

IBM boss gets bonus despite company's woes

January 31 2015, by Brandon Bailey

IBM boss Virginia Rometty will get a \$3.6 million bonus for her performance last year, even though the company's sales and profits declined in 2014.

Rometty and other top executives did not take bonuses for 2013, after IBM turned in disappointing results for that year. But even though IBM is still struggling to catch up with recent shifts in the way corporate customers buy technology, it disclosed a new pay package that appears to be a vote of confidence in her efforts.

IBM has said it's making progress by selling off less profitable divisions and investing in new businesses including data analytics, cloud computing and mobile software.

As CEO, Rometty is also getting a 6.7 percent raise in her base salary, which has been \$1.5 million since she took the top job in 2012. She will get \$1.6 million in 2015, the company said in a regulatory filing Friday.

IBM is also raising her target bonus to \$5 million for 2015. In addition, the company said she'll be eligible for up to \$13.3 million in potential stock grants that would be awarded for her performance over the next three years, up from a maximum of \$12.75 million in long-term incentive grants that were reported last year.

A company spokesman declined comment on Rometty's pay deal Friday. IBM is expected to disclose more details and the rationale for her compensation in its annual proxy statement this spring.

International Business Machines Corp., which is based in Armonk, New York, reported last week that its 2014 sales fell 6 percent to \$92.8 billion, while net income dropped 27 percent to \$12.02 billion. The company had previously abandoned a goal of earning \$20 a share in 2015, and instead said it expects annual earnings of \$15.75 to \$16.50 per share.

The company's revenue has declined for the last 11 quarters.

IBM shares closed Friday at \$153.31, down 1.4 percent for the day. They are down 13.6 percent in the past year.

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