

# Boeing Boosted CEO's 2012 Pay 15 Percent

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Boeing CEO Jim McNerney's compensation rose 15 percent last year to \$21.1 million as the company rewarded him for better-than-expected profits and faster airplane production.

McNerney's pay was disclosed in a regulatory filing Friday and analyzed by The Associated Press. It covered 2012, before battery problems emerged with Boeing's new 787 that have grounded the plane for two months and counting.

Other reasons cited by the company for the CEO's pay raise included more orders and deliveries of Boeing's 737 and 777 and cost-cutting efforts in Boeing's defense business.

McNerney's stock and option awards both rose 10 percent from 2011. His incentive-based cash bonus jumped 24 percent because Boeing's profits were higher in 2010 through 2012 than the target set by its directors.

His base pay was unchanged at \$1.9 million. McNerney, 63, is also Boeing's chairman and president.

U.S.-based Boeing Co. posted a 2012 profit of \$3.9 billion, down 3 percent from 2011. Revenue rose 19 percent to \$81.7 billion. Growth in its commercial airplanes business has been offsetting shrinking demand for its military wares.

The filing covered 2012, when Boeing was speeding production of its new 787 Dreamliner. The plane was grounded in mid-January after two battery issues, including a fire in a plane on the ground in the U.S. Boeing is testing a fix that, if approved, would get the planes flying again.

Boeing shares rose 2.7 percent during the year, to finish at \$75.36. On Friday they rose \$1.81, or 2.1 percent, to close at \$86.43. It's been rising in recent weeks as investors have anticipated a fix for the 787 problem.

Boeing's annual meeting will be April 29 in Chicago.

The AP's 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, performance-related bonuses, perks, and the estimated value of stock options and awards granted during the year. It also includes bonuses and above-market returns on deferred compensation, which McNerney did not receive.

The calculations don't include changes in the present value of pension benefits, and they sometimes differ from the totals companies list in the summary compensation table of proxy statements filed with the Securities and Exchange Commission, which

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reflect the size of the accounting charge taken for the executive's compensation in the previous fiscal year.

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