

EXECUTIVE SUMMARY

SPECIAL FALCON PROGRAM

The purpose of this presentation is to request Operating Policy Committee concurrence in the Special Falcon Program. The program provides for an economy personal car to be introduced in mid-1964 and is intended to improve our position in the compact sporty car market now dominated by the Corvair Monza. Our present deficiency in this market accounts for a sizable portion of our outsold condition relative to Chevrolet. This market is even more important than is indicated by its present size because it includes a heavy concentration of younger buyers whose buying habits will be an important influence on the pattern of industry sales in the years ahead.

Two models, a 2-door hardtop and convertible model, will be offered and will be available with 6- and 8-cylinder engines. The program involves fixed expenditures of \$45.4 million. Assuming 100% substitution for existing product lines and a car line Financial Planning Volume of 75,000 units per year, Company accounted profits for the 1964-1967 model years will be reduced by about \$19 million annually.

The Ford Division proposes this program on the basis of its potential to improve our present market share. With sales of 150,000 units per year, including 50,000 incremental units, incremental profits of about \$14 million annually will be realized.

The Ford Division requests the Committee's concurrence in this proposal.

Executive Communication

December 5, 1962

To: Members of the Operating Policy Committee

Subject: Special Falcon Program

For some months the Ford Division has been studying the possibility of introducing an economy-personal car derived from the Falcon in mid-1964. The development of this proposal, referred to as the Special Falcon Program, has been reviewed with Company management on a regular basis over the past few months. Approval to proceed with the program was given on September 10, 1962, subject to the concurrence of the Operating Policy Committee when firm financial data were available. The purpose of this letter is to review the market factors which led to this proposal, to outline the program and to request the Committee's concurrence.

Ford and General Motors Market Coverage

Since 1960 the automobile industry has introduced a wide variety of new concept vehicles. Many of these new cars have been designed to compete in the lower price range. Among the initial offerings in the 1960 model year, the Falcon quickly established itself as the strongest compact economy car in the industry. The relative lack of acceptance of the Chevrolet Corvair led the Chevrolet Division to two counteractions, the introduction of the Chevy II in 1962 and the recasting of the Corvair as a low cost sporty vehicle, the Monza. During the 1962 model year, when Chevrolet had both of these cars to compete against the Falcon, the Falcon and the Chevy II achieved approximately equal volumes, but Monza sales proved to be surprisingly strong, with indications that many Monza sales were incremental to Chevrolet. Ford has attempted to offset the Monza with the Falcon Futura, but market experience indicates that more aggressive Ford action will be required to overcome the unique appeal of the Monza.

The importance of the Monza is illustrated by the fact that the Monza/Futura sales difference represents about one-fourth of the total Ford outsold position relative to Chevrolet in 1962 even though the market in which they compete is comparatively small. Its value to Chevrolet is even greater than indicated by the sales data since the Monza owner body includes a disproportionate number of young buyers who may be contributing to a long term General Motors advantage.

In 1963 Ford is taking additional actions aimed at improving our share of this market...the Falcon convertible, hardtop and Sprint models, and the Falcon V-8 engine program. These actions are expected to improve our position in the compact market; however, we anticipate that these models will tend to compete more directly with the Chevy II special models than with the more unique Monza.

While the Ford Division's knowledge of Chevrolet product plans in the 1964 to 1966 period is necessarily limited, our evaluation of known competitive plans leads us to conclude that Ford should be fully competitive in the market areas now covered by Falcon, Fairlane, Ford, and Thunderbird. Relatively little is known about Chevrolet's future plans for the Corvair except that it will reportedly be all new in 1965 with even more emphasis on sporty styling and performance. The Ford Division believes that the compact sporty car market segment, now dominated by Monza, requires more aggressive counteraction than we can provide with the Falcon.

Description of the Market

Owner and Car Characteristics

There is evidence that the compact sporty car segment is a unique market. The following information extracted from a recent survey of 1962 new car buyers outlines some of the important differences between the Monza and other cars.

Buyer Characteristics

	<u>Monza</u>	<u>Futura</u>	<u>Falcon</u>	<u>Galaxie 500</u>
Median Age	33	39	40	44
Per Cent Under 25	29%	19%	13%	5%
Median Income	\$7,700	\$8,500	\$7,600	\$8,200

Pre-Purchase Considerations

- . More Monza buyers have a particular make in mind when they start shopping (81%) than the average compact buyer (66% to 78%).
- . Futura buyers give more than double the consideration to the opposite make (25% vs. 11%) than Monza buyers.

Major Reasons for Purchase of Make

- . Different reasons for purchase are offered by Falcon and Corvair buyers.

	<u>Per Cent of 1962 Model Buyers</u>	
	<u>Falcon</u>	<u>Corvair</u>
Operating Economy	44%	34%
Appearance	25	44
Roominess	8	1

Make Replaced

- . The importance of this segment as a means of attracting used car owners is demonstrated by the fact that 48% of the cars traded on Monza were bought used compared to 31% for the Futura.

Market Size

It is difficult to define the size of the compact sporty car market with precision because of the diversity of the offerings in the market today. Considering all of the compact specialty models sold in 1962 including the BOP compacts, the size of this market was about 550,000 units, with Ford's 12% share substantially below our average market performance. Considering only the Ford and Chevrolet Division offerings, including the Falcon specialty models added in 1963, the size of this segment is projected at 400,000 units in 1963, with our share still only 28%. In all other markets where Ford and Chevrolet compete directly, during the last three years Ford's share of the total has averaged 45%.

Summarizing briefly, the Ford Division believes its approved forward plans will provide good market coverage in the primary automotive markets with the exception of the sporty car market. This segment is a unique market, accounting for a sizable portion of our outsold condition. It is important beyond its size due to the apparent opportunity for conquest sales, first new car sales and the potential for re-establishing a favorable Ford image with the younger age groups who dominate this market area.

Program Alternatives

The Ford Division has studied a number of types of sporty cars including both 2- and 4-seaters derived from every practical baseline ranging from a Ford of Britain sports car and the original 2-seat Thunderbird to Cardinal, Falcon and Fairlane derivatives. Based on analysis of existing cars in this segment as well as market research involving the alternative types of sporty cars developed, the Ford Division has concluded that a new Ford entry in this market should include four basic characteristics:

- . Four-Passenger Capacity
- . Both 6- and 8-Cylinder Engines
- . Attractive Styling and Unique Appearance
- . A Low Price

Program Outline

The specific alternative proposed by the Ford Division is a Falcon derivative with a new unitized body and utilizing, to the maximum extent possible, existing Falcon powertrain and chassis components (Exhibit I). Two models, a 2-door hardtop and convertible, will be offered.

Package Size

As the table below indicates, the car will be the same length as the Falcon, slightly narrower and about 2" lower. The lower height, the long hood/short deck proportions and the wide track look give the car a unique, sporty appearance.

	<u>Special Falcon Hardtop</u>	<u>1964 Falcon Hardtop</u>	<u>1963 Monza</u>
Over-All Length	181.6	181.6	180.0
Wheelbase	108.0	109.5	108.0
Over-All Height	51.5	53.2	51.5
Width at Center Pillar	67.6	69.3	66.0
Hood Length	61.2	52.4	47.2
Greenhouse Length	87.0	89.8	83.6
Deck Length	30.2	35.2	44.4

The interior of the car will include seating for four adults with front bucket seats and a bench-type rear seat. Complete package specifications are shown in Exhibit II.

Engine/Transmission Plans

The engine/transmission combinations planned for the car as shown below will provide unusual powertrain flexibility ranging from low cost/high economy to outstanding V-8 engine performance.

<u>Engine</u>	<u>Transmission</u>			
	<u>Manual</u>		<u>Automatic</u>	
	<u>3-Speed</u>	<u>4-Speed</u>	<u>2-Speed</u>	<u>3-Speed</u>
170-1V	X	X	X	
260-2V	X			X
289-2V		X		X

Performance and economy with the 6-cylinder engine will be about equal to the comparable Falcon models. The standard 260-2V V-8 engine will provide excellent performance and economy, well in excess of regular Ford or Chevrolet standard V-8 levels. The optional 289-2V engine will provide start-up performance just short of Ford 390-4V levels with passing ability about mid-way between Ford 289-2V and 390-4V levels. Complete performance and economy projections are included in Exhibit III.

Product Image

The basic product image of the vehicle will be that of a low cost personal car. Because of the importance of low price and, therefore, low cost, a high degree of powertrain/chassis interchangeability with Falcon has been planned. As a result, many of the detailed characteristics of the car will be very much like Falcon. However, a number of the product compromises inherent in the Falcon

specialty models and the V-8 engine equipped Falcon (notably, ride and exhaust restrictions) have been corrected in this car. Further, the Special Falcon's lower center of gravity, wider tread and improved weight distribution will improve its handling characteristics over Falcon. The combination of low height, improved handling, bucket seats, transmission tunnel positioned shift controls and good performance should impart the essential "fun-to-drive" characteristic to this car. A complete outline of the vehicle product image is included in Exhibit IV.

