FORD UNIVERSITY

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FORD UNIVERSITY

Agenda for today's discussion

- **2013 key financial metrics and guidance**
- **Business Focus Topics**
  - **Pension funding and de-risking**
  - **Share count/warrants**
  - **Ford Credit value proposition**
  - **Capital Spending in Asia Pacific Africa**
  - **Treatment of European restructuring costs**
  - **Warranty reserves**

Included but not part of today's discussion

- **Topics from prior Ford University Presentations, Auto and Credit**

TOTAL COMPANY
2013 PLANNING ASSUMPTIONS AND KEY METRICS

		2012 Full Year Results	2013 Full Year Plan
Planning Assumptions (Mils.)			
Industry Volume*	-- U.S.	14.8	15.0 - 16.0
	-- Europe**	14.0	13.0 - 14.0 (lower end)
	-- China	19.0	19.5 - 21.5
Operational Metrics			
Compared with Prior Year:			
- Market Share	-- U.S.	15.2 %	Higher
	-- Europe**	7.9	About Equal
	-- China***	3.2	Higher
- Quality		Mixed	Improve
Financial Metrics			
Compared with Prior Year:			
- Total Company Pre-Tax Profit (Bils.)****		$ 8.0	About Equal
- Automotive Operating Margin****		5.3 %	About Equal / Lower
- Automotive Operating-Related Cash Flow (Bils.)		$ 3.4	Higher

* Includes medium and heavy trucks

** The 19 markets we track

*** Includes Ford and JMC brand vehicles sold in China by unconsolidated affiliates

**** Excludes special items; Automotive operating margin defined as Automotive pre-tax operating profit, excluding Other Automotive, divided by Automotive Revenue

2013 AUTOMOTIVE GUIDANCE BY SEGMENT

Go Further

Pre-Tax Profit / (Loss)*	2012 (Mils.)	2013 Outlook
North America	$8,343	Higher than 2012; Operating margin about 10%
South America	213	About Breakeven**
Europe	(1,753)	Loss of about $2 billion
Asia Pacific Africa	(77)	About Breakeven
Other Automotive		
- Net Interest	(489)	Higher than Fourth Quarter run rate of $147 million, reflecting the recent increase in Automotive debt and lower interest income
- Fair Market Value Adj. / Other	19	No Guidance
Total Automotive	$6,256	

* Excludes special items

** Reflects, in part, currency risks in the region, particularly Venezuela, and will include the impact of the recent devaluation of the bolivar from an exchange rate of 4.3 to 6.3 bolivars to the U.S. dollar. This alone would have resulted in a translation loss of approximately $200 million in our Year-End financial statements had it occurred on Dec. 31, 2012

2013 FORD CREDIT GUIDANCE

- **For Full Year 2013, Ford Credit projects:**
  - **Pre-tax profit about equal to 2012**
  - **Managed receivables at Year End in the range of $95 billion to $105 billion**
  - **Managed leverage to continue in the range of 8:1 to 9:1, and**
  - **Distributions of about $200 million**

BUSINESS FOCUS TOPICS

- **Pension Funding and De-Risking**
- **Share Count/Warrants**
- **Ford Credit Value Proposition**
- **Capital Spending in Asia Pacific Africa**
- **Treatment of European Restructuring Costs**
- **Warranty Reserves**

RECAP PENSION RISKS

- Global pension exposure is large and volatile

- Size and volatility of pension exposure impact many financial metrics
  - Cash flow
  - Credit rating
  - Cost of borrowing
  - Profitability
  - Company valuation

- Adds non-core financial risk

Pension Risks Impact Company Financial Metrics

PENSION SHORTFALL GREW IN 2012

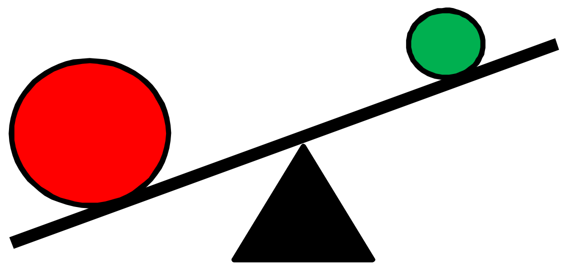
Shortfall	Worldwide Plans (Bils.)
YE 2011	$(15.4)
YE 2012	(18.7)
2012 B/(W) 2011	$ (3.3)
Explanation	
Asset Returns	$ 7.0
Obligation Growth	(5.2)
Net Returns	$ 1.8
Contributions	3.8
Lower Discount Rates	(8.9)
Total Y-O-Y Change	$ (3.3)

Lower Discount Rates More Than Offset Strong Returns And Contributions

DE-RISKING STRATEGY ADDRESSES PENSION RISK

Go Further

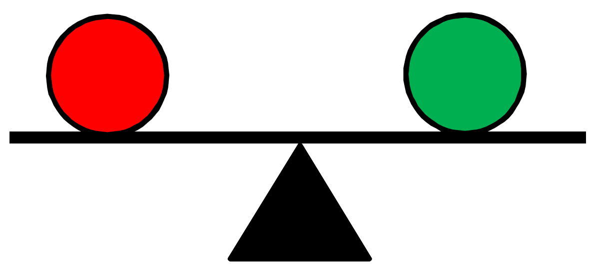
Liabilities > Assets



<u>Liabilities</u>
- **Discount rate**
- **Plan closures**
- **Lump sums**

<u>Plan Assets</u>
- **Returns**
- **Contributions**
- **De-risk assets over time**

Liabilities = Assets



Multi-Year Strategy Uses Many De-Risking Tools

DE-RISKING ACTIONS AND PROGRESS

Actions	Progress
• Limit liability growth	✓ All major defined benefit plans closed to new entrants
• Lump sum programs	✓ Offered at retirement (selected plans)
	✓ Existing U.S. salaried retirees – 2012/2013 program offered to 90,000 participants
• De-risk assets – match to liabilities	
– U.S.	✓ Began in 2007; move to 80% fixed income / 20% growth assets beginning 2012
– Non-U.S.	✓ Begin in 2013 (Canada); other plans progressing

	Actual 2012	Planned 2013
• Contributions to global funded plans (Bils.)		
– Total	$3.4	$5.0
– Discretionary (incl. above)	2.0	3.4

Strategy Is Progressing Across Global Funded Plans

DE-RISKING BENEFITS INVESTORS

Go Further

- **Companies with large pension liabilities and shortfalls relative to market capitalization, like Ford, generally have higher stock betas – such stocks may outperform during rallies but will underperform during downturns**

- **A funded and de-risked plan should lower our stock's beta, and in turn lower our cost of capital and support a higher fundamental valuation and multiple**

- **De-risking strategies will reduce non-core risks and protect the business from unplanned demands on cash**

- **More stable cash flows after we de-risk enhances our ability to continue investing in the business and return cash to shareholders**

Lower Pension Risk = Improved Corporate Risk Profile = Higher Valuation And Multiple

PENSION PLAN INTEREST RATE SENSITIVITY

- **Goal of de-risking is to reduce funded status volatility**

- **Base plan assumes interest rates will rise over time and plan liabilities and shortfalls will decrease**

- **Asset de-risking shifts the portfolio mix to more fixed income, which largely offsets the interest rate sensitivity of the liabilities**

- **Our overall pension de-risking is a gradual process**
  - **Until fully funded and de-risked, certain market events represent risks that can worsen the shortfall**
  - **These risks may force unplanned mandatory contributions which would draw capital from other business priorities**

De-Risking Reduces Pension Volatility – Taking Actions Now And Over Time

PENSION PLAN INTEREST RATE SENSITIVITY

US Plans

YE 2012	Incr/(Decr) Shortfall + 1 ppt (Bils.)	Incr/(Decr) Shortfall - 1 ppt (Bils.)
Liabilities	$ (5.2)	$ 6.4
Assets -- 55% Fixed Income*	(2.9)	3.6
Change in Shortfall	$ (2.3)	$ 2.8

High Volatility

Long-Term Target	Incr/(Decr) Shortfall + 1 ppt (Bils.)	Incr/(Decr) Shortfall - 1 ppt (Bils.)
Liabilities	$ (5.2)	$ 6.4
Assets -- 80% Fixed Income*	(4.9)	6.0
Change in Shortfall **	$ (0.3)	$ 0.4

Low Volatility

* Fixed Income sensitivity only; excludes other assets

** Assumes fully funded

Interest Rate Impact Reduced By Plan Assets – Protection Grows Over Time

FREQUENTLY ASKED DE-RISKING QUESTIONS

Go Further

Questions	Responses
• How are pension contributions prioritized versus other cash uses?	• Manage across key priorities – strong balance sheet; fund the plan including sustainable dividend
• Does planned $5 Bils. contribution represent the ongoing run-rate?	• No, recent debt transaction provides added cash to planned contributions
• Is the goal to fund all plans globally or funded plans only?	• Goal is to fully fund funded plans; progress in near-term
• Will de-risking sacrifice plan returns?	• Yes, as we move to target asset mix, expected returns will be lower
• How much cash are you planning to contribute by year to global plans?	• Will depend on funded status; directionally as follows (Bils.): • Mandatory: range $1.1 – $1.6 • Unfunded: about $0.4 • Discretionary: as appropriate as we approach fully funding

Strategy Reduces Pension Risks Over Time

BUSINESS FOCUS TOPICS

- **Pension Funding and De-Risking**
- **Share Count/Warrants**
- **Ford Credit Value Proposition**
- **Capital Spending in Asia Pacific Africa**
- **Treatment of European Restructuring Costs**
- **Warranty Reserves**

SHARE COUNT/WARRANTS

Basic and Diluted Shares (Mils.)*	2012	2011	2010
Basic shares (average shares outstanding)	3,815	3,793	3,449
Net dilutive options and warrants	101	187	217
Dilutive 2016 Convertible Notes	96	95	291
Dilutive 2036 Convertible Notes	3	3	58
Dilutive Trust Preferred Securities**	-	33	163
Diluted shares	4,015	4,111	4,178

* Includes (i) 53 million in average net dilutive shares for 2012 for warrants outstanding prior to exercise and (ii) 9 million in average basic shares outstanding for 2012 for shares issued for warrants exercised. In total, by the deadline for exercise of December 31, 2012, 362 million warrants were exercised on a net share settlement basis, resulting in the issuance of 106 million shares.

** The Trust Preferred Securities, which were convertible into Ford Common Stock, were fully redeemed on March 15, 2011.

SHARE COUNT/WARRANTS

Go Further

Basic and Diluted Shares Related to Warrants (Mils.)

