

FORD MOTOR CO
Form 8-K
June 02, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: June 2, 2008
(Date of earliest event reported)

FORD MOTOR COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-3950
(Commission File Number)

38-0549190
(IRS Employer Identification No.)

One American Road, Dearborn, Michigan
(Address of principal executive offices)

48126
(Zip Code)

Registrant's telephone number, including area code 313-322-3000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 140.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets.

On March 25, 2008, Ford Motor Company ("Ford," the "Company," "we," "our," or "us") signed a sale and purchase agreement (the "Sale and Purchase Agreement") with Tata Motors Limited ("Tata Motors") for the sale of our Jaguar and Land Rover operations ("Jaguar Land Rover"). The sale was completed on June 2, 2008.

Under the terms of the transaction, Tata Motors purchased 100% of the outstanding shares in Jaguar Cars Limited, Land Rover and related companies, and their respective subsidiaries, and certain assets used by Jaguar Land Rover, including ownership rights in, or licenses to use, related intellectual property and the assets of related national sales companies, that were owned by Ford affiliates not being transferred.

We received approximately \$2.4 billion in cash for the sale of Jaguar Land Rover. Included in this amount is about \$100 million representing an estimate of purchase price adjustments for cash and debt balances transferred to Tata Motors at the time of sale. As part of the transaction, we contributed about \$600 million to the Jaguar Land Rover pension plans. Accordingly, net cash received on June 2, 2008 totaled about \$1.8 billion. Total proceeds are subject to additional purchase price adjustments (e.g., relating to working capital, cash, and debt) which will be calculated and paid pursuant to the terms of the Sale and Purchase Agreement.

Item 8.01. Other Events.

We review and present our business results in two sectors: Automotive and Financial Services. Within these sectors, our business is divided into reportable segments based upon the organizational structure used to evaluate performance and make decisions on resource allocation, as well as availability and materiality of separate financial results consistent with that structure. Our Automotive sector results were formerly reported in the following five segments: Ford North America, Ford South America, Ford Europe, Premier Automotive Group, and Ford Asia Pacific and Africa/Mazda. Beginning with the first quarter of 2008, we changed our Automotive sector reporting to disclose the following seven segments: Ford North America, Ford South America, Ford Europe, Volvo, Ford Asia Pacific Africa, Mazda and Associated Operations, and Jaguar Land Rover and Aston Martin. Included in each segment described below are the associated costs to design, develop, manufacture, and service vehicles and parts.

Ford North America segment includes primarily the sale of Ford, Lincoln and Mercury brand vehicles and related service parts in North America (the United States, Canada and Mexico). Also included within this segment is the sale of Mazda6 vehicles by our consolidated subsidiary, AutoAlliance International, Inc. (previously included in the results for Ford Asia Pacific Africa).

Ford South America segment includes primarily the sale of Ford-brand vehicles and related service parts in South America.

Ford Europe segment includes primarily the sale of Ford-brand vehicles and related service parts in Europe (including all parts of Turkey and Russia).

The Volvo segment includes primarily the sale of Volvo-brand vehicles and related service parts throughout the world (including in North America, South America, Europe, Asia Pacific, and Africa).

Ford Asia Pacific Africa segment includes primarily the sale of Ford-brand vehicles and related service parts in the Asia Pacific region and Africa.

The Mazda and Associated Operations segment includes our share of the results of Mazda Motor Corporation ("Mazda"), of which we owned 33.4% at December 31, 2007, as well as certain of our Mazda-related investments.

The Jaguar Land Rover and Aston Martin segment includes primarily the sale of Jaguar Land Rover brand vehicles and related service parts throughout the world (including in North America, South America, Europe, Asia Pacific, and Africa). In May 2007, we completed the sale of our 100% interest in Aston Martin and, therefore, the sale of Aston Martin-brand vehicles and related service parts throughout the world are included within this segment up until the date of sale.

