms, DealBook's Kevin Roose reports in The New York Times. "The misunderstanding many people have about this industry is that pay is whimsical," said Alan Johnson, a leading compensation consultant. "It's not."

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Morgan Stanley Is Said to Cap Cash Bonuses at \$125,000

By KEVIN ROOSE

The bonus caps reflect the difficulties that new financial regulations and the debt turmoil in Europe have posed to Morgan Stanley and its rival firms.

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The Invisible Hand Behind Wall Street Bonuses

By KEVIN ROOSE

Compensation consultants work in the shadows to help Wall Street banks and other financial institutions set bonuses and devise severance packages.

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Lloyds Chief, After Medical Leave, Turns Down Bonus

By JULIA WERDIGER

The chief executive of Lloyds Banking Group, Antonio Horta-Osorio, said



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Titans of an Age No Longer Golden

Though seven major financial firms lost more than \$100 billion since 2007, they have paid their top executives \$464 million since 1995.

Bargain Rates for a C.E.O.?

By DEVIN LEONARD

The median pay package for C.E.O.'s at big public companies declined last year, to \$7.7 million. Many critics would say that's still overpaying.



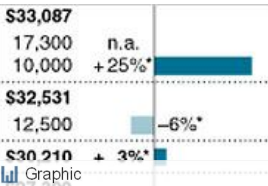
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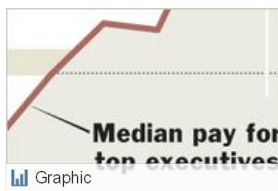
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John T. Schuessler, Wendy's 3.5 years
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Marching Orders



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The Unstoppable March of Executive Pay



Robert W. Lane, Wells Fargo
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