Pay soars for Wall Street CEOs

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While over two million US workers received pink slips last year, Wall Street chief executives treated themselves to some of their fattest pay packages ever.

Leading the pack was Citigroup's Sanford Weill, who was paid $44.6 million—$122,000 a day including Saturdays and Sundays—for his work as chairman and CEO of the world's largest financial services company. The cash portion of his 2003 package came to $30 million ($1 million in salary plus a $29 million bonus), an unprecedented amount according to corporate compensation analysts.

In addition to his 2003 compensation, Weill, who retired as CEO in October but remains chairman until 2006, realized $23 million from exercising stock options granted in prior years. His employer also agreed to buy 5.57 million shares of his Citigroup stock holdings for $262.4 million. Weill still owns 19.6 million shares as of the beginning of March, according to the company's proxy statement.

Weill's 2003 pay represented a fivefold increase over 2002, when he received no bonus after Citigroup was forced to pay a $400 million fine to securities regulators for slanting stock analysts' research reports on companies that gave Citigroup their investment banking business.

Other top Citigroup executives received big boosts in their pay last year. Charles Prince, who succeeded Weill as CEO, took home a $29.2 million package, nearly four times his 2002 remuneration. Robert Willumstad, who became the chief operating officer in October, was paid a total of $28.6 million, a 280-percent increase over 2002.

The combined total doled out to Citigroup's top three executives came to over $102 million.

Elsewhere on Wall Street, Merrill Lynch's president and CEO, E. Stanley O'Neal, received his largest paycheck ever at $28 million—half in cash, and more than triple his 2002 pay. O'Neal is credited with boosting Merrill Lynch's profits to a record $4 billion last year after cutting over 20,000 jobs at the company.

James Cayne, chairman and CEO of Bear Stearns, another big investment house, earned more than $39 million counting $12.3 million in gains on his performance-based stock units. This compares with his $28 million payday the year before. Last summer Cayne was one of the staunchest defenders of Richard Grasso, the former chairman of the supposedly non-profit New York Stock Exchange, who was forced to resign when word leaked out about his $140 million deferred compensation payout.

At the low end of the Wall Street scale were Henry Paulson, chairman and CEO of Goldman Sachs, and William Harrison, CEO of J.P.Morgan Chase, each of whom pulled in about $20 million.

Some reports on executive pay have also come in for those working outside Wall Street. Apple Computer's chairman and CEO Steven Jobs received a restricted stock award of $74.75 million to supplement his official salary of one dollar a year. The stock is due to vest in three years, and was awarded in return for the company founder's agreement last March to forego most of his outstanding stock options, which were largely worthless at the time because of the sharp fall in the value of the company's stock.

Health insurance giant Aetna paid its chairman and CEO John Rowe $18.2 million last year. Gary Forsee, the new chairman and CEO of Sprint Corporation, earned $16.4 million, a hefty multiple of the $2.28 million in compensation paid to his predecessor in 2002. The insurance conglomerate Conseco paid its new chairman and CEO William Shea $16.7 million last year, mostly in restricted stock awards, for bringing the company out of Chapter 11 bankruptcy last September.

A survey performed of 50 of the largest US corporations that have filed their proxy statements so far showed that the average CEO collected $10.3 million last year.

While the bosses were being extra generous to themselves, the same cannot be said for the way they treated their workers in 2003. According to statistics compiled by the liberal think tank, the Economic Policy Institute, persistent high unemployment has contributed to the first decline in real hourly wages for blue-collar workers in manufacturing and non-managers in service industries (80 percent of the workforce) since 1996. The nominal wage growth rate of 1.6 percent tied the lowest increase since records starting being kept in 1964. The only other year where such a low increase was recorded was 1986.

As compensation consultant Brian Foley put it to the *New York Times*, “There are a substantial number of companies where the top of the house is doing extremely well in part on the backs of those who have been outsourced, offshored, terminated or otherwise left out. There’s been a silver lining for some and an empty envelope for others.”