CBS CEO Moonves' pay hits $68 million in 2011

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CBS Corp. shares have been steadily rising over the last three years, and that has helped boost the pay of its chief executive, Leslie Moonves.

Moonves' pay package for 2011 rose 20 percent to $68.4 million from a year ago, according to an Associated Press review of a securities filing made Friday.

Although that's not close to the $378 million pay package awarded to Apple Inc. CEO Tim Cook in 2011, the sum will likely rank Moonves among the highest paid American CEOs last year.

In 2010, Viacom Inc.'s Philippe Dauman led all CEOs with an $84.5 million haul, mainly because of a new contract that granted him shares and stock options. Last year, Dauman's pay fell to $43 million.

Moonves, 62, and Dauman, 58, have another thing in common: They both work for octogenarian billionaire Sumner Redstone, who controls more than 79 percent of the voting stock in both companies.

Most of the bump in Moonves' pay was due to the expected grant of 3.6 million stock options in March 2011, the second of two installments he secured when he redid his employment contract in February 2010.

The rising stock price inflated the value of the new grant of options to $27.3 million, up from $14.9 million the previous year.

CBS shares rose 42 percent to $27.14 from $19.05 last year and are up significantly from their all-time low close of $3.09 in March 2009, when the recession hit media companies hard because of an advertising downturn.

Since then, Moonves has helped CBS generate more revenues from sources other than advertising. CBS has sold older shows for online distribution on Netflix and Amazon and garnered new fees from cable and satellite TV companies for the right to carry the signals of CBS TV stations.

That has prompted some analysts to re-evaluate the company. Last month Bernstein Research analyst Todd Juenger said these new deals mean that even if advertising levels fell to the depths of the recession again, CBS shares this time would dip only as low as $13.

Moonves' contract runs through February 2015.

Redstone, 88, had a pay package that was unchanged at $20.3 million.

The Associated Press formula calculates an executive's total compensation during the last fiscal year by adding salary, bonuses, perks, above-market interest the company pays on deferred compensation and the estimated value of stock and stock options awarded during the year. The AP formula does not count changes in the present value of pension benefits. That makes the AP total slightly different in most cases from the total reported by companies to the Securities and Exchange Commission.

The value that a company assigned to an executive's stock and option awards for 2011 was the present value of what the company expected the awards to be worth to the executive over time. Companies use one of several formulas to calculate that value. However, the number is just an estimate, and what an executive ultimately receives will depend on the performance of the company's stock in the years after the awards are granted. Most stock compensation programs require an executive to wait a specified amount of time to receive shares or exercise options.

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