

Business

▲ Dow	+30.15	12,560
▲ Nasdaq	+12.65	2,471
▲ S&P 500	+4.39	1,443
▲ Russell 2000	+2.56	813
▲ 10-yr. note	+0.02	4.67%

Health Care

By Gregory Lopes

Medicare spending creates quandary

The Medicare Advantage program is at a crossroads. Democrats in Congress want payments to private health care companies to go down as Medicare spending spirals out of control, but a lower payment rate could mean reduced health benefits and a return to more costly insurance.

The Medicare Advantage program allows private-sector corporations to offer additional health benefits beyond traditional Medicare for a higher reimbursement rate.

About 8 million Medicare beneficiaries are enrolled in some type of Medicare Advantage plan, and recent data from the Congressional Budget Office shows that the government is paying the private companies 12 cents more on the dollar than standard Medicare.

Payments to private health plans in the Medicare Advantage program increased from about \$40 billion in 2004 to about \$56 billion in 2006 and the Congressional Budget Office projects those payments will increase to \$75 billion this year.

"These guys are making money hand over fist. I just don't see how the plans come out unscathed this year," said a House Democratic aide. "This payment rate increase is a reminder. They are having stock rallies on Wall Street as we begin the process to cut them."

One solution to the increased spending on these private plans that Congress is considering is to wipe out, or modify, so-called Medicare private fee-for-service plans.

These plans, which are generally concentrated in rural areas receive even higher payments from the government than other managed care plans, usually between 19 percent and 21 percent more than traditional Medicare plans.

"I hear very quietly that they [lawmakers] want them to be stopped," said the Democratic aide. "Private-fee-for-service plans are out of hand."

Private fee-for-service plans closely resemble traditional fee-for-service Medicare but share few characteristics with other private plans, such as health maintenance organizations or preferred provider organizations. Private fee-for-service plans, which accounted for 18 percent of the Medicare Advantage enrollment in 2007, are exempt from Medicare requirements for HMOs and PPOs, such as employing provider networks.

Tom Scully, former administrator of the Centers for Medicare and Medicaid, who devised the payment formula for the Medicare Advantage program, says eliminating the plans would be a bad idea.

"The reason we have these private plans is because I was trying to get rid of MediGap, which costs too much for a bad insurance," he said.

To slow this spending Congress is expected to pass Medicare Advantage cuts that will reduce Medicare spending by an estimated \$65 billion over five years. The cutback will likely force plans to cut benefits. The reduced health benefits could fall disproportionately on low-income people because 57 percent of Medicare Advantage enrollees have incomes between \$10,000 and \$30,000, compared with 46 percent of those in the government plan.

And the issue is heating up as the Senate Finance Committee scheduled a hearing on the Medicare Advantage program for April 11. That hearing follows a House Ways and Means subcommittee hearing last month.

• Health care runs Fridays. Contact Gregory Lopes at 202/636-4892 or glopes@washingtontimes.com.

Billionaire Kerkorian bids for Chrysler

His Tracinda Corp. makes \$4.5 billion offer

NEW YORK (AP) — Billionaire investor Kirk Kerkorian, who lost out in Chrysler's 1998 merger with Daimler-Benz, wants to buy the troubled automaker back from its now-unhappy German owners.

Mr. Kerkorian's wholly owned investment company, Tracinda Corp., yesterday made a \$4.5 billion cash offer for DaimlerChrysler AG's U.S.-based Chrysler unit.

A deal would put Mr. Kerkorian in charge of Chrysler a decade after he says he was tricked out of potentially billions of dollars in the 1998 deal in which Germany's Daimler-Benz joined with Chrysler in the so-called "merger of equals."



Kerkorian

Long an active investor in automakers, the 89-year-old former movie mogul once offered \$22.8 billion for Chrysler in an unsuccessful 1995 takeover bid.

Mr. Kerkorian's latest bid reflects the falling fortunes of Chrysler Group, which lost \$1.5 billion last year and has announced 13,000 job cuts in North America and reduced production.

The offer from Tracinda disclosed yesterday is slightly lower than at least one competing bid from Canadian auto-parts supplier Magna International Inc., worth a reported \$4.7 billion.

