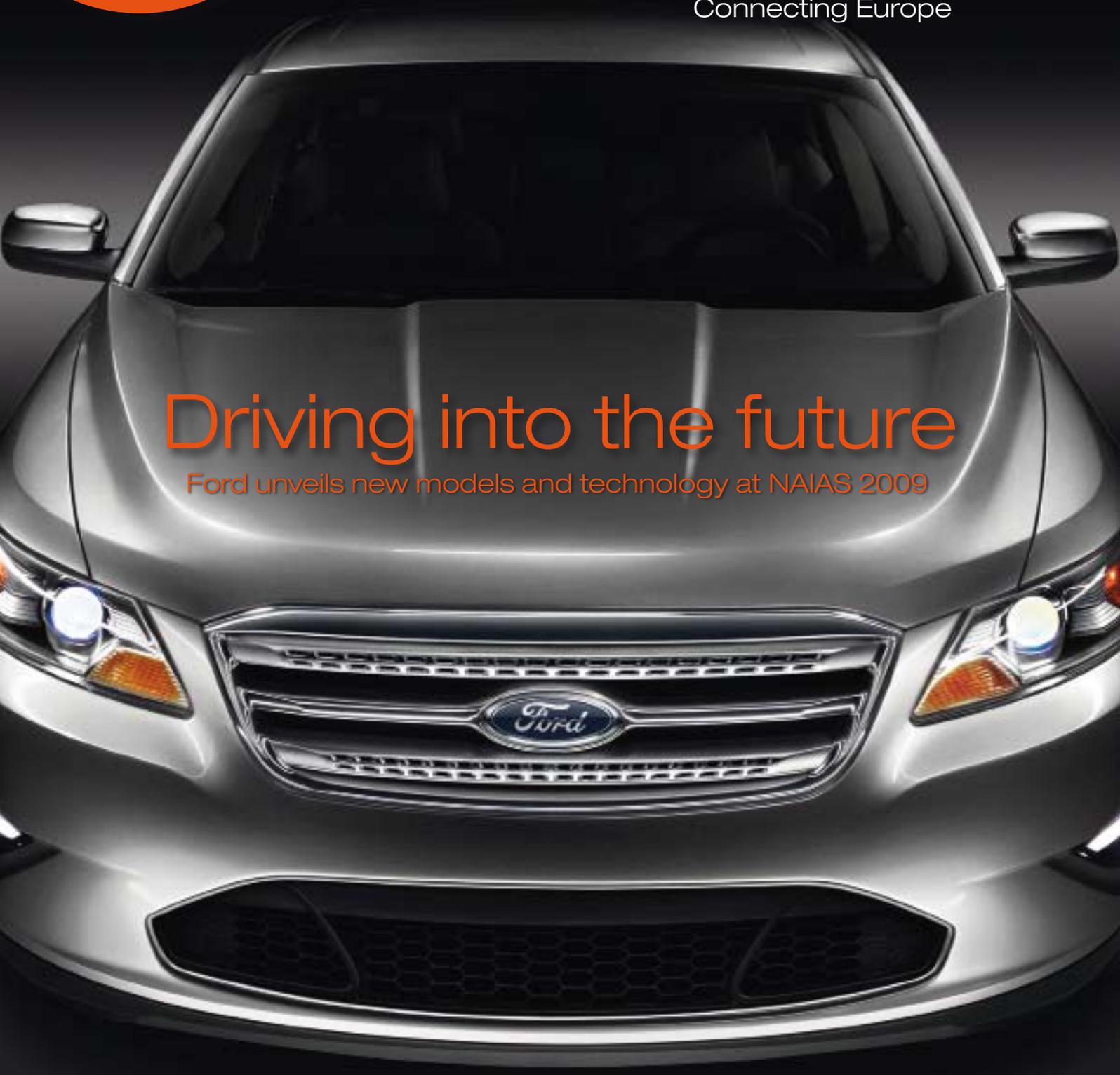




February 2009

Ford

Connecting Europe



Driving into the future

Ford unveils new models and technology at NAIAS 2009

Action Plans: key European markets in 2009

STYLE WARS

Champions editor Paul Simpson says Europe requires a change of tactics

Why have six of the past eight UEFA Champions League semi-finalists been English? Some credit individual stars or money. For me, the answer is simple: Chelsea FC, Liverpool FC and Manchester United FC have all stopped committing tactical suicide in Europe.

Premiership fans have long urged teams to play at a certain pace, go for goal and not worry about losing possession. As the German full-back Christian Ziege noted when he played in England: "The Premiership is the only major league where giving the ball away is not a mistake." Possession changed so often it didn't matter. In the UEFA Champions League, Arsenal FC coach Arsène Wenger says: "Losing the ball can be a disaster."

Possession play

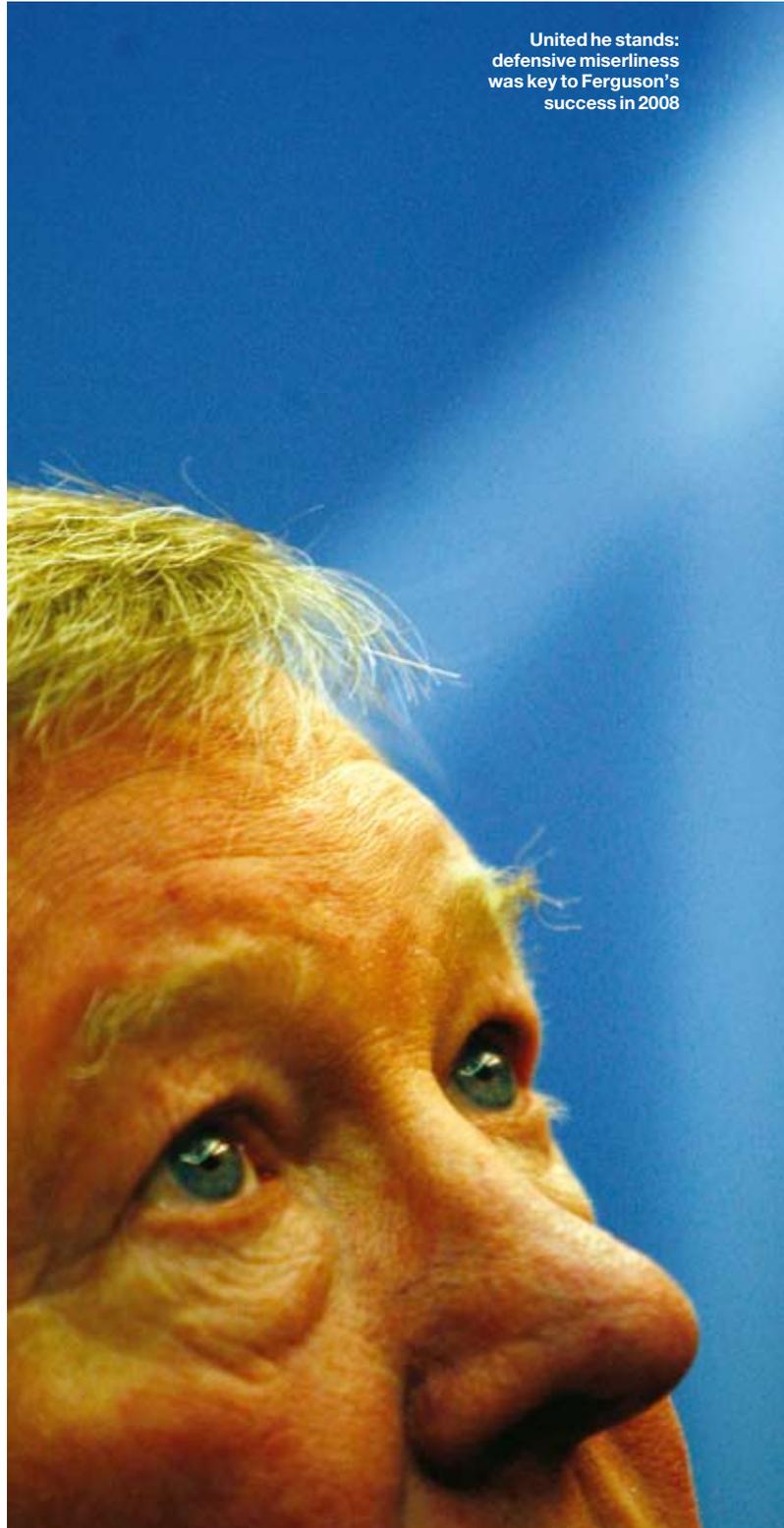
The change of tack is most dramatic at Manchester United FC. Sir Alex Ferguson has traditionally built teams on attacking full-backs, quality wingers and an unpredictable midfield genius (such as Eric Cantona or Wayne Rooney). But in the knockout stages last season, especially away against FC Barcelona in the semis, he had so many players behind the ball, the Italian press saluted him for reinventing

