



JIM FARLEY

***Group Vice President of
Global Marketing Sales & Service***

**Bank of America – Merrill Lynch
Conference
September 14, 2010**

BUSINESS ENVIRONMENT



- **The global economy expanded through the Second Quarter, with modest growth expected to continue**
- **Global industry volume for Full Year 2010 is projected to exceed the 2009 level of 65 million units by 5% - 10%**
- **Asian market recoveries are moderating, but economic growth remains strong**
- **Consumer spending in the U.S. and Europe likely to remain below trend in 2010 due to weak labor markets and tight credit conditions, but is improving slowly**
- **Fiscal tightening will act as a near-term drag on European growth**
- **Central banks in the U.S. and Europe are expected to maintain low interest rates to support economic growth**
- **As global demand conditions improve, commodity prices have increased**

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

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





AGRESSIVELY RESTRUCTURE -- NORTH AMERICA KEY ACCOMPLISHMENTS SINCE 2005

- **Ford has reduced structural costs by over \$10 billion**
- **Will reduce production capacity by approximately 40% by end 2011**
- **Reduced salaried, hourly headcount by 40% - 50%**
- **Improved our manufacturing competitiveness -- particularly by working with the UAW**
- **Reduced product engineering and new facility and tooling costs**

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

ACCELERATE NEW PRODUCTS



Fiesta



Focus



Fusion



Mustang



Taurus



NORTH AMERICA



Escape



Edge



Flex



Explorer



Expedition



Transit Connect



E-Series



F-150



Super Duty

MIGRATING TO GLOBAL PLATFORMS



Fiesta



South America

Fiesta



Europe / Asia Pacific



Global Fiesta

Focus



North America

Focus



Europe / South America
Asia Pacific



Global Focus

Fusion

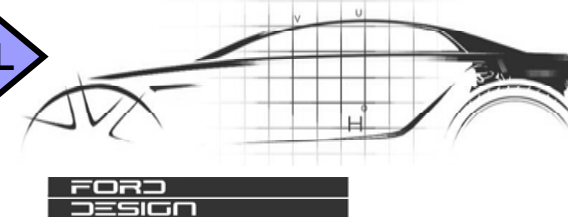


North America

Mondeo



Europe / Asia Pacific



Global CD-Car

"FOUR PILLARS" OF GLOBAL PRODUCT STRATEGY



Drive
quality.

**Quality
Leadership**



Drive
green.

**Fuel Economy
Leadership**



Drive
safe.

**Safety
Leadership**



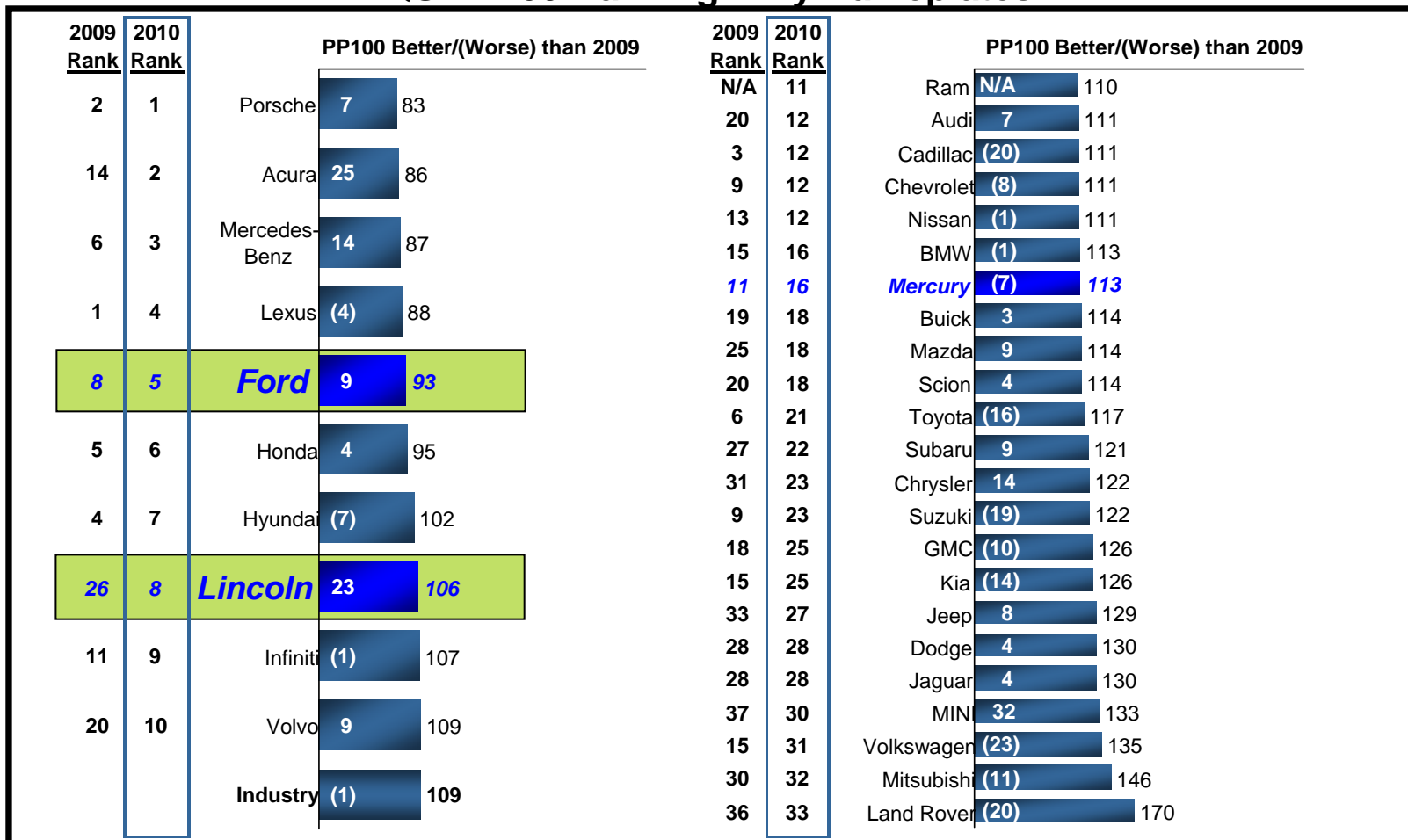
Drive
smart.

