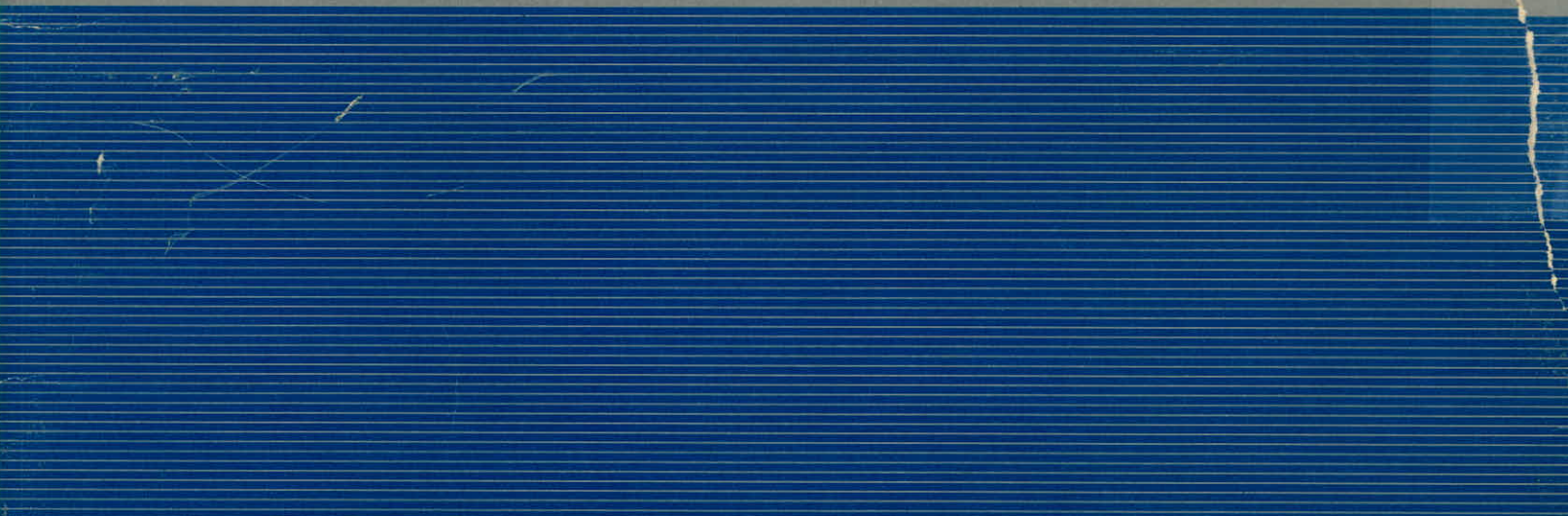


Ford Motor Company
of Canada, Limited

Annual Report 1968







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Annual Meeting

Monday, April 28, 1969 Central Office, Oakville, Ontario

The cover's artistic treatment of Ford's new small car, the Maverick, is repeated in full color on the inside front cover. In the background, Mavericks move along the final assembly line of the St. Thomas Assembly Plant at St. Thomas, Ontario.

	(in thousands)	(in thousands)
Sales	\$1,292,318	\$1,098,932
Income before income taxes	\$104,092	\$52,312
Net income	\$50,208	\$31,580
Net income per share	\$30.26	\$19.04
Return on sales	3.9%	2.9%
Cash dividends per share	\$7.50	\$5.00
Capital expenditures for expansion, modernization and replacement of facilities (excluding special tools)	\$36,544	\$67,390
Working capital position – year end	\$73,502	\$42,383
Shareholders' equity – year end	\$352,794	\$315,028
Wholesale sales of cars, trucks and tractors	411,034	356,408
Employment – average	29,082	28,474
Payroll	\$188,877	\$158,992

Board of Directors

Roy F. Bennett, Vice President – Finance, Ford of Canada
W. E. P. DeRoche QC, Partner, Blake, Cassels & Graydon
Henry Ford II, Chairman of the Board, Ford Motor Company
Lee A. Iacocca, Executive Vice President, Ford Motor Company
Semon E. Knudsen, President, Ford Motor Company
Neil J. McKinnon, Chairman of the Board, Canadian Imperial Bank of Commerce
Robert F. McNulty, Vice President – Marketing and Planning, Ford of Canada
Arjay Miller, Vice Chairman of the Board, Ford Motor Company
Karl E. Scott, President, Ford of Canada
Robert Stevenson, Executive Vice President, Ford Motor Company
Robert H. Winters, President, Brazilian Light and Power Company Limited

Officers

Karl E. Scott, President
Roy F. Bennett, Vice President – Finance
Donald H. E. Carlson, Vice President and Secretary
Kenneth Hallsworth, Vice President – Industrial Relations
Robert F. McNulty, Vice President – Marketing and Planning
Sydney A. Skillman, Vice President – Dealer Affairs
S. H. Sutherland, Treasurer
James M. Lambert, Assistant Secretary

To the Shareholders

The Company in 1968 had the most successful year in its 64-year history with record sales and earnings.

Consolidated sales of Ford of Canada and its subsidiary companies set a new record of \$1,292.3 million, continuing a growth trend that has spanned the past seven years. Consolidated sales in 1967 were \$1,098.9 million.

Consolidated net income after taxes last year was \$50.2 million, another record. The previous record was established in 1962 when consolidated net income after taxes totalled \$34.2 million. Net income in 1967 was \$31.6 million when operations were curtailed as a result of a UAW strike against Ford U.S. Earnings per share in 1968 were \$30.26, compared with \$19.04 in 1967.

The increase in consolidated sales and net income in 1968 reflected increased demand for the Company's products, record production with economies of scale, and the rebuilding of dealer stocks in Canada, which were depleted at the end of 1967 because of the strike.

Dollar sales in Canada last year were \$863.4 million, compared with \$671.2 million in 1967. Dollar sales of overseas subsidiaries were \$428.9 million, compared with \$427.7 million the previous year.

