



CEO COMPENSATION AND THE FORTUNE

Companies that earn a place on the *Fortune* 100 Best Places to Work list receive a great deal of national publicity. This article examines the relationship between a company's ranking on the list and its CEO's compensation.

100 BEST PLACES TO WORK

DANIEL M. GROPPER AND JOHN S. JAHERA, JR.

Compensation issues for chief executive officers (CEOs) in public corporations have become of intense interest to many, including those who aspire to become CEOs, the people who work for those CEOs, and the shareholders for whom the CEOs ostensibly work. Some evidence suggests that U.S. CEOs have proportionally higher salaries, in relation to other managers and workers in their firms, than do CEOs in other countries.¹ In addition, U.S. CEO compensation has risen at a faster rate than has overall wage growth in the United States. While this growth pattern fits as a part of a broader economy-wide transformation in the financial returns to skilled vs. unskilled labor, the multi-million dollar packages paid to many CEOs can generate annual compensation that exceeds the lifetime earnings of the average U.S. worker.² These patterns have led some commentators to question the fairness as well as economic efficiency of CEO compensation plans.³

Some academic research has investigated the effects of executive pay on perceptions of equity and fairness within organizations, and on productivity within those organizations.⁴ These studies find evidence that perceptions of pay inequity and inordinate pay gaps within an organization can lead to negative outcomes, whether look-

ing at product quality, increased turnover at lower ranks, or worker alienation. The purpose of this article is to study a set of firms that have been recognized as outstanding places to work and examine their CEO compensation relative to a group of other firms of similar size in the same industries.

Each year *Fortune* magazine, in cooperation with the Great Places to Work Institute, identifies a set of companies as the best companies to work for in the United States. These companies are identified using several criteria. Each company provides information regarding its organizational philosophy as well as various internal employee policies and practices. A survey is also conducted of the organization's employees. The employee survey results provide two-thirds of the ranking score with the remaining third based on the information provided by the organization. Needless to say, organizations that earn a place on this "100 Best Places to Work" (BPTW) list receive a great deal of national publicity, and some report that job applications soar once a high ranking is achieved. A question arises as to the explicit and implicit roles that the CEO plays in making an organization a good working envi-

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ronment, and whether the CEO's compensation reflects the ranking of the organization. A number of other factors will be considered that also have been shown to influence CEO compensation.

Literature review


Much has been written in recent years regarding CEO compensation, with many arguing that compensation levels have risen to almost unconscionable levels. The recent scandals involving Enron, HealthSouth, Global Crossing, and ImClone have further intensified the debate on the role of CEOs and the compensation they receive. The literature regarding executive compensation has examined the issues around compensation from a number of different viewpoints. We will present a representative sampling of the most closely related research on CEO compensation and refer the reader to the excellent summary provided by Murphy⁵ for an exhaustive review of the literature on executive compensation.

Much of the research to date has focused on the relationship between firm financial performance and executive compensation. Of course, the usual issues then arise as to the most appropriate measures of financial performance for a firm, with some arguing for accounting measures and others for market-based measures of performance. In two of the more influential works, Jensen and Murphy,⁶ using a multiple regression framework, make the case that there is no strong connection between performance and pay for many CEOs and advance the argument that this should change. Iyengar⁷ considers the relationship for those firms that are underperformers. His conclusion is that a positive relationship does indeed exist, with the interpretation that owners do recognize performance gains as measured by operating cash flows. However, he finds no relationship between the change in compensation and firm performance. Another related study by Duru and Iyengar⁸ examines components of pay, with the general conclusion that bonuses paid to CEOs are most closely related to accounting measures of performance, while the long-term pay is more directly related to market measures of performance.

Another factor that has been studied is the tenure of a CEO and its relationship to firm performance and compensation. Using stock returns as a performance measure, Hill and Phan⁹ relate CEO pay to performance and tenure. They find that as the CEO's tenure increases, the relationship between stock returns and CEO pay becomes weaker. They interpret this finding in support of the idea that as tenure increases, CEOs are able to expand their influence and to some degree avoid, or at least reduce, the level of monitoring that typically occurs. Allgood and Farrell¹⁰ focus on performance and tenure by examining the likelihood of a forced turnover. Overall, they conclude that performance has only a slight effect on turnover, with the exception of poorly performing firms in the bottom decile of performance as measured by return on assets. More recently, Carpenter and Sanders¹¹ consider CEO pay in relation to the compensation of the top management team. Their work reinforces much of the prior work that relates CEO pay to performance. However, their work goes further with a consideration of not only the CEO but also the compensation paid to those in top management positions. They found that top management pay exhibited a strong positive relationship with performance.