**Infotainment
Leadership**

DRIVE QUALITY -- JD POWER INITIAL QUALITY SURVEY



IQS PP100 Ranking -- By Nameplates

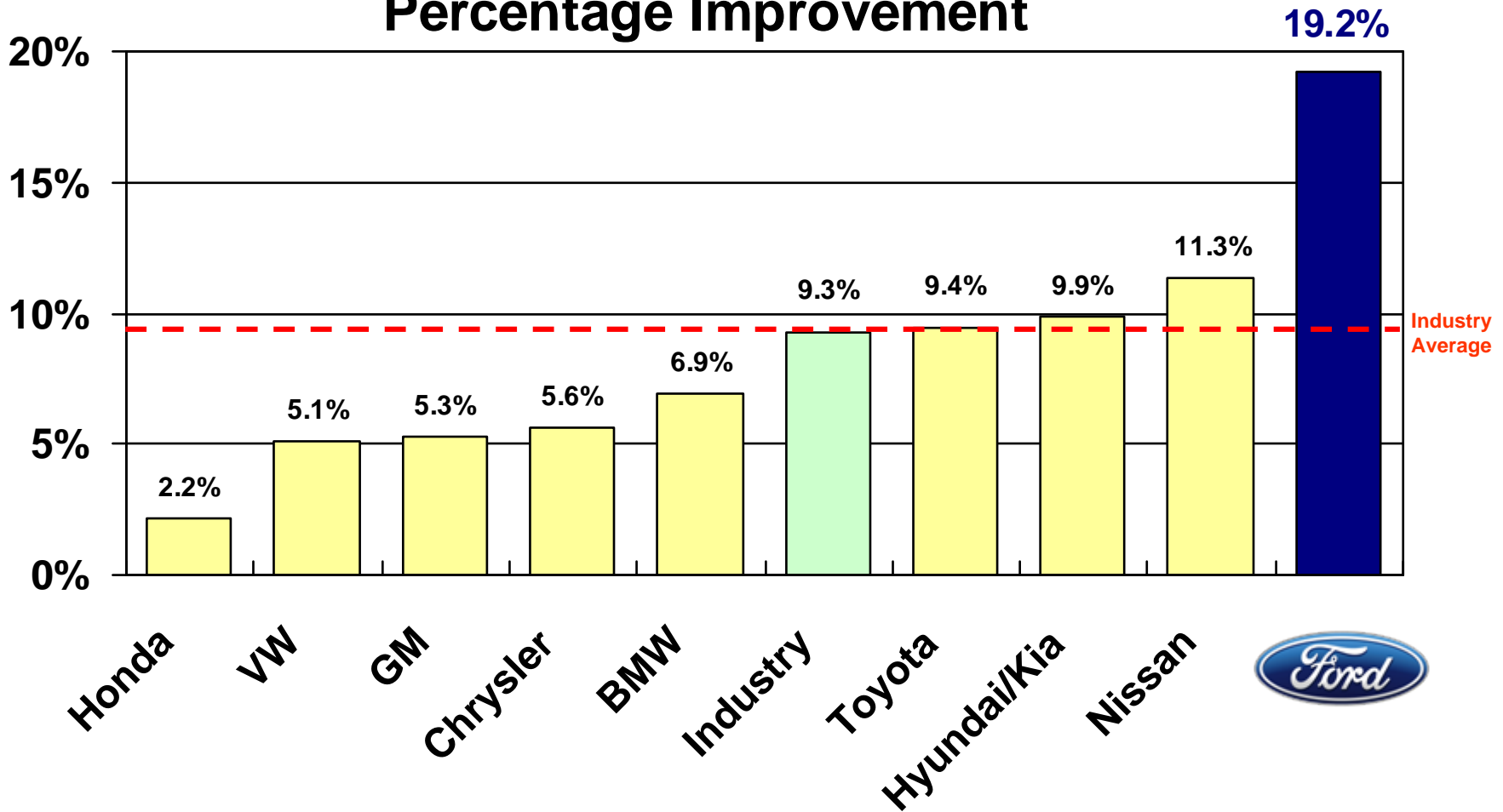


Quality On Par With The Best In The Industry
Recent News - Ford Ranked 5th In JD Power IQS Survey

DRIVE GREEN -- FUEL ECONOMY LEADERSHIP



2004 - 2009 U.S. Fleet-Average Fuel Economy Percentage Improvement



Ford Is Improving Fuel Economy At The Fastest Rate

DRIVE SAFE



INSURANCE INSTITUTE
FOR HIGHWAY SAFETY



Ford has more Insurance Institute for Highway Safety's "Top Safety Pick" awards than any other automaker and more government five-star safety-rated vehicles than any other brand.