catenaccio (a strategy based on defence). That was a bit much – United have attacked consistently at Old Trafford – but Ferguson's side have been as miserly at the back this season. United and Juventus had the tightest defences in the group stage, each shipping just three goals.

The difficulty is knowing how drastically to change. Werder Bremen have won plaudits for their buccaneering style, but this and an unfashionably aggressive offside trap haven't taken Bremen into the last eight. Their best result this season in Europe, a 1-1 draw with FC Internazionale Milano at the San Siro, was built on a more cautious counterattacking game. And with 30% of goals from open play in the 2007/08 tournament scored on the counter, it's no wonder many coaches play 4-5-1 or 4-1-4-1.

But some teams are just made a certain way. It doesn't make much sense for FC Barcelona, with the likes of Eto'o, Henry and Messi up front, to adopt a defensive Plan B. They have to play to their strengths – and, if you're good enough, as Barça were in 2006, you can still win. It's just harder, that's all.

United he stands:
defensive miserliness
was key to Ferguson's
success in 2008



Champions is the football magazine read by people in football. It is published bimonthly and is available at all good newsagents in the UK. You can save 25% on every issue by visiting www.themagazineshop.com/ford and taking out a subscription.

Champions is also published in Spanish, Japanese, simplified and traditional Chinese, and Korean.



Ford is proud to be the only remaining founding partner of the UEFA Champions League. Since the tournament began in 1992 Ford has offered football fans everywhere exciting and exclusive opportunities to be part of Europe's premier club competition. Underlining its commitment to the beautiful game, Ford continues to bring football of the highest quality closer to fans the world over.

ONE FORD

A year of immense challenge ahead



2008 was a year that started very well for Ford of Europe, but by the fourth quarter we were already facing very severe economic challenges. The good news is that, in a very difficult market, we were one of the few companies to increase market share last year, confirming that buyers want and value our products. Additionally, 2008 was our fifth consecutive year of profitability, largely as a result of a strong first half. While we should

take encouragement from these achievements, the second half of the year started to indicate the size of the challenge ahead as we fell back into a loss-making result for the fourth quarter and the number of customers buying cars across Europe dried up.

This time last year, we were looking confidently at a European industry of 18 million units for 2008. Then the banking crisis triggered a global economic downturn and by December the industry had slumped close to 14 million units. For 2009, experts are trying to understand how much further the market will fall before it stabilises, and January started even weaker.

Against that background of rising economic uncertainty, we have to plan our business to get us through this difficult period. Our key objectives are to remain profitable and to maintain a positive cash flow despite the deep and sudden fall in revenue.

To achieve this we will have to reduce substantially our fixed and variable costs. We have taken decisive action to cut our spending and costs, but we expect that further measures will be needed to maintain our viability through a deep and prolonged downturn.

All of us will be impacted by the difficult adjustments we are facing and by the very demanding challenge of keeping our capacity in line with demand. Through year-end, we have taken action plant-by-plant to reduce production rates as necessary, but it is becoming clear that a great deal more will have to be done.

Whatever actions we take will focus on strengthening our business and ensuring that we can withstand the economic rigours of this very severe recession for as long as it lasts, and then emerge in a position to take full advantage of the upturn in demand when it arrives.

In closing, I want to re-emphasise that we are at the start of what will be a very difficult year. In our favour we have the strongest product range in our history. Like everyone else in this market, we will have to make some adjustments to our future product plans, but we will maintain the flow of great new models like the Focus RS. That has strengthened our reputation even in such difficult times.

Thank you for your hard work and dedication. As always, this will help greatly in ensuring that we meet our objectives.

John Fleming
Executive vice president and
chairman and CEO, Ford of Europe

04 Upfront

Focus RS Job 1
Diversity honour
Major fleet deal

04



08 Cover Story

Ford chiefs in key European regions assess 2009

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World Rally Championship

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Wolfgang Schneider on moves to
support Europe's auto industry



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Raising the bar

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@Ford

February 2009

Connecting Europe

Feel the difference





Fiesta launch continues

The first all-new Ford Fiesta produced at Ford's Almussafes plant in Valencia, Spain, rolled off the line on January 21st.

Praise for the new Fiesta continues to pour in with the UK's *What Car?* magazine naming it 'Car of the Year 2009'. Describing it as "the perfect car for now," the magazine said:

"Just occasionally a car comes along and belts you between the eyes as soon as it turns a wheel. This year, that car is the Ford Fiesta.

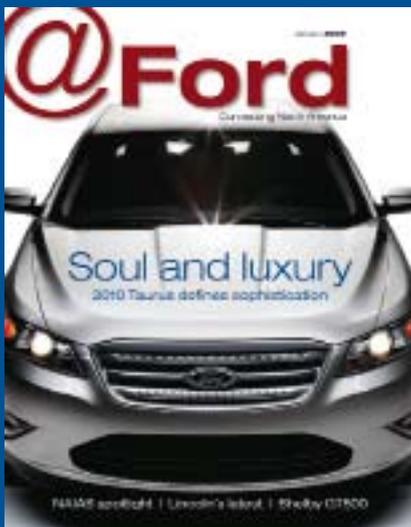
"The Fiesta simply blows away any other supermini with its combination of a zingy 1.25-litre engine, nimble handling and strong grip. On top of that, it's so refined it could even get into a royal garden party."

"So there you go, the Ford Fiesta's a brilliant winner – buy one, it has all your needs covered."

In addition, the Mondeo was named Best Family Car and Best Estate Car for 2009.

@Ford goes global

In line with the ONE Ford strategy of uniting the Company globally, the North American employee magazine, *Ford World*, has been renamed @Ford and Ford Asia Pacific has also published its first @Ford magazine.



Saarlouis produces first Focus RS

The first production example of the new Ford Focus RS has rolled off the production line at Ford's Saarlouis plant in Germany. The top-of-the-range performance version of the Focus extends the flexible production mix at Saarlouis. It joins the Focus range produced at the plant in three- and five-door hatchback, wagon and ST bodystyles, plus the C-MAX and Kuga models.

The new Focus RS will be available in more than 20 European countries including Russia, with the UK, Switzerland and Germany expected to be the highest volume markets.

Ford announces executive changes

Roelant de Waard, previously chairman and managing director, Ford of Britain, has been appointed Ford of Europe's vice president of Sales. De Waard will report to Ingvar Sviggum, vice president, Marketing, Sales & Service, Ford of Europe.

Joe Greenwell, formerly vice president, Governmental Affairs, Ford of Britain, becomes chairman of Ford of Britain, with Nigel Sharp appointed managing director.