Organizational reputation rankings and executive compensation. There are several studies that have examined executive pay and an organization's reputation, across several different areas, including the area in which we are most interested. A recent study by Filbeck and Preece¹² examined the market reaction to the announcement of the *Fortune* BPTW rankings using standard event study methodology. They do find significant abnormal stock returns on the date of the announcement of the *Fortune* rankings and further find a price run-up in the immediately preceding two weeks. Of the 100 firms listed in the 1998 rankings, Filbeck and Preece use a final sample of 57 firms for which complete data was available from Standard & Poor's (S&P) Research Insight. Going beyond the traditional event methodology, they also take a matched pair approach using industry classifications and market capitalization as the basis for matching. Using several time periods, they find that firms in the *Fortune*

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ranking did indeed outperform the matched sample for two of the periods. Further analysis using the Sharpe performance measure supports strong out-performance of the ranked firms when compared to the matched sample of firms. Overall, Filbeck and Preece conclude that any higher personnel costs related to employee benefits, training, and other elements appear to be outweighed by the market in terms of the higher returns. Simply speaking, they conclude that shareholders can indeed benefit from firms with a high level of employee satisfaction.

In a rather unique research effort, Stanwick and Stanwick¹³ go beyond the traditional factors used in most empirical studies of compensation. They consider the relationship between the CEO's compensation and the firm's reputation regarding environmental issues. Using the environmental reputation index found in *Fortune* magazine, their study relates CEO pay to the index ranking of each firm. With a sample of over 180 firms, the authors conclude that there is indeed a significant positive relationship between CEO pay and firm environmental reputation as captured in the *Fortune* index. This study is somewhat unique in the attempt to relate reputation in a specific area to the pay level of the CEO. In much the same manner, our research will relate CEO compensation to "popularity" as measured by the *Fortune* listing of the top 100 firms for which to work.

Hannon and Milkovich¹⁴ study the relationship between the market value of firms and their reputation by using six measures of reputation that appeared in such publications as *Black Enterprise*, *Graduating Engineer*, the *New York Times*, and *Working Mother*. Using standard event study methodology, the authors find only minimal empirical evidence of a relationship between stock value and these measures of reputation. However, their results cannot be interpreted to say that reputation does not affect firms. There are limitations to stock price reactions, which depend on how many investors read and respond to such information. One could simply interpret their weak results as due to the fact that the readership for some of the publications is simply not large enough for their investing actions to influence prices. In addition, none of the rankings they examined may be suffi-

ciently closely related to firm profitability to influence the stock price in a significant manner. Nonetheless, the paper does offer some interesting insights, and the authors do note that their results may suggest that signaling theory is inadequate for examining the relationship between stock price behavior and reputation.

Model and methodology

The basic hypothesis to be tested is that "popularity," as measured by a firm's ranking in the *Fortune* 100, has a significant influence upon the compensation of the CEO. Certainly, there are many factors that influence compensation for CEOs. A legitimate question is whether popularity among employees plays a role in the level of pay, however. If one assumes that employees who are relatively pleased with their workplace are less likely to complain, then a case can be made for a relationship, assuming that performance and other factors are also present. It is obviously the shareholders who monitor the financial performance, but beyond that, it is important from a managerial view to also work to ensure a working environment that is conducive to productivity. So it is not necessarily inconsistent for a CEO to be popular among his or her employees and also to enjoy strong financial performance at the firm level. In fact, boards of directors may well reward their CEOs at least in part on the labor relations the firm enjoys. Alternatively, one could argue that a CEO is more popular among the workforce if his or her compensation is deemed to be more "reasonable" relative to the wages paid the rank-and-file employees. If that argument prevails, then one could anticipate a negative relationship. Certainly, one could suggest that a certain element of resentment can emerge among employees when their CEO is paid at an exceedingly high level relative to the rank-and-file employee.

Several studies have considered what some refer to as the "justice relationship" within organizations. Simons and Robertson¹⁵ examine the effect of organizational fairness using data from over 4,000 employees from 97 hotel businesses. They conclude that justice perceptions can indeed influence a firm overall in terms of employee

INTERESTINGLY, THE AVERAGE ASSETS AND REVENUE AT THE BPTW FIRMS WERE HIGHER THAN THOSE OF THE NON-BPTW FIRMS, WHICH WOULD SUGGEST HIGHER SALARIES FOR THE RANKED FIRMS.

turnover and satisfaction. In an earlier study by Cowherd and Levine,¹⁶ product quality was found to be related to the degree of pay disparity within an organization. The authors note that the less the degree of disparity, the more likely employees are to perceive the organization to be "fair." Hence, it can be extrapolated that this issue of fairness can also relate to the level of CEO compensation. That is, the greater the disparity between the average employee's salary and the CEO compensation, the less satisfied the workforce will be. In that case, one would anticipate a negative relationship between CEO pay and popularity. It is the intent of our research to assess whether there is a relationship between popularity and CEO compensation.

