



**Go Further**

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**Bank of America Merrill Lynch**  
**2012 New York Auto Summit**  
**April 4, 2012**



# **AGENDA**

- **ONE Ford Plan Update**
  - **North America -- Including U.S. Industry Outlook**
  - **South America**
  - **Europe, Asia Pacific Africa, and Ford Credit**
- **2012 Planning Assumptions and Key Metrics**
- **Closing Remarks**
- **Q&A**

# ***THE ONE FORD PLAN -- TO DELIVER PROFITABLE GROWTH FOR ALL***

- **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**



# 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
- Return to and maintain investment grade
- Skilled and motivated team



# MID-DECADE OUTLOOK



	<u>Mid-Decade Outlook*</u>
Wholesale Volumes	About 8 million
Revenue / Pricing	Improving
Automotive Operating Margins**	
- North America	8 - 10%
- Global	8 - 9%
Ford Credit Return on Equity	Low Double Digits
Capital Spending	About \$6 billion
Total Automotive Debt	About \$10 billion
Investment Rating	Plan to achieve investment grade in the near-term and to remain investment grade through economic cycle
Dividends (% of PAT)	Appropriate level of after-tax earnings

\*At trend economic conditions and industry volume

\*\*Automotive pre-tax operating profit, excluding special items and Other Automotive (primarily net interest), divided by Automotive revenue

# 'FOUR PILLARS' OF GLOBAL PRODUCT STRATEGY



**Ford Continues To Advance Its Global Product Strategy**



# **GLOBAL PRODUCT PLAN -- PLATFORM CONSOLIDATION & INCREASING SCALE**

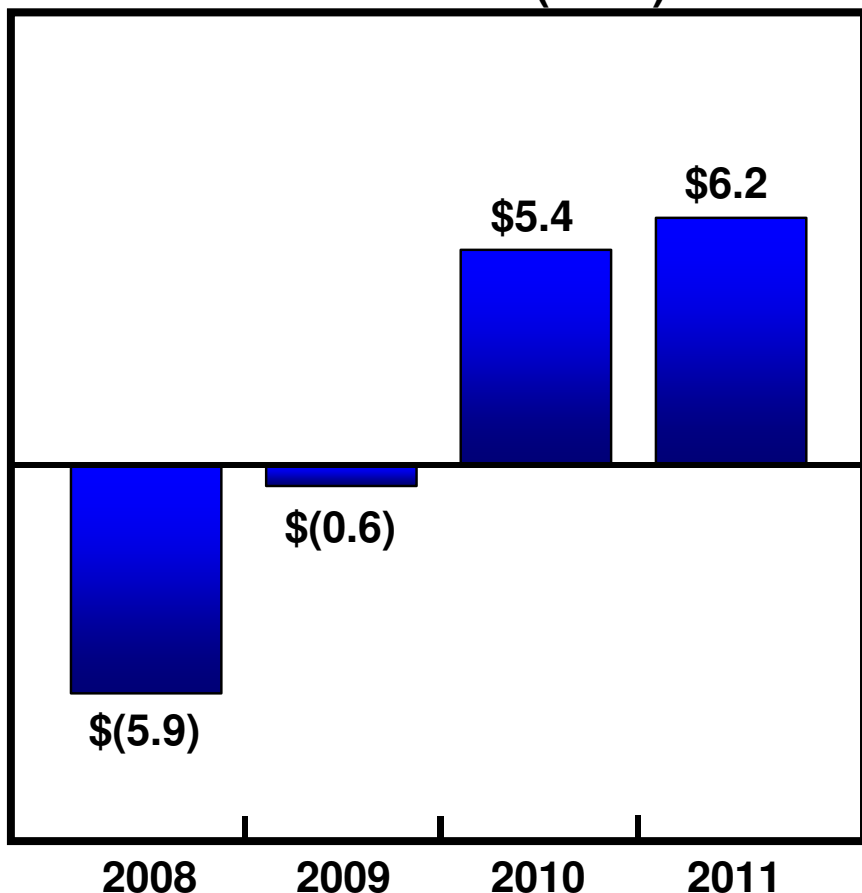
<b>Segment</b>	<b>Sample Vehicle</b>	<b>Mid-Decade Ongoing Annual Volume</b>
B Segment	Fiesta	> 2 million
C Segment	Focus	> 2 million
CD Segment	Fusion / Mondeo	1 million
Compact Pickup Segment	Ranger	> 275K
Commercial Van Segment	E-Series / Transit	> 475K

**Platform Consolidation Underway With Common Global Top Hats.  
By 2013, 85% Of Volume Is On 9 Core Platforms**



# NORTH AMERICA OVERVIEW

Pre-Tax Profit (Bils.)



