

FORD

January 28, 2008

World

GLOBAL POSITIONING

Company leaders chart course for company growth



NEW F-150 HONORED

All-new pickup is named "Most Significant" vehicle at NAIAS, p. 8

DO YOU HAVE ESP?

Ford's Extended Service Plans offer special benefits, p. 17



I WORK FOR FORD I DRIVE A FORD I GOT FORD ESP

ESP: The only Extended Service Plan backed by Ford.

Insist on Ford ESP. Don't be fooled by imitations.

Here are the advantages of Ford ESP:

- Accepted at all Ford and Lincoln Mercury Dealerships
- Comprehensive coverage options to fit every budget
- Repairs made with Genuine Ford Parts
- 24-hour roadside assistance
- 100% backed by Ford Motor Company



Browse plans at ford-esp.com

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Publishers note: To provide coverage of the Chicago Auto Show, the next issue of *FORD World* will be distributed Feb. 6, 2008.

Ford of Australia, Canada name new leaders

Ford of Australia and Ford of Canada recently announced that William (Bill) H. Osborne was named president of Ford Australia, replacing Tom Gorman, who is leaving to pursue other interests. Osborne was formerly president and CEO, Ford of Canada. He will be replaced by Barry Engle, formerly general manager, Marketing, Ford Division. Osborne will bring extensive product development and marketing experience to his new role. Prior to taking up the role of president of Ford Canada, Osborne was executive director, Ford Pickup Truck and Commercial Vehicles, from December 2003 until November 2005. In this capacity, he had overall business and product development responsibility for F-Series, Super Duty, Ranger and Econoline and all commercial truck products. Engle has held a variety of roles in sales and marketing, dealer services and product strategy in South America, Mexico, Japan and the U.S. In 2005, he was appointed president of Ford Brazil, and later president of Ford Mercosur, with responsibility for Ford's operations in seven South American countries including Brazil.



William (Bill) H. Osborne, president, Ford of Australia



Barry Engle, president and CEO, Ford of Canada

Employee buyout packages announced

Ford Motor Company recently said that it would be offering another round of voluntary buyout packages to its UAW hourly employees. Employees still at the Atlanta, St. Louis, Norfolk and Edison assembly plants will be offered a chance to either relocate to another Ford facility or accept a buyout. These individuals will have until Feb. 18, 2008, to make their decisions. Enterprise-wide buyouts will be offered to Ford UAW hourly employees at all other U.S. plants beginning the week of Feb. 18, 2008. They will have until the week of March 17, 2008, to decide whether to accept a buyout. The buyout packages are expected to be essentially the same as those offered in 2006, but with a further enhancement to one package open to retirement-eligible employees. More information about these voluntary buyout packages will be communicated to employees in the near future.

AutoBeat Daily now available to employees



Ford employees interested in the latest industry news now have an additional resource available through a link on the FCN Web site. By clicking on the "AutoBeat Daily" button in the "Tools" column, employees will be taken to the home page of "The daily report for automotive executives." Three separate online publications are available: AutoBeat Daily, a general industry report; AutoTech Daily, which focuses on product development; and AutoBeat Asia, specifically tailored to North American automakers doing business in the Asia-Pacific region.

Beware of phone scammers

Representatives of the Comerica Pension Call Center report that some Livonia, Michigan-area retirees recently received computer-generated phone calls stating that Comerica was requiring them to call a 1-806 number or their pensions would be cut off. After calling this number, the retirees were then asked to provide their credit or debit card information. Please note that this is a scam. Comerica will never request personal information such as Social Security or account numbers when calling a customer. If you receive a call that seems suspicious, contact the Comerica Call Center (1-800-647-3674) or Ford Retirement Call Center (1-800-248-4444) before providing any information.



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Mulally credits global efforts for '07 gains

BY KRISTOPHER SPENCER

FORD World

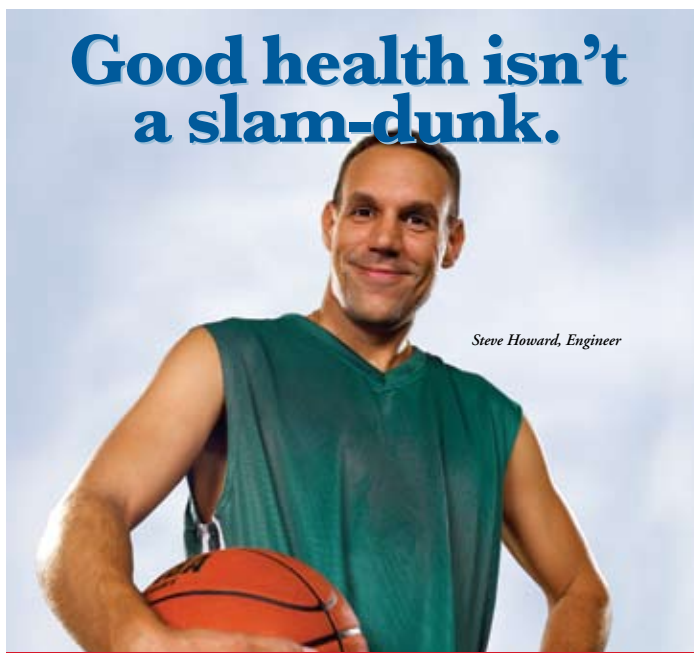
Ford President and CEO Alan Mulally held a full-house Town Hall meeting recently at Ford World Headquarters. He told an enthusiastic employee audience in the room and around the world that the company's 2007 financial results showed significant progress over last year and that the plan for returning the company to profitability remains on track.

The company reported a 2007 full-year net loss of U.S. \$2.7 billion, or \$1.35 per share, an improvement of \$9.9 billion from 2006. Excluding special items, full-year pretax profit from continuing operations was \$126 million, up \$3.3 billion from a year ago. Including taxes, Ford's full-year loss from continuing operations was \$366 million, or 19 cents per share, compared with a 2006 loss of \$2.7 billion, or \$1.44 per share.

The North America automotive operations reported a pretax loss of \$3.5 billion, excluding special items, compared to a loss of \$6 billion in 2006. For the year, revenue was \$70.5 billion, up from \$69.4 billion a year ago.

"Does North America rock on this turnaround plan or what?" asked Mulally. Employees answered with applause.

Earlier in the day, during a conference call with financial analysts and the media, Mulally and Don Leclair, Ford executive vice president and chief finance officer, shared the company's fourth-quarter 2007 and year-end financial picture.



Good health isn't a slam-dunk.

Steve Howard, Engineer

Good health isn't automatic.
It's Manual.
Would this be a good time to shift gears?

It takes effort on your part to get and stay healthy, but the payoff is great! You feel better, look better and have less stress in your life. So get on the ball. Click **HEALTH** at www.employeesford.com.

A message from Ford Healthcare Management



"The most important thing in the plan is to work together."

— Alan Mulally,
president and CEO

"Each of our Automotive operations is improving, and we are encouraged by the progress, which validates our strategy and plan," Mulally said.

"We're on track and the business is improving," Leclair added. "We're still committed to getting to profitability in 2009."

For employees, Mulally reviewed each operation's success in 2007.

"Every one of our businesses around the world has made a tremendous contribution and improvement over last year," Mulally said. "And every one of them is worth celebrating."

Acknowledging that more work lay ahead for Ford North America to reach automotive profitability in 2009, Mulally urged employees to continue following the plan: aggressively restructure to operate profitably at the current demand and changing model mix, accelerate development of new products our customers want and value, finance our plan and improve our balance sheet, and work together effectively as one team.

"We are going to focus on people working together as a lean, global enterprise for automotive leadership," Mulally said. "It really is about continuous improvement in quality and productivity forever – every year getting better and better. The way we're coming together I have a lot of confidence that we can take our performance – both individually and together – to another level."

In reviewing the plan as it pertains to the global marketplace, Mulally explained that going forward small cars are expected to account for 60 percent, medium cars for 25 percent and large vehicles such as pickup trucks and SUVs for 15 percent of Ford's vehicle mix. Sales growth is expected to favor Asia Pacific and Africa (39 percent), which has enormous potential compared with the Americas (32 percent) and Europe (29 percent), which are relatively well saturated with products.

"Thank goodness we've accelerated development of the products and services that people really want. It is so important for Ford to be competitive in all of the segments, all around the world," Mulally said, adding that Ford has the financial ability to finish restructuring the company to optimize productivity and accelerate the product development plan. "The most important thing in the plan is to work together."

Mulally also discussed plans for bringing a version of the Ford Verve Concept car to the U.S. market and the promising fuel efficiency offered through EcoBoost technology.

Following the Town Hall, employees talked positively about Ford's financial news, product plans and leadership direction.

