



Go Further

SUSTAINABILITY REPORT 2013/14

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## Financial Health

As our financial security strengthens, we are investing in our products, our people and our communities. The financial health of our company has a ripple effect that goes well beyond our business itself as we work toward profitable growth for all.

Read more about [OUR APPROACH TO FINANCIAL HEALTH](#)



### A TECHNOLOGY COMPANY

Our cars, utilities and trucks are more technologically connected than ever. Everything we do is based on technological innovation – whether it is quality, fuel efficiency, safety, smart design or value – the hallmarks of our One Ford plan.

Read more about [PRODUCT COMPETITIVENESS](#)

### OUR PERFORMANCE PROGRESS



In 2014, we will launch 23 new or significantly refreshed vehicles to customers around the world – the



We reported 2013 full-year pre-tax profit of \$8.6 billion! (excluding special items), driven by the highest

most in a single year in more than a century.

Automotive pre-tax profit in more than a decade and continued solid profit from Ford Credit.



To support our aggressive growth strategy and meet demand for our vehicles, we are adding jobs in several key regions – 11,000 in the U.S. and Asia combined in 2014 – and building new facilities.



We increased market share in the world's two largest automotive markets – China and the U.S. – as well as in South America. We improved our retail car share in Europe, a region with challenges but where we believe we are on track to return to profitability in 2015.

See more at [FORD'S GOALS, COMMITMENTS AND STATUS](#)



## OUR MANUFACTURING CAPABILITIES

We are rapidly expanding our advanced manufacturing capabilities and boosting global production to meet consumer demand. By 2017, we will increase our global flexible manufacturing to produce, on average, four different models at each plant around the world, allowing for greater adaptability based on varying customer demand.

Read more about [OUR PLANT INVESTMENTS](#)



### Case Study: [REMAKING THE F-150](#)

When it came time to update the F-150, one of Ford's most important products, we faced a pivotal question: How do you improve on such a successful vehicle? Do you change it incrementally or take a leap forward? We chose the leap forward approach, reinventing the 2015 F-150 as the toughest, smartest



### Voice: [LARRY FINK](#)

Chairman and Chief Executive Officer, BlackRock

"Financial sustainability demands that companies be mindful of their social and environmental impact. By monitoring their own impact (and that of others), companies are better able to assess both risks and opportunities, giving their shareholders, customers



and most capable F-150 yet.

and employees a distinct advantage.”



## OUR GROWTH IN ASIA PACIFIC

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Today, one in every five vehicles we sell globally is in Asia Pacific. 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.

Read more about [OUR GROWTH IN ASIA PACIFIC](#)



## OUR BLUEPRINT FOR MOBILITY

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Our Blueprint for Mobility 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.

Read more about [OUR MOBILITY WORK](#)

## 2013 HIGHLIGHTS



6.3 million

Ford vehicles sold around the world –  
16 vehicles every 60 seconds.



2 millionth

EcoBoost® produced.

1. For additional information, see Ford Motor Company's [Annual Report](#) on Form 10-K for the year ended December 31, 2013.

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## Overview

The F-150 and the Mustang: two iconic Ford vehicles with storied legacies at our company. The descendant of our first true pickup back in 1925, the Ford F-Series (including the F-150) has been the best-selling truck in America for 37 years running. The Mustang, the original "pony car" of the 20<sup>th</sup> century and arguably the heart and soul of the Ford brand, celebrated its 50<sup>th</sup> anniversary in April 2014.

Yet even with these classics, we are revamping and adapting technologies and tools to stay ahead of customer interests, all while building in elements that make the vehicles – and indeed our own company – more sustainable. The 2015 F-150, for example, is the first pickup made with a high-strength steel frame and aluminum-alloy body, resulting in a weight reduction of up to 700 pounds. The new 2015 Mustang, which will be sold in Europe and Asia for the first time, will offer buyers the choice of a turbocharged 2.3L EcoBoost® engine, delivering more horsepower and torque with less fuel. ([Read more about the F-150 in this case study.](#))

And these are just two of many examples of innovation as we stay true to our One Ford plan, the output of which is great products, a strong business and a better world. Our One Ford plan is built on a compelling vision, a comprehensive strategy and relentless implementation. At the center of our One Ford plan is the priority to accelerate development of new products that our customers want and value.

Nowhere is that acceleration more evident than in our 2014 product launch schedule. Over the course of 12 months, we will launch 23 new or significantly refreshed vehicles to customers around the world – the most in a single year in more than a century and more than double the 11 global vehicle launches in 2013. (See graphic below.) To support our aggressive growth strategy and meet demand for our vehicles, we are adding jobs in several key regions – 11,000 in the U.S. and Asia combined in 2014 – and building new facilities. In 2014, we will open our Changan Ford Assembly Plant No. 3 and Changan Ford Transmission Plant in Chongqing, China, the Camaçari Engine Plant in Brazil, as well as the Ford Otosan Yenikoy Assembly Plant in Turkey. We are continuing with our largest manufacturing expansion in the last 50 years.

The growth in 2014 comes on the heels of one of our company's best years ever. We reported 2013 full-year pre-tax profit of \$8.6 billion<sup>1</sup> (excluding special items), driven by the highest Automotive pre-tax profit in more than a decade and continued solid profit from Ford Credit. We increased market share in the world's two largest automotive markets – China and the U.S. – as well as in South America. We improved our retail car share in Europe, a region with challenges but where we believe we are on track to return to profitability in 2015.

As our financial security strengthens, we are investing in our products, our people and our communities. The financial health of our company has a ripple effect that goes well beyond our business itself as we work toward profitable growth for all.

In 2013, our company launched 11 new or significantly refreshed vehicles globally, pushed forward on our comprehensive plan for restoring profitability in Europe, invested for further growth in Asia Pacific and continued our work on sustainable mobility.



### OUR BLUEPRINT FOR MOBILITY

Our Blueprint for Mobility sets near-, mid- and long-term goals for solutions to the challenges facing mobility systems now and in the future.



### Case Study: [THE FUTURE OF PICKUP TRUCKS](#)

In 2013, Ford reinvented the Ford F-150, America's favorite truck. The all-new F-150 is the toughest, smartest and most capable F-150 ever – setting the standard for the future of trucks.

### 2013 Snapshot: Financial Health

**\$8.6 billion**

full-year pre-tax profit, excluding special items



6.3 million

Ford vehicles sold around the world. That's 16 vehicles every 60 seconds



11

new or significantly refreshed vehicles launched globally



Nearly

6,500

new hourly and salaried employees in the U.S. to support new products, growth and investment



6,000

combined hourly and salaried jobs to be added in Asia Pacific in 2014



2 millionth

EcoBoost® produced



### Henry Ford: 150 Years Later

On July 30, 2013, we marked the 150<sup>th</sup> anniversary of the birth of Henry Ford, whose innovative ideas revolutionized transportation and brought mobility to the masses. Many historians credit him with creating a middle class in America. His high minimum wage – revolutionary at the time – set a precedent for fair distribution of company wealth that influenced later management practices.

While he initially struggled to get Ford Motor Company on solid financial footing, Henry Ford broke through with the Model T, which debuted in October 1908. More than 15 million of those vehicles were built and sold as Ford's company put the world on wheels.

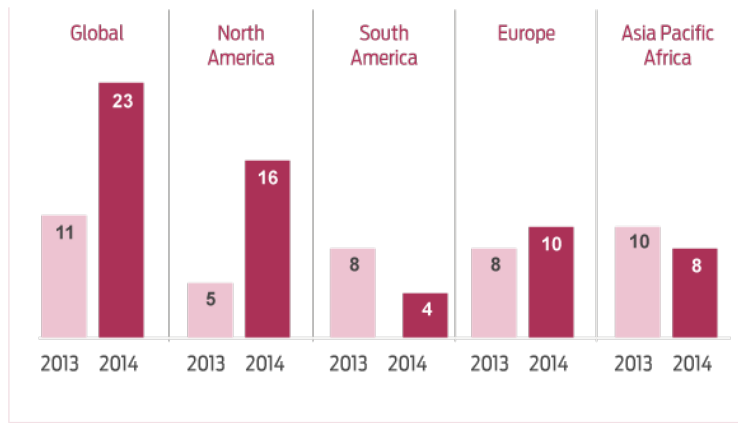
The innovative spirit of Henry Ford took root in many other forms after the success of the Model T, including the following:

- **The moving assembly line:** In 1913, Henry Ford introduced the first moving assembly line for cars. Within 18 months, the amount of time needed to build a Model T went from 12.5 man-hours to 1.5 man-hours, ushering in the modern auto industry.
- **\$5 workday:** To reduce high turnover rates among workers, Henry Ford more than doubled their pay in 1914, from \$2.34 for a nine-hour day to \$5 for an eight-hour day.
- **Vertical integration:** To improve quality, Henry Ford sought to own, operate and coordinate all the resources needed to produce complete automobiles. This principle, known as vertical integration, was put into practice in 1927 with the Model A.

His spirit of innovation continues to guide Ford Motor Company today, reflected in our lineup of vehicles, in new technologies such as Ford SYNC®, and in fuel-efficient EcoBoost® engines.

### 2014 Product Launches Compared With 2013<sup>2</sup>

All new and significantly refreshed products.



1. For additional information, see Ford Motor Company's [Annual Report](#) on Form 10-K for the year ended December 31, 2013.
2. Regions not additive to global total.



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## "Going Further"

What does it mean to "Go Further?"

At Ford, it means pushing ourselves to deliver great products that build a strong business and a better world. Go Further is our global brand promise that exemplifies our company's culture and identifies what makes Ford unique. It's a pledge that we make to our colleagues, to our customers and to our communities.

To put this into perspective, [One Ford](#) is our road map and plan while "Go Further" is the promise behind our efforts. More than just a tagline, 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 customers, employees, dealers, suppliers, investors and communities.

We're also going further by making innovations, such as affordable fuel technologies, available to everyone – not just to a select few who can afford to pay premium prices.

Since we introduced Go Further in early 2012, we have embedded it 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.

A global brand promise makes sense for a company whose products are truly global in scope. For many decades, we acted as a collection of regional companies, with products tied to specific markets. Today, our globalized platforms, and vehicles such as the Ford Fiesta, Focus, C MAX, Escape/Kuga and Fusion/Mondeo, 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.

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# Our Financial Health

Our financial results tell a story of a company that is growing and improving its fiscal health. For the full year, our pre-tax operating profit of \$8.6 billion (excluding special items) was among the best in our history and Automotive operating-related cash flow hit a record, since at least 2001. These full-year results reflect an Automotive sector operating profit that was the highest in more than a decade, with record profits in North America and Asia Pacific Africa since at least 2000, about break even results in South America, and a loss in Europe – but a lower loss than the prior year. Ford Credit was solidly profitable.

In 2014, we are continuing to invest to create innovative products such as the all-new F-150 to ensure Ford has the freshest and most attractive product line-up in the industry. At the same time, we are also investing to expand our portfolio into new markets, as well as adding capacity, where appropriate, to satisfy increasing demand. As a result, 2014 will be a solid year for the company and a critical next step forward in implementing our One Ford plan to continue delivering profitable growth for all.

Meanwhile, our global product process is saving us money while enabling faster development of new vehicles and more efficient delivery of new technologies in our core markets. Significant progress has been made and continues on our commitment to consolidate platforms. In 2007, we utilized 27 different vehicle platforms. We now have 15 total platforms and are on track to meet our target of nine global core platforms. We are able to reinvest the savings of this platform consolidation back into product development, introducing more products at a faster product cadence – and better profitability.

