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Global Product Development

Our Plan

- **Aggressively restructure to operate profitably at lower demand and changing model mix**
- **Accelerate the development of new products that customers want and prefer**
- **Finance our plan and improve our balance sheet**
- **Work together**

Agenda

- **How We Plan**
- **How We Work – Achieving World Class Efficiency**
- **Products and Technologies We Are Delivering**

How We Plan: Global Product Plan Principles

Goal

Ensure a customer view of success

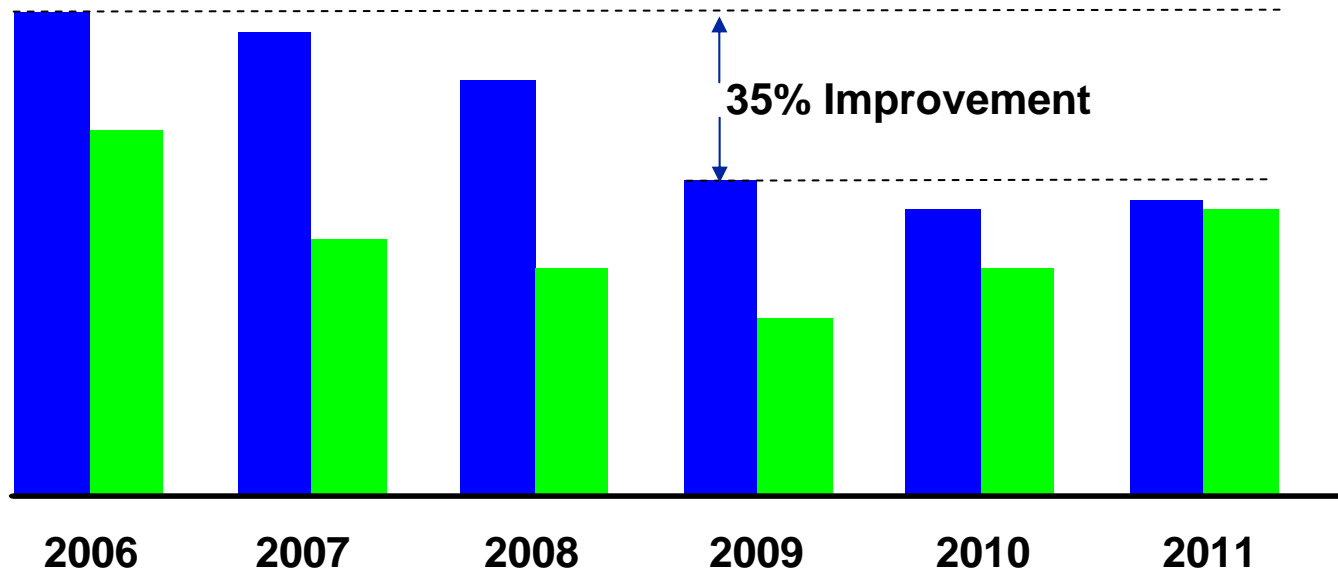
Reduce investment through simplification and increased efficiency

Principles

- Achieve benchmark levels of:
 - % of volume new or significantly freshened
 - Average age of portfolio
 - Number of unique showroom nameplates
- Achieve benchmark cadence of timing and scope of product change: 3/6/9/12 year cadence
- Achieve benchmark levels of:
 - Platforms
 - Powertrain architectures and combinations
 - Order guide complexity
- Ford Brand vehicles shared globally
- Fully differentiated Ford-to-Lincoln vehicles
- Investment at benchmark levels

Average Age of Portfolio (Years)