"It's very good news that we're losing less money compared to 2006 in North America, and I am very happy to see the new B-Car (Ford Verve) coming to America," said Timothy Chyo, product design engineer, Diesel Powertrain. "And EcoBoost is one of those technologies that will separate Ford from the competition if we do it in large production numbers."

Stephanie Covington, associate, Human Resources, added that she also is confident about the turnaround plan. "What I'm excited about is Alan's optimism, his candor and honesty," she said. "We haven't had a lot to smile about lately, so it's great to have a leader with a positive attitude who urges one team, one Ford, to get us moving in the right direction."

Report Card: January 2008

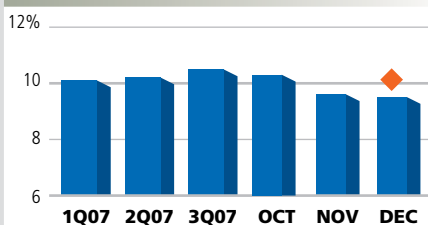
Key U.S. and North American indicators (reporting December results)



Lincoln MKT Concept

REVENUE RELATED

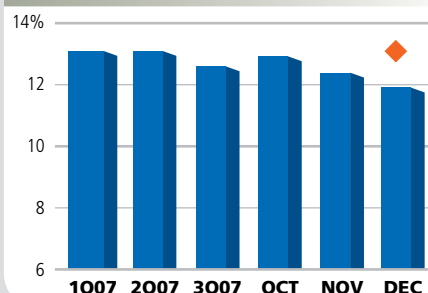
FORD RETAIL SHARE OF U.S. TOTAL INDUSTRY



MEMO: ACTUAL TOTAL SHARE (INC. FLEET)

15.1% 15.6% 13.4% 14.6% 14.1% 13.9%

FORD SHARE OF U.S. RETAIL INDUSTRY



Summary of Performance

December

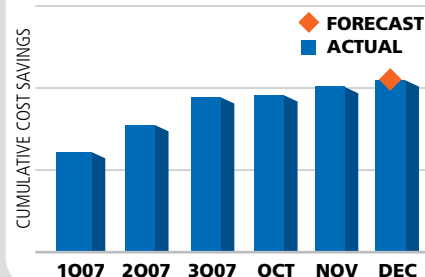
- December 2007 sales results were mixed
- Ford Edge and Lincoln MKX ended the year with record retail sales
- Small utility and crossover retail sales were up 67% from a year ago
- Retail sales of the Focus were up 9% versus a year ago
- Retail share of total industry and of retail industry were lower than forecast
- Shortfall primarily reflects higher levels of incentive spending by competitors

Encouraging Full Year 2007 Results

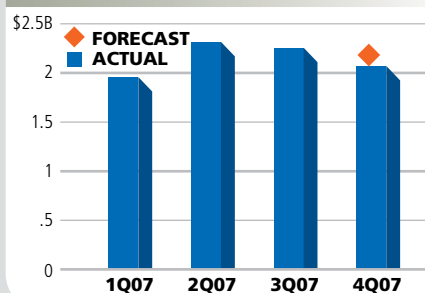
- Ford F-Series remains America's best-selling truck – for the 31st consecutive year
- Lincoln became the fastest growing luxury brand with retail sales up 15% year over year
- Ford Edge and Lincoln MKX outpaced sales expectations (Edge exceeded plan by 30%)
- More than 30,000 vehicles sold with industry-exclusive Ford SYNC™ in fourth quarter
- Demonstrated solid progress on favorable opinion of the brand
- Achieved cumulative cost reductions of \$2.1 billion since 2005
- Achieved material cost reductions of \$800 million
- Quality on par with best in the business
- Better than Plan for profitability, cost reductions, and cash flow

COST RELATED

CUMULATIVE MATERIAL COST REDUCTIONS



CUMULATIVE OPERATING COST REDUCTIONS



2008 NORTH AMERICAN INTERNATIONAL AUTO SHOW HIGHLIGHTS

- 2009 Ford F-150 unveiled to enthusiastic reviews. New truck reflects customers' desire for most capability, durability and clever features.



2009 Ford F-150

- Ford showed new North American Verve small-car concept, developed in Europe and now planned for the Asia and North America markets.
- New EcoBoost engine technology will deliver up to 20% better fuel economy on half a million Ford, Lincoln and Mercury



Ford Verve Concept



Ford Explorer America Concept

vehicles annually in N.A. during the next five years.

- Ford Explorer America concept explains sustainability strategy.
- Upgraded SYNC™ technology with SIRIUS Travel Link™ and 911 Assist.
- Mazda CX-9 crossover voted North American Truck of the Year.



Ford SYNC™



Mazda CX-9 Crossover

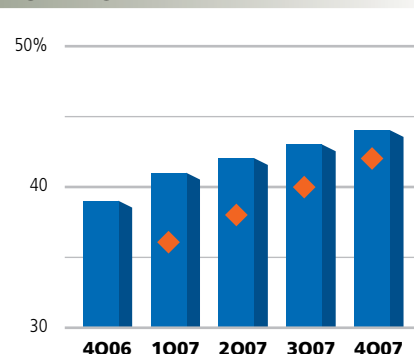
Featured Metric

In this section, on a rotating basis, we feature other important measures of our progress.

BRAND FAVORABLE OPINION

- Brand favorable opinion is an internal metric used to describe how consumers think about the Ford brand as they consider buying a vehicle.
- Since 4Q06, Ford's Brand Favorable Opinion has improved every quarter. In fact, at 44% in 4Q07 we exceeded the objective set for 2007 (42%), and continued improvement toward the 2008 objective (48%).
- Favorable Opinion for Ford also improved among Truck Intenders at the end of 2007. This narrowed the gap with Toyota and Chevy.
- Regionally, Ford continued to improve its Favorable Opinion position relative to Chevy and showed encouraging improvement in East and West regions and specifically in California.
- Among the vehicles or nameplates having impact on the Ford brand, Escape Hybrid had the greatest positive impact on consumer perceptions of Ford.
- Ford ad awareness leadership continued through 2007.

BRAND FAVORABLE OPINION



Ford makes significant progress on plan in '07

"We recently announced our financial results for the fourth quarter and full year of 2007, and it is important to read this information and to understand our story. We all need to be fully informed about where we are, what we have accomplished and the challenges and opportunities ahead.

"This quarter's results show continued progress implementing our plan to create an exciting, viable Ford Motor Company going forward. I am grateful to each of you for your hard work and continued focus on our plan. We must stay committed to the relentless implementation of our four priorities: aggressively restructure to operate profitably, accelerate the development of new products that our customers really want and value, fund our plan and improve our balance sheet, and take working together with all of our partners to a new level of performance.

"One team. One plan. One goal – profitable growth for all. One Ford."

– Alan Mulally, president and CEO

Ford Motor Company recently reported a 2007 full-year net loss of U.S. \$1.35 per share, or \$2.7 billion. This compares with a 2006 full-year net loss of \$6.72 per share, or \$12.6 billion.

Ford's 2007 revenue, excluding special items, was \$173.9 billion, up from \$160.1 billion a year ago. The increase primarily reflected changes in exchange rates, higher net pricing and improved product mix.

For full-year 2007, Ford earned a pretax operating profit from continuing operations, excluding special items, of \$126 million. Including taxes, Ford's full-year loss from continuing operations was \$366 million, or 19 cents per share, compared with a 2006 loss of \$2.7 billion, or \$1.44 per share.

Special items, which primarily reflected noncash charges associated with a Premier Automotive Group (PAG) asset impairment (related to Volvo) and a change in business practice for providing retail incentives to dealers throughout the year, reduced full-year pretax results by \$3.9 billion or \$1.18 per share, which included a reduction in revenue of \$1.4 billion.

Automotive gross cash, which includes cash and cash equivalents, net marketable securities, loaned securities and short-term VEBA assets, was \$34.6 billion at Dec. 31, 2007, an increase of \$700 million from year-end 2006.

"Each of our Automotive operations is improving, and we are encouraged by the progress, which validates our strategy and plan," said Mulally. "In 2007, we introduced great new products around the globe that received strong third-party endorsements for styling, quality and safety. This year, we have some outstanding new product introductions including the Ford Flex, Lincoln MKS and Ford F-150 in North America, and Ford Kuga and the production version of the Ford Verve concept in Europe."

Full-year 2007 highlights supporting Ford's plan included:

- Significant progress made on our plan to aggressively restructure to operate profitably, accelerate the development of new products our customers want and value, finance our plan and improve the balance sheet, and work together effectively as one team, leveraging our global assets.
- All Automotive operations, with the exception of North America, were profitable for the full year, excluding special items, and all

Automotive operations achieved significant improvements when compared with 2006.

