



YEAR IN REVIEW	OUR BLUEPRINT FOR SUSTAINABILITY	FINANCIAL HEALTH	CLIMATE CHANGE AND THE ENVIRONMENT	WATER	VEHICLE SAFETY	SUPPLY CHAIN	PEOPLE	FORD AROUND THE WORLD
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Financial Health

We're growing our business by making the world's best vehicles.

- PROFIT**
Working toward profitable growth for all
- INNOVATION**
Making affordable fuel technologies available to everyone
- OUR TEAM**
ONE Ford, one team
- CUSTOMER SATISFACTION**
Delivering high-quality vehicles
- SUSTAINABLE MOBILITY**
Exploring solutions to the changing transportation landscape

Financial Health
"Going Further"
Current Financial Health
Customer Satisfaction and Quality
Ford Future Competitiveness
Ford Motor Credit Company
Mobility Solutions
Data
Case Study: Joint Venture Expansion in Chongqing
Voice: Robert Shanks

It was July 1903, and Henry Ford was in trouble. His fledgling Ford Motor Company was barely one month old, yet his cash balance stood at less than \$250 – a trifling amount on which to run a business, even a century ago. Salvation came in the form of \$1,320 in payments from three customers eager to own his two-cylinder Model A. That cash infusion, which included one full payment and two deposits, kept Mr. Ford and his company afloat.

Fast forward 109 years to December 2012, when Henry Ford's great-grandson brought one of those original three vehicles home. The cherry red 1903 Model A Rear Entry Tonneau, purchased at auction for \$264,000 by Ford Executive Chairman Bill Ford, is believed to be the oldest surviving Ford vehicle and has earned pride of place in our lobby at our Michigan world headquarters, a symbol of just how far we have come.

This Model A kept our Company going during the first of many difficult times, allowing Henry Ford to pursue his vision of putting the world on wheels. Today, we're continuing Mr. Ford's journey – in times both good and bad – as we develop new technologies that are leading in quality, fuel efficiency, safety, smart design and value.

2012 was our third year in a row with **\$8 billion** or more in pre-tax profits.

Blue Oval

If there's one recent event that symbolizes our renewed financial strength, it's the return of the iconic Ford Blue Oval.

Mobility Solutions

Our Blueprint for Mobility highlights our thinking about what transportation will look like in 2025 and beyond.



This Model A from 1903 is believed to be the oldest surviving Ford vehicle.

Since that very first production of three cars, we have gone on to build more than 300 million vehicles. Over the years, we have weathered many tough economic periods. Yet we have continued to focus on delivering the world's best cars, utilities and trucks, including today's lineup of vehicles that are more sustainable than ever, both in how we make them and how they operate.

Our efforts in 2012 highlight yet again our Company's recent success in pulling through one of the most challenging periods in our history. We continued to adhere to our vital strategy that has emphasized decisive (and often painful) actions alongside steady, longer-range planning for future profitability. This approach, which we call our [ONE Ford plan](#), is working, with 2012 concluding as one of our most profitable years ever in North America. Driven by strong results from Ford North America, we reported total Company full-year, pre-tax profit of \$8 billion – our third year in a row of \$8 billion or more in pre-tax profits.¹ In 2012, we also had our highest total Company fourth-quarter pre-tax profit in more than a decade. Moreover, we were the best-selling brand in the U.S., and the Ford Focus was the No. 1-selling vehicle nameplate in the world.²

Despite these successes, we faced a number of challenges in 2012 – such as the ongoing economic crisis in Europe and quality concerns in North America – that required us to adapt and continue to take decisive actions. Technology and economies around the world are changing so fast that the automotive industry of the future will look very little like the automotive industry of the past.

In 2012, our Company launched 25 vehicles and 31 powertrains globally, earned back our iconic [Ford Blue Oval](#), developed a comprehensive plan for restoring profitability in [Europe](#), invested for further growth in [Asia Pacific and Africa](#), began the reinvention of [Lincoln](#), pushed forward on our vision of [sustainable mobility](#), and continued solid profitability at [Ford Credit](#).

Today, we are in a much stronger financial position than we were five years ago, and we have transformed ourselves from the inside out. As our financial security strengthens, we are investing in future products, our people and our communities. In other words, the financial health of our Company has a ripple effect that goes well beyond our business itself as we work for profitable growth for all.

Snapshot: Financial Health

500,000+

Fuel-efficient EcoBoost® engines produced

**25 vehicles and
31 powertrains**

launched in 2012 globally

8

Ford vehicles available rated at EPA-estimated 40 (or more) miles per gallon

2,168,015

Ford brand vehicles sold in the U.S. – the only brand to top 2 million

8,100

Combined hourly and salaried jobs Ford added in the U.S. in 2012

2,470

Combined hourly and salaried jobs Ford added in Asia Pacific and Africa in 2012

2,200

Salaried positions to be filled in the U.S. in 2013

\$8 billion

Full-year pre-tax profit

-
1. Pre-tax profits exclude special items. For additional information, see Ford Motor Company's Annual Report on Form 10-K for the year ended December 31, 2012, on our website at www.corporate.ford.com.
 2. According to R L Polk 2012 Top 10 global registrations.



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Financial Health

“Going Further”

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“Going Further”

In early 2012, we introduced a new global brand promise that exemplifies our Company’s culture and identifies what makes Ford different from our competitors. “Go Further” is much more than a tagline. It’s the pledge that we make to our colleagues, to our customers and to our communities that we are committed to innovating and delivering great products that build a stronger business and a better world.

To put this into perspective, [ONE Ford](#) is our roadmap and plan; Go Further is the promise behind our efforts. Go Further is also a way to express three characteristics that link back to our Company’s heritage: people serving people; ingenuity; and attainability. At Ford, we strive to Go Further through our interactions with our local communities, our dealers, our employees, and, of course, our customers. We’re also going further by making innovations, such as affordable fuel technologies, available to everyone – not only to a select few who can afford to pay premium prices.

Over the past year, we continued to embed Go Further into the culture of our Company, allowing us to make an even deeper emotional connection with our customers and our employees while conveying our mission in a simple and effective manner. To help create understanding and awareness within the Company, we created a new section on our Company intranet to highlight Go Further and allow employees to tell their own stories about how they Go Further every day. We included information about Go Further in our quarterly global newsletters to all employees and conducted a series of interviews with executive leaders discussing how Go Further applies to their work.

A global brand promise makes sense for a company whose products are now truly global in scope. For many decades, we acted as a regional company, with products tied to specific markets. Today, our globalized platforms, and vehicles such as the Ford Fiesta, Focus, Escape/Kuga, Fusion and C-MAX, have created a clear and consistent identity for Ford in the world marketplace, allowing us to speak to consumers in a single voice and communicate a single promise.

As we discuss in the [Blueprint for Sustainability section](#), our ONE Ford plan, coupled with our global brand, enables us to advance our sustainability strategy while revitalizing the financial health of our Company as a whole. Our sustainability strategy and our overall ONE Ford business strategy are fundamentally linked.

Defining “Go Further”

We asked some of our people what Go Further means to them. The following are some of the responses.



I define it for myself as always putting in the extra effort, whether it’s for our team members, our customers, our dealers or the communities in which we live and work. For me, it’s an affirmation and a way to articulate what I feel about working for Ford my whole career. And these days, when I say I work for Ford, I get a positive reaction. For me, that’s further motivation to know as a company we go further and people recognize that.”

Mark Fields, Chief Operating Officer



To me, going further means always doing better and going the extra mile. It’s a mindset of appreciating where we are but not being satisfied with it. We should never, ever think that we’re ‘there,’ if you will. We can always do better – in everything that we do.”

Robert Shanks, Executive Vice President and Chief Financial Officer



It boils down to who we are and what we do and what makes Ford unique as a company. It's a commitment to each other, to our dealers, to our customers, and to our suppliers. It's in our DNA and it's something that's automatic."

Cyndi Selke, Executive Director Human Resources, Americas and Corporate Staffs



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Financial Health

"Going Further"

Current Financial Health

- > Focus on Europe
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Current Financial Health

If there's one recent event that symbolizes our renewed financial strength, it is this: the return of the iconic Ford Blue Oval. In the spring of 2012, we earned back our investment-grade rating from the second of three major ratings agencies. This significant milestone allowed us not only to lower our borrowing costs, but also to reclaim the Ford Blue Oval, which we had put up as collateral for the original \$18.5 billion secured loan we took out in 2006 to save our Company. When we leveraged the Oval as part of that loan package, we were not just pledging an asset; we were pledging our heritage.

Regaining the Ford Blue Oval, one of the most recognized brand symbols in the world, was a great source of pride for our Company and a testament to the years of hard work and steadfast progress since we stood alone as the sole major U.S. automaker to avoid filing for bankruptcy at the height of the economic crisis. But reclaiming the Ford Blue Oval is just the start, and it serves as a huge motivator for our Company to push ourselves even further and faster.



We pulled ourselves out of "junk" investment status by radically overhauling our production strateg,transforming ourselves into a fully globalized business while continuing to invest in new vehicles and technology. Through a difficult process of layoffs and plant closures, we focused on minimizing overcapacity and reducing inefficiencies to become a leaner – and stronger – Ford Motor Company. Couple that with a more flexible manufacturing operation that is saving us money while enabling faster product development and more efficient delivery of new technologies in our core markets. Our performance in North America, along with our valuable Ford Credit business, is powering our investment in global products for South America, our restructuring in Europe, and our significant investments in new capacity that will allow us to participate fully in fast-growing markets in Asia Pacific and Africa.

As part of our transformation, we have reduced the number of global vehicle nameplates, dropping from 97 in 2006 to 32 in 2012.



We recently reclaimed the iconic Ford Blue Oval, which we had put up as collateral in 2006.

For the second year in a row, the Ford brand surpassed the

2 million

mark for U.S. vehicle sales, making it the best-selling brand in America.

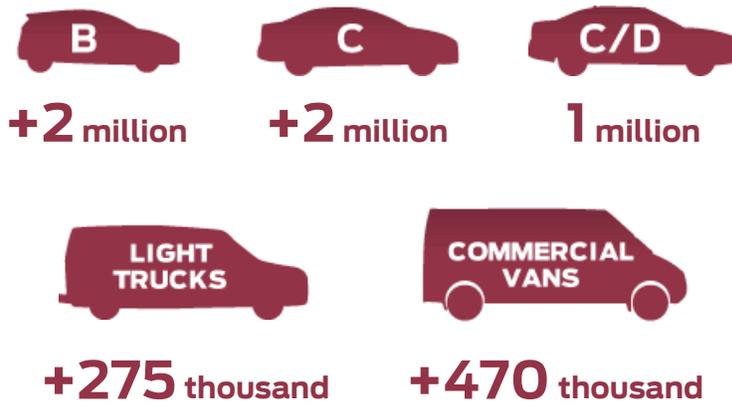
Related links

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- » [Greening Our Products](#)

Sales Volume Opportunities

Ford sees five key global platforms with sales volume opportunities as depicted here.



For the second year in a row, the Ford brand surpassed the 2 million mark for U.S. vehicle sales, making it the best-selling brand in America. In 2007 – before the recession – 2 million sales was a fairly commonplace achievement for many of the larger brands. Ford is the only brand to make it back up above the 2 million mark.

Our U.S. sales grew across the board in 2012, with cars up 5 percent, utilities up 7 percent and trucks up 2 percent for the year. Our sales of small cars were up a strong 29 percent for 2012, with Focus sales gaining an impressive 40 percent. In California, which is the biggest market in the U.S. for small cars, Focus retail sales were up 83 percent in 2012 versus 2011.

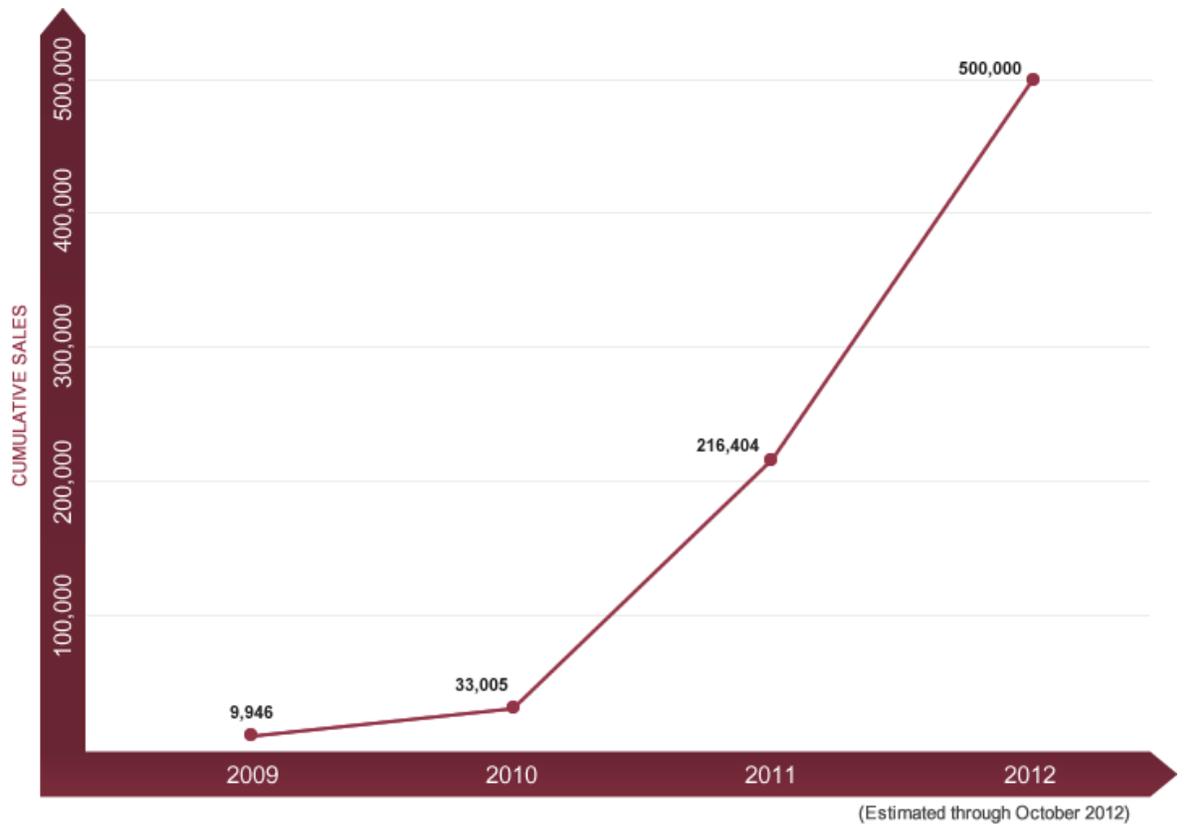
For the full year, North American pre-tax profit and operating margin were both records since 2000 when we began reflecting the region as a separate business unit, and volume and revenue were also higher. Other regions, however, did not fare as well. Europe continued to be negatively impacted by the challenging economic conditions in that region. (Read more on [our European transformation plan](#).) In South America, pre-tax profits were substantially lower than a year ago, in part due to higher costs and unfavorable exchange in Brazil. In Asia Pacific and Africa, we posted a full-year loss as we continued to invest heavily for future growth. We are beginning to see the results of our investments, however, as we sold more than 1 million vehicles in the region in 2012 for the first time and recorded \$10 billion in revenue – also a record.

