

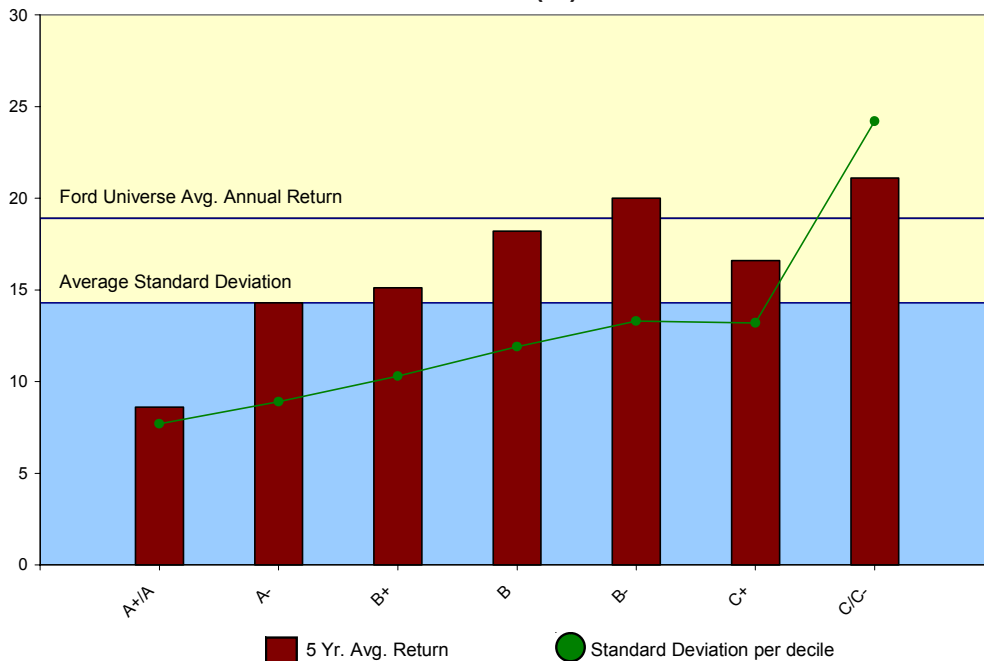


## Quality Rating (QTY)

Introduced in 1970, Ford's Quality Rating is based upon a number of factors that indicate a company's overall financial strength and earnings predictability. Each company in the Ford database is assigned a quality rating ranging from A+ to C- (1 to 9) based on size, debt level, earnings history and industry stability. As shown in the table below, high quality stocks have higher average market capitalizations and annual sales, as well as lower average levels of debt as a percent of equity and historical dispersion of earnings, as measured by Ford' Earnings Variability. Also note that the ratings are not evenly distributed. Most companies fall in the B- to C+ quality rating range.

High quality stocks also tend to have lower standard deviations of annual returns. Accordingly, a firm's quality rating may be used to gauge the risk associated with a particular stock. Ford considers companies with B- or higher quality rating as investment grade while those rated C+ and lower tend to be smaller and more speculative.

### QTY Decile Returns (%) 12/02 to 12/07



### Quality Rating Averages, as of 12/31/2007

	Market Cap (mil)	Annual Sales (mil)	LT Debt/Equity	Earnings Variability	Growth Persistence	Price/Value	Earnings Trend
<b>A+/A</b>	105379	68014	0.53	6	A	0.64	-3
<b>A-</b>	54067	35875	0.60	12	B	0.67	-13
<b>B+</b>	21705	15728	0.64	25	B	0.76	5
<b>B</b>	7360	5071	0.65	50	C	0.95	-10
<b>B-</b>	2263	1641	0.68	120	C	1.07	2
<b>C+</b>	572	364	0.72	343	D	1.35	0
<b>C/C-</b>	375	127	0.40	1491	D	2.11	-12

