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Filings detail pay of CEOs in state

General Dynamics chief got big raise, but others saw declines

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THE ASSOCIATED PRESS

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General Dynamics Corp.'s top executive, Nicholas D. Chabraja, received as much as \$21.7 million in compensation last year as the defense conglomerate continued to benefit from increased military spending.

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Chabraja's total pay rose 13 percent in 2004, making him one of the highest paid chief executives in Virginia.

That's no surprise. Falls Church-based General Dynamics is one of the largest public companies in Virginia, with \$19.18 billion in sales in 2004. And its earnings growth has outpaced both the S&P 500 and the industry over the past five years.

"Under Mr. Chabraja's leadership, the company's market capitalization and revenues have grown fivefold, its earnings per share have grown at an annual compound rate of 14 percent, and its total return to shareholders has grown at an annual average rate of 16.5 percent," the company said in a

recently filed proxy statement.

The fatter paydays weren't shared by all.

Despite financial improvements and higher share prices, chief executives of several Virginia companies saw their total compensation for 2004 erode for several reasons, including smaller performance-based awards, according to proxy statements filed with the Securities and Exchange Commission.

Yet don't pity the "losers."

Richard D. Fairbank, chief executive of credit-card issuer Capital One Financial Corp., saw his pay fall 14 percent to an estimated \$18.2 million. In 2003, Fairbank received up to 355,410 performance-based restricted stock units worth approximately \$11 million. He didn't get a repeat this year, though he got more stock options from the McLean-based company, which earned \$1.54 billion on \$10.7 billion in revenue in 2004.

Still, Fairbank, who earns no salary or bonus, remains one of the top earners among Virginia CEOs. He realized \$56.5 million from the exercise of about 1 million options last year.

Another big earner, Michael E. Szymanczyk, CEO of No. 1 cigarette maker Philip Morris USA, received \$7.6 million in compensation, down about 28 percent from \$10.6 million the prior year. Richmond-based Philip Morris, owned by Altria Group Inc., had operating income of \$4.41 billion on \$17.51 billion in revenue last year.

Thomas E. Capps, CEO of Dominion Resources Inc., saw his pay drop 13 percent to \$6.3 million from \$7.2 million. He received a bonus in 2003.

The Richmond-based energy company turned in a solid performance in 2004 but still fell short of rigorous earnings goals. Dominion had \$1.25 billion in net income on \$13.97 billion in sales last year.

On the more modest end, G. Gilmer Minor III, CEO of Owens & Minor Inc., received compensation of \$1.7 million, down from \$1.8 million in 2003. He takes home fewer dollars than some CEOs at smaller public companies. Owens & Minor earned \$60.5 million on \$4.53 billion in sales last year.

J. Stewart Bryan III, chairman and CEO at Richmond-based Media General Inc., received salary and bonus of \$1.4 million in 2004, a 7.8 percent increase over the \$1.3 million he was paid in the previous year. Bryan will step down as CEO on July 1.

Media General, which owns 25 daily newspapers, including the Richmond Times-Dispatch, and 26 television stations mainly in the Southeast, earned \$80.2 million on revenue of \$900.4 million in 2004. In 2003, net income was \$58.7 million on sales of \$837.4 million.

It's too early to predict how CEOs across the nation and those from the Richmond area will fare this year.

Many companies, including Circuit City Stores Inc., Nextel Communications Inc. and MCI Inc., have not yet filed their proxy statements, which provide details on executive compensation.

But proxy statements filed in recent weeks show that many top executives are pulling in larger bonuses, said Tim Ranzetta, president of Equilar Inc., a San Mateo, Calif., firm that analyzes executive and board compensation.

"Earnings for the S&P 500 grew by over 20 percent in 2004," he said. "So to the extent that bonuses were tied to earnings, it's not much of a surprise that bonuses were that strong."

Overall, Ranzetta expects to see increases in overall compensation from 2003 to 2004, following a small decline in the 2002-03 period.

General Dynamics' Chabraja's gain came largely from the value of his stock options. He received 260,150 options worth up to \$14.5 million, based on a 10 percent annual rate of stock-price appreciation, compared with options valued at \$12.5 million in 2003.

Chabraja also saw his annual salary rise to \$1.3 million from \$1.1 million. His bonus increased to \$2.7 million from \$2.5 million. He was awarded \$2.73 million in restricted stock, down slightly from \$2.77 million in 2003.

An extra \$380,633 came from "other annual compensation," which included personal travel aboard corporate-owned aircraft, "as required by the board to help ensure Mr. Chabraja's safety and accessibility."

Also awarded a raise was Norfolk Southern Corp.'s David R. Goode, who led the Norfolk-based

railroad during a year of record freight volume. The company's net income soared 73 percent to \$923 million in 2004, while operating revenue rose 13 percent to \$7.31 billion.

Goode's total compensation rose at a slower pace -- 8 percent. He received \$11.5 million last year, up from \$10.7 million in 2003, mainly because of more restricted stock awards and other long-term compensation.

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