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DERRICK KUZAK Q & A

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Lincoln MKT production confirmed, will launch in 2009

Lincoln has confirmed that it will launch the Lincoln MKT, a three-row luxury crossover based on the well-received concept vehicle, in 2009. The MKT will add another all-new vehicle to the Lincoln showroom, said Mark Fields, president, The Americas. With seating for up to seven passengers, the new crossover will feature a host of new technologies and also offer an EcoBoost™ 3.5-liter V-6 that will deliver an estimated 340 horsepower.



Lincoln MKT concept

Ford fuel cell fleet exceeds performance expectations

With more than 865,000 real world miles, Ford's fleet of 30 fuel cell test vehicles has surpassed expectations — without significant maintenance issues. Launched three years ago, the Focus fleet has earned praise for durability, reliability and capability. The program, with the U.S. Dept. of Energy, will be extended for up to two more years, until the next generation of fuel cell Fords is ready in 2010.



Fuel cell test vehicle

With \$75 million, truck plant switching to small car production

Ford will invest U.S. \$75 million in its Michigan Truck Plant to prepare the facility to produce small vehicles in 2010. Converting the body shop of the plant begins in November when tooling and equipment used to build the Ford Expedition and the Lincoln Navigator will be moved to the Kentucky Truck Plant in Louisville. The plant's 1,000 employees will move next door to the Wayne Assembly Plant to help produce the hot-selling Ford Focus.



Michigan Truck Plant

Improved quality means big savings in warranty costs for Ford

With the warranty repair rate for Ford, Lincoln and Mercury vehicles in the U.S. almost 60 percent lower than it was in 2004, the company's worldwide warranty costs have dropped by U.S. \$1.2 billion over the past 18 months. The reason? Improved quality

aided by Ford's Global Product Development System, which begins at the design phase and follows through to the assembly line. The success is also due to the strong partnership between Ford and the UAW, said Phil Calhoun, manufacturing quality manager.



FORD World gets a little bit greener

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Focus, Escape shine amid August sales decline

BY JOHN FOSSEN

FORD World

The continuing consumer shift away from large SUVs and trucks along with lower sales to fleet customers were the primary factors in a 26 percent overall sales decline for Ford in the month of August.

On the plus side, Ford Focus sales jumped 23 percent and the Ford Escape experienced a 17 percent hike.

"The Focus and Escape offer the features and fuel economy today's consumers want," said Jim Farley, Ford group vice president, Marketing and Communications.

That includes Escape's class-leading fuel economy of 28 mpg highway when equipped with its new 2.5-liter 4-cylinder engine - matching the 2009 Toyota RAV4 and topping the Honda CR-V.

The 2009 Focus also offers impressive highway fuel economy of 35 mpg, equaling the Toyota Corolla and smaller Honda Fit.

The new Lincoln MKS luxury sedan totaled 2,374 units in August, exceeding expectations.



2009 Ford Escape

Although F-Series sales dipped 42 percent, Ford is about two months ahead of schedule in clearing out current models of its F-150 pickup in preparation for the launch of the new 2009 model, says Ford U.S. Sales Analysis Manager George Pipas.

The combination of selling down the 2008 models along with previously announced production cutbacks of the truck will allow the company to reach a 50-50 mix of old and new F-150 models in December.

"This will enable us to focus on the capabilities and features of the new F-150 when it is launched later this year," explained Pipas. "The faster you clear out the old models, the less floor plan your dealers are carrying, and the more we can communicate the benefits of the new model."

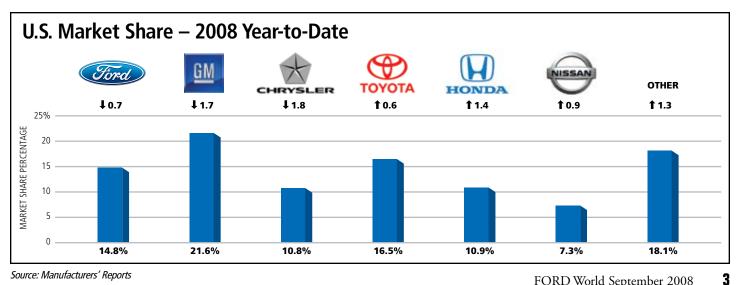
Farley said he expects the second half of 2008 to be more challenging than the first half, as weak economic conditions and the consumer credit crunch continue. As a result, Ford has revised downward its U.S. industry sales forecast to the low end of a previously announced range of 14.0 to 14.5 million units.

The company also revised its production schedule to build 50,000 fewer vehicles during the second half of the year. 🔷

Vehicle Sales

2008 August Year-to-Date U.S. Top-Selling Cars and Trucks

Rank/Nameplate		Units Sold
1	Ford F-Series	359,971
2	Toyota Camry	326,076
3	Chevrolet Silverado	320,074
4	Honda Accord	290,857
5	Honda Civic	264,138
6	Toyota Corolla/Matrix	258,369
7	Nissan Altima	207,733
8	Chevrolet Impala	182,591
9	Dodge RAM	175,246
10	Ford Focus	155,036
11	Chevrolet Cobalt	145,941
12	Honda CR-V	142,096
13	Chevrolet Malibu	120,830
14	Toyota Prius	119,688
15	Ford Escape	116,511
16	GMC Sierra	115,067
17	Pontiac G6	109,380
18	Toyota Tacoma	108,137
19	Ford Fusion	107,603
20	Toyota Tundra	107,330
21	Honda Odyssey	101,258
22	Toyota RAV4	96,433
23	Ford Econoline	93,802
24	Dodge Caravan	91,342
25	Hyundai Sonata	88,813
26	Ford Edge	87,197
29	MAZDA3	84,227
36	Ford Mustang	73,961
Source: Manufacturers' Reports		



Source: Manufacturers' Reports FORD World September 2008

ONE Ford teams save money, time

BY JESSICA THIRINGER

FORD World

Ford Motor Company employees are delivering business results globally using the principles and behaviors of ONE Ford – and finding new opportunities to integrate ONE Ford into the corporate culture.

In North America, members of the body structures product development department and the stamping and steel purchasing section had a target to save U.S. \$115.5 million in expenses for 2008.

To help realize that goal, they formed a Cross-Commodity Attack Team (CCAT) to reduce costs and streamline the process from the time a component is designed to the time it's manufactured.

The CCAT process allowed for co-location of a team comprised of more than 100 members from manufacturing, purchasing, product development, lean manufacturing and cost estimating. Together, the team worked on 15 separate work streams to find cost savings opportunities.

"Communication was so much easier and issues were resolved more quickly. The real benefit is that a centralized location made it

simpler to make plans and provide the information to management for quick decisions," says Tam Cam, finance supervisor, North American Cost Estimating.

"The success was using the CCAT process as the enabler, to deliver above-typical results," said Lisa Tresigne-King, director, Global Raw Materials and Stampings. "We took advantage of the CCAT process and its collaborative style to provide a work environment that allowed us to focus, share objectives and drive to deliver," she said.

Best of all, the targeted cost savings will be realized by year's end.

