



May 2008

# Ford

Connecting Ford People



## Romanian expansion

Craiova plant welcomed into Ford family



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# ONE FORD

## Our future is in our hands



**Inside this month's @Ford** we turn the spotlight on our newly-acquired Craiova plant and the far-reaching plans we have for turning it into the benchmark facility in Eastern Europe.

The plant is a crucial element in our continuing growth strategy. It is the key to unlocking the opportunities presented in the markets of Eastern Europe and beyond, including Romania itself which is expanding rapidly.

Reaching into new, potential-rich markets is one way in which we will continue to grow .

Another is to develop many more new and exciting products. This year for example we will introduce no fewer than 20 new or improved models.

With our established network of flexible, efficient and 'lean' manufacturing plants working at capacity, the production output from Craiova will ensure we make the most of the sales growth opportunities.

Sales results for the first quarter confirm our growing influence in the European market. Across all our 51 territories we sold almost 502,000 vehicles in the first three months of the year. In March we were European market leaders and sold more cars and commercial vehicles than any other brand. That performance gives us a solid foundation on which to build and reach our full-year business objectives.

The first quarter also confirmed that we are continuing to meet our profitability targets, with a preliminary pre-tax profit of \$739 million for the January-March period. That was \$520 million better than Q1 2007 and an outstanding performance.

Our success is based on giving – an increasing number – of customers the vehicles that they want. As I write, journalists from across Europe are testing our latest new arrival, the Kuga, on the roads of southern Spain. The early feedback shows that we have yet another winner. There will be more new models and, I hope, more media and public acclaim in the months ahead.

But while we have a lot of good news to report, we must avoid complacency. Our progress is continuing, but you only have to read a newspaper or watch TV to know that the headwinds are blowing even more strongly – the fall-out from the credit crunch is continuing, raw materials are costing more and economies are weakening in some markets.

We have been profitable and increased sales in each of the past four years and we aim to continue that successful trend this year. But 2008 will be a sharp test of the strength of our resolve and progress. If we do not stay completely focussed, the hard work of the past four years could easily slip away.

2008 is an opportunity to prove yet again that our success is deep rooted and that despite the challenges we will continue to deliver.

I am confident that, between us, we have what it takes to succeed.

John Fleming  
President and CEO, Ford of Europe

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## Mondeo wins top Russian award

Mondeo and S-MAX have been named Best New Car of the Year and Best Minivan respectively at the Russian Car of the Year Awards 2008. Almost 105,000 people took part in the voting process, organised by five Russian motoring magazines.



## New Cargo truck makes its debut

Ford has unveiled its new Cargo truck at the Istanbul Commercial Vehicle Show. Built at Ford Otosan's Inonu plant in northwestern Turkey, the

Cargo is powered by Ford of Europe's largest and most powerful diesel engine – a 9-litre Ecotorq TDCi unit. The Cargo features an all-new chassis to enhance driving dynamics and durability, while a facelift strengthens the vehicle's contemporary style. Ford plans to produce 10,000 units of the Cargo in 2008. The major markets are Turkey, Russia, Eastern Europe, North Africa and the Stans region.

## Ford announces Jaguar Land Rover Sale

Ford Motor Company has entered into a definitive agreement to sell Jaguar Land Rover to Tata Motors. The total amount to be paid by Tata Motors will be approximately \$2.3 billion. Ford will then contribute up to \$600 million to the Jaguar Land Rover pension plans.

As part of the transaction, Ford will continue to supply Jaguar Land Rover for differing periods with powertrains, stampings and other vehicle components, in addition to a variety of technologies, such as environmental and platform technologies. Ford has also committed to provide engineering support, including research and development, plus information technology, accounting and other services.

Ford Motor Credit Company will continue to provide financing for Jaguar and Land Rover dealers and customers during a transitional period, which can vary by market, of up to 12 months.





## German Chancellor visits Cologne-Merkenich

The leader of the German Government, Dr. Angela Merkel, visited Ford's John-Andrews Technical Centre in Cologne-Merkenich on April 1st to mark the centre's 40th anniversary. Accompanied by Dr. Jürgen Rüttgers, prime minister of North Rhine-Westphalia, and Fritz Schramma, mayor of Cologne, Chancellor Merkel was taken on a tour of the design studios and was briefed on the work done within the complex.

At the end of her visit Chancellor Merkel spoke to a gathering of about 250 Cologne-based employees and thanked Ford and the automotive industry for its focus on developing vehicles with reduced impact on the environment.

## Ford further integrates global product development and purchasing teams

Ford is taking further steps to align its product development and purchasing organisations into an integrated global team to accelerate the creation of vehicles customers really want, reduce costs, enhance quality, and improve efficiency by eliminating duplicate engineering and purchasing efforts.

Under changes effective April 1, Ford is reorganising senior leaders in its product development and purchasing organisations to assign global responsibility for key vehicle segments and major purchasing functions. In addition, Ford is designating a global network of engineering centres that will be responsible for developing the core attributes of Ford brand vehicles worldwide.

The global core engineering teams will ensure that all Ford brand vehicles around the world share common DNA, including consistent driving dynamics, interior quietness and other vehicle attributes. The core engineering and purchasing teams also will improve interaction with Ford's global supply base to leverage economies of scale through common sourcing, reduce complexity and increase sharing of common parts.

"This is a crucial part of the plan that we started more than a year ago," said Alan Mulally, Ford president and CEO. "We need product development and purchasing organisations that are aligned on a global scale. This is an important step in fostering a One Ford approach that leverages our global resources and expertise."

## More wind power for Dagenham

Ford is to add a third wind turbine at the Dagenham Engine plant as part of its continuing focus on environmental sustainability. The additional turbine, provided by Ecotricity, will enable the Dagenham Diesel Centre to remain 100% wind-powered following the installation of a new 1.4/1.6-litre Duratorq TDCi engine line.