**2010 Model Year IIHS "TOP SAFETY PICK" Awards --
Ford Flex and Fusion, Lincoln MKZ & MKT, Mercury Milan**

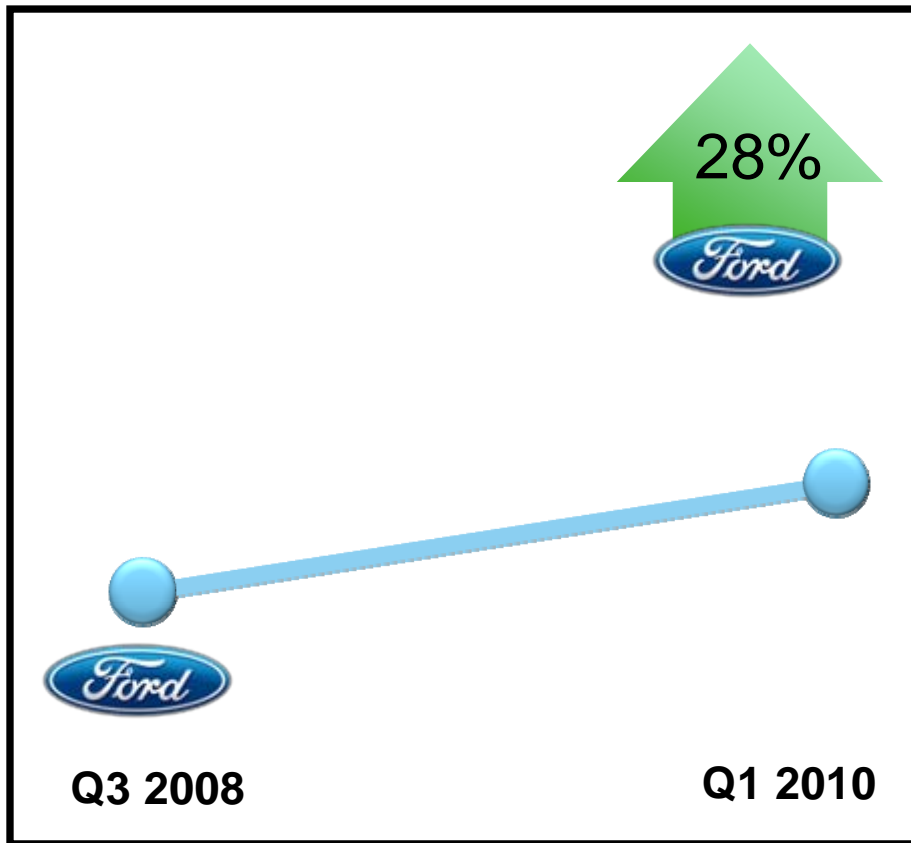


MyFORD Touch Technology Provides Consumers With New And Engaging In-Vehicle Experiences

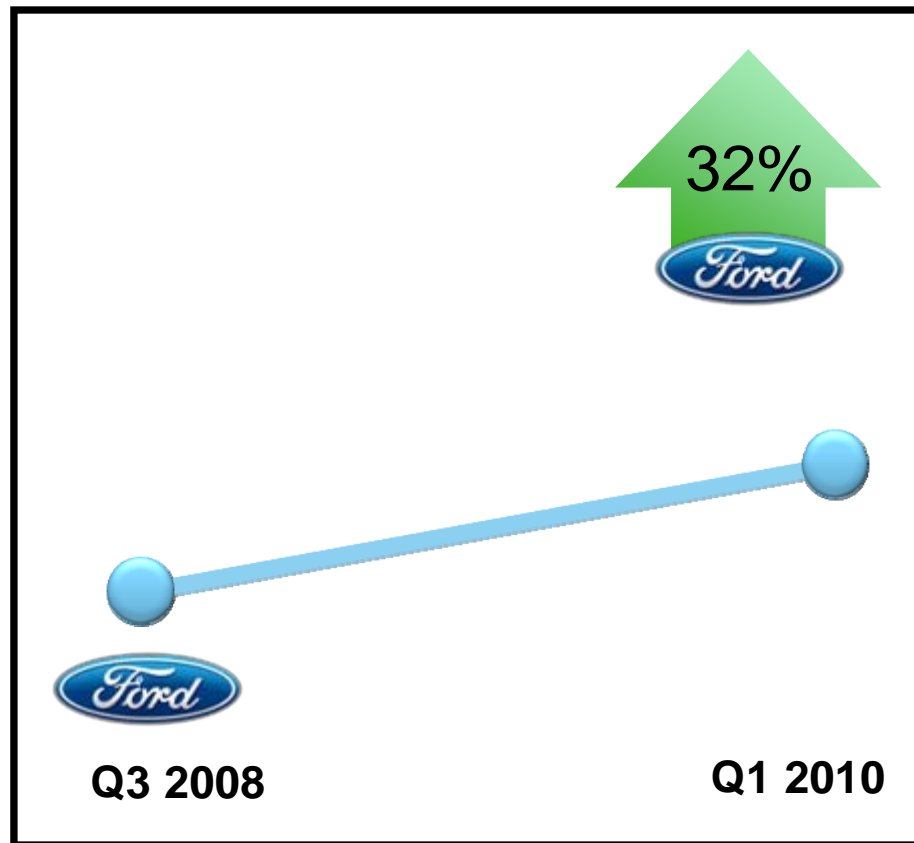
PRODUCT STRATEGY IS WORKING -- BRAND HEALTH



