

# Cause for scandal?

## Executive pay

In August Pierre Bilger, a former Chief Executive of Alstom, (1) decide \_\_\_\_\_ to hand back the £4.1m severance package granted to him in March when he (2) step \_\_\_\_\_ down from the troubled French engineering group. He said he (3) not / want \_\_\_\_\_ to be cause for scandal among the 100,000 Alstom employees he (4) direct \_\_\_\_\_ before the company was rescued by the French government.

Mr Bilger's example (5) be / not / yet \_\_\_\_\_ followed by his compatriot Jean-Marie Messier, the former boss of Vivendi Universal. Mr Messier is still fighting to keep the €20.5m severance package due to him after the company (6) sack \_\_\_\_\_ him.

Yet golden parachutes and severance pay are only one part of executive compensation. Share options (7) already / come \_\_\_\_\_ under close investigation. The amounts which companies (8) award \_\_\_\_\_ through share options in recent years are far higher than

those paid out by golden parachutes or by any other mechanism. Even in 2001, after the stockmarket bubble (9) burst \_\_\_\_\_, the value of stock options granted to the CEOs of the companies on Standard & Poor's 500 Stock Index (10) rise \_\_\_\_\_ by 43.6% in a year when the total returns from those companies (11) fall \_\_\_\_\_ by almost 12%.

Stock options (12) lead to \_\_\_\_\_ angry reactions from both shareholders and the general public. Last year, for example, Jeffrey Barbakow, the Chief Executive of Tenet Healthcare, a hospital management business in California, (13) receive \_\_\_\_\_ \$11m from exercising his stock options in a year when the company's share price (14) drop \_\_\_\_\_ by nearly 60%. After a group of shareholders led by a Florida doctor (15) threaten \_\_\_\_\_ to remove him, Mr Barbakow (16) resign \_\_\_\_\_ last May