The two existing Ecotricity wind turbines have avoided over 6,500 tonnes of CO<sub>2</sub> emissions a year since 2004. The third turbine, subject to planning approval, will have the capacity to produce 1.8 megawatts of green electricity

for the Diesel Centre – the equivalent of powering 1,000 homes.

The extra turbine is part of Ford Dagenham's expanding 'green' vision. Other environmental actions include replacing mineral oil with diluted vegetable oil for use in engine machining and recycling coolant and waste metal.

And Ford's environmental focus in Britain is not confined to Dagenham. The Dunton technical centre is cutting the amount of CO<sub>2</sub> it produces by 65%, or 36,100 tonnes, by using electricity generated from renewable sources.





Segment shares total Europe

January 2008

1. Fiat Panda	17.5%	1. Citroën C4 Picasso	16.3%
2. Fiat 500 (2007)	11.8%	2. Renault Megane	15.5%
- . Ford Ka	3.2%	5. Ford C-MAX	11.0%























1. Peugeot 207	13.0%	1. VW Passat	18.6%
2. GM Corsa	11.3%	2. Ford Mondeo	15.5%
5. Ford Fiesta	9.9%	3. Skoda Octavia	14.0%
		8. Ford S-MAX	4.5%

1. GM Meriva	24.2%	1. Ford Galaxy	24.6%
2. Nissan Note	14.0%	2. Renault Espace	20.1%
4. Ford Fusion	12.2%	3. Chrysler Voyager	9.3%

1. VW Golf	16.5%	1. Ford Transit	11.7%
2. Ford Focus	13.5%	2. VW Transporter	10.4%
3. GM Astra	12.1%	3. Mercedes Sprinter	7.7%

Ford market share  
March 2008

total vehicles by country (+/- 2007)

	A - Austria	7.9%	(+0.9%)
	B - Belgium	6.6%	(-0.8%)
	CH - Switzerland	5.3%	(+0.9%)
	CZ - Czech Republic	6.2%	(-1.1%)
	D - Germany	6.5%	(-0.5%)
	DK - Denmark	8.0%	(+1.4%)
	E - Spain	10.0%	(-0.2%)
	F - France	5.7%	(+0.5%)
	FIN - Finland	7.3%	(+0.3%)
	GB - Great Britain	16.4%	(+0.3%)
	GR - Greece	6.7%	(-1.3%)
	H - Hungary	11.6%	(+1.3%)
	I - Italy	8.3%	(-0.8%)
	IRL - Ireland	13.4%	(+0.5%)
	N - Norway	8.6%	(+1.2%)
	NL - Netherlands	8.8%	(+0.5%)
	P - Portugal	7.4%	(+1.2%)
	PL - Poland	7.5%	(+0.8%)
	S - Sweden	6.3%	(+0.4%)
	RUS - Russia	7.0%	(-1.5%)
	TR - Turkey	15.0%	(-1.3%)
	<b>TOTAL EUROPE</b>	<b>9.66%</b>	<b>(-0.1%)</b>

## Ford of Europe reports profit jump

**Ford of Europe** made a preliminary pre-tax profit of \$739 million in the first quarter of 2008, an improvement of \$520m compared with the same period last year. It was the Company's best single quarter of earnings since Q1 1989, when it made \$755m, and it is the eighth consecutive quarter of year-over-year improvement. Turnover rose by \$1.6 billion to \$10.2 bn.

Overall, Ford Motor Company reported net income of \$100 million for the first quarter of 2008. This compares with a net loss of \$282m last year.

Ford's preliminary first quarter pre-tax operating profit from continuing operations, excluding special items, was \$736m, up \$669m from a year ago.

"The results of this quarter are encouraging, particularly our outstanding performance in Europe and South America," said Ford president and CEO Alan Mulally. "Going forward, we remain committed to our key business objectives, including our goal of reaching North America and overall Automotive profitability in 2009 despite the challenging economic conditions."

## Other Q1 highlights:

**Worldwide Automotive** reported a tax profit of \$669m, compared with a pre-tax loss of \$226m in Q1 2007.

**North America** reported a pre-tax loss of \$45m, compared with a loss of \$613m a year ago.

**South America** operations posted a pre-tax profit of \$257m, up from \$113m a year ago.

**Volvo** made: a pre-tax loss of \$151m, compared with a profit of \$94m a year ago.

**Asia Pacific Africa** reported a pre-tax profit of \$1m, compared with a pre-tax loss of \$26m a year ago.

Ford earned \$49m from its investment in **Mazda** and associated operations, compared with \$21m a year ago.

**Other Automotive**, which consists of interest and financing-related costs, accounted for a Q1 pre-tax loss of \$181m.

The **Financial Services** sector earned a pre-tax profit of \$67m, compared with a pre-tax profit of \$293m a year ago.

**Ford Motor Credit** reported net income of \$24m in the first quarter of 2008, down \$169m from earnings of \$193m a year earlier.

**I am delighted** to be writing this column as the new vice president of Marketing, Sales & Service, Ford of Europe. After heading European Sales Operations for 6 years, effective April 1st, I have taken over this responsibility from Stephen Odell, who has been promoted to Chief Operating Officer.

This is an exciting time to be heading the marketing, sales and service team, as our latest figures for March and the first quarter show.

In March we were European market leaders and sold more cars and commercial vehicles than anyone. Across our main 21 markets we sold 213,000 vehicles. Including our 30 European Direct Markets (EDM), total sales for the month were 221,100.

For the 20 markets we track, we gained a 10% market share, our highest monthly share since September 2001.

The **UK** was our top-selling market in March with a plate change boosting sales by 1,840 to 83,460, the highest-ever March total. Share was a market leading 16.4%, our highest in Europe.

Elsewhere, Ford was the leading imported brand in **France**, with sales up 13% to 14,510. In the **Netherlands**, Ford took market leadership with an 8.8% market share, up 0.5% versus 2007.