In Europe, a cross-functional group of Information Technology, Material Planning & Logistics and Accounting staffers formed a rapid response team to reduce the costs for exporting vehicles into Russia.

Rather than having such vehicles as the Ford Fiesta, Fusion, Focus and Mondeo S-MAX shipped through Finland and Poland and cleared by Russian customs in Moscow, the Ford of Europe team developed the process to clear as many as 70,000 vehicles a year through the Russian seaport enclave of Kaliningrad, located between Poland and Lithuania on the Baltic Sea.

Using Kaliningrad as the entry to Russia reduces customs' duties, taxes, truck usage and courier charges and speeds up payments, said team member Nik Benford, who works in IT in Brentwood, England.

The team was led by Tom Davies, supervisor, European Vehicle Accounting



Dr. Bert Bong points to Kaliningrad while Bob Gregory looks on.

Systems and Bob Gregory, supervisor, Vehicle Scheduling and Distribution, who worked with Dr. Bert Bong, manager, Vehicle Logistics Europe and Mick Flynn's Accounting Business development team.

Set up in May of this year, the team completed the research, documentation and the change by August.

Benford said the project was challenging, but rewarding.

"It required people to be creative and work outside normal boundaries. Special credit should go to the team who worked on it and stepped up to make it happen," he said.

The change cost approximately \$100,000 to implement but will

save the company approximately \$7 million a year.

The program will also be expanded to handle exports of the Ford Transit van, said Benford.

Introduced in January, ONE Ford balances "One Team, One Plan, One Goal" and the Ford Expected Behaviors necessary to achieve the company's plan. For more information, please visit www.one.ford.com.

These stories represent two of the many examples of employees using ONE Ford to deliver the business plan. To share a story, please

e-mail: oneford@ford.com.



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Role Model Ford Values • Show initiative, courage, integrity and good corporate citizenship • Improve quality, safety and sustainability • Have a can do, find a way attitude and emotional resilience • Enjoy the journey and each other; have fun - never at others' expense

Deliver Results • Deal positively with our business realities; develop compelling and comprehensive plans, while keeping an enterprise view • Set high expectations and inspire others • Make sound decisions using facts and data • Hold ourselves and others responsible and accountable for delivering results and satisfying our customers

Lincoln MKS colors denote quality, luxury

BY DIANE MAJESKE

FORD World

It shines, glitters, energizes and allures. It even says something about you.

The importance and psychology of color is unmistakable, whether it's in fashion or the color of your vehicle.

"Color creates an emotion. If it's a color that the customer loves, if it gives them that sense of balance and comfort, they'll want it. It can make or break a sale," says Susan Sage, manager, Color and Materials Design.

Determining the color palette for a vehicle is a collaborative effort among designers intent on creating a harmonious interior and exterior vision that appeals to customers and enhances the design of the vehicle.

For the 2009 Lincoln MKS, the message was luxury, and the car's color palette – a mixture of metallics, tri-coats, rich tones and neutrals – articulates that clearly. The colors chosen for the MKS – both interior and exterior – denote quality and luxury, says Sage.

The MKS is available in Tuxedo Black Metallic, White Suede, Brilliant Silver Metallic, Sangria, Smokestone, Light Ice Blue, Dark Ink Blue, Cinnamon and White Chocolate. A selection of interior colors has been chosen to complement each tone.

"The MKS has beautiful lines," Sage says. "The colors we chose had a lot to do with architecture. Using premium paint for our premium cars enhances the exterior architecture of the car by giving it a luxurious 'liquid' look."

Leatrice Eiseman, executive director of the Pantone Color Institute and author of six books on the topic, agrees with Sage about color's importance. In fact, in *The Color Answer Book*, Eiseman specifically addresses the significance of color and cars.

"Color and emotion are tied in together, and buying a car is a very emotional thing for a lot of people," she said. "A car is really an extension of your personality, an extension of who you are and how you want to be perceived."

She related the story of a client who was very successful in the insurance industry. Seen as a kind of reserved, practical man, the first thing he did when he retired was buy a red sports car.

"To him, that car represented a change of lifestyle. It was colorful, sexy. It was fun to drive," she added. "He was happy in that car. He said, 'This is how I want people to perceive me – as a dynamic person."

While a plethora of factors play into the purchase of a car, she says, color certainly has an impact. "People might think, 'Oh, it's so shallow of me,' so they won't acknowledge it, but I've had people tell me, 'Yes, it's very important,'" says Eiseman.

For the colors of the MKS, the design team looked not only at the lines of the vehicle, but at trends in architecture, fashion, home furnishings and in the evolution of luxury standards in the U.S.

"You know when it's right. It has to be harmonious. It has to sing. You have to put a product out there that people know just feels right," says Sage. "Maybe they don't even know why they love it — they just know that it makes them feel good."



What your car says about you

Car colors speak volumes, says color expert Leatrice Eiseman. While shades must be considered, here are some basic messages each color conveys:

Black: Empowered; not easily manipulated. Loves elegance, appreciates the classics.

White: Fastidious.

Deep Blue-Red: Some of the same qualities of vibrant red – sexy, speedy, high-energy and dynamic – but far less obvious about it

Light to Mid-Blue: Cool, calm, quiet.

Dark blue: Credible, confident and dependable.

Silver: Elegant, futuristic, cool.





The MKS owner on the left is empowered and loves elegance ... while the one on the right is dynamic and understated.



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Liaisons help employees with buyout questions

BY ROBERT MUSIAL

FORD World

Rick Hancock and others like him are working to help Ford hourly employees consider the voluntary retirement and separation packages currently being offered at targeted plants.

At times, it means being available day or night and even on long weekends, said Hancock, the communications liaison at the Louisville (Ky.) Assembly Plant and the Kentucky Truck Plant.

"I was on a boat in northern Michigan and had a woman call me with a question for her husband who was deciding between the plans," said Hancock.

As part of his job, he has been explaining the separation programs for employees that include retirement incentives and packages, educational programs and entrepreneurial opportunities.

The 10 separation and retirement plans have been called "the best in any industry" by Bob King, UAW vice president and director of the National Ford Department.

Hancock and others are just part of the network Ford and the UAW have assembled to help workers make decisions about their future.

The program's goals are critically important, said Todd Bryant, the manager of the Kentucky Truck Plant.

"We need to right-size this company and we still have more people than jobs," stressed Bryant.

The targeted buyout program provides a new approach to

trimming the workforce and dedicated resources to educate Louisville-area employees about "life after Ford," he said.

"The extra time and effort is enabling our people to make informed decisions that best suit their personal wants or needs," said Bryant.

Besides the personal contacts, Fidelity will provide retirement workshops and job fairs will be held at some locations.

Workers at the Kentucky plants with more than 30 years of service or those 60 years of age or older with 10 years service have already taken part in the retirement workshops, which included financial planning advice and a question-and-answer session, said Hancock.

Those with less time in are taking part at job fairs staffed by other employers and educational institutions.

"I've talked to a lot of employees and some are just



"I've talked to a lot of employees and some are just ready to

retire and the incentive is just enough to help them finally decide, but there's a variety of other reasons they are seriously considering and accepting these buyout opportunities."