Exhibit 99.1, filed with this Report and incorporated herein by reference, updates "Item 8. Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 31, 2007 ("Form 10-K Report") (with revisions to Notes 13, 18, and 25 of the Notes to the Financial Statements, and an updated Report of Independent Registered Public Accounting Firm) to reflect the changes in our segment reporting structure described above.

Updates to the Form 10-K Report relate solely to the presentation of segment-specific disclosures on a basis consistent with the changes in segment reporting structure, and have no effect on our previously-reported results of operations, financial condition or cash flows in the Form 10-K Report. All other information in the Form 10-K Report remains materially unchanged and has not been otherwise updated for events occurring after the date of filing of February 27, 2008. The information in this Report should be read in conjunction with our Form 10-K Report and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.

Item 9.01. Financial Statements and Exhibits.

The following unaudited pro forma condensed statements of income (consolidated and sector) for the year ended December 31, 2007 and the three months ended March 31, 2008 have been prepared to present our results of operations as if the sale of Jaguar Land Rover had occurred at the beginning of the annual period. The unaudited pro forma condensed balance sheets (consolidated and sector) as of March 31, 2008 have been prepared to present our financial position as if the sale of Jaguar Land Rover had occurred on March 31, 2008.

These pro forma financial statements do not purport to be indicative of the financial position or results of operations of Ford as of such date or for such periods, nor are they necessarily indicative of future results. We have agreed with Tata Motors that we will continue to supply Jaguar Land Rover with engines, stampings and technologies. The pro forma adjustments to our balance sheet reflect these activities; adjustments to the income statement do not, and these activities are not expected to be significant to our income/(loss) from continuing operations.

Item 9.01. Financial Statements and Exhibits (Continued)

FORD MOTOR COMPANY AND SUBSIDIARIES
 PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
 (in millions, except per share amounts)

| | Three Months Ended March 31, 2008 | | | Year Ended December 31, 2007 | | |
|---|---|--|--|--------------------------------------|--|--|
| | Historical Financial Statement (unaudited) | Pro Forma Adjustments Jaguar Land Rover (unaudited) (a) | Pro Forma Financial Statement (unaudited) | Historical Financial Statement | Pro Forma Adjustments Jaguar Land Rover (unaudited) (a) | Pro Forma Financial Statement (unaudited) |
| Sales and revenues | | | | | | |
| Automotive sales | \$ 39,117 | \$ (4,145) | \$ 34,972 | \$ 154,379 | \$ (14,861) | \$ 139,518 |
| Financial Services revenues | 4,396 | — | 4,396 | 18,076 | — | 18,076 |
| Total sales and revenues | 43,513 | (4,145) | 39,368 | 172,455 | (14,861) | 157,594 |
| Costs and expenses | | | | | | |
| Automotive cost of sales | 35,455 | (3,773) | 31,682 | 142,587 | (12,722) | 129,865 |
| Selling, administrative and other expenses | 5,081 | (380) | 4,701 | 21,169 | (1,514) | 19,655 |
| Goodwill impairment | — | — | — | 2,400 | — | 2,400 |
| Interest expense | 2,542 | — | 2,542 | 10,927 | — | 10,927 |
| Financial Services provision for credit and insurance losses | 343 | — | 343 | 668 | — | 668 |
| Total costs and expenses | 43,421 | (4,153) | 39,268 | 177,751 | (14,236) | 163,515 |
| Automotive interest income and other non-operating income/(expense), net | | | | | | |
| | 92 | (8) | 84 | 1,161 | 5 | 1,166 |
| Automotive equity in net income/(loss) of affiliated companies | | | | | | |
| | 136 | — | 136 | 389 | — | 389 |
| Income/(Loss) before income taxes | | | | | | |
| | 320 | — | 320 | (3,746) | (620) | (4,366) |
| Provision for/(Benefit from) income taxes | | | | | | |
| | 97 | (5) | 92 | (1,294) | (13) | (1,307) |
| Income/(Loss) before minority interests | | | | | | |
| | 223 | 5 | 228 | (2,452) | (607) | (3,059) |
| Minority interests in net income/(loss) of subsidiaries | | | | | | |
| | 122 | — | 122 | 312 | — | 312 |
| Income/(Loss) from continuing operations | | | | | | |
| | \$ 101 | \$ 5 | \$ 106 | \$ (2,764) | \$ (607) | \$ (3,371) |

