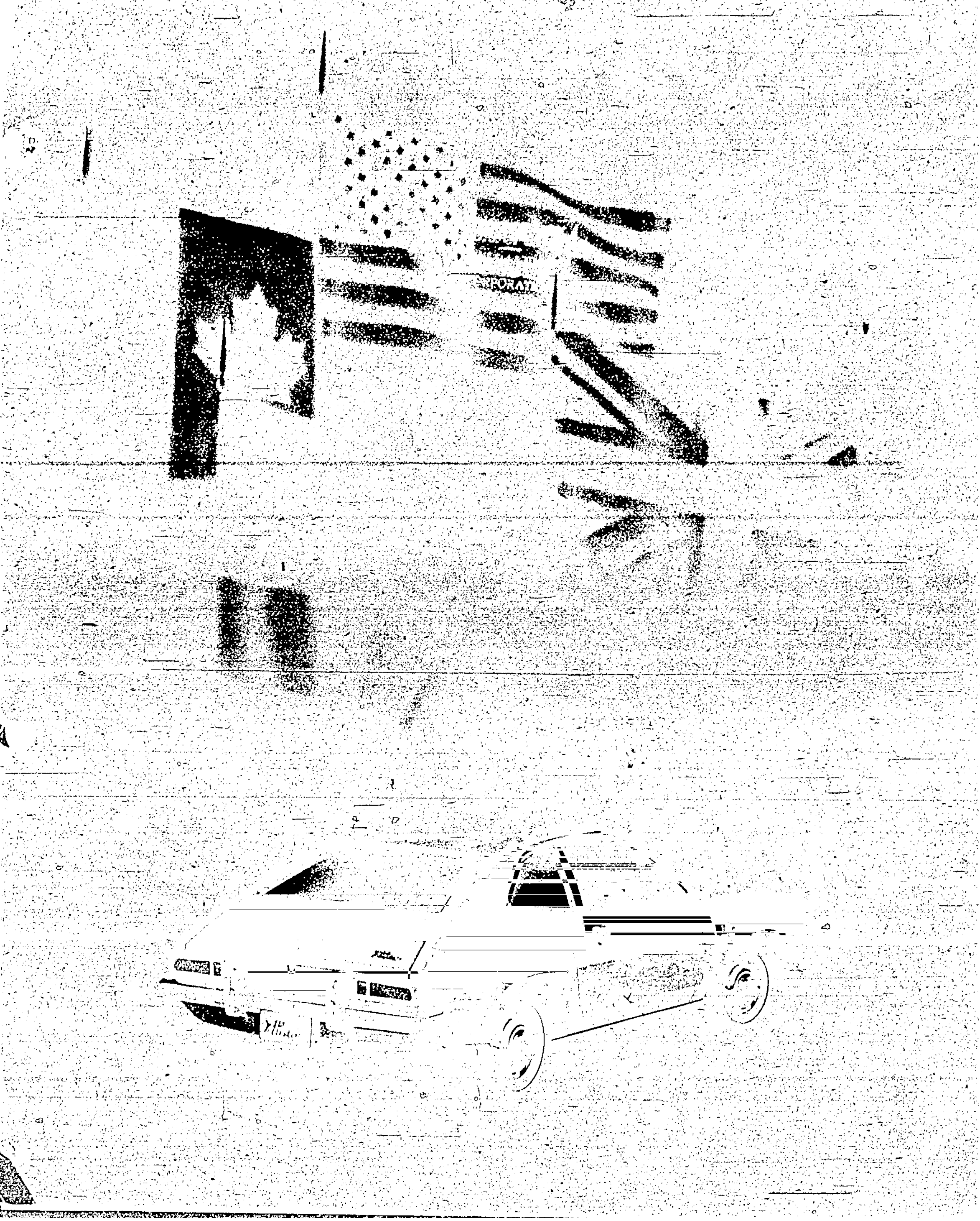
Ford Annual Report 1970



Ford Motor Comp
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Dearborn, Michi

Contents

Annual Meeting

The 1971 Annual Meeting of Stockholders of the Company will be held on Thursday, May 13, at the Henry and Edsel Ford Auditorium in Detroit. Notice of the meeting, a proxy statement and a form of proxy will be mailed to stockholders shortly, at which time proxies will be requested by management.

About the Cover

The success of Ford's 1971 Pinto is the result of a multi-national effort, suggested here (left to right) by the flags of Canada, West Germany, the United States and Great Britain.

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Crocker-Citizens National Bank,
San Francisco
Canada Permanent Trust Company,
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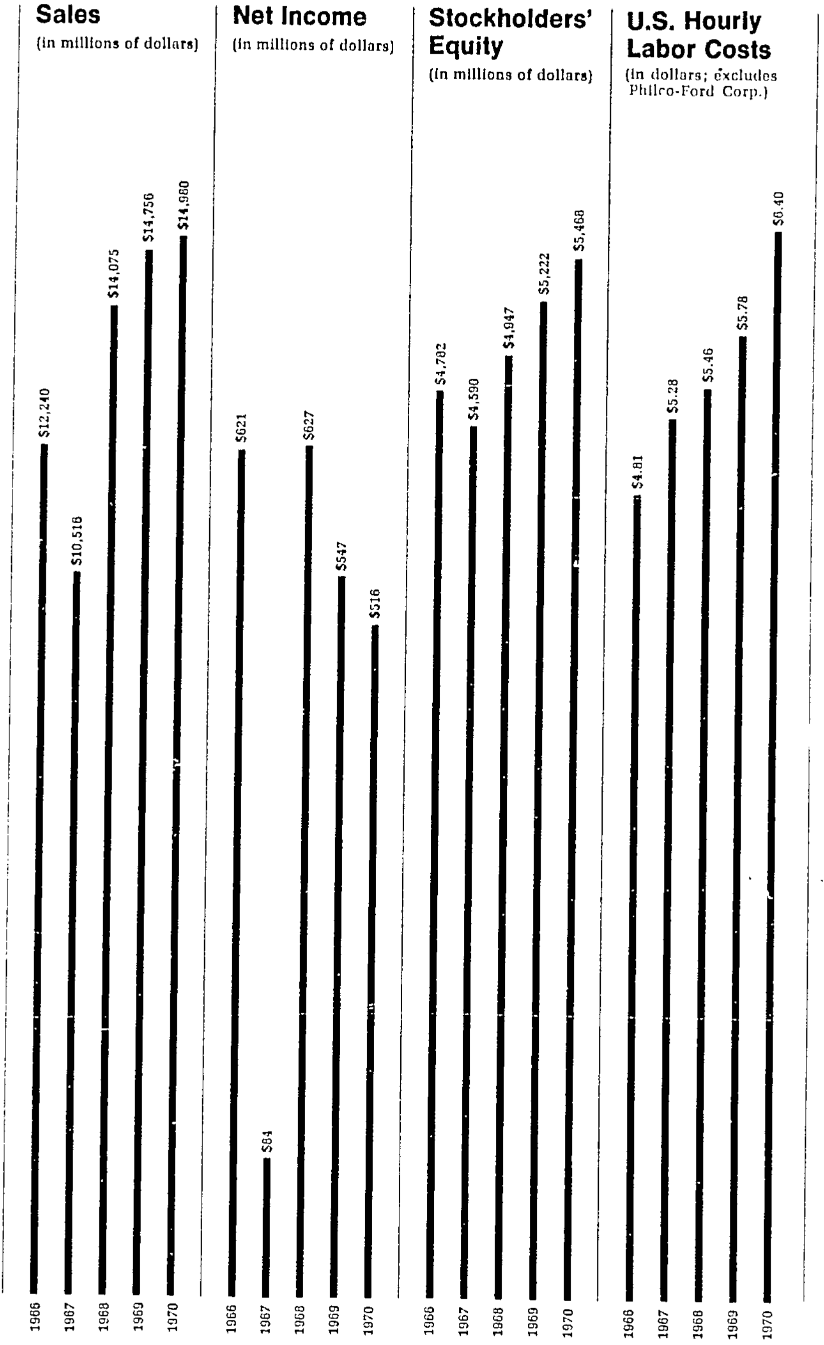
The Royal Trust Company, Montreal


Sales
(in millions of dollars)
$12,240
$10,516
$14,075
$14,756
$14,980
1966
1967
1968
1969
1970
Net Income
(in millions of dollars)
$621
$84
$627
$547
$516
1966
1967
1968
1969
1970
Stockholders' Equity
(in millions of dollars)
$4,782
$4,590
$4,947
$5,222
$5,468
1966
1967
1968
1969
1970
U.S. Hourly Labor Costs
(in dollars; excludes Philco-Ford Corp.)
$4.81
$5.28
$5.46
$5.78
$6.40
1966
1967
1968
1969
1970

Highlights

	1970	1969
	(dollar amounts in millions)	
Sales	$14,979.9	$14,755.6
Income before income taxes	$ 1,006.2	$ 1,115.1
Net income	$ 515.7	$ 546.5
Net income a share--in dollars	$4.77	$5.03
Return on sales	3.5%	3.8%
Cash dividends a share--in dollars	$2.40	$2.40
Capital expenditures for expansion, modernization and replacement of facilities (excluding special tools)	$ 563.6	$ 533.5
Working capital position – year end	$ 1,083.0	$ 1,107.7
Total assets – year end	$ 9,904.1	$ 9,199.3
Stockholders' equity – year end	$ 5,467.9	$ 5,222.0
Worldwide factory sales – cars, trucks and tractors	4,861,570	4,944,082
Worldwide employment – average	431,727	436,414
Worldwide payroll	$ 3,675.2	$ 3,523.8

Ford's consolidated dollar sales were a record $15 billion in 1970, up from $14.8 billion in 1969. Worldwide factory sales of Ford-built cars, trucks and tractors were 4.9 million units in 1970, down 2% from 1969.

Consolidated net income in 1970 was $516 million, compared with $547 million in 1969. Net income a share was $4.77, down 5% from $5.03 in 1969.

These results were achieved in the face of recession and lower sales in North America, sharply rising costs throughout the world and intense competition in world vehicle markets.

This performance reflects the competence of Ford people throughout the world and the success of management's strenuous efforts to cut costs, while improving our base for sustained growth in future years.

Last year was also the sixth consecutive year in which retail sales of Ford-built cars and trucks outside North America led all U. S.-based competitors.

Market outlook

Most signs point to continued growth in worldwide motor vehicle sales. In the free world outside North America, industry retail sales of cars set a record of 12.6 million units in 1970-up 9% from 1969--and are expected to reach 13.3 million in 1971, for an additional gain of 5%.

Although the outlook in the U. S. is clouded by continuing inflation and unemployment, the economy is expanding and we estimate that new car retail sales in the U. S. this year will reach a record 9.7 million units and could be as high as 10 million.

Ford is sharing in the growth of world automotive markets. Retail sales of Ford-built cars and trucks outside North America totaled 1.5 million units last year—a 5% gain over 1969, the previous record year.

In the U. S., the 1970 decline in retail sales of our cars was reversed in the fourth quarter, following the introduction of the Pinto and our other 1971 models. Combined retail sales of our cars and trucks were the highest for any fourth quarter in Ford history. U. S. retail sales of our cars and trucks also set Ford records in January and February, 1971, despite General Motors' return to production following a strike by the United Automobile Workers.

The car market in North America is changing as well as growing. Small cars, including compacts and subcompacts, took 20% of the U. S. market in the 1969 model year, 26% in the 1970 model year and could take as much as 35% this model year.

Ford's share of the compact and subcompact segment increased from 14% in the 1969 model year to 18% in the 1970 model year. With Pinto, Maverick, Comet and Capri, we expect an even larger share this model year.

At the other end of the spectrum, sales of top-of-the-line models continue strong. Continental Mark III enjoyed record 1970 sales, and Ford LTD models accounted for one-fifth of all Ford Division car sales in the U. S. during the year.

Worldwide retail sales of Ford tractors were down slightly last year, reflecting a decline in the industry. Our share of worldwide tractor sales was up, however, and Ford industrial tractor sales were 4% higher than in 1969.

Ford Motor Credit Company in 1970 achieved another year of record growth, and Philco-Ford Corporation increased its share of the U. S. market for most of its consumer products.

Throughout the world, the automobile industry is challenged by rapidly rising labor and material costs and by intense competition which precludes price increases sufficient to cover rising costs. These challenges are reflected in our after-tax return on sales, which declined last year to 3.5%, from 3.8% in 1969 and 6.7% ten years ago.

The new three-year agreement concluded last December between the Company and the United Automobile Workers is by far the most costly in our history. It has increased the downward pressure on profits, the upward pressure on prices, the gap between U. S. and foreign labor costs and the difficulty of competing with foreign cars imported into the U. S.

New business methods

Your management is responding to the challenge of rising costs in many ways. We are intensifying our efforts to reduce overhead, to minimize labor content through improved manufacturing processes, to develop new and more efficient operating procedures and to cut costs throughout our operations without adversely affecting the Company's long-term competitive position. But these traditional ways of increasing efficiency are no longer adequate. We are also developing basic new ways of running the business.

One of these new ways involves a much closer integration of our worldwide operations and increasing commonality of components throughout our product lines. Engines, transmissions and other drive train components used in the Pinto, for example, were originally developed by Ford of Britain and Ford of Germany for their products.

Last August, we established a new subsidiary, Ford Asia-Pacific and South Africa, Inc., primarily to achieve similar operating efficiencies in those areas of the world. We formed another subsidiary, Ford Marketing Corporation, to improve coordination of our automotive sales activities in the U. S.

In the Asia-Pacific area, we hope to increase efficiency by establishing manufacturing plants in several countries, each with capacity to supply specific components throughout the geographic area.

Another new way of cutting costs is to de-emphasize annual design changes. Superior styling will continue to be a major factor in car sales, but our customers are increasingly interested in reliability, safety, utility and economy more than in styling novelty. In future years we plan to change the design of our North American products less frequently and less extensively.

There is much more we can do and are doing to meet the challenge of rising labor and material costs. But there is also much we cannot do without cooperation by unions and innovative government policies.

In the United States, we face a serious additional cost challenge resulting from government safety and pollution control standards.

We recognize the need for such standards. We know that the cost will be substantial and must be paid. But we also believe that it is important to consumers that we achieve a reasonable balance between costs and benefits.

The balance could be much improved through more orderly approaches to the establishment of vehicle standards and their effective dates. It is tempting to say that when a problem is urgent, all possible remedies must be applied at once to solve it. But we will get better results at lower costs if we put first things first.

The automobile industry currently faces scores of new safety standards and a variety of emission standards—all intended to take effect in the next few years. Some of the safety standards would require redesign of the same component for several consecutive years. Taken together, they could require major annual changes in each of our products precisely when we are trying to cut costs by reducing annual changes.

This is not an appeal to postpone the solution to serious public problems in order to reduce our costs. On the contrary, we can achieve better and quicker results—as well as a better balance between consumer costs and public benefits—if the government is sensitive to the need for feasible changes scheduled in an orderly way.

The automobile industry has survived and grown even in countries where government policies have made the cost of car ownership several times higher than it is in the United States. We have no doubt that our industry will continue to grow, because people everywhere place a high value on individual mobility and on the freedom that this mobility makes possible. But it will grow more and serve better if governments, unions and manufacturers all accept their share of the responsibility to control costs.

