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EDITED TRANSCRIPT

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CORPORATE PARTICIPANTS

Erich Merkle *Ford Motor Company - U.S. Sales Analyst*

Mark LaNeve *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Emily Kolinski Morris *Ford Motor Company - Chief Economist*

CONFERENCE CALL PARTICIPANTS

John Murphy *BofA Merrill Lynch - Analyst*

Dan Levy *Barclays Capital - Analyst*

Brent Snavely *Detroit Free Press - Media*

Christina Rogers *Wall Street Journal - Media*

Joe White *Reuters - Media*

Jamie Butters *Bloomberg News - Media*

Megan Lamtinen *Automotive World - Media*

PRESENTATION

Operator

Good morning. My name is Kalia and I will be your conference operator today. At this time, I would like to welcome everyone to the Ford monthly sales conference call. (Operator Instructions)

Thank you. I would now like to turn the call over to our host, Erich Merkle, U.S. Sales Analyst. Please go ahead.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Kalia, and welcome, everyone, to Ford's December 2016 US sales call. Good morning. Today we are joined by Mark LaNeve, Ford Vice President of U.S. Marketing, Sales, and Service, and also Emily Kolinski Morris, Ford's Chief Economist.

With that, we are going to kick things off here. First up, we are going to get industry and Ford perspective here from Mark. Mark?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Thank you, Erich, and Happy New Year to everyone out there. First, let's take a look at December; then I will transition into a couple of full-year comments and data points.

We believe the industry followed up a strong November with a strong month of December, based on what we are seeing in this morning's early data. Our data would suggest that total sales, including medium and heavy trucks, came in at about 1.69 million vehicles in December. That would be a slight overall increase of 1% versus a year ago. The corresponding total industry SAAR would be in the low to mid 18 million vehicle range for the month.

December's retail performance was also up approximately 1%, with retail sales estimated at about 1.35 million to 1.37 million vehicles. We did see higher industry incentive spend of $530 per unit relative to December 2015 and a corresponding ATP increase as well.

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For the year, this would place the industry, based on what we know, at about 17.8 million total vehicles, which is our previous guidance for the full year 2016. And that's very consistent with year-ago levels and, I might add, a very healthy pace for the industry.

Moving on to Ford, our overall sales for December totaled 239,854 vehicles, which was a slight increase of 0.3% compared to December of 2015. Within those numbers on the retail side, business was strong, up 5% year over year on a retail basis, making it our best December in 12 years. Fleet sales were down 13% for the month, which is consistent with our plan as we have discussed all year of having daily rental fleets that were frontloaded in 2016 with a back half -- with a decline in the back half of the year.

Importantly, these results were achieved with Ford's overall transaction pricing in December increasing by $1,400 compared to December of 2015. This was the largest increase of any major automaker in December. It outperformed the industry, which was up $530, as I mentioned, year over year. So we had an increase of almost triple the industry average.

The gains were impacted by our strong Super Duty pricing as that new vehicle continues to perform exceptionally well in the market, with transaction pricing on the new Super Duty up $5,400 over year-ago levels at $55,100 per truck. A rich mix of the all new Super Duty pickup continues to be in high demand with 65% of retail sales being made up of our Lariat, King Ranch, and Platinum Edition trucks. Overall F-Series transaction pricing totaled $44,700 per truck, which is up $1,700 versus a year ago and a new record for F-Series average transaction pricing.

Let's dig in a little more on truck performance, specifically for December. F-Series sales totaled 87,512 trucks last month, a 3% increase and our best monthly sales performance since December of 2005. This was achieved through strong retail performance for both F-150 and the all new Super Duty. F-150 sales were up 3% at retail, where retail sales of the all-new Super Duty increased 24% for the month.

Super Duty increased in every region in the country in December. Sales were up 19% in the Northeast, 33% in the Southeast, 32% in the West, 18% here in the Great Lakes, and 23% in the largest pickup market in the country and the one most impacted obviously by the oil economy, the Central region. December marks our 10th best month ever in F-Series history and we couldn't be more pleased with both our new F-150 -- it's been out in the market now for well over a full year -- and the all new Super Duty sales performance.

Vans were another great story. Continued to perform remarkably well as sales totaled 22,302 in December, providing a 3% increase and making it a record Ford commercial van sales month.

Within the van number we talk commercial quite a bit. On the retail side, Transit retail performance was up 61% for December, showing increased acceptance of Transit as a personal-use people mover, which is very encouraging. Up 61% on a retail basis.