Tracinda said it would place a \$100 million deposit for exclusive bargaining rights.

Tracinda in a statement said it wants "to build and strengthen" the automaker and "will offer the [United Auto Workers] and Chrysler management the opportunity to participate as equity partners in

the transaction."

DaimlerChrysler shares climbed \$3.81, or 4.7 percent, to close at \$84.80 on the New York Stock Exchange after rising to a new 52-week high of \$84.90 earlier in the session.

California-based Tracinda said its offer is subject to Chrysler reaching a new collective-bargaining agreement with the United Auto Workers (UAW) as well as a deal with DaimlerChrysler on sharing the estimated \$22 billion unfunded pension liabilities and health care costs of Chrysler retirees. A message seeking comment

was left yesterday with a UAW spokesman.

Russell Phillips, union steward for UAW Local 1700, said word of a possible sale began filtering through the Sterling Heights, Mich., assembly plant yesterday afternoon. Mr. Phillips, a 20-year Chrysler employee, said he thinks the UAW would be interested in listening to such an offer from Tracinda.

"It would be very interesting if we can get something like that so we can help our members," Mr. Phillips said. "A lot will depend on how open they are going to be with the UAW and if they really are willing to sit down and talk with us."

see AUTO, page C11

Queen of the deal

Billion-dollar buyouts are all in a day's work

By Rachel Layne
BLOOMBERG NEWS

On a Thursday evening in September 2003, Pamela Daley, General Electric Co.'s top mergers and acquisitions lawyer, boarded Chief Executive Officer Jeffrey Immelt's custom 737 in pursuit of the company's biggest acquisition. The jet touched down near London, where Amersham PLC CEO William Castell and his advisers climbed in.

Mr. Immelt and Mr. Castell and their teams settled into separate onboard offices. Ms. Daley shuttled between them with GE's offer and Amersham's responses, knocking on the doors to move things along.

"At some moment, Jeff said, 'That's as far as I can go,' and Sir William looked down — 30 seconds is an eternity in that setting — looks up and says, 'Let's do it,'" Ms. Daley recalls. "And that was it."

Twenty-three hours after leaving the tarmac near GE's Fairfield, Conn., headquarters, Ms. Daley and Mr. Immelt landed back in the United States with an agreement for the \$10 billion purchase of the medical diagnostics and biotechnology company.

Ms. Daley, 54, is now chief deal maker at GE, the second-biggest company in the world by market value, after Exxon Mobil Corp.

She's in charge of every acquisition and sale not related to the company's financial units — a realm that accounted for more than 60 percent of GE's \$163.4 billion in revenue last year. In addition, Ms. Daley, whom Mr. Immelt promoted to head of business development in July 2004, sits on the GE board that studies finance-related mergers.

"She's seen more deals than most bankers I know," said Dennis Hersch, chairman of M&A at JPMorgan Chase & Co. in New York.

GE spends \$500 million a year on fees for M&A and issuing debt, more than any company aside from private equity firms, according to people familiar with the matter.

see JOB, page C11



Bloomberg News

DALEY'S DEALS

Pamela Daley has helped broker a number of multibillion-dollar deals during her 18-year tenure with General Electric Co.

Year	Deal	Value
1992	Sold GE's aerospace unit to Martin Marietta	\$3.1 billion
2003	Acquired medical products maker Amersham	10.3 billion
2005	Sold its reinsurance unit to Swiss Re	7.7 billion
2006	Agreed to acquire Abbott Laboratories' diagnostics units	8.1 billion
2006	Agreed to acquire oil and gas drilling equipment maker Vetco Gray	1.9 billion

Source: Bloomberg News

Pamela Daley is senior vice president of corporate business development at General Electric Co., where she makes deals for the world's second-biggest firm by market value.

The Washington Times

Fenty seeks to pump up D.C. retail market

By Bryce Baschuk
THE WASHINGTON TIMES

D.C. Mayor Adrian M. Fenty announced a new study yesterday aimed at finding ways to increase the number of retailers serving the District's neighborhoods.