We continue to sell the world's top-selling truck – the F-Series, which has seen significant improvements in fuel efficiency. In early 2013, we unveiled our new Ford Atlas Concept to showcase the design capability, fuel efficiency and smart technologies that will define future pickup trucks. The Ford Atlas Concept features a next-generation EcoBoost® powertrain, which introduces truck-enhanced Auto Start-Stop engine-shutoff technology. Auto Start-Stop shuts off the engine when stopped in traffic to save fuel – and smartly suspends the feature when the truck knows it is towing.

Importantly, we are equally as well known today for our competitive products in all segments of the market, including small and midsize cars as well as sport utility vehicles and our top-selling pickup trucks. Case in point: According to R L Polk data,¹ the Focus was the No. 1-selling vehicle nameplate in the world in 2012, thanks to its continued strength in Europe and a rapidly expanding Asian market. In Canada, our sales performance in the market earned Ford Canada the sales leadership title for the third year in a row.

We offer customers products with best-in-class fuel economy. Equally important, we're offering customers choices of the fuel-efficient systems that work best for them – from EcoBoost®-powered gasoline vehicles to hybrids to electrified vehicles. By year-end 2013, more than 90 percent of Ford's North American lineup will be available with an EcoBoost engine. At the end of 2012, Ford offered EcoBoost engines in 11 North American nameplates, with four more expected in 2013. We are planning to triple our electrified vehicle production by 2013, compared to 2011.

EcoBoost® Cumulative Sales



2009	2010	2011	2012*
9,946	33,005	216,404	500,000

* Estimated through October 2012

Financial Progress

In another sign of our financial progress, we announced in early 2013 that we would double our quarterly stock dividend to 10 cents per share. We had reinstated the dividend – at 5 cents – a year earlier, having suspended it in September 2006 when we were in significant economic difficulty. Our ability to double the dividend within one year is a testament to our ONE Ford plan, which has enabled us to maintain a solid balance sheet while growing our business to provide our shareholders with more return on their investments.

Our dividend yield, which measures how much a company pays out in dividends relative to its share price, increased to 3.2 percent² – higher than the average 2.2 percent among companies in the S&P 500 Index. The dividend is an important component of our vision of profitable growth for all – customers, suppliers, employees, dealers and investors.

As a result of our 2012 financial performance, employees across the Company were recognized for their contributions through various reward and recognition actions according to local plans and practices, as applicable. In the U.S., for example, profit-sharing payments were made to approximately 46,000 eligible U.S. hourly employees. In accordance with the UAW³-Ford collective bargaining agreement, Ford North America pre-tax profits of \$8.3 billion generated approximately \$8,300 per eligible employee, which we paid in March 2013. Individual profit-sharing payments were higher or lower based on actual employee-compensated hours.

In addition, in 2012 we made cash contributions to our funded pension plans of \$3.4 billion globally, including \$2 billion of discretionary contributions to our U.S. plans. In 2013, cash contributions to funded plans are expected to be about \$5 billion globally, including discretionary contributions to our U.S. plans of about \$3.4 billion.

Adding Jobs

Signs of our improved financial health were also evident in our hiring in the U.S. In early 2013, we announced plans to hire 2,200 engineers, computer programmers and other product-development

specialists – the largest increase in salaried workers in more than a decade. The new positions are in addition to the more than 8,100 combined hourly and salaried U.S. jobs that we added in 2012. Approximately 1,000 of those positions were hourly jobs brought back to Ford plants in the U.S. from other locations.

In late February 2013, we also pledged to add 450 new jobs at our Cleveland (Ohio) Engine Plant, where we plan to invest nearly \$200 million to increase production of our 2.0-liter EcoBoost engine. This hiring brings us more than halfway to the 12,000 new U.S. jobs we forecasted to deliver by 2015 during 2011 contract discussions with the UAW.

As we expand our product lineup of fuel-efficient vehicles, we need more people in critical areas, such as engineering, vehicle production, computer software and other information technology functions. The hiring will also help support our global product momentum and our commitment to serve customers in all markets with a full family of vehicles offering best-in-class quality, fuel efficiency, safety, smart design and value. To attract new team members, we are expanding our use of social media to reach new, technology-savvy workers, and we're stepping up our efforts to reach military veterans. See the [People](#) section for more on employment at Ford.

Globally, we're continuing to add new jobs in [Asia Pacific and Africa](#), where we completed construction of two new plants, announced significant expansions of existing facilities, and currently are building seven additional plants (five in China and two in India) to keep pace with product demand. However, depressed sales in [Europe](#) have forced us to make the difficult decision to shutter plants, affecting approximately 6,200 positions in the region.

Plant Investments

A critical component of our recent business strategy has been our focus on realigning production with demand. This has meant retooling some facilities as flexible manufacturing sites, allowing for multiple types of products to be built on the same line. In some cases, this has also meant retooling facilities that previously built large trucks and SUVs to instead manufacture smaller and/or more energy-efficient vehicles. To these ends, and in conjunction with our 2011 bargaining agreement with the UAW, we estimate we will invest \$6.2 billion in U.S. plants by 2015.

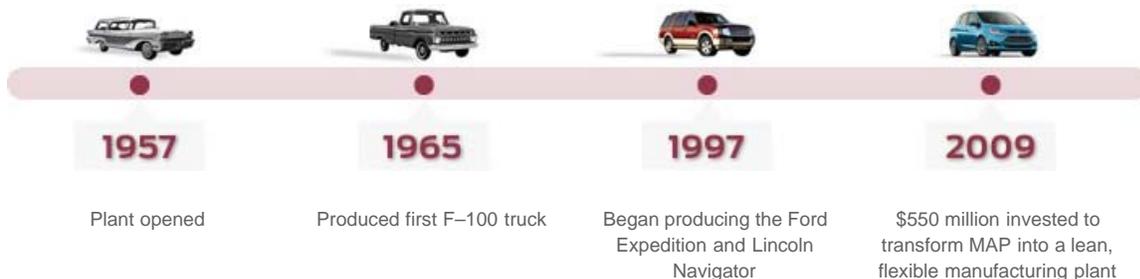
For example, we invested \$550 million to overhaul our Michigan Assembly Plant (MAP), which formerly built two full-size sport utility vehicles. Today, it is the only manufacturing site in the world to build vehicles with five different fuel-efficient powertrains on the same line, and the only one to build four vehicles that deliver an EPA-estimated 40 mpg. The plant is setting a new global standard for flexible manufacturing. More than 80 percent of the tooling in the plant's body shop can be programmed to produce a variety of body styles, allowing us to quickly adjust the mix between models as customer preferences change.

According to a recent analysis from the Center for Automotive Research (CAR), the plant supports 24,000 jobs in Michigan and pumps an annual \$1.8 billion into the state's economy. CAR said MAP sets "the new global standard for flexible manufacturing."

Michigan Assembly Plant (MAP)

The Michigan Assembly Plant (MAP) uses a flexible manufacturing system that produces five vehicles from one platform. It is the only plant in the world to build gasoline-powered, electric, hybrid and plug-in hybrid vehicles on the same production line.

History



Facts



Outputs



We are spending more than \$773 million on new equipment and capacity expansions across six manufacturing facilities in southeast Michigan. These investments will create 2,350 new hourly jobs and allow us to retain an additional 3,240 hourly jobs. The 2,350 new positions are part of the 12,000 hourly jobs that we forecasted to add across the U.S. by 2015.

At our Kansas City (Missouri) Assembly Plant, we are investing \$1.1 billion in a new body shop, a new tooling area, an upgraded paint shop and an all-new integrated stamping plant. These investments support the 2013 North American product debut of the full-size Ford Transit van family, which will achieve gas mileage that's an average 25 percent better than the E-Series cargo and passenger vans that Transit will replace when it starts production in 2014.

We're committed to growth in other parts of the world, too. To meet increasing demand in the [Asia Pacific and Africa](#) region, for example, we are building seven new plants – five in China and two in India. We also recently opened a new plant in Chongqing, China, and another in Rayong, Thailand, to produce the global Focus.

1. According to R L Polk 2012 Top 10 global registrations.
2. As of Feb. 28, 2013
3. "UAW" originally stood for United Auto Workers; the full name now is the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.



Go Further

Sustainability 2012/13



YEAR IN REVIEW



OUR BLUEPRINT FOR SUSTAINABILITY



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Focus on Europe

Europe is the second-largest automotive region for industry sales volumes in the world, behind Asia Pacific and Africa, and it is home to such growing markets as Russia and Turkey.¹ Europe is critically important to our ONE Ford plan, representing slightly more than a quarter of our Automotive revenue and vehicle sales volume. It is also an important center of engineering, research and development, supporting all regions of the Company.

Despite overall Company financial progress in 2012, Europe remained a particular challenge, with regional industry sales volume hitting a nearly 20-year low. Ford Europe pre-tax losses for the year exceeded \$1.7 billion. Although current economic conditions in the region have certainly played a role, we view the situation there as more structural than cyclical in nature, requiring decisive action.

In October 2012, we outlined our European Transformation Plan, including actions to increase cost efficiencies, address manufacturing overcapacity, accelerate product development and strengthen our brand. We plan to close two U.K. facilities in 2013 – our assembly plant in Southampton and our stamping and tooling operations in Dagenham – and we plan to end production at a major assembly plant in Genk, Belgium, at the end of 2014. The decision to close the plant in Genk is subject to an “information and consultation” process with employee representatives.

The planned actions will reduce vehicle assembly capacity (excluding Russia) by 18 percent, or 355,000 units. The related gross annual savings will range between \$450 million and \$500 million.

We recognize the impact our actions will have on many employees and their families, and we are working together with all stakeholders as we make these difficult changes to our business in Europe.

In all, the actions will affect 6,200 positions, or about 13 percent of Ford’s European workforce. That includes 4,300 positions in Genk and 1,400 positions in the U.K. Our goal is to achieve employee reductions through enhanced employee separation programs and, with regard to our U.K. facilities, redeployment to other Ford locations. The layoffs also include a previously announced initiative to reduce approximately 500 salaried and agency positions across Europe, with the Ford salaried reductions achieved voluntarily.

Our transformation plan builds upon our earlier announcement that we are launching an unprecedented array of new products – 15 global vehicles, including large cars, sport utilities and commercial vehicles – in Europe over five years. We believe the European market holds potential for profitable growth if we accelerate product development and move decisively to address our costs and overcapacity.

Also in 2012, we took a number of other actions across our European operations in response to the economic downturn. These include reducing line speed and using short-time working days and lay-off days. We also reduced temporary employment in several plants.

In addition, we’re making a strategic shift to reduce vehicle inventory at our European dealerships. Recent improvements in vehicle logistics and information technology systems have sped order-to-delivery time, enabling this change. Reducing inventory will have a long-term, positive effect on profits for both Ford and dealers, while customers will benefit from fresher vehicle inventories, quicker delivery and improved resale values.

Ford is projecting profitability in Europe by mid-decade, driven by higher industry volumes and market share, growth in emerging markets, a richer product mix and improved contribution margin, as well as a more efficient manufacturing footprint. A partial offset will be higher structural costs as we reconfigure and grow the business.

Related links

This Report

» [Ford of Europe](#)

1. Although not included among our traditional 19 European markets, Turkey and Russia do contribute to our Ford Europe segment results.



Go Further

Sustainability 2012/13



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The Lincoln Motor Company

Aston Martin. Jaguar. Land Rover. Volvo. At one time, these made up Ford's portfolio of luxury brands. As part of our ONE Ford plan, we sold these brands because they didn't fit into our long-range goals. But we held on to one stalwart: Lincoln.

In late 2012, we reintroduced "The Lincoln Motor Company" as part of a campaign to revitalize the brand and woo new customers. We see a tremendous opportunity in Lincoln, which will deliver four new models over four years. Buyers of luxury cars slowed their spending during the economic recession, and many today are looking for what we call "affordable premium."

The Lincoln MKC concept crossover vehicle, which debuted at the North American International Auto Show in early January, aims to compete in the small luxury sport utility category. The Lincoln MKZ, meanwhile, is our latest premium midsize sedan, starting at just under \$36,000 – slightly less than our closest competitor. We're also planning to begin selling Lincoln in China in 2014 – our second market for vehicles outside of North America. Introducing Lincoln into China marks the next step in our expansion in [Asia](#) and highlights our commitment to serving customers in the luxury market.

Lincoln is focusing on the largest and fastest-growing segments of the luxury market, with the intention of having all-new entries competing in 90 percent of the premium industry by 2015. The global premium industry overall is projected to grow by 39 percent by 2017, with China playing a key role. By 2017, the U.S. and China will represent 50 percent of the global premium industry.

Our globalized platform approach allows us to use Ford models as starting points for the revamped Lincoln.

To build enthusiasm and excitement, we launched an edgy new advertising campaign, including print and television ads. The first print ad began with the provocative question: "[Does the World Need Another Luxury Car?](#)" The answer: "Not really." The ad campaign captures the founding principles of the Company and makes them relevant for a new generation of luxury buyers.

Lincoln was originally called the Lincoln Motor Company in 1922, when Edsel Ford purchased the Company from its founder, Henry Leland. During its early years, Edsel worked with numerous custom-body suppliers to make Lincoln one of the most distinctive luxury brands in the industry, with motorcars that were considered urbane, sleek and elegant. The revitalization of the Lincoln brand marries this heritage with our most modern technologies to meet the needs of savvy consumers who have many choices.