	Full Year 2012	Fourth Quarter 2012	First Quarter 2013
Average basic shares issued for warrants exercised	9	35	106
Average net dilutive shares from warrants*	53	36	-
Average diluted shares	62	71	106

35

* Dilutive share calculation for warrants prior to exercise

In Total, 362 Million Warrants Were Exercised On A Net Share Settlement Basis, Resulting In The Issuance Of 106 Million Shares, Which Will Be Included In Our Average Basic Shares Outstanding For The EPS Calculation For First Quarter 2013 And Forward

BUSINESS FOCUS TOPICS

- **Pension Funding and De-Risking**
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FORD CREDIT STRATEGIC VALUE

- **Profitably support Ford, its dealers and customers through economic cycles**

- **Strategic value delivered through:**

  – **More than 50 years of automotive financing experience**

  – **Consistent vehicle inventory financing, supporting automotive production plans and dealer inventory requirements**

  – **Exclusive Ford and Lincoln retail and lease consumer financing products; integrated go-to-market strategies**

FORD CREDIT STRATEGIC VALUE

- **Ford Credit is integrally tied to Ford Motor Company**
- **Our profitability is based on competitive leverage and return targets**
- **We have a relentless focus on driving value based on**
  - **A competitive funding structure,**
  - **Best-in-class operating cost structure, and**
  - **Best-in-class risk management organization**
- **A comprehensive customer relationship management process that emphasizes sales and service experience and drives repeat Ford business and only Ford business**
- **Ford Credit's processes and focus create the "Virtuous Circle"**

A VIRTUOUS CIRCLE:
INTEGRATION CREATES A STRATEGIC ADVANTAGE

Go Further

- **Trusted Brand**
- **Access to Dealer Channel**

More Products, Faster

- **Automotive Specialist with Vested Interest in Ford Dealer Success**
- **Training & Consulting**
- **Consistent Market Presence**

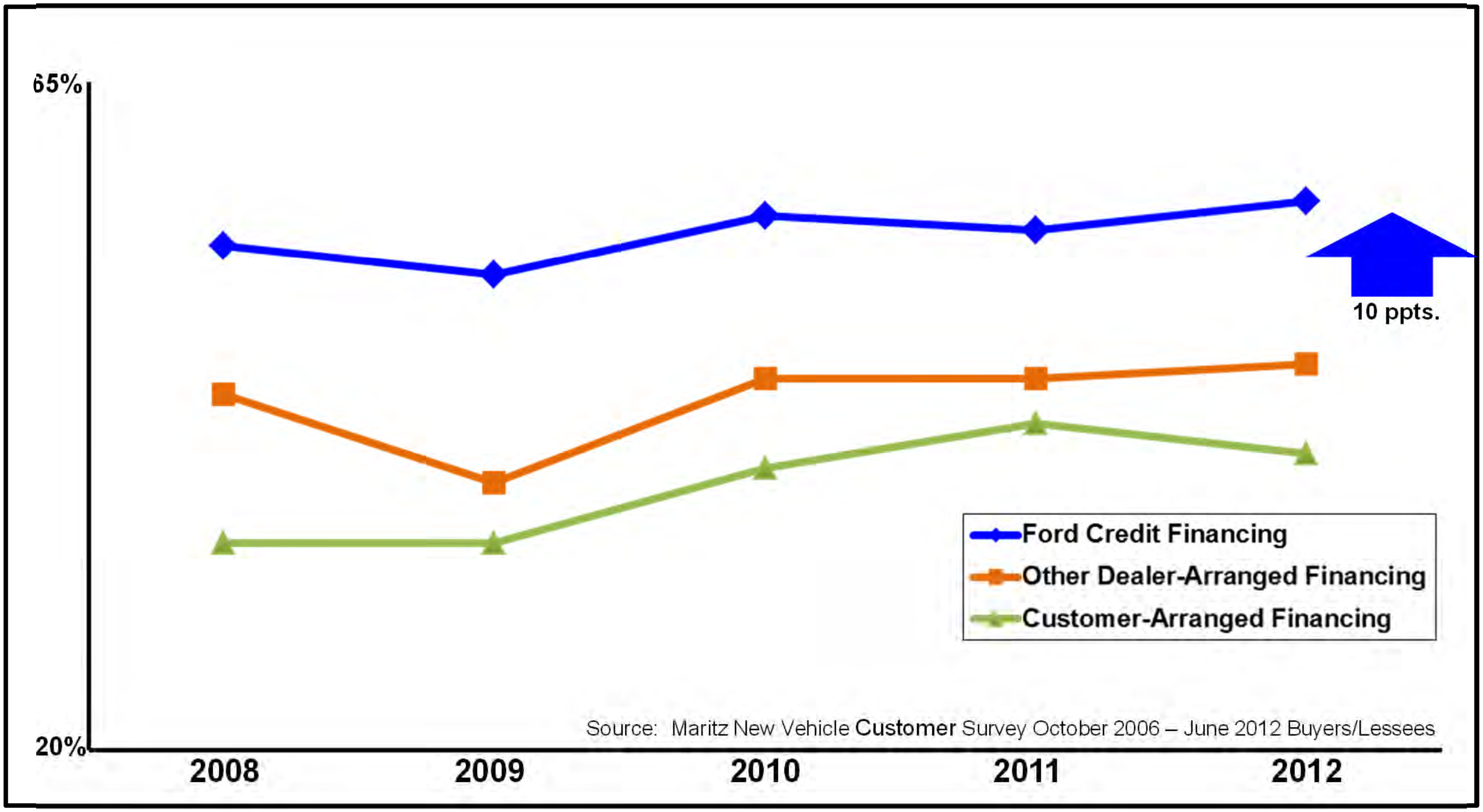
FORD **CREDIT**

- **Fast, Flexible, Quality Service**
- **Full Array of Products**
- **Incremental Vehicle Sales (Spread of Business & Customer Relationship Management)**

- **Higher Customer Satisfaction and Loyalty**
- **Profits and Distributions**

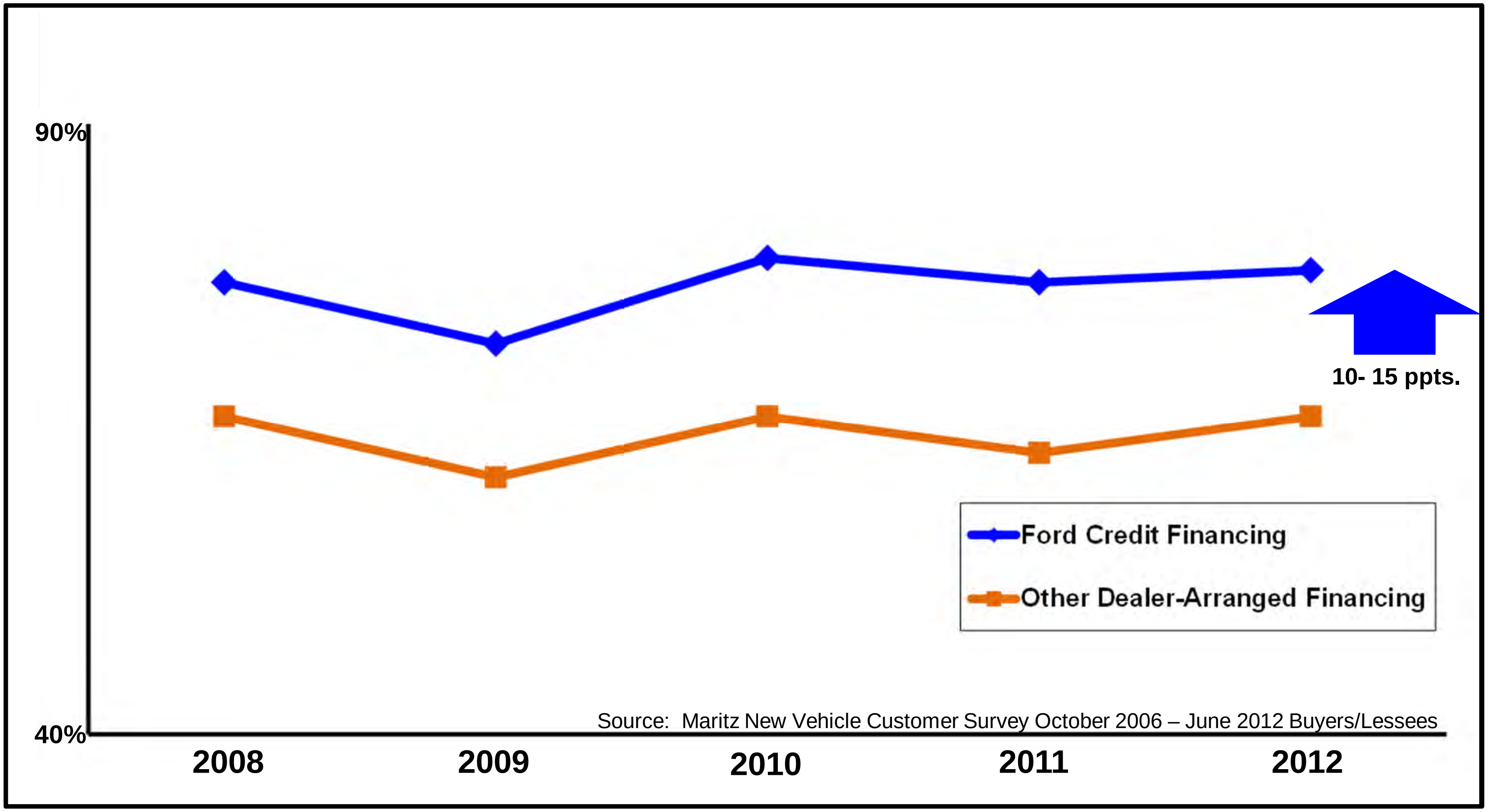
FORD CREDIT VALUE PROPOSITION -- CUSTOMER LOYALTY TO FORD

Go Further



Customers Who Finance With Ford Credit Are More Loyal To Ford Compared With Customers Who Finance With Other Lenders

FORD CREDIT VALUE PROPOSITION -- CUSTOMER SATISFACTION WITH DEALER-ARRANGED FINANCING



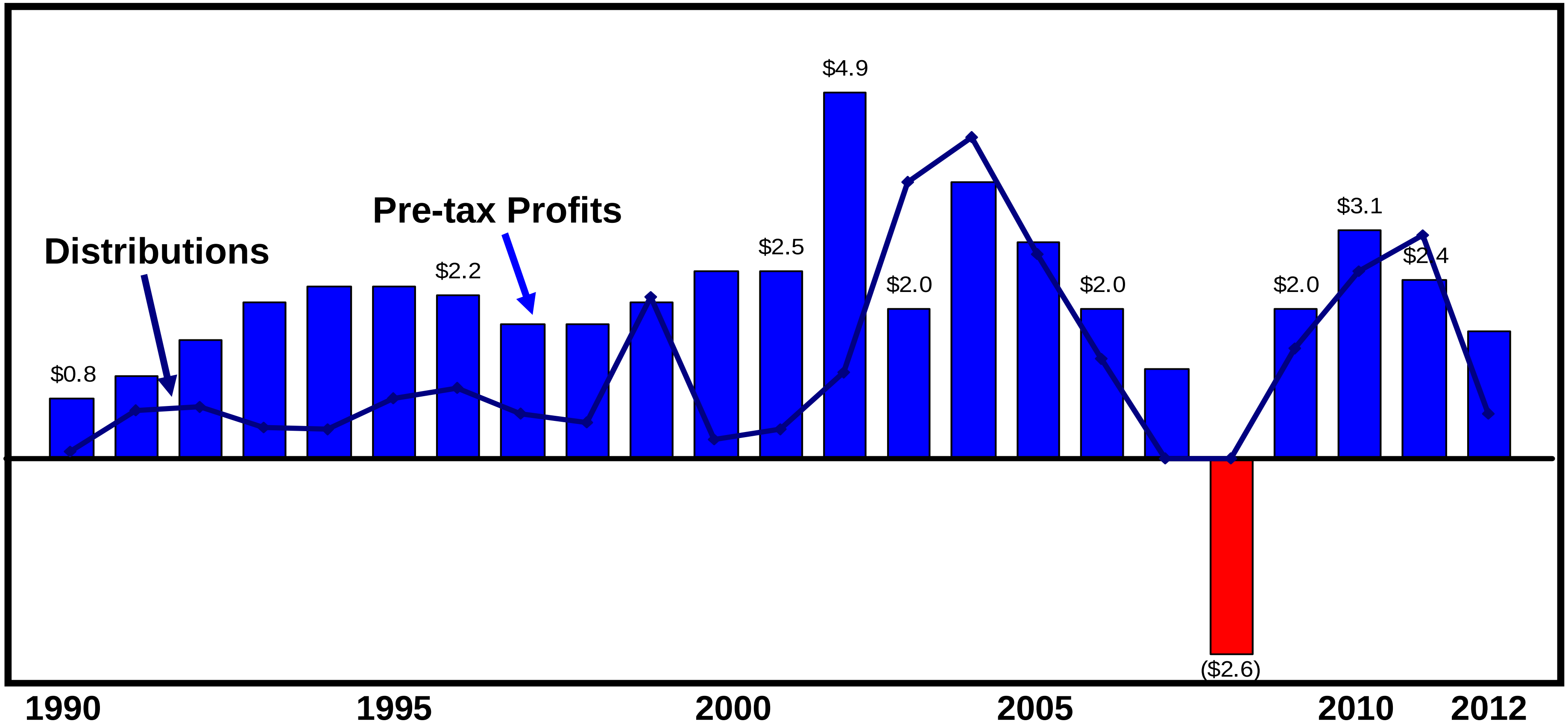
Ford Credit Financing Has Consistently Obtained Higher Customer Satisfaction Ratings Over Other Dealer-Arranged Financing