Favorable Opinion

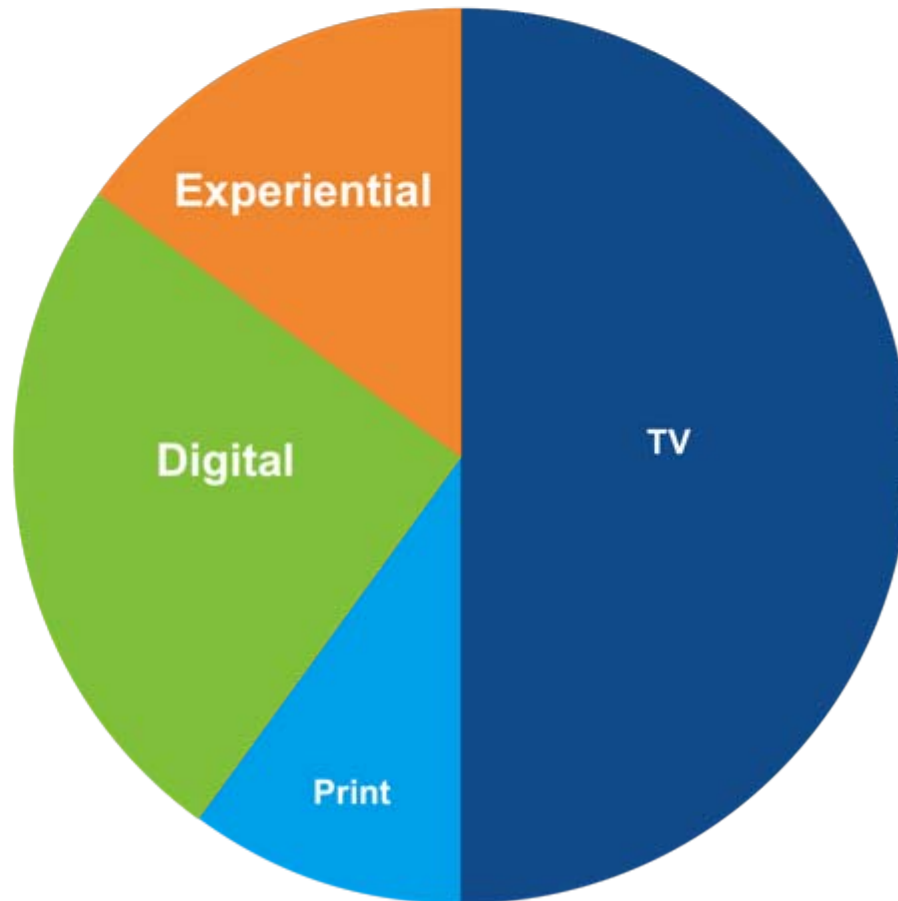


Purchase Consideration



**Brand Health Is Improving On The Strength Of Our Global
Product Strategy**

EMPHASIS IN NEW MEDIA



The Media Mix Has Shifted From The Traditional To Emerging Media Channels That Facilitate A Two-Way Dialogue With Consumers

FIESTA MOVEMENT



Fiesta Movement | The 2011 Ford Fiesta: Agents | FiestaMovement.com

http://fiestamovement.com/agents/

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Drive one. HOME THE STORY GALLERY BUZZ **FIESTA MOVEMENT** DESIGN YOUR OWN GET UPDATES FORDVHICLES.COM

100 AGENTS 8 MONTHS 600 MISSIONS

FIESTA MOVEMENT

Watch Videos Now


The Ford Fiesta has come to play on the American roads. In the ultimate foreign exchange program, our 100 agents will spend 6 months behind the wheel of their own Fiesta, livestreaming their experiences, and completing monthly missions to show you what the Fiesta is all about.

LIVE FEED **THE AGENTS** THE MISSIONS TEST DRIVES ABOUT SHARE THIS

Showing: **Most Viewed** A to Z Nearest


THE AGENTS


All across the U.S.A., our 100 agents are behind the wheel for an extended six month test drive of the Ford Fiesta in advance of the launch here in the US. Use this section to explore all 100 agents, their content, and where you can find them across the web. Follow the Movement - simply pick your favorite Agents and come back often - the content will be changing as fast as the Agent's day to day lives change with their advance copy of the Ford Fiesta.





FEATURED AGENT
Beto L.
Oakland, CA
"Take a glimpse into the eyes of aspiring Indy filmmaker and dancer Beto... [READ MORE](#)


ELSEWHERE [TWITTER](#) [FLICKR](#) [YOUTUBE](#) [BLOG](#)

