**Russia and Turkey** similarly continued to grow. Our sales in Russia climbed 7.5% to 17,770, while in Turkey they were up by 11%, to 7,770, giving us a 15% share.

Among other highlights, our sales were up over 34% in **Poland**, more than 23% in **Switzerland** and almost 19% in the **Czech Republic**.

There were significant industry declines in **Germany, Italy and Spain**, but in all three markets we achieved our market share objectives.

Sales in the **EDM region**, which I know well from my previous responsibility, increased by 41.5%, to 8,250 in March. The EDM region spans potential-rich markets in North Africa, Eastern Europe and the 'Stans', countries like Kazakhstan and Uzbekistan.

Across our main 19 markets, the Fiesta was our top-selling model in March (46,800) followed by the New Focus (44,600). New Mondeo sales soared to 18,700.

And it was not only our cars that were in demand, commercial vehicle sales increased across the same 19 markets to 34,700. The iconic Transit led the sales charge, selling over 23,100 units.

#### First Quarter

For the first quarter, we sold over 501,500 vehicles across the 51 markets for which we are responsible, an increase of 7,500 units, despite last month's slowdown in the European market.

Commercial vehicle sales reached a record 77,400 in our main 19 markets (Transit sales alone accounting for 51,000 of that total), overtaking VW to be year-to-date second on commercial vehicles with 10.6%, up 0.2% from last year. The UK was our top-selling market with sales of 131,340. Among other notable performances France boosted its sales by over 4,300, to 38,670, and in Spain, Ford was market leader in the first quarter with a 10.3% market share, up 0.8% versus prior year. The highest year-over-year share increases for the first quarter were in Norway (up 1.1%) and Hungary (up 0.9%). With more than 20 new or improved models, including the Kuga, Focus Coupé-Cabriolet and, of course, the Fiesta, arriving in showrooms this year, operating as One Team, we are confident of maintaining our sales momentum in the months ahead.



## COMMENT

By Ingvar Sviggum

Vice President, Marketing Sales and Service

## Top 5 markets by volume 2008

Market	Volume
1. UK	131 569
2. Italy	48 585
3. Germany	35 565
4. Spain	61 793
5. France	42 338

## Top 5 markets by share full year 2008

Market	Share
1. UK	16.7 %
2. Turkey	15.6 %
3. Ireland	13.6 %
4. Hungary	11.9 %
5. Spain	10.3 %

## Total industry Europe (2008 YTD)

Cars	4 631 247	(+106 607)
Commercials	842 490	(-3 336)



## 2008 World Car of the Year

The Mazda2 has been voted the 2008 World Car of the Year (WCOTY). From an initial entry list of 39 new vehicles from all over the world, the 2008 WCOTY title was announced at the New York International Auto Show at the end of March. The Mazda2 edged out the Ford Mondeo and Mercedes-Benz C-Class to take the trophy. The WCOTY award was officially launched in January 2004 and is organised and conducted by automotive journalists from around the world. A jury of 47 international automotive journalists selected the overall winner by secret ballot. Elsewhere, Jaguar's XF was named UK-based *What Diesel* magazine's 2008 'Car of the Year'. The Land Rover Freelander 2 was voted 'Best 4x4', and the Volvo V70 (2000-2007) was 'Best Used Estate'. The new Mondeo was 'Best Large Family Car'.





# Capacity for growth

Ford of Europe's newly-acquired Romanian plant will bring much needed extra production capacity and allow the Company to continue to grow. The first model rolls off the line next summer, but there is much work to be done before then...



**Shortly before** the ceremony officially marking the change of ownership, Ford of Europe's president and CEO, John Fleming, walked quietly through the Craiova plant casting his Manufacturing-man's eye over the production facilities. When he reached the end of the assembly line he met a group of employees.

"I am extremely proud to be able to welcome you into the global Ford family," he told them. "This plant and the skills and commitment of its people have a crucial contribution to make to the ongoing success of our Company. Together we face an exciting future."

Later in the day, at the high profile hand-over event, attended by President Traian Basescu and Prime Minister Calin Papescu-Tariceanu of Romania, and the US Ambassador to Romania, Nicholas Taubman, Mr Fleming put the acquisition into a broader context.

"This facility joins seven other Ford vehicle assembly plants and thirteen engine, transmission, casting, forging, stamping, tool and die plants across Europe. All are characterised by world-class standards of manufacturing quality and efficiency," he said.

He added that Ford would invest €675 million to ensure that Craiova took its place among that elite group.

As he spoke, the first external sign of the change of ownership, a huge Ford banner carrying the Company's distinctive blue oval, could be seen high up on the plant's multi-storey administration block.

The Ford chief went on to confirm that the first vehicle produced in Craiova would be the Transit Connect, and he explained why.

"All our European plants are working at full manned capacity



and this is also the case at our plant at Kocaeli in Turkey, where Transit Connect is currently produced. Demand for the vehicle continues to increase across our traditional markets and new market opportunities are also presenting themselves. Recently we announced that the Transit Connect is to go on sale in select American markets in the summer of 2009. The Craiova plant capacity will help us to meet this growing demand.”

Output will start in the middle of next year, but the Transit Connect will not be Craiova’s only model. A second will start to roll off the assembly line in 2010. Mr. Fleming gave few details other than to confirm that it would be a small car that would be unique to Craiova and on sale in all European markets.

Before any models are built, though, the Craiova facility will be fully integrated into the Ford Production System. That work has already started and numerous modernisation projects are being progressively undertaken. These include the automation of some of the existing lines in the press shop, and the installation of a body construction shop. In addition, the paint shop will be expanded and modernised and new equipment and tooling installed in the trim and final areas of the assembly plant. Leading that transformation is a team of Ford of Europe executives which will work with the existing plant management. The Ford team is

led by Dionisio Campos San Onofre, who is named President of Ford Romania SA (as the plant has been renamed). He has extensive Ford manufacturing plant experience and the existing management team reports to him. Other Ford senior personnel include HR Director Angella Alexander and Len Meany, who becomes chief financial officer. The man who led the Ford negotiations to purchase the plant, Lyle Watters, is chairman of Ford Romania SA.