Styling

The approved styling is considered to be outstanding by the Ford Division. A number of styling features unique within the Division to this car in 1964 (curved side glass, body side turn-under, and slim, "floating" bumpers) along with the unique vehicle proportions produce a styling effect which we believe will be well accepted. A detailed outline of features comparing this car to the Falcon and Monza is included as Exhibit V.

Merchandising Plan

The Ford Division proposes to merchandise the Special Falcon in a single series supported by a variety of options (Exhibit VI) including a sports-oriented specialty package. The possible elimination of certain Falcon models after the Special Falcon introduction has been discussed in relation to the 1966 common shell studies now being conducted. It is also possible that these models will be phased out prior to 1966 as market experience dictates.

The Ford Division proposes a wholesale delivered price for the hardtop of \$1861. At this price, the car will be \$76 over the Futura hardtop with bench seats or \$17 under the bucket seat-equipped hardtop, and \$50 over the Monza coupe or \$29 over the typical Monza which includes the optional 102 HP engine. The Ford Division believes the price differential over Monza is justified primarily because of the hardtop/sedan difference. Exhibit VII compares the proposed hardtop and convertible prices to 1963 Ford and General Motors models.

Market Research Findings

The product and merchandising proposal outlined above has been tested through a market demand study with the following broad conclusions:

- . The range of potential sales volumes appears to be as follows:

	<u>Low Side</u>	<u>Most Likely</u>	<u>High Side</u>
Total Volume	120,000	150,000	165,000
Incremental Volume	30,000	50,000	60,000

- . The research indicated that the Special Falcon will be particularly appealing to the younger age groups, thereby satisfying that basic requirement of the program.

- . The research also indicated that the desire for this car tended to override make loyalty to a much greater extent than the other cars in the Ford line, substantiating our belief that the car holds high potential for incremental volume.

Manufacturing Plans

It is planned to build the Special Falcon in much the same manner as the Falcon with all major powertrain, chassis and sheetmetal components sourced to the Basic Manufacturing Divisions.

Final selection of an assembly plant plan has not yet been made. However, with the recent change in 1964 Comet-Meteor plans, it is probable that the Special Falcon will be assembled in the Dearborn plant along with the Fairlane. The financial data in this presentation include a provision for Automotive Assembly expenditures which is believed to be sufficient to cover any of the alternatives under study.

Planned Volumes

The Ford Division and Finance Staff have agreed that a financial planning volume of 75,000 units and a capacity planning volume of 150,000 units would be appropriate for this vehicle line. An increase in CPV to 175,000 units could be made for relatively low expenditures should market demand for the car justify this action. No change in total Ford Division FPV is planned. A reduction in the FPV of other Ford Division models in the amount of 75,000 units will be made to offset the addition of Special Falcon planning volume. The revised Ford Division FPV by model is shown on Exhibit VIII.

The Ford Division believes that the Special Falcon capacity planning volume can be contained within the presently approved Falcon CPV of 625,000 units. A reduction in Falcon CPV to 475,000 units is proposed which, in combination with the proposed Special Falcon CPV of 150,000 units, will not change the combined total of 625,000 units from present Falcon levels. No capacity increases are planned for existing components to be used by the Special Falcon.

Cycle Plans

The Ford Division proposes a $3\frac{1}{2}$ year initial cycle for this car line. It is proposed that the vehicle be introduced in mid-1964, probably as an early 1965 model, and that no change be made to the car at the time of normal 1965 introduction. Model year identification changes only are planned for the 1966 and 1967 model years (Exhibit IX). The Ford Division believes the inherent appeal of this car and the specific styling approved are strong enough to sustain projected volume levels with only modest in-cycle changes.

Financial Considerations

The Ford Division proposes this program on the basis of its belief that it will produce incremental volume and profits. With no change in Ford Division financial planning volume, approval of the program will reduce projected 1964-67 average Company profits by \$19.5 million primarily as a result of the added investment along with some loss in economic profit due to the substitution for the slightly more profitable models replaced at FPV.

Based on extensive studies of this vehicle conducted by the Ford Division with the cooperation of the Manufacturing Divisions, program fixed expenditures are estimated at \$45.4 million including \$5.5 million for the convertible model. The material cost of the hardtop model is estimated to be \$62 over the Falcon hardtop with the Special Falcon convertible \$39 over the Falcon convertible. These costs are detailed in Exhibits X and XI.

The effect of this program on currently projected Company-wide profits at FPV is detailed below:

	Company-Wide Profits on Ford Division Passenger Cars (Millions)				
	1963	1964	1965	1966	1967
<u>Ford Division Passenger Cars</u>					
Current Projection	\$352.2	\$311.7	\$326.8	\$325.1	\$341.5
Effect of this Proposal	(4.7)	(21.5)	(19.5)	(20.6)	(18.8)
Revised Projection	\$347.5	\$290.2	\$307.3	\$304.5	\$322.7
<u>Memo: Total Company Effect</u>	\$ (3.8)	\$(20.2)	\$(18.9)	\$(20.7)	\$(18.4)
<u>Special Falcon Company-Wide Profits (Average 1964-1967 Cycle)</u>					
Economic	\$765				
Accounted - Unit	127				
- Millions	9.5				

The profit effect of this program on the Division's other car lines is summarized in Exhibits XII and XIII.

The Ford Division considers the objective unit economic profit of \$765 satisfactory in that it is about the same as other low priced specialty models offered by the Ford Division. The average unit accounted profits are acceptable but low at \$127 for the cycle due to the high ratio of investment to financial planning volume.

The Ford Division recommends the Special Falcon Program on the basis of a comparison of the financial risks inherent in the program and the potential for incremental volume and incremental profits. Based on the volume assumption considered most likely by the Ford Division and the Marketing Staff (total volume 150,000, incremental volume 50,000), an average incremental profit of about \$14 million annually will be realized. Exhibit XIV details the profit effect of a greater range of volume possibilities. Because the economic profit of the Special Falcon is close to that of the average Ford Division car for which it will substitute, the break-even incremental volume is fairly constant throughout the total volume range. For example, with total sales of 75,000 and 165,000, break-even incremental volume changes only from 28,000 to 34,000 units.

Normal financial re-evaluation will take place over the next 90 days. The Ford Division will advise the Committee if significant changes occur in the financial data reported herein.

Program Timing

Preliminary engineering on this program was begun several months ago, and clay model surfaces were approved on September 10, 1962 for the hardtop and on October 2, 1962 for the convertible. A Job #1 date of March 9, 1964 has been established for the vehicle with public introduction scheduled for April 22, 1964.

The total program timing span from clay model approval to Job #1 will be 18 months, $2\frac{1}{2}$ months shorter than normal new car program timing. The Ford Division and the Manufacturing Divisions believe this timing plan is satisfactory, considering the limited changes in the chassis and powertrain area and the Company's past engineering experience with compact unitized cars. The complete timing plan is shown on Exhibit XV.

Conclusions

- . The Special Falcon Program outlined in this communication is considered a major element of the Ford Division's Market Share Improvement Plan, and is expected to improve the Division's actual volume and profits significantly.
- . The addition of a Ford economy-personal car is an opportunity not only to increase our profitability, but also to improve our over-all corporate image and our long range corporate strength.
- . In our judgment, supported by the research conducted to date, the product proposal developed appears to be the right product for this market.

Recommendation

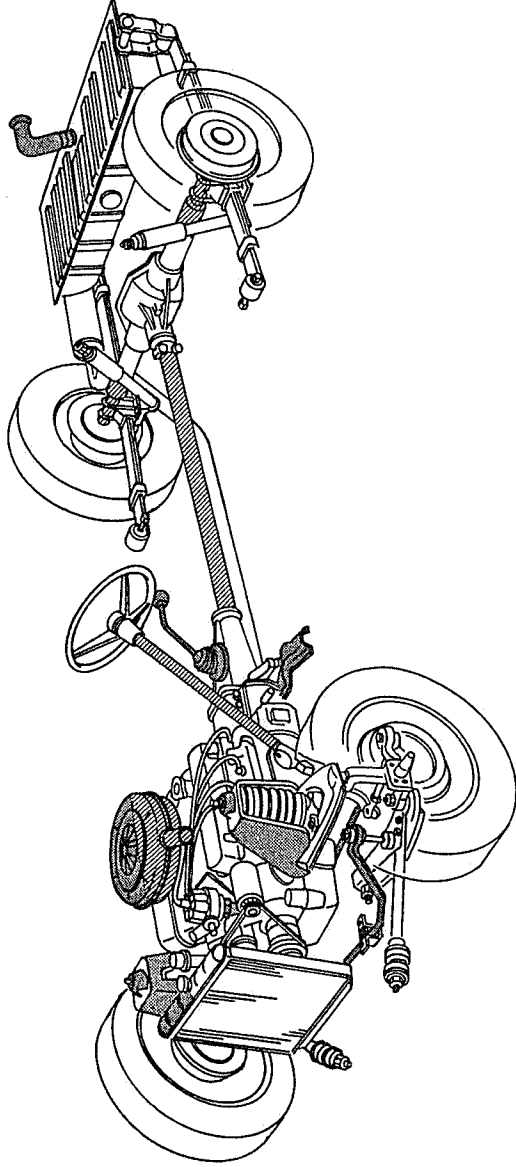
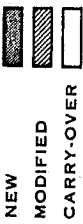
The Ford Division requests the Committee's concurrence in the program as outlined.