An extra dividend of \$2.50 per share was paid in the fourth quarter, bringing to \$7.50 the total 1968 dividends per share, compared with \$5 per share in the previous year. Dividend payments to shareholders totalled \$12.4 million in 1968, compared with \$8.3 million in 1967.

Wholesale sales of cars and trucks in Canada during 1968 totalled 260,255, compared with 201,885 in the previous year. Wholesale sales of cars and trucks in overseas markets were 141,303 last year, compared with 142,647 in 1967.

Industry retail sales of cars and trucks in Canada, the Company's largest market, rose to a record level of 885,873 units in 1968. Retail sales of cars and trucks by Canadian dealers of the Company in the same period increased to 247,744 units, compared with 207,163 in the previous year.

Ford of Canada's share of industry retail sales of cars in Canada increased more than two percentage points in 1968 to 26.4 per cent, the highest share of industry sales attained by the Company since 1957.

The Company's truck penetration rose in 1968 to 36.1 per cent of industry sales, the highest share in the past 22 years.

Several events of special significance to the Company occurred in 1968.

The St. Thomas Assembly Plant, which had begun operations on December 18, 1967, was officially dedicated by Henry Ford II, Chairman of the Board of Ford Motor Company on June 6, 1968 before an audience of government, business and community leaders.

On November 15, 1968, the Company announced a multi-million-dollar program by Ensco Limited, a subsidiary of Ford Motor Company, to modernize the Windsor Transmission and Chassis Plant and convert it to high-volume engine production. Work will begin in May, 1969 and should be completed during the summer of 1970. Combined with production at the present Windsor Engine Plant, Ford will be able to produce about 900,000 engines a year in Windsor by 1971.

On September 12, 1968, the Board of Directors of Ford Motor Company for the first time held a meeting in this country at Oakville, Ontario. The meeting was held in conjunction with the recently announced facilities expansion in Canada and in accordance with the Board's policy of periodically meeting in countries where major subsidiaries operate.

In December, 1968 it was announced that Ford would produce a new small car, the Maverick, to be introduced this spring. Because the St. Thomas Assembly Plant will be one of only two plants in North America to assemble the Maverick, it has special significance for the Company. It will provide competition in the small car market.

Ford of Canada also strengthened its competitive position in 1968 by the addition of the 1969 Marquis car line, the Marauder, a Cougar convertible, the formal Mustang Grande, and the sporty Mustang Mach I, Fairlane Cobra and Montego Cyclone CJ models.

The unique Canadian Meteor car line is celebrating its 20th anniversary this year and in recognition of this the 1969 Meteor has special trim and ornamentation.

A new Montreal Parts Depot and Eastern Region Sales Office was completed on a site in Pointe Claire, Quebec, just outside Montreal. This facility provides our dealerships with an advanced, computerized distribution service for parts and accessories, as well as new offices for regional marketing and sales personnel.

An agreement with the UAW on a new three-year contract was ratified April 23, 1968. In addition to immediate wage increases, the contract provides for wage parity with comparable jobs in Ford Motor Company in the United States to be achieved by November 15, 1970 through a progression of increases.

For the Board of Directors



President April 11, 1969, Oakville, Ontario

Karl E. Scott



Roy F. Bennett



Donald H. E. Carlson



Kenneth Hallsworth



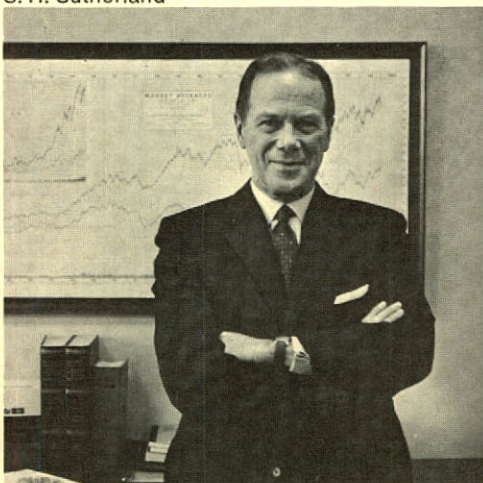
Robert F. McNulty



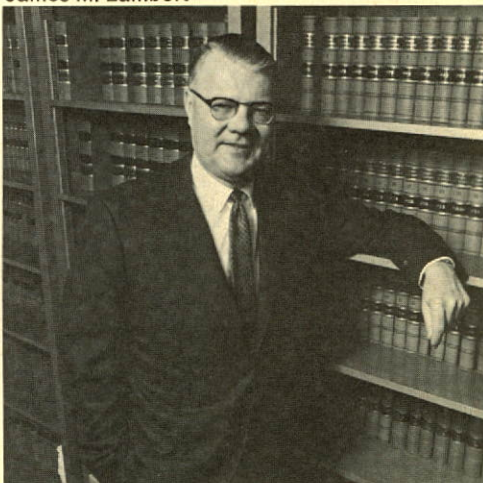
Sydney A. Skillman



S. H. Sutherland



James M. Lambert



Canadian Operations

Ford of Canada's franchised dealers sold more new vehicles in Canada in 1968 than in any other year since the Canadian Ford operations began in 1904.

The Canadian automotive industry recorded a 8.9 per cent increase in retail deliveries of cars and trucks in Canada, including imports, in 1968. Deliveries in 1968 totalled 885,873 units, compared with 813,627 vehicles in 1967.

Ford of Canada surpassed the industry rate of increase by a wide margin, recording a 19.6 per cent gain with total retail deliveries of 247,744 new cars and trucks in 1968. The 1967 total of 207,163 units was depressed because of a shutdown of Ford of Canada plants late in 1967 caused by a UAW strike against Ford U.S.

Retail new car sales of Ford of Canada's franchised dealers totalled 194,890 units in 1968, compared with 162,604 units in 1967, a 19.9 per cent increase. Retail truck sales of 52,854 in 1968 were 18.6 per cent higher than 1967 sales of 44,561.

