

Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

Introduction

At Ford, the issue is not abstract. We are the third largest automobile manufacturer in the world. We manufacture and distribute automobiles in 200 markets across six continents. We employ about 246,000 people worldwide and produce passenger cars, trucks, engines, transmissions, castings and forgings and metal stampings of all kinds at 95 wholly owned, equity-owned and joint venture plants around the world.

The energy we use to produce our vehicles and power Ford facilities resulted in 5.8 million metric tons of CO₂-e in 2007. Globally, emissions from light-duty vehicles comprise about 11 percent of man-made CO₂-e emissions.

For more detail on the risks and opportunities of climate change, please see page 10 of our sustainability report (www.ford.com/go/sustainability). Concerns about climate change – along with growing constraints on the use and availability of carbon-based fuels – affect our operations, our customers, our investors and our communities.

The issue warrants precautionary, prudent and early actions to enhance our competitiveness and protect our profitability in an increasingly carbon-constrained economy. For a full discussion of our approach to climate change and greenhouse gas reduction, please see our 2007/8 sustainability report which was prepared in accordance with the Global Reporting Initiative (GRI) Guidelines.

1. Risks and Opportunities

Objective: To identify strategic risks and opportunities and their implications.

a Risks: (CDP5 Question 1a)

i Regulatory Risks: How is your company exposed to regulatory risks related to climate change?

The regulation of GHG emissions affects many areas of our business, including our manufacturing facilities and the emissions from our vehicles.

The regulatory landscape is changing rapidly:

- In the United States, CO₂ emissions from vehicles have been regulated through Corporate Average Fuel Economy (CAFE) requirements for more than 30 years. In December 2007, Congress enacted new energy legislation restructuring the CAFE program and requiring the National Highway Transportation Safety Administration (NHTSA) to set new CAFE standards beginning with the 2011 model year. The bill calls for NHTSA to set car and truck standards such that the combined fleet of cars and trucks in the U.S. achieves a 35 mile per gallon fleet average by model year 2020. In early 2008, NHTSA is expected to issue a proposed rule setting light truck CAFE standards for model year 2012 and beyond, based on the provisions of the new law. A proposed rule setting new car CAFE standards is expected to follow. The new regulations in the U.S. will be very challenging, but our product CO₂ strategy is designed to help us meet the anticipated standards.
- California and several other states have adopted regulations limiting GHG emissions from motor vehicles; a move that both the automobile industry and the federal government believe is preempted by the federal CAFE law. The litigation over these regulations is discussed in more detail here.

- In Europe, GHG emissions from manufacturing facilities are regulated through a combination of emission limits and market-based mechanisms. The EU Emission Trading Scheme regulations apply to nine Ford and Volvo facilities in the UK, Belgium, Sweden, Spain and Germany. Ford anticipated the start of the EU Emission Trading Scheme and established internal business plans and objectives to maintain compliance with the new regulatory requirements. The EU has taken steps to propose stringent regulation of CO2 emissions from vehicles, following the 2008 end of a voluntary reduction commitment by the European auto industry. The proposed regulation is planned to be effective from 2012.
- Japan, South Korea, and Taiwan have adopted fuel efficiency targets. For example, Japan has fuel efficiency targets for 2010 passenger car and commercial trucks with incentives for early adoption. The Chinese government has introduced weight-based fuel consumption standards for passenger cars and light duty commercials. Ford's product offerings in all of these markets comply with the standards.

We have established global roles, responsibilities, policies and procedures to help ensure compliance with emissions requirements and participate in trading initiatives worldwide.

For more on regulatory risks, please see pages 11, 17-19 of the print version of our 2007/08 sustainability report (<http://www.ford.com/go/sustainability/>).

ii **Physical Risks:** How is your company exposed to physical risks from climate change?

Extreme weather such as the severe hurricanes the United States experienced in the Gulf of Mexico in 2005 disrupts the production of natural gas, a fuel necessary for the manufacture of vehicles. Supply disruptions raise market rates and jeopardize the consistency of vehicle production. To minimize the risk of production interruptions, Ford has established firm delivery contracts with natural gas suppliers and installed propane tank farms at key manufacturing facilities as a source of backup fuel.

Although increased energy rates have a significant cost impact to the Company, they do increase awareness of energy conservation, its impact on the environment and the need for alternative energy solutions. Increased utility rates have prompted Ford Motor Company to revisit energy efficiency actions that previously did not meet our internal rate of return. These projects include the replacement or upgrade of heating, ventilating and cooling systems, lighting and vehicle painting systems.

iii **General Risks:** How is your company exposed to general risks as a result of climate change?

Worldwide, record oil prices continue to drive buyers to shift from larger vehicles and light trucks to smaller vehicles, cars, crossovers and diesel-powered vehicles. Energy security is also a major concern in several markets in which we operate. In emerging markets, continued rapid growth in vehicle sales is raising concerns about emissions and congestion. In North America, the shift away from SUVs and light trucks continues to affect our profitability and market share. In other regions of the world, where our profitability is less dependent on large vehicles, our sales and market share have grown. These market shifts are very significant to our Company. Everywhere we operate, the future financial health of our Company depends on our ability to predict market shifts of all kinds and to be ready with the products and services our customers demand.

iv **Risk Management:** Has your company taken or planned action to manage the general and regulatory risks and/or adapt to the physical risks you have identified?

As the risks posed by climate change have evolved, so has our approach to the issues.