"Roelant has done an excellent job of leading the Ford of Britain organisation since February 2006," said Sviggum. "With these appointments, we are putting in place the final elements of a re-organisation of our sales organisation which we started planning following Stephen Odell's move to Volvo earlier this year."



Roelant de Waard



Joe Greenwell

SYNC comes to Europe in 2010

The award-winning Ford SYNC communications and entertainment system, developed in collaboration with Microsoft, is to be launched into Ford's European product range from 2010. The plan was confirmed by Alan Mulally, Ford Motor Company president and CEO, during his keynote speech at the recent International Consumer Electronics Show in Las Vegas.

Ford SYNC is an exclusive, factory-installed and fully-integrated in-car communications and entertainment system. Based around the advanced Microsoft Auto software platform, it uses industry-leading voice-recognition software and Bluetooth technology to give customers comprehensive new levels of connectivity and flexibility.

By the autumn of 2009, over one million Ford SYNC-equipped cars will be on U.S. roads. Ford engineers will tailor the technology specifically to meet European market requirements and customer needs. It will be introduced progressively across the Company's European passenger car portfolio from 2010.



Ford honoured for Diversity and Inclusion practices

Ford of Britain has been ranked 11th in this year's Stonewall Workplace Equality Index. Now in its fifth year, the index tracks the impact of workplace culture on gay, lesbian and bisexual employees. It is seen as a key barometer of diversity practices. The 2009 index had a record 371 entries across 23 sectors and also included a survey of more than 7,000 gay and lesbian employees.

Ford was the only manufacturing organisation to finish inside the Top 100 and was also the second-highest ranked private sector organisation. Lloyds TSB was this year's winner. In the 2008 index, Ford was ranked 43rd.

In addition, GLOBE, the employee resource group for Gay, Lesbian Or Bisexual Employees, came second in the 'Employee Network Group of the Year' category. The winner was the Home Office. This makes GLOBE the UK's top ranked private sector employee resource group.

Presenting the awards, chief executive of campaigning group Stonewall, Ben Summerskill, said: "To make the top 100 this year, employers had to demonstrate that equality and diversity were not optional extras but core values. 97% of the top 100 had an organisation-wide equality and diversity strategy which links LGB equality into wider organisational aims."

Meanwhile, Ford of Germany was honoured with two awards at the end of 2008. The first, a 'Cultural Diversity in the Workplace Award' in the 'Large Companies' category, was presented by the federal government. Chancellor Angela Merkel is patron of the awards. See www.vielfalt-als-chance.de for more information.

The second award was a '2008 Integration Prize' for Ford Saarlouis, presented by the Saarlouis ministry for Justice, Work and Health. Ford was honoured for its excellent strategy to integrate employees with disabilities into the workplace.



Stonewall



Ford of Europe renews fleet deal

Ford of Europe has renewed a fleet deal with Belron Group, one of the world's largest industrial and glass repair services groups. Belron trades in Europe under the Autoglass and Carglass brands and specialises in the repair and replacement of damaged glass and windshields. Belron call centres handle 40 calls every minute and every four seconds a Belron business replaces a piece of glass or repairs a windshield. Belron operates over 1,700 service centres and 8,000 mobile repair vehicles serving more than eight million motorists worldwide.

The deal, which covers 22 European markets, means that over the next year a minimum of 80% of Belron's operational fleet purchases will be made with Ford Motor Company. Historically, Belron has purchased between 650 and 1,000 Ford vehicles per year, mainly Transit and Transit Connect. "I am delighted that we have successfully renewed the European Belron fleet deal," said Miles Maiklem, Ford pan-European B2B operations manager. "The strong business relationship and the excellent level of cross market co-ordination, reinforced by our comprehensive commercial vehicle line-up, retained the deal for Ford in Europe."

Ford vs Competition Summary

market share 2008 (+/- 2007)

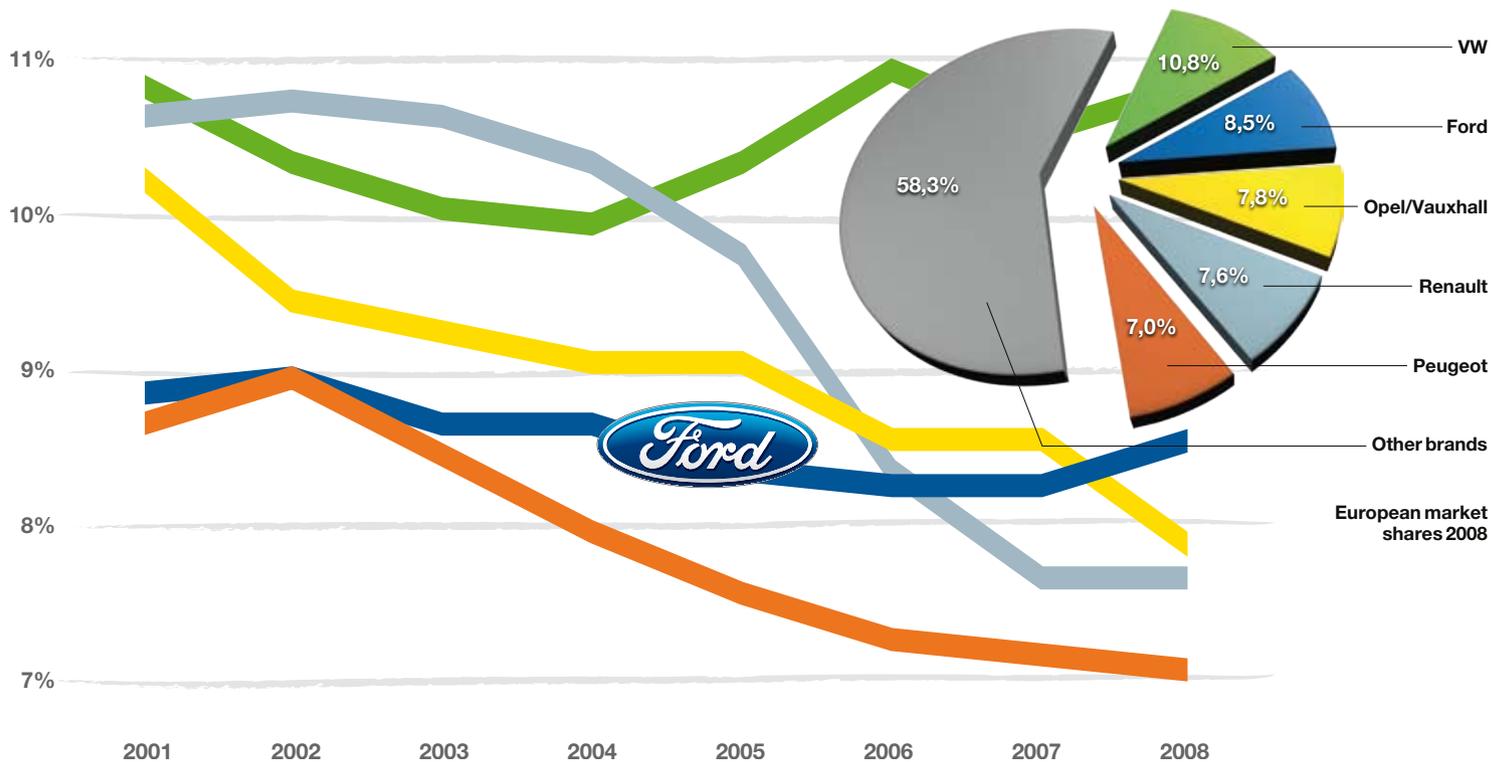
UK			Italy		
Ford	16.4%	(+0.5)	Fiat	26.3%	(+1.2)
Opel/Vauxhall	14.0%	(+0.3)	Ford	7.8%	(-0.3)
VW	8.3%	(+0.3)	Opel/Vauxhall	6.3%	(+0.5)
Peugeot	5.4%	(-0.4)	Alfa Romeo/Lancia	6.0%	(-0.4)
Toyota	4.6%	(+0.4)	VW	5.9%	(+0.2)
Germany			Spain		
VW	19.6%	(+0.4)	Citroën	9.6%	(-0.8)
Mercedes	12.3%	(+0.2)	Renault	9.4%	(-0.4)
Opel/Vauxhall	7.9%	(-0.7)	Ford	9.2%	(+0.1)
BMW	7.4%	(+0.1)	Peugeot	9.1%	(+0.8)
Audi	7.3%	(+0.2)	VW	5.9%	(+0.9)
Ford	7.0%	(+0.3)			
France					
Renault	22.9%	(+0.1)			
Peugeot	16.6%	(-0.1)			
Citroën	14.3%	(+0.8)			
VW	6.1%	(+0.1)			
Ford	5.3%	(+0.3)			

