
Ford Invests in Kentucky Truck Plant to Build Expedition and Navigator; Announces New Focus will be Sourced Globally

- *Ford is investing \$900 million in Kentucky Truck Plant*
- *All-new Ford Expedition and Lincoln Navigator to be exported to more than 55 markets globally – including Navigator to China; the company is a top auto exporter in the U.S.*
- *Exciting new Ford Focus on the way for North American customers beginning in 2019 with more technology, more space and a number of new Focus models. Next-generation Focus for North America will be globally sourced primarily from China – rather than Hermosillo, Mexico*
- *This manufacturing plan allows the company to further grow its leadership as an exporter and deliver world-class Focus to North American customers in a way that makes business sense – with no U.S. employees out of a job*
- *Ford is saving \$1 billion in investment costs versus its original Focus production plan, improving the financial health of its Focus business and further improving manufacturing scale in China*

Joe Hinrichs adds details to today's manufacturing announcements:

What will our \$900 million investment at the Kentucky Truck Plant be used for?

This investment is being used to upgrade the plant to build the all-new Ford Expedition and Lincoln Navigator, including an all-new state-of-the-art body shop and trim shop.

Are the 1,000 jobs we're talking about created or retained?

This investment protects 1,000 jobs that currently exist.

Have we begun exporting Navigators from Kentucky Truck to China?

This year we are exporting 2,000 Navigators to China. We'll share more about export numbers in the future.

What changed that led us to move Focus production from Mexico to Changan Ford in China?

As you know, strengthening the profitability of our small car business has been one of our top priorities for some time. This revised plan lets us to improve the health of our Focus business, save \$1 billion in investment costs and further utilize our capacity in China.

We'll begin building in 2019 with the next-generation Ford Focus going on sale in the U.S. by late 2019.

Joe, was this decision made by the new leadership team?

While the senior team has been working on this plan for some time, this is a great example of how we will allocate capital going forward to improve our overall results and lead to a more operationally fit company.

When does current Focus production end at Michigan Assembly Plant?

We will end production in mid-2018. To help avoid any lag in the U.S. market, we are building up stocks of the current Focus. Plus, small-vehicle fans will also have the choice of Fiesta, Escape and the all-new EcoSport in the showroom. EcoSport goes on sale early next year.

As a reminder, we are bringing two highly anticipated vehicles to Michigan Assembly. The Ford Ranger begins production in 2018 followed by Ford Bronco in 2020.

How much do you expect to save by shifting Focus production to China? Does this impact your capital spending or capital allocation outlook?

The total investment savings for Ford is \$1 billion. These actions will save an additional \$500 million – on top of the \$500 million savings we previously announced by cancelling plans for a plant in San Luis Potosi and moving production to Hermosillo. Plus, we expect to see incremental regional scale benefits as we move North American Focus production to China.

Changan Ford will have a relatively small investment to add the North American Focus to its facility.

Can you share any details about the new Focus?

The new Focus in 2019 will have more technology, more space and a number of new Focus models. We will have more to say later. Our strategy is to put more emphasis on higher-revenue, higher-margin models that give new options to customers looking for more performance and more emotional vehicles.

How does shifting Focus production for the U.S. from Hermosillo to China affect our business in Mexico?

We've been in Mexico for 92 years, and it continues to be a large and critical part of our North American manufacturing footprint. We do not expect any immediate impact to our employment levels as a result of the decision to build the next-generation North American Focus in China.

Will this move hurt North American margins? Isn't it more expensive to import vehicles from China than Mexico?

This move reduces losses for our North American Focus program, helping improve the overall profitability of our North American business.

Does this have anything to do with President Trump? No. This is a business decision to improve profitability and deliver even better small cars to customers in a way that makes business sense.

This is the second program we have moved from North America to China in just a few months. Should we expect more?

We have previously announced a new Lincoln SUV will be built in China for sale exclusively in China. The two new programs reflect the global standard of our production processes and quality at our JV plants in China. There are no other plans to announce at this time.

Key Facts to Know and Share

- Ford remains the No. 1 auto producer in the U.S.
- We have more American factory workers than any other automaker.
- We have created more than 20,000 hourly jobs in the U.S. since 2011.

###