

# ***INVESTOR CALL***

# ***FCE BANK PLC***

***November 8, 2010***

**KR Kent – Ford Credit Vice Chairman and CFO**

**Peter Jepson – FCE Executive Director, Finance & Strategy**

**Sam Smith – FCE Treasurer**

# FCE BANK PLC

## SAFE HARBOR



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:

### Automotive Related:

- Declines in industry sales volume, particularly in the United States or Europe, due to financial crisis, recession, geo-political events or other factors;
- Decline in Ford’s market share;
- Continued or increased price competition for Ford vehicles resulting from industry overcapacity, currency fluctuations or other factors;
- An increase in or acceleration of market shift beyond Ford’s current planning assumptions from sales of trucks, medium- and large-sized utilities, or other more profitable vehicles, particularly in the United States;
- A return to elevated gasoline prices, as well as the potential for volatile prices or reduced availability;
- Lower-than-anticipated market acceptance of new or existing Ford products;
- Adverse effects from the bankruptcy, insolvency, or government-funded restructuring of, change in ownership or control of, or alliances entered into by a major competitor;
- Economic distress of suppliers may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase Ford’s costs, affect Ford’s liquidity, or cause production disruptions;
- Work stoppages at Ford or supplier facilities or other interruptions of production;
- Single-source supply of components or materials;
- Restriction on use of tax attributes from tax law “ownership change”;
- The discovery of defects in Ford vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs;
- Increased safety, emissions, fuel economy or other regulation resulting in higher costs, cash expenditures and/or sales restrictions;
- Unusual or significant litigation or governmental investigations arising out of alleged defects in Ford products, perceived environmental impacts, or otherwise;
- A change in Ford’s requirements for parts or materials where it has entered into long-term supply arrangements that commit it to purchase minimum or fixed quantities of certain parts or materials, or to pay a minimum amount to the seller (“take-or-pay contracts”);
- Adverse effects on Ford’s results from a decrease in or cessation of government incentives related to capital investments;
- Adverse effects on Ford’s operations resulting from certain geo-political or other events;
- Substantial levels of indebtedness adversely affecting Ford’s financial condition or preventing Ford from fulfilling its debt obligations (which may grow because Ford is able to incur substantially more debt, including additional secured debt);

### Ford Credit Related:

- A prolonged disruption of the debt and securitization markets;
- Inability 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 otherwise;
- Inability to obtain competitive funding;
- Higher-than-expected credit losses;
- Adverse effects from the government-supported restructuring of, change in ownership or control of, or alliances entered into by a major competitor;
- Increased competition from banks or other financial institutions seeking to increase their share of retail installment financing Ford vehicles;
- Collection and servicing problems related to our finance receivables and net investment in operating leases;
- Lower-than-anticipated residual values or higher-than-expected return volumes for leased vehicles;
- New or increased credit, consumer or data protection or other laws and regulations resulting in higher costs and/or additional financing restrictions;
- Changes in Ford’s operations or changes in Ford’s marketing programs could result in a decline in our financing volumes;

### General:

- Fluctuations in foreign currency exchange rates and interest rates;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Labor or other constraints on Ford’s or our ability to restructure its or our business;
- Substantial pension and postretirement healthcare and life insurance liabilities impairing Ford’s or our liquidity or financial condition; and
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns).

We cannot be certain that any expectations, forecasts or assumptions made by management in preparing these forward-looking statements will prove accurate, or that any projections 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 statements, whether as a result of new information, future events or otherwise. For additional discussion of these risk factors, see Item 1A of Part I of Ford’s 2009 10-K Report and Item 1A of Part I of Ford Credit’s 2009 10-K Report as updated by Ford’s and Ford Credit’s subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# DISCUSSION AGENDA



1.	Business Environment	2
2.	The One Ford Plan	4
3.	Ford Credit	12
4.	FCE Bank plc	18
	Appendix	

# **TOTAL COMPANY BUSINESS ENVIRONMENT**



- **The global economic recovery continued through the Third Quarter:**
  - **Strength in China, India, Brazil, and Turkey as well as solid growth in Germany and Canada**
  - **U.S., U.K., and other European markets are growing more modestly**
  - **Jobs, housing, and credit markets remain weak**
- **Economic policy adjustments are being made to meet challenges:**
  - **Central Banks in China, India, Brazil, and Canada have tightened monetary policy in response to inflation risks**
  - **Budget pressures leave limited fiscal flexibility in the U.S. and major European countries in response to slow growth**
  - **Quantitative easing by U.S. Federal Reserve is supportive of economic growth. Both and ECB and Bank of England policy rates are steady at 1.0% and 0.5%, respectively**
- **Commodity prices are returning to a long-term, upward trend after declines last year**
- **Global industry volume for Full Year 2010 is projected to be 70 million units, exceeding the 2009 level by about 8%**

**The Global Business Environment Remains Challenging,  
But We Expect Global Growth To Continue Into 2011**

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# THE 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... to deliver profitable growth for all
- Finance our Plan and improve our balance sheet
- Work together effectively as one team



# **GLOBAL AUTOMOTIVE KEY ACCOMPLISHMENTS SINCE 2005**



- **Ford has reduced structural costs by more than \$14 billion**
- **Reducing N.A. production capacity by approximately 40 percent by end of 2011**
- **Reduced N.A. salaried, hourly headcount by 40-50 percent**
- **Improved our manufacturing competitiveness – particularly by working collaboratively with the UAW**
- **Reduced product engineering and new facility and tooling costs**

**Reduced Structural Costs Significantly;  
Lowered Breakeven Volume**

# **PRODUCT STRATEGY -- ONE FORD**



- **One Ford plan accelerates development of new products customers want and value:**
  - **Laser focus on the Ford brand, facilitated by divesting brands and other non-core assets**
  - **A complete balanced portfolio of small, medium, and large, cars, utilities, and trucks**
  - **Substantial and continuous improvement in engineering and investment efficiency**
    - » **Leveraging the global assets of One Ford**
    - » **Reducing the number of vehicle platforms, engines, transmissions, and customer-offered complexity**
  - **Reduce average age of showroom portfolio**
  - **Product excellence = the best designed vehicles in the world**

