

Time Warner CEO to receive \$80 million payout after six weeks of work

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Robert D. Marcus, the chief executive of Time Warner Cable, is set to receive an \$80 million payout if the company goes through with its planned acquisition by Comcast, the company said in a regulatory filing Thursday.

Comcast announced the deal six weeks after Marcus took over as CEO, meaning he will receive more than \$2 million per day for his time as CEO prior to the deal. That is the equivalent of receiving \$1,300 per minute during that period.

While Marcus's compensation—referred to as a “golden parachute”—is not the largest such payout in history, it stands out because of the extremely short duration that he worked at the company.

Executive compensation committees claim that such “golden parachutes” are a means to ensure that CEOs have an incentive to agree to deals that are beneficial for shareholders. In reality, they are nothing more than a means of awarding CEOs tens of millions of dollars beyond their reported salaries.

Marcus became Time Warner's CEO and chairman at the start of this year, after being named to replace Glenn Britt, who had served as the company's CEO for twelve years. Prior to becoming CEO, Marcus served as the Chief Operating Officer at Time Warner, and received \$9.9 million in compensation for 2012.

If the merger goes through, Marcus will get \$45 million in stock and \$20.5 million in cash as well as a potential \$2.5 million bonus. The deal is dependent on the merger getting the approval of the White House, but commentators and analysts expect little opposition to the proposed merger on the part of the Obama Administration.

Other Time Warner executives are on track to receive large payouts if the merger goes through. Time Warner Cable's chief financial officer will receive \$27 million,

Michael L. LaJoie, the company's Chief Technology Officer, will get \$16.3 million, and Philip G. Meeks, the company's COO, will receive \$11.7 million.

The record for a “golden parachute” payout is currently held by former General Electric CEO John Welch, who got \$417 million when he left the company. Other executives who received notable “golden parachute” payouts include former Exxon Mobil head Lee R. Raymond, who got \$321 million when he left the company in 2005, and William McGuire, who got \$286 million when he left UnitedHealth Group eight years ago.

Last year, Heinz CEO William Johnson received \$212.6 after agreeing to a \$28 billion buyout deal with Berkshire Hathaway and 3G Capital.

According to a Bloomberg survey released in June, there are more than a dozen executives of companies listed on the Standard & Poor's 500 Stock Index who stand to get more than \$100 million if they are fired, in many cases dwarfing their already enormous annual salaries.

In fact, three of those executives would get nearly a quarter billion dollars if they were fired. John Hammergren, CEO of McKesson Corp, stands to receive 303.4 million, Les Moonves, CEO of CBS Corporation, would get \$251.4 million, and David Zaslav of Discovery Communications Inc. stands to receive \$224.7 million.

The deal between Comcast and Time Warner, the largest and second-largest cable companies in the US, would create an enormous cable monopoly that would control over one third of the cable television and broadband Internet markets in the United States. The deal was announced February 13, and would be valued at \$45 billion. Neil Smit, the current CEO of Comcast, would run the combined company following the

merger.

In June 2013, the New York Times reported that the 200 highest paid CEOs at US public companies with revenue above \$1 billion received a median compensation package of \$15.1 million in 2012, 16 percent higher than the previous year. At the top of the list was Oracle CEO Lawrence Ellison, who received \$96.2 million, an increase of 22 percent over 2011.

While total CEO pay figures are not yet available for 2013, the pay of individual CEOs grew significantly last year, particularly in the financial sector.

JPMorgan Chase CEO Jamie Dimon has been awarded \$20 million in pay for 2013, an increase of 74 percent from the previous year, even after the bank agreed to pay \$20 billion in legal settlements. Goldman Sachs CEO Lloyd Blankfein received a \$26 million bonus in 2013, his highest since the 2008 crash.

The average bonus payout for Wall Street employees grew by 15 percent in 2013, hitting the highest level since the 2008 financial crash, according to figures released earlier this month. The average employee bonus grew to \$164,530 in 2013, the third-highest figure on record, and the total cash bonus pool for Wall Street hit \$26.7 billion.

Meanwhile the wealth of the world's super-rich continues to skyrocket amid the continual run-up in stock prices. The combined net worth of the world's billionaires has doubled since 2009, according to a 2013 report by Wealth-X.



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