



2009/10

**Blueprint for Sustainability**

**The Future at Work**



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“Creating a strong business and building a better world are not conflicting goals – they are both essential ingredients for long-term success.”

**William Clay Ford, Jr.**  
Executive Chairman



“We are providing affordable fuel economy for millions of customers by introducing fuel-saving technologies across a wide range of vehicles.”

**Alan Mulally**  
President and Chief Executive Officer

# Welcome

## Message from the Executive Chairman and President and Chief Executive Officer

In 2009, Ford Motor Company successfully weathered the worst business environment in generations, posting our first full year of positive net income since 2005. Our market share grew in North America, Europe and South America, while sales increased in the rapidly growing Asia Pacific and Africa region.

These results show that our ONE Ford plan is working: we are building great products, a strong business and a better world. During 2009, we:

- Stayed on track to surpass our product carbon dioxide (CO<sub>2</sub>) goal, which calls for a 30 percent reduction in the CO<sub>2</sub> emissions of our new U.S. and European vehicles by 2020, compared to the 2006 model year.
- Introduced two new hybrid electric vehicles and several other vehicles that achieve best-in-class fuel economy.
- Cut global water use by 16.6 percent and improved energy efficiency in North America by 4.6 percent. Since 2000, we have cut energy use at our global facilities by 44 percent.
- Further improved vehicle quality, putting Ford on par with or better than the best in the business, according to several global third-party assessments.
- Received the most Top Safety Picks from the U.S.-based Insurance Institute for Highway Safety of any automaker – 19 Ford vehicles in total – and introduced a range of safety innovations.

We are optimistic about Ford's future possibilities. This is one of the most exciting times in our industry since mass automobile production began more than a century ago. New technologies are radically transforming some of the most fundamental and enduring elements of the automobile. The companies that lead these changes will create new “green” jobs and generate profits while reducing fuel use and CO<sub>2</sub> emissions, benefiting both the economy and the environment.

As a global community, we have the opportunity to forge a compelling vision to contribute to addressing the issues of economic growth, energy independence and environmental sustainability. We see two key enablers of progress in these areas: technologies and innovation will provide the solutions, while collaborative partnerships and a systems approach will help us implement them.

Collaboration and innovation are the foundation of our work in areas ranging from vehicle electrification to human rights in our supply chain. Ford has a proud heritage of improving people's lives and making their world a better place. We want to build on this by being recognized as a trusted partner and operating responsibly and sustainably wherever we do business. Through a decade of work and a disciplined reinvention of our Company, we have built sustainability into our business model.

Our Company has been through some tough times, but we have emerged leaner, stronger and more focused. With the support of our stakeholders, we are creating an exciting and viable company poised to deliver profitable growth for all.



#### Fusion Hybrid

We've doubled our hybrid vehicle production, and we're on the way to delivering the first of our pure battery electric and plug-in hybrid vehicles.



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After enduring several of the most difficult years in our Company's history, Ford turned a corner in 2009. In the face of a global economic and financial crisis, as well as unprecedented events in the U.S. automotive industry, Ford posted the first full year of positive net income since 2005, and a \$17.5 billion improvement over 2008.

Despite the continued economic slump of 2009, which included the bankruptcies of two domestic competitors and a nearly 40 percent cumulative drop in new vehicle sales in the U.S. since 2005, we gained market share in most of our business units across the globe, including our first full-year market share gain in the U.S. since 1995.

Based on Ford's improving performance, the gradually strengthening economy, and our present assumptions, we now expect to deliver solid profits this year with positive Automotive operating-related cash flow.

Our progress in 2009 offers the strongest proof yet that our business strategy is successful and that we are forging a path toward profitable growth through teamwork and leveraging global scale. Three years ago, we created the "ONE Ford" plan to guide our business toward better times. We cascaded the plan across our global organization. And we are executing the plan.

Ford is steadfastly focused on creating a strong business that builds great products that contribute to a better world. We continue to press forward to globalize vehicle platforms that can be adapted to meet specific regional needs. Flexible manufacturing capabilities allow us to bring products to market with greater speed and efficiency than ever before.

We believe that we have been able to weather these last difficult years because our business and our sustainability strategies are aligned and intertwined. But we're far from complacent, and we're continuing to address adverse conditions. Notwithstanding many positive signs of an economic recovery, the global business environment remains extraordinarily challenging, with increasingly intense competition from other automakers.

