

CEO Strategic Update

Ford Motor Company | October 3, 2017

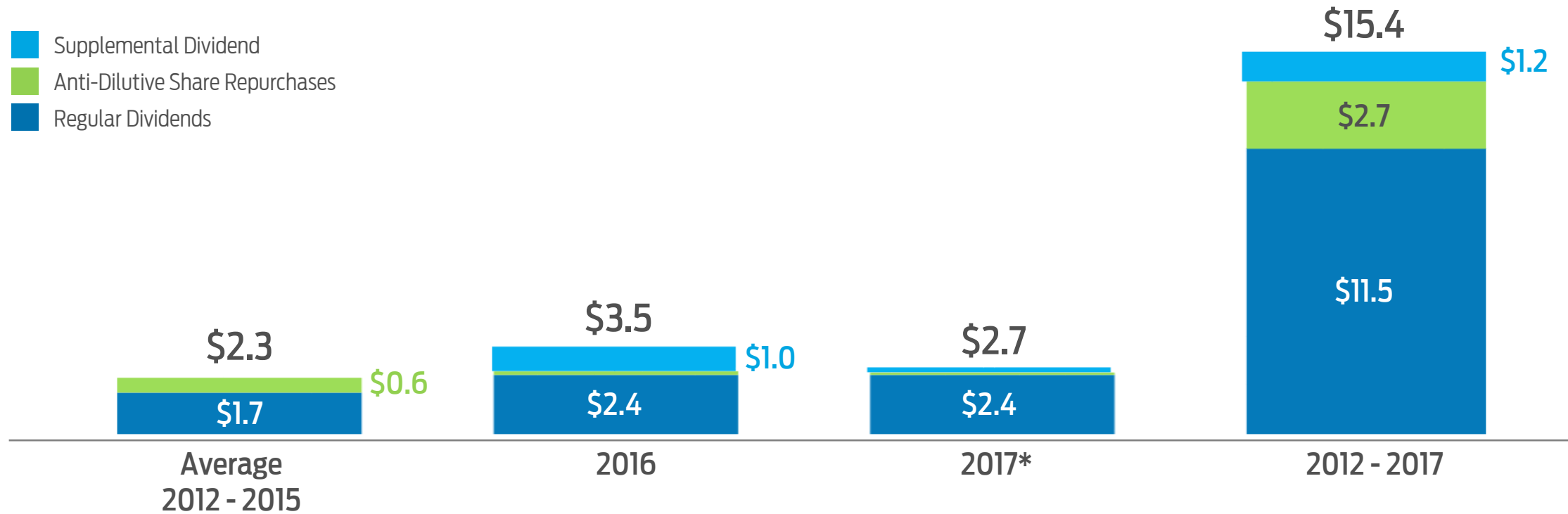


Jim Hackett | CEO

Ford Motor Company

Our solid profits allowed us to distribute over \$15 billion to shareholders since 2012

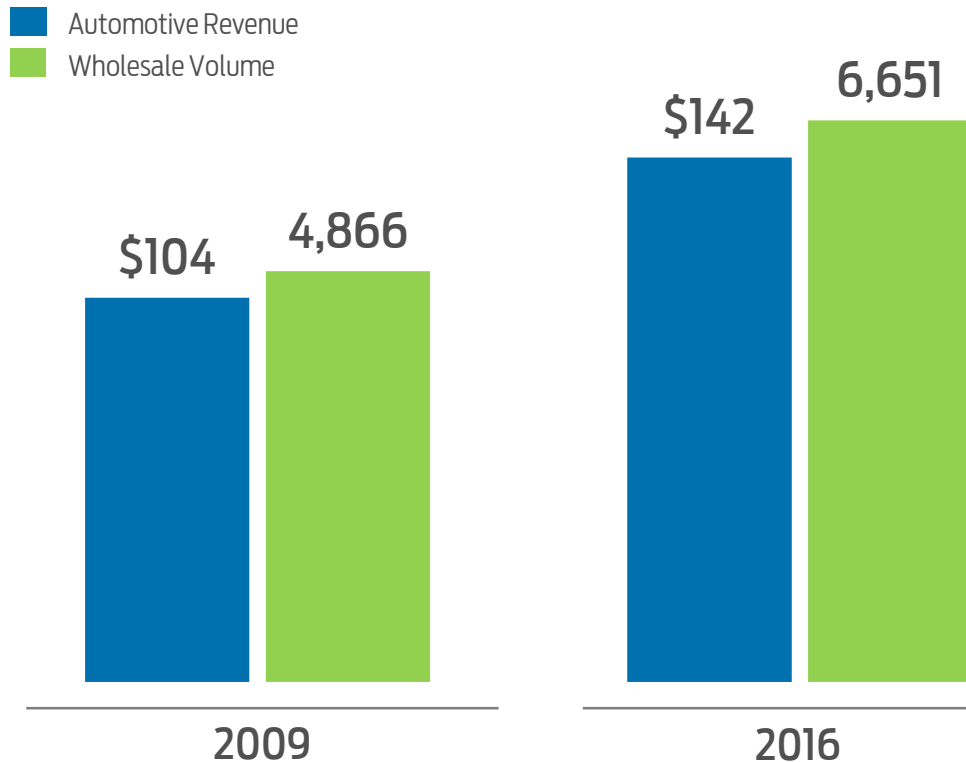
Billions



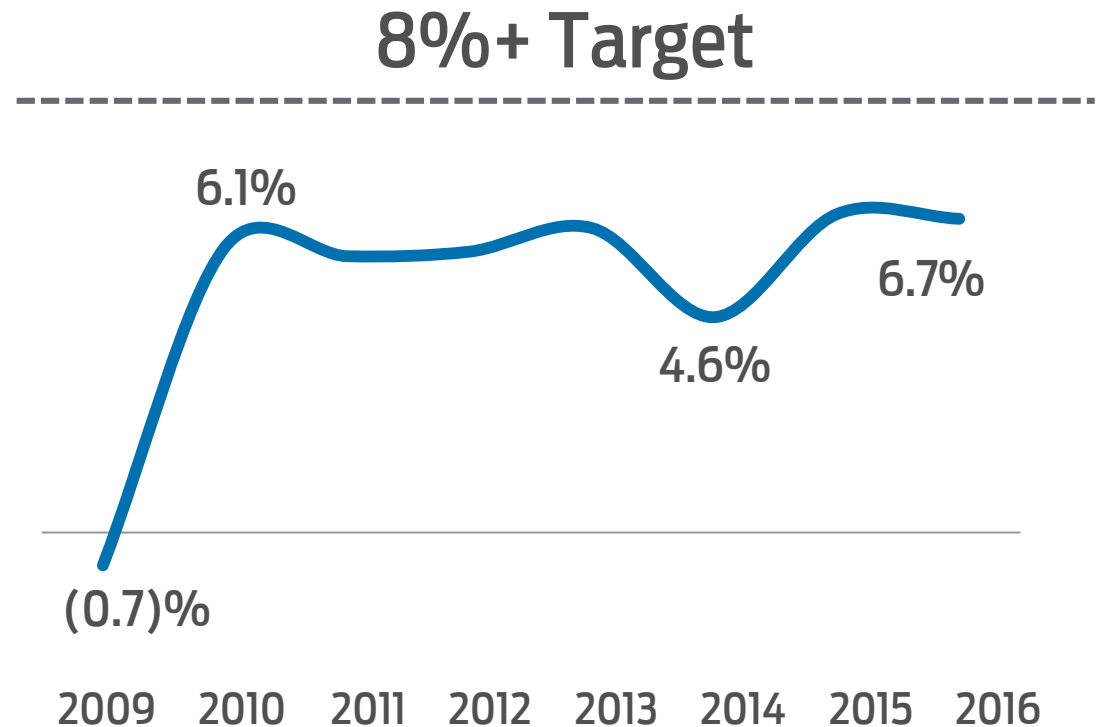
* Assumes 2017 regular dividends of \$0.15 per share per quarter

We have grown the business but have fallen short of our 8% automotive operating margin goal

Automotive Revenue (Billions)
and Volume (Thousands)



Automotive
Operating Margin



Jim Farley

President, Global Markets

Joe Hinrichs

President, Global Operations

Marcy Klevorn

President, Mobility

Bob Shanks

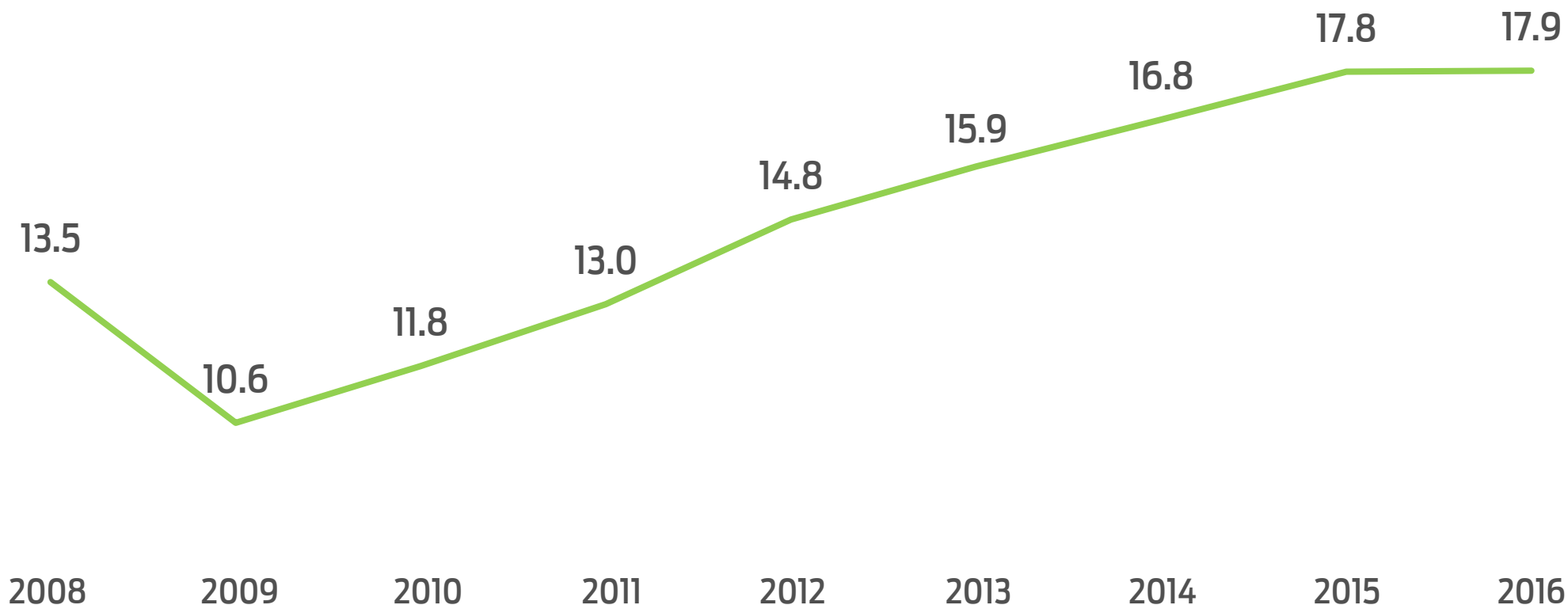
Chief Financial Officer

Five principles we need to act on:

1. Ford will prepare for disruption by becoming fit
2. We will be in the vehicle business – moving both people and goods
3. Our vehicles will be smart and connected
4. These smart vehicles will thrive in a new transportation operating system
5. We will evolve to capitalize on new business opportunities within this transportation operating system

Since the Great Recession, our industry enjoyed strong demand...

