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F - February 2017 Ford Motor Co Sales Conference Call

EVENT DATE/TIME: MARCH 01, 2017 / 3:00PM GMT

THOMSON REUTERS

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PRESENTATION

Operator

Good morning. My name is Stephanie and I will be your conference operator today. At this time, I would like to welcome everyone to the Ford Motor Company monthly sales call. (Operator Instructions) Thank you. I would now like to turn the call over to Erich Merkle, US sales analyst. Please go ahead.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Stephanie. Welcome to Ford's February 2017 US sales call and good morning, everyone. Today we are joined by Mark LaNeve, Ford's Vice President U.S. Marketing, Sales and Service, and Bryan Bezold, Ford's Senior Americas Economist.

But first off to get things started, we are going to take a broader look at the industry and some of the details around Ford for the month of February. So we will kick things off with Mark. Mark?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Thank you, Erich, and good morning, everyone. Let's take a closer look at some numbers from last month. Based on our early data this morning, we believe the industry was fairly consistent with a year ago. It would appear that industry sales totaled approximately 1.35 million vehicles in February, including medium and heavy-duty truck. This likely produced an overall SAAR for the month of around 17.8 million units.

We estimate that February retail sales of just more than 1 million vehicles would be very similar to last year, maybe slightly down. It's a little too early to tell, but pretty flat with a year ago from a retail basis. We again saw some industry incentive spend levels that were a bit higher than a year ago at approximately $380 per vehicle, although there were some categories such as full-sized pickup where we did see some very aggressive incentive increases from key competition. I'll come back to that with a little more detail later.

Ford's overall February sales were down 4% with 208,440 vehicles sold. On the retail side, sales were off slightly at 3%. This comes against a tough February comparison to last year, which was our best retail share performance for 2016.

So while the year-over-year comp for February was a tough one, February's retail performance was our second best February retail of sales in 11 years. And this was accomplished with strong pricing dynamics for Ford and flat incentive spending, both month-to-month sequentially and year-over-year.

We had strong sales performance on several of our key products with a $1,900 increase in average transaction pricing overall compared to a year ago. This was more than double the increase of the overall industry, which we have at $750. A few of the drivers of this increase came from demand for our high series pickup truck products and stronger overall mix of both pickups and SUVs, which is a trend obviously that we continue to see in the marketplace.

Fleet sales were off 5% as daily rental volumes were more frontloaded at the beginning of 2016, as we've discussed numerous times on these calls.

Let's take a closer look at our truck performance for February. F-Series totaled 65,956 trucks last month. That's a 9% increase and our best February sales performance for F-Series in 13 years. In fact, it was our fourth best February F-Series in the truck's history.

Along with this volume increase, we also saw a $3,600 increase in average transaction pricing for F-Series for the month of February compared to a year ago.

Our overall incentive spend on F-Series was down $330, with an average incentive spend of $3,800 per truck. One of our key competitors, Chevy, raised incentive spending dramatically during the month, averaging almost $7,000 per truck in February. So we are very pleased with our strong full-sized truck performance in the face of such an escalation from a key competitor.

High series for 2017 Super Duty accounted for 61% of the mix last month; that's a great number for us. And with most of the 2017 model Super Duty changeover completed, the truck grew its average transaction pricing by $6,200 year-on-year, placing Super Duty average transaction pricing at $55,900 for the month.

We also saw transaction pricing improve on F-150, as we are seeing strong demand for the second-generation EcoBoost engine and 10-speed transmission. With this increased demand, F-150 average transaction pricing increased $1,900 per truck last month.

We are very pleased with the value the customers are placing on our newest offerings of F-Series. I was with 125 of our top volume dealers at a meeting last week, and they continue to be absolutely thrilled with customer response to the all new F-150 and Super Duty, and we continue to ring up really strong performance month after month.

In February we also followed up a strong January with another really excellent performance on our SUVs. Ford brand SUVs posted a February record with 68,820 SUVs sold. This represented to 6% gain versus a year ago and provides Ford SUVs with a record start to a calendar year.

