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BofA Hits Pay Snag in Its CEO Hunt

PNC Officer Spurns Job Feeler, as Feinberg Lurks as Wild Card in Compensation Dealings

By DAN FITZPATRICK

[Bank of America](#) Corp. directors are hitting a new hurdle as they hunt for the giant bank's next CEO: Obama administration pay czar Kenneth Feinberg.

William Demchak, senior vice chairman at [PNC Financial Services Group Inc.](#), spurned a feeler last week from a recruiter for the Charlotte, N.C., bank, according to a person familiar with the situation. Mr. Feinberg's required approval of the compensation package for whomever succeeds [Kenneth D. Lewis](#) was a major factor in the decision, this person said. Mr. Demchak also didn't see the bank's situation as fixable given the government's heavy influence over the company.

The bank would "get blasted" for buying out Mr. Demchak's shares in PNC, this person said. The 46-year-old executive helped turn around the Pittsburgh bank and is widely viewed as the likely successor to PNC Chief Executive James Rohr.

Such purchases are common in hirings of top company executives. According to a securities filing, Mr. Demchak earlier this year held PNC shares worth \$34.3 million based on the bank's stock price Friday.

Mr. Feinberg's role as overseer of seven companies that received huge government aid gives him enormous influence in the succession process at Bank of America. Once directors make a decision and negotiate contract terms with their chosen CEO, the compensation package must be submitted to Mr. Feinberg for approval.

Mr. Feinberg declined to comment.

Some directors at Bank of America worried even before Mr. Demchak's rejection that the limits imposed by Mr. Feinberg were snarling the succession process, said a person familiar with the board's deliberations. For example, cash salaries paid to the highest-earning executives at the seven companies getting exceptional federal aid were capped at \$500,000 for 2009. Without the restrictions, the pool of available candidates to succeed Mr. Lewis would be larger, this person said.

With Mr. Lewis planning to retire at year end, Bank of America directors have approached numerous outside candidates in recent weeks. Mr. Demchak came to PNC in 2002 from J.P. Morgan Chase & Co., where he was a key figure in the bundling and sale of credit-default swaps. A Bank of America spokesman declined to comment.

Directors hoped to make a decision by the end of October, but the target date has been pushed back to around Thanksgiving. The board's search committee continued working last week despite the absence of Bank of America Chairman Walter Massey, who was vacationing on a boat, said a person familiar with the situation.

A spokesman said Mr. Massey was reachable while traveling. He is due to return Tuesday, and more interviews with external candidates are planned for next week. Mr. Massey couldn't be reached for comment. The search committee already has interviewed the two

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internal candidates for the CEO job.

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PNC Financial Services Group Inc. (PNC)	53.82	-0.52	11/13