Incorporating a number of factors previously shown to affect compensation, the methodology will be ordinary least squares regression. In general, the model may be written as:

$CEO\ compensation = f(\text{size, performance, popularity, ownership dispersion}).$

Several alternative compensation measures will be utilized in the analysis. Clearly, compensation can include a number of components far beyond cash pay. For analytical purposes, the basic model will consider different specifications using three measures of CEO compensation: annual salary, salary plus bonus, and total compensation. Control variables are included to capture the effect of other factors previously shown to be related to the level of CEO compensation. These control variables are designed to capture the effect of firm size, firm performance, revenue, ownership dispersion, and the percent of pay, as options. Firm financial performance is assessed using return on equity. The primary variable of interest is the firm's appearance and ranking on the *Fortune* BPTW list.

Data. The CEO compensation information was obtained from the Investors Responsibility Research Center's (IRRC) report on CEO pay at the S&P Super 1500 firms. The ranking or popularity data is drawn from the *Fortune* BPTW rankings published in 2001. The rankings in 2001 are based on information from the prior year. The IRRC data includes 42 firms that also appeared on the BPTW list. Many of the

BPTW organizations were not part of the S&P Super 1500, and some were not even publicly traded corporations for which CEO pay data would be available. For comparison purposes, a set of firms to which the BPTW firms were compared was selected from the IRRC data based on industry code and firm size. When available, two comparable firms from the same industry code were selected from the total IRRC report. The dataset used in our analysis is comprised of 127 firms, and they are included here in the Appendix.

Several measures are included to assess the financial influence on CEO compensation. Both stock and flow measures of firm size are used in our empirical specification. The log of total assets is used as a stock measure proxy for firm size, with the expectation of a positive relationship with compensation. The log of total revenues is included as a flow measure of size, and it indicates the effectiveness of the firm's management in generating revenue. This measure would also be expected to have a positive relationship with CEO compensation. The third financial variable in the model is the return on equity, and this, of course, is a measure of overall effectiveness in terms of financial return provided to the firm's owners. Again, one would expect a positive relationship. Given that many firms use stock options as an incentive measure in CEO pay, we also incorporate the percent of pay as options. Theoretically, the linkage of pay with options should provide a strong incentive for CEOs to maximize stock value. This may also provide a measure of the riskiness of the CEO's compensation package, and so should be positively related to CEO compensation. A final measure, ownership dispersion, is included to capture any agency effects. That is, the more disperse the ownership, the less effective is the monitoring by shareholders. The argument is that as the number of shares per shareholder increases, the cost of monitoring by a well-diversified shareholder becomes higher relative to his or her holdings. In that instance, one could infer that a positive relationship with CEO compensation would exist.

Exhibit 1 provides summary statistics for the sample, while Exhibit 2 presents the t-tests for equality of means between the

EXHIBIT 1 Summary of Descriptive Statistics for Executive Compensation Data

Variable	Mean	Median	Minimum	Maximum
CEO Annual Salary	\$695,293	\$685,000	\$0	\$2,000,000
CEO Salary Plus Bonus	\$2,728,224	\$1,660,000	\$0	\$90,000,001
CEO Total Compensation	\$13,296,461	\$5,083,643	\$243,650	\$377,720,401
Revenues (\$ millions)	7,621.7	2585.7	222.4	191,329.0
Assets (\$ millions)	22,109.2	2,878.9	4.3	675,072.0
Return on Equity	14.5%	15.6%	-222.5%	50.6%
Percent of Pay as Option	48.4%	46.8%	0%	100%
Dispersion (shares per shareholder, in thousands)	55.7	20.8	.15	580.1

EXHIBIT 2 Means and Standard Deviations for Executive Compensation Data Split by Appearance on the *Fortune* 100 Best Places to Work (BPTW) List

Variable	Mean and Standard Deviation		t-test for Equality of Means
	Fortune BPTW Firms	Other Firms	
Revenues (millions)	\$12,376.4 (29,819.5)	\$5,272.3 (8,762.2)	1.512
Assets (millions)	\$32,699.5 (105,326.7)	\$16,876.4 (58,394.4)	1.089
Return on Equity (%)	20.7% (10.9%)	11.4% (29.5%)	1.969*
CEO Annual Salary	\$708,591.9 (383,699.2)	\$688,721.3 (318,884.1)	.308
CEO Salary Plus Bonus	\$2,039,244.6 (1,793,990.3)	\$3,068,660.5 (9,712,466.5)	-.680
CEO Total Compensation	\$9,424,494.6 (12,688,012.6)	\$15,209,667.0 (43,881,530.6)	-.836
Percent of Pay as Option	44.9% (33.7%)	50.2% (28.4%)	-.921
Dispersion (shares per shareholder, in thousands)	62.4 (91.4)	52.4 (94.8)	.566
Number of Firms	42	85	

* Statistical significance at the 10% level.

Note: In all cases except one, the assumption of equal variances was used in the calculation of the t-test, and this assumption was tested by conducting Levene's test for equality of variances. In only one case (total revenue) was the F-statistic calculated with Levene's test significant. In that case, the assumption of equal variances was rejected, and so the t-test statistic shown above was calculated without assuming equal variances.

