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The following are remarks as prepared for the Ford Motor Company keynote address at the 2010 Consumer Electronics Show in Las Vegas on Jan. 7, 2010 as delivered by:

- **Alan Mulally, President and Chief Executive Officer**
- **Derrick Kuzak, Group Vice President, Global Product Development**
- **Jim Buczkowski, Electrical Engineering Director**
- **Doug VanDagens, Connected Services Director**
- **Julius Marchwicki, SYNC Product Manager**

Alan Mulally

Thank you, Gary (Shapiro) for inviting us back to CES. It seems more like 12-weeks ago and not 12 months that we showed you our latest innovations to improve our award-winning SYNC technology. Our participation in CES last year was inspirational. There were so many amazing technologies. And we appreciated the warm reception.

A lot has happened since then. Ford is in a different place. Our products are being recognized. And we have made great progress as a business even as the world around us has been changing. For example, nearly everybody's mom now has a FaceBook page and they post pictures of their grandkids from a smart phone using the TwitPic app.

Speaking of Twitter, it grew from 4 to 60 million users worldwide in the past year. Texting is now the favored form of communication for every age group. Look around. You now see people putting on their reading glasses so that they can thumb-type a text. And tens-of-thousands of mobile apps have been created, some for platforms that did not even exist a year ago.

Fortunately, the in-car connectivity strategy that Ford chose has proven to be the right one – because it accommodates this kind of sweeping change. That is the unique advantage of connecting customers by means of their own mobile phones, instead of an embedded device. Last year, I said we would have one million SYNC-equipped cars on the road by the start of 2010.

I'm proud to say we hit that goal – in May.

Looking ahead, we continue to remain focused on our plan, which is about delivering great Ford products that feature the technologies that people really want and value. Our engineers completely accept and embrace this challenge. In a few minutes, our Group Vice President of Global Product Development, Derrick Kuzak, is going to share a few of these "value added" innovations with you. These are the features that set us apart: our "Signature Brand Technologies." And we believe these features have a place in every Ford vehicle and not just our luxury models.

What language do we use to define the "value" of technology? Simply, Ford's commitment to innovation is supported by four principals that inform and guide every design and engineering effort. They are to be best-in-class in Quality, Safety, Fuel Efficiency and what we call Smart Technologies.

Quality and safety are the price of admission and we work to continually raise the bar. But the last two, "Fuel Efficiency and Smart," are strategically important because green technology and smart innovations are helping us serve our customers and differentiate Ford.

Consider where our Green strategy has taken us. The Ford Fusion Hybrid, rated at 41 mpg, is the most fuel-efficient mid-size sedan in America. It is the only hybrid with the cool SmartGauge feature that actually coaches you to be a more fuel-efficient driver. That kind of technology adds real value, which is especially appealing to the hybrid owner. In fact, our SmartGauge technology was officially awarded a prestigious "Outstanding Achievement" design award by HOW Magazine.

As for "Smart" technology, I think most people would immediately point to Ford's SYNC as an example. This feature is enjoying increased awareness and popularity in the marketplace. According to our research, 32 percent of customers surveyed indicate that SYNC was critical or important to their decision to purchase. And with each SYNC upgrade, we see growth in heavy users.

- 81 percent of heavy users are satisfied with the SYNC technology
- 77 percent of our SYNC customers overall would recommend it to a friend

And the use of voice commands is growing as the technology adoption grows with 63 percent of SYNC customers now using voice commands.

Last year at CES, we announced a national partnership with retail electronics leader Best Buy – aimed at helping build awareness for SYNC. At that time, we also announced an agreement to provide mobile technical support through Best Buy Mobile stores and their Geek Squad nationwide. We recently completed a 30-day pilot program in the Dallas area. Consumers participated in nearly 3,500 SYNC demonstrations, conducted on site at the Best Buy stores.

The results of this "launch-and-learn" have been eye-opening. For starters, an amazing *70 percent* of the consumers who participated in a SYNC demo say they are now more likely to consider buying a Ford, Lincoln or Mercury product. In addition, 80 percent of them also stated that understanding how to use the hands-free Ford SYNC system improved their overall opinion of Ford. The success of the demo pilot program has confirmed our strategy, and in the next phase, Ford dealerships will work with local Best Buy stores in Pennsylvania and California to kick off independent customer clinics.

