

Rollins' Stock Options Down With Dell Stock's Decline

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February 1, 2007

NEW YORK - (Dow Jones) - It's unclear how much Dell Inc.'s (DELL) departing chief executive, Kevin Rollins, might be paid on his way out the door.

The computer maker isn't contractually bound to pay him severance, although it likely will compensate him for the sudden departure, pay experts say.

The one form of payment Rollins can definitely count on - his stock options - have dropped in value with recent declines in the Round Rock, Texas, company's stock price.

Based on the company's latest proxy statement, filed in June, Rollins had 12.4 million in exercisable stock options worth close to \$94 million. This was based on a stock price of \$29.26 at the end of the company's last fiscal year, which ended Feb. 3, 2006.

Based on Wednesday's closing price of \$24 a share, Rollins' stock options may be worth closer to \$31 million, according to number crunching from Equilar Inc., a compensation analysis firm in San Mateo, Calif.

Equilar calculated its numbers using the stock's weighted average exercise price. The actual value of the options could be different.

Dell announced late Wednesday that Rollins will be stepping down as CEO amid growing concerns over the strategic direction of the personal-computer giant. He will be replaced by Chairman and founder Michael Dell.

Dell's stock price ticked 20 cents higher recently, to \$24.42, from Wednesday's close.

Dell also reported that Rollins had 1,510,000 in unvested stock options last year. These now appear underwater, according to Alexander Cwirko-Godycki, senior analyst with Equilar. Based on last year's stock price, they were worth \$6.7 million.

Companies often accelerate vesting of options for departing executives, so this stock could be included in Rollins' severance package.

Unlike other high-profile executives who recently walked away with controversial exit packages, Rollins doesn't have an employment contract hammering out pre-set severance benefits. Home Depot Inc. (HD) came under fire earlier this year when Chairman and Chief Executive Robert Nardelli left with a \$210 million severance package that was promised to him as part of his employment contract when he joined the company six years earlier.

Dell spokesman Dwayne Cox declined to comment on what the company might pay Rollins, if anything.

It's common for companies to pay departing executives two to three times their base salary and annual bonus. Based on Rollins' earnings last year, that would result in a cash payment of about \$8.2 million.