**John Fleming and Prime Minister Calin Papescu-Tariceanu at the hand-over ceremony (above and below), while work begins on transforming the plant (centre)**



While it prepares for its bright new future, the plant is continuing to build completed cars, engines and transmissions for GM Daewoo. Ford has agreed that that arrangement will continue to at least the end of 2008. In addition, Ford has committed to honour all its legal obligations in Romania regarding the manufacture of spare parts for those vehicles previously built at the plant and still in service.

The plant’s acquisition may have taken longer than expected to complete (the result of an EU enquiry into some aspects of the takeover), but Ford is in no doubt that it has been worth the wait. That’s because Ford Romania SA gives Ford of Europe a major presence in a fast-expanding region and, at the same time, provides the production capacity it needs to maintain its impressive growth.

*Peter Noble*



# Why we need Craiova

Lyle Watters, the Company's chief negotiator, explains why Ford of Europe acquired the former Daewoo-owned car plant in Craiova

## Would it not have been quicker and easier to go for a greenfield development?

The greenfield route may have been an easier option, but it would have taken several years to build and result in lost opportunity for Ford. The Craiova facility has the capacity to produce over 300,000 cars and engines annually and can be modified to meet our requirements quite quickly.

## How would you characterise the negotiations?

They were intense and complex at times, but

employment is expected to grow to at least 7,000 and we anticipate Ford expenditure in the Romanian Economy to exceed €1bn per year by 2012.

## What impact did the EU investigation have?

When we signed the contract with the Romanian government in September 2007, we included a clause which stated it was subject to EU clearance by January 30, 2008. Formal clearance was received by the end of February 2008, so



generally cordial and positive. There were many late nights and long weekends, but that's part of the course during negotiations. The help and support of the Ford cross-functional team was crucial and outstanding. So too was the support received from the local external agencies we worked with.

## What does FoE get and what is it committed to doing?

We get a "clean company" and a 72.4% ownership stake in Automobile Craiova. With it, we will take the plant, the 109 hectare site it sits on, all 3,900 employees, an apartment block in Craiova and land at the port of Constanta. We are committed to invest €675m over the next 4 years and have plans to produce 300,000 vehicles and 300,000 engines per year. Also, Ford is committed to restructuring existing companies within Automobile Craiova, creating a new company, and transferring non core assets (mainly excess land and buildings) to the Romanian government and the minority shareholders. Direct

not a significant delay. The EU decided to go for a formal public investigation, looking into every detail of the contract and the process that led to the signing. The investigation was very thorough and we attended several hearings in Brussels and presented our case and answered questions. The EU cleared the transition but ruled that certain conditions in the bid package published by the Romanian government led to a lower price being paid than could otherwise have been obtained, and ordered €27m be repaid by Automobile Craiova to the Romanian state.

## Should other FoE plants feel threatened by this development?

No, they shouldn't. This action will make a key contribution to strengthening our overall FoE business structure. The Craiova project will support our ambitions for further growth in core FoE and emerging markets, and will underpin our plans for vehicle sales in Europe in excess of 2 million a year.

# Craiova timeline

**1976:** Joint venture established between Citroën (36%) and the Romanian government (64%) forming Olcit Craiova (Olt from the Romanian province of Oltenia and Cit from Citroën). The new company formed to produce and sell Citroen vehicles on the domestic and external markets. Production capacity set at 130,000 vehicles/year, plus 158,000 engines/year.

**1982:** Olcit production commences.

**1991:** Citroen withdraws from joint-venture. State-owned Automobile Craiova established. Olcit production continues, but model renamed the Oltena.

**1994:** Company goes into partnership with Daewoo of Korea and is renamed Rodae Automobile Romania.

**1997:** Name of company changed to Daewoo Automobile Romania.

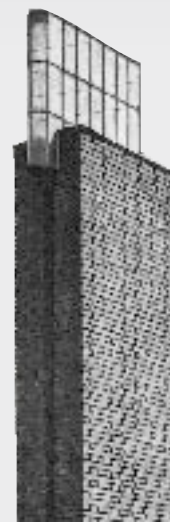
**2001:** The main parent company in Korea collapses, due to financial problems.

**2002:** General Motors buys bulk of Daewoo Motor in South Korea, but does not buy the plants producing Daewoo cars in Romania, Uzbekistan or Poland.

**2006:** Romanian government buys back Craiova plant for \$60 million.

**2007:** Ford announces its interest to acquire a 72.4% stake in the company.

**2008:** Ford officially takes over Automobile Craiova.





## Ford in Romania

**With the takeover** of the Craiova plant, Ford has opened a new chapter in its 77 year history in Romania.

The Company first established a sales company in Bucharest in 1931. In 1935 the Romanian government assured Ford Motor Company, England (then responsible for export operations) that if it undertook assembly in the country, Ford Romania would encounter no discrimination because of its foreign ownership, a situation underpinned by special legislation in 1935. Accordingly the Company purchased land in Floreasca and erected its first eastern European automotive assembly plant.

Operations began there in May 1936 and for some years it built approximately

2,500 cars annually. It was a moderately profitable enterprise, which had to be financed entirely from its own earnings since the exchange restrictions were frequent and varied, depending in the main on the Romanian trade balance and the availability of dollars. Often the Company had to engage in barter transactions.

In January 1936, a Ford V8 assembled from spare parts in Bucharest by two motorsport enthusiasts, Zamfirescu and Cristea, won the Monte Carlo rally. The car, an open three-seater, was built on a 1932 chassis but had a 1935 radiator shell and bonnet. It was sponsored by Ford Roma-

nia. In later years Ion Zamfirescu worked in the Ford archives in Cologne.

During the 1930s, Romania had ambitious plans to assemble Lincoln Zephyrs but these plans were turned down by Dagenham on grounds of practicality.