For the Board of Directors
March 10, 1971

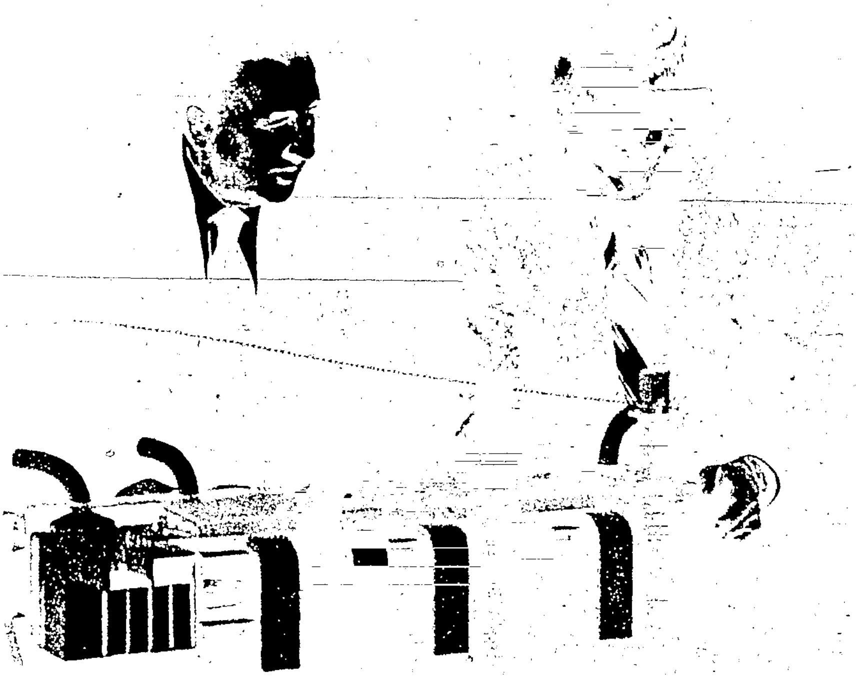
Henry Ford II

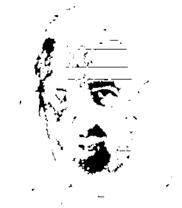
Henry Ford II
Chairman

Lee

Lee A. Iacocca
President

Mr. Ford and Mr. Iacocca discuss dust controls for the Michigan Casting Center.




Henry Ford II


Lee A. Iacocca


Carter L. Burgess


Joseph F. Cullman 3rd


Benson Ford


William C. Ford


Henry W. Gadsden


Robert J. Hampson


William D. Innes


J. Edward Lundy


Arjay Miller


Charles G. Mortimer


Franklin D. Murphy


Robert S. Oelman


Robert Stevenson


A. Thomas Taylor

Henry Ford II
Chairman of the Board

Lee A. Iacocca
President

Carter L. Burgess
Chairman, National Corporation for Housing Partnerships

Joseph F. Cullman 3rd
Chairman, Philip Morris Incorporated

Benson Ford
Vice President–Chairman of the Dealer Policy Board

William C. Ford
Vice President–Product Planning and Design

Henry W. Gadsden
President, Merck & Co., Inc.

Robert J. Hampson
Executive Vice President

William D. Innes
Executive Vice President

J. Edward Lundy
Executive Vice President

Arjay Miller
Dean, Stanford Graduate School of Business

Charles G. Mortimer
Chairman, Executive Committee, General Foods Corporation

Franklin D. Murphy
Chairman of the Board, Times Mirror Company

Robert S. Oelman
Chairman, The National Cash Register Company

Robert Stevenson
Executive Vice President

A. Thomas Taylor
Chairman, Deltec International Limited

Worldwide factory sales of Ford-built cars, trucks and tractors in 1970 totaled 4.9 million units, 2% less than 1969's record level.

Ford's 15th year as a publicly owned company was marked by record dollar sales in spite of recession in the United States and Canada, continued leadership among U.S.-based auto companies in retail sales overseas, Ford brand leadership in North American truck sales, and the best year-to-year passenger car sales performance of any major U. S. automotive manufacturer.

Lee A. Iacocca was elected president of Ford Motor Company on December 10. Ford North American Automotive Operations, Ford International Automotive Operations and Ford Nonautomotive Operations report directly to him, together with the Labor Relations, Marketing, Product Planning and Design and Technical Affairs staffs.

Mr. Iacocca was previously an executive vice president of the Company, in charge of Ford North American Automotive Operations. He joined the Company in 1946 and has been a director since 1965.

William D. Innes was elected an executive vice president of the Company and named to succeed Mr. Iacocca as head of Ford North American Automotive Operations. Robert Stevenson and Robert J. Hampson retain responsibility for Ford International Automotive Operations and Ford Nonautomotive Operations, respectively, as executive vice presidents.

The practice of identifying the executive vice presidents heading operating groups as presidents of those groups has been discontinued with the designation of a corporate president.

On July 1, 1970, Ford Marketing Corporation became the Company's national wholesale distributor for all cars, trucks and automotive replacement parts sold in the U. S.

The new subsidiary, formed to increase Ford's sales effectiveness, coordinates the marketing, advertising, sales promotion and dealer development activities of Ford, Lincoln-Mercury and Autolite-Ford Parts divisions.

North American automotive operations

Ford North American Automotive Operations enjoyed a relatively successful year in 1970. Due in part to the General Motors strike, Ford's share of retail car sales in the U. S. was 26.6%, the highest since 1961.

Industry retail sales of cars and trucks in North America for 1970 were 11 million units—off 12% or 1.5 million from 1969 because of depressed economic conditions and the strike against General Motors. Ford's unit sales were down only 5%, resulting in a gain in market penetration.

Small cars were the biggest automotive news of 1970. At a suggested retail price of $1,919, Ford's new Pinto is the lowest-priced and smallest four-passenger car now assembled in the U.S. The 100,000th Pinto was delivered on January 18, 1971, little more than 100 selling days after its introduction on September 11.

U.S. retail sales of Torinos and the Continental Mark III in 1970 both topped 1969 levels. Sales of the standard Ford continued to account for about 45% of Ford Division car deliveries, and almost half of these units were top-of-the-line LTD models.

For 1971, Ford Division is offering 56 models in seven car lines, including the Club Wagon. Mustang and Ford lines were restyled for 1971 and a new four-door sedan was added to the Maverick line. A V-8 engine option was also added to the Maverick line in January, 1971.

On January 28, 1971, Ford Division introduced two new recreation products—a Camper Special Club Wagon and an M-Series motorhome chassis.

Lincoln-Mercury Division in 1971 is offering 39 models in seven car lines—Capri, Comet, Montego, Lincoln Continental, Continental Mark III, and restyled Cougar and Mercury lines.

Lincoln-Mercury's new compact Comet, available in both two- and four-door sedan models, has been well received, and the Division's Capri sold as fast as it could be imported. By December, Capri imports were doubled and an automatic transmission option was introduced in the U.S. market. In January, 1971, monthly Capri sales passed the 3,000 mark for the first time.

With strong sales of the Maverick and Capri, the Company increased its share of the growing small car market in the U. S. from 14% in the 1969 model year to 18% in the 1970 model year. The 500,000th Maverick was delivered in August, less than a year and a half after its introduction.

Combined U.S. retail sales of Ford and Lincoln-Mercury Division cars and trucks reached 313,585 units in October, highest for any month in the 67-year history of Ford Motor Company. Retail sales of our cars and trucks als set a Ford record for the month November, 4% above the 1969 lev

With U.S. retail sales of 466,800 ur in 1970, Ford's industry-leading picl truck line was second only to standard-size Ford car in total s among Ford products.

Ford's 1971 light trucks offer comfort and convenience options ever before, including AM/FM for pickups and four-way powe for Rancheros. Nearly one-tl

Top: a 1971 Ford LTD Brougham at Newport Beach, California. LTD models accounted for one-fifth of all Ford Division car sales in 1970. Bottom left: Lincoln-Mercury Division's imported Capri at the Port of Baltimore (Md.). U.S. retail sales of the Capri reached 17,300 units in 1970. Bottom right: W-9000 series truck assembly at the Kentucky Truck Plant near Louisville.

Ford pickup buyers now use these vehicles as second family cars, especially for camping.

Other truck lines also scored large gains. Ford's panel-vans outsold all competitors, and orders for the new Louisville line of heavy and extra-heavy trucks were up 14% in 1970, despite the general economic downturn. In 1960 Ford sold one truck for every six cars; that ratio has now grown to one truck for every three cars.

In the passenger car field, Pinto's introduction was the year's most important innovation for Ford. More than half of all Pinto sales in 1970 were without trade-ins, and three out of four Pinto buyers polled said they would not have purchased a Ford product if the Pinto had not been available.

Part of Pinto's marketing success is based on its economy and "do-it-yourself" service simplicity. Every Pinto comes complete with an illustrated service manual, and two optional tool kits are available. Ford dealers also stock a do-it-yourself Pinto tune-up kit, along with other easy-to-install parts kits.

Pinto also offers economy of operation rivaling that of imported cars—more than 25 miles per gallon in simulated city-suburban driving. Another key to Pinto's success is its $1,919 sticker price—just $7 more than the 1960 Falcon—made possible in part by meticulous pre-production planning. Expanding on the multi-national sourcing concept pioneered with the Escort and Capri in Europe, Ford kept Pinto's suggested retail price competitive with foreign imports—only $74 more than the 1971 Volkswagen Beetle, for example.

Pinto's standard four-speed transmission and 1600-cc engine are manufactured by Ford of Britain. The optional 2000-cc overhead cam engine is built by both Ford of Britain and Ford of Germany, and its related manual transmission is built by Ford of Germany. Other Pinto parts are produced at 38 North American Ford plants, and the car is assembled in both the U. S. and Canada.

Ford further strengthened its position in the small-car market this February with the introduction of the three-door Pinto Runabout at the Chicago Auto Show. The flip-up rear door model was designed especially with shoppers, campers and sports enthusiasts in mind.

Despite strenuous cost-control efforts—including international component sourcing for the Pinto and the discontinuance of fleet and leasing price allowances—higher costs again adversely affected profit margins in 1970. As a result, the Company raised prices on all its 1971 car lines. The suggested retail price increases averaged $187 a car, or 5.6%.

On November 20, Ford North American Automotive Operations announced its withdrawal from major spectator racing events such as NASCAR and USAC stock car racing, the Indianapolis 500 and other professional events. The high cost of participating in competitive motorsports and the growing emphasis on research and development in the areas of safety and emissions were key factors in the decision.

In December, the Company formed a new subsidiary, De Tomaso, Inc., to coordinate the operations of five Ford-affiliated automotive companies in Italy and the U. S., including Ghia, S.p.A., an auto design studio.

U.S. employment

On December 7, negotiators for the Company and the UAW reached agreement on a new three-year collective bargaining agreement in the U. S., the most costly in Ford history.

The new agreement, patterned after the settlement reached earlier by the UAW and General Motors following a prolonged strike, raises base-wage rates as much as $1.15 an hour over the three-year period, with first-year base-wage rate increases ranging from 46½ to 58 cents an hour. The agreement provides for a "no-ceiling" cost-of-living allowance, and also will allow many 30-year employes to retire with an income of $500 a month. A number of improvements were also made in holiday, vacation and insurance benefits for hourly employes.

In December, comparable salary and benefit improvements were announced for most of the Company's salaried employes.

Ford's average U.S. employment in 1970 was 229,404, including 155,448 hourly and 73,956 salaried employes. Average 1970 hourly earnings (excluding Philco-Ford) were $4.66, excluding fringe benefits. Including fringe benefits, average hourly labor costs in 1970 were $6.40 an hour.

About 19% of the Company's U.S. employes in 1970 were members of minority groups.

In accord with its participation in the National Alliance of Businessmen, Ford in 1970 hired more than 2,800 hard-core unemployed persons and provided summer jobs for about 1,200 disadvantaged youths.

Facility programs

At Flat Rock, Michigan, equipment installation began at the highly automated 2.6-million-square-foot Michigan Casting Center, scheduled to start limited operations in 1971. The Center includes the most modern environmental controls in the industry (see "Ford and the Environment," pp. 18-21).

In Brownstown Township, Michigan, construction was completed on the largest single Ford structure ever built — the Autolite-Ford Parts Redistribution Center, covering 3.1 million square feet with 70 acres under roof.

Equipment installation also began at the Ohio Turbine Engine Plant in Toledo. Production of turbine engines for industrial, agricultural and marine applications is scheduled to begin there in late 1971.

In October, the Company announced plans for a multi-million-dollar expansion of its Buffalo (N.Y.) Stamping Plant. The project will provide more than 400,000 square feet of additional floor space and about 800 new jobs.

Ford and its subsidiaries spent \$564 million on 1970 facility modernization and expansion projects worldwide, and plan to spend a record of more than \$700 million for such programs in 1971.

About 60% of the 1971 expenditures will be in the U. S. for completion of such projects as the Michigan Casting Center, a new Fuel Systems Engineering Laboratory in Dearborn, and expansion of the Automotive Safety Research Center in Dearborn.

Antitrust litigation

On December 18, 1970, the United States District Court in Detroit entered a judgment that Ford must divest itself of the Autolite name and two plants — a spark plug plant at Fostoria, Ohio, and a battery plant at Owosso, Michigan — acquired from The Electric Autolite Company in 1961.

The judgment would prohibit Ford from manufacturing spark plugs in the United States for 10 years, and for five years require Ford to buy half of its U. S. and export spark plug requirements from the divested plant under the Autolite name. No Company-owned or licensed name could be used on spark plugs sold by Ford in the U.S. for five years. The Company is presently appealing the judgment.

On December 1, the Company announced that the brand name on its automotive parts, except spark plugs, will be changed from Autolite to Motorcraft. The change is intended to remove any market uncertainty caused by the antitrust suit challenging the 1961 acquisition.

The name change to Motorcraft will be effective at the beginning of the 1972 model year on original equipment parts and in late 1971 for replacement parts. Spark plugs will continue to be branded Autolite pending resolution of the antitrust case.

The action taken in 1970 by Ford, and then by General Motors, to discontinue special fleet sale allowances to state and local governments has been challenged. Antitrust suits have been filed by several government bodies seeking injunctions and unspecified money damages, which could be very large. The Company believes these suits are without merit and is defending them.

A number of suits — many allegedly on behalf of large classes of persons — have been filed against Ford and other vehicle manufacturers based on allegations in an earlier Federal civil antitrust action, charging that the major U. S. auto companies and others had been parties to unlawful agreements delaying development of antipollution devices on cars.

Ford categorically denied these charges and the Federal action was settled by consent judgment without any admission of guilt. The pending actions seek injunctive relief and in some cases substantial money damages. The Company believes it can demonstrate the lack of merit of these actions and is defending them.

Based on substantially the same charges, a number of states in 1970 petitioned for permission to file suit in the U. S. Supreme Court against Ford and the other U.S. auto makers. Defendants oppose the petition on the ground that the case is not appropriate for the exercise of the Supreme Court's original jurisdiction.

International automotive operations

Retail sales of Ford-built cars and trucks outside the U.S. and Canada in 1970 set an all-time record for the second consecutive year — 1.5 million units, up 5% from 1969.

Retail sales of Ford-built cars outside North America in 1970 were 1.3 million units, compared with 1.2 million units in 1969. Overseas truck sales totaled 268,100 units in 1970, up 6% from 1969.