# MIGRATING TO GLOBAL PLATFORMS



ONE FORD



Fiesta

South America



Fiesta

Europe / Asia Pacific



Global Fiesta



Focus

North America



Focus

Europe / South America  
Asia Pacific



Global Focus



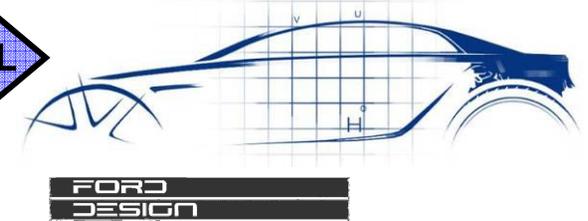
Fusion

North America



Mondeo

Europe / Asia Pacific

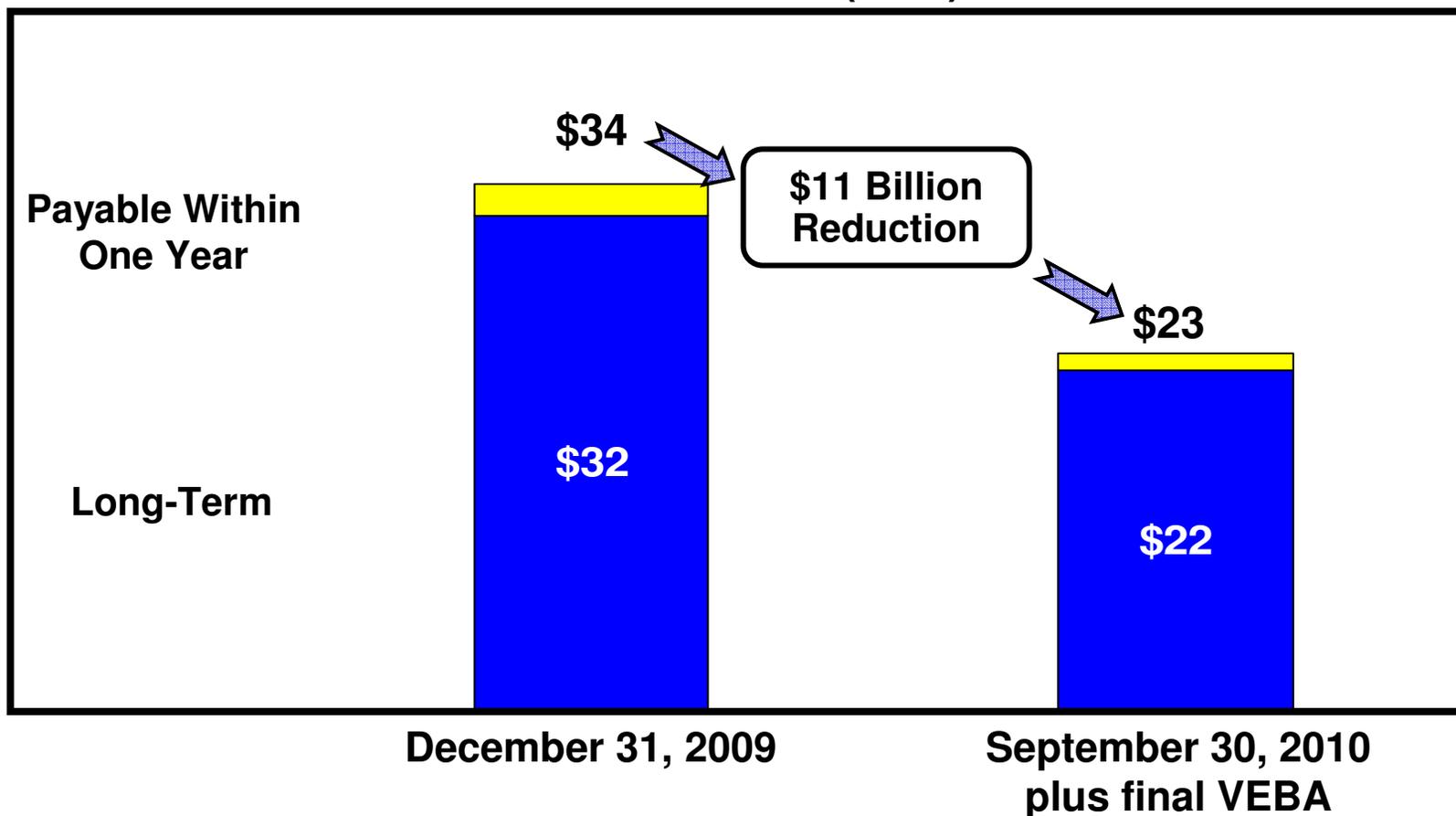


Global CD-Car SLIDE 8

# FINANCING OUR PLAN -- 2010 AUTOMOTIVE DEBT



Total Debt (Bils.)



Memo:

Net Cash/(Debt)\*

\$(8.7)

Payment

\$(2.5)

**Improved Operating Performance Is Enabling Us To Continue The Process Of Strengthening Our Balance Sheet**

\*See Third Quarter 2010 Earnings Presentation Dated October 26, 2010 at [www.ford.com](http://www.ford.com) for reconciliation to GAAP

# **ONE TEAM -- WORKING TOGETHER EFFECTIVELY**



**ONE FORD**  
ONE TEAM • ONE PLAN • ONE GOAL

- **Dealer Relations are at an all-time high. In a recent NADA survey, Ford scored all-time high marks in 9 of 12 categories**
- **Employee satisfaction continues to improve -- future outlook dimension is at 90% favorable**
- **Relations with suppliers continues to outpace industry -- Ford rose from last place in 2007 to first place in the First, Second and Third Quarters of 2010**
- **Corporate reputation continues to improve; Ford now the #1 automotive brand in the U.S.**

**All Stakeholders Involved, Contributing to,  
And Pleased With Our Progress**

# **THE ONE FORD PLAN IS WORKING**



- **Restructured and significantly lowered fixed costs, took out idle capacity, and reduced engineering and new facility / tool costs**
- **Starting to see the benefits of aggressive new product plan and balanced portfolio**
- **New products well-received in the marketplace**
- **Have broken into the top 5 in initial vehicle quality among all manufacturers in the U.S.; Ford is the only full-line, non-premium brand to make it there**
- **Ford, Lincoln and Mercury vehicles recorded the U.S. industry's largest gain in resale values from the 2009 to 2010 model year**
- **Successfully stabilized and grown market share in North America, while improving net revenue**
- **Automotive debt reduced by \$10.8 billion in 2010\***
- **For 2010, we are on track to deliver solid profits with positive Automotive operating-related cash flow**
- **For 2011, we expect continued improvement in total profitability and Automotive operating-related cash flow**

\* \$7.2 billion through Third Quarter, plus pay down of VEBA note in October 2010.