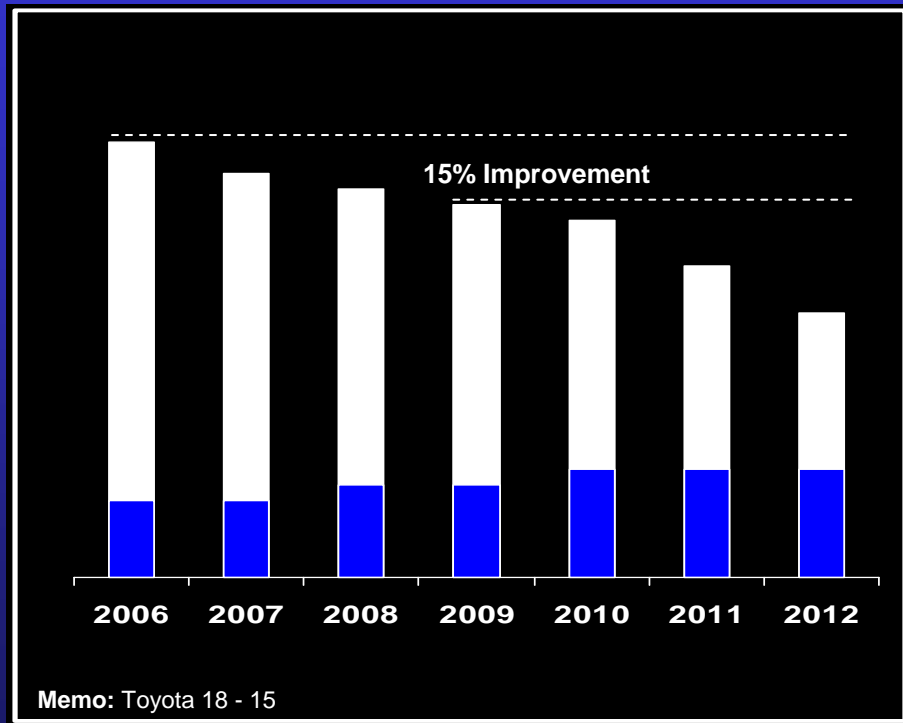
Ford
Lincoln



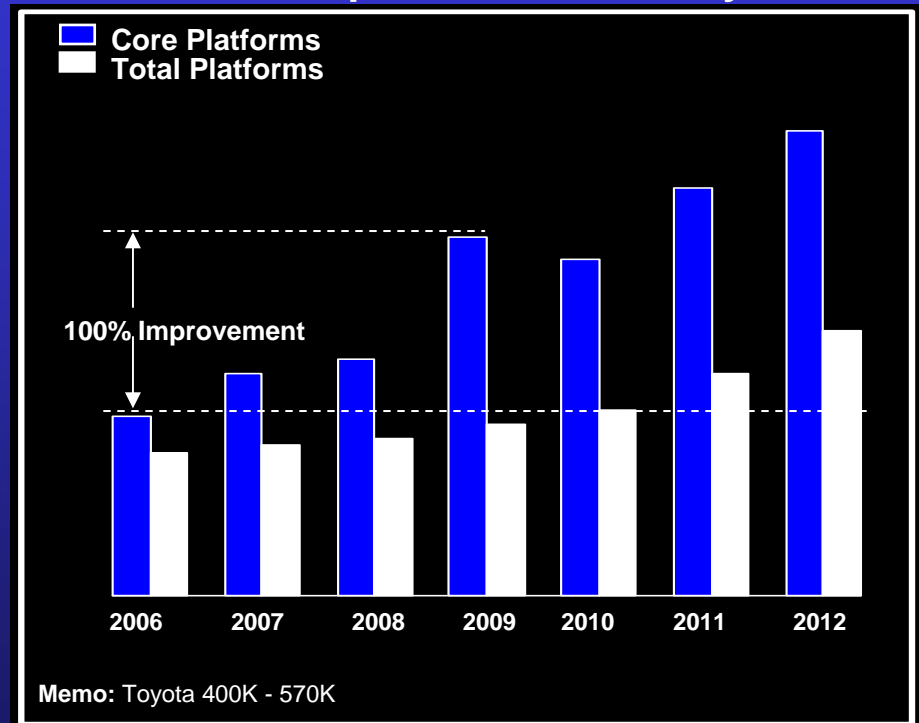
Memo: Toyota 3.1 – 4.2 yrs, Chevy 3.9 - 4.8 yrs

Metric Performance (Global Ford)

Number of Platform Families

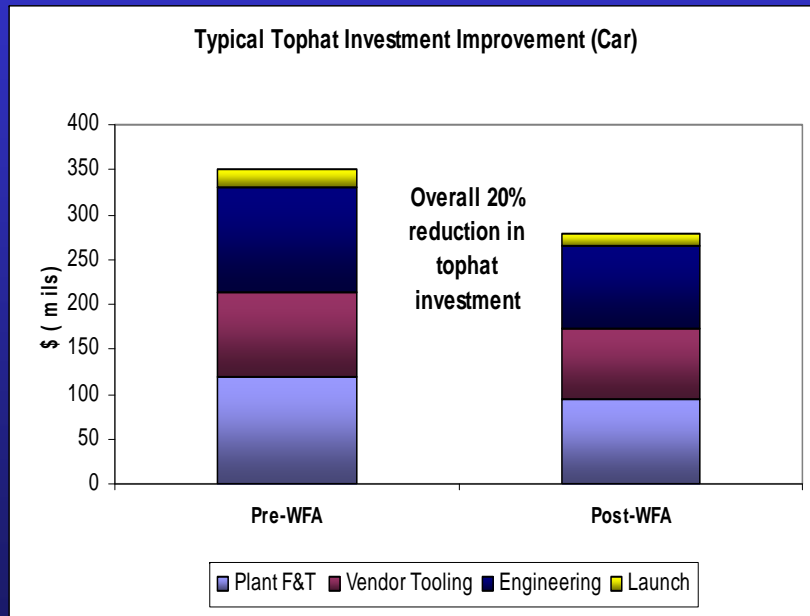


Volume per Platform Family



Platform families reduce through the period.
Average volume per core platform will continue to increase.

Investment Efficiency Improvement



Enablers

- **Commonality**
 - Part re-use and modular designs
- **Complexity Reduction**
 - Orderable combinations
 - Platform reductions
- **Procurement Efficiencies**
 - Low-cost country die sourcing
 - Direct tool sourcing with cost models
 - On-line quoting for tools
 - Direct gage sourcing / Generic gage designs
- **Plant Manufacturing**
 - Physical-based costing
 - Digital pre-assembly validation
 - Flexible automation: body shop, plant facilities
- **Engineering**
 - Low-cost country engineering
 - Prototype construction reductions
 - CAE validation vs. physical validation
 - Production tool pull-ahead in lieu of prototype tooling
 - Global engineering



**How We Work -
Achieving World Class Efficiency**

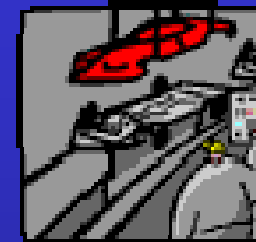
Product Development Objectives



Engineering costs



PD factory



Of programs weighted by market impact

$$\text{Efficiency} = \frac{\text{Output}}{\text{Input}} = \frac{\# \text{ Programs}}{\text{Engineering Costs}}$$