Ford of Canada's franchised dealers set retail car sales records in all 12 months of 1968. Previous truck sales records were surpassed in each month but February throughout the year. In May, 1968, truck sales of 6,134 units set an all-time record for any month in the Company's history. It was 11.1 per cent above the previous record of 5,519 truck sales in May, 1967.

Wholesale sales of cars and trucks in Canada during 1968 totalled 260,255, compared with 201,885 in the previous year.

Both Ford of Canada and the Canadian automotive industry set production records during 1968. For the first time, the industry in Canada produced more than 1,000,000 vehicles with a total output of 1,177,607 cars and trucks.

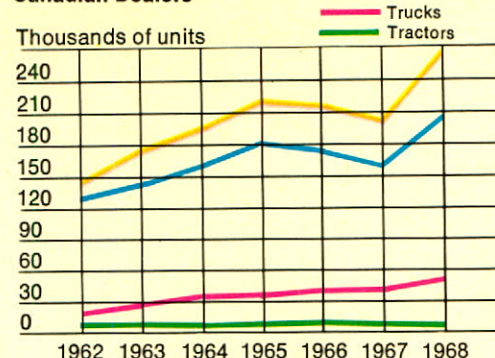
Ford was Canada's largest producer of motor vehicles in 1968 by producing 444,975 vehicles and setting a new Canadian record. The previous industry record was 419,723 units set in 1965.

Tractor Operations

Canadian industry sales of tractors in 1968 declined to 23,448 units from the 1967 total of 31,042. However, Ford of Canada improved its share of the market to 12.6 per cent from 10.7 per cent in 1967. Retail sales by Ford of Canada's franchised tractor dealers were 2,961 units in 1968, compared with 3,475 in 1967.

In the spring of 1968, the Company introduced the largest farm tractor in Ford of Canada history, the Ford 8000 with a broad line of matching tillage equipment. It was the forerunner of a new line introduced during the year including Ford 2000, 3000, 4000 and 5000 models.

Sales to Canadian Dealers



Early in 1969, the Company made available its Ford combine line through dealers in Western Canada. It had previously been available only in Eastern Canada.

Parts and Accessories

Major changes in Ford of Canada's parts and accessories operations in 1968 strengthened the Company's ability to compete effectively in the expanding replacement parts market and provide improved service to Ford product owners.

A new depot was opened at Pointe Claire, Quebec in the Montreal area. A program was developed with Canadian airlines to utilize 20 air terminals across Canada to speed shipment of parts to dealers. A new electronic inventory control system was installed.

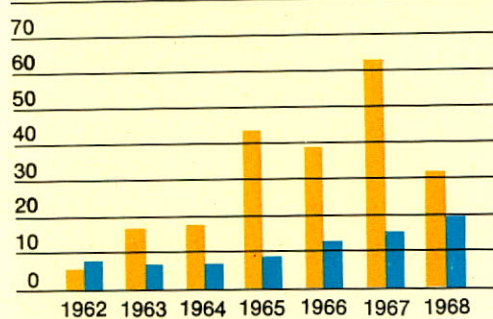
Increased sales of parts and accessories included the addition of several new products to the Autolite line of automotive replacement parts, and reflected further additions to the network of Autolite distributor outlets. Newly-designed product packaging and Autolite brand name signs appeared for the first time in 1968 as part of an extensive corporate identity program. The Company plans to expand the use of Ford power through wider distribution of Ford engines for industrial and marine applications.

Meteor LeMayne 4 Door Hardtop



Continental Mark III





Capital Expenditures

Ford of Canada's capital spending for expansion, modernization and replacement of facilities (excluding special tools) amounted to \$30.3 million in 1968, compared with \$62.5 million in 1967. The capital spending in 1967 represented the culmination of a major spending program undertaken by the Company to meet the requirements of the Canada-U.S. Automotive Trade Pact.

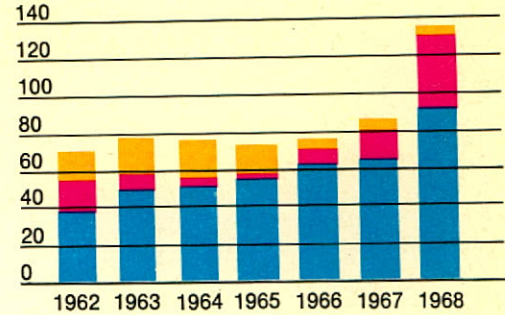
Included in the 1968 capital spending program were completion of the St. Thomas Assembly Plant, and erection and equipping of the new Parts Depot and Eastern Region Sales Office at Pointe Claire, Quebec, in the Montreal area.

Payments

The 1968 operations of Ford of Canada resulted in payments of a record \$599.3 million in Canada for goods and services, wages, salaries and fringe benefits, duties and provision for sales and income taxes. This is a 19.9 per cent increase over the previous record in these categories of \$499.8 million established in 1967.

The largest increase occurred in the payment of duties and provision for taxes which accounted for \$132.9 million in 1968, compared with \$84.0 million in 1967. This is an increase of 58.2 per cent.

The amount spent on goods and services supplied by Canadian businesses from coast to coast was \$303.4 million, compared with \$290.3 million in 1967.



Salaries and wages and fringe benefits accounted for \$163.0 million, compared with \$125.5 million in the previous year.

Payroll dollars in Canada amounted to \$135.2 million in 1968, compared with \$106.7 million in 1967. The 1967 figure was depressed due to the shutdown of Ford of Canada plants caused by the UAW strike against Ford U.S. Not included in these totals are fringe benefits and Company contributions to employee benefit plans of \$27.8 million in 1968, compared with \$18.8 million in 1967.

Since 1961, the average annual labor costs, including fringe benefits of both salaried and hourly Ford employees in Canada, have increased by 68.8 per cent from \$6,251 to \$10,550 in 1968.