# DISCUSSION AGENDA

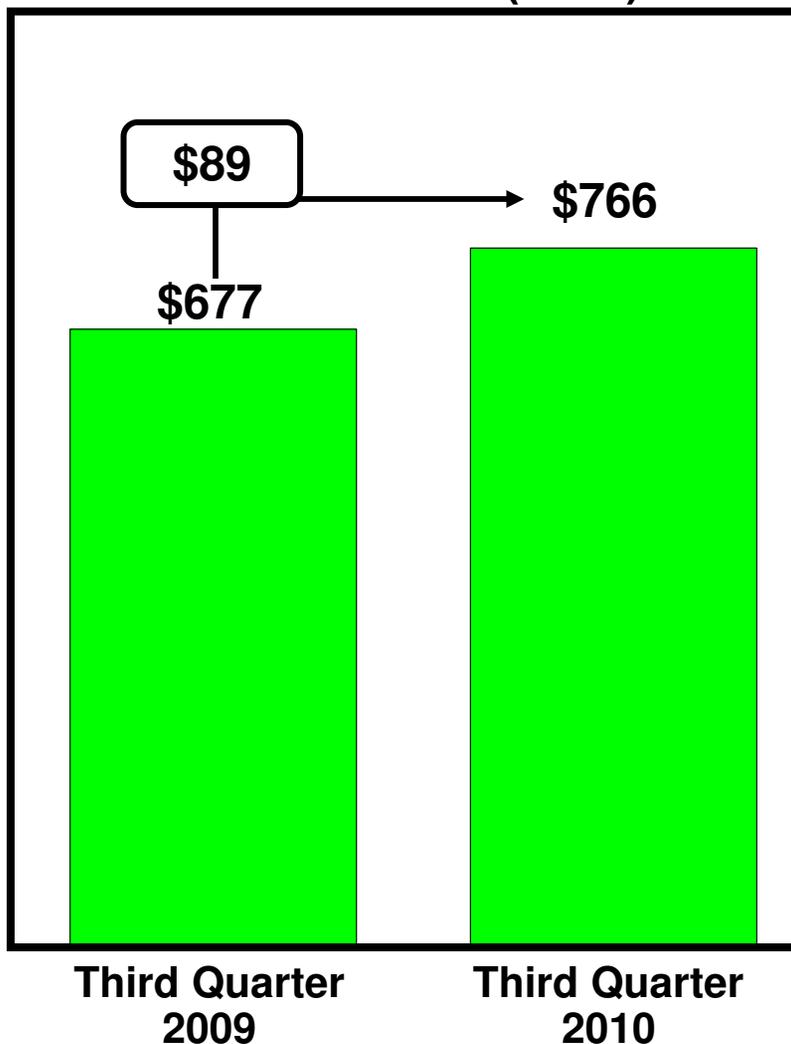


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# FORD CREDIT RESULTS AND METRICS -- 2010 THIRD QUARTER



## Pre-Tax Profit (Mils.)



## Key Metrics

	Third Quarter	
	2009	2010
<b>On-Balance Sheet</b>		
Receivables (Bils.)	\$ 93	\$ 83
Charge-Offs (Mils.)	\$ 240	\$ 95
<b>Loss-to-Receivables Ratio</b>		
- Worldwide	0.97%	0.44%
- U.S. Retail and Lease	1.15	0.59
<b>Allowance for Credit Losses</b>		
- Worldwide Amount (Bils.)	\$ 1.7	\$ 1.0
- Pct. Of EOP Receivables	1.79%	1.14%
<b>Financial Statement</b>		
Leverage (To 1)	9.9	8.1
Distribution (Bils.)	\$ 0.4	\$ 1.0
Net Income / (Loss) (Mils.)	\$ 427	\$ 497
<b>Managed*</b>		
Receivables (Bils.)	\$ 94	\$ 85
Leverage (To 1)	7.7	6.3