 Rick Hancock, communications liaison, Louisville (Ky.) Assembly Plant and the Kentucky Truck Plant



Many employees at the Kentucky Truck Plant are eligible for buyouts.

ready to retire and the incentive is just enough to help them finally decide, but there's a variety of other reasons they are seriously considering and accepting these buyout opportunities," he said.

Hancock said that one employee took an enhanced retirement package and went on to his dream job as a starter at a local country club. A couple of others took a cash buyout and opened a local barbecue restaurant.

Still others took education packages and moved on to comparable paying and secure jobs in the health care field.

"Some have also taken this as an opportunity to move to areas of the country that they personally find more desirable such as North

Carolina and Florida," he said.

In addition to the other help, the Web site **www.yourjobconnection.org** has a wealth of information to help employees make their decision.

It offers job search tools; sections on retirement and educational opportunities; career transition and training plus videos on growing industries and the success stories of former Ford employees.

It also offers complete buyout package information, details, videos and more.

King said the union and the company have worked hard to provide these options and the tools to evaluate them. "Now it's up to you to know the facts and make an informed decision," King told his members.

He urged them to carefully consider these programs and their individual situation to decide what's best for them and their families.

As part of the program, Ford and the UAW are also providing employees with job application and interview skills and are also presenting "life after Ford" case studies of other workers who have made that choice earlier.

Weekly flyers about job opportunities and in-plant events and a weekly newsletter are also being used to inform employees about the separation program.

2010 Mustang – a horse of a different color

BY JEFF MAJESKE

FORD World

The iconic pony symbol on the upcoming 2010 Ford Mustang has been subtly redesigned to match the chiseled and more muscular look of the new car.

"We wanted to give the Mustang pony a more realistic feel," said Douglas Gaffka, chief designer, 2010 Ford Mustang. "We lifted the head to make the pony more proud, tipped the neck into the wind to give it a feeling of greater speed and better balance.

"It's just a faster-looking steed," said George Saridakis, design manger for the 2010 Mustang.

The stronger, more dynamic pony badge with defined edges and crisper forms in a subtly toned tinted-chrome finish will charge across the grilles of the V-6 and GT versions of the new Mustang, which will debut at the Los Angeles Auto Show in November.

For the first time, a black-chrome version of the Mustang pony

badge will be available on the new GT grille.

Senior Designer Rick Howard spent hours researching images of horses and understanding their appearance in natural, wild settings. That effort, along with his personal riding experience, helped bring forward the design of the Mustang pony badge.

For Howard and the team, creating the new badge was a labor of love.

"We're very much concerned with detail and precision in

our cars at Ford and that includes the art we do," he said. "We want our Mustang pony badge to be as good

as the rest of the car."

The galloping pony emblem has had a proud heritage since the Mustang was introduced at the 1964 New York World's Fair. The new emblem marks the fourth subtle change in the symbol since it first appeared on the 1962 Mustang 1, a prototype mid-engined roadster with two seats.

The 2010 Ford Mustang symbol (top) shows subtle changes from the 2009 symbol.

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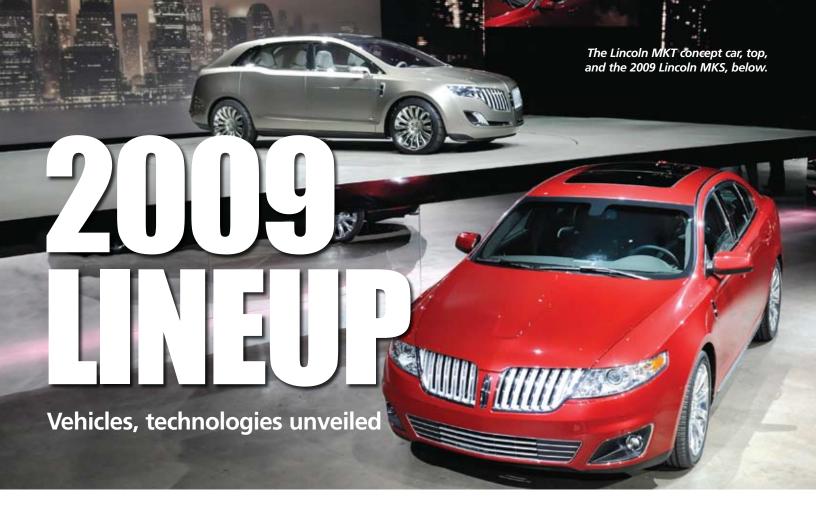
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BY ROBERT MUSIAL

FORD World

his fall, it's not just about the new cars anymore.
While Ford Motor Company's 2009 lineup features brand-new vehicles and upgraded models, much of the rollout showcases Ford's major improvements in fuel economy, smart technology, safety features and quality.

Already in showrooms are the 2009 Ford Flex crossover, the sporty Focus coupe and Lincoln's flagship MKS sedan. Coming in October is the new 2009 Ford F-150, which will set a new standard

for choice, capability and smart ideas in the fullsize truck segment.

To meet the demands of a rapidly changing market and shifting customer preferences, several 2010 models also debut late this year, including the new Ford Fusion, Mercury Milan and Lincoln MKZ. Also coming are hybrid versions of the Fusion and Milan, which are expected to top the mileage figures of the Toyota Camry hybrid.

Awaiting its turn on-stage in the next few months is the 2010 Ford Mustang. Next summer brings the introduction of the Lincoln MKT crossover. In late 2009, the Ford Fiesta, the acclaimed B-sized car already being sold in Europe, will be nearing production in North America.

"This is, without question, the best Ford lineup we've produced – and it comes at a critically important time for the company," said Mark Fields, president, The Americas. "Our product-led transformation is well under way."

Fields said Ford's strategy is clear: "To deliver great, new funto-drive vehicles that take a backseat to no one when it comes to quality and fuel efficiency."

That last item is crucial in an era when customers are paying upwards of U.S. \$4 a gallon for gasoline.

To meet that challenge, several of Ford's 2009 models have been engineered to fuel economy that puts them at the head of the class.

- The 2009 Ford Flex delivers better highway fuel economy than its competitors, the Honda Pilot and the Hyundai Veracruz.
 - The 2009 Ford Focus, with highway fuel economy of up to 35

mpg, delivers better mileage than the 2008 Honda Fit and the 2009 Nissan Versa SL.

- The 2009 Ford Escape, with its new 2.5-liter 4-cylinder engine and 6-speed transmission, delivers best-in-class highway fuel economy of 28 mpg, better than Toyota RAV4 and Honda CR-V.
- The Ford Escape and Mercury Mariner, which offer 34 mpg in the city and 31 mpg on the highway,

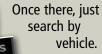
"This is, without question, the best Ford lineup we've produced – and it comes at a critically important time for the company. Our product-led transformation is well under way."

- Mark Fields, president, The Americas

Want more information on 2009 Ford, Lincoln and Mercury products?

Internally, employees can click the "2009 Products" button on FCN Online at www. fcn.ford.com.

Externally, employees and retirees can go to www.employees.ford.com and click on the "2009 Product Profiles" button.







remain the most fuelefficient SUVs on the planet.