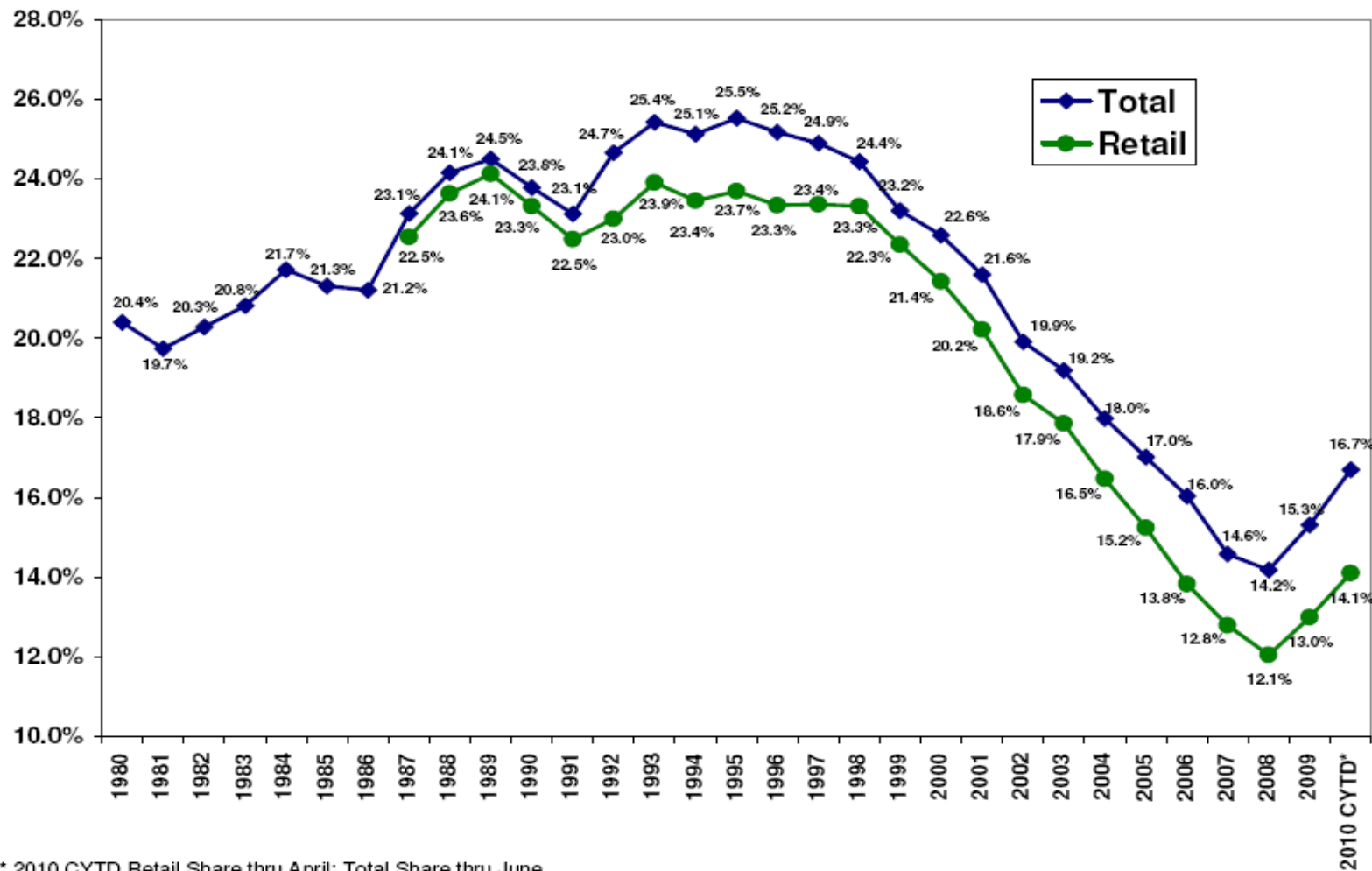






Done

PRODUCT STRATEGY IS WORKING -- U.S. FLM MARKET SHARE



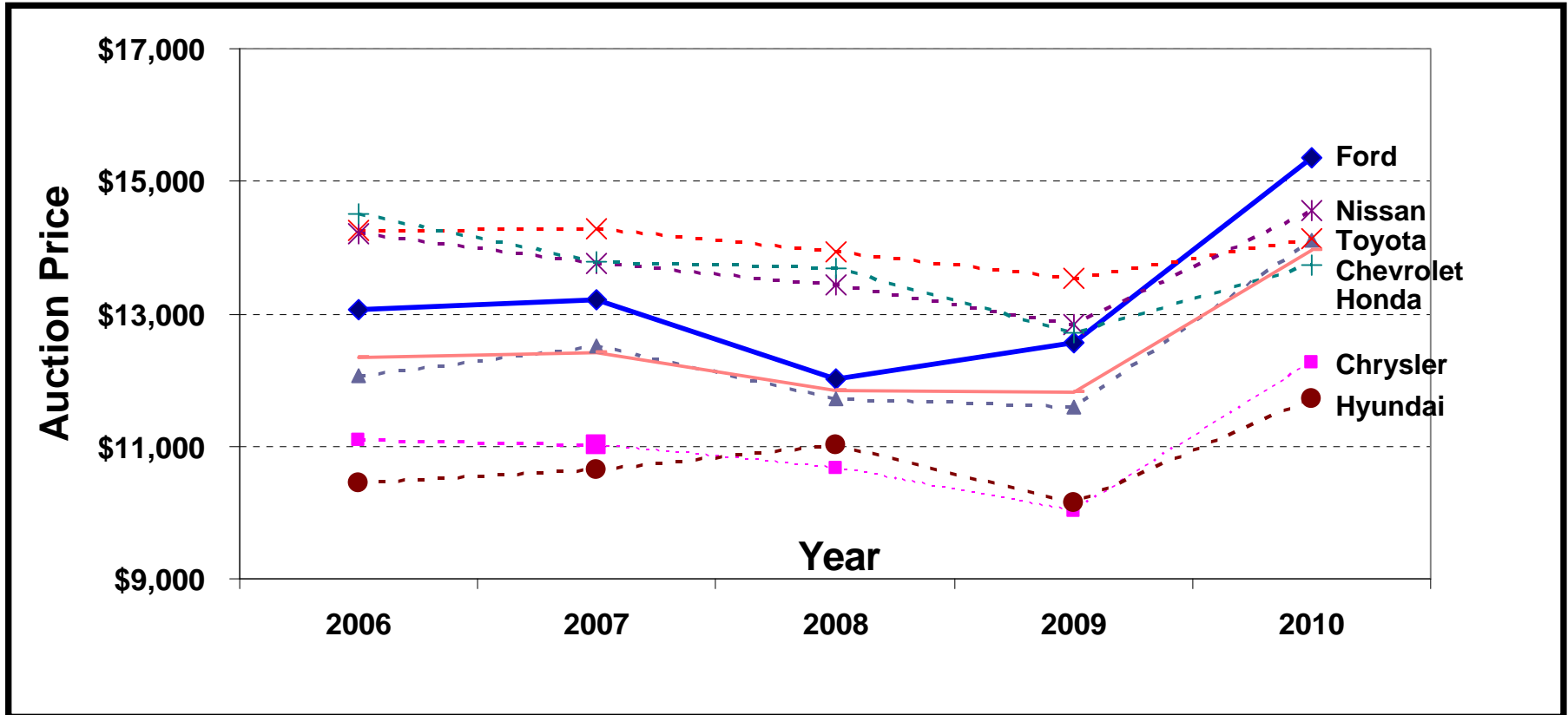
* 2010 CYTD Retail Share thru April; Total Share thru June

