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Ford took \$6B government loan in 2009 — and debt still haunts company

By Phoebe Wall Howard (excerpt)
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More than a decade after the last economic crisis, Ford Motor Company is still paying down a fat government loan created by Congress at the start of the Great Recession to aid automakers with factory projects.

Critics at the time focused on General Motors and Chrysler, each declaring bankruptcy and accepting government bailout loans through the U.S. Treasury Department's Troubled Asset Relief Program (TARP) to reorganize during the auto crisis that hammered the industry between 2008 and 2010. Meanwhile, Ford took a different path.

But in the end, it accepted a government loan, too.

The debt remains on Ford books today as the company navigates a pandemic.

In September 2009, Ford entered into an agreement with the Department of Energy and borrowed \$5.9 billion as part of a loan program created to finance automotive projects designed to help vehicles built in the U.S. meet higher mileage requirements and lessen U.S. dependence on foreign oil.

The company is one of three auto recipients currently listed on the Advanced Technology Vehicles Manufacturing (ATVM) loan program site.

While critics of government assistance, including Ford executives, still focus on the government bailouts, few have mentioned in recent years the loan program that handed out money during the same time period explicitly to shore up automakers. ...

... Ford isn't alone in the struggle, but it entered 2020 reporting a much smaller-than-expected profit than its competitors. Executives said they were disappointed and promised to do better.

The Ford earnings report for the first three months of 2020 reflected a \$2 billion loss, which was mostly

unrelated to COVID-19. Ford later warned Wall Street to expect a \$5 billion loss in the second quarter, reflecting the impact of shuttering factories between March and May. ...



Mainstay Capital Management's CEO David Kudla at the New York Stock Exchange to ring the closing bell in January 2020. (Photo: Nicole Pereira, NYSE)

... "This will be a difficult earnings report for Ford," said David Kudla, CEO and chief investment strategist with Mainstay Capital Management, a Grand Blanc investment adviser who manages \$2.7 billion in assets for clients who include many Ford employees.

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