That's intentional, said Derrick Kuzak, group vice president of Ford's Global Product Development.

"We're committed to being the best or among the best with every new Ford product in its segment," he said.

Significant fuel savings will also come with the rapid adoption of affordable 6-speed transmissions, which will be offered in

approximately 85 percent of Ford's North American lineup within two years.

And 2009 also brings the first applications of Ford's new EcoBoost™ engine technology, which uses gas turbocharged directinjection to offer up to 20 percent better fuel economy. The technology lets V-6s perform like V-8s and 4-cylinder engines perform like V-6s, while offering up to 15 percent fewer CO₂ emissions.

EcoBoost debuts first on V-6s in the Flex and MKS and will migrate to 4-cylinder engines in North America and Europe, beginning in 2010. By 2012, the system will be offered on more than 80 percent of Ford's North American lineup.

In other fuel economy news, the 2010 Fusion and Milan Hybrids are expected to beat the mileage figures of the Toyota Camry hybrid. When they join the Ford Escape and Mercury Mariner Hybrids in the lineup, Ford will become the largest domestic producer of full hybrids in North America.

Ford also continues to be a safety leader with more 5-star-safety rated vehicles than any other automaker and more "Top Safety Picks" from the Insurance Institute for Highway Safety than any other brand.

Joining that list are the 2009 Ford Escape and Mercury Mariner compact SUVs, which top the Toyota RAV-4 and with the Escape's improved fuel efficiency, offer better combined safety and fuel efficiency ratings than the Honda CR-V.

The new Escape Hybrid and Mariner Hybrid also achieved 5-star ratings, outpacing the Toyota Highlander Hybrid and Toyota Prius.

The 2009 Ford Flex has also earned 5-star frontal and side-

TRUCK TECHNOLOGY

Truck and SUV owners will also find new technologies in 2009. These include:

Trailer Sway Control, now available on the 2009
 Ford F-150, Explorer, Explorer Sport Trac and Mercury Mountaineer. Working with AdvanceTrac[®] with RSC[®] (Roll Stability Control[™]), the system



7004

"We're committed to being the best or among the best with every new Ford product in its segment."

> – Derrick Kuzak, group vice president, Global Product Development



impact crashworthiness ratings, bettering the results of the Toyota Highlander, and includes class-leading four-star rollover ratings for both front- and all-wheel-drive versions.

Several significant smart technologies are also coming in the 2009 model year.

Among them is the Blind Spot Mirror, which debuts this fall on the 2009 Ford Edge. It provides a customer-friendly solution to a common traffic problem by offering an outside rearview mirror with a convex spotter in the top outer corner of the mirror, aimed exclusively to eliminate a driver's blind spot.

Two new SYNC features are also launching this fall. 911 Assist allows occupants to place a call directly to a local 911 emergency

operator in the event of an accident. Unlike GM's OnStar feature, 911 Assist requires no monthly fees.

SYNC's new Vehicle Health Report (VHR) will make it easier to keep track of vehicle maintenance and what actions are necessary, depending on each vehicle's operating condition and service history. SYNC's innovative technology allows owners of 2008 vehicles already equipped with the system to have it easily updated to add the new features.

Also available on 2009 models is Ford's next generation navigation system and SIRIUS $^{\circ}$ Travel Link $^{\top}$, which offers real-time traffic data, weather reports, gas station prices, movie listings and sports info through the satellite radio network.

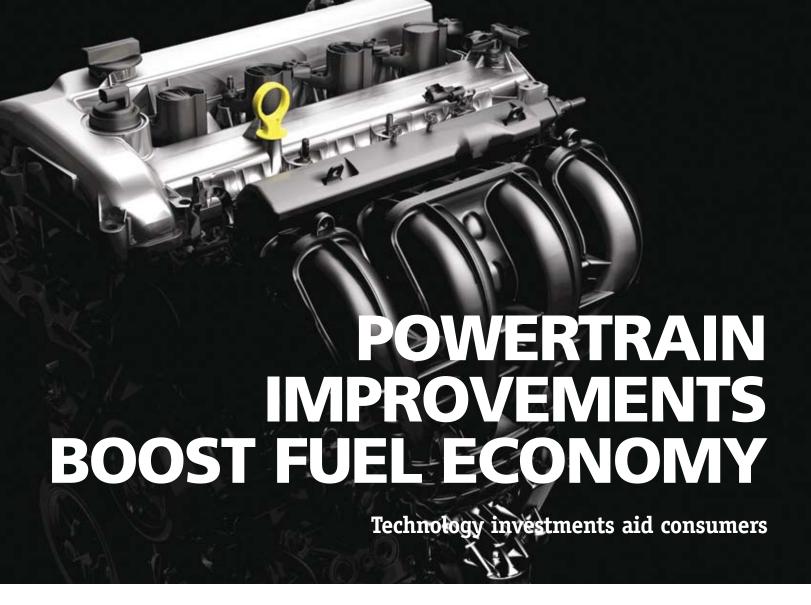
detects trailer sway and slows the vehicle down to regain control.

The Ford Work Solutions™ suite of technologies also debuts this fall on F-Series trucks and E-Series commercial vans. It provides:

- Tool Link, a radio frequency identification (RFID) system that allows customers to maintain a detailed, up-to-the-minute inventory of tools and equipment stored in the vehicle.
- Cable Lock, which secures large tools or equipment in the cargo areas of Ford trucks and vans.
- Crew Chief, a diagnostic and telematic system that lets fleet owners manage their vehicles, quickly dispatch them and maintain service records.



 The first broadband-capable in-dash computer with available wireless accessories, including a mouse and a printer, so customers can print invoices and access documents stored on their office or home computers, right on the job site.



BY JOHN FOSSEN

FORD World

ord's continuing investment in powertrains and related technologies is providing customers with

even greater fuel economy in their 2009-model cars, trucks and crossovers.

The new Ford Flex and Escape Hybrid lead their respective market segments in fuel efficiency while the Ford Focus and gasoline-powered Escape equal or beat all of the top Japanese competitors.

"We are committed to being the best or among the best in fuel economy with every new Ford product in its segment," said Derrick Kuzak, Ford group vice president of Global Product Development. "We are making this happen with one of the most extensive powertrain upgrades ever for Ford."

By the end of 2010, nearly all of Ford's

North American engines will be upgraded or replaced. Within two years, about 85 percent of Ford's North American lineup will offer fuel-saving 6-speed transmissions.

That includes the new 2.5-liter 4-cylinder engine and 6-speed transmission in the 2009 Escape. The tandem delivers class-leading highway fuel economy of 28 mpg, matching the 2009 Toyota RAV4 and besting the Honda CR-V.

2009 Ford Escape Hybrid delivers 34 mpg in the city and 31 mpg on the highway, making it the most fuel-efficient

utility vehicle available. Improved transition from gas to electric power allows it to run at higher speeds on pure battery power.