More exciting products, Greater efficiency, Less cost

Efficiency Improvement Actions

- Global Product Development System
- First-time Through Capability
- Improved Virtual Capabilities
- Global Product Development
- Engineering Footprint Migration
- Giving Engineers Time To Engineer

GPDS – Accelerating Product Development

Calendar Year

2004

2006

2008+

New Top Hat

Base

24% faster

49% faster

All New Vehicle
(Top Hat + Platform)

Base

19% faster

27% faster

New Top Hat	Base	24% faster	49% faster
All New Vehicle (Top Hat + Platform)	Base	19% faster	27% faster

Improved Virtual Capability

- Overall prototype spending cut in HALF over 3 year period
 - 35% fewer prototype vehicles (Increased Virtual Capability and Commonality)
 - 20% less cost per unit (Increased Commonality)
 - 20% less spending on prototype tooling (Increased Virtual and Commonality)



Global Product Development - How We Are Working

Definition

Top Hat Content and
Vehicle Integration

Systems/Commodities
Shared within Platforms

Lead Engineering/
Purchasing D&R

Top Hat

Platform

**Core
Commodities/Subsystems**

Proposal

Single Lead
Design and Engineering
Activity for all Top Hats
of each Platform

Single Lead
Engineering Activity for
each Platform

Single Lead
For each system

- Body
- Chassis
- E/E
- P/T



**Products and Technologies
We Are Delivering**

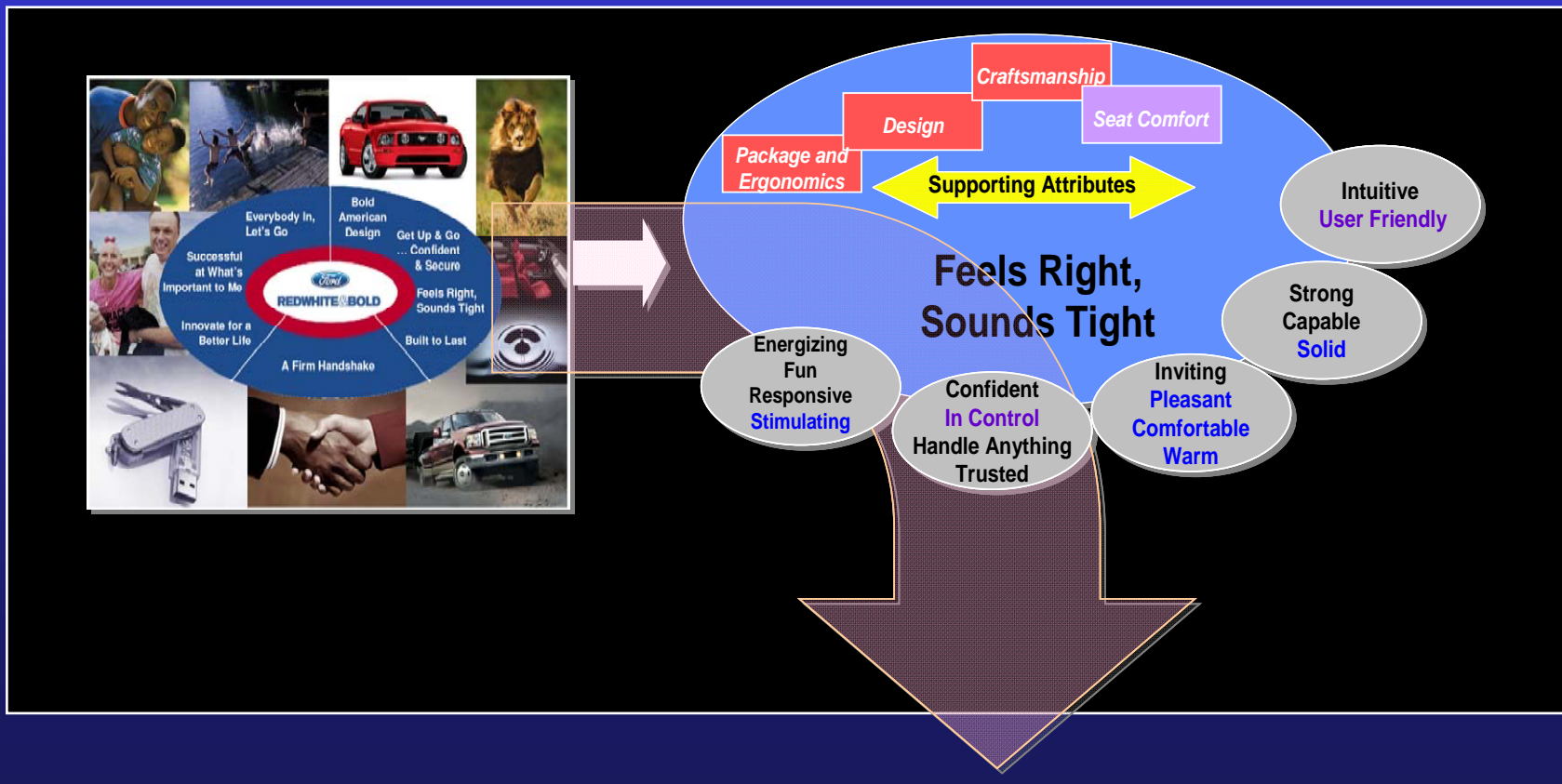
Product Strategy

- **Bold, emotive exterior designs**
- **Great to drive**
- **Great to sit in**
 - Comfort and convenience of a second home on wheels
 - Remarkably quiet
- **Fuel Economy as a reason to buy**
- **Unmistakably a Ford or Lincoln in look, sound, feel**
- **All with exceptional value**

