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CERADYNE INC
Form SC 13D/A
March 06, 2002

SCHEDULE 13D

(Rule 13d-101)

Information to be Included in Statements Filed Pursuant to Rule 13d-1(a) and
Amendments Thereto Filed Pursuant to Rule 13(d)-2(a)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Under the Securities Exchange Act of 1934
(Amendment No. 2)*

Ceradyne, Inc.

(Name of Issuer)

Common Stock, \$.01 par value

(Title of Class of Securities)

156710 10 5

(CUSIP Number)

Douglas J. Cropsey
Ford Motor Company
One American Road, Rm. 1038, Dearborn, Michigan 48126
Tel: (313) 337-3220

(Name, Address and Telephone Number of
Person Authorized to Receive Notices
and Communications)

February 28, 2002

(Date of Event which Requires Filing of
This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box / /.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities and for any subsequent amendment containing the information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of

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1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provision of the Act (however, see the Notes).

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1 Name of Reporting Persons/I.R.S. Identification No. of above persons (Entities Only)
Ford Motor Company
I.R.S. Identification Number: 38-0549190

2 Check the Appropriate Box if a Member of a Group

3 SEC Use Only

4 Source of Funds (See Instructions)
WC

5 Check if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e)

6 Citizenship or Place of Organization
Delaware

NUMBER OF
SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON
WITH

7 Sole Voting Power

1,027,300

8 Shared Voting Power

0

9 Sole Dispositive Power

1,027,300

10 Shared Dispositive Power

0

11 Aggregate Amount Beneficially Owned by Each Reporting Person
1,027,300

12 Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13 Percent of Class Represented by Amount in Row (11)
12.3%

14 Type of Reporting Person (See Instructions)
CO

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The Schedule 13D filed by Ford Motor Company ("Ford") on March 21, 1986, as amended by Amendment Number 1 to Schedule 13D filed by Ford on February 23, 1988, in connection with Ford's acquisition of Common Stock of Ceradyne, Inc. (the "Issuer"), is amended as hereinafter provided. This is the first electronic amendment to a paper format Schedule 13D and, therefore, restates the entire text of the previously filed paper format Schedule 13D, as amended.

Item 1. Security and Issues.

This statement relates to the Common Stock of Ceradyne, Inc., whose principal executive offices are located at 3169-A Redhill Avenue, Costa Mesa, California 92626.

Item 2. Identity and Background.

This statement is filed by Ford Motor Company ("Ford"), a corporation organized and existing under the laws of the State of Delaware, whose principal executive offices are located at One American Road, Dearborn, Michigan 48126.

Ford is a manufacturing company whose principal business is the design, manufacture, assembly and sale of cars and trucks and related products and services.

Information concerning the executive officers and directors of Ford, including the business address for each, is set forth in Attachment I hereto, which is incorporated by reference in this statement as if fully set forth herein.

During the last five years, neither Ford nor any of its executive officers or directors identified in Attachment I (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Except as otherwise indicated in Attachment I hereto, each officer and director of Ford is a citizen of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration.

On March 11, 1986, Ford paid to the Issuer, out of the general funds of Ford, the sum of \$10 million as consideration for the issuance to Ford of 526,316 shares of the Issuer's Common Stock. Pursuant to the Issuer's exercise of a certain call option with respect to the common stock of Ceradyne Advanced Products, Inc. ("CAPI") owned by Ford, on February 12, 1988, Ford acquired an additional 680,983 shares of the Issuer's Common Stock. In accordance with the terms of the call option, and as provided in the Stock Sale Agreement between Ford and the Issuer dated March 11, 1986, Ford transferred to the Issuer 8,000 shares of CAPI common stock as consideration for the 680,983 shares acquired by Ford on February 12.

Item 4. Purpose of Transaction.