2009 Ford Focus, with highway fuel economy of up to 35 mpg – equal to the Toyota Corolla and the smaller 2009 Honda Fit – is a key reason Focus retail sales are up 50 percent

And right out of the gate, the recently introduced 2009 Ford Flex features unsurpassed fuel economy among standard

Powertrain on page 14

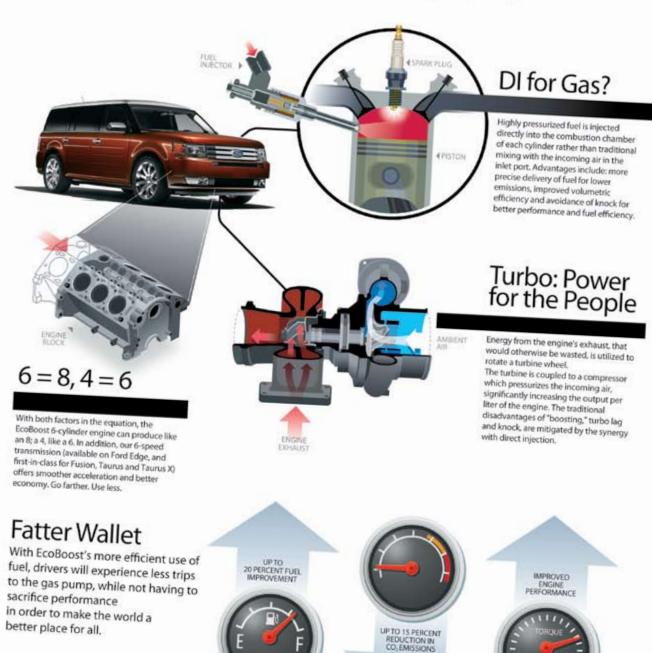
"EcoBoost technology will not be priced out of range for the regular consumer. The payback period in terms of savings from less fuel use will also be significantly quicker than both hybrids and diesels."

– Dan Kapp, executive director, Ford Powertrain Research and Development



MORE WITH LESS

Better fuel economy? Up to 20%. And more power. Simple fact: Even with advanced technologies, the majority of vehicles worldwide will be gasoline powered. That's millions. Ford's new gas-turbo direct-injection engines can help. Here's how Ford's EcoBoost does more with less:



Powertrain continued from page 12

seven-passenger vehicles on the market, even topping the 2009 Honda Pilot.

Electric Power Assist Steering (EPAS) is yet another fuel-saving technology proliferating throughout Ford's North American product lineup. EPAS replaces the traditional hydraulic power steering pump. Because it only operates when required for steering assistance, EPAS contributes to lower fuel consumption than the hydraulic pump, which operates constantly during engine operation.

Next year, Ford will introduce its first EcoBoost™ engine in the 2010 Lincoln MKS and Ford Flex. EcoBoost uses gasoline turbocharged direct-injection technology for up to 20 percent better fuel economy, up to 15 percent fewer CO₂ emissions and superior driving performance versus larger-displacement engines.

John McElroy, host of the television program *Autoline Detroit*, says he has driven a Lincoln MKS prototype equipped with an EcoBoost V-6 engine.

"It was impressive," he said on *Autoline Detroit*. "They talk about delivering V-8 performance with a V-6. Let me tell you, it's better than a V-8. The torque curve is flatter and it responds more eagerly than a V-8."

During the next five years, Ford plans

to introduce EcoBoost 4- and 6-cylinder engines in more than half a million vehicles on an annual basis in North America alone and more than 750,000 globally.

Key to the strategy is implementing EcoBoost in high volume vehicles, not just niche premium segments, and keeping the technology affordable.

"EcoBoost technology will not be priced out of range for the regular consumer," said Dan Kapp, executive director, Ford Powertrain Research and Development. "The payback period in terms of savings from less fuel use will be significantly quicker than both hybrids and diesels."

EcoBoost
uses gasoline
turbocharged directinjection for up to
20 percent better
fuel economy, fewer
emissions and
superior driving
performance.



Tom Morisette assembles the new front-wheel-drive transmission at the Van Dyke Transmission Plant in Sterling Heights, Mich. Below, one of Ford's new fuel-efficient, 6-speed transmissions.



Derrick Kuzak discusses what changes will mean for our customers

BY JOHN FOSSEN

FORD World

ord's product transformation continues for the 2009 model year, spearheaded by all-new car, truck and crossover vehicles, improved fuel economy, more hybrids, EcoBoost and a broader array of exclusive connectivity technologies. Derrick Kuzak, group vice president, Global Product Development, discusses what the changes will mean for customers.

Q. How would you assess Ford's 2009 model lineup overall?

A. The 2009 model year is strong for Ford. This is when our customers will begin seeing some of the products that I know we are capable of building. The new flagship Lincoln MKS, the new Ford Flex and, later this year, the best full-size pickup we've ever built are just a few examples.

Our quality is among the best in the industry right now – as good as Honda and Toyota – and we intend to keep it that way. And we are offering more content, more features like SYNC and now SIRIUS $^{\circ}$ Travel Link $^{\circ}$ and a better value than at any time I can remember.

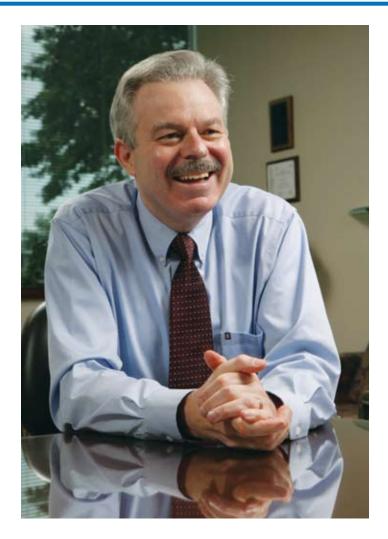
From new Mustang derivatives, including the Bullitt – back due to strong demand – to the Edge Sport, to an updated Focus Coupe, our 2009 products deserve a closer look. What you are seeing is a transformation of Ford's North America product portfolio.

Q. How are the company's North American products being transformed?

A. The steps we are taking are: Utilizing our global product portfolio to deliver world-class, small and medium vehicles. Maintaining our leadership in trucks and SUVs by focusing investment on fuel-efficient vehicles and

"Our quality
is among the
best in the
industry right
now – as good
as Honda and
Toyota – and
we intend to
keep it that
way."

 Derrick Kuzak, group vice president, Global Product Development



powertrains. Continuing our leadership in people movers through addition of new vehicles beyond Flex, as well as redefining the Explorer. Improving the freshness of our vehicle lineup by maintaining a three-year cadence for introducing new cars and crossovers. Fully differentiating Lincoln vehicles from Ford. And achieving class-leading fuel economy, affordable for our customers, through unprecedented spending on advanced gasoline engines — led by EcoBoost — and 6-speed automatic transmissions

Q. Sales of the Ford Focus remain strong. What's behind the car's success?

A. We offer features the others do not, like heated leather seats and SYNC connectivity. Importantly, highway fuel economy in the Focus is better than a Honda Fit or Nissan Versa. Focus is fully competitive in the compact car segment.

As a result, sales are up significantly this year, and we're struggling to keep up with demand. Revenue is up too, as well as volume.

Q. What changes were made to the Ford Escape and Mercury Mariner small SUVs?

A. The Escape and Mariner are striking examples of our commitment to the continuous improvement of our vehicles. A year after their exteriors and interiors were freshened, we have improved two of the most important attributes of the vehicles.