We also closed out the year with strong performance with our SUVs in December. Ford brand SUVs had their best December since 2002 with 68,685 SUVs sold, a 5% increase versus year ago. Edge totaled 12,691 last month, an increase of 24%; Explorer delivered a strong month with 19,030 vehicles sold, making it Explorer's best December performance since 2004; and Expedition increased 30% last month with 5,259 vehicles sold.

So that's a look at December, a strong month for Ford. It looks like a strong month for the industry. Let's take a look at some full-year highlights.

For Ford, our total 2016 US sales were 2,614,697 vehicles. That marked our best total sales performance in a decade. Within that number, on a Ford brand basis only, we sold 2,502,973 vehicles, making Ford America's best-selling brand for the seventh straight year.

F-Series continued its leadership as America's best-selling truck for 40 straight years and America's best-selling of any kind of vehicle for 35 years. We sold 82,800 F-Series -- excuse me 820,800 F-Series in 2016. That was up 5% retail, 5% total.

And of course, anytime you get over 800,000 that is somewhat of a magical number for us. We are very proud of the effort that the entire team, including our dealers, put forth to get that number for us.

Not only did F-Series grow by 5% last year, we also outsold our nearest competitor, so number two, by 245,000 units in 2016. In fact, it appears we grew our lead from last year by 66,000 trucks compared to number two competitor, which of course is Silverado.

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Van sales totaled 240,600 for the year, representing a 9% increase, making Ford America's best-selling commercial van for 38 straight years. F-Series vans and heavy trucks together totaled 1,077,000 vehicles for 2016. That's a 7% increase and makes Ford America's best-selling truck brand for the year.

Ford brand SUVs had their best annual sales performance since the record results of 2001. Ford brand SUVs totaled 772,667 vehicles last year with record-setting performance from both Escape and Edge and, of course, Explorer continues to dominate its segment as well.

Moving on to Lincoln. Lincoln also had a great December, posting an 18% gain with 12,791 vehicles sold. Lincoln car sales were up 28% with a strong performance from the all-new Continental. Continental sales totaled 1,845 vehicles in December, its best sales month since its launch.

MKX had another stellar month, up 19%, and MKX, along with MKC, helped to expand Lincoln's overall SUV sales by 13% in December.

For the year, Lincoln sales totaled 111,724, establishing Lincoln's best annual performance in nine years dating back to 2007. And that was against the backdrop of a flat overall luxury segment. So we are enthusiastic about the opportunities in store for the Lincoln brand this year and excited to share our story throughout 2017.

That's a look at 2016 and the month of December. We're looking forward to another great year. Obviously, it was a strong year for the industry. And with that I will turn it over to Emily for an update on the economic front.

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Thanks, Mark, and welcome, everyone, to 2017. Let me add an economic perspective to the host of year-end assessments circulating in this first week of the new year.

While the data for 2016 are not yet complete, I think we can say with some confidence that the recovery that began back in 2009 remained on solid footing in the year just ended. Consumer confidence averaged 91.8 for the year, about 5 points above its long-run average. Job gains averaged 180,000 per month and housing starts were up 5.4%, both series through November, and GDP growth averaged 1.5% on a year-over-year basis through the first three quarters of 2016.

In terms of the more recent monthly data for December, we've seen renewed strength in consumer and manufacturing sentiment, continued improvement in labor market conditions based on weekly jobless claims, and a bit of a shift in the trajectory for interest rates, particularly at the long end of the curve.

To note some details, the December reading of the University of Michigan Consumer Sentiment Index rose 4.4 points, edging past the January 2015 peak to reach a 12-year high of 98.2. Respondents' views were largely influenced by improved current income assessments, as well as a more favorable outlook for the economy in the year ahead, while forward-looking income expectations were slightly lower than in the prior year.

The share of survey respondents who reported that it was a good time to buy a car also fell by 2 percentage points to 65%, influenced by responses concerning higher interest rates. Through November the labor market continued to provide support for households as non-farm employment rose by 178,000, only slightly below the year-to-date average gain of 180,000. The unemployment rate in November fell 0.3 percentage point from the prior month to 4.6% and average hourly earnings rose 2.5% from the prior year, in line with their year-to-date average gains.

New claims for unemployment insurance show that labor market strength extended into December. During the week ended December 24, there were 265,000 new claims for unemployment insurance with the four-week moving average at 263,000, representing a sustained run rate last achieved four decades ago.