\* See Appendix for calculation, definitions, and reconciliation to GAAP

# ***FORD CREDIT FUNDING***

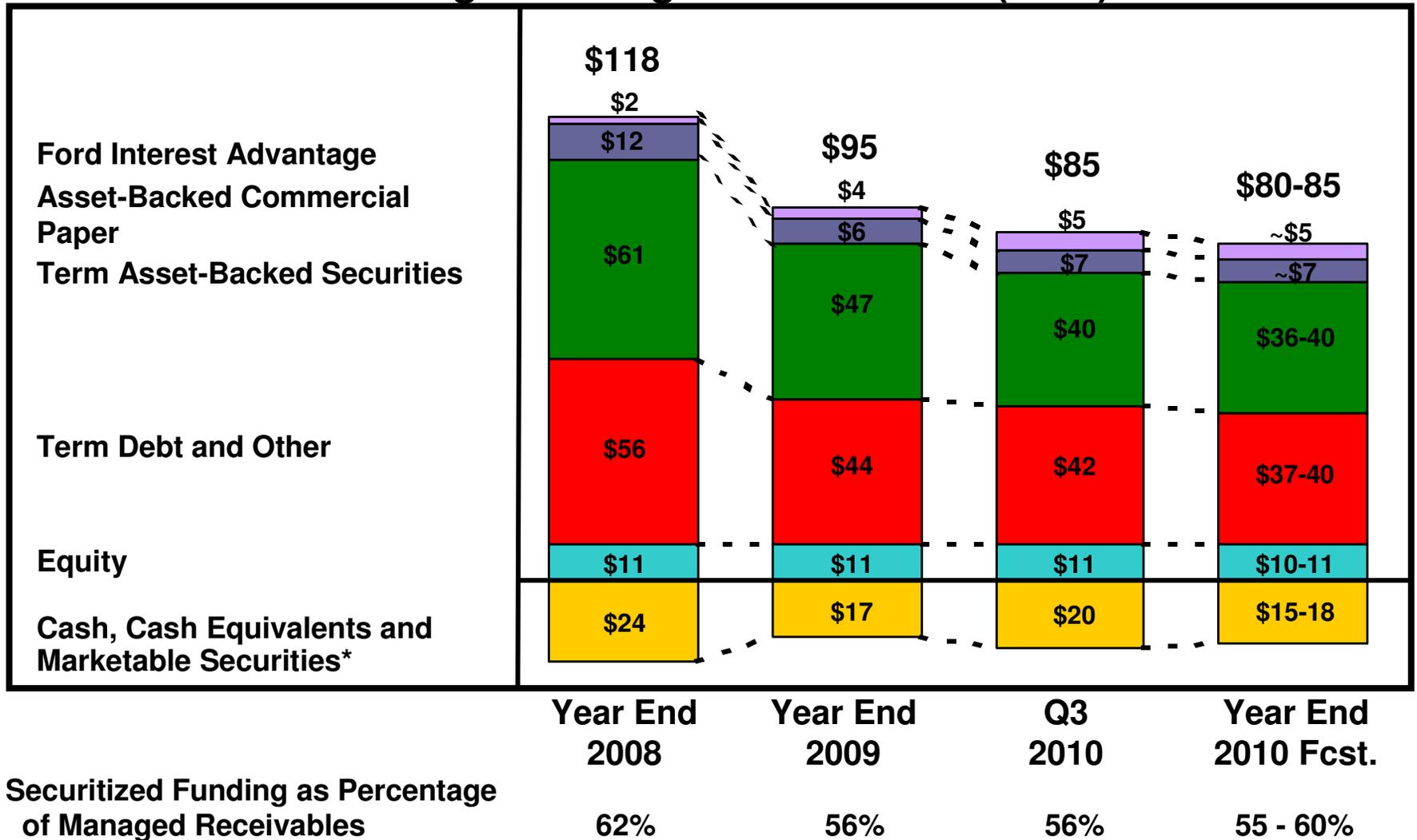


- **On track to complete our Full Year funding plan**
- **\$8 billion of funding in the Third Quarter**
  - **\$5 billion of public and private securitization transactions across all regions and asset classes**
  - **\$3 billion of unsecured issuances in the United States, Canada and Europe**
- **\$2 billion of additional securitization funding in October**
- **Credit spreads have decreased resulting from:**
  - **Improving credit profiles of both Ford and Ford Credit**
  - **Strong investor demand**
  - **Supportive fixed income markets**
- **Committed capacity of \$5 billion was renewed**
- **Key elements of our funding strategy remain unchanged and our liquidity remains strong**

# FORD CREDIT FUNDING STRATEGY

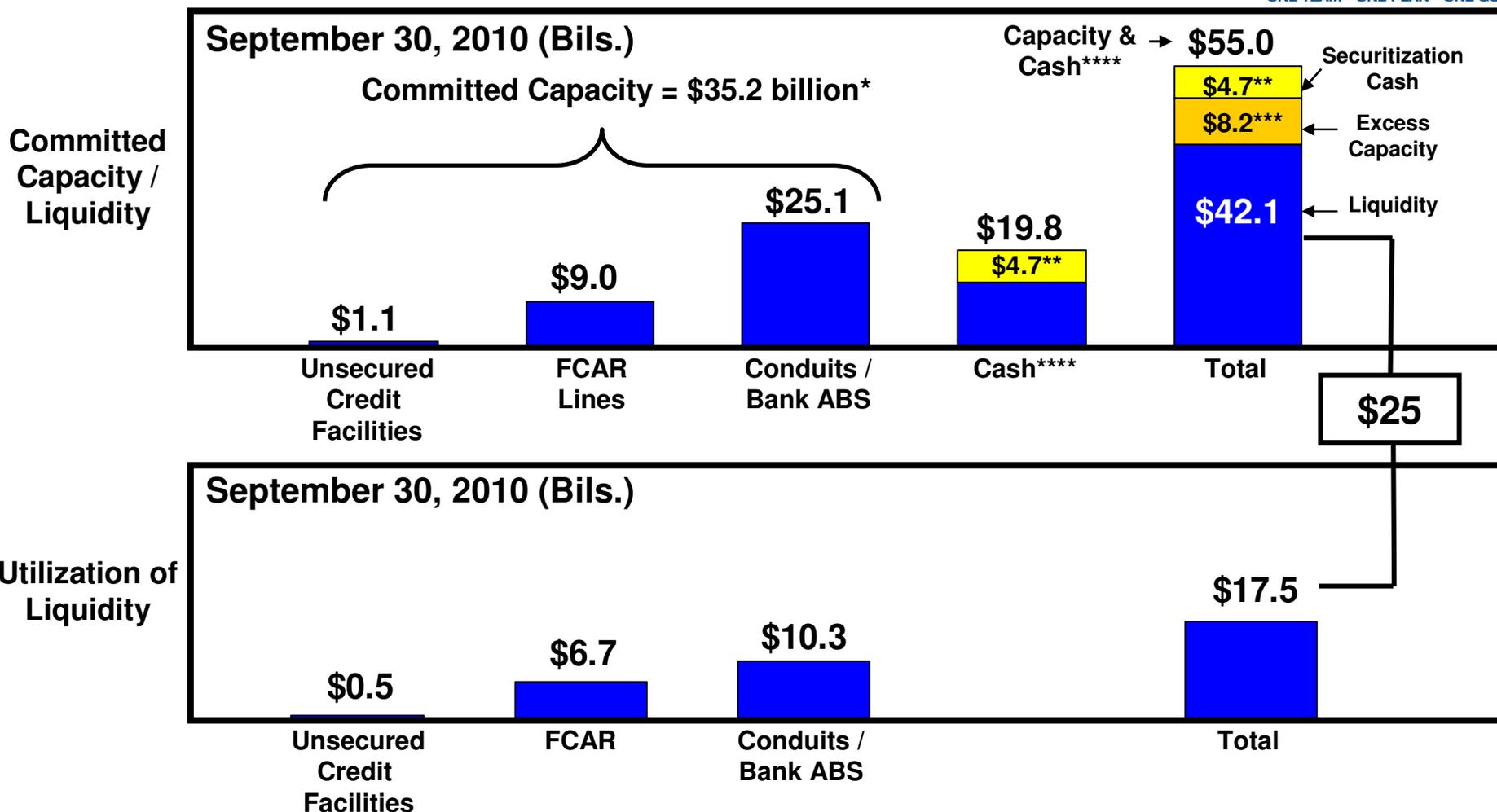


## Funding of Managed Receivables (Bils.)



\* Excludes marketable securities related to insurance activities

# FORD CREDIT LIQUIDITY PROGRAMS



**Liquidity Available For Use Is About \$25 Billion**

\* FCAR and Conduits subject to availability of sufficient assets and ability to obtain derivatives to manage interest rate risk; FCAR commercial paper must be supported by bank lines equal to at least 100% of the principal amount; conduits includes other committed securitization programs.  
 \*\* Securitization cash is to be used only to support on-balance sheet securitization transactions  
 \*\*\* Excess capacity is capacity in excess of eligible receivables  
 \*\*\*\* Cash, cash equivalents, and marketable securities (excludes marketable securities related to insurance activities)