/s/
L. A. Iacocca

Concur: _____ /s/ _____
J. O. Wright

SPECIAL FALCON PROGRAM

INTERCHANGEABILITY WITH FALCON



CHASSIS

FRONT SUSPENSION C/O EXCEPT STABILIZER BAR,
SHOCK ABSORBER UPPER EYE AND UPPER BRACKET
BRAKES C/O
STEERING LINKAGE C/O EXCEPT CENTER LINK
STEERING GEAR C/O EXCEPT LONGER STEERING SHAFT
STEERING COLUMN C/O EXCEPT LONGER
REAR SUSPENSION C/O
FUEL TANK C/O
WHEELS AND TIRES C/O
POWER STEERING C/O EXCEPT NEW CENTER LINK

POWER TRAIN

ENGINES C/O 170, 260, 289 EXCEPT AIR CLEANER
MODIFICATIONS

TRANSMISSION C/O EXCEPT SHIFT CONTROLS
ENGINE MOUNTS C/O FRONT, NEW OR MODIFIED REAR
CLUTCH C/O EXCEPT MODIFIED LINKAGE
DRIVE SHAFT C/O JOINTS - NEW TUBE
REAR AXLE - 6 CYL. C/O FALCON EXCEPT TREAD WIDTH INCREASE
8 CYL. C/O FAIRLANE EXCEPT SPRING SEATS
RADIATOR C/O EXCEPT NEW UPPER HALF OF TOP TANK FOR V8
EXHAUST - NEW

BODY

HEATER - C/O
MISCELLANEOUS HARDWARE AND ELECTRICAL C/O
INSTRUMENT CLUSTER C/O EXCEPT APPLIQUE
SHEET METAL NEW
OTHER INTERIOR NEW

SPECIAL FALCON PROGRAM

<u>PACKAGE SIZE</u>	1965		1964	1964	1964
	Special Falcon Hardtop	1963 Monza	Falcon Hardtop	Fairlane Hardtop	T'Bird Hardtop
<u>Exterior</u>					
Over-All Length	181.6	180.0	181.6	197.6	205.4
Wheelbase	108.0	108.0	109.5	115.5	113.2
Front Overhang	33.6	30.3	29.3	30.6	37.7
Rear Overhang	40.0	41.7	42.8	51.5	54.5
Hood Length	61.2	47.2	52.4	54.6	67.2
Greenhouse Length	87.0	83.6	89.8	93.5	89.5
Deck Length	30.2	44.4	35.2	45.5	44.7
"O" Line to Front Wheels	19.5	9.3	14.3	16.1	20.9
Over-All Height	51.5	51.5	53.2	54.5	52.5
Cowl Height	35.3	34.2	37.5	37.3	37.1
Deck Height	34.4	33.9	36.0	35.9	33.6
Over-All Width	68.1	67.0	71.6	72.2	77.1
Width @ Center Pillar	67.6	66.0	69.3	68.7	76.0
Front Tread - 6-Cylinder	55.4	54.5	55.0	57.0	-
- 8-Cylinder	56.0	-	55.6	57.0	61.0
Rear Tread	56.0	54.5	54.5	56.0	60.0
<u>Interior</u>					
<u>Front Compartment</u>					
Effective Headroom	37.5	36.9	37.0	38.0	37.5
Maximum Accel. Legroom	43.0	41.5	43.0	44.0	43.7
Deflected "A" to Heel	3.5	3.3	4.9	5.3	6.1
Shoulder room	54.2	54.0	55.3	56.7	57.0
Deflected "A" to Belt	20.7	N.A.	21.3	21.0	20.1
Deflected "A" to Ground	12.8	14.0	15.0	15.4	13.8
<u>Rear Compartment</u>					
Effective Headroom	35.8	35.8	36.0	37.4	37.5
Effective Kneeroom	1.3	0.1	1.3	4.8	4.6
Couple Distance	28.7	28.7	29.0	33.6	32.0
<u>Curb Weight</u>	2618#	2525#	2601#	2985#	4461#
<u>Percentage Front/Rear</u>	51/49	35/65	54/46	53/47	53/47
<u>Other</u>					
Tire Size	6.50x13	6.50x13	6.50x13	6.50x13	8.00x15
Tumblehome	18°	14°	12.5°	12.5°	16.1°

Note: 1) Interior dimensions based on Issue #35 of Official Vehicle Specifications. Dimensions based on the new mannequin system have not yet been developed for Special Falcon.

2) In order to achieve the desired styling result, a number of deviations from Company design standards (bumper protection, etc) are included in the Special Falcon model.

SPECIAL FALCON PROGRAMPERFORMANCE - ECONOMY1964 FORD DIVISION (PROJECTIONS)

	Type	Axle Ratio	Manual Transmission			Avg. Fuel Economy	Typ
			Performance				
			0-4	0-10	Passing		
<u>Special Falcon Hardtop</u>							
170-1V	3-Spd	3.20	77	388	13.4	21.7	2-S
	3-Spd	3.50	82	397	12.9	20.6	
	4-Spd	3.50	79	390	13.0	20.5	
260-2V	3-Spd	3.00	99	496	10.1	18.6	3-S
289-2V	4-Spd	3.00	106	528	9.6	17.7	3-S 3-S
<u>Falcon Sedan</u>							
144-1V	3-Spd	3.10	68	353	15.1	22.6	2-S
170-1V	3-Spd	3.20	85	417	12.5	21.4	2-S
260-2V	3-Spd	3.00	105	517	10.1	18.9	2-S
<u>Fairlane Sedan</u>							
170-1V	3-Spd	3.50	74	371	13.6	19.1	
200-1V							2-S
260-2V	3-Spd	3.25	100	486	10.5	17.1	2-S
289-2V	3-Spd	3.25	105	514	9.8	16.3	3-S
<u>Ford Sedan</u>							
223-1V	3-Spd	3.50	83	401	13.4	15.8	3-S
289-2V	3-Spd	3.50	95	460	10.9	N.A.	3-S
390-4V	4-Spd	3.50	109	564	8.5	12.7	3-S
<u>Thunderbird Hardtop</u>							
390-4V							3-S

COMPETITIONCorvair Monza

145-2V (80 HP)							2-S
145-2V (102 HP)	3-Spd	3.27	75	385	14.0	20.4	
(102 HP)	4-Spd	3.08	70	381	14.5	20.5	

Pontiac Tempest

195-1V	3-Spd	3.31	86	415	12.5	18.3	2-S
--------	-------	------	----	-----	------	------	-----

Note: To facilitate easy comparison, projections are shown for all Ford Division cars.
For comparison to Official Vehicle Specifications, see Exhibit IIIa.

SPECIAL FALCON PROGRAMPERFORMANCE - ECONOMY

			Axle Ratio	Performance			Average Fuel Economy
				0-4	0-10	Passing	
<u>1964 Ford Division</u>							
<u>(Official Vehicle Specifications)</u>							
<u>Falcon</u>							
<u>Manual</u>							
144-1V	3-Speed		3.10	76	386	14.1	22.3
170-1V	3-Speed		3.20	89	432	12.6	21.0
260-2V	3-Speed		3.00	104	516	10.0	17.6
<u>Automatic</u>							
144-1V	2-Speed		3.50	63	324	14.6	18.3
170-1V	2-Speed		3.50	71	369	12.7	18.2
260-2V	2-Speed		3.25	91	469	10.3	16.2
<u>Fairlane</u>							
<u>Manual</u>							
170-1V	3-Speed		3.50	78	382	14.0	20.1
260-2V	3-Speed		3.25	98	494	10.4	16.7
289-2V	3-Speed		3.25	106	520	9.7	16.2
<u>Automatic</u>							
200-1V	2-Speed		3.25	70	362	13.9	17.0
260-2V	2-Speed		3.00	76	420	10.4	15.9
289-2V	3-Speed		3.00	96	474	10.2	15.5
<u>Ford^{a/}</u>							
<u>Manual</u>							
223-1V	3-Speed		3.50	79	394	13.4	16.1
289-2V	3-Speed		3.50	91	457	11.4	N.A.
390-4V	4-Speed		3.50	107	548	8.8	12.0
<u>Automatic</u>							
223-1V	3-Speed		3.50	58	314	13.9	14.8
289-2V	3-Speed		3.25	86	437	10.6	14.6
390-4V	3-Speed		3.00	106	529	8.9	12.0

a/ Ford car data to be included in Issue No. 37 of the Official Vehicle Specifications.

SPECIAL FALCON PROGRAM

PRODUCT IMAGE

OPERATIONAL CHARACTERISTICS

1. Ride

Equal to the 1962 Falcon 6-Cylinder. V-8 engine equipped car better than Falcon.