- Reached agreement with the United Auto Workers (UAW) on a new four-year national labor contract, which significantly improves the company's competitiveness going forward.
- Continued to align capacity to match demand and improve productivity in North America, and reduced personnel by 32,800 in 2007.
- Achieved \$1.8 billion in cost savings in 2007 (at constant volume, mix and exchange; excluding special items).
- Introduced Ford SYNC™ – the company's award-winning, fully integrated, voice-activated in-car communications and entertainment system developed in association with Microsoft – which will be available in nearly every Ford, Lincoln and Mercury product by the end of 2008.
- In the U.S., Ford, Lincoln and Mercury crossover utility vehicles led the fastest-growing segment with a sales gain of 62 percent in 2007.
- The Ford Mustang convertible made history as the first sports car and first convertible to earn the highest possible safety ratings from the National Highway Traffic and Safety Administration (NHTSA). The Mustang convertible earned five-star ratings in all crash test and rollover categories.
- Ford Taurus, Taurus X and Mercury Sable earned Top Safety Pick ratings from the Insurance Institute for Highway Safety (IIHS) for achieving the highest possible ratings in frontal, side and rear crash-test performance. They also earned five-star crash-test ratings from NHTSA.
- **Ford of Europe** captured *Autocar Magazine's* annual "Car Company of the Year" award.
- Ford Mondeo joins three other models – Ford Focus, Galaxy and S-MAX – with a five-star performance on the Euro NCAP Top 10 list, reinforcing Ford Europe's position as the manufacturer with the highest number of vehicles in the top 10 for adult occupant protection.
- **Ford South America** had record pretax profits and unit sales were up 19 percent year-over-year.
- Land Rover achieved a third straight year of record unit sales.
- Volvo S80 won *AutoMundo Magazine's* 2007 Car of the Year Award, and Volvo C30 was named *Automobile Magazine's* 2008 All-Star.
- Launched operations at new assembly plant in Nanjing, China, that will produce the latest small-car models from both Ford and Mazda.
- **Ford China** unit sales rose 26 percent in 2007, outpacing industry growth in China.
- Mazda CX-9 named "North American Truck of the Year," the first Mazda to win the honor.
- Completed the sale of Automobile Protection Corporation (APCO), Aston Martin and two Automotive Components Holdings (ACH) plants.
- Reduced Automotive debt by \$2.7 billion by completing trust preferred exchange offer and debt/equity swap.

FOURTH QUARTER

The company reported a 2007 fourth-quarter net loss of \$1.30 per share, or \$2.8 billion. This compares with a net loss of \$2.98 per share, or \$5.6 billion in the same period a year ago.

Ford's fourth-quarter revenue, excluding special items, was \$45.5 billion, up from \$40.3 billion a year ago. The increase reflected changes in currency exchange rates, higher net pricing, and improved volume.

Ford's fourth-quarter after-tax loss from continuing operations, excluding special items, was 20 cents per share, or \$429 million,

compared with a 2006 after-tax loss of \$1.03 per share, or \$2.0 billion.

Special items reduced pretax results by \$3.9 billion or \$1.10 per share in the fourth quarter, which included a revenue reduction of \$1.4 billion. These primarily reflected noncash charges associated with a PAG asset impairment (related to Volvo) and a change in business practice for providing retail incentives to dealers.



"We must stay committed to the relentless implementation of our four priorities."

— Alan Mulally,
president and CEO

pricing, and improved volume and mix, partially offset by higher costs and unfavorable changes in currency exchange rates. Fourth-quarter revenue was \$17.0 billion, up from \$15.1 billion a year ago.

FINANCIAL SERVICES SECTOR

For the full year, the Financial Services sector earned a pretax profit of \$1.2 billion, compared with a pretax profit of \$2 billion in 2006. For the fourth quarter, the Financial Services sector earned \$269 million, compared with \$416 million a year ago.

Ford Motor Credit Company: Ford Motor Credit Company reported net income of \$775 million in 2007, down from earnings of \$1.3 billion a year ago. On a pretax basis, Ford Motor Credit earned \$1.2 billion in 2007, down \$738 million from 2006. The decrease in full-year earnings primarily reflected the nonrecurrence of credit loss reserve reductions, higher borrowing costs, higher depreciation expense for leased vehicles and higher costs due to Ford Motor Credit's North American business transformation initiative. These factors were partially offset by lower net losses related to market valuation adjustments from derivatives and improved operating costs.

In the fourth quarter of 2007, Ford Motor Credit's net income was \$186 million, down \$93 million from a year earlier. On a pretax basis, Ford Motor Credit earned \$263 million in the fourth quarter, compared with \$406 million in the previous year. The decrease in fourth-quarter earnings primarily reflected the nonrecurrence of credit loss reserve reductions, higher borrowing costs and higher depreciation expense for leased vehicles, offset partially by lower expenses and the nonrecurrence of losses related to market valuation adjustments from derivatives.

2008 OUTLOOK

"Although our Automotive operations are improving on a year-over-year basis, the U.S. economy is slowing and the outlook for the auto industry remains challenging," said Mulally. "To help ensure we are able to deliver our commitments despite the difficult external environment, we will be taking further cost-reduction actions in North America, including enterprise-wide UAW buyouts. In addition, we will continue to accelerate the flow of new products, reduce vehicle complexity, and adjust production to the changing business environment."

AUTOMOTIVE SECTOR

The following discussion of the results of our Automotive sector and Automotive segments/business units is on a basis that excludes special items.

For the full year, Ford's worldwide Automotive sector reported a pretax loss of \$1.1 billion, compared with a pretax loss of \$5.1 billion a year ago. The improvements primarily reflected higher net pricing, lower costs, and favorable mix, partially offset by unfavorable changes in currency exchange rates, and higher net interest expense.

For the fourth quarter, Ford's worldwide Automotive sector reported a pretax loss of \$889 million, compared with a pretax loss of \$2.3 billion during the same period a year ago. The improvements were more than explained by higher net pricing and improved volume and mix, partially offset by unfavorable changes in currency exchange rates and higher net interest expense.

Worldwide Automotive revenue for 2007 was \$155.8 billion, compared with \$143.3 billion a year ago. Total fourth-quarter Automotive revenue was \$40.8 billion, up from \$36.0 billion a year ago.

Total company vehicle wholesales in 2007 were 6,553,000, compared with 6,597,000 units a year ago. Fourth-quarter vehicle wholesales were 1,643,000, up from 1,568,000 a year ago.

North America: For 2007, Ford's North America Automotive operations reported a pretax loss of \$3.5 billion, compared to a loss of \$6.0 billion a year ago. The improvement primarily reflected higher net pricing, favorable mix, and lower costs, partially offset by a number of factors including lower volumes and unfavorable changes in currency exchange rates. For the year, revenue was \$70.5 billion, up from \$69.4 billion a year ago.

For the fourth quarter, North America Automotive operations reported a pretax loss of \$1.6 billion, compared with a loss of \$2.7 billion a year ago. The improvement primarily reflected higher net

Financial Results Summary	Fourth Quarter		Full Year	
	2007	O/(U) 2006	2007	O/(U) 2006
Wholesales (000)	1,643	75	6,553	(44)
Revenue (Bils.)	\$ 45.5	\$ 5.2	\$ 173.9	\$ 13.8
Continuing Operations (Excluding Special Items)				
Automotive	\$ (889)	\$ 1,454	\$ (1,098)	\$ 4,020
Financial Services	269	(147)	1,224	(742)
Pretax Profits (Mils.)	\$ (620)	\$ 1,307	\$ 126	\$ 3,278
After-Tax Profits (Mils.)	\$ (429)	1,525	\$ (366)	2,334
Earnings Per Share*	(0.20)	0.83	(0.19)	1.25
Special Items Pretax (Mils.)	\$ (3,852)	\$ (85)	\$ (3,872)	\$ 8,050
Net Income				
After-Tax Profits (Mils.)	\$ (2,753)	\$ 2,872	\$ (2,665)	\$ 9,948
Earnings Per Share*	(1.30)	1.68	(1.35)	5.37
Automotive Gross Cash (Bils.)	\$ 34.6	\$ 0.7	\$ 34.6	\$ 0.7

*Earnings per share from continuing operations is calculated on a basis that includes pretax profit, provision for taxes, and minority interest.

Leaders speak at Automotive News World Congress

BY KRISTOPHER SPENCER

FORD World

The annual *Automotive News* World Congress brings together some of the most influential and powerful automotive leaders from around the globe to provide their thoughts on the state of the industry. Held in conjunction with the North American International Auto Show in Detroit Jan. 21-24, the event featured Ford President and CEO Alan Mulally as its opening speaker, while Derrick Kuzak, Ford group vice president, Global Product Development, also provided an address.



