

Ford's Record Profit Stuns Industry

By Stefanie Carano
Staff Reporter

How about that Ford Motor Co. last week? Standing tall not just among the domestic Big Three carmakers, but perhaps among all global carmakers, for the moment, Ford stands alone.

That's all because Ford Motor Co. reported a record profit for the third quarter of 2010 - a profit that stunned the auto industry.

The company data released last week revealed a net income of \$1.7 billion and a \$2.1 billion pre-tax operating profit in the third quarter.

"This marks our fifth consecutive quarter of pre-tax operating profits," said Ford CEO Alan Mulally. "These results were driven by strong performance in North America and Ford Credit. We expect to continue to deliver solid results again in the fourth quarter and continued improve-

ment in 2011."

Ford generated positive operating cash flow of \$900 million in the third quarter and \$3.4 billion through the first nine months.

"The driving force behind our progress is our vastly improved product line of small, medium and large cars, utilities and trucks around the world with the very best quality, safety, fuel efficiency, smart design and value," Mulally said. "The strength of our business positions us to profitably grow by adding new products and capacity in key markets around the world and further strengthen our balance sheet."

He said that during the third quarter, Ford paid down \$2 billion on its revolving credit line and used cash to fully prepay the remaining \$3.6 billion of debt owed to the Voluntary Employee Beneficiary Association, the retiree health care trust. He said the

company expects their automotive cash to be equal to their debt by year end.

"Overall, we're moving from fixing the fundamentals of our business and weathering the downturn to growing a business profitably around the world," Mulally said.

The company's third quarter revenue was reported at \$29 billion, a decline of \$1.3 billion. Excluding Volvo, Ford's revenue was up \$1.7 billion from a year ago.

"The change in revenue primarily reflects higher volumes and favorable net pricing offset by the exclusion of Volvo from 2010, lower Ford Credit receivables and unfavorable currency exchange," he said.

Third quarter vehicle wholesales were reported at 1.3 million units, up 15,000 units from the third quarter in 2009.

Ford ended the quarter with \$23.8 billion of automo-

tive gross cash.

Mulally said during the quarter Ford continued to strengthen the company's business around the world.

The company recently announced joint ventures in China and Thailand for engine production and production of next generation pickup trucks.

The company also announced a new family of F-150 powertrains expected to deliver improved fuel economy and capability over the current model.

"The 2010 U.S. model lineup earned eight top safety picks from the (Insurance) Institute for Highway Safety," Mulally said. "Ford has the most top safety picks of any automaker."

Ford expects its fourth quarter 2010 production to be up 27,000 units compared with year-ago levels. Fourth

CONTINUED ON PAGE 3



Ford announced third-quarter profits, joint ventures in China and Thailand, and a new family of F-150 powertrains that deliver improved fuel economy and capability.

Ford Strives to Design And Test 'Virtual Engine'

By Jim Stickford
Staff Reporter

It's almost a question of the chicken and the egg. Is the demand from OEMs driving suppliers to innovate new and better ways to virtually design and test powertrains, or is the technical sophistication of software designers unleashing the potential of OEM engineers to get things done faster, more efficiently and at less cost?

Probably a little of both, said Mario Felice, manager, powertrain, Noise Vibration Harshness, Computer Assisted Engineering, Ford Motor Co.

Felice was just one of several OEM representatives to attend a "virtual engine" North American User Conference put on by FEV Engine Technology in Pontiac on Oct. 26 and 27.

The conference allowed



PHOTO: JIM STICKFORD
Ford's Mario Felice said good software allows experimentation to be done up front.

FEV, which maintains its North American Tech Center in Auburn Hills, to show off what its new and improved software and engine design services can do for OEMs,

CONTINUED ON PAGE 3

Ford Dominates Domestics in Reliability

By Stefanie Carano
Staff Reporter

Consumer Reports released its 2010 Reliability Survey at the Detroit Athletic Club last week, revealing good news for the domestic automakers.

"The big news coming out of the survey this year is how well General Motors has done," said David Champion, senior director, Consumer Reports auto test center. "In the past, they've always had a couple of vehicles with average or better reliability."