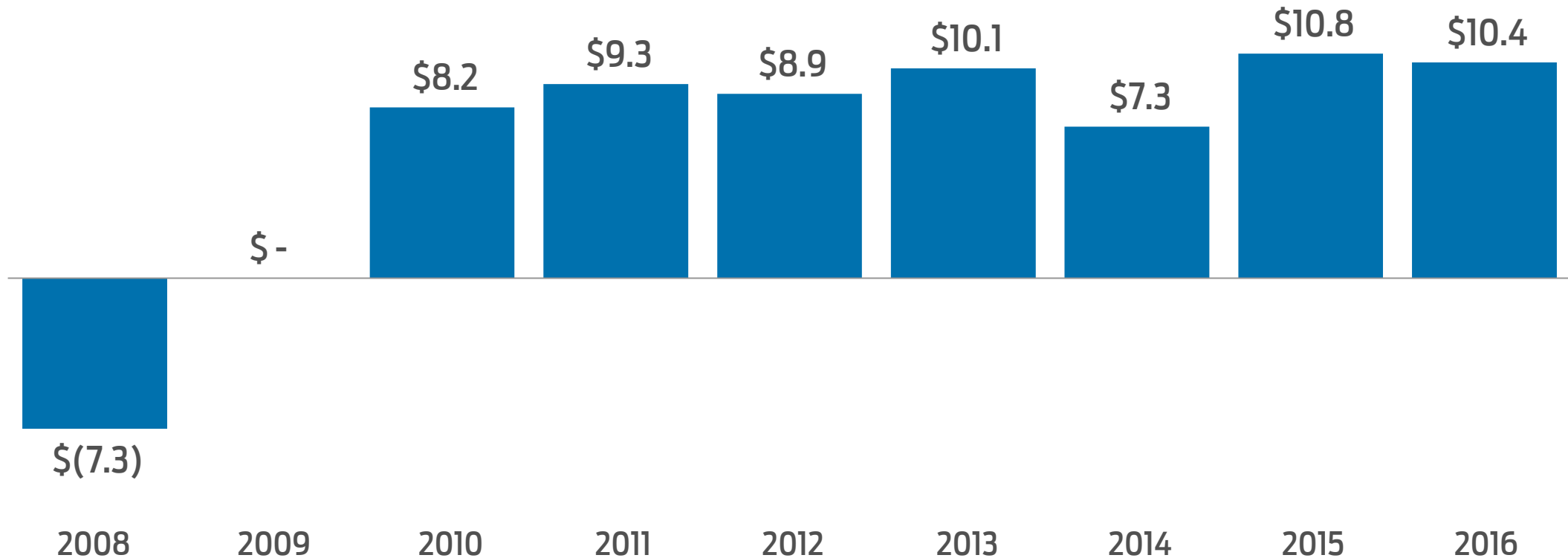
U.S. Industry Volume (Millions)*



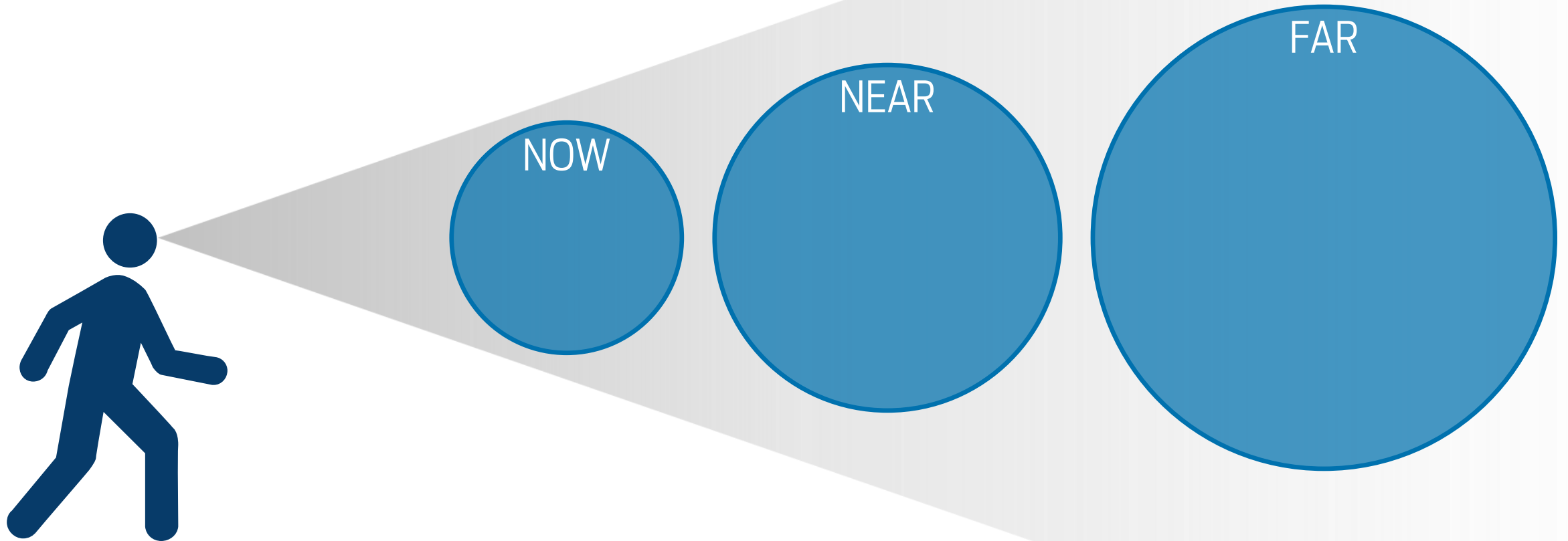
* Includes Medium and Heavy vehicles

...and we achieved record levels of profitability

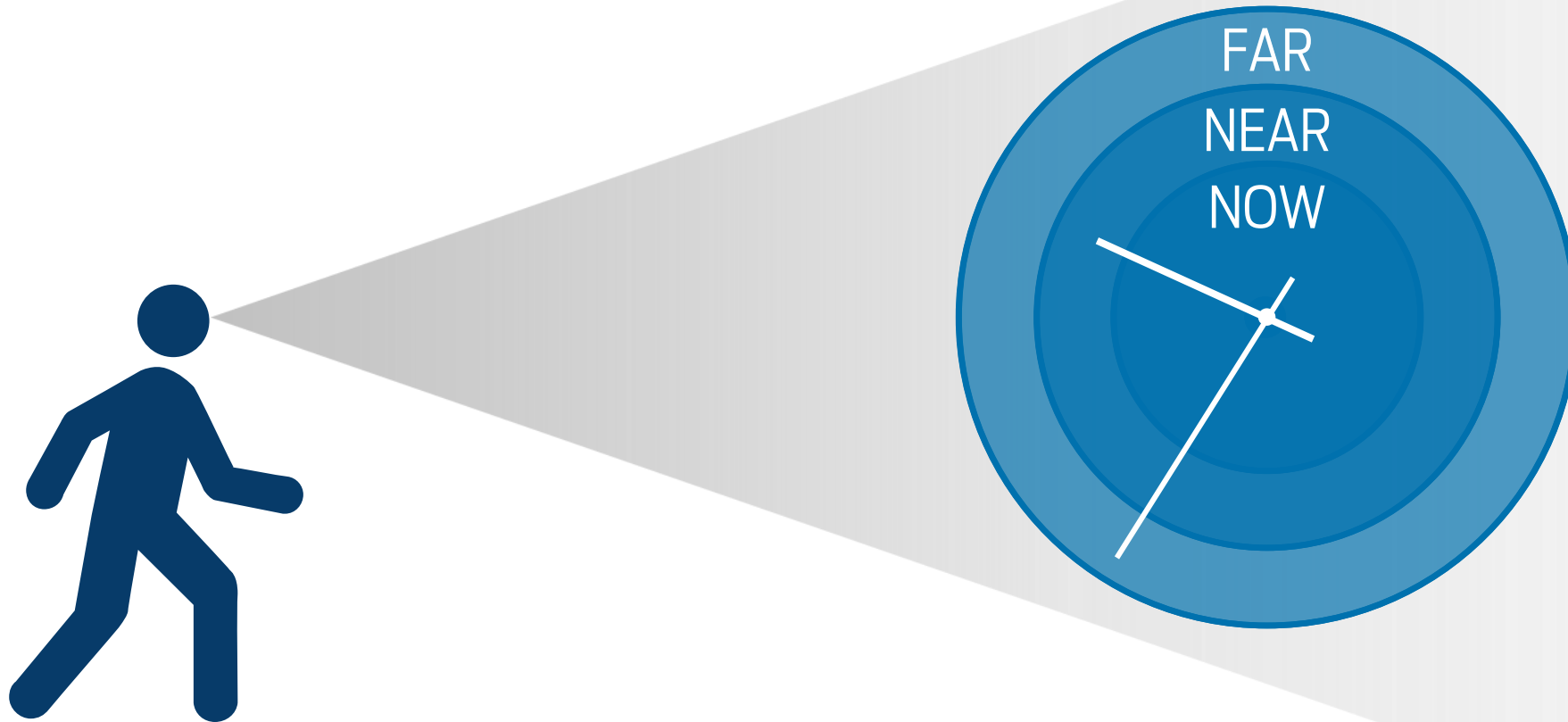
Ford Adjusted Pre-Tax Results (Billions)



We need to be able to navigate the now, near and far



A new type of clock for CEOs



A new type of clock for CEOs



London



Berlin



Moscow



Tokyo



Shanghai

A new type of clock for CEOs



We cannot compete for the future unless we get fit today

FITNESS	FITNESS
Reset Revenue and Attack Costs	Redesign Business Operations
WINNING ASPIRATION	
STRATEGIC CHOICES	
CULTURAL IMPLICATIONS	

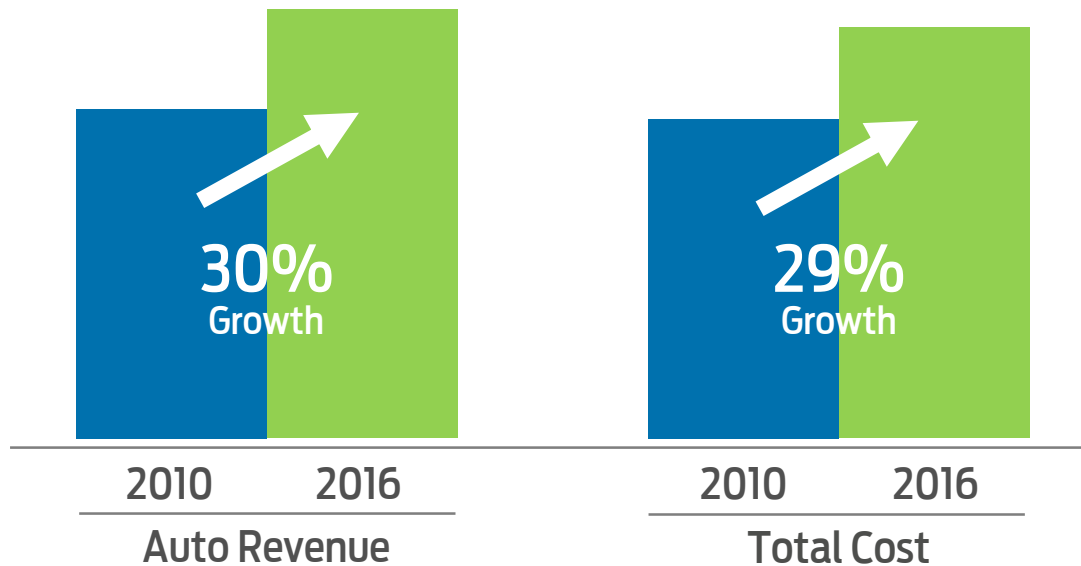
Our first priority is to reset revenue and attack costs

FITNESS	FITNESS
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CULTURAL IMPLICATIONS	