For the fourth straight year, Ford was the best-selling brand in America. According to R. L. Polk data, the Focus was the No. 1 selling vehicle nameplate in the world in 2013, thanks to its continued strength in Europe and a rapidly expanding Asian market. And, we continued to sell the world's top-selling pickup truck – the F-Series, which has seen significant improvements in fuel efficiency. In early 2014, we unveiled the re-invented 2015 [F-150 pickup](#) with a high-strength steel frame and aluminum-alloy body.

Today, we are equally known 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. For each of our new or significantly refreshed vehicles, we continue to offer a powertrain with leading fuel economy. And, 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. More than 90 percent of Ford's North American lineup is available with an EcoBoost® engine.

After receiving investment grade ratings from Moody's and Fitch in 2012, we received our Ford Blue Oval back. It had been put up as collateral in 2006 to secure an \$18.5 billion credit agreement.

Four of the major credit rating agencies, including Standard & Poor's, now rate us as investment grade.

## Financial Progress

In another sign of our financial progress, and consistent with our plan to provide regular growing dividends that are sustainable over an economic or business cycle, we doubled our quarterly stock dividend in 2013 and announced an additional 25 percent increase in early 2014. We had reinstated the dividend in 2012 after suspending it in 2006. The dividend is an important component of our vision of

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profitable growth for all – customers, employees, dealers, suppliers, investors and communities.

Also as a result of our strong financial performance, in the U.S. we paid record profit-sharing payments to about 47,000 eligible U.S. hourly employees. Profit-sharing payments were approximately \$8,800 per eligible employee on a full-year basis. Individual profit-sharing payments, which were made on March 13, 2014, were higher or lower based on employee-compensated hours.

In addition, in 2013, we made \$5 billion in cash contributions to our worldwide funded pension plans, up \$1.6 billion compared with 2012. For 2014, cash contributions to funded plans are expected to be \$1.5 billion globally. This is \$3.5 billion lower than in 2013, reflecting Ford's improved funded status.

Worldwide at year-end 2013, our pension plans were underfunded by \$9 billion, about \$6 billion of which is associated with our unfunded plans. In total, this represents an improvement of nearly \$10 billion compared with the status at year-end 2012, driven primarily by higher discount rates and cash contributions.

In the U.S., our market share was up 0.5 percentage points to 15.7 percent of the industry. Our strong U.S. vehicle sales in 2013 reflected our balanced portfolio of fuel-efficient vehicles, as our passenger cars, utilities and trucks each reported gains. Cars were up 10 percent, utilities were up 9 percent and trucks expanded 13 percent. Retail sales across the country were up 14 percent, with strongest growth on the West Coast.

Market share increased slightly in South America – from 9.0 percent in 2012 to 9.3 percent in 2013 – and retail market share in Europe increased from 7.2 percent in 2012 to 8.2 percent in 2013 (based on the five major markets). For the year, Ford was the second best-selling car brand in the traditional 19 markets we tracked in Europe for the sixth consecutive year. And in Asia Pacific Africa, market share went up from 2.8 percent in 2012 to 3.5 percent in 2013 driven by growth in China.

## Adding Jobs

To support our growth and manufacturing expansion, we are hiring in North America and Asia Pacific.

In North America, we created approximately 14,000 jobs during 2012 and 2013 alone as part of our largest hiring initiative since the beginning of the new millennium. In 2013, we hired nearly 3,000 salaried employees in the U.S. – most of them technical professionals to work in product development, manufacturing, quality and information technology. We expect to hire about 6,000 employees in Asia Pacific in 2014, the vast majority of them hourly employees.

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. 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](#). However, in [Europe](#) we had to make the difficult decision to close three plants, affecting approximately 13 percent of our European work force (excluding Russia).

## 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 sport utility vehicles (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<sup>1</sup>, 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, which formerly built two full-size SUVs. Today, it is the only manufacturing site in the world to build vehicles with five different fuel-efficient powertrains on the same line. 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.

We are rapidly expanding our advanced manufacturing capabilities and boosting global production to meet consumer demand. By 2017, we will increase our global flexible manufacturing to produce, on average, four different models at each plant

around the world, allowing for greater adaptability based on varying customer demand. Also in 2017, virtually all Ford vehicles will be built off nine global core platforms, boosting manufacturing efficiency while giving customers the features, fuel efficiency and technology they want.

The benefits of our platform strategy are more products, faster product introductions, and better profitability. Optimizing platform count lets us increase volume per platform, improve our engineering efficiencies, and gain efficiencies of scale for ourselves and for our suppliers.

Other recent plant investments in the U.S. include the following:

- In early 2014, we announced we are investing \$500 million to add 300 jobs and upgrade our Lima Engine Plant in Lima, Ohio, to support production of our all-new 2.7-liter EcoBoost® engine for our next-generation 2015 F-150.
- In early 2014, we announced we will add 350 new jobs and invest \$80 million at our Kentucky Truck Plant to meet demand for our F-Series Super Duty trucks. The \$80 million will pay for facility upgrades and retooling that will boost production capacity by 15 percent.
- We are investing \$150 million and adding approximately 350 new jobs at our Buffalo (New York) Stamping Plant for new subassemblies, equipment upgrades and refurbishing.
- We are investing \$359 million at Dearborn and \$1.1 billion at Kansas City for the F-150 and the all-new 2015 Transit van.
- We have committed \$168 million at Ohio Assembly for the 2016 Ford F-650/F-750 medium-duty trucks.

We're committed to growth in other parts of the world, too. To meet increasing demand in the [Asia Pacific region](#), for example, we are building six new plants – four in China and two in India.

Map: New Ford facilities between 2012 and 2015 (projected openings)



#### 2012

- 1 – CAF Chongqing #2 Assembly Plant, China
- 2 – Craiova Engine Plant, Romania
- 3 – Ford Thailand Manufacturing Plant, Thailand

#### 2013

- 1 – CAF Chongqing Engine Plant, China
- 4 – JMC Nanchang Assembly, China

#### 2014

- 5 – Camaçari Engine Plant, Brazil
- 1 – CAF Chongqing #3 Assembly Plant, China
- 1 – CAF Chongqing Transmission, China
- 6 – Ford Otosan Yenikoy Assembly Plant, Turkey

#### 2015

- 7 – Sanand Assembly Plant, India
- 7 – Sanand Engine Plant, India
- 8 – CAF Hangzhou Assembly, China
- 9 – Ford Sollers Elabuga Engine Plant, Russia
- 10 – JMC Xiaolan Engine Plant, China

1. UAW originally stood for United Auto Workers; the full name today is the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.



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## Focus on Europe

In Europe, we are in the process of implementing our transformation plan as announced in late 2012. Our actions are designed to increase cost efficiencies, address manufacturing overcapacity, accelerate product development and introduction, and strengthen our brand.

We completed the planned closures of two manufacturing facilities in the U.K. in 2013 and we will close our Genk, Belgium, manufacturing facility at the end of 2014.

We recognize the impact our actions have on many employees and their families, and we have been working together with all stakeholders as we make these changes to our business in Europe. In total, 6,200 positions – or about 13 percent of Ford's European work force (excluding Russia) – are affected from the plant closures in 2013 and 2014, including the salaried head-count reduction equivalent of 400 positions in late 2012. Wherever possible, we have been achieving employee reductions through enhanced employee separation programs and, with regard to our U.K. facilities, voluntary means and redeployment to other Ford locations.

The plant closures will reduce our installed European vehicle assembly capacity, excluding Russia, by 18 percent (or 355,000 units) and yield gross annual savings of \$450 million to \$500 million.

Rightsizing manufacturing footprint and cost efficiency is very important, but cost actions alone are not enough. This is why our One Ford transformation plan for Europe focuses on all elements of the business – product, brand and cost.

We continue to strengthen our brand through wide-ranging efforts. For full-year 2013, our European retail sales – sales to private customers – increased 14 percent, driving our retail market share up a full percentage point to 8.2 percent (based on the five major markets). The improvement in retail sales was the result of a strategic shift in 2013 to target healthier sales channels and reduce sales to rental fleets and reduce dealer self-registrations. Retail sales are more profitable and better for brand image and residual values.

Our retail success speaks to the strength of our new vehicles and products, and demonstrates the importance of continuing to invest in new vehicles even in the most difficult economic environments. Forty-three percent of all Ford vehicles sold in Europe in 2013 were either new or significantly refreshed models, including the B MAX, Fiesta, Focus Electric, Kuga, Transit Connect, Tourneo Connect, Transit Custom, Tourneo Custom and Explorer in Russia.

Ford is continuing its aggressive new vehicle and technology rollout in all segments and markets. In late 2013 we committed to accelerate our new vehicle introductions in Europe with at least 25 new vehicles in five years from September 2012, accelerated from 15 new vehicles in five years announced in late 2012. This includes the launch of 10 new vehicles in 2014.

We're starting to see some early green shoots of economic recovery in Europe, but it is still very slow and fragile. In 2014 the market could be anywhere from 14 million to 15 million in our Europe 20 markets, compared to 13.8 million in 2013. But any recovery will be slow and modest. We're still only projecting a 15 million market in 2015, far away from the 18 million industry market in 2007.

Ford of Europe's return to profitability is supported by the following:

- A gradual recovery in European vehicle industry volumes;
- Improved margins through a strengthened brand and a richer product mix;
- Improved segment share with the launch of our expanded portfolio of sports utility and commercial vehicles, covering more market segments; and
- A more efficient manufacturing footprint, including significantly improved plant utilization.

The Europe transformation plan continues to progress well and the business unit remains on track to achieve profitability in 2015.

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# The Lincoln Motor Company

The Lincoln Motor Company is wooing new customers as we compete in the category known as "affordable premium." Reintroduced in late 2012, 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.

We remain committed to reinventing Lincoln into a world-class luxury brand. Our Lincoln brand transformation began with the Lincoln MKZ, which was completely redesigned for 2013. The Lincoln MKZ is the first of four all-new vehicles that we will be launching through 2016 as part of our reinvention. The Lincoln MKZ was named 2013's best compact premium vehicle in the J.D. Power Automotive Performance, Execution and Layout (APEAL) Study, with March 2014 year-to-date sales in the United States up 145 percent year over year.

In 2014, we are adding the Lincoln MKC to the Lincoln lineup in the United States, providing an entry in the important small premium utility segment, which is fast growing in both the United States and China.

In 2013, we began selling the all-new Lincoln MKZ in Korea and we plan to begin selling Lincoln in China in the second half of 2014.

Lincoln Motor Company was purchased in 1922 by Edsel Ford 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 technological 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 2005 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, 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 respond to changes in customer demand quickly.

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### The C MAX Solar Energi Concept

In early 2014, we announced a concept car that draws power from the ultimate renewable source: the sun. The C MAX Solar Energi Concept is a first-of-its-kind sun-powered vehicle with the potential to deliver the best of what a plug-in hybrid offers – without depending on the electric grid for fuel. Instead of powering its battery from an electrical outlet, the Ford C MAX Solar Energi Concept harnesses the power of the sun by using a special concentrator that acts like a magnifying glass, directing the sun's rays to solar panels on the vehicle roof.

The concept vehicle takes a day's worth of sunlight to deliver the same performance as the conventional C MAX Energi plug-in hybrid, which draws its power from the electric grid. By using renewable power, the Ford C MAX Solar Energi Concept is estimated to reduce the annual greenhouse gas emissions a typical owner would produce by four metric tons.

The concept car is a collaboration project of Ford, San Jose, California-based SunPower Corp. and Atlanta-based Georgia Institute of Technology.

The technology displayed in the C MAX Solar Energi Concept represents a promising outlook for the future of sustainable mobility and our efforts to curb climate change.