"They have been making some progress. We saw last year in terms of improving but haven't really gotten to any particular point."

"But General Motors today actually has 69 percent of their vehicles up from 43 percent last year, have average or better reliability, a sizable increase."

Champion said the improvements for GM are being led by Chevrolet. This year's survey revealed that 83 percent of its vehicles have an average or better reliability rating, up 53 percent from last year.

"Which is a huge improvement from where they were a couple of years ago," he said.

Champion said vehicles in the market that have average or better reliability are vehicles that are new to the market.

"Which is always a better

predictor of whether that vehicle is going to be reliable in the future than an older vehicle that finally got up to average reliability," he said.

He said the new Buick LaCrosse in its first year is above average, the Chevrolet Equinox is significantly improved in performance and reliability this year. Talking to a number of GM dealers, Champion said, they can't get enough of those vehicles.

"So we've seen that General Motors has taken newer vehicles or new to the market vehicles and made them reliable out of the box, which is always a good sign and it's easier to keep a vehicle reliable if it starts off reliable, in other words, the design and the development, the components have all been well-engineered from day one to go forward."

He said GM has shed a number of brands that were particularly unreliable in the past, like Saturn, Hummer and Pontiac, which helped them in their overall reliability ratings.

Champion said Ford still dominates among the domestics in terms of reliability.

"Over the past six or seven years, they really improved their reliability year after year after year, it took incremental increases each year of new vehicles coming out, old vehicles going away and the new

CONTINUED ON PAGE 3



Ford Fusion is one of the reasons Ford has done so well in reliability. "(Ford) really improved their reliability year after year after year," said Consumer Reports' David Champion

By Stefanie Carano
Staff Reporter

Southeast Michigan has been pegged as the place that will help power Ford Motor Co.'s next generation of fuel-efficient vehicles.

Last week at the Van Dyke Transmission Plant in Sterling Heights, Ford announced an \$850 million investment into several manufacturing plants including Van Dyke Transmission, Sterling Axle, Livonia Transmission and the Dearborn Truck Plant. Part of the investment will enable the manufacturing of the new 6F35 transmission at the Van Dyke Transmission and Livonia Transmission plants that the company intends to incorporate across its entire vehicle lineup by 2013.

The measure is expected to create a total of 1,200 jobs, 900 hourly, 300 salaried.

"Investing in American manufacturing is a priority for Ford and that's what today is all about," said Mark Fields, Ford President of the Americas. "It's about investing in our people, and also in our facili-

ties, it's also about furthering our competitiveness and, bottom line, securing jobs in Michigan."

Fields said details of the investment - how much of the \$850 million would be invested at each plant and the number of jobs created at each facility - will be announced at a later time.

Fields said some of the approximate 200 workers on indefinite layoff across the state may be offered some of the positions created as a result of the Ford investments.

UAW Local 2280 Chairman and 16-year employee at Van Dyke Transmission Robb Miller said it's an honor that the plant has been selected to produce the new transmissions.

"I'm proud of our team, we work good together, we get a lot done, we do what's right," Miller said.

The plant investments were made possible with the development of a new Michigan Economic Growth Authority legislative package Ford developed with state officials that replaces several existing

state tax incentives and is intended to make it easier for manufacturers of fuel-saving technologies to invest in the state.

The package, which was approved Oct. 26, created a state tax credit valued at \$909 million over 15 years to encourage Ford to expand in Michigan.

"In a time of unprecedented national partisanship, Ford is proud, we are really proud, that our leaders pulled together without regard to party or regional differences to do what was best for our workers, their families and the best interest of the state of Michigan," Fields said. "Without their help in bringing a package of job retention tax incentives to the table, this type of significant investment would've been much more difficult."

Gov. Jennifer Granholm and Congressman John Dingell attended the announcement at Van Dyke Transmission, voicing their support of Ford in the retention of Michigan jobs.