Ford market share December 2008
total vehicles by country (+/- 2007)

	A - Austria	7.4%	(+0.5)
	B - Belgium	7.1%	(+0.4)
	CH - Switzerland	5.5%	(+0.9)
	CZ - Czech Republic	8.1%	(+1.0)
	D - Germany	7.0%	(+0.3)
	DK - Denmark	7.5%	(-0.4)
	E - Spain	9.2%	(+0.1)
	F - France	5.3%	(+0.3)
	FIN - Finland	7.1%	(+0.5)
	GB - Great Britain	16.4%	(+0.5)
	GR - Greece	6.5%	(-1.1)
	H - Hungary	11.8%	(+0.3)
	I - Italy	7.8%	(-0.3)
	IRL - Ireland	13.7%	(+0.6)
	N - Norway	9.4%	(+1.6)
	NL - Netherlands	8.6%	(+0.3)
	P - Portugal	7.4%	(+0.4)
	PL - Poland	7.1%	(+0.1)
	S - Sweden	6.2%	(+/-0.0)
	EUROPE 19	8.6%	(+0.1)
	RUS - Russia	6.1%	(+0.3)
	TR - Turkey	14.7%	(+2.0)
	EUROPE 21	8.4%	(+0.1)

Market shares 2001-2008: Top Five Brands in Europe

(based on Western European passenger car registrations; data published by ACEA, European Automobile Manufacturers' Association, www.acea.be)



Ford models December 2008

volumes by model (+/- December YTD 2007)

Ka	43,500	(-8,700)
New Ka	4,300	(+4,300)
Fiesta	266,100	(-89,900)
New Fiesta	61,400	(+61,400)
Fusion	66,500	(-11,600)
Focus	353,200	(-35,900)
Focus Coupé-Cabriolet	11,700	(+1,400)
C-MAX	107,200	(-16,900)
Kuga	27,000	(+27,000)
Mondeo	162,500	(+69,100)
S-MAX	54,900	(-16,300)
Galaxy	30,900	(-3,800)
Transit	173,100	(-8,800)
Transit Connect	56,500	(-21,800)
Ranger	15,700	(-5,200)

Top 5 markets by share January to December 2008

Market	Share
1. UK	16.4 %
2. Turkey	14.7 %
3. Ireland	13.7 %
4. Hungary	11.8 %
5. Norway	9.4 %

Top 5 markets by volume January to December 2008

Market	Volume
1. UK	404 094
2. Germany	241 426
3. Italy	190 331
4. Russia	185 211
5. France	142 635

Total industry Europe 2008

Cars	16 886 229	(-898 918)
Commercials	3 320 107	(-254 726)

The impact of the economic slow-down is seen clearly in the full-year 2008 new vehicle sales figures. Across the main 19 European markets, total industry sales were down almost 1.4 million units last year, to 16.6m.

While we were affected by that downturn, along with all other large manufacturers, I was encouraged by our performance in what was a very difficult and challenging business environment. We outpaced the overall industry decline and improved our market share.

Here are the figures: our sales across the Euro 19 markets totalled 1,443,800. That was, 115,200 units or 7.4% down on prior year, but better than the overall industry decline of 7.6%. Thanks to that performance, our market share improved by 0.1 percentage point to 8.6%, consolidating our second place in the European market behind VW and increasing the gap to the third-placed brand, Renault.

Of course, we do not only sell in the Euro 19 markets, and adding our sales in Russia, Turkey and the 30 EDM markets our total for the year was 1,783,500 (-6.1%). We were market leader in Turkey, although our sales were lower. We increased sales in Russia by 6% and by an impressive 23.6% in the EDM region.

Looking behind the headline figures, we posted market share increases in 15 of the Euro 19 markets in 2008.

Britain was our most important

market, selling over 406,000 vehicles. That was down 8.7% in unit terms but share rose 0.5 percentage points to 16.4%, our highest in Europe.

Germany had an encouraging year, selling 241,400 vehicles, an increase of 6,200 (2.7%) and lifting its market share by 0.3 ppts to 7%. Our team in Germany is quietly optimistic the improvement will continue in 2009 as our new products attract attention.

Our sales in Italy fell 33,650 units (15%) to 190,330 and market share dipped 0.3 ppts to 7.8%. We were the country's leading imported auto brand, with the Fiesta selling over 80,000 units to become the top-selling foreign car.

With the help of a government scrappage scheme, Ford France boosted sales by 6.6% (8,800 units) to 142,635, increasing share by 0.3 ppt to 5.3%.

Spain has been hit hard by the economic downturn, and that is reflected in the country's vehicle sales figures, with the industry down some 30%. We sold 50,800 fewer units than prior year (-28.9%) but increased our share by 0.1 ppts to 9.2%. We also gained passenger car leadership.

Elsewhere, our sales in Switzerland rose 3,100 to 16,770 and our team in the Czech Republic gained an increase of 2,950, to 16,800. We were second in the Czech market behind local manufacturer Skoda.

Other improvers were Poland (+2,230), Belgium (+2,625), Portugal

(+985), Austria (+875) and Norway (+275).

Despite a weak close to the year, our 2008 sales in Russia improved to 185,200. Turkey sold 74,000 vehicles and the EDM markets 80,500.

Models

The Focus was our top-selling model last year, selling 353,200 units. Not far behind was the Fiesta with 327,500. Introduced in October, new Fiesta's sales performance has been impressive, selling almost 52,000 units in Q4 and accumulating a strong order bank. Among other model highlights, the Mondeo increased to 162,500 (+73.9%). The Transit was our top commercial vehicle, selling over 173,000 units.

December

Our sales story for December was the same as for the year as a whole: unit sales down but market share up. Euro 19 sales totalled 90,500, which was down over 22,200 (-19.7%), but share edged up to 8.4%.

With consumers focussed on Christmas spending, there were falls in industries throughout Europe. Despite that, we posted unit sales increases in four regions, France, Portugal, Finland and Switzerland. Our market share was higher in ten Euro 19 markets, France, Italy, Spain, Belgium, Norway, Finland, Austria, Switzerland, Greece and the Czech Republic.



COMMENT

By Ingvar Sviggum

Vice president,
Marketing Sales
and Service

FCSD

December sales: 3.8% below prior year (averaged across all business units: VP Production Channel, Accessories, Mechanical and Collision)

Sales FY2008: 0.2% above prior year. Despite difficult market conditions FCSD-E succeeded in maintaining full year sales volumes at carry-over 2007 levels. This strong sales performance combined with active cost management lead to FCSD-E exceeding prior year profit contribution.

Customer Satisfaction

Record levels of performance for Sales, Service and Commercial vehicle service satisfaction.

