

AP: McTevia Comments on Ford Plan

Ford will close plants, cut jobs, in latest restructuring plan
10 plants, 25,000 hourly workers expected to be trimmed Monday
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DETROIT | In a survey released last week, Ford Motor Co. ranked last among major automakers in the use of its North American plant capacity. The company aims to change that with a restructuring plan to be announced Monday that likely will include closing some U.S. plants, cutting jobs and changing the company's product lineup.

Already some are wondering if shutting 10 plants and laying off 25,000 hourly workers, as the Wall Street Journal reported Thursday, will be enough to reverse the automaker's billion-dollar losses in North America.

Ford spokesman Tom Hoyt refused to comment Friday on details of the plan, including the number of jobs that will be cut from Ford's North American work force of 122,877. Catherine Madden, an auto analyst at the consulting firm Global Insight Inc., said earlier this week the plants most at risk for closure because of the products they make, including sport utility vehicles and outdated sedans, are in St. Louis; St. Paul; Atlanta; Wixom, Mich.; St. Thomas, Ontario; and Cuatitlan, Mexico.

"Ford is in a very tough position with the amount of cash they have and the changes they need to make," Madden said.

Analysts have said in recent weeks the Chicago Assembly Plant in Hegewisch and Stamping Plant in Chicago Heights are likely to avoid the cut.

Ford is under pressure to make a dramatic announcement after watching Wall Street's lukewarm response to General Motors Corp.'s restructuring plans in November. GM's shares fell after it announced plans to cut 30,000 jobs and close 12 facilities.

Ford's plan "is going to have to be different," said Detroit restructuring consultant James McTevia. "I think the time for any of these domestic automobile manufacturers to procrastinate is over with."

Both Standard & Poor's Ratings Service and Moody's Investors Service lowered Ford's credit rating further into junk status this month in spite of the upcoming restructuring.

"The Ford downgrade incorporates the view that the company's financial and competitive position will remain under considerable stress through 2007," Moody's said.

Unlike GM, which lost \$1.6 billion in the first three quarters of 2005, Ford is a profitable company. At the North American International Auto Show this month, Chairman and CEO Bill Ford said the company expects to report a profit when it releases full-year 2005 earnings Monday. Ford's trouble has been in North America, where it lost more than \$1.4 billion in the first nine months of last year.