It is rewarding to see that, as soon as customers ***experience*** SYNC, they understand the value it brings to their driving experience. This is reflected in the recent accolades awarded to Ford cars and trucks that showcase SYNC and its related technologies. Chief among these honors are the recently announced International CES 2010 Innovations Design and Engineering Awards. Two Ford-exclusive technologies – Ford Work Solutions and SYNC – are being honored.

Ford Work Solutions' in-dash computer won 2010 Best of Innovations in the category of In-Vehicle Accessories. This is not only a first for Ford, but a first for the auto industry. And SYNC's latest application, Traffic, Directions and Information, or "TDI," was honored in the category of In-Vehicle Navigation/Telematics and Intelligent Transportation Systems. We are honored that CES, among others, has recognized our efforts in providing these customer-driven features.

And we appreciate how so many of you here inspired us to move at Silicon Valley speeds as we deliver the cars of tomorrow today. It is challenging. And it is fun. Fortunately, Ford has an expert who is

helping us do the right things. Here to tell you more about our plans for 2010 and beyond is our Global Product Development Chief, Derrick Kuzak.

Derrick Kuzak
Thanks, Alan.

The innovative technologies that Alan mentioned have been well received within the industry, the media and, most importantly, with our customers. That's been very gratifying, but we're not satisfied. As we see it, our challenge is to maintain – or even further improve – the pace of innovation that we set in 2009 to deliver even better vehicles each and every year with even better technology.

And not deliver technology just for technology's sake.

Every piece of technology that goes into a Ford product is there for one reason – it adds real value. It helps the customer have a better experience driving in our cars and trucks. Active Park Assist is a case in point. Active Park Assist represents the industry's first intuitive, easy-to-use solution. We started with the drivers' assumptions and expectations in mind, and designed the controls accordingly. Ford's solution is just easier to use.

Each of our Ford Brand Signature Technologies was designed with this approach. Each was offered with the express intention of redefining the driving experience and building it into *every* model we introduce. Our strategy is to make it easy for drivers to do everything they want to do so that, ultimately, they can't imagine owning any other vehicle. The experience is so rich they refuse to give it up.

For example, we've developed a radar-based Blind Spot Information System, for assistance in changing lanes. It's matched with cross-traffic alerts that scan a 220-degree radius around the back of a vehicle, which signal drivers when traffic is coming as they back out of a parking space. This is the kind of technology everyone can use every day. While EasyFuel cap-less refueling gives average drivers the same ease of use racing teams enjoy.

Our EcoBoost technology speaks to the heart of the car-buying public by improving both fuel-efficiency *and* performance through the smart strategy of "downsizing and boosting", already-proven internal combustion engines. EcoBoost was given a "Best of What's New" award from *Popular Science* last year and more recently received a "Breakthrough" award from *Popular Mechanics* magazine.

With the introduction of SYNC two years ago, we created an unprecedented level of in-car connectivity to the devices drivers want most. It's been recently updated with features like Traffic, Directions & Information, along with 911 Assist™ and Vehicle Health Report. And there's more.

The new Ford Taurus and the Taurus SHO Alan arrived in include all of these Brand Signature Technologies. Plus, these technologies preview some amazing new innovations that will increasingly be integrated into the entire Ford lineup, available to millions.

Every so often, I see people lining up at midnight to be first to purchase the newest iPhone, or standing out in the cold to get first shot at the new Beatles Rock Band or SONY PS3, or trying to get whatever the latest "gotta have" product is. And I think – how do we create that experience for a car? How do we make people desire the products branded with Ford's blue oval?

We plan to show you new ways today.

There is one area, however, in which we must think like an automotive company. That's in the area of durability, safety and testing.

Unlike the software engineers and app developers out there, we have to consider how products like SYNC hold up to weeks and months of exposure in the world's harshest conditions. We test our cars – and on-board technologies – knowing that they'll be driven through the frigid extremes of arctic cold and the baking heat of the hottest desert locations. Conditions that are much more brutal than the typical handheld device is designed for. We also test our electronics on jarring washboard roads and city potholes and, of course, in crash testing.