President and CEO Alan Mulally said he's never seen a more talented, committed team than the one at Ford.

Alan Mulally

Mulally spoke to a variety of industry concerns in his remarks, including the U.S. economy, environmental responsibility, the need to remain competitive in a global marketplace, the acceleration of technological innovation across the industry and the progress of Ford's turnaround plan.

"We talk a lot about the challenging situation in North America, but it is important to remember that Ford Motor Company is a profitable global corporation with tremendous presence and opportunities in regions around the world," Mulally said. "We're committed to all of the markets."

After his speech, Mulally took questions from the audience through event host Keith Crain, *Automotive News* publisher and editor in chief, who asked about Ford Motor Company's financial picture.

"We have sufficient capital and sufficient liquidity not only to do our restructuring but also accelerate the development of the new cars and trucks that people really do want," Mulally explained. "The plan we put in place is absolutely the right plan."

On the topic of supplier relations, Mulally said he is optimistic about working with suppliers to improve relationships.

"It's absolutely key," Mulally said. "One of my highest priorities is to take those relationships to a whole new level of mutually beneficial productivity. We're going to work closely with them to take complexity out of our product line and right-size capacity."

In regard to the pain of restructuring, Mulally said that while cutbacks were necessary to right-size the business, he's never seen a more talented and committed team than the one working at Ford Motor Company.

"As hard as the plan is, we're creating a better company as a result of it," Mulally added.

Crain also asked about the restructuring of the dealer body.

"The most important thing is to facilitate a discussion with our dealers," Mulally said. "We can't take arbitrary action. We need to talk about profitability issues, deal with reality, because the only way for us to grow is to work together."

Following the interview, Crain said he was impressed with Mulally.

"What's happening at Ford is critical to everyone – dealers, suppliers, as well as Ford Motor Company," Crain said. "I was delighted that Alan could come to the *Automotive News* World Congress and talk about the challenges facing Ford and the opportunities. And he did a great job, as always."

Derrick Kuzak

Ford Motor Company is accelerating the development of new products that customers want. At the same time, the company is ensuring profitable growth, Derrick Kuzak, Ford group vice president of Global Product Development, said in his address at the 2008 *Automotive News* World Congress in Detroit.

Kuzak offered an overview of Ford's product development strategy, insight into how Ford product development works and the vehicles and technologies transforming the company over the next few years.

"Most (automotive) analysts look at the average age of a product portfolio as one of the most important throughput metrics for a company," Kuzak said. "Clearly, we had some work to do starting in 2006."

Between 2006 and 2009, according to Kuzak, Ford will reduce the average age of the Ford and Lincoln portfolios in the U.S. by 35 percent. At that point they'll reach an average age

"We have sufficient capital and sufficient liquidity not only to do our restructuring but also accelerate the development of the new cars and trucks that people really do want. The plan we put in place is absolutely the right plan."

– Alan Mulally, president and CEO



Derrick Kuzak, Ford group vice president, Global Product Development, highlighted the company's improved design capabilities.

that is fully competitive with other high-volume manufacturers. Ford will accomplish this goal by reducing complexity of vehicle platforms and powertrain architectures and increasing investment efficiency.

Kuzak said Ford, through 2012, is reducing its global platforms by 40 percent, improving the number of vehicles per platform by 150 percent, reducing the number of engine architectures by 25 percent and improving its engine architecture implementation by 58 percent.

"From a bottom-line perspective, our investment efficiency for a physical top hat has improved during the past two years by more than 20 percent," Kuzak said.

He explained that, at Ford, product development is referred to as a "factory" to drive the mindset of process discipline, emphasize the importance of first-time-through metrics to design and the use of simple metrics to measure effectiveness and efficiency. He described how the Global Product Development System improved virtual design and engineering capability and gave core engineering more time. That process has helped to revolutionize product development at Ford.

"Our engineers have improved their output and efficiency, and importantly this has improved their morale," Kuzak said. "They've been inspired to become better engineers."

Kuzak also told how the global Ford brand product strategy emphasizes bold, emotive exterior designs, vehicles that are fun to drive and more comfortable and convenient as a "second home on wheels," leveraging consumer electronics innovations such as Ford SYNC™, SIRIUS Travel Link™ and a variety of branded audio entertainment features. He said improving fuel economy of Ford vehicles will increase customers' reason to buy them and he illustrated his point by describing EcoBoost, Ford's new gasoline turbocharged direct-injection technology, which will be launched on 2009 model year vehicles starting with the Lincoln MKS.

"Derrick's presentation was chock-full of great information on the future of Ford's global product plans, and a lot of it was very new to the audience," said Crain. "We were very lucky to have him here."

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New F-150 is named "Most Significant" vehicle at 2008 NAIAS

The editors of *AutoWeek* have picked the 2009 Ford F-150 as the "Most Significant" vehicle of this year's North American International Auto Show (NAIAS) at their annual Design Forum held in Detroit.

Editors of the automotive magazine said that based on the ample number of significant Ford vehicles at the show, the decision to select just one was "tough."

The magazine reported that "from the Explorer America, a unibody-constructed, friendlier sport/utility vehicle, to the Verve, the best-looking small car Ford has built for America in generations, the F-150 is Most Significant for what it means not only to the company but to the American ethic. The F-150 is Ford tough – and so was this decision among quite an impressive lineup of products Ford has on display."

"We're very pleased that *AutoWeek* selected our new 2009 F-150 as this year's Most Significant vehicle at the show," says Patrick Schiavone, design director, Ford Trucks. "It's exciting to begin the launch of the new F-150 with media honors, and it further recognizes the work we put into understanding our customers and always delivering the best truck on the market."

The new 2009 Ford F-150 offers the most capability, most "smart" features and most choice in the full-size pickup market. F-150 is new from the inside and out – from its segment-first features and



2009 Ford F-150

tough new exterior to its more spacious, flexible and refined interior and unparalleled choice of cab styles and trim levels, including a new Platinum series that redefines truck luxury. The addition of Platinum brings Ford to 35 unique F-150 configurations.

F-150 expands its capability by adding more usable interior space to the SuperCrew model, a stronger, lighter frame – which provides improved horsepower and fuel economy – and more standard safety features than previous models.

The F-Series, America's best-selling truck line for 31 years, turns 60 years old this year. Since its debut in 1948, Ford has built more than 33 million F-Series pickups. Today, Ford has more F-Series pickups on the road with 250,000 miles on them than anyone else in the truck business. ●

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BY ROBERT MUSIAL

FORD World

A unified and global Ford Motor Company leadership team gathered recently in Dearborn, Mich., to examine the successes and challenges of the

company's plan and confirm the course for 2008. Ford's operations in Europe, South America and Asia continue to perform well, while North America faces challenges brought on by a weak economy and high gas prices.

Last year, Ford was in the black in Asia for the first time, and profitable in China. In Europe, Ford earned a pretax profit of nearly U.S. \$1 billion, marking seven straight quarters of improved profits. In South America, the company achieved its largest profits ever and marked its 16th consecutive quarter in the black. And in North America, where the company has struggled, CEO and President Alan Mulally verified that despite economic problems and continued soft sales, the company is on track to be profitable in 2009.

Leaders held three sets of meetings Jan. 16-18 at the Ford Conference and Events Center (CEC) in Dearborn – one global, the others regional, with the latter focusing on the Americas and European operations – and spent time looking at Ford and our competitors' products at the North American International Auto Show in Detroit.

Ford Executive Chairman Bill Ford joined

Mulally at a dinner for the global leadership team and set the tone for meetings that would follow.

"Despite all the negative headlines and the gloom and doom about the economy, I actually have never felt better in 10 years," Ford said. "We're ahead of the (recovery) plan we laid out for ourselves."

Ford said the company is seeing more success stories in its global operations, and the integration of product development between the Americas, Asia Pacific and Europe is happening.

"The plan is working and I've never seen the true teamwork I see now," he said.

Speaking to 270 Ford leaders from around the world the next morning, Mulally said: "We are at a really critical point now and we're taking all the right steps to succeed. Because we are global, no company has the capability to make this transition worldwide like the Ford Motor Company."

Before boarding buses that would take them to the Detroit auto show, leaders watched a presentation by Chief Creative Officer J Mays comparing our products to vehicles being offered by competitive automakers. Mays also spoke about sustainability.

"It's a movement and a commitment by automakers. Sustainability in the auto industry is absolutely here to stay," he said.

"Despite all the negative headlines and the gloom and doom about the economy, I actually have never felt better in 10 years. We're ahead of the plan we laid out for ourselves. The plan is working and I've never seen the true teamwork I've seen now."