Escape was a big driver with 27,637 vehicles sold, making it a February all-time record for Escape. Expedition followed up a strong January with a strong February with a 48% gain in the month. Expedition sales totaled 5,906 for the month.

And just as an aside, we did reveal our all-new Expedition with one of our key NFL partners in conjunction with the Dallas Cowboys early in February in Dallas, which Texas is the largest traditional -- large traditional SUV market. We've had great response to the all-new vehicle, the all-new Expedition, which goes on sale later this year.

Taking a closer look at Lincoln, February sales for Lincoln were up 9% with 8,744 vehicles sold. This was Lincoln's best February sales month in almost a decade. We are seeing growth in both cars and SUVs at Lincoln. Cars were up 16%, with the all-new Continental driving that growth. SUVs were up 5%, with gains coming from both MKC and MKX.

As with other new products in the Company's portfolio, we continue to see strong demand for high series vehicles at Lincoln, which boosted average transaction pricing up $2,100 in February for the Lincoln brand compared to a year ago. So we continue to be pleased with the continued progression of the Lincoln branded portfolio, and I'm looking forward to making more Lincoln announcements in the future.

Finally, as a number of you have been asking, I would like to mention some metrics that we achieved during our Go Further Super Bowl ad last month, which highlighted Ford's current and future product and mobility solutions. The ad drove considerable search in social activity on both our current products and future car sharing and autonomous solutions.

There's a lot of different metrics and polls and standings out there on Super Bowl ads. As you all know, we were ranked number one by Ace Metrix, which means we were a leader at measuring the impact of TV -- they are a leader at measuring the impact of TV in digital ads.

And it's based on consumer response to likeability, emotion, and impact on brand opinion. Our ad was called out as the best automotive Super Bowl ad by Forbes, and we also saw tremendous increase in searching Go Further, our tagline, after seeing the same spot online. So we are very pleased with the amount of recognition and attention that we received with the ad.

With that, I turn it back over to Bryan for an update on the economic front.

Bryan Bezold - *Ford Motor Company - Senior U.S. Economist*

Thanks, Mark, and good morning, everyone. Economic data released during the past month showed signs that the pace of US economic activity was off to a good start in the beginning of 2017. Employment and income remain on an upward trend and supportive of household consumption growth, while the manufacturing sector appears poised to add to growth this year.

Specifically, the University of Michigan's February Consumer Sentiment Index eased slightly from January's 13-year high of 98.5 to 96.3, as the expectations component fell from 90.3 to 86.5. The share of respondents who believed it was a good time to buy a car fell 1 percentage point to 70%, but remained well above the long-run average of 61%.

In January, payroll employment rose by 227,000 workers. The unemployment rate rose 0.1% to 4.8%, as the size of the labor force grew slightly faster than the number of employed people. Hourly wages rose by 0.1% from December and by 2.5% from January 2016.

Unemployment insurance claims data suggests that labor market strength extended into February, as new claims for unemployment insurance remained close to 40-year lows with a four-week moving average of just 241,000.

January retail sales rose 0.4% from December. Sales were up partially because rising gas prices boosted sales at gas stations by 2.3% from December. But retailers in the clothing and apparel, department store, electronics and appliance, and sporting-goods categories all saw monthly sales gains of 1% or more.

CPI inflation accelerated to a 2.5% year-over-year rate in January, as the gasoline component of CPI rose by 20.3% from last January. CPI inflation excluding food and energy prices remained relatively stable, rising from a 2.1% rate in December to a 2.2% rate in January. The year-over-year increase in fuel prices, while substantial on a percentage basis, reflects the very low prices seen in early 2016.

Despite the increase according to AAA, retail gasoline prices today average $2.30 per gallon, which is still relatively low by historical standards.