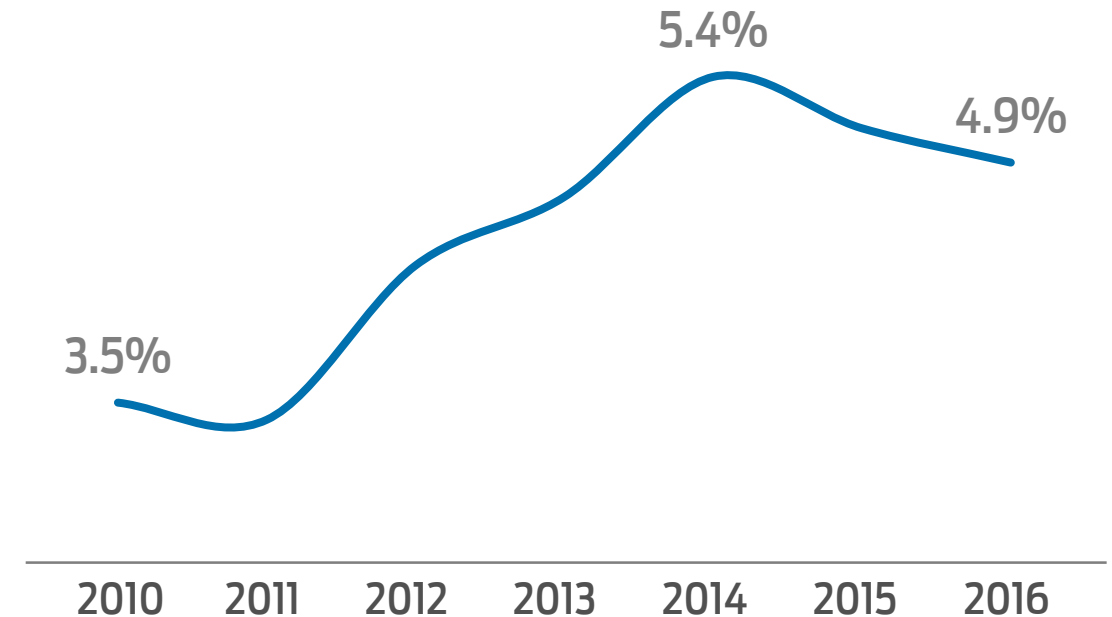
Our costs have grown as fast as revenue; capital spending has grown even faster

FITNESS	FITNESS
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CULTURAL IMPLICATIONS	

Automotive Revenue and
Total Cost Growth*



Capital Spending
as Percentage of Net Revenue



* Adjusted data; includes China Joint Ventures at share; excludes Parts and Accessories

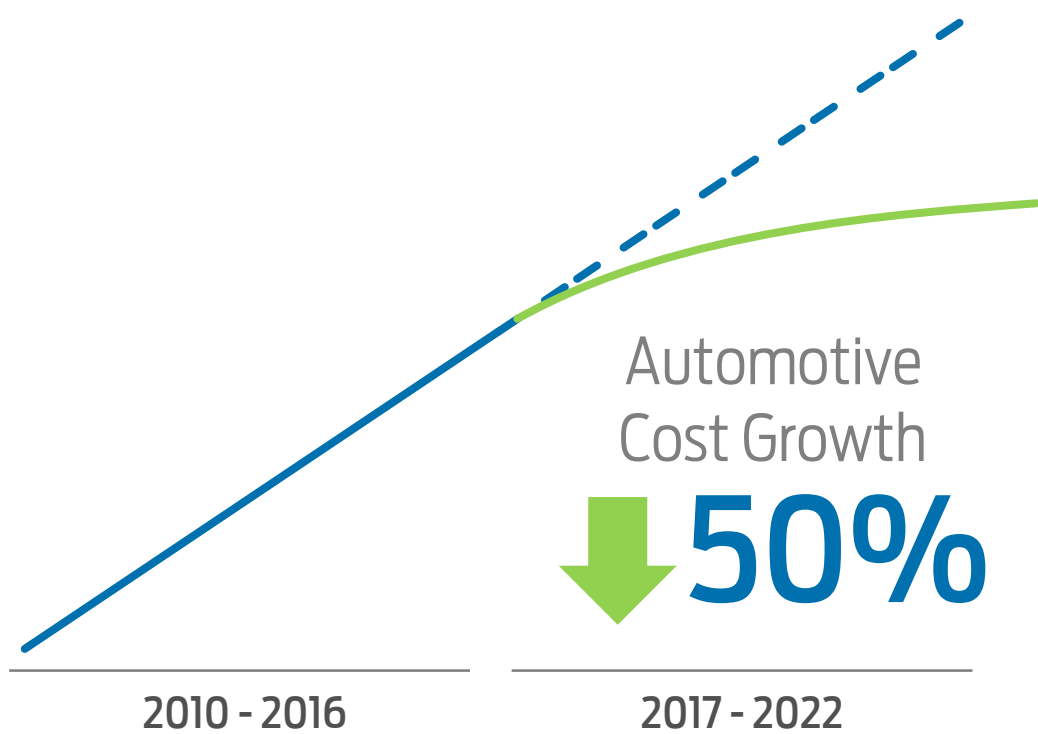
We established Global Markets and Global Operations organizations

FITNESS	FITNESS
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STRATEGIC CHOICES	
CULTURAL IMPLICATIONS	

- Promote better accountability across the markets
- Enable more effective cost reduction
- New industrial model for the next generation of vehicles
- Have already launched profit improvement and spending reduction initiatives

We are reducing the pace of cost growth

Automotive Cost Performance



Future 5-Year Incremental Efficiencies

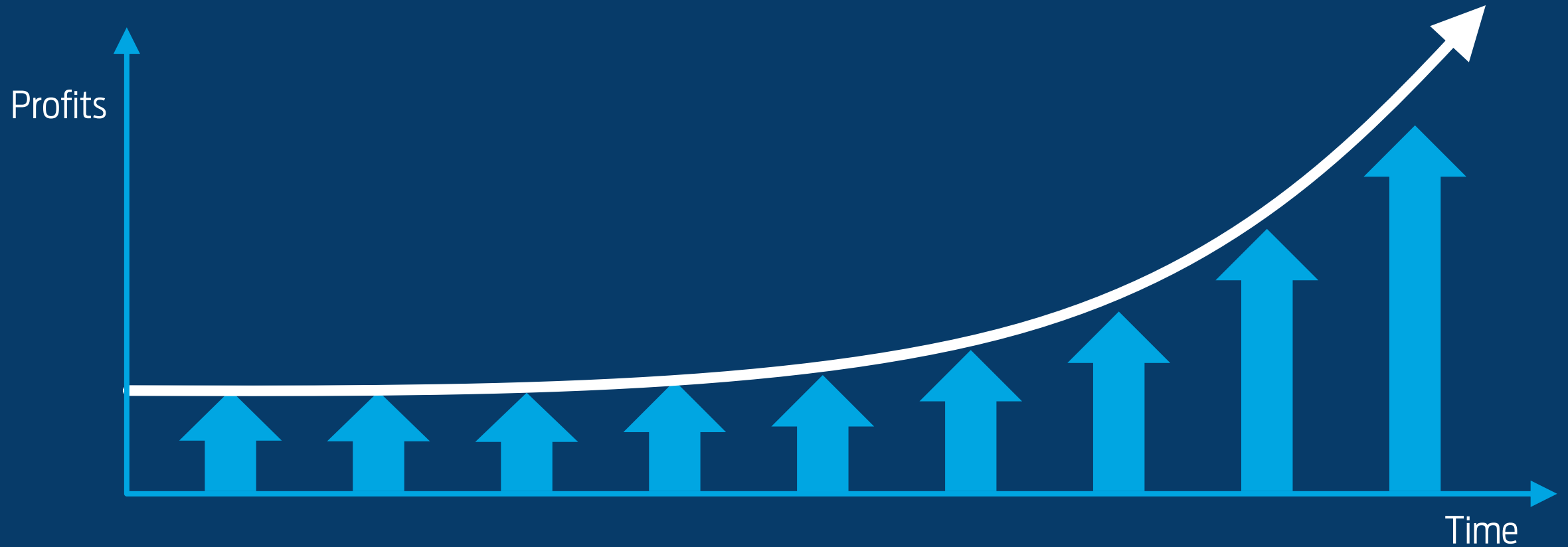
Product Engineering	\$4 Billion
Material Cost	\$10 Billion

We are also addressing the need for a fundamental redesign of our operations

FITNESS	FITNESS
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CULTURAL IMPLICATIONS	

Not only one-time savings but also compounding improvements

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Our re-imagined F-Series yields great results now and in the future

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F-Series Progress 2014 - 2017

- ↑ Share 1.7 ppts
- ↑ Average Transaction Price 16%
- ↓ F-150 Weight 700 lb
- ↑ F-150 Fuel Economy up to 19%
- + CAFE positive

Next-Generation F-Series

90% manufacturing equipment re-use
Remains positive to CAFE

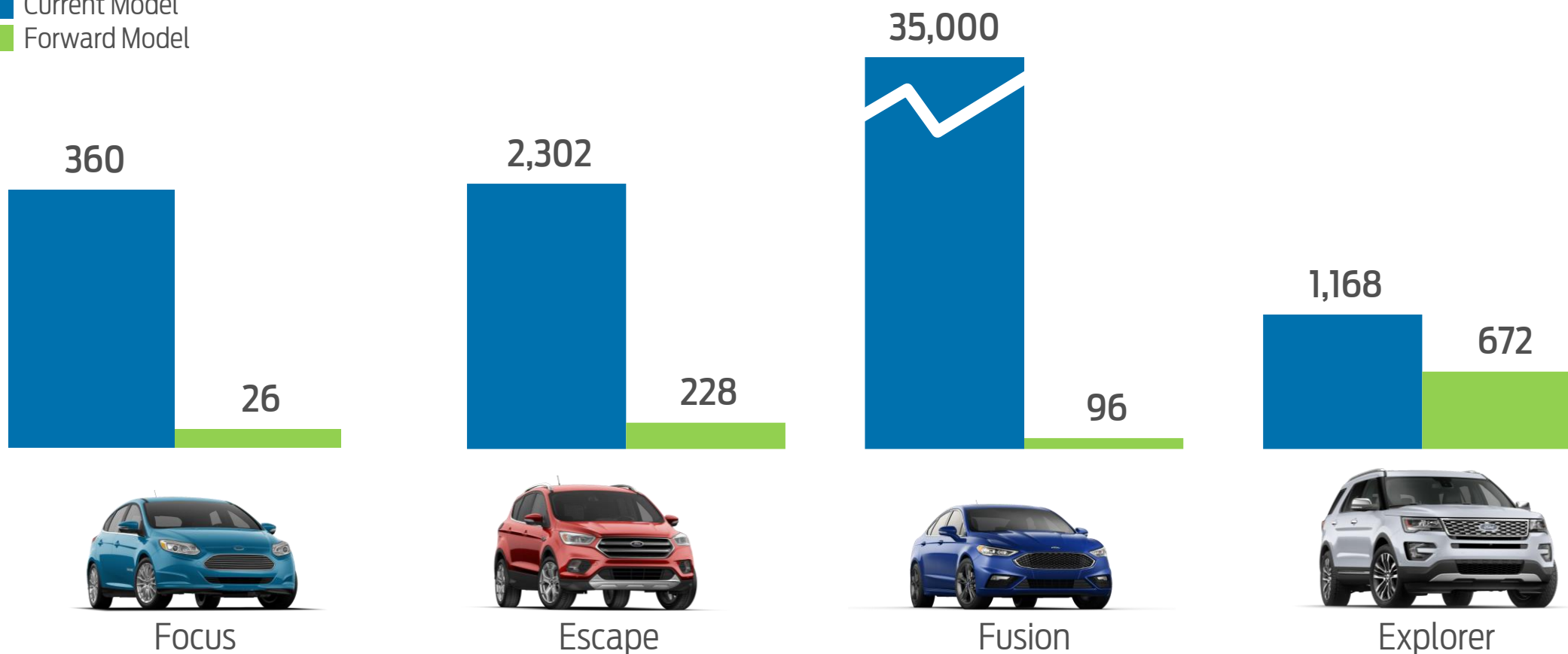


We are regaining focus on what our customers value the most and reducing complexity