### The All-New Transit

We recently introduced our all-new 2015 Transit van, which will achieve an average of 25 percent better fuel economy and haul at least 300 pounds more than the previous E-Series.

The van will provide professional tradespeople and commercial fleet customers unmatched fuel economy, innovative new configurations and leading versatility in the expanding commercial vehicle market. With global commercial vehicle sales expected to grow by 4.8 million over the next several years to 21 million units annually by 2017, Transit represents a major opportunity.

For North America, Transit will eventually replace the E-Series nameplate, first sold in 1961 as Ford Econoline and America's best-selling commercial van for 33 years. In other global markets, this all-new vehicle will replace popular, market-specific Transit models first sold in 1965, and the best-selling commercial vehicle in Europe.

Transit also is joined by the upgraded 2014 Ford Transit Connect, which pioneered the small van market in the United States.

We're going from an exclusively gasoline engine lineup of two V8s and a V10 in the E-Series to offering customers a standard 3.7L V6, the same 3.5L EcoBoost® engine offered in the Ford F-150 and an all-new 3.2-liter "Power Stroke" diesel option.

Ford will offer Transit's 3.7L V6 with a compressed natural gas/liquid propane gas (CNG/LPG) prep kit to assist customers running their vehicles with this abundant, affordable, clean fuel alternative.

The 2015 Ford Transit will be built at the recently upgraded Kansas City manufacturing facility.

## Giving Customers a Choice

Ford offers customers a range of electric vehicles to meet their needs.

We offer six electrified vehicles in the U.S: the all-electric Focus Electric, the Fusion Energi and C MAX Energi plug-in hybrids, and three hybrid electric vehicles. We launched the Focus Electric in Europe in 2013 and plan to launch the C MAX Energi plug-in hybrid and a hybrid electric version of the Ford Mondeo in Europe in 2014. We plan to launch electric vehicles (EVs) in other global markets in coming years. See the [Portfolio Approach](#) section for more details.

## EcoBoost® Production

In September 2013, Ford celebrated a manufacturing milestone: We produced our 2 millionth EcoBoost engine since the launch of the line four years earlier. Growing customer demand for EcoBoost-powered vehicles in major markets worldwide is driving engine production higher. Factory output now averages more than 100,000 engines per month, up from 65,000 in 2012.

EcoBoost technology combines smaller overall engine size with turbocharging, direct injection and variable valve timing to bring customers outstanding performance and fuel economy. Ford EcoBoost engines can deliver significantly better fuel economy than larger-displacement gasoline engines.

The Ford global EcoBoost engine family includes the 1.0L three-cylinder; 1.5L, 1.6L and 2.0L four-cylinder engines; the powerful 3.5L V6; and the recently announced new 2.3L four-cylinder (Mustang, MKC) and 2.7L V6 (F-150). The technology is available in every region Ford serves worldwide and is offered on approximately 80 percent of our global nameplates.

To meet demand, we've invested nearly \$200 million to build 2.0L EcoBoost engines at our Cleveland, Ohio, engine plant. In Europe, we are doubling production capacity at our Cologne, Germany, engine plant to more than 1,000 engines a day. This is in response to robust demand for the 1.0L EcoBoost engine, which was named International Engine of the Year in 2012 and 2013 by a panel of auto journalists. The Cologne plant has also begun production of the 1.0-liter EcoBoost for the North American market. The 2014 Ford Fiesta is the first vehicle available in the U.S. with the 1.0L EcoBoost engine. We also produce the 1.0L EcoBoost at our engine plants in Craiova, Romania, and Chongqing, China.

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.

## Global Ford EcoBoost Engine Production – Total Since Launch (as of September 2013)

Plant	Engine	Production
Cologne/Craiova	1.0-liter	284,000
Bridgend/Craiova	1.5-liter/1.6-liter	549,000
Valencia	2.0-liter	532,000
Cleveland	3.5-liter	635,000
<b>Total</b>		<b>2,000,000</b>

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# 2013 Sales and Highlights

Business Unit	2013 Wholesales (in thousands)	Percent change from 2012	2013 Highlights
North America	3,088	+11%	<ul style="list-style-type: none"> <li>In the United States, our market share was up 0.5 percentage points to 15.7% of the industry.</li> <li>Ford was the number-one selling brand of utilities in America for the third straight year.</li> <li>Our F-Series was America's best-selling truck for the 37<sup>th</sup> year.</li> </ul>
South America	538	+8%	<ul style="list-style-type: none"> <li>We introduced global products, such as the Focus, with additional global products to come.</li> </ul>
Europe	1,360	+1%	<ul style="list-style-type: none"> <li>Ford was again the second best-selling car brand in the traditional 19 markets we tracked in Europe.</li> <li>Britain and Germany were our highest-volume markets.</li> </ul>
Asia Pacific Africa	1,344	+30%	<ul style="list-style-type: none"> <li>We had highly successful launches of our all-new Kuga and EcoSport small utilities.</li> </ul>





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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. Meeting our quality strategic priorities, including customer satisfaction with our products, is a central mission of all of our employees. Quality priorities are also central to our sales, service and vehicle financing operations, which affect customers' satisfaction with vehicle purchase, service and financing experiences.

At Ford, improving quality is a daily activity. We have 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 (GQOS) at every stage of vehicle development and manufacture to make sure that our vehicles meet or exceed customer expectations.

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 define the right features and content to include based on extensive customer research, and we validate that our vehicle designs and manufacturing processes will deliver vehicles that meet or exceed customer expectations. Our engineers use a suite of high-tech design tools and virtual manufacturing technology to detect and avoid potential issues. We also undertake extensive testing of vehicle prototypes to ensure customers will experience the highest level of quality in our products. We continue to evaluate and fix any quality problems that may arise after our vehicles are sold. We evaluate every customer claim, and use this information to develop and implement effective solutions. We also gather feedback from our customers using survey tools that track and evaluate our quality and customer satisfaction performance.

Despite these efforts, we had some quality and customer satisfaction issues in 2013. For example, we had 16 recalls in 2013. 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 boosting 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.

We have been working hard to rectify all quality and customer satisfaction problems and deliver on our promises to consumers. For example, we responded to customer complaints about the fuel economy of the 2013 C-MAX Hybrid. Although we developed the fuel economy label for the C-MAX Hybrid following the U.S. Environmental Protection Agency's labeling rules, we voluntarily changed the way we test and label the 2013 C-MAX Hybrid's fuel economy to better match performance and improve customer satisfaction. Because this voluntary step resulted in miles-per-gallon values different from the original C-MAX Hybrid label, Ford is making a goodwill payment to current 2013 C-MAX Hybrid owners for the estimated average fuel cost of the difference between the two labels, up to \$550. We also recalibrated the powertrain software of the C-MAX Hybrid to improve fuel economy performance. These modifications are being made at the dealership for 2013 C-MAX Hybrids and are included in the factory setting for 2014 vehicles. And we made additional changes to the 2014 C-MAX that will enhance the vehicle's fuel efficiency, including improved transmission efficiency and aerodynamics.

We have worked hard to create a culture of cooperation and focus on solving any problems — not passing blame or pointing fingers — so that when quality issues arise, we can address 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 go to market. 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 [customer satisfaction and "things gone wrong."](#) is our primary quality survey.<sup>1</sup> It is implemented for us by the RDA Group, a market research and consulting firm based

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in Bloomfield Hills, Michigan. We also subscribe to J.D. Power and Associates' Initial Quality Survey and Automotive Performance, Execution and Layout (APEAL) Study. Furthermore, we track warranty claims and costs internally. Global and regional quality improvements are detailed in this section.

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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 decreased 3.4 percent in 2013, compared with 2012.
- Global warranty costs increased by \$365 million over the last four years (from year-end 2009 to year-end 2013). Warranty costs are expected to decrease by 16 percent from 2013 to 2018.

### GQRS Initial Quality (Three Months in Service) Report 2013

- In 2013, global full-year customer satisfaction was 72 percent, the same as in 2012.
- In 2013, global full-year "things gone wrong" (TGW) was 1,388 per 1,000 vehicles compared with 1,373 in 2012, an increase of 1 percent.

### In North America in 2013:

- Customer satisfaction was 78 percent compared with 79 percent in 2012.
- Full-year TGW was 1,650 per 1,000 vehicles compared with 1,514 in 2012, an increase of 9 percent.
- The number of Ford Motor Company safety recalls decreased from 24 in 2012 to 16 in 2013; the number of affected units also decreased from 1.4 million to 1.2 million. Warranty spending increased by 3.2 percent in 2013, compared with 2012.
- Ford's customer satisfaction with dealership sales experiences improved 1 point in 2013 compared with 2012 and 7 points since 2006. Customer satisfaction with vehicle service experiences declined by 1 point from 2012 to 2013, but has increased 7 points overall since 2006.

### In Europe in 2013:

- Customer satisfaction increased to 71 percent in 2013, up 3 percentage points from 2012.
- Full-year TGW improved significantly to 1,302 per 1,000 vehicles compared with 1,573 in 2012, a 17 percent improvement.
- Sales satisfaction with dealer or retailer remained the same as in 2012. Service satisfaction with dealer or retailer increased by 1 point from 2012 to 2013.<sup>1</sup>
- Warranty spending decreased by 13 percent compared with 2012.

### In Asia Pacific in 2013:

- Customer satisfaction increased to 68 percent, up 1 percentage point compared with 2012.
- Full-year TGW was 946 per 1,000 vehicles compared with 870 in 2012, a 9 percent increase.
- Sales satisfaction with dealer or retailer improved by 6 points from 2012 to 2013. Service satisfaction with dealer or retailer improved by 9 points in that time.
- Warranty spending decreased by 0.5 percent compared with 2012.

### In South America in 2013:

- Customer satisfaction was 65 percent in 2013, the same as 2012.
- Full-year TGW was 1,723 per 1,000 vehicles compared with 1,416 in 2012, a 22 percent increase.

- Warranty spending increased by 7 percent compared with 2012.

## 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 increased in 2013 to 49.9 percent compared with 47.7 percent in 2012. In Europe, Ford owner loyalty decreased slightly to 51 percent from 52 percent in 2012.

- 
1. European sales and service satisfaction with dealers and retailers are net promoter scores based on 24 European markets, including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.



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# Ford Future Competitiveness

While the world may seem stagnated by gridlocked governments and economic uncertainty, the truth is that we live in an era of constant change. Across the globe, citizens and brands are stepping up to make things happen through innovation, collaboration and perseverance.

Ford, for example, is launching 23 new or significantly refreshed products worldwide in 2014. While it once took five years to bring a new product to market, it now takes only 36 months. This accelerated pace is part of a broader sustained explosion in technology and innovation worldwide.

Notably, this new era of rapid change demands a corresponding mindfulness of the precious resources we too often take for granted: our time, our health, our population and our planet. Out of a world of hyper-stimulation, a culture of reflection is emerging, driving us to re-examine what matters most.

The marketplace is inundated with disruptive technology, such that even dramatic innovations are now viewed as commonplace. At the same time, consumers are increasingly drawn to the way things were, driving demand for nostalgia-based products and services.

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](#), 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 2013, 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 (from 2011) with India and countries in Southeast Asia taking the lead in driving consumption higher.
- Energy-related carbon dioxide emissions are projected to rise by 20 percent to 2035, leaving the world on track for a long-term average temperature increase of 3.6 degrees Celsius, far above the internationally agreed 2-degree (Celsius) climate target.

We believe we have taken a responsible course to [plan our products](#) based on doing our part to achieve [climate stabilization](#). Our comprehensive water strategy takes into account water-related risks and opportunities across our value chain.