The housing sector has been demonstrating some volatility in the month-to-month data as November new housing starts fell by 18.7% from October after an unexpected 25.5% gain in the prior month. Looking past the volatility at the year through November, growth in starts of 5.4%, as

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I mentioned at the outset, suggests a continuation of the ongoing, steady recovery in this sector. The nearly 13% increase in the sale of new homes for the year to date is also suggestive of support for the housing market.

As for manufacturing, the December PMI rose 1.5 percentage points to 54.7%, led by substantial increases in new orders and production. Also of note, the prices index component registered 65.5% in December, an increase of 11 percentage points from November and the 10th month above 50% for this index component, indicating higher raw materials prices for manufacturers alongside improving business conditions.

Against this backdrop of 2016 data, the Federal Reserve increased its federal funds rate by 25 basis points in December, marking the second such increase of this tightening cycle. But perhaps even more noteworthy is the increase in longer-term interest rates since November with the yield on 10-year treasury bonds up about 60 basis points over the past two months. As we've noted previously, we expect interest rates should generally be consistent with the broader economic environment, and as such, the recent rate increases are consistent with a favorable outlook for growth along with some pickup in overall inflation as commodity prices and wage growth have firmed modestly.

As we mentioned earlier, we see the December SAAR approaching the low to mid 18 million unit range, putting the full-year industry about in line with our previous guidance of 17.8 million. Our guidance for 2017 is unchanged at 17.7 million units and that includes medium and heavy trucks. That will be supported by an economy projected to average 2.2% growth in this coming year.

With that summary, let me turn it over to Erich for some additional comments.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Emily. I'm just going to take a look at a few industry segment trends that we saw in the month of December.

If we take a look at -- we had another strong showing from small SUVs. They represented about 20% of the industry last month and that was up about 1 point higher than year-ago. And it's pretty consistent at this point with the segment operating around the 20% level for much of the year.

We estimate that midsized cars represented approximately 10% of the industry last month, which is about a 2 point drop from a year ago, and the sequential decline was about a point compared to November. Full-sized pickups pretty consistent. We're looking at about 13.6% of industry in December and this is, like I say, very consistent with year-ago and also very consistent with November.

So taking a look at a few of the housekeeping items, we are going to take a look here at our fleet as a percentage of our total sales and we will start out with the month of December. If we take a look at the month of December, fleet as a percentage of our total sales was 24%. The breakout on that is 12% for commercial, 6% for government, and 6% for daily rental. If we compare this to December of 2015, our fleet as a percentage of our total sales was 27% and the breakout for that is 12% for commercial, 6% for government, and 9% for daily rental.

Taking a look for the full year of 2016, fleet as a percentage of our total sales was 29%. That is 12% for commercial, 6% for government, and 11% for daily rental. Comparing this to year-ago, December 2015, the previous year, fleet as a percentage of our total sales was 28% and that breaks out for commercial at 12%, government at 5%, and daily rental at 11%. So you will notice that the daily rental component is very consistent with year-ago just as we have been stating -- just as we planned for the year.

Taking a look at gross vehicle inventory, our gross stock. For the month of December 2016, we had 156,000 cars in gross inventory. Trucks were at 304,000, utilities or SUVs at 187,000, giving us a total of 647,000 vehicles, and that translated into 70 days' supply.

Taking a look at November 2016, the previous month, we had 155,000 cars in inventory, 306,000 trucks, 193,000 SUVs, giving us a total of 654,000 vehicles, and that translated into 83 days' supply. Comparing it to December of last -- December of 2015, gross stock for cars was at 195,000, trucks at 305,000, SUVs at 174,000, giving us a total of 674,000 vehicles, translating into 73 days' supply. So we really end the year here at 70 days' supply, in a very good position from an inventory perspective as we go into next year.

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With that, with all the housekeeping items taken care of, Kalia, we are going to move things over for questions. And we're going to start with the analyst community, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) John Murphy, Bank of America.

John Murphy - *BofA Merrill Lynch - Analyst*

Happy New Year. Just two quick questions for you. First, Erich, I wonder if you could just give us lease levels for Ford and what you saw in the industry either December or recently in the fourth quarter.

And then, secondly, as you think about the market shifting away from small cars and your announcement not to go ahead with the plant in Mexico, I'm just curious how you feel about supply of small cars relative to demand within Ford. And do you think that small crossovers are really going to take over for these small cars and really replace that segment of the market over time?