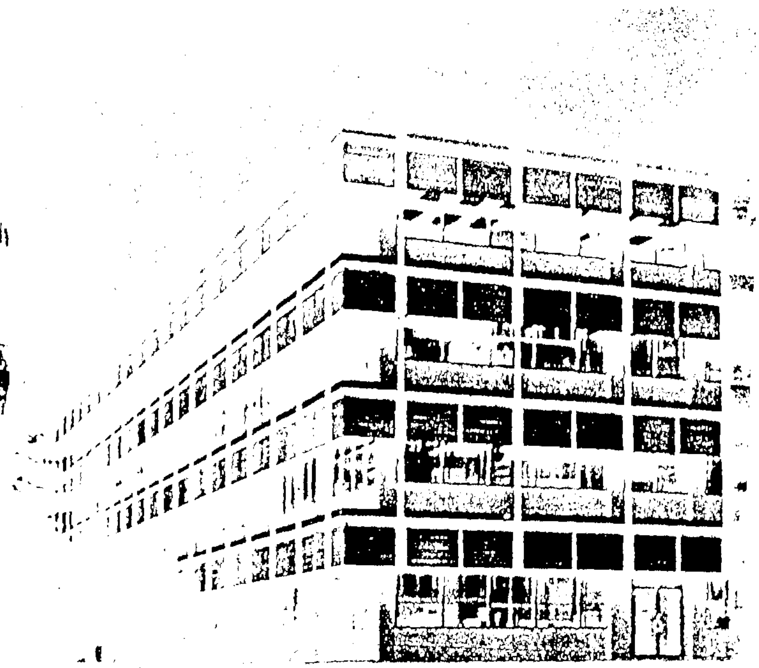
The sporty Capri, built by both Ford of Britain and Ford of Germany, continued to be one of Ford's most successful car lines in Europe.

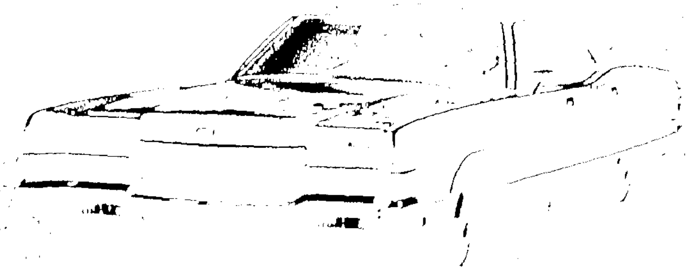
In 1970, Ford of Britain and Ford of Germany followed Capri's success by introducing new car lines that also share some components.

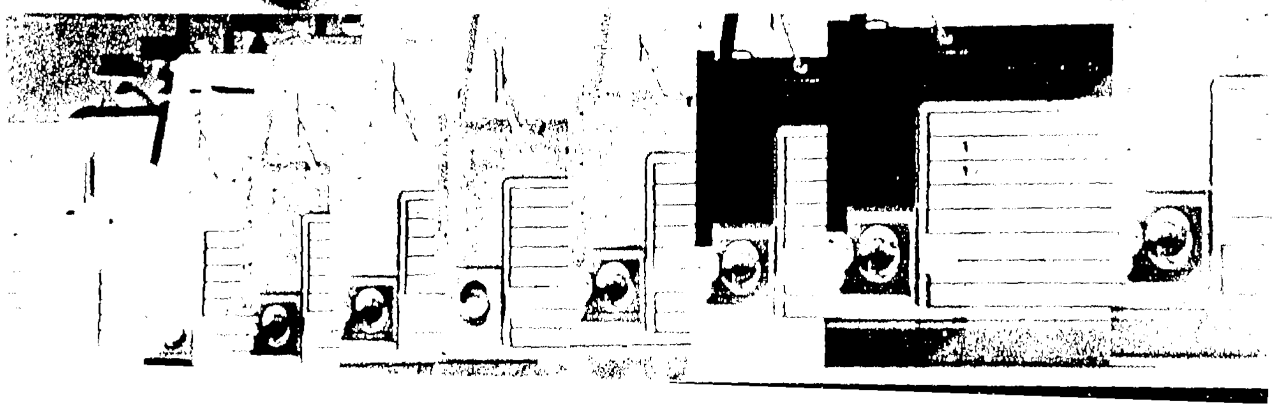
A new Taunus line was introduced in Germany on October 1, and a new Cortina line was introduced in Britain on October 23. Both lines offer two- and four-door sedan and station wagon models. The Taunus line also includes a two-door sport coupe. All models offer a wide choice of options.

Retail sales of Ford of Britain's popular Escort line reached a new high of nearly 96,000 units in 1970, compared

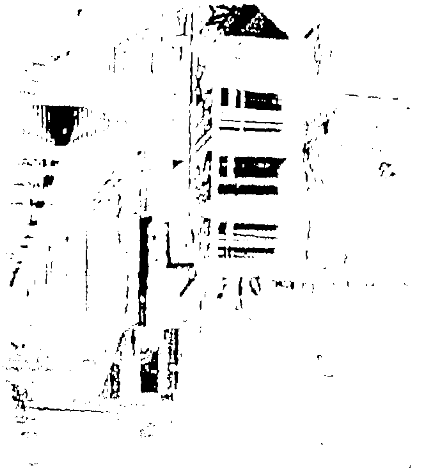
Top left: shipping Econoline vans from the Lorain (Ohio) Assembly Plant. Middle: 1971 Pintos leaving the St. Thomas (Ont.) Assembly Plant. Right: a 1971 Mercury Marquis Brougham at Philco-Ford's Aerospace and Defense Systems Operations headquarters at Newport Beach, California. Bottom: W-9000 highway tractors awaiting shipment from the Kentucky Truck Plant.

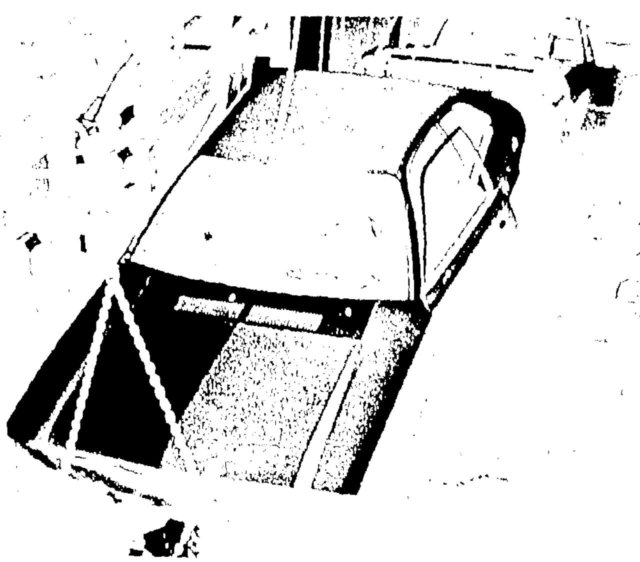


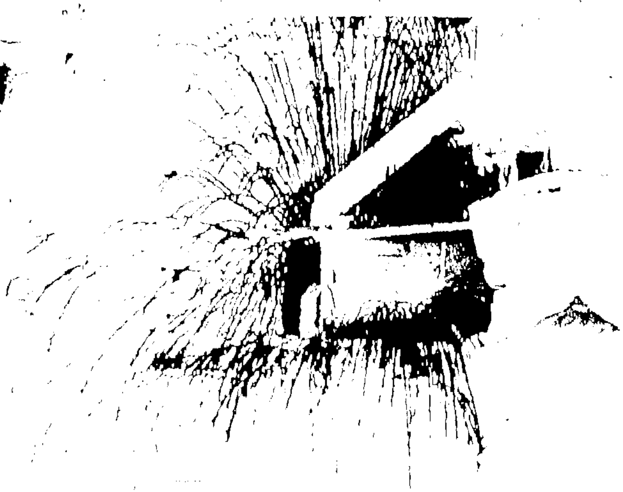




Top left: preparing instrument panels for vacuum metalizing at the Saline (Mich.) Instrument and Plastics Plant. Top right: a storage aisle at the new 70-acre Autolite-Ford Parts Redistribution Center in Brownstown Township, Michigan. Bottom left and right: immersion rust-proofing and automatic welding of 1971 Pinto bodies at the St. Thomas (Ont.) Assembly Plant.







with 85,200 units in 1969. Specially equipped Escorts won nine major European rally awards in 1970.

In November, Ford of Britain introduced the Escort Mexico, a car with many of the features of the competition-equipped Escort that won the 16,000-mile World Cup Rally in 1970.

Ford of Britain's 1970 truck retail sales reached a record level of 80,100 units, compared with 70,700 in 1969. The Transit line led the British market in the medium-size truck field for the fourth straight year.

At the Brussels Auto Show in January, 1971, Ford of Britain introduced the GT70—a sportscar prototype with a fiber glass body and midship engine.

A strike against Ford of Britain that began January 29, 1971, idled Ford plants throughout Britain. British labor disputes have been a continuing problem. In 1970 Ford of Britain operations were hampered by 155 plant disputes, resulting in major production losses.

The January 29 strike also interrupted operations using British-sourced components at Ford plants elsewhere.

Retail sales of Ford-built cars and trucks in Germany reached 321,400 units in 1970, up 7% from 1969. The total included nearly 70,000 Capris.

In Italy, retail sales of Ford-built cars and trucks reached a record 78,700 units—more than twice 1969 sales.

During 1970, Ford of France announced the purchase of a 247-acre site near Bordeaux for construction of a plant to make small automatic transmissions. The plant will supply Ford markets in Europe and North America.

On June 12, the Company's Board of Directors held its first overseas meeting since 1963, at Ford of Europe's headquarters at Warley, England.

In the seven years since the Board last met in Europe, Ford's factory sales of cars and trucks overseas have grown by 53%, and in Europe more than 30 modernization and expansion projects have been completed, adding 20 million square feet of floor space.

In August, the Company announced formation of a new subsidiary, Ford Asia-Pacific and South Africa, Inc. The new subsidiary, headquartered in Melbourne, Australia, coordinates operations of Ford companies in Australia, New Zealand, the Philippines, Singapore, South Africa and Thailand. The subsidiary also coordinates direct dealer sales in Southeast Asia and the South Pacific islands.

In 1970, retail sales of Ford-built cars and trucks set records in four of the new subsidiary's Asia-Pacific markets 109,700 units in Australia, 53,700 in South Africa, 19,600 in New Zealand and 3,300 in Singapore.

During the year, Ford also continued its efforts to enter the Japanese auto market. Discussions were held with Toyo Kogyo Co., one of the major Japanese auto manufacturers, on the possibility of purchasing a minority interest in that company.

The Republic of Korea has given certain of the approvals required for a joint venture between Ford and Hyundai Motor Co. and its stockholders to form a new company to produce cars, trucks, buses and engines in Korea. Hyundai has been Ford's dealer-assembler in Korea since 1967.

In Bangkok, Ford in 1970 established a wholly-owned subsidiary, Ford Motor Company (Thailand) Limited, for assembly and sale of cars, trucks and tractors in Thailand.

Despite economic and political stresses in many parts of Latin America, 1970 factory sales of cars and trucks by Ford's manufacturing subsidiaries in Latin America totaled 146,100 units, second only to 1969's record 154,500 units.

Ford-Willys of Brazil had combined factory sales of 75,700 cars and trucks during the year.

Ford of Mexico achieved record factory sales of 22,600 cars and 14,000 trucks in 1970 and also completed a new truck assembly plant.

In Argentina, Ford's factory sales of cars set a record of 23,400 units. Retail sales of Ford-built cars also set a record in Venezuela--12,800 units.

In other Latin American markets, retail sales of Ford-built cars and trucks were a record 47,400 units.

At the close of 1970, the future of Ford operations in both Chile and Peru was uncertain, due to new government restrictions. Ford's plant in Peru already is closed.

Ford's corporate identification program is continuing at locations around the world--nearly 300 overseas plants, offices and other facilities.

Nonautomotive operations

In spite of an overall decline in industry sales, Ford Tractor Operations nearly equaled its 1969 worldwide tractor factory sales of 95,500 units and Ford's penetration of free-world tractor markets improved. Sales of 91,800 units in 1970 included 58,800 units sold overseas. In the U.S., Ford increased its share of the tractor market for the third consecutive year.

In India, Escorts Tractors, Ltd., formed in 1969 by Ford and Escorts, Ltd., of New Delhi, has completed a 250,000-square-foot complex near New Delhi. At full capacity it will produce about 6,000 tractors a year.

In Japan, Ford's proposal to establish a new company, Hokkai Ford Tractor, Ltd., was approved in 1970 by the Japanese Ministry of International Trade and Industry. The new company is owned 40% by Ford and 60% by Ford's Japanese tractor dealer, Hokkai Jidosha Kogyo, K. K., in Sapporo.

Hokkai Ford Tractor will market Ford tractors and equipment through 10 major branch offices and 19 distribution outlets in Japan, providing nationwide sales and service.

To take advantage of expanding world markets, Ford Tractor Operations in 1970 established two new overseas marketing organizations outside Western Europe. Tractor Operations - Overseas Affiliates will serve Australia, Japan, New Zealand, Brazil, Mexico, Venezuela and South Africa. Tractor Operations - Overseas Direct Markets will serve other countries in South America, as well as the Middle and Far East, Eastern Europe and Africa.

In Europe, Ford Tractor (Belgium) completed a 100,000-square-foot addition to its Antwerp Tractor Plant in 1970 to increase production of transmission and rear axle components.

In the U.S., Ford Tractor Operations received a $20 million government contract in 1970 to build nearly 8,000 half-ton postal trucks. The trucks are being built at the Highland Park (Mich.) Plant and will have several features designed especially for postal needs, including right-hand drive and a locking wire-mesh storage area.

Philco-Ford consumer products

Philco-Ford improved its U. S. market share in most of its consumer product lines in 1970 amid an industry-wide sales decline. Sales volumes of color and black-and-white TV sets, stereo sound systems and refrigerators in 1970 exceeded 1969 levels, and institutional sales and leases to hotels and motels doubled in volume. Consumer product sales overseas were up 8%.

These sales gains were achieved during a period in which substantial reductions in fixed costs were being made. Efficiencies included major rearrangements in facilities and reductions in administrative, warehouse and field sales personnel. Under a program initiated at the beginning of 1970, more than 4,100 consumer appliance and home entertainment product dealers signed Philco-Ford franchise agreements.

Philco-Ford is Ford's principal source of automotive air conditioner evaporators and condensers and such electronic products as AM radios, sequential turn signals and windshield wiper governor assemblies. In 1971, the subsidiary will supply a new AM/FM multiplex radio and an automatic speed control for Ford-built cars in the U.S.

In February, 1971, Philco-Ford announced its withdrawal from the semiconductor business. Industry overcapacity and sharp price declines were the principal reasons for the action.

Philip Caldwell, a vice president of Ford Motor Company, was elected president of Philco-Ford in April, 1970, with responsibility for consumer products and industrial electronics operations. He was previously general manager of Ford Truck Operations.

Aerospace and defense contracts

Philco-Ford's 1970 Aerospace and Defense Systems Operations contract awards included an Army telecommunications network between Luzon and Cebu islands in the Philippines, subsystems work on Britain's Skynet II military communications satellites, and a $29 million contract from the U.S. Air Force Logistics Command for updating air-to-air interceptor missiles.

Philco-Ford in 1970 was also awarded an estimated $28 million contract by the Jet Propulsion Laboratory in Pasadena, California, to operate and maintain the National Aeronautics and Space Administration's Deep Space Network, a global system of ground stations for interplanetary spacecraft communication and control. Under another NASA contract, Philco-Ford is developing meteorological satellites that will photograph the earth for weather reporting.