Escape and Mariner now deliver best-in-class fuel economy. We achieved a two-mile-pergallon improvement in highway driving. That's 20 mpg in the city and 28 mpg on the highway, according to final EPA figures. That's better than the segment sales leaders: Toyota RAV4 and Honda CR-V.

Also, we have made the vehicles remarkably quiet through reduced road and wind noise.

Q. How was the improved fuel economy accomplished?

A. One step at a time. A new 2.5-liter 4-cylinder engine with state-of-the-art variable cam timing, new electronic throttle control, a new 6-speed transmission, improved aerodynamics and new low-rolling resistance tires were all part of the improvement.

The best part is the new, more fuel-efficient engine, which produces 11 percent more power compared to last year's 2.3-liter engine. In fact, the 2009 Escape I-4 is now just as fast as the 2008 V-6 model. For 2009, the V-6 model is also improved thanks to the new transmission and aero changes.

In addition, the Escape and Mariner hybrid models remain the

most fuel-efficient vehicles in the segment, featuring improved transition from gas to electric power that allows them to run at higher speeds on pure battery power. And the hybrids now come standard embership has its benefit

Ford Employees and Retirees:

Join the HP Employee Purchase Program (EPP) and get special values on a wide range of HP products, including desktop and notebook PCs, printers, calculators, iPAQs, and more.

When you join the EPP you'll get mail-in and instant rebates, coupons, and exclusive EPP offers. You may also qualify for instant credit and low monthly payments with eFinance.

Doin today. Go to www.hp.com/go/epp and register using the Ford company code: 3673



with AdvanceTrac® with Roll Stability Control.

Q. Ford says that it intends to be the best or among the best in fuel economy in every segment in which it competes. How will that be achieved?

A. Our commitment will be achieved by rapid implementation of advanced powertrain and vehicle system technology, which includes advanced valvetrain technology, direct-injection fuel systems, industry-leading application of EcoBoost, 6-speed transmissions, direct clutch transmissions that combine the efficiency of a manual and the shift quality of an automatic, and industry-leading application of electric power steering.

Affordability is critical, and we are committed to offering affordable solutions for consumers and for our business. That is how Ford can truly

make a difference. We are not focused on a few low-volume technologies. We are focused on applying real technology across millions of vehicles.

We continue our commitment to hybrid vehicles, with Fusion and Milan hybrids added to our lineup next year. More of our vehicles become ethanol capable each year. More fuel-efficient diesels will be added to our trucks and utilities. And we continue our advanced work on plug-in hybrids, hydrogen and fuel cells.

Retirees: Stay connected

Here's an easy way to stay connected to the latest news from the Blue Oval on products, people and upcoming events that shape the future of Ford Motor Company.

The Blue Oval Connect retiree outreach program sends breaking news and periodic newsletters to retirees' e-mail boxes. This keeps retirees informed on automotive topics and helps them continue to be strong ambassadors for the Blue Oval.

By registering to be a part of Blue Oval Connect, retirees receive:

- News on new and current products
- · Breaking news updates
- Event promotions
- Links to important Web sites
- Access to Ford retiree groups across the U.S.

Visit www.BlueOvalConnect. com to register for this free electronic Ford Motor Company news service.



Eco-driving greatly improves fuel economy

BY KRISTOPHER SPENCER

FORD World

Motorists can improve their fuel economy by an average of 24 percent after being coached by eco-driving experts, according to tests performed by Ford Motor Company and verified by the Sports Car Club of America.

In the recent tests, 48 Phoenix-area volunteers were given individual coaching on eco-driving and turned in results ranging from a 6 percent fuel economy improvement to more than 50 percent.



The eco-driving instructors coached the volunteers to employ smoother braking and accelerating, drive at moderate speeds

and maintain their vehicles. The hands-on instruction is critical because it allows eco-driving techniques to be customized to individual drivers.

Eco-driving was launched by Ford in Germany in the mid-1990s and the company is now leveraging that expertise to develop a pilot program to train Ford's fleet customers.

"Ultimately, all drivers can benefit from practicing eco-driving, and one day, it may be considered mandatory as part of all new drivers' training," said Curt Magleby, director, Government Affairs.

Ten eco-driving tips for everyone

These tips can help drivers save money, conserve fuel, help the environment and improve traffic safety.

- 1. Accelerate and brake smoothly Besides saving fuel, this reduces wear on components such as tires and brakes.
- 2. Slow down and watch your speed Driving 55 mph instead of 65 mph can improve fuel economy by 10-15 percent. Use the cruise control when possible on the highway.
- Minimize idling Today's engines don't need a warm up. Turn
 off your engine at the bank or drive-through or when idling
 more than 30 seconds.
- Check your tires Keep tires inflated to the recommended pressure. This can cut fuel use by 3-4 percent. Under-inflated tires also wear out quicker.
- Be kind to your vehicle Make sure the engine is tuned up.
 Keep the wheels aligned. Replace air filters as recommended.
 Use a fuel with good detergent additives. Consult your
 owner's manual for proper maintenance.
- Travel light Luggage on the roof rack can cut fuel economy by 5 percent, even an empty rack can cut mileage. Remove excess weight from the trunk – but not the spare.
- 7. Close the windows Above 50 mph, close windows to reduce aerodynamic drag and save fuel.
- 8. Minimize A/C and heater use Use vent settings more. Where possible, park in the shade to keep the car cool.
- Choose the right oil Use good quality, energy-conserving EC oils as recommended in the owner's manual. Look for cans marked with the symbol ECII.
- 10. Consolidate trips Plan ahead to do errands and trips in one run rather than several trips.

Switch your home phone to T-Mobile and save as much as \$600 per year.*

Act now — this offer good through September 30, 2008, and is only available by calling T-Mobile at 1-866-464-8662.

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Sign up today for T-Mobile @Home and get:

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- . Up to five FREE phones! choose from:
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 - Samsung Katalyst[™] (after \$50 mail-in rebate)
 - Samsung t339 Samsung t409

Additional benefits available to new and existing T-Mobile customers:

- New customer? You may be eligible for up to a 15 % discount on qualifying monthly recurring charges.
- Existing customer? Go to www.T-Mobile.com/ corpdiscount and log in to My T-Mobile to learn more about qualifications for a discount.
- *Potential savings based on comparison of annual household phone bills calculated using the T-Mobile @Home monthly price versus the National Average monthly price. Data excludes cellular/wireless service. Actual savings may vary. Data courtesy of Scarborough Primenext Crosstab Report based on the Multi-Market 2007 Study; used under license. Local market averages collected from customer surveys Aug. 2008 through Sept. 2007. The licensed Scarborough data are estimates and Arbitron, Scarborough, and T-Mobile cannot make any representations that the data is accurate to any precise mathematical value. Data © 2007 Scarborough Research.
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Plus taxes and fees. Credit approval and two-year agreement required. T-Mobile @Home Service: Qualifying rate plan, T-Mobile @Home add-on plan, HiPort wireless router and broadband Internet connection required. General Terms: Up to \$200/ line early cancellation fee, per line activision fee, and other upfront and monthly charges and fees may apply. Regulatory Programs Fee (not a tax or government-mandated charge) of 869 per line/month. Taxes are approx. 6-28% of your monthly bill. See T-Mobile @Home Supplemental Terms and Conditions, Pricing, Services and Devices broadband and Conditions (including mandatory arbitration) at www.T-Mobile.com, for additional rate plan information, charges for features/services, restrictions and details, including important limitations on availability of 9-1-1 emergency service. T-Mobile. T-Mobile @Home and the magenta color are federally registered trademark, and HiPort is a trademark, of T-Mobile USA, Inc. © 2008 T-Mobile USA, Inc.

