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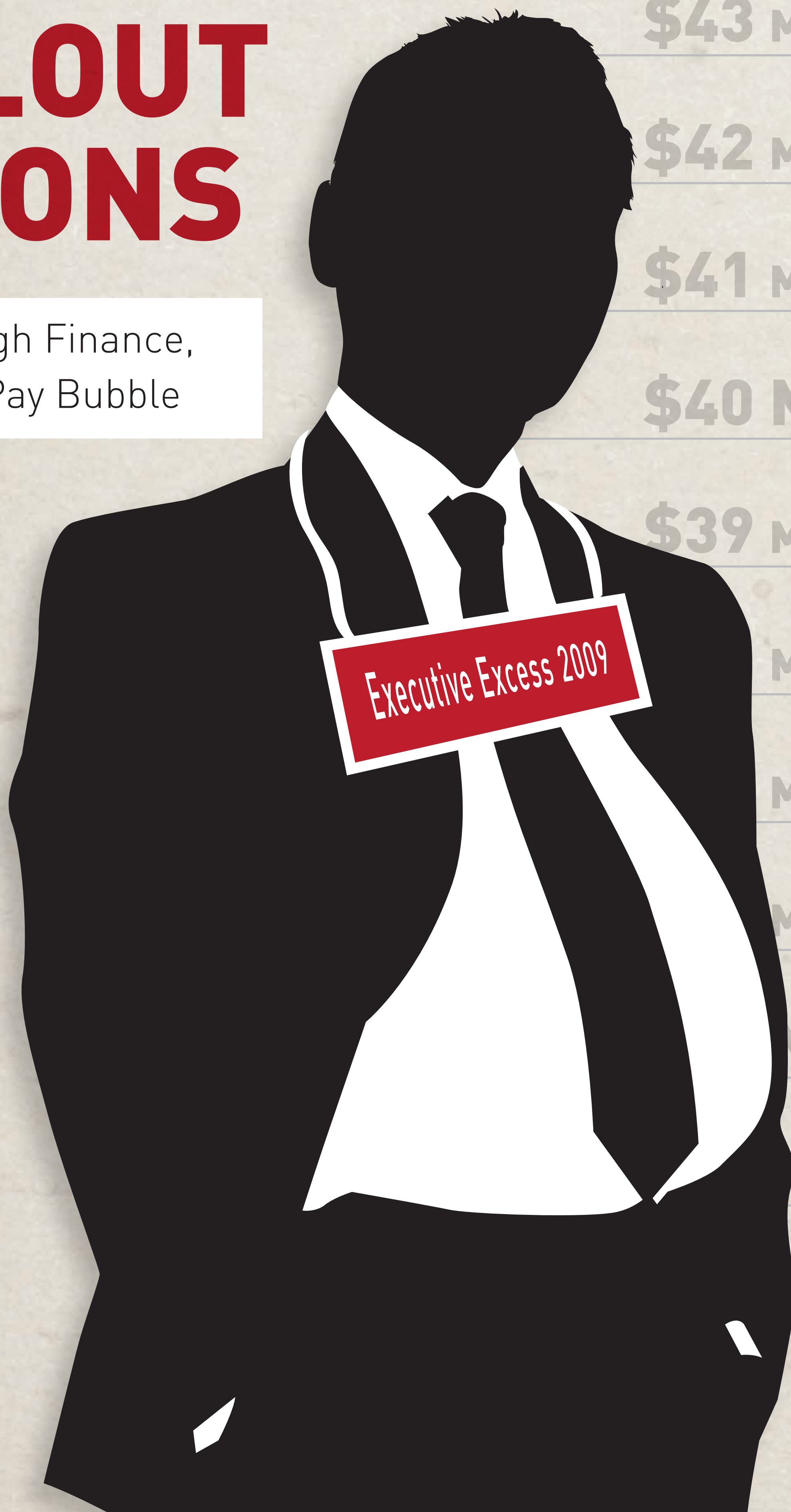
AMERICA'S BAILOUT BARONS

Taxpayers, High Finance, and the CEO Pay Bubble

16th Annual
Executive
Compensation
Survey



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I. Key Findings

The bounty for bailout barons: The 20 U.S. financial firms that have received the most bailout dollars from taxpayers awarded their top five executive officers, in the three years through 2008, pay packages worth a combined $3.2 billion. These 100 financial executives, on their way to driving the U.S. economy off a cliff, averaged $32 million each. One hundred U.S. workers making the 2008 annual average wage would have to labor over 1,000 years to make as much as these 100 executives made in three.

Financial pay far above average: In 2008, the year taxpayers rescued the financial industry, chief executives at the top 20 financial recipients of bailout dollars earned 37 percent more than their CEO counterparts elsewhere in the U.S. economy. These high-finance CEOs averaged $13.8 million last year. S&P 500 CEOs, by comparison, averaged $10.1 million.

Wall Street pay dwarfs regulator pay: Corporate officials who have received taxpayer dollars via the bailout collect far higher paychecks than high-ranking government officials on the public payroll. In 2008, the CEOs of financial firms that received $283 billion from the federal Troubled Asset Relief Program, or TARP, collected pay that averaged 34 times the $400,000 salary of the President of the United States and as much as 85 times more than the chiefs of the nation's top federal financial regulatory agencies.

Layoff leaders: The top 20 financial industry recipients of bailout aid have together laid off more than 160,000 employees since January 1, 2008. The $3.2 billion payout that has gone to the top five executives of these 20 companies over the past three years would bankroll 66 weeks of unemployment insurance benefits for 160,000 workers, based on the average unemployment benefit payment of $299.49 per week.

New windfalls in the pipeline: Executive pay at top U.S. financial firms stands poised for spectacularly rapid recovery. One reason: These firms lavished new stock awards on their executives earlier this year, as share prices hit bottom, and these awards — thanks to the bailout — have inflated in value. Ten of the top twenty financial bailout firms have reported the details of stock options granted in early 2009. Based on rising stock prices, the top five executives at these firms have enjoyed a combined increase in the value of their stock options of nearly $90 million.

Overall CEO-worker pay gap persists: Despite our current hard economic times, the pay gap between S&P 500 CEOs and the average U.S. worker remains astoundingly high. In 2008, it was 319-to-1, compared to 344-to-1 in 2007.

A still woefully inadequate federal response: Both the White House and Congress, for a brief moment earlier this year, appeared on the verge of taking steps that might actually deflate the CEO pay bubble. But those steps have stalled. The restrictions on CEO pay put in place since the bailout began do not in any fundamental way challenge the excessive executive pay rates that have become, over the past 30 years, standard operating practice in America's financial and corporate boardrooms.

II. Introduction

Earlier this year, President Barack Obama surveyed America's economic wreckage and pledged to help create a new "post-bubble" economy.[1] We need as a nation, he stressed, to "go back to fundamentals." Our bubble days, he added, "are over."

Not quite. One driving bubble in the U.S. economy has not yet popped. The "assets" in this bubble remain staggeringly overvalued. And this bubble, if left inflated, will frustrate and defeat any move that President Obama — or anyone else — can take to create a new and healthier economy.

This bubble, this massive obstacle to our economic health, is executive pay.

A generation ago, in the "pre-bubble" United States, top corporate executives seldom earned much more than 30 to 40 times the pay of average American workers. In 2008, amid an economic collapse that rivaled the early days of the Great Depression, top executives averaged 319 times more than average American workers. The architects of this collapse, America's top 20 financial industry executives, took home even more. They averaged compensation that outpaced typical American worker pay by 436 times.

Compensation packages for top executives, in short, remain at levels completely disconnected from any real underlying value that executives may offer.

Here at the Institute for Policy Studies, we have been tracking our nation's astounding executive pay bubble since 1994. We began this annual *Executive Excess* series because we believe that excessive executive compensation has deeply troubling consequences, for both our economy and our polity.

Worker Pay vs. Executive Pay

Corporate boards continued to hand out outrageously large pay packages last year, despite the country's accelerating economic crisis.