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

John, I didn't catch the first part of your question. Could you rephrase it, repeat that if you could?

John Murphy - *BofA Merrill Lynch - Analyst*

I'm sorry; I was just wondering if you could talk about lease levels, the lease penetration for Ford in December: what you think it was for the industry or what you are seeing more recently in the fourth quarter.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Well, we've been seeing --. Okay. We're at about 21% and the industry is running a little bit higher than that, although it has come down as we have gotten in towards the end of the year. So we have been very mindful of that. We've been managing that process very carefully.

But, yes, we are right around 21% and that has come down throughout the year along with the industry.

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Then in terms of small cars, we have our inventory really across the board ending the year at 70. We took inventories -- the gross number of stock actually down over the course of the year as well, from January to December.

You've got with -- across our entire lineup we've got a couple, like Flex, we tend to run -- because of the low volume we'll tend to run somewhat higher days' supply on occasion just so dealers have adequate stock. But really we're in good shape on a stock basis on all of our top seven or eight volume products that represent 85%, 90% of our overall retail volume. So we feel we're in really good position moving into the beginning of the year.

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Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

If I could just add to that. John, if you take a look at our car gross stock inventory in December, as I just mentioned, 156,000 and that compares to 195,000 a year ago. So certainly we have adjusted to the lowering demand, the waning demand of cars in the marketplace as more people have rotated into SUVs.

John Murphy - *BofA Merrill Lynch - Analyst*

Okay, great. Thank you very much.

Operator

(Operator Instructions) Brian Johnson, Barclays.

Dan Levy - *Barclays Capital - Analyst*

Good morning, this is Dan Levy on for Brian. Thanks for taking the questions and Happy New Year.

Wanted to follow-up on the question on small and mid sedans. In December we actually saw an interesting data point that car pricing was actually better. I think small car -- the midmonth small car ATPs were up 4% -- small-car ATPs were up 4%; mid-car ATPs were up 1%. And that's really just breaking from the pricing pressure we had seen for quite some time in the segment.

I know that the outlook for car pricing is still pressured to persist, but I'm wondering if this should be viewed as an anomaly, maybe an easy comp. Or do you think that this could be a sign that the magnitude of pricing pressure in the car segment might actually be coming down just because it's been so difficult for so long already?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Great question, Dan. What we see over time is, ourselves and the industry, we react -- obviously we react to trends in the marketplace. So as we've seen segmentation decline again last year for cars as it has been declining for six straight years now, we take inventories down. Our competition, I'm sure, is looking at the same number of factors and the industry eventually adjusts. Just like when trucks are really short, as we were when we were launching our new F-150 a year, year and a half ago, you tend to get better pricing with those kind of dynamics in the marketplace.

So you are correct; we actually had pretty good ATP increase on our Fusion for the month; saw very stable pricing across the rest of our car portfolio. So I think it's just the macroeconomic factors and the industry adjusts inventory levels and obviously competitive incentive spend over time as you soak in on the trends that we are seeing in the marketplace.

Dan Levy - *Barclays Capital - Analyst*

So it's possible that the market has already started to adjust for this and the magnitude of these price declines could actually be less bad going forward?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

I can't predict that. I can tell you that my experience has been that as an industry, and certainly Ford individually, we will moderate as we adjust our business, meaning production, available incentives, fixed spend, on a basis of what we are seeing from consumer trends.

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So if we are seeing cars come down; we dropped gross car inventories 40,000 units last year. That's a significant move in adjusting inventories and it doesn't put as much incentive pressure on you; therefore, you get some moderation upward in your pricing.

Dan Levy - *Barclays Capital - Analyst*

Got it, okay. Then I wanted to ask a broader industry question, something post-election. I realize it's still very early days and we have no idea precisely what new policies are going to be issued, but one thing we've been hearing a lot about is the border adjustment tax on vehicles that are imported into the US.

We could run through, obviously, a number of effects of such a policy, but one such impact that we could see for those who are importing more vehicles -- which really applies more to your competitors who are importing not only from Mexico, but also from Europe and Asia -- would be that they would need to either raise prices to offset such an adjustment or just absorb that cost.

So I'm wondering how widely would you expect prices to be raised within the industry. What is the consumer willingness to accept higher prices? I'm guessing it's sort of limited. Or more broadly if you have thoughts on this, as it could potentially be a benefit to your market share or to your pricing or to both.

