

Former Google CEO made \$313,219 in 2010

April 20 2011, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Billionaire Eric Schmidt feels more comfortable taking a million dollar paycheck as Google Inc.'s former CEO than he did when he was running the Internet's most powerful company.

After voluntarily limiting his annual salary to \$1 during most of his 10-year reign as Google's CEO, Schmidt is getting a \$1.25 million raise in his new job as executive chairman. The bigger paycheck kicked in April 4 when Schmidt was replaced as CEO by Google co-founder Larry Page.

The revised compensation package, filed with federal regulators Tuesday, will pay Schmidt an annual bonus of up to \$6 million.

The raise and bonus plan supplement a stock package valued at \$100 million that the board awarded Schmidt shortly after the late January announcement about Google's planned change in command. The stock will vest during the next four years, a sign that Google wants Schmidt to stick around.

In his final year as CEO, Schmidt's 2010 compensation package totaled \$313,219. All but \$1,786 of that amount covered Schmidt's personal security bill and the cost flying his friends and family in jets chartered by the company, according to additional documents filed Wednesday.

Schmidt, 55, ranks among the world's wealthiest people with an estimated net worth of \$7 billion that he accumulated mostly from the

stock he bought and received after becoming Google's CEO in 2001.

When Schmidt joined Google, the company had less than \$90 million in annual revenue. In Schmidt's last year as CEO, Google's annual revenue surpassed \$29 billion.

Google's board has offered to pay Schmidt more money each year since 2005 only to be rebuffed. Schmidt accepted this time when a Google board committee consisting of Intel Corp. CEO Paul Otellini and venture capitalist John Doerr decided he deserved a raise in his new role focusing on acquisitions and government relations. The board also wanted to reward Schmidt for his past accomplishments as CEO, according to a Google spokesman.

Page and Google co-founder Sergey Brin, who each have fortunes of \$20 billion, also have insisted on maintaining the salaries at \$1 and have refused other compensation besides a \$1,000 holiday bonus that Google has handed out to all employees most years. Schmidt's holiday bonus last year included an extra \$785 to cover the taxes.

Now that he is CEO, Page is still being paid \$1. So is Brin while he works on long-term projects for the company, which is based in Mountain View, Calif.

By accepting paltry paychecks, Schmidt, Page and Brin signaled to shareholders that they believed the company's strategy and hard work would produce a higher stock price. Because they are among the largest shareholders, their wealth increases as the stock price rises.

Google shares closed Wednesday at \$525.73, up \$4.20.

Although Google's stock is about 30 percent below its peak price reached in late 2007, the shares still have increased by more than sixfold

since the company went public in 2004. The stock had been during the past week on investor concerns about Google's expenses rising more rapidly than its revenue growth. The higher costs, in part, reflect a hiring binge that has added 5,700 employees to Google's payroll in the past year and a 10 percent raise given to all workers in January.

In calculating an executive's total compensation, the Associated Press counts salary, bonuses, perks and stock and options awarded to the executive during the year.

The value used for an executive's stock and option awards is the present value of what the company expected the awards to be worth to the executive over time. Companies use one of several formulas to calculate that value. However, the number is just an estimate, and what an executive ultimately receives will depend on the performance of the company's stock in the years after the awards are granted. Most stock compensation programs require an executive to wait a specified amount of time to receive shares or exercise options.

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Citation: Former Google CEO made \$313,219 in 2010 (2011, April 20) retrieved 24 May 2024 from <https://phys.org/news/2011-04-google-schmidt-million-salary.html>

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