

The 10 Most Overpaid CEOs Running Multi-Billion Dollar Companies

Laurie Kulikowski | Feb. 13, 2015

NEW YORK (TheStreet) -- Massive CEO compensation has become a hot-button issue for investors. CEO pay packages, especially ones running deep into the eight-figure range, have a tendency to draw ire. When the CEO delivers value for the money, grumbles die down. When they don't, shareholders have a problem.

A report released on Thursday by **As You Sow**, a non-profit organization aimed at promoting environmental and social corporate responsibility, is shining a light on overpaid CEOs. The report looks at the 100 most overpaid CEOs running S&P 500 companies, as determined by their 2013 compensation (the most widely available comprehensive data).

CEO pay has grown 937% in the past 35 years, far exceeding share price appreciation as well as the pay of the average worker.

When it comes to being overpaid, there are two main factors: How much is the pay and how much value did the CEO deliver? The report determined this by looking at CEO pay and performance, calculating how much of a CEO's pay was above and beyond what was deserved, as well as 30 "red flag" indicators such as high cash incentives and stock option grants over \$3 million in the last five of eight years, among other things. The most overpaid executives on the list typically had large calculated excess pay and many red flags.

Of the top 10 overpaid CEOs, eight were determined to have 2013 pay packages at least \$20 million more than deemed appropriate. In addition, Freeport-McMoRan Copper & Gold (FCX - Get Report) and Nabors Industries (NBR - Get Report), Nos. 3 and 1, respectively, each had the highest number of red flags at 18.

Just in time for proxy season, here's a list of the top 10 CEOs that **As You Sow** deems overpaid.



10. John H. Hammergren
McKesson Corp. (MCK)

Market Cap: \$52.3 billion
Became co-CEO in 2001, CEO in 2002
Age: 55
2013 Compensation: \$25.9 million
Excess Pay: \$13.3 million

McKesson is a health care information technology, medical-surgical supplies and pharmaceutical distributor. John Hammergren is the chairman, president and CEO.

Since Hammergren has become CEO, the company has nearly tripled its revenue, expanded into global markets, while shareholders have seen a 16% compound annual return on investment, according to his corporate bio page.

Hammergren's compensation for 2013 -- the most recent data available -- is actually down by nearly half, mainly due to changes in pension value and deferred compensation earnings, according to McKesson's 2014 proxy filing.



**9. Leonard S. Schleifer M.D. Ph.D.
Regeneron Pharmaceuticals ([REGN](#))**

Market Cap: \$40.7 billion
Became CEO in 1988
Age: 62
2013 Compensation: \$36.2 million
Excess Pay: \$22.7 million

Leonard Schleifer founded Regeneron Pharmaceuticals, a biotechnology company based in Tarrytown, N.Y., in 1988. The company produces antibody drugs targeting cancer to

rheumatoid arthritis and hypercholesterolemia.

Schleifer's compensation in 2013 increased roughly 20% from 2012, entirely related to an increase in option awards.



**8. Philippe P. Dauman
Viacom ([VIA](#))**

Market Cap: \$27.6 billion
Became CEO in 2006
Age: 60
2013 Compensation: \$37.2 million
2013 Excess Pay: \$24.99 million
2014 Compensation: \$44.3 million

Philippe Dauman has been Viacom's president and CEO since September 2006. Daumann's compensation went up 11%

from 2012 to 2013.

Note: Viacom has already submitted its 2015 proxy, which shares fiscal 2014 executive compensation.



**7. Larry J. Merlo
CVS Health Corp. ([CVS - Get Report](#))**

Market Cap: \$117.4 billion
Became CEO in 2011
Age: 59
2013 Compensation: \$31.3 million
Excess Pay: \$19.3 million

Larry Merlo is president and CEO of CVS Health, the retail pharmacy chain that made big news last year when it eliminated the sale of cigarettes and tobacco products at its 7,600 stores. Merlo joined the company (then CVS/pharmacy) in 1990 through its acquisition of Peoples Drug.