The performance of the housing sector was mixed in January. New housing starts fell by 2.6%, as a decline in multifamily starts more than offset a 1.9% increase in single-family starts. Permits for new residential construction rose by 4.6%. Sales of existing homes rose by 3.3% and sales of new homes rose by 3.7%.

January industrial production fell by 0.3%, but that decline was primarily due to a 5.7% decline in gas and electric utility output. Manufacturing production rose by 0.2% for the second straight month.

New orders for durable goods rose by 1.8% in January, driven largely by a 6.0% increase in the transportation category. As Erich mentioned earlier, we see the February SAAR around 17.8 million units.

Our guidance for this year is unchanged at 17.7 million units, including medium and heavy trucks, with support from an economy projected to grow by 2.2% in 2017.

With that summary, let me turn it back to Erich.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Bryan. So taking a look at a few industry segment trends for the month. The month of February we saw small SUVs, really they just continue their run. Last month's small SUVs, they represented about 21% of the overall retail industry. And this is off a little bit likely from January's levels slightly, but it represents more than a 2 point increase compared to year ago.

And we see the same thing and conversely if you look at midsized cars, they continued to decline proportionately with gains made in the small SUVs, as they were down about 2 points relative to a year ago. And that put midsized cars for the month right around 10% of the retail industry.

We are also seeing continued strength in the midsize SUV segment. We saw that in January. It carried through last month in February. Midsize SUVs represented just more than 14% of the industry, which is up about 0.5 point from year ago, so that's something that we will continue to watch carefully.

Taking a look at full-size pickups, they really gained strength last month with increased incentive spend on the part of one of our competitors. Overall, full-size pickup truck incentive spend was up $960 compared to a year ago, with only one major truck maker increasing spend last month. This really helped to drive, if you look at the overall segment, to about 14% of the industry. And that's about 1.5 points higher than what we saw a year ago.

So with the segment trends out of the way and wrapping things up here, we want to now turn things over to the analyst community and start taking some questions.

Stephanie, could you help us with that please?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) John Murphy, Bank of America Merrill Lynch.

John Murphy - *BofA Merrill Lynch - Analyst*

Good morning, guys.

John Murphy - *BofA Merrill Lynch - Analyst*

Good morning, guys. Just a first question on this pickup action on pricing and incentives. It sounds like you guys had a good pricing month as well as good volumes. So it seems like you guys were experiencing a healthy environment. It seems like one of your other competitors was and one wasn't. What did you think was the real motivation there, or was there something else underlying -- is there some other underlying weakness in pickups that they were responding to that you just didn't see?

I'm just trying to understand what sort of the dichotomy is here.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

John, I can't speculate as to why they chose to spend so aggressively on pickups. I can tell you that our incentive spend was approximately half of Chevrolet's across both light-duty and Super Duty, and our under 8,500 and over. So we are delighted in our performance of being up 9%.

We were strong across retail, commercial, every part of the country. So we are delighted with that performance in light of spending just a little over half of what they were spending.

But what we found -- what I found over the course of many years selling trucks is when you spend very aggressively, you tend to just pull ahead your own owners. Certainly I think our performance is testimony that the segment isn't entirely incentive-driven, certainly not in our case.

John Murphy - *BofA Merrill Lynch - Analyst*

Okay, but there was no underlying odd weakness that they were seeing that you weren't seeing. You're just not seeing anything in the market that the bottom is falling out there, because it just seems odd.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

I can't speculate on that, other than we have continued since the day we launched -- we had great performance on the previous generation, but since we've launched the new F-150 it's been one terrific month after the next. And Super Duty arguably even better -- a little bit stronger than the F-150, at least right out of the gate.

So we continue to be just delighted with our performance, and we are going to remain disciplined and run our play.

John Murphy - *BofA Merrill Lynch - Analyst*

Okay. Then just on the inventory levels real quick, they are getting fairly lean, which is a very good thing considering the volatility that may be in front of us; we'll see. What level do you sort of start back the production of some of these vehicles to try to build a little bit of inventory?