Op. Margin (Neg.)      (Neg.)      8.4%      8.3%















- 2011 was second consecutive year of Full Year profitability
- Strong North America cash flow driving balance sheet improvements
- Three consecutive years of year-over-year market share gains
- Significant improvement in net revenue per unit and residual values
- Global product strategy accelerating in North America
- Expect profit & margin improvements in 2012

**North America Delivered Strong Results In 2010 And 2011.  
Positioned For Further Improvements In 2012**

# 2012 PRODUCT INTRODUCTIONS -- FORD BRAND



## North America

First Half			Second Half		
 <b>Taurus + SHO</b>	 <b>Mustang (V6,GT &amp; Boss)</b>	 <b>Mustang GT500</b>	<b>GLOBAL</b>  <b>All-New C-MAX Hybrid</b>	<b>GLOBAL</b>  <b>C-MAX ENERGI</b>	
<b>Police Interceptor</b>  <b>Interceptor (Sedan)</b>	 <b>Interceptor (SUV)</b>	<b>GLOBAL</b>  <b>Focus Electric</b>	<b>GLOBAL</b>  <b>All-New Fusion</b>	<b>GLOBAL</b>  <b>Fusion (Hybrid)</b>	<b>GLOBAL</b>  <b>Fusion (Energi)</b>
 <b>Flex</b>		<b>GLOBAL</b>  <b>All-New Escape</b>			 <b>Super Duty</b>