2. Handling and Steering

Manual and power steering equal to 1964 Falcon. Cornering better than Falcon due to lower center of gravity and wider treads.

3. Performance (All Transmission Types)

Standard 6-Cylinder -- Equal to 1963 Falcon Hardtop with 170-1V
Standard 8-Cylinder -- Equal to 1963 Falcon Hardtop with 260-2V

4. Braking

Brake fade (6- and 8-Cylinder) roughness and uniformity of operating equal to the 1963 Falcon

Lining Life -- Equal to the 1963 Falcon

Effort and Modulation -- Equal to comparable 1962 Falcon models for manual; 1962 Fairlane for power.

Pedal Height -- Equal to 1962 Falcon.

5. Starting

Equal to the 1963 Falcon (Carryover Falcon starter).

6. Heating, Ventilating and Air Conditioning

. Heating -- Quantity and distribution of heat and temperature control equal to the 1962 Falcon.

. Ventilating -- Equal to the 1962 Falcon.

. Air Conditioning -- Cooling capacity, air distribution and flexibility equal to 1963 PolarAire unit.

7. Control Operation and Effort

a. Parking Brake -- Hand operated, equal to the 1962 Falcon.

b. Clutch -- Equal to comparable 1962 Falcon models.

c. Accelerator Pedal Effort -- Equal to 1962 Falcon.

SPECIAL FALCON PROGRAMPRODUCT IMAGEOPERATIONAL CHARACTERISTICS7. Control Operation and Effort (continued)

- d. Manual Transmission Shift Control -- Equal to 1963 Falcon floor shift with possible additional effort due to shorter rod length.
- e. Automatic Transmission Shift Control -- Equal to 1963 Galaxie floor mounted shift control.
- f. Door Opening and Closing Efforts and Locks -- Equal to 1962 Fairlane in effort, feel and sound.
- g. Hood Opening -- Equal to 1963 Fairlane with counterbalanced hinges.
- h. Deck Lid Opening and Closing -- Equal to 1962 Falcon
- i. Window Regulators -- Equal to 1963 Falcon Hardtop in efforts, number of turns, backlash and smoothness. Door and quarter windows drop below the belt.
- j. Vent Windows -- Equal to 1963 Falcon Hardtop
- k. Seat Tracks -- Equal to 1963 Falcon hardtop for bucket seats in effort and smoothness.
- l. Instrument Panel Controls -- Equal to 1964 Falcon (Carryover controls).

8. Comfort and Convenience

- a. Instrument control identification -- Identification and illumination generally equal to 1964 Falcon.
- b. Arm Rests -- Equal to 1964 Falcon
- c. Seating -- Front seats to be equal to the Lotus Elite sports car. Rear seat equal to Falcon convertible except as compromised for package. These objectives may be revised after specific seating proposals have been evaluated.

9. Windshield Reflections

- . Night Time -- No noticeable reflection from instrument panel lights within the vision range as defined in the windshield reflection standards over full range of driver seating positions.
- . Day Time -- No noticeable midday sunlight reflection from the top of the instrument panel (with and without crash pad).

10. Exterior Paint

Equal to the 1964 Falcon in appearance and durability.

SPECIAL FALCON PROGRAMPRODUCT IMAGEDURABILITY AND RELIABILITY CHARACTERISTICS1. Test Track Durability and ReliabilityGeneral

All vehicle components (except safety items) shall be designed to permit operation for 50,000 customer miles (20,000 Romeo miles) without maintenance, except for specified routine service operations. Components which are critical to safety shall be designed to permit operation for 100,000 customer miles (40,000 Romeo miles) without maintenance, except for specified routine service operations. Brake linings should be designed for at least 30,000 Romeo test track miles.

Note: The Romeo test track durability standard for all components will be 100,000 customer miles (40,000 Romeo miles). Specific design action indicated as a result of failures of non-safety components beyond 50,000 customer miles (20,000 Romeo miles) will be considered on an individual basis.

Rough Road

All vehicle safety items shall be designed for 1,000 cycles of rough road durability. All other components shall be designed for 500 cycles of rough road durability. Specific design action indicated as a result of failures of non-safety components beyond 500 cycles will be reviewed on an individual basis.

Special Requirements

All steering gear components shall be designed for 1,000 cycles of steering gear durability test for sector shaft only.

2. Customer Durability

On certain components, because of the effect of time and driver abuse not present on the test track, actual field durability experience correlates poorly with test track results. On major components of this nature, the following standards are proposed:

- a. Bumper dent resistance, deflection, and resistance to corrosion equal to the 1962 Falcon. The deflection objective may be changed subject to review of specific product and financial considerations.
- b. Body and exterior ornamentation corrosion resistance equal to the 1962 Falcon.
- c. Seat fabrics and floor covering equal to comparable materials, if available, on the 1962 Falcon.
- d. Scuff Plate equal to the 1962 Corvair.
- e. Stone Pecking -- No noticeable stone pecking damage on the body side between wheels and above the rocker panel.

SPECIAL FALCON PROGRAMPRODUCT IMAGEDURABILITY AND RELIABILITY CHARACTERISTICS (continued)

3. Routine Maintenance
 - . Equal to 1964 Falcon
4. Incidence of Repair, Routine, and Non-Routine
 - . Equal to 1964 Falcon

COST OF OWNERSHIP STANDARDS

1. Fuel Economy (All Transmission Types)
 - . Equal to the 1963 Falcon Hardtop for comparable engines.
2. Oil Economy
 - . Equal to the 1964 Falcon.

NOISE, VIBRATION AND HARSHNESS CHARACTERISTICS

1. Wind Noise
 - . Equal to comparable 1963 Falcon
2. Squeaks and Rattles
 - . Over-all level equal to 1963 Falcon for comparable body styles.
3. Road Noise, Vibration, and Harshness
 - . Equal to 1962 Falcon
4. Engine and Engine Accessory Noise and Smoothness
 - . Equal to 1963 Falcon
5. Transmission Noise and Smoothness
 - . Equal to 1962 Falcon.
6. Axle Noise
 - . Equal to 1962 Falcon
7. Vehicle Shake
 - . Equal to 1963 Falcon for comparable body styles
8. Exhaust Noise
 - . Equal to 1963 Falcon with comparable engines although some compromise may be accepted at a later date for "sound of power" tuning.

SPECIAL FALCON PROGRAM

<u>FEATURE COMPARISON</u>	<u>Special Falcon</u>	<u>Monza</u>	<u>Falcon Hardtop</u>
<u>Exterior Appearance</u>			
Low-Height Look	X	X	
Unique Sheetmetal from Parent Car	X		
Unique Side Proportions	X	X	
Hardtop Greenhouse	X		X
Curved Side Glass	X		
Wide-Track Look	X	X	
Dual Headlights		X	
Full Grille in Front	X		X
Wheel Covers Standard	X	X	
Bumper Guards	X		
Bright Side Moulding			X
Rocker Moulding		X	
<u>Package</u>			
Engine			
Rear		X	
Front	X		X
No Transmission Hump		X	
Shift on Floor Standard	X	X	
Close Together Front Seating		X	X
Larger Trunk Space	X		X
Trunk in Rear (More Usable)	X		X
Gas Tank in Rear (Safer)	X		X
Best Front Headroom of the 3 Cars	X		
<u>Interior</u>			
Fold-Down Rear Seat		X	
Bucket Seats Standard	X	X	
<u>Convenience</u>			
Self-Adjusting Brakes	X		X
36,000 Mile Lube-Free Chassis	X		X
No Engine Coolant		X	
Bolt On Fenders	X		X
Glove Compartment Light		X	
Cigarette Lighter	X	X	X
Back-Up Lights		X	
Power Convertible Top		Optional	X
<u>Performance</u>			
V-8 Engine Availability	X		X
4-Wheel Independent Suspension		X	
3-Speed (vs. 2-Speed) Automatic			
Optional on some combinations	X		