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Ford acquired the shares of the Issuer's Common Stock covered by this statement for investment purposes pursuant to a certain Stock Sale Agreement between Ford and the Issuer entered into on March 11, 1986 (the "Stock Sale Agreement"), which Stock Sale Agreement was filed as Exhibit A to the original paper format Schedule 13D amended hereby and is incorporated by reference as an Exhibit to this Schedule (file number reference 00537271). Pursuant to Articles VI (pp. 21-25), VII (pp. 25-27) and X (pp. 33-34) of the Stock Sale Agreement, Ford may acquire additional Common Stock of the Issuer upon the exercise by the Issuer of certain call option rights in accordance with the terms and conditions set forth in such Article VIII (pp. 28-30). By letter dated February 3, 1988, the Issuer notified Ford of its intention to exercise its call option rights. At the closing held pursuant thereto on February 12, 1988, Ford acquired 680,983 shares of the Issuer's Common Stock. The Issuer's exercise of its call option rights effectively terminated Ford's put option rights contained in Article VII of the Stock Sale Agreement.

Pursuant to Section 5.05 of the Stock Sale Agreement (p. 20), so long as Ford retains a sufficient amount of the Issuer's Common Stock to meet the Minimum Equity Level (as defined in Section 5.01, p. 18), the Issuer is obligated to use its best efforts, as permitted by applicable law, to ensure that its Board of Directors includes one representative designated by Ford. Ford's nominee currently serving as director of the Issuer is Christopher D. Johnson, Technology Venture Fund Manager of Ford.

Except for the potential acquisition of additional shares of the Issuer's Common Stock by Ford pursuant to the Stock Sale Agreement and the seating of a Ford nominee on the Issuer's Board, as hereinabove described in this Item 4, Ford has no plans or proposals as of the date hereof which relate to or would result in:

- (a) The acquisition by any person of additional securities of the Issuer, or the disposition of securities of the Issuer;
- (b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries;
- (c) A sale or transfer of a material amount of assets of the Issuer of any of its subsidiaries;
- (d) Any change in the present Board of Directors or managers of the Issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the Board;
- (e) Any material change in the present capitalization or dividend policy of the Issuer;
- (f) Any other material change in the Issuer's business or corporate structure;
- (g) Changes in the Issuer's charter, by-laws or instrument corresponding thereto or other actions which may impede the acquisition of control of the Issuer by any person;
- (h) Causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;
- (i) A class of equity securities of the Issuer becoming eligible for

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termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934; or

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- (j) Any action similar to any of those enumerated in sub-items (a)-(j) above.

Item 5. Interest in Securities of the Issuer.

- (a) As of the date hereof, Ford is the beneficial owner of 1,027,300 shares of Common Stock of the Issuer, which represents 12.3% of the issued and outstanding Common Stock of the Issuer. Ford has the right to acquire additional shares of the Issuer's Common Stock pursuant to Articles VI and X of the Stock Sale Agreement appended hereto as Exhibit A.
- (b) Ford has the sole power to vote or direct the vote of all 1,027,300 shares of the Issuer's Common Stock beneficially owned by Ford as of the date hereof and the sole power to dispose or to direct the disposition of such shares.
- (c) Ford has not had any transactions in the Common Stock of the Issuer other than the acquisition of 526,316 shares on March 11, 1986, the acquisition of 680,983 shares on February 12, 1988, the sale of 80,000 shares on June 14, 2001 and the sale of 99,999 shares on February 28, 2002.
- (d) No person other than Ford has the right to receive or the power to direct the receipt of dividends from the shares of the Issuer's Common Stock herein reported on, and, to Ford's knowledge, no person other than Ford has the right to receive or to direct the receipt of the proceeds from the sale of such shares.
- (e) As of the date hereof, Ford is the beneficial owner of more than five percent of the Common Stock of the Issuer.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

- (a) Ford and certain shareholders of the Issuer have entered into an Agreement dated March 11, 1986 pursuant to which the latter have undertaken to vote their respective shares of Common Stock of the Issuer, whenever acquired, that are not otherwise required to assure the election of the current Chief Executive Officer of the Issuer to the Board of Directors of the Issuer, in favor of the election of a Ford nominee to such Board of Directors. A copy of such Agreement was filed as Exhibit B to the original paper format Schedule 13D amended hereby and is incorporated by reference as an Exhibit to this Schedule (file number reference 00537271).
- (b) Pursuant to Article XIII of the Stock Sale Agreement (pp. 37-39), the Issuer has a right of first negotiation in the event Ford shall propose to offer or sell more than 100,000 shares of the Common Stock of the Issuer in a single transaction or in a number of contemporaneous transactions. In the event Ford and the Issuer fail to reach agreement within a specified negotiations period on the terms and conditions by which the Issuer would reacquire the shares of its