**Aggressive Product Launch Cadence In North America In 2012**

# 2012 PRODUCT INTRODUCTIONS -- LINCOLN BRAND



## North America

First Half

Second Half



MKS



MKT



All-New  
MKZ

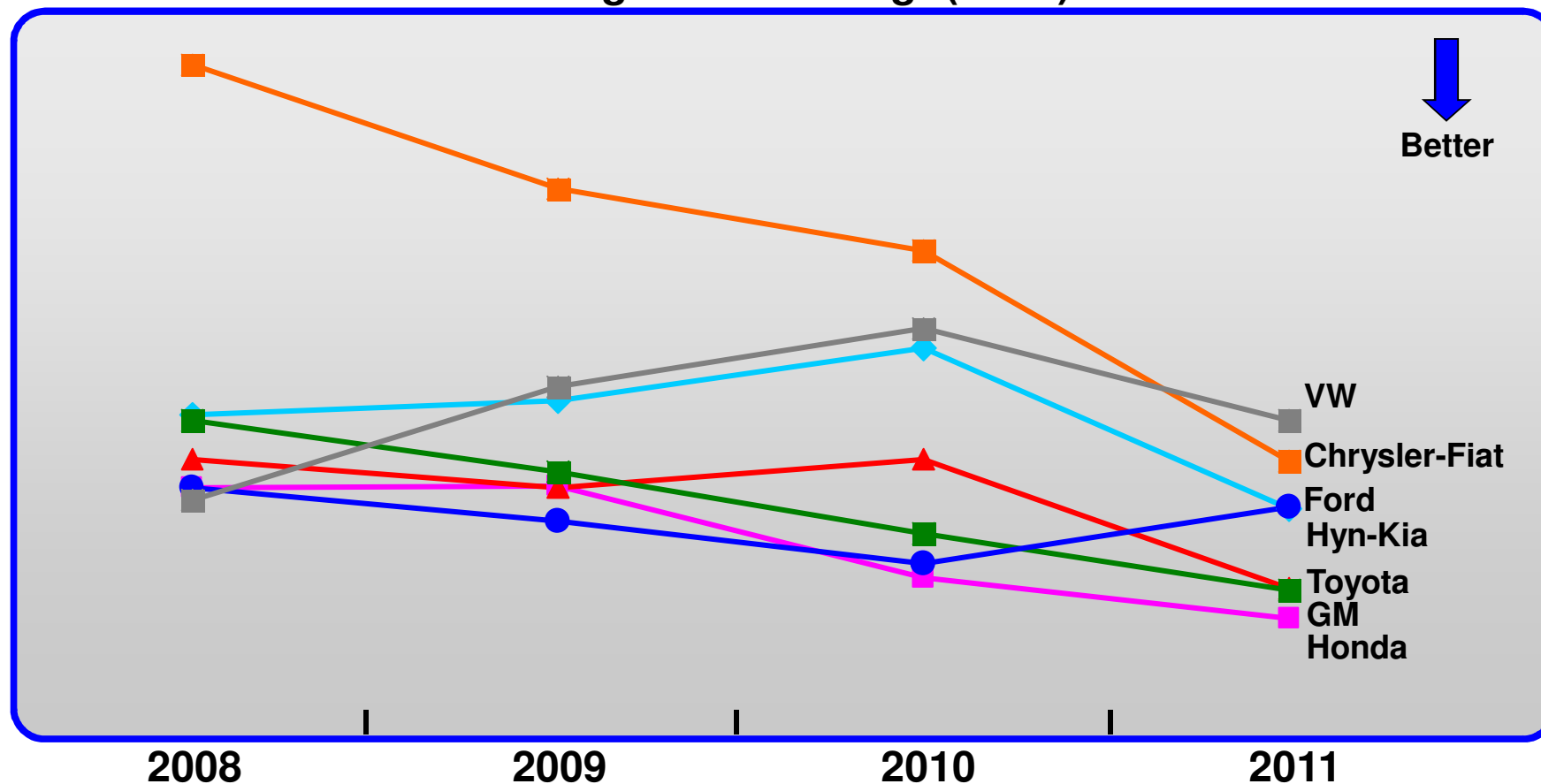
## Key Features Of The All-New MKZ

- MKZ is a transformational product for the Lincoln brand
- All-new exterior and interior created by the Lincoln Design Studio
- Premium-grade materials create a luxurious and comfortable interior space
- Leading technologies:
  - SYNC with MyLincoln Touch
  - Lincoln Drive Control
  - Lane Keeping System
  - Park Assist System
- Three powerful and efficient powertrains expected to deliver Best-in-Class fuel economy

**Lincoln Is Introducing 7 Products By 2015,  
And 50% Of Dealers In Top-130 Luxury Markets  
Committed To Capital Improvements**

# NORTH AMERICA -- QUALITY TREND

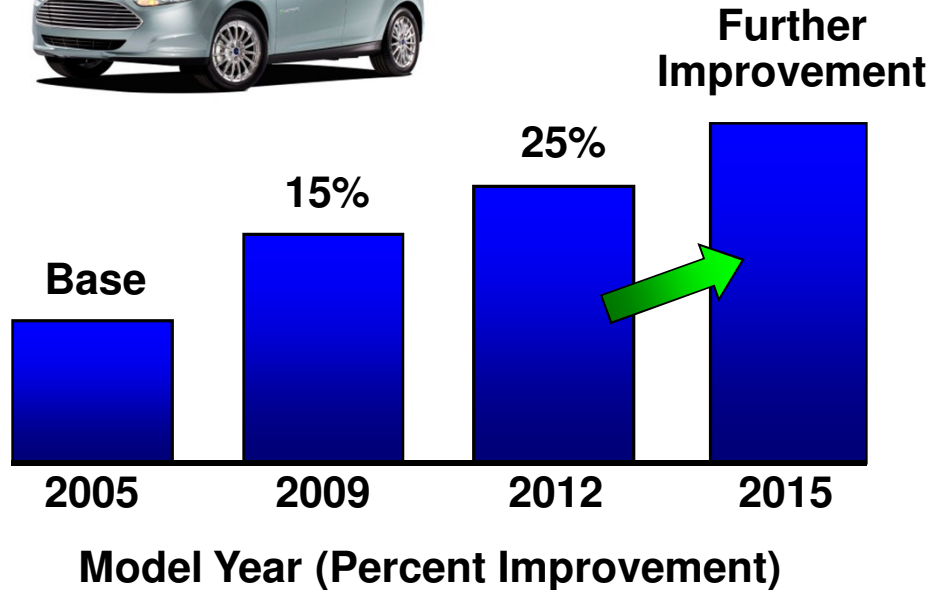
Things Gone Wrong\* (TGW)