– Bill Ford, executive chairman

Back at the CEC, presentations continued. Sue Cischke, senior vice president, Sustainability, Environment and Safety Engineering, stressed that sustainability sought to balance the company's environmental, social and financial needs for today, as well as tomorrow.

She said the facts about climate change are converging with aggressive regulatory action in Europe and the U.S., intense political interest, and changing consumer views to underscore the need for more responsible products and behaviors.

Derrick Kuzak, group vice president, Global Product Development, then detailed the near-, mid- and long-term methods Ford would use to reduce emissions through 2030. Using affordable solutions, those plans will deliver millions of desirable, fuel-efficient vehicles. The first example of this is Ford's EcoBoost gasoline turbocharged direct injection engines that will debut on the Lincoln MKS.

Looking at other aspects of the business, Mulally showed the company's preliminary 2007 financial figures to the global leaders, who applauded the strong profits earned by Ford's Asia Pacific, Europe and South America units and the much-improved performance of the company's North America unit.



Derrick Kuzak, vice president, Global Product Group Development, said future products would be "unmistakably Ford in look, sound and feel."

"Our financials are all better than 2006 and better than the plan," Mulally said.

Mark Fields, president, The Americas, said Ford had made "significant progress" on its turnaround, reducing its North America loss by about \$2.5 billion. Since 2004, he said, the company has shifted its North American product mix from 70 percent trucks and SUVs to 50 percent cars and crossovers and 50 percent trucks in 2007.

"People are starting to have confidence in Ford's future. We've made good progress but there's still a lot of work to do," Fields said. "It's important that we continue to aggressively restructure."

Ford of Europe Executive Vice President Lewis Booth said his unit's success could be used as a template.

"This happened because of



"Sustainability in the auto industry is absolutely here to stay."

— J Mays, chief creative officer

Americas leadership gauges progress of Way Forward

BY KRISTOPHER SPENCER

FORD World

As the company's North American operations continue to shift toward profitability in 2009, Mark Fields, president, The Americas recently met with his leadership team to go over the successes and challenges of the Way Forward plan.

Fields said the company and its employees will need to be flexible to deal with the challenges that still lie ahead — among them, a weak economy, changes in vehicle mix, erratic gas prices, new CAFE legislation and capacity issues in our plants.

"We all have the same common interest — to make sure Ford is successful," Fields told the team. ●



seven years of effort. Things will turn around in North America, too," he assured the team.

John Parker, executive vice president, Ford Asia Pacific and Africa, said that by sticking to a plan, his unit had gotten "back in the black" two years ahead of target.

Ford Credit Chairman Mike Bannister said his division earned a pretax profit of more than \$1 billion in 2007. Ford Credit holds no residential loans that could be affected by the subprime mortgage meltdown and the unit will be reinstating dividends to the company in 2008, he said.

Mulally said Ford would stick to its plan and push to improve its retail market share, trim its materials costs and continue to match its capacity to its volume in 2008.

"There is no way to compete against a company like Toyota unless we leverage our global assets," Mulally said.

That mission was exemplified by the Verve concept car shown at the Detroit auto show, said Kuzak. "This is one car that will change the way people feel about small cars," he said.

The production version of the sleek B-Car, which was developed in Europe, will first go on sale there and in Asia and be rolled out in North America in 2010.



Jim Farley, group vice president, Marketing and Communications, said "customer-based planning" is essential.

Under Ford's global brand product strategy, Kuzak said that future products would feature exciting exterior designs, be great to drive and sit in, would be more fuel efficient and would be "unmistakably Ford in look, sound and feel."

Ford's future also means working smarter, said Jim Farley, group vice president, Marketing and Communications. He noted that, in ten years, Toyota created eight desirable vehicles off one platform, using just three factories, and gaining sales of 1 million units.

"Customer-based product planning is one of the most essential elements to a successful plan for us," Farley said.

Early the next morning, more than 450 executives assembled for the annual Americas leadership team meeting, which began with a review of the accelerated Way Forward plan.

"The U.S. business is starting to turn around. Even though we've had some success, we can't let up because 2008 will not be any easier," Fields said. "What we do now is going to set the foundation for our growth forward. We are going to come out of this a much stronger company."

Since Way Forward began in late 2005, Ford has reduced its warranty costs and dramatically improved the quality of its vehicles, said Fields.

Third-party accolades from J.D. Power and Associates, *Consumer*

Reports magazine and others also bore out Ford's improving quality picture in 2007, he said. Making quality cars and trucks also helps resale or residual values, which is good for both the company and its customers.

Other bright spots for 2007 included Lincoln scoring the highest sales increase – 9 percent – among luxury brands. Ford dealer profits are also up 18 percent while Lincoln Mercury dealer profits have skyrocketed 270 percent.

Ford in North America also became much more disciplined about keeping inventories in check, controlling incentives and reducing fleet sales in 2007, Fields said.

Last year also saw Ford successfully negotiate a transformational contract with the UAW that will have a significant positive impact on the business in the future.

The company also took the painful but needed step of reducing its work force by 35,500 hourly employees and 10,800 salaried employees while idling seven plants in the last two years – all without a disruption in its work force or a drop in product quality, he said.

In addition, employee morale showed a solid improvement when compared with this time last year. To help boost morale, an all-employee product event will be scheduled this spring to show the company's upcoming products, Fields revealed.

Fields also said that the successful launches of these nine new or substantially freshened products – the all-new Ford Flex and the Lincoln MKS full-sized sedan, as well as the glass-roof Mustang; 2009 Ford F-150, Escape and Fusion; the Mercury Mariner and Milan; and the Lincoln MKZ sedan – are key to the company's success in 2008.

Global and Americas team members also got to ask frank questions of top executives on the state of the company and its plans.

At one of the leadership events, Kevin Costello, controller, Global Purchasing, reflected on what he had seen and heard.

"People are still rooting for us. We have to work as a unified team to make this all work. There's not a microsecond for complacency," he said. ●



Ford F-150



Lincoln MKS

**"One team,
one plan,
one goal,
one Ford."**

– Alan Mulally,
president and
CEO



Mercury Mariner

Q&A

"The entire leadership team committed, really committed, to give quality more than just lip service. And now, we aren't just talking about quality, we've tightened our quality standards and put them into the basic infrastructure of the business."

Bennie Fowler



Bennie Fowler, Ford vice president, Quality, is a key player in helping the company "accelerate development of new products our customers want and value." And while reaching this goal is an ongoing process, Fowler says the significant quality improvements Ford has made are helping to deliver.

Q. As you look back at 2007, what are the highlights?

A. 2007 is the year we caught Toyota and closed in on Honda. This is the year that we are now able to say: *Ford's quality is equal to the best in the industry.*

We knew we were there because our internal data were telling us that. But the media took notice when a number of third-party sources – *Consumer Reports*, J.D. Power and Associates,

University of Michigan, *Consumers Digest*, Strategic Vision and many more – recognized us in 2007, all reflecting what the customer has to say.

To have a premier magazine like *Consumer Reports* honor us by recognizing 41 out of our 44 nameplates, that was a crowning accomplishment in 2007. It just topped off all the other acknowledgements we received last year. In June, we had 14 vehicles receive J.D. Power first-, second- or third-place honors in their segments. Also in June, Edge was named one of the top vehicles in the J.D. Power APEAL survey. On top of all of that, we had a U.S. \$900 million savings in warranty costs this year, which is just fantastic. These were certainly tremendous accomplishments when I think about quality this year.

Q. You mentioned the \$900 million savings in warranty costs. Can you expand on that and explain how improved quality affects the company's bottom line?

A. By making such dramatic improvements in the quality of our vehicles over the past few years, we have been spending less on warranty repairs around the world. In the first nine months of 2007, we spent \$900 million LESS than we had expected to spend. So we were able to take that \$900 million, which had been reserved to pay for anticipated warranty repairs, and invest it back into the business to help fund future product programs. That's a major positive direction for the business. And it helps employees understand that good quality has many, many sides to it: reputational, emotional and financial.

Q. Quality improvements have been particularly prominent in the last three years. What accounts for the shift?

A. The entire leadership team committed, really committed, to give quality more than just lip service. And now, we aren't just talking about quality, we've tightened our quality standards and put them into the basic infrastructure of the business. In design, in product development, in manufacturing, we've taken very solid processes and enhanced them. We didn't



create any new processes. Our processes have been strong; they're solid. They just needed to be adhered to, relentlessly. And the standards had to be raised to reflect customers' rising expectations.