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Dan, I can't speak or speculate as to what the policy and regulation is going to be. I do know that we build the vast majority of what we sell in the US in the US and we will continue to do so. Very obviously committed to US vehicle production.

But in terms of overall trade regulation, the trade deals, etc., I can't speak, nor will I speak, or speculate on what that may or may not mean to the industry. But we are looking forward, obviously, as our CEO said, to working with the new administration and we are very optimistic for a really good vehicle year next year in our industry.

Dan Levy - *Barclays Capital - Analyst*

Okay. All right, thank you.

Operator

That concludes the analyst portion of the call. We will now be moving into the media portion.

(Operator Instructions) Brent Snavely, Detroit Free Press.

Brent Snavely - *Detroit Free Press - Media*

Thanks for taking the questions. I guess I'm just wondering what sort of -- with the outlook for this coming year being that the industry is going to plateau and perhaps decline a little bit, how would you characterize just what the overall strength of the market is, even as it is still performing at high historic industry levels?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Brent, I guess I can take that one. Starting with the reasons that we see some plateau emerging. One is that we do expect to see some continuation of the trend toward higher interest rates, which does tend to have some moderating effect on sales.

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At the same time, when we look at the physicals around industry demand, looking at the scrappage rate and at the age of vehicles on the road, for example, those are still at levels that are very supportive of ongoing replacement demand for the US. So we feel pretty comfortable as those factors and others all balance out that something around a flat industry is the right call for this year.

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Brent, I would add that the market, while plateaued in volume 2015 to 2016 -- obviously we're calling it, as of now, flat for 2017 -- within that mix is incredibly strong. First of all, 17.7 million, 17.8 million is a very high number historically.

And within that number we have seen a move into utilities, vans, trucks; really plays to our strength, both in terms of market position, the age of our product in the showroom, our competitive advantages, and obviously pricing and profitability. So that's a pretty good set up for us both in 2016 and as we look forward into 2017 if those trends continue or even stabilize at these kind of levels.

Brent Snavely - *Detroit Free Press - Media*

Okay, thank you.

Operator

Christina Rogers, Wall Street Journal.

Christina Rogers - *Wall Street Journal - Media*

Thanks for taking our questions. I just wanted to clarify, because I missed the first part of the call. So the forecast for next year is sales will be flat; can you tell me what it is again?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Our guidance is 17.8 million for 2016 and 17.7 million for 2017 and that's total industry, including medium and heavy trucks.

Christina Rogers - *Wall Street Journal - Media*

Okay, okay.

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

We don't have the final; 17.8 million, we will see what the rounding is, but roughly speaking, a flat industry.

Christina Rogers - *Wall Street Journal - Media*

Okay, okay, okay. Just one other detail. You had mentioned that ATPs for Super Duty are up $5,400 year over year. What is the average ATP? I just didn't hear that part.

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Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Average ATP on our Super Duty, which number are we using there? $52,200?

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

No, the average ATP for Super Duty is about $55,000, $55,100.

Christina Rogers - *Wall Street Journal - Media*

Okay, $55,100. All right, great. Thanks a bunch and Happy New Year.

Operator

Joe White, Reuters.

Joe White - *Reuters - Media*

Let me ask a quick question, or hopefully not a totally quick question, about the mix issue that you alluded to just a second ago and --. How much further do you see the mix between small and medium -- midsized car versus SUVs of any stripe and pickup trucks of any stripe going?

Obviously yesterday you made a call about -- you seemed to make a call about the future of the small car demand in the US. How much further do you see that shift going and what are the consequences for Ford?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Great question, Joe. Any time this -- prognostication gets a little bit difficult. We saw about 2 points of segmentation for five straight years from 2010. As you kind, we came out of the recession and the industry started growing. Basically car volume held flat and all the growth was in SUVs and trucks is the way that the math worked.

I believe when the smoke clears for 2016 it would have been -- we will have seen the largest increase, on a pure percentage basis, I think it will be more like 2.5 points of segmentation move from cars into trucks, vans, and SUVs. We do see that moderating.

Some of it becomes just pure math and just overall demand that you have for customers that really do prefer a sedan or a coupe profile; want a closed-in trunk and what have you. But we do see a continuation of that trend, although at somewhat moderate levels, moving out through our five-year business plan, which of course is very favorable to the mix of our company and to our market position into our product programs.

