



***FORD OF EUROPE and
VOLVO CAR CORPORATION***

**John Fleming
President & CEO, Ford of Europe**



Today's Presentation

- **Jaguar Land Rover**
- **Ford of Europe First Half Results and Outlook**
- **Craiova Developments**
- **Volvo Car Corporation First Half Results and Outlook**
- **Volvo Restructuring**
- **Paris Motor Show Product Highlights**
- **One Ford Update**





JAGUAR LAND ROVER AND VOLVO CAR CORPORATION

Update

- **Jaguar Land Rover sale to Tata Motors Limited completed in June 2008**
- **Ford continues as a major supplier to Jaguar Land Rover**
- **Volvo financial results reported on a separate basis as of the First Quarter 2008**
- **Volvo becomes a more stand-alone business within Ford Motor Company**

FUTURE FOCUS ON FORD OF EUROPE AND VOLVO

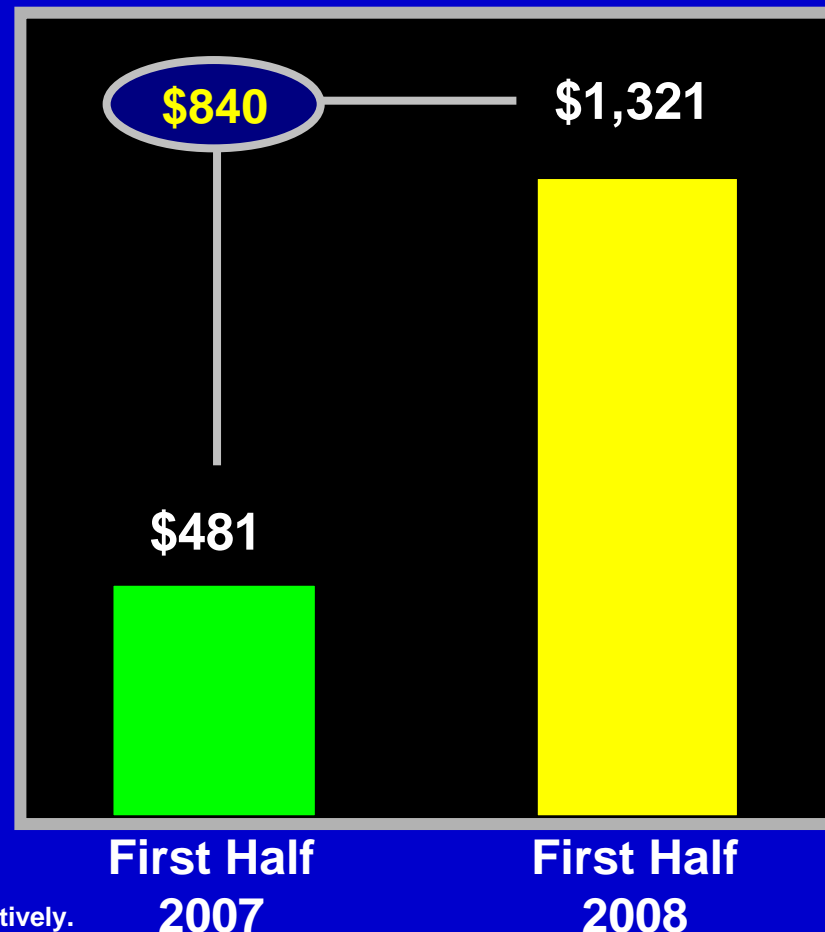


FIRST HALF 2008 REVIEW*

Overview

- Automotive profit improved by \$840 million compared to 2007
- Sales growth in Eastern Europe, primarily Russia
- Share growth and strong product mix in traditional Western European markets
- Favourable net pricing
- Strong cost performance despite continued pressure from raw materials
- Adverse exchange

Pre-Tax Profits (Mils.)



* Excluding special items for 2007 and 2008 of \$(89) and \$(14) million respectively.