In the past few years, we got buy-in across the system to do that. So, we've tightened up our launch standards. We're an industry leader in how we're using digital tools at important early stages in the development of new programs. All this helps us find and resolve the issues way upstream – just as we're supposed to do. And when there are issues that get out, we study them every single day. The plants receive warranty claim data from dealerships on a daily basis. Find, contain, resolve – always with customers in mind.

Q. Ford quality has improved at a higher rate than the industry. Can you speak to the significance of that?

A. We improved at a rate of about 11 percent this year, and the entire industry improved at a rate of 2 percent. Two years ago, we improved by 14 percent and the industry improved by 12 percent. So you can see that we're maintaining a double-digit improvement year over year, while the industry's rate of improvement is slowing.

The significance is that all the processes we've tightened have allowed us to improve at a faster clip than what the industry is improving at. And that's been our plan.

In previous times, we've had pockets of plants work on quality. We've never, ever had such a comprehensive approach where every function, every facility is driving quality. We have a critical mass of people working on quality and a critical mass of product development leaders working on quality as they drive through the product development product review and our vehicle quality reviews. We've never really had such a consistent approach with a total view of an enterprise working on quality like that. And I believe that's at the heart of the improvement that we've experienced.

Q. How challenging has it been to improve quality during a period when the company has been going through difficult times?

A. We have a lot of new people, and we've tried to develop simple teaching tools around the processes, methods and systems they should be using to deliver quality. So in times of change, the processes stay the same. We've gone from a war room-like mentality to a learning-type mentality.

Over the last four or five months, every region – whether it be South America, Asia Pacific and Africa or Ford of Europe – is looking at the standards and the processes that we have documented are driving the success in North America. We're performing gap analysis. So we see a lot of interest in my quality team to get into the regions



and help drive the improvements they need to make for us to continue the progress worldwide.

Q. Industry analysts say that despite all the quality improvements, it could take several years to turn Ford's image around. Do you agree?

A. I certainly agree with the fact that it won't happen overnight. How long it will take? I've never really done any science on it. What I tell analysts is stop saying, "Yes, they've improved, but" Say, "Yes, *and*"

Q. How does the quality team illustrate the company's "One Team, One Plan, One Goal" strategy?

A. I'm a member of Alan Mulally's team. That starts the "one team." I just happen to be the representative for the enterprise on the subject of quality. The ideology that's been described by Alan is that we have to have one quality plan that supports the enterprise in its delivery of the brand promise. We take a look at customers and what it's going to take for us to win in the marketplace, and that really defines the mission in terms of how we will support the team.

Q. What should we expect in 2008?

A. First and foremost, we have to get customers back into our showrooms. We have to close this so-called perception gap. Too many people still don't know that our quality has improved. Too many still don't trust that it's sustainable. We're working closely with Marketing and Communications team and the Sales team to change that dynamic.

Q. What message would you like to communicate to employees?

A. Let's change our internal tone of voice and speak with confidence about Ford Motor Company. Our employees have made this happen. They are following the processes and improving the quality of our vehicles. Be courageous to raise concerns when you see something that might have a negative impact on quality. Raise your concern constructively and if you're not being heard, please call or contact me.

But speak with pride about this progress and encourage your friends and neighbors and family to go back into our showrooms. They will be delighted. ●



Ford scopes out competition at NAIAS 2008

BY KRISTOPHER SPENCER

FORD World

Trucks and cars that are big on horsepower, such as the Dodge Ram and Chevrolet Corvette ZR1, were prominently displayed at this year's North American International Auto Show (NAIAS) in Detroit. However, they shared the spotlight with vehicles that are just as big on "green" power, including many hybrid, advanced diesel and bio-fuel concepts.

As in previous years, Ford Motor Company's Competitive Product Analysis team went to the show to collect product data and evaluate other automakers' products – a fundamental practice of the automotive business.

"It isn't the strong horsepower show that we've seen in the past," said Stephen Murray, manager, Ford Competitive Product Plans. "The green message definitely is there, but it's balanced with performance. The stand that really summed that up for me was Ferrari, which featured an F430 convertible with large green 'Bio-fuel' stickers all over it."

Murray said many automakers talked about reducing dependence on petroleum at their press events and evidence of that interest was on display.

General Motors, which generated buzz at the 2007 NAIAS with its Chevrolet Volt electric car, unveiled a number of "green" vehicles, including the 2009 Saturn VUE Green Line hybrid. It has a dual-mode gasoline-electric system similar in concept to the system used on GM's full-size SUV and pickup hybrids.



Volkswagen Passat CC

"It's interesting that they're combining a high horsepower V-6 engine with a full-hybrid system and should achieve better performance than the sportier VUE Red Line model," Murray explained.

GM also plans to release a plug-in version of the Saturn VUE hybrid by 2010, competing with Toyota to be the first full-line automaker to market with a plug-in electric hybrid vehicle.

Other GM "green" vehicles on display were the Saturn Flextrene turbodiesel hybrid concept, Cadillac Provoq electric concept SUV, Buick Riviera hybrid concept, and Saab 9-4X BioPower and HUMMER HX ethanol-compatible concepts.



Dodge Ram



Chevrolet Corvette ZR1

"It was funny hearing GM talk about the HUMMER brand and environmental responsibility in the same breath," said Dave Hollister, specialist, Ford Competitive Product Analysis. "BMW did a more convincing job talking about the performance of its upcoming clean diesels."

General Motors also unveiled several performance-driven models that make no attempt at environmental responsibility, including the 550-hp 2009 CTS-V sedan, 304-hp CTS Coupe concept and 620-hp 2009 Chevrolet Corvette ZR1, which is touted as the most powerful 'Vette ever.

"The Cadillac CTS Coupe was a big surprise," Murray said. "It is beautifully styled and showcases how Cadillac is beginning to offer more derivatives of its existing products and platforms."

Along with the CTS Coupe, Murray identified the 2009 Volkswagen Passat CC sporty four-door "coupe" as one of "sleekest, most stylish" cars at the show. It arrives in U.S. dealerships this fall.



Toyota Venza



Chrysler ecoVoyager

After lagging behind the competition in environmentally friendly products, Chrysler unveiled a trio of electric concepts, including the Chrysler ecoVoyager, Dodge Zeo and Jeep Renegade. The company claims that all three are capable of at least 40 miles of city driving using lithium-ion battery packs. The four-door, four-passenger ecoVoyager uses a hydrogen fuel cell. The Zeo is an all-electric four-door, four-passenger "muscle car." And the Renegade uses a small-displacement diesel engine for estimated fuel economy of 110 mpg.

"These vehicles came across as Chrysler trying to catch up to GM," Hollister said. "GM has a trio of E-Flex-based hybrids, so by showing these concepts Chrysler is saying 'us too.' While they're neat design studies, they probably aren't practical for production in the same way that GM's E-Flex and Volt are."

Chrysler also unveiled its redesigned 2009 Dodge Ram pickup, featuring an upgraded interior, innovative storage solutions and lots of available feature content, as well as more Hemi power. Towing is estimated at 9,100 pounds thanks to a revised 5.7-liter Hemi V-8 with 380 hp and 404 lb.-ft. of torque on tap, up from 345 hp and 375 lb.-ft. The automaker also promises to add a two-mode hybrid powertrain in 2010 and a light-duty Cummins diesel option in 2009.

"They've also transitioned from leaf springs to coil springs, which will buy them ride comfort and handling at the sacrifice of capability," Murray said. "They're catering more to 'personal use' than the 'work truck' segment with that change."

Hybrid-sales leader Toyota unveiled the A-BAT unibody pickup hybrid concept, which uses similar technology to their popular Prius. Toyota is seriously considering an entry-level pickup model based on the RAV4 unibody platform to slot under

the Tacoma, although at least initially it wouldn't have a hybrid option. The company forecasted that it will sell its 1 millionth hybrid vehicle by 2011 or 2012 and promised to launch clean-diesel V-8 versions of its Tundra pickup and Sequoia SUV within the next 24 months.

Toyota also unveiled the Venza, a five-passenger Camry-based crossover to go on sale this year.

"As a crossover, it's more like a car than an SUV," said John Richardson, specialist, Ford Competitive Product Analysis. "It's one of several vehicles at the show that reflect a trend of OEMs trying to extend their brands, along with small SUVs like the Mercedes GLK and Cadillac Provoq, more premium models from Volkswagen (Passat CC) and Hyundai (Genesis), and Toyota's small A-BAT truck."

Surprisingly, Toyota was the only Japanese automaker with more than one product unveiling.

"Acura and Infiniti didn't show anything new, concept or production," Richardson said. "Nissan showed its Forum next-generation minivan concept, and Lexus showed a convertible version of its LF-A supercar concept, but neither brand introduced a new production vehicle."