Joe White - *Reuters - Media*

Okay. But you see that -- you see some -- the mix, maybe not 2.5% a year, but the mix continuing to shift out over the next five years?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Yes, but we see it moderating over the last five-year trend. It won't -- the car segmentation won't move as quickly as it has over the last five years, to be clear, but we do see it continuing.

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Joe White - *Reuters - Media*

Okay, great. Thank you.

Operator

Jamie Butters, Bloomberg News.

Jamie Butters - *Bloomberg News - Media*

Good morning. I just wanted to follow-up. Emily, what did you say the December SAAR was?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

We don't have a final number, but we think it will be in the low to mid 18 million unit range for total industry.

Jamie Butters - *Bloomberg News - Media*

Okay. And why do you think that was somewhat -- whether you or maybe this is more for Mark, but why was that so much stronger than the estimates?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

November and December were both stronger, I believe, than where everybody was calling it. Our business was somewhat stronger than our internal forecasts, which we think is a really good indicator.

Consumer sentiment is higher and all the factors that have made it a 17.7 million or 17.8 million unit industry, which is a very high industry -- relatively low interest rates, low gas prices, high consumer confidence, age of the car park -- are all still in place. And that gives us great optimism for 2017 and I think it will drive another, historically speaking, really great year for the industry in 2016.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Also, Jamie, December sales are generally more difficult to call than other months. So you find that pretty much every December is a -- you have a little more discrepancy between what the analyst consensus and the actual numbers, simply because it's December and so much of the sales are backend-loaded.

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Yes. And as I have mentioned many times, Jamie, we tend to look at selling days, but I have always looked at weekends and December was a five-weekend month. You get a couple of those a year and if you go back and look at it, in the past year they performed -- the five-weekend months performed pretty well I think versus industry estimates. So it's set up -- the month set itself up well for a good industry coming off of a good November, so it's very encouraging.

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Jamie Butters - *Bloomberg News - Media*

If I can follow up with one more, you mentioned the gas price is still very accommodative to SUV and pickup buyers, as well as all consumers. But it's been ticking up the last five, six weeks. Is there a point where it gets high -- what point do you think it might get high enough that it would blunt some of that shift from cars to utilities?

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

I'm not smart enough to know the answer to that. Here's what I do know is that SUVs and trucks get a lot better fuel economy than they did last time we had $4 or $5 a gallon gas. I mean a lot better, plus --. That's just in a pure gas configuration; not to mention the fact that we've got increasing technologies coming in to improve that overall.

What we've seen historically, too, is not just a move from SUVs and trucks into cars, but in move just down in size in SUVs. You can get fuel economy moving down a class. You can gain economy from a midsized SUV, say, to a small or even mini SUV now.

So unless there was gas shortages or a dramatic spike, I really don't see a gradual increase in fuel prices from their historically low levels, breaking the trend that we are seeing of the move into SUVs or trucks anytime soon.

Jamie Butters - *Bloomberg News - Media*

Thanks.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Jamie. Kalia, we are going to take one more call and we're going to give it a wrap.

Operator

Megan Lamtinen, Automotive World.

Megan Lamtinen - *Automotive World - Media*

I was hoping you could provide perhaps an early update on the new GT. I know that the volumes are going to be very small, but perhaps you can touch on the role you expect this to play in the lineup perhaps and the significance for the wider Ford family.

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Thank you, Megan. We have just started our first couple of deliveries. As you know, it is an extremely low-volume vehicle on a worldwide basis and we do have worldwide distribution.

It is a leader for us in technology in terms of EcoBoost, light-weighting. We're incredibly excited. It's a statement of the Ford brand and the overall capability of the Company.

I can't begin to tell you how often I hear from dealers and individual customers that they are either fortunate enough to make it on the initial list and are waiting for their vehicle and looking for timing or trying to work their way onto the list. It's one of the really fun things I get to do as part of this job.

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But you will start seeing them more on the road in 2017 and as well as at car shows and races and those kinds of things. It's doing exactly for the Ford brand what we intended it to do; very exciting product.

Megan Lamtinen - *Automotive World - Media*

Okay, thanks very much.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you very much. Kalia, it was a pleasure working with you today. Everybody, have a great month and we look forward to speaking to everyone again next month when we report January sales. Thank you, everyone.

Mark LaNeve - *Ford Motor Company - VP, U.S. Marketing, Sales, and Service*

Thanks, everybody.

Operator

Thank you, ladies and gentlemen. That does conclude today's conference call. You may now disconnect.

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