



Go Further



Dave Schoch

**Group Vice President, Ford Motor Company
President, Asia Pacific**

**Morgan Stanley 2nd Annual Laguna Conference
September 15, 2014**



AGENDA

- **Our Strategy**
- **Business Environment**
- **Executing Our Plan**
- **Achieving Effective Scale**
- **Our Progress**
- **Q & A**

OUR PLAN -- ONE FORD



- Continue implementation of our global **ONE FORD** Plan:
 - Aggressively restructure to operate profitably at the current demand and changing model mix
 - Accelerate development of new products our customers want and value
 - Finance our Plan and improve our balance sheet
 - Work together effectively as one team -- leveraging our global assets



THE PLAN



- **Great Products...Strong Business...Better World**
- **Serve all major markets**
- **Expand in BRIC markets**
- **Focus on the Ford and Lincoln brands**
- **Full line-up of vehicles**
 - **Small, Medium and Large...Cars, Utilities and Trucks**
 - **Electrification strategy -- “Power of Choice”**
 - **Commitment to product excellence**
- **Best-in-class vehicles**



THE PLAN (CONT'D)



- Improve time to market
- Freshest showroom
- Enhance customer experience
- Deliver the brand promise
- Fully competitive revenue
- Global platforms and scale
- Flexible and efficient production
- Fully competitive costs
- Maintain investment grade thru economic cycle
- Skilled and motivated team



GLOBAL CORE PLATFORMS



B-Platform (Fiesta)



C-Platform (Focus)



C/D Platform (Fusion / Mondeo)



Sports Car (Mustang)



D-Platform (Explorer)



Light Truck (Ranger)



Full-Size Pickup (F-150)



Over 8500 Pickup (Super Duty)



Full-Size Van (Transit)

ASIA PACIFIC STRATEGY



ONE FORD ◦ ONE REGION

Build Ford Brand

- Establish a Core Product Portfolio
 - 5 core platforms account for 97% of Ford Brand volume in Asia Pacific by mid-decade
- Fully leverage the global product portfolio
- Improve the Brand Experience
 - Expand Dealer network
 - Train Dealer personnel
 - Implement global standards for the Ford brand experience
- Leverage Ford Credit and Parts and Accessories

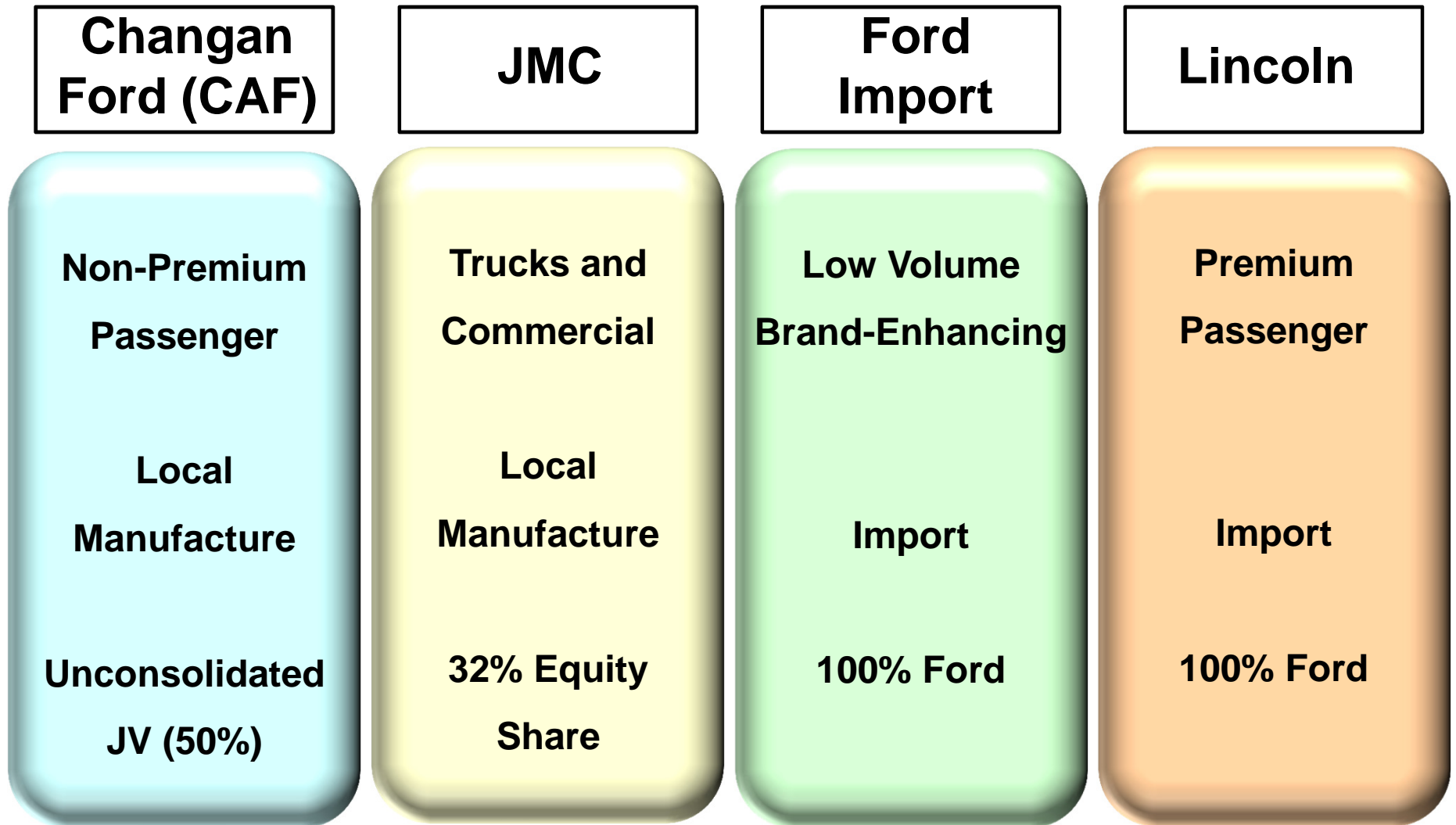
Improve Business Model

- Manufacture / Source at Scale
 - Establish 3 regional hubs
 - Increase capacity utilization
 - Invest in capacity
 - Achieve Effective Scale with Exports
- Strengthen Regional Operation
 - Locate Asia Pacific team in China
 - Establish volume manufacturing bases
 - Launch centers of excellence

Grow Ford Presence in Asia Pacific Using All of the Strengths of ONE FORD



FORD IN CHINA



Ford Consists Of Four Distinct Activities In China

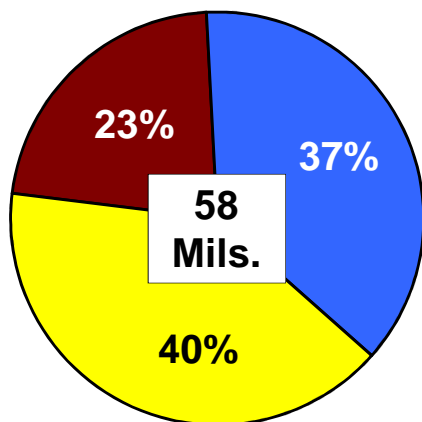


AGENDA

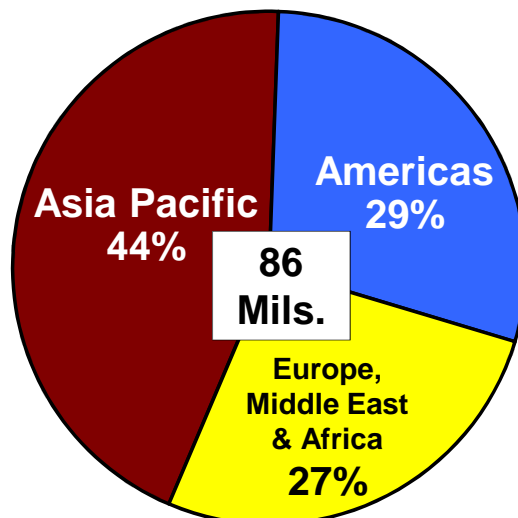
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GLOBAL INDUSTRY GROWTH BY REGION