Merlo's compensation rose 54% in 2013 compared to the year prior, primarily related to changes in pension and deferred compensation values as well as an increase in other compensation.



6. Robert A. Iger
Walt Disney Co. ([DIS](#) - [Get Report](#))
Market Cap: \$176 billion
Became CEO in 2005
Age: 64
2013 Compensation: \$34.3 million
2013 Excess Pay: \$22.2 million
2014 Compensation: \$46.5 million

Bob Iger is chairman and CEO of Walt Disney. He has been at the head of the media and entertainment giant through three big acquisitions, including Pixar in 2006, Marvel in 2009 and Lucasfilm in 2012, according to his corporate bio. He joined Disney's management team in 1996 as chairman of ABC Group, which is owned by Disney.

Iger's compensation actually fell 15% from 2012 to 2013 driven by a decrease in bonus.

Note: Disney has already submitted its 2015 proxy, which shares fiscal 2014 executive compensation.



5. David M. Zaslav
Discovery Communications ([DISCA](#))
Market Cap: \$20.7 billion
Became CEO in 2007
Age: 55
2013 Compensation: \$33.3 million
Excess Pay: \$20.9 million

David Zaslav has been at the helm of Discovery Communications since 2007. Under his leadership the cable-TV network began trading as a public company in September 2008. Channels including Animal Planet, American Heroes

Channel, TLC, and the Oprah Winfrey Network fall under the Discovery umbrella.

Zaslav's compensation fell 33% in 2013 due to a lack of stock awards.



4. Leslie Moonves
CBS Corp. ([CBS](#))
Market Cap: \$29.9 billion
Became CEO in 1998
Age: 65
2013 Compensation: \$66.9 million
Excess Pay: \$54.6 million

Leslie Moonves is President and Chief Executive Officer of CBS Corp., the media conglomerate. Coming from Warner Bros. (Time Warner (TWX)), Moonves started at CBS in 1995 as president of entertainment. He was promoted to president and

CEO of CBS Television in 1998 and later became the co-president and co-chief operating officer of Viacom and Chairman

of CBS in 2004. He became president and CEO of CBS Corp. in 2006 following Viacom's split into two publicly traded companies.

Moonves' 2013 pay rose by roughly 8% over 2012.



3. Richard C. Adkerson
Freeport-McMoRan Copper & Gold Inc. ([FCX](#) - [Get Report](#))

Market Cap: \$20.2 billion
Became CEO in 2003
Age: 68
2013 Compensation: \$55.3 million
Excess Pay: \$43.8 million

Richard Adkerson is the vice chairman, president and CEO of Freeport-McMoRan and a longtime company employee. He joined Freeport-McMoRan in 1989. Adkerson's pay increased almost five times in 2013 from 2012, driven by deferred restricted stock units.



2. Lawrence J. Ellison
Oracle Corp. ([ORCL](#) - [Get Report](#))

Market Cap: \$192.7 billion
Became CEO in 1977
Age: 70
2013 Compensation: \$78.4 million
Excess Pay: \$66.5 million

Larry Ellison is founder and former CEO of Oracle. Ellison handed the daily management reins of the technology company in September 2014 to co-CEOs Safra Catz and Mark Hurd.

Ellison is currently executive chairman and chief technology officer.

Ellison's 2013 compensation fell 15.5% from 2012 to 2013 due to a decrease in option awards.



1. Anthony G. Petrello
Nabors Industries ([NBR](#) - [Get Report](#))

Market Cap: \$3.5 billion
Became CEO in 2011
Age: approximately 60
2013 Compensation: \$68.2 million
Excess Pay: \$57 million

Anthony Petrello is chairman of the board, president and CEO of Nabors Industries, an energy company, and a longtime employee. He became president and chief operating officer in

1991, and the chief executive in 2011. In 2012, he added chairman to his title.

Petrello's compensation from 2012 to 2013 increased more than three times, primarily due to a one-time \$45 million payment (\$27 million in stock) as part of the termination of his previous employment agreement with Nabors Industries.

