AFL-CIO CEO PayWatch Website Offers Sneak Peak at Top 25 Super-Pensions and Publishes Comprehensive New Data on 2005 CEO Pay

Exxon Mobil, Pfizer and IBM CEOs Among Those in Spotlight

American Federation of Labor and Congress of Industrial Organizations
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Washington, April 6th PRNewswire -- A new Executive PayWatch website (http://www.paywatch.org) launched today by the AFL-CIO for the first time reveals the top 25 pension packages of 2005 as well as a comprehensive database of brand new CEO pay figures. The average CEO of an S&P 500 company made $11.75 million in total compensation in 2005, according to The Corporate Library, and CEO pay continues to rise, creating an enormous gap between executive compensation and that of rank and file workers. The average CEO in 2004 made 431 times more than the average worker.

"When it comes to a job and retirement security, there is a double standard and workers are not the ones coming out on top," said Richard Trumka, Secretary-Treasurer of the AFL-CIO. "Corporate CEOs have been able to rig the rules of the game in their favor and leave workers and their families on the sidelines."

Six new case studies on CEO super-pension packages show how CEOs guaranteed their own golden pensions while undermining the retirement security of America's working families. Included in the six -- with guaranteed annual pensions between $4 million and $6.5 million annually: Pfizer Inc.'s Henry A. "Hank" McKinnell, Exxon Mobil Corporation's Lee R. Raymond, and IBM Corporation's Samuel J. Palmisano. In addition to these, the top 25 largest CEO pensions went to executives at AT&T, UnitedHealth Group, Home Depot, Colgate-Palmolive, Comcast, Bank of America, Union Pacific, Exelon, Conoco Phillips, Lockheed Martin, Robert Half International, BellSouth, Anheuser- Busch, Mattel, Coca-Cola, Prudential Financial, FPL Group, Eli Lilly and Company, General Electric, Valero Energy, Countrywide Financial and PepsiCo.

A growing list of often-profitable companies have replaced their workers' traditional defined-benefit pension plans with more risky defined-contribution plans such as 401(k)s. But, as Executive PayWatch shows, many CEOs are at the same time receiving what are known as "supplemental executive retirement pensions," often called "top hat" plans because they are reserved for a select group of managers who receive monster paychecks.

These top hat plans promise executives a guaranteed pension based on the traditional defined-benefit formula of years of service multiplied by final annual pay, even though workers are being stripped of the same protections. Only 21 percent of private sector workers today are covered by traditional defined-benefit plans, according to the Bureau of Labor Statistics, compared to 69 percent of Fortune 1000 CEOs who have Supplemental Executive Retirement Plans. The major exception to this trend is for union members who have built retirement security by bargaining collectively with employers: 72 percent of union workers in the private sector participate in defined-benefit pensions, compared with 15 percent of nonunion workers.

IBM is a case study in pension disparity. Under Palmisano's leadership, IBM has twice slashed pensions for its workers -- in 2006 and 1999 -- but each time Palmisano was grandfathered out of the changes. He will be taking home about $75,000 a week in retirement, while future IBM workers will have no defined benefit pension.

"These excessive CEO pensions are taking money out of the pockets of shareholders, including the retirement savings of America's working families," said Trumka. "From what we see corporate America doing for its CEOs, we know they can afford to do right by their employees."

According to the groundbreaking research of Harvard Law Professor Lucian Bebchuk, the average CEO pension equals more than one third of his or her total compensation. These under-the-radar pensions undermine the goal of linking pay for performance. Data on Executive PayWatch provides concrete examples of how excessive CEO pensions can undermine this goal. Pfizer CEO Hank McKinnell's pension is at the top of the list, with the choice of over $6.5 million annually or a lump sum payment of $83 million in cash. Yet under McKinnell's leadership, Pfizer's stock price underperformed for the last five years; between 2000 and 2005 share value plummeted by nearly half.

The Securities and Exchange Commission has proposed to require companies to provide far greater detail about their executives' pay packages -- including retirement benefits. The SEC will be taking comments through April 10. The AFL-CIO plans to weigh in by encouraging its over 500,000 online activists to call on the SEC to require that companies disclose their executive's pay-for-performance targets. Visitors to the 2006 Executive Paywatch website can also send their email to the SEC at http://www.paywatch.org.

Since its launch in 1997, PayWatch has remained among the Internet's most popular sites, with 2.5 million views each year.

The AFL-CIO represents more than 9 million working men and women around the nation.