FORD CREDIT VALUE PROPOSITION -- U.S. DEALERS WHO FLOORPLAN WITH FORD CREDIT

	Performance vs. Non-Ford Credit Dealers
Automotive Retail Market Share	+ 0.8 ppts
Ford Credit Share of Ford Retail Sales	+ 13.8 ppts
Customer Satisfaction	+ 1 ppt
Certified Pre-Owned Penetration	+ 63 %
ESP Penetration (extended service plan)	+ 33 %
WearCare Penetration (covers excess wear and tear on leases at termination)	+ 10 %

Ford Credit, Through The Virtuous Circle, Delivers Higher Value To Ford, Our Dealers And Our Customers Than Other Finance Providers

FORD CREDIT VALUE PROPOSITION -- HISTORICAL PROFITABILITY



Rec. (Bils):

$55.3	**$85.8**	**$158.8**	**$132.1**	**$81.3**	**$89.8**

Over the Last 20 Years, Ford Credit Generated $43 Billion In Pre-Tax Profits And $27.3 Billion In Distributions

BUSINESS FOCUS TOPICS

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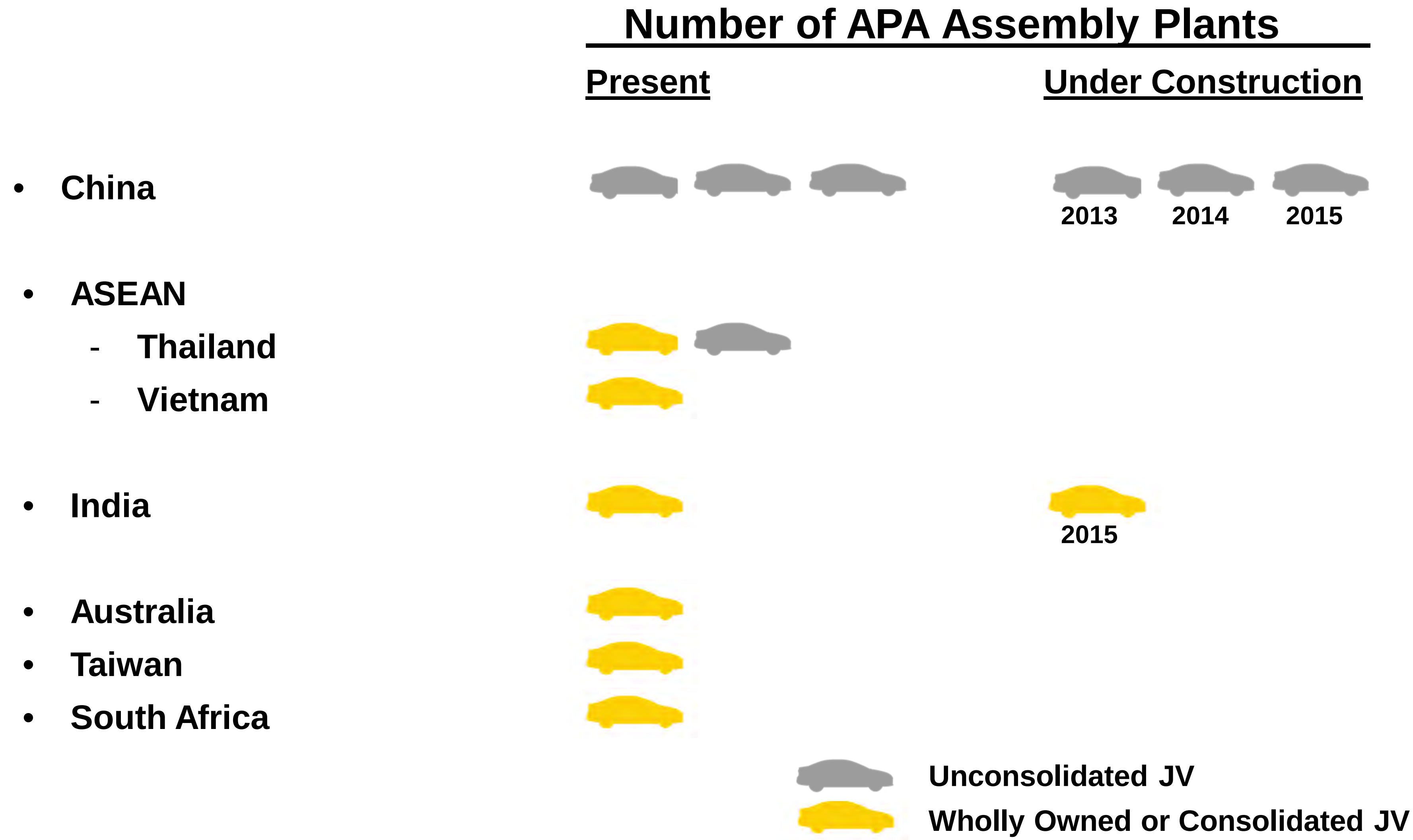
CAPITAL SPENDING IN ASIA PACIFIC AFRICA



We Continue To Invest In Capacity Across The Region;
Including Investment In Our Joint Venture Plants

CAPITAL SPENDING IN ASIA PACIFIC AFRICA

Unconsolidated Joint Ventures

- **Capital spending is funded directly by the joint ventures, and is not included in our consolidated capital spending levels**
  - **In Asia Pacific Africa, this includes our joint ventures in China and Thailand**
  - **Our other joint ventures are handled the same way, including our joint ventures in Turkey and Russia**
- **No Ford equity contributions are planned**
- **All Joint Ventures in APA are presently paying dividends; this is expected to continue**

Wholly Owned or Consolidated Joint Ventures

- **Capital spending is funded by Ford and is included in our capital spending guidance**

The Unconsolidated Joint Ventures
Self-Fund Their Capital Spending Requirements

BUSINESS FOCUS TOPICS

- **Pension Funding and De-Risking**
- **Share Count/Warrants**
- **Ford Credit Value Proposition**
- **Capital Spending in Asia Pacific Africa**
- **Treatment of European Restructuring Costs**
- **Warranty Reserves**

TREATMENT OF EUROPEAN RESTRUCTURING COSTS

- **Tested European business for impairment in 2012-- concluded that no asset impairment was required**

- **We will incur various impacts related to restructuring:**

Reporting	
Operating Results	**Special Items**
Accelerated depreciation	**Separation-related costs**
Cost to reconfigure footprint	
Other related costs	
Lost production	

BUSINESS FOCUS TOPICS

Go Further

- **Pension Funding and De-Risking**
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WARRANTY

- Warranty costs include costs for warranty coverage, product recalls, and other customer service actions
- Using prescribed rules of the road, initial warranty estimates are established using historical information for each vehicle line by model year. These initial estimates of lifetime warranty costs are accrued for when the vehicle is wholesaled
- Accruals are compared with actual experience over the life of the vehicle line resulting in one-time reserve adjustments. The nature and timing of these adjustments can make comparisons between periods difficult
- In the case of older model year vehicles for which we no longer carry reserves, effects of any field service actions directly impact our bottom line

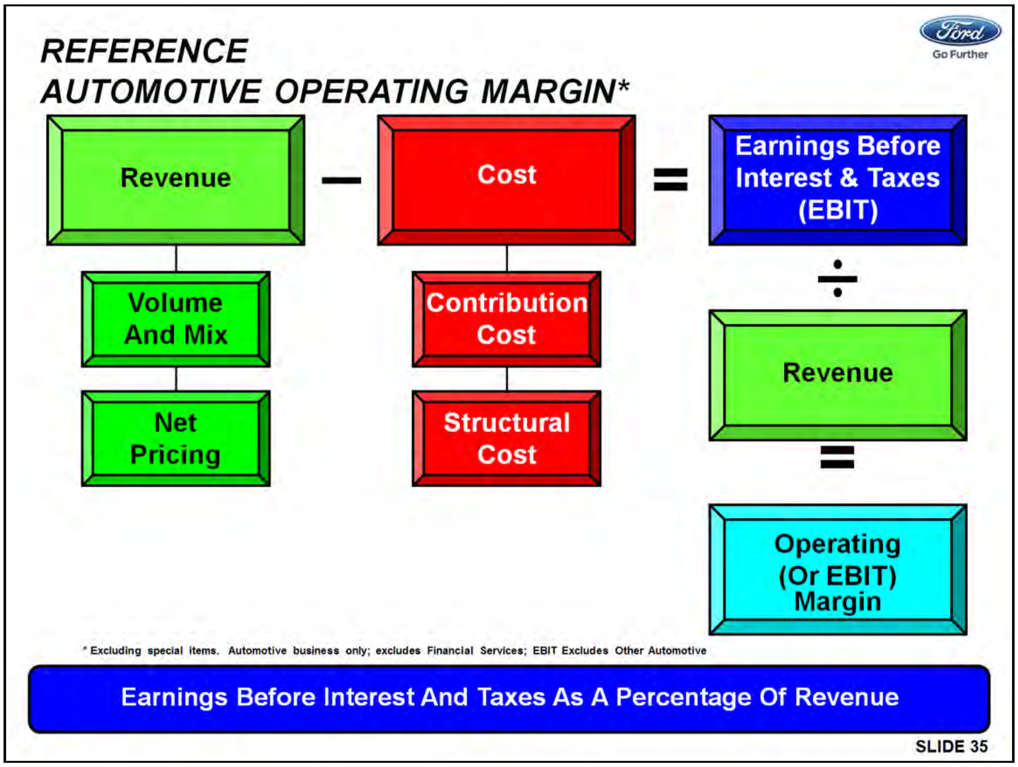
WARRANTY RESERVES -- 2012 10-K

	Global Full Year		
	2011 (Millions)	2012 (Millions)	
Beginning Balance	$ 3,855	$ 3,915	
Payments made during the period	(2,799)	(2,254)	$ 545
Changes in accrual related to warranties issued during the period	2,215	1,885	$ 330
Changes in accrual related to pre-existing warranties	690	49	
Foreign currency translation and other	(46)	61	
Ending Balance	$ 3,915	$ 3,656	

REFERENCE MATERIAL

Subjects from prior Ford University Presentations

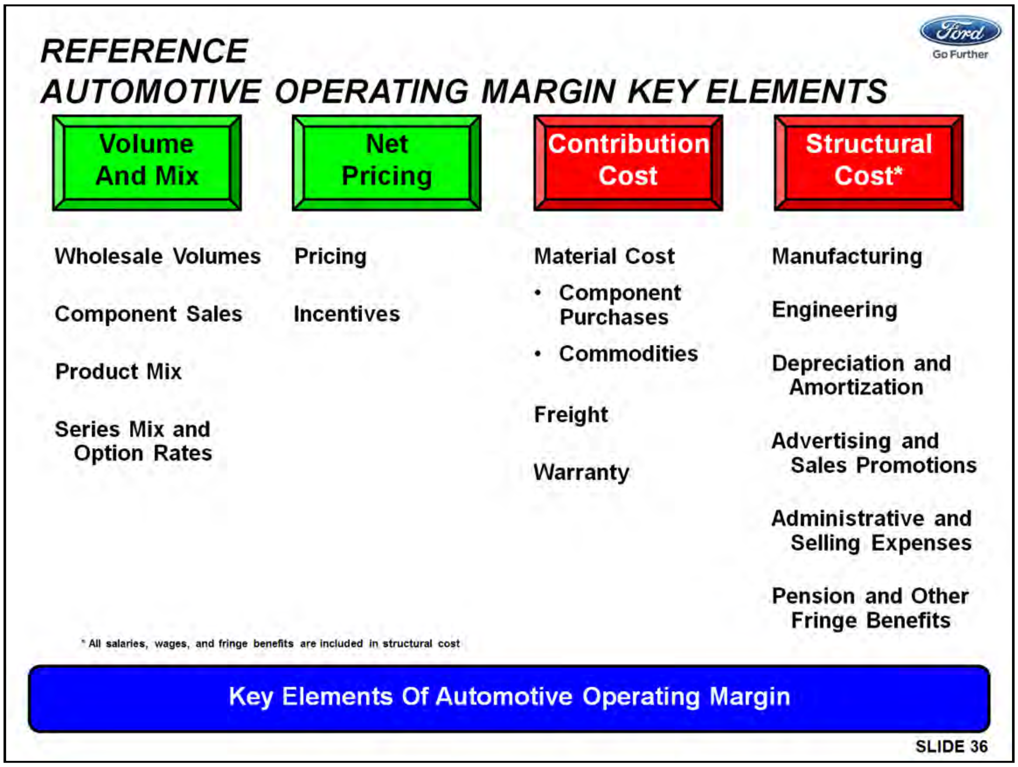
- **Auto University**
  - ✓ **Automotive Operating Margin**
  - ✓ **Effective Tax Rates**
  - ✓ **Treatment of Chinese Joint Ventures**
  - ✓ **Production vs. Wholesales**
  - ✓ **Major Markets Defined**
  - ✓ **Reporting on a "Where Sold" Basis**
  - ✓ **Profit Variance Analysis**
  - ✓ **Automotive Cost Details**
  - ✓ **Automotive Cash and Balance Sheet**
  - ✓ **Pension and OPEB**
  - ✓ **Calendarization Factors**



Automotive operating margin is calculated by dividing automotive EBIT, excluding special items, by automotive revenue, for each segment and for Ford total automotive.