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Product Competitiveness

Our financial turnaround has been based largely on our ability to deliver high-quality, innovative and desirable products everywhere we operate, in both mature and rapidly growing markets. To further our progress, we are continually improving quality and customer satisfaction and anticipating and responding to changes in customer demand. We have aligned our product development, manufacturing and marketing organizations worldwide to deliver the right products to the right markets as efficiently as possible.

We see ourselves as much as a technology company as a car company, and our cars, utilities and trucks are more technologically connected than ever. Everything we do is based on technology innovation, whether it is quality, fuel efficiency, safety, smart design or value – the hallmarks of our ONE Ford plan.

We’re leveraging technology to change the way people think about midsize cars. We started this journey in 2006 with an all-new Ford Fusion that was designed to win market share from popular Japanese midsize sedans. In the years since, we have continued to improve the Fusion, adding hybrid and plug-in hybrid models that are bringing more new buyers to the brand than any other Ford vehicle.

The global Ford lineup is now one of the most extensive in the industry and includes a full spectrum of offerings from innovative small cars (B-platform products), such as the Fiesta or Focus, to large, commercial trucks sold around the world.

We have realigned our capabilities to deliver better products faster than ever before. We are continuing our investment in flexible manufacturing, which reduces costs for each new product and lets us shift production at an individual plant from model to model to address changes in customer demand quickly.

We are making swift progress on our commitment to platform consolidation. In 2007, we utilized 27 different vehicle platforms. By 2014, we will have 14 total platforms, and we are on track to meet our target of nine core platforms globally. By 2013, more than 87 percent of our global volume will be produced across just nine core platforms. One of these platforms – our global C-platform, which underpins a number of vehicles including the best-selling Focus – will produce more platform volume than any other automaker, which is evidence that small cars are a clear global priority. Our new B-sized Fiesta and C-sized Focus are now among the best-selling nameplates in the world. Over the past few years, we have been reinventing our global portfolio of vehicles – small, medium, and large; cars, utilities, and trucks – and have a mid-decade target of selling approximately 8 million vehicles around the world.

Giving Customers a Choice

Ford offers customers a range of electrified vehicles to meet customer needs. We leverage our global platforms to achieve engineering efficiencies. Coupled with our commitment to standardized flexible production facilities, this provides Ford with the advantage of producing vehicles to meet unique customer preferences or changes across markets as they occur in real time. More important, our commitment to provide economy leadership with every all-new or significantly refreshed product is unwavering.

The new C-platform is a good example. The 2013 Focus SFE, with 2.0-liter gasoline-engine technology, is among the fuel-economy leaders in the U.S., delivering an EPA-rated 40 mpg on the highway. In Europe, the same Focus with a 1.6-liter diesel engine enjoys fuel economy/CO₂ leadership in the most competitive diesel market in the world. The Focus is also available in North America as Ford’s first full battery-electric vehicle offering and is among the leaders in charge rate and range. The Focus Electric has been certified by the U.S. Environmental Protection Agency to offer 110 MPGe in the city. (MPGe is a mile-per-gallon equivalency metric for electrified vehicles.) (Read more on our [electrification approach](#).)

Related links

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In addition, the 2013 C-MAX Hybrid and C-MAX Energi plug-in hybrid sold in North America are built on the same C-platform and deliver leadership against competitive vehicles. Lastly, our first global C-size sports car, the Focus ST, delivers more than 250 horsepower from an advanced 2.0-liter EcoBoost® engine. All of these vehicles, from the Focus Electric and C-MAX Energi to the high-performance Focus ST, are built for North America at the same plant – Michigan Assembly Plant – running on the same line, resulting in lower overall costs.

EcoBoost® Production

To meet rising consumer demand for the 2.0-liter EcoBoost engine, we're investing nearly \$200 million and adding 450 new jobs at our Cleveland (Ohio) Engine Plant. The plant was the first to produce EcoBoost engines and will continue to be a cornerstone of our strategy to deliver affordable fuel economy for millions.

Production of the 2.0-liter EcoBoost for North America is currently based in Valencia, Spain. The investment in Cleveland will shift North American production to Ohio, while Ford's Valencia Engine Plant will remain the exclusive production location for the 2.0-liter EcoBoost for vehicles built in Ford Europe. Valencia will continue to produce and ship parts for these engines to North America. Production will begin in North America in late 2014. Cleveland Engine Plant currently builds the 3.5-liter EcoBoost engine and 3.7-liter V6.

In 2013, we will expand EcoBoost production to 1.6 million engines – nearly 100,000 above the previous target. We expect to sell more than 500,000 EcoBoost-equipped vehicles in the U.S. in 2013 – a sizeable increase over the 334,364 sold in 2012.

Our [Sustainable Technologies and Alternative Fuels Plan](#), which highlights how we will meet our product [carbon-dioxide reduction goal](#), has positioned us to lead in our industry and will help us meet new regulatory emissions standards. In the U.S., government regulations will require approximately 35.5 mpg (fleet average) by the 2016 model year – a 30 percent improvement from the 27 mpg required for 2011 models.

As consumer demand for smaller vehicles increases, we need to provide the vehicles people want, and provide them profitably, in order to remain a sustainable business.

Customer-Driven Innovation

Our customers are looking for ever more ways to personalize their vehicles and driving experiences. What better way to meet that need than engage them in developing the technologies they want? We're looking for customers to design driver-friendly apps that will enhance their driving experiences. In early 2013, we became the first automaker in the world to launch an open developer program that enables software developers to directly interface with the vehicle and create their own apps.

The [Ford Developer Program](#) marks a dramatic shift in how we will innovate new features and add value to our vehicles. Opening the car to developers gives consumers a direct voice and hand in the creation of apps that can help our products remain relevant, up to date and valuable to our customers.

According to a recent Nielsen survey, more than half of all American mobile subscribers now use smartphones of some kind, and two-thirds of newly activated phones can run apps. Globally, there are now more than 1 billion smartphone users, a population that is expected to double by 2015. More than 55 billion apps have been downloaded from the leading digital markets, and American users have an average of 67 apps on their devices.

When we first introduced SYNC in 2007, there was a need for an appropriate way to connect and control cellphones and digital music players in the car due to the massive consumer adoption trend. Offering voice control so drivers can keep their hands on the wheel and eyes on the road has proved to be popular with our customers. Now, with an even faster adoption rate of smartphones, there is a need for a renewed focus on voice control for the unique capabilities of these devices, especially for the use of apps.

Engaging innovators outside of the Company is a key part of our strategy to be consumer-driven in all aspects of our business, helping us not only satisfy what's going on today, but setting us up for innovative solutions to the challenges coming in the future.



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2012 Sales and Highlights

Business Unit	2012 Wholesales (in thousands)	Percent change from 2011	2012 Highlights
Ford North America	2,784	3.6%	<ul style="list-style-type: none"> Ford was the No. 1-selling brand of utility in America for the second straight year; the Ford Escape had record sales with more than 260,000 vehicles sold – its best sales since it launched in 2000. The F-Series pickup was America’s best-selling pickup for the 36th straight year, and America’s best-selling vehicle for the 31st straight year.
Ford Europe	1,353	-15.5%	<ul style="list-style-type: none"> Ford was the second best-selling car brand in our traditional 19 markets – a position we have maintained for the past five years. Ford remained the market share leader in Britain.
Ford South America	498	-1.6%	<ul style="list-style-type: none"> Ford introduced new global products in South America, including the Ford Ranger pickup and EcoSport small utility.
Ford Asia Pacific and Africa	1,033	14.6%	<ul style="list-style-type: none"> Ford gained market share in Asia Pacific and Africa for the 3rd year in a row, increasing to 2.8% in 2012 compared to 2.7% in 2011 and 2.4% in 2009. We also completed construction of two new plants in the region in the last year, announced significant expansions of existing facilities, and currently are building seven additional plants in the region – five in China and two in India – all as part of our plan to reach production capacity of 2.7 million vehicles by mid-decade.



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Customer Satisfaction and Quality

Quality is one of the four pillars in our approach to great products: quality, safe, smart and green. Quality and customer satisfaction together are a central mission of all of our employees. They are also central to our sales and service operations, affecting customers’ willingness to consider our vehicles as well as their loyalty to our brands. High-quality vehicles also have lower warranty repair costs, which helps our bottom line.

Ford has worked tirelessly to improve quality over the past decade, and we have made great strides in overall quality. We use an extensive Global Quality Operating System at every stage of vehicle development and manufacture to make sure that our vehicles have world-class quality and performance. We begin designing for quality from the very earliest stages of every vehicle program. Years before a new model rolls off the assembly line, we are already identifying and addressing potential quality problems through virtual manufacturing technology. We undertake extensive testing of actual vehicle prototypes for both manufacturing and performance quality. We continue to evaluate and fix any quality problems that arise after our vehicles are sold. We evaluate every manufacturing-related warranty claim and develop and implement effective solutions in the assembly plants. We also gather feedback from our customers using survey tools, to ensure that we understand customers’ perspectives on our vehicles, including problems that arise and their opinions of vehicle designs and features. Thanks to our intense focus on quality, the overall quality of our vehicles has improved substantially over the past decade.

Despite these efforts, we had some significant quality issues in 2012. In the past several years, we have been dramatically increasing the innovative technologies in our vehicles, the number of new models we introduce, and the speed with which we release them. In addition we are raising production in the U.S. and other regions to match growing demand for our vehicles. All of these trends increase the pressure on both our own and our suppliers’ design, production and quality systems. Overall, we had 24 recalls in 2012. We have been working hard to rectify these problems and deliver on our promises to consumers. In November, for example, we recalled about 20,000, 2013 model year Fusions for low-beam headlamps that may develop reduced brightness. We initiated the recall quickly and voluntarily as soon as the problem arose. In less than two months from receiving the first reports of the issue, we were able to identify the root cause and provide a fix for the potential headlamp dimming. Our fast response has been well received by customers. Sales of the Fusion have remained robust despite the recall.

We know we need to do more to get our quality performance back on an improving trend. We are increasing our efforts to improve quality, even as we introduce new technologies and new vehicles at an ever increasing rate. We have worked hard to create a culture of cooperation and focus on solving the problem, not passing blame or pointing fingers, so that when quality issues arise, we can solve them quickly and effectively. We strive to ensure that we learn from every quality issue so that our overall performance continues to improve. For example, although we know that introducing new products quickly is critical, we also have to take the time to make sure everything about new vehicles is just right before they launch. Learning from the Escape and Fusion launches, we have delayed the launch of our new Lincoln MKZ to put the vehicles through an even more rigorous final quality-inspection process.

We track our progress on quality through a combination of internal and external measurements that assess how we are doing and where we can improve. The Global Quality Research System (GQRS), which tracks “things gone wrong,” is our primary quality survey¹. It is implemented for us by the RDA Group, a market research and consulting firm based in Bloomfield Hills, Michigan. We also subscribe to J.D. Power and Associates’ Initial Quality Survey and APEAL study. And, we track warranty claims and costs internally. Global and regional quality improvements are detailed in this section.

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- › [Customers](#)
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- › [Data: Market Share and Sales](#)

1. The GQRS study is conducted quarterly, with scores assessed from survey responses collected from vehicle owners by the RDA Group, a consulting firm.



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Global and Regional Quality Improvements

The following are key measures of our vehicle quality:

Global Warranty Spending

- Global warranty spending per unit declined 19 percent in 2012, compared to 2011.
- Global warranty costs decreased by \$27 million over the last four years (from year-end 2008 to year-end 2012). Warranty costs are expected to increase by 7.5 percent by 2017.

GQRS Initial Quality (Three Months in Service) Report 2012

- In 2012, global full-year “things gone wrong” (TGW) improved to 1,373 per 1,000 vehicles from 1,447 in 2011. Global full-year customer satisfaction also improved to 72 percent in 2012, up from 68 percent in 2011.
- In the U.S., the following models led their respective segments in the Global Quality Research System (GQRS) quality survey:
 - Ford Mustang – TGW Leader, Sports Car
 - Ford Taurus – TGW Leader, D/E Car
 - Ford E-Series Van – TGW and Satisfaction Leader, Full-Size Bus/Van
 - Ford Super Duty – Satisfaction Leader, Heavy-Duty Pickup

In North America in 2012:

- Overall customer satisfaction in 2012 was 79 percent.
- The number of Ford Motor Company safety recalls increased from 13 in 2011 to 24 in 2012; however, the number of affected units decreased from 3.3 million to 1.4 million. Three of the 2012 calendar-year safety recalls were reported by the U.S. National Highway Traffic Safety Administration (NHTSA) in January 2012, although they were approved by the Company in December 2011. Additionally, three other 2012 calendar-year safety recalls were supplements to safety recalls that were originally approved by the Company in 2010 and 2011.
- Warranty spending decreased by 20 percent in 2012, compared to 2011.
- Ford’s customer satisfaction with dealership sales experiences improved 2 points in 2012 compared to 2011 and 6 points since 2006. Customer satisfaction with vehicle service experiences improved by 3 points from 2011 to 2012 and has increased 8 points since 2006.

In Europe in 2012:

- Full-year TGW improved by 10 percent compared to 2011.
- Overall customer satisfaction increased 6 percentage points compared to 2011.
- Sales satisfaction with dealer or retailer increased by 4.5 points compared to 2011. Service satisfaction with dealer or retailer increased by 7.5 points during the same period.¹
- Warranty spending decreased by 8 percent compared to 2011.

In Asia Pacific and Africa in 2012:

- Full-year TGW improved by 21 percent compared to 2011.
- Full-year customer satisfaction increased by 8 percentage points compared to 2011.
- Sales satisfaction with dealer or retailer improved by 3 points from 2011 to 2012. Service satisfaction with dealer or retailer improved by 7 points from 2011 to 2012.
- Warranty spending decreased by 15 percent compared to 2011.

In South America in 2012:

- Full-year TGW improved by 6 percent compared to 2011.
- Full-year customer satisfaction decreased 1 percentage point in 2012 to 65 percent.

- Warranty spending increased by 9 percent compared to 2011.

Owner Loyalty

Owner loyalty is a measure of customers disposing of one Ford product and buying a new Ford product. In the U.S., owner loyalty decreased slightly in 2011 to 47.7 percent compared to 48.6 percent in 2010. In Europe, Ford owner loyalty increased to 52 percent in 2012 from 51 percent in 2011.

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1. European sales and service satisfaction with dealers and retailers are net promoter scores based on 23 European markets, including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.