Fortune-BPTW firms and the non-BPTW firms. The only variable with a significant difference between the two groups was return on equity and that was only at the 10 percent level. Interestingly, the average assets and revenue at the BPTW firms were higher than for the non-BPTW firms, which would suggest higher salaries for the ranked

firms, given the usual association of these stock and flow measures of firm size and CEO pay.

As can be seen, there is a broad range for each element of CEO compensation in that table; however, the data does show the critical importance of incentive pay in the overall CEO pay package. While the median

EXHIBIT 3 CEO Compensation Regression Results

	Annual Salary	Salary Plus Bonus	Total Compensation
Intercept	12.375*** (22.802)	11.567*** (10.539)	10.840*** (28.760)
On <i>Fortune</i> 100 BPTW List	-.148 (-.354)	-.314** (-2.171)	-.425** (-2.517)
Ln (Assets)	.073 (.416)	.225*** (3.693)	.276*** (3.864)
Ln (Revenues)	.068 (.292)	.124 (1.549)	.167* (1.786)
% of Pay as Option	-.947 (-1.461)	-.001 (-.393)	.022*** (8.310)
Return on Equity	-.004 (-.419)	-.001 (-.416)	-.001 (-.425)
Dispersion	.002 (.811)	.007 (1.063)	.018** (2.180)
Adjusted R ²	-2.3%	32.6%	59.2%

*** Statistical significance at the 10% level.

** Statistical significance at the 5% level.

* Statistical significance at the 1% level.

Notes: There were 127 observations in the dataset. For two firms, the logarithms of CEO annual salary and CEO salary plus bonus were undefined, and thus those two observations were dropped in these two regressions.

All compensation measures were expressed in natural logarithms, as were assets and revenues. Total compensation includes annual salary, bonus, option award potential, restricted stock award, long-term incentive payout, and other compensation.

The variable for the *Fortune* 100 Best Places to Work indicator was a dummy variable equal to one, if the firm made the list in 2000; this variable was equal to zero otherwise. Of the 127 firms in this dataset, 42 were on the *Fortune* list.

Dispersion is calculated by dividing the number of shares of common stock outstanding by the number of shareholders.

total CEO compensation is just over \$5 million, more than 85 percent of that is composed of elements beyond the base salary. Only firms for which complete financial data were available are included in the final sample, and the complete dataset is included in the Appendix.

Empirical results. Exhibit 3 provides the empirical results of the regression model for each of the three different measures of CEO pay. The first column reports the findings for annual salary, the second column for salary plus bonus, and the third column for total compensation. The results for annual salary find no significant relationship with any of the variables used, and the adjusted R² is negative, indicating a terrible fit for the model. A reasonable inference is that at the CEO level, annual salary (defined as cash pay) is but one relatively small element of the total compensation arrangement and may even be set artificially low in light of other elements of the package.

Moving to the results for salary plus bonus, we find that there is indeed a significant negative relationship between appearing on the *Fortune* BPTW list and the CEO compensation measure. Also, there is, as expected, a significant positive relationship between size, measured by assets, and CEO compensation. The adjusted R² is .326, which is considerably higher than for the annual salary regression.

Of primary interest to this study are the results of the regression on CEO total compensation. It is the total compensation package that typically generates the large numbers that attract great attention, and a well-designed total compensation package certainly should help motivate the CEO. Using CEO total compensation, we find the highest explanatory power for our regression model, with an adjusted R² of .592. Here again, there is a negative and significant relationship between the BPTW ranking and compensation. This negative finding offers support for the "justice" argument men-

tioned earlier. That is, the higher the CEO's compensation, the less "popular" he or she is likely to be among the rank-and-file workforce. Both the stock and flow measures of firm size have the expected positive signs, although the coefficient on revenues is only statistically significant at the 10 percent level. While the coefficient on return on equity is negative, contrary to our expectations, it is not statistically significantly different from zero. Interestingly though, there is a positive and significant relationship for the percent of pay set as options. Likewise, the dispersion measure is positive, as expected, and significant relative to total compensation.

Summary and implications

Without a doubt, CEO compensation has been a controversial issue in recent years, particularly in light of the many corporate scandals. Much research has addressed a variety of issues related to compensation levels and structure. Our research has considered whether "popularity," as measured by a ranking in the *Fortune* "100 Best Places to Work," has an influence on, or is influenced by, the level of CEO compensation. The empirical results do demonstrate a significant but negative relationship which lends support to the "justice" view of compensation. That is, as the CEO compensation levels rise to what employees may view as an exorbitant level, the CEO and firm may be less likely to be deemed a good place to work. While certainly there are many factors that can impact CEO pay, and which CEO pay impacts, the popularity issue as modeled here plays a role, in that a satisfied workforce may indeed be more productive and enhance the bottom line of the firm. ■

NOTES

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¹³ P. A. Stanwick and S. D. Stanwick, "CEO Compensation: Does It Pay to Be Green?" *Business Strategy and the Environment* (Vol. 10, 2001): 176-182.