That said, the whole process of Interface design is also more critical in a vehicle, because the driver is dealing with so many more inputs. We have to keep interfaces simple and intuitive. And they have to minimize driver distraction. That's the whole point of SYNC technology – to minimize the distraction of in-car use of mobile devices you love by connecting and controlling them by voice.

To find out the best ways to do this, Ford created the industry's first virtual on-road driving simulator – VIRTTEX. Already, more than 2,000 test participants have driven 30,000 simulated miles for safety and other research. It can fit an entire car inside the simulation module, replicating driving conditions and common driver distractions. We use this data to help us understand what affects drivers while behind the wheel: drowsiness; visibility; ergonomics; and, of course, technology-inspired distractions.

Here's a study of driver distraction while in the simple act of calling up a new tune on their iPod. Let's look at exactly how long this driver has his eyes off the road. (Video plays.) This is what we're all about – improving convenience and safety. At Ford, that means voice control.

Recent research data and naturalistic studies show that "just talking" on a cell phone *doesn't* increase the risk of crashes versus "just driving." That's why our technology solution enables hands-free voice controls. We even block things like touch screen destination entries when the vehicle is at speed. And we have defined the guidelines for safe screen placement to ensure that data is only a quick glance away.

We at Ford pride ourselves on taking the lead to minimize driver distractions, while making all of our customers' devices connect to their Ford experience simply and in a way they can personalize.

Of course, we can't do this without strong partners.

Collaboration with Microsoft has been invaluable including on SYNC. Today we'll show you how we're enhancing SYNC technology to fully leverage the latest version of the Microsoft Windows Embedded Auto Software platform. Plus, you'll see how we're widening our net to introduce new ideas and innovations wherever they offer value to our customers. By adopting an "open-developer" model for SYNC, we are able to defend our advantage and press our lead exponentially. That's why we've developed a SYNC developer tool kit and are making it available to our trusted partners and soon to the developer community.

We are also leveraging alliances with over 40 major universities, most recently with the University of Michigan. Our challenge was to look at the most popular apps available on iPhone – from the list of over 100,000 – and develop a short list of the ones that would be most relevant to access through SYNC while in the car.

We turned that challenge over to the U of M students. Working with a Beta version of our API, they created two brand new mobile apps, which proved that it is possible to run popular iPhone apps using SYNC voice commands.

These quick results have prompted a second project at U of M, which we've dubbed "American Journey 2.0." The challenge is to find a creative way to use data collected through onboard vehicle systems from the engine's computer, or diagnostics, or suspension and communicate with the cloud using social media. We've provided the students with a SYNC-like platform to use as their operating system and asked them to develop apps to make this data relevant in new ways. For example, if all the cars on a certain stretch of road suddenly turn on their windshield wipers or turn on their fog lamps, we could warn all of the cars a few miles away to expect rain. Literally the sky – or shall I say "cloud" is the limit. And the students with the best idea will win a trip to the 2010 Maker Faire in a Ford Fiesta equipped with the winning app.

This is the kind of collaboration you can expect to see more of from Ford – and it is consistent with our commitment to deliver useful, high-value technologies and innovations to millions of people.

Clearly, everyone today wants to be connected, seamlessly linked to the "stuff" in our lives whether it's on our mobile devices, located at home, stored in the cloud or waiting in the mind of our closest friend. Customers say they want the electronic equivalent of a Swiss army knife – offering the seamless, intuitive integration of things like a camera, an MP3 player, and a phone in a single, elegant mobile device. And that's what Ford is doing to the automobile – creating an experience that brings together all of the customers' favorite devices and services in one place.

When we first introduced SYNC our sole intention was to connect our customers' many electronic devices to their car. We've delivered the device-connect technology. Now we're progressing to seamless driver-connect technology. What does that mean? It's the integration of the *entire in-car experience* that's simpler, safer and smarter.

Our vision for SYNC is that customers can connect to friends and family, to their favorite entertainment devices and to all of the data stored in the cloud using voice commands, touch controls and colorful LCD graphics. They can chat with their kids, listen to their RSS feeds, scan their iPods and make dinner reservations all while driving home from work. And all while keeping their eyes on the road and their hands on the wheel.

Because the way in which each driver experiences this redesigned interior is unique, we refer to it as the "MyFord" experience. The focal point of this experience is an interface that organizes functions and settings with minimal menu layering for quick access including personalization of information that's most relevant to you, while at the same time minimizing driver distraction. That's what we'll be showing you this morning.