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Ford Future Competitiveness

It's a truism that the world is always changing. But now the pace of global change isn't just changing – it's accelerating. To remain relevant and competitive in the long run, we need to prepare for a future that looks significantly different from the present. As we think about the forces that will shape global markets in the years to come, we look at many factors, including [consumer trends](#), [business risks](#) (pdf, 6.56Mb) and other inputs into and outcomes of our [materiality analysis](#). This analysis has reinforced our belief that profound shifts are underway that will fundamentally reshape both the markets for our products and services and the constraints under which auto manufacturers will operate in the future. One obvious driver of change is population growth: The United Nations predicts that the global population will reach 9 billion by 2050 and increase to 10.1 billion by 2100. Another is the shift in the locus of rapid economic growth from more mature markets to evolving economies in China, India, Brazil and other countries. (See [Focus on Asia](#) for insight into our growth in that region.)

These trends, along with advances in conventional and renewable energy technologies, are leading to significant shifts in energy supply and demand, several of which are highlighted in the *World Energy Outlook 2012*, a publication of the International Energy Agency (IEA):

- Despite widespread efforts to use energy more efficiently, energy demand is projected to grow by one third by 2035 with China, India and the Middle East accounting for 60 percent of that growth. These regions will also account for most of the increase in demand for oil for transportation.
- The number of passenger cars on the road is expected to double to 1.7 billion by 2035 (up from 800 million in 2011). Truck fleets will also continue to grow: Demand for fuel for freight trucks represents 40 percent of the projected increase in demand in transport fuel by 2035.
- Due to increased production of natural gas and shale oil, the United States is projected to be the largest global oil producer by around 2020 and be energy-independent and a net oil exporter by about 2030.

These changes indicate a shift in the growth of energy use and corresponding greenhouse gas emissions – also from mature markets to rapidly growing ones – as well as changes in which countries and regions are importing and exporting fuel.

The IEA report also calls out some sobering predictions:

- One billion people will still lack access to energy by 2030.
- Water issues related to energy extraction will continue to grow as more water is needed to produce new energy supplies.
- Limiting the warming of the climate to only two degrees centigrade (aligned with a concentration of 450 ppm of carbon dioxide in the atmosphere) is becoming more difficult and more costly with each year that passes.

These findings reinforce the “water-food-energy nexus” – the idea that changes to conditions affecting one of these basic human needs inevitably affects the others. (For more on this, see this year's [Water perspective](#).) For example, the use of fuel for transport in one region of the world can have consequences for food costs and availability in another. We are also watching related [trends](#) like urbanization, congestion and gridlock.

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- » [Customers](#)
- » [Sustainable Technologies and Alternative Fuels Plan](#)

We believe we have taken a responsible course to [plan our products](#) based on doing our part to achieve [climate stabilization](#). We are also developing a comprehensive water strategy that takes into account water-related risks and opportunities across our value chain. However, our reading of the IEA report and other information suggests that responsible actions related to our current products and those in the pipeline may not be sufficient to maintain future competitiveness. The trends discussed here paint a picture of future markets that are dramatically different from those of today, offering different opportunities and posing new challenges. To meet the needs of our customers and contribute to addressing the global sustainability issues of the future, we are applying our core competencies, including innovation and partnership-building, to develop solutions for future [mobility](#) that reflect the realities of a changing world.



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Focus on Asia

Snapshot: Ford in Asia

<p>\$6.7 billion Total Asia Pacific and Africa investment by 2015¹</p> <p>5 New plants under construction in China</p> <p>2 New plants under construction in India</p>	<p>50 New Ford vehicles and powertrains to region by mid-decade</p> <p>3,000 New salaried jobs to region by 2015</p> <p>50 million Anticipated annual vehicle sales in the Asia Pacific and Africa region by 2020</p>
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Asia offers tremendous opportunities for our Company. The fastest-growing markets for automobiles are in rapidly developing countries, especially China and India. China will remain the largest car market in the world for the foreseeable future, and India is projected to be the third-largest market in the world for the coming decade. By 2020, annual vehicle sales in the Asia Pacific and Africa region will likely reach nearly 50 million vehicles, with some 30 million of them in China.²

We estimate that 60 to 70 percent of Ford's growth in the next 10 years will come from this part of the world. Today, one in every five vehicles we sell globally is in Asia Pacific and Africa. By 2020, it will be one in three.

To keep pace with this enormous growth, we are building new plants and expanding existing ones, hiring workers, growing our dealer networks, and further developing our supply chain across China, India and Thailand.

Ford has been operating in China through two joint ventures: Changan Ford Automobile (CAF)³ and Jiangling Motors Corporation, Ltd. (JMC), which assembles Ford and JMC vehicles for distribution in China.

In 2012, Ford China set an annual sales record, selling 626,616 wholesale vehicles, up 21 percent from 519,390 wholesale the previous year. For several consecutive months, the Ford Focus was named the best-selling nameplate in China. The Chinese market's enthusiasm for our vehicles validates our aggressive \$4.9 billion investment to introduce 15 new vehicles, double production capacity, and double our China dealership network by 2015. Read more in the [Chongqing case study](#).

In India, meanwhile, Ford sold 87,492 domestic wholesale units in 2012. We continue to increase our presence in India, where we operate a vehicle and engine manufacturing facility in Chennai. We are investing \$1 billion for our second integrated manufacturing facility, which includes an assembly plant and an engine plant, in Sanand, and are committed to bringing the best of global products and services to the country. In India, we will more than double the number of dealerships from 119 in 2010 to 300 in 2015.

We are investing more than \$6.7 billion⁴ in Asia Pacific and currently employ some 22,000 people in our wholly owned and consolidated joint ventures in the region. Our operations include the

following:

Joint Venture Facilities

- Our joint venture CAF already operates two passenger car vehicle assembly plants in Chongqing. CAF has two more assembly plants under construction – Chongqing 3 and Hangzhou – and two powertrain plants under construction, including an engine and transmission plant.
- Our commercial vehicle joint venture, Jiangling Motors Corp., is investing \$300 million for an assembly plant in Nanchang, China, for Ford and JMC branded vehicles.

Ford-Owned Facilities

- We broke ground in 2011 on a \$1 billion integrated manufacturing facility in Sanand, Gujarat, India. The new facility, which includes an assembly plant and an engine plant, will create 5,000 jobs and will be able to initially produce 240,000 vehicles and 270,000 engines per year, starting in 2015.
- In Thailand, we have invested \$450 million in a new plant in Rayong province that builds the Focus for Thailand and other Asian markets.
- In early 2012, we announced we will be investing \$142 million to build a new compact SUV – the EcoSport – at our plant in Chennai, India. We expect to roll out the first EcoSports in mid-2013 for Indian consumers.
- We have invested \$72 million to increase production capacity at our Chennai engine plant.

1. In U.S. dollars for the time period of 1995 through 2015.

2. IHS Automotive

3. Our Chinese joint venture was formerly known as CMFA and recently restructured as Changan Ford Automobile Corporation, Ltd. (CAF) to increase our ownership percentage.

4. In U.S. dollars for the time period of 1995 through 2015.



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Ford Motor Credit Company

Established in 1959, Ford Motor Credit Company is a wholly owned subsidiary of Ford Motor Company that offers automotive financial services to dealerships and customers around the world. Ford Credit's focus is on supporting the sale of Ford and Lincoln vehicles, providing financial services to 5,200 Ford and Lincoln dealers and more than 3.6 million retail customers as of year-end 2012. Ford Credit's profits and distributions help support Ford's business, including vehicle development.

Before, during and since the global economic crisis, Ford Credit has provided focused support of Ford Motor Company sales, including dealer financing, and has maintained consistent consumer underwriting standards and credit availability.

Ford Credit's strong business practices enable it to finance customers across the credit spectrum, as well as successfully work with investors to fund the business. These practices and strong servicing also drive loyalty. Independent U.S. studies show that Ford Credit customers are more loyal to Ford, Lincoln and the brands' dealers than customers who utilize other financing.

In North America, Ford Credit does business in every state in the U.S. and all provinces in Canada. FCE Bank in Europe is Ford Credit's largest operation outside North America. The biggest share of FCE's business is in the U.K. and Germany, with smaller operations in most other European countries. Ford Credit also operates in select markets in Asia, Africa and Latin America.

Ford Credit offers a wide variety of automotive financing, insurance and related products to and through dealers, classifying finance receivables and leases in two segments:

- **Consumer:** finance receivables and leases related to products offered to individuals and businesses that finance the acquisition of vehicles from dealers for personal and commercial use.
- **Non-Consumer:** primarily products offered to automotive dealers, including loans to finance the purchase of vehicle inventory (wholesale financing), improvements to dealership facilities, working capital and the purchase of dealership real estate.

Ford Credit also works on issues of interest to its stakeholders, including the following:

- **Credit Availability:** Ford Credit provides financing for qualified dealers and consumers, utilizing responsible financing and servicing practices. Ford Credit provides financing for customers across the credit spectrum and is committed to providing best-in-class customer service.
- **Credit Approvals:** Ford Credit has used consistent and prudent credit standards and practices for many years to support Ford Motor Company dealers and customers. The company's proprietary credit originations and collections systems enable it to finance a broader range of customers than if it used credit scores alone.
- **Compliance:** Ford Credit uses responsible, consistent and transparent practices globally. The company has a culture of compliance and is committed to following both the letter and the spirit of the law. Ford Credit believes it maintains all material licenses and permits required for current operations. Ford Credit monitors proposed changes to relevant legal and regulatory requirements in order to maintain its compliance. Through governmental relations efforts, Ford Credit also attempts to participate in the legislative and administrative rulemaking process on regulatory initiatives that affect finance companies.
- **Consumer Education and Focus:** Ford Credit is a longstanding supporter of, and participant in, financial education through organizations such as AWARE (Americans Well-Informed on Automobile Retailing Economics), of which Ford Credit is a founding member, and Junior Achievement, as well as in community and educational forums globally. Ford Credit also

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is involved in the Jump\$tart Coalition, which is dedicated to building financial literacy starting at a very young age, and it participates in the Detroit Branch of the Federal Reserve Money Smart program. Ford Credit's financial literacy workshop, "The 10 Ways to Achieve Financial Success," is presented more than 50 times each year by company volunteers to community groups, school groups, trade shows, conventions and other events. Ford Credit developed a module that invites students to set personal financial goals, evaluate strategies for meeting those goals, and use algebra and data analysis to make short- and long-term financial decisions as part of the Ford Partnership for Advanced Studies (Ford PAS) program. Ford PAS is an academically rigorous standards-based curriculum used around the U.S. that works to ensure that students graduate high school with the skills they need for college or a career. [Ford Credit's website](#) includes information in English and Spanish to help consumers make informed decisions about vehicle financing.

- Customer Privacy: Ford Credit has a policy regarding customer information and privacy and uses systems and procedures to maintain the accuracy of customer information and to protect it from loss, misuse or alteration. Ford Credit provides training and communications to educate personnel about privacy requirements. Beyond protecting customer privacy, Ford Credit continuously uses and works to develop strong processes to produce a superior service experience.
- Identity Theft: Ford Credit is a founding member of the Identity Theft Assistance Center, a nonprofit industry association in which member institutions collaborate to protect their customers from fraud and help them recover if they become victims of ID theft.
- Technology and Process Improvements: Ford Credit continuously improves processes and uses technologies that drive efficiency and sustainability. These processes and technologies include: improved and online customer services that facilitate online credit applications, electronic contract signing, paperless invoices, electronic payments and online account management; electronic document storage; and software tools and telephony technologies to enhance responsiveness and increase satisfaction for dealers and customers.
- Community: Ford Credit has a longstanding commitment to the communities in which it does business. This includes providing structured work experience programs for young people. Ford Credit employees also participate in numerous community activities globally. Examples include personal finance training in schools and community organizations; environmental projects such as river cleanup, park and school beautification and recycling; JDRF walks to benefit diabetes research; the Susan G. Komen Race for the Cure and other activities benefiting medical research or assistance organizations; and drives to collect items such as supplies for schools, food for the hungry, clothing for the needy and necessities for soldiers stationed far from home.



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Mobility Solutions

Ford’s Definition of Mobility

Accessibility for people, goods and services to go where they need or want safely, efficiently and affordably – providing a simplified and fun customer experience. Our goal is to make mobility affordable in every sense of the word – economically, environmentally and socially.

We call it our “Blueprint for Mobility.” Similar in concept to our overall Blueprint for Sustainability, it sets near-, mid- and long-term goals for solutions to the challenges facing mobility systems now and in the future as the world becomes more populated and urbanized. When we announced it in early 2012, the Blueprint for Mobility highlighted our thinking about what transportation will look like in 2025 and beyond, and identified the types of technologies, business models, products and partnerships needed to get us there.

To address the future of mobility, we need new technologies and new ways of looking at a world whose global population is expected to reach 9 billion by 2050 – up from 7 billion today. With more people, and greater prosperity, the number of vehicles could increase from 1 billion today to an astonishing 2-plus billion by mid-century. While that sounds like good news for an automaker, we recognize that a business model built on private ownership of vehicles comes with inherent challenges.

In the decades to come, 75 percent of the world’s population is expected to live in cities. And by 2025, 37 of those cities will have more than 10 million residents.¹ All of this raises the possibility of global gridlock – a never-ending traffic jam that wastes time, energy and resources. Even if every new vehicle we make has zero emissions and draws from renewable energy sources, we’re still talking about billions of cars on the road.

The challenge goes well beyond inconvenience. If we look at the numbers, and look at the state of our global transportation infrastructure, it is not difficult to see a future in which the flow of commerce – and even the flow of health care and food delivery – are compromised. At Ford, we see global gridlock as not just an issue of business and economics, but as a problem that could have a significant impact on the quality of human life.

Global Gridlock

Congestion is a huge problem in many regions of the world. Consider the following:

- In Sao Paulo, Brazil, traffic jams regularly exceed 100 miles, and the average commute lasts between two and three hours a day. Despite this, car purchases are growing at a rate of 7.5 percent annually.
- [A recent study from the Texas A&M Transportation Institute](#) found that Americans wasted \$121 billion in time and fuel sitting in traffic in 2011.
- In China, the world’s longest period of gridlock was registered at 11 days during 2010.
- In England, it is estimated that the cost of congestion to the economy due to lost time will rise to about \$35 billion annually by 2025.