¹⁴ J. M. Hannon and G. T. Milkovich, "Human Resource Reputation: Looking Good May Feel Good But Does It Add Value?" Center for Advanced Human Resource Studies Working Paper Series # 95-25, School of Industrial and Labor Relations, Cornell University (1995).

¹⁵ T. Simons and Q. Roberson, *op. cit.* note 4.

¹⁶ D. M. Cowherd and D. I. Levine, *op. cit.* note 4.

APPENDIX CEO Compensation Dataset

Company	CEO Name	Industry Code	Fortune BPTW Rank 2000	Revenue (\$millions)	Assets (\$millions)	ROE %	CEO Annual Salary	CEO Total Compensation	% Pay as Options	Shares per Shareholder
Smucker (J.M.)	Richard Smucker	31	23	602.5	470.47	12.81	\$423,277	\$842,327	0.36	2.84
Lance	Paul A. Stroup III	31	.	576.3	317.07	12.58	\$271,430	\$431,977	0.37	6.74
Ralcorp Holdings	Joe R. Micheletto	31	.	636.6	804.7	10.39	\$475,000	\$885,099	0	2.09
Tootsie Rolls Industries	Melvin J. Gordon	31	.	396.8	562.44	16.51	\$999,000	\$2,372,000	0	5.8
Whole Foods Market	John P. Mackey	37	41	1838.6	760.4	9.42	\$210,000	\$265,525	0.21	38.52
Ruddick	Thomas W. Dickson	37	.	2624.8	1021.02	10.78	\$320,000	\$493,533	0.1	7.73
Valassis Communications	Alan F. Schultz	40	26	1091.5	325.72	12	\$600,000	\$3,178,953	0.26	213.4
Bowne	Robert M. Johnson	40	.	1010.8	660.22	1.98	\$550,000	\$1,709,518	0.36	23.62
Consolidated Graphics	Joe R. Davis	40	.	624.9	674.67	7.69	\$346,710	\$1,479,072	0.77	2.78
Harland (John H.)	Timothy C. Tuff	40	.	702.5	522.93	16.75	\$525,000	\$1,478,318	0.17	5.47
Timberland	Jeffrey B. Sleustein	46	54	1091.5	368.08	8.15	\$610,001	\$3,178,953	0.43	6.68
Brown Shoe	Ronald A. Fromm	46	.	1684.9	740.07	13.47	\$675,000	\$1,230,830	0.18	3.01
Reebok International	Paul B. Fireman	46	.	2865.2	1463.05	13.31	\$1,000,012	\$14,897,512	0.79	9.08
Wolverine World Wide	Timothy J. O'Donovan	46	.	701.3	494.57	3.17	\$517,308	\$1,044,147	0.29	21.04
Harley-Davidson	Jeffrey L. Bleustein	51	92	2585.7	2436.4	24.74	\$717,526	\$3,349,758	0.42	4.26
Brunswick	George W. Buckley	51	.	4283.8	118.5	6.69	\$660,625	\$4,813,982	0.39	0.15
Polaris Industries	Thomas C. Tiller	51	.	1321.1	490.19	40.45	\$450,000	\$2,671,649	0.18	17.24
Winnipeg Industries	Bruce D. Hertzke	51	.	667.7	308.69	27.67	\$332,693	\$1,278,677	0.13	7.17