Facilities:

Our long-term strategy is to contribute to climate stabilization by:

- Continuously reducing the GHG emissions and energy usage of our operations
- Developing the flexibility and capability to market more lower-GHG-emissions products in line with evolving market conditions
- Working with industry partners, energy companies, consumer groups and policy makers to establish an effective and predictable market, policy and technological framework for reducing road transport GHG emissions.

Products:

Ford recently announced its 'Blueprint for Sustainability' which states our target to achieve a 30% reduction in vehicle CO2 emissions by 2020. The blueprint also lays out the various technological avenues we are looking at to achieve this reduction and as well as the near, mid and long term vision in vehicle technologies. These include:

- Weight optimization and reduction
- Expanded FFV (bio-ethanol) vehicles and partnerships with fuel providers to increase infrastructure
- Gasoline engine downsizing, combined with DISI and boosting
- Hybrid gasoline power packs, shared among the brands
- Clean diesels and the technology to allow them to run on biodiesel above 5% blends
- In Europe, diesels with partial hybrid technologies such as engine stop start, regenerative braking, parallel lithium-ion batteries or super-capacitors
- Hydrogen ICE engine demonstration fleets
- Hydrogen fuel cell research and demonstration fleets
- Hybrid electric plug-in research and demonstration fleet.

We have announced publicly several product actions that will increase the number of higher fuel economy, lower GHG emissions vehicles available to our customers, and others we have not announced for competitive reasons.

Ford offered the first SUV Hybrid and has announced plans to significantly expand our current production capacity, and will remain an industry leader in HEV technical capability. We also are expanding the application of existing technologies that deliver fuel economy benefits including variable valve timing, aggressive fuel shut off, direct injection gasoline engines (EcoBoost), clean diesel, and six-speed transmissions.

Strategic Development:

To plan and implement our strategic approach, we have established sustainability-related governance systems, which include a strong focus on fuel economy and CO2 improvements. The strategic direction is provided by a senior executive forum, made up of vice president and executive stakeholders, who guide the development of the vision, policy and business goals.

A related executive planning team is responsible for developing detailed and specific policy, product and technical analyses to meet objectives. These teams base their plans on scientific data and promote actions that will achieve the Company's environmental ambitions, recognizing the need to use a holistic approach to effectively protect the environment. Metrics have been established and are reviewed regularly to ensure satisfactory progress.

The Environmental and Public Policy Committee of the Board of Directors is responsible for reviewing the Company's climate change strategy and actions. We have also developed strategic principles to guide our approach.

For more on Ford's blueprint for sustainability, please see pages 20-21 of the print version of our 2007/08 sustainability report (<http://www.ford.com/go/sustainability/>).

- v **Financial and Business Implications:** How do you assess the current and/or future financial effects of the risks you have identified and how those risks might affect your business?

As a matter of policy, we do not disclose financial aspects related to Company profitability, including financial and business implications of the identified risks and opportunities.

b Opportunities: (CDP5 Question 1b)

- i **Regulatory Opportunities:** How do current or anticipated regulatory requirements on climate change offer opportunities for your company?

See answer 1.b.iii

- ii **Physical Opportunities:** How do current or anticipated physical changes resulting from climate change present opportunities for your company?

See answer 1.b.iii

- iii **General Opportunities:** How does climate change present general opportunities for your company?

At Ford, we view climate change as an opportunity for development of new, better and environmentally friendly technologies. Changes in regulation, physical changes and general climate change all justify our research in the specific areas of improving efficiency and use of alternative fuels.

We believe the trend towards more fuel efficient vehicles, due to regulatory and physical changes, such as crossover vehicles and smaller SUVs will continue. In addition, by utilizing common platforms, we will be able to offer greater fuel economy across a wide range of product designs. Specifically, we will be better able to apply weight reductions achieved in one model to other models without compromising safety, quality or performance. We are also moving to a system that makes greater use of set combinations of engines and transmissions. An increasing portion of our products will employ these powerpack drivetrains which are optimized for fuel efficiency.

In Brazil, we have produced 1.5 million Flexible Fuel Vehicles (FFVs) and in the United States, we have produced more than 2 million FFVs since 1997 that can be fueled with either conventional gasoline or a blend of up to 85 percent bio-ethanol. In Europe, Ford is an FFV market leader and pioneer. The Ford Focus and Ford C-MAX FFVs are currently on sale in 17 European markets. Ford also is actively pursuing a number of potential marketing and lobbying initiatives, jointly with Volvo, to position Ford as a leader in AFV/FFV, and to gain tax concessions and incentives facilitating a fuel infrastructure and sales growth in key markets. Through such initiatives France has now adopted an incentive and tax concession structure, similar to Sweden's and their E85 fuel infrastructure will grow from a handful of E85 pumps at the beginning of the year to about 500 by the end of the year.

While current corn-based bio-ethanol production in the United States can provide a modest (approximately 20 to 30 percent) reduction in vehicle GHG emissions on a well-to-wheels basis, next-generation biofuels such as ligno-cellulosic bio-ethanol can offer up to a 90 percent GHG reduction benefit. Thus, building a substantial fleet of FFVs is a bridge to the widespread use of lower-carbon biofuels in the future.

- iv **Maximizing Opportunities:** Do you invest in, or have plans to invest in products and services that are designed to minimize or adapt to the effects of climate change?

