

Ford CEO Cashes In for \$34.5 Million

By DEE-ANN DURBIN
AP Auto Writer

DETROIT (AP) – For Ford's senior executive, the beat goes on in the automaker's turnaround plan.

That's because, in part, Ford CEO Alan Mulally is \$34.5 million richer after shares granted two years ago vested this week.

The payout is sure to be a sore subject among some Ford factory workers, who have cited Mulally's pay when they have voted against contract changes. Mulally made \$26.5 million in 2010, making him the ninth highest-paid CEO in the U.S. last year, according to calculations by The Associated Press. United Auto Workers President Bob King has called Mulally's pay "morally wrong."

But the company says Mu-

lally's compensation is fair because it's tied to the shares' success.

"Our compensation philosophy is to align the interests of our leadership with those of our shareholders," Ford said in a statement last week.

"Ford's stock was \$1.96 a share at the time of the 2009 awards, and is over \$12 a share today. That is a more than a 500 percent increase, which benefits all stakeholders in the Ford turnaround."

Mulally was given 4.8 million stock units for his performance in 2009, a pivotal year in the company's turnaround when it posted its first annual profit since 2005. Ford withheld 1.9 million shares for taxes. The remaining 2.85 million units were converted to shares worth \$34.5 million at last Tuesday's closing stock price of \$12.09.

The stock awards were disclosed Tuesday in a regulatory filing. Mulally's 2011 salary and other compensation will be released later this spring.

Mulally also received 1.2 million stock options that will fully vest in three years. Those options have a strike price of \$12.49 per share. He was also granted 376,000 stock units for his 2011 performance that will convert to shares in 2014.

Mulally, 66, has been widely credited with turning Ford around since he was hired as CEO in 2006. He made the critical decision to mortgage most of the company's assets – including its Blue Oval logo – for \$23.5 billion to fund a turnaround.

That decision helped the company avoid taking government aid and filing for bankruptcy in 2009.



PHOTO: ERIC POPE

Steel Wheels participants include, from left, Jackie Stachowski (Nucor Corp.), Todd Fletcher (Maxion Wheels), Cherise Caldwell (3rd place), Mike Levich (2nd place) and Colin Bonathan (1st place).

Big Three Designers Together Judge 2012 'Steel Wheels' Student Contest

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we saw even last year."

Indeed, each of the participating LTU students was required to research and design a "target customer," then they applied their personal steel wheel design to that customer's favorite hybrid car and their specific needs.

The result was a surprisingly wide variety of car wheel designs that were as varied as the dozen or so LTU students themselves who were competing.

For the sponsoring Steel Institute, the enterprise works in two directions: one, the next generation of designers are taught to consider steel as a relevant material in car future car design, and two, all of the judges are Big Three designers who also are given a refresher course in how steel might be applied to the vehicles they currently design as well.

For the record, student Cherise Caldwell took third place (\$1,000 scholarship); Michael Levich was second (\$1,500) and Colin Bonathan

took first place with a \$2,500 scholarship.

Bonathan's presentation involved developing steel wheels for the hybrid version of every car in Ford's lineup, as part of his exercise.

"I started to think about the different wheels and working with each wheel, I began thinking about every model in Ford's lineup – trying to capture the 'essence' of each car and put it into the wheels," Bonathan said.

"So I have one for every model here. The one that was tough was the Ford F-150 (truck) wheel.

"The material for this wheel

would bare-thinness steel so there'd be no additional coatings that could harm the environment.

"There are also two different finish options."

Bonathan did his homework, so to speak, pointing out that it would take significantly more energy to develop the same truck wheel pieces in aluminum than it does in steel. Know your customer, indeed.

Keith Nagara, Director of Transportation Design, College of Architecture and Design at LTU, said he was uniformly proud of the work his kids put in front of the judges.

Ford's EcoBoost Engine Fast Becomes Customer Choice Among Truck Buyers

By Jim Stickford
Special Writer

Ford's EcoBoost engine has figuratively gone from zero to 60, allowing the Dearborn automaker to introduce the technology to the public via the popular F-150 model.

Eric Kuehn, chief engineer for electrified programs and former chief engineer for Ford F-150s, said that the EcoBoost allows Ford to move to the V-6, 3.5 liter engine, replacing the 4.6 and 5.4 V-8 without compromising performance.

Smaller displacement means less weight, which translate to better mileage, Kuehn said. Less mass also means the engine doesn't have to work as much to move the vehicle.

"When we did all the testing of the EcoBoost engine, our durability tests showed us they'd last," Kuehn said. "Endurance is a key component when selling to truck buyers."

The EcoBoost engine had to produce in terms of torque, mileage, performance – also called grade acceleration, throttle response – also known as pickup and passing performance.

"We called it the AND solution," Kuehn said. "The EcoBoost needed to be a high performer AND have capability such as towing. It needed to have payload AND deliver fuel economy."

The EcoBoost, Kuehn said, works with direct injection, which meters and directly injects fuel into cylinder heads. It uses two turbos, which are integrated into exhaust gas waste energy, essentially turning the turbo, which then compresses air and which make more combustion. That then translates into better torque and mileage.

Simply put, it uses exhaust gas to work in such a way that it resembles a windmill, recap-



PHOTO: JAMES STICKFORD

From left, Ford executives Raj Nair, Ellen Hughes-Cromwick and Derrick Kuzak discussed how Ford's various powertrain options, including the EcoBoost engine, are giving Ford customers better fuel economy even as gas prices rise at the retail pump.

turing energy that would otherwise just go out the tailpipe, Kuehn said.

Added to this powertrain engineering is computer technology, unique to Ford, that Kuehn calls the EcoBoost's hidden warrior.

"Our electronic controls and software monitors the engine and reacts to measurements to produce peak performance," Kuehn said.

"The X factor is the software, which handles millions of calculations every second. That software is Ford's and Ford's alone."

The EcoBoost first appeared in the MKS, the Flex and the Taurus, Kuehn said. But it wasn't until Ford put it in the F-150 that the public at large really began to understand what the system could do in terms of performance and better fuel economy without sacrificing performance.

The EcoBoost has allowed the public to reorient perceptions about green technology. All too often people think fuel economy had to make a trade-

off in terms of performance, Kuehn said. But thanks to AND thinking, there's no trade off. Customers had to feel they were getting better results across the full spectrum of performance.

"As we continue to improve the technology, and use across a larger part of Ford's line up, the costs will go down," Kuehn said.

"We sold 127,000 EcoBoosts in 2011. Thanks to the F-150, that figure shot up to 1.2 million in 2012. The V-6 line up was around 53 percent of truck sales in 2011 vs. the V-8 in 2011, which accounted for 100 percent of sales. That's a huge shift in just one year."

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