Average total compensation for S&P 500 firm CEOs in 2008:	**$10,084,328**[2]
Decline in CEO compensation, compared to 2007:	**4.4%**
Decline in corporate profits, compared to 2007:	**10.1%**[3]
Ratio between average CEO pay and average U.S. worker pay:	**319-to-1**[4]
Ratio between average CEO pay and minimum wage:	**740-to-1**[5]

To put the matter most simply: Outrageously large rewards for executives give executives an incentive to behave outrageously and engage in behaviors that put the rest of us at risk.

We have examined these behaviors in past editions of *Executive Excess*. We have documented, for instance, how CEOs who downsize, outsource, and cook their corporate books have consistently collected far greater paychecks than their executive colleagues.

Now looking back on our work, we plead guilty to a lack of imagination. We did not imagine, even in our most cynical moments, that America's top executives — in their chase after fortune — would be reckless enough to melt down the entire global financial system.

That meltdown became evident to all Americans last September, a few weeks after the publication of last year's edition of *Executive Excess*. Since then, all sorts of analysts and public officials have pinpointed executive excess right at the heart of the recklessness that brought the United States — and the world — to the brink of economic cataclysm.

Last November, for instance, former Federal Reserve chair Paul Volcker blamed "excessive pay packages" for our global financial breakdown.[6] Two months later, a report on that breakdown from the Organization for Economic Co-operation and Development, the research center for the world's top democracies, charged that executive "compensation schemes have often led to excessive risk taking."[7]

"It is the compensation system," former Federal Home Loan Bank Board litigation director William Black would subsequently agree, "that has proved to be the weak point in everything critical that went wrong, that has produced a global catastrophe."[8]

The White House appears to concur. In February, President Obama committed his administration to a "long-term effort" that would examine how executive pay patterns "have contributed to a reckless culture and quarter-by-quarter mentality that in turn have wrought havoc in our financial system."[9]

Unfortunately, despite this new and broad consensus over the dangers inherent in excessive executive remuneration, the denizens of our nation's executive suites still go about their business with the same visions of compensation sugarplums that danced in their heads before last September.

The substantive executive pay restrictions put in place since last September affect only those firms that have collected bailout dollars from the federal government. And these restrictions apply only to a small number of personnel at these firms, and, even then, they do precious little to return pay at the top of the corporate ladder to levels considered perfectly appropriate a generation ago.

Beyond the large but limited universe of bailout recipients, the executive pay status quo remains securely in place. Lobbying armies from corporate and financial trade associations are energetically doing battle behind the scenes to keep even modest changes in pay rules off the legislative table.

We need more than modest changes. Much of the current debate in Washington over executive pay reform has revolved around questions of corporate governance, both procedural and structural, that impact the level of executive compensation. These questions do need to be explored. But unless we also address more fundamental questions — about the overall size of executive pay, about the gap between the rewards that executives and workers are receiving — the executive pay bubble will most likely continue to inflate.

Earlier this year, three members of Britain's House of Lords introduced legislation that would require UK companies to print, at the front of their annual reports, the ratio between CEO pay and pay for the bottom 10 percent of their workers.[10] The legislation, noted Lord Robert Gavron, had a straightforward goal: to "shame" corporate officials who countenance and enable executive excess.

Here in the United States, we have now had fairly tough executive pay public disclosure laws on the books for the better part of two decades. The resulting media scrutiny and angry shareholder resolutions have subjected many of the nation's most prestigious executives to considerable shame. Yet executive pay patterns have not changed. Shame can sometimes work wonders. But we can't count on shame alone to fix executive pay. We need real legislative limits.

Public officials in Congress and the White House hold the pin that could deflate the executive pay bubble. They have so far failed to use it.

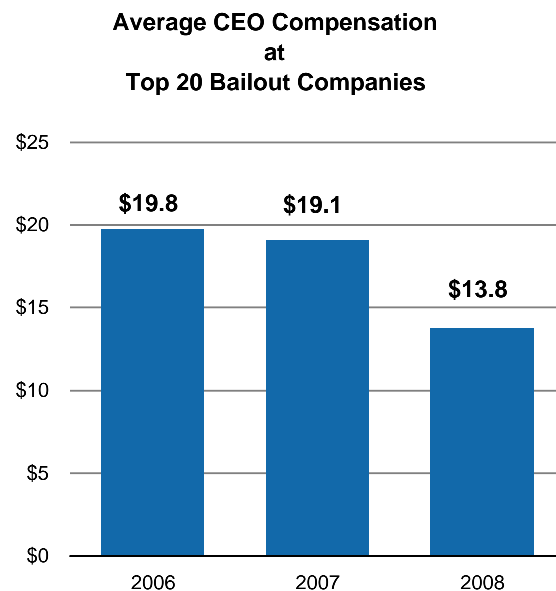
III. The Bailout Barons

Over recent decades, the once decentralized financial sector in the United States has become remarkably concentrated. A handful of giant firms now dominate the U.S. financial system. Not surprisingly, a handful of financial institutions have grabbed the lion's share of taxpayer dollars out of the most visible federal bailout effort, the Troubled Asset Relief Program, or TARP.

As of mid-summer 2009, 20 financial giants have each received at least $2 billion in TARP bailout funding. These 20 firms have together garnered $283 billion, far more than half the $487.8 billion TARP had committed to nearly 650 troubled firms by early August.[11] And TARP is just one of many forms of government aid. According to the Special Inspector General for the bailout program, various federal agencies have created approximately 50 initiatives since the crisis began that could cost as much as $23.7 trillion.[12] Thus, the top 20 TARP recipients are also being propped up by the Fed's near-zero target federal funds rate, the FDIC's increased deposit guarantees, the Treasury's support for Fannie Mae and Freddie Mac, and other government-supplied liquidity and credit guarantees.

We are focusing, in these pages, on the compensation that has funneled to the 100 top executives at these 20 financial giants. Over the last three years, these executives helped drive the U.S. — and global — economy off a cliff. Their reckless joy ride has brought hardship to tens of millions of families. Yet these executives have emerged, virtually unscratched, out of the accident scene. They continue to reap rewards at levels that would have been unimaginable a generation ago.

In 2008, America's most turbulent year economically since the Great Depression, the CEOs of the 20 top recipients of TARP bailout assistance averaged $13,780,466 in personal compensation, a level of remuneration 37 percent higher than the year's overall U.S. CEO pay average. CEOs at firms in the nation's S&P 500 last year took home "just" $10,084,328, according to the Associated Press. (See Appendix 1 for details.)



Source: Calculated by the authors based on corporate proxy statements.

Goldman Sachs CEO Lloyd Blankfein led the pack in 2008. His $42,946,801 in compensation nosed out American Express chief executive Kenneth Chenault for the year's number one ranking. Blankfein also led the rankings — for these top 20 financial firms — in 2006 and 2007. His three-year total compensation: $151,233,174.

Early this past April, interestingly, Blankfein delivered a major address that called for a broad overhaul of executive pay practices.[13] Wall Street, he noted, needs to do a "better job of understanding

when incentives begin to work against the social good."

That understanding apparently has not yet sunk in. In July, with the national jobless rate closing in on double digits, Goldman Sachs set aside $11.4 billion in incentive bonuses for its 29,400 employees. If Goldman sets aside a similar bonus war chest for 2009's second half, the firm's 50 highest earners this year could actually make at least $20 million each, as much as they did three years ago, at the height of Wall Street's wilding on derivatives.[14]

The $13.8 million average 2008 CEO compensation at the top 20 TARP recipients would have been substantially higher still had Richard Fairbank of Capital One Financial not been on the list. Fairbank took in only $68,344 in total compensation last year, mostly for the expense of a personal driver.