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Common Stock proposed to be sold by Ford, Ford may negotiate and consummate the sale of such Common Stock to a third party or parties without further obligation to the Issuer provided that (i) such sale or sales are consummated within 90 days following such negotiations period and (ii) the terms and

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conditions of each third party sale are more favorable to Ford than those proposed in writing by the Issuer within the negotiations period.

- (c) Pursuant to a certain Stock Purchase Agreement entered into on March 11, 1986 by and among Ford, the Issuer and Ceradyne Advanced Products, Inc. ("CAPI"), Ford acquired 80% of the issued and outstanding common stock of CAPI and the Issuer acquired 20% of the issued and outstanding common stock of CAPI. A copy of such Stock Purchase Agreement was filed as Exhibit C to the original paper format Schedule 13D amended hereby and is incorporated by reference as an Exhibit to this Schedule (file number reference 00537271). Pursuant to Article VII of the Stock Sale Agreement (pp. 25-27), Ford may elect to put to the Issuer all of Ford's common stock of CAPI in exchange for 608,020 shares of Common Stock of the Issuer (as such number may be adjusted in certain events). Ford's put option is exercisable for a period commencing on March 11, 1991 and ending on the first to occur of 6:00 P.M. Eastern time on March 10, 1993, the date of the closing pursuant to the Issuer's exercise of its call option, as hereinafter described. The Issuer has exercised its call option as provided in Article VIII of the Stock Sale Agreement, thereby effectively terminating Ford's put option contained in Article VII thereof.

Item 7. Material to be Filed as Exhibits.

The following documents are appended hereto as Exhibits:

Designation -----	Description -----	Method of Filing -----
Exhibit A	Stock Sale Agreement between the Issuer and Ford, dated March 11, 1986	Filed as Exhibit A to original paper format Schedule 13D amended hereby (file number reference 00537271).*
Exhibit B	Agreement between certain shareholders of the issuer and Ford, dated March 11, 1986	Filed as Exhibit B to original paper format Schedule 13D amended hereby (file number reference 00537271).*
Exhibit C	Stock Purchase Agreement between Ford, the Issuer and Ceradyne Advanced Products, Inc. dated March 11, 1986	Filed as Exhibit C to original paper format Schedule 13D amended hereby (file number reference 00537271).*

* Incorporated by reference as an exhibit to this Schedule.

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SIGNATURE

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After reasonable inquiry and to my best knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated as of February 28, 2002.

FORD MOTOR COMPANY

By: /s/ Peter Sherry, Jr.

Name: Peter Sherry, Jr.

Title: Assistant Secretary

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INDEX TO EXHIBITS

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Exhibit C	Stock Purchase Agreement between Ford, the Issuer and Ceradyne Advanced Products, Inc. dated March 11, 1986	Filed as Exhibit C to original paper format Schedule 13D amended hereby (file number reference 00537271).*

* Incorporated by reference as an exhibit to this Schedule.

ATTACHMENT

DIRECTORS AND OFFICERS OF FORD MOTOR COMPANY

Name and Business Address -----	Principal Occupation -----	Citizenship -----
William Clay Ford, Jr.* World Headquarters One American Road	Chairman of the Board and Chief Executive Officer	U.S.