ALL-ROUND STRENGTHENING OF THE BUSINESS FUNDAMENTALS



FORD OF EUROPE

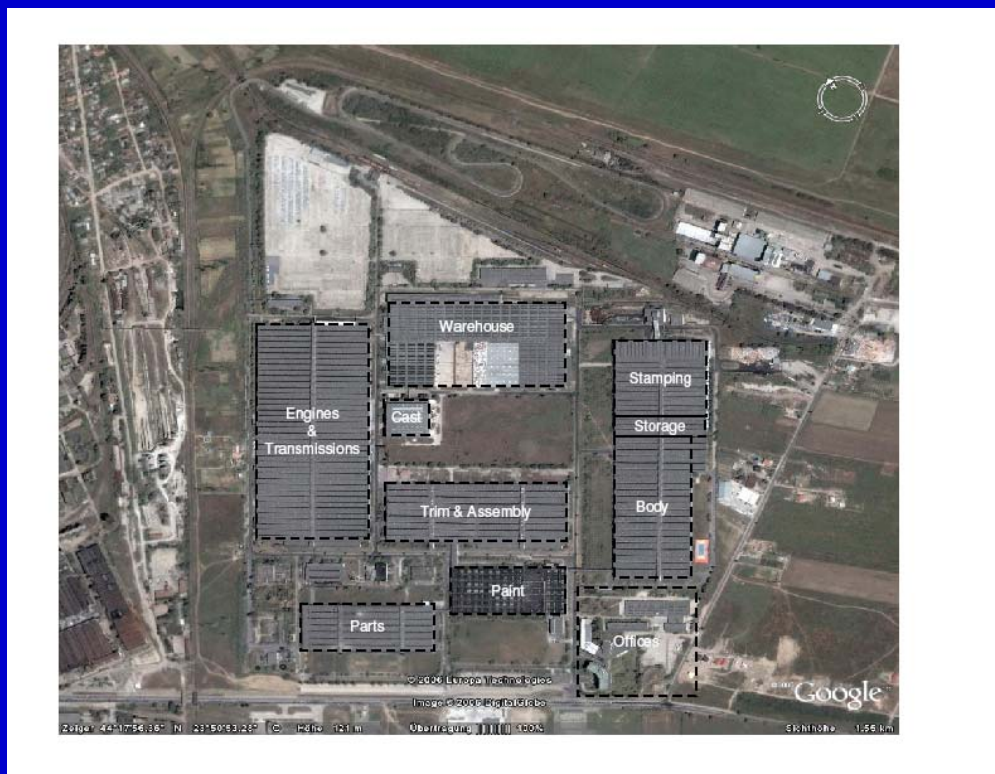
2008 OUTLOOK

- **Ford of Europe strongly profitable in First and Second Quarters, and Full-Year expected to be more profitable than 2007**
- **Second half results expected to be good, but down from last year**
- **Continuing strong focus on growth markets**
- **Continued laser focus on cost**
- **New products drive a net pricing improvement**
- **Launch of two great new products in second half of 2008**

