

Xerox CEO Awarded \$10.6 Million In 2010 Pay

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SAN JOSE, Calif. (AP) — Xerox Corp. awarded CEO Ursula Burns a compensation package last year that the company valued at \$10.6 million, a 7 percent increase from the year before as Burns assumed the title of chairwoman and orchestrated the printer and copier maker's deeper push into technology services.

Burns' pay package included \$1.1 million in salary, a performance-related cash bonus of \$1.7 million, perquisites of \$392,000, and equity awards valued at \$7.5 million the day they were granted. She might not get the full value of those equity awards, or she may get more, depending on Xerox's performance.

That compares with a salary of \$900,000, performance-related cash bonus of \$1.9 million, perquisites of \$200,000, and equity awards of \$6.9 million the year before.

In its annual proxy filing with the Securities and Exchange Commission on Tuesday, Xerox cited Burns' election as chairwoman of the company's board of directors in May 2010, replacing Anne Mulcahy, as the primary reason behind the higher stock award.

Executives' bonuses were determined by measuring Xerox's performance against targets the company set. On metrics such as adjusted earnings per share, cash flow from operations, Xerox beat the targets, but a measure of revenue growth was only at target. Xerox based the bonuses on an average of the results of the company's divisions, and decided to use its "negative discretion" to award bonuses that indicated that, on the whole, the company met its targets — but the executives could have gotten more.

For the full year, Xerox's net income rose 25 percent to \$606 million and revenue rose 43 percent to \$21.6 billion. More than 80 percent of Xerox's revenue now comes from contracts that provide steady, annuity-like payments.

The year-over-year figures were substantially higher in part because last year included the results of Affiliated Computer Services, a technology services company that Xerox, which is based in Norwalk, Conn., bought for \$6.5 billion in a push into a lucrative market that showed resilience during the Great Recession.

Xerox's stock rose 36 percent in 2010 to finish the year at \$11.52.

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

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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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