Employment

The average number of employees of the Company in Canada in 1968 totalled 15,451, a four per cent increase from the 1967 total of 14,855. This is the highest level of average employment reached in the past 13 years.

The increase partially reflects hiring at the St. Thomas Assembly Plant which went into operation December 18, 1967. It will be further increased this spring with employment of a second shift to produce the Maverick at St. Thomas.

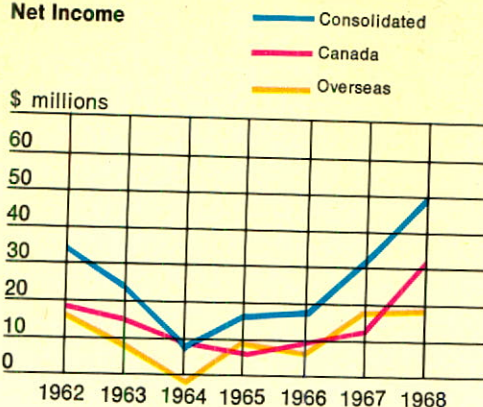
Ford LTD - 2 Door Hardtop



Marquis Brougham 4 Door Sedan



Net Income



Management

Semon E. Knudsen, who became president and chief operating officer of Ford Motor Company February 6, 1968, was elected to the Board of Directors in Oakville April 22, 1968. Before joining Ford, Mr. Knudsen was Executive Vice President of General Motors Corporation and had served in various positions with that Company since joining it in 1939 as a tool engineer.

Also elected to the Board of Directors April 22, 1968 were W. E. P. DeRoche, a partner in the Toronto law firm of Blake, Cassels & Graydon, and Hon. Robert H. Winters, president of Brazilian Light and Power Company Limited.

Mr. DeRoche joined Blake, Cassels & Graydon in 1949 after serving previously as assistant general counsel of International Petroleum Company from 1946 to 1949 and assistant general counsel in the Department of Munitions and Supply in Ottawa from 1943 through 1945. Since 1951, his firm has been the Company's general solicitors.

Mr. Winters returned to the Board of Directors after an absence of more than two years while serving as a Cabinet Minister with the Canadian Government. He had previously been a director of the Company from October 2, 1959 until his resignation was submitted to the Board December 23, 1965. Mr. Winters' re-election to the Board followed his resignation as Minister of Trade and Commerce.

Robert F. McNulty was elected a Vice President and Director September 11, 1968. Before joining Ford of Canada as Director, Marketing and Planning in August 1968, Mr. McNulty was Sales Manager, Eastern Region, Lincoln-Mercury Division, Ford Motor Company, with headquarters at Teterboro, N.J. He directed the division's sales program in 13 states and the District of Columbia. Mr. McNulty joined Ford Motor Company in 1946 and served in a variety of management sales positions in both Ford and Lincoln-Mercury Divisions. In his position as Vice President, he has responsibility for marketing and planning.

Mr. McNulty replaced Leo C. Beebe, who resigned as a Vice President and Director September 11, 1968. On January 8, 1969, Mr. Beebe was elected Vice President, Consumer Marketing, Philco-Ford Corporation, and President, Philco Distributors, Inc.

The resignation of Paul Bienvenu, who had reached the mandatory retirement age for Directors, was accepted regretfully by the Board April 22, 1968. Mr. Bienvenu, Consultant to the President, Ogilvie Flour Mills Co. Ltd., served as a Director over a period of almost nine years from his election to the Board October 2, 1959.

The Board of Directors mourn the loss of Edgar G. Burton who died May 8, 1968. Mr. Burton, Chairman of the Board and Chief Executive Officer, Simpsons, Limited, had served on the Board from his election April 25, 1966 until his death.

Falcon 4 Door Futura



Thunderbird 2 Door Landau



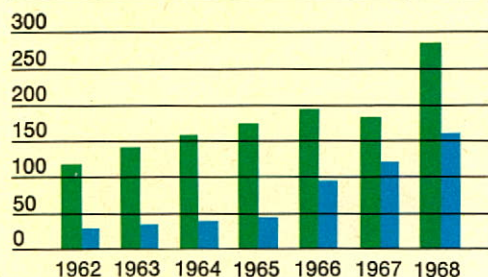
Lincoln Continental 4 Door Sedan



Vehicle Production by the Company in Canada

■ Cars
■ Trucks

Thousands of Units



Production Record

Each working day in 1968, almost 1,800 cars and trucks left the three assembly plants of Ford Motor Company of Canada, Limited at Oakville and St. Thomas, Ontario.

Secured to towering tri-level railways cars and haulaway tractor-trailors, they fanned out to dealerships across North America – some travelling as far as the Yukon, the North West Territories and California.

As each trainload and truckload inched away from the three plants, Ford of Canada moved closer to an industry production record for Canada of 419,723 units that had stood since 1965, the first year of the Canada-U.S. Auto Trade Pact.

On December 10, Ford of Canada's 419,724th vehicle was built at the Oakville Assembly Plant and each day's production to follow set new records. Significantly, the record-breaking vehicle was a 1969 Meteor Montcalm convertible, representative of a car line built and sold only in Canada.

In the full 12 months of 1968, Ford of Canada produced 444,975 vehicles – a 50.3 per cent increase, compared with 1967 when 296,152 units were built. A decade earlier, in 1958, the Company produced 105,499 vehicles at less than one quarter last year's record pace. The 1968 total is made up of 287,124 cars and 157,851 trucks, some shipped to distribution points as far flung as South Africa, Australia, Argentina and Turkey.

While both Oakville plants increased their production significantly last year, much of the credit for the record goes to the added output of the new St. Thomas Assembly Plant. Building exclusively Falcons, the St. Thomas plant went into operation in December 1967 and added 91,298 units to the Ford of Canada total in 1968.