Production begins of the all-new Ford Fiesta

Volume production of the new Ford Fiesta began at the company's plant in Cologne, Germany on Aug. 14. The all-new model of the Fiesta, the first of a generation of new global small cars from Ford, was conceived and developed by the European arm of the company's global product team to meet the demands and expectations of customers around the world. The car will begin production in Asia in 2009 and in North America in early 2010.



Employees give first Fiestas a final check

Ford of Europe holds share in weaker industry

Through the first seven months of the year, Ford of Europe's total sales in its main



Ford Mondeo

51 markets rose by 2 percent to 1,196,200 vehicles. Strong sales in Russia and elsewhere helped offset lower sales in some of the traditional 19 European markets, with the company's market share stable at 8.7 percent for the first seven months. "We are on track to sell more vehicles than we did last year – and 2007 was already a record year for us," said Ingvar Sviggum, vice president, Marketing, Sales and Service.

New Ford Ka gets role in new James Bond movie

The name is Ka, Ford Ka. The company's new small car will get

more than that introduction in the new James Bond movie, *Quantum of Solace.* In the movie, which opens Oct. 31 in the U.K. and France and Nov. 7 in



Actress Olga Kurylenko pilots a Ka.

the U.S., the metallic gold Ka will be driven by the film's female lead, actress Olga Kurylenko. She plays Camille, a woman with her own mission who becomes an unlikely ally for Bond, played by Daniel Craig. The tie-in continues a long tradition of Ford vehicles in 007 films, the last being the cameo of a new Ford Mondeo in the 2006 Bond movie, *Casino Royale*.

Four millionth Volvo comes off the Ghent plant line

A sporty Volvo V50 was the 4 millionth Volvo to be built at the Volvo plant in Ghent, Belgium, last month. The plant, originally set up to avoid the country's high import taxes on finished cars, has been building Volvos since 1965, beginning with the Volvo 120 model. The plant, which has more than 4,000 employees, built 200,000 cars last year and reached the 3-millionth car milestone in 2004. In September, Volvo is due to start building the XC60 crossover at the Ghent plant.



The milestone Volvo V50.

The all-new Ford Ka set to debut in Paris in October

The fresh, fun and exciting new Ford Ka will be introduced at the Paris Motor Show in October. The small "city car" features a fashionable, modern appearance based on the company's



On the runway in Paris this fall.

"kinetic design" styling formula. The interior also gets a stylish design update, combining bold contrasts and expressive colors that reflect the adventurous tastes of the typical Ka buyer. Since its introduction at the Paris show in 1996, more than 1.4 million units of the Ka have been sold. More than 480,000 of those have been sold in the U.K., said Roelant de Waard, chairman and managing director, Ford of Britain.

MONTHLY

Second Thursday of every Month:

Ford Genealogy Club (Dearborn, Mich.)

Members' experience ranges from beginner to those who have published findings after years of research. Come share in the fun of genealogy. The group meets at Ford World Headquarters (use North Entrance) from 5 p.m. to 7 p.m. every second Thursday of the month. All are welcome. For more information, check the club newsletter, *The Rearview Mirror*, which is published four times per year or click to the Web site www.fgc. miprofgenie.com

SEPTEMBER

Every Monday in September:

Ford Chorus Auditions (Dearborn, Mich.)

The Ford Chorus is holding open auditions during September in the Lobby of Ford WHQ. Enter at the North Entrance and tell security you are there for the Ford Chorus. We meet at 7 p.m. every Monday night in the second hallway on the left. Join the musical experience. Contact: Karen Gaffney at kgaffne1@ford.com or 313-337-2574.

Sept. 13:

MS Bike Michigan Mountain Bike Tour (Linden, Mich.)

For more than 10 years, Team Ford has participated in the MS Bike events helping to raise money and awareness of Multiple Sclerosis. Fully supported single or multiple day

SPECIAL OFFER

Special tire discounts for Ford employees, retirees through Sept. 30

Ford Customer Service Division is offering Ford employees and retirees a special discount on the most popular tires Ford and Lincoln Mercury dealers sell. This discount is in addition to any other offer or rebate available at the dealership.

To take advantage of the offer:

- 1. Call Tire Program Headquarters at 1-888-353-3251 to receive your approval code.
- 2. Take that code to your participating local Ford or Lincoln Mercury dealership and buy your tires by Sept. 30, 2008.

You will receive 20 percent off MSRP on Goodyear premium tires (Assurance ComforTred, Assurance TripleTred, Eagle ResponsEdge, Eagle F1 All Season, Fortera TripleTred, Fortera Silent Armor and Wrangler Silent Armor). You will receive 15 percent off MSRP on all Michelin/BFGoodrich/Uniroyal, Continental/General and Yokohama tires.

Retirees must receive approval code from Tire HQ before purchasing tires (call 888-353-3251) and will need to provide original hire and retire dates. Offer not valid on prior purchases. bicycle tour routes are available to encourage participation from riders of all fitness levels. Minimum fundraising requirement of \$250 applies. For more information, click to http://bikemig.nationalmssociety.org.

Sept. 24:

Kansas City Ford Salaried Retiree Club Meeting (North Kansas City, Mo.)

The Kansas City Ford Salaried Retiree Club is having a luncheon at Finnigan's Banquet Hall, 503 East 18th Avenue, North Kansas City, Mo. Event begins at 11:30 a.m. For information, contact Maynard Moore at MOORE.MAYNARD@gmail.com.

DECEMBER

Dec. 10:

Dinner Party Dance (Excelsior Springs, Mo.)

The Kansas City Ford Salaried Retiree Club is having a dinner/party/dance with live music at the Elms Hotel in Excelsior Springs, Mo. For additional information, please contact MOORE. MAYNARD@gmail.com.



FORD EXPERIENCE TOUR

The traveling Ford Experience Tour lets consumers interact with the Ford brand in entertaining and informative ways.

The 8,000-square-foot mobile marketing exhibit showcases new Ford vehicles, including the 2009 Ford Flex, plus interactive games so people can have fun while learning about Ford products. Specialists are also on hand to answer questions about vehicles and local dealerships.

Here's when the Ford Experience Tour visits a city near you:

Sept. 26 - 28: Taste of St. Louis (St. Louis, Mo.) Oct. 3 - 5: Miramar Air Show (San Diego, Calif.)

Oct. 18 - 19: Art & Pumpkin Festival (Half Moon Bay, Calif.)