Marriott International	J.W. Marriott	52	90	8739	8237	14.66	\$1,000,000	\$2,399,310	0	4.54
Carnival	Micky Arison	52	.	3497.5	9831.32	16.45	\$501,000	\$5,512,595	0.31	122.71
Starwood Hotels & Resorts	Barry S. Sternlicht	52	.	3862	12660	10.31	\$1,000,008	\$16,314,082	0.66	9.26
CDW Computer Centers	Michael P. Krasny	56	11	3842.5	748.44	25.5	\$237,015	\$1,097,182	0.05	5.61
Circuit City	W. Alan McCollough	56	.	10458	3871.33	6.82	\$928,469	\$2,458,009	0.95	25.47
RadioShack	Leonard H. Roberts	56	.	4126.2	2576.5	44.07	\$1,000,000	\$9,200,137	0.58	5.98
Men's Wearhouse	George Zimmer	58	95	1186.7	707.73	17.1	\$428,076	\$465,576	0	5.19
Abercrombie & Fitch	Michael S. Jeffries	58	.	1042.1	587.52	37.41	\$968,270	\$3,143,935	0.5	14.11
Nordstrom	John J. Whitacre	59	68	5233.3	3608.5	8.29	\$433,333	\$1,433,003	0.34	2.23
Neiman-MarcusGroup	Robert A. Smith	59	.	2906.5	1762.06	16.23	\$0	\$751,147	0.66	3.07
Saks	R. Brad Martin	59	.	6581.2	5050.61	3.28	\$950,000	\$8,942,924	0.72	54.58
Wal-Mart Stores	H. Lee Scott Jr.	60	80	191329	78130	20.08	\$992,308	\$16,509,748	0.47	12.35
Costco Wholesale	James D. Sinegal	60	.	32164.3	8633.94	14.89	\$356,731	\$3,130,481	0.83	58.16
Sears, Roebuck	Arthur C. Martinez	60	.	41071	36899	19.84	\$1,200,000	\$4,536,705	0.15	1.61
Target	Robert J. Ulrich	60	.	36903	19490	19.39	\$1,242,740	\$12,156,750	0.69	61.24
Cerner	Neal L. Patterson	62	56	404.5	616.41	30.63	\$436,154	\$627,404	0	28.97
Acxiom	Charles D. Morgan	62	64	1009.9	1232.72	7.12	\$705,000	\$1,268,146	0.44	43.91
ChoicePoint	Derek V. Smith	62	.	430.1	704.44	10.93	\$637,884	\$4,121,978	0.46	17.52
Cintas	Robert J. Kohlhepp	62	.	1902	1752.22	18.07	\$400,000	\$787,692	0.26	5.46
Regis	Paul D. Finkelstein	62	.	1143	628.36	17.79	\$520,000	\$2,663,104	0.73	3.08
Valero Energy	Lee R. Raymond	70	82	14671.1	4307.7	22.21	\$1,266,674	\$13,747,049	0.1	7.12
Sunoco	John G. Drosdick	70	.	8306	5426	24.15	\$757,692	\$4,322,988	0.44	3.1
Synovus Financial	James H. Blanchard	71	8	1621.8	14908.09	18.53	\$685,000	\$7,194,043	0.9	8.73
AmSouth Bancorporation	C. Dowd Ritter	71	.	3780.3	38935.98	11.7	\$900,000	\$15,332,868	0.31	10.46
SouthTrust	Wallace D. Malone	71	.	3350	45146.53	14.39	\$975,000	\$5,744,884	0.38	23.79

