



# ***Manufacturing Transformation***

**Joe Hinrichs  
Group Vice President,  
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# ***TRANSFORMATION THROUGH “ONE FORD”***

- **Deliver smaller vehicles in global segments beginning in mid-2009**
- **Over 40% of Ford’s entries in these segments to be shared with Ford of Europe by 2010, with 100% alignment achieved by 2013**
- **Every new product expected to be the best or among the best in its segment for fuel economy driven by the most extensive powertrain upgrades ever for Ford**
- **Supported by a lean, flexible manufacturing system in which capacity matches demand**
- **Progress in fixing the fundamentals of the business to continue, including a continued reduction in structural costs in 2009 and broadening the ongoing consolidation of the U.S. dealer network**



# BALANCED PRODUCT PORTFOLIO

**2009 F-150**



**Ford Focus ECONetic (UK)**



**2009 Flex**



**NA Fiesta Concept**



**2009 Lincoln MKS**



**Transit Connect**



# ***MANUFACTURING TRANSFORMATION***

- **Closed 12 plants since 2003, including 7 assembly plants**
- **Unprecedented Competitive Operating Agreements in advance of national labor contract negotiations**
- **Balanced product portfolio, appropriate pricing, lower fixed costs**
- **Approval of contract provisions regarding health care will remove \$1 billion in annual legacy cost**
- **Conversion to entry level employees lowers fixed cost base**
- **Savings from global platforms**
- **Efficiencies in product development, engineering, prototype, testing and materials**



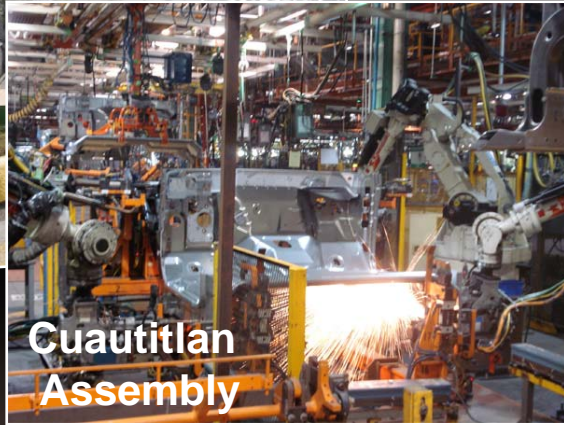
# ***LEAN, FLEXIBLE MANUFACTURING SYSTEM***

- **Three truck assembly plants converted to small car production with initial changeover beginning this November**
- **Nearly all North American assembly plants to have flexible body shops**
- **Nearly half of our transmission and engine plants to be flexible**
- **Assembly capacity to match demand**
- **Targeted hourly buyouts at select U.S. facilities to continue**





# MANUFACTURING REALIGNMENTS



**Cuautitlan  
Assembly**



**Michigan  
Truck**



**Kentucky Truck**



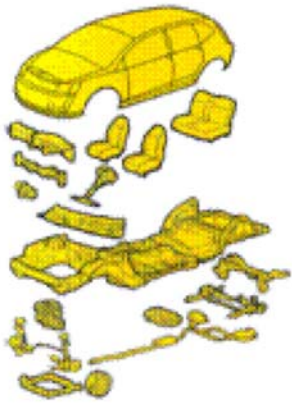
**Louisville Assembly**



# ***FLEXIBLE MANUFACTURING***

## **One Design + One Assembly Process = Multiple Models**

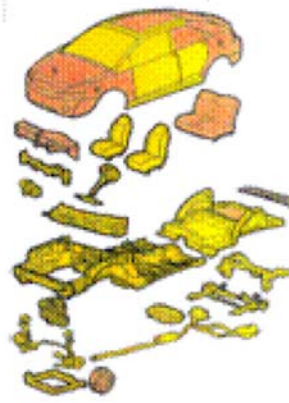
When different models are designed to be assembled in the same sequence they can be built in the same plant. This maximizes efficiency and allows the company to respond quickly to changing customer preferences.