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Dearborn, MI 48126

John R. H. Bond*
HSBC Holdings plc
10 Lower Thames Street
London EC3R 6AE
UK

Group Chairman, HSBC Holdings, plc

UK

Michael D. Dingman*
Shipston Group Ltd.
Deltec House
Lyford Cay
Nassau, Bahamas

President and Chief Executive Officer

Bahamas

Edsel B. Ford II*
World Headquarters
One American Road
Dearborn, MI 48126

Former Vice President, Ford Motor
Company and former President, Ford
Motor Credit Company

US

William Clay Ford*
World Headquarters
One American Road
Dearborn, MI 48126

Retired Chairman of the Finance
Committee

US

Irvine O. Hockaday, Jr.*
Hallmark Cards, Inc.
2600 Grand Avenue
Kansas City, MO 64108

Retired President and Chief Executive
Officer

US

Marie-Josée Kravis*
C/o Council on Foreign Relations
Hudson Institute
58 E. 68th Street
New York, NY 10021

Senior Fellow

Switzerland
Canada

Name and
Business Address

Principal Occupation

Citizenship

Richard A. Manoogian*
Masco Corporation
21001 Van Born Road
Taylor, MI 48180

Chairman of the Board

US

Ellen R. Marram*
North Castle Partners LLC
183 East Putnam Avenue
Greenwich, CT 06830

General Partner

US

Homer A. Neal*
European Organization for Nuclear
Research
CERN

Director ATLAS Project, Professor of
Physics and Office of Provost and
Executive Vice President for Academic
Affairs, University of Michigan

US

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PPE Division
Building 40-2C-20
1211 Geneva 23
Switzerland

Jorma J. Ollila*
Nokia Corporation
Keilahdentie 4
02150 Espoo
Finland

Chairman and Chief Executive Officer

Finland

Robert E. Rubin*
Citigroup, Inc.
399 Park Avenue - Third Floor
New York, NY 10043

Director, Chairman of the Executive
Committee and Member of the Office of
the Chairman

US

John L. Thornton*
Goldman-Sachs Group, L.P.
133 Fleet Street
London EC4A 2BB
England

President and Co-Chief Operating Officer

US

Nicholas V. Scheele*
World Headquarters
One American Road
Dearborn, MI 48126

President and Chief Operating Officer

UK

Carl E. Reichardt*
World Headquarters
One American Road
Dearborn, MI 48126

Vice Chairman

US

Name and
Business Address

Principal Occupation

Citizenship

John M. Rintamaki
World Headquarters
One American Road
Dearborn, MI 48126

Chief of Staff

US

I. Martin Inglis
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President and Chief Financial
Officer

UK

Roman J. Krygier
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President - Manufacturing and
Quality

US

Carlos E. Mazzorin
World Headquarters

Group Vice President - Asia Pacific
Operations, South American Operations

US

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One American Road
Dearborn, MI 48126

and Global Purchasing

James J. Padilla
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President - North America

US

Richard Parry-Jones
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President - Chief Technical
Officer

UK

Wolfgang Reitzle
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President - Premier
Automotive Group

Germany

David W. Thursfield
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President (Chairman,
President and Chief Executive Officer,
Ford of Europe)

UK

Martin B. Zimmerman
World Headquarters
One American Road
Dearborn, MI 48126

Group Vice President - Corporate Affairs

US

Name and
Business Address

Principal Occupation

Citizenship

Elizabeth S. Acton
World Headquarters
One American Road
Dearborn, MI 48126

Vice President and Treasurer

US

Marvin W. Adams
World Headquarters
One American Road
Dearborn, MI 48126

Vice President and Chief Information
Officer

US

William W. Boddie
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Global Core Engineering

US

Thomas K. Brown
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Global Purchasing

US

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Mei Wei Cheng World Headquarters One American Road Dearborn, MI 48126	Vice President (President, Ford Motor (China)Ltd.)	US
Susan M. Cischke World Headquarters One American Road Dearborn, MI 48126	Vice President - Environmental and Safety Engineering	US
William J. Cosgrove World Headquarters One American Road Dearborn, MI 48126	Vice President (Chief of Staff and Chief Financial Officer, Premier Automotive Group	US
Terrall M. de Jonckheere World Headquarters One American Road Dearborn, MI 48126	Vice President	US
Robert A. Dover World Headquarters One American Road Dearborn, MI 48126	Vice President (President, Jaguar Land Rover)	UK
Name and Business Address	Principal Occupation	Citizensh
-----	-----	-----
Mark Fields World Headquarters One American Road Dearborn, MI 48126	Vice President	US
Karen C. Francis World Headquarters One American Road Dearborn, MI 48126	Vice President - Consumer Connect	US
Louise K. Goeser World Headquarters One American Road Dearborn, MI 48126	Vice President - Quality	US
Joseph Greenwell World Headquarters One American Road Dearborn, MI 48126	Vice President - Global Automotive and Product Promotions and Associations	UK
Janet M. Grissom World Headquarters One American Road Dearborn, MI 48126	Vice President - Washington Affairs	US