MyFord driver connect technology is the signature Ford brand experience and will become part of the global DNA of all Ford products. From the moment they step into the vehicle, drivers will know they're behind the wheel of a Ford no matter where they are in the world.

Today, we want to share with you our solutions to the three challenges I've mentioned:

- better-than-ever expanded in-car connectivity
- an experience that works equally well for all of our customers
- a seamlessly integrated, personalized interface that makes it all possible

Here to show you that user interface is our Director of Electrical and Electronics Systems Engineering, Jim Buczkowski.

Jim Buczkowski
Thank you, Derrick. Good morning!

Derrick touched on a defining moment for the Ford team – when we realized we needed to completely rethink the in-car experience. Of course, that's not exactly how Derrick put it when he gave us the assignment. Actually, he put it something like this: "What the mouse did for the PC, we need Ford to create for the automobile. *We* need to come up with a *mouse*."

A tall order, right?

My team is responsible for in-car technology and creating the interface that lets drivers bring in their mobile phone and enjoy "beamed in" services from the cloud – connecting seamlessly through our built-in SYNC technology.

Our team, which is roughly half automotive people and half people with Silicon Valley roots, looked at what was going on here at CES and in other industries where the electronic interface makes or breaks the consumer experience. We looked at hundreds of different remote control devices and gaming controls. We also studied devices with great-looking screens – iPods, hand-held games, smartphones, GPS systems and websites. We even looked at movies for inspiration, because they drive customer opinion. Everyone remembers the computer interface from *Minority Report*, right? Where Tom Cruise uses hand gestures to select and organize video and information. I even saw a frame grab of Wall-E pinned up in our design studio.

And did you see *Iron Man*? Awesome! I'm sure many of you who deal with electronic interfaces were as excited about it as I was. I'm referring, specifically, to the cool Heads-Up-Display graphics inside his helmet. They actually tracked his eye movements. There's a terrific interview clip with the HUD designer on the DVD. He talked about how these graphics were developed. They were sorted into intuitive, layered screens, keyed with color coding and divided into four quadrants. Even though he was only designing it for the movies, the designer understood the essential challenge – make the complex simple and serve up the details only when they're needed.

So we had a lot of real-world design reference, heightened by the vision of people who are "futuring" solutions for the road ahead.

Still, we wanted to expand our outreach, and see what customers could tell us about how the "ideal" dash-board interface might work. And that's what led us to seek out the experts in real-world inputs – the guys who actually created the Apple mouse – the design gurus at IDEO. Together, we worked through their User-Centered Design process that examined how different people digest and become comfortable with new technology. We talked to "extreme users" – a guy, for example, who installed a computer into his own car.

We conducted driver interviews, dealership visits and other interviews with pilots, fire fighters and police officers – looking at the user interface in other situations. We learned that users need to be at the center of our design process ensuring we make decisions *for the right reasons.*

That was back in 2006 and the lessons we learned still guide us.

For example, there was a woman who really liked how she could switch the speedometer from miles-per-hour to kilometers-per-hour in order to keep her husband from figuring out how fast she was going. He had to pause and do the math before he could yell at her for speeding. True story. And there are a hundred more.

The whole IDEO collaboration was invaluable and helped us create "The Ford Five Guidelines" of the in-vehicle experience. Essentially, Ford translated this guiding philosophy into five design cues:

- First, people like and understand 5-way controllers. Thanks to video games and texting, we've gotten good with our thumbs. (Have you noticed that kids use their thumbs for everything? Even doorbells nowadays!)
- Next, people love LCD screens. They quickly grasp information presented in smart, clean graphics. Just look at the instant acceptance of content formatted for smart phones.
- Color conveys functionality, people learn to associate certain tasks with a color. This leads to quick, repeatable recognition.
- People respond well to information presented in a logically organized, repeatable pattern. They learn and remember.
- And finally – people only want the information that they want. Period. Anything else is confusing.

To simplify the way customers interact with their cars, we had to group typical tasks into key functional areas – just like the Iron Man HUD. We were able to divide our functions into four groupings:

- Phone
- Navigation
- Entertainment
- Climate

It needed to be easy to update, with room to expand and evolve. It had to be simple-to-use.
And of course, the reason to make it *simple* to use is to make it *safer* to use. The need to minimize driver distraction was inherent to the assignment.