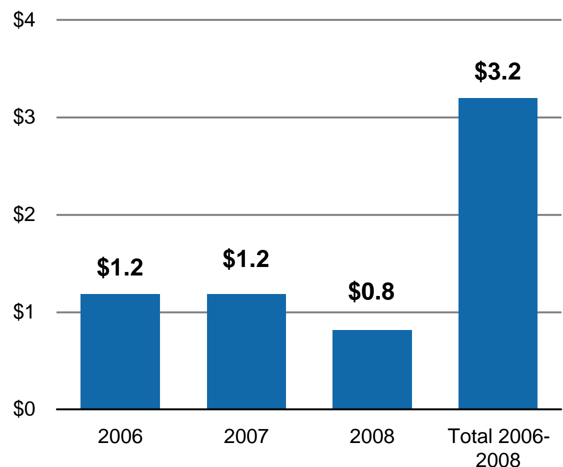
But Fairbank is hardly suffering. He did not receive a salary or any new options grants in 2008. He did, early in the year, cash in a pile of already held options that were about to expire. That transaction cleared Fairbank a tidy $19.2 million, a sum not reflected in our CEO pay totals — since these totals do not include the gains executives make by exercising options they received in previous years.[15]

Capital One's Fairbank has, over recent years, been one of the financial sector's most excessively paid chief executives. In 2005 alone, he cleared $249.3 million in option gains.[16]

The Top Five Executives

Executive excess, in the finance sector, goes far beyond chief executive corner office suites. The top 20 financial industry bailout recipients, as they ushered the global economy into crisis, ushered substantial rewards into the pockets of their *entire* executive teams, not just their chief executives. The five top officers at these 20 firms — a cohort of 100 power suits — have together collected $3.2 billion in compensation over the past three years.

Let's place this figure in a bit of perspective. One hundred workers making the 2008 annual average wage would have to labor over 1,000 years to make as much as the 100 executives at the 20 top bailed-out financial firms made in three.[17]



Source: Calculated by the authors based on corporate proxy statements.

Bailout Bonus Bonanza

The "pay for failure" problem extends far beyond even the top five executives. On July 30, the New York Attorney General reported that nine major banks had handed out total bonuses worth nearly a combined $33 billion in 2008.[18] Eight of these nine banks appear on our list of top 20 TARP recipients, while the ninth, Merrill Lynch, has been acquired by the third-biggest TARP beneficiary, the Bank of America. About 4,800 employees from these nine banks enjoyed at least $1 million in bonus.

Bonuses Awarded at Nine Major Banks in 2008

Bank	2008 Bonus Pool	Number of Employees	Number of Bonus Payments in Excess of $1 million
Bank of America	$3,300,000,000	243,000	172
Bank of New York Mellon	$945,000,000	42,900	74
Citigroup	$5,330,000,000	322,800	738
Goldman Sachs	$4,823,358,763	30,067	953
JP Morgan Chase	$8,693,000,000	224,961	1,626
Merrill Lynch	$3,600,000,000	59,000	696
Morgan Stanley	$4,475,000,000	46,964	428
State Street	$469,970,000	28,475	44
Wells Fargo	$977,500,000	281,000	62
TOTAL	**$32,613,828,763**	**1,279,167**	**4,793**

Source: New York Attorney General's Office.

IV. The Private vs. Public Divide

Paying CEOs and Presidents

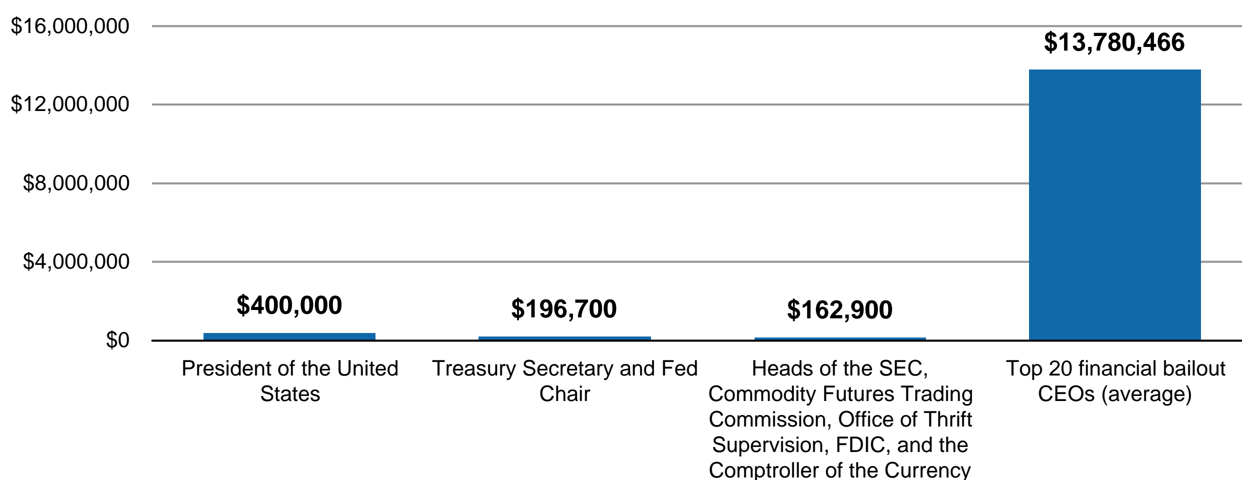
Without taxpayer support, the President of the United States would have no paycheck. Without taxpayer support, the CEOs of America's biggest financial firms would now have no companies. In the months after last September's financial industry meltdown, taxpayer assistance saved the financial industry.

Both President Obama and high-finance CEOs, in other words, rely on taxpayers. Yet the compensation of taxpayer-reliant financial industry CEOs dwarfs the White House paycheck. In 2008, the 20 financial chief executives whose firms have been the biggest drain on the public purse received average pay packages worth 34 times more than the president's $400,000 annual salary.

Earlier this year, for a brief period, that contrast struck many members of Congress as extraordinarily odd. Firms relying on government assistance, these members believed, should not pay their executives more than the head of that government.

In the Senate this past January, amid a rising public uproar over millions in bonuses to executives at AIG, Senators Claire McCaskill (D-Missouri) and Bernie Sanders (I-Vermont) introduced legislation that would have capped all compensation for employees of bailed-out firms at no more than $400,000, the salary of the president.[19] The previous fall, right after the initial bailout, Senators John McCain (R-Arizona) and Diane Feinstein (D-California) had called for a similar cap.[20]

The Senate would go on to pass the $400,000 cap as an amendment to President Obama's economic stimulus bill. Later, in conference committee, that amendment would be stripped out.



Sources: U.S. Office of Personnel Management and corporate proxy statements.

The Wall Street - Financial Regulator Pay Divide

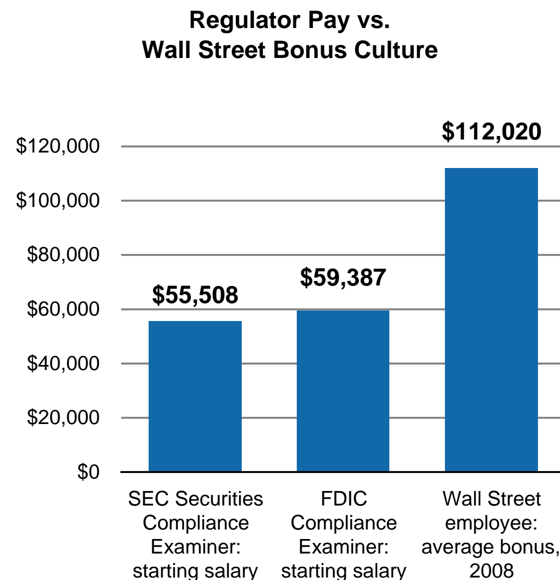
The pay gap between the private and public sector appears even more pronounced when we compare pay for the financial executives responsible for the country's economic collapse with the paychecks that go to government officials tasked with reining in reckless financial executive behavior. In 2008, the top 20 bailout CEOs made on average 70 times more than the pay rates of Treasury Secretary Timothy Geithner and Federal Reserve Chair Ben Bernanke — and 85 times more than the regulators who direct the Securities and Exchange Commission and the Federal Deposit Insurance Corporation.[21]

The actual day-to-day work of regulating, of course, gets done at less lofty agency levels. We need financial regulators at these less lofty levels who have the experience — and commitment to public service — necessary to identify financial industry practices that put average Americans at risk. Over recent years, we haven't had enough of these experienced and committed financial regulators. The vast gap between pay rates in the financial industry and government service helps explain why.