Automotive EBIT is equal to pre-tax results excluding Special Items and Other Automotive, which is comprised of net interest expense and Fair Market Value Adjustment.

As shown, volume and mix and net pricing are the key drivers of revenue, and contribution costs and structural costs are the primary elements of cost.



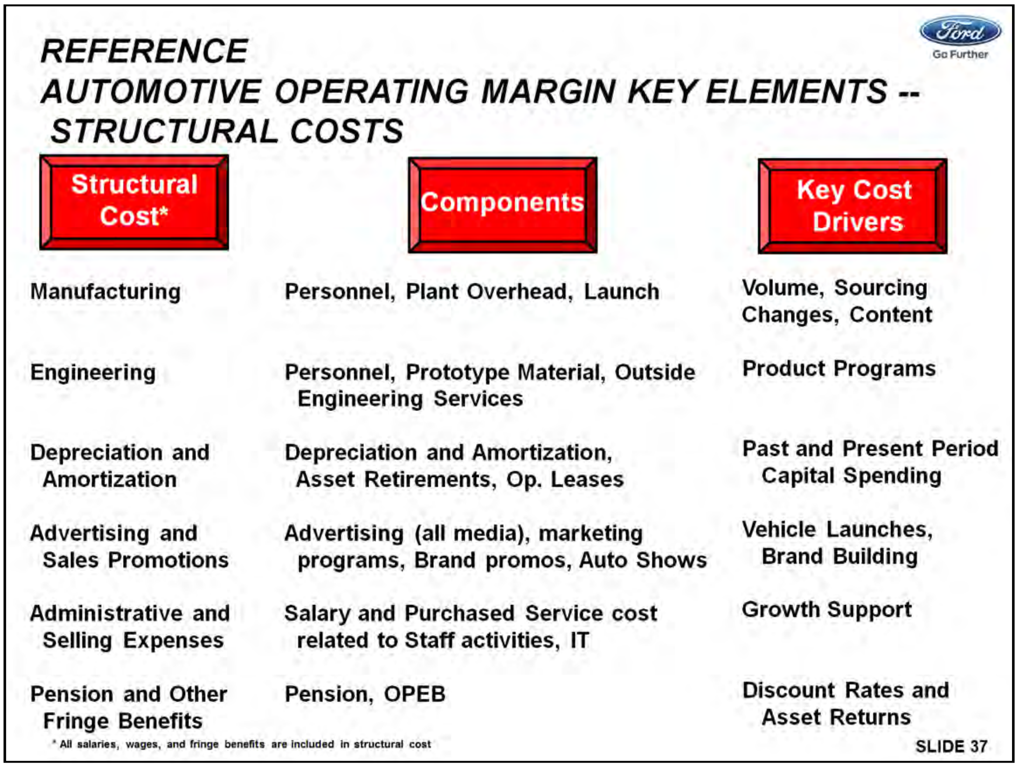
Key elements that affect our automotive operating margins:

Volume and Mix is directly impacted by Wholesale Volumes, Component Sales, Product Mix, and Series Mix and Option Rates within a product line.

Net Pricing is affected by wholesale pricing, which may include pricing for new design features added to a vehicle, such as a more powerful engine, or pricing actions to better align a vehicle competitively or recover higher commodity costs. Net Pricing also includes the impact of changes in marketing incentives.

Contribution costs include Material Costs, including component purchases and commodities, Freight including duty, and Warranty.

Structural Costs include Manufacturing, Engineering, Depreciation and Amortization, Advertising and Sales Promotions, Administrative and Selling Expenses, and Pension and Other Fringe Benefits.



Key components and cost drivers for structural costs:

Manufacturing consists primarily of hourly and salaried personnel, plant overhead such as utilities, scrap and taxes, and launch expense. Volume and sourcing changes, as well as vehicle content are the key drivers of changes in these costs.

Engineering consists primarily of hourly and salaried personnel, prototype materials, and outside engineering services. The number and complexity of product programs drive these costs.

The depreciation and amortization component, often referred to as spending-related, primarily consists of depreciation and amortization, but also includes asset retirements and operating leases. Past and present capital spending drive these costs.

Advertising and Sales Promotions costs include advertising, marketing programs, brand promotions, customer mailings and promotional events, and auto shows. The number of vehicle launches and worldwide brand building efforts drive these costs.

Administrative and Selling expenses, also referred to as overhead, include salaried and purchased services costs related to staff activities, including the information technology group. Any increases in these costs would be driven primarily by growth.

Pension and other fringe benefits consists primarily of past service pension cost and other post-retirement employee benefits. Discount rates and asset returns are the key drivers of changes in these costs.

In addition to the key cost drivers, efficiencies and normal economics impact essentially all of these costs as well.

REFERENCE - EFFECTIVE TAX RATES

Go Further

Operating Effective Tax Rate

	1Q12	2Q12	3Q12	4Q12	FY12
Pre-tax results (excl. special items)	$ 2,293	$ 1,829	$ 2,163	$ 1,681	$ 7,966
Less: Equity in net income of affiliated companies	95	101	129	263	588
	$ 2,198	$ 1,728	$ 2,034	$ 1,418	$ 7,378
(Provision for) income taxes	$ (713)	$ (628)	$ (587)	$ (443)	$(2,371)
Effective tax rate	32.4%	36.4%	28.8%	31.2%	32.1%

Total Effective Tax Rate (including Special Items)

	1Q12	2Q12	3Q12	4Q12	FY12
Pre-tax results (incl. special items)	$ 2,038	$ 1,595	$ 2,246	$ 1,841	$ 7,720
Less: Equity in net income of affiliated companies	95	101	129	263	588
	$ 1,943	$ 1,494	$ 2,117	$ 1,578	$ 7,132
(Provision for) income taxes	$ (640)	$ (557)	$ (613)	$ (246)	$(2,056)
Effective tax rate	32.9%	37.3%	29.0%	15.6%	28.8%

SLIDE 38

Ford's full-year 2012 operating effective tax rate was 32.1%, after subtracting equity in net income of affiliated companies from pre-tax profits.

The effective tax rate excludes the impact of equity in net income of affiliated companies because these are accounted for on an after-tax basis within operating PBT. These earnings, therefore, are excluded from the denominator in calculating an effective tax rate.

Worldwide cash tax payments are expected to remain low for a number of years, while worldwide tax attributes generated in prior periods are consumed to offset cash tax liabilities.

REFERENCE
TREATMENT OF CHINESE JOINT VENTURES

Joint venture results are reported within each segment as follows:

- **Unit Volumes** ✓ **Included**
- **Revenue** - **Not included**
- **Profits** ✓ **Ford's share of after-tax profits included**
- **Capital Expenditures** - **Not included**

- **Profit variances related to Ford share of profits at most Joint Ventures are included in "Other" variance category**
- **Variances related to our two major China Joint Ventures with Changan and Jiangling are reported at Ford share across all variance categories (Volume / Mix, Net Pricing, Costs, etc.)**

SLIDE 39

Consistent with the treatment of unconsolidated joint ventures under the accounting rules, vehicles sold by joint ventures are included in the "Wholesales" category, but revenue from vehicles produced and distributed by unconsolidated affiliates is not included in consolidated revenue. Automotive segment profits do include Ford's share of the after-tax profits of these affiliates. Changes in these profits are generally reflected in the "Other" variance category.

For the two major China joint ventures with Changan and Jiangling, however, profit variances are reported at Ford share across all variance categories, including volume and mix, net pricing, contribution costs, and other costs. This is done this way because of their relative magnitude – they represented more than 60% of the Regions' wholesales in 2012, and further growth is expected over the business plan period.

This presentation of the results of these Chinese joint ventures reflects the manner in which the results in the region are analyzed internally.

Capital expenditures for our joint ventures is funded directly by the joint ventures and is not included in consolidated levels.

REFERENCE
PRODUCTION VS. WHOLESALES

Go Further

Production
+ / - Net Imports / Exports
+ / - Changes in Company Stocks
= Wholesales
+ / - Changes in Dealer Stocks
- Sales to Other OEMs
= Retail Sales

SLIDE 40

Production vs. Wholesale

Within a specific Automotive segment, the difference between production and wholesale volumes is primarily explained by the net imports and exports with other Automotive business segments and changes in Company-owned finished vehicle inventories.

Wholesale vs. Retail

Within a specific Automotive segment, the difference between wholesale and retail volumes primarily are explained by changes in dealer-owned stocks.

In addition, wholesale and production volumes for a given region include vehicles sold to other OEMs (such as Mazda). These units are not included in that segment's retail volumes.

Please note that Ford's convention is to report retail shares for vehicles sold in just the major markets of a given region

REFERENCE
BUSINESS UNIT REPORTING -- MARKET SHARE

*MAJOR MARKETS DEFINED**

- North America -- U.S.
- South America -- Argentina, Brazil, Chile, Colombia, Ecuador and Venezuela (6)
- Europe -- Austria, Belgium, Britain, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, and Switzerland (19)
- Asia Pacific Africa -- Australia, China, Japan, India, Indonesia, Malaysia, New Zealand, Philippines, South Africa, Taiwan, Thailand and Vietnam (12)

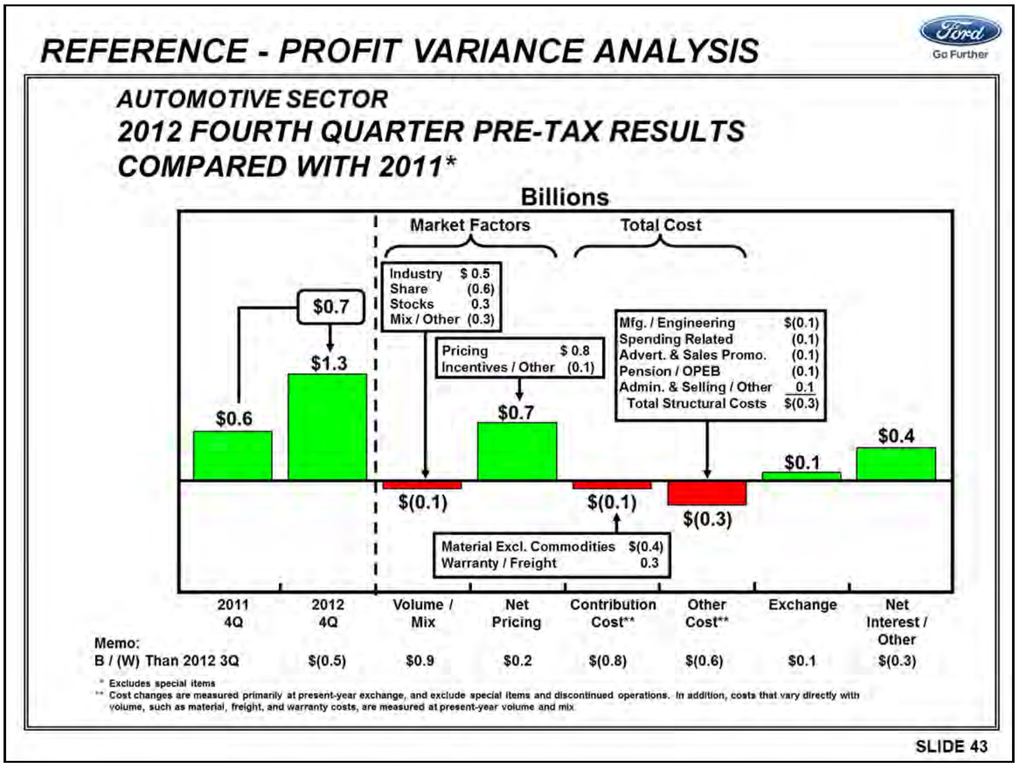
* As shown on page 5 of The 2012 10-K Report