Products:

Our evolving product portfolio is the most important element of our strategy for (and contribution to) a climate stabilization goal. Our product GHG strategy is unfolding in a series of overlapping phases:

- Technology pilots in which we are accelerating our steps toward integrating innovative fuels, efficiencies and GHG reductions into our cycle plan and building the capability to innovate further.
- Scaling Up in which we take innovative technologies across a range of platforms and develop the full capability to move forward with the most promising technologies in packages that are competitive on performance and convenience;
- Mass Marketing in which low GHG vehicles achieve penetration across vehicle categories and represent significant market share; and
- Drive to Stabilization in which low GHG vehicles reach dominant market share and fleet CO2 emissions converge with a target global stabilization curve.

Ford has spent more than three years creating a CO2 reduction model and studying a range of potential scenarios addressing how light-duty transport could contribute to meeting 450 ppm to 550 ppm stabilization pathways. The model was created to look at boundary conditions, including costs, and explore assumption sensitivities around vehicle technologies, baseline fuels, biofuels and consumers. The model is not intended to provide “the answer,” but rather information on a range of possible solutions. Based on this analysis, Ford is targeting a 30 percent reduction in U.S. and EU new vehicle CO2 emissions, relative to the 2006 model year baseline, by 2020, following our blueprint for sustainability. This target is aligned with a 500 ppm stabilization pathway. If fuel providers, consumers and governments deliver their contributions, reaching a 450 ppm stabilization pathway for the light-duty transportation sector is possible.

For the blueprint for sustainability, Ford has developed a set of near, mid and long term strategies to migrate towards sustainable technologies and alternative fuels. Near term plans include utilizing existing advanced fuel saving technologies and cutting down on wasted energy to improve efficiency of vehicle. The mid term strategy is to continue increasing efficiencies while introducing hybrids and plug-in hybrids in volumes not achieved before. Second generation biofuels will also play a big role. The long term vision is the implementation of hydrogen and fuel cell vehicle technology currently being developed at Ford.

For more on Ford's blueprint for Sustainability, please see pages 20-21 of the print version of our 2007/08 sustainability report (<http://www.ford.com/go/sustainability/>).

Services:

In April 2006 Ford partnered with TerraPass to launch an industry first, innovative customer carbon offset program, Greener Miles™. This program offers vehicle owners the opportunity to offset the climate impact of their driving through the support of projects that reduce greenhouse gas emissions. Through Greener Miles™ drivers can calculate the amount of CO2 emissions they generate in one year of driving by visiting www.terrapass.com/ford. Customers then have the opportunity to purchase an offset that supports the production of renewable clean energy from wind or dairy farm methane. This pilot program gives customers a simple way to be voluntary, active participants in addressing the challenges of climate change. All of the carbon offset purchases are third party verified by the Center for Resource Solutions, one of the country's leading authorities on renewable and clean energy issues. Customers receive a vehicle decal as a visual symbol of their participation in the Greener Miles™ program.

- v **Financial and Business Implications:** How do you assess the current and/or future financial effects of the opportunities you have identified and how those opportunities might affect your business?

As a matter of policy, we do not disclose financial aspects related to Company profitability, including financial and business implications of the identified risks and opportunities.

2. Greenhouse Gas (GHG) Emissions Accounting

Objective: To determine actual absolute Greenhouse Gas emissions.

a Accounting Parameters: (CDP5 Question 2a)

i Reporting Boundary: Please indicate the category that best describes the company, entities or

Option (a) – per consolidated financial statements

ii Reporting Year: Please explicitly state the dates of the accounting year or period for which GHG emissions are reported.

Financial accounting year: 31 December 2007

iii Methodology: Please specify the methodology used by your company to calculate GHG emissions.

We use the 'GHG Protocol' to report emissions.

CO2 emissions from energy usage (e.g., electricity, natural gas, and coal) represent the significant source of greenhouse gas emissions from our manufacturing facilities. For our emissions reports, we use the GHG Protocol Scopes 1 and 2. Our direct CO2 emissions "within the fence posts" are from combustion of natural gas and coal. Indirect CO2 emissions from usage of purchased electricity comprise roughly two-thirds of our total manufacturing-related CO2 emissions. Our commitment letter to CCX covers CO2 emissions from energy used at manufacturing facilities throughout North America (Canada, Mexico, and U.S.) (both direct and indirect emissions sources). We report joint venture emissions based upon our equity ownership split.

b Direct and Indirect Emissions – Scope 1 and 2 of the GHG Protocol (CDP5 Question 2b)

i Are you able to provide a breakdown of your direct and indirect emissions under Scopes 1 and 2 of the GHG Protocol and to analyze your electricity consumption? If so, please provide the following information together with a breakdown of the emissions reported under each category by country where possible. If not, please proceed to question 2b ii:

Scope 1 Direct Emissions - metric tonnes CO2-e

	Reporting Period Ending in...			
	2004	2005	2006	2007
	1 Jan 2004 –	1 Jan 2005 –	1 Jan 2006 –	1 Jan 2007 –
	31 Dec 2004	31 Dec 2005	31 Dec 2006	31 Dec 2007
Total global emissions (CO2e metric tonnes)	2,666,649	2,598,182	2,241,982	1,880,244
Total emissions for Annex B countries				1,638,986

This data has been adjusted to remove Jaguar and Land Rover (JLR) in consideration of the pending sale of these brands.