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





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## Focus on Asia

### Snapshot: Ford in Asia Pacific

**\$6.7 billion**  
Total Asia Pacific Africa investment by 2015<sup>1</sup>

**4**  
New plants under construction in China

**2**  
New plants under construction in India

**50**  
New Ford vehicles and powertrains to region by 2015

**15**  
New cars and SUVs to China by 2015

**6,000**  
New hires in region for 2014

**49 million**  
Anticipated annual vehicle sales in the Asia Pacific Africa region by 2020

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[Ford Asia Pacific Africa](#)

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 Africa region will likely reach 49 million vehicles, with about 32 million of them in China.<sup>2</sup>

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. By 2020, it will be one in three. Between now and the end of the decade, there will be a total driving age population of 2 billion in Asia Pacific, including 1.15 billion in China and 500 million in India, with their average annual income beyond the vehicle ownership threshold level (equal to approximately \$5,000 per capita GDP<sup>3</sup>).

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.

We are investing \$6.7 billion in Asia Pacific and currently employ some 23,000

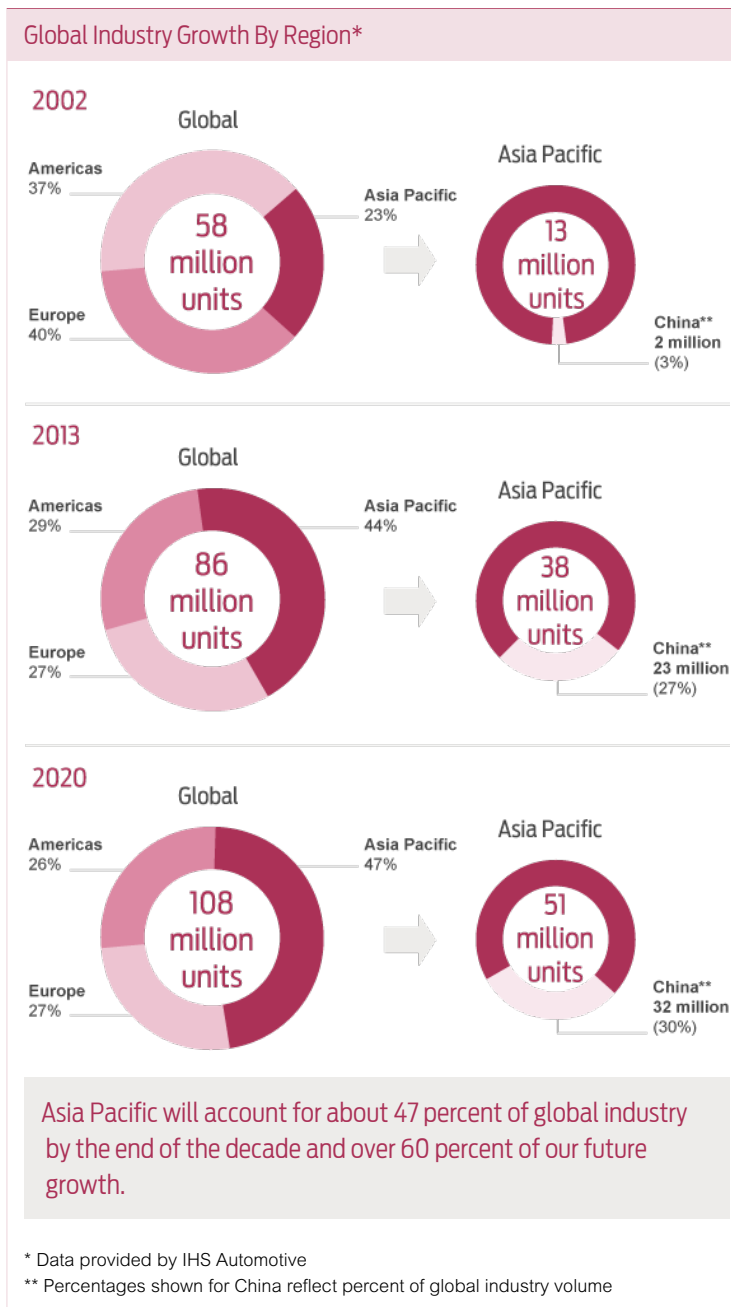
people in our wholly owned and consolidated joint ventures in the region. We are building or have recently opened 10 new plants in Asia Pacific – seven in China, two in India and one in Thailand. By 2015 we'll have the capacity to produce 2.7 million vehicles in the region.

In 2014, we will open our Changan Ford Automobile (CAF) Chongqing #3 Assembly Plant and CAF Chongqing Transmission Plant in Chongqing, China – our largest manufacturing concentration outside of Michigan.

To fuel all of this growth, we plan to hire about 6,000 employees in Asia Pacific in 2014, the majority of them hourly. We also have announced plans to expand our research and development facility in China, where we now have our regional headquarters, boosting the number of employees by more than 50 percent through 2018. We plan to add approximately 200 new employees each year, bringing the number of research and development employees to around 2,000 people.

Our strategy in Asia Pacific continues to be to grow aggressively with an expanding portfolio of global products with manufacturing hubs in China, India and Thailand.

Our market share in the region was a record 3.5 percent for 2013, up by 0.7 percentage points compared with 2012. The improvement was driven by China, where our market share for the full year rose to a record 4.1 percent, up by 0.9 percentage points compared with 2012.

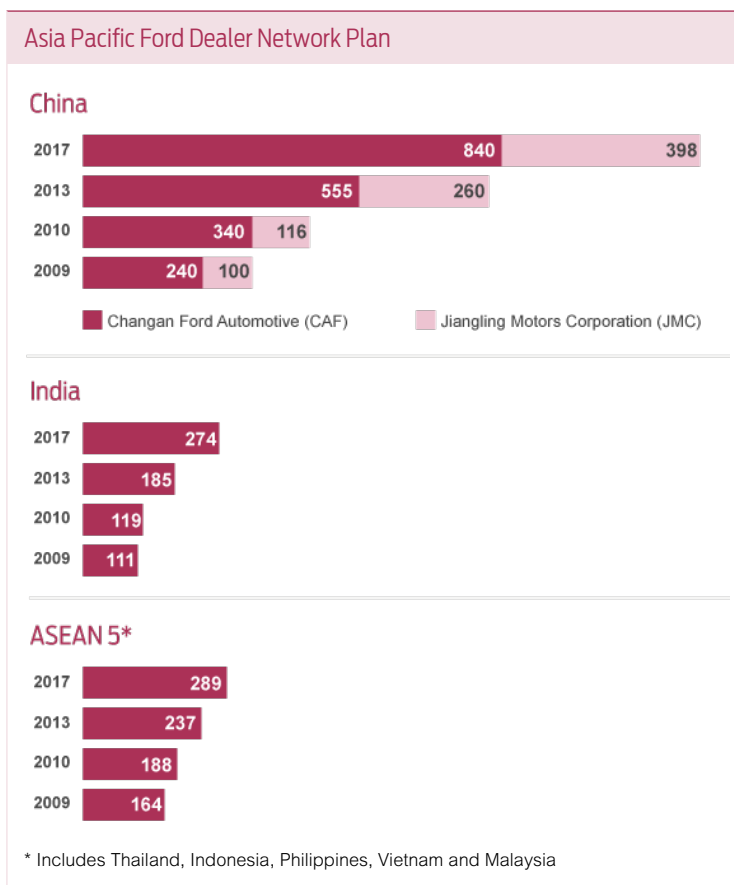


In China, Ford manufactures and sells passenger vehicles through its joint venture Changan Ford Automotive (CAF), in which it has a 50 percent stake. Commercial vehicles like the Ford Transit are manufactured and sold through Jiangling Motors

Corporation (JMC). Ford owns a 32 percent stake in JMC.

In 2013, we added about 100 dealers in China, bringing the total number of Ford dealers in China to over 600. This doesn't include new Lincoln dealers in China, which we are in the process of recruiting. We will be bringing the Lincoln portfolio to China in the second half of 2014 to tap into the luxury car segment in one of the world's most important auto markets.

In India, meanwhile, the number of dealers is projected to grow by 22 percent between 2013 and 2015. India is becoming a global export hub for Ford.



1. In U.S. dollars for the time period of 1995 through 2015.
2. IHS Automotive
3. In 2005 constant dollars at the purchasing power parity exchange rate.



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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. Its profits and distributions help support Ford's business, including vehicle development.

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 3.8 million retail customers as of year-end 2013. The company has about 6,200 full-time employees and provides financing in approximately 100 countries.

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.

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; it has utilized consistent and prudent credit standards for many years. Proprietary originations and collections models enable Ford Credit to finance a broader range of customers than if it used credit scores alone. The company provides world-class servicing.
- **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 required material licenses and permits, and it monitors proposed changes to relevant legal and regulatory requirements to remain compliant. Through governmental relations efforts, Ford Credit also attempts to participate in the legislative and administrative rule-making process on regulatory initiatives that affect finance companies.
- **Consumer Education and Focus:** Ford Credit is a long-standing supporter of and participant in financial education through organizations such as the American Financial Services Association (AFSA) program MoneySKILL, an online money management course for use with high school and college students, and Americans Well-Informed on Automobile Retailing Economics (AWARE), an AFSA industrywide group of which Ford Credit is a founding member. The company also participates in Junior Achievement; the Jump\$tart Coalition, which is dedicated to building financial literacy starting at a very young age; the Detroit Branch of the Federal Reserve Money Smart program; and other community and educational forums. Ford Credit's financial literacy workshop, "The 10 Ways to Achieve Financial Success," is presented across the United States by company volunteers to community and school groups, trade shows, conventions and other events. Ford Credit's website includes information in English and Spanish to help consumers make informed decisions about vehicle financing.
- **Customer Privacy and Service:** 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 works to provide a superior service experience, including programs offering payment deferrals following natural or other disasters.
- **Technology and Process Improvements:** Ford Credit continuously improves processes and uses technologies that drive efficiency and sustainability. These processes and technologies include customer services that facilitate online

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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.

- **Business Continuity:** Ford Credit maintains business continuity plans throughout the company to continue critical operations and deliver seamless dealer and customer service in the event of a business interruption.
- **Community:** Ford Credit has a long-standing 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.

In 2013, customers purchased some 6.3 million new Ford and Lincoln vehicles – 10 percent more than in the prior year and substantially more than the global industry's growth rate of 3 to 4 percent. Some of these customers bought our vehicles because we delivered products that met their needs better than before. Some bought them because we entered their markets for the first time. And still others bought our vehicles thanks to growing economic prosperity.

Such growth provides our company an opportunity to contribute to a better world through great products, good jobs, stronger communities – and the freedom of mobility. How we will do this is through what we call our "Blueprint for Mobility," which seeks to redefine the freedom of mobility we have enjoyed since Henry Ford began mass producing vehicles more than a century ago. Ford Motor Company is committed to being the leader in automotive mobility solutions.

When we announced the Blueprint for Mobility in early 2012, it 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. Throughout 2013, we continued to make progress implementing the Blueprint for Mobility, which is similar in concept to our overall Blueprint for Sustainability. The Blueprint for Mobility 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.

Our mobility vision aims for a holistic approach, blending smart transportation with intelligent vehicles and transport systems that are interconnected through a global technology network. We envision a 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 through automation, electrification, services and other technologies.

Today, we're developing new research vehicles, such as our [Ford Fusion Hybrid automated research vehicle](#), that are helping us explore the opportunities for automated technologies so we can bring them to market faster. In addition, the [C-MAX Solar Energi Concept](#), which captures electricity from solar panels on its roof, demonstrates a possible next step in electrified vehicles. And we're working on innovative "apps" that can transform the way we connect with our vehicles.

We see a future of connected cars that communicate with each other and the world around them to make driving safer, ease traffic congestion and sustain the environment. By doing this, we can have an even greater impact on the next 100 years than we did in our first century.