Our vision, which aims for a holistic approach, blends smart transportation with intelligent vehicles and transport systems that are interconnected through a global technology network. We see a



The automobile has given individuals the freedom of mobility. Prior to the Model T, the average person didn’t travel more than 25 miles from home in his or her entire lifetime. The Model T allowed people to decide where to live, work and play. As the car’s popularity has grown, that individual freedom has become threatened. Now we have an opportunity to turn this challenge into a solution.”

Bill Ford, Ford Motor Company Executive Chairman

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radically different transportation landscape in which pedestrian, bicycle, private car, commercial and public transportation are woven into a connected network that saves time, conserves resources, lowers emissions and improves safety. We know we must view the automobile as one element of a broader transportation ecosystem, and look for new ways to optimize the entire system.

Although we announced our Blueprint for Mobility in 2012, we have been working on these issues for a number of years with a focus on three primary concepts: pollution, congestion and safety. We are already developing new business models and partnerships toward this future in a way that is shifting the paradigm of what it means to be an automaker. But no one company or industry will be able to solve the mobility issue alone. It is a huge challenge that will only be successful if governments, infrastructure developers and industry come together to collaborate on a global scale. The speed at which solutions take hold will be determined largely by customer acceptance of new technologies, as well as how quickly cities develop the enabling systems and infrastructure.

A truly sustainable, long-term solution will require a global transportation network that includes vehicle, infrastructure and mobile communications. We need cars that can communicate with each other, and with the world around them, to make driving safer and more efficient. This smart, connected system will tie all modes of travel into a single network linking public and personal transportation together.

The last few years have seen technological breakthroughs, such as vehicle-to-vehicle communications, that we didn't think possible a few decades ago. Increasingly, Ford is becoming a technology company that makes cars and trucks, and we will continue to explore ways to leverage these technological innovations so we can tackle mobility challenges.

Addressing Mobility in Rural India

Mobility is a basic human need. Developed and emerging economies alike require transportation systems to get goods to market and people to the places where they work, shop, dine and gather. At Ford, we're focusing not just on issues of mobility in increasingly crowded cities. We're also looking at the mobility challenges of rural communities. Read the [Saving Lives in Rural India case study](#) to learn how our work in the remote hills of rural India is helping pregnant women give birth to healthy babies.

1. United Nations, Department of Economic and Social Affairs/Population Division. "World Urbanization Prospects: The 2011 Revision."



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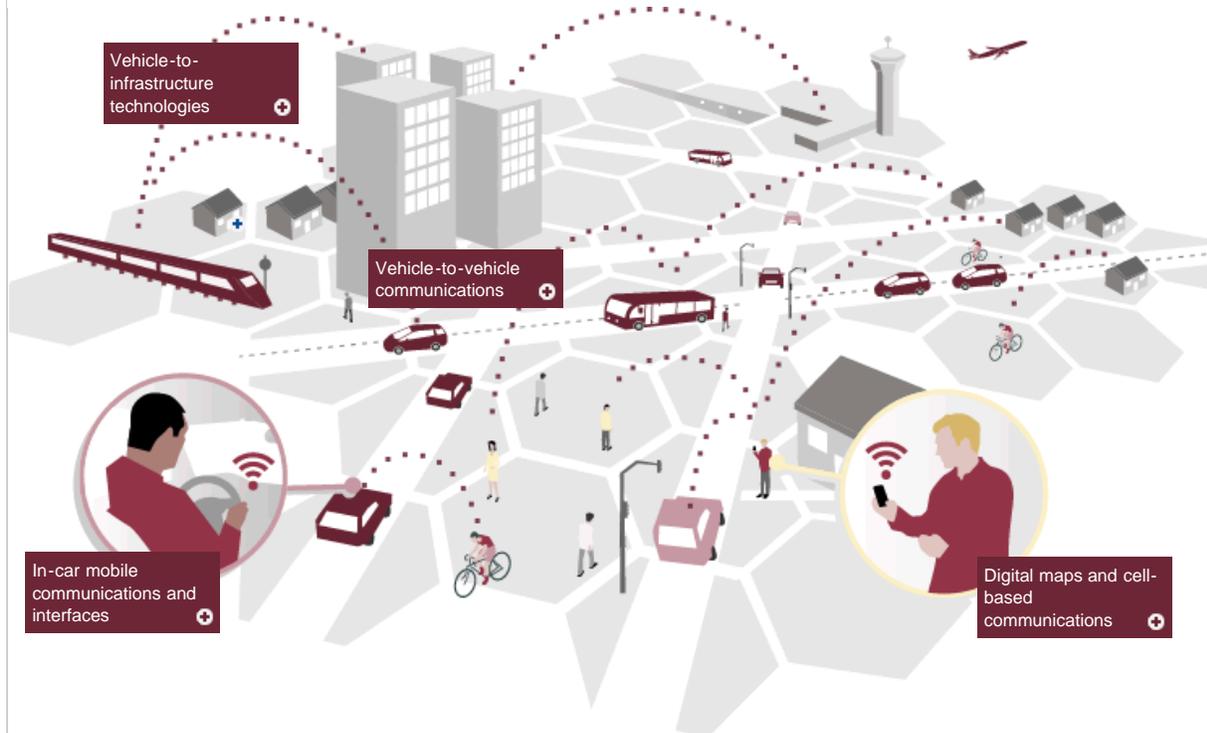
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Voice: Robert Shanks

Our Blueprint for Mobility

By 2050 we will have a true network of mobility solutions, and automobiles will likely look very different from how they look today.



Vehicle-to-infrastructure technologies

Vehicle-to-infrastructure technologies will enable improved safety while allowing more vehicles to share the road.

Digital maps and cell-based communications

The proliferation of digital maps and cell-based communications will provide better driver information and entertainment features.

In-car mobile communications and interfaces

In-car mobile communications and driver interfaces will become more intuitive. These systems will be able to proactively alert drivers to traffic jams and accidents.

Vehicle-to-vehicle communications

Vehicles will “talk” to one another, and the mountains of data they generate will no longer be self-contained.

At Ford, we believe that mobility challenges – in urban as well as in rural settings – require the same level of attention and determination that we have put toward developing solutions for the environmental challenges faced by our industry. Where environmental sustainability is concerned, we have been

making great strides with new vehicle technologies, alternative fuels and vastly cleaner solutions.

Ford was founded on providing personal mobility for everyone. And our Blueprint for Mobility, which builds upon our approach to our Blueprint for Sustainability, is based on an analysis of population growth, urbanization and other key societal and economic trends. Our goal is to make mobility affordable in every sense of the word – economically, environmentally and socially.

The Blueprint for Mobility is guiding our work and the necessary development of future sustainable, smart transportation systems and the steps required to get there. A key component will be partnership with the mobile telecommunications industry to create the infrastructure and technology needed to allow cars to “talk” to each other and to their surroundings.

In the near term (roughly the next five to seven years), technologies – including some that are already in vehicles – will continue to improve. The proliferation of digital maps and cell-based communications will provide better driver information and entertainment features, while in-car mobile communications and driver interfaces will become more intuitive. These systems will be able to proactively alert drivers to traffic jams and accidents. Increasingly, our vehicles will talk to one another, and the mountains of data they generate will no longer be self-contained.

In the mid-term period (to about 2025), the amount of data that will flow to, from and through cars will continue to increase. Vehicle-to-vehicle and vehicle-to-infrastructure technologies will enable improved safety while allowing more vehicles to share the road. New technologies, such as our Traffic Jam Assist technology, will provide more sophisticated systems of semi-automated driving.

Meanwhile, the first efforts to integrate various pieces of the transportation network will begin, allowing cars to plug into public databases that recommend alternative transportation options such as trains, buses and carpools. Early versions of these advances are already being designed and tested.

In the long term, the urban transportation landscape will be radically different from what we know today. By 2050, we will have a true network of mobility solutions, and automobiles will likely look very different from how they look today.

Everything that is outlined in our Blueprint is technologically feasible. The key challenges are making things affordable and attainable to all customers, and finding ways for all stakeholders – the auto industry, governments, technology companies and more – to make the adaptations needed to the transportation infrastructure.

The bullets below provide more detail on the element of the Blueprint in the near, mid and long terms. The near term focuses primarily on technology that Ford is already developing. The mid and long term, meanwhile, set up a vision of what we think future mobility will look like and how Ford, the industry and society as a whole will need to evolve.

5–7 years	2017–2025	2025+
Near Term	Mid Term	Long Term
<ul style="list-style-type: none"> ● Ford Motor Company to be at the forefront of developing increasingly intuitive in-car mobile communication options and driver interfaces that proactively alert drivers to traffic jams and accidents. ● Developmental projects such as the vehicle-to-vehicle warning systems currently being explored at Ford's European Research and Advanced Engineering Centre in Aachen, Germany, and intelligent speed-control features, to grow in capability. ● The delivery of a better connected, safer and more efficient driving experience with limited automated functions for parking and driving in slow-moving traffic, building on existing Ford features including Active Park Assist, Adaptive Cruise Control and Active City Stop. ● Further development and defining of new vehicle ownership models, as already demonstrated through Ford's collaboration with Zipcar, the world's largest car-sharing and car club service, and our new car-sharing program in 	<ul style="list-style-type: none"> ● The introduction of semi-automated driving technologies, including driver-initiated automated capabilities and vehicle platooning in limited situations, to provide improved accident avoidance and driver assistance features that always allow the driver to be in the loop and aware of the situation in case he or she needs to take control. ● Significantly more interaction between individual cars on the road through the utilization of ever-increasing computing power and numbers of sensors in vehicles, potentially helping to reduce the number of accidents at intersections and enabling limited semi-automated and automated highway lane changing and exiting. ● The arrival of vehicle-to-cloud and vehicle-to-infrastructure communications that contribute to greater time and energy efficiency by enabling vehicles to recommend alternative transport options when congestion is unavoidable and to pre-reserve parking at destinations. ● The emergence of an integrated 	<ul style="list-style-type: none"> ● A radically different transportation landscape in which pedestrian, bicycle, private car, commercial and public transportation traffic will be woven into a single connected network to save time, conserve resources, lower emissions and improve safety. ● The arrival of smart vehicles capable of fully automated navigation, with increased automated operating duration, plus the arrival of automated valet functions, delivering effortless vehicle parking and storage. ● The development of a true network of mobility solutions, with personal vehicle ownership complemented by greater use of connected and efficient shared services, and completely new business models contributing to improved personal mobility.

[Germany](#).

transport network, featuring cars plugged into public databases.

- New city vehicle options, as more and more one-, two-, and three-passenger vehicles are introduced to help maneuver on city streets.



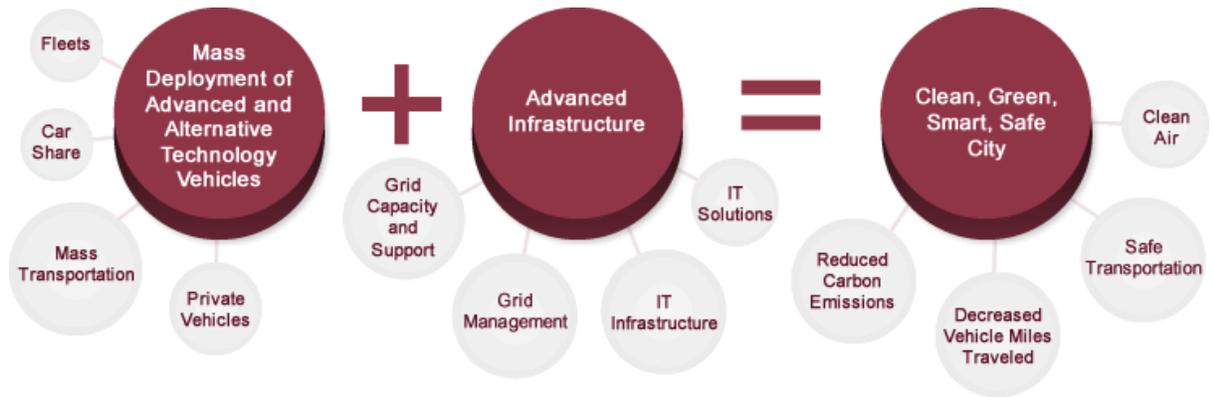
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New Models of Mobility

We are investing significant research and development dollars in new models of transportation, and helping to advance thinking about it. We are doing this through partnerships and pilot projects at several global locations. Some of these projects have focused on exploring how to deploy electric vehicles as part of integrated mobility solutions aimed at creating “clean, green, smart and safe” cities (see figure below). We believe that creative collaboration and innovative technologies and services can yield new solutions, and that these solutions can harness the benefits of mobility while reducing its environmental and social impacts.

In 2012, for example, we opened a dedicated research lab in California’s Silicon Valley as part of our commitment to make technology affordable for millions. The new Ford lab serves as a hub for independent technology projects and the identification of new research investments with partners located along the U.S. West Coast. The lab helps to ensure that Ford keeps pace with consumer trends and aggressively prepares for the future by developing mobility solutions to harness technology.



An Innovative Approach to Car Sharing in Germany

Many people around the world want the benefits of personal mobility but don’t necessarily want to own a car. Car sharing offers an approach that can provide those benefits while reducing congestion and the environmental impacts of the private automobile.

According to a recent Ford Motor Company-sponsored poll,¹ more than half of Europeans – 56 percent – would consider car sharing, either through a formal program or through private arrangements. Drivers increasingly see car-sharing programs as viable options, especially in dense urban areas where parking can be problematic and where public transportation fails to meet all mobility needs. Ready and affordable access to a pool of available vehicles can provide on-demand transportation flexibility.

A widely cited 2010 study from the University of California-Berkeley² estimated that one car-share vehicle replaces anywhere from nine to 13 vehicles on the road. That includes four to six direct replacements; the rest are avoided purchases.³

In early 2013, we announced the launch of FORD2GO, a collaboration between Ford of Germany and our network of 527 Ford dealers, 257 affiliated branches and 1,083 Ford-authorized repair shops, all of which are eligible to take part in the program. The program, to be rolled out during 2013 across Germany, calls for participating Ford dealers around the country to offer car sharing to their customers.

Dealers will purchase one or two Ford vehicles for the program and will be responsible for installing keyless entry systems that will allow users to access the vehicles for rental use. Under the program, the dealer will receive 80 percent of the usage fee. A portion will also go to Ford Motor Company and to the technology company, DB Rent, which developed the Web- and smartphone-based booking system for car-share participants.

For Ford, the program also offers the chance for potential customers to experience Ford vehicles.

As a company, we are committed to a collaborative and integrated approach to future mobility. FORD2GO is one step in exploring what that future might look like.