NEW PRODUCTS DRIVE PROFITABILITY: MAINTAIN URGENCY

FORD OF EUROPE

Craiova Developments



Craiova Plant



Ford Transit Connect



New Ford small car

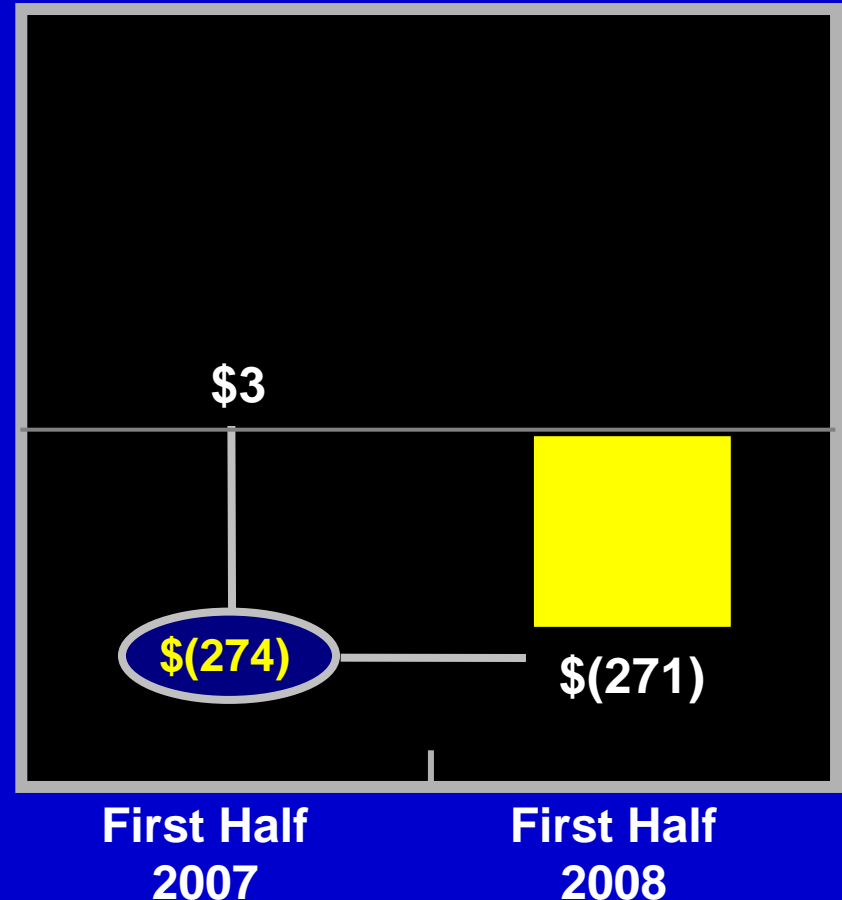
NEW PRODUCTS DRIVE PROFITABILITY: MAINTAIN URGENCY

FIRST HALF 2008 REVIEW*

Overview

- Volvo loss \$(271) million
- Volume & mix unfavourable on lower industries and share, reduced dealer inventories and our exit of the distribution business for Renault in Scandinavia.
- Net pricing negative with higher retail incentives
- Significant cost improvements partly offset volume drop and unfavourable exchange and commodity prices

Pre-Tax Profits (Mils.)



* Excluding special items; for 2007 and 2008, special items are \$(4) and \$(32) million respectively.

VOLVO RESULTS DETERIORATED SIGNIFICANTLY

VOLVO

2008 OUTLOOK



- Negative effect of the economic downturn and adverse currency exchange
- But... top priority is to return Volvo to sustainable profitability
- Strengthen core brand values of safety, environment and Scandinavian design.
- Launch the all-new XC60
- Continuing to capitalise on momentum in growing markets
- Maintain synergies with Ford in development of shared technologies
- Appropriate business arrangements to allow Volvo to operate on a more stand-alone basis

STRENGTHEN THE VOLVO BUSINESS



- **“Right sizing” through cost reduction actions**
 - **3,000 job reductions in 2008**
 - **Further reductions expected in 2009**
 - **Torslanda Plant shift reduction**
 - **Working with suppliers to find savings**

STRENGTHEN THE VOLVO BUSINESS



- **Stephen Odell – Volvo’s new President and CEO**
- **Volvo within Ford Motor Company**
 - **Maintain synergies with Ford in development of shared technologies**
 - **Appropriate business arrangements allow Volvo to operate on a more stand-alone basis**

STRENGTHEN THE VOLVO BUSINESS



Volvo XC60





FORD OF EUROPE AND VOLVO

2008 Business Realities

- **The business environment is increasingly difficult**
- **Continuing nervousness in financial markets; consumer confidence concerns growing**
- **Slow down spreading to Europe... and a slowing in growth markets, such as Russia and China**
- **Currency exchange rates remain an issue**
- **CO₂ regulation – do not underestimate its impact**

EXTERNAL ENVIRONMENT REMAINS TOUGH



FORD OF EUROPE AND VOLVO
Business Summary

- **Focus on two brands: Ford and Volvo**
- **Ford of Europe is solidly profitable**
- **Plan to strengthen Volvo business**

**KEYS TO SUCCESS: TIGHT CONTROL OF COSTS AND
INNOVATIVE AND EXCITING PRODUCTS**



Ford Kuga





Ford Kuga



Ford Galaxy 2.2 TDCi



Ford S-MAX 2.2 TDCi



Ford Mondeo 2.2 TDCi

Ford Focus RS





Ford Focus EONetic



Ford Fiesta EONetic



Ford Mondeo EONetic



Mondeo with Ford Individual Styling Pack



Fiesta interior with Ford Individual Styling Pack

Ford Fiesta



Ford Ka



420

Ford Ka



Ford Ka



Ford Ka





New Ford Ka



Outgoing Ford Ka





Volvo XC60





Volvo V70



Volvo S80





Volvo S40 DRIVE



Volvo V50 DRIVE



Volvo C30 DRIVE



FORD MOTOR COMPANY

ONE FORD

- **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**

Ford Motor Company
One Team....One Plan....One Goal

Q&A

Ford Ka



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;
- A further increase in or acceleration of the market shift away from sales of trucks, SUVs, or other more profitable vehicles, particularly in the United States;
- A significant decline in industry sales, particularly in the United States, Europe, or South America, 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 the Retiree Health Care Settlement Agreement with the UAW to fund and discharge retiree health care obligations because of failure to obtain final 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, see “Item 1A. Risk Factors” in our 2007 Form 10-K Report.