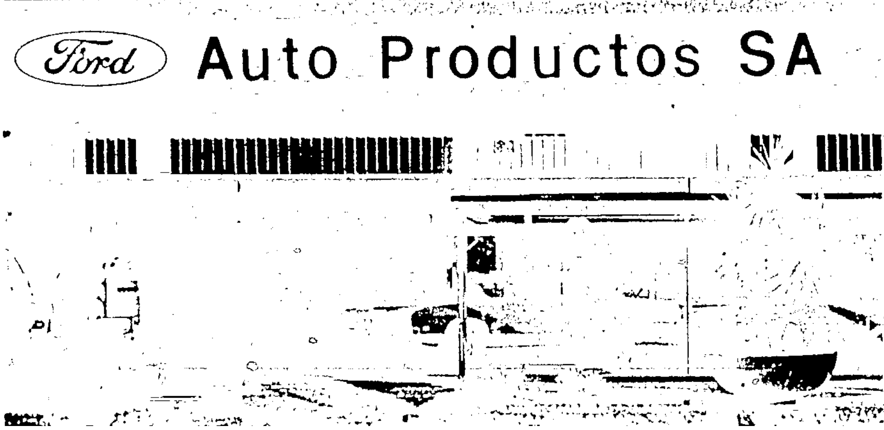
During 1970, the subsidiary completed the largest and most advanced communications switching network in the world, the Defense Department's Automatic Digital Network, and dedicated a major station in Korea for satellite communication.

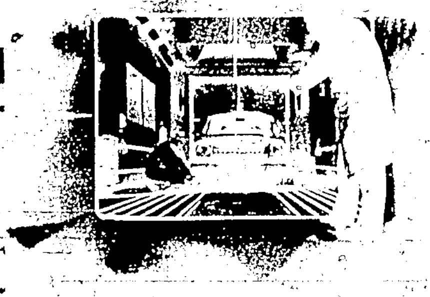
Glass and steel operations

Glass Division's Nashville (Tenn.) Glass Plant, largest in the world under one roof, added a third float glass facility in 1970 to complete its conversion to the new glass-making process. Glass Division makes nearly 15% of all U.S.-produced glass, supplying virtually all Ford's North American requirements for original equipment and replacement windshields and windows. The Division also sells flat glass to outside markets for such commercial applications as high-rise buildings, mirrors and patio doors.

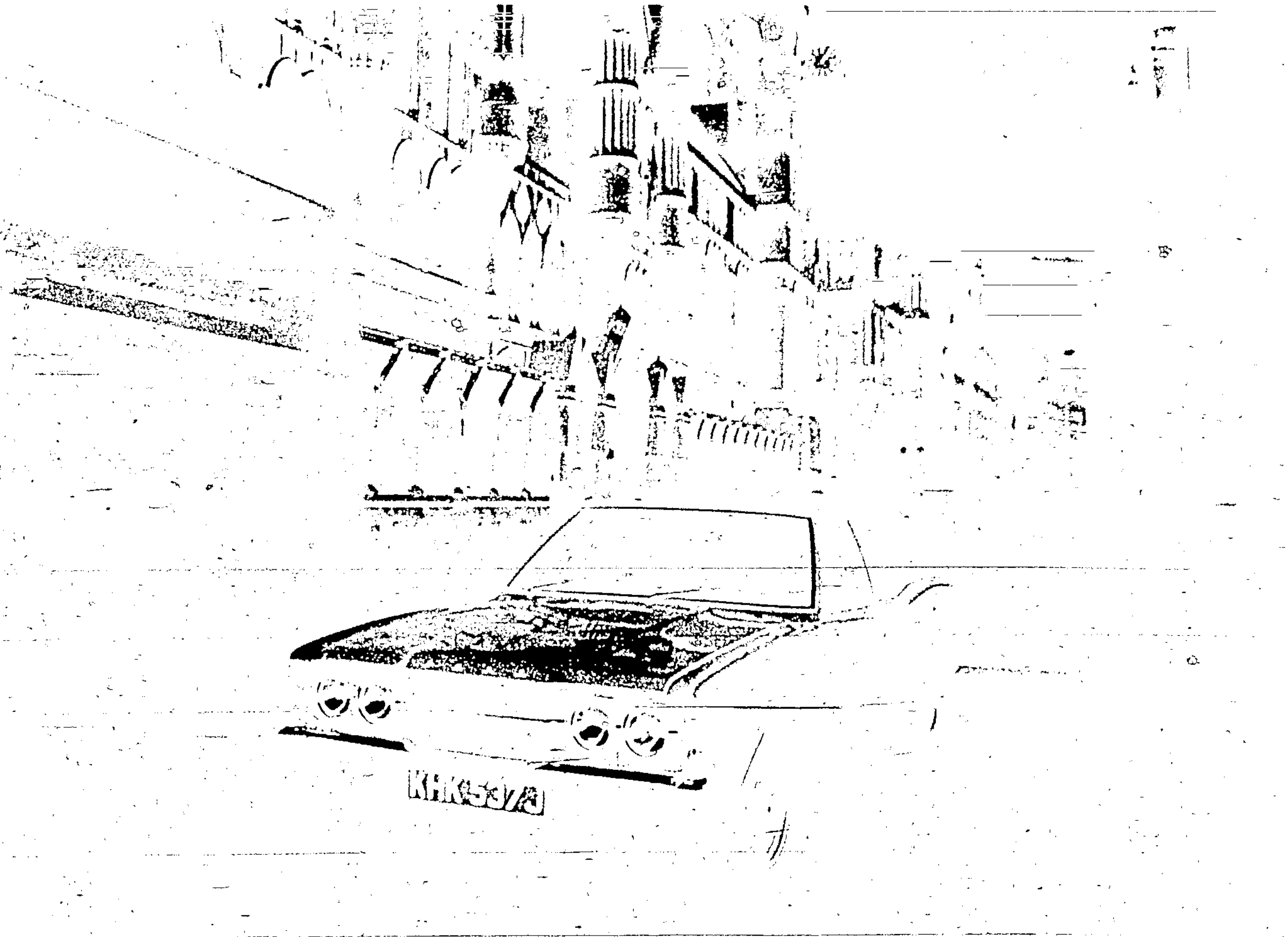
In 1970, Steel Division's Marine Fleet hauled a record seven million tons of iron ore, coal and limestone from Great Lakes ports to the Rouge, where the Basic Oxygen Plant produced a record 2.8 million tons of steel. The Division now ranks 10th in U.S. steel production, and also sells specialty steel prod-

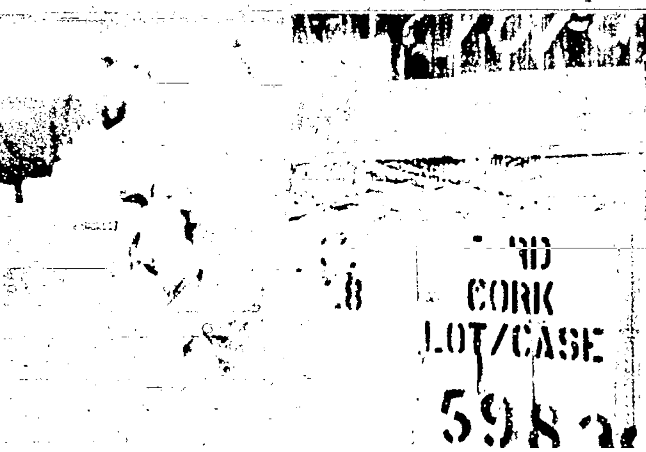
Top: Ford of Germany's new Taunus sport coupe in the courtyard of Reichenstein Castle, on the Rhine River near Bingen in Germany. Bottom left: a Ford dealership in Mexico City with the new dealership identification currently being installed worldwide. Bottom right: wind-tunnel testing of a Capri at Ford of Germany's John Andrews Engineering Center at Merkenich.

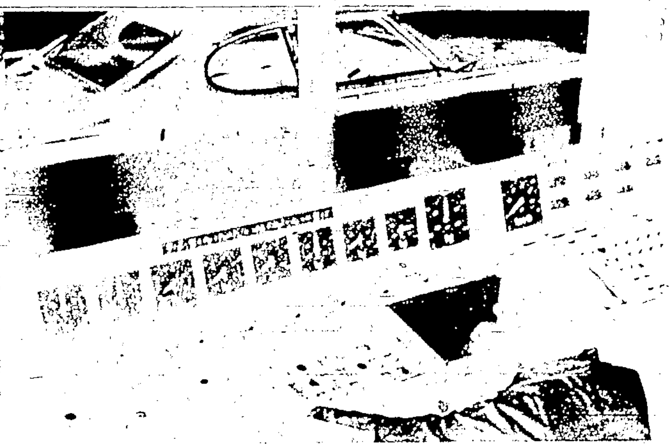




Top: Ford of Britain's new Cortina four-door sedan at the Law Courts on Fleet Street in London. The Cortina was substantially redesigned for 1971. Bottom left: shipping dock at the Cork Assembly Plant on the River Lee in Ireland, Ford's first overseas facility, built in 1917. Bottom right: weather-testing a Capri at Ford of Germany's John Andrews Engineering Center.







ucts to outside customers both in the U.S. and abroad.

During the year Eveleth Taconite Company, an 85%-owned Ford subsidiary, began an expansion of its iron ore pelletizing operations on the Mesabi Range in Minnesota.

Ford Motor Credit Company

Ford Motor Credit Company enjoyed another year of record growth in 1970, increasing its gross receivables from \$3.1 billion to \$4 billion. Net income from financing operations, also a record, was \$5.9 million, compared with \$3.6 million in 1969.

With wholesale financing extremely tight during much of the year, many more Ford and Lincoln-Mercury dealers utilized the services of Ford Motor Credit Company. During the year FMCC gained an additional 722 dealer-customers.

Dearborn land development

Ford Motor Land Development Corporation, a new wholly-owned subsidiary, was organized in 1970 to develop a multi-million-dollar planned community on 2,360 acres of land surrounding the Ford World Headquarters in Dearborn. Master planning of the property has been completed, and initial zoning approvals have been obtained. The development has been named Fairlane.

In February, 1971, ground was broken for the first structure – one of two proposed 15-story office towers to be located in Fairlane Office Park. Construction is also planned during the next 12 months for the first phase of the residential program, consisting of condominiums and rental apartments.

The major part of the development will be a Town Center, which will include a large retail shopping complex, a hotel, theaters, restaurants, and other commercial entertainment facilities. A 27-acre parcel has been set aside for the development of a special Transportation Center, housing companies involved in the full spectrum of transportation businesses.

A portion of the land to be developed was originally owned by the late Henry Ford, and includes the site of his birthplace and boyhood home. It is estimated that the entire project will require 10 to 15 years to complete. When finished, it will be the largest new town development in Michigan.

Contribution programs

The Company's contributions for educational and charitable purposes in 1970 totaled \$5.8 million, including donation of new automotive equipment and training materials to 838 schools and colleges and a gift of \$4 million to Ford Motor Company Fund, a nonprofit organization supported primarily by Ford Motor Company contributions.

The Fund's 1970 gifts totaled \$11.5 million, including contributions to such causes as urban affairs programs, United Funds, social welfare agencies, college scholarship programs and a \$4 million grant to The Edison Institute in Dearborn, Michigan.

Through its educational AID Program, Ford Motor Company Fund also wholly or partly matches private donations by Ford employes to secondary schools and colleges of their choice.

In 1970 the Company also maintained its participation in the College-Industry Cluster Program, an offshoot of the National Alliance of Businessmen, aimed at providing corporate aid for predominantly black colleges in the eastern and southern United States. Participation entails equipment donations, fund grants, student cooperative programs and industry-faculty exchange programs.

Employe plans

The Company has savings and stock investment, retirement, and supplemental compensation plans for its eligible employes. Details of these plans are outlined in the sections that follow.

Savings and stock investment plan

Under the Plan, eligible salaried employes may elect to contribute up to 10% of their base salaries and cost-of-living allowances. The Company contributes 50¢ for each \$1 contributed by an employe.

Eligible employes may invest their contributions 100% in Company Common Stock or 100% in a Diversified Portfolio (similar in some respects to a mutual fund), or divide their contributions equally between U.S. Government Bonds and either Company Common Stock or the Diversified Portfolio. They may also divide their contributions in whole multiples of 10% exclusively between the Diversified Portfolio and Company Common Stock.

The Company's contributions are invested entirely in Company Common Stock, with provision currently made for complete vesting three years after the year of contribution. An employe may choose to have the assets in his account in each class distributed at maturity, or upon retirement or other termination of employment.

During 1970, about 75% of all eligible U.S. salaried employes participated in the Plan. Contributions made by the Company and its participating subsidiaries totaled $26 million. At year end, the Plan's trustee held assets having a market value of $607 million in all classes.

The 1966 and 1967 classes both matured at the end of 1970 and had a total of more than 44,000 members. Total market value of assets in those classes was $146 million.

Nearly all shares of Company Stock needed for the Savings and Stock Investment Plan and the Supplemental Compensation Plan are being purchased from The Ford Foundation. A large portion of the shares required for the Company's stock option plans also is purchased from the same source. During the year, 2.5 million shares were purchased from the Foundation for these purposes.

Supplemental compensation plan

The Company has a Supplemental Compensation Plan for the purpose of providing supplemental compensation to salaried employes who contribute to the success of the Company and its subsidiaries.

The Plan, approved by stockholders, provides for a supplemental compensation reserve to which a credit is made for each year in an amount equal to 6% of the Company's income (as defined in the Plan), after first deducting from such income an amount equal to 10% of capital employed in the business (as defined in the Plan). The credit to the reserve is reduced when necessary to insure that it will not result in net income (as defined in the Plan) of less than 6% of capital employed in the business.

The credit to the reserve for 1970, as determined under the Plan by the Company's independent public accountants, was as follows:

Plan Income:	
Consolidated income before income taxes for the year ended December 31, 1970	$1,006,161,565
Add (deduct) items to determine Plan Income:	
Provision for supplemental compensation	27,473,434
Interest on Debt	34,804,900
Provision for state and local income taxes	(28,435,853)
Income, as defined in the Plan	$1,040,004,046
Deduct Return on Capital Employed in the Business:	
Capital, Debt and minority interests in net assets of consolidated subsidiaries at January 1, 1970	$5,668,313,978
Add allowance for specified changes during 1970 in capital, Debt and minority interests	152,820,812
Capital Employed in the Business, as defined in the Plan	$5,821,134,790
Return, 10%	$ 582,113,479
Balance of Income	$ 457,890,567
Amount creditable to the Reserve, 6% of the above Balance of Income	$ 27,473,434

The balance in the reserve available for awards on December 31, 1970, was $27,694,029, substantially all of which represented the credit to the reserve for 1970. When this report was published, final determination of awards for 1970 had not been made. Information concerning such awards and further information concerning the Plan will be included in the Proxy Statement furnished to stockholders in connection with the Annual Meeting of Stockholders to be held May 13, 1971.

