Fitch Restores Ford Credit To Investment Grade

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DETROIT (AP) — The Fitch Ratings agency lifted Ford's credit rating from junk status to investment grade Tuesday, a sign that the company's recovery from near collapse is almost complete.

But Ford Motor Co. needs another agency, either Standard & Poor's or Moody's, to make the same upgrade before it can get its blue oval logo, factories and other assets out of hock.

Ford lost its investment grade status in 2005 as it was losing billions of dollars when the SUV and truck boom went bust. The company mortgaged most of its assets to borrow $23.5 billion. That allowed Ford to revamp its cars and trucks and avoid bankruptcy protection. Crosstown rivals General Motors Chrysler didn't have enough cash to make it through the 2009 economic downturn and were forced into government-funded bankruptcies

Fitch raised Ford's credit to "BBB minus" from "BB plus Tuesday. The ratings agency said that Ford's work to repair its balance sheet and improve its array of vehicles in recent years, "has put the company in a solid position to withstand the significant cyclical and secular pressures faced by the global auto industry."

Ford's cash generation and lower costs will give it the financial flexibility it needs to stay at investment grade in a period of economic stress, Fitch expects.

Ford began its turnaround in 2006 when Bill Ford Jr. fired himself as CEO and hired Alan Mulally from aviation giant Boeing Co. The company used the borrowing, which Mulally calls a "giant home improvement loan," to restructure. It closed plants, shed brands and cut its global workforce by one-third. Ford has now reported billions in profits for three straight years. It resumed paying a dividend last month for the first time since September 2006.

Last year, the Dearborn-based company reported net income of $20.2 billion, or $4.94 per share, but much of that came from an accounting change in the fourth quarter.

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