**As Brand Health, Quality, And Customer Satisfaction Have Improved,
So Has Our Market Share**



PRODUCT STRATEGY IS WORKING -- RESIDUAL VALUES IMPROVING

U.S. Used Vehicle Auction Value



Data Source: NADA AuctionNet May CYTD, Mileage and Mix Controlled, Luxury Brands Excluded. Data represents vehicles 1-3 years in service

**Improvement In Vehicle Resale Values Benefits Customer's
Cost Of Ownership**

PRODUCT STRATEGY IS WORKING -- GLOBALLY:



Global Volumes Increase Driven By Asia Pacific With Sales Up 42% Over 2009

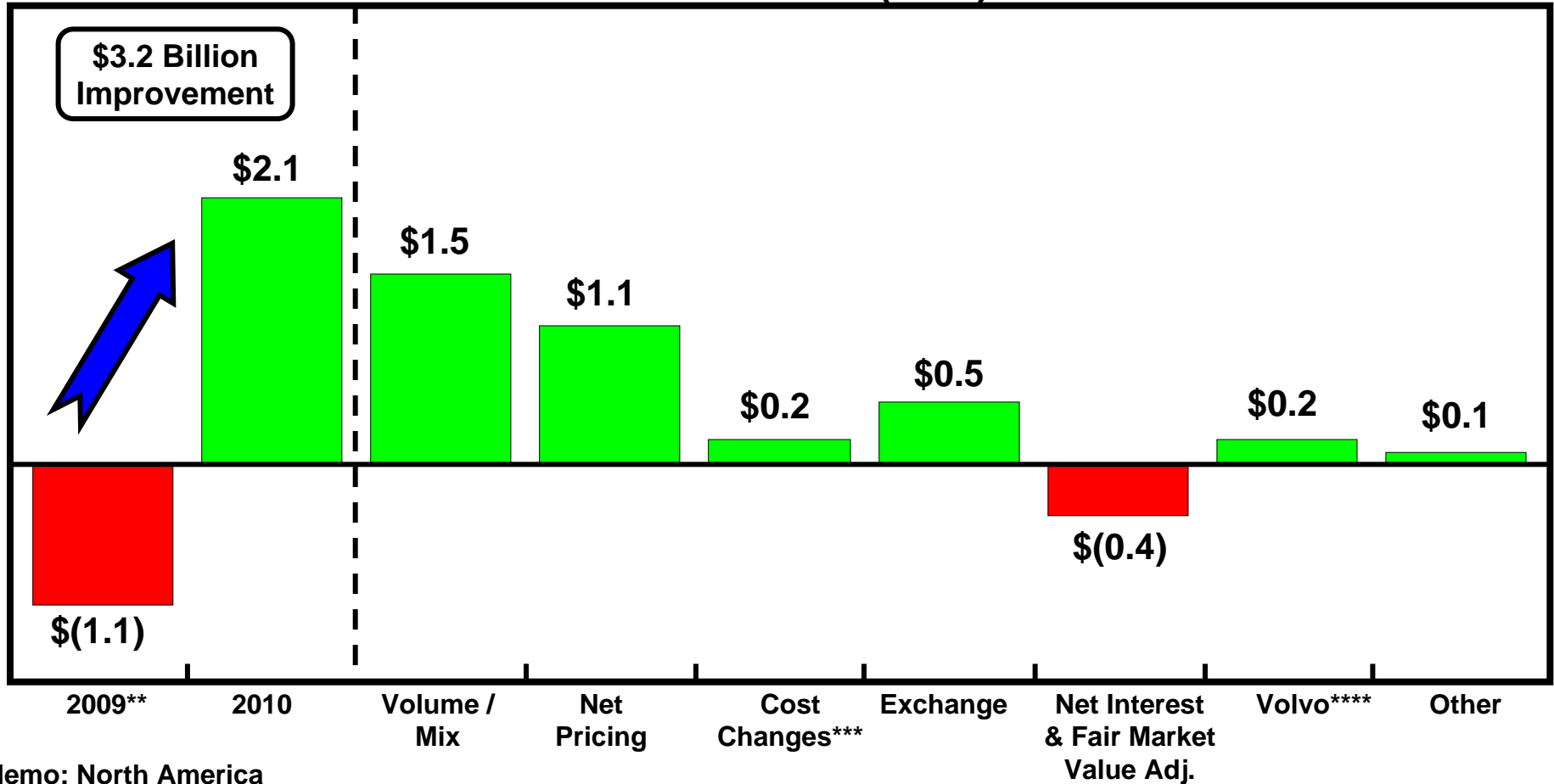


FINANCING OUR PLAN -- AUTOMOTIVE SECTOR

2010 SECOND QUARTER PRE-TAX RESULTS

COMPARED WITH 2009*

Pre-Tax Results (Bils.)