Despite that set-back, the plant continued to sell Ford cars to some very important customers, including King Carol of Romania and other eastern European royal families.

During World War II, Romania came under the sphere of German influence and the Company lost control of the factory. Its activities then were devoted to the needs of the German and Romanian armies in carrying out repair work. After the war, the Romanian government nationalised the operation in November 1947.





# Transformation underway

Ford Romania SA President Dionisio Campos San Onofre, the man in charge of the plant, explains how the Craiova facility is becoming a Ford 'lean' manufacturing facility



Dionisio Campos San Onofre



Romanian team that is ready to start contributing towards the final common goal. With this in place we can be confident about the delivery.

## **Will the plant be the equal of any other Ford assembly plant in Europe in terms of quality, flexibility and efficiency?**

All the development plans in place are focussed on making the Craiova plant one of our European 'lean' facilities. All FPS processes will be in place at the plant by Job1 to ensure this goal and as a base for future development.

## **What is the supplier situation?**

This is still work in progress. We are working with our supply base partners to ensure the most beneficial future distribution for the Craiova Plant and for FoE.

## **How will the vehicles produced be moved to other markets?**

We are looking at all alternatives to be lean and environmentally friendly, maximising the use of rail and sea transport. We will also integrate the distribution into the existing network where appropriate.

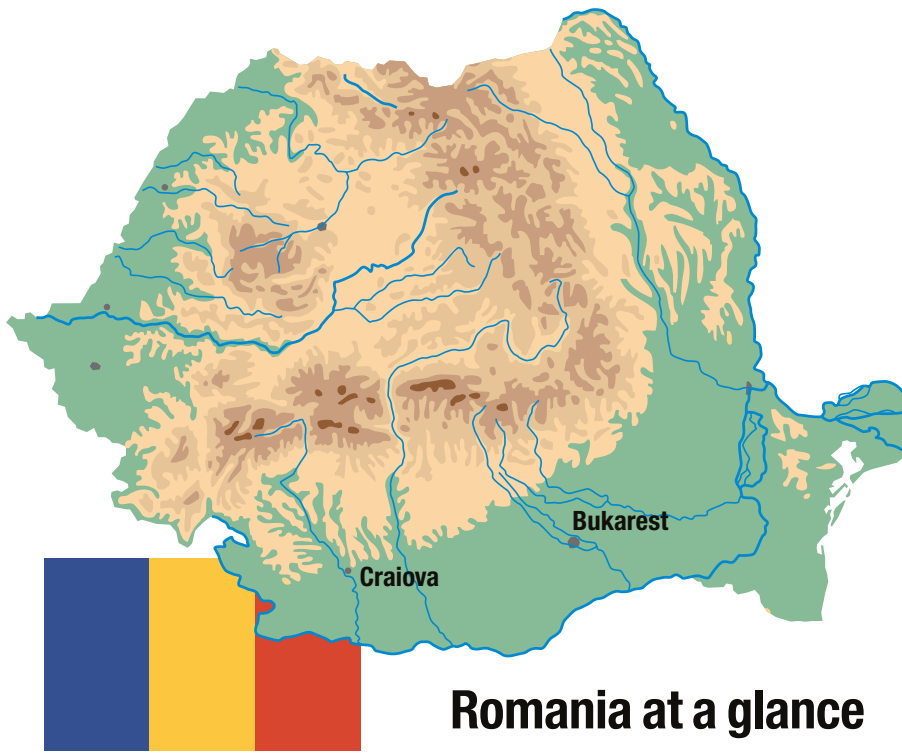
## **The first model is due next summer, how is the plant being transformed for Job One?**

There are two aspects to the transformation of the plant. The first is the introduction of Ford operating principles and practices. The second is the installation of new technology and facilities. We are still producing existing products in the plant, but we are in the process of sharing our operating practices and principles. We are progressively introducing them into the existing production and preparing the ground for full implementation at our Job 1. With the technology and new facility installation we are still at the preparation stage, sharing the plans with the existing workforce as we move towards the implementation phase.

## **The timetable looks very tight, are you confident it will be met?**

We have detail plans in place to ensure a successful product launch in line with Ford standards in terms of safety, quality and delivery. Additionally, we have a very capable and enthusiastic





## Romania at a glance

The largest of the Balkan countries, Romania has dramatic mountain scenery and a coastline on the Black Sea. It is located in Central Europe and shares a border with Hungary and Serbia in the west, Ukraine and Moldova to the northeast, and Bulgaria to the south.

Romania has the 9th largest territory and the 7th largest population among the EU member states. Its capital and largest metropolis is Bucharest. Known as the Paris of the East, it is the 6th largest city in the EU with almost 2.2 million people. The country joined the EU in January last year. Craiova is located 185 kms (115 miles) west of Bucharest.

Romania is one of the most stable and fast-growing states in Eastern and Central Europe. The International Monetary Fund estimates that Gross Domestic Product will grow by 6% in 2008.

New vehicle sales increased by more than 23%, to 366,855, in 2007. Ford sold 21,732, 60% up on 2006, with the best-selling models being the Fiesta (7,000), Focus (6,750) and Transit (4,000). For this year, Ford has its sights set on a further increase, to 26,000 units.

With a population of almost 22 million and rising prosperity, forecasters expect the Romania auto industry to continue to grow sharply. Ford expects a market of 500,000 a year in the mid-term. With its strengthened presence in the country, the Company is confident it will capture 10% of that figure.

## The people challenge

Training at the Craiova plant is focussed on the Ford Production System, says Angella Alexander, Human Resources Director, Ford Romania SA

### Are the skills the plant needs available?

The market place for skilled people is increasingly competitive as Romania evolves rapidly following its accession into the EU.

### What training are you undertaking?

Our training is focussed on the cultural change necessary prior to Job One. We have people who have spent 30 years building cars with Citroën and Daewoo and our challenge is to integrate them into the Ford Production System. It will be a new way of working for all Craiova employees, covering every aspect, from both business and manufacturing standpoints.