Really I'm just trying to get at, is your inventory a little bit too lean and may you be missing some sales because you don't have enough of crossovers and trucks on dealer lots?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Well, across all of our nameplates, John, and our manufacturing footprint, we are constantly adjusting supply to demand and picking up capacity where we have it, where we have available capacity. We have pretty high utilization, as you know.

So we have been incrementally adding some pickups into the schedule, and we think we are very well-positioned right now at 79 days supply of gross stock, 66% of dealer landed stock heading into March. And we are going to continue to look at it and take advantage of opportunities where we need them to add incremental production as it plays out.

It's just January and February, so two seasonally lower months of the calendar year. We are heading into spring selling season. Hopefully, they will go as well as January and February did, and we'll look to take advantage of opportunities where we have them.

John Murphy - *BofA Merrill Lynch - Analyst*

Great, thank you very much.

Operator

Brian Johnson, Barclays Capital.

Dan Levy - *Barclays Capital - Analyst*

Hi, this is Dan Levy on for Brian. Thanks for taking the question. I wanted to just follow up on the F-Series, of large pickup ATPs. And I just want to see if we can decompose your ATPs a little bit because that $46,000, that's an all-time high.

First, you mentioned within Super Duty that 61% of the sales are high series. Do you view this to be a normalized mix? What type of high series or high level trim mix did you have on the prior Super Duty?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

I don't have those numbers in front of me, Dan. I can tell you that with any new model, especially one as significant as F-150 and F-Series, which last year combined for 825,000 units.

I like to joke with the dealers that as that number transacted in the mid-40s, that's the largest luxury brand in America by far is our F-Series. But with any significant model, for example. our Mustang, Explorer, F-Series, you're going to see a richer mix of the high series at the beginning and then it tends to moderate. But we have always run fairly high mix.

And customers now, they are really demanding the latest safety technology, infotainment technology, ordering a very high series level of material trim packages.

So we think there has been some structural shift over time in SUVs and full-size pickups to these higher series mix, but it will moderate somewhat over the next year or two. I don't look for it to moderate a lot.

Dan Levy - *Barclays Capital - Analyst*

Got it. And then similarly with F-150, you mention ATPs up $1,900 year-over-year. Is that a like-for-like increase? I guess more broadly what I would ask, are these ATPs in line with what you would've expected, or do they come as a bit of a surprise?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Great question. Last year we would have been selling down just a very tiny bit, if I'm remembering right. The previous generation, we would've almost been sold out at this point. So it is very like-for-like.

We were helped obviously in February, in January and February by the beginning sales of our Raptor, which is our extreme off-road and high-performance pickup. Literally, almost every one's pre-sold before they ever get to the dealership. We weren't selling that vehicle a year ago, so we did get some lift from that.

But yes, we were expecting the truck to do very well. It is a revolutionary groundbreaking truck, so we expected F-150, the Super Duty to do really well. We might be surprised a touch on the upside, but we did see these consumer trends starting to materialize before we ever even introduced the truck. So we are not surprised by the high-series mix.

Dan Levy - *Barclays Capital - Analyst*

Okay, thank you very much.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

And we're getting a much higher take of EcoBoost engines too, which transacted at a higher price point.

Dan Levy - *Barclays Capital - Analyst*

Interesting, okay. Thank you very much.

Operator

David Tamberrino, Goldman Sachs.

David Tamberrino - *Goldman Sachs - Analyst*

Great, good morning. Thanks for taking the questions. Just first on the pace of sales for the month, how did we start out? Were we really helped by incentives in the middle of the month with Presidents' Day sales, and did that continue through into the end of February?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

In our case, I don't have the industry (inaudible) because I don't really have all the data from yesterday from the competition, David. But in our case, fairly steady throughout the month. We always have a slight spike as the industry does on Presidents' Day, so we did see that. But we tempo the month -- we have an expectation of what daily sales are based on historical patterns.

