



## **TWO YEARS LATER – MANY COMPANIES NOW RECEIVE PASSING GRADES BUT SOME STILL PAY FOR FAILURE**

*FOR IMMEDIATE RELEASE*

**Portland, Maine; July 30, 2008** – A new report from The Corporate Library, the leading independent source for North American governance research and risk analysis, finds that although many companies have made improvements, two companies – Merck and Safeway – have failed to make significant changes to compensation governance and policy. The report is The Corporate Library's latest assessment of the effectiveness of compensation policy at the companies identified in its first *Pay For Failure* report, published in March 2006.

Of the nine companies profiled, perhaps the most sweeping changes were introduced at Home Depot and Pfizer, developments made simpler because of changes in CEOs. Nine of the 11 companies in the original study were analyzed in this update, because Lucent and BellSouth had been acquired since the original report's publication. In addition to Merck, Safeway, Home Depot and Pfizer, the other companies examined include AT&T, Hewlett-Packard, Time Warner, Verizon and Wal-Mart.

Some of the compensation policy changes include: the introduction of clawback provisions, moderation of severance benefits, and increases in the proportion of pay tied directly to performance. The updated report also examines changes in the companies' fortunes, looks at major acquisitions and divestments, governance changes, turnover in compensation committee membership, and shareholder proposals, all covering the years 2006 through 2008.

The detailed 35-page report, entitled *Where Are They Now? An Update on Compensation Policy at the Original 'Pay For Failure' Companies*, is available for \$125 from The Corporate Library's online store at [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com). An Executive Summary containing report highlights is also available for \$45.

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### **About The Corporate Library**

The Corporate Library is an independent research firm that provides corporate governance information products, research services and data to a broad variety of clients including institutional investors, corporations, D&O liability insurers, law firms, accounting firms, executive search firms, academic institutions and the media. The Corporate Library produces the definitive ratings of U.S. corporate boards of directors, allowing businesses that subscribe to the service to evaluate governance as an element of investment and other risk. The Corporate Library is also a leading publisher of corporate governance reports and studies, including reports on CEO employment contracts, governance practices, mutual fund proxy voting, and executive and director compensation, which its analysts compile using its extensive database of over 3,200 public companies and over 30,000 executives and directors. Additional information on The Corporate Library and its suite of online corporate governance data and analysis products can be found on its website at [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com).

### **Contact:**

Cheri Grimmett  
Media Relations, The Corporate Library  
[cmgrimmett@thecorporatelibrary.com](mailto:cmgrimmett@thecorporatelibrary.com)  
207 553-5604