APPENDIX CEO Compensation Dataset (continued)

Company	CEO Name	Industry Code	Fortune BPTW Rank 2000	Revenue (\$millions)	Assets (\$millions)	ROE %	CEO Annual Salary	CEO Total Compensation	% Pay as Options	Shares per Shareholder
MBNA	Alfred Lerner	74	28	6470.1	38678.1	19.58	\$2,000,000	\$22,411,000	0.25	461.27
Capital One Financial	Richard D. Fairbank	74	52	3965.8	18889.34	23.93	\$0	\$1,126,385	1	19.7
AmeriCredit	Clifton H. Morris Jr.	74	.	335.5	1862.27	16.63	\$730,000	\$1,780,000	0	273.99
Cash America International	Daniel R. Feehan	74	.	373.2	378.23	-0.97	\$383,438	\$943,684	0.53	30.52
Countrywide Credit Indus.	Angelo R. Mozilo	74	.	3125.6	22955.51	10.51	\$1,650,000	\$9,358,137	0.41	204.66
PMI Group	W. Roger Haughton	74	.	663.1	2392.66	17.36	\$575,000	\$2,877,166	0.35	9.96
Providian Financial	Shailesh J. Mehta	74	.	4036.8	18055.31	32.07	\$955,962	\$20,779,012	0.65	27.23
SEI Investments	Alfred P. West Jr.	75	45	456.2	375.58	50.13	\$310,000	\$830,000	0	72.37
American Express	Harvey Golub	75	77	22405	154423	24.05	\$1,000,000	\$24,095,940	0.7	24.61
Fannie Mae	Franklin D. Raines	75	93	36968	675072	23.14	\$992,250	\$11,372,113	0.46	2.66
Ambac Financial Group	Phillip B. Lassiter	75	.	522.6	10120.3	14.11	\$620,000	\$5,364,865	0.63	2.64
Federal Home Loan Mortgage	Leland C. Brendsel	75	.	24268	459297	20.26	\$1,016,667	\$10,072,311	0.24	3.34
Aflac	Daniel P. Amos	76	61	8640	37232	14.64	\$995,000	\$8,621,936	0.68	3.69
Lincoln National	Jon A. Boscia	76	.	6851.9	99844.06	12.54	\$750,000	\$11,394,971	0.21	17.18
Schwab (Charles)	Charles R. Schwab	80	5	4713.2	38153.97	16.98	\$800,004	\$11,512,129	0.23	111.3
Edwards (A.G.)	Benjamin F. Edwards III	80	59	2819	4859.98	17.68	\$472,830	\$1,813,888	0	3.21
Bear Stearns	James E. Cayne	80	.	7882	171166.5	15.12	\$200,000	\$23,225,227	0.08	44.27
Lehman Brothers Holdings	Richard S. Fuld Jr.	80	.	18989	224720	23.71	\$750,000	\$31,421,896	0.27	10.47
Raymond James Financial	Thomas A. James	80	.	1232.2	6308.82	19.25	\$245,000	\$2,878,863	0	6.31
Amgen	Kevin W. Sharer	83	57	3340.1	5399.6	26.39	\$810,569	\$32,078,149	0.93	61.02
Chiron	Sean P. Lance	83	.	683.3	2458.08	0.86	\$700,000	\$10,556,829	0.82	36.21
Merck	Raymond V. Gilmartin	85	39	32714	39910.4	45.99	\$1,283,340	\$11,629,340	0.74	8.68
Lilly (Eli)	Sidney Taurel	85	79	9912.9	14690.8	50.57	\$1,300,000	\$16,224,443	0.63	19.02
Allergan	David E.I. Pyott	85	.	1625.5	1971	24.62	\$806,923	\$5,418,105	0.72	17.56
Pfizer	William C. Steere Jr.	85	.	16204	33510	23.13	\$1,616,000	\$25,664,260	0.34	31.2
Schering-Plough	Richard J. Kogan	85	.	9176	10805	39.6	\$1,338,000	\$16,953,985	0.44	29.74
Medtronic	William W. George	89	83	4134.1	7038.9	18.99	\$870,000	\$5,980,641	0.74	26.58
Bausch & Lomb	William M. Carpenter	89	.	1756.1	3085.9	7.89	\$875,615	\$4,712,032	0.6	7.98
Baxter International	H.M. Jansen Kraemer	89	.	6380	8733	27.76	\$880,000	\$20,448,442	0.65	9.97
Guidant	Ronald W. Dollens	89	.	2352.3	2521.4	31.63	\$550,008	\$6,139,758	0.83	53.21
Qualcomm	Irwin M. Jacobs	92	71	3196.8	6062.98	12.15	\$872,591	\$12,745,591	0.86	152.69
Tellabs	Michael J. Bircok	92	81	2319.5	3073.07	28.92	\$652,852	\$972,063	0	76.05
ADC Telecommunications	William J. Cadogan	92	.	3287.9	3970.5	29.8	\$750,076	\$5,153,895	0.47	82.34
Anixter International	Robert W. Grubbs	92	.	3514.4	1686	14.18	\$525,000	\$2,796,316	0.36	9.23
Harris	Phillip W. Farmer	92	.	1807.4	2326.9	1.82	\$787,692	\$3,021,305	0.22	7.02
Scientific-Atlanta	James F. McDonald	92	.	1243.5	1779.46	12.82	\$743,850	\$28,355,357	0.88	27
Sun Microsystems	Scott G. McNealy	93	60	15720.8	14152	25.37	\$103,846	\$18,071,346	0.73	213.59
National Instruments	James J. Truchard	93	89	410.1	389.35	17.18	\$195,797	\$243,650	0	10
Apple Computer	Steven P. Jobs	93	.	7983	6803	19.5	\$1	\$377,720,401	0.76	13.43
Dell Computer	Michael S. Dell	93	.	25265	13435	39.77	\$892,308	\$35,778,770	0.93	74.68
Gateway	Jeffrey Weitzen	93	.	8645.6	4152.54	10.64	\$1,000,000	\$14,636,547	0.87	72.19
Hewlett-Packard	Carleton S. Fiorina	93	.	42370	34009	25.06	\$1,000,000	\$25,701,834	0.88	15.96
NCR	Lars Nyberg	93	.	5959	5106	10.13	\$1,033,846	\$5,054,169	0.71	0.42

APPENDIX CEO Compensation Dataset (continued)