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# **FORD CREDIT 2010 THIRD QUARTER SUMMARY**



- **Pre-tax profit of \$766 million; net income of \$497 million**
- **Improving credit profiles and strong investor demand driving tighter credit spreads**
- **Completed \$24 billion of term funding year to date**
- **Liquidity available for use of about \$25 billion**

# DISCUSSION AGENDA



- |    |                      |    |
|----|----------------------|----|
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Appendix

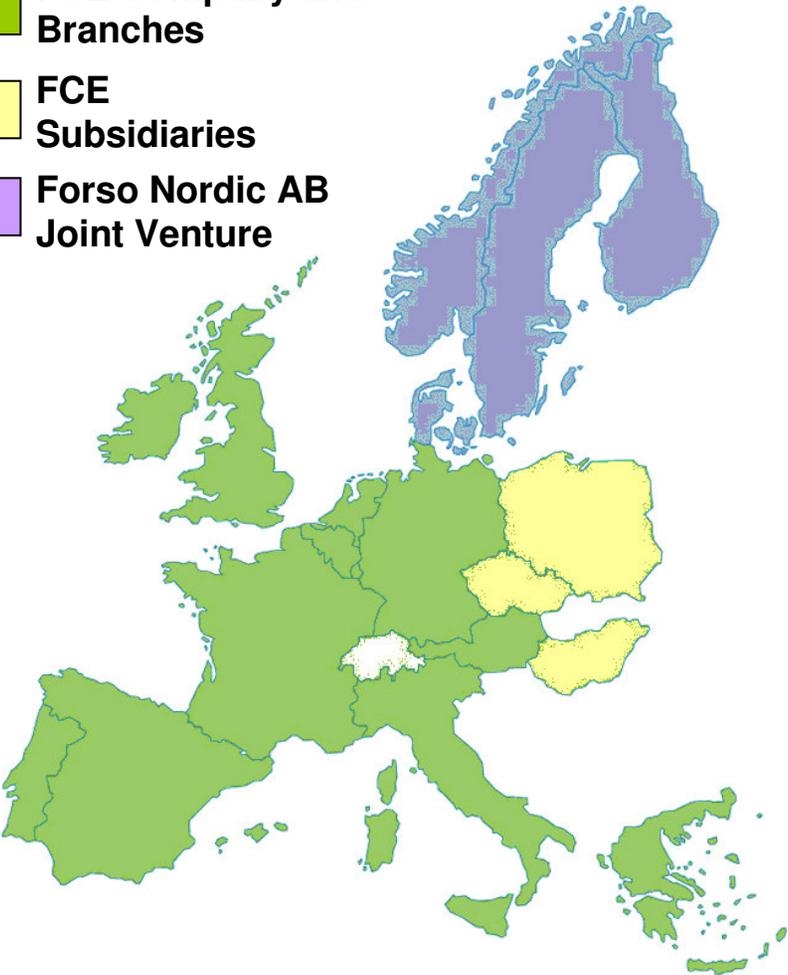
# **FCE BANK PLC**

## **WHO WE ARE**

- **FCE is a public limited company incorporated in the UK, wholly owned by the Ford Motor Credit Company**
- **FCE operates as a licensed bank regulated by the UK Financial Services Authority (FSA)**
- **FCE's Board of Directors has ten members, including four independent non-executive members**
- **FCE operates in 19 European countries through a network of branches, subsidiaries, and joint ventures**

**Markets Served By:**

-  **FCE Company and Branches**
-  **FCE Subsidiaries**
-  **Forso Nordic AB Joint Venture**

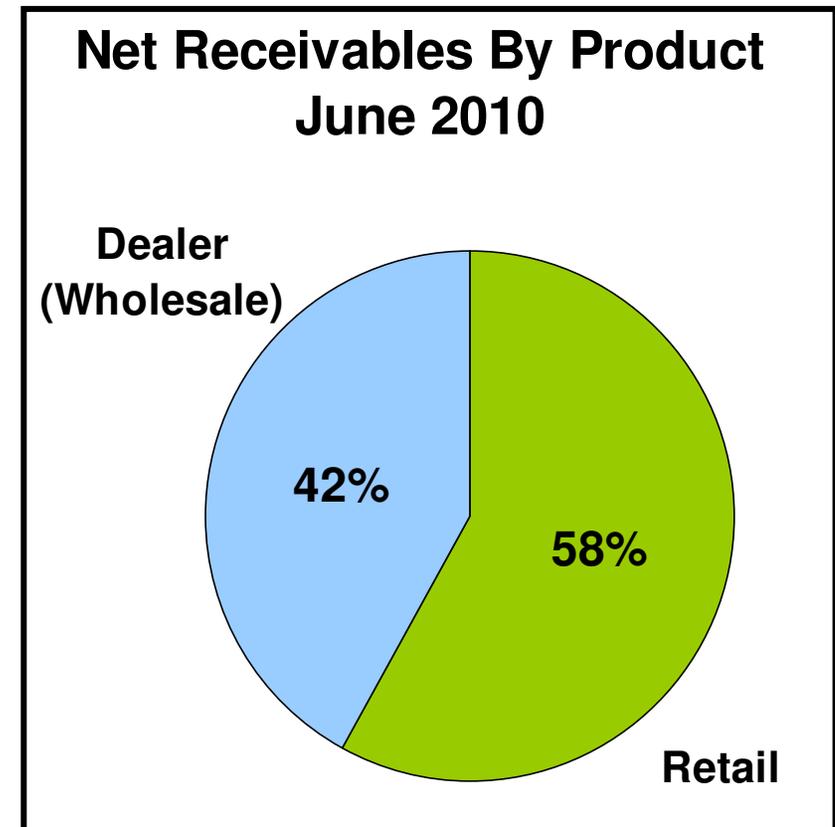


# FCE BANK PLC

## WHAT WE DO



- FCE's Aim:
  - Support Ford sales
  - Consistently add shareholder value
- FCE's Core Customers:
  - Ford's retail customers
  - Ford's dealers
  - Ford's automotive operations