Design Leadership ... What It Takes

- **New design process, focused on target customer and design progressives**
- **Engineering creativity and resolve to deliver winning designs**
- **Brand aligned, consistent Design DNA**
- **Exciting designs – “unexpected from Ford”
- that bring customers to the showroom**

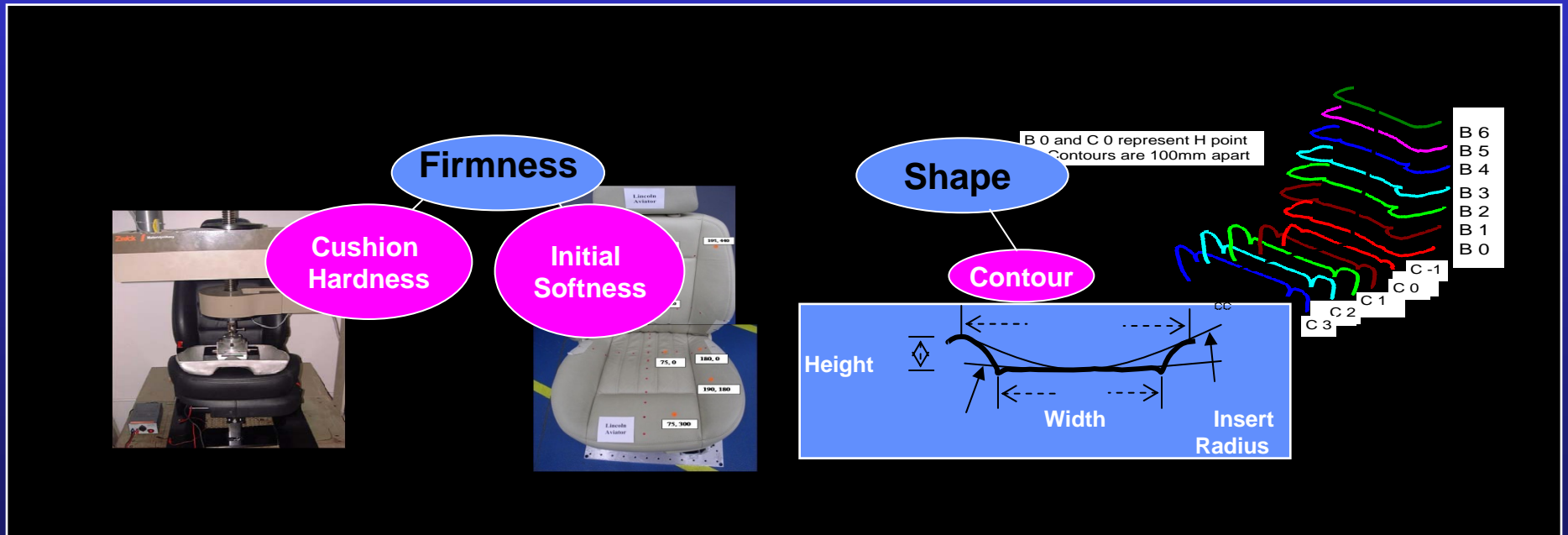
Product DNA ... Unmistakably a Ford in Look, Sound, Feel



Product DNA – Attributes

- Vehicle Dynamics
 - Ride
 - Steering
 - Handling
 - Braking
- Vehicle NVH
 - Powertrain Sound Quality
 - Door Closing Sounds
 - Chimes
- Performance and Driveability
 - Performance Feel
 - Driveability
- Accommodation and Usage
 - Driver and Passenger Accommodation
 - Primary and Secondary Controls
 - Stowage
 - Seat Comfort
- Perceived Quality
 - Switch Feel
 - Illumination
 - Material Feel
 - Welcome Strategy
- Vehicle Human-Machine Interface
 - Perception
 - Controllability
 - Comprehensibility

Product DNA: Designing Seats with DNA



A Clear Technology Strategy To Set Priorities And Guide Actions

Design

“Bolder Miles”

- Exciting interiors and exteriors aligned to Brand
- Leveraging global platforms with the right proportions
- Achieving design leadership

Sustainability

“Greener Miles”

- Achieving substantial CO₂ and fuel economy improvement by 2015
- Improving interior air quality
- Maximizing use of renewable resources

Safety

“Safer Miles”

- Achieving Consumer Reports Top Recommended Buy
- Introducing highly valued, breakthrough and differentiated features

Technology Strategy Overview

Approved Technologies 2007- 2009CY

New-to-Ford Technology	Portfolio Migration Begins
Rear Video Camera	2007CY
Blind Spot Monitoring	2008CY
“MyKey” Programmable Key	
Passive Entry / Passive Start	
Next-Gen Navigation	
Auto High-Beam Controller	
Rain Sensing Wipers	2009CY
Heated Washer Fluid	
Remote Vehicle Start	
Collision Mitigation System	

Brand Signature Content (Phase #1):



“SYNC” Media Gateway Module

Best-in-Class media device and hands-free phone connectivity system co-branded with Microsoft.



Highlights:

- Exclusivity with Microsoft until November 2008.
- SYNC is already available today on 12 Ford, Lincoln and Mercury vehicles. By the end of 2008, it will be offered on nearly every new Ford, Lincoln and Mercury vehicle.
- Standard on Lincoln & High-Series Ford/Mercury vehicles.
- 911 Assist available on some 2009MY Ford, Lincoln and Mercury vehicles.
- Many awards, including Popular Mechanics “Automotive Excellence” and “Breakthrough”; Bluetooth Special Interest Group “Best of CES 2008”; CNET “Best of CES” (2007).