SPECIAL FALCON PROGRAMOPTIONS

	<u>Installation</u> <u>Rate</u>	<u>Wholesale</u> <u>Delivered</u> <u>Price</u>	<u>Description</u>
<u>Engines</u>			
260-2V	42%	\$ 83.60) Same as Fairlane except for distributor) modifications for tachometer (optional).
289-2V	13	123.60	
<u>Transmissions</u>			
2-Spd A/T 6-Cyl.	16	132.85)
3-Spd A/T 8-Cyl.			
Single Range	31	146.85) Same as Falcon except controls on Floor
Dual Range	6	165.35	
4-Spd Manual)
6-Cylinder	14	70.00	
8-Cylinder	7	146.00	
Air Conditioning	4	180.00	Same as 1964 Falcon PolarAire
Radio	78	45.45	Same as 1964 Falcon
Heavy Duty Battery	3	5.87	Same as 1964 Falcon
Power Steering	10	63.45	Same as 1964 Falcon
Power Brakes	7	33.35	Same as 1964 Fairlane
Padded Dash	50	13.40	Similar to 1964 Falcon
Seat Belts	15	13.00	Same as 1964 Falcon
Back-Up Lights	25	8.32	New
2-Spd Wiper & Washer	42	15.60	Same as 1964 Falcon
Tinted Windshield	20	10.00	Similar to 1964 Falcon
Tinted Glass	6	21.00	Similar to 1964 Falcon
Tutone Paint	4	15.05	New
White Sidewall Tires	85	23.10	6:50 x 13 and 6:50 x 14
Electric Clock	5	11.30	Same as 1964 Falcon
Dress-Up Package	25	76.90	Preliminary plans include Rally-Pac (clock-tachometer combination), Assist Bar, Simulated Wood Steering Wheel, Simulated Knock-Off Hubs, Rocker Panel Moulding, Unique Grille, Unique Interior and Exterior Identification.
Engine Dress-Up Kit	5	15.00	Same as 1964 Falcon
6:50 x 14 Tires	10	5.75	Same as 1964 Fairlane; V-8 only
Wire Wheel Covers	8	21.30	Carryover from existing models
Rocker Panel Moulding	5	12.50	New

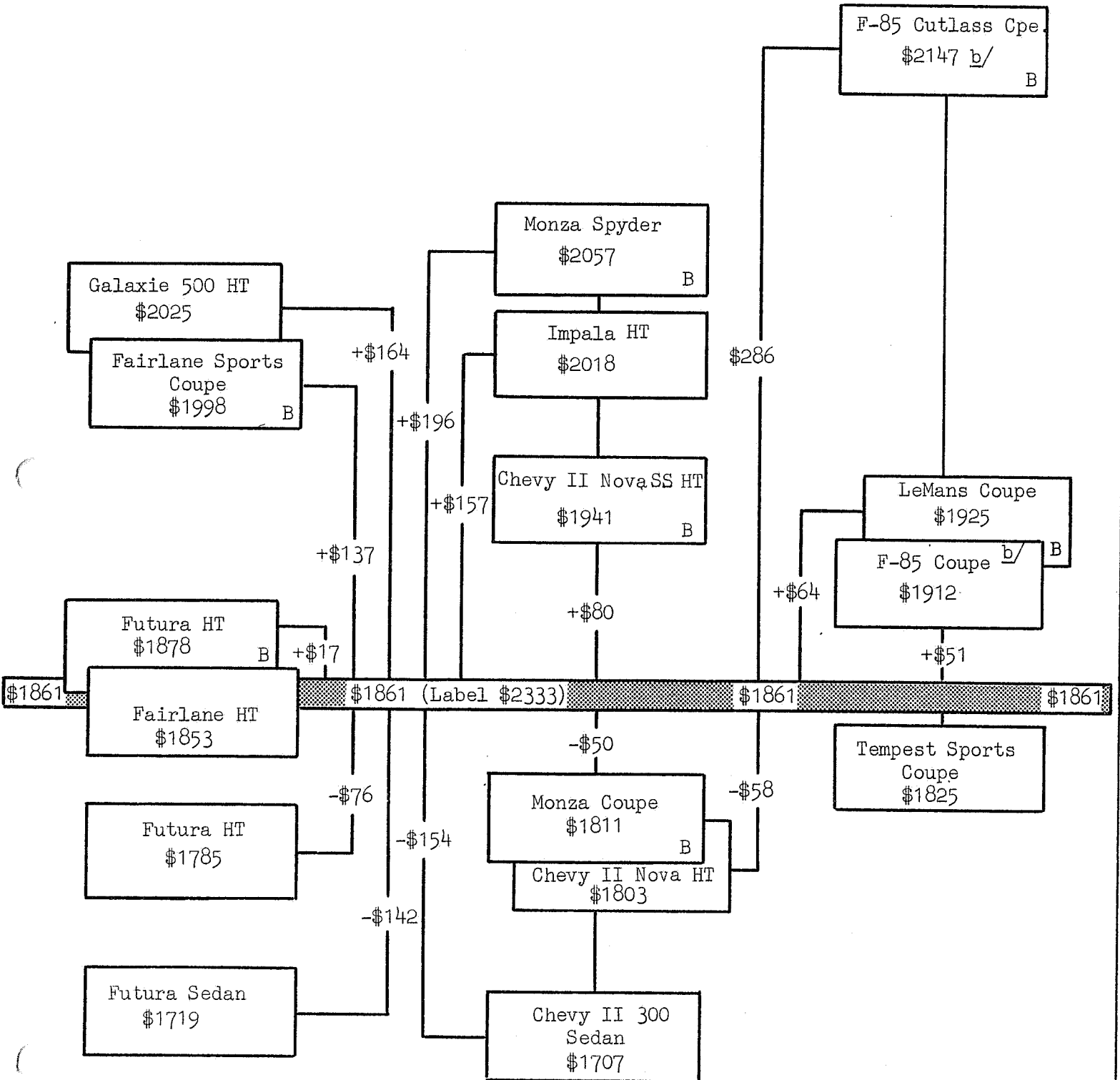
SPECIAL FALCON PROGRAM

WHOLESALE DELIVERED PRICES ^{a/}

1963 FORD

1963 Chevrolet

1962 BOP Compacts



a/ 2-Door base vehicle, Falcon and Special Falcon include 101 HP engine, Chevy II 120 HP engine, Monza 80 HP engine (102 HP = +\$21).