The lure of lucrative private sector jobs doesn't just siphon off talent from public service. It also breeds corrosive and ever-present conflict of interest: Why "get tough," as a regulator, on a firm that could be your future employer?

We will never know, of course, how many regulators may have slacked off on their responsibilities during the run-up to the financial industry meltdown last September, because they were angling for lucrative jobs on Wall Street. But we do know that the pay gap between Wall Street and regulatory agency professionals has become profoundly wide.

This August, for instance, both the FDIC and the SEC were seeking compliance examiners with starting salary of less than $60,000.[22] Wall Street professionals doing comparably skilled work last year made nearly twice that amount — in bonuses alone. In 2008, the worst year for Wall Street since the 1920s, the 168,600 employees in the New York financial industry received end-of-year awards that averaged $112,020.[23] At their peak in 2006, according to the Office of the New York State Comptroller, Wall Street bonuses alone averaged $190,600.



Sources: www.USAJobs.gov and New York State Comptroller.

In 2001, a GAO report documented just how much pay gaps like these gnaw away at the institutional memory and expertise necessary to regulate effectively. GAO researchers surveyed staff at the federal Securities and Exchange Commission, where the employee turnover rate was more than twice the rate for the average federal agency. Only 25 percent of these staffers, the GAO learned, came into the SEC planning to work for the agency more than five years. Over two-thirds of the staffers, 68 percent, listed level of compensation as the primary reason they would leave the SEC in the near future.[24]

In 2002, Congress responded to a staffing crisis at the SEC by allowing the Commission to pay employees a bit more than at most other government agencies. But against a backdrop of lush Wall Street compensation, their paychecks can still seem intolerably low. Government service, in this atmosphere, becomes only a way station to much bigger and better things. We may never be able to end the revolving door between regulatory agencies and Wall Street entirely. But we can certainly, through the tax and other reforms detailed in Section VII of this report, prevent this revolving door from spinning ever faster.

V. Layoff Leaders

The top 20 financial industry recipients of bailout aid have together laid off more than 160,000 employees since January 1, 2008.

Some high-ranking financial executives have, to be sure, also lost their jobs. We need not worry about their prospects. These executives have all walked away well-fixed for the future.

Most of the rest of the financial industry's new jobless have no such security. The average industry bonus in New York may have been $112,020 last year. But the huge bonus packages at the top of the Wall Street job ladder skewed that average. Low-ranking financial industry employees did not collect anything near that amount. The nation's 584,000 bank tellers earned $24,210 on average last year, while the nearly 182,000 loan clerks averaged $33,710.[25]

The jobless among these lower-level employees face the same rough times that any jobless face. Their joblessness, moreover, will depress the overall economy and lower tax revenues for public services. Already struggling state governments will see their budgets continue to strain as these workers claim their unemployment benefits.

If these 160,000 financial industry jobless were to collect the average weekly U.S. unemployment benefit of $299.49 for 66 weeks, the total cost of that jobless support would be about $3.2 billion — the same sum that the financial industry's 100 top bailed-out executives have received, in personal compensation, over the past three years.[26]

The CEOs at these companies have argued that layoffs save their firms badly needed financial resources during the roughest of economic times. That may be true. But layoffs merely shift the economic burden to individual worker families and the government programs that help support them. Bloated executive pay packages, on the other hand, offer a potential target for cost savings that comes with far fewer negatives. Yet CEOs at bailed-out banking giants have consistently ignored this potential.

Citigroup, the top layoff leader among the bailout firms, has cut loose 75,000 employees, or 15 percent of the firm's entire workforce.[27] CEO Vikram Pandit did, to be sure, make a gesture towards belt-tightening. He offered to accept only $1 in salary until the troubled firm returns to profitability. But that gesture rings somewhat hollow. Pandit accepted a 2008 pay package worth $38.2 million.

That windfall for Pandit came on the heels of an even grander personal payoff in 2007. In that year, to lure Pandit onto the Citigroup executive team, Citi spent $800 million — a premium price — to buy a hedge fund Pandit had founded only the year before. Pandit cleared at least $165 million on the transaction. Eleven months later, in June 2008, Citi shut the hedge fund down after months of "mediocre returns."[28]

Other layoff-happy banking giants have demonstrated, on layoffs and executive pay, similarly twisted priorities. JPMorgan CEO James Dimon, for instance, earned $35.7 million in 2008. He has sliced 15,464 jobs since January 2008.

Top 20 Financial Bailout Recipients: Layoffs and CEO Compensation

Company	Reported Employee Layoffs Since January 2008	2008 CEO Compensation
Citigroup	75,000	$38,237,437
Bank of America Corporation	36,274	$9,003,467
JPMorgan Chase & Co.	15,464	$35,716,101
American Express Company	11,000	$42,940,941
PNC Financial Services Group	6,150	$8,549,098
Goldman Sachs Group	4,760	$42,946,801
Morgan Stanley	4,000	$1,235,097
Wells Fargo & Company	2,047	$9,041,087
Regions Financial Corporation	1,850	$3,760,128
Bank of New York Mellon Corporation	1,800	$11,962,579
Capital One Financial Corporation	661	$68,344
American International Group	660	$13,267,028
KeyCorp	420	$4,454,142
Fifth Third Bancorp	289	$2,982,059
SunTrust Banks	178	$8,091,887
BB&T Corporation	26	$4,690,974
U.S. Bancorp	20	$6,765,630
CIT Group Inc.	0	$4,227,001
Comerica Incorporated	0	$3,152,245
State Street Corporation	0	$24,517,276
TOTAL	**160,599**	**$275,609,322**

Source: HRLive Layoff Report Database and other news sources.

VI. New Windfalls in the Pipeline

Executives throughout the financial industry have repeatedly denied the need for government curbs on compensation. But news reports about Wall Street's generous — and continuing — bonuses have tended to make the case against curbs something less than compelling. To most Americans, top financial executives certainly do seem to be enriching themselves at a time when the taxpayers who bailed them out are hurting.

In the face of this widespread and raw public revulsion, executives have attempted to argue that their reported 2008 compensation totals overstate the true level of compensation they have actually received.

Top executives, the argument goes, received much of their 2008 compensation in the form of stock options. These options now sit "underwater" because share prices have fallen below the price at which executives originally received their options in early 2008. If executives tried to exercise their options at the current low share prices — that is, if they were to buy the shares their option grants let them buy at the original option price and were then to turn around and sell the shares at the current market price — they wouldn't be able to make any profit.

This all proves, defenders of the executive pay status quo declare, that the "system is working." If executives don't perform — if they don't raise their company's share price — they do not find themselves richly rewarded. "Pay for performance," corporate boards would in short like us to believe, lives. The not-so-hidden subtext behind this claim: Don't mess with a system that's working.

In reality, any relation between "performance" and "pay" — at the highest levels of high finance — remains tenuous at best. The current executive pay system "works," but only as a perpetual upward-motion machine for executive compensation, a finely tuned contraption designed to generate windfalls year after year.

With this machine well-oiled and running, difficult economic years — like 2008 — become springboards for super windfalls a few years down the road.

In 2008, 469 of America's S&P 500 companies saw their share prices drop, and these losers averaged a 42.3 percent decline.[29] For top executives, declines like these quickly translate into opportunities, mainly because corporate boards so often react to such declines by handing executives new batches of stock options, all exercisable down the road at the current low share price.

And if share prices should sink even lower the next year, boards will hand out still more option "incentives," all exercisable at an even lower price. Boards, in effect, will just keep lowering the "performance" bar until they find a height executives can jump over.

To make future windfalls even more certain, boards of directors also routinely increase the number of shares their executives can option whenever hard times hit. With more shares in play, even a tiny rebound in share price can translate into a handsome reward.