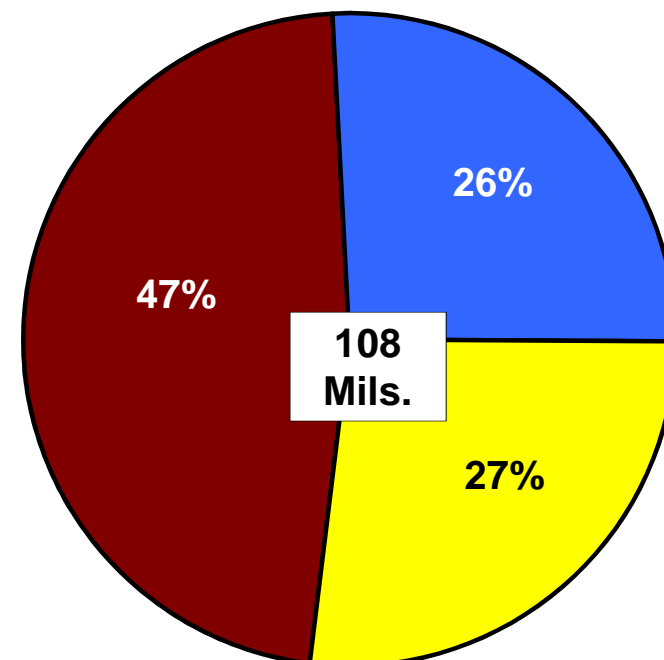
2002



2013



2020



Industry Volume (Mils. Units)

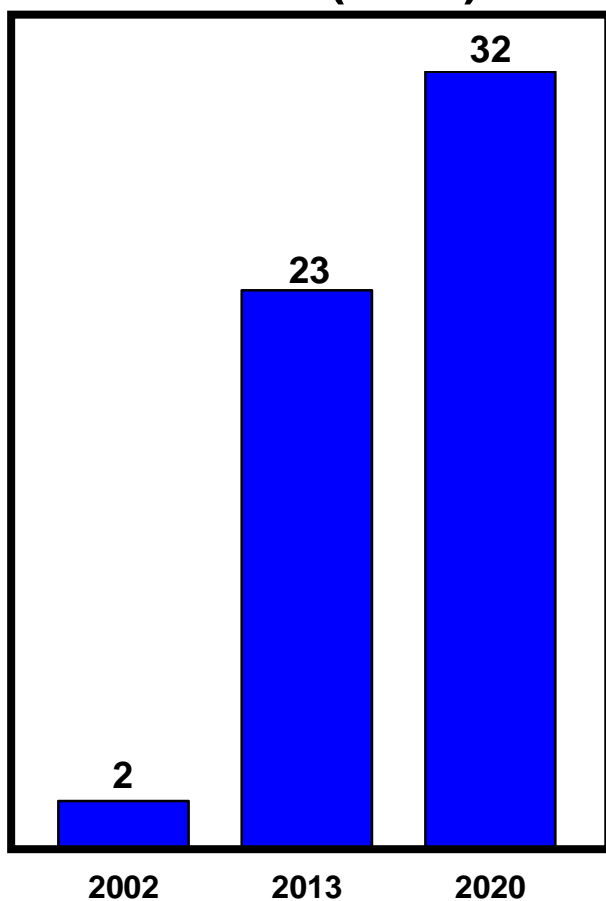
AP	13	38	51
China	2 (3%)	23 (27%)	32 (30%)

Asia Pacific Will Account For About 47% Of Global Industry By The End Of The Decade And 60 - 70% Of Our Future Growth

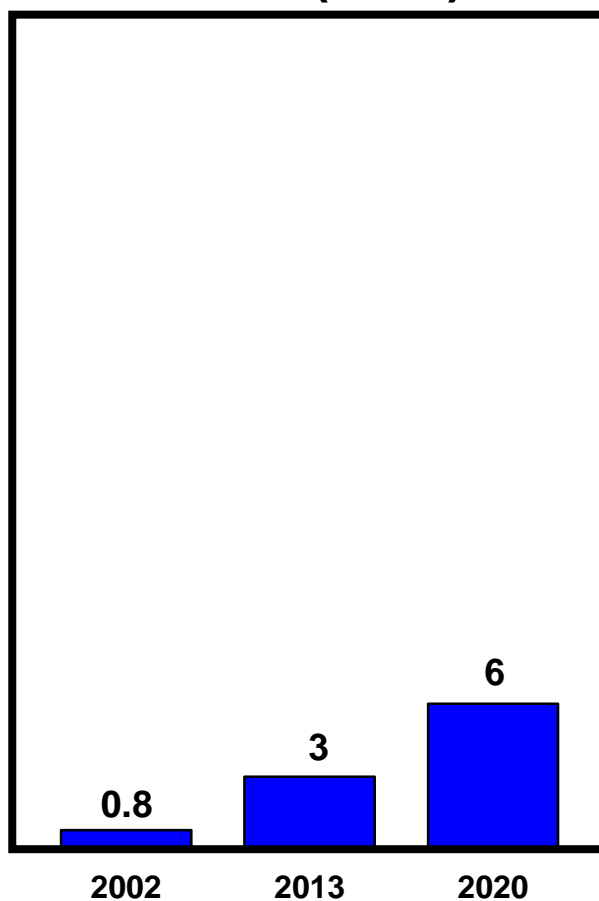


ASIA PACIFIC INDUSTRY GROWTH

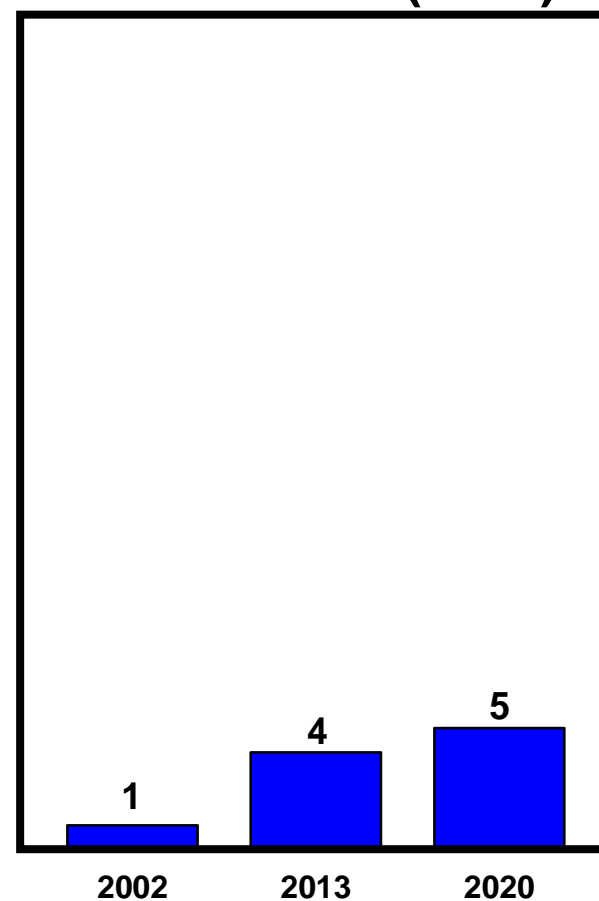
China (Mils.)



India (Mils.)



ASEAN 5* (Mils.)