b/ Includes V-8 engine

B = Bucket Seats

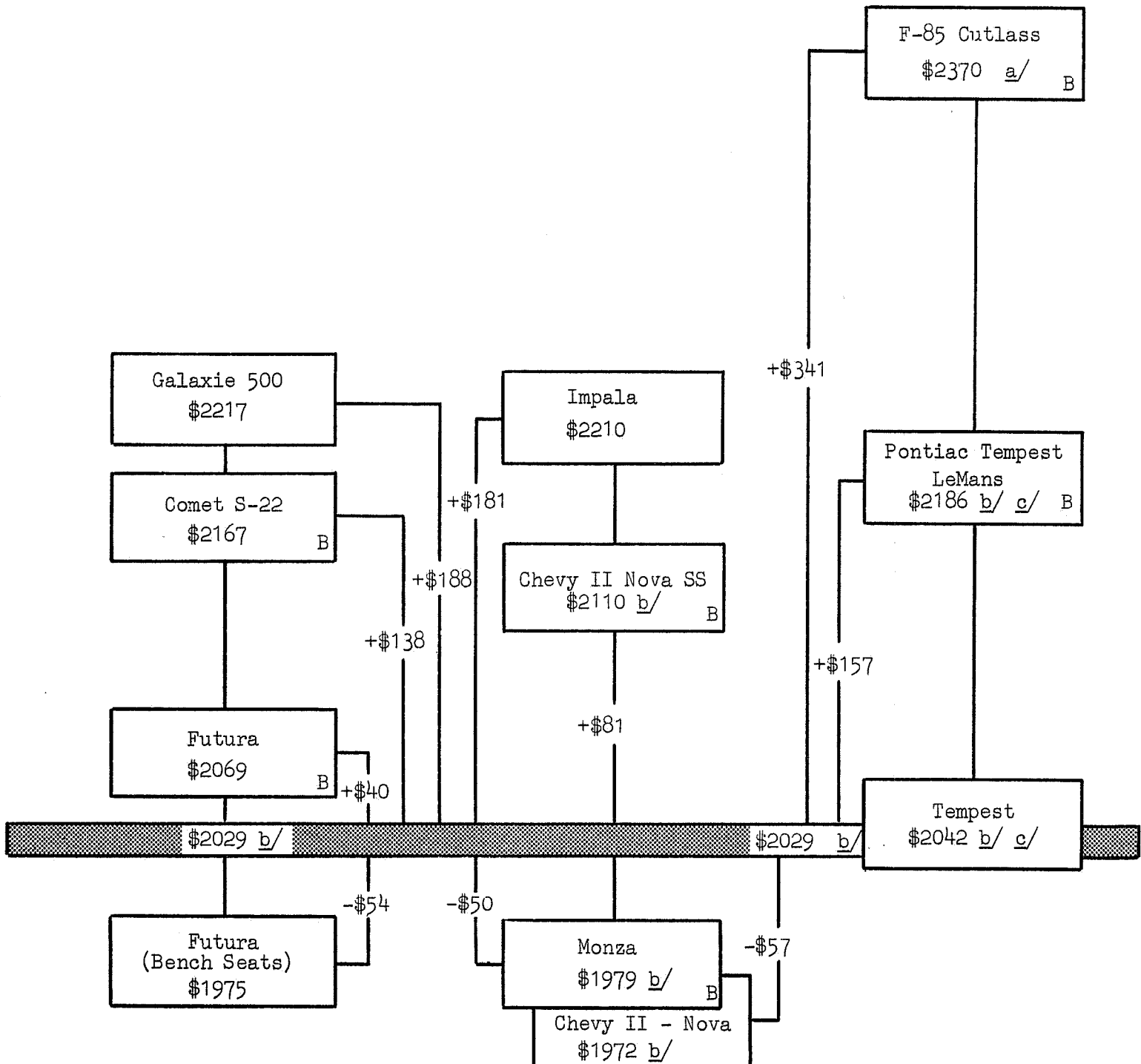
SPECIAL FALCON PROGRAM

CONVERTIBLE WHOLESALE DELIVERED PRICES

1963 FORD

1963 Chevrolet

1963 BOP Compacts



- a/ 8-Cylinder Engine
- b/ Manual Top
- c/ 4-Cylinder Engine
- B = Bucket Seats

SPECIAL FALCON PROGRAM

REVISED FINANCIAL PLANNING VOLUME ^{a/}

Model	Approved 1964 Mix		Substitution		Per Cent by Car Line	Proposed 1964 Mix	
	Per Cent	Volume (000)	Per Cent	Volume (000)		Per Cent	Volume (000)
<u>Falcon</u>							
<u>Futura</u>							
Tudor Sedan	7.6%	28.0	32.5%	9.1		5.8%	18.9
Fordor Sedan	12.8	47.2	9.7	4.6		13.0	42.6
Tudor Hardtop	7.7	28.4	60.0	17.0		3.5	11.4
Convertible	5.5	20.3	50.7	10.3		3.0	10.0
Sub-Total	33.6%	123.9	33.1%	41.0		25.3%	82.9
<u>Other</u>	66.4	245.1	-	-0-		74.7	245.1
Total Falcon	100.0	369.0	11.1%	41.0	55 %	100.0%	328.0
<u>Fairlane</u>							
<u>Fairlane 500</u>							
Tudor Sedan	14.4%	60.5	8.3%	5.0		13.9%	55.5
Fordor Sedan	32.0	134.4	-	-0-		33.8	134.4
Tudor Hardtop	9.3	39.1	26.9	10.5		7.2	28.6
Sports Coupe	4.3	18.1	35.9	6.5		2.9	11.6
Sub-Total	60.0%	252.1	11.5%	22.0		57.8%	230.1
<u>Other</u>	40.0	167.9	-	-0-		42.2	167.9
Total Fairlane	100.0%	420.0	5.2%	22.0	29 %	100.0%	398.0
<u>Ford</u>							
<u>Galaxie 500</u>							
Tudor Sedan	3.8%	20.9	3.3%	0.7		3.7%	20.2
Fordor Sedan	16.2	89.1	-	-0-		16.5	89.1
Tudor Hardtop	12.4	68.2	5.6	3.8		11.9	64.4
Fordor Hardtop	7.0	38.5	-	-0-		7.2	38.5
Sunliner	4.0	22.0	6.8	1.5		3.8	20.5
Sub-Total	43.4%	238.7	2.5%	6.0		43.1%	232.7
<u>Galaxie 500XL</u>							
Tudor Hardtop	5.8%	31.9	8.2%	2.6		5.4%	29.3
Fordor Hardtop	2.5	13.8	3.6	0.5		2.5	13.3
Convertible	2.0	11.0	8.2	0.9		1.9	10.1
Sub-Total	10.3%	56.7	7.1%	4.0		9.8%	52.7
<u>Other</u>	46.3	254.6	-	-0-		47.1	254.6
Total Ford	100.0%	550.0	5.5%	10.0	13 %	100.0%	540.0
<u>Thunderbird</u>							
Hardtop	75.0%	38.2	4.2%	1.6		74.7%	36.6
Landau	13.0	6.6	-	-0-		13.5	6.6
Convertible	10.0	5.1	8.5	0.4		9.6	4.7
Roadster	2.0	1.1	-	-0-		2.2	1.1
Total Thunderbird	100.0	51.0	4.1%	2.0	3 %	100.0%	49.0
<u>Special Falcon</u>							
Hardtop	-	-	-	-		80.0%	60.0
Convertible	-	-	-	-		20.0	15.0
						100.0	75.0
Total Ford Division	100.0%	1,390.0	100.0%	75.0	100.0%	100.0%	1,390.0

^{a/} Assumes a full model year for the 1964 Special Falcon.

SPECIAL FALCON PROGRAMCYCLE ASSUMPTIONS -- 3 $\frac{1}{2}$ YEAR CYCLE

		<u>Fixed Expenditures</u> (Millions)
1964 $\frac{1}{2}$	Introduction of the Line, All new body, basically carryover powertrain and chassis	\$45.4
1965	No change, 1964 $\frac{1}{2}$ introduction will be promoted as an early 1965 introduction	
1966	Trim and Ornamentation changes only	\$ 2.7
1967	Identification changes with some sheetmetal change planned	\$ 6.1

SPECIAL FALCON PROGRAM1965 SPECIAL FALCON HARDTOP -- MATERIAL COST VARIANCE SUMMARY

	<u>1965 Special Falcon Hardtop (Over)/Under 1963 Falcon Futura Hardtop</u>	<u>MEMO: 1965 Special Falcon (Over)/Under 1963 Falcon Tudor Sedan</u>
<u>Unique Hardtop Features</u>		
Windshield Header	\$(1)	\$(2)
Structure Additions	(3)	(12)
Glass, Channels, Frames & W/Strips	<u>(5)</u>	<u>(30)</u>
Sub-Total	\$(9)	\$(44)
<u>Windshield and Backlight</u>		
	\$ 3	\$ 1
<u>Sheetmetal Styling Complexity</u>	\$(15)	\$(17)
<u>Ornamentation</u>	\$ 12	\$(4)
<u>Soft Trim</u>		
Bucket Seats, Headlining, etc.	\$(22)	\$(33)
<u>Bumpers</u>		
Styling Theme	\$(7)	\$(7)
<u>Features</u>		
Tachometer	\$ -	\$ -
Floor-Mounted Manual Transmission	(8)	(8)
Fairlane Door Locks	-	(1)
Sub-Total	<u>\$(8)</u>	<u>\$(9)</u>
<u>Grille and Headlamps</u>		
Styling Theme	\$(3)	\$(3)
<u>Wheels and Tires</u>		
6:50 x 13 Tires	\$ -	\$(3)
<u>Engine</u>		
170 CID over 144 CID	\$(4)	\$(4)
<u>Rear Suspension</u>		
Increased Rear Tread Width	\$(1)	\$(1)
<u>Product Planning Provision</u>		
	\$(7)	\$(7)
<u>Miscellaneous</u>		
	<u>\$(1)</u>	<u>\$(5)</u>
Total Material Cost Variance a/	<u><u>\$(62)</u></u>	<u><u>\$(136)</u></u>

a/ Excludes \$(3) provision for changes in economic cost levels.

Memo: Design Cost Levels (Includes Assembly Labor)

1965 Special Falcon Hardtop vs. 1963 Falcon Futura Hardtop	=	\$(73)
1965 Special Falcon Hardtop vs. 1963 Falcon Tudor Sedan	=	\$(154)
1965 Special Falcon Convertible vs. 1963 Falcon Convertible	=	\$(39)
1963 Falcon Hardtop vs. 1963 Falcon Tudor Sedan	=	\$(81)