**Substantially All FCE Lending Is Secured  
(The Security Is Typically The Related Motor Vehicle)**

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# **FCE BANK PLC**

## **HIGHLIGHTS FROM 1<sup>st</sup> HALF 2010 INTERIM REPORT**



- **Continued decline in the balance sheet, reflecting primarily the transition of non-Ford business to other providers**
- **Profits and margin improved as FCE has prioritized profitability over volume**
- **Credit losses have returned to historical norms**
- **FCE has a plan to gradually align its capital base with the reduced scale of its business while taking into account the funding and liquidity environment**
  - **Dividend of £390 million paid in June 2010**
  - **Based on present assumptions, FCE expects to pay a similar dividend in 2011; thereafter dividend payments are expected to be smaller**

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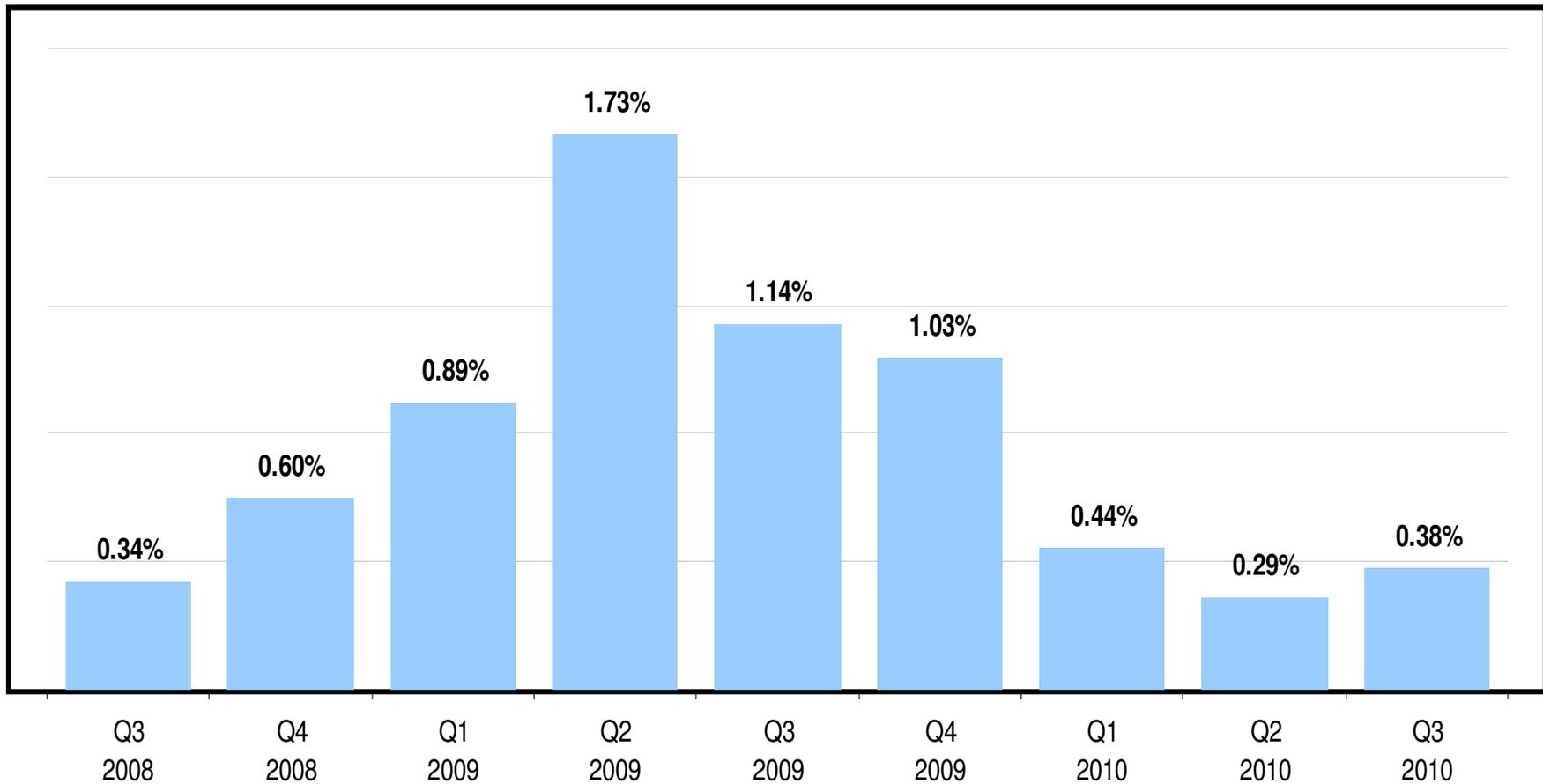
**FCE BANK PLC**  
**3<sup>rd</sup> QUARTER 2010 SUMMARY**



- **£193 million pre-tax profit year-to-date Q3 2010 – an increase of £32 million compared with the same period in 2009**
- **Improved performance mainly reflects lower credit losses together with improved residual value performance and lower associated loss reserves**
- **Funding plan on track**
- **Core Tier-1 capital ratio at 20.4%**