In the financial sector, thanks to taxpayer assistance, the rebound has already begun for many of the 20 firms that received the most bailout dollars. Ten of the top 20 bailout companies included information in their latest proxy statements on stock options granted to their executives in early 2009. As

the following table indicates, at nine of these companies, stock rebounds are translating into millions in new windfalls for top financial executives. The top five executives at these firms have enjoyed an increase in the value of their stock options of nearly $90 million. Only one of the firms, CIT Group, has experienced a share price decline. Kenneth Chenault has enjoyed the largest increase in the value of his 2009 stock awards. As of August 14, the 1,196,888 options granted the American Express CEO in January had risen in value by $17.9 million. (See Appendix 2 for details.)

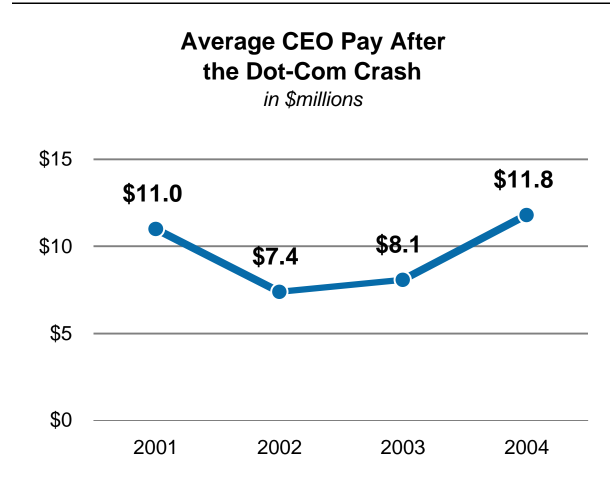
Earnings of Financial Industry Stock Options Granted in Early 2009 for Top Five Firm Executives

Bank	2009 Stock Options Exercise Price	Price on 8/14/09 at Closing	Percent Change in Stock Price	Stock Options Increase in Value Since Grant Date
JPMorgan	$19.49	$42.45	117.80%	$20,664,000
Wells Fargo	$13.05	$27.73	112.49%	$6,221,281
PNC	$31.07	$41.85	34.70%	$17,892,644
US Bancorp	$13.10	$22.49	71.68%	$1,809,913
SunTrust	$9.06	$21.05	132.34%	$7,948,243
Capital One	$18.28	$35.08	91.90%	$16,302,770
Regions Financial	$3.29	$5.64	71.43%	$1,079,167
American Express	$16.71	$31.72	89.83%	$17,965,289
Comerica	$17.32	$27.57	59.18%	Number of shares not specified
CIT Group	$2.29	$1.41	-38.43%	N/A
Average percent increase in stock price:			**74.29%**	
Total increase in value of stock options since grant date:				**$89,883,308**

Source: Calculated by the authors based on options data in corporate proxy statements.

Lessons of the Dot-Com Bubble

In effect, the financial industry is repeating the executive pay history of the period after the dot-com bubble collapsed. In 2002 and 2003, after this dot-com collapse, average total compensation for CEOs of large U.S. companies did take a hit. But this compensation, by 2004, had more than totally recovered.[30] The difference between the dot-com and financial industry collapse stories? Executive pay in high-finance, thanks to the generosity of U.S. taxpayers, appears to be rebounding considerably faster.



Source: Business Week.

VII. Executive Pay Reform: Tracking the Fitful Progress

Nearly 12 months have passed since last September's financial meltdown. Over that span of time, the dangers of excessive executive rewards have become more evident than ever — and public anger over executive excess, high before the meltdown, has risen even higher.

Yet the executive pay status quo, with few exceptions, has not changed. Corporations and financial firms remain able — and most definitely willing — to continue rewarding their top personnel at levels that far outpace historic norms from the mid 20th century, the years when the American economy delivered gains for Americans up and down the economic ladder, not just at the top.

Most Americans, this past winter, expected much more change than this. The AIG bonus scandal had seemed to create a consensus for real action on executive pay, starting with real limits on pay for executives at firms getting taxpayer bailout dollars. President Obama captured that consensus spirit neatly when he observed that "in order to restore our financial system, we've got to restore trust. And in order to restore trust, we've got to make certain that taxpayer funds are not subsidizing excessive compensation packages on Wall Street."[31]

So what went wrong? Why are excessive rewards still spilling into executive suites — at a time when American families are experiencing such hard times?

Blame has to go first to those who have profited so richly from the recklessness that gave us the Great Recession. Wall Street's most powerful firms have resolutely resisted any government attempt to curb their compensation. Several institutions, most famously Goldman Sachs and JPMorgan Chase, rushed to repay their TARP funds this past June, in large part to escape even the modest limits that Congress and the Treasury had placed on their top executive compensation.

The financial industry's most important institutional advocate on Capitol Hill, the Financial Services Roundtable, last fall opposed all of the compensation limits in the bailout bill then before Congress. Government, contended Roundtable chief lobbyist Scott Talbott, "should stick to principles and guidelines" rather than strict restrictions.[32]

Policy makers in the Obama administration and Congress have, unfortunately, taken that advice too much to heart. Few "strict restrictions" on executive excess, even for the most notorious of bailed-out banks, have so far appeared.

And the principles and guidelines so far pronounced have essentially accepted, as a given, Wall Street's basic operating assumptions: that "performance" justifies whatever windfalls may come an executive's way, that the "incentives" for misbehavior these windfalls create need not be regulated, that executives need never share the rewards that marketplace "success" creates.

In the following chart, we track where the nation now stands on the various executive pay reform proposals that have surfaced over recent years. At first glance, this rather formidable data collection seems to demonstrate that public officials have generated a fairly substantial body of legislative and regulatory work.

First glances, unfortunately, can be deceiving. The federal government has, to this point, not

moved forward into law or regulation any measure that would actually deflate the executive pay bubble that has expanded so hugely over the last three decades. And that "deflation" standard, in the end, must be our executive pay reform reference point.

A generation ago, top executives typically took home not much more than 30 times what their workers made. Now they typically take home over 300 times their worker pay. Nothing that has happened within our economy — or the global economy — over recent decades justifies this immense spread. High-ranking executives have neither become "smarter" than their workers over the last generation or more "productive." They have, on the other hand, become more powerful.

Congress and the White House need to confront this power and move to start deflating, once and for all, the executive pay bubble. Until they do, reckless executive behavior will continue to threaten the economic security — and decency — that Americans hold dear.

The Bailout and Beyond: Curbing Excessive Executive Compensation

Reform	Significance	Legislated into Law or Adopted into Regulation?	Details on Efforts So Far
Direct Compensation Restrictions			
Setting strict caps on overall executive compensation at firms receiving federal bailout assistance	The most direct means to prevent executive profiteering at taxpayer expense.	No.	10/3/2008: The Emergency Economic Stabilization Act fails to set any specific limit on executive pay at bailed-out firms. 11/19/2008: Senator Bernie Sanders (D-Vt.) introduces the Stop the Greed on Wall Street Act (S.3693) to limit executive compensation at TARP recipients to the $400,000 salary of the President of the United States. 1/30/2009: Senator Claire McCaskill (D-Mo.) introduces the Cap Executive Officer Pay Act of 2009 (S. 360) to limit the annual compensation of any TARP recipient executive to $400,000, the amount of compensation paid to the President of the United States. 2/4/2009: The White House announces a $500,000 cap on cash compensation for the five top execs at firms getting "exceptional assistance." Rules allow additional stock incentives, but restrict cashing in on these incentives until bailout aid repaid. Rules do not apply to firms that have already received TARP funding, and firms that get aid but not exceptional assistance can waive the $500,000 pay cap if they agree to submit executive pay plans to nonbinding shareholder vote.[33] 2/5/2009: Senate approves by voice vote an amendment to the American Recovery and Reinvestment Act offered by Senators McCaskill and Sanders that limits executive pay at TARP recipients to $400,000.[34] A conference committee later cuts the provision. 6/10/2009: New Treasury Department rules replace $500,000 cap with a "special master" pay czar responsible for reviewing compensation at firms receiving "exceptional assistance."[35] Plans that come in under $500,000 will be automatically approved. The rules apply only to bailed-out private sector firms engaging in "direct financial transactions" with Treasury, a standard that allows companies getting bailout assistance via other federal sources to avoid executive pay restrictions.