Action plans

Ford chiefs in key European regions assess 2009 and explain how they are responding to the challenges of the economic downturn



Nigel Sharp
managing director
Ford of Britain

“Targeting profitable segments”

“In Britain we enter 2009 on the back of a successful year. Total vehicle market share was up 0.5% to 16.4% on the back of the launches of new Focus, Kuga, Fiesta and Ka models, following a trend set by the successful Mondeo, S-MAX and Galaxy. Significantly, we also took positive steps to re-balance our overall business between retail and higher cost fleet sectors. The result is a reduction of high cost/short cycle business by 20,000 units and improved retail share by 1.5%.

“Moving forward into 2009 there are three main challenges for FoB which will also apply to our dealer partners: First, general economic conditions are predicted to remain tough and the overall market is expected to be about 25% down. Secondly, the continued weakness of the pound versus the euro will adversely impact our margins as the majority of our costs are euro denominated. Finally, the commercial vehicle market has been particularly



badly hit as demand in the construction industry falters, and businesses restrict their capital expenditure.

“Our aim in 2009 is to concentrate on the continuation of our very successful strategy to ‘Simply Grow the Business.’ We will continue to target growth in the profitable segments, especially in retail. In the current economic environment when customers are spending less on cars, downsizing and prioritising environmental issues, we believe Ford is in a good position to pick up sales - thanks to our freshest ever product line-up, the relevance of our environmental technology and strength of our dealer network.

“I believe 2009 will be very challenging, but we have a strong plan; we have the products and an excellent team that is well placed to exploit opportunities.”



Behind the figures

Paul Fratter, manager, European Sales Planning & Analysis, gives a wider perspective on Ford of Europe's 2008 sales performance

We increased share in 15 of our main 19 markets last year, in some cases by large amounts, why did our total Europe share rise by just 0.1 percentage points?

It is important to understand the way European market share is calculated. It is a weighted average so the bigger markets have a bigger influence. For example, the UK market was down 11% and that had a big impact on Ford as we have the largest share of that market. Similarly, Spain and Ireland, where our market

share is above average, were down 30% and 21% respectively. That compares with the average for all markets of 7.6%. That negatively impacted our average market share by nearly 0.2 ppts, so the true gain would have been 0.3 ppts. Because of that mix effect we only gained 0.1 ppts.

Is it the case that the European market is so competitive that even a small share increase is hard to achieve?

The market is becoming increasingly competitive and that is driven by a number of factors. New models and segments are being introduced. For example, BMW has introduced the Mini brand and the 1 series. A few years ago neither existed, so all their sales are effectively lost sales for somebody else. We now have the C-MAX, S-MAX and Kuga, they are positive for us but other manufacturers are doing the same thing.

It is tough for everyone. Just to maintain

“We can continue to expand our share”

“In 2009 we will continue to build on our many successes of 2008, when we were one of the few brands to grow volume, share and profitability. Wherever you go in Germany, people are talking positively about Ford and that brand momentum is coming through clearly in research we are doing in the market place.

“2008 was a year of important achievement for us and our dealers, based on the implementation of the Ford of Germany growth plan in 2007. We restructured our business approach to improve efficiency and brand impact and that brought advantages; we achieved our full-year market share objective

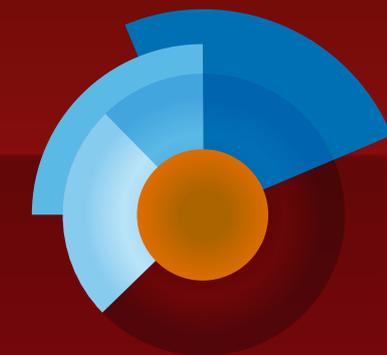


Juergen Stackmann,
managing director,
Ford of Germany

your position you have to introduce successful new models. The fact that we are able to grow is a great achievement. Importantly, while we have been growing market share we have also been reducing our variable marketing spend, which really helps our bottom line

Among our competitors, who were the main share winners and losers last year?

The biggest winner was VW with share growth in many markets. VW also benefitted from the German industry which was only down 2% compared to the average for all markets. They are the market leaders in Europe and moved further ahead in 2008. Among our other competitors, GM was down from 8.1% to 7.6%, a significant movement. Renault was down and Citroen was flat. Peugeot dropped from 5th position to 6th as Fiat launched some successful new products and grew 0.4ppts, increasing their position from 6th to 5th. Toy-



of 7% with a 4th quarter result of 7.6%, and were clearly the most dynamic brand in the retail segment (+46%).

“We also had another very strong year in the fleet market (+13%) and achieved a 10 year record in commercial vehicle sales.

“The overall industry in 2009 is expected to be lower than in 2008 and we will adjust some of our strategies to optimise our opportunities. I think in contrast to many of our competitors we are optimistic that we can continue to expand our footprint in 2009.

“Our successful fleet strategy, which has led to growth over the past three years of about 50%, will continue. Our successful commercial vehicle and PR plans will continue and our retail strategy, based on a flat-rate offering, will continue. We will target new car opportunities, starting with our Ka model, which we’ll introduce mid February.

“To summarise our ideas for 2009, I believe people will be looking for organisations and brands to have an optimistic view on life, to have a smile on their face. We want to be that brand and continue our growth.”

ta was significantly down from 5.2% to 4.7%.

Share is important, but surely unit sales are what really matter.

Yes, what drives the company to make money is unit sales. We are facing a global recession and our European industry which had been running at 18 million sales a year is now running at around 14m. In that situation every manufacturer sells a lower volume. We cannot control the economy or the industry. What we can do is to try and get the best possible share of the available market.

In these difficult market conditions with our competitors becoming more aggressive we have grown market share. That puts us in a great position for when the industry recovers. Then our stronger share will translate into an even bigger unit volume. So we will come out stronger and more profitable than before.



Peter Fleet, regional
director, Central
Europe and Nordics*

“We have strong market momentum”

“We closed 2008 strongly across Central Europe and the Nordics with full-year market share gains in 6 out of 9 National Sales Companies and share maintenance in Sweden. Norway and Czech Republic achieved the strongest share gains of all European markets, up 1.6% and 1% respectively. Ireland regained market leadership from Toyota for the first time since 2003. Turkey maintained market leadership with a 14.7% share. And despite a dramatic slow-down in the second-half of the year, sales through our importers across the European Direct Markets increased to 80,500 units.



“Fuelled by outstanding products and driven by experienced leaders in our sales companies we have some strong market share momentum as we enter 2009.

“We are all committed to selling our way out of current difficulties. For Ford it means using our experience, brand strength and class-leading products to go after each and every sales opportunity for profitable market share growth. And that is exactly what we are doing. For example, we recently received the first 400 Focus order from the Hungarian police as part of a 2-year sales and service contract to replace 1,500 Skoda Octavias.

“Our Operating Plans focus on maintaining the share gains achieved with Kuga and Mondeo in 2008 and building on that with incremental sales from the new Fiesta and Ka. We will also target commercial vehicles with increased focus and resources.”

*Central Europe and Nordics Sales Operations covers: NSCs in Ireland, Norway, Sweden, Finland, Denmark, Poland, Czech, Hungary and Greece; sales in Turkey through Ford Otosan; Estonia, Latvia and Lithuania (reported through Finland); and 30 Direct Markets incl. Romania, Ukraine, Croatia, Slovenia, Morocco, Slovakia, Bulgaria, Algeria and Cyprus.

“Our target is to continue building market share”

“2009 will be a challenging year but with our strongest ever product line-up we see opportunities for increasing our market share. With the new Ka going on sale and a full year of Fiesta, Kuga and new Focus, we are targeting in the region an average market share increase of about half a point.

Massimo Pasanisi
regional director
Western Europe Sales
Operations*



“We increased our market share last year and we are confident we will do the same in 2009. The impact of new Ka and Fiesta will be significant because the small car segment has the most growth potential.