Scope 2 Indirect Emissions - metric tonnes CO2-e

	Reporting Period Ending in...			
	2004	2005	2006	2007
	1 Jan 2004 –	1 Jan 2005 –	1 Jan 2006 –	1 Jan 2007 –
	31 Dec 2004	31 Dec 2005	31 Dec 2006	31 Dec 2007

Total global emissions (CO2e metric tonnes)	5,353,566	5,092,754	4,205,274	3,881,387
Total emissions for Annex B countries				3,346,093

This data has been adjusted to remove Jaguar and Land Rover (JLR) in consideration of the pending sale of these brands.

Electricity consumption - MWh

	Reporting Period Ending in...			
	2004	2005	2006	2007
	1 Jan 2004 –	1 Jan 2005 –	1 Jan 2006 –	1 Jan 2007 –
	31 Dec 2004	31 Dec 2005	31 Dec 2006	31 Dec 2007
Total global purchased electricity (MWh)	9,062,503	8,623,007	8,296,067	8,031,325
Total purchased electricity for Annex B countries				
Total global purchased renewable electricity (MWh)	76,983	72,117	60,247	68,116
Total purchased electricity for Annex B countries				

c Other Emissions – Scope 3 of GHG Protocol: (CDP5 Question 2c)

How do you identify and/or measure Scope 3 emissions? Please provide where possible:

We do not quantify Scope 3 emissions at this point, but we are looking into different ways to reduce the Scope 3 emissions footprint of the company. This process is at different stages in the areas mentioned below.

We do spend significant resources on measuring and reducing the Scope 3 emissions resulting from the use of our products (Refer 2.c.b.iii below for more details), mainly because in the case of vehicles, emissions during use contribute almost 80-90% of the emissions during the products entire life cycle.

a. Details of the most significant Scope 3 sources for your company.

The most significant sources of Scope 3 emissions for Ford Motor Company are the use of company products. Tailpipe emissions from the vehicles Ford makes have been regulated in the US by CAFÉ standards for over 30 years.

b. Details in metric tonnes CO2-e of GHG emissions in the following categories:

i Employee business travel.

While we currently do not measure the impact of employee business travel on climate change, we are looking at ways to measure and offset these effects. We are in the process of benchmarking other industries with an attempt to establish our own procedures and metrics.

ii External distribution/logistics.

Logistics (the transportation of parts and vehicles) is a relatively small part of Ford's environmental footprint, accounting for about 0.5 percent of vehicle life cycle emissions, for example. However, logistics is a key business function that requires more than getting things from point A to point B. Logistics managers are key partners in ensuring that our factories have the parts and materials needed for efficient operation without maintaining excess inventory. They also try to minimize costs, fuel use and the environmental impacts of packaging and protect the quality of shipped items. An example of an innovative approach to optimize these factors for sustainability is the development of a closed-loop packaging system.

More information can be found online in the web version of our sustainability report (<http://www.ford.com/go/sustainability/>).

iii Use/disposal of company's products and services.

Life cycle CO₂ emissions from vehicles are dominated by CO₂ released during fuel consumption (85–90% of total CO₂ impact). Product disposal has a minor impact on airborne emissions and energy consumption relative to other phases of the product system (approximately 2 percent).

Because many assumptions were required to generate such a figure, many of which we have little or no control over, we do not expect to use the estimate as an ongoing performance measure. It did, however, enable us to better understand the total system dynamics and the opportunities for reducing emissions.

In the United States, CO₂ emissions from vehicles have been regulated through Corporate Average Fuel Economy (CAFE) requirements for more than 30 years. We have complied with these regulations throughout the program. Similarly, we have met emissions requirements and supported them in other countries.

More information about product life-cycle analysis can be found online in the web version of our sustainability report (<http://www.ford.com/go/sustainability/>).

Additionally, Ford is targeting a 30 percent reduction in U.S. and EU new vehicle CO₂ emissions, relative to the 2006 model year baseline, by 2020. This target is aligned with a 500 ppm stabilization pathway, and if fuel providers, consumers and government deliver their contribution, reaching a 450 ppm stabilization pathway for the light-duty transportation sector is possible. The 30 percent reduction target is also aligned with the new CAFE legislation and represents an equitable contribution toward reducing CO₂ emissions

iv Company supply chain.

We have not, as a policy, measured the quantity of emissions generated by our supply chain. The Supplier Sustainability Forum, formed in 2001, is a place for sharing best practices, developing future Ford-supplier strategies and metrics, and helping us better communicate and refine our sustainability policies. This forum is one area where the topic of climate change has been discussed.

In addition, our efforts to encourage and, in some cases, require suppliers to implement robust environmental management systems will help them report their emissions inventories in the future. We also will seek out opportunities to partner with suppliers to improve the greenhouse gas emissions performance of our products.

We are currently in the process of benchmarking other industries with large supply chain operations, in an attempt to include the best practices in procedures and metrics for our own supply chain.

As of the second quarter of 2008, all of our Q1 suppliers are ISO 14001 certified.

c. Details of the methodology you use to quantify or estimate Scope 3 emissions.

d External Verification (CDP5 Question 2a iii)

i Has the information reported in response to Questions 2b – c been externally verified or audited or do you plan to have the information verified or audited? If so:

Over two-thirds of Ford's global facility GHG emissions are third-party verified. All of Ford's North American GHG emissions data since 1998 are externally verified by FINRA, the auditors of the NASDAQ stock exchange, as part of membership in the Chicago Climate Exchange. In addition, all emissions data covered by the EU Trading Scheme and voluntary UK Trading Scheme are third-party verified.

ii Please provide a copy of the audit or verification statement or state your plans for verification.

