

Deere CEO Gets 35 Percent Pay Hike

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Deere & Co.'s CEO got a 35 percent pay hike in 2011 as the world's largest maker of agricultural equipment continued to generate strong global sales and sizeable profits, according to documents filed Friday with the Securities and Exchange Commission.

The company's filings show Samuel Allen received compensation worth \$16.6 million last year, up from \$12.3 million in fiscal 2010.

Deere's board said Allen and other top executives were rewarded last year because the company delivered results that doubled the targets in its incentive plans. Allen received a \$6 million incentive payment.

Throughout 2011, Deere reported \$2.8 billion net income, or \$6.63 per share. That was 50 percent higher than the \$1.87 billion, or \$4.35 per share, Deere earned the previous year.

Deere, based in Moline, Ill., benefited from strong U.S. farm income in 2011 and growth in developing countries.

Allen, Deere's leader since 2009, continues to receive far less compensation than top executives at other similar companies. Deere's board said it expects Allen's pay to approach the median among leaders at Deere's peer companies as his tenure progresses.

Allen received stock awards and options worth more than \$9 million, up from the previous year's \$5.6 million. His salary grew to \$1.26 million last year from \$1.2 million. He also received perks worth \$245,880, most in the form of contributions to a retirement account.

Besides agricultural equipment, Deere also makes construction and forestry equipment, such as backhoes, excavators, riding mowers and leaf blowers.

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

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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.

At its shareholders meeting in Moline, set for Feb. 29, investors will be able to vote on Deere's stock ownership plan for board members, and they'll choose nine directors.

The proposed stock plan would let Deere issue as many as 500,000 shares of stock to directors over the next decade as part of their compensation.

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