
Contents

Preface *ix*

Introduction *1*

Part I. The Official View and Its Shortcomings

1. The Official Story *15*
2. Have Boards Been Bargaining at Arm's Length? *23*
3. Shareholders' Limited Power to Intervene *45*
4. The Limits of Market Forces *53*

Part II. Power and Pay

5. The Managerial Power Perspective *61*
6. The Relationship between Power and Pay *80*
7. Managerial Influence on the Way Out *87*
8. Retirement Benefits *95*
9. Executive Loans *112*

Part III. Decoupling Pay from Performance

10. Non-Equity-Based Compensation *121*
11. Windfalls in Conventional Options *137*
12. Excuses for Conventional Options *147*
13. More on Windfalls in Equity-Based Compensation *159*
14. Freedom to Unwind Equity Incentives *174*

Part IV. Going Forward

15. Improving Executive Compensation 189

16. Improving Corporate Governance 201

Notes 217

References 257

Index 271