

COVID-19: Reductions in Executive Pay

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Recent market volatility due to the coronavirus (COVID-19) pandemic has disrupted many companies' day-to-day operations resulting in economic hardship that has caused companies to consider or implement various measures to reduce personnel costs, including pay cuts, furloughs and/or layoffs. When implementing such personnel cost-cutting measures, a number of companies have reduced executive pay, including reductions in base salary and bonus opportunities, and some have also reduced director retainers.

This memo summarizes the actions that a number of companies have already taken and provides guidance for companies considering reductions in executive or director pay.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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