



Korn Ferry CEO Compensation Study Finds Boards Opt for Longer-Term Incentives

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- CEO Salary and Bonuses Remain Relatively Flat -

- Longer-Term Stock and Equity Offerings Rise Dramatically -

LOS ANGELES--(BUSINESS WIRE)--Apr. 20, 2017-- Boards turned to longer-term CEO compensation vehicles instead of more immediate salary and bonus increases to reward the top leaders at the highest-revenue companies in the United States, according to research by the Hay Group division of [Korn Ferry](#) (NYSE:KFY).

The 10th Annual Korn Ferry Hay Group CEO Compensation Study examines all forms of CEO pay at the top 300 companies with revenues of at least \$9 billion in fiscal year 2016. Just in are results of the first 100 companies in the analysis.

Key Findings:

CEO salary and bonus are up only slightly:

- Bonus is up only 1.1 percent
- Salary plus bonus is up only 1.4 percent
- Long-term performance cash is down -2.5 percent
- Option awards are up only 0.8 percent

On the other hand, performance equity and stock awards have risen dramatically:

- Stock awards are up 5.5 percent
- Total Long-Term Incentives (LTI) is up 7.0
- Total Direct Compensation (TDC) is up 6.1 percent

"This is the first time we're seeing numbers so low on cash and so high on equity, and we note the disparity between the increase in total cash and total direct compensation," said Irv Becker, Senior Client Partner & North American Leader, Executive Pay & Governance, Korn Ferry Hay Group.

"Companies can be more aggressive with equity because it's long-term oriented, and since most plans are now 50 percent to 100 percent performance based, this gives CEOs the time to show how they and the company can perform."

According to Becker, the big takeaway is that compensation committees are finding one solution that works to resolve two key challenges.

"This focus on equity demonstrates to shareholders that boards are aligning compensation with longer-term organizational goals and that CEOs need to be compensated in ways that support this focus," said Becker. "In addition, compensation committees are signaling to CEOs that their efforts are appreciated at a time when it is not always feasible to reward them sufficiently with salary and bonus increases."

Editor's Note:

The complete report, with a data analysis on all 300 companies in the index, will be available early-to-mid May.

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