"The residents of this city shouldn't have to get in their cars or wait for a bus and head for the suburbs every time they want to go shopping," Mr. Fenty said.

"The dollars are here, but the retail amenities need to catch up," the mayor said. The goal is to make the city more attractive

to local and national retailers, he said.

He was joined by leaders from the D.C. Office of Planning, including director Harriet Tregoning, an optimistic supporter of the citywide effort.

"In addition to our residents, we have 26 million tourists come to the District every year, so we can support a lot of retail in this city," Miss Tregoning said.

She added that the study will analyze the market potential of 20 neighborhoods in the District and identify ways to enhance their capabilities.

Based on the results, the D.C. Office of Planning will offer incentives such as parking or rezoning that will help existing businesses grow and encourage larger retailers to set up shops.

But not everyone shares Miss Tregoning's optimism.

"This won't change the face of the District," said Stephen Fuller, director of the center for regional analysis at the George Mason School of Public Policy.

"Most of the workers in the District commute from Maryland and Virginia, and when they go home at night, they take

their money with them," said Mr. Fuller.

"The District can't compete with the offerings in the suburbs because they are supported by a much bigger market."

Nevertheless, D.C. developers and neighborhood representatives are touting the mayor's plan as a step in the right direction.

They met with the mayor and his staff at the 5800 block of Georgia Avenue, one of the study's targeted markets.

see RETAIL, page C11

Stability controls required in cars

Mandate starts with '12 models

NEW YORK (AP) — The government said yesterday it would require all new passenger vehicles to have anti-rollover technology by the 2012 model year, predicting it could save thousands of lives and dramatically reduce rollover crashes.

The Transportation Department said "electronic stability control" could prevent 5,300 to 9,600 deaths annually and up to 238,000 injuries a year once it is fully deployed into the nation's fleet.

"Like air bags and like seat belts, 10 years down the road we're going to look back and wonder how the ESC technology was ever lived without," Transportation Secretary Mary E. Peters said at the New York International Auto Show.

The technology could help motorists avoid skidding across icy or slick roads or maintain control of their car when swerving to avoid an unexpected object in the middle of the road.

Electronic stability control senses when a driver may lose control of the vehicle and automatically applies brakes to individual wheels to help stabilize it and avoid a rollover.

Many vehicles, including sport utility vehicles, already have the technology, and several automakers have outlined plans to make it a standard feature. The mandate has been widely supported in the industry.

see ROLL, page C11

Leaky roof blamed for salmonella outbreak

OMAHA, Neb. (AP) — ConAgra Foods said yesterday that moisture from a leaky roof and faulty sprinkler was the source of the salmonella bacteria that contaminated peanut butter at its Georgia plant last year, sickening more than 400 people nationwide.

The Omaha-based company conducted a nearly two-month investigation into the contamination and pledged to ensure that Peter Pan peanut butter is safe when it returns to stores in mid-July.

"Consumer safety and health is our top priority," ConAgra spokeswoman Stephanie Childs said. "We plan to do our best to regain consumer trust once Peter Pan returns to stores."

Miss Childs said the company traced the salmonella outbreak to three problems at its Sylvester, Ga., plant in August.

The plant's roof leaked during a rainstorm, and the sprinkler system went off twice because of a faulty sprinkler, which was repaired.

see PEANUTS, page C11

CHECKLIST

A roundup of top business news today

Regional

Three Circuit City employees laid off as part of a restructuring announced last week have sued the Richmond electronics retailer, claiming it violated California law prohibiting age discrimination. Daniel Weidler, Michael Yezback and Eloise Garcia, who worked at the Circuit City store in Oxnard, Calif., also charged wrongful termination. They are seeking class-action status for their suit.

Software AG, Germany's second-largest software maker, agreed to buy WebMethods Inc. of Fairfax for \$546 million in cash to add networking software to its product line and more than double its customer numbers in North America. Software AG will pay \$9.15 a share, a 26 percent premium to WebMethod's closing price Wednesday.