Company	CEO Name	Industry Code	Fortune BPTW Rank 2000	Revenue (\$millions)	Assets (\$millions)	ROE %	CEO Annual Salary	CEO Total Compensation	% Pay as Options	Shares per Shareholder
Cisco Systems	John T. Chambers	94	3	12154	32870	10.07	\$323,319	\$73,304,239	0.98	118.67
3Com	Eric A. Benhamou	94	.	4333.9	3452.8	-38.71	\$750,000	\$3,898,595	0.74	62.74
Avocent	Stephen F. Thornton	94	.	222.4	815.89	-17.17	\$325,000	\$4,700,189	0.89	3.01
Micros Systems	A.L. Giannopoulos	95	73	335.1	278.98	9.9	\$448,927	\$3,471,440	0.33	45.26
EMC	Michael C. Ruettgerr	95	91	6715.6	10628.34	21.79	\$1,000,000	\$9,827,096	0.71	165.39
InFocus Systems	John V. Harker	95	.	886.7	4.26	-22.51	\$451,863	\$2,042,499	0.4	1.77
SanDisk	Eli Harari	95	.	601.8	1107.91	34.61	\$422,860	\$2,671,123	0.64	415.16
Storage Technology	David E. Weiss	95	.	2060.2	1653.56	-0.19	\$576,923	\$583,346	0	9.13
Adobe Systems	John E. Warnock	96	30	1266.4	1069.42	38.24	\$760,201	\$19,715,994	0.93	144.11
Microsoft	Steven A. Ballmer	96	37	22956	52150	22.74	\$428,414	\$628,414	0	97.99
American Management Sys.	Paul A. Brands	96	44	1240.3	645.9	12.15	\$420,833	\$420,833	0	35.86
Affiliated Computer Services	Jeffrey A. Rich	96	.	1962.5	793.73	11.47	\$425,000	\$1,310,700	0	580.05
Aspen Technology	Lawrence B. Evans	96	.	268.1	364.95	3.21	\$316,250	\$686,225	0.18	28.13
Autodesk	Carol A. Bartz	96	.	936.3	807.76	20.28	\$783,000	\$3,544,438	0.53	106.97
Avid Technology	David A. Krall	96	.	452.6	266.48	-40.88	\$384,113	\$904,955	0.41	44.87
Cadence Design Systems	H. Raymond Bingham	96	.	1093.3	1477.32	5.5	\$700,027	\$8,435,267	0.77	5.61
Citrix Systems	Mark B. Templeton	96	.	470.4	1112.57	15.94	\$371,000	\$965,441	0.41	163.17
Electronic Arts	Lawrence F. Probst III	96	.	1322.3	1378.92	-1.07	\$594,535	\$5,083,643	0.84	140.96
Intuit	Stephen M. Bennett	96	.	1093.8	2878.9	14.76	\$389,423	\$36,753,625	0.52	2.25
Oracle	Lawrence J. Ellison	96	.	10130.1	11030.16	40.8	\$208,000	\$90,958,000	1	232.78
Parametric Technology	C. Richard Harrison	96	.	1057.6	924.88	-0.75	\$400,000	\$4,014,030	0.81	41.07
PeopleSoft	Craig A. Conway	96	.	1736.5	1985.15	14.22	\$750,720	\$5,013,369	0.4	2.64
Siebel Systems	Thomas M. Siebel	96	.	1795.4	2161.74	9.62	\$1,000,000	\$134,951,266	0.98	334.89
Unisys	Lawrence A. Weinbach	96	.	6885	5717.7	11.2	\$1,320,000	\$6,787,420	0.66	10.62
Veritas Software	Mark Leslie	96	.	1207.3	4082.83	-20.78	\$550,000	\$20,808,279	0.93	1.46
Agilent Technologies	Edward W. Barnholt	98	46	10773	8425	14.38	\$1,000,000	\$9,131,908	0.81	5.28
PerkinElmer	Gregory L. Summe	98	.	1363.1	2260.18	11.82	\$713,469	\$10,263,072	0.61	12.6
Tektronix	Jerome J. Meyer	98	.	1866.6	1522.1	13.83	\$745,000	\$6,324,878	0.22	29.83
Xilinx	Willem P. Roelandts	100	14	1659.4	2502.2	1.84	\$675,000	\$4,204,463	0.78	1.7
Intel	Craig R. Barrett	100	42	33726	47945	28.23	\$575,000	\$7,398,240	0.55	26.05
Texas Instruments	Thomas J. Engibous	100	85	9468	17720	24.52	\$796,200	\$14,852,020	0.86	57.65
Advanced Micro Devices	W.J. Saunders III	100	.	4644.2	5767.74	31.72	\$1,000,000	\$15,965,520	0.59	40.51
Conexant Systems	Dwight W. Decker	100	.	2103.6	4416.2	-6.57	\$669,231	\$28,945,296	0.94	4.63
Cypress Semiconductor	T.J. Rodgers	100	.	1287.8	2361.75	20.89	\$371,060	\$4,145,668	0.74	1.43
LSI Logic	Wilfred J. Corrigan	100	.	2089.4	4197.49	9.47	\$848,478	\$2,248,478	0	82.8
Micron Technology	Stephen R. Appleton	100	.	3764	9631.5	23.39	\$656,827	\$6,493,670	0.51	153.24
National Semiconductor	Brian L. Halla	100	.	2139.9	2362.3	13.9	\$769,812	\$11,032,312	0.79	41.09
Applied Materials	James C. Morgan	101	88	9564.4	10545.73	29.05	\$835,769	\$6,611,729	0.42	256.1
Novellus Systems	Richard S. Hill	101	.	1173.7	2015.47	15.6	\$621,923	\$6,210,743	0.48	179.16
Teradyne	George W. Chamillard	101	.	3043.9	2355.87	30.33	\$590,837	\$2,964,951	0.47	71.72
FedEx	Frederick W. Smith	105	87	16773.5	13340.01	9.9	\$1,093,754	\$9,810,779	0.56	16.7