# FCE BANK PLC

## CREDIT LOSS RATIO

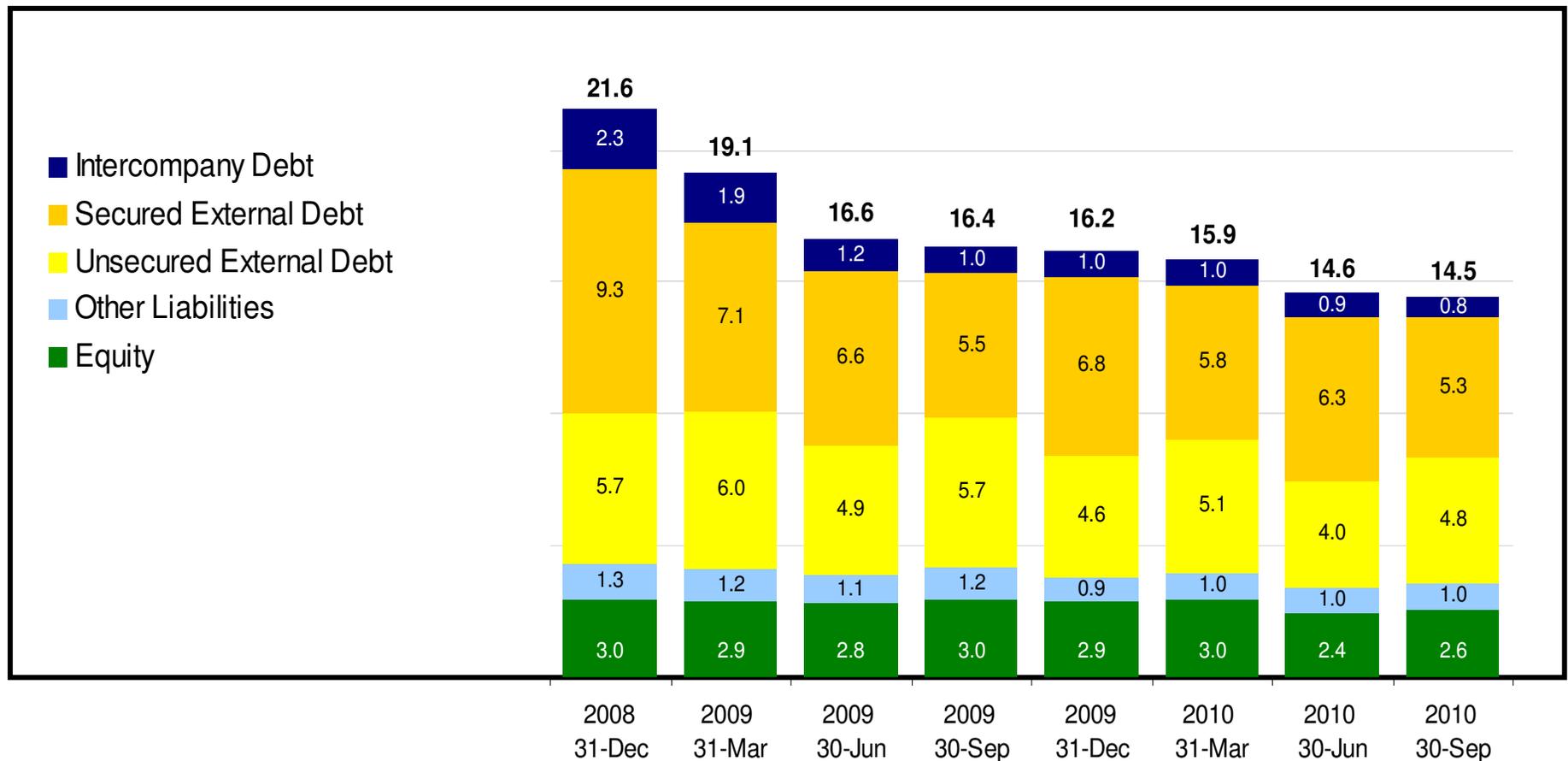


**Credit Losses Have Returned To Within Historical Norms**

# FCE BANK PLC FUNDING STRUCTURE



## Liabilities and Shareholders' Equity (£ Bils.)



# FCE BANK PLC FUNDING PLAN



## Public Term Funding Plan

	2010 Forecast			YTD* Actual	
	(Bils.)			(Bils.)	
Unsecured Debt	£	0.3	- 0.8	£	0.3
Securitisation**		0.4	- 0.8		0.4
Total	£	0.7	- 1.6	£	0.7

- Year-to-date through September, FCE has renewed or added £3.2 billion in private securitisation capacity, £1.7 billion of which had revolving periods of 18 months or more
- ECB funding relating to retained securitisation notes down from peak of £1.4 billion in October 2009 to £0.1 billion as of October 27, 2010