Ousted Fannie Mae Chief Executive Officer Franklin D. Raines and two co-defendants should pay as much as \$8.6 million in legal and clerical costs to obtain the 21 million government documents that he says refute charges he overstated earnings, said the company's regulator, the Office of Federal Housing Enterprise Oversight.

Sen. John McCain, the Arizona Republican and presidential candidate already critical of military program cost overruns, wants details from the U.S. Air Force on a disputed \$15 billion rescue-helicopter contract awarded to Boeing Co. The request comes after Bethesda's Lockheed Martin and United Technologies' Sikorsky unit lost their bid last week to expand their protest of the award.

The U.S. Navy said Lockheed Martin's presidential helicopter exceeds the military's weight requirement and the service is working with the contractor and other suppliers to make reductions.

Reston technology consultant Accenture won a Defense Logistics Agency contract to provide systems integration, engineering and application management services. The base contract is for five years and is valued at \$155 million, with options to extend by another five years are valued at \$97 million.

Northwest Airlines Corp. said that its new regional subsidiary Compass Airlines, of Chantilly, has won Federal Aviation Administration certification. Northwest said Compass will begin passenger flights using one 50-seat regional jet in May between Washington and Minneapolis. Northwest expects Compass to add 10 new 76-seat Embraer 175 aircraft this year.

New York Times Co. shareholders should send "a strong message" by withholding their votes at this month's annual meeting to protest Sulzberger family control, advisory firm Institutional Shareholder Services (ISS) said. The company's lack of response to outside pressure by big shareholders Morgan Stanley and Baltimore's T. Rowe Price justifies withholding the votes, Rockville-based ISS said.

Annual chief executive bonuses rose 13 percent last year at the nation's largest companies, and the value of CEO's equity-based compensation holdings grow nearly 50 percent last year, according to an analysis of proxy statements conducted by D.C. consultant Watson Wyatt Worldwide, which dubbed 2006 a "banner year" for corporate America.

National

The Food and Drug Administration said that Menu Foods Ltd. is expanding its recall of tainted pet food to include a broader range of product dates and warned consumers not to use American Bullie products known as A.B. Bull Pizzle Puppy Chews and Dog Chews manufactured and distributed by T.W. Enterprises. In addition, Sunshine Mills is recalling dog biscuit brands including Nurture Chickens & Rice, Pet Life and Lassie biscuits.

Movie and music mogul David Geffen is negotiating with Sam Zell on a potential deal for the Los Angeles Times as a result of Mr. Zell's successful bid for Tribune Co., a published report said. Mr. Geffen is optimistic he may gain control of the Times in either a spinoff or joint-venture partnership, according to the report.

Hollinger International Inc.'s former controller got a

memo showing some of the payments to "key management executives" that led to former Chairman Conrad Black's indictment on charges of looting the company, a defense lawyer said. Defense lawyers argue Hollinger's board knew about the noncompetition fees to Mr. Black and his co-defendants.

The United States will overcome a housing slowdown and avert recession, while the rest of the global economy is in sound health, the International Monetary Fund said. "The message here is reassuring: We do not think the U.S. is heading for recession," the IMF's new chief economist Simon Johnson said.

Almost 25 million phone numbers were added to the federal government's Do Not Call list in fiscal 2006, demonstrating that Americans don't want their dinners disturbed by telemarketers. The national Do Not Call registry had 132 million phone numbers as of September 2006, a 23 percent increase from the previous year, the Federal Trade Commission said.

People make more 911 calls from cell phones than land lines, and police and firefighters increasingly worry about finding those callers in distress. While federal law requires providers to guarantee that their callers can be located, the technology is highly inaccurate. As a result, Federal Communications Commission Chairman Kevin Martin said he plans significant changes in the 911 system.

A Singaporean businessman was held without bond after a federal prosecutor called him "the ringleader" in shipping closely guarded U.S. computer technology to India for use in missiles and other weapon systems. Assistant U.S. Attorney Jay Bratt said that Parthasarathy Sudarshan was the "brains behind the operation."

State University of New York Chancellor John Ryan is on the board of directors of a company under investigation by Attorney General Andrew Cuomo in a nationwide probe of the \$85 billion student loan industry. Mr. Ryan, who announced last month that he will step down at the end of May, has been a director of CIT Group Inc. since July 2003.