Our path toward long-term viability began well before the recent economic downturn began. We have been fundamentally restructuring our operations in ways that impact every part of our business. We recognized that our business model needed to change, and we have been changing it.

One key element of that is our increased focus on a more balanced portfolio that includes more small and midsize vehicles, to respond to consumer demands. We've been very clear about our product strategy to deliver improved fuel economy and reduced greenhouse gas emissions through advanced technologies. Our blueprint for sustainability, which highlights how we will meet our product CO<sub>2</sub>-reduction goal, has positioned us to lead in the industry.

Offering vehicles with smaller environmental footprints, tackling the mobility challenges of rapidly growing urban centers, and tailoring our products and services to increasingly diverse global markets are not peripheral to Ford's future success – they are central to it.



## ONE FORD

ONE TEAM • ONE PLAN • ONE GOAL

**Our ONE Ford plan is anchored by four key priorities:**

- Aggressive restructuring
- Accelerated product development
- Improving our balance sheet
- Working together

#### Read more online about:

- Our ONE Ford plan
- Our plan to return to profitability
- Our sales and market share trends



#### Ford Fiesta

We introduced our new Fiesta global small car in Europe in 2008 and in China in 2009. When it launches in the United States in 2010, it is expected to have best-in-class fuel economy in its segment.



More about climate change and mobility  
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Climate change has the potential to affect all parts of our business and is interconnected to other important issues – from water availability and energy security to human rights and mobility. Ford has developed a comprehensive, science-based global strategy to reduce greenhouse gas emissions and processes while working cooperatively with the public and private sectors to advance climate change solutions. We believe this strategy is one of the factors that has helped to transform our Company's current and future products and prospects.

#### Our Goals

In early 2008, we announced a goal to reduce CO<sub>2</sub> emissions from our U.S. and European new vehicles by 30 percent by 2020, relative to a 2006 model year baseline. We also set out a technology migration plan – embodied in our blueprint for sustainability – that details our near-, mid- and long-term product plans to meet this goal (see graphic opposite). Despite challenging economic conditions, we are making significant progress in implementing the plan and are on track to surpass the goal. In addition, we have committed that all our new vehicles will be best in class, or among the best in class, for fuel economy in their segment. During 2009, we expanded our analysis of potential greenhouse gas emission reductions to include the products we sell in Brazil and China. In this analysis, we compared our current product plans to potential reductions aligned with long-term CO<sub>2</sub> stabilization at 450 ppm, and considered the impact of low-carbon fuels. This is a step toward developing goals for these markets.

#### Our Progress

In every region of the world, we are advancing toward our goals by introducing new products and technologies that significantly cut fuel consumption and emissions. For example, during 2009 and early 2010 we:

- Reduced CO<sub>2</sub> emissions from our 2009 model year U.S. and European new vehicles by 12 percent and 6.7 percent, respectively, compared to the 2006 model year.

- Expanded the global use of our EcoBoost™ engines, which deliver up to 20 percent better fuel economy compared to larger-displacement engines. Our new four-cylinder EcoBoost engine was introduced in Europe, and we announced plans to use it in China on the Ford Mondeo in 2010.
- Expanded our lineup of high-fuel-efficiency, low-carbon-emission EConetic vehicles in Europe, including the second-generation Focus and Mondeo. The Focus EConetic with stop/start technology emits just 99 g/km of CO<sub>2</sub>.
- Introduced the Figo in India, available with a choice of fuel-efficient engines, one gasoline and one diesel.
- Launched a more fuel-efficient Ka in South America that features improved gearing ratios and aerodynamics.
- Announced the launch in 2010 of the Lincoln MKZ Hybrid, our fifth hybrid offering, which is expected to be the most fuel-efficient luxury sedan available in North America.
- Announced that we are delivering on our 2006 pledge to double the number of flexible-fuel vehicles produced in the United States by the end of 2010.
- Committed to introduce five new electrified vehicles in Europe by 2013, including battery electric, plug-in hybrid and hybrid electric vehicles that will also be introduced in North America by 2012.
- Introduced the Transit Connect to North America, creating a new class of nimble commercial vans with outstanding fuel economy. The Transit Connect will be the basis for Ford's first 21st century battery electric vehicle.
- Announced a battery electric version of the Focus, one of up to 10 vehicles based on our new global compact car platform that is expected to deliver up to 2 million vehicles annually by 2012.

