

**SFGate**.com [www.sfgate.com](http://www.sfgate.com)

[Return to regular view](#)

## **Home Depot Shareholders OK Severance Plan**

- By HARRY R. WEBER, AP Business Writer  
Thursday, May 26, 2005

(05-26) 14:16 PDT ATLANTA (AP) --

Shareholders of The Home Depot Inc. approved a proposal Thursday that requires the company to get shareholder permission to give departing executives severance packages over a certain amount.

However, shareholders at the Atlanta-based company's annual meeting in Naples, Fla., rejected a proposal that would have forced the nation's largest home improvement store chain to declare its political nonpartisanship and further restrict certain activities by employees while at work.

The severance proposal, which still must be reviewed by Home Depot's board, has been sought by shareholders at other major companies, but in a number of cases has been rejected. Shareholders of The Coca-Cola Co., also based in Atlanta, rejected a similar proposal at their annual meeting in April.

The proposal requires Home Depot's board of directors to seek shareholder approval for future severance agreements with senior executives, including retirement packages, that exceed 2.99 times the sum of the executive's base salary plus bonus. Fifty-six percent of shareholders who voted approved of the proposal, according to a preliminary count.

The investor group that sponsored the proposal, Trowel Trades S&P 500 Index Fund, said that "severance agreements as described in this resolution, commonly known as golden parachutes, are excessive in light of the high levels of compensation enjoyed by senior executives at the company and U.S. corporations in general."

The company, which opposed the proposal, said hefty severance agreements are important to attract and retain talented executives.

The investor who filed the political nonpartisanship proposal, Evelyn Y. Davis of Washington, D.C., cited chief executive Bob Nardelli's financial support of President Bush's re-election campaign.

Last year, Nardelli hosted a Republican fundraiser at his Atlanta mansion attended by Bush that brought in an estimated \$3.2 million. In 2003, Nardelli donated \$25,000 to the Republican National Committee and \$2,000 to the Bush re-election campaign, records show.

In its opposition to the shareholder proposal, the company said it believes that it is important that "federal, state and local governments have an understanding of how their



**Attend a FREE**  
**San Francisco**  
**GMAT Workshop!**

presented by  
*Manhattan* GMAT

**Thursday, June 9 (7:00-9:00 pm)**

We'll cover test basics, prep essentials, tactics, scoring, MBA admissions, hold a Q&A and more!

Click [HERE](#) to register

actions impact" Home Depot's business, customers and employees.

The company also noted that many of the political activities that the proposal was seeking to restrict, such as employees promoting candidates on store premises, are already prohibited by the company. Nardelli has defended his political contributions as personal.

Only 9 percent of those who voted approved of the proposal, according to the preliminary count.

Also at the meeting, Home Depot shareholders approved re-election of the board of directors to another one-year term and the ratification of the company's auditor. A company proposal that would have amended its articles of incorporation and several shareholder proposals related to executive compensation were rejected.

Shares of Home Depot rose 55 cents, or 1.4 percent, to close at \$39.92 on the New York Stock Exchange Thursday.

—

On the Net:

[www.homedepot.com](http://www.homedepot.com)

URL: <http://sfgate.com/cgi-bin/article.cgi?file=/n/a/2005/05/26/financial/f100849D51.DTL>

---

©2005 Associated Press