Harrah's Entertainment shareholders approved a \$17.1 billion buyout led by Apollo Management Group and Texas Pacific Group in the largest deal ever to take a publicly held casino company private, officials said. The deal still requires approval from gambling regulators in more than a dozen states and several tribal nations where Harrah's operates.

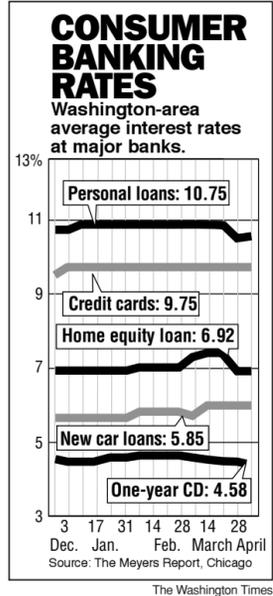
International

Shareholders of Toronto's Four Seasons Hotels, the world's largest luxury-hotel manager, approved the \$3.37 billion sale of the company to investors including Microsoft's Bill Gates and Saudi Prince Al-waleed Bin Talal.

China told banks to increase their reserves for the third time this year, cutting the amount of money available for lending in a new effort to cool an investment boom that Beijing worries could lead to a crisis.

The Thai government retained a ban on YouTube despite the removal from the video-sharing site of a short clip deemed insulting to the country's beloved monarch. The site still featured at least one still frame from the contentious 44-second video, said Sithichai Pookaiyaudom, the minister of information and technology.

From wire dispatches and staff reports



Billionaire investor Kirk Kerkorian is making his third bid for Daimler Chrysler AG's Chrysler Group, whose headquarters are located in Auburn Hills, Mich.

AUTO

From page C10

Analysts said the deal would be difficult for Mr. Kerkorian to pull off because of his turbulent history with Chrysler and the size of the company's large legacy costs.

"I'm not sure what Kirk brings to the party except he can't help himself when it comes to playing with Chrysler," said David Healy, an analyst with Burnham Securities.

But David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich., said any deal would require an

arrangement with labor on the legacy costs. He noted that Tracinda adviser Jerome York has a long history of working with the UAW.

Tracinda said it's ready to start a more extensive review of Chrysler's financial books right away and thinks it could complete it within 60 days.

Han Tjan, head of corporate communications for Daimler-Chrysler in New York, said that the German-American automaker is talking with partners about a sale and that the chairman is satisfied with the process.

"All of our options are still open. For us to talk about [Tracinda] is speculation," Mr.

Tjan said.

At least two groups in addition to Tracinda and Magna reportedly have expressed interest in Auburn Hills, Mich.-based Chrysler. Cerberus Capital Management LLC and a consortium of investors led by Blackstone Group each have reviewed Chrysler's finances and are expected to make bids.

"As a matter of policy, we can offer no confirmation on any bid submission by Cerberus," said Cerberus spokeswoman J.J. Rissi. John Ford, a spokesman for Blackstone, said he could not comment on Tracinda's bid.

A message seeking comment also was left with officials from Magna.

ROLL

From page C10

it "a significant step forward in improving safety for millions of drivers and passengers alike."

John Krafcik, a Hyundai Motor America vice president, said the automaker pushed to implement the technology because "the evidence was so amazingly compelling." Stability control is standard on about three-fourths of new Hyundai vehicles.

More than 43,000 people are killed annually on the nation's roadways. Safety advocates view

electronic stability control as a major advancement in safety because it holds the potential of reducing rollover deaths.

More than 10,000 people die in rollover accidents a year, even though only 3 percent of crashes involve rollovers. NHTSA estimated rollover deaths could be cut in half through the technology.

Mrs. Peters said nearly 40 percent of all 2007 vehicles, including about 90 percent of SUVs, have the technology.

JOB

From page C10

Mr. Immelt, 51, is counting on Ms. Daley to deliver acquisitions in health care, water treatment, oil- and gas-exploration equipment and alternative power generation. He has agreed to \$80 billion of purchases so far.