**We are on track to surpass our goal of a 30 percent reduction in CO<sub>2</sub> emissions from our U.S. and European new vehicles by 2020, relative to a 2006 model year baseline.**

Ford is actively working to address challenges and opportunities posed by widespread use of electric – especially plug-in – vehicles. Such a shift could cut greenhouse gas emissions from vehicles, increase the use of domestic energy sources, decrease pressures on petroleum stocks and reduce urban air pollution. But it will also

**NEAR TERM****Begin migration to advanced technology**

- ▶ Significant number of vehicles with EcoBoost engines
- ▶ Electric power steering
- ▶ Dual clutch and six-speed transmissions replace four- and five-speeds
- ▶ Flexible-fuel vehicles
- ▶ Additional hybrid applications
- ▶ Increased unibody applications
- ▶ Introduction of additional small vehicles
- ▶ Battery management systems
- ▶ Aerodynamics improvements
- ▶ Stop/start systems (micro hybrids)
- ▶ CNG/LPG prep engines available in select markets

**MID TERM****Full implementation of known technology**

- ▶ EcoBoost engines available in nearly all vehicles
- ▶ Electric power steering – high volume
- ▶ Six-speed transmissions – high volume
- ▶ Weight reduction of 250–750 lbs.
- ▶ Engine displacement reduction facilitated by weight reductions
- ▶ Additional aerodynamics improvements
- ▶ Increased use of hybrids
- ▶ Introduction of battery electric and plug-in hybrid vehicles
- ▶ Vehicle capability to fully leverage available renewable fuels
- ▶ Diesel use as market demands
- ▶ Increased application of stop/start

**LONG TERM****Continue leverage of hybrid technologies and deployment of alternative energy sources**

- ▶ Increased percentage of internal combustion engines using renewable fuels
- ▶ Volume expansion of hybrid technologies
- ▶ Continued leverage of plug-in hybrid and battery electric vehicles
- ▶ Introduction of fuel cell vehicles
- ▶ Clean electric/hydrogen fuels
- ▶ Continued weight reduction through use of advanced materials

require unprecedented levels of collaboration and partnership between automakers, government officials, utilities, transportation providers and information technology companies.

A wide range of stakeholders will need to work together to develop charging infrastructure, integrate electric vehicles with electric utilities, and knit vehicles and grids together into an efficient system. During 2009 and early 2010 we:

- Worked with a coalition of 10 utilities, the U.S. Department of Energy, the New York State Energy Research and Development Administration, and the Electric Power Research Institute to test a fleet of Ford-provided plug-in hybrid vehicles.
- Announced a collaboration with Microsoft® on new energy management software that will help owners of plug-in electric vehicles determine when and how to recharge their vehicles, while giving utilities better tools for managing the expected changes in energy demand.
- Catalyzed and conducted dialogues with key stakeholders in several U.S. cities to explore sustainable mobility projects that incorporate electric vehicles and infrastructure.
- Worked on other important issues ranging from standards development to battery recycling.

We're also making progress in understanding and reducing our climate footprint across our value chain. We reduced 2009 operational CO<sub>2</sub> emissions by 9 percent globally compared to 2008 and earned our fifth consecutive Energy Star Award for Sustained Excellence from the U.S. Environmental Protection Agency. In addition, we announced our participation in the Carbon Disclosure Project's Supply Chain Initiative and the World Resources Institute/

World Business Council for Sustainable Development's Scope 3 road testing projects – both as a way to better understand greenhouse gas emissions in our supply chain. Ford is the only automaker participating in these two initiatives.

**Climate Change Policy**

We are committed to advocating for effective and appropriate climate change policy in the United States and around the world. We are an active member of the U.S. Climate Action Partnership (USCAP), a coalition of diverse stakeholders that has released consensus recommendations for U.S. climate protection legislation. The recommendations represent a balanced and integrated approach to key linked issues that must be addressed in any national climate legislation; however, we recognize that the recommendations are not the only possible path forward. Our CO<sub>2</sub> product goal is aligned with the USCAP recommendations and with the broad goal of climate stabilization. The goal also aligns our product plans to meet or exceed recently announced fuel economy requirements in the United States and Europe.

**Mobility**

Most automakers define *sustainable mobility* as reducing the environmental impacts of the vehicles they offer by cutting the vehicles' lifecycle greenhouse gases and other emissions. As indicated by the previous discussion, we see this as an important piece of the picture – and we're working hard to achieve it.