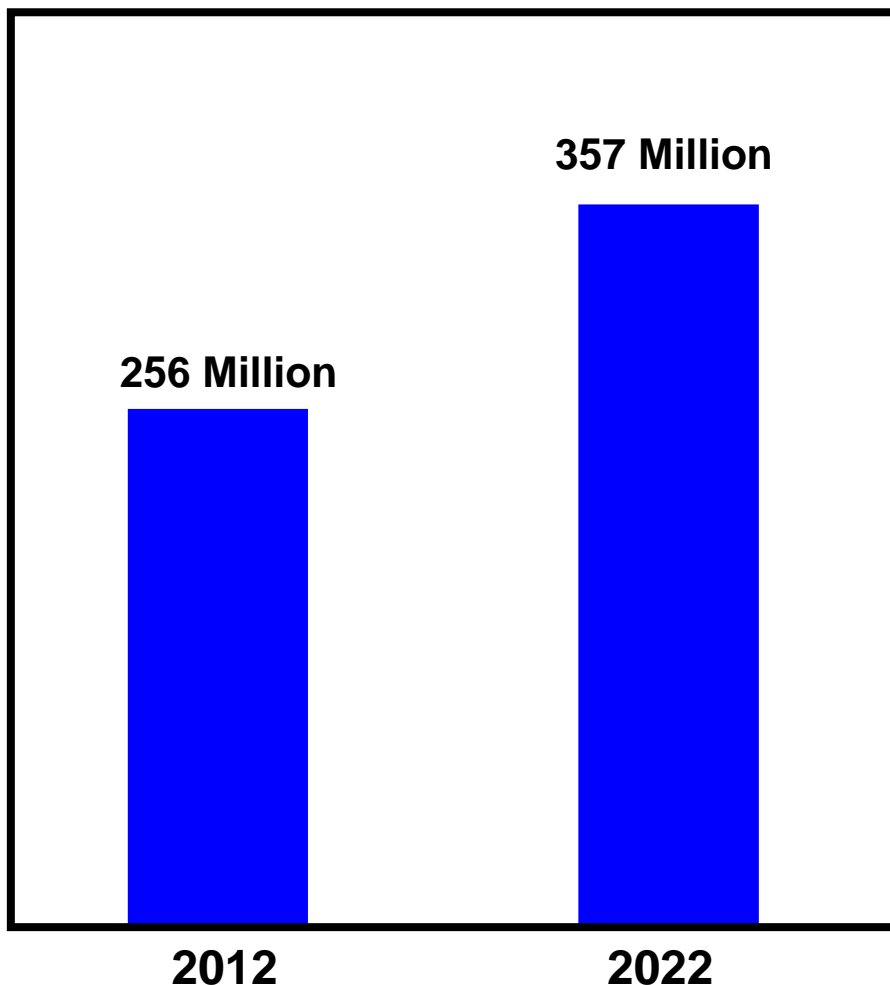


*Note: Reflects Thailand, Indonesia, Philippines, Vietnam & Malaysia

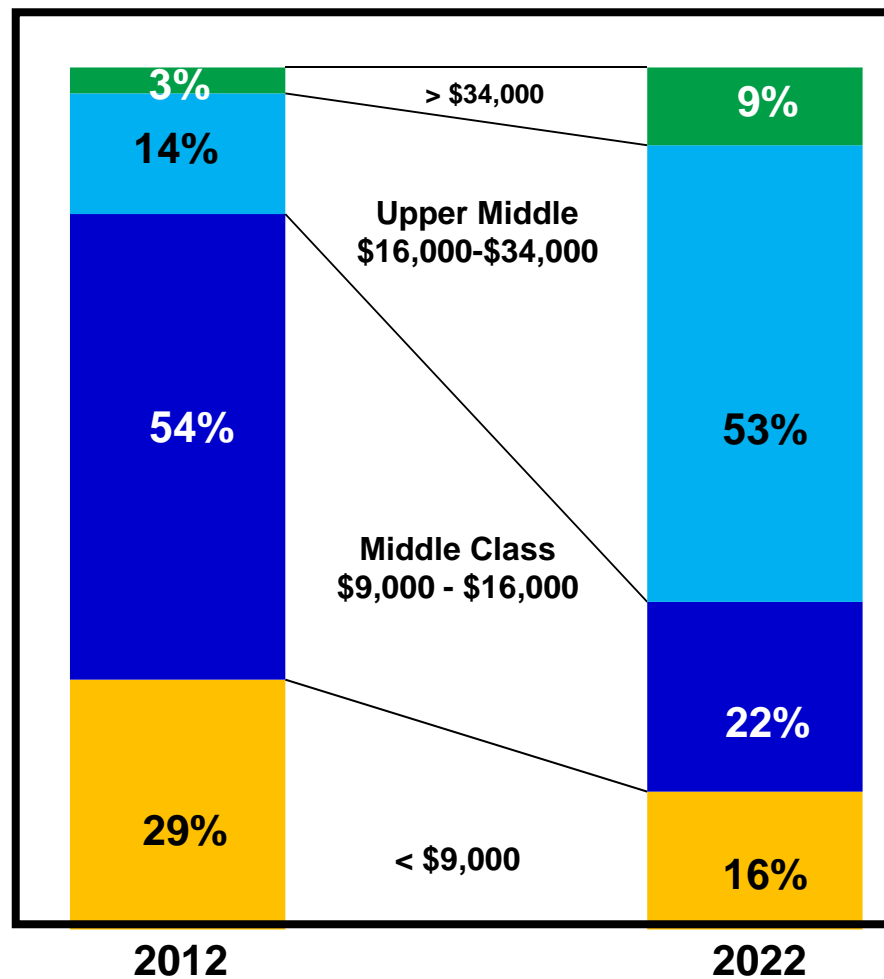
China, India and ASEAN Are The Key Emerging Markets That Are Driving Growth In The Asia Pacific Region

CHINA INCOME TREND AND URBANIZATION

Growth Of Urban Households



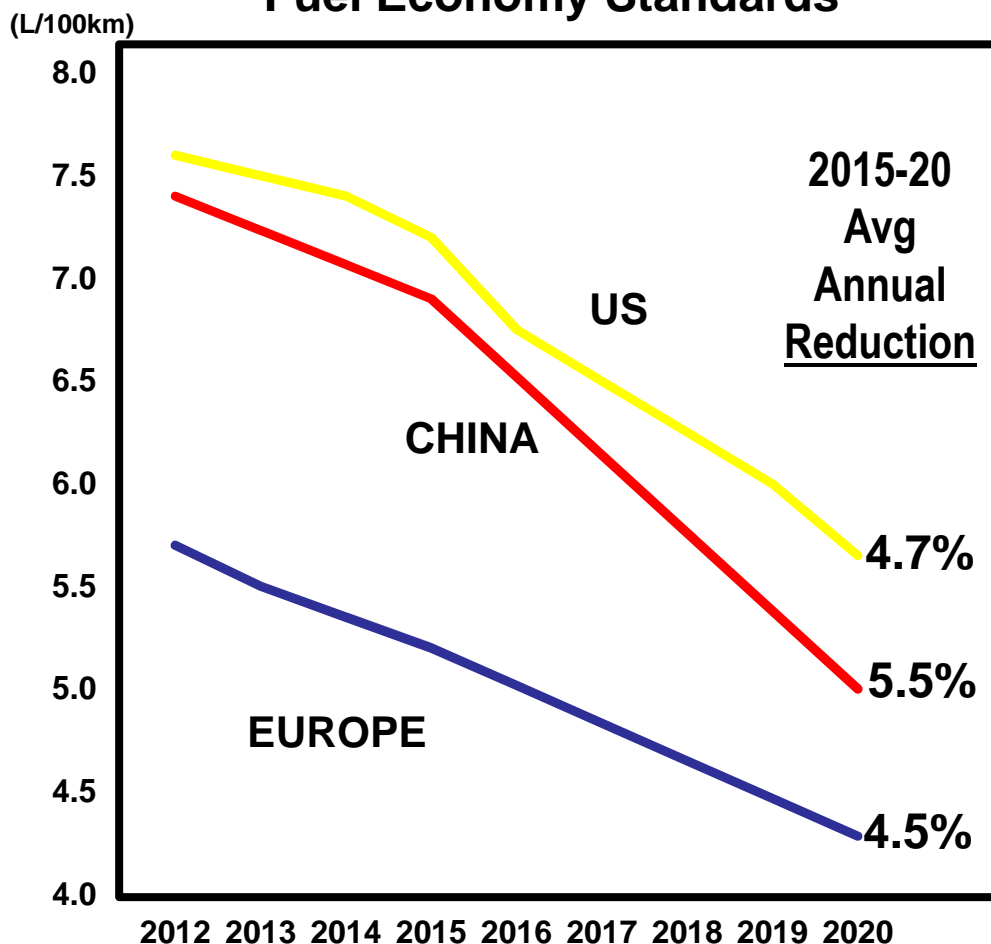
Urban Income Distribution Trend



Urbanization Continues; Middle/Upper Classes Grow To 84% Of Urban Households

CHINA AUTO POLICY - FUEL CONSUMPTION

Fuel Economy Standards



Fuel Consumption Targets

Policy Objective:

- Deliver fuel consumption targets to support energy security concerns

Implementation Measures:

- Fuel consumption targets surpassing U.S. and approaching Europe without diesel mix
- 2020 Fleet average fuel economy target =5.0L/100km