SPECIAL FALCON PROGRAM
TOTAL COMPANY FIXED EXPENDITURES

EXPENDITURES ABSORBED BY FORD DIVISION

	HARDTOP	CONVERTIBLE	TOTAL
<u>SPECIAL TOOLS</u>			
METAL STAMPING DIVISION	\$ 9.0	\$ 1.1	\$10.1
HARDWARE & ACCESSORIES DIVISION	0.7	-	0.7
TRANSMISSION & CHASSIS DIVISION	0.4	-	0.4
ENGINE & FOUNDRY DIVISION	0.2	-	0.2
OUTSIDE VENDORS	5.4	1.7	7.1
DIE MODEL & COMMON VENDOR GAUGES	1.8	0.3	2.1
ASSEMBLY PLANT TOOLS & GAUGES	1.4	-	1.4
PROVISION FOR UNFORESEEN ITEMS	2.0	0.4	2.4
EXPENSE TOOLS - 90 DAY	0.5	0.1	0.6
SUB-TOTAL SPECIAL TOOLS	<u>\$21.4</u>	<u>\$ 3.6</u>	<u>\$25.0</u>
<u>ENGINEERING</u>			
FORD PRODUCT ENGINEERING OFFICE	\$ 1.4	\$ 0.1	\$ 1.5
METAL STAMPING DIVISION	2.5	0.5	3.0
ENGINE & FOUNDRY DIVISION	0.2	-	0.2
HARDWARE & ACCESSORIES DIVISION	0.1	-	0.1
TRANSMISSION & CHASSIS DIVISION	0.1	-	0.1
ENGINEERING STAFF	0.2	-	0.2
PROVISIONS FOR REDESIGN AND MINOR CHANGES	0.4	0.1	0.5
SUB-TOTAL ENGINEERING	<u>\$ 4.9</u>	<u>\$ 0.7</u>	<u>\$ 5.6</u> ^{A/}
<u>STYLING</u>			
	<u>\$ 0.6</u>	<u>\$ 0.1</u>	<u>\$ 0.7</u>
<u>LAUNCHING</u>			
FORD DIVISION PREACTIVATION EXPENSE	\$ 0.3	\$ -	\$ 0.3
<u>AUTOMOTIVE ASSEMBLY DIVISION</u>			
NEW MODEL LAUNCHING	1.8	0.2	2.0
PROJECT EXPENSE	0.7	-	0.7
<u>MANUFACTURING DIVISIONS</u>			
GLASS DIVISION	0.1	-	0.1
SUB-TOTAL LAUNCHING	<u>\$ 2.9</u>	<u>\$ 0.2</u>	<u>\$ 3.1</u>
SUB-TOTAL FORD DIVISION ABSORBED EXPENDITURES	<u>\$29.8</u>	<u>\$ 4.6</u>	<u>\$34.4</u>
<u>EXPENDITURES ABSORBED BY MANUFACTURING DIVISIONS</u>			
<u>SPECIAL TOOLS</u>			
METAL STAMPING DIVISION	\$ 1.4	\$ 0.2	\$ 1.6
GLASS DIVISION	0.3	-	0.3
SUB-TOTAL SPECIAL TOOLS	<u>\$ 1.7</u>	<u>\$ 0.2</u>	<u>\$ 1.9</u>
<u>LAUNCHING</u>			
METAL STAMPING DIVISION	\$ 1.8	\$ 0.2	\$ 2.0
HARDWARE & ACCESSORIES DIVISION	0.2	-	0.2
ENGINE & FOUNDRY DIVISION	0.1	-	0.1
TRANSMISSION & CHASSIS DIVISION	0.1	-	0.1
AUTOMOTIVE ASSEMBLY DIVISION	0.3	-	0.3
SUB-TOTAL LAUNCHING	<u>\$ 2.5</u>	<u>\$ 0.2</u>	<u>\$ 2.7</u>
<u>FACILITIES AND REARRANGEMENT</u>			
<u>AUTOMOTIVE ASSEMBLY DIVISION</u>			
FACILITIES AND AIDS	\$ 1.5	\$ -	\$ 1.5
RAILROAD DUNNAGE	0.1	-	0.1
<u>MANUFACTURING DIVISIONS</u>			
METAL STAMPING DIVISION	\$ 4.0	\$ 0.5	\$ 4.5
HARDWARE & ACCESSORIES DIVISION	0.1	-	0.1
GLASS DIVISION	0.1	-	0.1
TRANSMISSION & CHASSIS DIVISION	0.1	-	0.1
SUB-TOTAL FACILITIES AND REARRANGEMENT	<u>\$ 5.9</u>	<u>\$ 0.5</u>	<u>\$ 6.4</u>
SUB-TOTAL MANUFACTURING DIVISION ABSORBED EXPENDITURES	<u>\$10.1</u>	<u>\$ 0.9</u>	<u>\$11.0</u>
TOTAL FIXED EXPENDITURES	<u>\$39.9</u>	<u>\$ 5.5</u>	<u>\$45.4</u>

^{A/} THIS REPRESENTS VARIABLE FORWARD MODEL ENGINEERING EXPENSE.
TOTAL FORWARD MODEL EXPENSE BY PRODUCT ENGINEERING OFFICE
IS DETAILED BELOW:

FORD DIVISION	\$ 2.4
METAL STAMPING	3.9
ENGINE & FOUNDRY	0.3
HARDWARE & ACCESSORIES	0.1
TRANSMISSION & CHASSIS	0.2
ENGINEERING STAFF	0.2
PROVISIONS	0.5
TOTAL	<u>\$ 7.6</u>

SPECIAL FALCON PROGRAMPASSENGER CAR COMPANY PROFIT SUMMARY AT FPV

<u>PER UNIT</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Current Projection</u>						
Ford	\$331	\$220	\$166	\$173		
Fairlane	188	275	255	267		
Falcon	336	286	283	312		
Thunderbird	<u>202</u>	<u>192</u>	<u>167</u>	<u>176</u>		
Total Ford Division						
Passenger Car Lines	\$288	\$253	\$224	\$235	\$234	\$246
	====	====	====	====	====	====
<u>Effect of Proposal</u>						
Ford Division	-	\$(3)	\$(15)	\$(14)	\$(15)	\$(14)
Other	-	1	1	1	-	-
<u>Proposed Profit Level</u>						
Ford	\$331	\$216	\$161	\$168		
Fairlane	188	270	245	257		
Falcon	336	283	270	283		
Thunderbird	202	204	166	161		
Special Falcon	-	-	(11)	189	\$135	\$186
Total Ford Division						
Passenger Car Lines	\$288	\$250	\$209	\$221	\$219	\$232
	====	====	====	====	====	====

MILLIONS

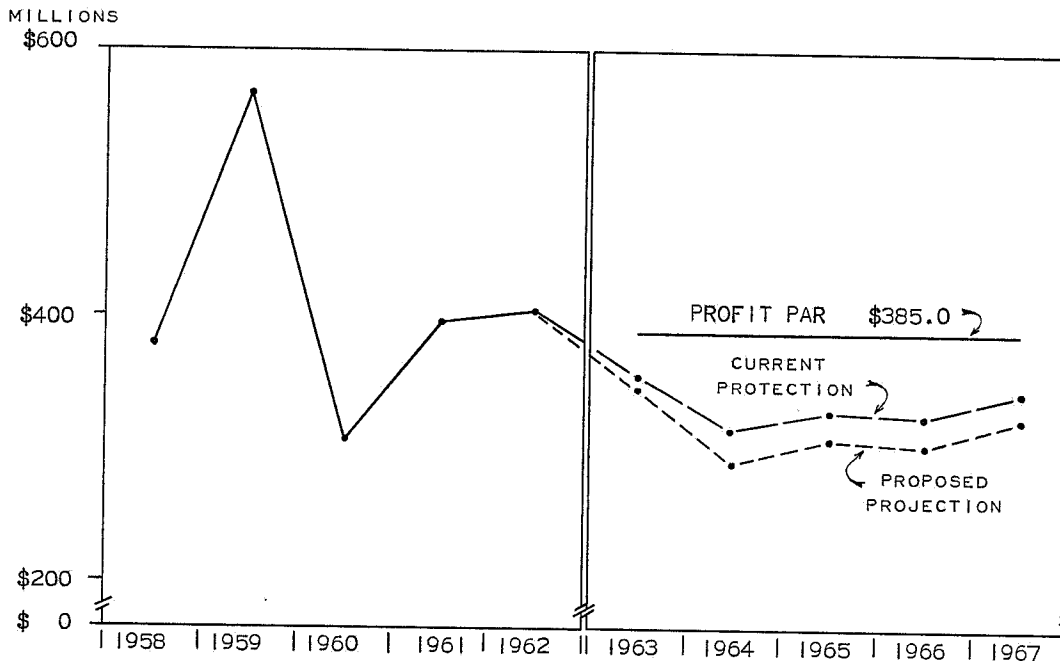
<u>Current Projection</u>						
Ford	\$211.0	\$121.1	\$ 91.3	\$ 95.2		
Fairlane	63.9	115.6	107.3	112.1		
Falcon	115.3	105.7	104.5	110.5		
Thunderbird	<u>10.3</u>	<u>9.8</u>	<u>8.6</u>	<u>9.0</u>		
Total Ford Division						
Passenger Car Lines	\$400.5	\$352.2	\$311.7	\$326.8	\$325.1	\$341.5
	====	====	====	====	====	====
<u>Effect of Proposal</u>						
Ford Division	\$(0.3)	\$(4.7)	\$(21.5)	\$(19.5)	\$(20.6)	\$(18.8)
Other	-	0.9	1.3	0.6	(0.1)	0.4
<u>Proposed Profit Level</u>						
Ford	\$210.9	\$118.9	\$ 87.7	\$ 90.5		
Fairlane	63.8	113.6	100.3	102.0		
Falcon	115.2	104.6	94.3	92.7		
Thunderbird	10.3	10.4	8.3	7.9		
Special Falcon	-	-	(0.4)	14.2	\$ 10.1	\$ 14.0
Total Ford Division						
Passenger Car Lines	\$400.2	\$347.5	\$290.2	\$307.3	\$304.5	\$322.7
	====	====	====	====	====	====

a/ Assumes Introduction in April, 1964.

