

Alcoa's CEO Sees Compensation Rise To \$12.3 Million

Joshua Freed, AP Business Writer

The CEO of Alcoa Inc. saw his compensation rise about 10 percent last year, to \$12.3 million, as the aluminum company posted its first full-year profit after two years of losses, according to an Associated Press calculation from the company's proxy statement.

The salary for Chairman and CEO Klaus Kleinfeld was unchanged at \$1.4 million for the third year in a row, according to a company filing with the Securities and Exchange Commission Tuesday. But he collected stock options and restricted shares valued at more than \$8.1 million when they were granted in January 2010, up from \$5.8 million a year earlier.

That made up for a drop-off in his performance-based cash bonus, to \$2.6 million, down 31 percent from almost \$3.8 million a year earlier. The decline came even though the company met most of the financial and other goals set by the board, such as free cash flow and reduction in carbon dioxide emissions.

Shareholders will get a so-called say-on-pay vote at the company's annual meeting May 6 in Pittsburgh. The vote is advisory, though Alcoa said it would take the results into account in setting future pay.

Alcoa lost money in 2008 and 2009 during the recession, but reported net income of \$254 million for 2010. Revenue rose 14 percent to \$21 billion. Alcoa's performance tends to follow the wider economy, because aluminum is used in a wide range of businesses.

Alcoa shares dropped 74 cents, or 4.3 percent, to close at \$16.54 on Tuesday after a broad market sell-off on economic worries. They're still near their 52-week high of \$17.68.

The AP formula is designed to isolate the value the company's board placed on the executive's total compensation package during the last fiscal year. It includes salary, bonus, performance-related bonus, perks, above-market returns on deferred compensation (which Alcoa doesn't pay) and the estimated value of stock options and awards granted during the year.

The calculations don't include changes in the present value of pension benefits, making the AP total different in most cases from the totals companies list in the summary compensation table of proxy statements filed with the SEC.

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