Nov. 1 - 2: Airfest 2008 (San Antonio, Texas)

Nov. 7 - 9: Aviation Nation (Las Vegas, Nev.)

Nov. 14 - 16: Ford 400 (Miami, Fla.)



Model T events:

As part of the 100th anniversary of the Model T, many groups are having events across the country to celebrate "the car that put America on wheels." To help you plan, here's a list:

Sept. 12 - 14:

Mr. Ford's Model T (Sacramento, Calif.) Contact: Kate Bandy, Sacramento Valley Model T Ford Club, 916-966-4919 or www.toweautomuseum.org

Sept. 27:

Model T Celebration (AACA Museum, Hershey, Pa.) Contact: Norm Hutton, AACA, 201-847-4374 or the museum, (717) 566-7100.

Sept. 27:

"Ford 4" Centennial Motorcade (Dearborn, Mich.) Model T motorcade to four key Detroit-area attractions tied to the Model T. Contact: www.motorcities.org

Sept. 27 - Oct. 1

Covered Bridge & Model T Garage Tour (Rockville, Ind.) Contact: Jim Walker, (765) 828-0760 or jimwalker@aol.com

Oct. 1 - 5

Pacific Northwest's Model T Birthday (Tri-Cities, Wash.) Contact: Bill Sheller. (541) 922-4747

Oct. 2 - 5

Texas "T" Party (Killeen, Texas) Contact: Daniel Bratcher, (210) 300-7107 or daniel.bratcher@daisytours.com

ATLANTA SALARIED RETIREES CLUB

A group of Ford retirees is interested in establishing a salaried retirees club in the Atlanta area. Salaried retirees from Sales & Marketing, B&A, Ford Credit and all other components are invited to join. Working to establish the club are Dave Andre (Sales Division Retiree), Tom Boyle (Public Affairs Retiree), Jack Michelitch (FCSD Retiree) and others. The club would help members keep current on happenings within Ford and provide an opportunity to socialize. Membership is open to all Ford salaried retirees and their spouses in the Atlanta area. If interested, please send your name, address and phone number, e-mail address, your former Ford organization and any suggestions you may have by Sept. 30 to Dave Andre at: Dave1Andre@comcast.net

They said it

"Lincoln's new luxury MKS sedan is a winner. It's comfortable and well-made ... I really like it."

- David Kiley, Business Week



"Of the new gasoline-electric hybrids, perhaps the most practical are the Ford Escape and the Mercury Mariner ... they've been updated significantly, with new, more compelling styling and interiors, as well as some tweaks that make the hybrid drive system even better."

 G. Chambers Williams III, Seattle Post-Intelligencer

"The Flex is in a league of its own with regards to styling ... (it has) a level of refinement that is unsurpassed in the Ford lineup ... the Blue Oval has struck gold with the Flex."

Chris Shunk, Autoblog.com



On its way to a million

Ford retiree **Norman Koch** has certainly gotten his money's worth out of his car.

In 1968 he bought a new white Ford Galaxie 500 hardtop for U.S. \$2,165. Forty years later, he still has it — and he still drives it.

"It's beautiful, what a car," said Koch, of Ann Arbor, Mich. "It doesn't use a bit of oil, either."

"The other day, a kid offered me \$14,000 for it, but I'm going to hang onto it," he said.

With more than 650,000 miles on the odometer, it's just getting broken in.



Wrong letters, Vanna

Ford dealers **Tom** and **Brian Collins** did pretty well — up to a point — on a recent episode of the TV game show *Wheel of Fortune*.

The brothers won more than U.S. \$100,000 in cash and prizes, including trips to Las Vegas and the Caribbean — and two Buick Enclaves.

"It was funny when we won the Buicks. It went really good, except we didn't win Fords," laughed Brian, who chose Tom as his teammate when the show visited Chicago earlier this year. The two are partners in Fox Valley Ford in North Aurora, Ill.

It's probably good they won cash – they had to pay taxes and title costs on the Buicks before they could sell them. "I'd rather sell Fords," noted Brian.

The pair also hosted a party for friends and family at a local banquet hall to watch their episode – but kept the show's outcome a "SUR_RISE."

Still with the company

Speaking of mileage, Ford Motor Company is still doing business with 17 automotive suppliers who made parts for the Model T.

"This longevity is a testament to both Ford and its suppliers," said **Tony Brown**, group vice president, Global Purchasing.



Ford Piquette Plant

The Model T first rolled off the assembly line at the Piquette Plant in Detroit on Sept. 27, 1908. Among its many distinctions, the "T" was the first low-priced car with standard interchangeable parts.

Among those still making parts for Ford are BFGoodrich and Goodyear (tires), Champion (spark plugs), Holley (carburetors), Timken (wheel bearings) and Sears (accessories). Another supplier, Ditzler, which is now a division of PPG, provided Ford with the famous black paint everyone mentions when talking about the Model T.



Carlite® SoundScreen™ Acoustic Windshield

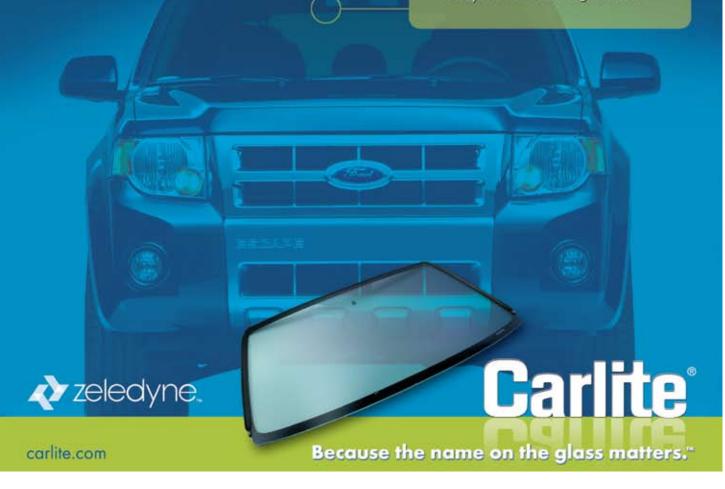
Escape to your quiet place.

Enjoy your ride with advanced glass technology from Carlite, a leader in original equipment auto glass. The SoundScreen acoustic windshield helps quiet traffic and road noise by placing a sheet of specially developed vinyl between two layers of glass. Noise levels are reduced so you can enjoy a more comfortable ride.

SoundScreen is now standard on several models including Ford Escape, Expedition and Focus; Lincoln MKX and Navigator; Mercury Mariner and Mazda Tribute. Also, look for it on the 2009 Platinum Edition F-150 and the all-new 2009 Ford Flex and Lincoln MKS. Ford is continuing to expand this unique glass technology throughout its vehicle lineup.

Ask your auto glass retailer for more details on SoundScreen.

- Less Noise SoundScreen helps soften noise levels by as much as 6dB in the frequency range where wind noise is most intrusive.
- OE Quality SoundScreen maintains overall sound control strategies of the original engineered design of the vehicle.
- UV Protection SoundScreen maintains excellent UV protection for occupants, upholstery and interior surfaces.
- Safety SoundScreen meets all federal safety standards and regulations.















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