

Ford CEO's Pay Falls To \$20.95M In 2012

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DEARBORN, Michigan (AP) — Ford Motor Co. CEO Alan Mulally's compensation fell 29 percent to \$20.95 million in 2012 as the company's board weighed record North American profits and quality improvements against heavy losses in Europe and lower market share in the U.S. and elsewhere.

Ford reported Mulally's compensation Friday in its annual proxy filing with the federal government.

Mulally, 67, earned \$2 million in salary, the same as he earned in 2011. But bonus payments fell more than 20 percent to \$3.9 million and his stock awards dropped by half to \$6.8 million. He received \$7.5 million in stock options, the same as in 2011.

Mulally also received \$680,809 in other compensation, including the use of a private airplane, housing expenses and security. That was up slightly from 2011.

Ford reported a record \$8 billion pretax profit in North America in 2012, as its sales rose and it made more money for every vehicle. But the company's net income fell by \$300 million to \$5.66 billion, largely because of a \$1.75 billion loss in Europe. The board noted that Ford is restructuring its European operations, but the company still expects to lose \$2 billion in the region this year as it struggles with lower sales, closes factories and invests in new vehicles.

The company's board also docked the pay of Mulally and other executives because the company didn't meet market share goals in any of its global regions.

But the board noted several accomplishments. Ford resumed paying a dividend last year for the first time since 2006, and two ratings agencies returned the company to investment-grade status last spring. The board said vehicle quality — measured by warranty costs and other factors — also improved.

In 2011, Mulally earned \$29.5 million, making him the tenth-highest-paid CEO of a Standard and Poor's 500 company, according to an Associated Press analysis. He has made \$174.45 million since joining Ford in 2006, according to the AP's calculations. Mulally has led a major restructuring at Ford, cutting costs by closing factories and globalizing its product offerings worldwide. Ford has earned \$35.2 billion since returning to profitability in 2009.

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

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Commission.

Ford also announced in its proxy that its annual meeting will be held May 9 in Wilmington, Del.

Ford shares were down 3 cents to \$13.39 in afternoon trading. They have traded in a 52-week range of \$8.82 to \$14.30.

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