# Ford Beats Expectations, Ready To Hire And Invest

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DEARBORN, Mich. (AP) — Ford Motor Co.'s third-quarter net income rose 68 percent as it grabbed a bigger share of the U.S. auto market and buyers paid more for its highly-rated cars and trucks.

It was Ford's sixth straight quarterly profit and the company's best third-quarter performance since at least 1990.

Ford CEO Alan Mulally said popular new cars, such as the Ford Fiesta subcompact and Ford Edge wagon, and aggressive cost-cutting helped the company make money despite lower global sales.

The automaker said it expects to end the year with as much cash as it has debt, a year earlier than it had previously forecast.

Ford, which four years ago mortgaged its factories, blue oval logo and other assets to fund a huge restructuring, said it paid off $2 billion in debt in the third quarter and expects to pay off an additional $3.6 billion for retiree health care on Friday. Ford's debt will stand at $22.8 billion after those two actions. It has $20.3 billion in cash.

When Ford pays its debt to the United Auto Workers health care trust, it will no longer owe the trust any money. The UAW agreed to the trust in 2007, and it began paying health care benefits for 195,000 retirees and spouses in January. The automaker was paying a 9 percent annual interest rate on its obligation to the trust.

Ford also said it is launching an offer to convert $3.5 billion in debt to common stock. The offer closes Nov. 23.

Ford's earnings of $1.7 billion, or 43 cents per share, beat Wall Street estimates.

Without one-time items, which included a $102 million charge related to Ford's sale of Volvo, Ford would have earned 48 cents per share. Analysts polled by Thomson Reuters had forecast earnings of 38 cents per share. Those estimates typically exclude one-time items.

In the same quarter a year earlier, Ford earned $1 billion, or 26 cents per share.

Ford's quarterly revenues fell $1 billion, or 3 percent, to $29 billion for the quarter. But Ford said if Volvo's 2009 revenues were excluded, revenues rose $1.7 billion.

For the first three quarters of the year, Ford made $6.4 billion. The company also

said it expects all of its regions to be profitable in the fourth quarter and for all of 2011.

In the third quarter, Ford's European operations posted a $196 million loss, compared with a $131 million profit a year ago, but all other regions made money.

Ford Motor Credit Co., the company's auto loan arm, made $497 million for the third quarter and contributed $1 billion to the parent company.

The Dearborn, Mich., automaker offered to convert $3.5 billion in bonds that pay 4.25 percent interest to shares of common stock. The notes, held mainly by hedge funds and other institutional investors, were due in 2016 and 2036.

The company said it doesn't know how many debtholders will take the offer, but it if all of them do, it will pay them off with 372 million in previously authorized shares that had not been sold.

Treasurer Neil Schloss said there should be no dilution of the current shares since the shares being used to pay the debt are already on the books.

Ford shares, though, were down 30 cents, or 2.1 percent, to $13.85 in premarket trading.

Schloss said once Ford repays the UAW trust, it will have reduced debt this year by $10.8 billion, saving roughly $800 million in annual interest costs. The figure does not include the $3.5 billion in notes.

Despite the repayments, the company still must continue to work on its balance sheet, paying down debt as it generates operating cash, Chief Financial Officer Lewis Booth said.

He said the company is getting better prices for its vehicles around the world, especially as it rolls out new models. Ford is either getting customers to pay higher sticker prices or it has reduced the amount of incentives it has to offer to get people to buy, Booth said.

"The strength of the product is propelling our business results," he said.

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DEARBORN, Mich. (AP) — Ford Motor Co. said Monday it will hire 1,200 new workers in Michigan by 2013 if the state approves tax incentives.

Ford plans to invest $850 million in several Detroit-area plants to build its new six-speed transmissions. The company also will hire 900 hourly manufacturing workers and 300 engineers and other salaried workers.

Ford wants $400 million worth of tax incentives over a 15-year period. The Michigan Economic Growth Authority board is scheduled to consider Ford's tax credits

Tuesday.

Ford, the only U.S. automaker to avoid taking government bailout money last year, has been hiring new workers as it returns to profitability and its U.S. market share increases. Ford was expected to report its sixth straight quarterly profit Tuesday.

In August, the company said it was adding 1,975 hourly jobs by 2012 to do work traditionally done by suppliers. Earlier, it hired 1,200 workers to make the new Ford Explorer SUV in Chicago.

Ford also has invested heavily in its Michigan facilities. The new investment would come on top of a $950 million transformation of Michigan Assembly Plant from a truck plant to a car plant, which will begin producing the new Focus next year.

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DETROIT (AP) — Ford Motor Co. will invest $850 million between 2011 and 2013 to develop and build more fuel-efficient vehicles.

The automaker said Monday it will invest the money in Michigan, where unemployment is 13 percent. Ford said it will expand its manufacturing and engineering operations, supporting up to 1,200 new jobs.

About 900 of the new jobs will be hourly positions in Michigan factories and the remaining 300 will be engineering jobs. The company said state tax breaks will support the project, but did not put a value on the incentives.

Among other projects, Ford will invest in new, fuel-efficient six-speed transmissions. The investment builds on the $950 million the company previously announced it will spend in Michigan to transform a plant from making SUVs to fuel efficient cars.

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