

# HP discloses scope of new CEO's contract

February 2 2011, By JORDAN ROBERTSON , AP Technology Writer

---

(AP) -- Hewlett-Packard Co. gave its new CEO, who came aboard during a tumultuous time for the technology conglomerate, a compensation package that could be worth tens of millions of dollars.

Leo Apotheker, 57, is getting a \$1.2 million salary, a \$4 million cash signing bonus, and \$4.6 million in relocation costs and reimbursement for non-compete payments from his former employer, German business software maker [SAP AG](#), HP outlined in a regulatory filing Tuesday.

The majority of his payday will come from restricted stock that was worth nearly \$38 million based on HP's stock price the day it was granted in September. That was when Apotheker agreed to fill a void left atop the computing industry heavyweight after his predecessor Mark Hurd was ousted last summer in a sexual harassment scandal.

Apotheker won't get his stock award all at once. And the value he ultimately sees may wind up being far less - or far more - depending on HP and its stock perform over the next three years. The majority of his stock is performance-based, which means he'll only get all of it if HP hits certain financial targets.

Because Apotheker didn't start at HP until November, which was after the company's latest fiscal year ended, HP didn't calculate a total value of his compensation package like it did for other executives who worked there earlier.

Hurd's was paid a \$1.1 million salary for the 2010 fiscal year, and

received a \$12.2 million severance payment. He was in line for almost \$10 million in stock awards that were canceled as part of a settlement that allowed him to work at [Oracle Corp.](#), an HP rival.

HP's board was criticized about the size of Hurd's severance package. The company's stock sank after Hurd's resignation, wiping out \$9 billion in shareholder wealth in the first day of trading after the August announcement. Hurd stands to make millions of dollars more at Oracle, a business software maker that's muscling into HP's turf of computer servers.

Hurd also exercised \$12.5 million in HP stock options during the period.

At the time of Hurd's resignation, a person familiar with the matter told The Associated Press that Hurd was negotiating a three-year contract worth as much as \$100 million. The person spoke on condition of anonymity because of not being authorized to speak publicly about the matter.

The value of Apotheker's contract could go as high as \$100 million, if HP's stock doubles over the next three years and he gets all of the performance-based units.

Hurd's contract talks fell apart when he was accused of sexual harassment. He tangled with directors over the nature of his relationship with a former HP marketing contractor, and over whether to disclose the allegation even though the board found no evidence to support it. HP and the contractor, Jodie Fisher, said Fisher and Hurd didn't have a sexual relationship.

HP's board cited inaccurate expense reports for Hurd's outings with Fisher as a key part of its decision to demand his resignation. Hurd says he didn't prepare his own expenses, and that Fisher's name was never

intentionally omitted.

The AP's formula for calculating executive compensation is designed to isolate the value that the company's board placed on the executive's total compensation package during the last fiscal year. It includes salary, bonus, performance-related bonuses, perks, above-market returns on deferred compensation and the estimated value of stock options and awards granted during the year.

The calculations don't include changes in the present value of pension benefits, and they sometimes differ from the totals companies list in the summary compensation table of proxy statements filed with the Securities and Exchange Commission, which reflect the size of the accounting charge taken for the executive's compensation in the previous fiscal year.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: HP discloses scope of new CEO's contract (2011, February 2) retrieved 10 May 2024 from <https://phys.org/news/2011-02-hp-discloses-scope-ceo.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.