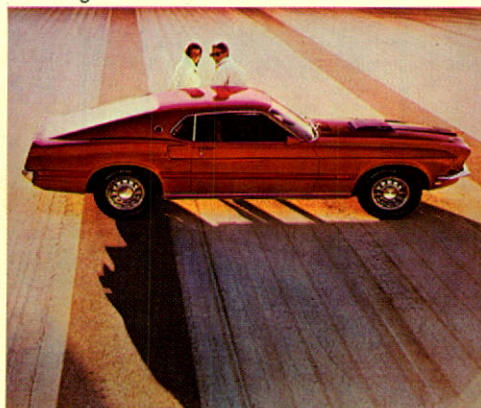
But it was not only Ford of Canada which shattered production records last year.

The Canadian automotive industry surpassed the 1,000,000-vehicle mark for the first time in its 64-year history and ended the year with a total of 1,177,607 cars and trucks assembled. More than half of that total – 522,344 cars and 178,560 trucks – were exported.

Cougar Convertible



Mustang Mach I



Fairlane Torino 2 Door Hardtop



Overseas Operations

The Company operates manufacturing or assembly subsidiaries in Australia, South Africa, New Zealand and Singapore. During 1968, the name of the subsidiary in Singapore was changed to Ford Motor Company Private Limited.

Consolidated wholesale sales of cars, trucks and tractors in overseas markets were 148,037 in 1968, compared with 151,040 units sold in 1967.

Australia

Wholesale sales of cars, trucks and tractors by Ford of Australia were 89,451 units in 1968, compared with 90,854 units sold in 1967. The 1968 total comprises 71,494 cars, 15,199 trucks and 2,758 tractors.

While the industry experienced an increase in car sales of 31,600 units to a 1968 total of 367,800 units, Ford of Australia's share of the market declined from 20.7 per cent in 1967 to 19.2 per cent in 1968, primarily because of volume sales of competitive imported vehicles. As the industry truck sales increased by 2,800 units in 1968 to 80,900, the Company's share of the market advanced to 18 per cent in 1968 from 17.9 per cent in 1967.

South Africa

Wholesale sales of cars, trucks and tractors by Ford of South Africa were 44,310 units, compared with 43,022 units sold during 1967. This represents a three per cent increase. The 1968 total comprises 31,266 cars, 10,003 trucks and 3,041 tractors.

While the domestic car market increased by 12,400 units to a 1968 total of 151,200, Ford's share was off marginally from 20.6 per cent in 1967 to 20.5 per cent in 1968.

Because of volume sales of imported light trucks and lower competitive pricing in the heavy truck market, Ford's share of the truck market declined from 17 per cent in 1967 to 15.4 per cent.

New Zealand

Wholesale sales of passenger cars, trucks and tractors by Ford of New Zealand totalled 11,911 units in 1968, compared with 13,687 units sold in 1967. The 1968 total comprises 9,452 cars, 1,524 trucks and 935 tractors.

While industry car sales dropped 7,700 units to 48,700 in 1968, Ford's share of the car market remained unchanged from 1967 at 21.3 per cent. The industry truck market also declined by 1,700 units to 8,200 in 1968, while Ford's share of the market improved marginally to 19.9 per cent in 1968 from 19.2 per cent in 1967.

The market was down primarily because of currency devaluation late in 1967 and an uncertain economic climate.

Singapore

Ford Motor Company Private Limited recorded wholesale sales of cars, trucks and tractors totalling 2,096 units, compared with 2,560 units sold in 1967. The 1968 total comprises 1,813 cars and 283 trucks.