Since the introduction of SYNC in 2007, Ford has proven the viability of voice recognition and set the industry benchmark for audible controls. Now, thanks to our technology partners at Nuance, we're taking it to the next level. The Nuance team was invaluable in improving voice recognition and simplifying the command sequences, using fewer words to get what you want. I know that Nuance has a group here today. With their help, we've been able to "flatten" the required grammar sequences and make Ford voice control more conversational. Plus, we've added new features that can all be controlled by voice commands:

- Radio
- CD player
- MP3 Player
- Climate Control system
- Navigation
- Phone
- Vehicle Health Report
- SYNC Services
- SIRIUS Travel Link
- Game Finder

The list goes on. There are literally thousands of intuitive commands that SYNC understands at the first push of a button. For example, even if I'm listening to my iPod, I simply touch the "push to talk" steering wheel button, say "Call Alan's mobile," and SYNC will dial him up. We've eliminated that first layer of commands for all of the SYNC functions.

SYNC also handles "one-shot" destinations making it easier to enter a complete address in one take. SYNC voice commands even have real-time adaptive learning. No matter who's behind the wheel, within three commands it starts to learn that driver's specific accent or speech inflection. So even if you've got a cold or are just coming from the dentist's office, within a few commands, it improves its command recognition.

We've also added a pod-cast category so I can catch up on "This Week in Tech" or C-NET on my daily commute. So as you can see, we've simplified the voice command process while making the breadth of voice-activated controls more robust. That was critical to our goal to minimize driver distraction. But it was only the first step.

Above all, this new interior design solution needed to be the focal point of a signature Ford experience. The result is an elegant, unique interface solution that could well become a new industry standard.

A key Ford strategy is our use of a fully multi-modal system with integrated GUI, TUI and VUI command systems. That's shorthand for graphic, touch and voice command systems that seamlessly work together. You can enter information on the touch screen, finish with a voice command and adjust the settings using the steering wheel control – back and forth with no problem.

With this new experience, we aimed to do all of the following:

- Use LCD display screens to convey critical information on the instrument panel and also on the center stack
- Map out the instrument panel and design it so the information you seek is right where you expect it to be
- Arrange the steering wheel controls to reinforce these left-right relationships
- Feature a big, high-res 8-inch center-stack LCD screen
- Dedicate each corner of the screen to one of the four primary control areas
- Assign a color to each of the four areas – on both the Instrument Cluster and Center Stack LCD displays
- Organize the information through a series of layered screens so that drivers never have to deal with more information than they want
- Include a Media Hub capable of pulling information from iPods and thumb drives, RCA jacks and SD cards. And add connectivity through Bluetooth and Wi-Fi
- And finally, make the display easy to customize and personalize

That's a comprehensive list of technology features and you're going to find them all on your next new Ford. Tied together with strong design and graphics, they form our newest driver connect technology called "MyFord Touch." Customers will be able to enjoy this all-new interior experience in cars that will be in showrooms later this year.

We are pleased to announce that this will be a total sensory experience featuring some amazing sound systems, including SONY. Although we've partnered with them in the past, this is the first time our team had the chance to work closely with Sony's designers to create an entire system, including the interface. The custom design reflects the signature Ford theme and the highly recognized Sony look. And this system really delivers great quality sound.

That's **MyFord** Touch.

Of course, we'll have a distinct version for our **Lincoln** owners. Here's the "My Lincoln Touch" interior that we'll reveal next week in our newest Lincoln model. Notice that the LCD screens use the same intuitive layout as MyFord Touch, but that the colors are more saturated, using more jewel tones, to convey the sense of luxury implied in the Lincoln brand. And the center stack uses an upscale, clean and elegant design, with everything managed by touch controls.

Lincoln owners will be able to upgrade to an amazing THX audio system for theatre-quality sound right in their car. THX played an active role in the design process, supplying a set of specifications for frequency response, audio output, distortion and more. The end result is an overall clean sound that optimizes the interior space for a perfect listening experience.

MyLincoln Touch technology will be standard equipment on all future Lincoln models beginning this year with the 2011 Lincoln MKX , the mid-size premium cross-over that debuts at the North American International Auto Show next week. We'll then roll out the new Ford Edge, which appears with its MyFord Touch interior later this year and followed shortly thereafter on the 2012 Ford Focus.