-
1. Survey carried out by The Futures Company between July and August 2012; 6,028 people were questioned across six European countries – Denmark, France, Germany, Italy, Spain and the U.K.
 2. E. Martin, S. Shaheen, J. Lidicker, "The Impact of Carsharing on Household Vehicle Holdings: Results from a North American Shared-Use Vehicle Survey." Transportation Research Record, 2010.
 3. The range of estimates on car sharing varies widely, and experience to date may not scale up proportionally if car sharing becomes more widespread.



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Mobility Challenges and Opportunities

Mobility is a basic human need. Developed and emerging economies alike require transportation systems to get goods to market and people to the places where they work, shop, dine and gather.

Automobiles have provided personal mobility for more than 100 years. There are currently 1 billion vehicles in the world, and that number is increasing rapidly as individuals in developing markets reach new levels of prosperity. It could reach 2-plus billion vehicles by the middle of this century.

We recognize that a business model built on private ownership of automobiles comes with inherent challenges, which are related directly to the following current and emerging mega-trends. Taken together, the trends point to increasingly diverse and fragmented markets for traditional automobile sales. They also point to significant opportunities for companies that are able to respond to mobility needs creatively.

- **Urbanization:** By 2025, it is projected that at least 37 mega-cities will have a population of more than 10 million.¹ The migration of rural populations to urban areas often outpaces infrastructure development, leading to overcrowded, substandard living conditions and inconvenient, congested transportation systems.
- **Built and Digital Infrastructure:** More congestion means greater impacts on roadways and other infrastructure, which will require different products and solutions from a coalition of stakeholders. As transportation and utilities become more interdependent, collaboration must occur among manufacturers, energy/utility companies, and communications and information technology companies.
- **Congestion:** Each year, traffic congestion is estimated to cost the U.S. \$67.6 billion, and the average metropolitan driver endures 27 hours of traffic delays. In many places, especially developing countries, traffic delays are considerably worse, and are increasing at an alarming pace (see Global Gridlock [link]). As more vehicles crowd limited road networks, congestion increases. This, in turn, creates pollution, reduces fuel efficiency and wastes travelers' time. We're working on advancing vehicle-to-vehicle and vehicle-to-infrastructure communication systems that will connect cars, allowing them to "talk" to each other and send real-time updates about traffic congestion, road works and other matters that can delay transportation.
- **Climate Change:** Climate change and associated regulation is leading to new vehicle standards and increased costs. However, the benefits of more stringent vehicle fuel economy and greenhouse gas standards are eroded as vehicles spend more and more time idling in gridlock conditions.
- **Population:** Different regions of the world are experiencing opposing population trends. Among the more developed countries, only the U.S. is growing in population; Europe, Russia and Japan are all shrinking. Regions of Africa and Asia are growing in population and will have large numbers of young people. But by the middle of this century, most of the world will be much older on average. With most people living in urban areas, more and different forms of mobility will be needed to support independent living for seniors, the disabled and young people.
- **Social Inequality:** The gap between rich and poor creates enormous needs for innovative, affordable mobility solutions that meet human needs and help people build a better way of life. Unequal access to transportation often limits the opportunities available to those most in need. Better mobility is part of the solution to unemployment and income disparities.

Related links

This Report

» [Climate Change](#)

1. United Nations, Department of Economic and Social Affairs/Population Division. "World Urbanization Prospects: The 2011 Revision."



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Key Partners

Mobility issues are complex and rapidly changing – too big for one company to solve on its own. Developing solutions to mobility challenges requires innovative, systems thinking, across a wide range of stakeholder groups. We partner with organizations that can give us access to the latest research, insights and integrative ability.

For example, Ford has been working with the University of Michigan’s Sustainable Mobility and Accessibility Research and Transformation (SMART) project since April 2005. SMART takes a collaborative, systems approach to developing innovative, sustainable and connected mobility and accessibility solutions in urban regions around the globe. Building on the seminal work of Moving the Economy in Toronto, SMART has pioneered new thinking, new partnerships and pilot projects related to emerging markets and industry development.

SMART has provided the empirical research and inspiration for Ford’s mobility projects. The insights of the SMART leadership team have served as a foundation for our innovative approach to business opportunities related to New Mobility and for our work with other key sectors, including manufacturing, information technology, logistics, tourism, real estate, design and more. In addition to developing New Mobility business opportunities and markets, SMART and Ford are seeking to improve quality of life, employment and other community benefits in cities all over the world over the long term. We are convinced that our partnership with SMART will produce a new systems approach for addressing the increasingly complex challenges to achieving sustainable mobility and accessibility globally, while at the same time transforming the transportation industry into a more sustainable and equitable industry.

As part of our partnership, SMART has established technology transfer collaborations in selected cities worldwide, including locations in India, South Africa, Brazil, the Philippines, Europe, China, Canada and the U.S. Research projects and educational programs are designed to accelerate New Mobility implementation and industry mobilization in these regions and beyond. They focus on three primary areas: “Connecting the Dots” (taking a systems approach); “Moving Money” (advancing innovation and New Mobility industry, jobs and economic development); and “Moving Minds” (attitudes and behaviors of people and decision makers related to New Mobility).

For more information, visit the [SMART](#) website.

Also, see the [Electrification](#) section for a discussion of a partnership with Whirlpool and others focused on improving the energy efficiency of cars, homes and the electric grid as a system.



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Mega-Cities: The Icon of Personal Mobility Challenges

Mega-cities are urban areas with more than 10 million residents. In 2011, 23 urban areas qualified as megacities: 13 in Asia, four in Latin America, and two each in Africa, Europe and North America. By 2025, when the number of mega-cities is expected to reach 27, Asia will have gained another nine, Latin America two, and one each in Africa, Europe and North America.¹ Mega-cities experience a wide range of social and environmental problems, many of them related to mobility.

All of the mega-trends we have identified, as well as other challenges to sustainable mobility, are at their worst in mega-cities, and engender paralyzing traffic congestion, air pollution, vehicle-related injuries and fatalities, and health problems. Furthermore, social inequality and the dislocation of families and communities are increasing as people move from rural areas to mega-cities seeking economic opportunities. To develop mega-city mobility strategies will require addressing the mobility needs of rural as well as urban residents, as many mega-city problems could be improved by developing new approaches to the transportation of people and goods between rural and urban areas, and by reducing the need for rural–urban migration.

New mobility solutions depend on collaboration and partnership. Technology can “connect the dots,” but only humans can get the varied institutions and interests involved in urban and rural mobility to work toward a common end. Projects like those described in this section require extensive stakeholder engagement and establishment of trust between the many partners with a role to play.

1. United Nations, Department of Economic and Social Affairs/Population Division. “World Urbanization Prospects: The 2011 Revision.”



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Case Study:

Saving Lives in Rural India



Henry Ford believed vehicles like his Model T would improve lives through greater mobility. A century later, and half a world away, a young Indian mother named Mageswari and her baby boy are living proof of Mr. Ford's vision.

Mageswari is one of 41 pregnant women who delivered healthy babies thanks in part to an innovative pilot project Ford Motor Company sponsored in the remote hills of Tamil Nadu, India. The nine-month initiative helped pregnant women overcome geographical and technological barriers that are roadblocks to adequate healthcare.

Called Sustainable Urban Mobility with Uncompromised Rural Reach (SUMURR), the program made use of a Ford Endeavor that was designed to handle difficult terrain and traverse areas previously unreachable by four-wheeled vehicles. Medical professionals traveled in the Endeavor to reach their patients and to transport their patients to clinics. The health care teams also could use their laptops and cell phones to connect – via a wireless connection in the vehicle – to doctors and medical records.

“If not for Ford Endeavor, I might have tried to reach the hospital in a two-wheeler,” said Mageswari, 19. “I do not know what might have happened.”

In the hilly villages of Kallakurichi, maternal and infant mortality is an all-too-common tragedy, with half of all pregnant women and their newborns at high risk of death, disease or disability resulting from inadequate care. Deliveries frequently occur in homes and are rarely attended by trained health professionals. Some of the villages are so remote that government-sponsored nurses have difficulty accessing them. Many pregnant women go for months – if not for their entire pregnancies – without any medical care.

We began the pilot project in June 2012, partnering with the Tamil Nadu Directorate of Public Health, the Indian Institute of Technology Madras (IIT Madras), the U.S. Department of State, George Washington University, and Hand in Hand India, a nonprofit focused on the empowerment of women. Between June and February 2013, the SUMURR program enabled some 1,600 women and children to receive health care, including immunizations and screenings for basic illnesses, at 27 pediatric and gynecology camps set up in remote villages. Many of these locations had never seen physicians before.

SUMURR ultimately reached another 3,100 people as our partners traveled to 54 villages to build community awareness on issues of maternal and child health. Originally, the project partners planned to work in 29 villages. But local nurses in other remote villages saw the benefits and asked to be included, explained K.S. Sudhakar, a project director for Hand in Hand.

Thanks to the success of the pilot, we're exploring similar programs in other parts of rural India and in other countries, such as China and Brazil, where we have manufacturing operations. Ford invested about \$250,000 directly in the project, plus significantly more in terms of the time and expertise of our staff.

"Ford Motor Company is not in the business of telemedicine," said David Berdish, Ford's manager of social sustainability and one of the champions of the project. "But between the vehicle and the technology we provide, we can make it better."

SUMURR showcases how Ford's OpenXC technology can enhance accessibility in developing economies. In the isolated hills of India, for example, cellular phone signals are extremely weak or nonexistent. By using a technology "cloud" within the Ford vehicle, health care providers could access and store medical information about their patients.

SUMURR isn't just altruism – there's a business rationale behind it, too. The SUMURR project offers one model of how Ford can leverage our expertise in fleet vehicles, data and financing to meet social needs and develop new markets.

"SUMURR exemplifies how Ford is using its global reach to address regional issues and causes around the world, and at the same time identify local social and technology entrepreneurs that we can partner with to further develop the kind of solutions that will shape our future," said K. Venkatesh Prasad, Ford's senior technical leader for open innovation, who oversaw the SUMURR technology development. "The fundamental aspects of what we did in rural India could very much wind up in the driveways of Detroit."



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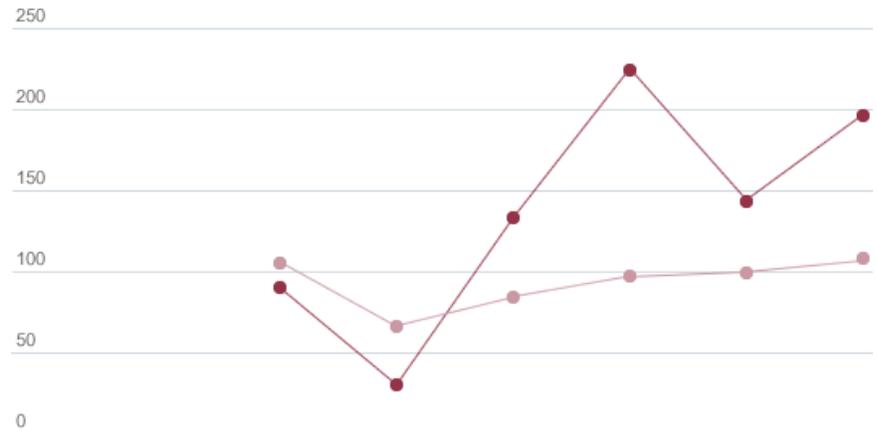
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A. Cumulative Shareholder Return



	Base 2007	2008	2009	2010	2011	2012
● S&P 500	105	66	84	97	99	109
● Ford	90	30	133	224	143	196

Provided by third party: Bowne & Co., Inc.

Notes to Data

Updated data to reflect 2007 base.

Analysis

For more information, please see Ford's [Annual Report](#).

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B. Selected Financial Performance Indicators

	2007	2008	2009	2010	2011	2012
Sales and revenue (\$ billion)†	172.5	146.3	116.3	129	136	134.3
Income/(loss) from continuing operations (\$ billion)†	(2.8)	(14.7)	2.7	6.6	20.2	5.7
Net income/(loss) (\$ billion)†	(2.7)	(14.7)	2.7	6.6	20.2	5.7
Stock price range (per share) (\$)	6.65–9.7	1.01–8.79	1.50–10.37	9.75–17.42	9.05–18.97	8.82–13.08
Diluted per share amount of income/(loss) from continuing operations (\$)†	(1.4)	(6.46)	0.86	1.66	4.94	1.42
Diluted per share amount of net income/(loss) (\$)	(1.38)	(6.46)	0.86	1.66	4.94	1.42
Cash dividends per share (\$)†	0	0	0	0	0.05	0.15
Automotive gross cash (\$ billion) ¹	34.6	13.4	24.9	20.5	22.9	24.3
Shareholder return (percent)‡	(10.4)	(66)	337	67.9	(36)	23

† Audited for disclosure in the Ford Annual Report on Form 10-K

‡ Provided by third party: Bowne & Co., Inc.

Notes to Data

- Automotive gross cash includes cash and cash equivalents, net marketable and loaned securities and assets contained in a short-term Voluntary Employee Beneficiary Association (VEBA) trust.

Analysis

For more information, please see Ford's [10-K and 8-K](#) and [Annual Report](#).

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C. Profile of Ford Investors

Percent

	2007	2008	2009	2010	2011	2012
Institutional Investors:	69	57	47	57	48	51
Top 15	38	33	28	29	23	25
Others	31	24	19	28	25	26
Employees and Management	13	12	9	7	7	7
Individuals ¹	18	31	44	36	45	42

Provided by third party

Notes to Data

1. The ownership by individuals includes shares owned by the Ford family and by Ford employees and management outside of the Company savings plans.

Analysis

For more information, please see Ford's [Annual Report](#).

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D. Worldwide Taxes Paid

\$ million

	2007	2008	2009	2010	2011	2012
U.S. (Federal, State and Local)	1,299	780	674	617	567	713
Non U.S.	4,420	4,016	2,314	2,313	2,712	2,508
Total	5,719	4,796	2,988	2,930	3,279	3,221

Analysis

For more information, please see Ford's [10-K and 8-K](#) and [Annual Report](#).

