

# McTevia Comments to AP on Ford's Rubin

Rubin leaves Ford board, citing possible conflicts  
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By TOM KRISHER  
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DETROIT (AP) — Former U.S. Treasury Secretary Robert E. Rubin has resigned from the board of Ford Motor Co., citing a potential conflict of interest with his duties as a member of the chairman's office at the banking company Citigroup Inc.

One analyst said the move is another sign that the Ford family will need financing to either form an alliance with another company or take the struggling automaker private.

In a letter dated Thursday to Ford Chairman and Chief Executive Bill Ford, Rubin said he needed to step down as the board begins a review of the automaker's strategic options.

"Citigroup's multifaceted relationship with Ford could raise a question whether my relationship with Ford and Citigroup creates an appearance of conflict. Although no conflict currently exists and while I would have liked to remain involved, I have with great regret concluded that I should resign from the board at this time," Rubin said in the letter.

Rubin, who had been on the board for six years, also said in the letter that he was pleased Ford had hired banker and merger specialist Ken Leet to help plot the company's future.

Dearborn-based Ford lost \$1.4 billion during the first half of the year, and its sales and market share have dropped. The company is in the midst of accelerating its "Way Forward" restructuring plan and Bill Ford confirmed this week that the company is exploring alliances with other companies.

The Wall Street Journal reported Wednesday that Bill Ford has approached Nissan-Renault CEO Carlos Ghosn about joining their global alliance, should a deal between General Motors Corp. and Nissan-Renault not work out. A Ford spokesman said the automaker wouldn't comment on such speculation.

Jim McTevia, a Michigan-based corporate turnaround specialist, said Ford, while losing money, is not in such poor financial condition that board members would start bailing out.

"The only reason that I can think of that a member of the board and the bank would resign is exactly that, because somebody is trying to figure out how to bankroll the company going private," McTevia said.

The price of buying back all of Ford's stock is far less at present than the value of the company's assets, McTevia said.

Ford's market capitalization, or the value of its stock, is about \$14.6 billion at present, and company officials said last month that it has about \$23 billion in cash.

"It's entirely probable that Citigroup, being the size of an institution they are, would have the ability to finance the Ford family buying their stock back," McTevia said.

Rubin is doing the right thing by resigning because if a deal involving Citigroup takes place, he would face scrutiny from the Securities and Exchange Commission, McTevia said.

Rubin served as treasury secretary in the Clinton administration from 1995 to 1999.

Bill Ford said in a statement Friday that Rubin "brought strategic thinking to every situation and has been a wise and generous counselor to me and to the company. However, I understand and respect Bob's prudent decision to resign as we continue to explore future strategic options."

Ford shares rose 20 cents, or 2.6 percent, to \$7.96 in early trading Friday on the New York Stock Exchange.