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CEO pay seen outpacing investor returns

Median salary package at S&P 500 firms jumped 20% last year, suggesting it's not performance but what peers get that determines compensation, paper reports.

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NEW YORK (CNNMoney.com) -- The pay packages of U.S. chief executives are outpacing investor returns, suggesting that their compensation is not based on performance, according to a report published Monday.

The survey conducted and reported by the *Financial Times*, which looked at compensation of chief executives of companies in the S&P 500 index, revealed that the median compensation for a CEO rose 20 percent to \$5 million during the last fiscal year.

That tops both the net profit and shareholder returns of those same companies, which rose 15 percent and 9 percent respectively, according to the paper.

"The reality is that this is a false market driven not by appreciation in the share price and earnings but by what other chief executives are getting," Charles Elson, director of the Weinberg Center for corporate governance at the University of Delaware, told the *Times*.

Experts told the paper that the survey, which looked at the salary, bonuses and options exercised by chief executives over the past two years, also indicates that their compensation packages are increasing at a much faster pace than the pay of the average worker.

Fortune's list of the highest-paid executives overall revealed that each collected over \$48 million in total compensation last year - much of it coming in the form of restrictive stock or stock options - and all of them are men.

Eugene Isenberg, CEO of [Nabors Industries \(Charts\)](#), brought home \$71.4 million in 2005, according to Equilar, a San Mateo, Calif.-based compensation research firm, which calculated the results for Fortune magazine.

Other members of the top 10 include [Occidental Petroleum \(Charts\)](#) CEO Ray Irani, who made \$70 million; [Yahoo \(Charts\)](#) chairman and CEO Terry Semel, who earned \$56.8 million; and [Oracle \(Charts\)](#) CEO Larry Ellison, who made \$52.3 million.

[Who are the 10 top-paid women execs?](#) ■




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