Memo: North America

2009**	2010	Volume / Mix	Net Pricing	Cost Changes***	Exchange	Net Interest & Fair Market Value Adj.	Volvo****	Other
\$(0.9)	\$1.9	\$1.4	\$1.0	\$(0.1)	\$0.4	\$ -	\$ -	\$0.1

* Excludes special items, See Quarterly Report on Form 10-Q for the period ended June 30, 2010 at www.ford.com for reconciliation to GAAP

** Adjusted to reflect the new accounting standard on VIE consolidation

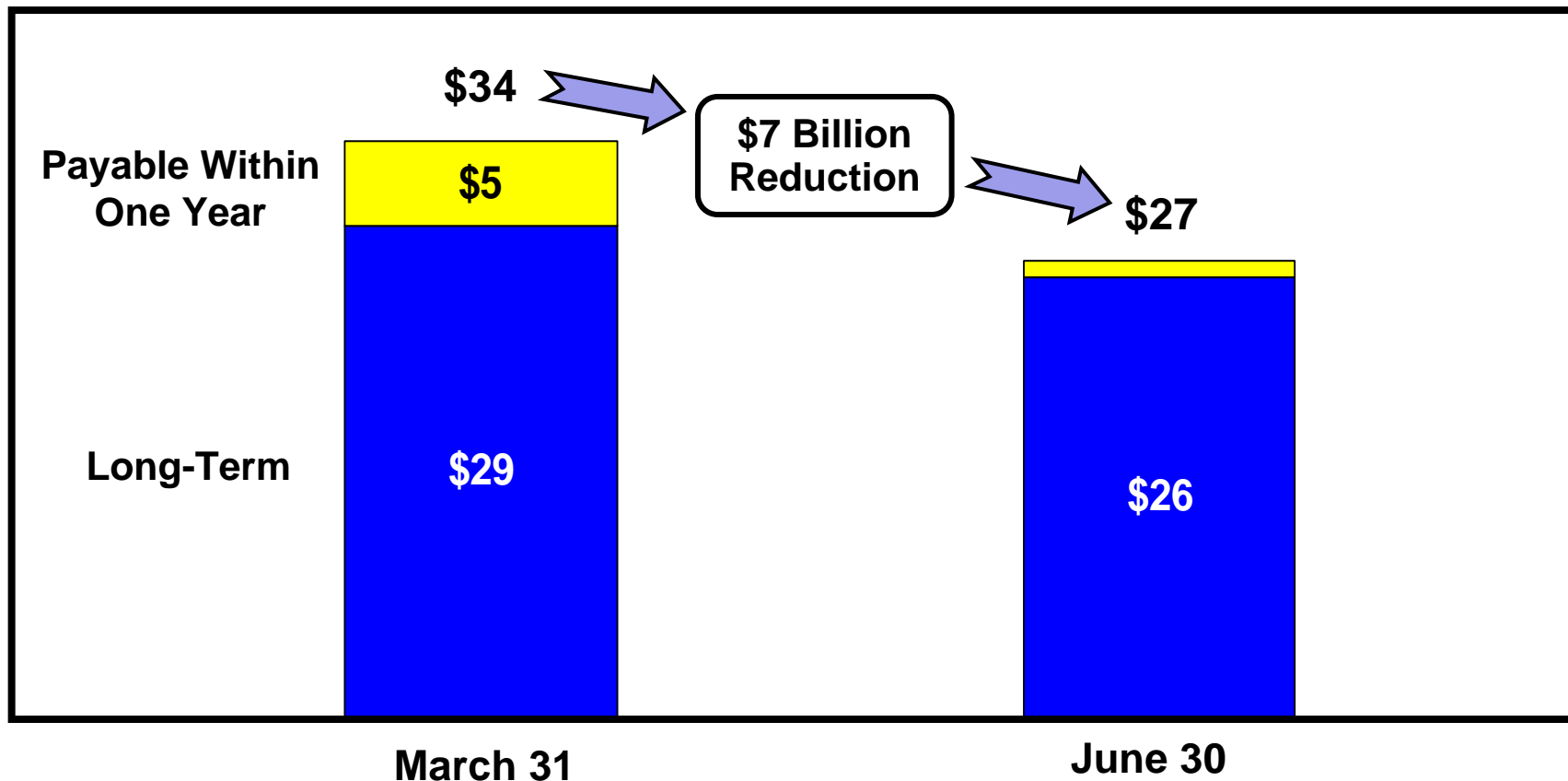
*** Cost changes are measured primarily at prior-year exchange, and exclude special items and discontinued operations. In addition, costs that vary directly with volume, such as material, freight, and warranty costs, are measured at prior-year volume and mix

**** Non-recurrence of 2009 Second Quarter results

FINANCING OUR PLAN -- 2010 AUTOMOTIVE DEBT



Total Debt (Bils.)