But there are other important pieces as well. By 2050, there will be nine billion people on Earth, 75 percent of whom will live in urban areas. Putting nine billion people into private automobiles is neither practical nor desirable.

At Ford, our goal is to make mobility affordable in every sense of the word – economically, environmentally and socially. We believe that creative collaboration and innovative technologies and services that integrate diverse public and private modes of travel can harness the benefits of mobility while reducing its environmental and social impacts. By concentrating on providing affordable transportation throughout the world and applying emerging information technologies, we believe Ford can contribute to addressing significant mobility challenges. For several years, Ford has engaged with stakeholders – including municipal and state government officials, utilities, transportation planners and NGOs – to envision mobility solutions and pursue their implementation.

**Read more online about:**

- Ford's climate change risks and opportunities
- Our blueprint for sustainability
- Climate change public policy
- Electric vehicles
- New mobility



### 2010 Ford Taurus

The 2010 Ford Taurus is one of the safest-rated large sedans sold in America. It received five-star NCAP crash ratings for frontal and side impact and "good" IIHS ratings in offset frontal impact, side impact, roof strength and rear impact evaluations.



More about vehicle safety  
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Vehicle safety is one of four principles that inform and guide Ford's every design and engineering effort,<sup>1</sup> and we continually work to raise the bar on safety. Based on the following independent measures, Ford remains an industry leader in motor vehicle safety.

- Ford holds the most Top Safety Picks (awarded by the Insurance Institute for Highway Safety, or IIHS) of any vehicle manufacturer. Nineteen Ford vehicles earned this honor in 2009.
- For the 2010 model year, 23 Ford vehicles received five-star ratings for both frontal impact and side impact from the National Highway Traffic Safety Administration (NHTSA) in its U.S. New Car Assessment Program (NCAP) ratings.
- In Ford's most recent EuroNCAP assessments, the Ford Kuga and Ford Fiesta achieved Ford's first three-star ratings for pedestrian protection. These cars also joined the Focus, Mondeo, S-MAX and Galaxy in having best-in-class, five-star adult protection and four-star child protection ratings.

#### Preventing Distracted Driving

Recently, distracted driving has received significant public attention as a contributing factor in motor vehicle crashes. Ford has been conducting research on distracted driving for many years, and we've recently taken a number of important actions to address it.

In 2009, Ford was the first vehicle manufacturer to support the Schumer bill in the U.S. Senate, which would require states to ban handheld texting while driving. Ford also clarified its employee policies to explicitly ban the practice.

#### Read more online about:

- Managing vehicle safety
- Accident avoidance and occupant protection technologies
- Research on distracted driving



In 2010, Ford is bringing to market the world's first automotive inflatable seat belts, combining traditional seat belt and air bag technologies to help reduce head, neck and chest injuries for rear seat passengers.

Ford's voice-activated SYNC® technology, first unveiled in 2007, encourages drivers to use voice controls with hand-held devices such as cell phones and MP3 players, enabling them to keep their eyes on the road and hands on the wheel. For example, when a text message arrives to a driver's cell phone, SYNC can read it aloud through text-to-speech technology and then provide a list of canned replies for the driver to select rather than key-in manually. Also, SYNC locks out certain features (such as adding or editing a phone book contact) while driving. Ford's innovative MyKey™ technology also helps parents encourage their teenagers to drive more safely. MyKey allows owners to program a key that can, for example, limit the vehicle's top speed to 80 mph and mute the audio system until the safety belt is buckled.

Finally, our Ford Driving Skills for Life (FDSFL) program includes instruction (both on the FDSFL Web site and at "ride-and-drives" for teen drivers) on the importance of avoiding distracted driving. In 2009, FDSFL activities were carried out in nine U.S. states, and the program's reach was expanded in the Asia Pacific region, where roughly 11,000 drivers were trained. Operation Teen Safe Driving – a joint effort between Ford and the state of Illinois that is modeled on FDSFL – has contributed to real results: the state has seen a 49 percent reduction in teen fatalities in the three years since the program was launched.

