



***BUSINESS PLAN
REVIEW
MAY 22, 2008***



BUSINESS PLAN REVIEW

**Alan Mulally
President and Chief Executive Officer**



TOTAL COMPANY RECAP OF FIRST QUARTER EARNINGS

- **Good progress on plan**
- **South America, Europe, and Asia Pacific performing well**
- **Strong quality improvement and cost performance**
- **First Quarter reflected several favorable one-offs**
- **Difficult U.S. business environment ahead**
 - **Lower industry volumes**
 - **Fuel prices and commodities high**
 - **Segmentation unfavorable to Ford**
 - **Low auction prices for large pickups and SUVs**



NORTH AMERICA REVISED OUTLOOK

- **Industry demand continues to decline**
- **Fuel and commodity prices continue to increase**
- **Shift away from large pickup trucks and traditional SUVs has accelerated**
- **Production cuts planned through balance of year**
- **Plan to adjust production capacity to match demand**
- **Plan to accelerate introduction of more small cars and crossovers**
- **Automotive profitability delayed beyond 2009**
- **Corporate breakeven in 2009***

* Pre-tax results excluding special items



REVISED OUTLOOK

Don Leclair
Chief Financial Officer

AUTOMOTIVE SECTOR 2008 PLANNING ASSUMPTIONS AND OPERATIONAL METRICS



		<u>Full Year Plan</u>	<u>Full Year Prior</u>	<u>Full Year Present</u>
<u>Planning Assumptions</u>				
Industry Volume (SAAR)	-- U.S. (Mils.)	16.0	15.3 – 15.6	15.0 - 15.4
	-- Europe (Mils.)*	17.6	17.6 - 18.0	17.6 - 18.0
<u>Operational Metrics</u>				
Compared with 2007				
	- Quality	Improve	On Track	On Track
	- Automotive Costs**	Improve by about \$3 Billion	On Track	On Track
<u>Absolute Amount</u>				
	- U.S. Market Share (Ford and Lincoln Mercury)	Low End of 14-15% Range	On Track	About 14%
	- Operating Cash Flow	Negative	On Track	On Track
	- Capital Spending	Around \$6 Billion	On Track	On Track

* European 19 markets

** At constant volume, mix, and exchange; excludes special items



NORTH AMERICA 2008 PRODUCTION VOLUMES

	Second Quarter Forecast		Third Quarter	Fourth Quarter
	<u>Units</u>	O / (U) Prior <u>Guidance</u>	<u>Units</u>	<u>Units</u>
	(000)	(000)	(000)	(000)
North America	690	(20)	510 - 540	590 - 630
Memo: Versus 2007	15% Reduction		15% - 20% Reduction	2% - 8% Reduction



TOTAL COMPANY 2008 OUTLOOK

	<u>Outlook</u>	<u>Comparison to 2007*</u>	
		<u>Prior</u>	<u>Present</u>
Automotive**	Loss	Equal or Better	Equal
Financial Services	Profit	Worse	Worse
Pre-Tax Operating Results**	Loss	Worse	Worse

* Adjusted to exclude Jaguar Land Rover and Aston Martin

** Excluding special items



TOTAL COMPANY FORWARD YEAR KEY BUSINESS METRICS

Present Status

- **Profitable in North America and Total Automotive in 2009***
- **\$5 billion cost reductions in North America by 2008 compared with 2005****
- **14 - 15% U.S. market share (Ford and Lincoln Mercury)**
- **Cash outflow of \$12 - \$14 billion in 2007 - 2009 to fund operating losses and restructuring (employee separations)**

Loss Expected

On Plan

About 14%

\$14 - \$16 Billion

* Excluding special items

** At constant volume, mix, and exchange; excluding special items



TOTAL COMPANY FINANCIAL RESOURCES

March 31, 2008

(Bils.)

Automotive

- Gross Cash*

\$ 28.7

- Available Credit Lines**

11.9

Total Liquidity

\$ 40.6

Memo: Debt

\$ 27.1

Ford Credit

- Liquidity***

\$ 62.8

- Utilization of Liquidity

(38.9)

Available Liquidity

\$ 23.9

* Includes cash and cash equivalents, net marketable securities, and loaned securities, and excludes UAW-Ford Temporary Asset Account securities

** Total committed secured and unsecured automotive credit lines (including local lines available to foreign affiliates) were \$13.2 billion on March 31, 2008

*** Committed capacity, cash, cash equivalents and marketable securities less amount used to support on-balance sheet securitization transactions, capacity in excess of eligible receivables, and marketable securities related to insurance activities



***NORTH AMERICA
NEAR-TERM ACTION PLAN***

- **Reduce our production to customer demand**
- **Realign manufacturing capacity to customer demand**
- **Further reduce our costs**
- **Accelerate investment in smaller fuel-efficient vehicles**

**Plan to Provide More Details on
Specific Response Plans in July**



**TOTAL COMPANY
OUR KEY PRIORITIES**

- **Aggressively restructure to operate profitably at 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 to leverage our global resources**

SAFE HARBOR



Risk Factors

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:

- Continued decline in market share;
- Continued or increased price competition resulting from industry overcapacity, currency fluctuations or other factors;
- An increase in or acceleration of market shift away from sales of trucks, sport utility vehicles, or other more profitable vehicles, particularly in the United States;
- A significant decline in industry sales, particularly in the United States or Europe, resulting from slowing economic growth, geo-political events or other factors;
- Lower-than-anticipated market acceptance of new or existing products;
- Continued or increased high prices for or reduced availability of fuel;
- Currency or commodity price fluctuations;
- Adverse effects from the bankruptcy or insolvency of, change in ownership or control of, or alliances entered into by a major competitor;
- Economic distress of suppliers that has in the past and may in the future require us to provide financial support or take other measures to ensure supplies 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 supplies;
- Single-source supply of components or materials;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Inability to implement Memorandum of Understanding with UAW to fund and discharge retiree health care obligations because of failure to obtain court approval or otherwise;
- Worse-than-assumed economic and demographic experience for our postretirement benefit plans (e.g., discount rates, investment returns, and health care cost trends);
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs;
- Increased safety, emissions (e.g., CO₂), 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 or otherwise;
- A change in our requirements for parts or materials where we have entered into 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;
- Adverse effects on our operations resulting from certain geo-political or other events;
- Substantial negative Automotive operating-related cash flows for the near- to medium-term affecting our ability to meet our obligations, invest in our business or refinance our debt;
- 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);
- Inability of Ford Credit to access debt or securitization markets around the world at competitive rates or in sufficient amounts due to additional credit rating downgrades, market volatility, market disruption or otherwise;
- Higher-than-expected credit losses;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles;
- Changes in interest rates;
- 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 by management 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” of our 2007 10-K Report.