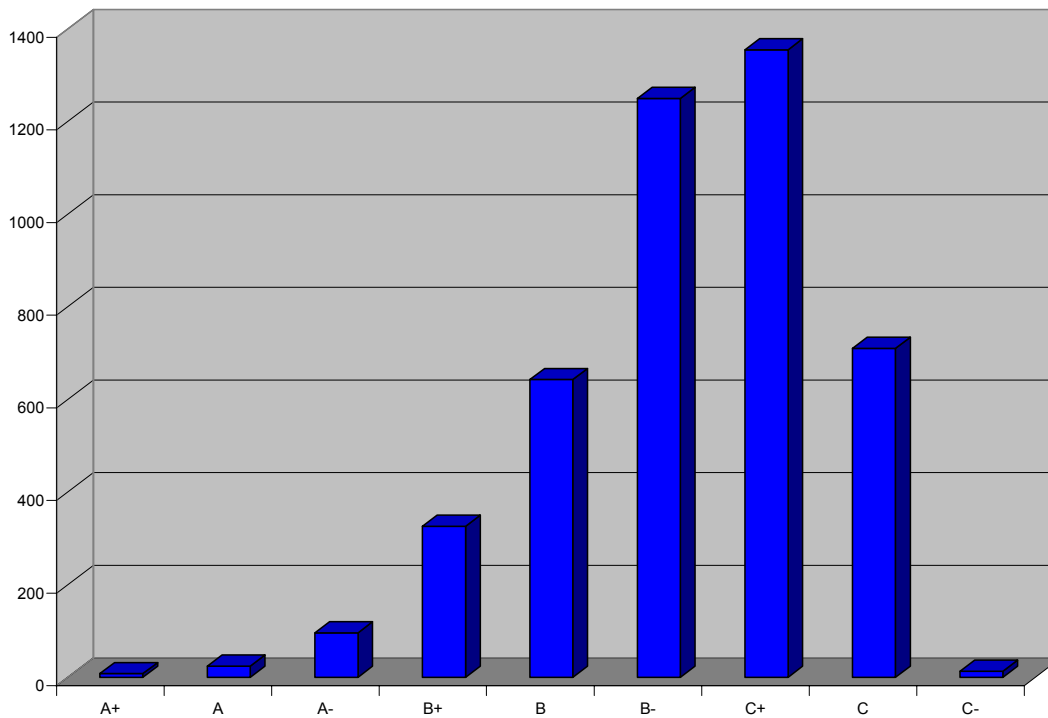
Performance is based on ranking the Ford Universe from best to worst by the Ford Quality Rating and dividing the rankings into 7 groups each month. Due to the small number of A+ and C- companies they have been combined with A and C ranked companies, respectively. The group returns represent equal-dollar investments in each stock each month, with monthly total returns linked to create annual and annualized results. Total returns, which sum month-end price changes and 1/12 of companies' indicated annual dividend rates, exclude transaction costs and management fees. The Ford Universe comprised 4000 companies in early 2001, 4500 in August 2001, and 4425 at the end of 2007.

Quantitative model results are affected by market environment and are based on historical financial data. Certain material information for a company may not be reflected in models presented. The performance shown is based on large portfolios and may not be effective on every security. There is no assurance that future results will duplicate past results.

### Annual Quality Rating Performance (%) 12/02 to 12/07

	A+/A	A-	B+	B	B-	C+	C/C-	Ford Un.
<b>12/02-12/03</b>	18.3	29.3	35.7	45.1	55.3	63.8	147.7	70.3
<b>12/03-12/04</b>	8.4	16.6	18.9	21.2	25.7	19.1	16.8	20.6
<b>12/04-12/05</b>	3.5	8.2	10	10.4	7.6	4.3	-7.5	4.3
<b>12/05-12/06</b>	10.4	17.6	13.4	19.2	22.5	17.3	10.1	17.6
<b>12/06-12/07</b>	3.1	1.7	0.4	-0.3	-3.4	-9.7	-11.4	-5.8
<b>Annual</b>	8.6	14.3	15.1	18.2	20	16.6	21.1	18.9
<b>Annual STD</b>	7.7	8.9	10.3	11.9	13.3	13.2	24.2	14.3

### Companies Per Quality Rating (12/07)



### Correlation Coefficients 12/02 - 12/07 Ford Proprietary Models

	PVA	OEY	EMO	PRM	VMO	SHB	QTY	SMO	SED	SDR	EDV
Price/Value (PVA)	1.000	0.014	-0.036	0.145	-0.154	0.063	0.301	0.050	0.004	0.050	0.255
Operating Earnings Yield (OEY)	0.014	1.000	0.022	0.007	0.110	-0.038	-0.093	0.019	0.028	-0.003	-0.154
Earnings Momentum (EMO)	-0.036	0.022	1.000	-0.027	0.424	-0.033	-0.106	0.228	0.328	0.640	-0.127
Price Momentum (PRM)	0.145	0.007	-0.027	1.000	0.247	0.034	0.046	0.101	-0.018	-0.025	0.032
Value/ Momentum (VMO)	-0.154	0.110	0.424	0.247	1.000	-0.090	-0.355	0.197	0.118	0.220	-0.368
Share Buyback (SHB)	0.063	-0.038	-0.033	0.034	-0.090	1.000	0.157	0.024	-0.030	-0.001	0.201
Quality Rating (QTY)	0.301	-0.093	-0.106	0.046	-0.355	0.157	1.000	-0.069	-0.015	0.025	0.456
Sales Momentum (SMO)	0.050	0.019	0.228	0.101	0.197	0.024	-0.069	1.000	0.055	0.155	-0.039
Earnings Trend (SED)	0.004	0.028	0.328	-0.018	0.118	-0.030	-0.015	0.055	1.000	0.382	-0.072
Relative Earnings Trend (SDR)	0.050	-0.003	0.640	-0.025	0.220	-0.001	0.025	0.155	0.382	1.000	0.007
Earnings Variability (EDV)	0.255	-0.154	-0.127	0.032	-0.368	0.201	0.456	-0.039	-0.072	0.007	1.000