We were pretty much on our number the entire month, so we didn't see a dramatic shift in sales patterns, and our incentive spending was very consistent, as I said flat from January and February, flat year-over-year, and we didn't take any midmonth actions. Some of our competition did.

Our incentive spend that we announced and the programs we announced to the dealers at the beginning of the month was the programs they had at the end of the month. We gave them the playbook for February and they executed incredibly well.

David Tamberrino - *Goldman Sachs - Analyst*

Got it. And maybe touching on that -- and this is more of an industry question, just to Ford specific. But as we've been seeing the pace of sales kind of plateau here, incentives continue to go up, wondering how you think about how much further we have or possibly can go from an incentive perspective before your OEM competitors effectively say, hey, the next incremental dollar of incentive spend is going to get us the same type of gross profit that we'd see from just letting volume kind of fall where it may.

Do you think we are anywhere close? Do you think that continues to go through the year? Because I think based on your $380 number, we are still up another 13% year-over-year for overall incentives for the industry for February. Just curious your thoughts on that.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Thanks for your question, David. I'd answer it two ways. In line with the incentive spend increase, we are also seeing transaction price increases for the most part month in, month out, exceeding the incentive increase.

So as you're seeing -- as you're getting this really structural shift out of cars into SUVs and trucks that transact at a higher price point, just on a mix basis you are going to get higher incentive spend. So that's a big piece of it.

We are going to be disciplined in our incentive spend. We have our plan, but we operate in a big market. We are 15%, 16% of the industry, so there's another 85% that we need to keep an eye on. And we will respond competitively to keep our dealers competitive and offer great value to the customers. But bottom line, we're going to be disciplined, yet competitive.

David Tamberrino - *Goldman Sachs - Analyst*

Okay, thank you.

Operator

Colin Langan, UBS.

Colin Langan - *UBS - Analyst*

Great, thanks for taking my question. Just to wrap up the pickup incentives here, any color on was it consistent throughout the entire month, and any signs whether that's going to continue into March?

Just sort of gauging whether this was more of a second-half issue or whether it was a persistent issue for the month.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Colin, Are you speaking specifically to pickup business during the month?

Colin Langan - *UBS - Analyst*

Yes, sorry, pickup incentives, full-size pickup incentives from your competition. Was that elevated throughout the whole month or is that more later in the month, so maybe it wasn't a full month impact? Trying to gauge whether there's still more to come in terms of pressure.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Our incentive spend was consistent throughout the month. We did see some of our competitors -- I've mentioned Chevy in particular this morning -- did escalate as we went throughout the month, several different (multiple speakers).

Colin Langan - *UBS - Analyst*

Okay. So the back half was worse, okay. Any color on car pricing? Focus and Fusion are down quite a bit, and any color on your share in those segments? Are you walking away from retail share because the pricing is tough? Any broad color there?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

We actually, Colin, had a very strong share month in passenger cars. Actually, one of the stronger months we've had going back through trailing 14 months, let's say, through 2016. We are certainly up compared to the fourth quarter of last year and up compared to January at stable incentive levels.

I get asked the car question and it's tough to look at the numbers where you are down double digits. But just to give you some context around it, in January -- because I don't have all the industry numbers yet for February -- but in January we were down 17%. GM was down 19%. Chrysler FCA was down 34%. Toyota, which is a very strong car brand, was down 20%.

So I mean, these numbers are not exclusive to Ford. We have seen a structural shift in consumer buying behavior going back to 2010. The car market, passenger car market was 53%, I believe, in 2010. I think in February you're going to see it's about 35%, 36%. That is structural and deep. And as I've said many times, actually very good for Ford Motor Company where we've got such strength based on the numbers I just gave you and the numbers that we provide every month where we are so strong in SUVs and trucks.

So all the competition is seeing it. It is an industry phenomenon, and we are trying to calibrate basically the next 5, 10 years as we look forward to do we have enough capacity on SUVs and trucks. How do we fill out our portfolio properly to meet what is clearly a shifting consumer pattern.