All EU-ETS verification statements are provided to Ford by facility from CICS for UK facilities, Lloyds for Germany and Spain, and Flemish Verification Office for Belgium. Ford's North American GHG emissions data is verified by FINRA. Any verification statements are available upon request.

iii Please specify the Standard or Protocol against which the information has been or will be audited or verified.

North American facilities are verified against the WRI GHG Protocol. European facilities are verified against the EU ETS rules and guidelines.

e Data Accuracy (New to CDP6)

Does your company have a system in place to assess the accuracy of GHG emissions inventory calculation methods, data processes and other systems relating to GHG measurement? If so, please provide details. If not, please explain how data accuracy is managed.

Ford has established comprehensive internal controls including centralized tracking of all emissions data globally, internal procedures for establishing emissions trading strategies and status reports, and central coordination of all CO₂-related audits and reporting. This global, centralized approach has supported our participation in facility CO₂ initiatives in a more cost-effective and operationally efficient manner.

Ford has established global roles and responsibilities and policies and procedures to help ensure compliance with emissions trading initiatives worldwide.

Ford adopted the Global Emissions Manager (GEM) database that serves as a central repository for our facilities to consistently input and assess energy and CO₂ data. We have found that emissions data management is performed most efficiently when centralized in this manner. We subsequently expanded GEM to include water usage, waste management, and other environmental metrics that support Ford's sustainability objectives

f Emissions History (CDP5 Question 2a iv)

Do the emissions reported for your last accounting year vary significantly compared to previous years? If so, please explain the reasons for the variations.

A clear trend of reduction in CO2 emissions is evident from these numbers, which is due to our continued efforts to achieve the emissions reduction targets we have set.

For notes on our emissions data for the past 3 years, please refer to page 46 of the print version of our sustainability report (<http://www.ford.com/go/sustainability/>).

g Emissions Trading (CDP5 Question 4b)

i Does your company have facilities covered by the EU Emissions Trading Scheme? If so:

a. Please provide details of the annual allowances awarded to your company in Phase I for each of the years from 1 January 2005 to 31 December 2007 and details of allowances allocated for Phase II commencing on 1 January 2008.

Detail information of allowances awarded to Ford during Phase I and Phase II are available publicly through the European Commission Website and the Members of State's NAP websites.

b. Please provide details of actual annual emissions from facilities covered by the EU ETS with effect from 1 January 2005.

EU-ETS (2005-2007) 563,229tCO2

c. What has been the impact on your company's profitability of the EU ETS?

As a matter of policy, we do not disclose financial aspects related to Company profitability. Administering the paperwork, verification, data collection associated with the nine Ford facilities covered by the EU ETS is a time and resource intensive exercise. Ford and other companies and industry associations actively work with the EU and member country governments to streamline the administrative requirements for future phases.

ii What is your company's strategy for trading or participating in regional and/or international trading schemes (e.g.: EU ETS, RGGI, CCX) and Kyoto mechanisms such as CDM and JI projects?

EU ETS

Despite low to moderate CO2 emissions from Ford facilities when compared to other industry sectors, the EU Trading Scheme regulations apply to nine Ford and Volvo facilities in the UK, Belgium, Sweden, Spain and Germany. The trading scheme requires us to apply for emissions permits, meet rigid emissions monitoring and reporting plans, arrange for third-party verification audits and manage tax and accounting issues related to emissions transactions.

Ford is actively involved in on-going evaluation of the European Union Emissions Trading Scheme at both EU and Member State levels. We have used our experience gained from participation in the market-based mechanisms described above to ensure Ford operates in compliance with the EU Trading Scheme regulatory framework. Ford anticipated the start of the EU Emissions Trading Scheme and established internal business plans and objectives to maintain compliance with the new regulatory requirements.

Ford participates in the EU ETS which commenced in January 2005 and is one of the policies being introduced across Europe to reduce emissions of carbon dioxide and other greenhouse gases. The second phase of this program runs from 2008-2012 and coincides with the first Kyoto Commitment Period. Further 5-year periods are expected subsequently

CDM/JI

Ford actively monitors developments under the Kyoto CDM/JI initiatives, RGGI, and other national/regional climate change initiatives. However, Ford does not currently have specific CDM/JI projects.

Chicago Climate Exchange (CCX)

Ford, along with 11 other companies and the City of Chicago, founded the Chicago Climate Exchange. The Chicago Climate Exchange (CCX) is a greenhouse gas (GHG) emission reduction and trading program for emission sources and projects in North America. It is a self-regulated, rules based exchange designed and governed by CCX members. Ford is the first and only auto manufacturing participant in this program.

Ford committed to reduce U.S. facility GHG emissions by 4 percent by 2006, based upon an average 1998-2001 baseline period. This initiative was recently extended with a 6 percent reduction below the 2000 baseline year by the year 2010. The Exchange marks the first time in the United States that major companies in multiple industries have made a voluntary binding commitment to use emissions trading for reducing their North American greenhouse gas emissions. The Exchange enables participants to receive credit for their reductions and buy and sell credits to find the most cost-effective way of achieving reductions.

RGGI

Ford does not have any facilities directly impacted by the RGGI program.

Others

Ford was also one of the original companies to join the UK Emissions Trading Scheme, the first formal, economy-wide, cross-industry greenhouse gas trading program. Ford Motor Company Limited (UK) entered the program in March 2002, committing to a 5 percent CO₂ reduction target for eligible plants and facilities over five years. In April 2002, Ford Motor Company Limited completed its first CO₂ transaction.