Honda Pilot

Honda continued to polish its environmental image at the auto show, announcing that it will produce two new hybrid vehicles in the near future, as well as a limited run of its FCX Clarity, a fuel cell C/D-Car it will lease in the L.A. area this summer. In Detroit, the automaker unveiled a more powerful and more efficient Pilot concept SUV, which Richardson described as mechanically sound, but stylistically conservative.

Although the 2009 Hyundai Genesis has received little media attention, the Competitive Product Analysis team identified this luxury sedan as the most significant competitive introduction at this year's show. The mid-sized rear-wheel-drive Genesis, Hyundai's first foray into moving toward the premium segments, will come with a choice of V-6s, either the 264-hp 3.3L or the 290-hp 3.8L, both with variable valve timing, or Hyundai's all-new 375-hp, 4.6L "Tau" V-8 paired with a ZF six-speed automatic transmission. It goes on sale in North America this summer at a starting price in the very low U.S. \$30,000 range.

"Imagine a BMW 7-Series package with BMW 5-Series performance at the price of a BMW 3-Series," Murray said. "Look at the premium execution of the interior, the package, performance and price. We'll have to compete with this product." ●



Hyundai Genesis

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National Parks Tour of the Golden West, 15-Days: Depart Saturdays in July or August 2008. Start in Salt Lake City and visit six national parks: Yosemite, Sequoia, Zion, Bryce Canyon, Arches, and Canyonlands National Parks. You'll also visit Fresno, CA; Reno; Carson City; Pyramid Lake; Virginia City; Lake Tahoe; and Las Vegas, Nevada; a city tour of Salt Lake City including Mormon Square; The Beehive House; Great Salt Lake; Kennecott Copper Mine; and more! **Prices from \$1048***.

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ESP provides Ford-only benefits

BY JOHN FOSSEN
FORD World

Just because you buy or lease a new vehicle at a Ford or Lincoln Mercury dealership, that doesn't necessarily mean that you'll be offered an extended service contract backed by Ford. Dealers do not have to sell or even offer the Ford Extended Service Plan (ESP).

Today, there are many extended service plans being sold in the marketplace, including those from independent insurance companies, as well as competitive automakers. But over the last 20 years, many service contract companies have gone out of business, leaving customers liable for expensive vehicle repairs that they thought would be covered by their plan.

"We just want employees and retirees to be aware that our dealers are legally allowed to sell customers extended service contracts from other companies," said Mark Bardusch, manager, National Sales and Marketing, Ford ESP. "Unless the Application for Contract has the Ford, Lincoln and Mercury logos along with the words 'Extended Service Plan' on the document, it's not Ford ESP."

Overall, Ford Motor Company knows your vehicle best and is more concerned with customer satisfaction than any other independent insurance company. When considering extended service contracts, keep these Ford ESP benefits in mind:

- It's the only extended service plan backed by Ford.
- It's accepted at every Ford, Lincoln and Mercury dealership in the U.S. and Canada.

"Unless the Application for Contract has the Ford, Lincoln and Mercury logos along with the words 'Extended Service Plan' on the document, it's not Ford ESP."

*— Mark Bardusch, manager,
National Sales and Marketing, Ford ESP*

- Repairs are made with genuine Ford or Motorcraft parts.
- There are no out-of-pocket expenses beyond the deductible.
- There is a variety of payment options.
- Many Ford ESP plans include rental vehicle coverage.
- 24-hour roadside assistance is included.
- The plans are transferable if you sell your vehicle.

Another key advantage with Ford ESP is that company employees and retirees are eligible to receive the "Disappearing Deductible" option upgrade (a retail value of up to U.S. \$375) at no additional cost. This means that if you return for repairs at your selling Ford ESP dealer, the standard \$100 deductible will be waived.

Ford ESP is available in a range of coverage, time and mileage combinations that can be customized to fit your individual needs. The revenue generated by ESP helps Ford to develop exciting new products that will strengthen the future of Ford Motor Company. For more information, visit axz.ford.com or the "Discount Marketplace" on the employee network (<http://employees.ford.com>) or click on the ESP banner on the Ford Enterprise Portal homepage. ●

ESP: The only Extended Service Plan backed by Ford.

Insist on Ford ESP. Don't be fooled by imitations.

Here are the advantages of Ford ESP:

- Accepted at all Ford and Lincoln Mercury Dealerships
- Comprehensive coverage options to fit every budget
- Repairs made with Genuine Ford Parts
- 24-hour roadside assistance
- 100% backed by Ford Motor Company



Browse plans at ford-esp.com

**I WORK FOR FORD
I DRIVE A FORD
I GOT FORD ESP**



SPECIAL OFFER FOR EMPLOYEES

Great news for Ford employees:

If you purchase a Ford Extended Service Plan with your Ford, Lincoln or Mercury vehicle, you're eligible to receive a special Disappearing Deductible plan upgrade free of charge – a value of up to \$375 on certain plans.

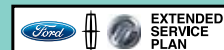
That's no deductible for no additional cost!

What is it?

The Disappearing Deductible eliminates the \$50 or \$100 deductible when ESP-covered repairs are performed at the dealership where you purchased your qualifying plan. And it's only available to Ford employees.*

*Offer available to employees, retirees and surviving spouses only.

**Take this flyer to your Ford
or Lincoln Mercury Dealer and
get all the details or visit the
"special offers" section on axz.ford.com**



SYNC

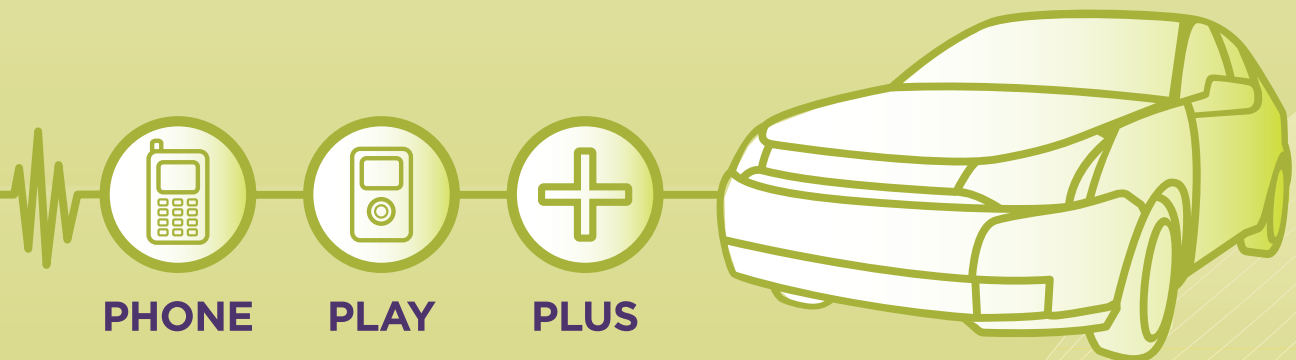


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Introducing SYNC - a fully integrated, in-car technology that allows you to send and receive wireless phone calls and text messages as well as operate nearly all portable digital media players with simple voice commands.



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SYNC YOUR CAR, PHONE, MUSIC AND MORE THIS FALL ON SELECT FORD AND LINCOLN MERCURY VEHICLES.

To view SYNC-equipped vehicles and learn more about this award winning technology visit www.syncmyride.com.



The Ford Mondeo earned Family Car and Estate Cars honors from *What Car?* magazine.

Ford Mondeo captures more prestigious awards

Two of the industry's most prestigious accolades were recently given to the new Ford Mondeo 2.0 TDCi Zetec, as the vehicle took home *What Car?* awards in both the Family Car and Estate Car categories. Judges selected this particular model due to its frugal yet lively and refined diesel powertrain, combined with a well-appointed interior. Steve Fowler, group editor, *What Car?*, said: "The new Mondeo is nothing short of fantastic and head and shoulders above its rivals. Whichever model you choose you'll have a great looking, well-built and well-equipped family car that's a joy to drive or be driven in." The comprehensive Mondeo range offers five different gasoline and four diesel engines along with four-door, five-door and estate (station wagon) body styles for maximum customer choice.



Volvo is introducing its new Powershift transmission on 2L turbodiesel models of such vehicles as the C30.

Volvo presents new safety, powertrain features

Volvo Cars recently showed off new technologies that will help make its vehicles safer and more fuel efficient. They include a system that brakes a vehicle automatically if a pedestrian steps out in front of it and another that detects risk for a frontal collision caused by lane departure, then steers the vehicle back automatically to avoid a frontal collision. Both are part of Volvo Cars' preventive safety development program and will be introduced into the market within a few years. The company also announced that 2L turbodiesel versions of the Volvo C30, S40 and V50 are now also available with a fully automatic transmission. This new Powershift transmission is a six-speed unit that features twin wet clutches that provide gear-changing comfort on a par with that of a fully automatic transmission, yet with the performance one expects of a manual gearbox. What is more, it significantly cuts fuel consumption compared with a conventional automatic transmission.



