

Intra-Company Communication

May 23, 1962

OFFICE OF
P. F. LORENZ

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To: Mr. P. F. Lorenz

cc: Mr. R. W. Chambers
Mr. D. E. Petersen
Mr. H. K. Sperlich

Subject: XT-Bird

Discussions with Product Planning personnel at the Ford Division regarding the XT-Bird proposed by the Budd Company indicate the following:

1. The Ford Division recognizes its need for a sporty-type car, particularly one with appeal to young buyers.
2. The Division has under consideration a "Special Falcon," a sporty car having maximum interchangeability with the Falcon. This car would offer a special body to be used with Falcon chassis and drive train components.
3. The Division has not as yet developed to its own satisfaction an acceptable model or determined a firm price but estimates that it may be possible to introduce the Special Falcon as a 1964 $\frac{1}{2}$ model in April of 1964.
4. The Division does not believe it would need both the XT-Bird and the Special Falcon. Compared with the XT-Bird, the Special Falcon would have a larger rear seat, comparable in dimensions to the Monza rear compartment, would be uniquely styled rather than an adaptation of the two-passenger Thunderbird, and would be sufficiently distinctive to be offered with a 6-cylinder (or V-8) engine without weakening the Thunderbird image. The Division also expects that the Special Falcon would achieve significantly higher volume than the XT-Bird and could be sold at a lower price.
5. The Division estimates that XT-Bird gross program expenditures, including tools, engineering, styling, launching, facilities and project expense would total approximately \$10 million, assuming no major change in appearance from the original two-passenger Thunderbird. The initial investment would be higher but unit variable cost lower on the Special Falcon.

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6. Although the Division is clearly hopeful that the Special Falcon will prove economically feasible, it recognizes that the need for a car of this type is so great that it may consider the XT-Bird if the Special Falcon program appears to be financially unsound.
7. Detailed cost and extensive market research data on the Special Falcon are being developed and will be available within the next few weeks. A final decision at the Divisional level as to the feasibility of the Special Falcon should be available within 60 days.

We shall continue to follow this program with Ford Division and keep you informed of its progress.



L. T. Harbeck