SLIDE 41

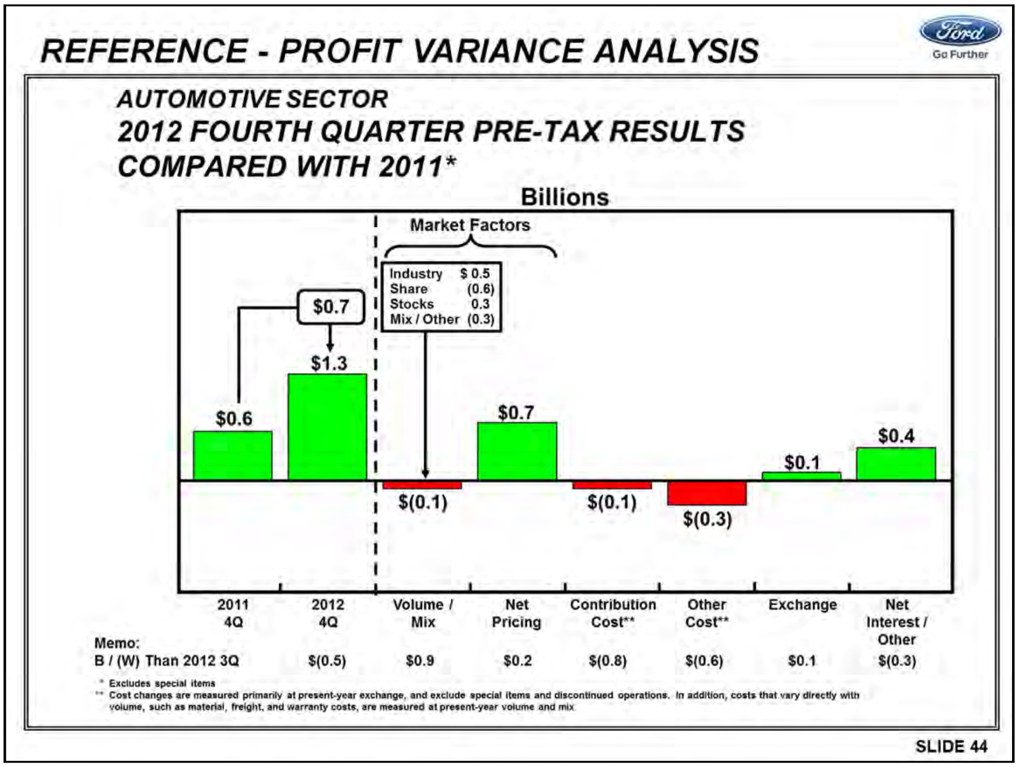
REFERENCE
BUSINESS UNIT REPORTING -- WHERE SOLD BASIS

- Segment results generally are reported on a "where sold" basis
  - Segment results include total corporate profit on all vehicles sold in its markets no matter where the vehicle or its components are produced
  - For example, the revenue and profit of Edges produced in North America and sold in China would be reported in our Asia Pacific Africa Segment
  - Profits associated with vehicles or components sold to another OEM accrue to the production source

SLIDE 42



Ford measures year-over-year and sequential quarter-over-quarter changes in Automotive pre-tax operating profit for total Automotive sector (excluding special items) and for the individual segments using the causal factors defined on the next several slides, with revenue and cost variances calculated at present-year volume, mix and exchange.



Volume and mix measures the profit variance from changes in wholesale volumes (at prior-year average margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the profit variance resulting from changes in product mix, including mix among vehicle lines and mix of trim levels and options within a vehicle line.

Detailed variances for industry, shares, stocks, and mix are developed for each major market. The total volume effect for other markets, and sales of vehicles and components to other manufacturers are included in other volume changes.

Industry volume variance is calculated first and isolates the impact of the change in industry volumes, holding all other variables constant.

Market share variance isolates the impact of the change in market share, at present-year industry volume, holding contribution margin constant.

Dealer stock variance isolates the impact of the change in dealer stocks in the present period compared with the change in the prior period, holding contribution margin constant.

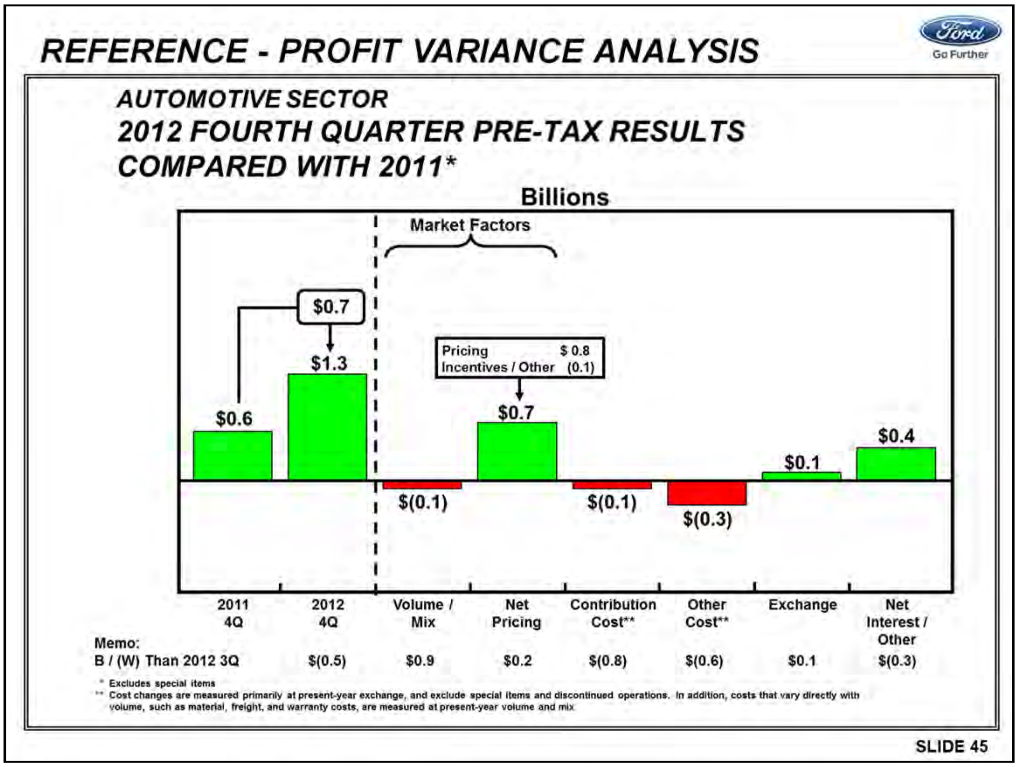
Mix among vehicles variance isolates the impact of changes in the mix of vehicles sold, holding all other factors constant.

Series and option mix variance isolates the impact of changes to series mix and option take rates, holding all other factors constant. This calculation is done on a vehicle line basis.

All of the above variances are calculated for each major market.

The volume effect of other markets, and sales of vehicles and components to other manufacturers are included in other volume variance.

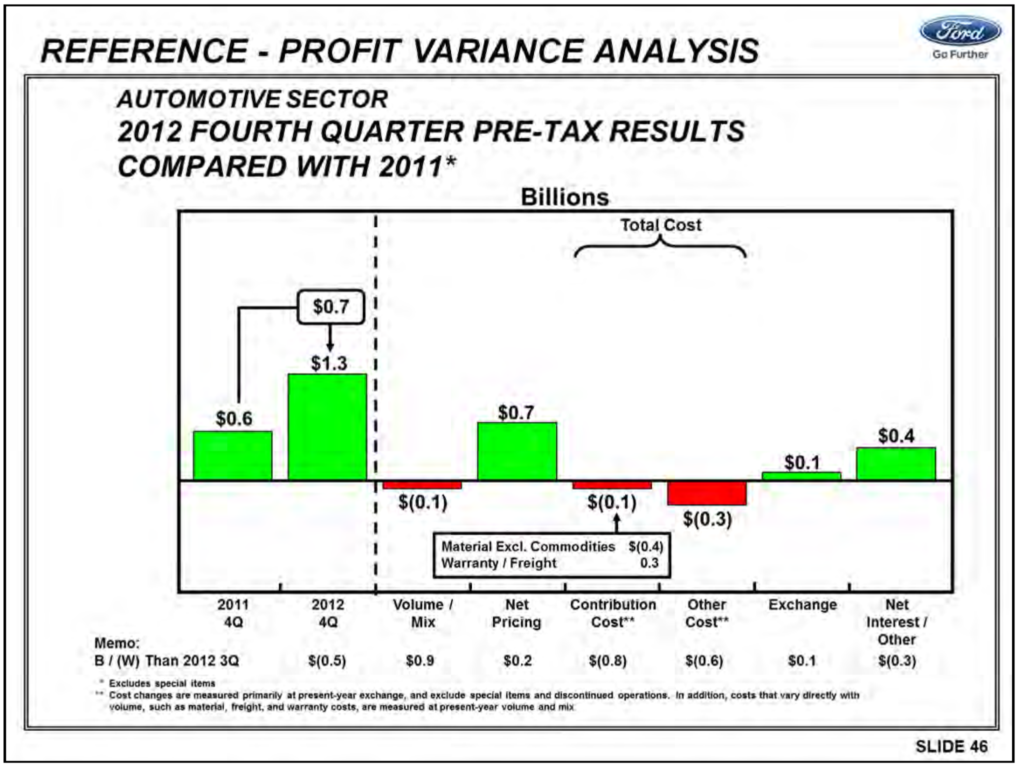
The profit impact of vehicles that enter a new segment of a market (e.g., when the Fiesta was initially sold in the U.S.) is entirely picked up in volume.



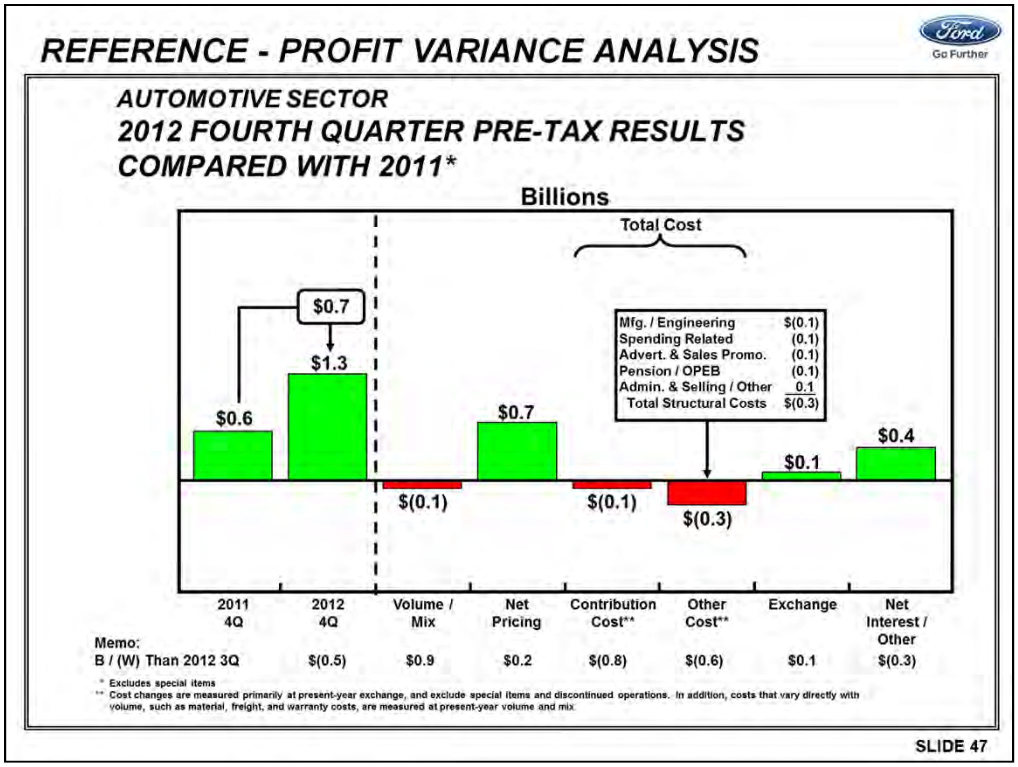
Net pricing: Primarily measures the profit variance driven by changes in wholesale prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, and special lease offers.

