

1.5 CEO Pay

THE AVERAGE RETAIL CLERK IN the U.S. would have to work for 419 years to earn what the average corporate chief executive officer (CEO) makes in a single year. That's a boost for CEOs, whose average pay is growing again after dipping in 2001 and 2002. Between 2003 and 2004, workers saw their earnings increase by an average of 2.2%, while CEOs received an average raise of 15%.

The best-paid employees are also company owners. Much of the compensation CEOs get includes stock options—the ability to purchase compa-

ny stock at better-than-market prices. The benefits are enormous. When Oracle CEO Lawrence Ellison exercised his stock options in 2001, he made over \$700 million.

Are CEOs worth it? Higher pay does not guarantee superior performance; companies with the highest-paid CEOs often do worse than other firms. While Oracle was making Ellison a very, very rich man, the market value of the company fell 57% and nearly 1,300 workers were laid off.



R. JAY MAGILL

Average pay of
CEOs compared
to retail clerks
and medical doctors
in 2004

Retail clerk	\$22,930
Medical doctor	\$138,490
CEO	\$9,600,000