**Ford North America Addressing 2011 Quality Issues**

# **NORTH AMERICA FUEL ECONOMY LEADERSHIP -- TECHNOLOGY AND INNOVATION**

## **U.S. Light-Duty Fleet Fuel Economy**



## **New Industry Leading Fuel-Efficient Products**

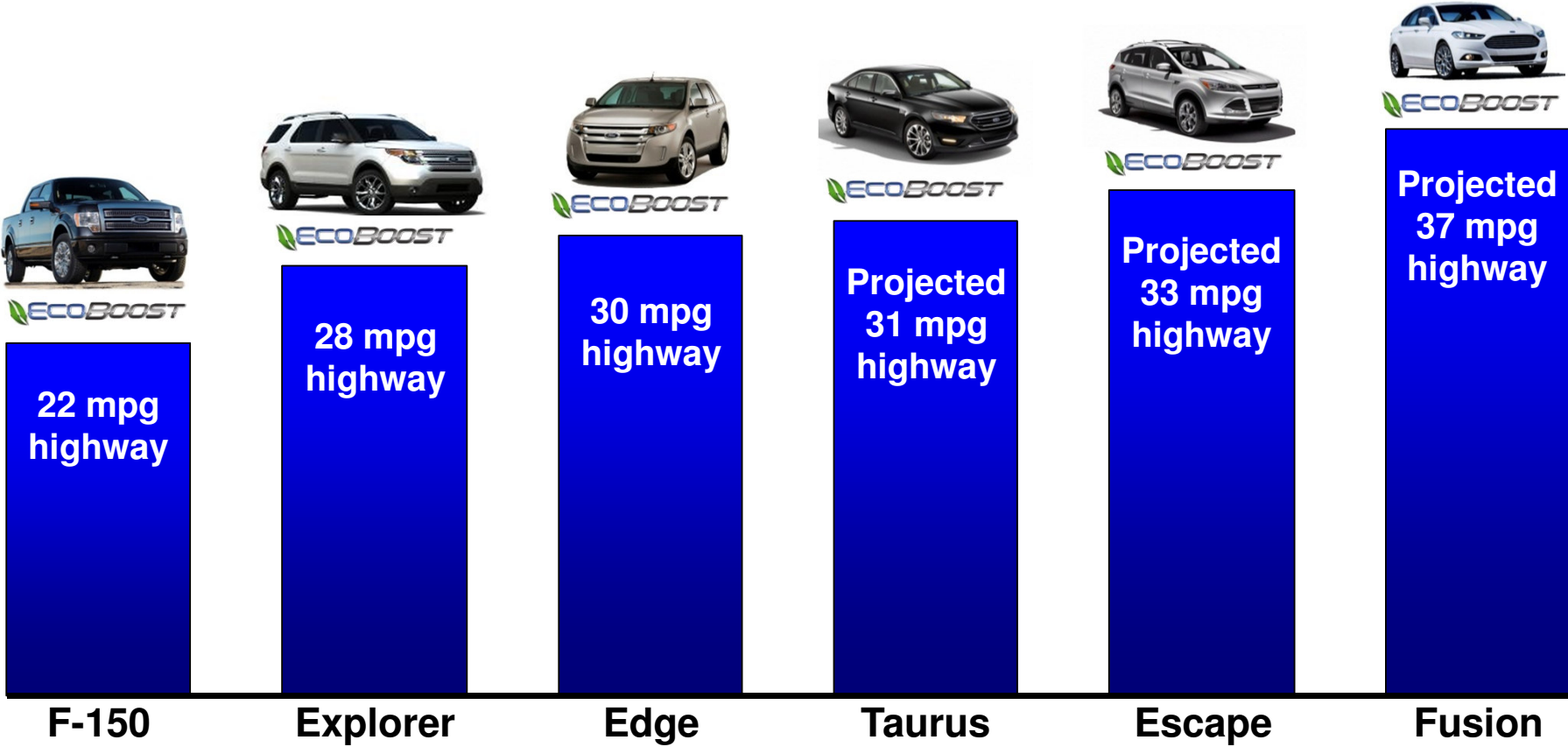
- ✓ Ford is leveraging a portfolio of technologies – EcoBoost, HEV, PHEV, and BEV
- ✓ In 2012 North America will offer 11 vehicles with EcoBoost – many are fuel economy segment leaders
- ✓ Ford is the largest U.S. domestic hybrid seller
- ✓ Nearly one-third of Ford’s U.S. vehicle lines will offer a version with 40 MPG or more
- ✓ Focus Electric offers an EPA certified 110 MPGe city rating

**Ford Is Significantly Improving Fuel Economy By Leveraging A Portfolio Of Technologies -- EcoBoost, HEV, PHEV, And BEV**



# NORTH AMERICA FUEL ECONOMY LEADERSHIP -- ECOBOOST TECHNOLOGY

## Fuel Economy Powered by EcoBoost



**North America Will Offer Eleven Vehicles With EcoBoost In 2012**

# NORTH AMERICA FUEL ECONOMY LEADERSHIP -- ELECTRIFICATION BY PLATFORM

THE POWER  
OF CHOICE



**E-ENERGI**  
100+ MPGe  
city projected

**E-ELECTRIC**  
110 MPGe  
city

Fusion

Focus

**Ford's Strategy Is To Electrify Global Platforms With All 3 Electric Solutions; To Drive Choice Of Top Hats, Scale And Affordability**