Retirement funds

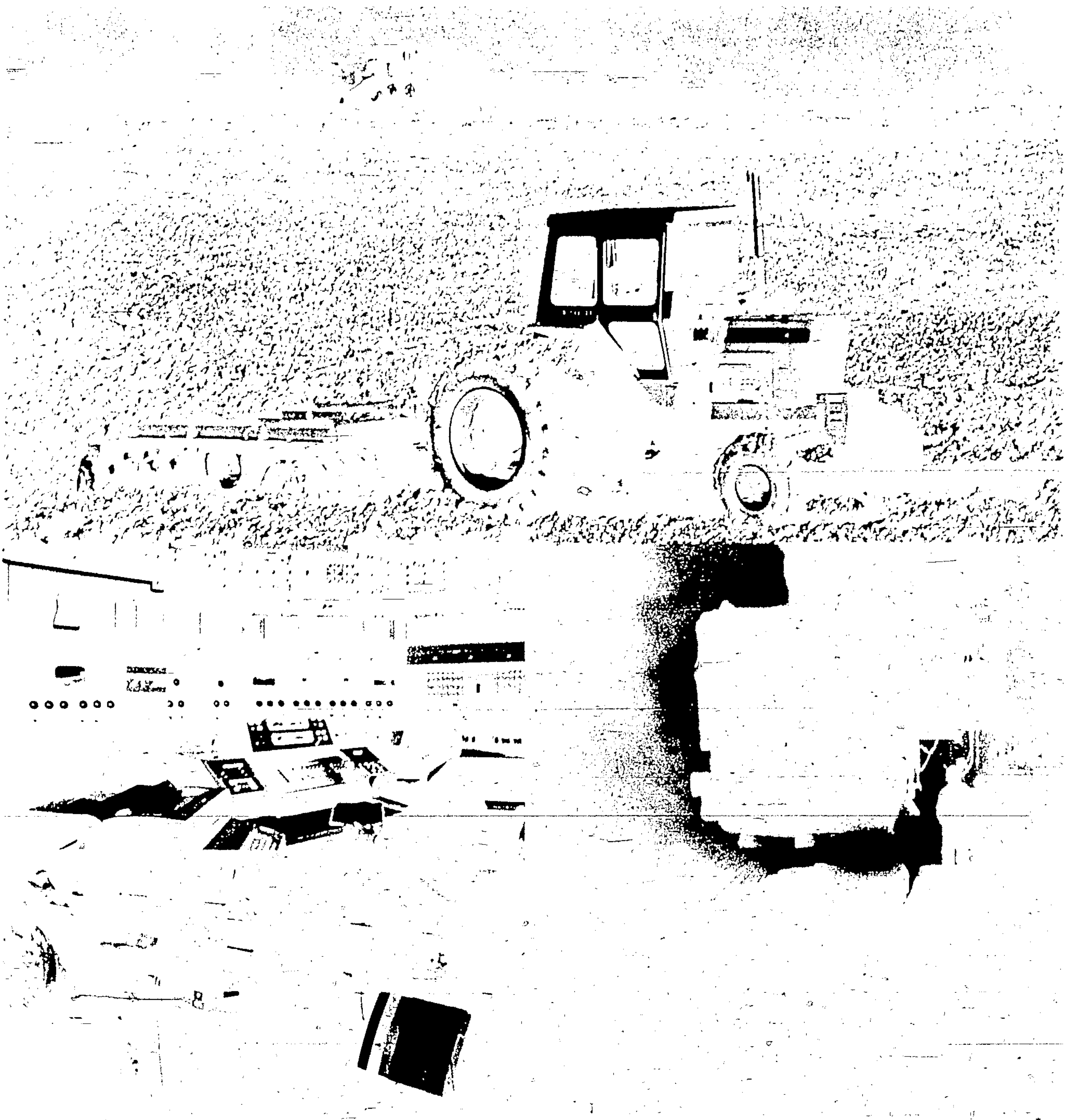
There are two principal retirement plans for employes of Ford U.S., with separate trust funds. The Ford-UAW Retirement Plan covers hourly employes represented by the UAW, and the General Retirement Plan covers nearly all other employes, most of whom are salaried.

The financial operations of the trusts for the year 1970 were as follows:

	(in millions)
Funds at January 1, 1970 – with securities valued at cost	$1,612.0
Additions:	
Payments into trusts	140.2
Interest and dividends received	70.2
Net losses realized on sales of securities	(71.0)
Net additions	139.4
Retirement payments and expenses	99.5
Funds at December 31, 1970 – with securities valued at cost	$1,651.9

Payments into the trusts included contributions by salaried personnel and by the Company, whose contributions included current service costs and $42 million attributable to prior service costs. The prior service costs are being funded by the Company over periods of not more than 30 years. Additional information on the plans is included in the Notes to Financial Statements.

Top: field testing a Model 9000 tractor and combine at Tractor Operations' Paris (Tex.) Southwest Training Center. Middle left: float-glass computer control room at Glass Division's Dearborn (Mich.) Glass Plant. Bottom left: final inspection of color TV sets at Philco-Ford's Lansdale (Pa.) Plant. Right: Steel Division operations at the Rouge manufacturing complex in Dearborn.



Top: a 5-mph bumper impact test on a 1971 Ford LTD at the Engineering and Research Center in Dearborn, Michigan. Bottom left: testing 1971 Pinto emissions at Ford's Emissions Laboratory in Dearborn. Bottom right: counter-balancing speedometer pointers to meet exacting U.S. Government standards, at General Parts Division's Saline (Mich.) Instrument and Plastics Plant.

The Company in 1970 took a number of significant steps to reduce the remaining environmental pollution from its products and plants.

With the addition of fuel evaporative controls on all its 1971 models, Ford has now eliminated more than 80% of all hydrocarbon emissions from its cars. Exhaust controls also eliminate 70% of all carbon monoxide emissions.

Progress on emission controls

In an effort to meet the government's revised emission standards for 1975, Ford has intensified its work on both thermal reactors and catalytic converters. Thermal reactors -- special oversized engine manifolds -- act as high temperature flameless furnaces, consuming exhaust emissions as they come from the engine. Catalytic converters -- basically containers of chemical compounds- transform pollutants into harmless substances as they pass through the exhaust system.

Much of Ford's work on these advanced emission controls has resulted from participation in the Inter-Industry Emission Control Program, a cooperative effort of 11 auto and oil companies in the U. S., Japan, and Italy. Ford helped to found it 3½ years ago and serves as program manager.

At low mileage, experimental Ford-IIEC controls have achieved very encouraging results. Many problems remain to be solved, however. Exhaust system temperatures with the new controls are extremely high, and in some cases gasoline consumption is increased by more than 25%.

In addition, the Clean Air Act Amendments of 1970 require that manufacturers must reduce hydrocarbon and carbon monoxide emissions in the 1975 model year by 98% and 97%, respectively, from uncontrolled levels and warrant vehicle emission characteristics for 50,000 miles. Because of production variations and deterioration in use, the task is particularly formidable. So far, the Company has been unable to hand-make even a single vehicle that approaches this level for the prescribed 50,000 miles.

Because engine tuning plays an important part in reducing emissions, Ford and Honeywell Inc. in 1969 jointly developed a portable emissions testing system for use by mechanics. In 1970, state agencies in Indiana and New Jersey began testing the system for possible use in vehicle emission inspection programs.

The importance of proper tune-ups can hardly be overemphasized. One misfiring spark plug can increase emissions many times over prescribed limits. At present, however, not one state has mandatory emission inspection laws for all vehicles, and a recent Ford survey showed that in Michigan most drivers have their cars tuned only once every 25,000 miles.

The Company also is improving procedures for quality control testing of emission controls. Construction is under way on a multi - million - dollar Fuel Systems Engineering Laboratory in Dearborn to help meet future government emission standards.

Ford has planned expenditures of nearly $60 million to improve emission control performance and quality on 1972 models. The money will be used to expand test facilities in California and Dearborn and to develop more sophisticated manufacturing and adjustment techniques for carburetors, distributors, engine timing, spark retard systems and two-stage chokes.

For the 1971 model year, Ford modified all its regular fuel engines -- about 90% of production -- to operate on 91-octane fuel, so that oil companies could start to supply low-lead or lead-free fuel quickly without new refinery construction. By the 1972 model year, all of Ford's passenger car engines will accommodate 91-octane fuel. Low-lead fuels will be important for the durability of 1975 emission controls. They also reduce particulate emissions and engine deposits.

Alternate power sources

Late in 1971, Ford will begin production of a new gas turbine engine at a plant in Toledo, Ohio. At 1,700 pounds, the new engine is 50% lighter and 30% smaller than comparable diesels. It will run on a variety of fuels, and has low noise and vibration levels. It also has lower hydrocarbon and carbon monoxide emission levels than any current production internal combustion engine.

Aimed initially at the U. S. market for industrial compressors, pumps, generators, construction equipment and boats, the engine is expected to be ready for use in trucks and buses by the mid-1970s. Large-scale production of turbine-powered passenger cars is unlikely in this decade, however, because of present heat, efficiency and cost problems.

While electric cars appear to have too many limitations to become the standard transportation of the future, Ford has not abandoned work on them. Development is proceeding with the sodium sulphur battery invented in Ford laboratories several years ago. Progress also has been made in developing lighter and more efficient electric motors for vehicle use.

Ford's work with Thermo Electron Corporation on Rankine-cycle vapor engines (popularly called "steam engines") also continued in 1970, with special emphasis on the development of nonflammable organic fluids for use in the boiler-condenser cycle.

New plant controls

The Company in 1970 also increased its efforts to reduce air and water pollution from its plants, with special emphasis on foundries. In the last 10 years Ford has spent about $90 million on plant pollution controls, including $18 million spent in 1970. Expenditures totaling an additional $43 million are planned for 1971.

At the new Michigan Casting Center near Flat Rock, Ford has now allocated more than $24 million for pollution controls alone. The plant will be in full operation by the end of 1972, and operations at the Dearborn Iron Foundry will then be phased out.

In September of 1970, installation began on the final phase of a $9 million second-generation pollution control program at the Cleveland (Ohio) Foundry. The new equipment includes high-efficiency dust and smoke collectors.

At the Rouge manufacturing complex in Dearborn, Ford and Koppers Company, Inc. began a cooperative effort first of its kind in the steel industry to develop new controls on three stages of the Rouge coke-making operations. The first phase of the Koppers project will be completed in 1971

At the Dearborn Specialty Foundry in the Rouge, a 100-foot-high dry dust-collecting system was installed. The new system also improved air quality inside the foundry itself

A solid waste treatment plant capable of processing nearly a million pounds of waste a day also went into operation at the Rouge in September. The plant processes waste that was formerly burned, and the material is used as landfill.

In addition, new water treatment programs were initiated in 1970 at five U. S. and Canadian plants. A 16-acre oxidation lagoon was completed at the Wixom (Mich.) Assembly Plant, and waste treatment facilities were installed at Ford of Canada's Oakville and Windsor (Ont.) manufacturing complexes.

In May, a new water treatment lagoon went into operation in the Rouge to remove traces of industrial oil from 80 million gallons of waste water a day and in November construction began on additional waste treatment facilities at the Livonia (Mich.) Transmission Plant.

Auto safety developments

In 1970, the death toll on U. S. highways showed its first significant drop since 1958. Americans drove 5% more miles in 1970 than in 1969, but 3% fewer people died on the highways.

U. S. authorities credited the lower fatality and injury rates in part to better "crash packaging" energy-absorbing steering columns, improved windshield glass, padded dashboards and better door locks. Seat belts also helped, although the belts are still used by only 30% of U. S. drivers.

For 1971, Ford installed steel guard rails in side doors of all Ford, Mustang, Mercury, Cougar and Lincoln Continental models. Every 1971 Ford Motor Company car built in North America includes more than 30 Ford Lifeguard Design safety features affecting glass, locks and latches, steering, lights, control knobs, brakes, mirrors, turn signals, seats, belts and tires.

During 1970, Ford also continued research on various passive restraint devices for vehicle occupants. The National Highway Traffic Safety Administration has ruled that such devices must be provided for passenger car front seat occupants by August 15, 1973, and for all passenger car occupants by August 15, 1975.

The Safety Administration has proposed a standard for 1973 model bumpers that will, in effect, prohibit damage to the car's fuel, exhaust, cooling, lighting and latching systems in impacts up to 5 mph For 1971, Ford increased grille clearances on all Ford, Cougar and Thunderbird models, and provided two inches of bumper clearance on the Pinto. Rubber-faced bumper guards are optional on most of the Company's 1971 cars.

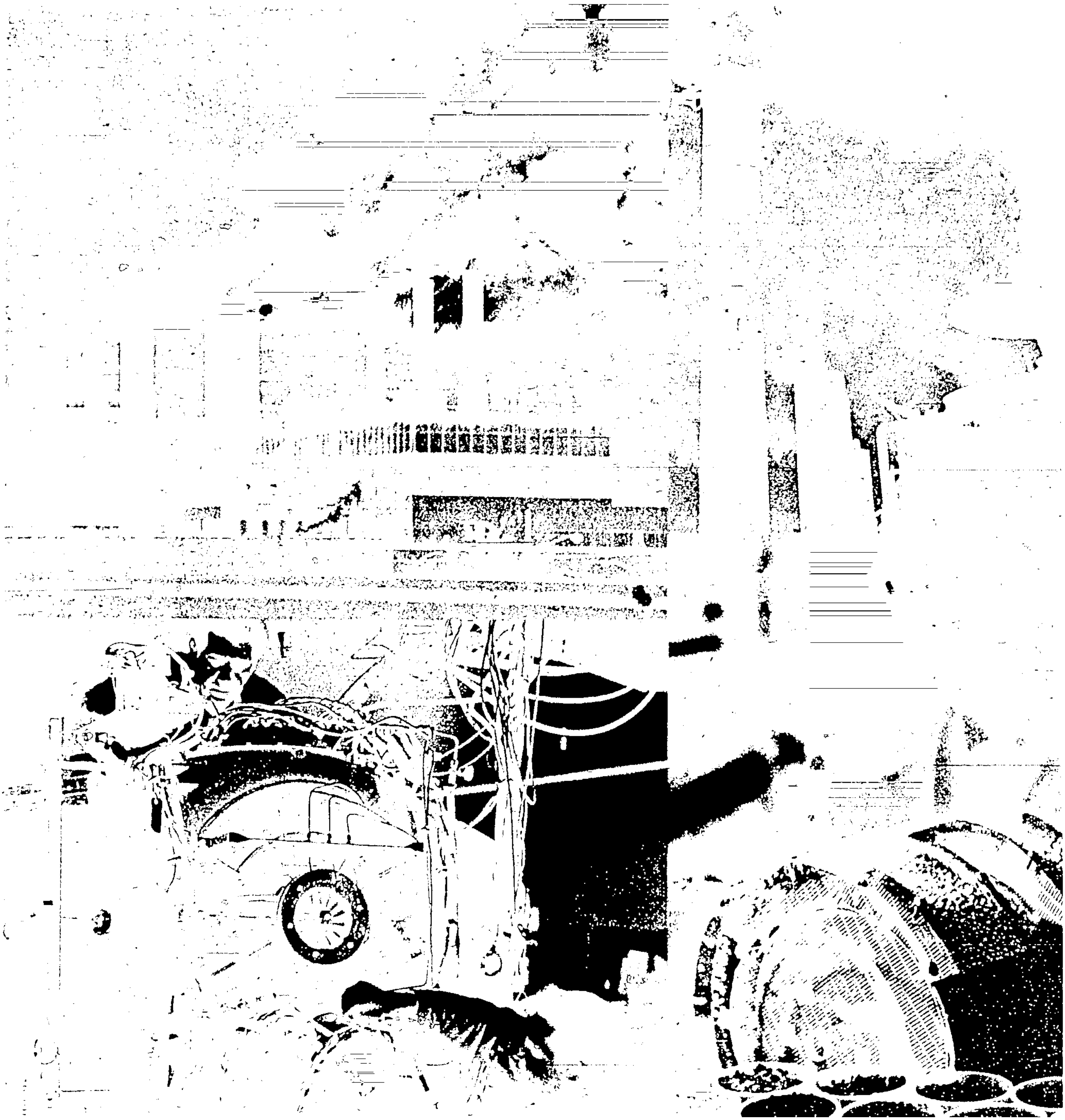
For future models, Ford is developing energy-absorbing front and rear bumper systems with shock-absorbing devices mounted between the bumper and vehicle frame.