Driving deployment of advanced technologies into vehicles

Vehicle Fuel Consumption Targets Are Progressing At A Faster Rate Than EU And NA

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Figo



Fiesta Classic / Ikon



EcoSport



Kuga



Focus



Mondeo



Escort



Falcon



Fiesta



Go Further

ASIA PACIFIC



Mustang



Edge



S-MAX



Transit



Territory



Explorer



Expedition



Ranger



Everest / Endeavour



THE LINCOLN MOTOR COMPANY

MKZ



MKC



MKX



Navigator



CUTTING EDGE FORD TECHNOLOGIES IN ASIA PACIFIC



QUALITY



GREEN



SAFE



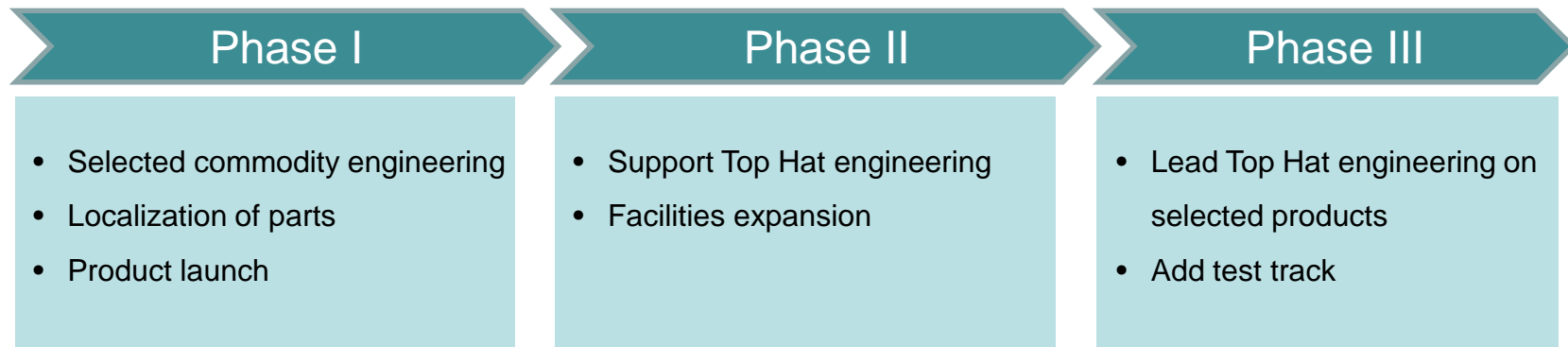
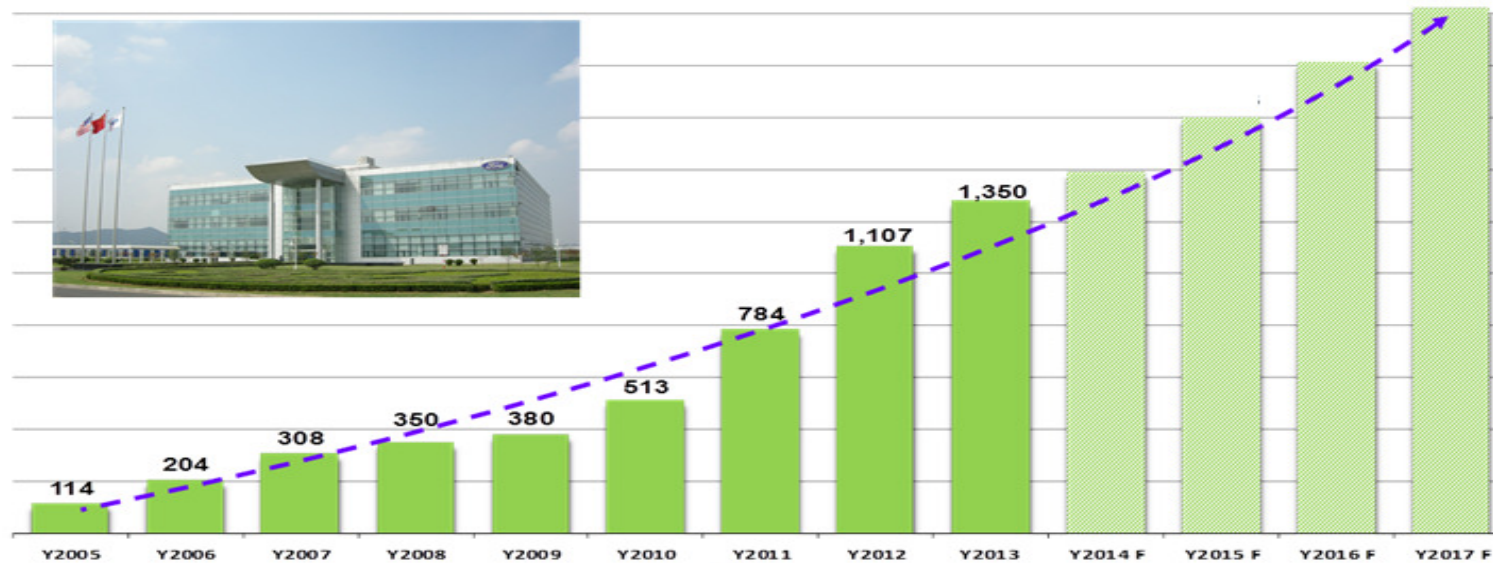
SMART



NANJING RESEARCH AND ENGINEERING CENTER GROWTH



Workforce Growth

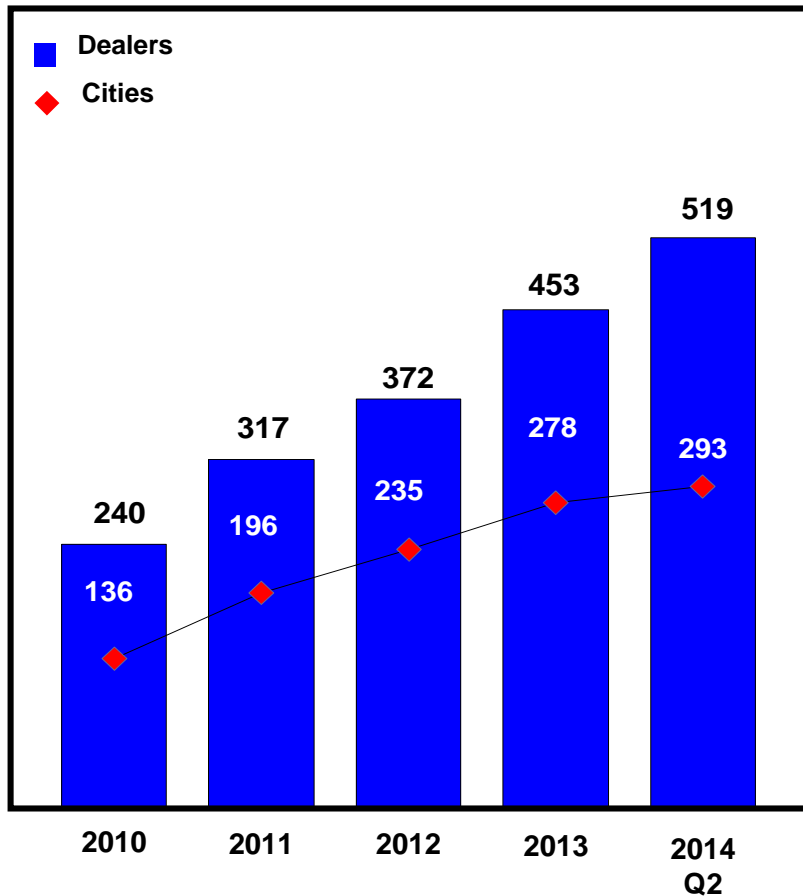


Nanjing Engineering Center Growth Is On-Plan And Will Complete Its First Full-Top Hat In 2014

FORD CREDIT IN ASIA PACIFIC



Ford Automotive Finance (China)
Number of Retail Dealers & Cities



- In China, Ford Credit has supported Ford's growth with retail and wholesale financing since 2005
 - Receivables up significantly as Ford grows
 - Portfolio performing in line with expectations
 - Completed first asset-backed securitization in Q2 (retail ABS)
- In India, Ford Credit plans to open a full-service operation in 2015