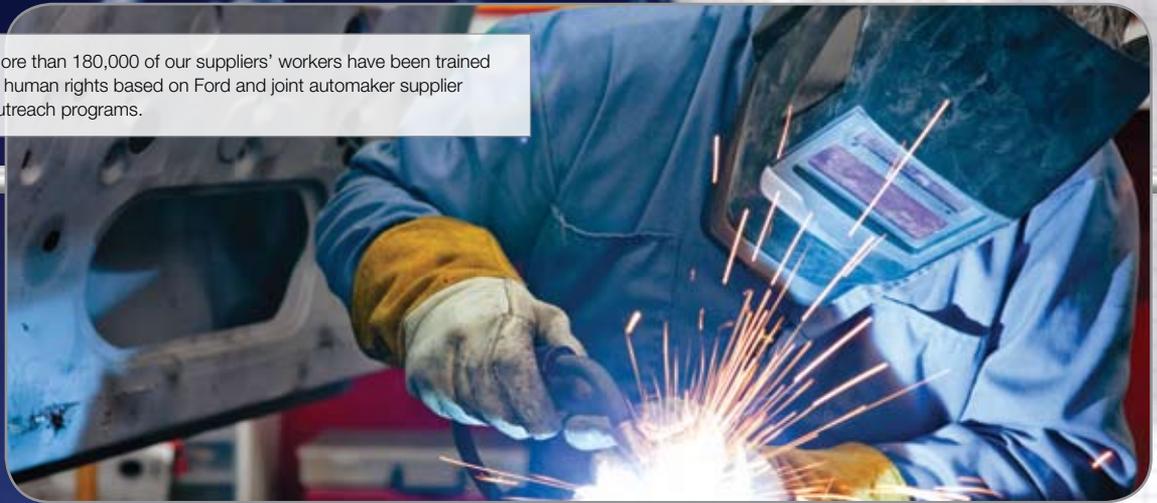
#### Supporting Collaborative Research

On the research side, Ford is a leader in efforts to assess and verify the effectiveness of active safety technologies. In January 2010, a consortium of 29 partners – led by the Ford European Research Center in Germany – joined forces in the Accident Avoidance by Active Intervention of Intelligent Vehicles (interactIVe) project. The consortium seeks to support the development and implementation of active safety systems, and includes seven automakers, six suppliers and 14 research institutes.

<sup>1</sup> The other principles are quality, fuel efficiency and smart technologies.



More than 180,000 of our suppliers' workers have been trained in human rights based on Ford and joint automaker supplier outreach programs.



More about human rights  
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Ten years ago, stakeholders challenged Ford to take a leadership role in addressing human rights issues in the automotive industry by developing systems and programs to ensure sound working conditions in Ford facilities and our supply chain. We recognized compelling business reasons to take up the cause: we believe that people are most likely to excel in an environment that aims for excellence. We also understand the positive impact our actions can have on our 176,000 employees and the million people who work for companies in our supply chain.

Today, Ford's Code of Basic Working Conditions (CBWC), adopted in 2003, applies throughout our global operations and our \$65 billion supply chain. We require our suppliers to ensure that our products – no matter where they are made – are manufactured under conditions that demonstrate respect for the people who make them. We are a signatory to the United Nations Global Compact and actively participate by invitation in the Human Rights and Supply Chain Sustainability Advisory Groups convened by the Global Compact.

We aim to leverage Ford's global supply chain to make a positive impact in the markets in which we do business, using a three-pronged approach:

- **Engagement with Individual Supplier Facilities:** Training and capability building form the basis of Ford's supply chain working conditions program, supported by assessments of individual factories (totaling more than 600 to date). Through Ford-administered programs and those conducted in conjunction with other automakers and the Automotive Industry Action Group (AIAG), we have trained 1,773 managers from 1,478 supplier companies on systemic solutions to working conditions challenges. Training participants are required, in turn, to cascade the training to their own management and employees as well as to clearly communicate expectations to their suppliers, thereby expanding the impact significantly.

- **Engagement with Key Suppliers' Corporate Management:** Ford is working with its strategic production suppliers at the corporate level to enhance their policies, verification systems and ability to influence their own supply chains. Our 90 Aligned Business Framework suppliers commit to manage and assure proper working and environmental conditions in their facilities and supply chains, and we are measuring their progress in doing so.
- **Collaboration within the Automotive Industry:** Ford is driving collaboration between automakers and supply chain companies on global working conditions issues through the AIAG.

In early 2010, *Corporate Responsibility Officer* magazine ranked Ford's human rights efforts first among companies included in its 100 Best Corporate Citizens list. Ford was also deemed one of the World's Most Ethical Companies by the Ethisphere Institute. Ford was the only automaker to receive either recognition.

