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Dell CEO's Salary Jumps

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The top executives of **Dell** (DELL:Nasdaq - news - commentary) enjoyed multimillion-dollar options giveaways last year, on top of pay raises, a filing with the **Securities and Exchange Commission** showed Monday. But unlike other corporate fat cats, Dell's honchos can say they substantially boosted profit and revenue.

CEO Michael Dell earned \$3.4 million in the year ended Jan. 31, 2003, up substantially from \$1.2 million the year before. Most of the CEO's salary gain reflects a bonus of \$2.5 million, compared to a bonus of only about \$347,000 the prior year, according to the SEC filing. Dell also saw a slight rise in salary, up 2.5% to \$950,000.

That's a little above the median tech CEO salary of \$800,000, according to an Equilar survey of 57 companies with sales of more than \$1 billion.

Most of Michael Dell's payout came in the form of options, however. He pocketed grants of 564,940 options in March 2002 (including a small portion taken in lieu of his annual cash bonus), with an estimated current value of \$5.3 million under the Black Scholes method. Dell received only 0.59% of the total options granted to company employees last year.

While that's undoubtedly still a hefty grant, Dell's performance was a relative standout in a lousy year for tech.

In the year ended Jan. 31, the hardware company managed to hike revenue by an impressive 13.6% to \$35.4 billion, while net profit soared 70% to \$2.1 billion.

Though Dell shares lost 13.2% in the same period, the stock still managed to outperform the **S&P 500** by 11.1%.

Still, while Michael Dell has earned bragging rights, it's also worth noting that options payouts weigh heavily on Dell's profit. If the company had expensed options in fiscal year 2003, they would have reduced net income by an estimated \$723 million, or roughly a third of the \$2.1 billion reported.

According to the SEC filing, at the end of fiscal year 2003, Michael Dell owned exercisable in-the-money options worth an estimated \$82.2 million, based on a closing-price value of \$23.86.

Last year, Dell President and COO Kevin Rollins also saw a raise in bonus and salary for cash pay of \$2.8 million. His bonus last year increased to \$2.0 million, up from about \$243,000, while his salary grew about 7% to \$770,962. Rollins received grants of 545,586 options in March 2002, with an estimated present value of \$5.1 million.