Memo:

Net Cash / (Debt)* (\$Bils.) \$(9.0)

\$(5.4)

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

* See Quarterly Report on Form 10-Q for the period ended June 30, 2010 at www.ford.com for reconciliation to GAAP

ONE TEAM -- WORKING TOGETHER EFFECTIVELY



- **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 Quarter 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

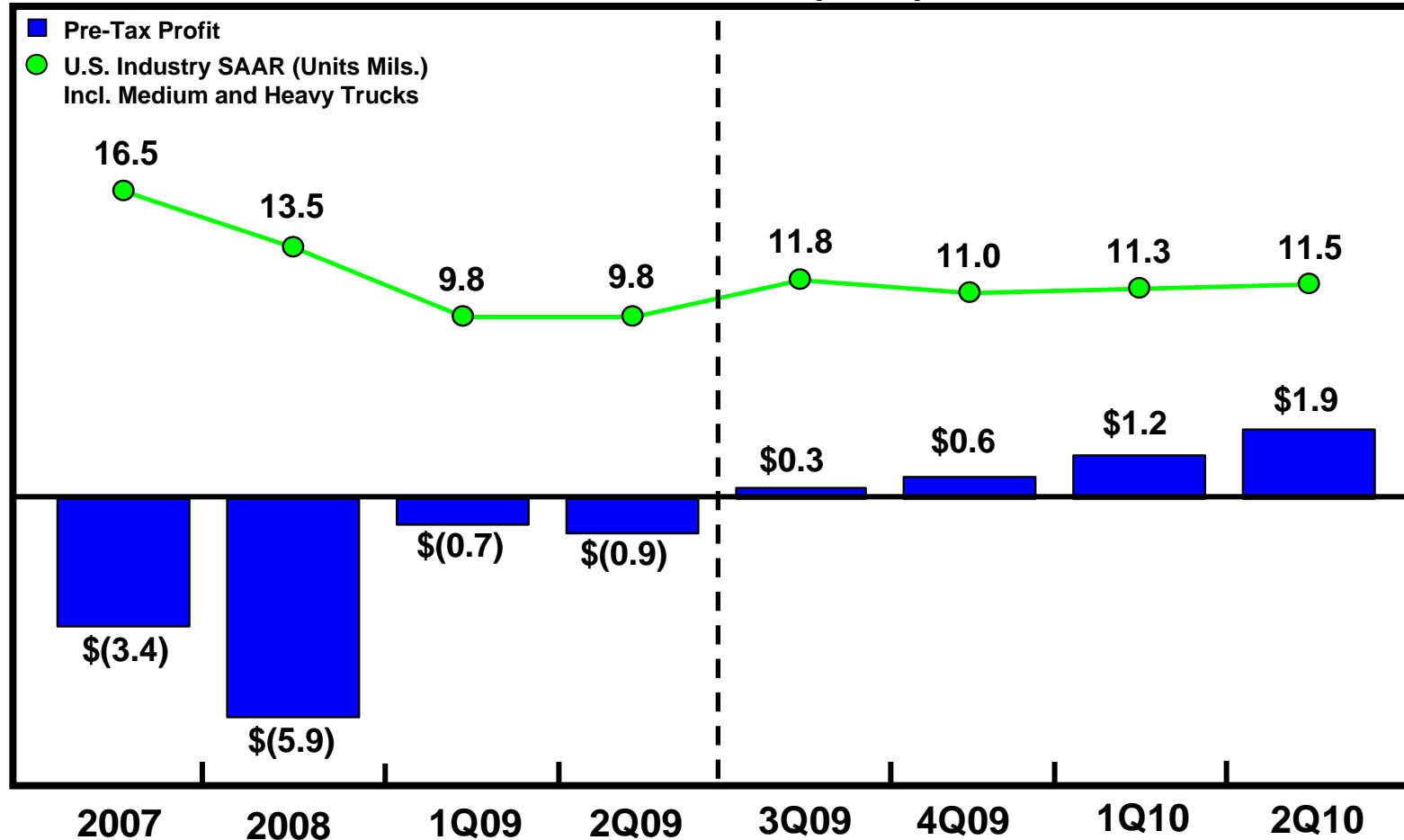


- **Restructured and significantly lowered fixed costs, took out idle capacity, and reduced engineering and new facility / tool costs**
- **Starting to see the benefits of aggressive new product plan and balanced portfolio**
- **New products well-received in the marketplace**
- **Have broken into the top 5 in initial vehicle quality among all U.S. manufacturers; 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 revenue**
- **Paid down \$7 billion of Automotive debt in the Second Quarter**
- **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**

THE ONE FORD PLAN -- POSITIONED FOR GROWTH NORTH AMERICA



Pre-Tax Results (Bils.)*



**Ford Is Profitable At A Lower Industry, Positioned To Grow
As Industry Demand Strengthens**

* Excludes special items, See Quarterly Report on Form 10-Q for the period ended June 30, 2010 at www.ford.com for reconciliation to GAAP

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:

- Further 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 market share;
- Lower-than-anticipated market acceptance of new or existing products;
- An increase in or acceleration of market shift beyond our 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;
- Continued or increased price competition resulting from industry overcapacity, currency fluctuations, or other factors;
- 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;
- A prolonged disruption of the debt and securitization markets;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- 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 disruptions;
- Single-source supply of components or materials;
- Labor or other constraints on our ability to restructure our business;
- Work stoppages at Ford or supplier facilities or other interruptions of production;
- 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, 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 our products, perceived environmental impacts, or otherwise;
- A change in our requirements for parts or materials where we have long-term supply arrangements that commit us 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 our results from a decrease in or cessation of government incentives related to capital investments;
- Adverse effects on our operations resulting from certain geo-political or other events;
- Substantial levels of Automotive indebtedness adversely affecting our financial condition or preventing us from fulfilling our debt obligations (which may grow because we are able to incur substantially more debt, including additional secured debt);
- Failure of financial institutions to fulfill commitments under committed credit facilities;
- Inability of Ford Credit to obtain competitive funding;
- 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;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles;
- Collection and servicing problems related to finance receivables and net investment in operating leases;
- Lower-than-anticipated residual values or higher-than-expected return volumes for leased 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 of these risks, see "Item 1A. Risk Factors" in our 2009 Form 10-K Report.



***QUESTIONS AND
ANSWERS***