



Ford Motor Company
Global Purchasing

March 1, 2014

Dear Ford Suppliers,

I would like to thank each of you for your ongoing commitment to quality and to 'Going Further' in your warranty reduction efforts. Continuing to reduce supplier-related warranty defects and associated costs is a key enabler to our collective viability.

The purpose of this communication is to reiterate our global warranty processes and to announce the standardization of our Warranty Cost Calculation Process globally.

Section 22 of the Ford Production Purchasing Global Terms and Conditions (PPGTC Jan. 1, 2004) (GTCs) describes a supplier's responsibility concerning quality, and other sections of the GTCs provide that Ford may recover warranty-related costs from the supplier. Ford uses four different processes to accomplish this. The basic supplier warranty process is Global Warranty Chargeback (GWC). Other processes that may also be used include Warranty Reduction Program (WRP), Warranty Spike Recovery, and Field Service Action Cost Recovery.

If we find that a supplier is responsible for quality issues that caused warranty costs, Ford will engage with you to recover those costs under the appropriate process.

Finally, consistent with your feedback, we have globally deployed our standard Warranty Cost Calculation Process, effective March 1, 2014. This improvement ensures consistent application of warranty cost calculations across all regions, as well as to enable us to work with you on warranty improvement as part of the 'OneFord Team.'

If you have any questions, please contact your regional STA Warranty Representative:

North & South America
Europe
Asia Pacific

Tim Luikart (tluikart@ford.com)
Andre Kremer (akremer2@ford.com)
Han Zhang (hzhang32@ford.com)

We look forward to continuing to work with each of you and appreciate your continued support.

Sincerely,

/ s /

Hau Thai Tang
Group Vice President
Global Purchasing