1965 FORD DIVISION PASSENGER CAR PLANS

EXHIBIT XIII

COMPANY PROFITS AND RETURNS
(At Financial Planning Volume)



PROFITS EXCLUDING SPECIAL FALCON

FORD	\$ 365.0	533.1	122.7	215.7	211.0	121.1	91.3	95.2		
FAIRLANE	\$ -	-	-	-	63.9	115.6	107.3	112.1		
FALCON	\$ -	-	157.6	168.8	115.3	105.7	104.5	110.5		
T/BIRD	\$ 12.4	27.6	25.3	13.2	10.3	9.8	8.6	9.0		
TOTAL	\$ 377.4	560.7	305.6	397.7	400.5	352.2	311.7	326.8	325.1	341.5

EFFECT OF SPECIAL

FALCON	\$ -	-	-	-	(0.3)	(4.7)	(21.5)	(19.5)	(20.6)	(16.8)
PROFITS INCLUDING SPECIAL FALCON										
FORD	\$ 365.0	533.1	122.7	215.7	210.9	118.9	87.7	90.5		
FAIRLANE	\$ -	-	-	-	63.8	113.6	100.3	102.0		
FALCON	\$ -	-	157.6	168.8	115.2	104.6	94.3	92.7		
T/BIRD	\$ 12.4	27.6	25.3	13.2	10.3	10.4	8.3	7.9		
SPEC. FALCON	-	-	-	-	-	-	(0.4)	14.2	10.1	14.0
TOTAL	\$ 377.4	560.7	305.6	397.7	400.2	347.5	290.2	307.3	304.5	322.7

SPECIAL FALCON PROGRAMINCREMENTAL PROFIT EFFECTIncremental Profit/(Loss) - Millions
(Average Annual)

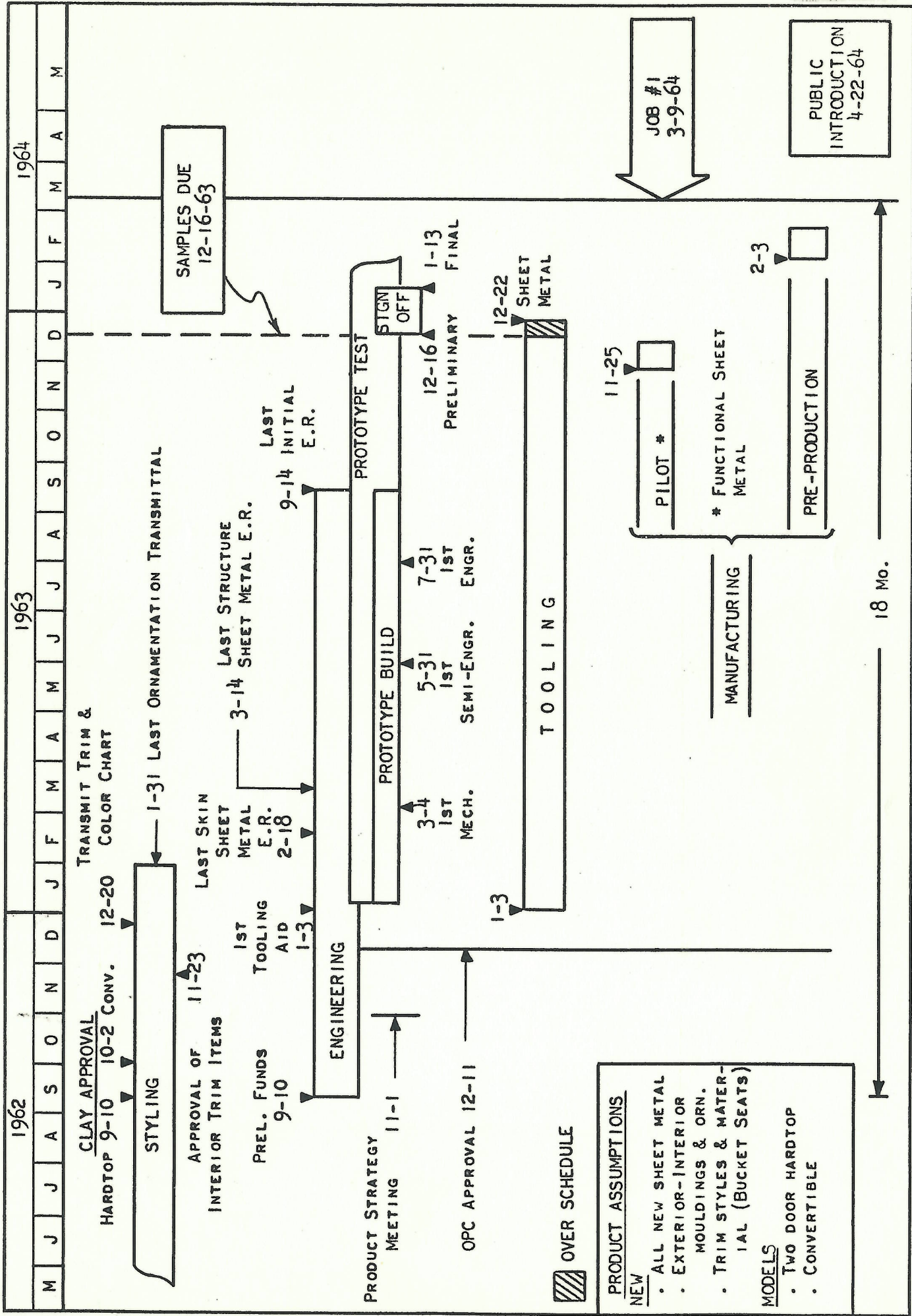
<u>Incremental Volume (000)</u>	<u>75</u>	<u>90</u>	<u>105</u>	<u>120</u>	<u>135</u>	<u>150</u>	<u>165</u>	<u>180</u>	<u>195</u>
0	\$(23.0)	\$(23.8)	\$(24.6)	\$(25.3)	\$(26.0)	\$(26.7)	\$(27.5)	\$(28.1)	\$(28.8)
10	(14.9)	(15.6)	(16.4)	(17.1)	(17.8)	(18.5)	(19.3)	(20.0)	(20.7)
20	(6.8)	(7.5)	(8.3)	(9.0)	(9.7)	(10.4)	(11.2)	(11.9)	(12.6)
30	1.3	0.6	(0.2)	(0.9)	(1.6)	(2.3)	(3.1)	(3.8)	(4.5)
40	7.8	8.7	8.0	7.3	6.6	5.9	5.1	4.4	3.7
50	17.6	16.9	16.1	15.4	14.7	14.0	13.2	12.5	11.8
60	25.7	25.0	24.2	23.5	22.8	22.1	21.3	20.6	19.9
70	33.8	33.1	32.3	31.6	31.0	30.3	29.5	28.8	28.1
80	-	41.3	40.5	39.8	39.1	38.4	37.6	36.9	36.2

Assumptions

1. Special Falcon Economic Profit - Unit \$765
2. Economic Profit of Substituted Units \$813
3. Average Annual Out-of-Pocket Costs \$19.5 Million

Note: These data include expenditures accounted prior to and after the 1964-1967 cycle.

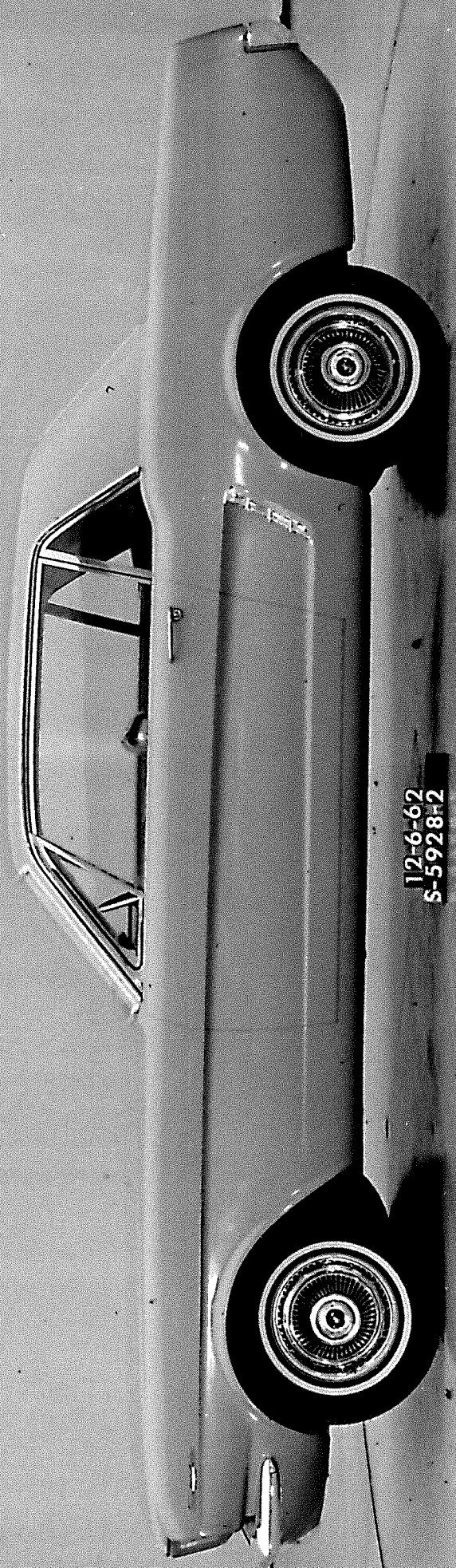
15 5 SPECIAL FALCON PROGRAM





12-6-62
S-5928H1

1965
LOUISIANA



12-6-62
S-5928#2



12-6-62
S-5928H3

1965