

Date of the event:

On Thursday 29th April 2010
From 01:00 PM to 2:00 PM

Location:

Luxembourg School of Finance
University of Luxembourg
4 Rue Albert Borschette
2nd Floor
Modigliani Miller Auditorium (E02-003)
L-1246 Luxembourg

Registrations:

- Free seminar (with lunch included)
- Registrations by email before April 26th, 2010
- At the following address : lsf-events@uni.lu

Information:

Ms Deborah Marx
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<http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops>



The LSF is pleased to invite you to the following
lunch seminar:

On CEO appointment and compensation

By M. Frederic Palomino
EDHEC Business School

Thursday 29th April 2010
From 01:00 PM to 2:00 PM

On CEO appointment and compensation

By Frederic Palomino

The **Luxembourg School of Finance**

Is pleased to invite you to the

LSF Seminar

CEO compensation has received a lot of attention in the recent past, above all the widening gap between its level and that of the compensation of other employees. However, this increase in CEO pay was accompanied by changes in the structure of CEO pay (i.e., the increased use of stock options) and changes in CEO appointment (boards of directors choosing CEOs outside the firm rather than inside).

In this article, we propose a amended version of the standard principal-agent model that provides a rationale for the increases in *(i)* CEO pay, *(ii)* use of stock options in compensation schemes and *(iii)* hiring of CEOs externally.

Furthermore, we derive new testable implications regarding compensation packages proposed to internally promoted and externally chosen CEOs.