Sony Branded Audio

Ford will be the first OEM to offer Sony branded audio in North America and will include a signature electronics finish panel design



Highlights

- Launches 2008CY on the 2009MY F-150 and Flex
- Full migration on all retail Ford and Mercury vehicles (including imports)
- Sony brand rated #1 most powerful brand in the 2007 Brand Power study
- Partnership poised to leverage co-marketing and technology sharing opportunities

Next-Generation Navigation System



Custom Connectivity

- Advanced voice-recognition technology
- Personal juke box that can store up to 2,400 songs
- New 8-inch touch-screen display

SIRIUS Travel Link

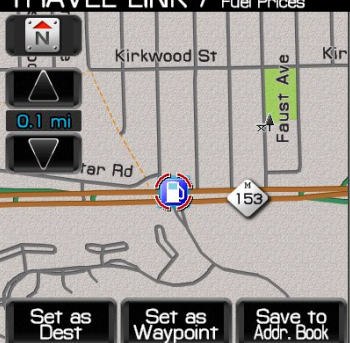
MOVIE LISTINGS / Show Times 83°F 10:26am

MJR ALLEN PARK CINEMA 5 (ALLEN PARK, MI) October 24, 2007

Rush Hour 3	5:00	7:20	9:45
1hrs30min PG13			
Hairspray	4:30	7:20	9:50
1hrs55min PG			
Balls of Fury	4:20	6:50	9:20
1hrs30min PG13			
Ratatouille	4:40	7:10	9:40
1hrs50min G			

Driver 70°F Passenger 70°F SR1 Artist Jack Johnson Title Flake

TRAVEL LINK / Fuel Prices 83°F 10:26am



BP (DETROIT, MI)
18900 FORD RD, DETROIT, MI
(313) 240-8530 Dial

Regular	\$2.98	10/24/2007
Medium	\$3.08	10/23/2007
Super	\$3.18	10/23/2007

Set as Dest Set as Waypoint Save to Addr. Book

Driver 70°F Passenger 70°F SR1 Artist Snow Patrol Title Chasing Cars

- *Up-to-the-minute information and entertainment*
- Current gas prices from an estimated 120,000 filling stations
- Local, real-time traffic information for 78 markets
- Coast-to-coast weather conditions with five-day forecasts
- Personalized sports scores and schedules
- Movie listing details, including times, theater addresses, ratings and running lengths for over 4,500 theaters



**NORTH AMERICAN
INTERNATIONAL AUTO SHOW**

2009 Lincoln MKS



Lincoln MKS Key Selling Features

Smooth Power On-Demand

Engaged Drive

- 3.7L V6 FWD/AWD
- Responsive Suspension/Tuning
- 19" Wheels with V-Rated Tires
- 20" Wheels (late availability)
- Advance Trac and Tiptronic Shifter

Business Class Experience

Driver's Comfort

- NVH package
- "Comfort" Seat w/ Lincoln Premium Leather
- Twin Panel Moonroof
- Heated and Cooled Front Seats
- BIC Rear Seat Package & Trunk Vol.
- Capless Fuel Fill
- Maximize Customer Safety

Connected and In Command

Technology at your command

- Voice Activated NAV
- Passive Entry/ Passive Start
- Push Button Start
- SYNC, Sat. Radio & Premium Branded Audio
- Adaptive Cruise and Adaptive HID
- Smart Beams & Rain Sen. Wipers



Refined, Yet Dynamic American Design

Progressive Design

- New Split Grille (new 'Lincoln')
- New Wheel Line-up
(dual finishes, long spokes, tight radii, great depth)
- Genuine Wood & Metal
- Sporty Confidence, Daring
- Next Gen Keypad

2009 Ford Flex



Flex Key Selling Features

Dares To Be Different Design

- Bold two-box design with confident stance
- Signature Ford 3-bar chrome grille
- Distinctive Character Lines
- Two-Tone Roof
- 19" Aluminum Wheels
- HID headlamps, LED Tail lamps

Unexpected Comfort & Flexibility

- Segment Leading 2nd Row Legroom
- 2nd Row Footrests
- Optimized 2nd, 3rd row Ingress and Egress
- Premium Fit and Finish
- Soft Touch panels and armrests
- Fold Flat Front Passenger, 2nd, 3rd Row Seats
- Power Liftgate

Leading Technology

- Refrigeration System (Class Exclusive)
- Sync (Class Exclusive)
- EasyFuel, Capless Fuel (Class Exclusive)
- Ambient Lighting (Class Exclusive)
- Multi-panel Vista Roof
- Voice Activated Navigation, Real Time Traffic and Weather Updates



Advanced Safety

- Standard AdvanceTrac with Roll Stability Control
- Standard Side Canopy Air bags
- Available All Wheel Drive
- Rear Back Up Camera

2009 Ford F-150



F-150 All New Interior Lariat



SONY Branded Audio
Integrated Trailer
Brake Controller

Next Generation Navigation
SYNC

Increased Storage

F-150 Key Selling Features

New Content Innovations

New Content for the Segment

- Fully Flat Rear Cargo Load Floor
- Heated / Cooled Seats
- Tailgate Step
- Power Running Boards
- Retractable Box Side Step
- Ambient Lighting
- 22" Wheels
- Next Generation Navigation System
- Premium Branded Audio
- SYNC™
- EasyFuel Capless Re-fueling
- Trailer Tow Side Mirrors
 - Power, Telescope, Folding
- Rain Lamps
- Trailer Brake Control
- Trailer Sway Mitigation