## Addressing the Future

As we look to 2020 and beyond, there are a number of changes we already can see:

- The global population is growing;

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- [Our Blueprint for Mobility](#)
- [Our Blueprint for Sustainability](#)

- Life expectancies are increasing; and
- Today's emerging markets are becoming the epicenter of growth.

We are already seeing this in China, once viewed as an emerging market. Today, China is the world's largest car market – and the world's largest market for luxury goods. In the next few years, we expect China also could be the largest market for luxury vehicles.

Consider that there are about 7 billion people in the world today. Yet within our lifetime, that number will approach 9 billion. Also, there are more than 300,000 people over the age of 100 in the world today. By 2050, that number could surpass 2.5 million. Finding ways to design vehicles with these customers in mind will need to be a focus.

Right now, there are about 1 billion vehicles on the road worldwide. And it took roughly 100 years to get to this level. Yet, with more people and greater prosperity, many experts believe that number will double in the next 20 years, and then possibly double again.

These challenges go 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.

Although our executive chairman, Bill Ford, started talking about our Blueprint for Mobility in 2011 at a [TED conference](#), we have been working on these issues for a number of years with a focus on three primary challenges: 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 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.

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 has become 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.

### Automated Fusion Hybrid and the Blueprint for Mobility

As the next step in our Blueprint for Mobility, we recently revealed our Ford Fusion Hybrid automated research vehicle that will be used to help us develop new automated driving and other advanced technologies.

In the future, automated driving may help us improve driver safety and manage issues such as traffic congestion and global gridlock. But there are still many questions that need to be answered and explored before this becomes a reality. The goal of the automated Ford Fusion Hybrid research project is to test the limits of full automation and determine the appropriate levels of automation for near- and mid-term deployment.

The ongoing Ford Fusion Hybrid project, in conjunction with the University of Michigan and State Farm, builds on more than a decade of Ford's automated driving research. The Fusion Hybrid automated vehicle will test current and future sensing systems and driver-assist technologies. We aim to advance development of new technologies with supplier partners that can be applied to our company's next generation of vehicles.

The Ford Fusion Hybrid was chosen as the test platform for the new research effort because it is an affordable consumer car and among the leaders in offering the most advanced driver-assist technologies in its class. Because the Fusion Hybrid is built upon the latest common global electrical architecture, we expect that the work we do on this vehicle will be relevant across other vehicle platforms for some time.

Developing the necessary infrastructure to support a sustainable transportation ecosystem will require the collaboration of many partners across multiple industries. State Farm and the University of Michigan's robotics and automation research team are critical to creating the visionary research project. Ford is responsible for developing the unique components that allow the vehicle to



function at high levels of automation. The University of Michigan is leading key algorithm development in several areas, including 3-D mapping, localization (e.g., knowing where you are), and planning a safe pathway through the driving environment.

State Farm, meanwhile, is providing expertise by identifying the significant issues to address based on its repository of vehicle accident claims. The insurance company is also data mining our results to understand how a car driven by a human differs from a car driven by a computer. And, State Farm is studying the implications of automated driving for both the automotive and the insurance industries.

## Traffic Tamer Challenge

Traveling the streets of London can be an exercise in stress and frustration. Motorbikes, taxis, buses, cyclists, trucks and auto drivers – not to mention pedestrians – all compete on crowded and often narrow city streets.

The word “congestion” is an understatement when it comes to London traffic. In 2012, congestion cost Britain an estimated 4.3 billion (GBP) or the equivalent of 491 (GBP) per commuting household.<sup>1</sup>

Ford is working to change this. We challenged developers around the world to submit new or existing software applications that have the potential to assist in reducing traffic congestion and make commuting easier. The Traffic Tamer App Challenge ran between October 2013 and March 2014. A total of 23 individuals and teams met the full terms of the contest at the submission deadline in March.

We awarded a total of \$25,000 in prize money to [four winners](#), including the grand prize of \$10,000.

Developers were encouraged to use Ford's OpenXC platform, a combination of open source hardware and software designed to create customized vehicle applications and modules.

This wasn't our only “app” challenge. We also challenged developers to help customers optimize their own fuel-economy performance using the [OpenXC](#) platform. We're planning more “open” platform experiments for 2014.

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1. Source: INIRX



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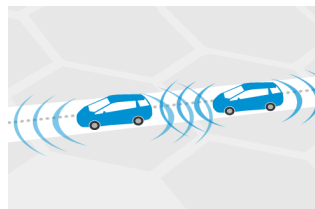
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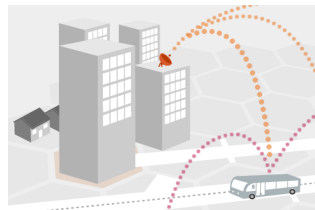
## Our Blueprint for Mobility

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-vehicle communications

Vehicles will "talk" to one another, transmitting safety messages.



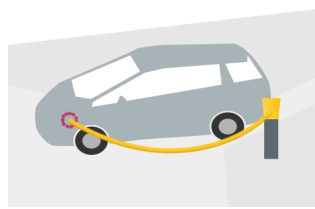
### Vehicle-to-infrastructure technologies

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



### 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.



### Electrified vehicles

Electrified vehicles will be more commonly used as shared modes of transport for urban users. Vehicles will be parked at charging stations and may well get their power through solar panels, like in our C-MAX Solar Energi Concept prototype.



## Digital maps and cell-based communications

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

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.

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.

Ford was founded on the notion of opening the highways to all mankind, and we still believe in providing accessible, personal mobility for everyone. Our Blueprint for Mobility 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 – and provide seamless mobility for all.

In the near term (roughly the next five to seven years), technologies – including some that are already in vehicles – will continue to improve. 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 may enable improved safety while allowing more vehicles to share the road. New technologies will provide more sophisticated systems of semiautomated driving.

We're working, for example, with the University of Michigan's Transportation Research Institute's [Connected Vehicle Safety Pilot Program](#), which is testing real-world implementation of connected vehicle safety technologies, applications and systems.

Everything in our Blueprint is achievable in the future based on existing technology. The key challenges are making the offerings 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 elements of the Blueprint. 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.

Five to Seven Years	2017–2025	2025+
<p><b>Near Term</b></p> <ul style="list-style-type: none"> <li>▪ Ford Motor Company to be at the forefront of developing increasingly intuitive in-car mobile communication options and driver interfaces.</li> <li>▪ Further development of projects such as the vehicle-to-vehicle warning systems currently being tested in the Ann Arbor (Michigan) Safety Pilot Model Deployment and a system to proactively alert drivers to traffic jams and accidents which is being explored at Ford's European Research and Advanced Engineering Centre in Aachen, Germany.</li> <li>▪ The delivery of a better connected, safer and more efficient driving experience with limited automated</li> </ul>	<p><b>Mid Term</b></p> <ul style="list-style-type: none"> <li>▪ The introduction of semiautomated 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.</li> <li>▪ 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 semiautomated and automated highway lane</li> </ul>	<p><b>Long Term</b></p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ The development of a true network of mobility solutions, with personal vehicle ownership complemented by greater use of connected and</li> </ul>

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 marketing collaboration with Zipcar, the world's largest carsharing and car club service, and [our new carsharing program in Germany](#).

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 spots at destinations.
- The emergence of an integrated 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.

efficient shared services, and completely new business models contributing to improved personal mobility.



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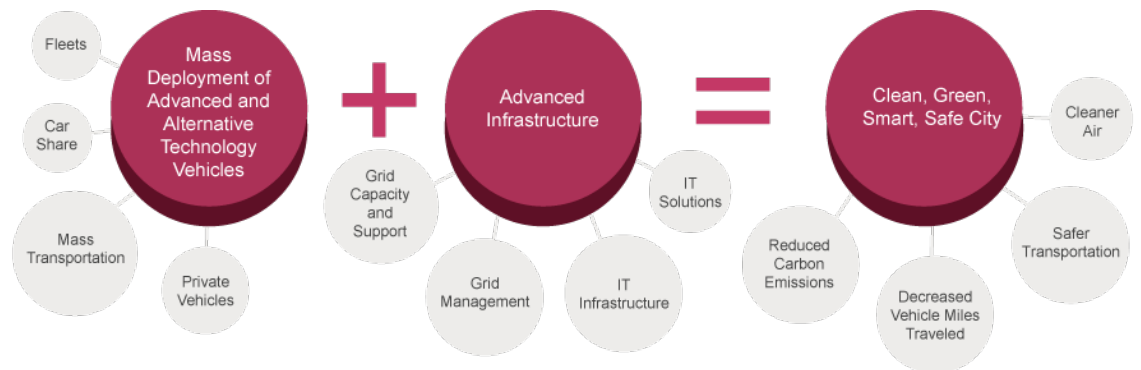
## New Models of Mobility

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.

Our dedicated research lab in California's Silicon Valley is part of our commitment to make technology affordable for millions. The Ford lab, which opened in 2012, 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.

Shared models of car ownership will also be increasingly important, especially in urban areas, where a peer-to-peer system of shared vehicles offers promising solutions. Electrification can enable more economical, more efficient and more environmentally friendly options. In addition, younger generations of consumers seem to have different relationships to cars that make them better suited to new models of mobility.

We have been involved in several carsharing research projects that are designed to develop new models and methodologies for systems that integrate vehicle sharing and public transportation systems.



### 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. Carsharing offers an approach that can provide those benefits while reducing congestion and the environmental impacts of the private automobile.

According to a Ford Motor Company-sponsored poll,<sup>1</sup> more than half of Europeans – 56 percent – would consider car sharing, either through a formal program or through private arrangements. Drivers increasingly see carsharing 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 at Berkeley<sup>2</sup> estimated

that one carshare vehicle replaces anywhere from nine to 13 vehicles on the road. That includes four to six direct replacements; the rest are avoided purchases.<sup>3</sup>

In 2013, we announced a collaboration between Ford of Germany and our dealer network. Ford Carsharing is a joint effort between Ford Motor Company and Flinkster, the largest carsharing network in Germany. Owned by Deutsche Bahn, Flinkster provides technology support for Ford Carsharing, including the Web- and smartphone-based booking system for carshare participants and for the German Ford dealer association. The day-to-day business is run by the local Ford dealers.

As of March 2014, 32 dealers in 42 cities were participating, offering 95 vehicles to customers through the Ford Carsharing program. Because the carsharing program is integrated into the larger Flinkster mobility platform, Flinkster's 250,000 customers can access the Ford Carsharing vehicles while Ford Carsharing customers can access the 3,000 vehicles in the Flinkster fleet. Within the first year, we had 2,000 bookings with customers who drove more than 115,000 kilometers combined on Ford Carsharing vehicles.

Ford Carsharing taps into a potential customer base by offering a chance to experience Ford vehicles.

As a company, we are committed to a collaborative and integrated approach to future mobility. Ford Carsharing 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

As we look at the mega-trends (below) shaping the future, a business model built on private ownership of automobiles comes with inherent challenges, including increasingly diverse and fragmented markets for traditional automobile sales. We see this as an opportunity 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<sup>1</sup>. The migration of rural populations to urban areas often outpaces infrastructure development, leading to overcrowded, substandard living conditions and inconvenient, congested transportation systems.
- Congestion:** Traffic congestion is estimated to cost the U.S. \$67.6 billion annually, and the average metropolitan driver endures 27 hours of traffic delays each year. In many places, especially developing countries, traffic delays are considerably worse, and are increasing at an alarming pace. As more vehicles crowd limited road networks, congestion increases. This, in turn, creates pollution, reduces fuel efficiency and wastes travelers' time.
- 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.
- 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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Mobility issues are complex and rapidly changing – and 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 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's technology transfer collaborations, which are active globally, 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).