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Lloyd E. Hansen World Headquarters One American Road Dearborn, MI 48126	Vice President - Revenue Management	US
----------------------------------------------------------------------------------	-------------------------------------	----

Earl J. Hesterberg World Headquarters One American Road Dearborn, MI 48126	Vice President (Vice President, Marketing, Sales and Service, Ford Of Europe)	US
-------------------------------------------------------------------------------------	----------------------------------------------------------------------------------	----

Darryl B. Hazel World Headquarters One American Road Dearborn, MI 48126	Vice President - Ford Customer Service Division	US
----------------------------------------------------------------------------------	----------------------------------------------------	----

Name and Business Address	Principal Occupation	Citizensh
------------------------------	----------------------	-----------

Mark W. Hutchins World Headquarters One American Road Dearborn, MI 48126	Vice President	US
-----------------------------------------------------------------------------------	----------------	----

Brian P. Kelley World Headquarters One American Road Dearborn, MI 48126	Vice President (President, Lincoln and Mercury)	US
----------------------------------------------------------------------------------	----------------------------------------------------	----

Joe W. Laymon World Headquarters One American Road Dearborn, MI 48126	Vice President - Human Resources	US
--------------------------------------------------------------------------------	----------------------------------	----

Donat R. Leclair World Headquarters One American Road Dearborn, MI 48126	Vice President and Controller	US
-----------------------------------------------------------------------------------	-------------------------------	----

Martin Leach World Headquarters One American Road Dearborn, MI 48126	Vice President (Vice President, Product Development, Ford of Europe)	UK
-------------------------------------------------------------------------------	-------------------------------------------------------------------------	----

Kathleen A. Ligocki World Headquarters One American Road Dearborn, MI 48126	Vice President - Strategy, Business Development, Canada and Mexico	US
--------------------------------------------------------------------------------------	-----------------------------------------------------------------------	----

Malcolm S. Macdonald World Headquarters	Vice President - Finance and Treasury Matters	US
--------------------------------------------	-----------------------------------------------	----

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One American Road
Dearborn, MI 48126

J. C. Mays
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Design

US

Timothy J. O'Brien
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Real Estate

US

Name and
Business Address

Principal Occupation

Citizensh

James G. O'Connor
World Headquarters
One American Road
Dearborn, MI 48126

Vice President (President, Ford Division)

U

Hans-Olov Olsson
World Headquarters
One American Road
Dearborn, MI 48126

Vice President (President, Volvo Cars)

S

Dennis E. Ross
World Headquarters
One American Road
Dearborn, MI 48126

Vice President and General Counsel

U

Shamel T. Rushwin
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - North America Business
Operations

U

Gerhard Schmidt
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Research

G

Mark A. Schulz
World Headquarters
One American Road
Dearborn, MI 48126

Vice President-- Ford Asia Pacific

U

Greg C. Smith
World Headquarters
One American Road
Dearborn, MI 48126

Vice President (President and Chief
Operating Officer, Ford Financial)

U

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Anne Stevens
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - North America Vehicle
Operations

U

David T. Szczupak
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Powertrain Operations

U

Name and
Business Address

Principal Occupation

Citizensh

Chris P. Theodore
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - North America Product
Development

U

Janet E. Valentic
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Global Marketing

U

James G. Vella
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Corporate Public Affairs

U

Alex P. Ver
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Advanced Manufacturing
Engineering

U

Rolf Zimmermann
World Headquarters
One American Road
Dearborn, MI 48126

Vice President - Craftsmanship and
Launch, Ford of Europe

G

* Indicates that the person is a Director of Ford Motor Company