FITNESS	FITNESS
Reset Revenue and Attack Costs	Redesign Business Operations
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Orderable Combinations

■ Current Model
■ Forward Model



We are also taking a hard look at our product development process to improve efficiency

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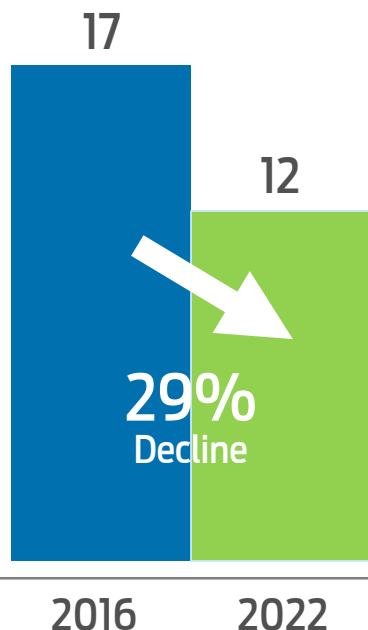


Internal combustion spending will be re-deployed into electrification for future demand

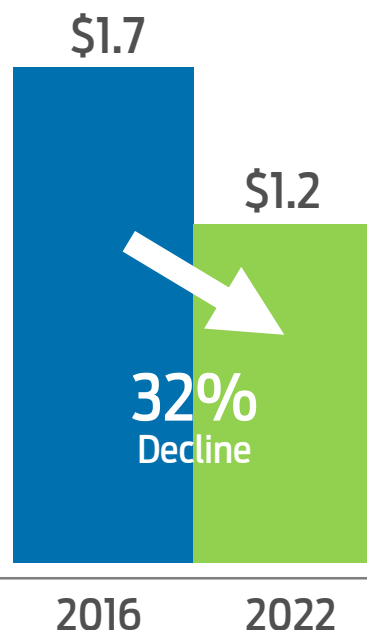
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Internal Combustion

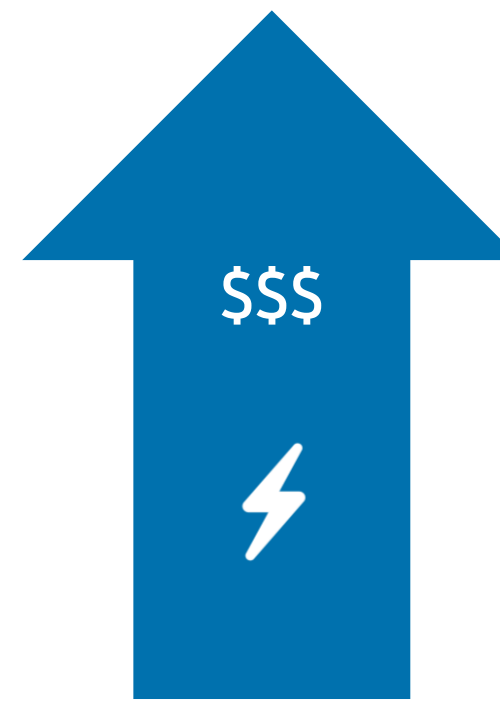
Engine Architectures



Powertrain Capital Spending (Bils.)

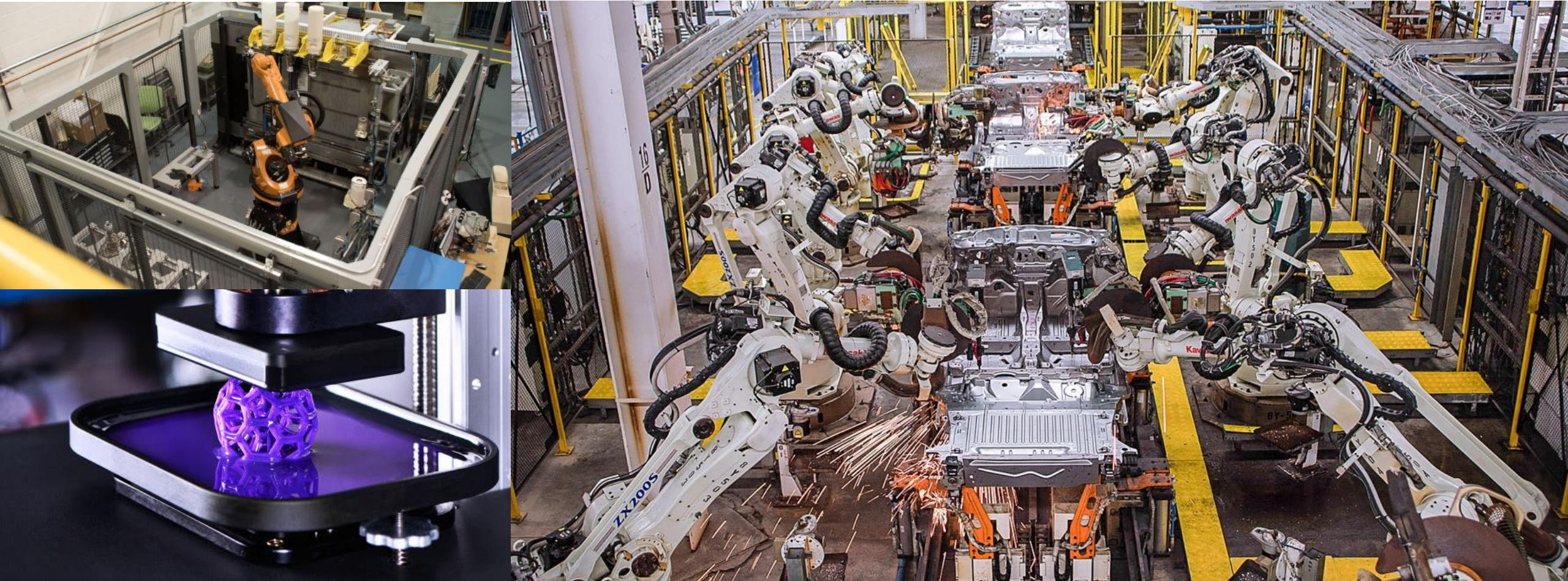


Reinvest Into Electrified Powertrains



Factory of the Future promises smaller footprints, faster logistics and closer customer contact

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Understanding our future starts with a winning aspiration

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Our vision for the future

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Ford Motor Company was built on the belief that freedom of movement drives human progress.

It's a belief that has always fueled our passion to create great cars and trucks.

And today, it drives our commitment to become the world's most trusted mobility company, designing smart vehicles for a smart world that help people move more safely, confidently and freely.

Smart Vehicles in a Smart World

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A Risk for Ford in Shunning Bailout, and Possibly a Reward

By BILL VLASIC DEC. 19, 2008



Ford workers assemble an F-150 pickup in Dearborn, Mich. The company hopes to become more efficient cars. Rebecca Cook/Reuters

DETROIT — The Big Three automakers are now two trying to get government help to survive and one — the Ford — trying to make it on its own.

RELATED COVERAGE

TIMES TOPIC
Auto Bailout

TIMES TOPIC
Ford Motor Company

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Ford pulls its weight without bailout funds



Print

By - The Washington Times - Monday, June 8, 2009

Amid bankruptcies and forecasts of Detroit doom, one of the Big Three is hanging tough. Ford tough.

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d is motoring on without federal bailouts, Treasury-led restructurings



5:58

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ECONOMY

Ford Executive: Automaker Doesn't Need Bailout

April 2, 2009 · 2:57 PM ET
Heard on All Things Considered

While General Motors and Chrysler may face structured bankruptcy, Ford has yet to ask for any government bailout funds.

William Clay Ford Jr., executive chairman of Ford Motor Co., says that car sales still are not where they need to be. Car sales for the Detroit Three — Chrysler, GM and Ford — are down more than 40 percent.

"The good news for Ford is that our market share has been going up and up each month," Ford tells host Melissa Block. He says what's really needed is "a program to stimulate sales for the entire industry."

Rep. Betty Sutton (D-OH) introduced the CARS Act in March as a way to modernize the U.S. auto fleet. The bill would provide consumers with a \$3,000 to \$5,000 incentive to trade in older cars to buy more fuel-efficient cars.

Ford says he is enthusiastic about the idea. "It clearly stimulates the economy, and it gets the consumer into the showroom and gets them buying again. But importantly — and this is what I particularly like about it — it really helps the environment quite a bit



William Clay Ford Jr., executive chairman of Ford Motor Co., says the company has adequate funds and doesn't need a government bailout.
Stan Honda/AFP/Getty Images

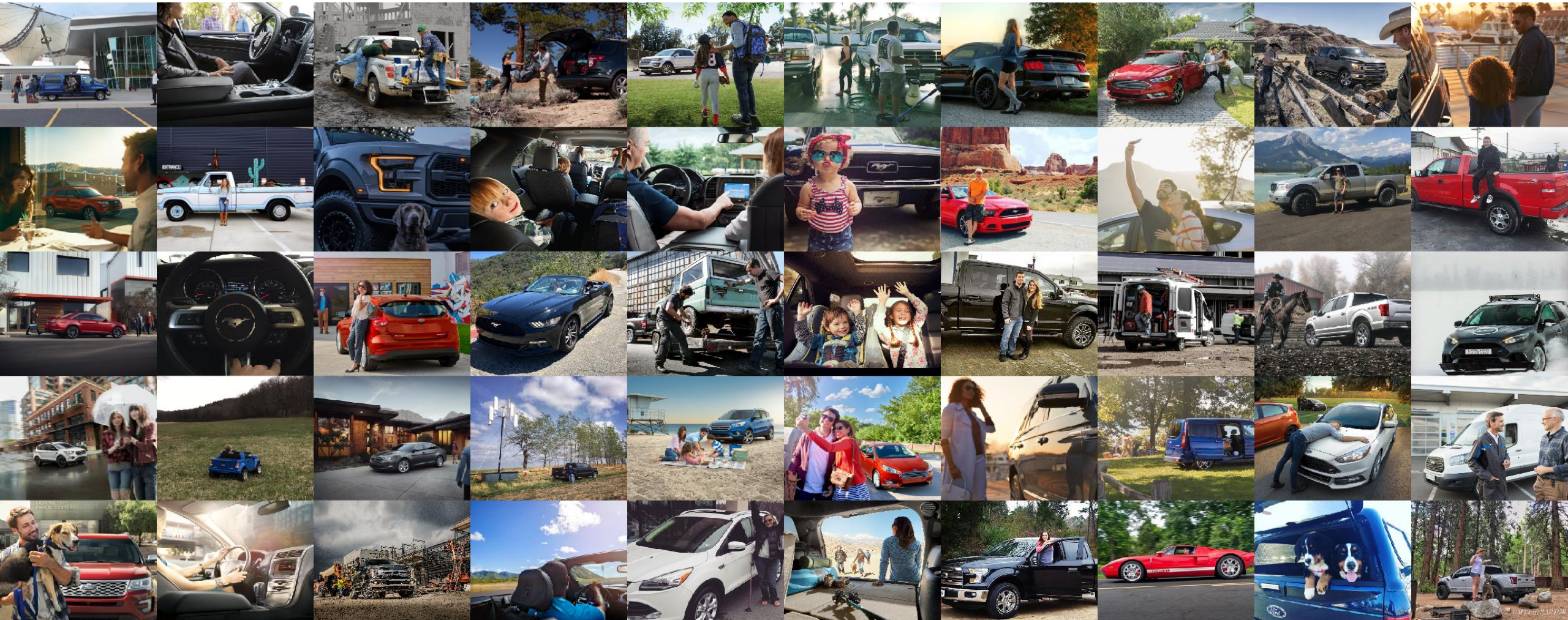
month, and sales surpassed even mighty Toyota's. Ford's shares have the past year. Shares of archrival General Motors Corp., now in

ises in Ford's decision to steer clear of government interference.

round and not taking government money," said John Chevedden of Ford stock. Mr. Chevedden said he purchased the stock "at a dip," so

People have passion for their vehicles

FITNESS	FITNESS
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Vehicles can enable technology with passion

FITNESS	FITNESS
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It is more than mobility...
it is mobility with passion

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There are many more choices for where we play and how we win

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WHAT IF A CITY MOVED WITH THE RHYTHMS OF ITS INHABITANTS?