Ford and SMART are leveraging each other's strengths to develop New Mobility business opportunities and markets while seeking to improve quality of life, employment and other community benefits in cities around the world over the long term.

SMART has been working with Ford's support to develop new visual and analytical platforms and tools for advancing new mobility industry development and enterprise. These tools are focused on understanding how markets grow in general, and how they grow for New Mobility in particular, to support economic development from Mobility. Additional projects are assessing cultural and demographic shifts and entrepreneurship with the objective of informing our product, service and technology development as well as our new mobility marketing strategies.

This approach is reflected in our support for educational goals as well. SMART and Ford are among several organizations funding programs at the University of Michigan's Zell Lurie Institute, which gives students real-world experience studying and applying scalable, energy-efficient mobility systems that have been deployed in countries around the world.

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.

### Ford-Branded Bicycles

What's an automobile manufacturer doing working on bicycles? Furthering our vision for urban mobility.

In 2013, we announced a partnership with Dahon, a leader in folding bicycles, to produce a complete line of new Ford-branded bicycles. Expected to launch in 2014, the licensing agreement will create a range of folding bicycles and electronic bikes (also known as e-bikes) for adults and children.

Both Ford and Dahon are committed to delivering smart, high-quality mobility solutions that meet customers' needs. Together, the two companies hope to influence more people to change their transportation habits and reduce carbon emissions.



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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. Many generations later, and half a world away, a 21<sup>st</sup>-century Ford vehicle brought that vision to life – quite literally.

In the remote hills of Tamil Nadu, India, an innovative pilot project sponsored by Ford Motor Company helped several dozen pregnant women overcome geographical and technological barriers that are roadblocks to adequate health care.

Called Sustainable Urban Mobility with Uncompromised Rural Reach (SUMURR), the program made use of a Ford Endeavour that was designed to handle difficult terrain and traverse areas previously unreachable by four-wheeled vehicles. Medical professionals traveled in the Endeavour to reach their patients and to transport those patients to clinics. The health care teams also could use their laptops and cell phones to connect – via a wireless connection – to doctors and medical records. In all, 41 pregnant women delivered healthy babies thanks in large part to the Ford pilot project.

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 partnered 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 2012 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.

Following the success of the pilot, we're exploring similar programs in other parts of rural India and in other countries 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.

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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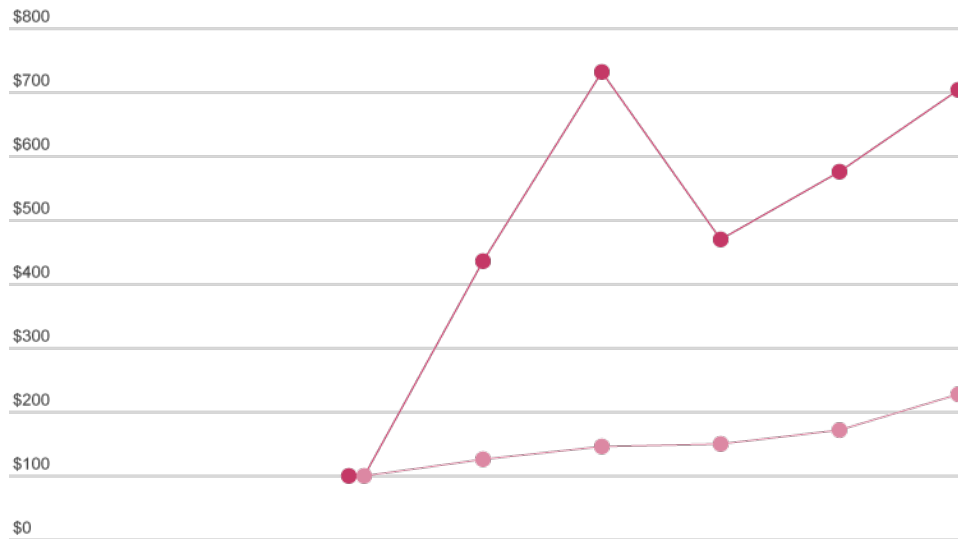
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A. Cumulative Shareholder Five-Year Return



	Base 2008	2009	2010	2011	2012	2013
S&P 500	100	126	146	149	172	228
Ford	100	437	733	470	576	705

Provided by third party: Standard & Poor's, a division of the McGraw Hill Companies, Inc.

Data notes and analysis

Updated data to reflect 2008 base.

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

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B. Selected Financial Performance Indicators

	2008	2009	2010	2011	2012	2013
Revenues (\$ billion)†	146.3	116.3	129	136	133.6 <sup>1</sup>	146.9
Net income/(loss) attributable to Ford Motor Company (\$)	(14.7)	2.7	6.6	20.2	5.7	7.2

	billion)†					
Stock price range (per share) (\$)	1.01–8.79	1.50–10.37	9.75–17.42	9.05–18.97	8.82–13.08	<b>12.10–18.02</b>
Diluted per share amount of net income/(loss) (\$)	(6.46)	0.86	1.66	4.94	1.42	<b>1.76</b>
Cash dividends per share declared (\$)†	0	0	0	0.05	0.15	<b>0.4</b>
Automotive gross cash (\$ billion) <sup>2</sup>	13.4	24.9	20.5	22.9	24.3	<b>24.8</b>
Shareholder return (percent)‡	(66)	337	67.9	(36)	23	<b>22</b>

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

‡ Provided by third party: Standard & Poor's, a division of the McGraw Hill Companies, Inc.; includes reinvestment of dividends

### Data notes and analysis

1. Revenues for 2012 were restated due to a retroactive accounting policy change.
2. Automotive gross cash includes cash and cash equivalents and marketable securities, net of any securities-in-transit.

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					
	2008	2009	2010	2011	2012	<b>2013</b>
Institutional Investors:	57	47	57	48	51	<b>52</b>
Top 15	33	28	29	23	25	<b>24</b>
Others	24	19	28	25	26	<b>28</b>
Employees and Management	12	9	7	7	7	<b>6</b>
Individuals <sup>1</sup>	31	44	36	45	42	<b>42</b>

‡ Provided by third party

### Data notes and analysis

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

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

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## D. Worldwide Income Taxes Paid

	\$ million					
	2008	2009	2010	2011	2012	<b>2013</b>
Income taxes paid / (refunded)	553	(764)	73	268	344	<b>538</b>

### Data notes and analysis

We are now reporting our Worldwide Income Taxes Paid, details of which can be found in the [10-K](#) on FS-74.

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

Total "things gone wrong" per 1,000 vehicles



	2008	2009	2010	2011	2012	2013
	1,287	1,206	1,140	1,447	1,373	1,388

Third party rating

### Data notes and analysis

Global full-year "things gone wrong" (TGW) was 1,388 compared to 1,373 in 2012, an increase of 1 percent. 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 boosting 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. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. For the 2011 model year, we began reporting global GQRS TGW data. In previous years we had reported only North American region GQRS TGW data. In addition, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, the 2011 results are not comparable to previous years.

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## B. GQRS Customer Satisfaction (3 months in service)

Percent satisfied



	2008	2009	2010	2011	2012	2013
	77	80	82	68	72	72

Third party rating

### Data notes and analysis

In 2013, global full-year customer satisfaction was 72 percent, the same as 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 boosting 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. The Global Quality Research System (GQRS) is a Ford-sponsored competitive research survey. For the 2011 model year, we began reporting global GQRS TGW data. In previous years we had reported only North American region GQRS TGW data. In addition, we changed the GQRS survey to include additional questions on vehicle entertainment and information systems. Therefore, the 2011 results are not comparable to previous years.

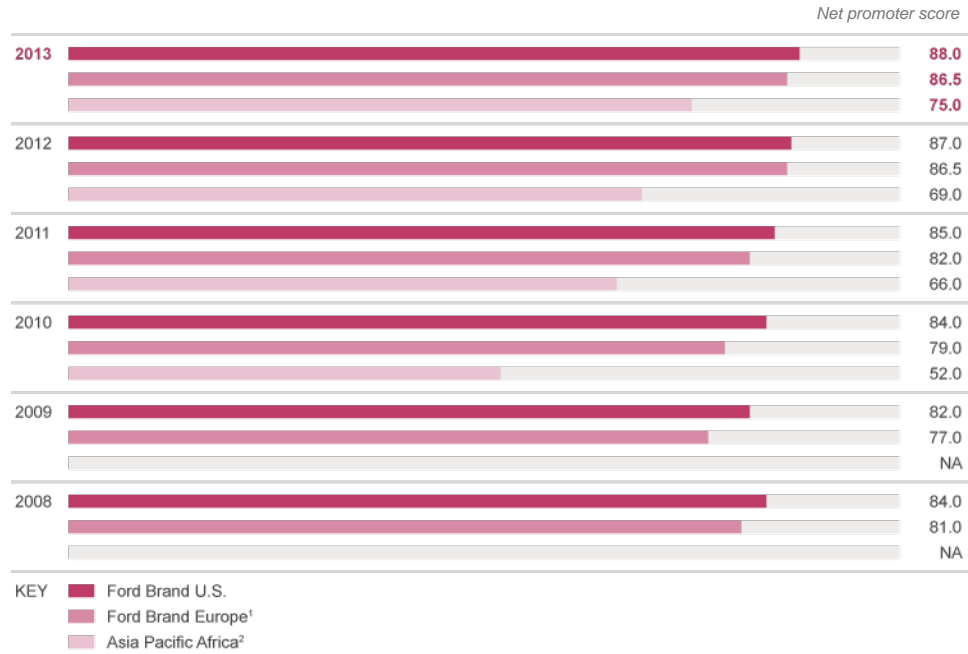
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## C. Sales Satisfaction with Dealer/Retailer



	2008	2009	2010	2011	2012	2013
Ford Brand U.S.	84.0	82.0	84.0	85.0	87.0	88.0
Ford Brand Europe (UK, Germany, Italy, France, Spain) <sup>1</sup>	81.0	77.0	79.0	82.0	86.5	86.5
Asia Pacific Africa <sup>2</sup>	NA	NA	52.0	66.0	69.0	75.0

### Data notes and analysis

1. European sales and service satisfaction with dealers and retailers are net promoter scores based on 24 European markets, including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

2. We initiated the sales satisfaction with dealer/retailer in our Asia Pacific Africa region in 2010.

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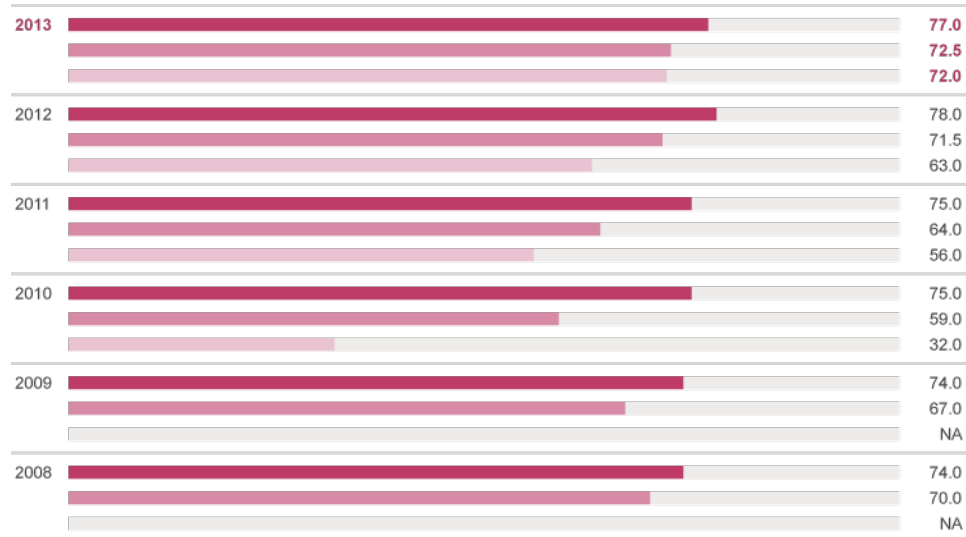
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## D. Service Satisfaction with Dealer/Retailer

*Net promoter score*





KEY

- Ford Brand U.S.
- Ford Brand Europe<sup>1</sup>
- Asia Pacific Africa<sup>2</sup>

	2008	2009	2010	2011	2012	2013
Ford Brand U.S.	74.0	74.0	75.0	75.0	78.0	77.0
Ford Brand Europe (UK, Germany, Italy, France, Spain) <sup>1</sup>	70.0	67.0	59.0	64.0	71.5	72.5
Asia Pacific Africa <sup>2</sup>	NA	NA	32.0	56.0	63.0	72.0

#### Data notes and analysis

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 net promoter scores based on 24 European markets, including Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.
2. We initiated the service satisfaction with dealer/retailer in our Asia Pacific Africa region in 2010.