**AMOUNTS PER SHARE OF
 COMMON AND CLASS B
 STOCK**

Basic income/(loss)

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| | | | | | | | | | | | | |
|--|----|-------|----|-------|----|-------|----|--------|----|--------|----|--------|
| Income/(Loss) from continuing operations | \$ | 0.05 | \$ | — | \$ | 0.05 | \$ | (1.40) | \$ | (0.31) | \$ | (1.71) |
| Number of shares used to compute amounts per share | | 2,188 | | 2,188 | | 2,188 | | 1,978 | | 1,978 | | 1,978 |
| Diluted income/(loss) | | | | | | | | | | | | |
| Income/(Loss) from continuing operations | \$ | 0.05 | \$ | — | \$ | 0.05 | \$ | (1.40) | \$ | (0.31) | \$ | (1.71) |
| Number of shares used to compute amounts per share | | 2,208 | | 2,208 | | 2,208 | | 1,978 | | 1,978 | | 1,978 |

See endnotes.

Item 9.01. Financial Statements and Exhibits (Continued)

FORD MOTOR COMPANY AND SUBSIDIARIES
 PRO FORMA CONDENSED SECTOR STATEMENT OF INCOME
 (in millions, except per share amounts)

| | Three Months Ended March 31, 2008 | | | Year Ended December 31, 2007 | | |
|---|---|--|--|--------------------------------------|--|--|
| | Historical Financial Statement (unaudited) | Pro Forma Adjustments Jaguar Land Rover (unaudited) (a) | Pro Forma Financial Statement (unaudited) | Historical Financial Statement | Pro Forma Adjustments Jaguar Land Rover (unaudited) (a) | Pro Forma Financial Statement (unaudited) |
| AUTOMOTIVE | | | | | | |
| Sales | \$ 39,117 | \$ (4,145) | \$ 34,972 | \$ 154,379 | \$ (14,861) | \$ 139,518 |
| Costs and expenses | | | | | | |
| Cost of sales | 35,455 | (3,773) | 31,682 | 142,587 | (12,722) | 129,865 |
| Selling, administrative and other expenses | 3,109 | (380) | 2,729 | 13,660 | (1,514) | 12,146 |
| Goodwill impairment | — | — | — | 2,400 | — | 2,400 |
| Total costs and expenses | 38,564 | (4,153) | 34,411 | 158,647 | (14,236) | 144,411 |
| Operating income/(loss) | 553 | 8 | 561 | (4,268) | (625) | (4,893) |
| Interest expense | 528 | — | 528 | 2,252 | — | 2,252 |
| Interest income and other non-operating income/(expense), net | 92 | (8) | 84 | 1,161 | 5 | 1,166 |
| Equity in net income/(loss) of affiliated companies | 136 | — | 136 | 389 | — | 389 |
| Income/(Loss) before income taxes — Automotive | 253 | — | 253 | (4,970) | (620) | (5,590) |
| FINANCIAL SERVICES | | | | | | |
| Revenues | 4,396 | — | 4,396 | 18,076 | — | 18,076 |
| Costs and expenses | | | | | | |
| Interest expense | 2,014 | — | 2,014 | 8,675 | — | 8,675 |
| Depreciation | 1,836 | — | 1,836 | 6,289 | — | 6,289 |
| Operating and other expenses | 136 | — | 136 | 1,220 | — | 1,220 |
| Provision for credit and insurance losses | 343 | — | 343 | 668 | — | 668 |
| Total costs and expenses | 4,329 | — | 4,329 | 16,852 | — | 16,852 |
| Income/(Loss) before income taxes — Financial Services | 67 | — | 67 | 1,224 | — | 1,224 |
| TOTAL COMPANY | | | | | | |
| Income/(Loss) before income taxes | 320 | — | 320 | (3,746) | (620) | (4,366) |
| | 97 | (5) | 92 | (1,294) | (13) | (1,307) |

