

AT&T CEO Takes \$2M Pay Cut Over T-Mobile Deal

Peter Svensson, AP Technology Writer

NEW YORK (AP) — AT&T Inc.'s board cut CEO Randall Stephenson's 2011 pay by \$2.08 million because he engineered the failed deal to buy T-Mobile USA, according to a regulatory filing Tuesday.

Opposition from federal antitrust regulators forced the Dallas-based phone company to give up on the \$39 billion deal in December. That meant it had to hand over \$4.2 billion in cash and spectrum rights to T-Mobile as a so-called "break-up fee" to compensate T-Mobile for the failure.

Looking at that \$4.2 billion charge, AT&T's board cut Stephenson's cash bonus by 25 percent, and cut his stock award by 6 percent, for a total of \$2.08 million.

That left Stephenson's 2011 total pay package at \$18.7 million, according to the Associated Press formula. His compensation was down from \$20.2 million in 2010.

It's unusual for company boards to cut CEO compensation for specific missteps. But the cost of the failed T-Mobile deal was exceptional. It's standard practice to offer break-up fees to get acquisition targets to sign on to a deal, but the one AT&T promised was unusually large.

The AP's compensation formula includes Stephenson's salary, bonus, perks, above-market returns on deferred compensation and the estimated value of stock options and awards granted during the year.

The calculations don't include changes in the present value of pension benefits, and they sometimes differ from the totals that companies list in the summary compensation table of proxy statements filed with regulators.

For all of 2011, AT&T earned \$3.9 billion, or 66 cents per share, on \$126.7 billion in revenue. That compares with net income of \$19.9 billion, or \$3.35 per share, on \$124.3 billion in revenue in 2010.

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