Colin Langan - *UBS - Analyst*

Got it. Just one last question. I think yesterday Consumer Reports put out their brand report card, and I think you fell a little bit in the survey, but you are still kind of mid-pack. I thought years ago you were actually higher in the rating.

Any color on what's maybe weighing down your score and how you plan on getting to the higher end?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

In terms of our overall quality, what we see is that initial quality ends up being a huge indicator of future longer-term quality, and we've seen dramatic increases. It's a very accurate internal measurement that we have on initial quality. We are still working through customers becoming accustomed to the various infotainment systems that are in the vehicle, of technology that's in the vehicle. It's critical to customer satisfaction with our products that we are working on.

But we have seen in the more recent three, four model years the dramatic improvements which we think will burn through in our future results around things like Consumer Reports and three-year dependability and those kind of measures.

Colin Langan - *UBS - Analyst*

You mentioned infotainment. Is that --because I think in the past that's been called out as an issue. Is that still one of the things that weighs on your overall score?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

It was a huge issue several years ago. It's improving. Our new system is very intuitive compared to previous generation systems. And it is an industrywide issue, and I think as customers get -- first, demand the technology in the vehicle and they get more used to it and as it syncs up -- no pun intended -- with our SYNC, as it syncs up more with technology that they are using outside the vehicle, I think it will become easier and easier for our customers to use.

Colin Langan - *UBS - Analyst*

All right, thank you very much.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Stephanie, we're going to take one more call from the analyst community, and then we are going to turn it over to the media.

Operator

Joe Spak, RBC Capital Markets.

Joe Spak - *RBC Capital Markets - Analyst*

Thanks for bringing me in here. Just -- I think you gave this to us maybe in bits and pieces, but if I heard it correctly, your F-Series ATPs were higher and I think your incentives were pretty flat. So is it -- it sounds like incentives as a percent of ATP was probably down. And maybe you could give some context there as to sort of how that compares versus your trend and also versus your competitor.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Yes, accurate. Our incentives on our F-Series as a percent of MSRP were down, and the increase in our overall ATPs across both F-150 and Super Duty. I mentioned already the Raptor was a piece of it, continued consumer demand for our high-series vehicle. And very strong performance by our new Super Duty, which transacts higher than F-150 was also a contributing factor. But yes, incentives as a percent of our MSRPs were down for full-size pickups, which is always a good data point.

Joe Spak - *RBC Capital Markets - Analyst*

Okay. Then just on inventory, I think as alluded to earlier, the SUV number and even the truck number looks pretty reasonable. Cars at 74 days in light of the continued decline in pass cars, and looks like that's not abating, how do you think about the right level on the passenger car side?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

I think we are pretty well-positioned, Joe. We are down 77,000 units in inventory year-on-year February to -- March 1 to March 1. And of that decline, almost all of it is cars. We are down roughly 50,000 units in overall gross stock on passenger cars. We are down slightly on pickups; we're about flat on SUVs. So we think 74 days is very manageable.

We have 3,100 dealers nationwide, so we tend to carry a little bit more than, say, some of our Asian competition because we service all of those smaller communities across the country. But 74 days is a very manageable number and actually a good number heading into the spring season where passenger cars tend to do a little better in the spring selling season, including Mustang.

Joe Spak - *RBC Capital Markets - Analyst*

Thank you.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Joe. Stephanie, we're going to turn it over to the folks in the media, so let's take our first call from the media.

Operator

That concludes the analyst portion of the call. We will now be moving into the media portion. (Operator Instructions)

Keith Naughton, Bloomberg.

Keith Naughton - *Bloomberg News - Media*

Good morning. Mark, you were talking about all of the major competitors with double-digit car declines. You guys are down 24% again this month. I am just wondering as car sales fall out of bed, how close they are to the floor. Where do you expect them to end up as a percent of overall industry sales?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Keith, that's a great question, and it would be immensely helpful if somebody had the exact answer. We've got a lot of analytics looking at it. I can tell you that we do know with certainty that there is a certain part of the car market, of the overall vehicle market, that is -- they love passenger cars, both the driving experience, seating. A lot of customers want to sit up higher in SUVs. There's a lot of customers that want to sit more planted lower, closer to the road.