| | | | | | | | |
|--|--------|------|--------|------------|----------|------------|--|
| Provision for/(Benefit from) income taxes | | | | | | | |
| Income/(Loss) before minority interests | 223 | 5 | 228 | (2,452) | (607) | (3,059) | |
| Minority interests in net income/(loss) of subsidiaries | 122 | — | 122 | 312 | — | 312 | |
| Income/(Loss) from continuing operations | \$ 101 | \$ 5 | \$ 106 | \$ (2,764) | \$ (607) | \$ (3,371) | |

AMOUNTS PER SHARE OF
COMMON AND CLASS B
STOCK

| | | | | | | | |
|---|---------|-------|---------|-----------|-----------|-----------|--|
| Basic income/(loss) | | | | | | | |
| Income/(Loss) from continuing operations | \$ 0.05 | \$ — | \$ 0.05 | \$ (1.40) | \$ (0.31) | \$ (1.71) | |
| Number of shares used to compute per share | 2,188 | 2,188 | 2,188 | 1,978 | 1,978 | 1,978 | |
| Diluted income/(loss) | | | | | | | |
| Income/(Loss) from continuing operations | \$ 0.05 | \$ — | \$ 0.05 | \$ (1.40) | \$ (0.31) | \$ (1.71) | |
| Number of shares used to compute per share | 2,208 | 2,208 | 2,208 | 1,978 | 1,978 | 1,978 | |

See endnotes.

Item 9.01. Financial Statements and Exhibits (Continued)

FORD MOTOR COMPANY AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
March 31, 2008
(in millions)

| | Historical Financial Statement (unaudited) | Pro Forma Adjustments Jaguar Land Rover (unaudited) | Pro Forma Financial Statement (unaudited) |
|--|---|---|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 33,751 | \$ — | \$ 33,751 |
| | — | 2,500 (b) | 2,500 |
| | — | (600) (c) | (600) |
| | — | (514) (d) | (514) |
| Subtotal adjusted cash and cash equivalents | 33,751 | 1,386 | 35,137 |
| Marketable securities | 8,593 | — | 8,593 |
| Loaned securities | 6,746 | — | 6,746 |
| Finance receivables, net | 110,717 | — | 110,717 |
| Other receivables, net | 8,089 | 224 (e) | 8,313 |
| Net investment in operating leases | 32,493 | — | 32,493 |
| Retained interest in sold receivables | 540 | — | 540 |
| Inventories | 11,721 | — | 11,721 |
| Equity in net assets of affiliated companies | 3,120 | — | 3,120 |
| Net property | 37,007 | — | 37,007 |
| Deferred income taxes | 3,331 | — | 3,331 |
| Goodwill and other net intangible assets | 2,064 | — | 2,064 |
| Jaguar Land Rover assets of discontinued/held-for-sale operations | 8,054 | (8,054) (f) | — |
| Other assets | 16,687 | — | 16,687 |
| Total assets | \$ 282,913 | \$ (6,444) | \$ 276,469 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Payables | \$ 24,014 | \$ — | \$ 24,014 |
| Accrued liabilities and deferred revenue | 72,877 | 182 (g) | 73,059 |
| Debt | 169,480 | (317) (h) | 169,163 |
| Deferred income taxes | 2,901 | — | 2,901 |
| Jaguar Land Rover liabilities of discontinued/held-for-sale operations | 5,064 | (5,064) (f) | — |
| Total liabilities | 274,336 | (5,199) | 269,137 |
| Minority interests | 1,466 | — | 1,466 |
| Stockholders' equity | | | |
| Capital stock | | | |
| Common Stock, par value \$0.01 per share (2,148 million shares issued) | 21 | — | 21 |