Montego Cyclone Fastback



Cortina GT 2 Door Sedan



Ford 8000 Tractor





Ten Year Summary

	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
Income	(Dollar Amounts in Millions)									
Sales	<u>\$1,292.3</u>	<u>1,098.9</u>	<u>1,045.6</u>	<u>996.0</u>	<u>918.0</u>	<u>797.3</u>	<u>673.6</u>	<u>529.1</u>	<u>543.7</u>	<u>517.2</u>
Income before income taxes	<u>\$ 104.1</u>	<u>52.3</u>	<u>27.9</u>	<u>25.2</u>	<u>22.7</u>	<u>40.1</u>	<u>56.5</u>	<u>19.3</u>	<u>35.6</u>	<u>47.1</u>
Provision for income taxes	<u>53.9</u>	<u>20.7</u>	<u>11.1</u>	<u>9.8</u>	<u>15.3</u>	<u>15.7</u>	<u>22.3</u>	<u>9.0</u>	<u>15.0</u>	<u>21.9</u>
Net income	<u>\$ 50.2</u>	<u>31.6</u>	<u>16.8</u>	<u>15.4</u>	<u>7.4</u>	<u>24.4</u>	<u>34.2</u>	<u>10.3</u>	<u>20.6</u>	<u>25.2</u>
Cash dividends	<u>12.4</u>	<u>8.3</u>	<u>8.3</u>	<u>8.3</u>	<u>8.3</u>	<u>8.3</u>	<u>12.4</u>	<u>8.3</u>	<u>8.3</u>	<u>8.3</u>
Retained income	<u>\$ 37.8</u>	<u>23.3</u>	<u>8.5</u>	<u>7.1</u>	<u>(.9)</u>	<u>16.1</u>	<u>21.8</u>	<u>2.0</u>	<u>12.3</u>	<u>20.2*</u>
Net income per share (dollars per share)	<u>\$ 30.26</u>	<u>19.04</u>	<u>10.12</u>	<u>9.26</u>	<u>4.43</u>	<u>14.71</u>	<u>20.60</u>	<u>6.23</u>	<u>12.42</u>	<u>15.20</u>
Cash dividends per share (dollars per share)	<u>\$ 7.50</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>7.50</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
* 1959 includes non-recurring net credit of \$3.3 million.										
Facilities and Special Tools										
Expenditures for facilities	<u>\$ 36.5</u>	<u>67.4</u>	<u>46.8</u>	<u>60.3</u>	<u>41.0</u>	<u>29.7</u>	<u>26.4</u>	<u>18.1</u>	<u>23.6</u>	<u>22.1</u>
Expenditures for special tools	<u>\$ 42.9</u>	<u>32.2</u>	<u>32.7</u>	<u>33.3</u>	<u>29.2</u>	<u>14.4</u>	<u>12.7</u>	<u>14.3</u>	<u>18.9</u>	<u>23.3</u>
Depreciation of facilities	<u>\$ 27.4</u>	<u>20.8</u>	<u>18.5</u>	<u>14.7</u>	<u>12.8</u>	<u>11.6</u>	<u>10.9</u>	<u>11.4</u>	<u>9.3</u>	<u>8.6</u>
Amortization of special tools	<u>\$ 36.6</u>	<u>29.6</u>	<u>23.8</u>	<u>21.7</u>	<u>19.2</u>	<u>18.5</u>	<u>16.7</u>	<u>17.5</u>	<u>18.3</u>	<u>17.2</u>
Shareholders' Equity										
Total shareholders' equity	<u>\$ 352.8</u>	<u>315.1</u>	<u>291.8</u>	<u>283.3</u>	<u>276.2</u>	<u>277.1</u>	<u>261.0</u>	<u>239.2</u>	<u>237.2</u>	<u>224.9</u>
Shareholders' equity (dollars per share)	<u>\$ 212.66</u>	<u>189.90</u>	<u>175.86</u>	<u>170.74</u>	<u>166.48</u>	<u>167.05</u>	<u>157.34</u>	<u>144.24</u>	<u>143.01</u>	<u>135.59</u>
Consolidated Employee Data										
Payroll	<u>\$ 188.9</u>	<u>159.0</u>	<u>159.4</u>	<u>147.7</u>	<u>135.1</u>	<u>118.2</u>	<u>101.3</u>	<u>82.2</u>	<u>84.9</u>	<u>77.9</u>
Average number of employees	<u>29,082</u>	<u>28,474</u>	<u>27,841</u>	<u>26,274</u>	<u>25,552</u>	<u>23,373</u>	<u>20,798</u>	<u>19,195</u>	<u>21,179</u>	<u>19,242</u>
	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959
Consolidated Wholesale Sales to Dealers	(Units in Thousands)									
Sales of Cars										
In Canada	<u>205.2</u>	<u>158.4</u>	<u>169.8</u>	<u>179.5</u>	<u>156.3</u>	<u>140.3</u>	<u>121.3</u>	<u>106.0</u>	<u>101.5</u>	<u>106.3</u>
In overseas markets	<u>114.3</u>	<u>115.6</u>	<u>107.4</u>	<u>110.4</u>	<u>111.6</u>	<u>97.4</u>	<u>89.2</u>	<u>63.3</u>	<u>73.1</u>	<u>47.7</u>
Total Cars	<u>319.5</u>	<u>274.0</u>	<u>277.2</u>	<u>289.9</u>	<u>267.9</u>	<u>237.7</u>	<u>210.5</u>	<u>169.3</u>	<u>174.6</u>	<u>154.0</u>
Sales of Trucks										
In Canada	<u>55.1</u>	<u>43.5</u>	<u>40.7</u>	<u>34.7</u>	<u>32.5</u>	<u>29.1</u>	<u>22.8</u>	<u>17.6</u>	<u>16.5</u>	<u>15.9</u>
In overseas markets	<u>27.0</u>	<u>27.0</u>	<u>23.1</u>	<u>22.8</u>	<u>24.9</u>	<u>23.2</u>	<u>18.9</u>	<u>15.3</u>	<u>17.3</u>	<u>19.4</u>
Total Trucks	<u>82.1</u>	<u>70.5</u>	<u>63.8</u>	<u>57.5</u>	<u>57.4</u>	<u>52.3</u>	<u>41.7</u>	<u>32.9</u>	<u>33.8</u>	<u>35.3</u>
Sales of Tractors										
In Canada	<u>2.7</u>	<u>3.5</u>	<u>3.7</u>	<u>2.8</u>	<u>2.0</u>	<u>2.7</u>	<u>2.8</u>	<u>2.7</u>	<u>2.7</u>	<u>2.0</u>
In overseas markets	<u>6.7</u>	<u>8.4</u>	<u>8.9</u>	<u>6.9</u>	<u>8.6</u>	<u>9.1</u>	<u>7.2</u>	<u>7.9</u>	<u>10.2</u>	<u>9.4</u>
Total tractors	<u>9.4</u>	<u>11.9</u>	<u>12.6</u>	<u>9.7</u>	<u>10.6</u>	<u>11.8</u>	<u>10.0</u>	<u>10.6</u>	<u>12.9</u>	<u>11.4</u>
Total cars, trucks and tractors	<u>411.0</u>	<u>356.4</u>	<u>353.6</u>	<u>357.1</u>	<u>335.9</u>	<u>301.8</u>	<u>262.2</u>	<u>212.8</u>	<u>221.3</u>	<u>200.7</u>

**Ford Motor Company
of Canada, Limited
and Consolidated
Subsidiaries**

**Consolidated Statements
of Income
For the years ended
December 31.**

	1968 (in thousands)	1967 (in thousands)
Sales (Note 2)	\$1,292,318	\$1,098,932
Operating Costs		
Costs, excluding items listed below	1,032,636	913,072
Depreciation (Note 3)	27,397	20,777
Amortization of special tool costs (Note 3)	36,597	29,622
Selling and administrative	72,617	67,209
Employee retirement plans (Note 4)	16,912	11,247
	<u>1,186,159</u>	<u>1,041,927</u>
Operating Income	106,159	57,005
Other income and expense		
Gain on devaluation of foreign currencies	—	1,271
Interest expense — short term debt	(4,245)	(6,264)
— long term debt	(3,583)	(4,012)
Interest income	4,406	3,257
Other miscellaneous income — net	1,355	1,055
	<u>104,092</u>	<u>52,312</u>
Income Before Income Taxes	104,092	52,312
Income taxes (Note 5)		
Provision for taxes on current income	53,884	25,042
Tax credits from prior years' losses	—	(4,310)
	<u>53,884</u>	<u>20,732</u>
Net Income	\$ 50,208	\$ 31,580
Net income per share	<u>\$ 30.26</u>	<u>\$ 19.04</u>

**Consolidated Statements
of Retained Earnings**

Balance, January 1	\$ 301,649	\$278,364
Net income	50,208	31,580
	<u>351,857</u>	<u>309,944</u>
Cash dividends — \$7.50 and \$5.00 per share	12,442	8,295
Balance, December 31	<u>\$ 339,415</u>	<u>\$ 301,649</u>

The accompanying notes are part
of the financial statements.

