



Ford Retirees Meet CEO Alan Mulally

- [Mulally Discusses Company, Industry Changes](#)

TRAVERSE CITY, Mich., Aug. 9, 2007 (FCN) -- A standing room only audience of Ford retirees in Northern Michigan heard company executives, including President and CEO Alan Mulally, give updates on healthcare benefits changes and the current state of Ford Motor Company.

Along with Mulally, Lee Mezza, director of Employee Benefits, and Brian Tenner, senior vice president of Extend Health outlined the healthcare benefits changes and fielded questions from the Northern Michigan Ford Retiree Group at the Park Place Hotel. Extend Health is a service provider contracted by Ford to help Medicare-eligible salaried retirees make healthcare purchasing decisions given their individual needs.

"When salary retirees got the initial mail out from Ford in November 2006, I started to get retiree requests for Ford to present their health care changes at our group meetings," said Chuck White, Northern Michigan Ford Retiree Group chairman.

"When I dug deeper with retirees, there was obvious strong support. Ford also fully supported the idea of using retiree groups to gain a 'town hall' aspect and capture key concerns and questions."

Mulally's presentation focused on the current state of Ford Motor, followed by an extensive question and answer period.

"The reason I came here is that I know I'm standing on your shoulders," Mulally said. "I take this responsibility very seriously."

Mulally described the company's effort to bring capacity into line with market demand as a critical component of the current restructuring.

"We are in the biggest transformation I've ever seen in business," he said.



Alan Mulally listens to a question posed by a Ford retiree during the luncheon meeting (photo by John L. Russell)

"What we cannot do is fail to deal with reality," he said.

His way of dealing with the reality is a four point plan -- restructure and reduce capacity, accelerate the development of new products people want and value, finance the plan and improve the balance sheet, and involve everyone in the company in a team effort.

"If we stick to our plan, I'm confident," he said. "We've seen proof from outside sources that the current lineup of Ford vehicles is the best we've ever had. This is an all-time great opportunity to turn this company around."

Questions from the retirees ran the gamut from Mulally's impression of specific vehicles to alternative fuels to the future of Ford's stock prices.

On the subject of healthcare benefits for retirees, Mulally said, "The world is moving to more defined benefit plans. In the U.S. we're on a terrible trajectory as far as health care is concerned. Everyone needs to get involved."

He also pointed out the large expense healthcare costs add to the cost of each vehicle.

"We simply cannot add that amount to a vehicle and remain competitive," he said.

As for the future, Mulally sees hopeful signs.

"The Edge is the best launch of a vehicle we've ever had," Mulally said. "Crossovers will be a real battleground and our crossover sales are up 40 percent, compared to 16 percent for the industry. What we've got to do now is raise the purchase consideration of our vehicles with consumers."

Ford first notified salaried retirees last November that effective Jan. 1, 2008, the company would replace health care coverage (including prescription drugs and dental) with a new Health Reimbursement Arrangement (HRA) for Ford salaried retirees, spouses, same-sex domestic partners and surviving spouses who are Medicare-eligible due to age or disability. Ford will cease healthcare coverage for individuals covered as dependents (and sponsored dependents) when both the retiree and/or covered spouse become eligible for an HRA.

An HRA is an account for each eligible salaried retiree and spouse that can be used to offset Medicare coverage premiums and other health care costs.

In late June, a follow-up package including a DVD was mailed to eligible retirees and will be followed in September followed by a welcome kit from Extend Health.

"Our turnout is huge because when we announced the meeting, the retirees had not yet received the late June mail out from Ford covering this subject," White said. "Of course, having Alan Mulally as a key speaker to chat with retirees also drove this huge turnout, so they wanted to get as much information from any place they could. Various retiree groups across the U.S. have had Ford healthcare presentations at their meetings."



Ford Motor Company employees and retirees in the U.S. can visit the [Employee Network Web site](#) for more information.

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