### What is the role of Ford-Otosan, where the Transit Connect is already being produced?

We clearly have a lot we can learn and gain from Ford-Otosan's experience as we look towards production of the Transit Connect.



Angella Alexander

### Aside from providing direct employment, how will Ford support the local community?

We plan to be actively engaged in the education system in Craiova, and will be working with local high schools, vocational schools and the State university, which is located in Craiova. This will help us to build a skills base for the future.

### How many employees does the plant currently have and how will that number expand?

We have 3,900 at the moment, but that figure will increase over time to more than 7,000.





# Rolling back the years

**World Rally Championship contender** Mikko Hirvonen rolled back the years when he swapped his Focus RS WRC 07 for a Ford Escort MK2.

The 27 year-old Finn tested the 40 year-old car at a rally school in the UK in the run up to Rally Mexico. Afterwards he described the iconic racer as "my dream car."

Hirvonen covered more than 40km in the Escort. Ford's 1979 world rally champion Bjorn Waldegard was also there to offer advice. The test-drive was organised as part of a series of special celebrations to mark the 40th anniversary of the Escort. "The power was amazing and that's why it's such an easy car to drive," said Hirvonen, who won his first rally in 1999 in an Escort. "In my Focus, which is four-wheel drive, you try not to be sideways at all but in the rear-wheel drive Escort that's the way you drive it. You use the throttle to get the car sideways and it's up to your throttle control if you get it precise or not. You can have a lot more fun with this car."

Bjorn Waldegard scored many memorable wins in the Escort during a five year period with the Ford team in the 70s and eighties. His highlight was winning the drivers' title in 1979.

"I had a fantastic time with Ford," he told @Ford. "I was Champion with Ford in 1979 so what more can I ask for. Back then the rally team was based at Boreham. They were great years and I had a great car. I loved the Escort. "It felt like it had enormous power and yet it was the most forgiving car I've ever driven. As a driver you could make some stupid mistakes in the forest and somehow the car would sort it out for you. I'm not sure you could get away with these mistakes in today's cars."

"I started my career with Porsche in 1969 and ended up with a Toyota in the 80s and a Peugeot/Citroën in the 1900s, but I can easily say the Ford Escort was the most fun car to drive."

Waldegard's career spanned four decades but his favourite victory came at the wheel of the Escort in 1977. "It was the Safari Rally," he reminisced. "That was a big, big win, not only for me but for Ford. It was the 25<sup>th</sup> anniversary of the Safari and it was the 25<sup>th</sup> anniversary for Queen Elizabeth. That was the biggest win in my career. Of course the sport has changed a lot since those days. I think maybe we had more fun back then. After seeing Mikko driving the Escort I think he would have very much liked to have been racing in the seventies and eighties!"

*Richard Franks*





# Moscow calling



Liverpool and AC Milan do battle in last year's final at the revamped Olympic Stadium in Athens

On May 21st, 69,500 football fanatics will take their seats in Moscow's Luzhniki stadium for the 2008 UEFA Champions League Final. The highlight of the European season, the Final will be watched by an estimated 86 million television viewers worldwide.

Among those in the stadium will be 880 Ford guests. The Company has been a title sponsor and official vehicle supplier to the UEFA Champions League since 1991 and in this role is able to provide exclusive access and a fabulous experience to a wide range of guests. Among them will be dealers, there as part of a performance-related reward, key business partners, and employees and fans who have won tickets through a variety of competitions.

In the days leading up to the Final, Ford will be out in force throughout Moscow:

The Company will have a dedicated feelfootball section within the UEFA Champions Festival in Red Square, offering fans fantastic interactive experiences, branded giveaways and the chance to win tickets to the Final.

183 Ford vehicles will be driving around the city's streets bearing Ford/UEFA Champions League Moscow decals. The majority of these will be used by UEFA to transport their guests, management and officials.

Ford will host a gala dinner at the GUM store on Red Square on Tuesday 20th.

On the day of the Final, Ford will have mascots around the stadium, providing a branded presence and also giving away Ford prizes.

Shortly before kick-off 20 Russian children will participate in the Final by carrying out the centre circle flag.

Ford will have perimeter boards around the pitch and branding within the stadium, as at all UEFA Champions League matches.

Television viewers will also be very much aware of Ford's role in the Final. Every season, the Company runs a series of short advertisements, or idents, which sandwich commercial breaks during UEFA Champions League matches and highlight programmes. This season, a competition has been running on feelfootball.com asking fans to send in short video clips of themselves performing football tricks. Fans voted for their top 6 clips and these will be used as the match night idents, seen by millions of viewers across Europe.

With this year's Final being staged in Moscow, the Ford team has faced some unique logistical challenges, not least of which is the time difference. Moscow is three hours ahead of the UK, which means kick-off will be at 22:45 local time. If the game were to go to extra time and penalties, it could mean the trophy not being lifted until after 1:30 in the morning. Visas, required for the majority of Ford's guests, also add a challenge, but UEFA has secured a fast track process which should help.

With the big game fast approaching, stay tuned to feelfootball.com for all the latest news, views and highlights ...

## Why does Ford sponsor the UEFA Champions League?

Sponsorship of the UEFA Champions League enables Ford to reach its target customer.

People watch sport because it is their passion or interest. Ford's link to it therefore uplifts the brand and encourages an emotional attachment to the Company.

Football is a primary passion point in Europe, crossing cultural, social and demographic boundaries and interesting a large percentage of the population.

The UEFA Champions League is a premium football competition which takes place every year, unlike other premium events, such as the World Cup and Olympics, which happen every four years.

Ford is associating itself with the competition, not one specific team, enabling all fans to see the Company in a positive light.

Sponsorship provides a unique opportunity to be part of the programme itself, not just in commercial breaks, and with perimeter boards, Ford is actually on the pitch along with all the sporting action!

