

From: Homer Price  
Subject: Incentive-Based Compensation

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Comments:

The problem with pay practices in American corporations, including those in the financial industry, is that they generally reward only short-term gains. Executives can engage in practices that have disastrous consequences for the firm as well as the national economy and still receive high annual bonuses and other forms of compensation.

I would make two reforms: First, executive salary structures should have to approved by the stockholders of the company at their annual meeting. Second, any compensation beyond a base annual salary must be deferred for at least five years and calculated using the average corporate or unit net revenue for the intervening five years.

These reforms would ensure that the executives are working for the stockholders and not for themselves, and that they make decisions which will benefit those stockholders in the long term,

As a small investor in various mutual funds, my stock can be voted by the fund managers in the annual meetings, and I think my interests should take priority over those of corporate employees whose motto is, "I'll be gone, you'll be gone." It is my investment that would be gone after they take their bonuses and flee the sinking company like rats.

Thank you for considering my comment,

Homer Price