Through these efforts, we have learned the importance of helping to build the capability of suppliers to manage working conditions, rather than simply assessing their compliance with Ford and legal requirements (though assessments continue to provide important learnings). We continue to see significant potential for collaborative action by automakers to establish a common, effective and efficient approach to ensuring sound working conditions in the automotive supply chain.

Beyond our own industry, we are working with government leaders to explore how to encourage multinational companies to act as a positive force in protecting human rights in global trade, both through work in their own supply chains and through advocacy.

**Read more online about:**

- Ford's Code of Basic Working Conditions
- Our supply chain profile
- Our supply chain working conditions training and assessment status

# Performance Overview

We define *sustainability* as a business model that creates value consistent with the long-term preservation and enhancement of environmental, social and financial capital.

Below are some key indicators of our performance in these areas. See the full data set and notes at [www.ford.com/go/sustainability](http://www.ford.com/go/sustainability).

▶ FORD DATA 2009/10			
▶ ECONOMY/QUALITY	2007	2008	2009
Global Quality Research System things gone wrong (three months in service), total things gone wrong per 1,000 vehicles	1,405	1,206	1,107
Global Quality Research System customer satisfaction (three months in service), percent satisfied	76	77	84
Sales satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	82	84	82
Sales satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	80	81	74
Service satisfaction with dealer/retailer, Ford brand, U.S., net promoter score	72	74	74
Service satisfaction with dealer/retailer, Ford brand, Europe, net promoter score	68	70	65
Shareholder return – Bloomberg total return analysis, percent	-10	-66	337
Net income/loss, \$ billion	-2.7	-14.7	2.7
Sales and revenue, \$ billion	172.5	146.3	118.3
▶ ENVIRONMENT	2007	2008	2009
Ford U.S. fleet fuel economy, combined car and truck, miles per gallon (higher mpg reflects improvement)	25.3	26.0	27.1
Ford U.S. fleet CO <sub>2</sub> emissions, combined car and truck, grams per mile (lower grams per mile reflects improvement)	352	340	326
Ford Europe fleet CO <sub>2</sub> emissions, grams per kilometer (based on production data for European markets)			
Ford	149	146	139
Volvo	190	182	173
Worldwide facility energy consumption, trillion BTUs	65.6	61.0	51.5
Worldwide facility energy consumption per vehicle, million BTUs	10.8	12.2	11.2
Worldwide facility CO <sub>2</sub> emissions, million metric tons	6.1	5.4	4.9
Worldwide facility CO <sub>2</sub> emissions per vehicle, metric tons	1.02	1.09	1.05
North American Energy Efficiency Index, percent (2000 base = 100 percent) (lower percentage reflects improvement)	74.4	69.9	65.3
▶ SOCIETY	2007	2008	2009
Employee satisfaction, Pulse survey, overall, percent satisfied	64	66	68
Overall dealer attitude, Ford, relative ranking on a scale of 1–100 percent (summer/winter score)	69/64	68/69	80/71
Overall dealer attitude, Lincoln Mercury, relative ranking on a scale of 1–100 percent (summer/winter score)	66/64	64/66	71/66
Ford Motor Company Fund contributions, \$ million	37	33	20
Corporate contributions, \$ million	17	16	9
Volunteer corps, thousand volunteer hours	86	100	100
Lost-time case rate (per 100 employees), Ford Motor Company	0.9	0.7	0.6
Lost-time case rate by region (per 100 employees), Ford Motor Company			
Americas	1.2	1.0	0.9
Asia Pacific and Africa	0.1	0.1	0.2
Europe	0.7	0.6	0.5
U.S. safety recalls, number per calendar year (including legacy vehicles on the road for 10+ years)	15	10	8
U.S. units recalled, number of million units (including legacy vehicles on the road for 10+ years)	5.5	1.6	4.5 <sup>1</sup>
IIHS Top Safety Picks, number of vehicles	6	14	19

<sup>1</sup> All but 12,000 of the 4.5 million vehicles recalled are older models (1992–2003) that were equipped with faulty Texas Instruments speed control deactivation switches. Although the data shows the majority of the vehicles equipped with these switches do not pose a significant safety risk, we recalled them to reassure customers and eliminate any future concerns.

 For additional notes to accompany this data go to the full report [www.ford.com/go/sustainability](http://www.ford.com/go/sustainability)

#### Contact

Preparing this summary offers a valuable opportunity for us to assess and improve upon our progress and performance. To continue to do so, we need your feedback:

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