Wholesale price changes include both pricing for new design features added to a vehicle (e.g. a more powerful engine) and "pure" pricing (actions taken to better align a vehicle competitively or recover higher commodity costs)

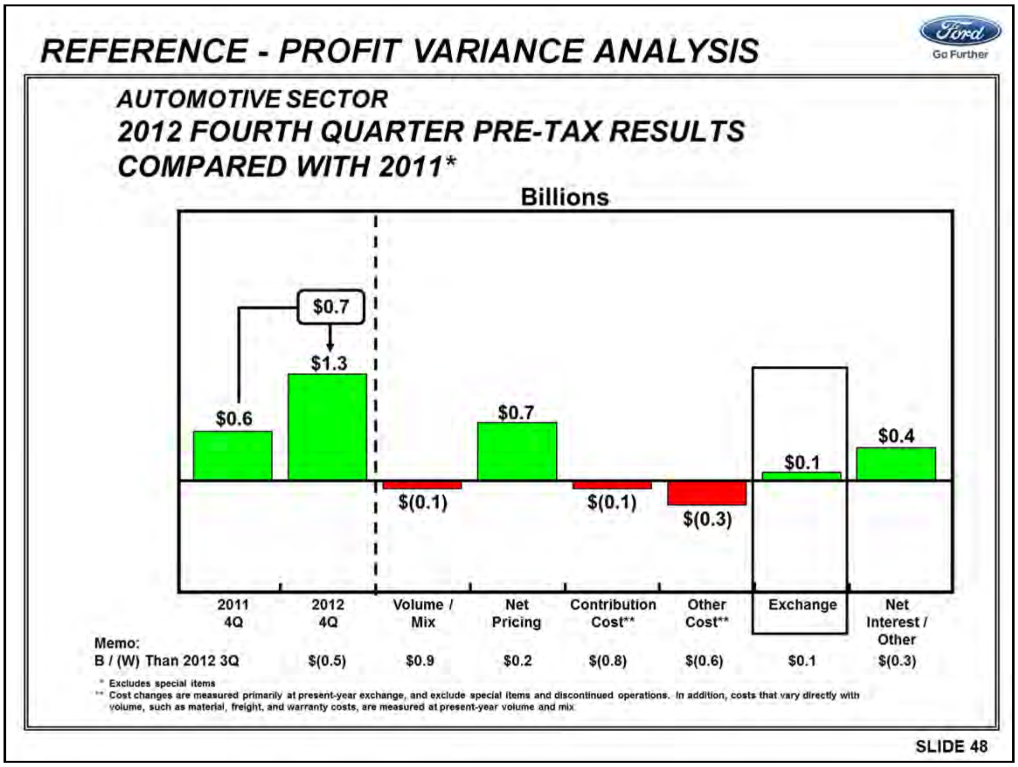
Estimated marketing incentive costs are accrued for at the time the vehicle is sold to a dealer. Following a defined set of rules of the road, these accruals are compared with actual experience and, as appropriate, reserve adjustments are recorded



The contribution costs variance measures the profit variance driven by per unit changes in cost categories that typically vary with volume, such as material costs, freight including duty, and warranty expense.



Other costs: Primarily measures the profit variance driven by the absolute change in cost categories that typically do not have a directly proportionate relationship to production volume – mainly structural costs, such as Manufacturing, Engineering, Depreciation and Amortization (“spending-related”), Advertising and Sales Promotions, Administrative and Selling (“overhead”), and Pension and Other Fringe Benefits.

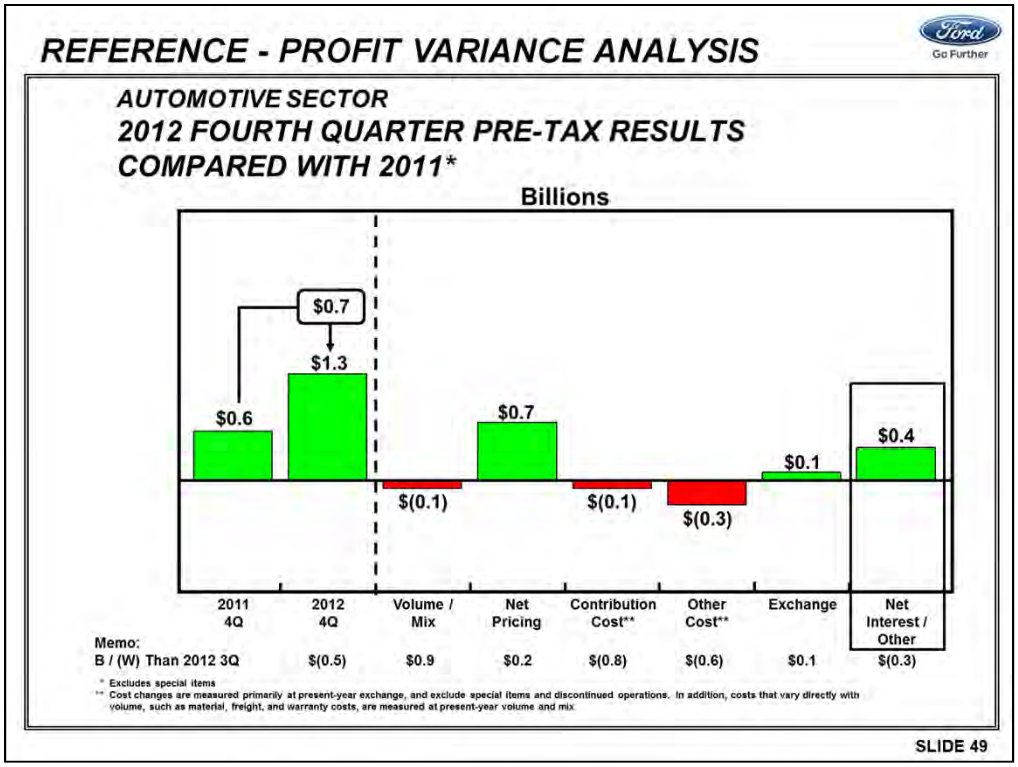


Exchange primarily measures the profit variance driven by one or more of the following:

- The impact of gains or losses arising from transactions denominated in currencies other than the functional currency of the locations including currency transactions.

- The effect of remeasuring income, assets and liabilities of foreign subsidiaries using U.S. dollars as the functional currency, or

- The results of foreign currency hedging activities.



Net interest/other measures the profit variance driven by changes in the Automotive sector's centrally-managed net interest expense and related fair value market adjustments in Ford’s investment portfolio and marketable securities as well as other factors not included above.

REFERENCE
AUTOMOTIVE COST DETAILS -- FINANCIAL STATEMENTS

Ford's financial statements break costs into two categories:

- Cost of Sales -- costs related to the development, manufacture and distribution of our vehicles, parts, and accessories.
  - Material (including commodities)
  - Freight
  - Warranty and related costs
  - Labor and other costs directly related to the development and manufacture of our products
  - Depreciation and amortization
  - Other associated costs
- Selling, administrative and other
  - Labor and other costs not directly related to the development and manufacture of our products
  - Advertising and Sales Promotions
  - Other associated costs

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REFERENCE
*AUTOMOTIVE COST DETAILS -- VARIANCE ANALYSIS**

Our variance analysis breaks costs into two major buckets:

- Contribution costs (variances reflect changes in cost per unit)
  - Material
    - » Commodities
    - » Material excluding commodities (includes design changes and cost reductions)
  - Freight
  - Warranty and related costs (includes base coverage, recalls, etc.)

- Other Costs (variances reflect absolute changes)
  - Structural
    - » Manufacturing
    - » Engineering
    - » Depreciation and Amortization
    - » Advertising and Sales Promotions
    - » Administrative and Selling Expenses
    - » Pension and Other Fringe Benefits
  - Other -- such as legal costs

* All cost changes are measured primarily at present-year exchange and exclude special items. Contribution costs also are measured at present-year volume and mix

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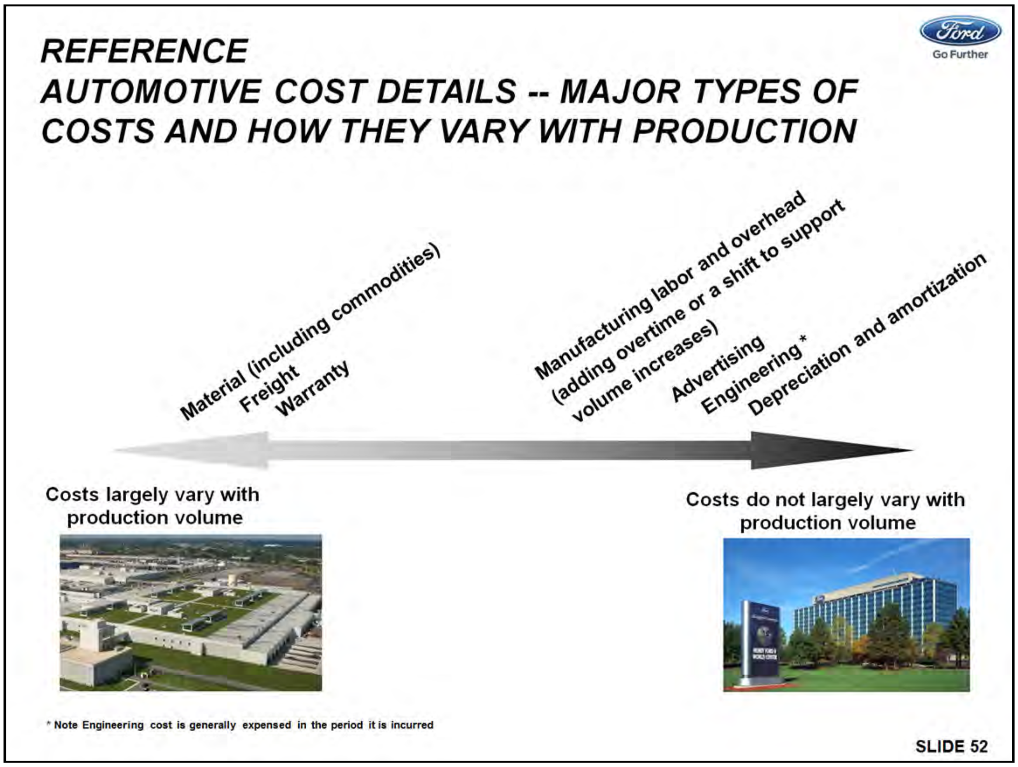

While material (including commodities), freight and warranty costs generally vary directly with production, elements within the structural costs category are impacted to different degrees by changes in production volume.

Ford also has varying degrees of discretion when it comes to controlling different elements within structural costs. For example, current period depreciation and amortization expense is largely associated with prior capital spending decisions, but decisions can be made to increase, decrease or defer advertising and engineering expenses in response to changing economic or competitive conditions.

In addition, manufacturing labor and overhead costs naturally vary somewhat with changes in volume – examples include adding overtime or a shift to support volume increases.

Consistent with GAAP accounting, engineering costs are generally expensed as incurred.