Responding to consumer ideas

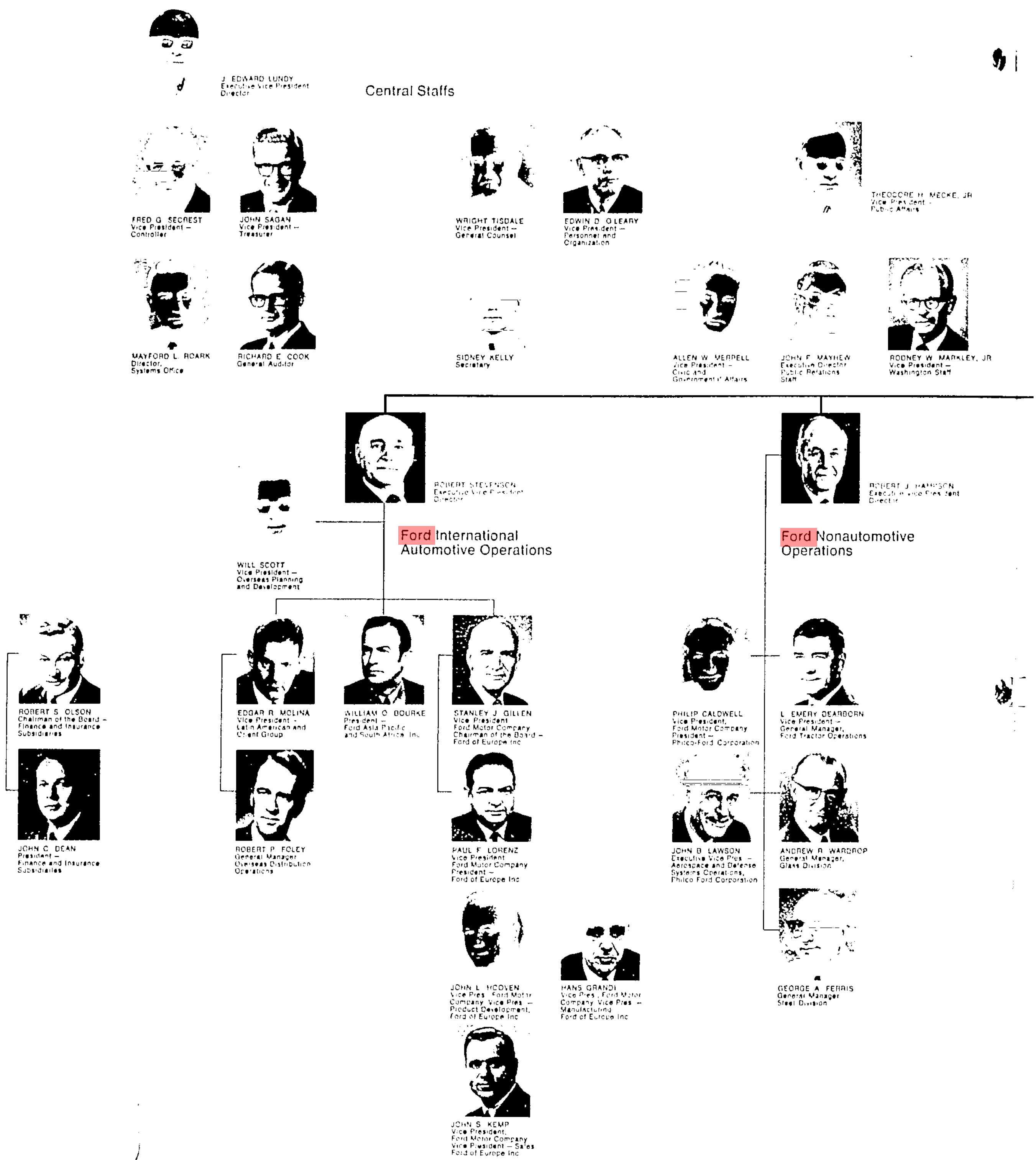
To communicate its interest in consumers and responsiveness to their needs, the Company launched an unusual TV advertising campaign in the fall of 1970. The theme of the ads is "Ford Motor Company Listens."

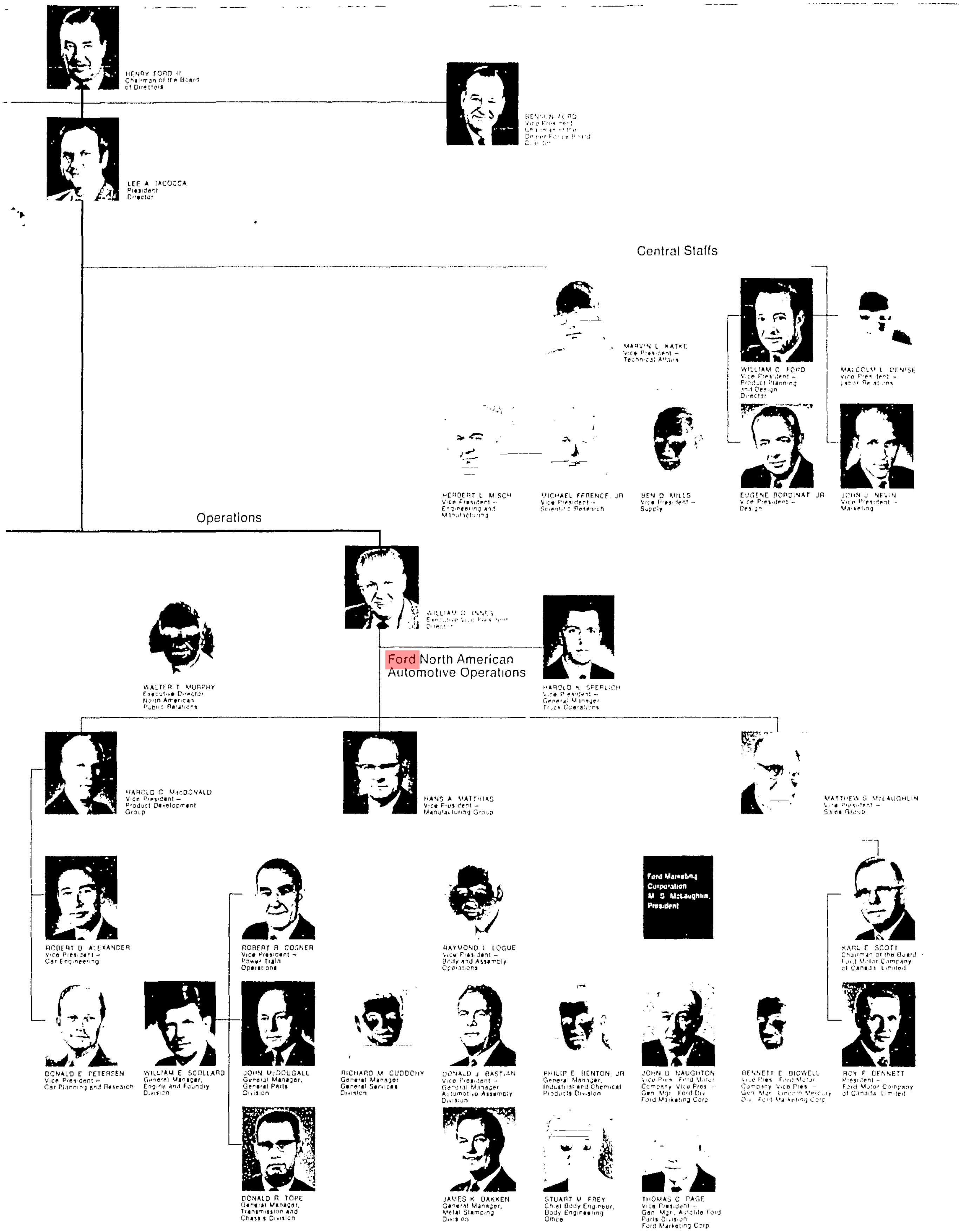
Each commercial begins with a consumer discussion of issues related to the automobile industry -safety, pollution, product durability and quality. A narrator then discusses Ford's efforts to meet these challenges, and invites viewers to write the Company about matters of concern. Thousands of letters have been received, and each is acknowledged. Complaints receive priority attention, with contact by phone or wire within 48 hours. The "Ford Listens" campaign is being extended to national magazines for 1971.

Top left: with new controls, the Cleveland (Ohio) Foundry stacks emit mostly harmless steam. Top right: comparative results when controls were by-passed in a three-minute test with the city's permission. Bottom left: developing service techniques on Ford's new gas turbine engine, scheduled for 1971 production. Bottom right: durability research on catalysts for emissions controls.



The Management of Ford




HENRY FORD II
Chairman of the Board of Directors
BENSON FORD
Vice President
Chairman of the Dealer Policy Board
Director
LEE A. IACOCCA
President
Director
Central Staffs
MARVIN L. KATKE
Vice President – Technical Affairs
WILLIAM C. FORD
Vice President – Product Planning and Design
Director
MALCOLM L. DENISE
Vice President – Labor Relations
HERBERT L. MISCH
Vice President – Engineering and Manufacturing
MICHAEL FERENCE, JR
Vice President – Scientific Research
BEN D. MILLS
Vice President – Supply
EUGENE BORDINAT, JR
Vice President – Design
JOHN J. NEVIN
Vice President – Marketing
Operations
WILLIAM D. INNES
Executive Vice President
Director
Ford North American Automotive Operations
WALTER T. MURPHY
Executive Director
North American Public Relations
HAROLD K. SPERLICH
Vice President – General Manager
Truck Operations
HAROLD C. MacDONALD
Vice President – Product Development Group
HANS A. MATTHIAS
Vice President – Manufacturing Group
MATTHEW S. McLAUGHLIN
Vice President – Sales Group
ROBERT B. ALEXANDER
Vice President – Car Engineering
ROBERT R. COSNER
Vice President – Power Train Operations
RAYMOND L. LOGUE
Vice President – Body and Assembly Operations
Ford Marketing Corporation
M. S. McLaughlin, President
KARL E. SCOTT
Chairman of the Board – Ford Motor Company of Canada, Limited
DONALD E. PETERSEN
Vice President – Car Planning and Research
WILLIAM E. SCOLLARD
General Manager, Engine and Foundry Division
JOHN McDOUGALL
General Manager, General Parts Division
RICHARD M. CUDDOHY
General Manager General Services Division
DONALD J. BASTIAN
Vice President – General Manager Automotive Assembly Division
PHILIP E. BENTON, JR
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JOHN B. NAUGHTON
Vice Pres. Ford Motor Company Vice Pres. – Gen. Mgr. Ford Div. Ford Marketing Corp
BENNETT E. BIDWELL
Vice Pres. Ford Motor Company Vice Pres. – Gen. Mgr. Lincoln Mercury Div. Ford Marketing Corp
ROY F. BENNETT
President – Ford Motor Company of Canada, Limited
DONALD R. TOPE
General Manager, Transmission and Chassis Division
JAMES K. DAKKEN
General Manager, Metal Stamping Division
STUART M. FREY
Chief Body Engineer, Body Engineering Office
THOMAS C. PAGE
Vice President – Gen. Mgr., Autolite Ford Parts Division
Ford Marketing Corp

The Company's consolidated dollar sales were a record $15 billion in 1970, compared with $14.8 billion in 1969. Sales outside the U. S. and Canada in 1970 were $3.9 billion, 10% higher than $3.5 billion in 1969.

Factory sales of Ford-built cars, trucks and tractors throughout the world totaled 4.9 million units in 1970, down 2% from the record total sold in 1969.

Automotive operations accounted for 90% of consolidated sales in both 1970 and 1969. Defense and space sales were $364 million in 1970, down from $484 million in 1969.

Consolidated net income in 1970 was $516 million, compared with $547 million in 1969. Net income a share in 1970 was $4.77, down 5% from the $5.03 earned in 1969.

Consolidated net income, before deducting minority interests in net income of consolidated subsidiaries, was 3.5% of sales in 1970, compared with 3.8% in 1969. Lower profits on higher sales primarily reflected sharply rising labor and material costs.

Net income attributable to operations outside the U. S. and Canada was $125 million in 1970, exceeded only by the $158 million earned in 1969. The 1970 decline in overseas net income primarily reflected sharply higher labor costs, work stoppages in Europe and intense competition in many markets.

Automotive operations accounted for 93% of consolidated income before taxes in 1970, compared with 94% in 1969. Distribution of sales and other income in 1970 is shown in the chart at the right.

Dividends a share were $2.40 in both 1970 and 1969. Total dividend payments were $259 million in 1970 and $261 million in 1969. Earnings retained for use in the business were $257 million in 1970, compared with $286 million in 1969.

Provision for U. S., foreign and other income taxes was $480 million in 1970 compared with $554 million in 1969.

Facilities and tooling

Consolidated expenditures for expansion, modernization and replacement of facilities, excluding special tools, were $564 million in 1970, up from $534 million in 1969.

Consolidated provision for depreciation in 1970 was $414 million, compared with $385 million in 1969. The amount of investment credit taken into income totaled $15 million both in 1970 and in 1969.

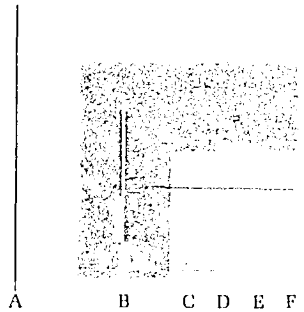
Expenditures for special tools were $484 million in 1970, compared with $424 million in 1969. Amortization of special tools was $410 million in 1970 and $419 million in 1969.

Working capital position

Consolidated net working capital totaled $1,083 million at the end of 1970, down from $1,108 million at the end of 1969.

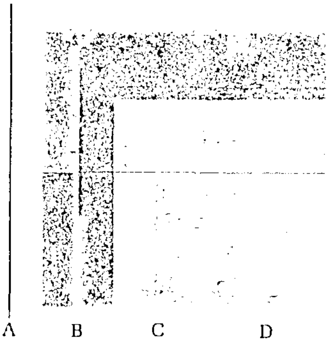
In 1970, the Company sold $200 million of debt publicly, consisting of $125 million of four-year notes and $75 million of 20-year debentures. In February, 1971, Ford International Capital Corporation, a Ford subsidiary, offered $50 million of convertible guaranteed debentures outside North America to provide funds for foreign operations.

The subsidiary's debentures are guaranteed by the Company and convertible into Ford Common Stock. An agreement has been made with The Ford Foundation to acquire shares of Class A Stock as an offset to issuance of the stock that may be required upon conversion.



1970 distribution of sales and other income $15,006
(In millions of dollars)

A. To suppliers–$8,601, or 57.3%, for materials, supplies, services, etc.
B. To employes–$4,413, or 29.4%, for wages, salaries and employe benefits
C. Depreciation and amortization–$824, or 5.5%
D. Taxes–$641, or 4.3% (excluding excise and social security taxes)
E. Net income–$516, or 3.4%
Dividends–$259
Retained in business–$257
F. Minority interests–$11, or 0.1%



Ford stockholders

A. Male 31% B. Female 30%
C. Joint Tenants 26% D. Others 13%

At the end of 1970, the Company had 374,000 stockholders of record, compared with 382,500 a year earlier.

	1970	1969
	(in millions of dollars)	
Sales	$14,979.9	$14,755.6
Costs and Expenses		
Costs, excluding items listed below	12,043.1	11,743.5
Depreciation	413.6	385.2
Amortization of special tools	409.9	418.5
Selling and administrative	910.5	903.8
Employe retirement plans	160.5	158.1
Provision for supplemental compensation	27.5	36.5
	13,965.1	13,645.6
Operating income	1,014.8	1,110.0
Other Income (Deductions), Net (principally interest income and expense)	(8.6)	5.1
Income before income taxes	1,006.2	1,115.1
Provision for Income Taxes	479.8	554.4
Income before minority interests	526.4	560.7
Minority Interests in Net Income of Consolidated Subsidiaries	10.7	14.2
Net Income	$ 515.7	$ 546.5
Average number of shares of capital stock outstanding	108,058,135	108,724,549
Net income a share	$4.77	$5.03
Cash dividends a share	$2.40	$2.40

The accompanying notes are part of the financial statements.