More detail

Ford has established global roles/responsibilities and internal controls including policies and procedures to help ensure compliance with emissions trading initiatives worldwide. Besides CO₂ trading, Ford is engaged in numerous facility CO₂ initiatives including:

Mexico GHG Pilot Program

The Mexico GHG Program started as two year partnership between La Secretaria de Medio Ambiente y Recursos Naturales (SEMARNAT), World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). It is a voluntary program established to help Mexican companies to quantify greenhouse gas emissions. Ford Motor Company was proud to be the only auto manufacturer to participate in the first phase of the program where we are committed to reporting emissions annually.

Canadian Voluntary Challenge and Registry

Ford voluntarily reports GHG emissions to the Canadian Voluntary Challenge and Registry (VCR). It has been reporting annual emissions since 1999. Over the years, it has received the highest level of achievement in the reporting system, which includes two Leadership Awards in the Automotive

Manufacturing Sector category as well as qualifying as a Silver Champion level Reporter in 1999 and Gold Champion Level Reporter from 2000 to 2003, 2005 & 2006.

Philippines GHG Program

The Philippine Greenhouse Gas Accounting and Reporting Program (PhilGARP) - partnership between Klima Climate Change Center of the Manila Observatory, Philippine Business for the Environment, the Department of the Environment and Natural Resources, Department of Energy, WBCSD, and WRI – was launched in November 2006. To date, 15 companies are completing GHG inventories. Ford was the first and only automobile company to submit a report to the program.

Australian GHG Challenge Plus Program

The Australian GHG Challenge Plus Program builds on the success of the Australian Greenhouse Challenge Program established in 1995. In 1997, Ford was the first automotive company to join the voluntary program and continues to report its Australian facility emissions annually.

The Climate Registry (TCR)

TCR is a non-profit organization established to measure and publicly report GHG emissions using a single reporting standard across industry sectors. TCR represents a linking of several state-sponsored GHG emissions reporting efforts, including the California Climate Action Registry and the Eastern Climate Registry. Ford supports the global harmonization of GHG monitoring and reporting practices. TCR represents a significant step toward that goal.

h Energy Costs (CDP5 Question 4d)

i Please identify the total costs in US \$ of your energy consumption eg from fossil fuels and electric power.

As a matter of policy, we do not disclose the company's energy costs and data related to energy costs.

ii What percentage of your total operating costs does this represent?

As a matter of policy, we do not disclose the company's energy costs and data related to energy costs.

iii What percentage of energy costs are incurred on energy from renewable sources?

As a matter of policy, we do not disclose the company's energy costs and data related to energy costs.

3. Performance

Objective: To determine performance against targets and plans to reduce GHG emissions.

a Reduction Plans (CDP5 Questions 1d and 4a)

- i Does your company have a GHG emissions reduction plan in place? If so, please provide details along with the information requested below. If there is currently no plan in place, please explain why.
- ii What is the baseline year for the emissions reduction plan?

See answer 3.a.iii below for clarification on why no baseline year has been specified.

Besides facility emissions, on the product side, Ford is targeting a 30 percent reduction in U.S. and EU new vehicle CO2 emissions, relative to the 2006 model year baseline, by 2020. This target is aligned with a 500 ppm stabilization pathway, and if fuel providers, consumers and government deliver their contribution, reaching a 450 ppm stabilization pathway for the light-duty transportation sector is possible. The 30 percent reduction target is also aligned with the new CAFE legislation and represents an equitable contribution toward reducing CO2 emissions.

- iii What are the emissions reduction targets and over what period do those targets extend?

Various regions are developing mandatory targets, and this makes it difficult to set a global corporate target for greenhouse gas emissions. Voluntary manufacturing greenhouse gas emission targets apply. Our energy efficiency index target also has the effect of driving reductions in CO2 emissions.

For more on our region-wise targets, please see page 12 of the print version of our 2007/08 sustainability report (<http://www.ford.com/go/sustainability/>).

- iv What activities are you undertaking to reduce your emissions e.g.: renewable energy, energy efficiency, process modifications, offsets, sequestration etc? What targets have you set for each and over what timescales do they extend?

Since 2000, we have reduced our global operational energy use by 30 percent and CO2 emissions from our facilities by 39 percent. The U.S. Environmental Protection Agency has recognized our energy conservation efforts three years in a row (a first for an automaker), most recently with the 2008 Energy Star Sustained Excellence Award.

This has been made possible by a variety of efforts and projects, alongside overall energy use reduction strategies.

In 2007, Ford began a three-year project that will significantly reduce the power and cooling requirements of our data centers, while improving our technology performance, data security and cost effectiveness. First, we are consolidating data centers to dramatically reduce the number of managed facilities and their total energy demand. By 2010, we will have consolidated 20 existing centers into just six, a reduction of 70 percent. We are also "virtualizing" 2,000 servers into just 100 physical servers. These consolidations will result in a 90 percent reduction in power needs and a 95 percent reduction in cooling needs. During this process we are also changing the layout of our remaining data centers to maximize their energy efficiency. By directing conditioned air into equipment racks, as opposed to cooling the entire server room, expensive chilled air is used much more efficiently and the load on building cooling equipment is reduced.