Related Links

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Financial Health

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 - > Market Share and Sales
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- Voice: Robert Shanks

Data:

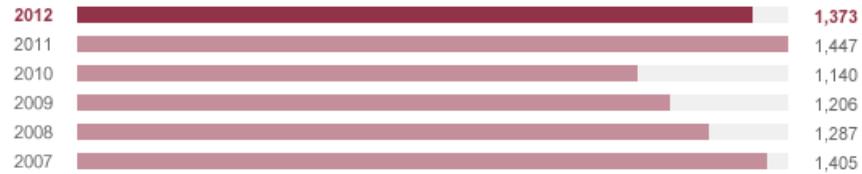
Product, Quality and Service

DATA ON THIS PAGE

- A. [GQRS "Things Gone Wrong" \(TGW\) \(3 months in service\)](#)
- B. [GQRS Customer Satisfaction \(3 months in service\)](#)
- C. [Sales Satisfaction with Dealer/Retailer](#)
- D. [Service Satisfaction with Dealer/Retailer](#)

A. GQRS "Things Gone Wrong" (TGW) (3 months in service)

Total "things gone wrong" per 1,000 vehicles



2007	2008	2009	2010	2011	2012
1,405	1,287	1,206	1,140	1,447	1,373

Third party rating

Notes to Data

Lower numbers show improvement. For the 2011 model year, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, 2011 results are not comparable to previous years. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results.

Related Links

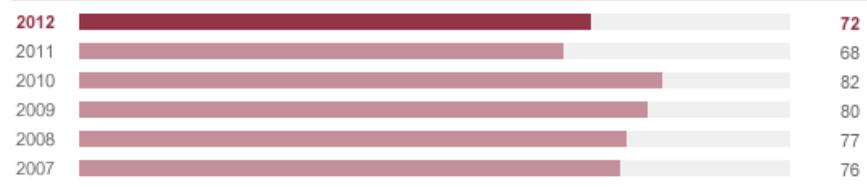
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B. GQRS Customer Satisfaction (3 months in service)

Percent satisfied



2007	2008	2009	2010	2011	2012
76	77	80	82	68	72

 Third party rating

Notes to Data

The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. The GQRS is a good indicator of other quality results.

Related Links

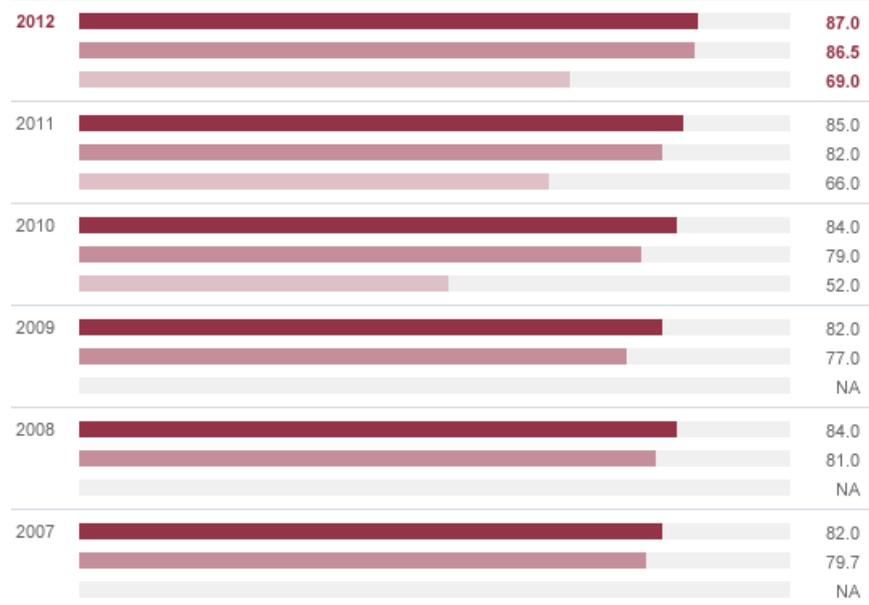
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C. Sales Satisfaction with Dealer/Retailer

Net promoter score



KEY  Ford Brand U.S.
 Ford Brand Europe¹
 Asia Pacific and Africa²

	2007	2008	2009	2010	2011	2012
Ford Brand U.S.	82.0	84.0	82.0	84.0	85.0	87.0
Ford Brand Europe (UK, Germany, Italy, France, Spain) ¹	79.7	81.0	77.0	79.0	82.0	86.5
Asia Pacific and Africa ²				52	66	69

Notes to Data

1. European sales and service satisfaction with dealers and retailers are based on 23 European markets including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. In past years, the data was mis-labeled as reflecting only UK, Germany, Italy, France, and Spain.
2. We initiated the sales satisfaction with dealer/retailer in our Asia Pacific and Africa region in 2010.

Related Links

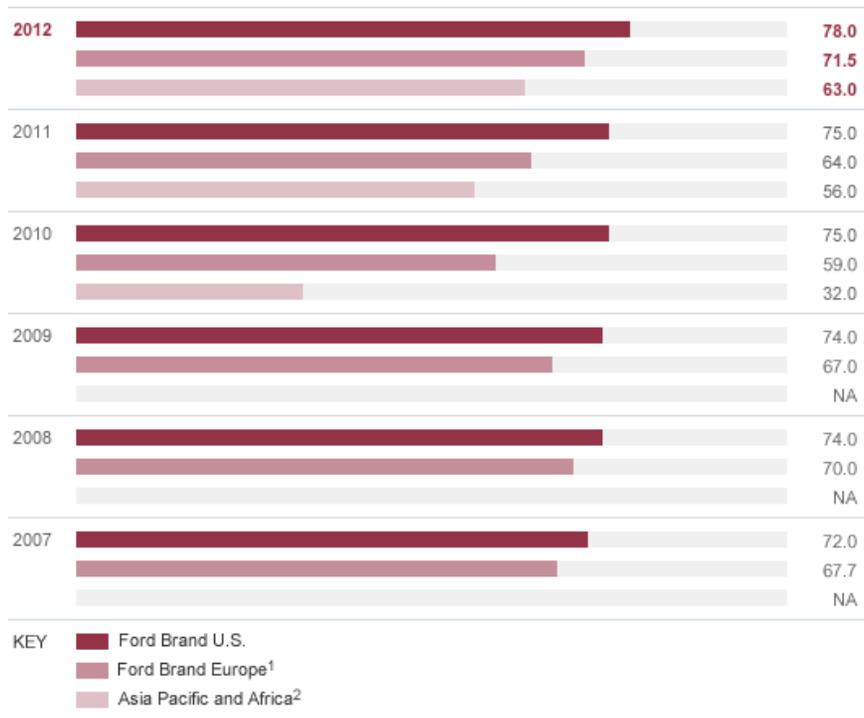
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D. Service Satisfaction with Dealer/Retailer

Net promoter score



	2007	2008	2009	2010	2011	2012
Ford Brand U.S.	72.0	74.0	74.0	75.0	75.0	78.0
Ford Brand Europe (UK, Germany, Italy, France, Spain) ¹	67.7	70.0	67.0	59.0	64.0	71.5
Asia Pacific and Africa ²				32.0	56.0	63.0

Notes to Data

Prior to 2008, only warranty repair visits were measured. Starting in 2009, customer-paid repair and maintenance visits are also included. These additions have had a small negative impact on the 2009 score.

1. European sales and service satisfaction with dealers and retailers are based on 23 European markets including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. In past years, the data was mis-labeled as reflecting only UK, Germany, Italy, France, and Spain.
2. We initiated the service satisfaction with dealer/retailer in our Asia Pacific and Africa region in 2010.

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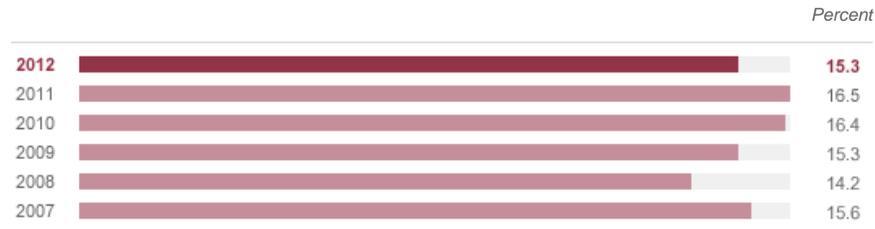
Data:

Market Share and Sales

DATA ON THIS PAGE

- A. [Ford Motor Company Market Share – United States](#)
- B. [Ford Motor Company Market Share – Europe](#)
- C. [Ford Credit Financing Market Share – United States](#)
- D. [Ford Credit Financing Market Share – Europe](#)
- E. [Summary of Vehicle Unit Sales](#)
- F. [First-time Ford Buyers \(Owners who Acquired a New Vehicle for the First Time\)](#)
- G. [Owner Loyalty \(Customers Disposing of a Ford Motor Company Product and Acquiring Another\)](#)

A. Ford Motor Company Market Share – United States



2007	2008	2009	2010	2011	2012
15.6	14.2	15.3	16.4	16.5	15.3

Reported to regulatory authorities

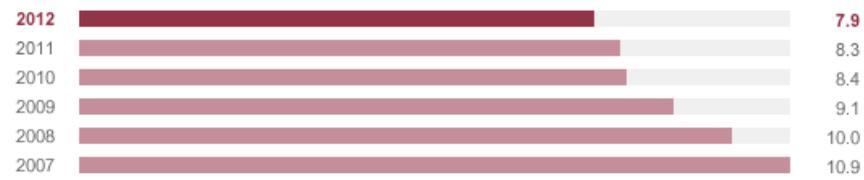
Notes to Data

For 2012, Ford's total U.S. market share was down 1.3 percentage points, while Ford's U.S. retail share of the retail industry declined seven tenths of a percentage point. The declines largely came from the discontinuation of the Crown Victoria and Ranger, capacity constraints, and reduced availability associated with our Fusion and Escape changeovers

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B. Ford Motor Company Market Share – Europe

Percent



2007	2008	2009	2010	2011	2012
10.9	10.0	9.1	8.4	8.3	7.9

Reported to regulatory authorities

Notes to Data

Ford remained Europe's No. 2 best-selling car brand for the fifth consecutive year in 2012, boosted by strong performance in the U.K. and growth in Russia. Ford's market share in its traditional 19 markets was 7.9% for the year, down 0.4 percentage points on 2011.

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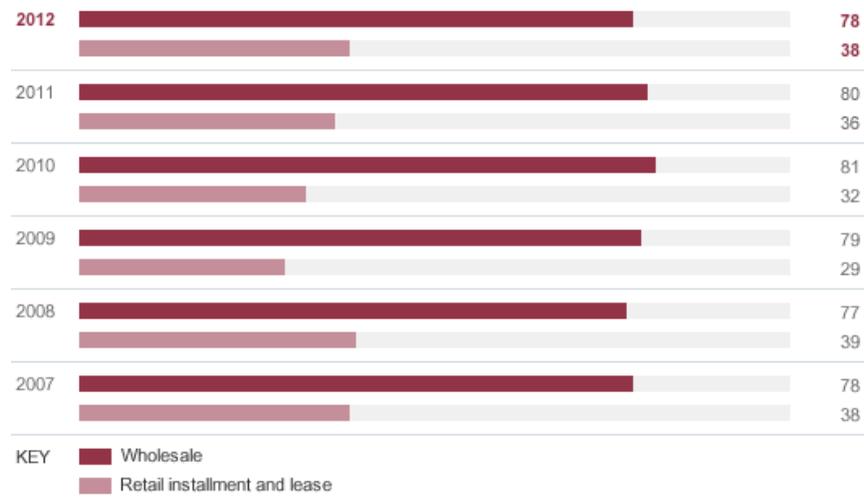
This Report:

» [Ford of Europe](#)

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C. Ford Credit Financing Market Share – United States

Percent



	2007	2008	2009	2010	2011	2012
Wholesale	78	77	79	81	80	78
Retail installment and lease	38	39	29	32	36	38

Reported to regulatory authorities

These data include Ford, Lincoln and Mercury brands only.

Analysis

For more information on Ford Credit, please visit www.fordcredit.com. For more information on Ford Credit financial information, visit the [Ford Credit investor center](#).

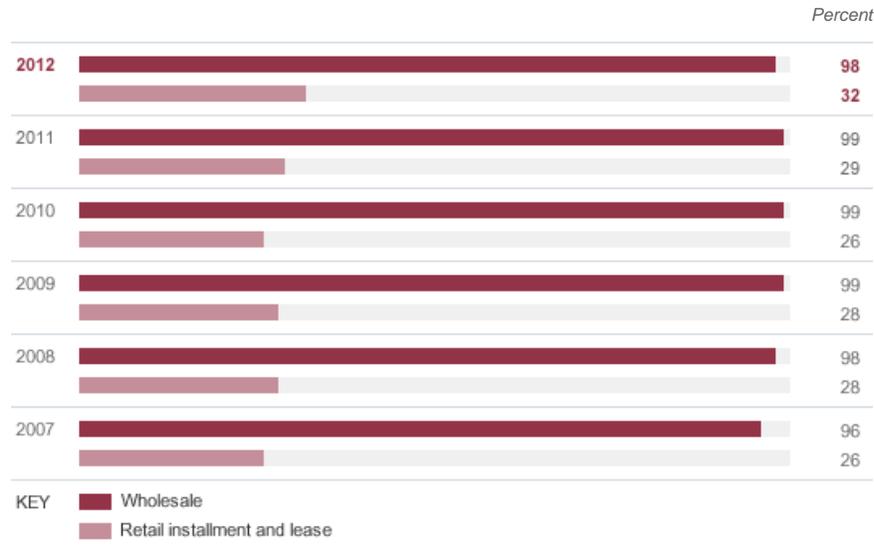
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D. Ford Credit Financing Market Share – Europe



	2007	2008	2009	2010	2011	2012
Wholesale	96	98	99	99	99	98
Retail installment and lease	26	28	28	26	29	32



Reported to regulatory authorities

Notes to Data

These data include Ford brand only.

Analysis

For more information on Ford Credit, please visit www.fordcredit.com. For more information on Ford Credit financial information, visit the [Ford Credit investor center](#).