**Ford Credit Is A Strategic Asset
Supporting Ford's Growth Plans In The Region**

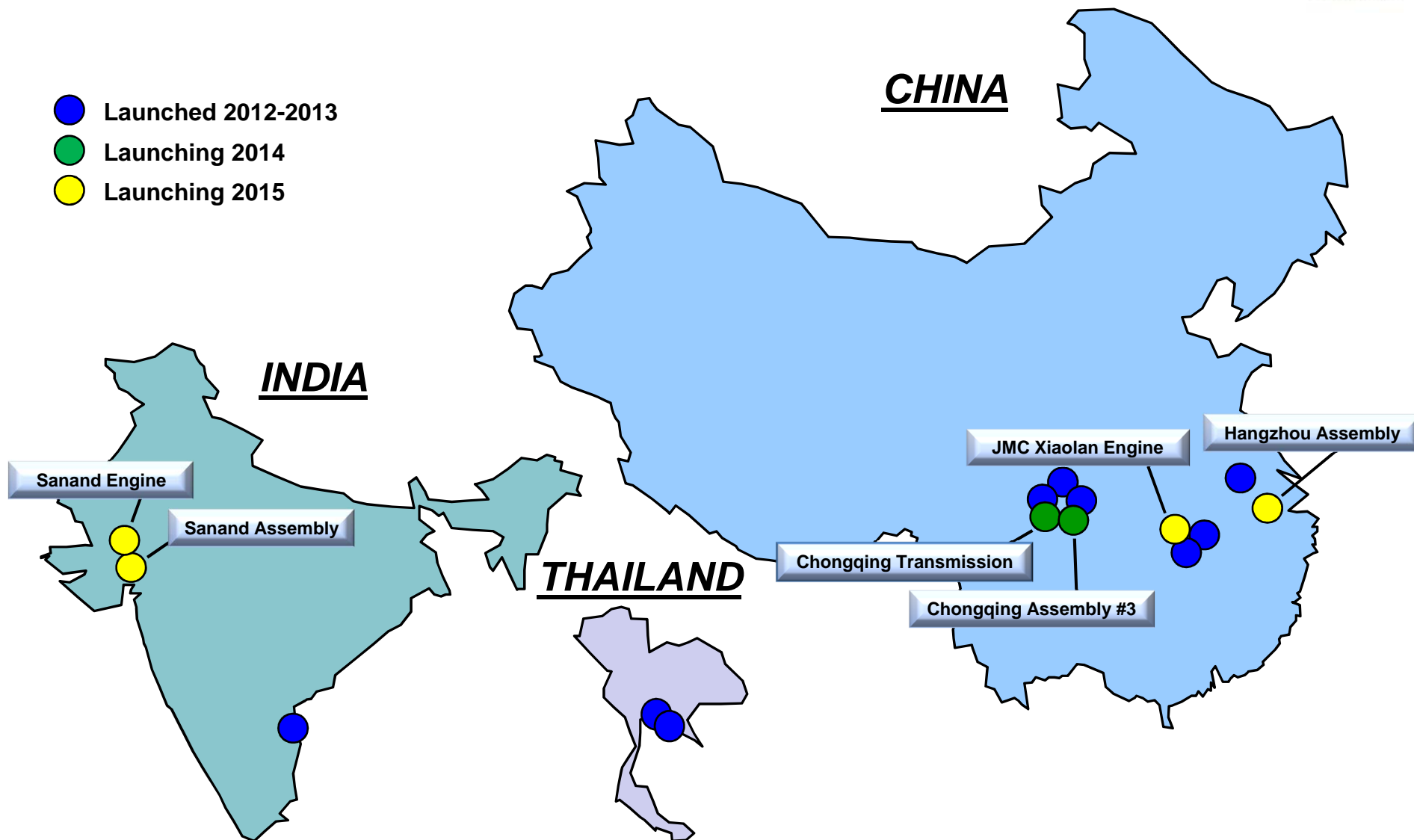


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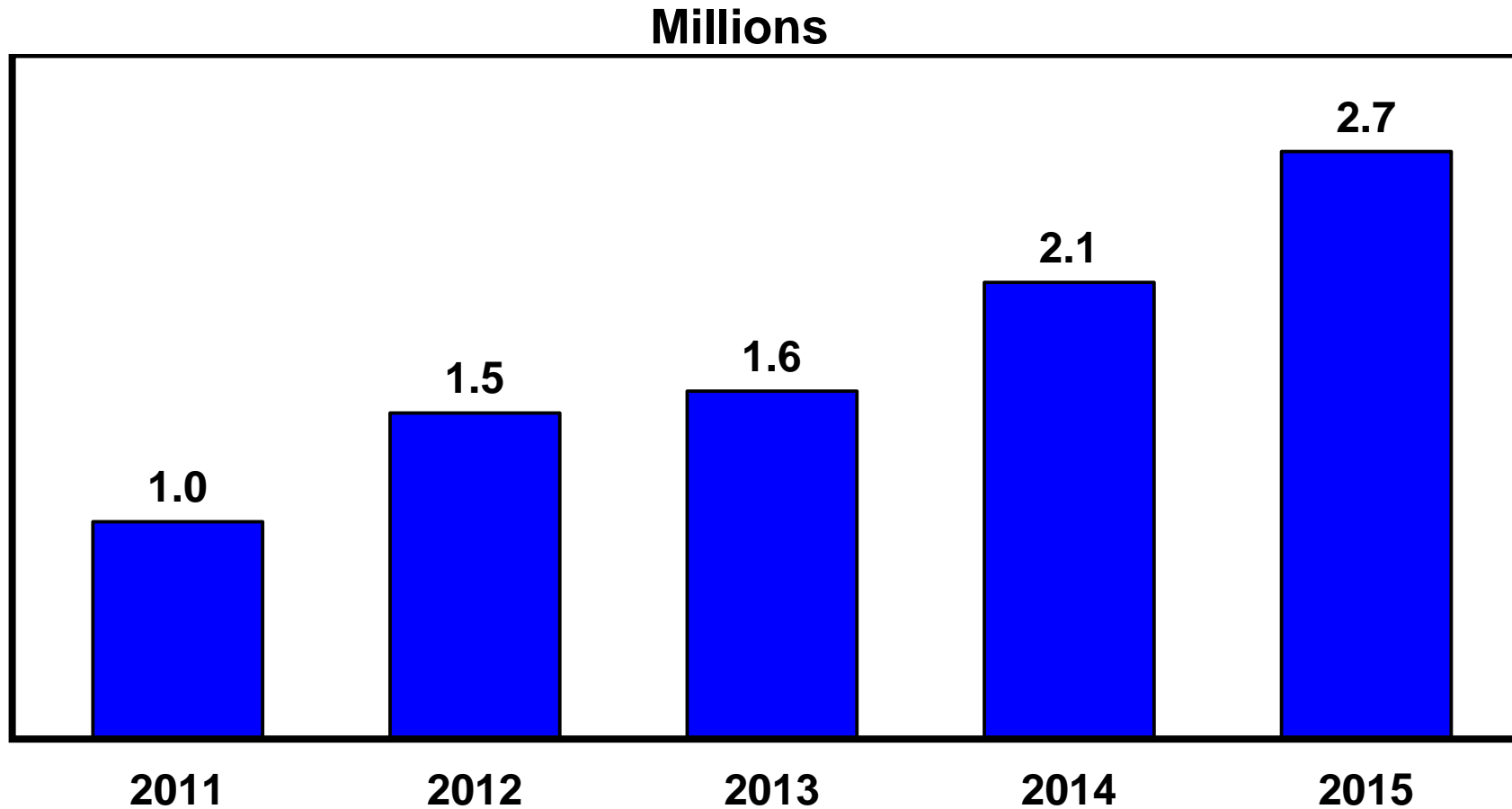
ASIA PACIFIC CAPACITY EXPANSION

