J.P. Morgan Conference
Hau Thai-Tang
Executive Vice President
Product Development and Purchasing, Ford Motor Company
Our Belief

Freedom of movement drives human progress.

Our Aspiration

To become the world’s most trusted mobility company, designing smart vehicles for a smart world.

Our Plan

Passion for Product & Deep Customer Insight

- Winning Portfolio
- Propulsion Choices
- Autonomous Technology
- Mobility Experiences

Fitness

- Operating Leverage
- Build, Partner, Buy
- Capital Efficiency
- Strong Balance Sheet

Metrics

- Growth
- EBIT Margin
- ROIC
- Cash Flow

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Focusing Capital On High-Margin, High-Growth Businesses

Circle size = Actual 2017 +/- EBIT (Bils)

Highly Accretive

Profitable $1B

High Performing $14.5B

Highly Dilutive

Note: All references to EBIT and EBIT Margin are on an adjusted basis
Shifting Spending To More Profitable Vehicles

2015 Plan (2016 - 2020)
- Utilities: 39%
- Trucks and Commercial Vehicles: 24%
- Cars: 37%

2018 Plan (2019 - 2023)
- Utilities: 60%
- Trucks and Commercial Vehicles: 29%
- Cars: 11%
Listening To Our Customers

CONNECTIVITY

EFFICIENCY

UTILITY

AFFORDABILITY
Leveraging Ford’s Strengths

WORK

PERFORMANCE

ADVENTURE

HUMAN CONNECTION
Freshest Lineup In U.S. By 2020 Including New Silhouettes

**Average Age of Portfolio (Years)**

- **2018**: 5.7
- **2019**: 5.3
- **2020**: 3.3 (Competitor A), 4.1 (Competitor A), 4.7 (Competitor A)

**Ford Shifting Portfolio**

- **Commercial Vehicles**
- **Pickup Trucks**
- **SUVs**
- **Cars**

**Competitor A** and **Competitor B**
Improving Operating Leverage

Cumulative Benefit Over 2018 - 2022 Plan Period Versus Original Planned Spend

- Material Cost: $12B
- Engineering / Product Development: $7B
- IT: $0.2B
- Manufacturing: $1.3B
- Marketing & Sales: $5B

Total Cost & Efficiencies Identified: $25.5B
Expected PD Fitness Impact Over 5 Year Plan Period

- **$7B**
  Engineering / PD Cost Reduction

- **20%+**
  Less Time From Sketch To Showroom

- **$1B**
  Manufacturing Cost Reduction

- **$12B**
  Improved Material Cost
Vehicle program

Product Co-Creation
Collaborative product innovation

Hardware at Speed of Software
Best-in-class speed to market

Modular Architecture
Cover bandwidth of portfolio; deliver customer needs and cost targets

Customer Needs

Vehicle program
Portfolio

Improve engineering efficiency by 20 - 40%
Increase product output
Faster time to market
Lower product investment cost
Lower labor cost

Shaping The Vision For Product Development Fitness

Customer Needs
Finding The Balance

Pre-ONE FORD

Flexible Architecture with Modules

ONE FORD

Customer Differentiation and Diversity

Commonality
## Building And Evolving From One Ford

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<td>Global / Regional / Local Market Scale</td>
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<td>Customer Wants &amp; Willingness To Pay</td>
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<td>Material Cost Savings</td>
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<td>Supply Base Operating Efficiency</td>
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Implementing Five Flexible Architectures

Architecture Differentiators

- Energy
- Propulsion / Drive
- Body / Frame

Flexible Architectures

1. ICE*: RWD / AWD Body-On-Frame
2. ICE*: FWD / AWD Unibody
3. ICE*: Commercial Van Unibody
4. ICE*: RWD / AWD Unibody
5. BEV: All drive types Unibody

* BEV capable
Covering A Broad Range Of Products With Flexible Architectures

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<td>2 ICE – FWD / AWD Unibody</td>
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<td>3 ICE – Commercial Van Unibody</td>
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<td>4 ICE – RWD / AWD Unibody</td>
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<td>5 BEV – All Drive Types Unibody</td>
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<td>JVs / Alliances</td>
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Innovating Through Strategic Alliances
Improving Efficiency And Effectiveness Through Module Reuse

Flexible architectures

- **RWD / AWD**
  - Body On Frame
- **FWD / AWD Unibody**
- **Comm. Van Unibody**
- **RWD / AWD Unibody**
- **BEV**

Architecture common modules, e.g. cross-car beam, suspension

Cross-architecture common modules, e.g. center display and human machine interface
Transitioning To Modules Expands The Opportunities For Commonality
Increasing Commonality And Value With Modules

- Program specific, differentiating parts (~30%)
- Architecture-specific modules (~30%)
- Cross-architecture common modules (~40%)

Up to 70% of vehicle value managed with modularity (~70%)
NextGen In-Vehicle Experience
Reducing Material Cost

**Complexity reduction**
Reduction in product configurations and part complexity

**Market alignment**
Market offering rationalized based on customer and competitor insight

**Benchmarking for most efficient design**
Benchmark informed design sourced at best cost

Impact

$12B
in plan period
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Expected PD Fitness Impact Over 5 Year Plan Period

- **~$7B** Engineering / PD Cost Reduction
- **20%+** Less Time From Sketch To Showroom
- **~$1B** Manufacturing Cost Reduction
- **~$12B** Improved Material Cost
## Smart Choices for Value Creation

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Cautionary Note On Forward-Looking Statements

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:

- Ford’s long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor disputes, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data protection regulations, or other regulations.

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, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.