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E. Summary of Vehicle Unit Sales

Thousands

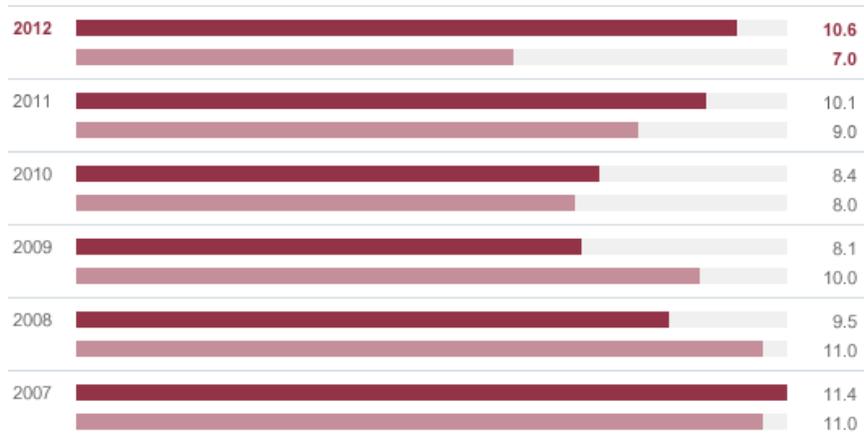


	2007	2008	2009	2010	2011	2012
	6,553	5,407	4,817	5,524	5,695	5,668

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F. First-time Ford Buyers (Owners who Acquired a New Vehicle for the First Time)

Percent of first-time buyers



KEY ■ Ford Motor Company U.S.
■ Ford Motor Company Europe (UK, Germany, Italy, France, Spain)

	2007	2008	2009	2010	2011	2012
Ford Motor Company U.S.	11.4	9.5	8.1	8.4	10.1	10.6
Ford Motor Company Europe (UK, Germany, Italy, France, Spain)	11.0	11.0	10.0	8.0	9.0	7.0

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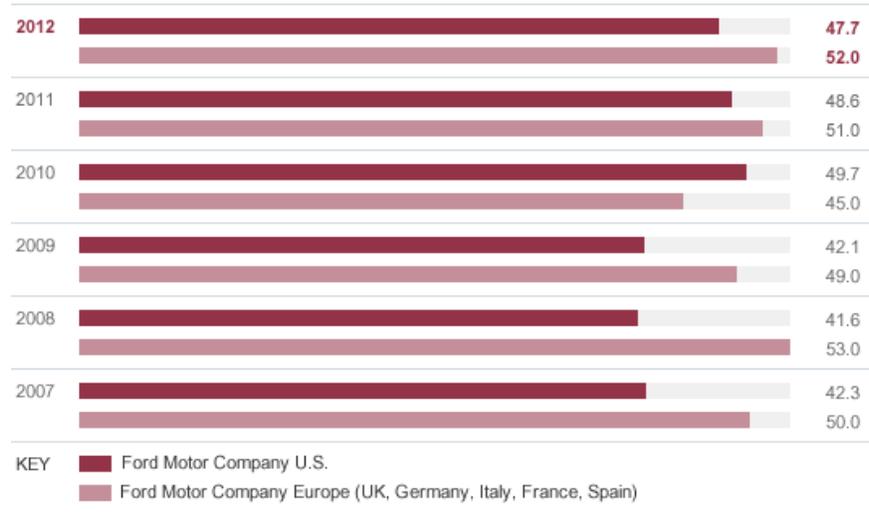
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G. Owner Loyalty (Customers Disposing of a Ford Motor Company Product and Acquiring Another)

Percent loyal to corporation



	2007	2008	2009	2010	2011	2012
Ford Motor Company U.S.	42.3	41.6	42.1	49.7	48.6	47.7
Ford Motor Company Europe (UK, Germany, Italy, France, Spain)	50.0	53.0	49.0	45.0	51.0	52.0

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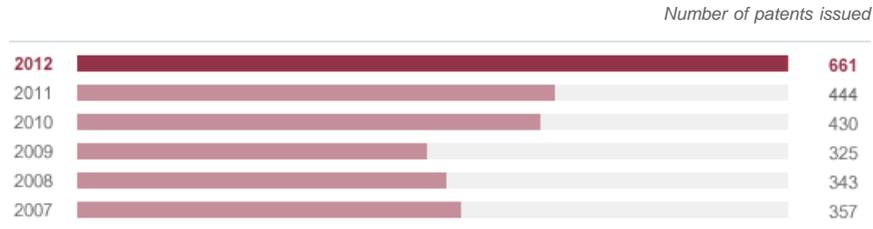
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Innovation

DATA ON THIS PAGE

A. U.S. Utility Patents Issues to Ford and Subsidiaries

A. U.S. Utility Patents Issues to Ford and Subsidiaries



2007	2008	2009	2010	2011	2012
357	343	325	430	444	661

Notes to Data

Utility patents are patents that cover the useful features of an invention, and these are measures of technological innovation. We have generated a large number of patents related to the operation of our business and expect this portfolio to continue to grow as we actively pursue additional technological innovation. The average age for patents in our active patent portfolio is five years.

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Go Further

Sustainability 2012/13



YEAR IN REVIEW



OUR BLUEPRINT FOR SUSTAINABILITY



FINANCIAL HEALTH



CLIMATE CHANGE AND THE ENVIRONMENT



WATER



VEHICLE SAFETY



SUPPLY CHAIN



PEOPLE



FORD AROUND THE WORLD

Financial Health

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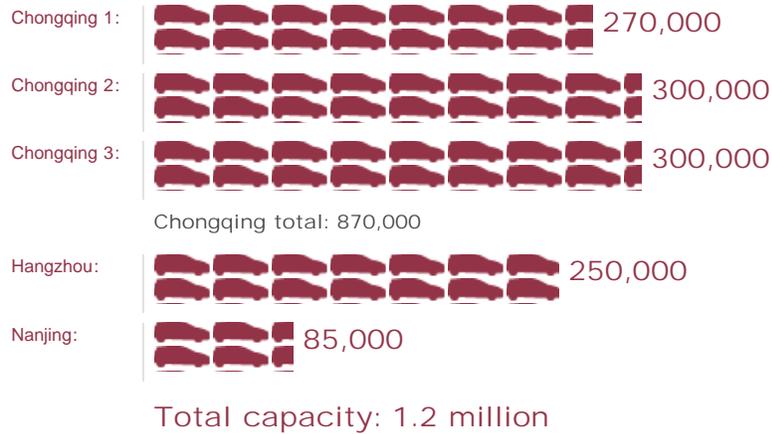
Case Study: Joint Venture Expansion in Chongqing

Voice: Robert Shanks

Case Study:

Joint Venture Expansion in Chongqing

Annual passenger vehicle capacity by 2015*



* Totals for Chongqing and Hangzhou are with our joint venture Changan Ford Automobile (CAF). The Nanchang plant is operated by Changan Mazda Automobile Corporation, Ltd. (CAM), a joint venture between Mazda and the Chongqing Changan Automobile Co., Ltd. The Nanchang plant provides contract manufacturing for Ford Motor Company.

Related links

This Report

» [Ford Asia Pacific and Africa](#)

Southeast Michigan is Ford's largest global manufacturing region. Halfway around the world, in the southwest Chinese city of Chongqing, sits our second largest, where we are undergoing our most rapid expansion in a half century, bringing together our best technology and manufacturing know-how to serve one of the world's fastest-growing markets for automobiles.

Our joint venture CAF already operates two passenger-car assembly plants in Chongqing. CAF has two more assembly plants under construction – Chongqing 3 and Hangzhou – and two powertrain plants under construction, including an engine and transmission plant.

CAF is investing approximately \$600 million to build the Chongqing 3 assembly plant as we ramp up production capacity to meet demand in the world's largest auto market. Chongqing 3 will be able to produce 300,000 vehicles annually – the first of which is expected to roll off the line in 2014. Once Chongqing 3 comes online, the Chongqing region will be able to produce a total of 870,000 Ford vehicles each year.

China represents a huge opportunity for our Company. We plan to introduce 15 new vehicles and 20 new engines and transmissions in China by 2015 as part of our plan to broaden our product portfolio and powertrain offerings. The first of these 15 new products is the all-new Ford Focus, which is produced at the Chongqing 2 facility.

Using what we've learned about the benefits of flexible manufacturing at our full range of assembly plants, the production line at Chongqing 2, which opened in February 2012, is designed for maximum adaptability, enabling it to produce six different types of vehicles. This allows Ford to bring new vehicles to market faster and to test out the assembly of new vehicles while maintaining full production speed for existing vehicles. Chongqing 3, meanwhile, will have the flexibility to build up to seven different vehicle models.

As part of our growing sport utility, or crossover, vehicle lineup in China, Chongqing will produce the all-new EcoSport and all-new Kuga, both of which were showcased at auto shows in China in

2012. We also recently brought the Ford Explorer to China. These three SUVs (plus the popular Ford Edge, which is already available in China) appeal to Chinese consumers by offering versatility and practicality. Together with the Fiesta, Focus, Mondeo and S-MAX, these SUVs offer a complete range of Ford's high-quality, fuel-efficient and safe passenger vehicles with smart technologies and driving dynamics that Chinese consumers want and value.

The Chongqing plants use advanced and environmentally friendly technologies that dramatically cut water, chemical and electricity usage, and significantly reduce carbon emissions. (Ford was the first automaker in China to voluntarily disclose plant-level greenhouse gas emissions.) The plants incorporate best practices to ensure that high-quality vehicles are produced efficiently and with reduced environmental impact.

In Chongqing 2, for example, state-of-the-art technologies are reaping big rewards. By implementing energy-saving equipment throughout the plant, we're able to save 58 million kilowatt hours a year. That's enough to power almost 20,000 households in a major Chinese city for a year. A variety of more-efficient water technologies allows the plant to recycle 61,000 cubic meters of water a year – enough to fill 24 Olympic-sized swimming pools.

The plants in Chongqing also incorporate Ford's global manufacturing operating system, designed to improve efficiencies, increase capacity utilization and make our Company an industry leader in lowest total cost production.

As we bring on new facilities, such as Chongqing 3, we are expanding the use of common manufacturing processes and standard systems for tracking material, delivery, maintenance and environmental management so that new and existing plants are aligned in how they operate. We are also making broader use of virtual tools that reduce the cost of new plants and improve the efficiencies of new model changeovers.

Chongqing isn't our only focus in China. Also in 2012, Ford and our joint venture broke ground on a new passenger vehicle assembly plant in Hangzhou. The joint venture is investing \$760 million in the new plant, bringing Ford's total investment in China to approximately \$4.9 billion since 1995. Total annual vehicle capacity for CAF will be more than 1.2 million units in 2015.



YEAR IN REVIEW	OUR BLUEPRINT FOR SUSTAINABILITY	FINANCIAL HEALTH	CLIMATE CHANGE AND THE ENVIRONMENT	WATER	VEHICLE SAFETY	SUPPLY CHAIN	PEOPLE	FORD AROUND THE WORLD
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Robert Shanks

**Executive Vice President and Chief Financial Officer
Ford Motor Company**



Ford Motor Company is in a much better financial position today than it was several years ago, with 2012 marking the third consecutive year of \$8 billion or more in annual operating profits. Despite this strong bottom-line performance, however, some observers see us as a "tale of two companies." On the one hand, we are very profitable and generating superb operating margins in Ford's North American business, while continuing to deliver solid results at the Ford Motor Credit Company as well. On the other hand, we are incurring substantial losses in Europe, saw South American profits decline significantly from 2011, and are continuing to operate around the breakeven point in Asia Pacific and Africa, despite heavy investments for growth in that region.

So how should we think about our 2012 performance and its variability by region in the context of sustainability?

Financial sustainability in our industry can be thought of as the ability to maintain an investment credit rating throughout an economic cycle; to maintain profitability in all years of the cycle; and to provide shareholders with competitive returns on their investment in Ford over the cycle. Two keys to accomplishing this are, first, to have a strong balance sheet that can withstand the stresses of a downturn and, second, to ensure the business is profitable across all regions of the world and across all vehicle segments in which we participate. Obviously, we have more work ahead of us in both of these areas, but we're clearly much closer to accomplishing both objectives than we ever have been.

It started with us returning to investment grade last year. In the spring of 2012, the second of two major rating agencies brought us back to investment grade level. This was a tremendous validation of the work and sacrifices of so many people. The immediate effect of the upgrade was that it gave us greater flexibility in funding our business, and we already have seen the benefits with lower-cost financing options available to us and to Ford Motor Credit Company. Now, we need to progress even further into investment grade, because eventually there will be another economic downturn, and we don't want to run the risk of slipping back.

The second opportunity for financial sustainability is to improve the balance of where we generate our profits. In terms of the source of our profitability, the fact remains that, in 2012, we were still largely dependent on the North American market and larger vehicles and trucks.

Certainly, we should celebrate our progress and ensure that we sustain – and strengthen – the position we have built over the years in North America and in larger vehicles and trucks. Our present reliance on this market and these vehicle segments, however, leaves us exposed to changes in the North American economy and to consumer shifts away from larger vehicles and trucks. We experienced the negative consequences of such exposure during the economic recession in the U.S. several years ago, which was exacerbated by American consumers shifting away from larger vehicles.

Our ONE Ford plan will better balance our strength in North America and in the larger vehicle segments by enabling us to deliver substantially greater levels of profitability outside North America

and in the small and medium vehicle segments. The plan also gives us the opportunity to grow profitably by participating more fully in the markets and vehicle segments that are expected to be the drivers of growth in our industry over the next decade.

To fully realize a better balanced footprint of profitability, we must strengthen our business in South America by transitioning our product lineup from legacy products to global ONE Ford products, while responding to trade and currency policy changes from major governments in the region. In Europe, we must implement our transformation plan to return to profitability by mid-decade, while closely monitoring the external environment to ensure no further action is required. And in our Asia Pacific and Africa region, our opportunity is to continue to carry out our growth strategy for the largest and fastest-growing region in our industry, with meaningful financial results flowing through to our bottom line.

I've been with Ford for 36 years, and the Company has changed enormously over that time. It used to be that the balance sheet was something only the CFO and the CEO cared about. Today, the ONE Ford plan has changed the level of transparency so that everyone on the senior leadership team understands their role in making sure we've got a strong Company. We're also much more proactive in understanding the importance of sustainability in the broadest sense – not only in relation to our products, but also in the quality of the financial results that we derive from them.

The global economy is changing so quickly that it's impossible to imagine what the auto market of the future will look like. As disposable incomes increase in Brazil, Russia, India, China and other emerging economies, auto sales will continue to boom – and that will have an impact on urban areas that already are congested. Ford is exploring what our role will be in that transformation. This may create new growth opportunities that we don't understand today in terms of transportation solutions. But whatever those solutions may be, we want to be part of the answer.

I'm not a soothsayer, but looking ahead 20 years, I think you'll see a very different Ford Motor Company – one that truly is a reflection of the whole world in which we live and operate.