U.K. Ford dealers are now offering performance upgrades for the Fiesta ST.

Ford dealers offer performance upgrades for Fiesta ST

Ford is offering Fiesta ST customers in the U.K. a unique opportunity to buy performance upgrades for their cars through a choice of two special dealer-fit options. The Mountune Performance Stage 1 package will retail at £1,435 (plus fitting; approx. U.S. \$ 2,800) and consists of a high-flow air induction system, a high-performance exhaust system including high-flow catalyst and tubular manifold, and recalibration of Ford's potent 2.0-litre Duratec ST engine for added horsepower. The more powerful Mountune Performance Stage 2 package will cost £1,838 (plus fitting; approx. \$3,600) and adds new camshafts and valve springs to the basic package for another boost in power.



A refreshed version of the popular Mazda MPV launched in Japan.

Mazda unveils freshened MPV minivan in Japan

Mazda Motor Corporation has announced the launch in Japan of the upgraded Mazda MPV minivan. Known for its excellent drivability and sporty dynamic design, the freshened Mazda MPV is available at all Mazda, Mazda Anfini and Mazda Autozam dealerships nationwide. The concept for Mazda's latest MPV is "+Aggressive, +Luxury." The refined styling and superb drivability that have become hallmarks of the third generation MPV since its launch in February 2006 have been further evolved. Other enhancements include interior and exterior changes and improved ride quality and comfort. Vehicle dynamics also have been enhanced by installing Mazda's five-speed automatic transmission as standard equipment on all front-wheel-drive models with the MZR 2.3L naturally aspirated engine.



Ford's global product push will take the Edge to Brazil in 2008.

Ford Edge to launch in Brazil this year

The highly popular Ford Edge midsize crossover will go on sale in Brazil later this year as Ford Motor Company continues its product offensive in South America and around the world. The addition of the Edge to Ford of Brazil's vehicle lineup will provide fresh momentum after another year of earnings and sales growth for Ford in South America. Led by the EcoSport, Fiesta and Fusion, Ford sales rose 20.7 percent in Brazil and 18 percent in all of South America in 2007. "The launch of the Edge in Brazil creates a new option for consumers," said Marcos de Oliveira, president of Ford Brazil and Mercosur. "It is a modern product that brings to the country the latest trends in global technology, aligned with the quality and innovation promise of the Ford brand."

JANUARY

28-
March
31**Special Tire Discounts for Employees**

Ford Customer Service Division is proud to offer Ford employees a special first quarter discount on the most popular tires Ford and Lincoln Mercury dealers sell. You get a great deal on tires during the winter when you need all the grip you can get. This discount is in addition to any other offer or rebate available at the dealership. It's easy to take advantage of the offer: 1. Call Tire Program Headquarters at 1-888-353-3251 to receive your employee approval code. 2. Take that code to your participating local Ford or Lincoln Mercury dealership and buy your tires by March 31, 2008. You will receive 20 percent off the MSRP of Goodyear premium tires (Assurance ComforTred, Assurance TripleTred, Eagle ResponsEdge, Eagle F1 All Season, Fortera TripleTred, Fortera Silent Armor and Wrangler Silent Armor) and 15 percent off the MSRP of all Michelin/BFGoodrich/Uniroyal, Continental/General and Yokohama tires. (Employee must receive approval code from Tire HQ by calling 1-888-353-3251 before purchasing tires. Not valid on prior purchases.)

29 Ford Chinese Association 2008 Chinese New Year Celebration (Dearborn, Mich.)

Join keynote speaker Jim Farley, group vice president, Marketing and Communications, and the Ford Chinese Association (FCA) in ringing in the "Year of the Mouse" at the Dearborn Ballroom of the Dearborn Inn. Registration is from 5 p.m. to 6 p.m.; the program runs from 6 p.m. to 8:30 p.m. Prices are U.S. \$25 for registered FCA members and \$30 for non-members. For more information or to purchase tickets, contact Wendy Chen at 313-248-3170 or WCHEN13@ford.com.

**American Red Cross**

An average of 91 cents of every dollar the Red Cross spends is invested in humanitarian services and programs. The Red Cross is not a government agency; it relies on donations of time, money and blood to do its work.

For information on upcoming blood drives, to volunteer or to donate:

- Log onto www.givelife.org (Enter sponsor code = ford13) to sign up for a Ford sponsored blood drive
- Calling 1-800 GIVE LIFE or www.givelife.org (enter zip code) to donate at a Red Cross Donor Center (www.semredcross.org for locations)
- Volunteering for the Red Cross (www.redcross.org/services/volunteer)
- Financial donations (www.redcross.org/donate)

FEBRUARY

13 Retirement Planning and Investing Seminar (Dearborn, Mich.)

The Ford Motor Company Real Estate and Investment Club presents seminar that will provide information about strategies for managing your 401(k) and IRAs, maximizing investment returns with less risk, real estate vs. stock market investing, current investment opportunities and risks, outlook for the real estate market and a financial markets forecast. These sessions are open to all club members, Ford Motor Company employees and retirees, and the general public. Seating is limited. Advanced reservations are required. To reserve seating, call toll-free 1-866-444-6246 or visit www.mainstaycapital.com to register online. The event will be held from 5:30 p.m.-7 p.m. at the M-TEC Auditorium at Henry Ford College.

MARCH

24 Frostbite Open Charity Golf Event (Plymouth, Mich.)

Woodhaven Stamping Plant Frostbite Open Charity Golf event has earned over U.S. \$280,000 for the center over the last ten years. More than 2,800 golfers have participated in this event, averaging 300 plus golfers each year. The Frostbite has become one of the largest single day, single start golf outings in southeastern Michigan. This year's event will be held at Fox Hills Golf & Country Club. For more information go to www.frostbiteopen.com.

**26 Ford Retiree Golf Outing (Fort Myers, Fla.)**

Join 50 to 70 other golfers at the fifth annual outing for members of the Ford retiree family in southwest Florida. The event will begin at 1:00 p.m. at the Pelican Preserve

Golf Club in Ft. Myers. Golf, cart, range balls, prizes, tee gift and dinner are just U.S. \$105; dinner only, \$20. For reservations, send a check made out to Tom Howard at 9401 Chartwell Breeze Dr., Bonita Springs, FL 34135. For more information, contact Don Morgan at D07MORGAN@aol.com.

MAY

16-18 Indiana SAAC Shelby Spring Fling (Nashville, Ind.)

The 31st annual Indiana Region Shelby American Automobile Club (SAAC) Shelby Spring Fling event will include a welcome bash, car show, picnic, banquet and awards ceremony, as well as a road rally. Open to: Cobras, Shelys, Tigers, Bosses, Mach 1's, Saleens, Roushes, Steedas, all Mustangs and "hi-po" Ford vehicles. Visit www.indianasaac.com for more information.

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daily

For the latest industry news,
employees should visit AutoBeat
Daily via FCN Online at
www.fcn.ford.com.

**2008
Auto Show Lineup****February**

- 2-10 Philadelphia Int'l. Auto Show, Philadelphia, Pa. www.phillyautoshow.com
- 2-10 Buffalo Auto Show, Buffalo, N.Y. www.buffaloautoshow.com
- 7-10 Baltimore Int'l. Auto Show, Baltimore, Md. www.motortrendautoshow.com/baltimore
- 8-17 Chicago Int'l Auto Show, Chicago, Ill. www.chicagoautoshow.com
- 8-10 Iowa-Illinois Regional Auto Show, Davenport, Iowa www.motortrendautoshow.com/quadcities/
- 15-17 Spokane New Car Show, Spokane, Wash. www.spokaneautoshow.com
- 23- Cleveland Auto Show, Cleveland, Ohio www.clevelandautoshow.com
- 23- Greater Milwaukee Auto Show, Milwaukee, Wis. www.motortrendautoshow.com/milwaukee

March

- 5-9 Greater Kansas City Int'l. Auto Show, Kansas City, Kan. www.kansascityautoshow.com
- 6-9 Oklahoma City Int'l. Auto Show, Oklahoma City, Okla. www.okautoshow.org
- 6-9 First Hawaiian Auto Show, Honolulu, Hawaii www.motortrendautoshow.com/honolulu

EDITOR'S NOTE



Please send information on your local upcoming Ford-related events to FWinfo@ford.com

*If you have the automotive bug,
the auto show season
could be a cure for you.
Check out your favorite vehicles
at an auto show near you.*

Naughty or
nice - we won't
judge



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