Ford Motor Company is highly involved in the installation, demonstration and development of alternative sources of energy. Examples of installed technologies include a photovoltaic array and

solar thermal collector at the Ford Rouge Visitors Center. The adjacent Dearborn Truck Plant has the world's largest living roof system, which uses a thick carpet of plants to reduce the need for heating and cooling, while also absorbing rainwater. In addition, a geothermal system installed at the Lima Engine Plant provides process cooling for plant operations, as well as air tempering for employee comfort. This system uses naturally cooled 40°F water from two abandoned limestone quarries located on the plant site.

Ford's Dagenham Diesel Centre, completed in 2004, is home to London's first large-scale wind power project. Dagenham is completely powered by renewable energy. It uses two on-site wind turbines to produce 3.6 megawatts of power. By using these wind turbines, Dagenham eliminates approximately 6,500 metric tons of CO₂ per year. In 2007, Dagenham added a third wind turbine to remain 100 percent wind powered following the installation of a new engine line. The third Ecotricity turbine has the capacity to produce 1.8 megawatts of green electricity.

In Wales, Ford's Bridgend engine plant was the first site retrofitted with one of the largest integrated, grid-connected solar/photovoltaic installations at a car manufacturing plant in Europe.

In Germany, Ford is now sourcing renewable electricity from hydroelectric sources to cover the full electric power demand of its manufacturing and engineering facilities in Cologne, including the electricity needed to assemble its Fiesta and Fusion models. Through this initiative, the Company will reduce its CO₂ emissions by 190,000 metric tons per year.

During 2006, we piloted carbon-neutral manufacturing for our hybrid vehicles. We offset the greenhouse gas emissions associated with the manufacturing of these vehicles by purchasing carbon offset credits, many of which will fund renewable energy projects. For example, we purchased renewable energy certificates from wind power projects to offset the CO₂ generated in the manufacturing of the 2007 and 2008 Escape Hybrid.

In the US, Ford developed an innovative "fumes-to-fuel" system in partnership with Detroit Edison. Initially tested at the Dearborn Truck Plant, the system concentrates fumes containing VOC emissions from solvent-based paint and uses them as fuel to generate electricity. The Rouge test fed the concentrated fumes into a fuel cell. The beta-test version of fumes to fuel was installed as a pilot project at Ford's Michigan Truck Plant. The Michigan Truck system used a specially designed Stirling Cycle Engine that was more cost-effective than a fuel cell. The engine produced about 50 kilowatts of electricity to help power the facility. The only byproducts of the system, which cut electrical usage by one-third to one-half, were small amounts of water vapor, CO₂ and nitrogen oxides. The Stirling Engine also produces heat during combustion, which may be another useful source of energy in the future. We are beginning full-scale implementation of this technology, with a larger-scale version at our Oakville, Ontario, plant. This version will launch with a 120-kilowatt internal-combustion engine and migrate to a 300-kilowatt fuel cell. The Oakville system will be operational in 2008.

We are continually implementing new technologies throughout our operations that reduce energy use and emissions without sacrificing quality or cost effectiveness. For example, we implemented the SAVEnergy Campaign, through which Ford challenged tenants in Ford-owned commercial office buildings and its Research & Engineering Center to reduce energy consumption during the summer cooling season. During the past three years of this annual program, 17,000 metric tons of CO₂ emissions were eliminated and \$1.5 million in energy costs were reduced, without capital investment.

v What investment has been or will be required to achieve the targets and over what time period?

As a matter of policy, we do not disclose information related pertaining to planned investment by the company, other than that which has been publicly announced.

vi What emissions reductions and associated costs or savings have been achieved to date as a result of the plan?

Ford has reduced global energy use by 30 percent overall, or 19 percent per vehicle, compared to 2000 levels. In 2007, Ford improved energy efficiency in the United States by 4.5 percent, resulting in savings of approximately \$18 million. We are targeting an additional three percent improvement in energy use in 2008. Since 2000, we have reduced our total facilities-related CO2 emissions by approximately 39 percent, or 3.6 million metric tons.

For numbers from individual projects, refer answer 3.a.iv above.

More information can be found online in the web version of our sustainability report (<http://www.ford.com/go/sustainability/>).

b Emissions Intensity (CDP 5 Question 4c)

i What is the most appropriate measurement of emissions intensity for your company?

CO2e metric tonnes per unit (vehicle) produced.

ii Please state your GHG emissions intensity in terms of total tonnes of CO2-e reported under Scope 1 and Scope 2 per US \$m turnover and EBITDA for the reporting year.

Per turnover (in millions of \$'s)

Scope 1:

1,880,244 CO2e metric tonnes per 172,455 million USD operating revenue/turnover
= 10.9 CO2e metric tonnes per million USD operating revenue

Scope 2:

3,881,387 CO2e metric tonnes per 172,455 million USD operating revenue/turnover
= 22.5 CO2e metric tonnes per million USD operating revenue

Per EBITDA (millions of \$'s)

Scope 1:

1,880,244 CO2e metric tonnes per 21,767 million USD EBITDA
= 86.4 CO2e metric tonnes per million USD EBITDA

Scope 2:

3,881,387 CO2e metric tonnes per 21,767 million USD EBITDA
= 178.31 CO2e metric tonnes per million USD EBITDA

iii Has your company developed emissions intensity targets? If so:

a. Please state your emissions intensity targets.

As a member of the Alliance of Automobile Manufacturers (AAM), Ford voluntarily joined the DOE's Climate VISION program. Under this program Ford committed to achieve at least a 10% reduction in GHG emissions from their U. S. automotive manufacturing facilities, based on U. S. vehicle production, by 2012 from a base year of 2002

b. Please state what reductions in emissions intensity have been achieved against targets and over what time period.