To a lot of people, the security of a closed trunk depending on how they use it, where they can put items in the trunk and lock it and not be visible is important. So we believe there's going to be a car market where it eventually gets to -- I can't speculate, but I can tell you that the transition -- and it's widespread.

It's almost every major OEM. It is every major OEM; it's every region of the country over the last six years is structural and in some ways breathtaking. So it's something that obviously we are paying a lot of attention to in trying to plan our future business.

Keith Naughton - *Bloomberg News - Media*

Great. Thanks, Mark.

Operator

Megan Lampinen, Automotive World.

Megan Lampinen - *Automotive World - Media*

I was interested in your thoughts on some comments that came out of UAW President Dennis Williams' recent press conference. He says the UAW is working on a Buy America campaign, and he also suggested that US buyers should boycott vehicles that are not made in the US.

I'm interested in your thoughts on how practical a suggestion is this and how would you expect consumers to respond?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Thanks for the question, Megan. I really don't want to speculate. We can leave that up to leadership with our partners at the UAW to discuss that. You would have to direct the question there. But we have a tremendous footprint at Ford of what we build -- what we sell in the US that we build in the US. I believe the number is about 80%, which is the best of all the major OEMs.

So we are very proud of our US assembly plants and the workers that produce the great products and quality in them, but I can't speculate on what Dennis spoke about.

Megan Lampinen - *Automotive World - Media*

Is this sort of Buy America anything that Ford would push in its own advertising?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

We have no plans to do that at this point, but I do want to repeat that we believe our footprint is a strategic advantage, and we are very proud of our workers and the quality they are producing. We run most of our plants full out, so these people are working hard and producing great vehicles for us.

So we will continue to monitor consumer sentiment, but no plans to do a specific Buy America campaign at this time.

Operator

Dee-Ann Durbin, The Associated Press.

Dee-Ann Durbin - *The Associated Press - Media*

Thanks for taking the call. I just had one question and one quick clarification. Mark, you said the car market -- I think you said it's about 35% now and it's down from -- and then I didn't get -- was it 51% and when?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

I believe it was -- we will fact-check it for you. I believe it was 53% back in 2010. We ended last year at 38%. I think when the smoke clears, it's 35%, 36% for the month of February, but I don't have all those numbers yet, obviously.

Dee-Ann Durbin - *The Associated Press - Media*

And these are industry numbers.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Yes. And to be clear, it's not just Ford.

Dee-Ann Durbin - *The Associated Press - Media*

Oh, right. No, no -- yes.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

All of the OEMs are seeing it and benefiting from it to some extent. Ford, we benefit greatly.

Dee-Ann Durbin - *The Associated Press - Media*

Right. And real quickly, can you just give me a sense of history because I feel like trucks are not something that I have historically written great things about in February. Can you just put this February in context with historical February? I know there were different things going on like Super Duty, but is it just unusual to see this level of, particularly like pickup truck, activity in the month of February?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Well, I believe Erich gave the number. Segmentation, we think, is above 14%, which is a huge number. It's not too many months that I recall. There's been a few, but not too many months above 14%. In our case as I'd said earlier, it was our fourth best F-Series performance ever for a February, and that was accomplished with great pricing dynamics.

So to some extent, it was incentive-driven more by the competition. Our incentives were actually down, in our case driven largely by a great new product and a great dealer body that really knows how to sell and service the pickup truck market, including the key commercial market.

So we are very bullish on 2017 from a pickup perspective. We believe we're very well-positioned and it ought to be a really interesting year, but 14% is a very high number, to your point.