New Content for Ford NA

Rear Back-up Camera (View Through Navigation)

Explorer America Concept



Explorer America Concept

Fuel-Saving Utility

- Ford Explorer America concept is a new kind of utility with better fuel efficiency
- Room for six and their gear
- Moderate towing and off-roading capabilities

Design

- Modern, muscular design language
- Integrated three-bar grille
- Defined power dome hood
- Wrap-around rear glass panel window
- Sliding rear door
- Single-touch stackable, sliding seats
- Work table with seats deploy from the tailgate
- Three-dimensional compass and navigation unit built right into the instrument panel



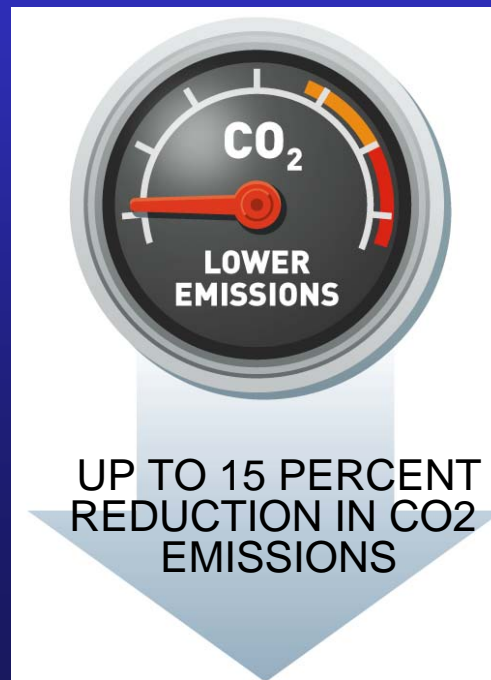
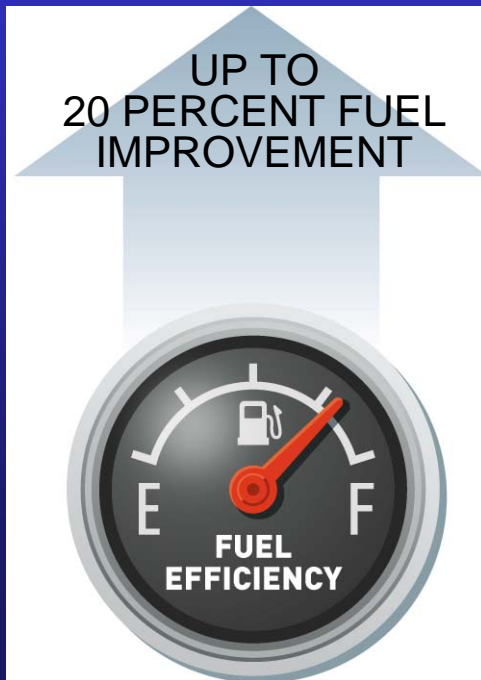
Powertrain

- 2.0-liter 4 cylinder engine with EcoBoost technology
- 275 hp and 280 lb.-ft of torque
- Offered with premium 3.5-liter V6 with about 340 hp

