

Fewer stock awards reduces Yahoo CEO's pay 75 pct.

April 30 2011, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Yahoo Inc. cut CEO Carol Bartz's compensation by 75 percent to \$11.9 million last year as the Internet company struggled to revive its revenue growth, regulatory documents filed Friday show.

The sharp drop in the value of Bartz's pay package stemmed from the lavish awards she got when [Yahoo](#) hired her in January 2009 to engineer a turnaround.

The incentives included 5 million stock options with an exercise price of \$11.73. None of those options have vested yet because Yahoo's stock price still hasn't reached any of the thresholds outlined in Bartz's contract, which expires in January 2013.

Bartz, 62, also received \$10 million in cash and restricted stock during 2009 to make up for the benefits and stock options she gave up when she left her previous employer, software maker Autodesk Inc., to run Yahoo.

Since her arrival, Bartz has eliminated hundreds of jobs and jettisoned online services that didn't fit into her plan to cement Yahoo's status as the Web's leading hub for news, sports and entertainment. The cost-cutting helped Yahoo double its operating income to \$748 million, exceeding a goal of \$630 million set by Yahoo's board, according to the company.

That accomplishment is the main reason Yahoo's board gave Bartz a \$2.2 million bonus last year, up from \$1.5 million in 2009. Bartz's salary

remained roughly unchanged at \$1 million. She also received stock awards valued at \$8.7 million and more than \$5,300 in perks. Last year's stock award included 462,180 options with an exercise price of \$15.24.

Yahoo shares closed Friday at \$17.70.

Although Bartz insists Yahoo is in far better shape than before she arrived, her strategy hasn't done much for the company's stock price. The shares dipped slightly last year while the technology-driven Nasdaq composite index gained 17 percent. The lackluster performance reflected Wall Street's frustration with a slight decline in Yahoo's revenue last year while there was a 15 percent increase in [Internet advertising](#) - the main way the company makes money.

Yahoo's stock has done better lately even though the company's net revenue fell 6 percent in the first quarter. The recent rally has been driven by renewed speculation that the company's struggles may make it a takeover target for opportunistic investment funds that believe the company could bounce back under different management.

The buyout chatter still hasn't been enough to lift Yahoo shares to the levels Bartz needs to reach for her stock options to vest. She won't get title to the first 1.67 million stock options granted to her until Yahoo's [stock price](#) averages \$17.60 during a 20-day period. Yahoo's stock will have to rise to progressively higher levels topping out at \$35.19 for all of Bartz's options to vest.

The average closing price of Yahoo's stock during the past 20 trading days has been \$16.86.

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.

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