# ***U.S. ECONOMIC OUTLOOK***

- **U.S. economy continues on a gradual recovery path**
  - **Consumer confidence rising, reflecting brighter job market prospects**
  - **Labor market gaining momentum with more significant employment increases in recent months**
  - **Housing market reached its trough with potential growth in the years ahead**
  - **Manufacturing Purchasing Managers' Index signals continued expansion**
  - **Low interest rate environment remains favorable**
- **Industry sales have progressively strengthened beginning in 2011 Second Quarter**

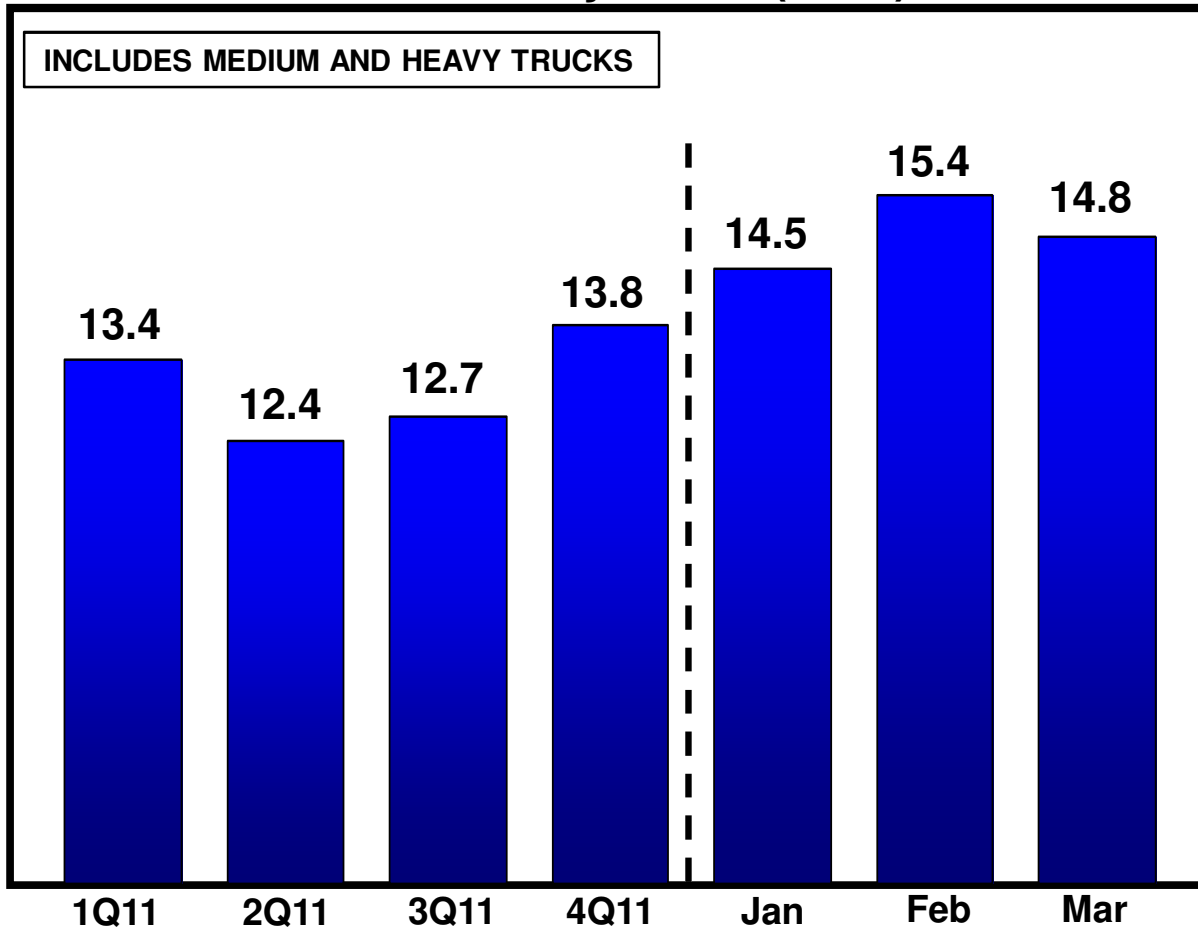
**Continued Recovery In The U.S. Economic Environment Is Supporting Improved U.S. Industry Sales**



