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Gluttonous executive pay remains immune to hard times

By ROBERT TRIGAUX, Times Business Columnist

© St. Petersburg Times, published April 23, 2003

In this post-Enron, post-bubble world, corporate executives should gaze beyond their own La-La Land. You would think they could grasp the country's sobering mood and curtail their compensation binge.

Lacking an Atkins Diet (may the good doctor rest in peace) for excessive pay, CEOs continue to feed at will at the money trough.

To be fair, a few executives are making modest efforts to better tie their paychecks to corporate performance. Here's a local example. On Tuesday in Tampa, TECO Energy CEO Bob Fagan told a standing-room-only annual meeting of mostly unhappy shareholders that TECO officers' salaries are frozen to hold down costs. And this year's stock options -- currently worthless because of TECO's sad stock price -- will not be repriced to make it easier for managers to collect.

That's a good thing, as far as it goes. But read on to see that Fagan's sacrifice is really very little sacrifice at all. When it comes to executive pay and perks, Marie Antoinette remains the corporate role model to shoo away complaining shareholders. Let them eat stock options.

Consider these chief executives whose total compensation, analyzed by Equilar Inc., in the last fiscal year soared while their companies total returns sank like a rock.

Walt Disney CEO Michael Eisner's total pay rose 498 percent while Disney's total return dropped 19 percent.

Teco Energy CEO Fagan's pay climbed 92 percent, but TECO returns fell 37 percent.

At Winn-Dixie Stores, CEO Allen Rowland's pay was up 19 percent even as the supermarket chain's return was down 39 percent.

And at Ryland Group, CEO Chad Dreier's compensation soared 247 percent, though company returns were down 9 percent.

The disconnect is not just in CEO pay but attitude, as these recent events suggest:

Last week, just as American Airlines' unions agreed to concessions that the carrier insisted it needs to avoid Chapter 11, airline parent AMR revealed in a regulatory filing that an executive retention plan would pay AMR's top six officers bonuses equal to twice their salaries if they would remain through

January 2005. What's more, a trust would be created partly protecting the otherwise unfunded pensions of AMR's top 45 officers from a potential bankruptcy filing.

Once publicized, those planned bonuses were quickly canceled. And American CEO Donald Carty apologized twice in three days for his "mistakes" and "naivete" for failing to tell airline workers about the senior executives' compensation packages. Now some irate American employees seem as keen on trying to oust Carty as they are to preserve the airline.

Talk about fiddling while Rome burns.

For those who may not recall, the mighty Verizon telecommunications giant resulted from a merger of the aggressive Bell Atlantic, run by Ivan Seidenberg, and the more rural GTE, run by Charles "Chuck" Lee. Well, Lee retired last June 30 with quite an opulent menu of perks.

His retirement benefits include access to a corporate jet, a company-owned New York apartment and memberships to various country clubs. Lee -- who was paid a total of \$15.6-million last year -- received post-retirement consulting fees of \$1.5-million and \$71,010 for personal use of company aircraft and other transportation. Now he collects \$3-million a year for his work as a consultant to Verizon.

If Lee decides to quit his consulting gig or is "let go" -- like that's going to happen -- he still gets his full two-year consultant salary, all of his long-term bonus, all unvested stock options immediately vested, airplane use for personal travel and car service.

But if Lee honors his two-year consulting contract, he's entitled to another five years of goodies that include: a New York apartment; \$36,000 a year for club memberships; access to a company plane and a company car for personal use; free financial planning services; home security; office equipment; and a cell phone.

Normally, Lee's lavish retirement package would no longer stand out in executive La-La Land. Except for one reason. In Florida, Verizon and other phone companies are pushing harder than ever to win approval from the Legislature to sharply raise local phone rates. What now costs Tampa Bay residents about \$12 a month (before all those taxes and fees) would rise and even possibly double to \$24 a month. That's the sum Verizon swears is closer to the actual cost to provide residential local service.

If those local rates do rise, how much of that increase will go to help keep Chuck Lee living the high life in retirement?

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