- Launched 2012-2013
- Launching 2014
- Launching 2015



**Continuing To Invest In Asia Pacific,
Including Capacity Expansion During The Next Two Years**

ASIA PACIFIC MAXIMUM INSTALLED CAPACITY



We Are Installing Capacity To Meet Expected Demand

FIVE NEW PLANTS LAUNCHED SINCE 2012, FIVE MORE BEING BUILT IN ASIA PACIFIC



Changan Ford Chongqing 3



Changan Ford Hangzhou



Ford India Sanand Assembly

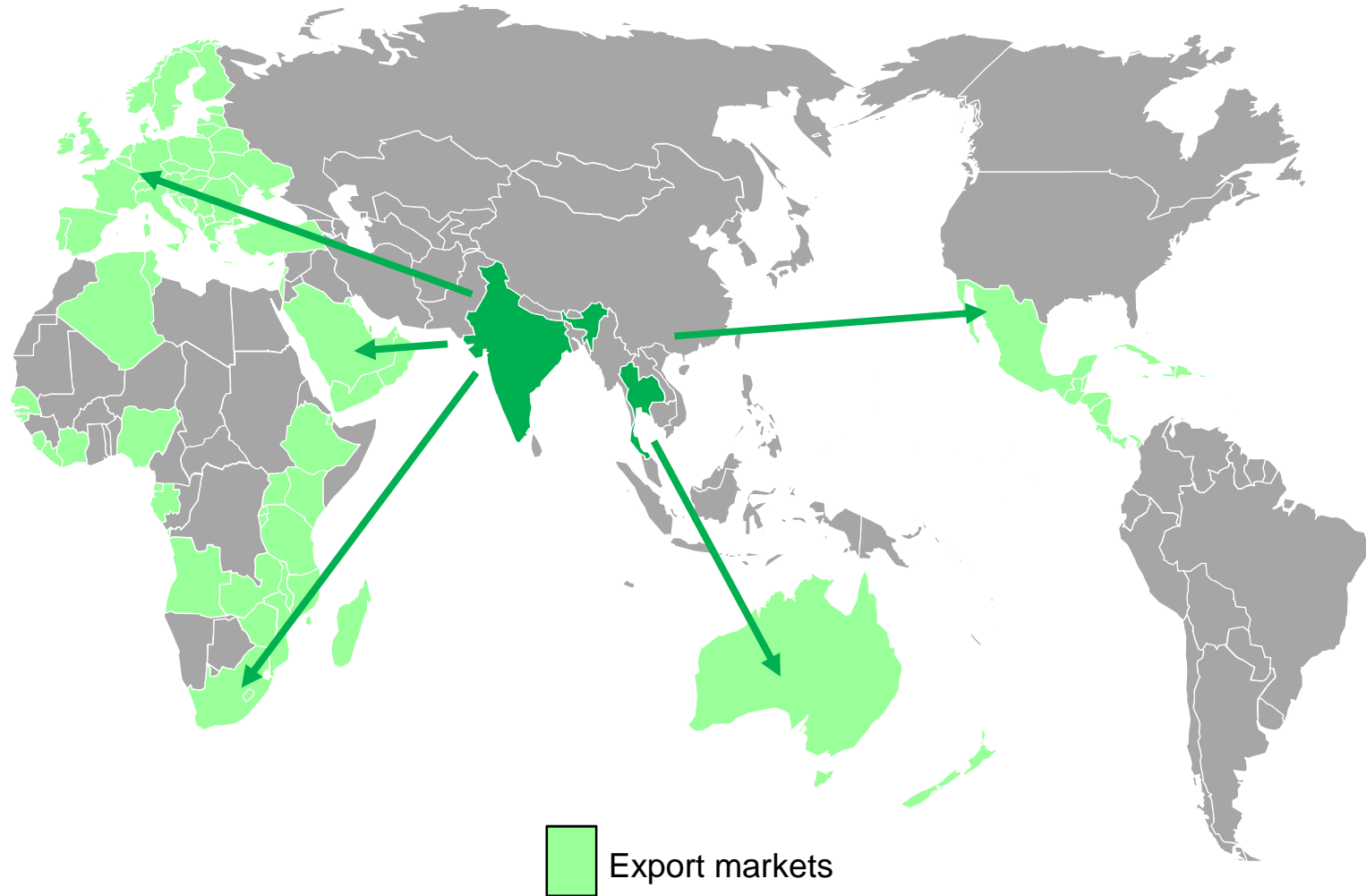


Ford India Sanand Engine



JMC Xiaolan Engine

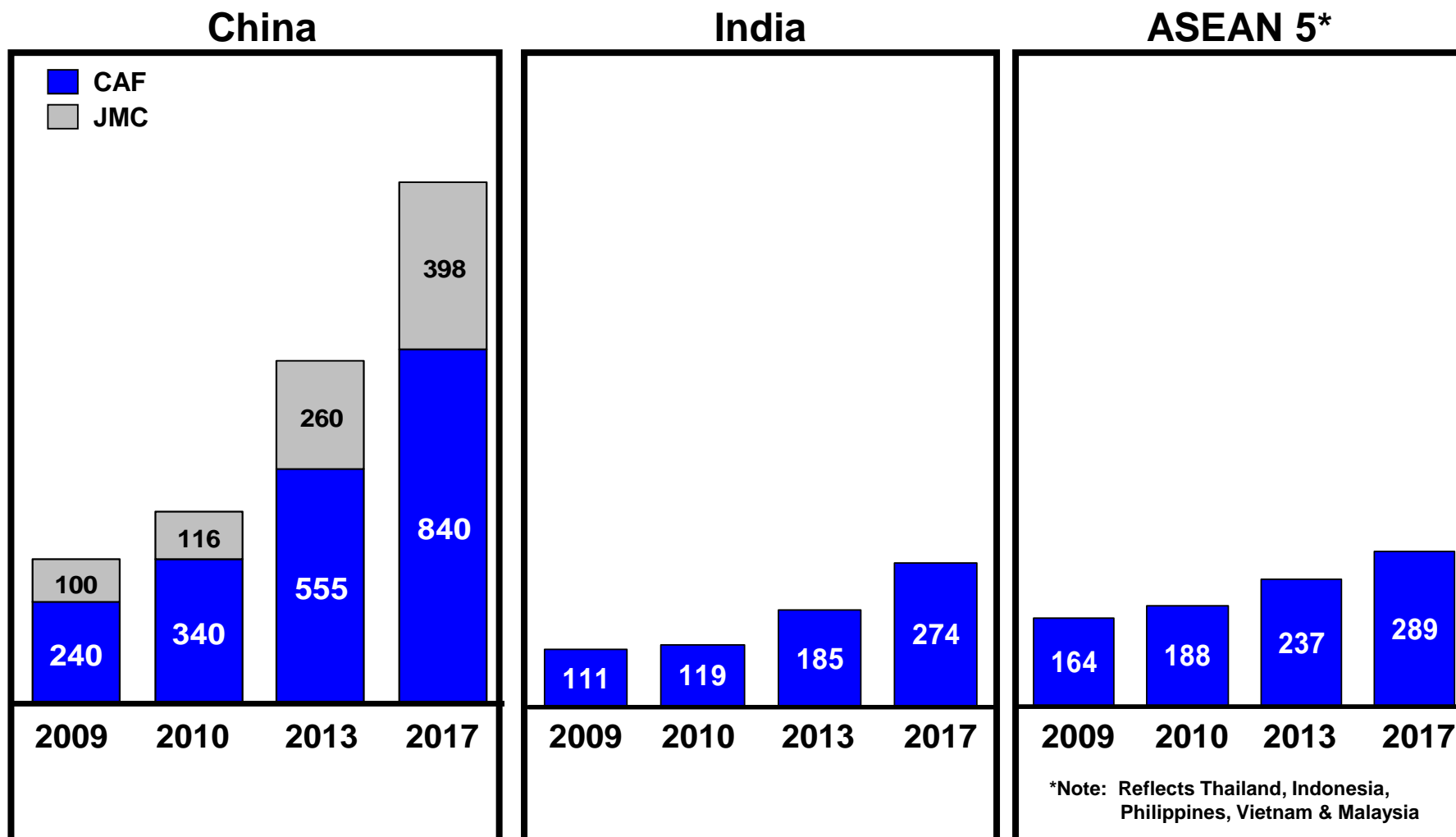
ACHIEVE EFFECTIVE SCALE WITH EXPORTS



By Establishing India and Thailand As Global Sourcing Hubs, Ford Is Accelerating Effective Scale With Export Volume



ASIA PACIFIC FORD DEALER NETWORK PLAN



Continuing To Expand Dealer Network To Meet Growing Demand

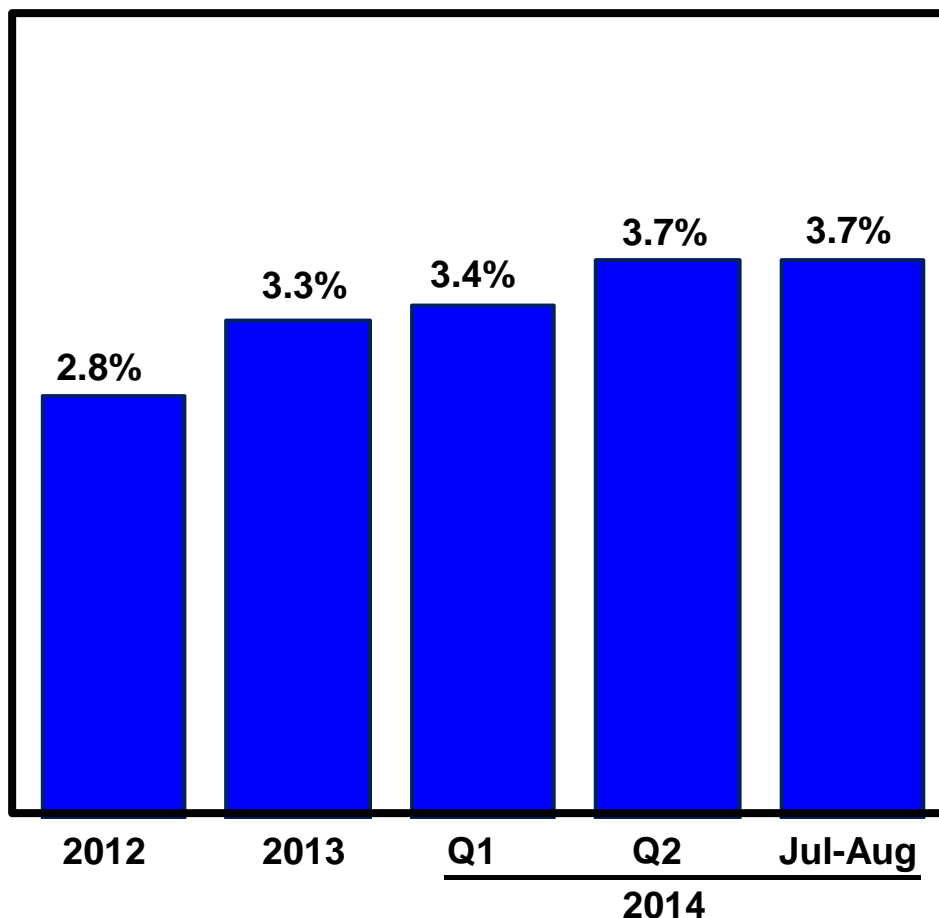
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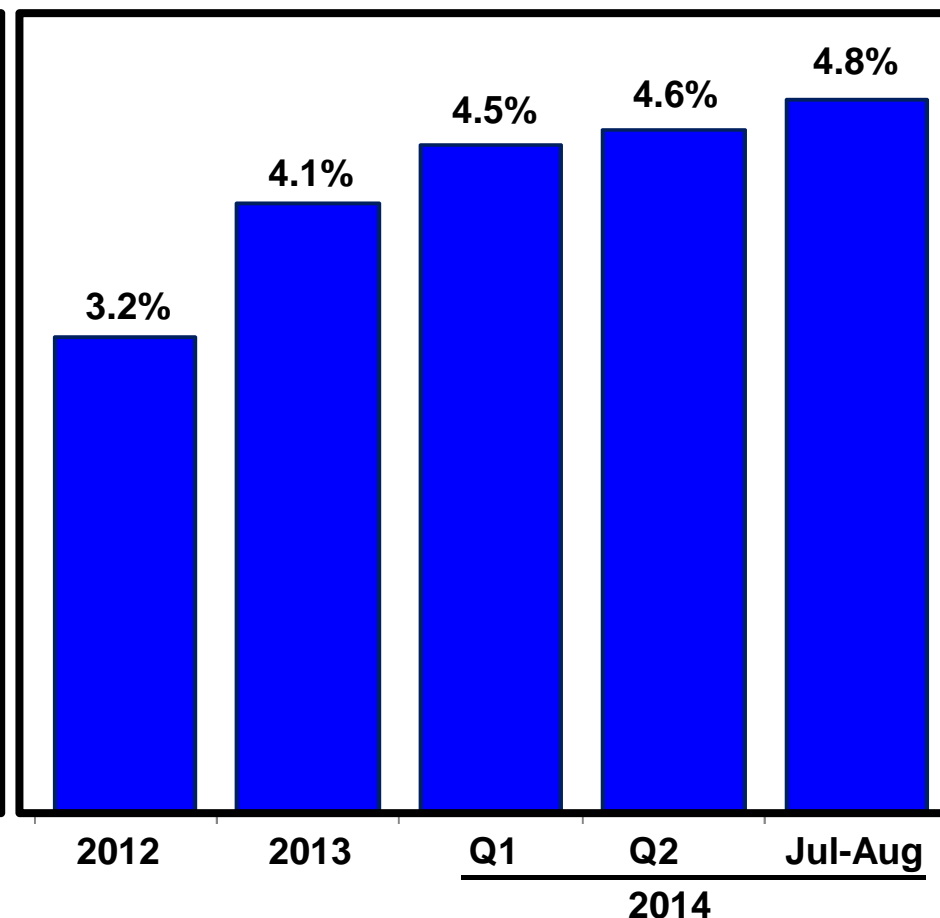


