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Microsoft Sets New CEO's Pay at \$1.2 Million

Satya Nadella Could Receive Up to \$18 Million in First Year as CEO

By

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[Microsoft](#) Corp. set new Chief Executive Satya Nadella's base salary at \$1.2 million, more than 70% higher than the base pay received by his predecessor, [Steve Ballmer](#).

Microsoft named Mr. Nadella, a company veteran, to the role Tuesday, making him the third CEO since the Redmond, Wash., company was founded in 1975. Mr. Ballmer had disclosed his intention to step down in August.

Mr. Nadella's pay package includes participation in the company's executive incentive program. The annual cash award target under the plan will be 300% of his salary earned as CEO for the remainder of fiscal year 2014 and all of fiscal 2015, the company said.

His stock award for fiscal 2015, on an annualized basis, will be \$13.2 million.

In all, Mr. Nadella could receive up to \$18 million in his first year as CEO.

As the head of servers and tools division, Mr. Nadella received a base salary of \$675,000 for the year that ended in June. That compares with the \$700,000 that Mr. Ballmer received.

But Mr. Nadella's total compensation was much higher than Mr. Ballmer's at about \$7.67 million versus \$1.26 million. Mr. Ballmer declined to receive stock awards but took bonuses, benefits and other items, while most other senior executives at Microsoft, including Mr. Nadella, were paid stock awards as well.

By comparison, when Mr. Ballmer became Microsoft's second CEO in January 2000, he made just \$633,000 in total compensation his first year in the role.

Many of the other major tech companies also have made changes at the top in the past three years, offering rich compensation packages to their incoming leaders.

At [Intel](#) Corp. , Chief Executive Brian Krzanich's total compensation actually declined after he transitioned to the CEO role. He assumed the post in May after predecessor [Paul Otellini](#) announced plans to step down the previous fall. Mr. Krzanich's 2012 pay as operating chief was about \$15.7 million, including a rich one-time retention grant given to top executives in conjunction with the planned CEO transition. His pay package declined to about \$9.14 million the next year.

Intel reiterated Monday that Mr. Krzanich's compensation is roughly in the 25th percentile relative to CEOs at peer companies, and well below Mr. Otellini's compensation as CEO.

[Virginia Rometty](#) took the helm of [International Business Machines](#) Corp. in January 2012. Her base salary that year was \$1.5 million, and her total compensation came in at \$16.2 million. Last month, IBM said Ms. Rometty and her senior executive team will forgo bonuses for 2013 because of poor results. The CEO's base salary for 2014 will remain at \$1.5 million and her annual incentive target is still \$4 million.

[Marissa Mayer](#) joined [Yahoo](#) Inc. as its new CEO in July 2012. Her starting annual salary was \$1 million, and her compensation package included a target incentive of twice her base pay and up to \$4 million if certain targets were exceeded. Her total compensation package totaled \$36.6 million for 2012, including a one-time make-whole award to replace a portion of the compensation she forfeited by leaving [Google](#) Inc.

[Hewlett-Packard](#) Co. 's [Meg Whitman](#) agreed to take a base salary of \$1 a year when she was named CEO in 2011, a move that wasn't uncommon at that time among tech company CEOs. Stock and option awards, however, boosted her total compensation. In December, the company said its board approved an increase in Ms. Whitman's base salary, bumping her pay to \$1.5 million and bringing it to a more competitive level among the CEOs of H-P's peers.

[Tim Cook](#) officially took the helm of [Apple](#) Inc. in August 2011. Soon after, the board approved increasing his base salary to \$1.4 million from \$900,000, while his performance-based bonus target remained level with other executive officers at 100% of base pay, with a maximum of 200%. He also was awarded a rich restricted stock unit award that vests over time, assuming he remains at Apple. For 2013, Mr. Cook's total compensation package was \$4.3 million, with his base salary remaining \$1.4 million.

—Shira Ovide contributed to this article.