“By improving our share we will compensate to some degree for a recession-driven decline in unit sales which will affect the whole industry.

“A key part of our 2009 strategy is to continue to change the mix of our business, reducing our presence in the MDR (Major Daily Rental) sector and increasing our concentration on the retail market, which is more profitable.

“In general, our marketing strategy is to fully exploit the outstanding style and quality of our products, focusing our incentives on added equipment rather than cash. Our good looking vehicles will drive interest among consumers and increase residual values. Alongside that focus, we will, of course, make the most of government scrappage incentives, when they are available, or introduce our own schemes.”

*Western European Sales Operations covers: Italy, France, Spain, Portugal, Netherlands, Belgium, Luxembourg, Switzerland and Austria.



“The Ka and Fiesta are trump cards”

“2009 will be a year in which we face serious challenges. In the French market, diesel engines are in the majority and B-segment cars are very important. For that reason, the new Fiesta and Ka give us two trump cards to answer the market’s changing requirements.

“The government’s attention to reducing CO₂ emissions through a bonus ecotax, and the recent bonus for scrapping vehicles older than 10 years, open up opportunities for our



ECOnetic range and, more broadly, all our models emitting less than 160 g of CO₂/km.

“In an auto market where competition will continue to intensify, our priority will be to develop sales via our network of dealers and agents. In order to reach our goals, we must employ our talent and opportunism, two qualities we have developed at Ford France.”

Jean-Luc Gérard
chairman and MD
Ford of France



“Local production is a major strength”

“The Russian market finished 2008 with a volume over 3 million units, one of the largest in Europe and an all-time record, with around 2/3rd of the cars being from foreign brands. In 2009 our projection is for 2.3m units, a reduction of around 23%. Like other regions, the market is being impacted by the effects of the global recession. The Russian economy is also heavily dependent on oil and gas exports and the fortunes of the market are expected to track the prices for these commodities. The recent reduction in oil prices has resulted in a devaluation of the Ruble and this will necessi-



Gaetano Thorel
managing director,
Ford Italy

“We will be the leading importer”

“The Italian total vehicle market in 2009 will reduce by 7% to around 2,260,000 units. The car market is forecast to slip 15%, reflecting the global economic situation, accentuated by the lack of government incentives and the contraction of consumer credit. Downsizing and the growth of the alternative (CNG and LPG) fuels will characterise the Italian market, where B and sub-B segment cars will repre-



sent 60% of the total market.

“In this scenario, we will maximise sales of Ka and Fiesta and widen our range of alternative fuel models range. In January, we launched the “Ford eco-incentive” offering a €1,000 (VAT included) discount to all clients buying a

Ford car and scrapping an old one. We have launched a similar incentive for commercial vehicles, offering €1,250 (VAT included). We believe we will retain our position of leading importer and contribute to Ford Europe’s profitability objectives.”



José Manuel Machado
chairman and CEO
Ford Spain

“Initiatives to help customers and dealers”

“Despite a 28% drop in the Spanish market, 2008 was a year of achievement for us. For the first time in more than a decade, Ford was the top-selling passenger car brand in Spain, with a volume of 106,400 units. In addition, the Focus was the top-selling model with 55,800 units.

“In 2009, Ford of Spain, as the market leader, will implement initiatives that help customers and the dealers to face the difficult economic environment.”

Peter Noble

tate a substantial increase in foreign brand car prices. Imported vehicles will also become more expensive due to a 5% increase in duties imposed by the government to support the Russian brands, which have lost ground to for-

eign makes in recent years.

“Ford is an established leader among the foreign brands largely because of the success of the locally built Focus, the best selling foreign brand car in Russia now for 6 consecutive years, and the strength of our dealer network. Having established one of the best dealer networks in Russia we will also be working to ensure that they are able to withstand the downturn.

Next month we begin Mondeo production at our plant in St. Petersburg. Our sales efforts will focus on ensuring maximum utilisation of that plant because models produced there are exempt from import duties, have lower logistics costs and we get them to our dealers with short lead times.”



Nigel Brackenbury
president and
managing director
Ford Motor Company
ZAO

Motown motors



All eyes were on Detroit last month as the first major auto show of the year, the North American International Auto Show (NAIAS) 2009, opened its doors. With a chill wind blowing through the auto industry matched by sub-zero temperatures on the streets of Detroit, Ford Motor Company turned up the heat in the Cobo Centre displaying an array of exciting new vehicles and technologies ...

2010 Ford Taurus

The all-new Ford Taurus is a full-sized sedan packed with features and technology. It has been designed and developed to change the perception of what's possible in a vehicle of its type in terms of design, craftsmanship, comfort and convenience, as well as performance, safety and value.

All of this was brought together in record time thanks to extensive use of computer-aided design (CAD), computer-aided

engineering (CAE) and digital pre-assembly modelling.

"We were able to bring the new Taurus forward by about 12 months," said Pete Reyes, chief engineer. "We went through programme approval last February, built prototypes in June and Job 1 will be this April with the cars in dealerships by summer. By any measure, that's as fast as we've ever done it."

Key features

- Lowered roofline
- Side mirrors, bumpers and body contours sculpted to minimise noise and aid fuel economy
- Duratec 3.5-litre V6 engine delivering 268 PS
- Available all-wheel-drive
- New independent rear suspension saves weight and fuel cost, and improves control
- Adaptive Cruise Control with Collision Warning System with Braking for safety
- MYKey allows owners to programme limits to encourage safer driving
- Securicode Keyless Entry Keypad mounted flush in the B-pillar
- Easy Fuel Capless Fuel Filler System
- Blind Spot Information System (BLIS) displays approaching vehicle in side mirrors
- Cross Traffic Alert works with BLIS to sense oncoming traffic when backing up
- Latest Ford SYNC adds 911 assist, vehicle Health Report, GPS-based features for business searches and traffic information, plus MP3 and USB connections



Lincoln C Concept: Big luxury in a small package

Lincoln is breaking new ground with the C Concept, a revolutionary idea in design for a small luxury car. Designed with the upscale, urban consumers in mind, it brings the presence and elegance of a large car to a smaller, more efficient C-car size vehicle.

Styled with Lincoln's signature design DNA, the C Concept's unique size, lightweight construction and use of sustainable materials continue the brand's strong commitment to responsible luxury.

The concept also showcases Ford's newest combination of fuel-efficient powertrain innovations: a four-cylinder EcoBoost engine mated to a dual-clutch PowerShift transmission.

"Lincoln C demonstrates that a higher degree of engine downsizing, the key to fuel economy improvement, paired with the right technologies, can deliver optimum horsepower, torque and drive-away capability," said Andreas Schamel, a chief engineer with Ford's Powertrain research Laboratory. "Plus, when combined with the PowerShift six-speed transmission, the impossible equation becomes perfectly possible: lower fuel consumption, increased power and smoother, more fun-to-drive performance."



EcoBoost arrives

Ford also displayed a number of advanced technologies at the Cobo Centre, including Ford EcoBoost.

EcoBoost forms part of the Company's global programme aimed at improving fuel economy. It will debut in the Lincoln MKS and Ford Flex before migrating to other Ford vehicles, including European model lines. By 2013, more than 90% of Ford's North American line-up will be available with EcoBoost technology. The twin turbocharged 3.5-litre Duratec V6 EcoBoost engine available in the MKS and Flex will achieve at least 346PS and 340lb/ft of torque, which is comparable to the power of a non-EcoBoost 4.6-litre V8 unit. By comparison, the non-EcoBoost 3.5-litre V6 engine produces 267PS and 248lb/ft of torque.

The EcoBoost V6 promises a 10-15% improvement in fuel economy compared to a conventional 4.6-litre V8 unit and also reduces CO₂ emissions.