Ms. Daley has been Mr. Immelt's chief strategist in GE's exit from the insurance industry, part of the \$35 billion of assets he has shed in slow-growing or volatile industries. She orchestrated the divestiture of Genworth Financial Inc., the life and mortgage insurance unit that GE sold in public offerings totaling more than \$11 billion during 2004, '05 and '06.

"It's a monumental undertaking of which she was a critical

part," said Thomas Roberts, a New York-based senior partner with law firm Weil, Gotshal & Manges LLP, which advised GE.

In 2005, Ms. Daley steered one of Mr. Immelt's biggest deals: GE's \$7.7 billion sale of its reinsurance unit to Zurich-based Swiss Reinsurance Co. Former CEO Jack Welch pushed GE into insurance in 1983.

Mr. Immelt, who took over from Mr. Welch four days before September 11, 2001, determined after the terrorist attacks that insurance detracted from his goal of getting annual profit growth humming at more than 10 percent. He failed to reach that target in 2002, '03 and '04 and returned to that pace in '05.

Mr. Immelt still has a way to go to sell his overhaul of GE to investors. GE shares have slid around 10 percent during his tenure, to \$35 yesterday. The Standard & Poor's 500 Index

gained 32 percent in that time. In Mr. Welch's first 5 1/2 years as CEO, from April 1981 to October 1986, GE stock soared 115 percent.

Mr. Welch, who now teaches a class on leadership at Massachusetts Institute of Technology's Sloan School of Management, interviewed Ms. Daley in 1989. She was a partner at law firm Morgan, Lewis & Bockius LLP in Philadelphia. He hired her to start in the tax division.

"At the end of the interview, which really wasn't an interview, Jack gave me his card. Can you imagine?" Ms. Daley recalls, seated at a table in her office, the sun streaming onto bookcases filled with deal mementos. "He said, 'If you have any inclination that you're going to decline this offer, I want you to call me personally and explain to me why before you do it.'" She didn't.

PEANUTS

From page C10

The moisture from those three events mixed with dormant salmonella bacteria in the plant that Miss Childs said likely came from raw peanuts and peanut dust.

She said the plant was cleaned thoroughly after the roof leak and sprinkler problem, but the salmonella remained and somehow came in contact with peanut butter before it was packaged.

ConAgra recalled all its peanut butter in February after federal-health officials linked it to cases of salmonella infection.

At least 425 persons in 44 states were sickened, and numerous lawsuits have been filed against the company.

The recall covered all Peter Pan peanut butter and all Great Value peanut butter made at the Sylvester plant since October 2004. That plant is ConAgra's only peanut butter plant.

Peanuts grow underground, and salmonella is present in the

dirt. But generally any bacteria are killed when raw peanuts are roasted.

When making peanut butter, the nuts are again heated — above the salmonella-killing temperature of 165 degrees — as they are ground into a paste and mixed with other ingredients before being squirted into jars and quickly sealed.

Analysts had speculated that salmonella would be most likely to contaminate the peanut butter as it cools and is placed in jars. At most plants, those steps take just minutes.

RETAIL

From page C10

Once the site of the Ibez nightclub, which was shut down in the 1990s after an officer was fatally shot outside, the intersection is beginning to see a revival.

Developers from the Neighborhood Development Company LLC are converting the

site into the Lofts at Brightwood, a 32-unit, multimillion condominium complex with the area's first upscale restaurant, the Meridian Restaurant and Bar.

A few blocks away, at the corner of Georgia Avenue and Taylor Road, the NDC is developing a 72-unit, affordable housing complex with its own organic market store.

"Right now, when you drive by Georgia Avenue it is one big

blur. But five years from now I think this will be a community made with distinct housing, commercial and retail hubs," said Marc Loud, executive director of the Gateway Georgia Avenue Revitalization Corp., a nonprofit community development corporation.

"This market is ripe, and with these projects you are beginning to see some tangible results," Mr. Loud said.

Women at loss in health accounts

ATLANTA (AP) — High-deductible health insurance plans favored by many employers often wind up being an unfair burden to women, a new study says, largely because women need many routine medical exams that quickly add up.