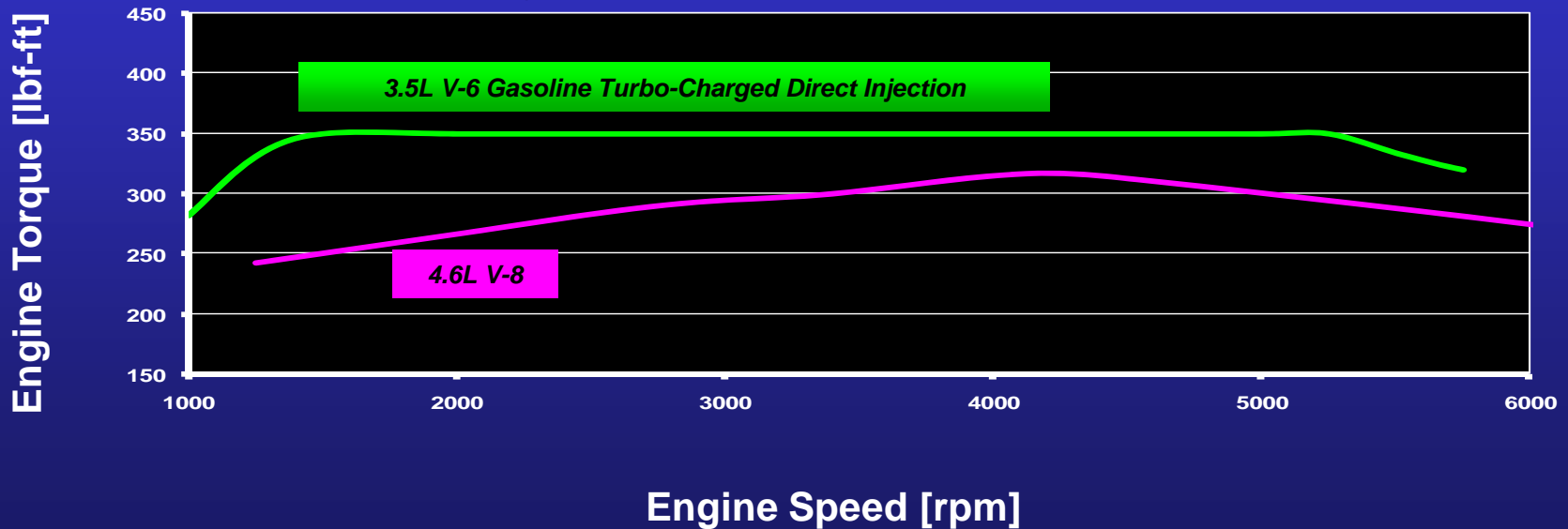
EcoBoost

MORE WITH LESS

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



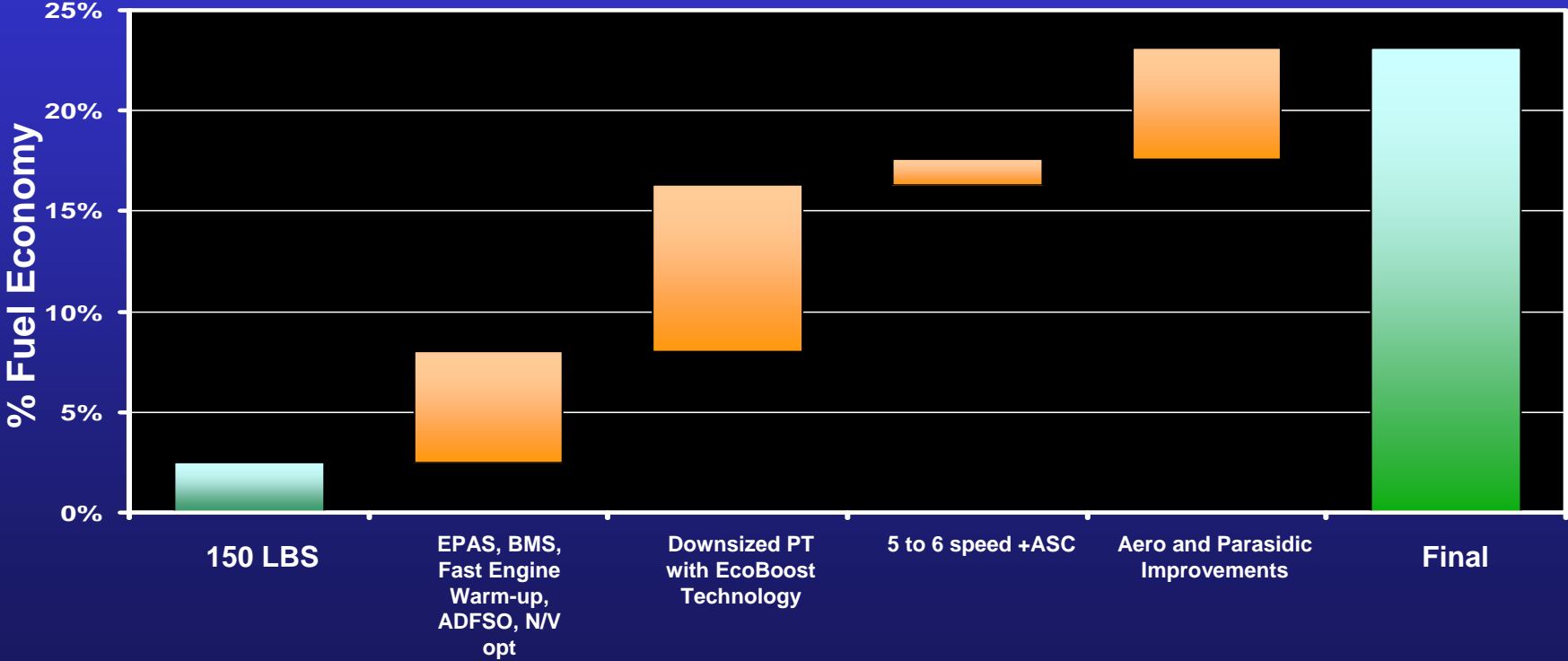
EcoBoost Gasoline Turbo-Charged Direct Injection Torque Comparison



Fuel Economy as a Reason To Buy

Near Term Fuel Economy Improvements

Mid-Size Utility



Ford Verve - B Car Concept



B Car - China



B Car - Europe



Lincoln MKT Concept



Lincoln MKT Concept

Luxurious Utility

- Distinct Lincoln design and luxury in a spacious utility vehicle
- Signature double-wing chrome grille
- LED headlamps wrap around the sculptured hood
- Full-width LED taillamps
- Liquid Bronze Metallic paint compliments the chrome brightwork
- Intricate 21-inch, 12-spoke interlocking chrome aluminum wheels
- Four executive-sized chairs mirroring those in first-class aircraft cabins
- Patented 3-D interior lighting technology



Environmentally Friendly

- Upcycled plastics from discarded soft-drink bottles and other polyester waste reduce energy consumption
- Plush, hand-knotted rug made from banana silk
- Chromium-free leather seats

Powerfully Efficient

- 3.5-liter V-6 engine with EcoBoost technology delivers 415 horsepower and 400 lb.-ft of torque
- Flex-fuel capable
- Weight-saving, eco-friendly “upcycled” materials boost fuel efficiency





Jim Farley

Group Vice President
Marketing and Communications



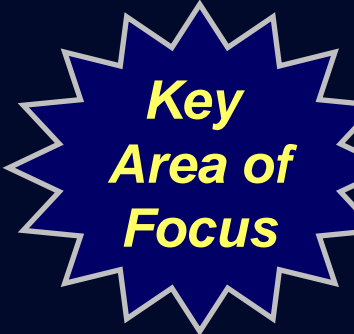
OUR PLAN

- **Aggressively restructure to operate profitably at lower demand and changing model mix**
- **Accelerate the development of new products that customers want and value**
- **Finance our plan and improve our balance sheet**
- **Work together**