## Effenberg is new Champion

Stefan Effenberg has been named as a Feel Football Champion for next season, replacing Rudi Völler in the line-up. Widely regarded as a great player and leader, Effenberg captained Bayern Munich to UEFA Champions League victory in 2001 and also earned 35 caps for Germany.



# Launch quality critical in fiercely competitive market

## Study shows Ford top on quality

When it comes to initial vehicle quality, no automaker performs better than Ford, according to a US quality study. The quality of Ford, Lincoln and Mercury brand vehicles soared to the top of the charts equalling that of Toyota and Honda, according to the first quarter 2008 U.S. Global Quality Research System (GQRS) study conducted by RDA Group.

The study shows an improvement of 8 per cent versus last year with a combined average of 1,284 things gone wrong (TGW) per 1,000 vehicles during the first three months of ownership. This performance is statistically equivalent to the 1,250 TGW level of Honda and Toyota.

"Last year we tied with Toyota, and this year our quality performance is as good as industry-leading Honda's too," said Mark Fields, Ford's president of The Americas.

"Our world-class quality is one of the most important aspects of our turnaround in North America. This consistently strong quality improvement should offer today's customer renewed confidence." The Company earned best-in-class honours in two important engineering functions: interiors, which includes such areas as trim, seats and instrument panel appearance; and electrical, which includes entertainment systems. Ford tied for best-in-class in two other functions, paint and vehicle engineering, which includes such areas as ride and handling and cabin quietness.

**Start off** with a basically good car, make it visually more appealing, improve the quality feel of the interior and concentrate huge efforts in the last months before Job 1 to resolve every squeak, rattle and quality issue and what do you have? A very successful C-Car mid-cycle launch.

Both C-MAX and Focus were re-launched to critical acclaim after being freshened last year, adopting Ford's kinetic design philosophy, with more attractive front ends and 'tweaked' rears.

The C-Car market is fiercely competitive, and so it was imperative that every action taken on both cars would help to keep them at the top of the segment.

C-MAX chief programme engineer Darren Goddard, now Ford of Europe's chief launch engineer for Product Development, said the freshening was also an opportunity to improve areas, particularly in the interiors of both cars, where some customers thought Ford could have done better, plus add new features like the full length panoramic roof and LED rear lamps.

Both cars were given all-new instrument clusters and radios with red illumination to improve legibility.

"We also improved the quality look and feel of the door trims, particularly on C-MAX," said Goddard.

"A lot of work was done on the all-new centre console to improve storage, whilst making the

console and interior look and feel higher quality with high gloss finishes. We relocated audio and power connectors in readiness for the soon-to-be-launched USB connectivity and added a 230 volt connector."

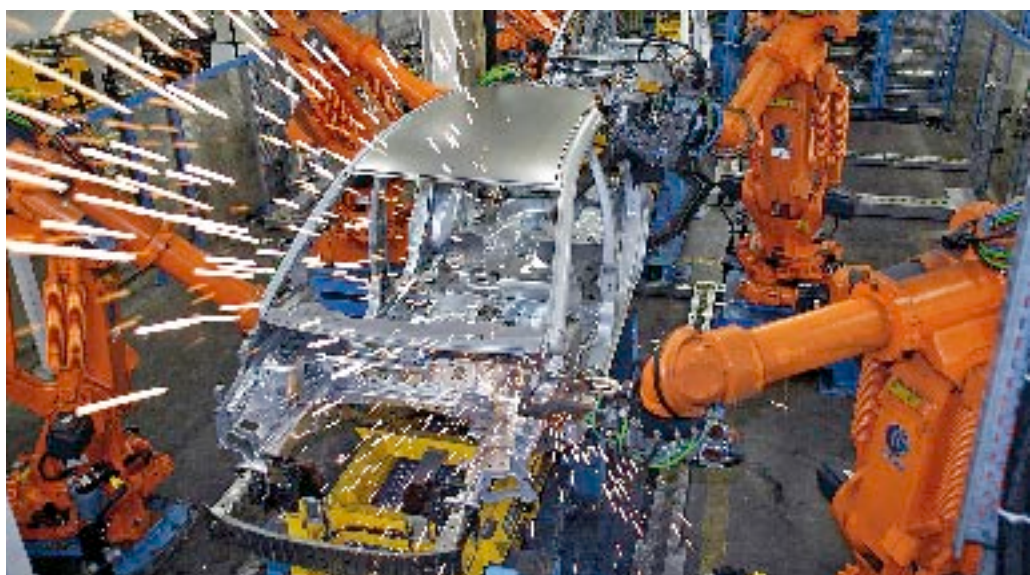
Markus Wiegel, chief programme engineer for Focus, said: "We also improved the centre console and added a sliding armrest to make it more comfortable and useable to drive, made it easier to store small items and enlarged the main storage container quite a bit."

The quality improvements made to the Focus interior were central to Ford of Europe president and CEO John Fleming's remarks when he re-launched the car in November.

"Along with the new exterior look, we have also taken the opportunity to improve the quality of the interior, adding contemporary new features and technology," he said.

The emphasis on quality has meant a reduction in things gone wrong (TGWs), which are a measure of how satisfied a customer is with a new car. Improved quality also has a beneficial effect on warranty claims.

"On Focus we changed the interior colours, seat fabrics and centre stack foils and paint, which means that on opening the door the customer gets a totally different appearance, an appearance of quality, although physically the parts are the same," said Markus Wiegel.







"The teams behind the launches of the two cars were very careful not to change anything purely for change's sake, and left the good quality parts alone," said Darren Goddard.

Every change was made for a reason, such as the introduction of a new 'handed' park brake on high series C-MAX to make it easier to use, whilst increasing stowage space in the console.

The launch team was rigorous in its pursuit of a solution to every quality issue, and to that end boosted drive team numbers for the last months before Job 1 to find more issues to fix.