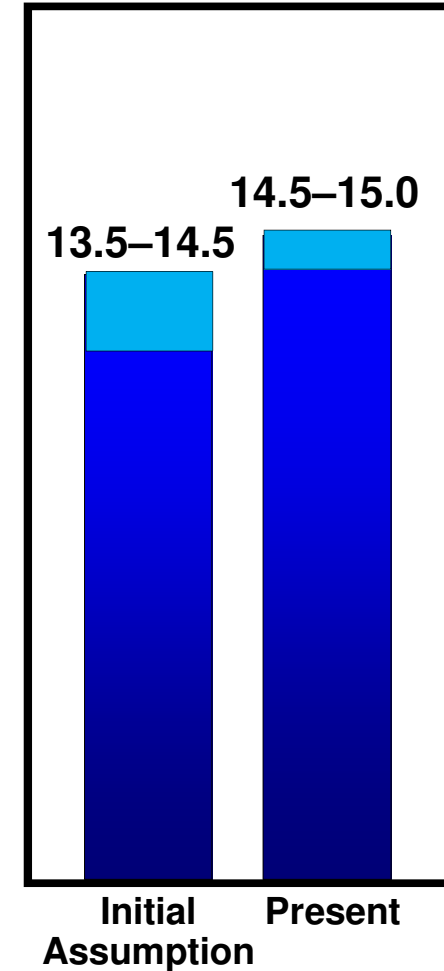
# U.S. INDUSTRY



## U.S. Industry SAAR (Mils.)



## 2012 Outlook



Memo:  
2012 First Quarter U.S. Industry SAAR (Mils.)

14.9

**U.S. Industry Sales Are Improving Faster Than Expected**



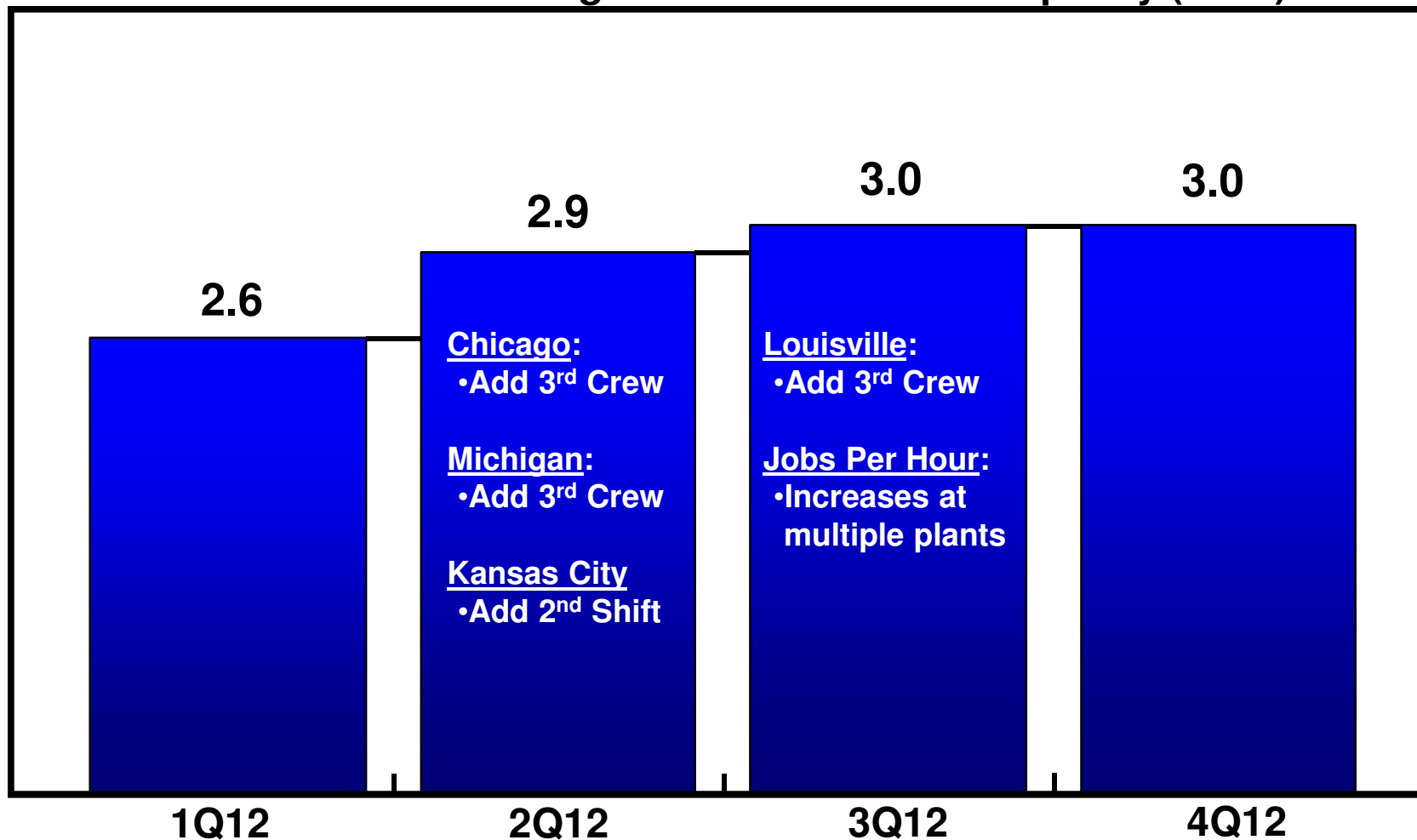
## **2012 FIRST QUARTER -- U.S. SALES & SHARE HIGHLIGHTS**