INTRODUCTION OF FULLY AUTONOMOUS SAE LEVEL 4-CAPABLE VEHICLES

EBIKES

ELECTRIFIED VEHICLE POPULATION INCREASES

WIRELESS CHARGING

CROWD-SOURCED DYNAMICALLY-ROUTED SHUTTLE SERVICE

There are persistent forces that will help us make the choices to move from Now to Far

FITNESS	FITNESS
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THE CITY OF TOMORROW, DECADES AND DECADES FROM NOW.

ADVANCED, HIGH-SPEED MASS TRANSIT

VEHICLES ROUTED AROUND PEDESTRIANS AND EACH OTHER

SIGNIFICANT POPULATION OF FULLY AUTONOMOUS VEHICLES

PARKING CUT TO ALLOW RE-USE

IMPROVED WALKABILITY

Focusing on strategic choices

FITNESS	FITNESS
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Investing now in the understanding of use is the gift that will keep on giving

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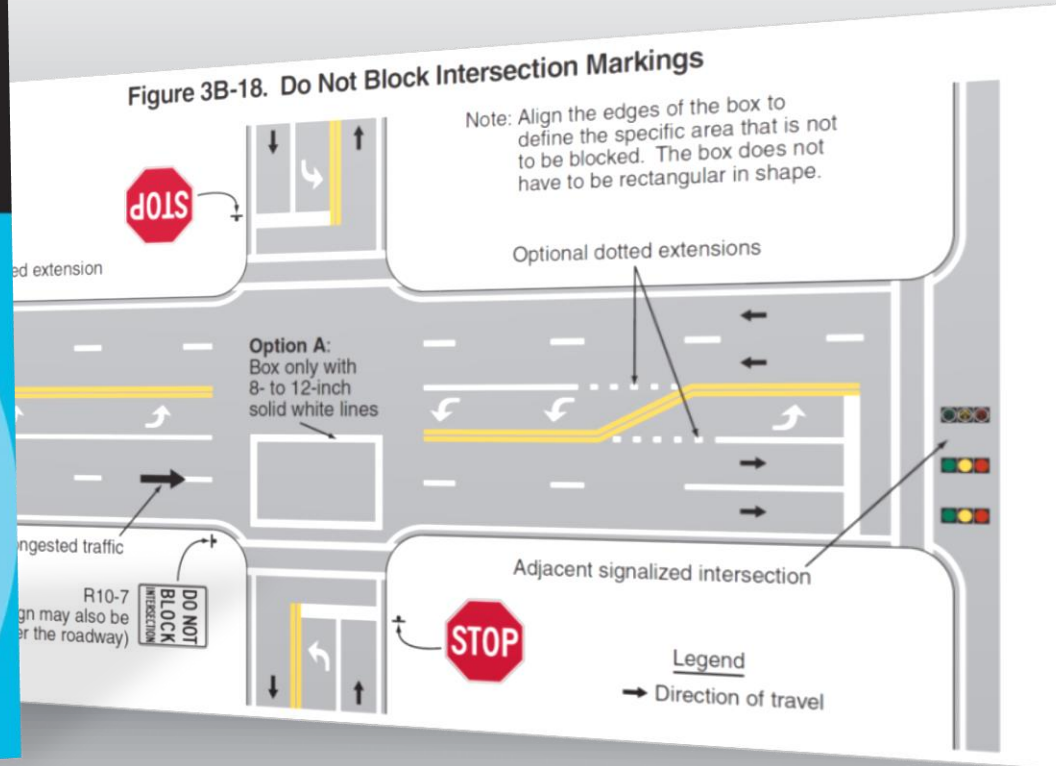
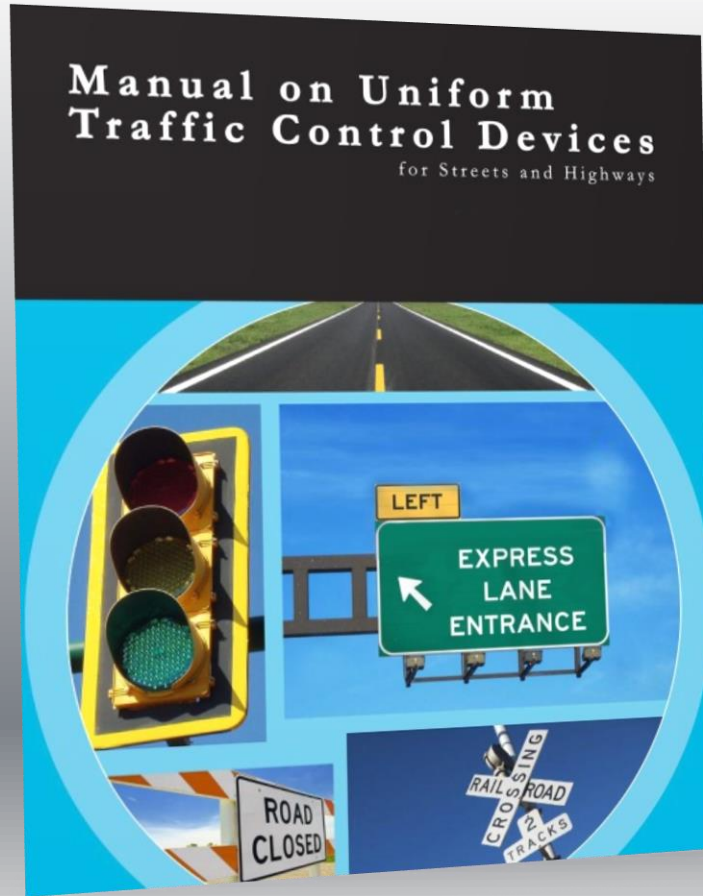
Recent advances in deep learning are breathtaking

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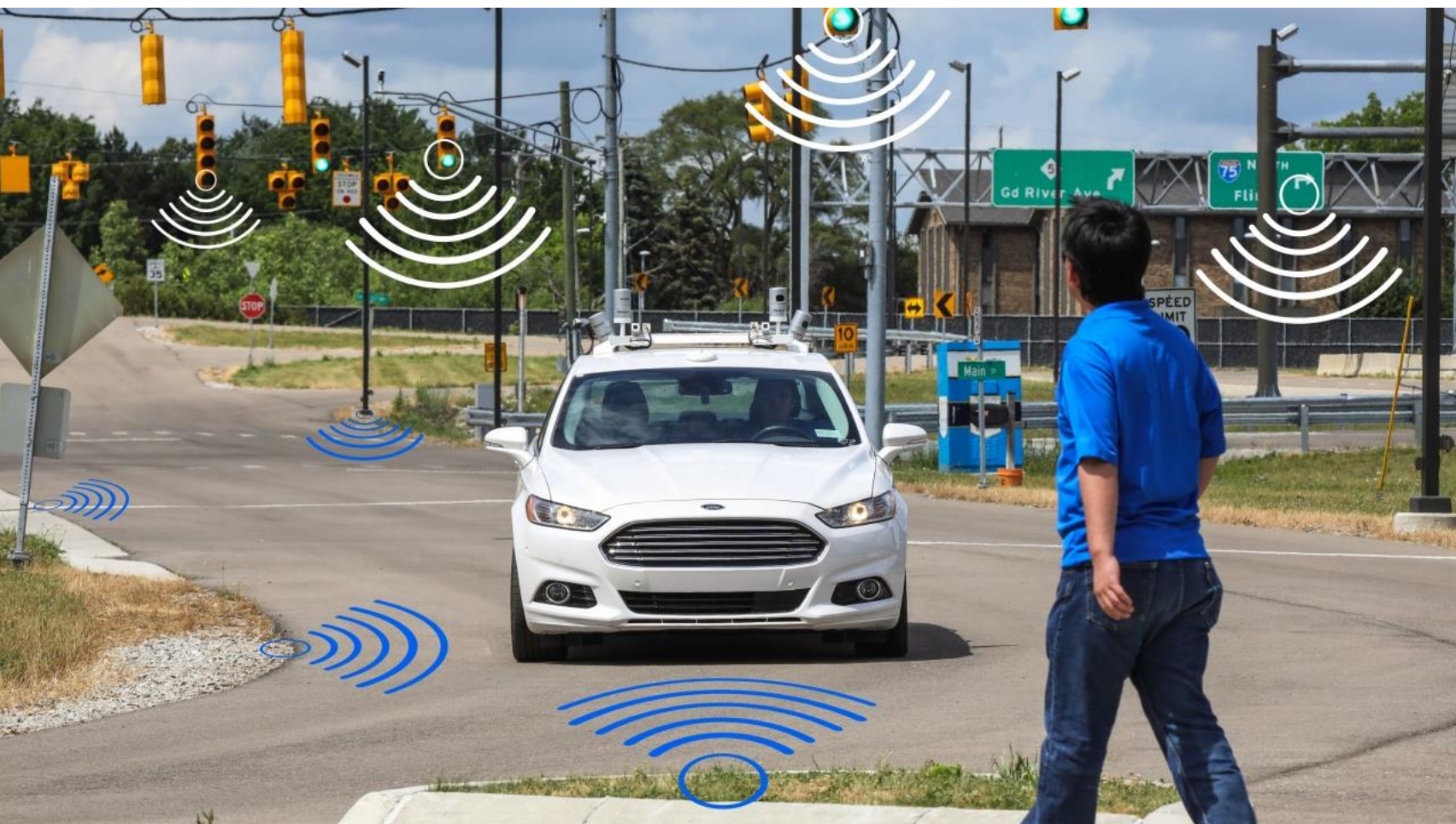
Deep learning will help us understand vehicle interactions to optimize autonomous vehicles

FITNESS	FITNESS
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Environments will actually communicate to the vehicles

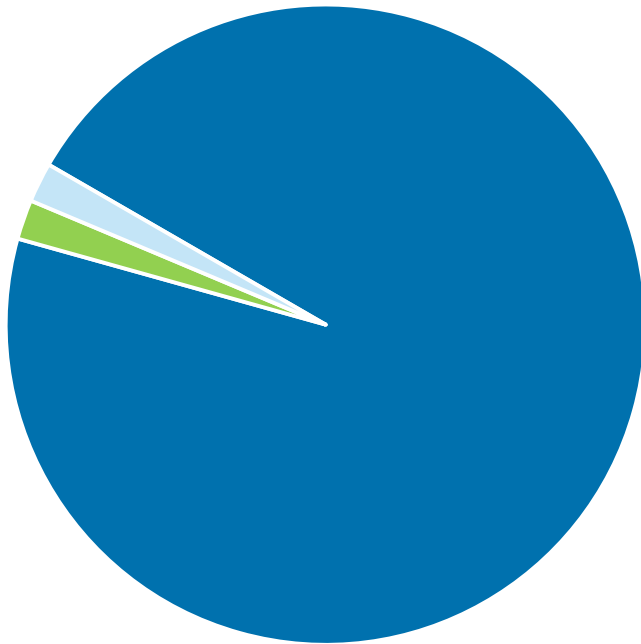
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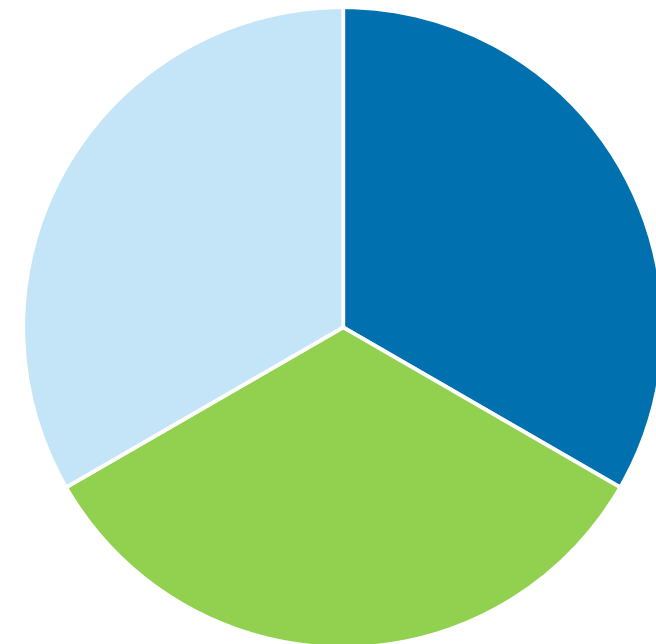
There will be a variety of propulsion choices but electrification will become more common