Within the next five years, we'll migrate this signature interior experience into 80 percent of our vehicles.

Here to tell you about our expanded connectivity services is the head of our Connectivity Group, Doug VanDagens.

Doug VanDagens

This expanded capability has opened up a new world of product and service opportunities. I want to recognize the fantastic work that the Ford electrical and IT engineering teams have done to deliver these leading technologies. Last year at CES, we described how our strategy for delivering an unparalleled level of connectivity was built on three platforms:

- First, the technology we built into the vehicle. From its inception, SYNC was designed as a platform to be continuously updated and improved. We have already provided three upgrades through the SYNC MyRide website that ensure your vehicle will seamlessly connect to the latest electronic devices. Additionally, all new applications have been added, including 911 Assist, vehicle health report and a traffic, directions and information service we call TDI.

  Last year, owners of Mustangs and Fusions could go to SYNC My Ride.com and download, using their USB, the TDI app that connected their vehicle to our suite of cloud services. While some automakers are talking about creating an apps store, Ford's is already up and running.

- Our second platform is the personal mobile device our customers brought into the vehicle. We use your device's standard voice plan to pass data from the vehicle to the cloud and back. What's great is that you don't have to have a smart phone or an expensive data plan for the service to work. Over time, as your phone's capabilities expand, so will SYNC services.

- The third element of our strategy is to beam into the vehicle from the cloud, class-leading content and services through the Ford Service Delivery Network, or SDN, including traffic, directions, points of interest, business listings and personalized information services through the Ford SDN.

These three platforms provide a comprehensive strategy for industry-leading connectivity that has limitless potential going forward.

Of course, one of the most obvious ways to enjoy connectivity in any car is for navigation purposes.

Just to clarify, there are two ways to get navigation assistance in a Ford vehicle. One way is through the TDI services I just described, a "turn-by-turn" service that is included free for the first three years of vehicle ownership. The other way is to use our premium, on-board navigation system that offers complete mapping graphics.

Our award-winning navigation system is getting even better. Note how the 3-D visual landmarks really help to provide your bearings in the city. There are also new features like Wcities point-of-interest information, including ratings and amenities. And we added even more capability – real-time connections to over 14 million up-to-date points of interest and business listings are now available to premium navigation users, in addition to TDI users.

Let's say you've identified a movie theatre using SYNC's free TDI service. Just ask for directions and the destination will automatically be sent to the premium navigation system, which takes over and provides a map and routing on the LCD screen. This avoids problem of obsolete "Point of Interest" data that plagues conventional embedded nav systems and the need to purchase expensive new discs.

Here's more big news. Today, we are pleased to announce that we are forging a partnership with America's favorite online mapping service – MapQuest – which accounts for more than two million maps being printed every day!

We've created a new "Send to SYNC" MapQuest feature. Imagine I'm at home, and have found the Wynn Las Vegas MapQuest. Instead of printing the directions, I just click "send to SYNC" and the information will be stored in the Ford SDN. Once in my car, I just engage SYNC. I can then set the point of interest as a destination and route guidance begins. Think of how many drivers will navigate with their eyes on the road, instead of looking down at a printed map.

We have a number of additional new features as well.

For starters, our new MyFord connect technology enhances cloud connectivity using built-in Wi-Fi. That's the kind of added value Derrick was talking about. Who would have imagined five years ago that "regular people" could afford a car with internet access? The SYNC internet browser can only be accessed when the car is in park, but I think you'll agree that's a good thing.

And you also can have connectivity on-the-go with a Sprint USB broadband modem. SYNC's media hub will transmit the signal to up to five passengers in the vehicle.

And because our platform is flexible, Ford customers know that the latest connectivity devices will always work with SYNC. We're also very excited to announce that, with the availability of High Definition Radio, we'll be first to market with in-car Song Tagging. When you hear a song you like, just TAG it and the information will be automatically downloaded to your iPod so that you can purchase it later.

We're also working closely with SIRIUS to allow song tagging, and Ford vehicles will now offer Sirius Instant Replay! This feature allows customers to record and play back up to 45 minutes of satellite radio programming.