"Every day, the complete leadership team

checked all the squeak and rattle, water leak and key quality issues. We were shooting to get each issue contained for the next vehicle on line," said Goddard.

The Focus team brought some of the launch processes forward, effectively cutting the time taken to get the cars to market.

The launch team, plant and plant vehicle team worked as one, using production quality issue containment processes at the Fleet Evaluation Unit phase of the launch, meaning that issues were resolved much faster.

It meant that issues were fixed fast and did

not run over into the next build phase. By the time Job 1 was reached, both cars were significantly improved on the models they were to replace, a factor which has helped both Focus and C-MAX reach new sales heights.

The launch was summed up by Wiegel as "a good one," but Goddard went further and said: "When you consider that both launches were back to back, which means on Monday the plants built as many new units as they had the old on Friday, they must be at least equivalent to Ford's best launch."

*Kelvin Brown*





# Sport stars on show

The **Transit Connect SportVan** was one of the highlights of an 18 vehicle display at the recent UK Commercial Vehicle Show.

Described as Britain's largest transport and logistics event, the 3-day show is staged annually at the National Exhibition Centre near Birmingham. This year's event (April 15-17) was one of the biggest-ever, with 90,000 sq.m. of display space spread across 11 halls. Some 600 exhibitors took part, displaying more than 200 new or upgraded vans and light commercials. Ford, as UK market leader, was appropriately prominent with a bigger display area and more vehicles, including the full line-up of its new sport style range.

At the centre of the display was the eye-catching Transit Connect SportVan. Unveiled last year as a concept, it was back this year as a production reality and ready to go on sale in September.

Also making its first appearance was the top-of-the-range 3-litre Ranger Wildtrak, which can-

tered into the sport stable with a new colour scheme: performance blue with white GT-style bonnet stripes.

It was not the only model receiving a new colour boost. The Transit SportVan was turning heads with a Panther Black paint job enhanced by silver stripes and Bluetooth® as standard. On sale now, the model is aimed at those customers who were unable to get their hands on one of the 500 special edition Transit SportVans sold last year.

Ford went into the exhibition with its confidence buoyed by rising sales. As Steve Kimber, Ford of Britain's commercial vehicle director, commented: "Ford's commercial vehicles are taking Britain by storm. We are on target and took 25% of the van market in the first quarter, with more than 27,000 vans sold."

More than 30,000 fleet and transport specialists visited the 2008 show, ensuring the Ford stand remained busy throughout the three days.

## CV production to increase

Ford also announced at the CV Show that to meet growing demand, particularly from high-growth markets like Russia and Turkey, it was increasing output of key models in its range.

Production capacity of the Transit is set to rise by 48,000 units to 291,000 units, with the additional units being built at Southampton and Kocaeli.

Total commercial vehicle production – including Transit Connect and Ranger – will be increased by 12.5% to 439,000 units during 2008.

The products were a big attraction, but so was the opportunity to talk to knowledgeable personnel.

"Our stand was staffed by the Ford commercial vehicle team," explained Steve Kimber. "So, real staff talking to show visitors."

It is a successful formula for both Ford and visitors: "We get lots of feedback by doing this and customers get valuable information for their business."

# German Government honours Ford

**Implementing** and fostering diversity and making use of the various benefits it brings is becoming ever more important in today's industrial climate. Large and globally operating companies have recognised the importance of a diverse and inclusive culture and are now seeing the various advantages.

Since Ford of Germany first began recruiting foreign workers in the early 1960s, diversity, integration and cultural differences have topped the agenda for the Company. Through the years, Ford has kept a consistently strong focus on building an inclusive working environment and values the benefits that differing cultural, ethnic or religious backgrounds have on the Company's overall performance and output. Nearly fifty years on, working together, sharing ideas and respecting each other has become part of everyday life within Ford of Germany and for its employees from 57 different countries.

Diversity also plays an important role for Ford when recruiting and training students and apprentices. For this, the Company has recently been honored by Germany's Federal Government Commissioner for Migration, Refugees, and Integration, Prof. Dr. Maria Böhmer. Ford was selected as the winner in the large companies (over 500 employees) category in a competition focusing on aspects of diversity in the training of young people with immigrant backgrounds.

The competition formed part of a diversity campaign launched by the Government in the summer of 2007. The aim of the campaign, titled "Vielfalt als Chance" (Diversity as an Opportunity), was to place an even greater emphasis on cultural diversity as a factor for success in companies and public authorities. It called on businesses and institutions to demonstrate the ways in which they promote the training and integration of youths from immigrant backgrounds.

71 companies and public institutions entered the competition and 14 were awarded a prize. Prof. Dr. Böhmer pre-

sented the award to Alicia Alvarez, Diversity manager, Ford of Germany, and Magdalene Kellner, educational consultant, during a ceremony at the Federal Chancellery in Berlin on April 8. In her speech, the Commissioner highlighted Ford's strategic diversity measures and praised the way its employees deal with cultural differences.

"The many positive examples from Ford show that companies and public institutions are recognising the fact that cultural

the population of the city. The selection process combines an aptitude test and an interview, which places a high importance on social skills. After the successful completion of both, applicants are offered a place on one of Ford's twelve technical and commercial apprenticeships, which take 3 to 3.5 years to complete. Ford ensures that its apprentices work in mixed groups because these are known to be more successful. The majority of apprentices work in culturally diverse teams, and



**Alicia Alvarez (centre) and Magdalene Kellner (third from left) collect the award from Prof Maria Böhmer (second left) and the competition sponsors**

diversity brings competitive advantages," explained Prof. Dr. Böhmer. "For example, it can help when addressing customers locally or abroad or when interacting with the local community."

Currently, around 40 percent of Ford of Germany's 660 apprentices in Cologne come from immigrant families, reflecting

conveying cross-cultural competence is an inherent part of Ford's vocational training.

Supervisors and trainers also receive special training in diversity matters. They learn how to deal with differing cultural backgrounds and how to reap the full benefit of diversity in their day to day work.