"We are competing in a

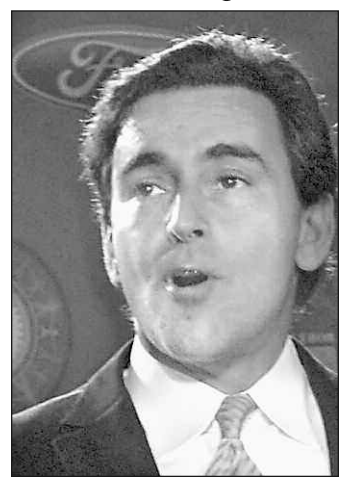


PHOTO: STEFANIE CARANO
Ford President of the Americas Mark Fields announced the creation of 1,200 jobs at transmission plants in Sterling Heights, Dearborn and Livonia.

global economy and our competitors out there - China, Mexico, India, those governments are competing to keep jobs and get jobs in their countries," Granholm said. "In this global environment, you must have a partnership and jobs."

CONTINUED ON PAGE 3

UDM's Technology Discovery Day Warms Students to Engineering

By Jim Stickford
Staff Reporter

There was a serious purpose behind the fun and games put on by the University of Detroit Mercy's (UDM) College of Engineering and Science on Oct. 22.

Dr. Leo Hanifin, dean and Chrysler professor of Engineering, College of Engineering, said he started the annual Technical Discovery Day event 20 years ago when he became dean because he saw a need to attract youths to engineering.

"We need to excite young people about science," Hanifin said. "There's a math phobia in this country. Parents allow their children to say things like, 'I don't do math.' That attitude shuts off so many options, from medical, business, science. We live in a scientific economy. If we don't have the people to drive the science, the economy won't go."

Because he felt so strongly about the need to attract youth to science, one of the first things he did when he became dean, Hanifin said, was to start the Technology Discovery Day program. Students from high schools around metro Detroit are invited to participate in contests based on science and



PHOTO: JIM STICKFORD
UDM undergraduate tester Adam Uhlianuk tests a bridge made by a high school student.

see demonstrations put on by members of the school's science department.

The event has become more popular over time with students, Hanifin said. They've added events over the years and haven't taken

CONTINUED ON PAGE 2

Ford Brings Back 5.0L V8 Mustang GT, Then the Boss

Ford Motor Company is tapping the 2010 Specialty Equipment Market Association show in Las Vegas to showcase nine customized versions of Mustang, displaying the vehicles alongside the new Mustang Boss 302.

"The 2011 model year sets a new standard for Mustang, with everything from bringing back the revered 5.0-liter V8 Mustang GT to the all-aluminum 3.7-liter engine in the Mustang V6 with 305 horsepower and 31 mpg. And it doesn't stop for 2012, with the Mustang Boss 302 reveal and the track-ready Laguna Seca version," said Jim Owens, Mustang brand manager. "SEMA is a great way for Ford to not only show customers what's new for Mustang, but what they can do to make it their own Mustang."

While the 2012 Mustang Boss 302 is sure to impress visitors at the Ford stand, a

variety of Mustangs on display also will give consumers an idea of the endless possibilities for making it a one-of-a-kind pony car.

"People understand Mustang and they fall in love with the emotion of the car, but at the same time they want to bring a little of their individuality to the table," said Melvin Betancourt, Ford design manager. "So if you're a Mustang enthusiast looking to set your Mustang apart from others, SEMA is like going into a toy store full of inspirational imagery. At the end of the day, you have a Mustang that reflects their personality of the customer's vision."

A Mustang GT by Ford Vehicle Personalization shows what can be fashioned using Ford Custom Accessories items and some serious creativity. The exterior of the car is coated in a custom white tri-coat color developed by

Sherwin-Williams. The paint has coral undertones, a color used throughout the car.

"This theme is a perfect fit for Mustang - it really shows off the design features inside and out that set it apart from the rest," said Mark Conforzi, Ford Vehicle Personalization chief designer. "This Mustang works so well because it will let the customer's imagina-

tion run wild with just how much they can do to their car."

Ford Custom Accessories items are used to give customers a sense of what can be done with Mustang, and include a rear pedestal spoiler, rear quarter window louvers, side scoops and a billet grille

CONTINUED ON PAGE 2



Nine customized versions of the Mustang, along with the new Mustang Boss 302, are being shown at the 2010 SEMA show in Las Vegas this week.