Let's talk about text messaging.

According to the CTIA, in the U.S. alone, an average 4.1 billion texts per day were sent in the first half of 2009. That doubles the amount from the previous year. Okay – so about 1 to 2 million of those came from my daughter. True story, an agent from Verizon called us last year to tell us that my daughter Megan had racked up the largest monthly texting bill he had ever seen in his career. If there's anybody out there from Verizon who can help me, text me! No, better yet, text my daughter.

(TEXT-MESSAGE "CHIRP" SOUND)
The sound you hear is the SYNC system alerting me that I have a text message. Using your phone to text while driving is a dangerous practice, but in Ford vehicles listening to a text message is no different than listening to the radio.

However, until now, only a limited number of phones supported this capability. To address this problem, we've expanded SYNC to support the new industry-standard Bluetooth Message Access Profile, or MAP for short. This means more phones now work with SYNC texting services. In fact, RIM has revealed that it plans to adopt MAP across a large number of its Blackberry devices this year.

Now, let me describe how Ford is addressing the love affair between our customers and their mobile apps.

We've created a way to connect these apps to the vehicle using SYNC through the API we call our Mobile Application Connectivity Package. It basically enables customers to access a phone's applications through the MyFord Touch vehicle interface so they no longer have to fumble with their phones. We have confidence that the same Ford API will work, unchanged, with virtually every application and every phone operating system including those from Apple, RIM, Microsoft and Android. We have regular ongoing meetings with leaders in the consumer electronics industry to develop safe ways to interface with devices and the apps that reside on them.

RIM is one such company with whom we now enjoy in-depth collaboration. Ford is also excited about the commitment that Google has been showing to the automotive industry, and we are in active talks to explore how best to bring Google services and devices into Ford cars. Additionally, mobile applications can access vehicle data, opening the possibilities of entirely new categories of applications and more advanced mashups of your favorite social networks or location-based services.

We have been working with leading app developers and have confirmed that our API can be integrated into existing applications with minimal effort. Additionally, this approach allows us to leverage the existing developer communities and application distribution channels, rather than trying to start up a Ford version of the same thing.

The bottom line is that we believe this strategy will enable us to deliver more apps, in a shorter period of time and more affordably than any other approach. In fact it's so affordable that our customer's will NOT have to pay any additional fees for this great user interface to mobile applications.

To launch this new service, we're focusing on the most in-demand apps that are also most relevant to the in-car experience. Today, we are pleased to announce agreements with Pandora, Stitcher and the Twitter app – Open Beak. Please welcome Julius Marchwicki – one of the product managers who has played a key role in developing our API – with more details about how they work.
Julius ….

Julius Marchwicki
Thanks Doug.

With the number of apps for each of the mobile OS platforms growing by the day, it's hard to know where Ford could start. Nielsen reports application downloads are up 82 percent from last year – that's 40 million downloads in the second quarter of 2009.

And the industry has surpassed three billion app downloads. We think our focus on mobile apps, with streaming content, was a good choice, just based on the number of people still driving with ear buds.

We recognize that Pandora is simply the world's most popular Internet radio application. Their accolades speak for themselves, but consumers are speaking, too. As of December, they have over 40 million users and 17 million of them listen on their mobile devices.

Pandora makes it so easy. Choose an artist or song and Pandora will create a personalized radio station that plays music similar to that artist or song. If you like a song, give it a thumbs up and Pandora will play more music like that song. If you don't like it, thumb it down.

It's surprising how well Pandora knows my taste in music when I listen to my MGMT station. Amazingly, Pandora has told us that 55 percent of their mobile users listen in the car. That's over 8 million people fumbling with their phone – voting, bookmarking and changing stations all while driving. A very dangerous proposition.

Similarly, Stitcher provides personalized news content across various categories. They're the only on-demand radio provider that has content from all major news sources. We think they complement Pandora's content quite well. Like Pandora, they have some voting controls and the ability to add favorites. Stitcher reports that 40 percent of their users listen in the car, so that list of people fumbling with their phones just got a bit bigger.

When Ford began exploring how to get mobile app functionality into the car, we knew we had a challenge. We had to build something more advanced – something that would allow for the unique experiences that mobile phone users demand.