Twin water-cooled turbochargers recover energy from the exhaust that would have been wasted and put it back into the engine to gain efficiency. Simply put, the turbocharging system squeezes more air into the engine for more power. Paired with the direct injection of pressurised fuel into the engine's combustion chambers, the twin turbochargers also eliminate turbo lag. The real-world fuel economy benefit is consistent across all drive cycles, unlike hybrids, which are most efficient in stop-and-go traffic.

'Fiesta Movement' begins

Long before the Ford Fiesta's US launch in 2010, consumers across the country will have an opportunity to drive, experience and hear all about Ford's newest global vehicle.

Ford will select 100 tech-savvy vehicle enthusiasts to drive a Fiesta and then relate their experiences through social media sites such as Facebook, Flickr and YouTube. Most importantly, these consumers will also give Ford valuable feedback on the features and performance of the Fiesta prior to the launch in 2010.

Beginning in late spring, the chosen consumers will be asked to complete 'missions' in their Fiesta and capture their experiences digitally. The missions take them to new places, to meet new people and to experience new things, all while bringing their friends and followers along for the ride.

In total, 100,000 consumers will have the opportunity to test drive the new Fiesta before its launch in early 2010.



2010 Shelby GT500

The 2010 Shelby GT500 underlines Ford's continuing commitment to high-performance vehicles. An aggressive new exterior design combines beauty and functionality, from the open-mouthed front grilles to the racing stripes, the dual four-inch exhausts to the unique cobra badging.

Powered by a supercharged 5.4-litre DOHC V8 engine producing 550 PS, the

GT500 benefits from an open-element air induction system which pumps more cool air through the engine for improved power and efficiency. Transmitting this impressive power to the road is a six-speed manual transmission, forged and milled aluminium 19-inch wheels and Goodyear F1 Supercar tyres that have been specially compounded for better handling and reduced noise and vibration.

The 2010 Shelby GT500 will arrive in US showrooms in March.



Electrification strategy announced

Ford has announced a broad electrification strategy that includes bringing to market a family of electrified vehicles in North America by 2012. The plans call for a battery-powered commercial van to be introduced in 2010 followed by a battery-powered car for the retail market in 2011.

Ford also announced a new partnership with Canadian-based Magna International to develop, produce and sell the pure battery powered electric car.

Ford plans to offer six electrified vehicles, including hybrids, plug-in hybrids and battery electric vehicles (BEVs) built off two global vehicle platforms in the next four years. The volume of electrified vehicles will increase over time as battery costs come down and the infrastructure takes shape. Later, the vehicles will also be offered in Europe in Asia-Pacific.



Lincoln MKT

The 2010 Lincoln MKT is a premium, luxury vehicle offering class-leading levels of power, fuel economy and technology – with three rows of seating. Second-row passengers are treated to the same luxury, refinement and space as front-row occupants – with the added benefit of available second-row captain's chairs and footrests. The MKT is powered by a choice of two V6 engines (including one with EcoBoost), a six-speed transmission and available all-

wheel-drive. It will be built at the Oakville Assembly Complex in Ontario, Canada, and arrives in showrooms this summer.



The bold, confident styling of the MKT's split grille echoes the look of the classic 1941 Lincoln Continental

We're in it to win it!

The 2009 FIA World Rally Championship is underway and the stage is set for some classic clashes between Ford and Citroen. Here Ford Motorsport director Mark Deans assesses our title credentials and explains why the sport is so important to the company

Are you looking forward to the new season? What are your predictions for the sport in this challenging period?

Yes – and the whole team is looking forward to it, especially our young drivers who made so much progress last year. With the additional experience and confidence they gained over the 2008 season, I expect the team to be even more competitive - and remember, 2008 was a transitional year for us following Marcus Gronh lm's retirement, yet we came very close to retaining the manufacturers' title. There are fewer events in the championship this year, and only two of them will be on tarmac, so we expect to be very competitive. We are going to see some great battles between Ford and Citroen.

What is the priority for Ford this year?

Is it the manufacturers' or the drivers' championship?

We want to win both of course but from a company point of view the manufacturers' championship is our holy grail.

Why is the WRC programme so important to Ford?

Ford has been involved in motorsport for more than 100 years – it is part of our DNA and WRC remains our major motorsport activity across the globe. The WRC benefits us in many ways. It provides a big impetus to our product reputation and sales – critical in these difficult times. It delivers enthusiasm, excitement and adrenaline. It supports the authenticity of the Ford brand and delivers a dynamic product demonstration. Through WRC we can highlight the performance attributes of the Ford Focus, something prohibited in general car advertising. It also underscores Ford's technical abilities, and provides valuable feedback for our engineers.

So how does Ford calculate the benefits it derives from WRC?

The benefits are measurable and real. In 2007 for example, there were 12,445 dedicated TV broadcasts of WRC representing 5,457 hours of coverage. WRC programming was seen in more than 180 countries worldwide and broadcast on over 250 TV channels. That's massive exposure to a global audience – and our car is the star! Last season around 800 million people

watched WRC. The dedicated official website, www.wrc.com, served almost 55 million pages to over 4.6 million visitors from over 180 countries during the 2007 season. The figures for last year are even higher. In addition to this are a myriad of web sites that cover WRC extensively. Then there's the mainstream and specialist press coverage too, not forgetting radio. There are only three world motorsport championships and when people watch the WRC they see Ford succeeding in what is the toughest test of all for production-based cars.

At each event, we take the Ford brand directly to consumers as we interact with them face to face, and through their chosen media, especially the internet, where we provide updates through RallyLive on www.wrcford.com and before and after each event with a Ford dedicated podcast (itunes.apple.com/WebObjects/MZStore.woa/wa/viewPodcast?id=265787924). In 2008 Ford secured a total of half a million downloads from our iTunes area! That's a lot of people wanting to have a direct relationship with Ford.

The involvement of other manufacturers in WRC in 2009 is reduced. Does their absence devalue the series?

No, I don't think it does. If you look at all the major motorsport activities around the globe, where manufacturers are involved, there are normally only two or three companies involved. The reason for this is that manufacturer investment has to be about winning because that is where you derive your real return on the investment. Fewer manufacturers involved also gives us additional opportunities, for example to strengthen our merchandising presence. I think that when a manufacturer in any championship is unsuccessful and fails to be competitive that manufacturer will, over time, look to compete somewhere else. We're in WRC because we are competitive and we win. And when we win, the positive exposure Ford benefits from is second to none.

Interview by Rick Franks

We hope that all @Ford readers will follow the progress of the team through 2009 via www.wrcford.com and for the podcasts through <https://www.tc2.ford.com/ts/podcasting/welcome/podcasts/default.aspx>

Supporting Europe's auto industry

As the economic downturn intensifies across Europe, so, too, does the focus on automotive industry support initiatives, Wolfgang Schneider, vice president, Legal, Governmental & Environmental Affairs, Ford of Europe, explains latest developments

There is much talk about various governmental support schemes for automakers, some Europe-wide and some national.

What is the latest position?

Very simplistically, the schemes we see in Europe and in the nations of Europe fall into two categories. Category one is providing liquidity to companies in a liquidity crisis. The other category, equally important, is to provide a stimulus to the market. So liquidity and market stimulus are the two broad categories. Regarding liquidity, the EU has taken the lead but we also see some liquidity measures at national level. The European Union liquidity programme is run through the European Investment Bank, which is owned by European member states. In our industry, the EIB has agreed to fund low CO₂ projects over the next four years, spending up to €16 billion. We think that's too low; we had asked for €40bn and we are still working on getting it.

How will that money be used?