The median expense for men younger than 45 in these plans was less than \$500, but for women, it was more than \$1,200, according to a study by Harvard Medical School researchers.

They also found that only a third of insured men in that age group spent more than \$1,050 in

annual medical costs, while 55 percent of women did.

"High-deductible plans punish women for having breasts and uteruses and having babies," said Dr. Steffie Woolhandler, the study's lead author.

"When an employer switches all his employees into a consumer-driven health plan, it's the same as giving all the women a \$1,000 pay cut — on average," she said, "because women on average have \$1,000 more in health costs than men."

Women's costs are higher because women need mammo-

grams, cervical cancer vaccine, Pap tests, birth control and pregnancy-related services that men do not, said Dr. Woolhandler, who also is a co-founder of a physicians' group that advocates for a single-payer national health insurance system.

The Harvard team's findings are consistent with data from earlier studies, but this study framed the results differently by focusing on the difference in costs between the sexes, said Ken Thorpe, an Emory University health policy professor who has studied the topic.

Ford CEO got \$39.1 million

Losses soared in same quarter

By James Prichard
ASSOCIATED PRESS

Alan Mulally, Ford Motor Co.'s new chief executive officer, received \$39.1 million in compensation during his first four months on the job last year, when the nation's No. 2 automaker posted a record \$12.7 billion loss, according to a regulatory filing yesterday.

Mr. Mulally succeeded Bill Ford at the helm of the Dearborn, Mich., company Sept. 1.

Ford reported the largest loss in its 103-year history last year and expects more losses this year and next. The company expects to return to profitability in 2009.

Mr. Mulally was paid a salary of \$666,667 in 2006, a prorated amount based on the \$2 million annual salary that the company agreed to pay him, according to Ford's proxy statement filed with the Securities and Exchange Commission.

Mr. Mulally also received a \$7.5 million hiring bonus and \$11 million to offset performance and stock-option awards that he forfeited when he left his previous employer, aircraft maker Boeing Co.

He got other compensation totaling \$334,433, which included \$172,974 for required use of corporate aircraft and \$55,469 for relocation costs and temporary housing.

Ford also gave Mr. Mulally stock and options awards that had an estimated value of \$19.6 million when they were granted his first day on the job, the company said.

Bill Ford received other compensation valued at \$393,848, including \$185,232 for required use of corporate aircraft and \$85,708 for security.

The company also gave him stock and option awards that had an estimated value of \$4.9 million when they were granted March 10, 2006, but they were converted to shares of common stock and donated to charity.

Grief cited in defense of Qwest executive

DENVER (AP) — During the period when former Qwest Communications Chief Executive Officer Joe Nacchio is accused of illegally selling stock, he wanted to resign from the company because one of his sons attempted suicide, Qwest founder Phil Anschutz testified yesterday.

"He was quite agitated, very emotional. In fact, he broke down in tears," Mr. Anschutz told jurors as the first defense witness in Mr. Nacchio's insider trading trial. "I was quite surprised of the news of his son and further surprised by the fact that he would want to resign from the company."

The publicity-shy Denver billionaire, who hired Mr. Nacchio to turn Qwest into a major telecommunications company, said Mr. Nacchio took time off but soon returned to work.

"We didn't spend any time talking about compensation or about him staying at Qwest. We talked about his son," Mr. Anschutz said of conversations in January 2001. "It was a matter of some days. A couple of weeks. I don't recall."

The judge agreed earlier yesterday to permit Mr. Anschutz's testimony, which is designed to give jurors an idea of Mr. Nacchio's state of mind at the time of the \$101 million in stock sales that are the subject of the 42 insider-trading counts against him.

Defense attorney John Richilano told U.S. District Judge Edward Nottingham that Mr. Nacchio could have walked away without exercising stock options coming due that year. He said a "state of mind to cheat and fraud pales in significance to what was going on with his son."

Over the prosecution's objection, Judge Nottingham allowed the testimony.

Mr. Nacchio's attorneys have said it will not take long to present his defense.

"We anticipate our entire case to be a day and a half," Mr. Richilano said.