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Voice: Larry Fink

# 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 Market Share – United States](#)
- D. [Ford Credit 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 \(Customers Disposing of a Ford Motor Company Product and Acquiring Another\)](#)

View all data on this page as [charts](#) | [tables](#)

## A. Ford Motor Company Market Share – United States



	2008	2009	2010	2011	2012	2013
	14.2	15.3	16.4	16.5	15.2	15.7

Reported to regulatory authorities

### Data notes and analysis

2012 market share was adjusted to correct a decimal place error.

The competitive environment in the United States remains intense. In 2013, our market share was up 0.5 percentage points to 15.7% of the industry.

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## B. Ford Motor Company Market Share – Europe



	2008	2009	2010	2011	2012	2013
	10.0	9.1	8.4	8.3	7.9	7.8

Reported to regulatory authorities

### Data notes and analysis

In 2013, Ford was again the second best-selling car brand in the traditional 19 markets we tracked in Europe. Our continued market strength reflects the strong momentum of our new or refreshed vehicles, including the B MAX, Fiesta, Kuga, Tourneo Custom, and Transit Custom. Within the 19 markets, Britain and Germany are our highest-volume markets. Any change in the British or German market has a significant effect on the results of Europe.

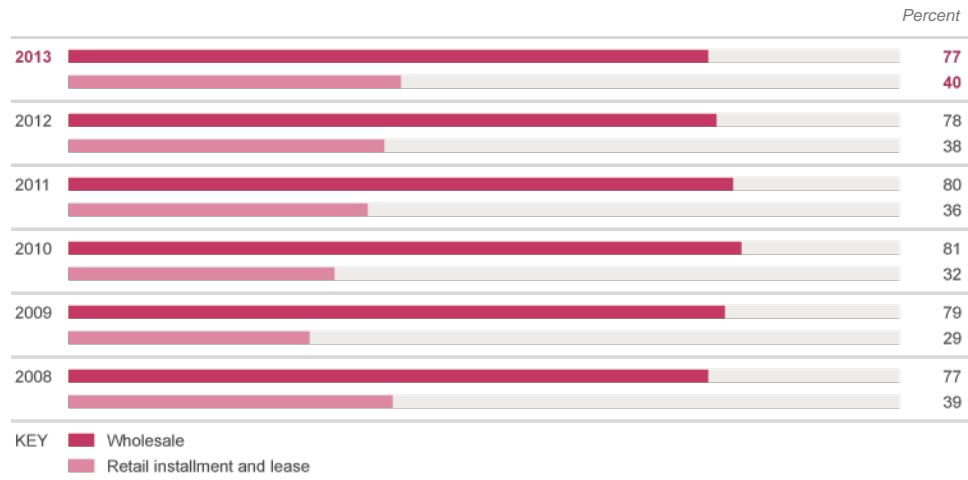
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**C. Ford Credit Market Share – United States**



	2008	2009	2010	2011	2012	2013
Wholesale	77	79	81	80	78	77
Retail installment and lease	39	29	32	36	38	40

📄 Reported to regulatory authorities

**Data notes and analysis**

These data include Ford, Lincoln and Mercury brands only.

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

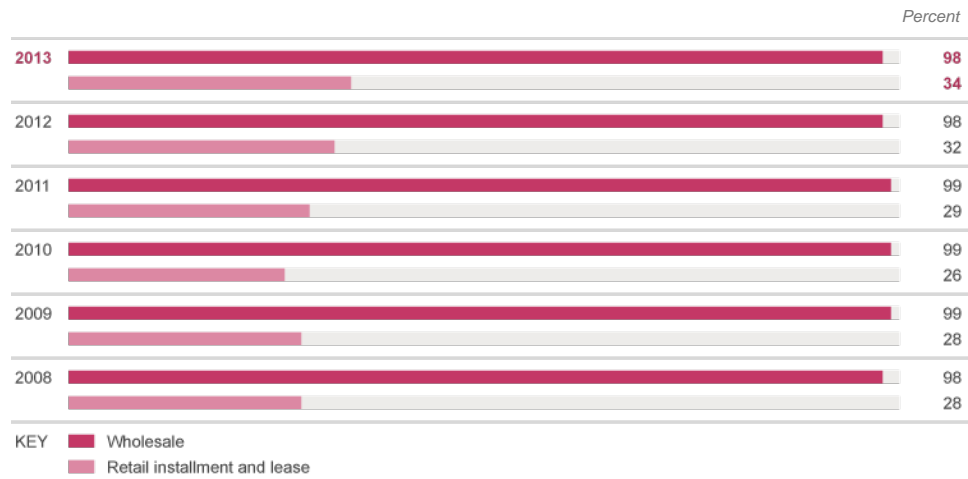
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**D. Ford Credit Market Share – Europe**



	2008	2009	2010	2011	2012	2013
Wholesale	98	99	99	99	98	98
Retail installment and lease	28	28	26	29	32	34

### Data notes and analysis

These data include Ford brand only.

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

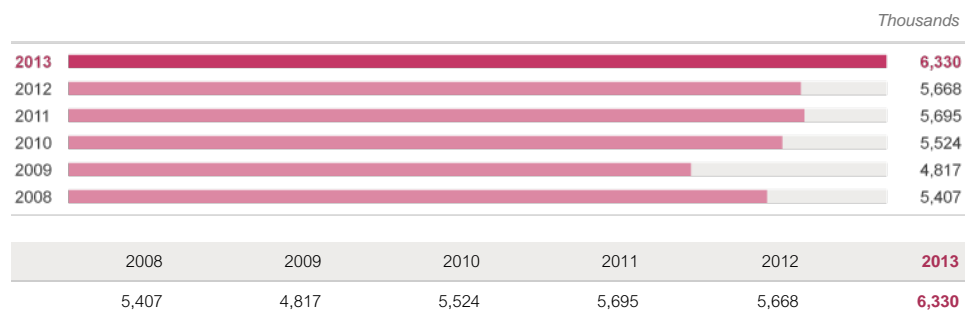
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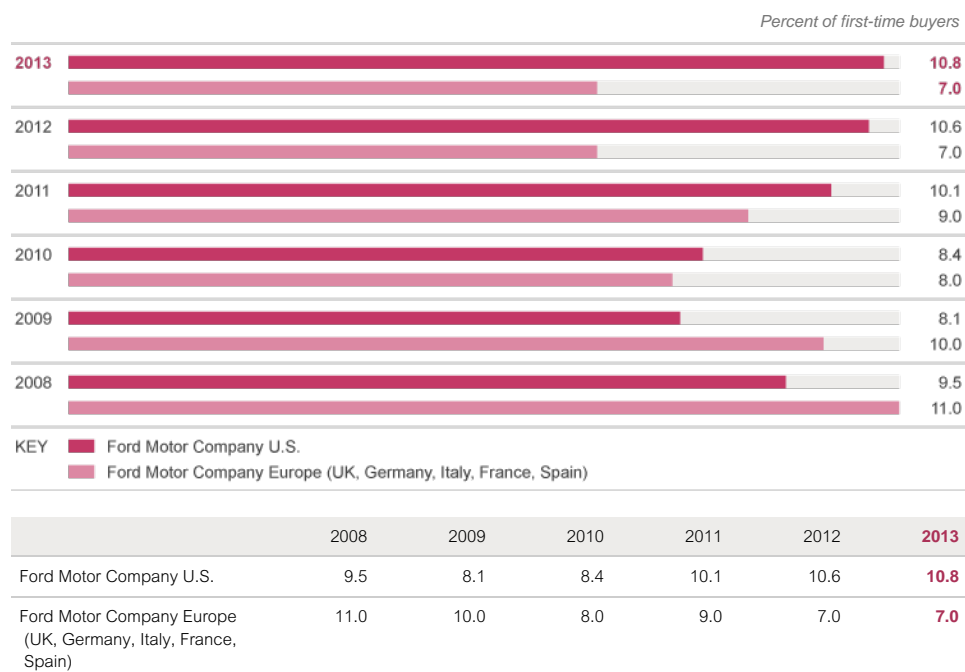
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## E. Summary of Vehicle Unit Sales



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



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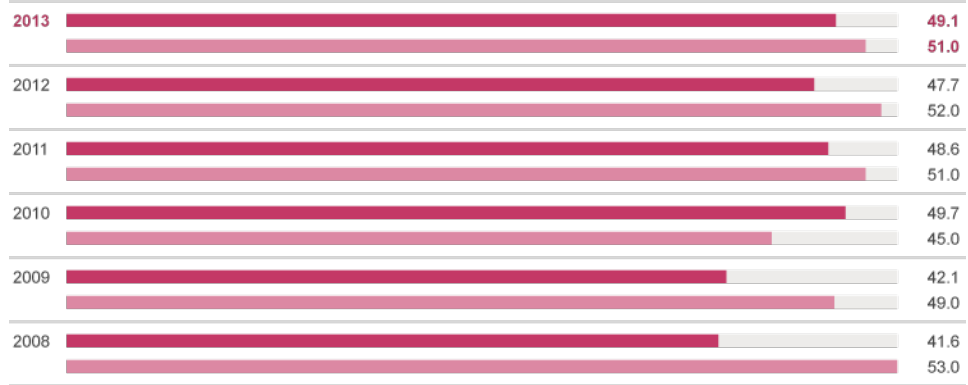
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## G. Owner Loyalty (Customers Disposing of a Ford Motor Company Product and Acquiring Another)

*Percent loyal to corporation*



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

	2008	2009	2010	2011	2012	2013
Ford Motor Company U.S.	41.6	42.1	49.7	48.6	47.7	49.1
Ford Motor Company Europe (UK, Germany, Italy, France, Spain)	53.0	49.0	45.0	51.0	52.0	51.0

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Case Study: The Future of Pickup Trucks

Voice: Larry Fink

# Data: Innovation

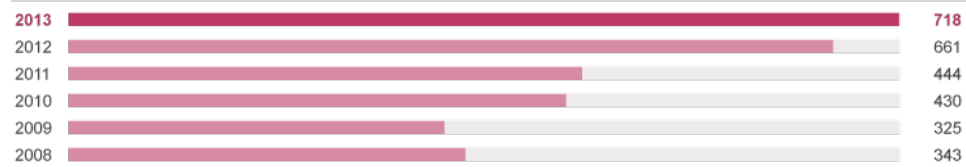
## Data on this page

A. [U.S. Utility Patents Issued to Ford and Subsidiaries](#)

View all data on this page as [charts](#) | [tables](#)

## A. U.S. Utility Patents Issued to Ford and Subsidiaries

Number of patents issued



	2008	2009	2010	2011	2012	2013
	343	325	430	444	661	718

## Data notes and analysis

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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**Case Study: The Future of Pickup Trucks**

Voice: Larry Fink

## Case Study: The Future of Pickup Trucks

Ford's F-Series lineup of full-size pickup trucks, developed more than six decades ago, has been the best-selling truck in the U.S. for 37 years and the best-selling vehicle of any kind for 32 years.

