

Mulally Honored With \$26.5 Million Salary, 'Edison' Award

Tom Krisher, AP Auto Writer

DETROIT (AP) — The President and CEO of Ford Motor Co. received a pay package valued at \$26.5 million in 2010, up 48 percent from 2009, according to an analysis by The Associated Press.

Alan Mulally, 65, who was hired away from Boeing Co. in 2006 to rescue Ford, received a base salary of \$1.4 million. He received stock and option awards valued at nearly \$15 million when they were granted. He also got a \$3.1 million bonus and \$6.3 million worth of incentive compensation.

Other compensation, for life insurance, contributions to 401K and retirement plans, personal use of private aircraft, security, and housing, totaled \$678,029.

The Dearborn, Mich., company was in financial peril late in 2006 when Bill Ford removed himself as CEO and lured Mulally away from Boeing. The year he joined the company, Ford lost \$12.6 billion.

Under Mulally, Ford mortgaged assets including its blue oval logo to borrow more than \$23 billion, allowing it to weather the recession. It avoided filing for bankruptcy or following General Motors Co. and Chrysler Group LLC in taking government aid.

Ford sold or ended five of its seven brands, closed or sold a quarter of its plants and cut its global work force by more than a third. It plowed the savings back into well-received new vehicles such as the Ford Fusion sedan and the new Ford Explorer.

Mulally also improved reliability and shifted Ford's model lineup from trucks and SUVs to smaller vehicles to prepare for higher gas prices. And he consolidated much of Ford's regional product development and manufacturing so the company now makes one version of several models across the globe.

Bill Ford, the great-grandson of company founder Henry Ford, got almost as big a package as his CEO. Ford's compensation was worth \$25.2 million, up 56 percent from 2009, when he received \$16.2 million, according to the AP analysis.

Ford received \$4.8 million in salary, a \$900,000 bonus, stock and option awards worth \$16.5 million, non-equity compensation of \$1.8 million and other compensation worth \$1.2 million.

The company said Bill Ford's package included salary for 2008 and 2009 and the value of stock awards made for 2008. Bill Ford decided not to take compensation for those years until the company had returned to a full-year profit.

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Last month Ford revealed in an SEC filing that Mulally would get stock valued at \$56.5 million before taxes as part of his compensation from previous years. Bill Ford got stock worth \$42.4 million. The compensation has rankled some members of the United Auto Workers union who will use it as a rallying cry as they try to get back concessions made to the company since 2005 during contract talks later this year.

Stock performance is one metric in setting compensation, the company said. Ford's stock in January closed at a five-year high of \$18.79 after falling as low as \$1.43 in 2008, when the future of Ford and its Detroit rivals was uncertain. It closed Friday at \$15.16, down 25 cents, or 1.7 percent.

The pay packages were disclosed Friday in a filing with the Securities and Exchange Commission. Ford also said in the proxy that its annual meeting will take place May 12 in Wilmington, Del.

At the meeting, shareholders will elect directors and vote on shareholder proposals, including one to recapitalize the company's stock so all outstanding shares get one vote.

The move is designed to dilute the Ford family's control of the company. Descendants of Henry Ford, led by 13 great-grandchildren, control the company through nearly 71 million Class B shares that make up 40 percent of the voting power of all company stock. A similar proposal was rejected last year.

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.

Mulally and Bill Ford received no above-market interest on deferred compensation.

The value that a company assigned to an executive's stock and option awards for 2010 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.

by Mike Householder, Associated Press

DETROIT (AP) — The legacies of Henry Ford and Thomas Edison are once again intersecting, 115 years after the legendary American innovators struck up what would become a lifelong friendship.

Alan Mulally, president and CEO of the company Ford founded, the Ford Motor Co.,

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is to receive the Edison Achievement Award at a ceremony in New York on Tuesday.

"I'm really excited about the recognition that Alan Mulally is receiving as a 2011 Edison Achievement Awards recipient. The Ford Motor Company has an extraordinary history," said Sarah Miller Caldicott, Edison's great-grandniece and chairwoman of the Edison Awards steering committee.

Caldicott said the awards, which honor innovation and date back to 1987, haven't honored the automaker previously.

Ford, the company, also is nominated for a number of awards at Tuesday's ceremony — for its MyFord Touch, MyKey, SYNC AppLink and rear inflatable seat belt technologies.

Mulally, who has been Ford's CEO since 2006, said he will accept the award "on behalf of the skilled and motivated Ford team."

"The relationship between Henry Ford and Thomas Edison inspired generations to dream of the possible," he said in a statement. "Through the spirit of innovation and the commitment to continuous improvement, we are delivering on the original and compelling vision of Henry Ford to 'Open the Highways to All Mankind.'"

Caldicott said it's particularly fitting to reconnect the Ford and Edison names in this way.

"Henry Ford was really pivotal in ensuring that America remembered Edison as one of the world's greatest inventors and innovators," she said, noting the automotive pioneer's efforts to reconstruct his friend's Menlo Park, New Jersey, laboratory in Dearborn, Michigan, in the 1920s.

To this day, Edison's reconstructed lab still has a home at The Henry Ford historical attraction in the Detroit suburb.

Ford and Edison met in 1896 at the annual meeting of the Association of Edison Illuminating Companies, which took place in New York. Edison later became a mentor to Ford and encouraged his friend's work as an inventor and businessman.

The Edison Awards steering committee said it picked Mulally because of "the boldness of vision and leadership he has brought" to Ford and that he's "widely credited with having led the turnaround in the company's performance during the worst economic crisis in decades."

John Hendricks, founder and chairman of Discovery Communications, also will be awarded the Edison Achievement Award on Tuesday. He created the Discovery Channel in 1985. Its stable of companies now encompasses more than 100 networks, representing 27 entertainment brands, including Science Channel, TLC and Animal Planet.

Past recipients of the honor, which is given to leaders who have made significant

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contributions to "innovation, marketing and human-centered design throughout their careers," include Martha Stewart and Ted Turner.

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