ASIA PACIFIC MARKET SHARE

Asia Pacific



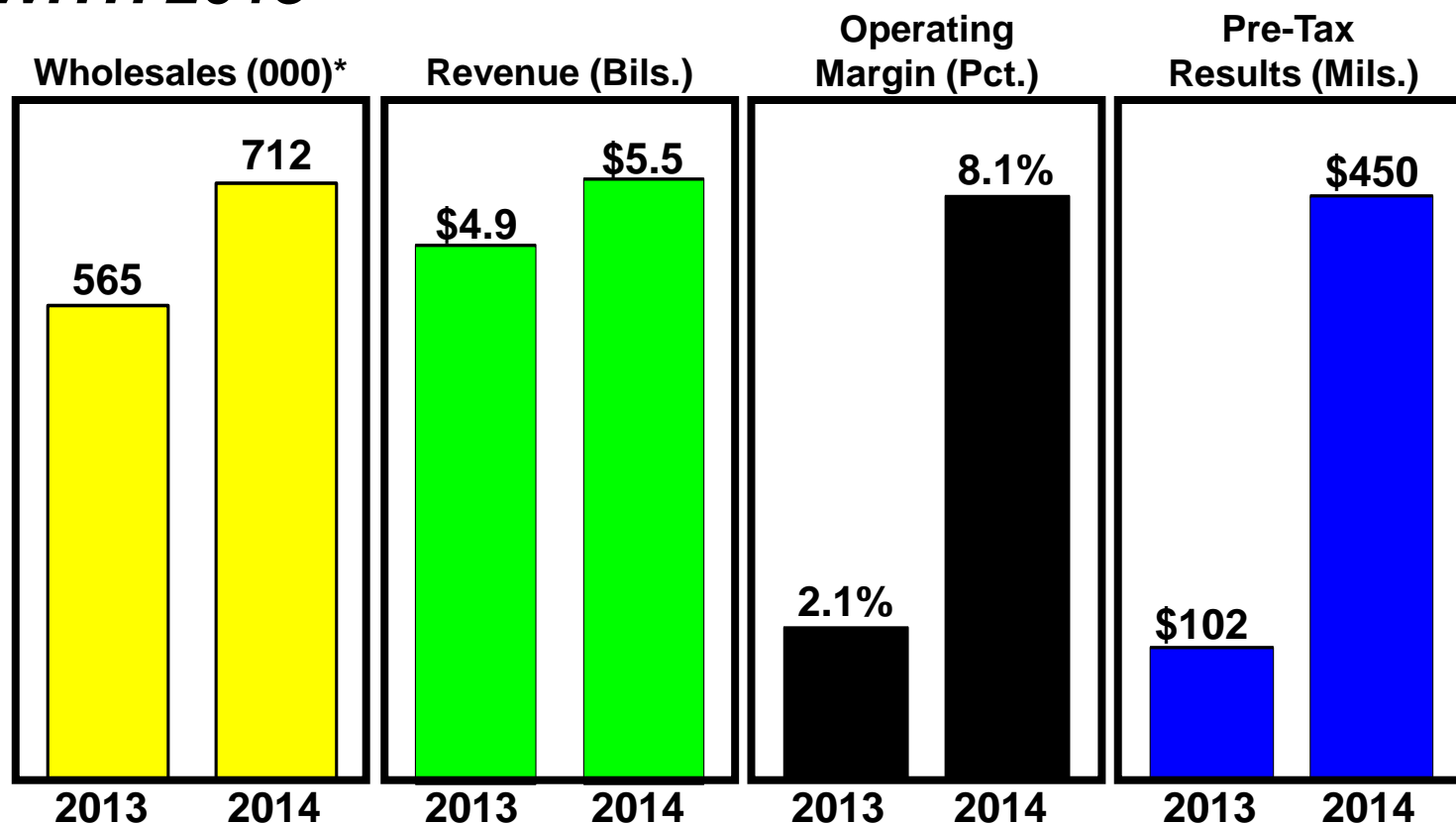
China



**Fresh Product Portfolio Driving Sales And Share Improvements --
Capacity Increases In Progress For Key Products**



AUTOMOTIVE SECTOR -- ASIA PACIFIC 2014 FIRST HALF KEY METRICS COMPARED WITH 2013



Memo:

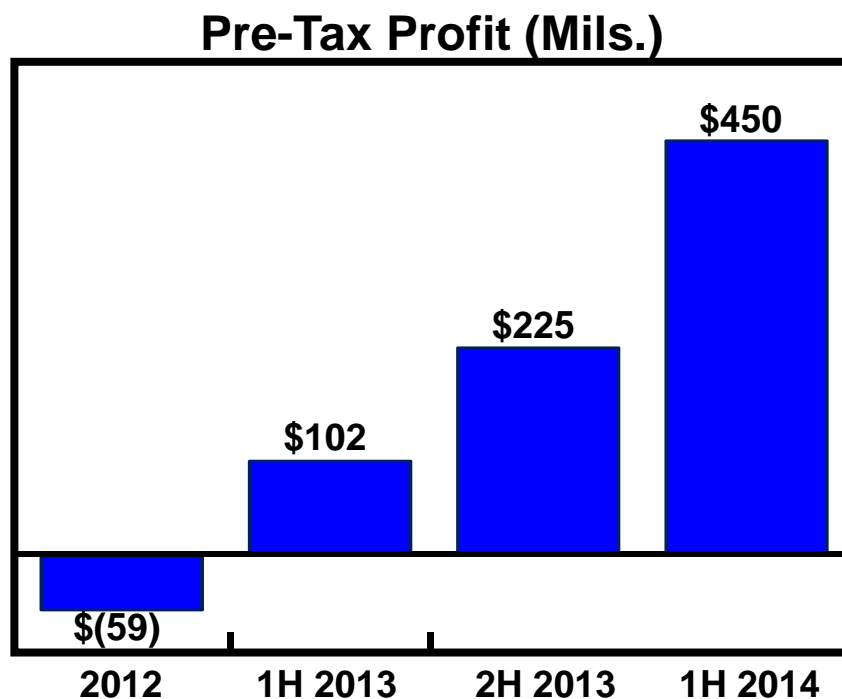
AP Industry SAAR (Mils.)**	37.3	39.3
AP Market Share**	3.0%	3.5%
China Industry SAAR (Mils.)**	21.4	23.5
China Market Share**	3.9%	4.6%