Dee-Ann Durbin - *The Associated Press - Media*

Do you think you are getting customers back that you thought you had left the pickup market? I remember George Pipas talking a long time ago about people who didn't really need it for work; they were just -- they weren't ever going to buy pickups again. Are you getting a certain type of buyer back, I guess?

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

We've got -- we enjoy with our F-Series a very high level of loyalty. We are attracting new buyers to F-Series. They convert from all over the place. It's not -- it doesn't follow a particular pattern. F-Series being such high volume at over 800,000 units last year, you tend to attract a couple percent from various different segments.

Surprisingly, mid-cars where people will add a pickup truck to their garage that they use infrequently, to people who use them every day for work. So it's high loyalty. We are seeing some conquests in from other segments.

We are seeing higher personal use, especially in key coastal markets and then markets like Texas, but we enjoy a very rich source of sales with F-Series being a market leader and having such a strong position.

Dee-Ann Durbin - *The Associated Press - Media*

Thanks so much. I appreciate it.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Stephanie, we are going to take one last call from the media and we're going to wrap things up today.

Operator

Nick Carey, Reuters.

Bernie Woodall - *Reuters - Media*

Hello. It's Bernie Woodall here from Reuters for Nick. Mark, there's a few things you said on this call today I'd like to try to get some clarity on. You said that in mentioning inventory of pickup trucks that you may need to increase that if consumer demand continues to pull hard on that.

How does that square with we are running our plants full out? Also, does the fact that 35% of the market is cars now and it looks like it's going to continue to not rise much from there, considering the fuel economy of small SUVs etc.; does that help you?

There is -- I guess it's the car plants or the truck plants; I mean, it's not like flipping a switch. You can't increase the production. Or can you wiggle out of that issue if you do need to increase truck production? Sorry for the long question.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

No, that's a great question, Bernie. Our manufacturing team are excellent at squeezing out additional production out of our existing footprint. So as the sales organization -- my team, as we lean on them where we believe we have opportunities or we are not at optimal inventory levels, they tend to respond incredibly well.

For the year, we are up 1% on a retail basis. Ideally, we would love to be up in cars, SUVs, and trucks. But we are up 1% in retail with very, very solid gains in sport utilities, trucks and vans, and we are down in cars. So we will adjust our supply to demand against those kind of sales results, both what our recent history tells us and what we are forecasting for the balance of the year. And the manufacturing team responds incredibly well, and those discussions happen every single day here at Ford.

Bernie Woodall - *Reuters - Media*

Okay, thank you. If I could steal one more, and maybe because I was trying to multitask and not being a woman, I can't do that very well. But could you tell me what you think your inventory level is overall going into March? Could you characterize, and particularly your car inventory and what you may need to do about that if it gets high? Sorry if I missed you speaking about that earlier, and thank you.

Mark LaNeve - *Ford Motor Company - VP U.S. Marketing, Sales and Service*

Yes, I touched on it earlier, Bernie. Happy to go back through it. From a gross stock standpoint, we're sitting at 79 days. That compares to 84 a year ago, so we are down 5 days. We are down about 77,000 units from a year ago. And at 74 days supply, as I mentioned, that's a very comfortable number for us from a passenger car standpoint.

We might be a touch lean on SUVs at a 65 days supply. We can adjust quickly around that, and we're sitting very well with trucks where we've now got the full complement of 2017s out there with Super Duty and F-150. We had a very late build of 2016 model F-150s; now we are starting to get close to optimal stock on the 2017.

So we think we are in great position and certainly not in any way overstocked. So we will have to keep a real good eye and make sure we keep adequate inventory to meet consumer demand in our dealers' lots.

Bernie Woodall - *Reuters - Media*

Great, thanks for the help.

Erich Merkle - *Ford Motor Company - U.S. Sales Analyst*

Thank you, Bernie. Stephanie, that's going to wrap things up. Thank you for joining us today at the February sales call. Have a great month, everyone. We look forward to talking to everyone again next month when we report our March sales. Thank you very much.

Operator

Thank you. This concludes today's conference. You may now disconnect.
