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## **Ford Motor Shareholders Vote to Keep Dual-Share Structure**

The shareholders of Ford Motor Company voted by a margin of 2 to 1 to keep the dual share structure of the company which vests roughly 40% of the voting power in hands of the holders of the Class B stock. The Class B stock is held predominantly by members of the Ford family. The family owns roughly 4% of the economic interest of the Company.

Studies have shown that when the voting and economic ownership interests vary greatly, financial performance suffers. This is not always the case, however, and Ford Motor Co. is a good example of the exception to the rule. While its stock performance relative to its peers lagged pre-2008, there is no question that concentrated voting control helped the company weather the financial crisis. GM and Chrysler, its two domestic competitors filed for bankruptcy and Ford survived.

The 2015 Proxy for this year's annual meeting included management's brief in favor of its dual class structure. The arguments in favor included:

- This structure was established in 1956 when the company went public. Purchasers of the shares knew what they were buying into.
- The structure enabled the company to bring in former Boeing executive Alan Mulally as CEO to manage the company in its dramatic turn around and shielded him from stockholder demands of a short-term nature.
- The financial reorganization and pre-2008 restructuring directed by Mulally likely would not have been possible without the concentration of voting power in the hands of one group of stockholders.
- The structure does enable the 60% of the voting power of Ford Motor to effect change if needed.
- The company has many pro-stockholder features in its By-Laws, such as ability of Class A holders to call a special meeting, a majority of independent directors and separation of the CEO and Board Chair.

The situation at Ford is in contrast to many dual class share companies at which the shares are voting and non-voting so there is NO way the non-voting shares can change the voting structure. Many IPOs are structured this way. It is no wonder that there is movement afoot to mandate one share, one vote structures for all public companies.

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