	2004	2005	2006	2007
Total CO2/unit	1.27	1.24	1.07	0.97

This data has been adjusted to remove Jaguar and Land Rover (JLR) in consideration of the pending sale of these brands.

The above reductions are being tracked by the AAM using member's 1605(b) CO2 reports.

If not, please explain why.

c Planning (CDP5 Question 4e)

Do you forecast your company's future emissions and/or energy use? If so:

- i Please provide details of those forecasts, summarize the methodology used and the assumptions made.

Ford uses its Global Emissions Manager (GEM) database to centrally forecast future CO2 emissions quarterly for business planning purposes. This is part of our internal control process to ensure compliance with all environmental and financial requirements associated with emerging emissions trading markets.

- ii How do you factor the cost of future emissions into capital expenditure planning?

Our internal capital investment project approval process ensures consideration is given to energy usage (and CO2 emissions) and other environmental impacts prior to final project approval.

- iii How have these considerations made an impact on your investment decisions?

At Ford, considerations about emissions have and continue to make an impact on investment decisions. See section 3.a.iv for specific project details.

Among recent activities, we undertook improving efficiencies and resource use at plants, consolidation of production to fewer numbers of plants, and consolidation of the product lines fewer vehicle platforms across the Ford brands under the ONE Ford plan, considerably bringing down the CO2e emissions per vehicle produced.

4. Governance

Objective: To determine responsibility and management approach to climate change.

a Responsibility (CDP5 Question 5a)

Does a Board Committee or other executive body have overall responsibility for climate change? If not, please state how overall responsibility for climate change is managed. If so:

i Which Board Committee or executive body has overall responsibility for climate change?

The Ford Board of Directors' Committee on Environmental and Public Policy oversees sustainability issues for the Company. At the executive level, in April 2007, Sue Cischke was appointed to a newly created position of Senior Vice President, Sustainability, Environment and Safety Engineering, reporting directly to Ford's CEO. In April 2008, she was promoted to Group Vice President. Ms. Cischke oversees several important functions and participates in the regular Business Plan and Special Attention Review meetings of Ford's most senior executives, helping to keep sustainability at the top of the agenda.

Beginning in 2008, our Board and top management will have access to some of the preeminent thought leaders in sustainability through Ford's Transformation Advisory Council. These leaders will come together several times a year with Ford experts to help shape our thinking about future technologies and global trends. They will bring a unique blend of skill and perspective aimed at making Ford the leader in sustainability.

ii What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

During 2007, top executives reviewed several key sustainability issues, including Ford's approach to the product fuel economy and CO2 strategy, the corporate sustainability strategy and the 2006/7 Sustainability Report. Ford's Sustainable Mobility Group, a cross-functional team based in Global Product Development, led the development of the fuel economy and CO2 strategy. Executive compensation is affected by the Company's performance in a range of areas, including sustainability.

b Individual Performance (CDP5 Question 5b)

Do you assess or provide incentive mechanisms for individual management of climate change issues including attainment of GHG targets? If so, please provide details.

In product development goals are set for individuals and teams on vehicle and fleet fuel economy. In manufacturing, specifically our plant managers, goals are set for energy and water use.

c Communications (New to CDP6)

Please indicate whether you publish information about the risks and opportunities presented to your company by climate change, details of your GHG emissions and plans to reduce emissions through any of the following communications:

- i the company's Annual Report or other statutory filings, and/or
- ii formal communications with shareholders or external parties, and/or
- iii voluntary communications such as Corporate Social Responsibility reporting.

If so, please provide details and a link to the document(s) or a copy of the relevant excerpt.

Ford Motor Company publishes a formal nonfinancial report on sustainability every year. Each of these reports serves as a review of our continually evolving efforts to make our company more sustainable environmentally, socially and economically. This year's print report highlights the most material issues from our full Web-based report. These issues include climate change, mobility, human rights, vehicle safety, governance and sustaining Ford. A data overview is included at the end of the report.

The 2007/08 print and web version of our report is available at <http://www.ford.com/go/sustainability/>.

d Public Policy (New to CDP6)

Do you engage with policymakers on possible responses to climate change including taxation, regulation and carbon trading? If so, please provide details.

Ford is involved in numerous partnerships and alliances with universities, coalitions, NGOs and other companies to improve our understanding of climate change. For example, Ford is:

- A member of the United States Climate Action Partnership (USCAP), an alliance of major businesses and leading climate and environmental groups that have come together to develop an economy-wide, market-driven approach to reduce greenhouse gas emissions, as discussed later in this section.
- A founding member of the Carbon Mitigation Initiative at Princeton University to study the fundamental scientific, environmental and technical issues related to carbon management.
- A charter member of the Sustainable Transportation Energy Pathways Program at the University of California-Davis Institute of Transportation Studies, which aims to compare the societal and technical benefits of alternative sustainable fuel pathways.
- A member of the Massachusetts Institute of Technology Joint Program on the Science and Policy of Global Climate Change.

Our participation in these and other partnerships helps us to formulate improved strategies for products and policies that will in turn help to address climate change and energy security. We try to bring these perspectives to our participation in public policy development. Climate change and the closely related concerns of energy security and fuel prices are global issues, but policy approaches vary regionally. Everywhere we operate, we seek to be a constructive partner in developing policies that will be effective and efficient in reducing GHG emissions. In this section, we describe our perspective and policy activities in the United States and Europe, two of our major markets.