

IBM CEO's pay ticked higher to \$21.2M in 2009

March 9 2010, By JORDAN ROBERTSON , AP Technology Writer

(AP) -- The pay package for IBM Corp.'s CEO notched slightly higher in 2009, according to calculations by The Associated Press, as he was rewarded for a year in which the technology company wrung out big profit gains despite a rocky market that clipped sales.

Sam Palmisano, 58, got a pay package that the company valued at \$21.2 million, up from \$21.0 million a year earlier, according to the AP's calculations based on pay data contained in IBM's proxy document filed Monday with the [Securities and Exchange Commission](#).

The AP's calculations of executive pay sometimes differ from the totals the companies list in the summary compensation table of their proxy statements filed with the SEC. IBM listed Palmisano's 2009 pay package as valued at \$24.3 million, a decrease of about \$200,000 from the year before.

The AP's calculations of total pay include salary, bonus, incentives, perks, above-market returns on deferred compensation and the estimated value of [stock options](#) and awards granted during the year. The calculations exclude changes in the present value of pension benefits.

IBM surprised Wall Street in 2009 with increasingly higher profit forecasts, which helped the stock close the year with a 50 percent gain. The shares traded at over \$130 per share at the end of 2009 and hit a 52-week high of \$134.25 on Jan. 19.

IBM's focus on new markets such as "smart" power grids and other high-margin software and services projects, as well as cost-cutting, helped its profits even as sales slipped.

In deciding Palmisano's compensation, the company's board of directors cited IBM's "very strong financial performance" in a difficult [economic environment](#), its posting \$10 per share in earnings a year ahead of schedule, and an increase in dividend payouts to shareholders to \$2.9 billion in 2009 from \$2.6 billion in 2008.

For all of 2009, IBM's net income clocked in at \$13.4 billion, a 9 percent jump from the year before, despite a revenue decrease of 8 percent to \$95.8 billion, or a 5 percent decline adjusting for currency.

For the year ended Dec. 31, Palmisano got:

- A base salary of \$1.8 million
- A bonus of \$4.8 million based on IBM's performance
- Additional compensation of \$1.1 million, which included \$320,065 for his personal travel on IBM planes, along with personal security, financial planning and other personal expenses
- \$13.5 million worth of stock under a program that awards IBM executives based on the company's performance over a three-year period

He also exercised 80,000 options for a gain of \$1.5 million. He had 165,902 shares of stock with a value of \$16.0 million vest.

By comparison, Mark Hurd, the CEO of a big IBM rival, Hewlett-Packard Co., got a 2009 pay package that HP valued at \$24.2 million, a 29 percent drop from the year before in part because of a much smaller

bonus for Hurd than he previously received, also according to the AP's calculations.

[IBM](#), which is based in Armonk, N.Y., said in the filing that its annual meeting is set for April 27 in Milwaukee.

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