

One Ford Plan Nets Multiple Ford Profits

2013 looks to be a very good year for Ford.

The company reported strong second-quarter sales have meant a total company pre-tax profit of \$2.6 billion, or 45 cents per share, an increase of \$726 million, or 15 cents a share, compared with a year ago. This is the automaker's 16th consecutive quarter of profitability.

The Ford financial report stated that North America set second-quarter and first-half records for pre-tax profits; Asia Pacific Africa delivered its best-ever quarterly profit; Ford Credit delivered solid performance; and South America returned to profitability.

The news from Europe was a mixed bag. Europe incurred a loss, but improved compared with a year ago and first quarter.

The automaker saw a first-half pre-tax profit of \$4.7 billion, an improvement of \$579 million compared with a year ago. Its first-half net income of \$2.8 billion is an improvement of \$408 million compared with a year ago.

Ford now expects total company pre-tax profit to be equal to or higher than 2012, automotive operating margin to be about equal to 2012 and automotive operating-related cash flow to be substantially higher than 2012.

"Our strong second quarter with improved results in every region around the world is another proof point that our One Ford plan is continuing to deliver and is building momentum," said Alan Mulally, Ford president and CEO.

"We remain absolutely committed to our plan of serving customers in all markets with a full family of vehicles offering the very best quality, fuel efficiency, safety, smart design and value. As we do, we are providing profitable growth for everyone associated with Ford."

In the second quarter, the company settled \$1.5 billion of pension obligations related to the U.S. salaried retiree voluntary lump sum program, with \$2.7 billion settled since the inception of the program in August 2012. As a result of the second-quarter set-

tlement, the company recognized a special item charge of \$294 million, reflecting the acceleration of unrecognized losses in the plan. The lump sum program is about 60 percent complete and concludes at the end of the year.

As a result of the strategic actions the company has been taking, along with recent increases in discount rates, the funded status of Ford's global funded pension plans significantly improved as of June 30 compared with the end of last year.

Dividends paid in the second quarter totaled about \$400 million.

"... One Ford plan is continuing to deliver and is building momentum."

- Alan Mulally

Building on its best-ever quarterly profit in the first quarter, North America again delivered strong growth in the second quarter. This is the fifth time in the last six quarters that North America achieved a pre-tax profit of \$2 billion or more and an operating margin of 10 percent or more. Second-quarter pre-tax profit was \$319 million higher than a year ago.

Second-quarter results reflect improving industry sales and a healthy full-size pickup segment, along with, Ford officials say, the automaker's strong product lineup, U.S. market share growth - including strong growth in East and West Coast markets - and continued discipline in matching production to real demand and a lean cost structure - even as the company invests more in product and capacity for future growth. Wholesale volume and revenue each grew 14 percent in the quarter.

In the first half of the year,

North America set an earnings record with a pre-tax profit of \$4.7 billion, an increase of \$628 million compared with the same period a year ago. North America's operating margin was 10.7 percent, about the same as last year. Wholesale volume and revenue increased about 16 percent.

While Ford's financial news was generally good, Europe remains a trouble spot. The pre-tax loss for Europe was \$348 million in the second quarter and the operating margin was a negative 4.6 percent.

In the second quarter, the company increased its passenger car retail market share of the five major European markets, consistent with the strategy to focus on retail sales and to reduce reliance on short-cycle rental and dealer self-registration sales.

In addition, dealer stock days supply of new vehicles at the end of the second quarter in Europe have been reduced and stocks of dealer self-registered vehicles were lower by about two-thirds compared with a year earlier. Going into the third quarter, retail order banks are about 50 percent higher than last year.

"Europe is making very good progress in executing our transformation plan, which is focused on product, brand and cost," said Bob Shanks, Ford's chief financial officer. "Our strong cadence of new product introductions, matching supply with real demand and focusing more on retail customers will enable us to meet our goal of being profitable in Europe by mid-decade."

The implementation of the One Ford plan is gaining momentum in Asia Pacific Africa with the region reporting its best-ever quarterly result in the second quarter with pre-tax profits of \$177 million, an improvement of \$243 million compared with a year ago.

OnStar Subscriber Rescues Storm-Injured Campers

After violent thunderstorms swept through the Great Smoky Mountains National Park last year, a vacationing woman and her GM OnStar system came to the rescue of injured campers.

The OnStar subscriber, Carole Cooper, spotted a number of campers who were injured, including an unconscious 7-year-old girl, her father - who was later discovered to have several broken ribs - and her mother.

Cooper ran to her Chevrolet Tahoe and drove it onto the scene to use it as a central emergency station. Other people in the area helped bring campers in distress, including the family of three, to Cooper's SUV. Cooper then called OnStar, where an emergency advisor relayed emergency medical instructions.

The OnStar advisor directed first responders to the scene. But with the roads blocked by the downed trees, they were forced to travel on foot into the campsite.

Because the public safety communication system was down, Cooper's vehicle became a makeshift command post as the rescue workers used her OnStar connection to communicate with other emergency personnel.

It took four to five hours for enough trees to be cleared for rescue workers to drive Cooper's Tahoe far enough out of the park to get the injured family to safety. They were all transferred to a nearby hospital once rescue workers were able to get them out of the affected area.

Because of her efforts, Cooper was honored by The Wireless Foundation for using her vehicle's telematics system as a temporary command center to help the injured campers.

She was named a 2013 Wire-



Carole Cooper

less Samaritan at the 19th Annual VITA Achievement Awards Dinner last week put on by The Wireless Foundation, said Kameya Shows, OnStar Communications spokesperson.

The Wireless Foundation (www.wirelessfoundation.org) is a nonprofit dedicated to developing and supporting initiatives that use wireless technology to help American communities.

The Foundation's programs are designed to benefit consumers in areas such as education, healthcare, safety and the environment.

As part of its Annual Achievement Awards, the Foundation recognizes VITA Wireless Samaritans and honors the best of our nation's leadership, youth and scholars.

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