REFERENCE
AUTOMOTIVE COST DETAILS -- WHERE TO FIND THEM

	Income Statement	Published	Statement
Contribution Costs			
Material (including commodity costs)	Cost of Sales	2012 10-K P.31	Commodity/Material are about 2/3 of Total Automotive
Freight	Cost of Sales		Ford does not disclose this separately
Warranty (costs for basic warranty coverages and field service actions)	Cost of Sales	2012 10-K P. FS-93	2012 cost $1.9 Bils
Customer service actions	Cost of Sales	--	Ford does not disclose this separately
Structural			
Depreciation/Amortization	Cost of Sales	2012 10-K P. 58	2012 cost $3.7 Bils
Labor	Cost of Sales/S&A	2012 10-K P.16	Total number of employees was approximately 171,000; cost not disclosed seperately
Engineering/R&D	Cost of Sales	2012 10-K P.16 and P. FS-16	2012 cost $5.5 Bils.
Advertising	S&A	2012 10-K P. FS-16	2012 cost $4.0 Bils.
Other	Cost of Sales/S&A	--	Ford does not disclose this separately
Other			
Legal	Cost of Sales		Ford does not disclose this separately

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REFERENCE
AUTOMOTIVE COST DETAILS -- WHERE TO FIND THEM

	Income Statement	Published	Statement
Special Items			
Personnel–reduction actions	Mixed	2012 10-K P. 39	$(498) Mils in 2012. Reduction actions attributable to hourly labor fall primarily into COS, salary-related reductions primarily fall into S&A.
Mercury discontinuation/Other dealer actions	Cost of Sales	2012 10-K P. 39	$(71) Mils in 2012
CFMA Restructuring	Interest Income and Other Income/(Loss)	2012 10-K P. 39	$625 Mils in 2012
AAI Consolidation	Interest Income and Other Income/(Loss)	2012 10-K P. 39	$136 Mils in 2012
U.S. Pension Lump Sum	Cost of Sales	2012 10-K P. 39	$(250) Mils in 2012
Loss on sale of two component businesses	Interest Income and Other Income/(Loss)	2012 10-K P. 39	$(174) Mils in 2012
Total Automotive Cost of Sales		2012 10-K P. FS-3	2012 cost $113 Bils.
S&A		2012 10-K P. FS-3	2012 cost $9 Bils.
Total Automotive Cost and Expense		2012 10-K P. 31 and P. FS-3	2012 cost $122 Bils.

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Go Further

REFERENCE
AUTOMOTIVE CASH AND BALANCE SHEET – CASH FLOW

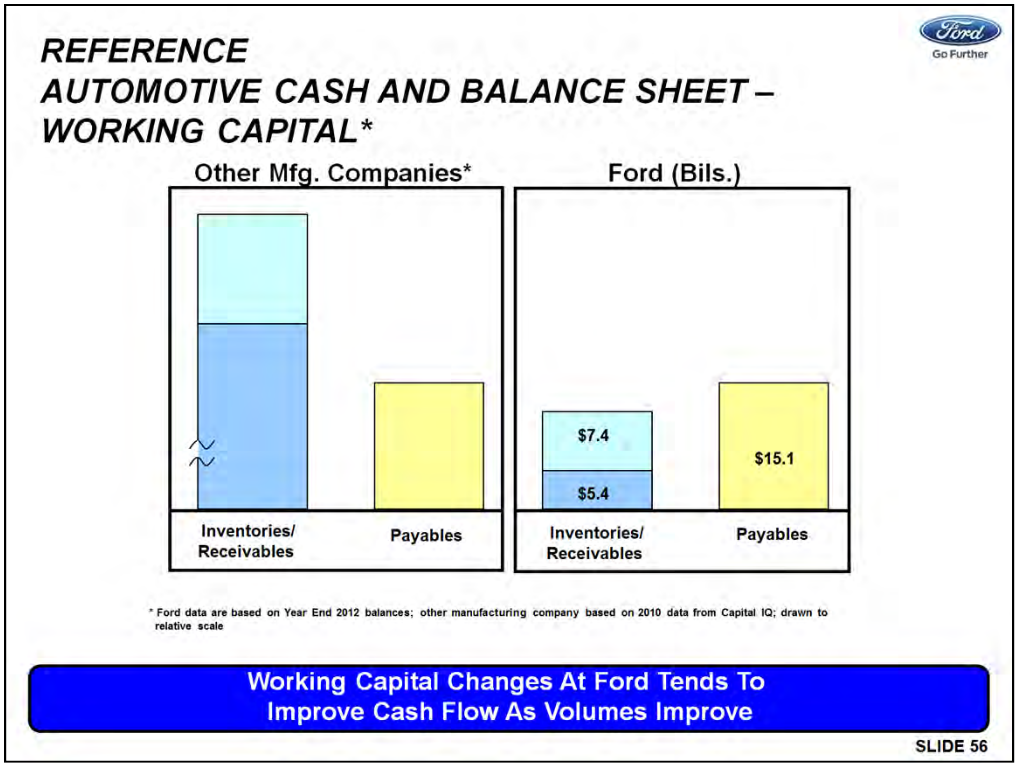
	Fourth Quarter (Bils.)	Full Year (Bils.)
Gross Cash		
December 31, 2012	$ 24.3	$ 24.3
September 30, 2012 / December 31, 2011	24.1	22.9
Change in gross cash	$ 0.2	$ 1.4
Automotive pre-tax profits**	$ 1.3	$ 6.3
Capital spending	(1.9)	(5.5)
Depreciation and amortization	1.1	3.7
Changes in working capital	(1.2)	(2.3)
Other / Timing differences	1.7	1.2
Automotive operating-related cash flow	$ 1.0	$ 3.4
Separation payments	(0.1)	(0.4)
Receipts from Financial Services sector	-	0.7
Other	0.4	1.1
Cash flow before other actions	$ 1.3	$ 4.8
Changes in debt	-	0.9
Pension contributions	(0.9)	(3.4)
Dividends / Other items	(0.2)	(0.9)
Change in gross cash	$ 0.2	$ 1.4

* See 4Q Earning Release Appendix for reconciliation to GAAP
** Excludes special items; see Appendix for detail and reconciliation to GAAP

SLIDE 55

In managing the business, changes in Automotive gross cash are classified into three categories – Automotive Operating-related cash flows; other cash flows; and cash flows of a financing nature:

- Operating-related cash flows best represent the ability of the Automotive business to generate cash. This is comprised of:
  - Automotive pre-tax profits;
  - Capital spending net of depreciation and amortization -- note for GAAP purposes capital spending is reported as an investing cash flow
  - Changes in working capital balances, i.e. trade receivables, payables and inventories, and
  - Timing differences; these take into consideration the recognition of revenues and expenses on an accrual basis in pre-tax profits and the actual cash movements of these items. For example, bonuses are accrued throughout the year but generally payments are made during the First Quarter. Other examples include warranty cash payments vs. accruals, pension benefit payments for non-funded plans vs. total pension accruals, and transactions between Automotive and Financial Services.
- The second category, other cash flows, includes such items as non-recurring separation payments and Ford Credit distributions and tax payments to Automotive. Additionally, this is where the currency impact on cash balances is reported.
- The third category, cash flow of a financing nature, includes such items as the impact of debt actions and contributions to funded pension plans, as well as dividend payments. Additionally, if new equity were to be issued, the cash flows from these items would be reported in this category as would proceeds from the divestiture of a subsidiary.



- Included within Automotive cash flows are changes in working capital balances -- trade receivables, trade payables and inventories.

- In general Ford has relatively low trade receivables as the majority of the Automotive wholesales are financed through Ford Credit.

- In addition, Ford's inventories are relatively lean as Ford builds to order, not for inventory, and immediately sells to the dealers.

- In contrast, Ford's Automotive Trade payables are based primarily on industry standard production supplier payment terms of up to 45 days.

- As a result, Ford's cash flow tends to improve as volumes increase, but, as experienced during late 2008, can deteriorate when volumes drop sharply.

- In comparison, many other manufacturers require a significant investment in working capital to support higher volume – which limits their cash flow generation when they are in a growth mode.

REFERENCE
PENSION AND OPEB ACCOUNTING AND REPORTING*
CASH AND BALANCE SHEET

Go Further

	Year-End/Full Year 2012			
	Pension			
	US (Bils)	Non-US (Bils)	Total (Bils)	OPEB (Bils)
Balance Sheet (Provided Annually)				
Asset/(Liability)				
Benefit Obligation	$ (52.1)	$ (30.7)	$ (82.8)	$ (6.8)
Fair Value of Plan Assets	42.4	21.7	64.1	-
Funded Status	$ (9.7)	$ (9.0)	$ (18.7)	$ (6.8)
Amounts Recognized on the Balance Sheet				
Prepaid Assets	$ -	$ 0.1	$ 0.1	$ -
Accrued Liabilities	(9.7)	(9.1)	(18.8)	(6.8)
Total	$ (9.7)	$ (9.0)	$ (18.7)	$ (6.8)
Accumulated Other Comprehensive (Income)/Loss				
Unamortized prior service costs/(credits)	$ 0.9	$ 0.5	$ 1.4	$ (1.3)
Unamortized net (gains)/losses and other	11.4	11.4	22.8	2.6
Total	$ 12.3	$ 11.9	$ 24.2	$ 1.3
Cash (Pension data provided Quarterly)				
Plan Contributions / Benefit Payments				
Funded (included in cash flow of a financing nature)			$ 3.4	$ -
Non-Funded (included in operating-related cash flow)			0.4	0.5

* Shown on pages FS-45 and 46 of 2012 Form 10-K Report

SLIDE 57

The Pension and OPEB balance sheet impacts are presently available annually in the 10-K "Retirement Benefits" footnote. Cash impacts for pensions are updated quarterly in each 10-Q.

Balance Sheet

The net liability is measured as the difference between our benefit plan obligation and the fair value of plan assets. This is known as the funded status.

Accumulated Other Comprehensive (Income) / Loss - includes unamortized balances from plan amendments (changes in plan design) and actual vs. expected results for all assumptions such as asset returns, demographic and discount rate changes. This amount is reflected in Other Comprehensive Income (OCI) within Equity.

Cash

Plan contributions for funded plans include contributions to plan assets required by local regulations, and discretionary contributions. Annual benefit payments to participants are paid from plan assets held by a trust. These out flows are included in cash flows of a financing nature.

Benefit Payments for non-funded plans are made directly to participants from company cash (pay-as-you-go). These payments are included in operating-related cash flows.

REFERENCE
PENSION AND OPEB ACCOUNTING AND REPORTING*
EXPENSE AND BALANCE SHEET DATA

	Full Year 2010		Full Year 2011		Full Year 2012	
	Pension	OPEB	Pension	OPEB	Pension	OPEB
Expense / (Income) (Mils.)						
Service cost	$ 690	$ 54	$ 794	$ 63	$ 893	$ 67
Interest cost	3,779	338	3,601	327	3,397	290
Expected return on assets	(4,509)	-	(4,432)	-	(4,213)	-
Amortization of:						
Prior service costs / (credits)	445	(617)	415	(612)	292	(545)
(Gains) / losses	238	92	495	94	837	129
Subtotal Operating Expense	$ 643	$ (133)	$ 873	$ (128)	$ 1,206	$ (59)
Separation programs / other	52	5	171	10	169	2
Settlements & Curtailments	-	(30)	111	(26)	250	(11)
Total Expense / (Income)	$ 695	$ (158)	$ 1,155	$ (144)	$ 1,625	$ (68)
Balance Sheet (Bils)						
Accumulated Other Comprehensive (Income)/Loss						
Unamortized prior service costs/(credits)	$ 1.9	$ (2.2)	$ 1.5	$ (1.6)	$ 1.4	$ (1.3)
Unamortized net (gains)/losses and other	12.3	2.1	17.0	2.3	22.8	2.6
Total	$ 14.2	$ (0.1)	$ 18.5	$ 0.7	$ 24.2	$ 1.3

* Defined on pages FS-43 through 46 of 2012 Form 10-K Report

SLIDE 58

This table includes the Pension and OPEB expense elements over the past few years. The U.S. GAAP expense or (income) contains elements of present year as well as past years' activity.