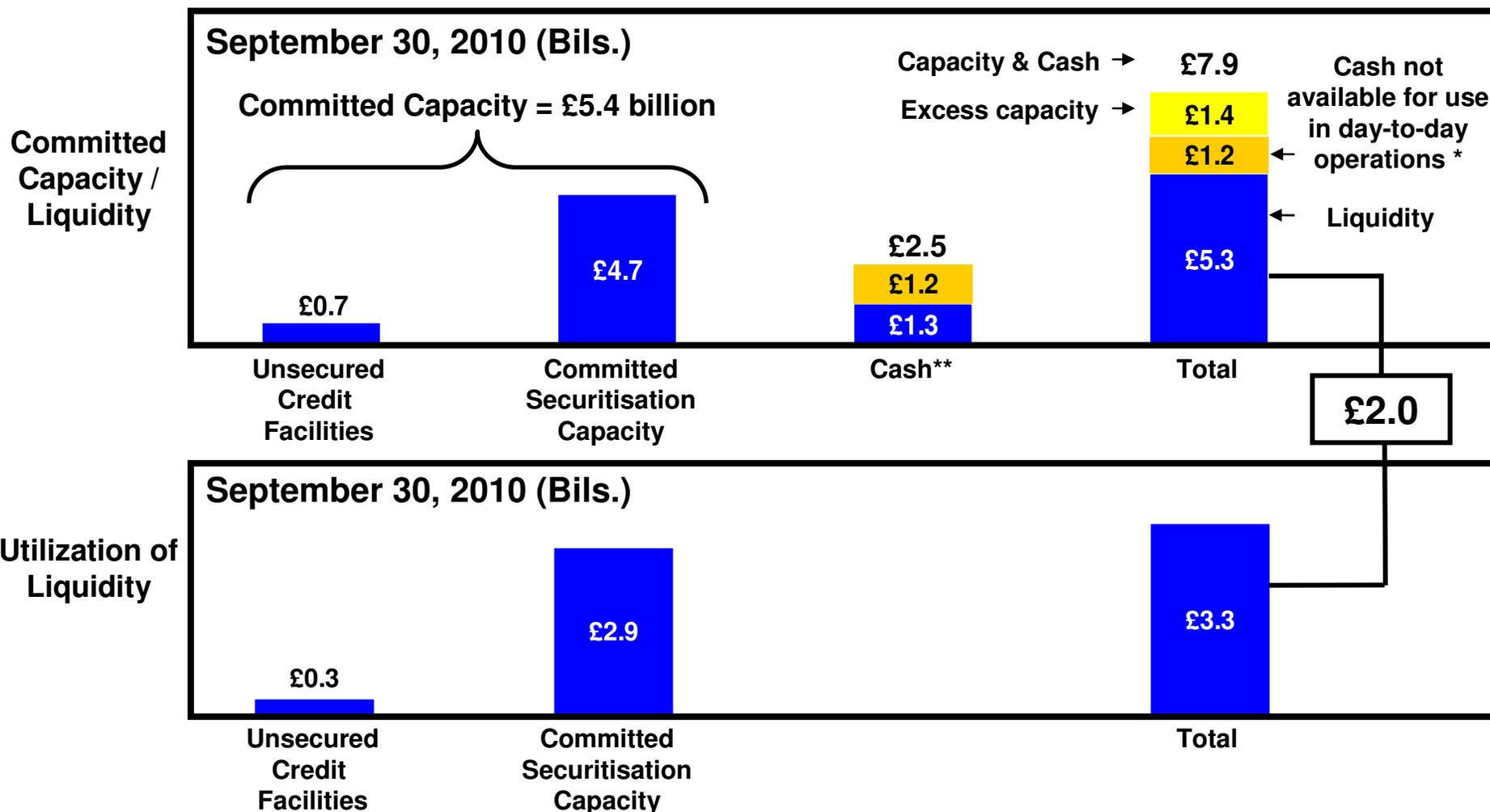
\* As of October 27, 2010

\*\* Primary public issuance

**Funding Plan Is On Track**

# FCE BANK PLC

## LIQUIDITY SOURCES



**Liquidity Available For Use Is £2.0 Billion**

\* Cash not available for use in day-to-day operations includes cash associated with securitisation transactions, central bank deposits which FCE is required to maintain, and deposits in support of European Investment Bank (EIB) loans  
 \*\* Cash and cash equivalents including marketable securities

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**FCE BANK PLC**  
**LONG-TERM DEBT CREDIT RATINGS**



	<u>December 2008</u>	<u>December 2009</u>	<u>October 2010</u>
<b>Fitch</b>	<b>B- / Negative</b>	<b>B / Positive</b>	<b>BB- / Stable</b>
<b>Moody's</b>	<b>Caa1 / Negative</b>	<b>B3 / Stable</b>	<b>Ba2 / Stable</b>
<b>S&amp;P</b>	<b>B- / Negative</b>	<b>B / Stable</b>	<b>BB- / Positive</b>

## ***SUMMARY***

- The **ONE FORD** Plan is working
- On track to meet our financial targets this year and next year
- The funding environment continues to improve
- Experiencing substantially improved credit loss performance
- Improved performance at FCE



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# ***APPENDIX***

# FORD CREDIT KEY METRIC DEFINITIONS



In evaluating Ford Credit's financial performance, Ford Credit management uses financial measures based on GAAP, as well as financial measures that include adjustments from GAAP; these measures are defined below. Information about the impact of on-balance sheet securitization is also included below:

**Managed Receivables** -- receivables reported on Ford Credit's balance sheet, excluding unearned interest supplements related to finance receivables, and securitized off-balance sheet receivables that Ford Credit continues to service

**Serviced Receivables** -- includes managed receivables and receivables Ford Credit sold in whole-loan sale transactions where Ford Credit retains no interest in the sold receivables, but which Ford Credit continues to service

**Charge-offs on Managed Receivables** -- charge-offs associated with receivables reported on Ford Credit's balance sheet and charge-offs associated with receivables that Ford Credit sold in off-balance sheet securitizations and continues to service

**Equity** -- shareholder's interest reported on Ford Credit's balance sheet

**Impact of On-Balance Sheet Securitization** -- finance receivables (retail and wholesale) and net investment in operating leases reported on Ford Credit's balance sheet include assets that have been sold for legal purposes in securitization transactions that do not satisfy the requirements for accounting sale treatment. These receivables are available only for payment of the debt and other obligations issued or arising in the securitization transactions; they are not available to pay the other obligations of Ford Credit or the claims of Ford Credit's other creditors. Debt reported on Ford Credit's balance sheet includes obligations issued or arising in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to the excess cash flows not needed to pay the debt and other obligations issued or arising in each of these securitization transactions



# FORD CREDIT RATIO DEFINITIONS

In addition to evaluating Ford Credit’s financial performance on a GAAP financial statement basis, Ford Credit management also uses other criteria, some of which were previously disclosed in this presentation and are defined below:

Loss-to-Receivables Ratio =  $\frac{\text{Charge-offs}}{\text{Average Receivables}}$

Leverage:

- Financial Statement Leverage =  $\frac{\text{Total Debt}}{\text{Equity}}$

- Managed Leverage =  $\frac{\text{Total Debt} + \text{Securitized Off-Balance Sheet Receivables} - \text{Retained Interest in Securitized Off-Balance Sheet Receivables} - \text{Cash, Cash Equivalents \& Marketable Securities}^* - \text{Adjustments for Derivative Accounting on Total Debt}^{**}}{\text{Equity} - \text{Adjustments for Derivative Accounting on Equity}^{**}}$

\* Excludes marketable securities related to insurance activities  
 \*\* Related primarily to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings

# FORD CREDIT RECONCILIATIONS OF MANAGED LEVERAGE TO FINANCIAL STATEMENT LEVERAGE



	Sept. 30 2009 <u>(Bils.)</u>	Sept. 30 2010 <u>(Bils.)</u>
<b><u>Leverage Calculation</u></b>		
Total Debt*	\$ 103.4	\$ 88.5
Securitized Off-Balance Sheet Receivables Outstanding	0.1	-
Retained Interest in Securitized Off-Balance Sheet Receivables	-	-
Adjustments for Cash, Cash Equivalents, and Marketable Securities**	(23.4)	(19.8)
Adjustments for Derivative Accounting***	<u>(0.4)</u>	<u>(0.4)</u>
Total Adjusted Debt	<u>\$ 79.7</u>	<u>\$ 68.3</u>
Equity	\$ 10.5	\$ 10.9
Adjustments for Derivative Accounting***	<u>(0.1)</u>	<u>(0.1)</u>
Total Adjusted Equity	<u>\$ 10.4</u>	<u>\$ 10.8</u>
Financial Statement Leverage (to 1)	9.9	8.1
Managed Leverage (to 1)	7.7	6.3

\* Includes \$56.6 billion and \$47.0 billion on September 30, 2009 and September 30, 2010, respectively, of long-term and short-term asset-backed debt obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

\*\* Excludes marketable securities related to insurance activities

\*\*\* Related primarily to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings

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***FCE BANK PLC***  
***FURTHER INFORMATION ON FCE***

**Detailed Information on FCE:**

- FCE Bank plc 2008 Annual Accounts
- FCE Bank plc 2009 Annual Accounts
- FCE Bank plc -- Basel II Pillar-3 Disclosure Document 2009

[www.fcebank.com](http://www.fcebank.com)

**Detailed Information on FMCC:**

- 10-K Annual Filings
- 10-Q Quarterly Filings

[www.fordcredit.com/investorcenter](http://www.fordcredit.com/investorcenter)



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Feel the difference