- **Ford's First Quarter sales were up 9% from a year ago, retail sales were up 13% from a year ago**
- **Ford's First Quarter total share was 15.2%, down 0.8 points from a year ago**
- **Ford's retail share of retail industry for First Quarter was 13.8%, up 0.3 points from a year ago**
- **Ford's First Quarter daily rental volume down from 2011, while overall industry sales to daily rental companies were up**
- **New products performing very well**
  - **Focus First Quarter retail share highest since 2002, and best March sales results ever**
  - **Explorer continues to perform at top of segment and is fastest turning vehicle in Ford showroom**
  - **F-Series continues to dominate segment, with transaction prices and mix that are unrivaled**
- **Selling down previous model of Escape and Fusion before launch of new products**

**First Quarter Total Share Down And Share Of Retail Industry Up From 2011.  
Continuing To Manage The Business To Maximize Profitability**

# NORTH AMERICA PRODUCTION CAPACITY

NA End-of-Quarter Straight-Time Production Capacity (Mils.)\*

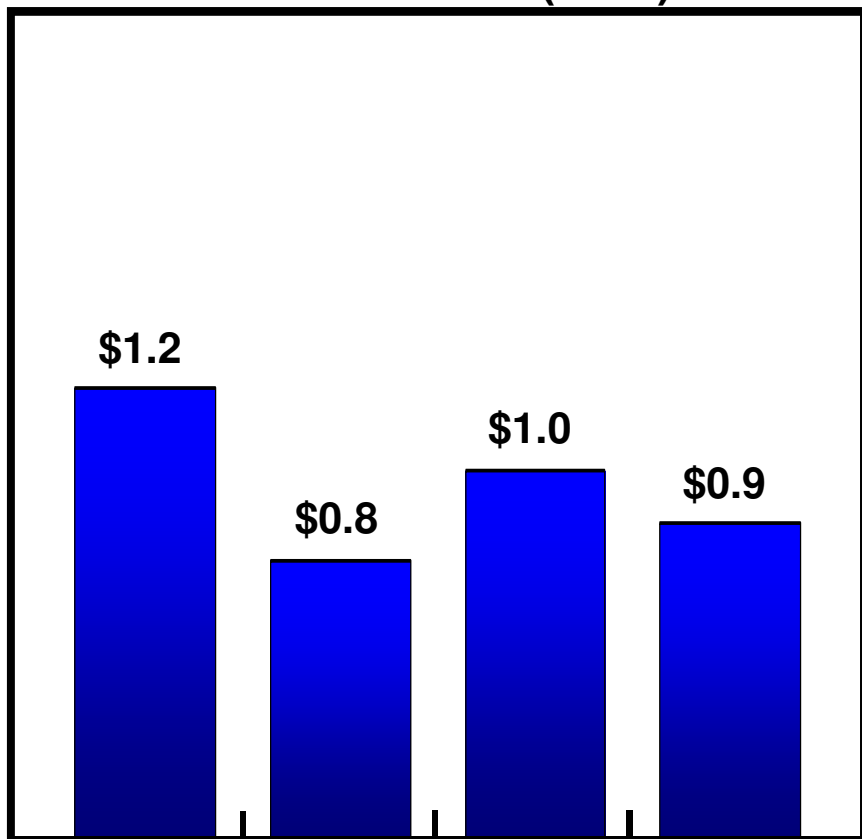


**Ford Is Adding 400,000 Units Of Annual Capacity In 2012  
To Meet Industry Demand For Our Products**

\*Quarterly production reflected as an annual rate

# SOUTH AMERICA OVERVIEW

Pre-Tax Profit (Bils.)



