



CEOs ON COMPENSATION COMMITTEES DO NOT INFLATE PAY

FOR IMMEDIATE RELEASE

Portland, Maine; May 11, 2009 – No significant relationship exists between the presence of current or former CEOs on compensation committees and high levels of CEO compensation according to a new study from The Corporate Library, the leading independent source for corporate governance and executive compensation research and risk analysis. The study is the first statistical test of the popular perception that directors who are current or former CEOs design generous CEO pay packages.

The study analyzed the compensation paid to a large sample of North American CEOs between 2005 and 2007, finding that while compensation is indeed higher at companies where a current or former CEO chairs the compensation committee, the difference in pay can be attributed to market capitalization.

“As a rule, larger companies pay more than smaller ones,” said Senior Research Associate Paul Hodgson, co-author of the report. “They are also more likely to have current or former CEOs on their compensation committees, probably because these directors prefer to serve at larger, more prestigious firms.” The study found a significant positive correlation between market capitalization and compensation.

The study, titled “CEOs and Former CEOs on Compensation Committees,” is available for \$25 from The Corporate Library’s online store at <http://www.thecorporatelibrary.com/info.php?id=76>. Director of Research and Ratings Kimberly Gladman and Adjunct Research Associate Sandy Warrick also co-authored the report.

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About The Corporate Library

Now celebrating its tenth year, 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 47,000 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.

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