

Ford Motor Company

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Technical Director -- File Reference No. 2012-200 Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

VIA EMAIL: director@FASB.org

File Reference: Comments on Exposure Draft, Financial Instruments – Disclosures about Liquidity Risk and Interest Rate Risk

Ford Motor Company ("Ford"), a global automotive industry leader based in Dearborn, Michigan, manufactures or distributes automobiles across six continents. Ford Motor Credit Company LLC ("Ford Credit"), an indirect, wholly-owned subsidiary of Ford, is one of the world's largest automotive finance companies, and has provided dealer and customer financing to support the sale of Ford Motor Company products since 1959. We file consolidated financial statements with the SEC reflecting two business sectors, Automotive and Financial Services, and six segments. Ford Credit also files financial statements as a separate SEC registrant and reports information for two segments.

We appreciate the opportunity to comment on the Exposure Draft, "Financial Instruments – Disclosures about Liquidity Risk and Interest Rate Risk" ("proposed ASU"). We agree with the goal of the FASB that an entity's financial statements should provide users of financial statements with decision-useful information. We believe that the most effective manner in reaching that goal is for the Board to provide principles associated with the desired disclosures while allowing an entity the flexibility to determine the content, format and organization of the information.

We believe that reliance on the prescriptive nature of the proposed disclosures may or may not be the most relevant information necessary for making future investment or credit decisions for the consolidated entity. We have observed that International Financial Reporting Standard No. 7 ("IFRS 7"), "Financial Instruments: Disclosures," also requires comprehensive disclosures regarding the measurement and management of risks associated with financial instruments. In contrast to the disclosure requirements of the proposed ASU, the principles of IFRS 7 focus on disclosing information that an entity provides to its key management to enable decision making. We believe that providing disclosures based on what an entity uses internally to manage risk is more useful in addressing the needs of the users of the financial statements and is more responsive to the evolution of the risk management techniques employed by entities.

We acknowledge the importance of comparability among entities and appreciate that the prescribed disclosures and formats for liquidity and interest rate risk will likely increase the uniformity of information across all financial statements; however, uniformity of presentation will in some cases diminish the relevance of the data. We encourage the Board to consider the following observations:

Entities that include captive finance subsidiaries in their consolidated financial statements will need to
comply with the disclosure requirements for "financial institutions" in the proposed ASU. In other cases,
entities with a central treasury function that performs the same service as a captive finance subsidiary will
not. Complying with strict disclosure requirements based on an entity's structure rather than on how an
entity manages its business may disregard the integrated nature of the operations of the entire entity and
might imply a level of significance to the disclosed information that is taken out of context and misleading.

- The required level of disaggregation for asset and liability classes is available elsewhere in the footnotes to the financial statements. The disaggregated data that will be required under proposed ASC 825-10-50-23E may or may not be relevant to an entity or may not reflect how an entity manages liquidity. Moreover, we believe that the time and cost involved in disaggregating the information and providing the proposed measurements outweighs the perceived benefit of providing the information to the users of the financial statements if management does not use it.
- The proposed Repricing Analysis guidance requires disclosures related to duration. The calculation of duration can be subjective and although the proposed ASU provides prescriptive disclosures for content and format, we note it does not provide a preferred formula for the calculation of duration. Regardless, duration may not be the primary measurement used by an entity; in practice, risk management techniques vary and may include the use of techniques other than duration, such as equity at risk, economic value of equity, value-at-risk or earnings-at-risk. We believe that the technique used by an entity to manage its risk is the most relevant information to assist the users of the financial statements in understanding the risk.

The proposed ASU requires the disclosure of forward-looking information, including expected maturities, potential future actions and other information predicated on management's view of future economics or future actions that may, or may not, be approved. Recognizing the potential pitfalls of providing forward-looking information (as opposed to reporting factual historical data), Congress passed the Private Securities Litigation Reform Act of 1995 (PSLRA) to protect registrants from baseless lawsuits premised on forward-looking statements. Although the same *concerns* underlying the PSLRA safe harbor provisions would arguably apply to any forward-looking statements required to be included in the financial statements by this proposed ASU, the PSLRA explicitly limited its scope to information outside of the financial statements (carving out disclosures "included in a financial statement prepared in accordance with generally accepted accounting principles" at 15 USC Section 78u-5(b)(2)(A)). We are concerned that requiring forward-looking disclosures in the financial statements, without the accompanying protection of safe harbor provisions, would undermine the PSLRA's goal of providing a clear route to dismissal of baseless lawsuits premised upon forward-looking information.

The proposed ASU requires information that overlaps disclosures presently required to be provided in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the SEC's Annual Report on Form 10-K and Quarterly Report on Form 10-Q. We believe that the costs associated with developing and implementing processes to provide the overlapping information in the prescribed format outweigh the perceived benefits to the users. We are concerned that reporting the same data, measured and displayed in different ways, is likely to create disclosure overload and confusion. Accordingly, we urge the Board to work closely with the SEC and with other regulators to re-evaluate the nature and location of the relevant disclosures.

We also request that the Board reconsider the separate interim reporting requirements presently contemplated in the proposed ASU. Quarterly financial information is essential to provide the users of our financial statements with the progress of our operations. However, we believe it is more important that an entity identifies the appropriate balance between providing timely and significant information regarding its operations with the additional effort and cost associated with complying with the prescriptive disclosure requirements. In this regard, we believe the guidance should only require the disclosures for interim reporting if there has been a significant change from what an entity discloses on an annual basis and provide the information by reference to the annual financial statements.

We appreciate your consideration of our comments.

Sincerely,

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