The specific components of expense include:

- Service cost – the benefit earned by active plan participants in the reported period.
- Interest cost – present-period economics on existing obligation using the defined discount rate as economic growth factor.
- Expected return on assets – expected earnings on plan assets based on long term rate of return assumption (e.g., U.S. presently at 7.38%).
- Prior service cost/(credit) amortization – partial recognition of amounts in Other Comprehensive Income (OCI) from plan amendments that affect previously earned benefits. These are recognized in expense / (income) generally over years of future service (averages approximately 11 years for U.S. plans)
- (Gain) / loss amortization – partial recognition of amounts in OCI from differences in actual vs. expected results for all assumptions. These are recognized in expense / (income) over years of future service.
- The combination of all of the above factors are included in operating expense.
- Separation programs include the change in obligation related to restructuring actions; these are reported as "special item" in Ford non-GAAP disclosure.
- Settlements – reflects all cost associated with the elimination of all or part of the obligation; also reported as "special item" in Ford non-GAAP disclosure.

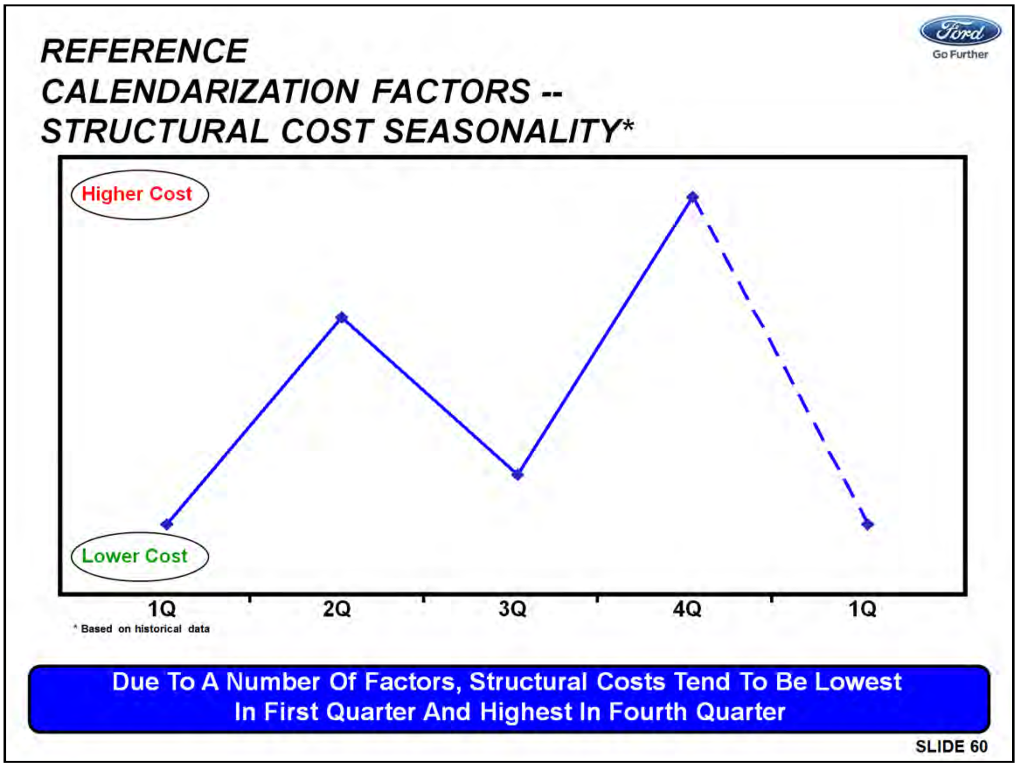
Also shown is the Accumulated Other Comprehensive (Income) / Loss for pension and OPEB. This reflects unamortized balances from plan amendments (changes in plan design) and actual vs. expected results for all assumptions such as asset returns, demographic and discount rate changes. This amount is reflected in Other Comprehensive Income (OCI) within Equity and is recognized in earnings over time.

REFERENCE - ADDITIONAL FREQUENTLY ASKED DE-RISKING QUESTIONS

Questions	Responses
• Why de-risk now in a low interest rate environment?	• Minimizes downside risk; rising rates may alter timing to achieve full de-risking
• Why not wait for interest rates to rise?	• Uncertain timing of rate increase; potential volatility while we wait
• Has the de-risking strategy been accelerated?	• Yes, but limited to the cash proceeds from the recent debt transaction
• Don't you risk getting overfunded?	• Target full funding over time, not overfunding
• When will discretionary contributions be completed?	• When plans approach fully funded, expected by mid-decade

Strategy Reduces Pension Risks Over Time

SLIDE 59



Production seasonality leads to some structural cost elements having a seasonal pattern.

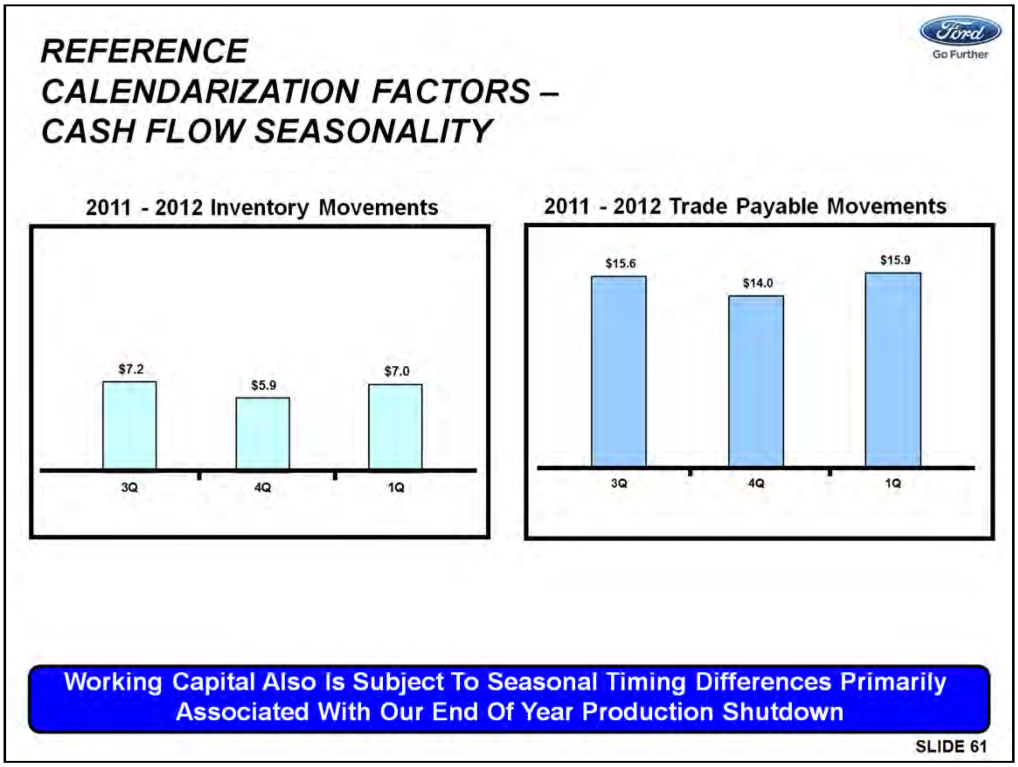
As the company stops its production for the holiday break in late December, the break results in a reduction in company finished goods inventory as of the end of the Fourth Quarter. Inventory increases again when production gets back to normal in the First Quarter.

As production is re-started in the First Quarter and company inventory is increased back to normal levels, structural costs associated with production of the units are reflected in inventory on the balance sheet, resulting in a lower manufacturing expense for the period. As the company inventory levels are reduced during the Fourth Quarter, the reversal of the First Quarter impact occurs.

In addition, advertising costs are typically higher in the Fourth Quarter, related to Year End sales events followed by a lower spend in the First Quarter.

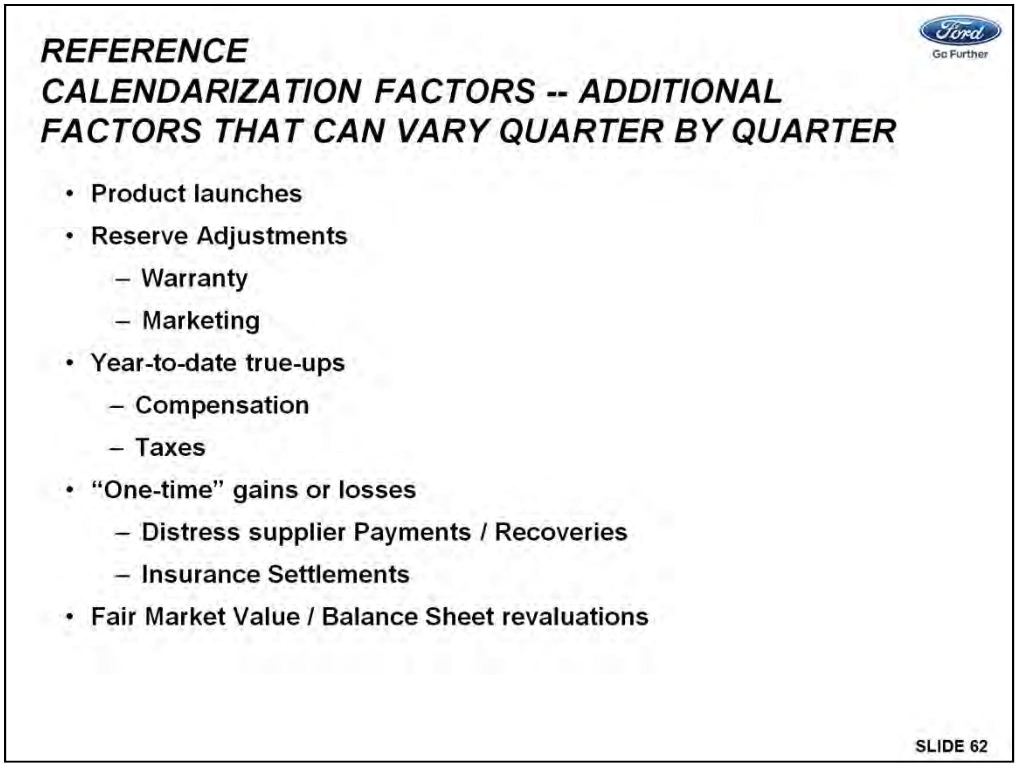
A combination of seasonal inventory changes underlying business fundamentals generally result in a significant difference in structural cost between the Fourth and First Quarters.

In addition, structural costs tend to be lower in the Third Quarter, in part related to summer shutdowns and vacation periods around the globe.



Working capital also is subject to seasonal timing differences.

- Inventories – Due to the annual company-wide December shut-down, finished vehicle and work-in-process inventories are typically at their lowest point at the end of the Fourth Quarter each year, resulting in improved cash flow from inventory reductions. As production resumes in the First Quarter, inventories are replenished and cash outflows are typically experienced during this period.
- Trade Payables – Consistent with the inventory movements associated with Year End shut-down, payables are typically at their lowest point at the end of the Fourth Quarter each year, resulting in significant cash outflows. As production resumes in January, payable balances increase and cash flow improves.
- Due to the relative size of payable balances to inventories, the cash impact of this seasonality factor tends to be larger on payables.



Listed here are some of the items that can vary greatly from quarter to quarter and could not be easily modeled without significant knowledge of the internal processes at Ford. For example:

- Some activities are tied to launches of the new vehicles and may cause some uneven spending through the calendar year depending on when the product launches occur.

- At any given time, there exist significant reserves on the balance sheet for warranty and marketing programs. These reserves are reviewed on a recurring basis to ensure they accurately represent Ford's financial statements. As new data becomes available, it may lead to re-assessment of the reserves, which can impact the results in the quarter when the re-assessment occurs.

- Performance-related bonuses are accrued quarterly based on the projected full-year payment amount; the reserve is adjusted each quarter as needed.

- Year-to-date tax expense is recorded based on full-year projections with a cumulative catch-up effect in the current quarter

- Additionally, there may be profit impacts such as one-time payments or receipts from suppliers, insurance settlements, and litigation related items.

- Finally, based on changes to external factors, including exchange rates, interest rates, commodity prices, and stock values, there may be a need to re-value items such as hedging contracts, net equity exposures, and the investment in Mazda.

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:

•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, 2012.