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Direct Compensation Restrictions, continued			
Setting limits on bonuses at firms receiving bailout assistance	The fierce controversy sparked by the payments of millions in bonuses to top staff at troubled insurance giant AIG prompted a flurry of legislation that aimed to set specific caps on bonuses at bailed-out firms. But none of these specific limits ever made it out of Congress. The only bonus limits now in effect apply narrowly — and not particularly comprehensively — to institutions that haven't yet paid back their TARP bailout dollars. Banks that have paid back TARP but still enjoy bailout support from other federal programs — like Goldman Sachs and JPMorgan Chase — have resumed bonus business as usual.	Yes, but only for some recipients of one bailout program, the TARP initiative.	2/5/2009: Senate approves by voice vote an amendment to the American Recovery and Reinvestment Act, from Senator Christopher Dodd (D-Conn.), that bans bonuses for TARP recipients and directs retroactive review of already awarded bonuses.[36] 2/17/2009: American Recovery and Reinvestment Act limits bonuses to one-third of total annual compensation for top execs at all banks that have and will receive TARP funding.[37] 3/17/2009: Rep. Steve Israel (D-N.Y.) introduces legislation to place a 100% tax on bonuses over $100,000 at federally bailed-out firms. The legislations gains 31 co-sponsors in a day.[38] 3/17/2009: Senate Finance Committee leaders release principles for legislation that would place a 35% excise tax on companies for all retention bonuses and all other bonuses above $50,000, as well as a 35% excise tax on the individual recipients of those bonuses (for a total 70% tax rate). Would cover all TARP recipients as well as firms where government holds an equity interest. 3/19/2009: House passes H.R. 1586 to place a 90% tax on bonuses on individuals with total family income over $250,000 working at firms that have collected over $5 billion via TARP. Affects only those bonuses received after December 31, 2008. Introduced by Charles Rangel (D-NY). 6/10/2009: Treasury rules limit bonuses at firms receiving TARP aid to one-third of total annual compensation, implementing the provisions passed by Congress. For the largest TARP recipients, the restriction covers the 25 most highly compensated employees. Rules also direct the new special master to review "bonuses, retention awards, and other compensation paid before 2/17/2009 by TARP recipients, and, where appropriate, negotiate appropriate reimbursements."[39]
Limiting the perks available to executives at firms receiving federal bailout assistance	Private personal access to corporate jets, country club memberships, and other common executive perks have come to symbolize the sense of entitlement — to personal enrichment — that dominates the contemporary CEO mindset.	No, not beyond increased reporting requirements.	2/4/2009: White House rules require companies to develop a perk policy. CEOs must OK any outlay that might seem luxurious.[40] 6/10/2009: Treasury rules require TARP recipients to annually disclose any executive perk whose total value exceeds $25,000 and explain the justification for each perk offered.

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Direct Compensation Restrictions, continued			
Prohibiting tax gross-ups	The perks top executives collect count as taxable income. But executives often get their tax bill reimbursed by their companies, in a grossing-out practice that goes by the label of "grossing up."	Yes, at some firms getting bailout dollars.	6/10/2009: Treasury rules prohibit tax gross-ups for bailed-out private sector firms engaging in "direct financial transactions" with Treasury.
Banning golden parachutes	Golden parachute contract clauses steer hefty getaway packages — stuffed with bonuses, severance, and stock — to executives whose firms have been acquired or otherwise undergo major change.	Yes, for some bailed-out executives.	2/4/2009: White House rules ban golden parachutes for top 10 execs at firms getting "exceptional assistance." Exit bonus for next 25 limited to one year's compensation. At other bailed-out companies, top five execs cannot get exit bonus greater than one year's compensation. 2/17/2009: American Recovery and Reinvestment Act bans golden parachutes for top five executives at bailed-out firms.[41] 6/10/2009: Treasury rules ban payments made in connection with a change in control of the company, expanding the Recovery Act ban on exit payments.
Clawing back inappropriately collected compensation	Some of the pay top executives collect derives from manipulated financial reports and other unsavory management behaviors that had the result of upping share prices and, in the process, triggering handsome executive "performance" rewards. Clawbacks represent an attempt to recoup these ill-gotten gains.	Yes, but only in limited cases for some bailout executives.	6/10/2009: Treasury rules require bonuses and other awards to senior executives or any of the next 20 most highly compensated employees at recipients of direct Treasury assistance to be returned if they are based on materially inaccurate financial reports.
Ensuring that compensation packages do not encourage executives to take excessive risks	Bonuses and stock options that reward executives based upon short-term movements of stock prices create incentives for executives to engage in high-risk investments.	Yes, for firms receiving "exceptional" bailout assistance.	6/10/2009: Treasury appoints a Special Master to review payments and compensation plans for the executives and the 100 most highly compensated employees of TARP recipients that have received exceptional assistance to ensure that compensation is structured in a way that gives those employees incentives to maximize long-term shareholder value and protect taxpayer interests.[42] So far, only seven firms fall into this category. 6/17/2009: White House releases a financial regulatory reform proposal calling on federal regulators to issue rules to better align compensation of financial firms with long-term shareholder value.[43] 7/28/2009: The House approves H.R. 3269 mandating federal regulators of financial firms to prohibit any compensation structure that encourages inappropriate risks that could threaten the safety and soundness of the financial firms or could have serious adverse effects on the stability of the U.S. economy.

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Tax and Procurement Policy			
Limiting the deductibility of executive compensation	Corporations have always been able to deduct their reasonable business expenses from the income they make that is subject to taxation. To prevent corporations from deducting unreasonably exorbitant executive pay off their taxes, Congress in 1993 set a $1 million cap on the individual executive pay corporations could deduct. But that cap did not apply to "performance-based" pay, a giant loophole that exempted stock options and other pay "incentives" from the $1 million cap.	Yes, but only for TARP recipients.	10/3/2008: Emergency Economic Stabilization Act that created TARP limits the deductibility of compensation for executives of TARP recipient firms to no more than $500,000, with no exceptions for "performance-based" pay. In his confirmation hearing, Treasury Secretary Timothy Geithner states that he would "consider extending at least some of the TARP provisions and features of the $500,000 cap to U.S. companies generally." 3/18/2009: Rep. Barbara Lee (D-Calif.) introduces the Income Equity Act H.R. 1594 to deny all firms tax deductions on any executive pay that runs over 25 times the pay of a firm's lowest-paid employee or $500,000, whichever is higher. 7/22/2009: Senators Carl Levin (D-Mich.) and John McCain (R-Ariz.) introduce the Ending Excessive Corporate Deductions for Stock Options Act (S. 1491) to, among other goals, apply the $1 million cap on the amount of executive compensation corporations can deduct from their taxes to stock options.
Ending the preferential capital gains treatment of carried interest	Under the current tax code, hedge and private equity fund managers pay a 15% capital gains rate on the profit share — "carried interest" income — they get paid to manage investment funds they do not own, rather than the 35% rate they would pay under normal income tax schedules.	No.	11/09/2007: The House passes a tax reform bill, H.R. 3996, to close the carried interest loophole.

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Tax and Procurement Policy, continued			
Leveraging federal procurement dollars to discourage excessive executive compensation	Firms that rely heavily on government subsidies, contracts, and other forms of support continue to face no meaningful restraints on pay. Every year, the Office of Management and Budget does establish a maximum benchmark for contractor compensation. It was $612,196 in FY 2008. But this benchmark only limits the executive pay a company can directly bill the government for reimbursement. The benchmark in no way curbs windfalls that contracts generate for companies and their top executives. By law, the U.S. government denies contracts to companies that discriminate, in employment practices by race or gender. Our tax dollars should not subsidize racial or gender inequality. But billions of taxpayer dollars flow annually to companies that increase economic inequality — by paying CEOs hundreds of times more than workers.	No.	4/2/2009: Rep. Jan Schakowsky (D-Ill.) introduces the Patriot Corporations Act (H.R. 1874), to extend tax breaks and federal contracting preferences to companies that meet benchmarks for good corporate behavior. Among the benchmarks: not compensating any executive at more than 100 times the income of the company's lowest-paid worker.