**Ford Motor Company
of Canada, Limited
and Consolidated
Subsidiaries**

**Consolidated
Balance Sheets
as at December 31.**

Assets	1968	1967
	(in thousands)	(in thousands)
Current Assets		
Cash	\$ 189	\$ 1,669
Short term investments	28,338	11,146
Receivables	86,480	102,931
Inventories (Note 6)	224,236	213,165
Prepaid income taxes (Note 5)	19,234	10,235
Prepaid expenses and other current assets	1,962	2,296
Total current assets	360,439	341,442
Noncurrent Receivables and Investments		
Noncurrent receivables	10,699	11,004
Equities in net assets of dealership subsidiaries	7,419	7,952
Special refundable tax	—	962
Total noncurrent receivables and investments	18,118	19,918
Property, Plant and Equipment (Note 3)		
Property, plant and equipment, at cost	453,273	426,606
Less accumulated depreciation	169,679	149,694
	283,594	276,912
Unamortized special tool costs	48,508	45,725
Net property, plant and equipment	332,102	322,637
Deferred Charges	21,674	12,569
Total assets	<u>\$ 732,333</u>	<u>\$ 696,566</u>

The accompanying notes are part of the financial statements.

Liabilities and Shareholders' Equities**1968****1967****Current Liabilities**

(in thousands)

(in thousands)

Short term debt	<u>\$ 32,918</u>	<u>\$ 78,797</u>
Accounts payable and accrued liabilities	<u>194,463</u>	<u>190,174</u>
Income and other taxes payable	<u>59,556</u>	<u>30,088</u>
Total current liabilities	<u>286,937</u>	<u>299,059</u>

Noncurrent Liabilities

Accrued income taxes (Note 5)	<u>21,731</u>	<u>11,250</u>
Other accrued liabilities	<u>26,704</u>	<u>20,348</u>
Total noncurrent liabilities	<u>48,435</u>	<u>31,598</u>

Long Term Debt (Note 7)44,16750,881**Shareholders' Equity**

Capital		
Authorized — 2,000,000 common shares — no par value		
Issued — 1,658,960 shares	<u>13,379</u>	<u>13,379</u>
Retained earnings	<u>339,415</u>	<u>301,649</u>
Total shareholders' equity	<u>352,794</u>	<u>315,028</u>
Total liabilities and shareholders' equity	<u>\$732,333</u>	<u>\$696,566</u>

On behalf of the board:

Karl E. Scott, Director

Lee A. Iacocca, Director

Ford Motor Company of Canada, Limited and Consolidated Subsidiaries

Consolidated Statements of Source and Application of Funds For the years ended December 31.

Source of Funds

	1968 (in thousands)	1967 (in thousands)
Net Income	\$ 50,208	\$ 31,580
Charges to income which did not reduce working capital		
Depreciation	27,397	20,777
Amortization of special tool costs	36,597	29,622
Other – net	7,733	5,847
	<u>121,935</u>	<u>87,826</u>

Application of Funds

Cash dividends	12,442	8,295
Additions to property, plant and equipment – net	34,080	64,506
Additions to special tools	39,380	31,883
Increase (Decrease) in noncurrent receivables and investments	(1,800)	2,590
Decrease in long term debt	6,714	5,807
	<u>90,816</u>	<u>113,081</u>

Increase (Decrease) in Funds

	<u>\$ 31,119</u>	<u>\$ (25,255)</u>
Working Capital	<u>\$ 73,502</u>	<u>\$ 42,383</u>

The accompanying notes are part of the financial statements.

Notes to Financial Statements

Note 1. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all its wholly owned subsidiaries, overseas and domestic; partially owned dealership subsidiaries are

subject to sale to dealer principals, and are therefore included on an equity basis. In the translation of the accounts of overseas subsidiaries to Canadian dollars the general policy followed in the accompanying statements has been to translate net property, plant and equipment on the basis of exchange rates in

effect on the date of acquisition of the assets; other assets and liabilities at rates of exchange prevailing at the year ends; income at rates of exchange during the period, adjusted to reflect depreciation at historical dollar amounts. Net assets and net income of Canadian and overseas operations are summarized as follows:

	1968		1967	
	Canadian Operations	Overseas Operations	Canadian Operations	Overseas Operations
	(in millions)		(in millions)	
Current assets, noncurrent receivables, investments and deferred charges	\$234.5	\$165.7	\$228.9	\$145.1
Net property, plant and equipment	229.3	102.8	213.6	109.0
Total assets	463.8	268.5	442.5	254.1
Liabilities	245.4	134.1	250.4	131.2
Net Assets	\$218.4	\$134.4	\$192.1	\$122.9
Net Income	\$ 30.7	\$ 19.5	\$ 13.1	\$ 18.5

Note 2. Sales

Consistent with the accounting practice of previous years, sales to Ford Motor Company (U.S.) under the terms of the Canada-U.S.

Automotive Trade Agreement have been netted against purchases from Ford U.S.