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| | | | |
|--|------------|-------------|------------|
| Class B Stock, par value \$0.01 per share (71 million shares issued) | 1 | — | 1 |
| Capital in excess of par value of stock | 7,988 | — | 7,988 |
| Accumulated other comprehensive income/(loss) | 657 | (1,245) (f) | (588) |
| Treasury stock | (184) | — | (184) |
| Retained earnings/(Accumulated deficit) | (1,372) | —(i) | (1,372) |
| Total stockholders' equity | 7,111 | (1,245) | 5,866 |
| Total liabilities and stockholders' equity | \$ 282,913 | \$ (6,444) | \$ 276,469 |

See endnotes.

Item 9.01. Financial Statements and Exhibits (Continued)

FORD MOTOR COMPANY AND SUBSIDIARIES
PRO FORMA CONDENSED SECTOR BALANCE SHEET
March 31, 2008
(in millions)

| | Historical Financial Statement (unaudited) | Pro Forma Adjustments Jaguar Land Rover (unaudited) | Pro Forma Financial Statement (unaudited) |
|---|---|--|--|
| ASSETS | | | |
| Automotive | | | |
| Cash and cash equivalents | \$ 18,663 | \$ 1,386 (b)(c)(d) | \$ 20,049 |
| Marketable securities | 6,602 | — | 6,602 |
| Loaned securities | 6,746 | — | 6,746 |
| Total cash, marketable and loaned securities | 32,011 | 1,386 | 33,397 |
| Receivables, net | 4,164 | 224 (e) | 4,388 |
| Inventories | 11,721 | — | 11,721 |
| Deferred income taxes | 562 | — | 562 |
| Other current assets | 6,206 | — | 6,206 |
| Current receivable from Financial Services | 225 | — | 225 |
| Total current assets | 54,889 | 1,610 | 56,499 |
| Equity in net assets of affiliated companies | 2,558 | — | 2,558 |
| Net property | 36,757 | — | 36,757 |
| Deferred income taxes | 8,557 | — | 8,557 |
| Goodwill and other net intangible assets | 2,054 | — | 2,054 |
| Jaguar Land Rover assets of discontinued/held-for-sale operations | 8,054 | (8,054) (f) | — |
| Other assets | 5,966 | — | 5,966 |
| Non-current receivable from Financial Services | 2,003 | — | 2,003 |
| Total Automotive assets | 120,838 | (6,444) | 114,394 |
| Financial Services | | | |
| Cash and cash equivalents | 15,088 | — | 15,088 |
| Marketable securities | 1,991 | — | 1,991 |
| Finance receivables, net | 114,642 | — | 114,642 |
| Net investment in operating leases | 29,962 | — | 29,962 |
| Retained interest in sold receivables | 540 | — | 540 |
| Equity in net assets of affiliated companies | 562 | — | 562 |
| Goodwill and other net intangible assets | 10 | — | 10 |
| Other assets | 7,464 | — | 7,464 |
| Total Financial Services assets | 170,259 | — | 170,259 |
| Intersector elimination | (2,228) | — | (2,228) |
| Total assets | \$ 288,869 | \$ (6,444) | \$ 282,425 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Automotive | | | |
| Trade payables | \$ 17,692 | \$ — | \$ 17,692 |
| Other payables | 4,248 | — | 4,248 |

