

Intel CEO 2010 pay package valued at \$15.5M

April 4 2011, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- Intel Corp. CEO Paul Otellini received a 2010 pay package worth \$15.5 million, up 8 percent from 2009 as the chipmaker grew its profit and revenue thanks largely to a rebound in corporate demand.

Intel is the world's No. 1 maker of [microprocessors](#), the "brains" of computers. The company has gotten a boost from an increase in business spending, but consumer demand for PCs has been sluggish. Besides the weak economy tightening people's wallets, smaller computing devices such as the iPad and smart phones are also competing for their dollars.

The bulk of the increase in Otellini's compensation package came from his performance-based cash bonus of \$6.8 million, up 29 percent from \$5.3 million in 2009, according to a proxy filing Monday with the [Securities and Exchange Commission](#). Otellini, who also serves as Intel's president, received a base salary of \$1 million last year, the same as in 2009 and 2008. He also was awarded a special bonus of \$30,400. Intel said it paid a bonus equivalent to three day's pay to all eligible employees for helping the company make 2010 the first year that its revenue exceeded \$40 billion.

In addition, Otellini received stock awards valued at \$6.2 million on the days they were granted, down 7 percent from \$6.7 million in 2009, and option awards valued at \$1.1 million, down 8 percent from \$1.2 million a year earlier. Otellini also was awarded \$382,100 in other compensation, up 32 percent from \$290,400 in 2009. His 2010 perks included \$364,900 in company contributions to his deferred

compensation plan, and \$2,500 in matching charitable contributions.

The Associated Press formula calculates an executive's total compensation during the last fiscal year by adding salary, bonuses, perks, above-market interest the company pays on deferred compensation and the estimated value of stock and [stock options](#) awarded during the year. The AP formula does not count changes in the present value of pension benefits. That makes the AP total slightly different in most cases from the total reported by companies to the Securities and Exchange Commission.

The value that a company assigned to an executive's stock and option awards for 2010 was 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.

Intel, based in Santa Clara, Calif., reported 2010 net income of \$11.46 billion, up sharply from 2009 earnings of \$4.37 billion. Its revenue of \$43.62 billion grew 24 percent from \$35.13 billion a year earlier. Intel's stock edged up 3 percent over the course of the year.

The company expects to continue to grow its business this year and it is working to expand its offerings to take advantage of the soaring mobile computing market.

Its low-power chips, called Atom, are designed to compete with so-called ARM chips, which are mainstays of the mobile world and use designs from U.K.-based ARM Holdings. While [Intel](#) said in January that it expects its chips to be used in 35 different tablets and a number of

smart phones, it is still behind rivals such as Qualcomm Inc. and even Apple Inc., which makes its own chips for the iPad.

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