Note 3. Property, Plant and Equipment

Property, plant and equipment is summarized as follows:

	December 31 1968		December 31 1967	
	Cost	Net of Depreciation	Cost	Net of Depreciation
	(in millions)		(in millions)	
Land	\$ 33.4	\$ 33.4		\$ 26.0
Land improvements and buildings	196.6	136.0		127.0
Equipment	223.3	114.2		123.9
	<u>\$453.3</u>	<u>\$283.6</u>		<u>\$276.9</u>

Provisions are made for depreciation over the estimated useful lives of depreciable assets. Depreciation is calculated on a reducing balance basis in Canadian operations and on a straight line basis in the overseas subsidiaries. Special tool costs are amortized over periods of time estimated to represent the comparatively short useful lives of such tools. At December 31, 1968, the Company and its consolidated subsidiaries had approved programs which upon completion will result in additions of \$42.1 million to property, plant, equipment and special tools. At that date, commitments of \$16.1 million were outstanding under these programs.

Note 4. Employee Retirement Plans

The Company and its subsidiaries have

retirement plans covering substantially all employees. Current service costs are expensed and funded during the year. Based on reports of independent actuaries, past service costs to be amortized in the period 1969 through 1989 approximate \$132.5 million, of which approximately \$61.2 million resulted from amendments made to the retirement plans in 1968.

Note 5. Income Taxes

The Company and its consolidated subsidiaries generally follow the accounting practice of providing the total amount of income taxes applicable to the income reported in the year regardless of the year in which the taxes become payable. On the balance sheet, the item "Prepaid income taxes" represents income taxes paid as a result of certain cost

accruals not being deductible for tax purposes until the following year. The item "Accrued income taxes" represents tax accruals not payable until after the following year, as a result of having claimed certain deductions for tax purposes in advance of reflecting such items in reported income.

No provision has been made for additional taxes that might result from the distribution to the Company of unremitted income of overseas subsidiaries; the major portion of such unremitted income has been invested by the subsidiaries in facilities and other operating assets. Had distribution of all 1968 and 1967 incomes been made, the additional taxes that would have been payable amount to \$2.3 million in each year.

Note 6. Inventories

Inventories are valued at the lower of cost and market. Cost is determined principally on a first-in first-out basis. Market is determined by reference to net realizable value.

At December 31, 1968 and 1967, inventories consisted of the following:

In process inventories and supplies

Finished product

	1968 (in millions)	1967 (in millions)
In process inventories and supplies	\$127.7	\$120.5
Finished product	96.5	92.7
	<u>\$224.2</u>	<u>\$213.2</u>

Note 7. Long Term Debt

At December 31, 1968 and 1967 the Company and consolidated subsidiaries had debt not due within one year as follows:

Ford of Canada 6% to 7½ % loans due 1970-78

Ford of Australia 7% to 7½ % debentures due 1970-77

6¾ % loans

Ford of South Africa 7¾ % loan due in 1971

	1968 (in millions)	1967 (in millions)
Ford of Canada 6% to 7½ % loans due 1970-78	\$15.5	\$15.0
Ford of Australia 7% to 7½ % debentures due 1970-77	24.1	24.1
6¾ % loans		7.2
Ford of South Africa 7¾ % loan due in 1971	4.6	4.6
	<u>\$44.2</u>	<u>\$50.9</u>

Note 8. Amounts due from and to Affiliated Companies

The following table sets out the balances with affiliated companies:

Due from affiliated companies, included in current receivables

Due to affiliated companies, included in current accounts payable

Advances due from affiliated companies, included in noncurrent receivables

	1968 (in millions)	1967 (in millions)
Due from affiliated companies, included in current receivables	\$17.7	\$23.4
Due to affiliated companies, included in current accounts payable	26.3	53.4
Advances due from affiliated companies, included in noncurrent receivables	4.9	6.4

Auditors' Report

To the Shareholders of Ford Motor Company of Canada, Limited:

We have examined the consolidated balance sheet of Ford Motor Company of Canada, Limited and Consolidated Subsidiaries as at December 31, 1968 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing

standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of Ford Motor Company of Canada, Limited and Consolidated Subsidiaries for the year ended December 31, 1967. In our opinion, these consolidated financial statements present fairly the financial position

of the Companies as at December 31, 1968 and 1967, and the results of their operations and the source and application of their funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.
Toronto, Canada
January 30, 1969

Clarkson, Gordon & Co.
Chartered Accountants

Company Locations

Central Office

Oakville, Ontario

Plant Locations

Manufacturing Operations: Windsor, Ontario

Passenger Car Assembly: Oakville and

St. Thomas, Ontario

Truck Assembly: Oakville, Ontario

Glass Fabricating Operations: Niagara Falls,
Ontario

Regional Offices

Atlantic Region: Halifax, Nova Scotia

Eastern Region: Pointe Claire, Quebec

Central Region: Bramalea, Ontario

Midwestern Region: Winnipeg, Manitoba

Western Region: Edmonton, Alberta

Pacific Region: Burnaby, British Columbia

Parts and Accessories Depots

National Parts Depot: Bramalea, Ontario

Saint John, New Brunswick

Pointe Claire, Quebec

Winnipeg, Manitoba

Regina, Saskatchewan

Edmonton, Alberta

Burnaby, British Columbia

Manufacturing and Assembly Subsidiaries

Ford Motor Company of Australia, Limited

Broadmeadows, Australia, with plants at

Brisbane, Broadmeadows,

Sydney and Geelong

Ford Motor Company of New Zealand, Limited,

Lower Hutt and Auckland, New Zealand

Ford Motor Company of South Africa

(Proprietary) Limited

Port Elizabeth, South Africa

Ford Motor Company Private Limited

Singapore

Record production at the Ontario Truck Plant at Oakville was a big factor leading to Ford of Canada's 1968 total car and truck production record. Shown leaving the plant loading yards are an F-750 truck with car carrier bearing (left to right, upper ramp) an Econoline, Ranchero, F-100 Styleside; (bottom ramp) F-100 Flareside and Bronco. In the background are (left to right) an F-Series Super Duty, W-Series Highway Tractor, N-Series, Tilt-Cab and Econoline Club Wagon.