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| | | | |
|--|------------|------------|------------|
| Accrued liabilities and deferred revenue | 26,533 | 182 (g) | 26,715 |
| Deferred income taxes | 2,567 | — | 2,567 |
| Debt payable within one year | 1,445 | (317)(h) | 1,128 |
| Total current liabilities | 52,485 | (135) | 52,350 |
| Long-term debt | 25,608 | — | 25,608 |
| Other liabilities | 40,714 | — | 40,714 |
| Deferred income taxes | 846 | — | 846 |
| Jaguar Land Rover liabilities of discontinued/held-for-sale operations | 5,064 | (5,064)(f) | — |
| Total Automotive liabilities | 124,717 | (5,199) | 119,518 |
| Financial Services | | | |
| Payables | 2,080 | — | 2,080 |
| Debt | 142,427 | — | 142,427 |
| Deferred income taxes | 5,444 | — | 5,444 |
| Other liabilities and deferred income | 5,624 | — | 5,624 |
| Payable to Automotive | 2,228 | — | 2,228 |
| Total Financial Services liabilities | 157,803 | — | 157,803 |
| Minority interests | 1,466 | — | 1,466 |
| Stockholders' equity | | | |
| Capital stock | | | |
| Common Stock, par value \$0.01 per share (2,148 million shares issued) | 21 | — | 21 |
| Class B Stock, par value \$0.01 per share (71 million shares issued) | 1 | — | 1 |
| Capital in excess of par value of stock | 7,988 | — | 7,988 |
| Accumulated other comprehensive income/(loss) | 657 | (1,245)(f) | (588) |
| Treasury stock | (184) | — | (184) |
| Retained earnings/(Accumulated deficit) | (1,372) | -(i) | (1,372) |
| Total stockholders' equity | 7,111 | (1,245) | 5,866 |
| Intersector elimination | (2,228) | — | (2,228) |
| Total liabilities and stockholders' equity | \$ 288,869 | \$ (6,444) | \$ 282,425 |

See endnotes.

Item 9.01. Financial Statements and Exhibits (Continued)

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE PRO FORMA FINANCIAL STATEMENTS

- (a) Carve-out of Jaguar Land Rover results included in our historical financial statements.
 - (b) Cash proceeds from the sale of Jaguar Land Rover of \$2.5 billion, which includes a purchase price adjustment of about \$200 million for cash (net of debt) that would have been transferred to Tata Motors had the sale occurred on March 31, 2008.
 - (c) Contribution to Jaguar Land Rover pension plan.
 - (d) Jaguar Land Rover cash balances that would have been transferred to Tata Motors had the sale occurred on March 31, 2008.
 - (e) Trade receivables from Jaguar Land Rover (eliminated as an intercompany transaction in our historical financial statements).
 - (f) Carve-out of assets, liabilities, and accumulated other comprehensive income/(loss) of Jaguar Land Rover included in our historical financial statements.
 - (g) Liabilities incurred in connection with the sale of Jaguar Land Rover.
 - (h) Jaguar Land Rover debt that would have been transferred to Tata Motors had the sale occurred on March 31, 2008.
 - (i) Estimated gain/(loss) on sale of Jaguar Land Rover as if sold on March 31, 2008.
-

EXHIBITS

| Designation | Description | Method of Filing |
|-----------------|--|---------------------------|
| Exhibit 23.1 | Consent of Independent Registered Public Accounting Firm. | Filed with this Report |
| Exhibit 99.1 | "Item 8. Financial Statements and Supplementary Data" from Ford Motor Company's Annual Report on Form 10-K for the year ended December 31, 2007 (revised to reflect changes in segment reporting structure). | Filed with this Report |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FORD MOTOR COMPANY
(Registrant)

Date: June 2, 2008

By: /s/ Louis J. Ghilardi
Louis J. Ghilardi
Assistant Secretary

EXHIBIT INDEX

| Designation | Description |
|---------------------|--|
| <u>Exhibit 23.1</u> | Consent of Independent Registered Public Accounting Firm. |
| <u>Exhibit 99.1</u> | "Item 8. Financial Statements and Supplementary Data" from Ford Motor Company's Annual Report on Form 10-K for the year ended December 31, 2007 (revised to reflect changes in segment reporting structure). |