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Global Industry 2017



Global Industry Outlook 2030



■ Internal Combustion Engine (ICE) ■ Hybrid Electric Vehicle (HEV) ■ Battery Electric Vehicle (BEV) / Plug-in Hybrid (PHEV)

Advanced propulsion systems need to offer passion and intimacy

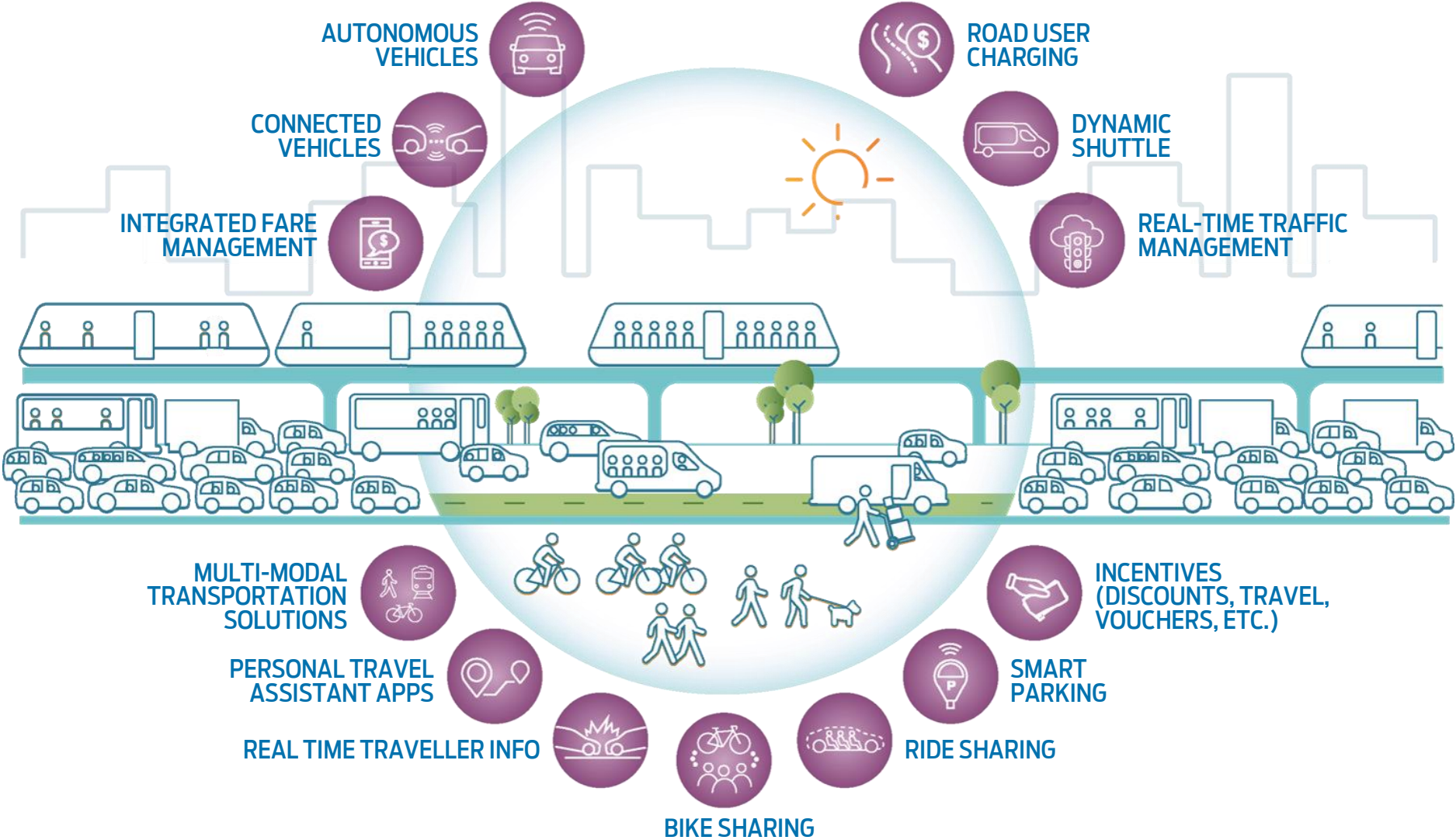
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City of Tomorrow Video

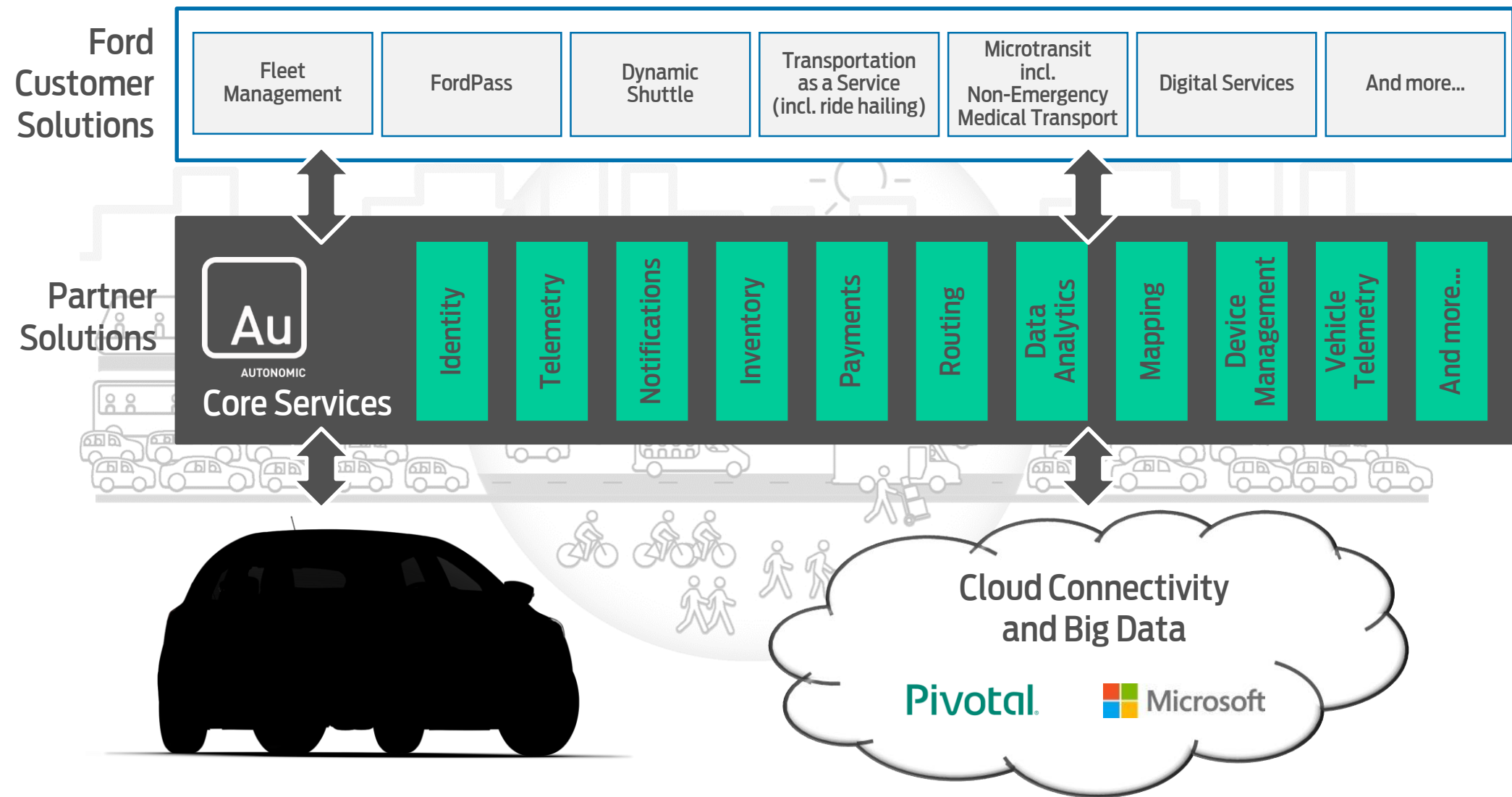


Smart Vehicles in a Smart World



Source: Deloitte

Flexibility and partnerships enable agility





Connectivity



Non-Emergency Medical Transport



Chariot



FordPass and Digital Services Platform

Evolving our portfolio to optimize returns



Utilities
Play to Win

Leverage regional strengths



Commercial Vehicles
Leadership

Build on leadership: F-Series, Ranger and Transit



Cars
Smart plays

Profitable subsegments and value partnerships

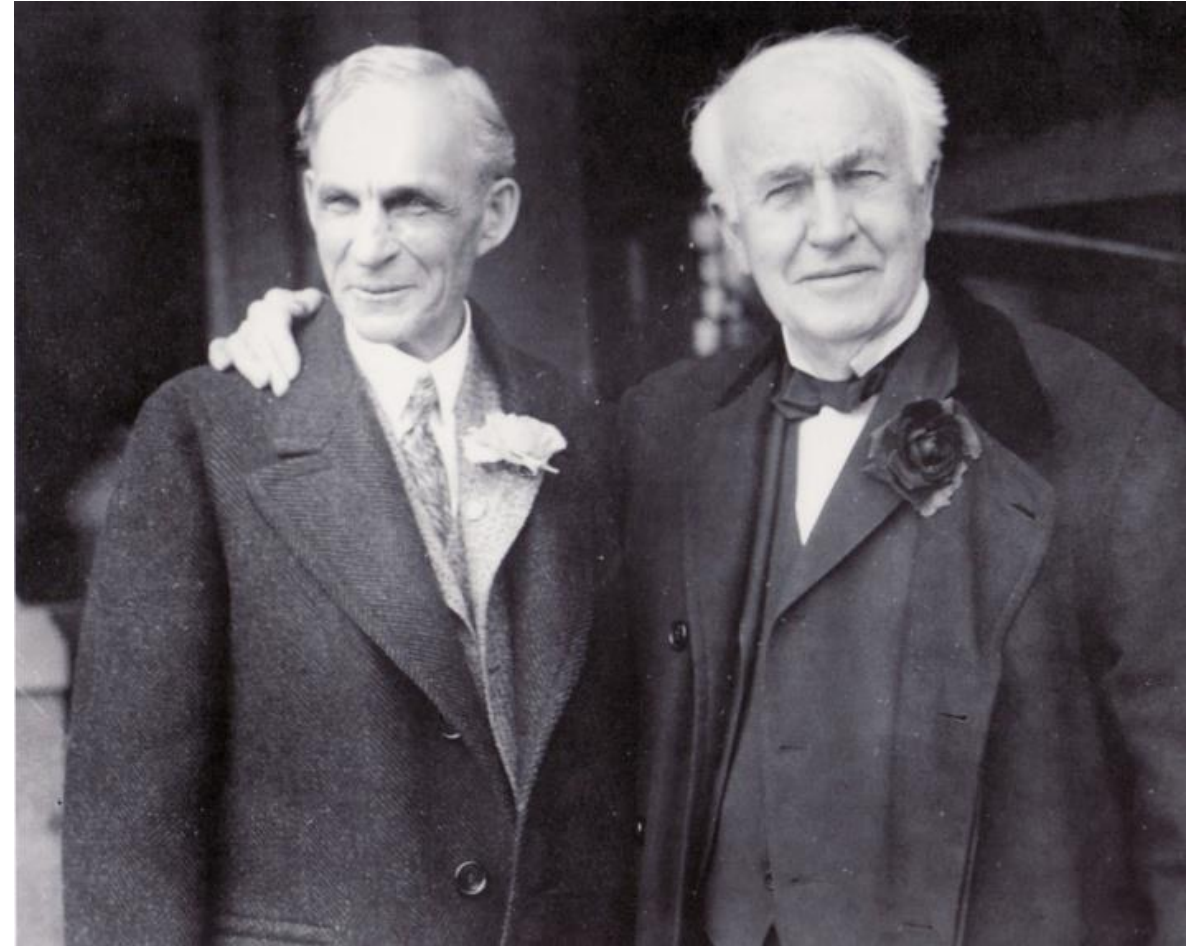


Powertrains
Pivot to BEVs

Simplify and partner ICE and diversify electrification

Accelerating pure electric vehicle portfolio

- Profit driven
- New Zotye BEV MOU and other alliances
- New dedicated BEV team - Team Edison
- Expanded BEV line-up post 2020
- End-to-end business model change from design through ownership
- ...more to come

