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Buck Releases Survey: Taking the Pulse of Equity Compensation

A concern among compensation professionals and compensation committees in today's economic climate is how to address changes in stock price for purposes of 2009 stock grants. Buck surveyed companies on how they are addressing these issues. A total of 73 companies, 90% of which are publicly-traded, responded.

Survey Highlights

Highlights of Buck's *Taking the Pulse of Equity Compensation* survey include –

- The most prevalent change cited by respondents was to decrease participation (43%). More than half of these companies cited a significant drop in share price as a reason for their change.
- Thirty-one percent of respondents are expected to increase the number of options or shares to those receiving grants in 2009.
- Forty-five percent of respondents are considering a change in the equity mix in 2009. Twenty-nine percent report an increased use of shares and decreased use of options, possibility reflecting negative employee perceptions regarding underwater options.
- Of those companies reporting on possible changes to executive cash compensation in 2009, 52% indicated the possibility of no increase in base salaries, and 23% suggested that salary increase budgets could be reduced.

Conclusion

The survey results indicate that most companies will not be delivering the same equity values to their executives in 2009. While these are basically reductions in value-at-grant, it cannot be ignored that if stock were to rebound to levels prior to the economic downturn, the gains realized by the executives would actually be greater than the grants given previously.

Buck's survey, *Taking the Pulse of Equity Compensation*, may be obtained by downloading a copy from www.bucksurveys.com or by calling 1.800.887.0509. Copies are also available to clients through their Account Executives.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.