GLOBAL FUNCTIONS WITH DUAL REPORTING TO CEO AND BUSINESS UNIT LEADERS



GLOBALLY BUSINESS GROWTH IN KEY / DEVELOPING MARKETS

	<u>Industry Volume</u>	<u>Market Share</u>	<u>Brand Health</u>	
<u>Americas</u>				
U.S.	↓	↔		
Canada	↔	↑		
Mexico	↔	↓		
Brazil	↑	↔		
<u>Europe</u>				
Western	↑	↑		
Eastern	↑	↑		
<u>Asia Pacific & Africa</u>				
China	↑	↑		
India	↑	↔		
Australia	↔	↑		

“GLOCAL” MARKETING

GLOBAL AND REGIONAL MARKETING FUNCTIONS

Global / Centralized Marketing Functions

- **Brand Standards**
- **Process**
- **VOC: Product Plans**
- **Agency Management and Contracts**
- **Media Buying**
- **Digital**
- **Sustainability**
- **Major Motor Shows**
- **Research and Tracking Studies**
- **Brand Licensing**
- **Media Assets**

Regional Functions

- **Sales Operations**
- **National, Regional and Dealer Advertising**
- **Variable Marketing / Retail Promotion & Point of Sale Programs**
- **Dealership Facility Standards**
- **Vehicle Launches**
- **Retailer Education and Training**
- **Pricing**

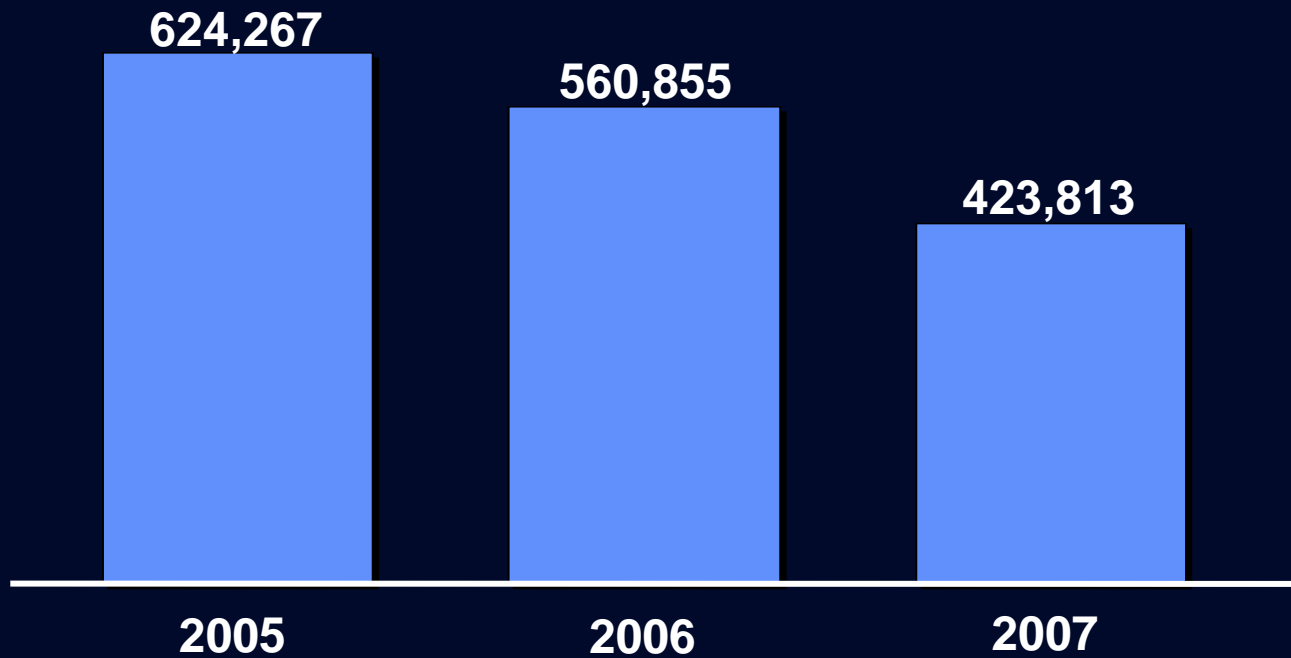
IMPROVEMENTS IN PRODUCT QUALITY AND REDUCTIONS IN SUPPLY AND DEMAND VARIABILITY, IMPROVE ABILITY TO EFFECTIVELY MARKET PRODUCTS

- Great Products
- Right Prices
- Low / No Incentives
- High Residual Values
- High Satisfaction
- High Loyalty
- Profitable



U.S. FORD, LINCOLN AND MERCURY DEALER STOCKS

Full Year Average Month Stock Level



NORTH AMERICA MARKETING, SALES AND SERVICE 2008 PLAN

One Ford



Awareness
Favorable Opinion
Consideration
Shopping Intentions

STRENGTHEN BRAND

Leverage new brand campaign and new product launches to polish the Ford blue oval and reenergize the Lincoln brand

PURCHASE FUNNEL

Decentralize fixed and variable spend to fortify middle and lower purchase funnel strength

One Plan



BUSINESS PLAN

Scale the business and develop a robust sales operation system to deal with 2008 first half economics and segmentation



NEW PRODUCT

World-class planning and execution for the launch of the new Ford Flex, F-150, Fusion HEV and Lincoln MKS; delivering more vehicles that consumers want

One Team



RELATIONSHIPS

Work together, reunite relationship with retailers and re-examine dealer footprint