Assets	1970	1969
	(in millions of dollars)	
Current Assets		
Cash	$ 228.5	$ 252.0
Marketable securities, at cost and accrued interest (approximates market)	600.0	445.1
Receivables (including $55.9 million in 1970 and $107.4 million in 1969 from unconsolidated subsidiaries)	653.0	786.1
Inventories, at the lower of cost (substantially first-in, first-out) or market	2,486.5	2,285.9
Income taxes allocable to the following year	317.2	246.4
Prepaid expenses and other current assets	72.8	71.6
Total current assets	4,358.0	4,087.1
Investments and Other Assets		
Equities in net assets of unconsolidated subsidiaries	774.1	572.0
Other investments, at cost, and other assets	167.9	149.8
Total investments and other assets	942.0	721.8
Property, Plant and Equipment		
Property, plant and equipment, at cost	7,206.6	6,776.1
Less accumulated depreciation	3,528.3	3,237.9
	3,678.3	3,538.2
Unamortized special tools	646.6	573.0
Net property, plant and equipment	4,324.9	4,111.2
Excess of Cost of Investments in Consolidated Subsidiaries over Equities in Net Assets	279.2	279.2
Total assets	$ 9,904.1	$ 9,199.3

The accompanying notes are part of the financial statements.

Liabilities and Stockholders' Equity	1970	1969
	(in millions of dollars)	
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,342.9	$ 2,202.0
United States, foreign and other income taxes	354.9	323.3
Short-term debt of consolidated subsidiaries	503.9	378.9
Long-term debt payable within one year	73.3	75.2
Total current liabilities	3,275.0	2,979.4
Long-Term Debt	456.8	304.6
Other Liabilities and Reserves		
Accrued liabilities, noncurrent	274.6	291.6
Supplemental compensation awards, deferred installments	30.4	29.8
Supplemental compensation reserve, unawarded balance	27.7	37.2
Deferred income taxes and investment credit	216.0	169.9
Reserve for foreign operations	54.6	60.0
Total other liabilities and reserves	603.3	568.5
Minority Interests in Net Assets of Consolidated Subsidiaries	101.1	104.8
Stockholders' Equity		
Capital stock, par value $2.50 a share, 1970--109,068,338 shares and 1969–109,316,726 shares	272.7	273.3
Capital account in excess of par value of stock	344.4	342.5
Earnings retained for use in the business	4,850.8	4,606.2
Total stockholders' equity	5,467.9	5,222.0
Total liabilities and stockholders' equity	$ 9,904.1	$ 9,199.3

Consolidated Statements of Capital Account in Excess of Par Value of Stock

	1970	1969
	(in millions of dollars)	
Balance, January 1	$ 342.5	$ 341.0
Excess of proceeds over par value of Common Stock issued under certain employe stock plans	2.9	2.3
Amount allocable to Class A Stock purchased and retired, 1970–327,555 shares and 1969–261,900 shares	(1.0)	(0.8)
Balance, December 31	$ 344.4	$ 342.5

Consolidated Statements of Earnings Retained for Use in the Business

	1970	1969
	(in millions of dollars)	
Balance, January 1	$ 4,606.2	$ 4,331 8
Net income	515.7	546.5
	5,121.9	4,878.3
Deduct		
Cash dividends, $2.40 a share in 1970 and 1969	259.2	260.8
Excess of cost of Class A Stock purchased and retired over par value and amount allocable to capital account in excess of par value of stock, 1970–327,555 shares and 1969–261,900 shares	11.9	11.3
Balance, December 31	$ 4,850.8	$ 4,606.2

The accompanying notes are part of the financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its domestic and foreign subsidiaries, except for the financing, insurance and dealership subsidiaries, all of which are included on an equity basis.

The general policy followed in the translation of foreign currency items is to state assets (except net property, plant and equipment), liabilities and reserves at rates of exchange prevailing at the end of the period. Net property, plant and equipment is translated at the rates in effect on the dates of acquisition of the related assets. Earnings have been translated at rates of exchange in effect during the period, adjusted to reflect depreciation and amortization charges based on historical dollar costs and effects of significant currency adjustments. Where more than one exchange rate for a particular currency exists, the rate applicable to remittance of income or dividends has been used in the translation of net assets and earnings.

Foreign Operations

The contribution to net income by the Company's consolidated subsidiaries outside the United States and Canada was 24% in 1970 and 29% in 1969. Sales of these subsidiaries amounted to 26% of total sales in 1970 and 24% in 1969.

Net investments outside the United States and Canada included in the consolidated balance sheet at December 31, 1970 are shown in the table below (in millions of dollars):

	United Kingdom and Other Sterling Areas	Continental Europe	All Other, Principally Latin America	Total
Equities of the Company in net assets	$ 694	$ 462	$ 167	$1,323
Excess of cost of investments over equities in net assets at dates of acquisition				252
				1,575
Less reserve for foreign operations				55
Net investments outside the United States and Canada				$1,520

The reserve for foreign operations is provided by periodic charges to income and is charged or credited, as appropriate, with abnormal foreign exchange revaluations and abnormal losses on foreign operations. As a result of restrictions imposed by the Peruvian Government on the automotive industry, Ford operations in Peru have been shut down for an indefinite period. A charge of $5.4 million was made to the reserve in 1970 for abnormal costs associated with the shutdown.

Retirement Plans

The Company has two principal retirement plans. The Ford-UAW Retirement Plan covers hourly employes represented by the UAW, and the General Retirement Plan covers substantially all other employes of the Company. Employes of certain unconsolidated subsidiaries, including Ford Motor Credit Company (whose consolidated balance sheets are presented in another note to the financial statements), are also covered under the Company's General Retirement Plan. In addition to these two principal retirement plans, certain subsidiaries of the Company have separate retirement plans covering their employes.

Current service costs are accrued and funded on a current basis. Prior service costs are amortized and funded over periods of not more than 30 years from the dates such costs were established.

Amendments to the Ford-UAW Retirement Plan and the General Retirement Plan have been approved, subject to receipt of satisfactory tax rulings, to provide for increased benefits commencing in 1971; these amendments will increase pension costs in 1971 and subsequent years. The actuarially computed value of vested benefits under the various plans, after giving effect to the amendments, exceeded the market value of fund assets by approximately $480 million at December 31, 1970.

Provision for Income Taxes

The provision for income taxes includes United States, foreign and other income taxes as follows (in millions of dollars):

	1970	1969
Income taxes currently payable	$504.5	$521.8
Deferred income taxes	(24.7)	32.6
Total provision	$479.8	$554.4

Provision has not been made for additional taxes that might result from the distribution to the Company of unremitted income of subsidiaries, except for estimated taxes on an anticipated dividend from a foreign subsidiary; the major portion of other unremitted income has been invested by the subsidiaries in facilities and other operating assets. Had distribution of such income been made, the estimated amount of additional taxes would have been $13 million for 1970 and $20 million for 1969.

Net Income a Share

Net income a share is computed based upon the average number of shares of capital stock of all classes outstanding. Additional shares of Common Stock may be issued or delivered in the future on conversion of outstanding convertible debentures, exercise of outstanding employe stock options and for payment of deferred supplemental compensation. Had such additional shares been outstanding, net income a share would have been reduced by 3¢ in 1970 and 4¢ in 1969.

Class A Stock and Common Stock in Treasury

At December 31, 1970, 725,187 shares of Class A Stock and 436,435 shares of Common Stock were held in the Treasury for the purposes described below. The cost of these shares, $54.7 million, is included with other investments in the accompanying balance sheet.

The 436,435 shares of Common Stock held in the Treasury were acquired on the New York Stock Exchange and elsewhere at a cost of $18.8 million for the purpose of delivery upon conversion of $60 million aggregate principal amount of 5% Convertible Guaranteed Debentures due 1983, issued in 1968 by Ford International Capital Corporation, a wholly-owned consolidated subsidiary of the Company. The debentures are convertible into a total of 869,400 shares of Common Stock of Ford Motor Company at a conversion rate equivalent to a price of $69.01 a share. Of the Class A Stock held in the Treasury, 432,965 shares were acquired from The Ford Foundation at a cost of $22.3 million as an offset to issuance of all or part of the Common Stock deliverable upon conversion of these debentures. All such shares of Class A Stock are expected to be retired prior to or upon the issuance of an equal number of shares of Common Stock upon conversion of the debentures.

The remaining 292,222 shares of Class A Stock held in the Treasury were purchased from The Ford Foundation at a cost of $13.6 million for ultimate conversion, as needed, into an equal number of shares of Common Stock for issuance under the deferred payment provisions of the Company's Supplemental Compensation Plan. Such purchases were made pursuant to an agreement with the Foundation under which the Company is acquiring on a monthly basis substantially all of its requirements of stock for this purpose.

Property, Plant and Equipment

Property, plant and equipment at December 31, 1970 are summarized as follows (in millions of dollars):

Land	$ 160.4
Buildings and land improvements	2,217.1
Machinery, equipment and office furniture	4,647.5
Construction in progress	181.6
	7,206.6
Less accumulated depreciation	3,528.3
	3,678.3
Unamortized special tools	646.6
Total	$4,324.9

Accelerated depreciation methods are applied to approximately 78% of depreciable assets. The accelerated methods result in accumulated depreciation of approximately two-thirds of asset cost during the first half of their estimated useful lives. In general, the straight-line method of depreciation is applied to the remaining depreciable assets.

The costs of special tools are amortized over periods of time representing the short productive use of such tools.

Excess of Cost of Investments in Consolidated Subsidiaries over Equities in Net Assets

The excess of cost of investments in consolidated subsidiaries over equities in net assets at the dates of acquisition is not being amortized because, in the opinion of management, there has been no decrease in value.

Long-Term Debt and Debt Guarantees

Long-term debt at December 31, 1970, excluding amounts payable within one year, was as follows (in millions of dollars):

Ford Motor Company	
Notes, due 1972 to 1976	$196.5
Debentures, due 1975 to 1990	75.0
Consolidated Subsidiaries	
Ford International Capital Corporation, due 1972 to 1983	83.0
Ford Motor Company Limited, due 1972 to 1974	34.6
Ford-Werke Aktiengesellschaft, due 1972 to 1983	17.8
Ford Motor Company of Australia Limited, due 1973 to 1977	16.7
Philco-Ford Corporation, due 1972 to 1980	16.6
Other Foreign Subsidiaries	16.6
	$456.8

Interest on long-term debt was $34.8 million in 1970 and $18.9 million in 1969.

At December 31, 1970, the amount of consolidated subsidiaries' debt guaranteed by the Company and other consolidated subsidiaries was $283 million, of which $128 million is long-term debt included above.

The Company had guaranteed at December 31, 1970, $822 million of debt of unconsolidated subsidiaries of which $37 million is long-term debt. This amount includes $582 million of unsecured debt of Ford Leasing Development Company, a wholly-owned unconsolidated subsidiary, which finances leased vehicles and owns and leases real estate properties, substantially all of which are leased or subleased to franchised Ford vehicle dealers. At December 31, 1970, the net investment in these properties was approximately $298 million and was financed principally by means of the unsecured debt of Ford Leasing Development Company guaranteed by the Company.

Capital Stock

Authorized and issued shares of capital stock at December 31, 1970 were as follows:

	Authorized Shares	Issued Shares	Issued Amount (millions)
Class A Stock (Nonvoting)	107,873,671	24,187,142	$ 60.5
Class B Stock (Voting)	29,206,083	12,167,583	30.4
Common Stock (Voting)	250,000,000	72,713,613	181.8
	387,079,754	109,068,338	$272.7

All general voting power is vested exclusively in the holders of Common Stock and the holders of Class B Stock, voting together without regard to class. At December 31, 1970, the holders of Common Stock were entitled to one vote per share and in the aggregate had 60% of the general voting power, and the holders of Class B Stock were entitled to such number of votes per share as would give them in the aggregate the remaining 40% of the general voting power, as provided in the Company's Certificate of Incorporation. The Certificate provides that all shares of Common Stock, Class A Stock and Class B Stock share equally in the assets upon liquidation and in dividends, except that any stock dividends are payable in shares of Common Stock to holders of that class, Class A Stock to holders of that class, and Class B Stock to holders of that class.

The Company is acquiring a large portion of its requirements for Common Stock for the Company's Stock Option Plans by purchases of shares of Class A Stock of the Company from The Ford Foundation pursuant to an agreement with the Foundation. These shares are retired following acquisition and shares of Common Stock are issued, as needed, to employes in connection with option exercises. During 1970, 327,555 shares of Class A Stock were acquired from the Foundation for this purpose at a cost of $13.8 million.

Stock Options

At December 31, 1970, options were outstanding to purchase 1,893,400 shares of Common Stock of the Company under the 1960 and 1965 employe Stock Option Plans of the Company (of which options on 1,323,065 shares were exercisable at that date) at prices ranging from $33.63 to $56.25 per share.

Outstanding options granted under the 1960 Plan were not exercisable prior to two years from the date of grant; thereafter, with certain exceptions, they may be exercised, in part, in each of the next eight years, and to the extent not exercised, expire ten years after the date of grant. Options granted under the 1965 Plan may be exercised, in general, as to 50% of the shares after one year from the date of grant and in full after two years, and to the extent not exercised, expire five years after the date of grant. Each option outstanding under the 1960 and 1965 Plans was granted at an option price equal to the fair market value of the stock on the date of grant. No further options may be granted under these Plans.

Changes during 1970 in options outstanding under the Stock Option Plans of the Company were as follows:

	Shares Subject to Option (*)	Option Price Range per Share
Outstanding January 1, 1970	1,741,512	$33.63-$56.25
Granted	363,950	$43.13
Exercised	(77,192)	$33.63-$54.38
Terminated	(134,870)	$43.13-$56.25
Outstanding December 31, 1970	1,893,400	$33.63-$56.25

(*) The terminated options include options on 64,000 shares granted under the 1955 Plan under which no further options may be granted or exercised. The exercised options include 26,850 shares purchased on an installment payment basis under the 1960 Plan, as provided in the Plan. At December 31, 1970, the unpaid balances of the purchase price of shares purchased on the installment payment basis amounted to $1.9 million.

In May 1970, the 1970 Stock Option Plan was approved by the stockholders. Under the Plan, options for the purchase of 1,500,000 shares of Common Stock may be granted at any time prior to June 1, 1975. The Plan provides that the option price will be the fair market value of the stock at the date of grant except that the Board of Directors may fix a higher price in the case of an employe of a foreign subsidiary or branch. At February 12, 1971, no options had been granted under the 1970 Plan.

Ford Motor Credit Company and Consolidated Subsidiaries

Ford Motor Credit Company is a wholly-owned unconsolidated subsidiary of the Company. The following consolidated balance sheets include the accounts of Ford Motor Credit Company and its wholly-owned financing subsidiaries. Insurance subsidiaries are included on an equity basis.