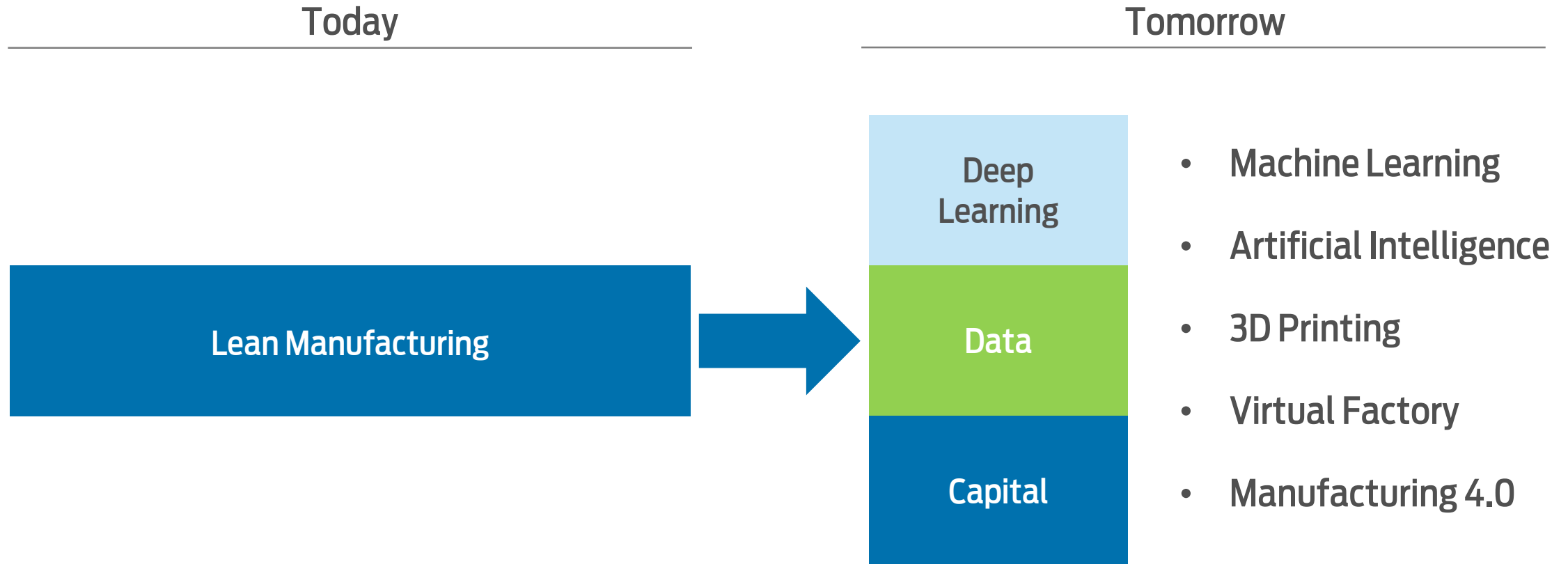


On-track for production ready AV business

- Business model driven:
People, Goods, Content
- Human-centered design
- Argo AI: On-track with scalable
and production ready tech
- Max utilization: HEV, commercial
durability, flexible vehicle format
- Expanding tech and future commercial
business partnerships

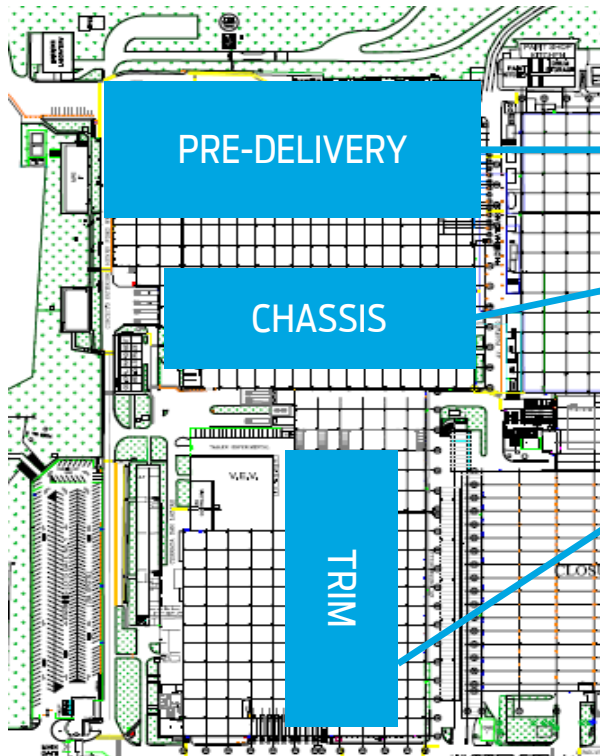


We are redesigning our industrial model for smart vehicles in a smart world

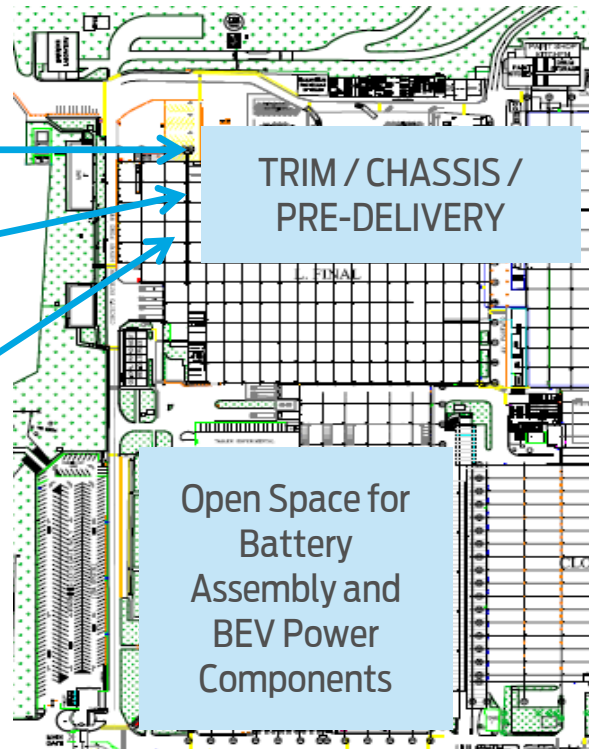


BEV product simplification yields floor space and capital efficiencies

Current State – Final Assembly



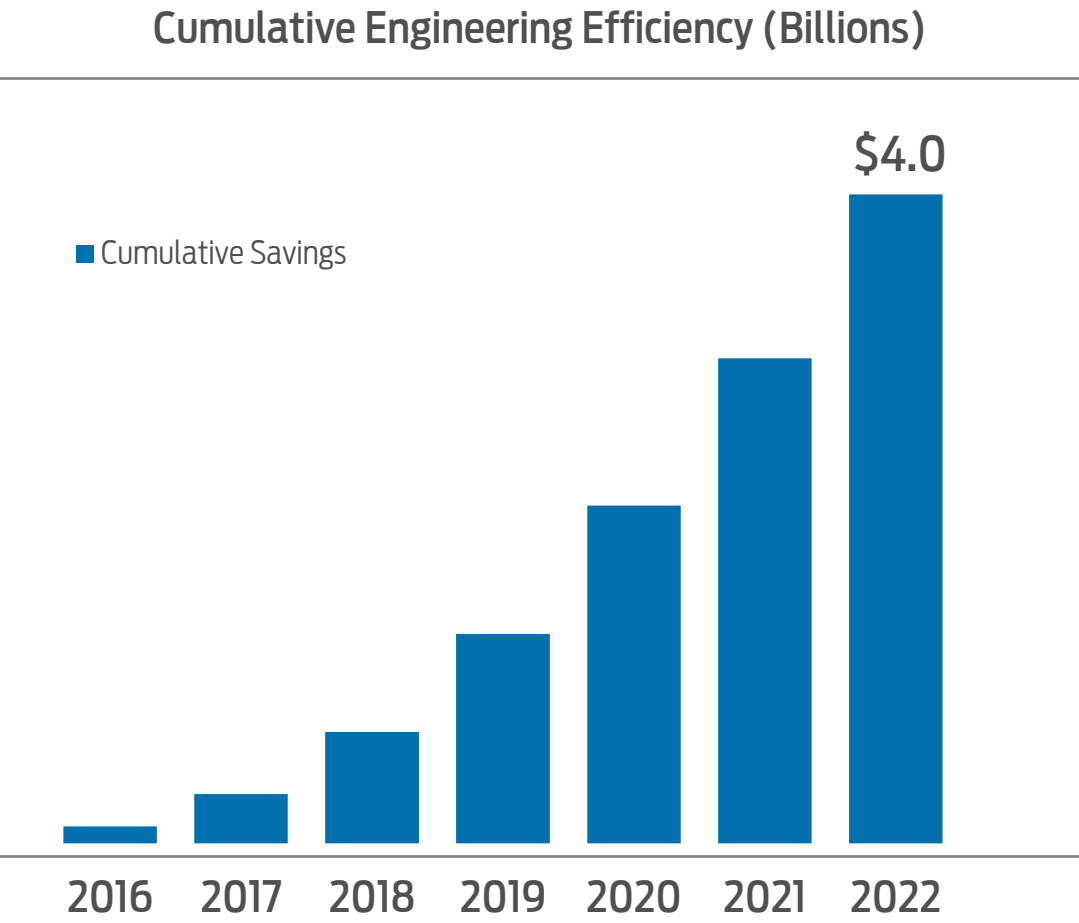
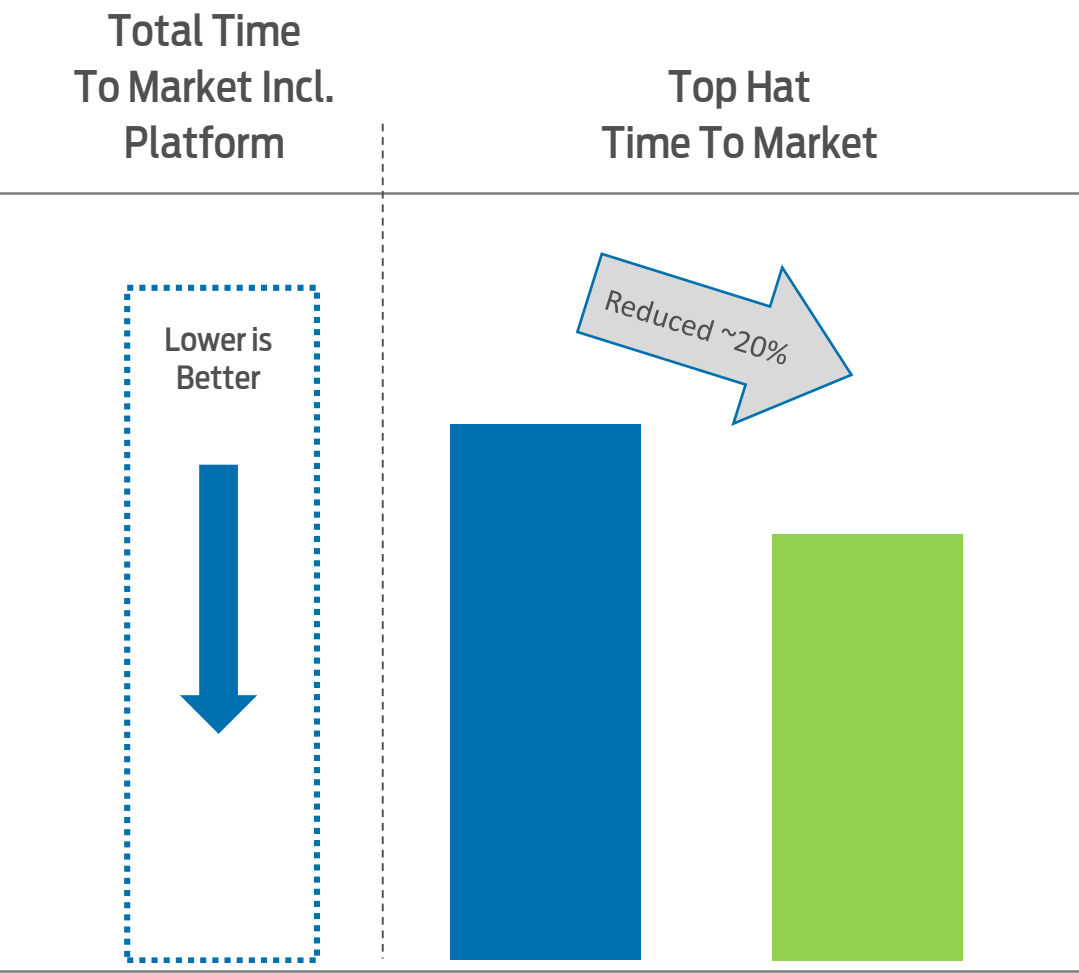
Future State – Final Assembly