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Tax and Procurement Policy, continued			
Ending the stock option accounting double standard	Current accounting rules value stock options on their grant date. The current tax code values stock options on the day that executives cash them in, often a much higher figure. As a result, companies can lower their tax bill by claiming deductions for options that are much higher than the option value they report in their financial statements. This tax incentive encourages corporate boards to hand executives huge stock option windfalls and costs taxpayers as much as $20 billion annually.[44]	No.	7/22/2009: Senators Carl Levin (D-Mich.) and John McCain (R-Ariz.) introduce the Ending Excessive Corporate Deductions for Stock Options Act (S. 1491) to "require the corporate tax deduction for stock option compensation to be not greater than the stock option book expense shown on a corporation's financial statement."
Limiting deferred compensation	The vast majority of CEOs at large companies now legally shield unlimited amounts of compensation from taxes through special deferred accounts set up by their employers. By contrast, ordinary taxpayers face strict limits on how much income they can defer from taxes via 401(k) plans. Annual cost to taxpayers: $80.6 billion.[45]	No.	In 2007 the Senate passed a minimum wage bill that would have limited annual executive pay deferrals to $1 million, but the provision was dropped in conference committee.[46] 3/17/2009: the leaders of the Senate Finance Committee propose that a $1 million cap on deferred compensation be applied to all federal bailout recipients.[47]

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Governance			
Giving shareholders a "say on pay," the right to take advisory votes on executive compensation	Corporate CEOs, analysts have noted, often manipulate the corporate governance process to, in effect, pay themselves. Other nations require shareholder input into executive pay decisions, most commonly by giving shareholders an advisory vote on top executive pay. These nonbinding vote mandates have not yet anywhere appreciably slowed executive pay hikes, but may prevent some boards from offering exceptionally outrageous compensation packages.	Yes, for some bailout firms.	2/4/2009: White House sets a $500,000 cap on cash compensation for the five top execs at bailed-out firms getting "exceptional assistance." Companies that get aid but not "exceptional assistance" can waive the cap if they submit executive pay plans to nonbinding shareholder vote.[48] 2/17/2009: American Recovery and Reinvestment Act requires nonbinding shareholder vote on executive pay plans at firms that accept bailout assistance. 5/7/2009: Senator Richard Durbin (D-Ill.) introduces the Excessive Pay Shareholder Approval Act (S. 1006) to mandate that no executive pay may exceed 100 times the average compensation paid all employees unless no fewer than 60 percent of shareholders have voted to approve the executive pay within the preceding 18 months. 5/19/2009: Senator Charles Schumer (D-N.Y.) introduces the Shareholder Bill of Rights Act of 2009 to require a nonbinding shareholder vote on executive compensation. 6/10/2009: Treasury rules entitle shareholders at firms receiving direct Treasury assistance to an annual nonbinding vote on executive compensation. 6/17/2009: White House releases a financial regulatory reform proposal expressing support for non-binding shareholder resolutions on compensation at financial firms and public companies.[49] 7/31/2009: The House approves H.R. 3269 to require every financial firm with more than $1 billion in assets to hold a nonbinding shareholder "say on pay" vote each year.
Independence of pay consultants and board committees.	The compensation consultants corporations hire to help them set executive pay have an incentive to produce reports that recommend high levels of executive compensation. If they keep in an executive's good graces, that executive will be more likely to extend the consultant's contracts in consulting areas unrelated to executive pay.	No, not beyond added reporting requirements for bailed-out firms.	6/10/2009: Treasury rules require TARP recipients to report annually on whether they engaged a compensation consultant; and all types of services, including non-compensation related services, the compensation consultant or any of its affiliates have provided to the company during the past three years. 6/17/2009: White House releases a financial regulatory reform proposal expressing support for new requirements to make compensation committees more independent. 7/31/2009: The House approves H.R. 3269 to require that members of compensation committees of boards not have other business with the firm and that compensation consultants also be independent.

The Bailout and Beyond: Curbing Excessive Executive Compensation			
Reform	**Significance**	**Legislated into Law or Adopted into Regulation?**	**Details on Efforts So Far**
Disclosure			
Mandating pay gap disclosure	Management scientists inspired by the late Peter Drucker have emphasized how wide pay gaps between executives and workers undermine enterprise effectiveness.[50] Pay gaps between workers and CEOs have widened about ten times from their levels in the mid 20th century.	No.	3/18/2009: Rep. Barbara Lee introduces the Income Equity Act requiring corporations to annually reveal the pay gap between their highest- and lowest-paid workers. 5/7/2009: Senator Richard Durbin introduces the Excessive Pay Shareholder Approval Act mandating that proxy materials for the shareholder votes on executive pay required by legislation must include the total number of executives paid a multiple of 100 times the average employee's compensation, the total amount of compensation paid to such employees and, in addition, the compensation paid to the lowest- and highest-paid corporate employee as well as the average compensation paid to all employees.

Appendix 1

2008 Executive Compensation at Top 20 Financial Bailout Recipients				
Company	**CEO**	**Total CEO compensation (in $millions)**	**Total Pay, Top Five Executives (in $millions)**	**TARP Funds (in $billions)**
American International Group	Martin J. Sullivan	13.27	26.94	69.83
Citigroup	Vikram Pandit	38.24	93.71	50.00
Bank of America Corporation	Kenneth D. Lewis	9.00	36.47	45.00
JPMorgan Chase & Co.	James Dimon	35.72	76.09	25.00
Wells Fargo & Company	John Stumpf	9.04	32.10	25.00
Goldman Sachs Group	Lloyd C. Blankfein	42.95	183.63	10.00
Morgan Stanley	John J. Mack	1.24	35.66	10.00
PNC Financial Services Group	James E. Rohr	8.55	24.79	7.58
U.S. Bancorp	Richard K. Davis	6.77	20.13	6.60
SunTrust Banks	James M. Wells III	8.09	21.30	4.85
Capital One Financial Corporation	Richard D. Fairbank	0.07	15.35	3.56
Regions Financial Corporation	C. Dowd Ritter	3.76	13.64	3.50
Fifth Third Bancorp	Kevin T. Kabat	2.98	7.05	3.41
American Express Company	K.I. Chenault	42.94	73.49	3.39
BB&T Corporation	John A. Allison IV	4.69	11.83	3.13
Bank of New York Mellon	Robert Kelly	11.96	41.56	3.00
KeyCorp	Henry L. Meyer	4.45	17.06	2.50
CIT Group Inc.	Jeffrey M. Peek	4.23	12.73	2.33
Comerica Incorporated	Ralph W. Babb, Jr.	3.15	8.65	2.25
State Street Corporation	Ronald E. Logue	24.52	66.22	2.00
TOTAL		**262.34**	**791.45**	**282.92**
AVERAGE		**13.81**	**41.66**	
SUM OF TOTAL PAY FOR TOP FIVE EXECUTIVES, 2006-2008			**3,206.27**	

2007 Executive Compensation at Top 20 Financial Bailout Recipients

Company	CEO	Total CEO compensation (in $millions)	Total Pay, Top Five Executives (in $millions)
American International Group	Martin J. Sullivan	13.93	53.81
Citigroup	Charles Prince	25.47	96.21
Bank of America Corporation	Kenneth D. Lewis	20.40	59.24
JPMorgan Chase & Co.	James Dimon	28.86	82.15
Wells Fargo & Company	John G. Stumpf	11.45	46.13
Goldman Sachs Group	Lloyd C. Blankfein	53.97	242.35
Morgan Stanley	John J. Mack	41.73	104.63
PNC Financial Services Group	James E. Rohr	14.46	32.25
U.S. Bancorp	Richard K. Davis	5.86	14.86
SunTrust Banks	James M. Wells III	4.61	10.85
Capital One Financial Corporation	Richard D. Fairbank	17.07	43.97
Regions Financial Corporation	C. Dowd Ritter	17.34	53.44
Fifth Third Bancorp	Kevin T. Kabat	10.03	19.43
American Express Company	K.I. Chenault	51.68	108.92
BB&T Corporation	John A. Allison IV	5.92	14.93
Bank of New York Mellon	Robert Kelly	20.52	106.06
KeyCorp	Henry L. Meyer	5.73	15.65
CIT Group Inc.	Jeffrey M. Peek	10.98	25.64
Comerica Incorporated	Ralph W. Babb, Jr.	6.33	14.94
State Street Corporation	Ronald E. Logue	19.55	53.70

