

GM Taps Microsoft Executive for CFO

By [JOHN D. STOLL](#) And [JOANN S. LUBLIN](#)

General Motors Co. named Microsoft Corp.'s outgoing finance chief, Chris Liddell, as its chief financial officer and vice chairman, the car maker's latest move in an ongoing executive shake-up under its new chairman and chief executive.

Mr. Liddell replaces Ray Young, who is moving to the company's international operations in Shanghai. Mr. Liddell, who will take over in early 2010, joins the auto maker about a month after resigning from Microsoft to pursue an opportunity with wider responsibilities—and the potential to ascend to a chief executive post.

Mr. Liddell's appointment comes at a critical juncture for GM's finance staff. In 2010, the company aims to repay billions it owes the government and potentially launch an initial public stock offering.

The 51-year-old New Zealander will report to GM Chairman and Chief Executive Edward E. Whitacre Jr., who assumed the CEO title temporarily when Frederick "Fritz" Henderson resigned Dec. 1. Mr. Whitacre is in the initial stages of searching for a CEO replacement.

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Associated Press

Chris Liddell, Microsoft's chief financial officer, tries to fire up a crowd of Microsoft employees at a Windows 7 rally in Redmond, Wash.

Mr. Liddell isn't considered an immediate candidate for CEO, but his diverse background and aspirations for bigger things could distinguish him if Mr. Whitacre looks for insiders to groom for the top job, said people familiar with the situation.

Unlike most of Mr. Whitacre's direct reports, who are mostly lifelong auto-industry employees, Mr. Liddell's career was built outside Detroit with investment banking and CEO experience.

"Chris brings a depth and experience to this job that were unmatched in our search for a new financial leader," Mr. Whitacre said in a statement. The chairman added he is looking to the new

CFO's "experience and insights in corporate strategy as a member of the senior leadership team in helping our restructuring efforts."

GM's CFO search took several months, slowed by pay restrictions faced due to GM's \$50 billion Treasury Department bailout.

GM will pay Mr. Liddell a cash salary of about \$700,000 a year, more than his Microsoft salary of about \$500,000, according to a person close to the situation. The auto maker also is giving him about \$3 million a year in restricted shares paid as "salary stock"—long-term stock grants in lieu of cash that can't be touched for several years—this person said. He will get a similar grant in 2011 and 2012, but can't sell those shares for three years, according to the informed individual.

Microsoft said Mr. Liddell was paid \$3.5 million in total direct compensation in its fiscal year ended June 30, and \$4.8 million in its previous fiscal year.

Kenneth Feinberg, the Obama administration's pay czar, "had to approve everything" in Mr. Liddell's GM package, the informed person said. Mr. Feinberg and GM officials "went back and forth on everything. There was a lot of arm wrestling," the person added.

In addition to his pay, Mr. Liddell will have his choice of GM vehicles to drive.

The finance team led by Mr. Young was criticized by the board of directors in recent meetings for lacking "basic bread-and-butter financial discipline" and being short on accountability, according to people who attended the meetings. The department suffered the public embarrassment in 2009 of running out of money, leading to GM's bankruptcy.

GM hasn't made a profit since 2004, and had to overhaul its accounting and finance staffs in past years due to weakness in controls and other matters.

The U.S. owns about 60% of GM as a condition of the bailout. The Canadian government, the United Auto Workers union—which made major concessions in 2009—and bondholders whose debt was wiped out in bankruptcy also hold major stakes. Once the company goes public, it will be under significant pressure from these groups to boost its market performance.

Among goals of the new finance chief will be repaying by June a \$6.7 billion loan the U.S. gave GM as part of its rescue package. Last week, GM paid \$1 billion of that, and also started paying back a smaller loan from Canada. Mr. Liddell didn't return calls seeking comment.

GM began wooing Mr. Liddell before he left Microsoft, said a person familiar with the situation. He quit the software maker during the early stages of those talks, begun in early fall, to consider other jobs, including a CFO post at another major company as well as private-equity opportunities, this person said. GM ended up "chasing him for a long time," this person added.

The CFO post at GM has long been viewed as a key position. Mr. Henderson and predecessors Rick Wagoner and Jack Smith were products of GM's finance department

In a speech this summer, when talking about his staff at Microsoft, Mr. Liddell emphasized the need for employees "taking personal ownership ... even though someone else might be the

decision-maker, you share in that decision and you share in the personal accountability for the success of it." Those views echo Mr. Whitacre's call for more accountability at GM.

Since joining Microsoft in 2005, Mr. Liddell became well regarded among investors for helping to guide it through a bumpy period as it shifts to a more mature company from the hot growth story it once was.

Mr. Liddell made efforts to reduce Microsoft's huge cash stockpile by boosting dividends and stock buybacks and the company raised money through debt for the first time in its history. In the past fiscal year, Microsoft said it returned \$14 billion to shareholders through buybacks and dividends.

Yet Microsoft's stock price rose only modestly since Mr. Liddell joined the company, as investors have fretted about the durability of Microsoft's big software franchises like Windows and Office in the face of competition from Google Inc. and others. Mr. Henderson's run as CFO spanned 2005 to 2008 and included many of the functions that a traditional chief operating officer would hold. "I've always thought of CFOs as falling into three camps: finance people who guard the books, operational CFOs who drive efficiency, and strategic CFOs who help shape the agenda of the company," Mr. Liddell said in a 2008 interview with CFO magazine. "I have an interest in all three approaches, but I really see my role as the third."

Mr. Liddell once was CEO of Carter-Holt Harvey, a paper company in New Zealand that was controlled by International Paper Co. He eventually became International Paper's CFO. Earlier in his career he was as an investment banker, serving as managing director and joint CEO of CS First Boston NZ Ltd.

Crist/Kolder Associates, an executive search firm in Hinsdale, Ill., handled the GM search that led to Mr. Liddell.

Also Monday, Dutch exotic-car maker Spyker Cars NV said it has extended its offer to purchase GM's Saab unit. GM earlier turned down a Spyker bid.

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