Op. Margin 14.1%      9.7%      10.2%      7.8%

- South America continues to deliver positive operating performance
- Quality and brand health improving
- New entrants and added capacity have created a more competitive market environment
- Weak exchange and regional trade tensions will also pressure 2012 results
- Transition to global products accelerating in Second Half 2012
- First and Second Quarter pre-tax profits each will be lower than our Fourth Quarter 2011 pre-tax profit
- Second Half pre-tax profits expected to be up from 2011

**South America Delivering Positive Results, But 2012 Will Be Lower Than 2011. Transition From Legacy Products To Global Products Begins Later This Year**

# ***SOUTH AMERICA BUSINESS ENVIRONMENT***

- **GDP growth of 3-4% across the region is supporting steady growth in industry sales**
- **The market environment, especially in Brazil, is becoming increasingly competitive**
  - **New importers, including the Koreans and Chinese, are entering the market with new products and aggressive pricing**
  - **Installed capacity in the region is projected to increase substantially over the next 5 years, leading to excess capacity**
- **Trade balance issues are escalating -- recent Brazil and Mexico quota agreements will likely impact Fiesta from Mexico**
- **Political environments in Brazil and Argentina are relatively stable, but Venezuela remains unpredictable, with uncertainty surrounding this year's presidential election**

**Increasing Competitive Environment, Inflation, Weakening Currency  
And Trade Restrictions Are Pressuring Margins**

# 2012 PRODUCT INTRODUCTIONS -- FORD BRAND



## South America

2011 Second Half

2012 First Half

2012 Second Half

GLOBAL



All-New  
Fiesta

GLOBAL



All-New  
Ranger

GLOBAL



All-New  
Fusion

GLOBAL



All-New  
EcoSport

South America's Transition To Global Products Accelerating In 2012

# **EUROPE, ASIA PACIFIC AFRICA, AND FORD CREDIT OUTLOOK**



- **European external environment is uncertain and the automotive industry remains under pressure**
  - **Full Year 2012 industry volume for the 19 markets we track is expected to be about 14 million units**
  - **Full Year 2012 results for Ford Europe are expected to be a loss of about \$500 million to \$600 million, and First Quarter 2012 results about the same as or somewhat worse than Fourth Quarter 2011**
- **Asia Pacific Africa (APA) – several key markets including China and India have entered cycles of policy easing to support economic growth**
  - **Ford APA is expected to grow volume and be profitable for Full Year 2012, but First Quarter 2012 results are expected to be a small loss, as we continue to invest in growth while launching the global Ranger and Focus**
- **We expect Ford Credit to be solidly profitable for Full Year 2012 but at a lower level than 2011**



# TOTAL COMPANY

## 2012 PLANNING ASSUMPTIONS AND KEY METRICS

	Full Year Plan	Full Year Outlook
<b><u>Planning Assumptions</u></b>		
Industry Volume (SAAR)* -- U.S. (Mils.)	13.5 - 14.5	14.5 - 15.0
-- Europe (Mils.)**	14.0 - 15.0	About 14
<b><u>Operational Metrics</u></b>		
Compared with Prior Year:		
Market Share -- U.S.	About Equal	Lower
-- Europe**	About Equal	On Track
Quality	Improve	On Track
<b><u>Financial Metrics</u></b>		
Compared with Prior Year:		
- Automotive Pre-Tax Operating Profit***	Higher	On Track
- Ford Motor Credit Pre-Tax Operating Profit	Lower	On Track
- Total Company Pre-Tax Operating Profit***	About Equal	On Track
- Automotive Structural Costs Increase****	Less Than \$2 Bils.	On Track
- Automotive Operating Margin***	Improve	On Track
Absolute Amount:		
- Capital Spending (Bils.)	\$5.5 to \$6	On Track

\* Includes medium and heavy trucks

\*\* The 19 markets we track

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

\*\*\*\* Structural cost changes are measured primarily at present-year exchange, and exclude special items and discontinued operations

**On Track For Improved 2012 Automotive Pre-Tax Operating Profit, Strong Operating-Related Cash Flow, And Solid Ford Credit Profit**





## ***CLOSING REMARKS***

- **The ONE Ford Plan continues to deliver profitable growth**
- **The Americas will drive improving Automotive profitability for Ford in 2012**
- **European business environment will remain difficult and uncertain, and Asia Pacific Africa continues to invest for the future**
- **Execution of our product plan and migration to global platforms are accelerating**
- **Ford is committed to offering a flexible and fuel-efficient line-up that offers customers great fuel economy and the “Power of Choice”**



**Go Further**

***QUESTIONS?***



# SAFE HARBOR

Statements included 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 market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of new or existing products;
- Market shift away from sales of larger, more profitable vehicles beyond our current planning assumption, particularly in the United States;
- An increase in fuel prices, 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 on our operations resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require us to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase our costs, affect our 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, information technology issues, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on our 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 our 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, reputational damage, 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 our products, perceived environmental impacts, or otherwise;
- A change in our requirements where we have long-term supply arrangements committing us 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 our 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 us or a third-party vendor, or at a supplier facility;
- Failure of financial institutions to fulfill commitments under committed credit 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 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, 2011.