Consolidated Balance Sheets—December 31, 1970 and 1969

Assets	1970	1969
	(in millions of dollars)	
Current assets		
Cash	$ 127.9	$ 74.1
Marketable securities, at cost and accrued interest (approximates market)	68.5	49.8
Finance receivables (including installments due after one year)	3,971.2	3,065.8
Deduct		
Unearned income	(223.7)	(149.4)
Allowance for credit losses	(61.1)	(46.9)
Finance receivables, net	3,686.4	2,869.5
Notes receivable, affiliated companies	157.7	7.1
Other current assets	53.1	28.6
Total current assets	4,093.6	3,029.1
Net assets of unconsolidated subsidiaries	64.1	63.4
Other assets	6.1	3.4
Total assets	$4,163.8	$3,095.9

Liabilities and Stockholder's Equity	1970	1969
Current liabilities		
Notes payable, unsecured	$3,078.9	$2,555.5
Accounts payable	56.0	58.1
Accrued liabilities	25.9	16.7
Total current liabilities	3,160.8	2,630.3
Long-term notes and debentures, unsecured	353.3	—
Subordinated notes payable, unsecured	75.0	75.0
Subordinated notes payable to Ford Motor Company, unsecured	80.0	80.0
Junior subordinated accounts payable (*)	100.0	75.0
Other liabilities	8.7	6.2
Total liabilities	3,777.8	2,866.5
Stockholder's equity		
Capital stock, par value $100 a share, 250,000 shares issued	25.0	25.0
Paid-in surplus (contributions by stockholder)	330.0	180.0
Earnings retained for use in the business	31.0	24.4
Total stockholder's equity	386.0	229.4
Total liabilities and stockholder's equity	$4,163.8	$3,095.9

(*) Junior Subordinated Accounts Payable: An agreement effective until December 22, 1985 between Ford Motor Credit Company and Ford Marketing Corporation, a wholly-owned consolidated subsidiary of Ford Motor Company, provides for subordination of $100 million of vehicle accounts payable to Ford Marketing Corporation on a junior subordinated basis and provides that during the term of such agreement Ford Motor Credit Company shall not make any payment with respect to such junior subordinated accounts payable that would reduce the amount thereof to less than $100 million.

Consolidated Statements of Changes in Working Capital

	1970	1969
	(In millions of dollars)	
Working Capital, January 1	$1,107.7	$1,134.3
Additions to Working Capital		
Net income	515.7	546.5
Depreciation	413.6	385.2
Amortization of special tools	409.9	418.5
Proceeds from issuance of long-term debt	226.5	35.7
Increase in other liabilities and reserves	14.8	24.4
Proceeds from issuance of shares of Common Stock	3.2	2.5
Total additions	1,585.7	1,412.8
Dispositions of Working Capital		
Cash dividends paid	259.2	260.8
Additions to property, plant and equipment, net of proceeds from disposals	1,037.2	950.0
Increase in equities in net assets of unconsolidated subsidiaries	202.1	107.4
Reductions in principal amount of long-term debt	76.3	72.9
Increase in other investments	18.1	33.6
Class A Stock purchased and retired	13.8	12.8
Decrease in minority interests in net assets	3.7	1.9
Total dispositions	1,610.4	1,439.4
Decrease in Working Capital	(24.7)	(26.6)
Working Capital, December 31	$1,083.0	$1,107.7

Auditors' Opinion

To the Board of Directors and Stockholders
of Ford Motor Company:

We have examined the consolidated balance sheet of Ford Motor Company and Consolidated Subsidiaries as of December 31, 1970 and the related consolidated statements of income, capital account in excess of par value of stock, earnings retained for use in the business and changes in working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of Ford Motor Company and Consolidated Subsidiaries for the year ended December 31, 1969.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of Ford Motor Company and Consolidated Subsidiaries at December 31, 1970 and 1969, and the consolidated results of operations and the changes in working capital for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

L, Ross Bros. &

Lybrand, Ross Bros. & Montgomery
211 West Fort Street, 23rd Floor
Detroit, Michigan 48226
February 12, 1971

Automotive and Tractor
Sales and Assembly

North America

Legend

Consolidated

Unconsolidated

• Indicates subsidiaries in which there is an outstanding minority interest. All other subsidiaries are wholly or substantially wholly owned by Ford Motor Company or by its subsidiaries.

▲ Indicates subsidiaries and companies which manufacture only components or supply raw materials.

■ 50% owned company

Notes
For domestic subsidiaries, names of states in parentheses indicate state of incorporation.

Less significant and inactive subsidiaries, dealerships and Humboldt Mining Company (a 50% owned company) are not shown.

Ford Marketing Corporation
(Delaware)
Dearborn, Michigan

Ford Life (Michigan) ... Company
Dearborn, ...

... Corporation ... Capital ... re)
Hamilton, Bermuda

Pacific and Africa

Ford Motor Company of
New Zealand Limited
Lower Hutt, New Zealand

Ford Motor Company
Private Limited
Singapore

Ford Motor Company
of Australia Limited
Campbellfield, Australia

Ford Motor Company of South
Africa (Proprietary) Limited
Port Elizabeth, So. Africa

Ford Motor Company
(Egypt) S.A.E. Alexandria,
United Arab Republic

Ford Philippines Inc.
Manila, Philippines

Japan Automatic ■
Transmission Company, Ltd. ▲
Fuji City, Japan

Ford Motor Company
(Thailand) Limited
Bangkok, Thailand

Europe

Ford France S.A.
Rueil-Malmaison,
France

Ford Lusitana, S.A.R.L.
Lisbon, Portugal

Ford of Europe Incorporated
(Delaware)
Brentwood, Essex, England

Ford Italiana, S.p.A.
Rome, Italy

N. V. Nederlandsche •
Ford Automobiel Fabriek
Amsterdam, Netherlands

Ford Motor Company
Limited and Subsidiaries
... Essex, ...

Ford Motor Company •
Aktiebolag
Stockholm, Sweden

Henry Ford & Son, Limited
Cork, Ireland

Ford Tractor
(Belgium) Limi...
Antwerp, Belgium

O/Y Ford A/B •
Helsinki, Finland

Ford Motor Company •
(Belgium) N.V.
Antwerp, Belgium

Ford Motor Company A/S •
Copenhagen, Denmark

Ford Motor Company
(Switzerland) S.A.
Zurich, Switzerland

Ford-Werke AG
and Subsidiaries
Cologne, Germany

Ford Motor Norge A/S
Kolbotn, Norway

Ford Motor Company
(Austria) KG
Salzburg, Austria

Genk, Belgium
Branch

Latin America

Santiago, Chile Branch

Ford Motor de Venezuela
S.A. and Subsidiaries
Valencia, Venezuela

Ford (Uruguay) S.A.
Montevideo, Uruguay

(dollar amounts in millions)		1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
Sales	$	14,979.9	14,755.6	14,075.1	10,515.7	12,240.0	11,536.8	9,670.8	8,742.5	8,089.6	6,709.4
Income before income taxes	$	1,006.2	1,115.1	1,291.3	133.5	1,183.1	1,319.9	1,003.3	1,037.0	1,015.4	837.9
Provision for income taxes	$	479.8	554.4	656.5	44.5	555.9	610.2	493.4	540.5	525.1	416.5
Minority interests	$	10.7	14.2	8.2	4.9	6.2	6.7	4.3	8.0	9.6	11.8
Net income	$	515.7	546.5	626.6	84.1	621.0	703.0	505.6	488.5	480.7	409.6
Net income and minority interests as a percentage of sales		3.5%	3.8%	4.5%	0.8%	5.1%	6.2%	5.3%	5.7%	6.1%	6.3%
Cash dividends	$	259.2	260.8	262.2	262.8	264.6	233.0	221.4	198.7	198.2	164.9
Retained income	$	256.5	285.7	364.4	(178.7)	356.4	470.0	284.2	289.8	282.5	244.7
Capital expenditures for expansion, modernization and replacement of facilities (excluding special tools)	$	563.6	533.5	462.4	661.1	692.5	629.1	463.1	352.1	279.9	267.0
Depreciation	$	413.6	385.2	366.1	344.7	307.9	267.5	242.5	232.9	228.3	210.5
Expenditures for special tools	$	483.5	424.3	416.9	374.8	358.9	366.6	324.7	220.4	171.1	174.3
Amortization of special tools	$	409.9	418.5	382.1	331.3	322.5	276.4	234.6	188.9	170.1	184.1
Stockholders' equity at year end	$	5,467.9	5,222.0	4,946.6	4,589.7	4,782.1	4,490.8	4,011.0	3,717.9	3,418.4	3,127.7
Employe data											
Worldwide											
Payroll	$	3,675.2	3,523.8	3,363.5	2,666.3	2,807.8	2,613.0	2,252.1	1,983.1	1,822.2	1,491.8
Average number of employes		431,727	436,414	415,039	394,323†	388,016	364,487	336,841	316,568	302,563	262,066
U.S. operations											
Payroll	$	2,667.2	2,705.9	2,676.1	2,071.4	2,203.8	2,062.8	1,750.9	1,552.4	1,452.3	1,173.4
Average total hourly labor costs per hour worked, including employe benefits* (in dollars)	$	6.40	5.78	5.46	5.28	4.81	4.56	4.29	4.11	3.92	3.73
Average number of employes		229,404	244,840	244,819	238,834†	233,849	217,741	197,578	187,428	186,640	154,659

†Excludes effect of UAW strike.

*Excludes data for Philco-Ford and other subsidiary companies.

A share (in dollars)											
Net income	$	4.77	5.03	5.73	.77	5.63	6.33	4.56	4.42	4.36	3.72
Cash dividends	$	2.40	2.40	2.40	2.40	2.40	2.10	2.00	1.80	1.80	1.50
Stockholders' equity	$	50.13	47.77	45.17	41.86	43.51	40.39	36.17	33.61	30.99	28.42

Printed in U.S.A.

U.S. and Canada—cars and trucks*

Cars	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
Ford U.S.										
Ford	860,015	901,487	998,940	706,655	960,905	1,044,066	878,353	909,886	721,848	711,847
Torino/Fairlane	338,603	357,565	441,283	178,694	295,419	251,222	233,177	318,291	385,138	58,795
Club Wagon/Falcon	25,593	87,925	154,346	95,158	169,558	204,803	279,627	341,261	380,530	485,302
Maverick	340,215	288,342	—	—	—	—	—	—	—	—
Pinto	130,753	—	—	—	—	—	—	—	—	—
Mustang	156,555	259,817	326,850	375,290	560,367	564,999	293,807	—	—	—
Thunderbird	39,246	47,621	71,407	56,722	70,339	74,102	89,045	65,643	74,496	86,463
Mercury	145,085	163,156	154,686	100,997	152,220	189,967	125,482	116,577	108,454	109,394
Montego**	78,492	111,096	133,260	52,598	127,195	161,982	194,568	149,683	145,018	185,419
Cougar	66,440	84,385	118,827	119,645	42,356	—	—	—	—	—
Comet	27,577	—	—	—	—	—	—	—	—	—
Lincoln Continental	34,220	42,488	44,346	34,375	51,374	43,921	37,231	32,858	32,962	32,538
Continental Mark III	23,393	20,837	17,410	—	—	—	—	—	—	—
Total U.S.***	**2,266,187**	**2,364,719**	**2,461,361**	**1,720,134**	**2,435,733**	**2,535,062**	**2,131,747**	**1,959,579**	**1,929,100**	**1,685,015**
Ford of Canada	164,526	182,956	207,767	166,768	181,426	184,169	161,688	142,887	120,967	99,679
Cars, total	**2,430,713**	**2,547,675**	**2,669,128**	**1,886,902**	**2,617,159**	**2,719,231**	**2,293,435**	**2,102,466**	**2,050,067**	**1,784,694**
Industry	7,465,114	9,250,507	9,696,496	8,151,395	9,288,840	10,009,712	8,308,462	8,167,464	7,363,164	5,868,179
Percent of industry	32.6	27.5	27.5	23.1	28.2	27.2	27.6	25.7	27.8	30.4
Trucks†										
Ford U.S.	718,754	745,825	705,925	488,407	568,129	543,339	448,431	425,527	372,893	335,654
Ford of Canada	64,267	69,552	73,272	58,365	54,021	40,795	37,414	32,906	25,747	19,902
Trucks, total†	**783,021**	**815,377**	**779,197**	**546,772**	**622,150**	**584,134**	**485,845**	**458,433**	**398,640**	**355,556**
Industry	1,944,981	2,233,787	2,172,146	1,765,395	1,926,463	1,893,721	1,650,372	1,560,761	1,321,089	1,197,387
Percent of industry	40.3	36.5	35.9	31.0	32.3	30.8	29.4	29.4	30.2	29.7
Cars and trucks, total	**3,213,734**	**3,363,052**	**3,448,325**	**2,433,674**	**3,239,309**	**3,303,365**	**2,779,280**	**2,560,899**	**2,448,707**	**2,140,250**
Industry	9,410,095	11,484,294	11,868,642	9,916,790	11,215,303	11,903,433	9,958,834	9,728,225	8,684,253	7,065,566
Percent of industry	34.2	29.3	29.1	24.5	28.9	27.8	27.9	26.3	28.2	30.3

Outside U.S. and Canada—cars and trucks

Cars	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
Britain	480,948	499,433	546,288	431,545	441,128	501,653	517,167	492,361	357,561	341,057
Germany	643,649	566,693	306,232	330,675	441,950	464,279	355,573	348,982	269,548	230,352
Australia	89,546	84,839	75,511	75,977	50,135	40,311	36,214	36,705	45,029	26,572
Argentina	23,400	19,798	17,495	15,108	16,198	15,442	11,966	2,043	—	—
Mexico	22,592	21,753	20,569	17,236	17,743	7,842	—	—	—	—
Brazil	53,677	62,795	36,556	16,943	—	—	—	—	—	—
Cars, total	**1,313,812**	**1,255,311**	**1,002,651**	**887,484**	**967,154**	**1,029,527**	**920,920**	**880,091**	**672,138**	**597,981**
Trucks										
Britain	140,174	124,413	107,087	96,442	110,982	84,676	91,121	83,542	87,909	92,568
Germany	39,206	43,196	28,923	38,971	45,630	32,346	38,479	36,096	35,831	31,682
Brazil	21,984	24,882	32,376	14,971	13,783	11,905	11,842	12,819	21,622	14,044
Australia	16,324	12,424	10,874	9,764	7,009	7,656	7,051	7,603	7,746	4,328
Argentina	10,521	12,651	12,451	13,624	13,536	13,233	9,862	—	—	—
Mexico	13,966	12,609	9,821	8,636	9,379	4,624	—	—	—	—
Trucks, total	**242,175**	**230,175**	**201,532**	**192,408**	**200,319**	**154,440**	**158,355**	**140,060**	**153,108**	**142,622**
Cars and trucks, total	**1,555,987**	**1,485,486**	**1,204,183**	**1,069,892**	**1,167,473**	**1,183,967**	**1,079,275**	**1,020,151**	**825,246**	**740,603**

Worldwide tractors

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
Ford U.S.	33,032	32,665	33,462	29,094	38,620	31,047	25,880	26,046	27,489	24,319
Overseas	58,817	62,879	58,032	55,932	79,768	76,978	68,292	85,198	74,696	71,962
Tractors, total	**91,849**	**95,544**	**91,494**	**85,026**	**118,388**	**108,025**	**94,172**	**111,244**	**102,185**	**96,281**
Total worldwide factory sales	**4,861,570**	**4,944,082**	**4,744,002**	**3,588,592**	**4,525,170**	**4,595,357**	**3,952,727**	**3,692,294**	**3,376,138**	**2,977,134**

*Factory sales are by source of manufacture, except that Ford U.S. exports to Canada are included as factory sales of Ford of Canada and Ford of Canada exports to the United States are included as factory sales of Ford U.S.

**Includes Comet sales prior to 1970.

***Includes an aggregate of 110,748 units of car lines no longer produced by the Company.

†Includes buses.

Note: Industry figures based on Automobile Manufacturers Association data.

Ford Motor Company

The American Road
Dearborn, Michigan 48121

Bulk Rate
U.S. Postage
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Chicago Illinois