Auto companies and suppliers can get it if they invest in low CO₂ technology. Another condition, for companies with a low credit rating, like us, is that you need a guarantee. That makes the whole thing very complicated, because if you have a low credit rating, no bank will give you a guarantee, so you have to go to government to ask for a guarantee. For Ford, we are talking about a range of between €400m and €800m a year over four years, so 2 to 3 billion euros, but it is a loan, and it is related to CO₂. Europe is also funding development into electric vehicles and hybrid technology and, again, we are interested in participating in this programme and have made an application.

What is happening at national government level?

There are governments, like France and Germany, that also provide liquidity, but it is to their national companies. Germany has announced a pro-

gramme of €100bn of loan and guarantee support for companies. That could apply to us as well, and we will make an application. That scheme is not tied to anything in particular; it's much more open, much more flexible. It's actually what we would like to see. It's what is needed in the current crisis. We are asking other countries in Europe, and the UK in particular, but also Spain and Poland, to introduce similar programmes. Nothing has been forthcoming yet. We have a programme in France, but that is limited to French manufacturers. The national liquidity programmes complement the European programmes, so it is a step in the right direction. So if you ask what are governments in Europe doing to help us out of the current crisis, I would say they are doing something but it is too little and too slow.

What actions are being taken to stimulate sales?

The EU is doing nothing, and that is understand-



BIOGRAPHY

Dr. Schneider joined Ford in 1982 as a senior attorney in the General Counsel, Ford of Europe, and held a number of positions within the Office of the General Counsel in Britain, Germany and the US. He was elected vice president, General Counsel, Ford of Europe, in 1995 and additionally assumed the position of director, European Commu-

nity Matters, at the Ford of Germany Board, in 1998. In 1999, he became vice president, Public, Governmental and Legal Affairs for Ford of Europe. He was appointed to his current role in January 2000.

Born in 1949 in Darmstadt, Germany, Dr. Schneider graduated from Frankfurt University with a BA and subsequently an MA in law.

dable because the European Commission has no authority for stimuli in national markets. So you need to look at the individual countries of Europe. We're seeing very different measures adopted in various countries. So far it is mainly old for new vehicle programmes, we call them scrappage programmes. Basically, you hand in an old vehicle, you buy a new one and you get an incentive for doing that. We have that in Germany, Italy, Spain and a number of smaller countries. We don't have it in Britain where we would like it. Conditions for those incentives vary. Germany has the highest incentive, because they offer €2,500 euros on every car that is replaced. In France it is €1,000, and in Italy less. In Spain it's a €1,000 loan, so it's not a cash incentive. Are such programmes effective? I think the German programme will be effective. €1,000 in Spain and France, less in Italy, that's questionable. What we are seeing is well-meant, but does it really push the market into buying? You have other countries, like the UK, reducing VAT, but only from 17.5% to 15%. Elsewhere, in Romania for example you pay no car tax, but the sums only range between €100 and €150 a year, so, is anybody going to buy a car for that? You have countries like France that loan money to consumers, but then restrict it to their local manufacturers, which is questionable under European law and questionable as a market stimulus. Neither on liquidity support for the automotive industry nor on market stimulus have we seen a breakthrough.

**How are 'national' manufacturers defined?
Where would Ford be considered a local manufacturer?**

Ford is a local manufacturer in many countries in

Europe, but not considered as such, and this is a big issue. We employ tens of thousands of people in countries like Germany, Spain, Belgium and the UK and to some extent Poland, but are we local? In terms of public perception, we are not and that is an issue we need to work on. However, I think that with the exception of France, governments treat us as a local manufacturer and we get support equivalent to other local companies.

Is there a unified front from all European manufacturers on what should be done?

On such important issues as market stimuli and liquidity, you are really only effective if you act as an industry, and that is what we are doing. We are making our main approaches, both in Europe and in the nations of Europe, through industry associations. So we're going as an industry to the governments, which I think is the right way to do it. In parallel, of course, and here it gets tricky, every one of us also goes to governments individually and tries to get a better deal than the other. And that is where, I believe, we are not best organised. So we are having a two prong approach. Officially, we go together, unofficially, we are going individually. And this is something we have always seen on important issues; you will never change it, but it does not help our cause. It does not help companies such as Ford or Opel that we are not regarded as national manufacturers in the first place. We may be treated as such when governments are pushed, but they do not come to us naturally. So, even from an industry lobbying point of view we are not as effective as we could be, because we are lobbying as an industry and individually, and we do both in parallel.

Back to the nationality of the manufacturers, is the fact that Ford, GM and Chrysler are in the spotlight in the US for federal help detrimental to our efforts in Europe?

The fact that we are getting, at least potentially, some help in the USA is being discussed behind the scenes by national governments in Europe, but it is not an issue that has been officially mentioned to us. I do not believe it is detrimental; it is something we need to address proactively. We need to explain what we are doing in the US. As far as Ford is concerned we are doing the same as we are doing in Europe. We are not applying for any government help in the strict sense, we are applying for loans to carry out low CO₂ projects, which is the same as we are doing in Europe. So I think Ford has a very consistent approach, we are not requesting any different treatment in the US than we are requesting in Europe. I think GM and Chrysler have a more difficult case to explain because they are actually tapping into real money, which they get in the US, and, potentially, that benefits them worldwide, including in Europe, and provides them with a competitive advantage. We, in Ford, are not in that position. Governments treat the US and European situations as cases apart and they are not holding against us that we are asking for money in the US.

Interview: Emmanuel Lubrani



ISO 9001 ISO 9000

Raising the Bar

A one-team approach to quality management and improvement

A major restructuring of Ford of Europe's quality management system (QMS) will mean higher quality standards through improved communication.

Stand-alone, divisional quality management systems have been transformed over the past two years into a single cross-functional entity.

The idea of having a centralised QMS and support process, acting cross-functionally, has been achieved by reducing the number of individual ISO 9001 quality certificates from around 50 to a single, Company-wide ISO 9001 certification.

Fundamentally, by aligning Ford of Europe's QMS with a single ISO standard, it will allow the Company to achieve higher standards of quality by improving overall efficiency.

"It is an educational process; if individuals in one department can understand how divisional processes from another department can benefit them, it would allow employees, throughout the Company, to operate transparently, thus empowering them to establish cross-functional operation," said Thomas Geue, quality programme supervisor in the Vehicle Operations quality office (VOQO) in Cologne, who fostered the original idea of a single ISO certification.

"This will not only avoid duplication of work, but help the Company to operate more efficiently as a single unit."

At the core of Ford of Europe's centralised QMS, is the Q-Team. "Essentially, the Q-Team is a facilitator – a catalyst to invoke change; ultimately, a clearing house for the application of ideas aimed to improve the quality management system at Ford of Europe," said David Ryding, client manager of FoE, from the

Vehicle Certification Agency (VCA), the leading management systems certification body.

"Through facilitation, the intent is to maintain a QMS whose appropriation is continually challenged by external and internal audits, as well as assessments of its defined scope, which is to design, manufacture, market, sell, and service a range of motor vehicles," he said.

The Q-Team, along with Central Quality, is working hard with all divisions of Ford of Europe to achieve a commitment to quality excellence throughout the Company.

In the last year, working hand-in-hand with the Vehicle Certification Agency, the Q-Team has achieved its goal of a single ISO 9001 certification and, with the recent addition of the Cologne Central Workshop and Human Resource, is now a step closer to adding all divisions of the Company to its team.

It has broken down departmental barriers and bridged departmental gaps and, looking ahead, plans to continue its close relationship with the VCA for improving quality through external audits while, at the same time, ensuring a high level of quality within Ford with an improved internal audit process.

This process will be implemented with the help of a newly-developed European audit planning, execution and reporting database, which is designed to provide quality employees with greater transparency for their internal audit work.

"The Q-Team is looking forward to 2009 as a year of advancement, and to a continued commitment to the improvement of quality at Ford of Europe," said Dr. Werner Klein, Ford of Europe manager of Quality Excellence.

