

National Association of Corporate Directors New Jersey Chapter Holds Thought-Provoking Seminar on Executive Compensation

On Wednesday, April 29, the National Association of Corporate Directors New Jersey chapter (NACD-NJ) sponsored a panel discussion on executive compensation. More than 50 NACD-NJ members attended the breakfast event, which was held at The Hilton Short Hills.

Jeffrey W. Joyce, a consultant with Frederic W. Cook & Co., Inc., moderated the panel discussion. Louis Lipschitz, retired executive vice president and chief financial officer, Toys “R” Us, and multi-board director; Laurie Siegel, senior vice president – Human Resources, Tyco International, and director, Embarq Corporation; and A. Richard Susko, partner, Cleary Gottlieb Steen & Hamilton LLP comprised the expert panel.

Compensation Committees and their policies and practices have come under intense scrutiny lately in light of public outrage over the bonuses paid to AIG employees and the widely publicized golden parachutes given to executives of troubled companies. Congress has responded with legislation that could provide a springboard for much broader-based executive compensation regulation proposals. With Senator Charles Schumer set to introduce a bill that would give shareholders a greater say in how executives are paid and appointed, Compensation Committees and Boards as a whole are trying to do the right thing with respect to managing the compensation process in the midst of this turbulence.

The panelists shared their views on what the future may hold for Compensation Committees in light of recent events and the increasingly stringent regulatory environment. Issues such as shareholder activism, say-on-pay, risk assessments, compliance policies and checklists, claw backs, pay for performance, and punitive taxes on bonuses were discussed. Hope was expressed that a balance can be struck between being able to attract and retain strong leadership in a competitive landscape while at the same time having sensible checks and balances in place so that events such as the AIG bonuses and golden parachutes can be avoided in the future.

About NACD

Founded in 1977, NACD is a national non-profit membership organization dedicated exclusively to serving the corporate governance needs of corporate boards and individual board members. For more information on the New Jersey chapter of the NACD, please visit www.nacdny.org.

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