Benefits vs. ICE

- 50% reduction in footprint
- 50% reduction in capital investment
- 30% reduction in hours per unit
- Flexible tooling / process fully scalable and reconfigurable to support increase in demand

Improving time to market and engineering efficiency

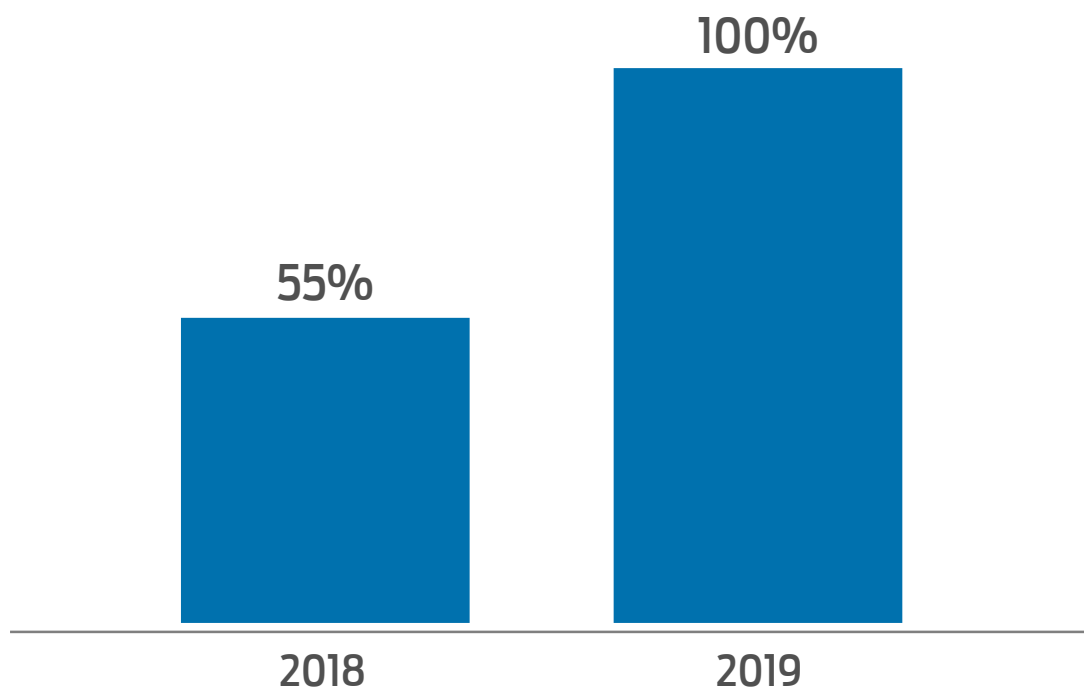


Financial update

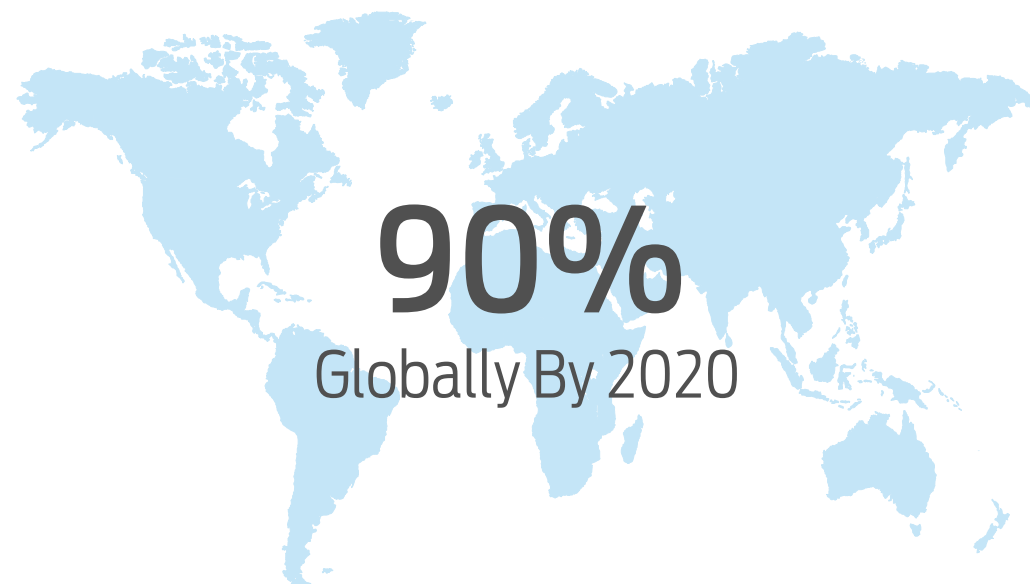
- Remain committed to investment-grade balance sheet
- Strong shareholder distributions via unchanged distribution strategy
- Continue to be focused on:
 - Growth ... grounded in analytically risk-assessed assumptions
 - 8%+ Automotive operating margin
 - ROIC in excess of cost of capital
 - Top-quartile total shareholder return
- 2017 guidance unchanged; 2018 outlook to be provided in January
- Ford Credit ... a strategic asset that continues to perform well.
New opportunities ahead as Ford transforms

We will accelerate the introduction of connected, smart vehicles and services

New Ford Vehicles Connected – U.S. Take Rate



New Connected Vehicles

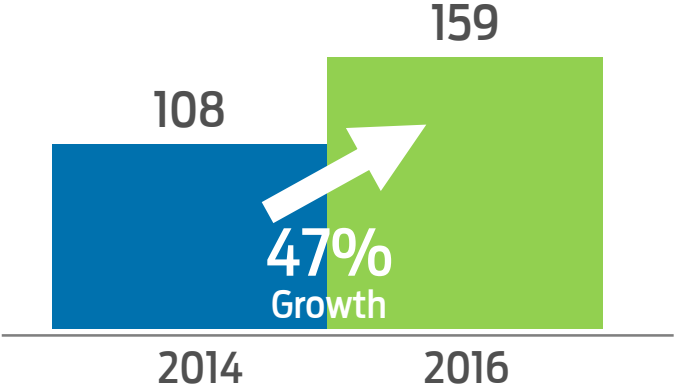


We will rapidly improve our fitness to lower costs, release capital and finance growth

New Partnerships in Emerging Markets

India and EM Partnership	
China Low Cost BEV	
Yusheng Low Cost Utility	

Global Lincoln Sales (000)



Global Lincoln Quality

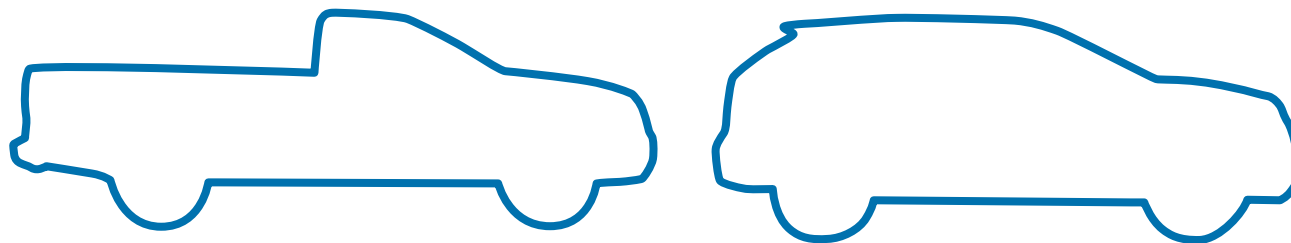
	2013		2017
Initial Quality Survey	#9	➡	#4
APEAL	#9	➡	#6

We will re-allocate capital to where we can win in the future

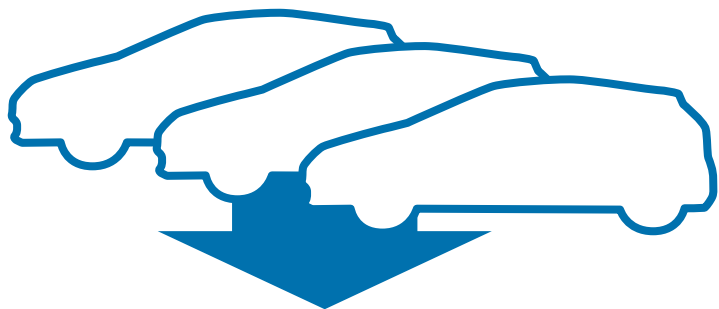
Re-allocating \$7 Billion of Capital from Cars to SUVs and Trucks



Fewer Nameplates / Lower Spend



New SUVs and Trucks Investment



- North America Ranger – 2018
- All-new Bronco – 2020
- Three other vehicles including BEV SUV



North America
EcoSport - 2018

**We will continuously innovate to create
the most human-centered mobility solutions**



We will empower our team to work
together effectively to compete and win





Risk Factors

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, Europe, or China, due to financial crisis, recession, geopolitical events, or other factors;
- Lower-than-anticipated market acceptance of Ford’s new or existing products or services, or failure to achieve expected growth;
- Market shift away from sales of larger, more profitable vehicles beyond Ford’s current planning assumption, particularly in the United States;
- 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, protectionist trade policies, or other events;
- 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 other postretirement liabilities impairing liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for pension and other 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;
- Adverse effects on results from a decrease in or cessation or claw back of government incentives related to investments;
- 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, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit regulations, consumer or data protection regulations, 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, 2016, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



Appendix



Reducing global material cost by an incremental \$10 billion through 2022

2018 - 2022 Plan by Workstream (Billions)

