

Ford to Spend \$1B on Restructuring Costs

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Associated Press

DETROIT — Ford Motor Co. (F) expects to spend \$1 billion before taxes this year on restructuring in North America and Europe, according to the company's annual report.



The No. 2 U.S. automaker also said it doesn't expect to make a profit in 2006 as it continues to struggle with declining U.S. market share and rising costs. The report was filed late Wednesday with the U.S. Securities and Exchange Commission.

Ford said the \$1 billion charge includes \$250 million to cut hourly workers in North America and \$250 million to write off assets at North American plants. The rest will be used for job cuts in Europe and at former Visteon Corp. (VC) facilities that were spun back to Ford last year.

Ford plans to cut 30,000 jobs and close 14 facilities by 2012 under its Way Forward plan, announced earlier this year. Ford said its North American plants are running at 75 percent of their total capacity, a level it said is unsustainable.

The Dearborn-based automaker said it's considering taking a charge in the current quarter related to the cost of its "jobs bank," which pays idled workers' wages and benefits. Ford said it has had few workers in the jobs bank until now but is expecting that number to grow substantially as it cuts jobs. Ford has about 1,100 workers in the jobs bank right now, or about 1 percent of its hourly workforce in North America.

The company said Ford Chairman and CEO Bill Ford will receive no salary, bonus or long-term compensation this year unless the automaker reaches sustained profitability.

Ford said Wednesday that U.S. sales of its Ford, Lincoln, and Mercury brands were down 3 percent in February despite its highest level of sales to government and corporate fleets in five years.

In a note to investors, Goldman Sachs analyst Robert Barry said Ford's goal of stabilizing market share in 2006 is "almost impossible to envision" since it faces significant competition from GM on trucks and sport utility vehicles and its car sales could drop as newer imports reach the market.

1. Ford workers in the jobs bank right now represent one percent of its hourly workforce in North America. What is Ford's total hourly North American workforce population? Mr. Daughtry's mathematical translation: 1,100 is one percent of what number?
2. Under its Way Forward plan, what is the mean amount of jobs as well as facilities that Ford must eliminate annually to meet its goal?
3. As a percent, decimal, and fraction express approximately, how much of the reconstructing costs is composed of simply cutting hourly workers in North America as well as writing off assets at North American plants.
4. Assuming Ford spent an additional 22% on taxes in reconstructing costs, approximately what would the final expense be?
5. What organization purchases the most Ford, Lincoln, and Mercury brands?
6. What disadvantage have we learned can result in being a CEO for a major corporation?
7. *In paragraph(s) form*, summarize the passage printed above.
8. In the passage above, *in paragraph form*, explain at least seven ways using the "**Reading Across The Curriculum**" poster simplifies understanding of the material. Be specific.
9. *In paragraph form*, list at least five ways using guidelines from the **Writing Guidelines** will make you a stronger and more convincing writer; specifically, on The Daughtry Times.
10. Using contextual clues only, explain the meaning of the italicized word *compensation*.
11. In paragraph form, explain five legitimate and educational purposes behind The Daughtry Times.