2006 Executive Compensation at Top 20 Financial Bailout Recipients

Company	CEO	Total CEO compensation (in $millions)	Total Pay, Top Five Executives (in $millions)
American International Group	Martin J. Sullivan	26.69	73.76
Citigroup	Charles Prince	24.87	77.48
Bank of America Corporation	Kenneth D. Lewis	22.85	59.09
JPMorgan Chase & Co.	James Dimon	27.49	102.80
Wells Fargo & Company	Richard M. Kovacevich	26.86	60.62
Goldman Sachs Group	Lloyd C. Blankfein	54.32	232.93
Morgan Stanley	John J. Mack	41.37	145.47
PNC Financial Services Group	James E. Rohr	12.20	36.79
U.S. Bancorp	Richard K. Davis	17.89	30.56
SunTrust Banks	L. Phillip Humann	6.00	15.49
Capital One Financial Corporation	Richard D. Fairbank	18.15	42.86
Regions Financial Corporation	Jackson W. Moore	19.80	42.14
Fifth Third Bancorp	George A. Schaefer, Jr.	4.03	14.18
American Express Company	K.I. Chenault	24.02	56.16
BB&T Corporation	John A. Allison IV	6.43	14.88
Bank of New York Mellon	Thomas A. Renyi	15.97	54.85
KeyCorp	Henry L. Meyer	8.24	23.16
CIT Group Inc.	Jeffrey M. Peek	13.01	31.14
Comerica Incorporated	Ralph W. Babb, Jr.	5.80	15.28
State Street Corporation	Ronald E. Logue	19.01	59.10

Appendix 2

Earnings of Financial Industry Stock Options Granted in Early 2009						
Executive	**Position**	**Number of Shares**	**Grant Date Stock Price**	**Price on 8/14/09 at Closing**	**Percent Change in Stock Price**	**Stock Options Increase in Value Since Grant Date**
JPMorgan						
Michael J. Cavanagh	CFO	200,000	$19.49	$42.45	117.80%	$4,592,000
Frank J. Bisignano	Chief Administrative Officer	200,000	$19.49	$42.45		$4,592,000
Charles W. Scharf	CEO of Retail Financial Services	300,000	$19.49	$42.45		$6,888,000
Gordon A. Smith	CEO of Card Services	200,000	$19.49	$42.45		$4,592,000
TOTAL		**900,000**				**$20,664,000**
Wells Fargo						
Howard I. Atkins	Senior Executive Vice President and CFO	127,937	$13.05	$27.73	112.49%	$1,878,115
David A. Hoyt	Senior Executive Vice President, Wholesale Banking	147,928	$13.05	$27.73		$2,171,583
Mark C. Oman	Senior Executive Vice President, Home & Consumer Finance	147,928	$13.05	$27.73		$2,171,583
TOTAL		**423,793**				**$6,221,281**
PNC						
James E. Rohr	Chairman and CEO	690,400	$31.07	$41.85	34.70%	$7,442,512
Richard J. Johnson	CFO	162,600	$31.07	$41.85		$1,752,828
William S. Demchak	Vice Chairman	292,200	$31.07	$41.85		$3,149,916
Joseph C. Guyaux	President	298,800	$31.07	$41.85		$3,221,064
Timothy G. Shack	Executive Vice President and Chief Information Officer	215,800	$31.07	$41.85		$2,326,324
TOTAL		**1,659,800**				**$17,892,644**
US Bancorp						
William L. Chenevich	Vice Chairman, Technology and Operations Services	85,878	$13.10	$22.49	71.68%	$806,394
Richard C. Hartnack	Vice Chairman, Consumer Banking	61,069	$13.10	$22.49		$573,438
Lee R. Mitau	Executive Vice President and General Counsel	45,802	$13.10	$22.49		$430,081
TOTAL		**192,749**				**$1,809,913**

Earnings of Financial Industry Stock Options Granted in Early 2009						
Executive	**Position**	**Number of Shares**	**Grant Date Stock Price**	**Price on 8/14/09 at Closing**	**Percent Change in Stock Price**	**Stock Options Increase in Value Since Grant Date**
SunTrust						
James M. Wells III	Chairman and CEO	300,000	$9.06	$21.05	132.34%	$3,597,000
William H. Rogers, Jr.	President	209,559	$9.06	$21.05		$2,512,612
Mark A. Chancy	CFO	153,347	$9.06	$21.05		$1,838,631
TOTAL		**662,906**				**$7,948,243**
Capital One						
Richard D. Fairbank	Chairman, CEO and President	970,403	$18.28	$35.08	91.90%	$16,302,770
Regions Financial						
C. Dowd Ritter	Chairman, President and CEO	323,676	$3.29	$5.64	71.43%	$760,639
O.B. Grayson Hall, Jr.	Vice Chairman and Head of the General Bank	67,772	$3.29	$5.64		$159,264
David B. Edmonds	Sr. EVP and Human Resources Group Head	33,017	$3.29	$5.64		$77,590
William C. Wells, II	Sr. EVP and Chief Risk Officer	34,755	$3.29	$5.64		$81,674
TOTAL		**459,220**				**$1,079,167**
American Express						
Kenneth Chenault	CEO	1,196,888	$16.71	$31.72	89.83%	$17,965,289
Comerica						
Ralph W. Babb, Jr.	CEO	Not specified	$17.32	$27.57	59.18%	N/A
CIT Group						
Alexander T. Mason	President and Chief Operating Officer	1,312,917	$2.29	$1.41	-38.43%	N/A
James J. Duffy	Executive Vice President - Human Resources	89,821	$2.29	$1.41		N/A
C. Jeffrey Knittel	President, Transportation Finance	50,000	$2.29	$1.41		N/A
TOTAL		**1,452,738**				**N/A**
Total increase in value of stock options since grant date for all 10 firms:						**$89,883,308**

Sources and Methodology

Executive compensation: Calculated by the authors from data in corporate proxy statements. IPS uses the formula for calculating total compensation used by the Associated Press in its interactive survey:
http://hosted.ap.org/specials/interactives/_business/executive_compensation/

Includes: salary, bonuses, perks, above-market interest on deferred compensation and the value of stock and option awards. Stock and options awards were measured at their fair value on the day of the grant.

Which executives we included: By SEC rules, companies must report the compensation for the CEO, CFO, and the three other most highly compensated executives in the company. When one of these executives leaves partway through a year, the company typically lists both the outgoing executive and the incoming executive. For the purposes of this report, when an executive has left partway through a year, the executive that held the position for the majority (or the plurality) of the calendar year is counted as one of the five top earners. Sometimes the company simply lists more than five current executives. If there are more than five current executives listed, the CEO and CFO are always counted, and then the next three highly compensated are included in the calculations.

TARP funds: U.S. Treasury Department, Office of Financial Stability, Troubled Asset Relief Program, Transactions Report for Period Ending August 5, 2009. All figures are for the Capital Purchase Program, except for: Citigroup (includes $5 billion from Asset Guarantee Program and $5 billion from Targeted Investment Program), Bank of America (includes $20 billion from Targeted Investment Program), and AIG (all funds from Systemically Significant Failing Institution Program). See http://www.financialstability.gov/docs/transaction-reports/transactions-report_08052009.pdf

Detailed data for top five executives for 2006, 2007, and 2008 are available on request. Contact the authors at: sarah@ips-dc.org.

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