So Ford created an SDK to allow developers to connect their applications with the in-vehicle interfaces through SYNC. This continues Ford's strategy of letting you use your phone and your data plan. Ford made the decision to do two things:

- Let mobile app developers use our SDK
- Leverage the existing mobile app stores, instead of making our own

How does it work? Well, our API leverages the phone and can use a variety of transports (Bluetooth, USB and now Wi-Fi) to communicate with SYNC. Apps can write to the display, use the text-to-speech engine and get voice commands from the driver. Developers can access vehicle data and get button-presses, all while developing in the programming language of their mobile phone.

How will the customer experience this feature? Well, in the future, if you bring Pandora or Stitcher into the car on your phone, it will work seamlessly. In the vehicle, access the mobile apps menu on your SYNC system a list of your available SYNC-capable apps will be shown. To launch, touch the screen or use your voice. If I'm ready to use another app, I simply say its name.

Surprisingly, the developers at Stitcher and Pandora were readily willing to work together, sharing code snippets as they worked with our API. Whether we knew it or not, Ford had created a developer network. Yes, it's small now, but we're hoping it will grow.

How long did it take Pandora and Stitcher to develop their applications? Less than 10 days.

Now what about Twitter? You can be sure that Ford was paying attention to the explosive growth of the social network, and keeping with our strategy, we connected with the OpenBeak developers to create a SYNC-enabled version. Our customers who tweet will be able to hear their timelines, friends and direct messages.

Odds are you're using Pandora, Stitcher and Twitter. Now you can keep listening to your favorite, personalized content when you get into the car – all using the connectivity of the safe, hands-free, voice-controlled SYNC. It's all part of the MyFord experience. We have the applications running on the show floor in the Ford TechZone and we hope you'll take time to check it out.

So where is all of this heading? Well, with apps being developed as quickly as they are, all we can say is stay tuned. Our API's allow for mobile apps across various categories like social networking or location based services. We'll have more announcements in the next few quarters regarding more apps and more partnerships. You can be sure that the news will bring greater connectivity and increased value to our customers, all in a safe manner – leaving your phone in your pocket, your hands on the wheel and your eyes on the road.

Isn't that what we're all about, Alan?

Alan Mulally
Well said, Julius.

So, that is a look at the direction we are taking. Offering increased connectivity while at the same time creating minimal distraction for the driver. Premium technology delivered in affordable, high-volume cars and trucks for all of us. An open-platform SYNC operating system with the potential to expand as quickly as the apps being developed for our customers' mobile phones.

Simpler. Safer. Smarter.

CEOs in every industry today are continually asked one question, "What do you see for the future?" The truth is CEO's are not mind readers. The key is to have a point-of-view about the future, have access to very good data and to nurture a team that is excited and completely committed to their customers.

For both the auto industry and the consumer electronics industry, the best bet is to develop products that are versatile and loaded with features that make them easy to personalize. That is the philosophy behind our "MyFord" strategy.

By modeling ourselves after the consumer electronics industry, the Ford team has learned that we have better results when we try to be *accurate* but not necessarily *precise.*

When we watch how our customers' aspirations and lifestyles change, monitor long-term trends and connect the dots, we succeed in bringing our customers the vehicles they really want and value. For example, we anticipated a shift in U.S. consumer attitudes regarding the desire for cars with affordable fuel economy. We also appreciated that not everyone is ready for a hybrid.

So at Ford, the right thing to do was to pursue two compatible plans. The result was our high horsepower, high-mileage EcoBoost technology – developed on a parallel path to our popular hybrids.

The innovations we have shared with you today are a direct response to consumer trends. Technologies such as Smart Gauge, SYNC and My Ford Touch feed the demand for information in an integrated, elegant user interface.

Going forward, you will continue to see how we apply and customize this thinking to future products. No matter what scenario unfolds, you can count on Ford to stay focused on delighting our customers and enhancing the *total driving experience*. That means keeping our customers connected with their friends, with their favorite entertainment sources and with all the very latest information.

And to keep our customers connected, we at Ford must *strengthen our connections to people like you* – the consumer electronics thought-leaders.

On behalf of all of us at Ford Motor Company, thank you to the many partners who have contributed to the innovations we have shown you today. And thanks to each you for your interest in Ford.

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Editor's note: Portions of the presentations that included live demonstrations are not included in the above remarks.

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