When it came time to update the F-150, one of Ford's most important products, we faced a pivotal question: How do you improve on such a successful vehicle? Do you change it incrementally or take a leap forward? We chose the leap forward approach, reinventing the 2015 F-150 as the toughest, smartest and most capable F-150 yet. It's all-new from the wheels up. We rethought everything from the materials used to the engines offered, because it was the right thing to do for our customers and helped to align the vehicle with our [Blueprint for Sustainability](#).

The 2015 F-150 demonstrates how capability and efficiency do not have to be mutually exclusive. When designing the all-new F-150 to meet or exceed the toughness F-Series customers depend on, Ford invested in advanced materials that improve stiffness and durability while reducing weight to improve towing, payload and gas mileage.

Starting with the signature fully boxed frame, Ford engineers increased the use of high-strength 70,000-psi steel – from 23 percent to 77 percent of the frame. The new frame is up to 60 pounds lighter than the previous model. High-strength, military-grade, aluminum alloys – already used in aerospace, commercial transportation, energy and many other rugged industries – are used throughout the F-150 body for the first time, improving dent and ding resistance, and also saving weight. Overall, up to 700 pounds of weight have been saved, helping the F-150 haul more, accelerate quicker and stop shorter, all while contributing to efficiency.

Changes were made under the hood as well, with four engine options that include an all-new 2.7L EcoBoost® with standard Auto Start-Stop technology, delivering an important combination of power and efficiency. The 2015 F-150 also showcases a wide range of features, described below, in line with our approach to make vehicles that are green, safe, smart and of the highest quality. We have filed for more than 100 patents related to the all-new F-150.

### Green

Features of the all-new F-150 that build on the weight reduction to achieve better fuel economy include:

- Four engine choices, including an all-new, even more efficient 2.7L EcoBoost engine that offers the same power as some mid-range V8s and includes extremely high output, lightweight design and standard Auto Start-Stop. Customers can also choose a 3.5L V6 engine with twin independent variable camshaft timing, downsized from a 3.7L engine because the truck's lighter weight allowed us to use a smaller engine while maintaining the same power to weight ratio. Also available are the proven 3.5L EcoBoost and the 5.0L Ti-VCT V8.
- Auto Start-Stop technology. Unlike start-stop solutions in other vehicles, this technology – specially tuned for truck customers – shuts off the engine to save fuel when the vehicle is stopped, except when towing or in four-wheel drive. The engine restarts in milliseconds when the brake is released.
- Active Grille Shutters on models equipped with EcoBoost engines. Active Grille Shutters stay open when extra engine cooling is needed, such as during low-speed stop-and-go driving or while working in hot weather. They automatically close to reduce aerodynamic drag at cruising speed.

### Safety and Driver Assist



Before the first 2015 F-150 rolls off the assembly line, it will have been subjected to thousands of hours and more than 10 million miles of combined real-world and simulated durability testing.

1948

First F-Series trucks built

41 seconds

A new F-series truck sold, on average, in 2013

33+ million

F-series trucks sold since 1948

11 innovations

Available for the first time in a light-duty pickup



In addition to a standard set of safety features, the F-150 features leading technologies that automatically assist drivers. They join available driver aids, including SYNC® with MyFord Touch®, hill start assist, MyKey®, rear view camera, reverse sensing and trailer brake controller to manage a trailer's brakes.

- Second-row inflatable safety belts, which work like a traditional belt but include a tubular airbag that inflates in the event of a crash and distributes the force of the impact across a wider area of the passenger's chest;
- Curve Control, which automatically provides more aggressive four-wheel braking when the truck is going into a corner too fast;
- Adaptive cruise control, allowing drivers to set a cruising speed and use radar technology to monitor traffic ahead and maintain a safe distance between vehicles;
- Lane-Keeping System, which is designed to help avert unintentional drifting of the vehicle outside the intended driving lane by automatically detecting the left- or right-hand road lane markings using a camera mounted between the windshield and interior rearview mirror; and
- Blind Spot Information System with Cross-Traffic Alert, which uses radar hidden in the taillamps to detect a vehicle entering a driver's blind spot while driving or backing up.

## Smart

From farms to construction sites, our customers want a truck that is a dependable partner, a mobile office and a go-anywhere workshop. The F-150 uses more technology than ever to stay connected and work efficiently, including:

- New 8-inch LCD productivity screen in the instrument panel, which includes updated truck apps – from fuel economy to towing tips – and the ability to create a customized home screen for customers to access their most frequently used apps in one place.
- Trailer hitch assist, a new rearview camera feature that adds a dynamic line based on steering wheel angle in the display to help customers line up truck and trailer without requiring a spotter or having to get out of the vehicle.
- Smart trailer tow module, using an all-new smart trailer tow wiring harness that helps identify and inform the driver of potential trailer connectivity issues, burned or unlit trailer marker lamps, and brake light and trailer battery faults.
- LED spotlights on sideview mirrors, which provide powerful, durable and bright lighting around the truck exterior.
- LED lighting embedded in the walls of the cargo box, which brightly illuminates the box interior to help customers quickly find tools or other items.
- Integrated loading ramps, which enable easy loading of ATVs, motorcycles and mowers.
- BoxLink™, which is a combination of metal brackets and custom cleats used to secure a variety of accessories in the cargo box, from ramps to storage bins to bed dividers.
- Remote tailgate, allowing for the tailgate to be locked, unlocked and released with the key fob – eliminating manual locking and increasing convenience and security. The tailgate also is damped, dropping down, hands-free, to a flat position when opened.
- High-wattage power outlets (400 watts, 110 volts) in the cab, allowing drivers to easily charge corded tools, battery chargers or mobile devices on-site or while driving.
- Next-generation tailgate step, which is now fully integrated inside the tailgate and virtually invisible when not in use.
- Rear under-seat storage in F-150 Super and Crew cabs, providing hidden storage for valuables. Two storage bins also are located underneath the rear seats.
- Boxside step, now available for the short 5.5-foot box.

## Quality

Before the first 2015 F-150 rolls off the assembly line, it will have been subjected to thousands of hours and more than 10 million miles of combined real-world and simulated durability testing.

The new F-150 towed trailers over mountain passes in temperatures above 120 degrees, withstood frame-punishing terrain on an off-road course and conquered a frozen lake at minus 40 degrees. It endured high-humidity chambers, salt vats and riverbeds. The F-150 towed heavy loads up grueling, steep roads.

Robots slammed doors, seats and tailgates thousands of times over, and dropped heavy objects onto the bed of the truck. It persevered through twisting and shaking from multiple directions for days at a time. Some Ford tests are so extreme that a five-day period equals 10 years or 150,000 miles of abuse by the roughest customers.

To test the high-strength, aluminum alloy for corrosion, Ford developed a modified, more aggressive corrosion test using an acidified spray. After simulating 10 years of exposure, the aluminum material showed virtually no signs of degradation. Ford even developed an all-new paint process for aluminum, and will lay claim to the two highest-volume aluminum paint shops in the world.



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Case Study: The Future of Pickup Trucks

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# Voice: Larry Fink

Chairman and Chief Executive Officer, BlackRock

“When companies are transparent about their sustainability efforts, investors and customers can understand what the company is doing and why. Without such understanding, companies won’t get credit for what they are doing well or for improvements they make, and investors won’t be able to direct their capital appropriately.”



How we do plan for the future? As an investor with a strong fiduciary duty to our clients, it is something we at BlackRock ask ourselves constantly. Most of the assets we manage are intended to help support people in their retirements – retirements that are often 20 or 30 years in the future and may last another 20 or 30 years beyond that.

That’s why the issue of financial sustainability is at the center of our thinking. How do we find companies to invest in that will deliver sustainable growth, not just for several quarters, but for many years? How do we help clients, whether they are corporations or individuals, identify strategies that will deliver the returns to meet obligations that may stretch decades into the future? How do we ensure our own strategy as a firm is sustainable, so we can continue to deliver on our commitments to our clients, our people and our own shareholders for years to come?

While businesses must navigate many near-term challenges, those that keep an eye on the future are typically better able to weather the challenges that come along – from unexpected storms like the financial crisis to ongoing challenges like climate change. That’s because they’ve made the investments that foster long-term, sustainable growth, instead of looking for an easy short-term payout.

It concerns us as a long-term investor that, in the wake of the financial crisis, many companies have shied away from investing in the future growth of their companies, often by favoring buybacks or dividend increases over making investments in their future growth. We certainly believe that returning cash to shareholders should be part of a balanced capital strategy; however, when done for the wrong reasons and at the expense of capital investment, it can jeopardize a company’s ability to generate sustainable long-term returns.

We do recognize the balance that must be achieved to drive near-term performance while simultaneously making those investments that will sustain growth – in innovation and product enhancement, capital and plant equipment, employee development and internal controls and technology.

Financial sustainability also demands that companies be mindful of their social and environmental impact. Companies affect and are affected by any number of social and environmental trends – increased longevity, pollution and climate change, natural resource depletion and changing consumer attitudes, to name a few. By monitoring their own impact (and that of others), companies are better able to assess both risks and opportunities, giving their shareholders, customers and employees a distinct advantage.

When companies are transparent about their sustainability efforts, investors and customers can understand what the company is doing and why. Without such understanding, companies won’t get credit for what they are doing well or for improvements they make, and investors won’t be able to direct their capital appropriately. The quality of a company’s leadership has a profound impact on (and relationship to) the way it approaches issues of sustainability. When investing on behalf of clients, we evaluate how environmental, social and governance factors impact financial performance. And those assessments depend, in part, on a company’s transparency.

We also work with clients to match their expectations for investment returns with the development and sustainability priorities of communities around the world. For example, we recently helped a client with the world’s largest “green” bond project to date: a \$1 billion offering with a major European insurance group. The project is a “win-win” that provides the company with attractive returns while strengthening the market for these types of “green” securities. The transparency, liquidity and impact reporting of green bonds contribute to the creation of a robust and credible market, and the bonds themselves support projects that improve local communities worldwide.

At BlackRock, we know that the financial sustainability of our own company is closely intertwined with environmental and social issues. While we do not have a particularly large direct impact from our own operations, due to the nature of our business, we are nonetheless conscious of doing our part. When BlackRock needed to build a new data center – something that obviously takes an enormous amount of energy to run – we decided to locate it in upstate New York so that we could access hydropower in the area. This not only limited the environmental impact, it also made economic sense. We pay 3 cents per kilowatt hour (kWh) in that location; just a few hours away, in New York City, we pay 22 cents per kWh, and in Germany, for example, we would pay 46 cents per kWh.

Perhaps the greatest challenge to financial sustainability for our society today, however, is the one posed by the effects of longevity. The blessing of longer lives has created financial obligations that many institutions and individuals are simply not prepared to meet. People need to understand the longer arcs of their lives and rethink how they plan to support themselves through their entire lives, including through retirements that might be much longer than they anticipated. It's a complex challenge that workers and their employers, as well as policy makers, all have an urgent need to address.

Ultimately, we believe that the question of financial sustainability comes down to a shared responsibility – the responsibility of businesses, governments and individuals to take a long-term view, be aware of how the world is changing and help prepare for that future.