



## **FORD MOTOR COMPANY AND ROMANIAN GOVERNMENT SIGN LANDMARK AGREEMENT**

**FRANKFURT, Germany, September 12, 2007** – Ford Motor Company has reached agreement with the Romanian government for the purchase of the Craiova vehicle manufacturing plant in the south-west of the country.

Ford of Europe President and CEO, John Fleming, and Calin Popescu-Tariceanu, Prime Minister of Romania, today witnessed the signing of the documents which begin the process of transferring ownership of the facility to Ford.

The documents were signed by the chief negotiators for each side – Mr. Lyle Watters, Director of Business Strategy, Ford of Europe, and Mr. Sebastian Vladescu, President of the Privatisation Committee for Automotive Craiova and Secretary of State for Economy and Finance.

Speaking at the signing ceremony at the Frankfurt Motor Show in Germany, John Fleming said: "This is great news for Ford, for Romania and for Craiova. We are acquiring a plant with a skilled and enthusiastic workforce and together we will work to transform the plant into an industry benchmark for vehicle manufacturing in Central Europe."

Prime Minister Tariceanu commented: "Ford has shared with us their exciting vision for the future of Craiova. In time the plant will be producing over 300,000 Ford vehicles and engines a year, all proudly made in Romania."

In addition to the 57 million Euros to be paid to the government for their 72.4 per cent stake in Automotive Craiova, Ford will transfer to a new company significant land parcels not required for production plans. The same offer will be made to all the minority shareholders.



Ford has also committed to spending another 675 million Euros to upgrade and modernise the plant. And, by 2012, the company expects to be spending around 1 billion Euros a year in Romania to support the Craiova operations.

Employment levels at the plant will almost double, from the existing 3,900 to 7,000.

Ford's purchase of the Craiova facility will be ratified by the Romanian government via a special law which will make its way through parliament in the upcoming weeks. When all the formalities are completed, Ford will become the new owner towards the end of the year.

"I wish to place on record Ford Motor Company's gratitude to the government of Romania and its agencies involved in the negotiation process," said Fleming. "Given the intense nature of the discussions we have had over many weeks, it would have been understandable had the relationship become strained. Despite the complex negotiations, the atmosphere was always cordial and very positive. We appreciated that very much.

"Although we have reached this landmark stage, there is still much planning work for us to do before we assume full responsibility for the plant. While I do not want to be too specific at this stage about the vehicle we shall be building in Craiova, I can confirm that we will start with a small car built solely in Craiova and we expect up to 90 per cent of vehicle production to be exported.

"For the foreseeable future, it is business as usual at Craiova. During this transition period there will be much to discuss with the employees at the plant. I hope today's news pleases them as much as it does me and my management team," he added.

The Ford of Europe president and CEO also confirmed that he would be travelling to Romania with other members of the Ford of Europe senior management group on September 14. While there he will join Prime Minister Tariceanu at the plant, meet employees and view some of the facilities.



In its Technical Offer document, presented to the Romanian Authority for State Assets Recovery (AVAS) at the beginning of the negotiations in July, the company made the following statements:

- Craiova will be a cornerstone of Ford's Europe's manufacturing base and a key element of our plan to increase Ford sales in Europe to over two million units per year. Plan is to build small cars.
- Craiova will be incorporated into the global Ford organisation, building strong and sustainable relationships with local, regional and global economies.
- The application of our Ford Production system (FPS), a renowned lean-manufacturing principle, ensures leading-edge manufacturing standards.
- Investments made to upgrade and modernise the plant will include a new, automated 1,000 tonne press line and automate some of the existing production lines in the Craiova press shop; the installation of a new body construction shop; modernise and expand the capacity and flexibility of the paint shop operations and new equipment and tooling in the trim and final areas of assembly. Where possible, we aim to use local suppliers and labour to support these efforts.
- Protecting the health of our employees and ensuring their safety are of paramount importance. We work to continuously reduce the risk of accidents and injuries and to increase our employees' awareness of health and safety issues.
- Our product plans for Craiova will require a substantial increase in employment.
- We plan to collaborate with other local companies to build a sustainable base of technical expertise through apprenticeship and work experience programmes.
- Providing equal opportunity and fostering diversity (valuing and respecting every individual) will be key principles in our recruitment approach.
- We will work in partnership with those local unions officially representing our employees to establish competitive and sustainable practices. These will distinguish Craiova as a flexible, world-class manufacturing operation capable of dealing with the many changes that occur in a fast-moving global industry.

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