* Includes Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced in China by unconsolidated affiliates (totaling about 397,000 and 531,000 units in First Half 2013 and 2014, respectively); revenue does not include these sales

** Based, in part, on estimated vehicle registrations; includes medium and heavy trucks



ASIA PACIFIC FINANCIAL PERFORMANCE



Operating Margin*	2012	1H 2013	2H 2013	1H 2014
Operating Margin*	(0.7)%	2.1%	4.2%	8.1%

* Operating Margin excludes unconsolidated JV net revenue

- Solid profit growth
- Investing in capacity
- Leveraging One Ford global product plan for growth across the region
- Improving operating margins through better scale

Asia Pacific Is Delivering Profitable Growth

2014 KEY METRICS -- BUSINESS UNITS



	2013 Full Year Results	2014 Full Year Compared With 2013		Memo: First Half Results
		Plan	Outlook	
Automotive (Mils.)*				
North America	\$ 8,809	Lower	On Track	\$3,940
- Operating Margin	10.2%	8% - 9%	On Track	9.5%
South America	\$ (33)	About Equal	Larger Loss	\$ (805)
Europe	(1,442)	Better	On Track	(180)
Middle East & Africa	(69)	About Breakeven	On Track	77
Asia Pacific	327	About Equal	Higher	450
Net Interest Expense	(801)	About Equal	About \$(700)	(329)
Ford Credit (Mils.)	\$ 1,756	About Equal	Higher	\$ 933

* Excludes special items; see Appendix for detail and reconciliation to GAAP

Asia Pacific's 2014 Outlook Is Higher Profit Than 2013

2014 PLANNING ASSUMPTIONS AND KEY METRICS



Planning Assumptions (Mils.)	2013 Full Year	2014 Full Year		Memo: First Half Results
	Results	Plan	Outlook	
Industry Volume* – U.S.	15.9	16.0 - 17.0	16.3 - 16.8	16.5
– Europe 20	13.8	13.5 - 14.5	14.3 - 14.8	14.4
– China	22.2	22.5 - 24.5	23.3 - 24.3	23.5
Key Metrics				
Automotive (Compared with 2013):				
- Revenue (Bils.)	\$139.4	About Equal	On Track	\$ 69.2
- Operating Margin**	5.4%	Lower	On Track	5.0%
- Operating-Related Cash Flow (Bils.)***	\$ 6.1	Substantially Lower	Lower	\$ 3.8
Ford Credit (Compared with 2013):				
- Pre-Tax Profit (Bils.)	\$ 1.8	About Equal	Higher	\$ 0.9
Company:				
- Pre-Tax Profit (Bils.)***	\$ 8.6	\$7 - \$8 Billion	On Track	\$ 4.0

* Based, in part, on estimated vehicle registrations; includes medium and heavy trucks

** Automotive operating margin is defined as Automotive pre-tax results, excluding special items and Other Automotive, divided by Automotive revenue

*** Excludes special items; see Appendix for detail and reconciliation to GAAP

**Total Company Guidance Unchanged At \$7 Billion To \$8 Billion.
2014 Is The Next Step In Delivering Profitable Growth For All**

RISK FACTORS



Statements included or incorporated by reference herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Decline in industry sales volume, particularly in the United States or Europe, due to financial crisis, recession, geopolitical events, or other factors;
- Decline in Ford's market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of Ford's new or existing products;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- An increase in or continued volatility of fuel prices, or reduced availability of fuel;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase costs, affect liquidity, or cause production constraints or disruptions;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change;"
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and / or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- A change in requirements under long-term supply arrangements committing Ford to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Inherent limitations of internal controls impacting financial statements and safeguarding of assets;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles; and
- New or increased credit, consumer, or data protection or other regulations resulting in higher costs and / or additional financing restrictions.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



Go Further

QUESTIONS?



APPENDIX

SPECIAL ITEMS



	Second Quarter		First Half		Memo:
	2013	2014	2013	2014	Full Year
	(Mils.)	(Mils.)	(Mils.)	(Mils.)	2013
					(Mils.)
<u>Personnel-Related Items</u>					
Separation-related actions*	\$ (442)	\$ (152)	\$ (450)	\$ (274)	\$ (856)
<u>Other Items</u>					
Ford Sollers equity impairment	\$ -	\$ (329)	\$ -	\$ (329)	\$ -
U.S. pension lump sum program	(294)	-	(294)	-	(594)
FCTA -- subsidiary liquidation	-	-	-	-	(103)
Ford Romania consolidation loss	-	-	(15)	-	(15)
Total other items	<u>\$ (294)</u>	<u>\$ (329)</u>	<u>\$ (309)</u>	<u>\$ (329)</u>	<u>\$ (712)</u>
Total special items	<u>\$ (736)</u>	<u>\$ (481)</u>	<u>\$ (759)</u>	<u>\$ (603)</u>	<u>\$ (1,568)</u>
Tax special items	\$ 136	\$ 162	\$ 128	\$ 254	\$ 2,157
Memo:					
Special items impact on earnings per share**	\$ (0.15)	\$ (0.08)	\$ (0.16)	\$ (0.08)	\$ 0.14

* Primarily related to separation costs for personnel at the Genk and U.K. facilities

** Includes related tax effect on special items and tax special items



AUTOMOTIVE SECTOR

NET INTEREST RECONCILIATION TO GAAP

	Second Quarter		First Half		Memo:
	2013	2014	2013	2014	Full Year
	(Mils.)	(Mils.)	(Mils.)	(Mils.)	2013
					(Mils.)
Interest expense (GAAP)	\$ (207)	\$ (207)	\$ (413)	\$ (415)	\$ (829)
Interest income (GAAP)	43	41	87	80	163
Interest income / (expense) on income taxes (GAAP)	-	11	-	37	-
Subtotal	\$ (164)	\$ (155)	\$ (326)	\$ (298)	\$ (666)
<u>Adjusted for items included / excluded from net interest</u>					
Include: Gains / (Losses) on cash equiv. and marketable securities*	(55)	17	(41)	30	(7)
Include: Gains / (Losses) on extinguishment of debt	-	-	(18)	(5)	(18)
Other	(28)	(28)	(51)	(56)	(110)
Net Interest	\$ (247)	\$ (166)	\$ (436)	\$ (329)	\$ (801)

* Excludes mark-to-market adjustments of our investment in Mazda



AUTOMOTIVE SECTOR

GROSS CASH RECONCILIATION TO GAAP

	<u>2013</u>		<u>2014</u>	
	<u>June 30</u>	<u>Dec. 31</u>	<u>Mar. 31</u>	<u>June 30</u>
	(Bils.)	(Bils.)	(Bils.)	(Bils.)
Cash and cash equivalents	\$ 5.5	\$ 5.0	\$ 4.5	\$ 4.7
Marketable securities	<u>20.2</u>	<u>20.1</u>	<u>20.7</u>	<u>21.1</u>
Total cash and marketable securities (GAAP)	\$ 25.7	\$ 25.1	\$ 25.2	\$ 25.8
Securities in transit*	<u>-</u>	<u>(0.3)</u>	<u>-</u>	<u>-</u>
Gross cash	<u>\$ 25.7</u>	<u>\$ 24.8</u>	<u>\$ 25.2</u>	<u>\$ 25.8</u>

* The purchase or sale of marketable securities for which the cash settlement was not made by period end and a payable or receivable was recorded on the balance sheet



AUTOMOTIVE SECTOR OPERATING-RELATED CASH FLOWS RECONCILIATION TO GAAP

	Second Quarter		First Half		Memo:
	2013	2014	2013	2014	Full Year
	(Bils.)	(Bils.)	(Bils.)	(Bils.)	2013
					(Bils.)
<u>Net cash provided by / (used in) operating activities (GAAP)</u>	\$ 3.7	\$ 4.1	\$ 4.4	\$ 6.1	\$ 7.7
<u>Items included in operating-related cash flows</u>					
Capital spending	(1.6)	(1.9)	(3.1)	(3.4)	(6.6)
Proceeds from the exercise of stock options	0.2	-	0.2	0.1	0.3
Net cash flows from non-designated derivatives	-	0.1	(0.2)	0.1	(0.3)
<u>Items not included in operating-related cash flows</u>					
Cash impact of Job Security Benefits and personnel-reduction actions	-	0.1	0.1	0.1	0.3
Funded pension contributions	1.0	0.3	2.8	0.8	5.0
Tax refunds and tax payments from affiliates	-	-	(0.3)	(0.2)	(0.3)
Other	-	(0.1)	0.1	0.2	-
Operating-related cash flows	<u>\$ 3.3</u>	<u>\$ 2.6</u>	<u>\$ 4.0</u>	<u>\$ 3.8</u>	<u>\$ 6.1</u>