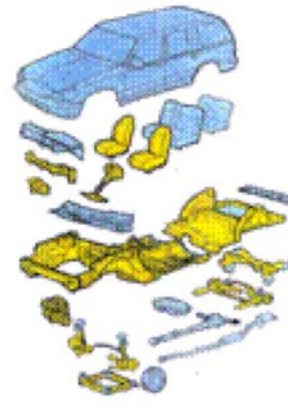
Crossover



Sedan



Luxury



SUV



Coupe



# OAKVILLE ASSEMBLY COMPLEX



Lincoln MKX



Ford Edge



Lincoln MKT Concept



Ford Flex





## ***CONTINUING TO FIX THE FUNDAMENTALS***

- **Significant progress accomplished to date in fixing fundamentals of the North American business**
- **Brands confirmed with focus on Ford (and aligned globally); Ford brand opinion improving**
- **90% reduction in U.S. order complexity by 2009 model year, with another 50%+ targeted for 2010**
- **Initial quality now among the best with continuous improvement planned**
- **Reducing costs**
- **U.S. Dealer network consolidation**
- **ACH dispositions continuing**



# SAFE HARBOR

## Risk Factors

Statements included herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Continued decline in market share;
- Continued or increased price competition resulting from industry overcapacity, currency fluctuations or other factors;
- An increase in or acceleration of market shift away from sales of trucks, sport utility vehicles, or other more profitable vehicles, particularly in the United States;
- A significant decline in industry sales, particularly in the United States, Europe, or South America resulting from slowing economic growth, geo-political events or other factors;
- Lower-than-anticipated market acceptance of new or existing products;
- Continued or increased high prices for or reduced availability of fuel;
- Currency or commodity price fluctuations;
- Adverse effects from the bankruptcy or insolvency of, change in ownership or control of, or alliances entered into by a major competitor;
- Economic distress of suppliers that has in the past and may in the future require us to provide financial support or take other measures to ensure supplies of components or materials;
- Labor or other constraints on our ability to restructure our business;
- Work stoppages at Ford or supplier facilities or other interruptions of supplies;
- Single-source supply of components or materials;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Inability to implement Retiree Health Care Settlement Agreement with UAW to fund and discharge retiree health care obligations because of failure to obtain court approval or otherwise;
- Worse-than-assumed economic and demographic experience for our postretirement benefit plans (e.g., discount rates, investment returns, and health care cost trends);
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs;
- Increased safety, emissions (e.g., CO<sub>2</sub>), fuel economy, or other regulation resulting in higher costs, cash expenditures, and/or sales restrictions;
- Unusual or significant litigation or governmental investigations arising out of alleged defects in our products or otherwise;
- A change in our requirements for parts or materials where we have entered into long-term supply arrangements that commit us to purchase minimum or fixed quantities of certain parts or materials, or to pay a minimum amount to the seller (“take-or-pay” contracts);
- Adverse effects on our results from a decrease in or cessation of government incentives;
- Adverse effects on our operations resulting from certain geo-political or other events;
- Substantial negative Automotive operating-related cash flows for the near- to medium-term affecting our ability to meet our obligations, invest in our business or refinance our debt;
- Substantial levels of Automotive indebtedness adversely affecting our financial condition or preventing us from fulfilling our debt obligations (which may grow because we are able to incur substantially more debt, including additional secured debt);
- Inability of Ford Credit to access debt or securitization markets around the world at competitive rates or in sufficient amounts due to additional credit rating downgrades, market volatility, market disruption or otherwise;
- Higher-than-expected credit losses;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles;
- Changes in interest rates;
- Collection and servicing problems related to finance receivables and net investment in operating leases;
- Lower-than-anticipated residual values or higher-than-expected return volumes for leased vehicles; and
- New or increased credit, consumer or data protection or other regulations resulting in higher costs and/or additional financing restrictions.

We cannot be certain that any expectation, forecast or assumption made by management in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. For additional discussion of these risks, see “Item 1A. Risk Factors” of our 2007 10-K Report.



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