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PRESENTATION

Operator

Good morning. My name is Crystal, and I will be your conference operator today. At this time, I would like to welcome everyone to the Ford Monthly Sales Call. (Operator Instructions)

I would now like to turn the conference over to Mr. Erich Merkle, U.S. Sales Analyst. Please go ahead, sir.

Erich Merkle

Thank you, Crystal. Good morning, everyone, and welcome to Ford's March 2017 U.S. sales call. Today, we're joined here by Mark LaNeve, Ford's Vice President, U.S. Marketing Sales and Service; and Emily Kolinski Morris, Ford's Chief Economist.

So to get things started today, let's kick things off with Mark, and Mark's going to give us some insight on industry numbers and Ford. Mark?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Great. Thank you, Erich, and good morning, everyone. Looking at early incoming data, we believe the overall industry was up slightly versus March of 2016. It appears the industry, including medium and heavy trucks, totaled about 1.65 million vehicles for March, which converts to a SAAR in the high 17 million vehicle range. Our retail projection for March is approximately 1.25 million vehicles, which is estimated to be up slightly versus year-ago performance. We continue to see a little bit more spend for the industry in incentive spending last month with overall incentives up about $410 per vehicle compared to a year ago but relatively flat sequentially from February, so there's nothing that we saw of any way alarming on the incentive front.

On the transaction price front, the industry was up approximately $190 relative to last March. For Ford, total U.S. sales for Ford were off 7% or 236,250 vehicles sold. Little texture behind those numbers: a 17% decline in fleet sales drove the majority of the year-over-year decline as we continue to go up against our heavily front-loaded volumes from the beginning of last year, and it's especially acute this month. To give you a little perspective, our March 2016, so year-ago March fleet volumes were not only our strongest fleet month of last year, but it was our highest March level for fleet in 16 years at just more than 94,000 vehicles sold in March of last year. That's a tremendously high number for us, so we were off 17% of a big number a year ago in the fleet business.

On the retail side, sales were down 1.5% rounded off to 2%, with the added benefit of an $1,800 increase in average transaction pricing for Ford, which was 9x the industry increase of approximately $190. And for the Ford brand, our average ATP was $34,640, which was far and away the highest ATP of any full-line brand.

Let's take a closer look at some of the individual vehicle performance beginning with F-Series. We had great F-Series month with sales totaling 81,330 pickups sold last month, that's a 10% increase for our best March performance in more than a decade. It's rare to top 80,000 F-Series sales this early in the year and we're off to, really, it wasn't just a 1-month phenomenon, we're off to a great start in 2017. We delivered 205,000 F-Series year-to-date, which is also up 10% quarter-to-quarter compared to last year.

Our high series Super Duty trucks continue to be in great demand. Dealers tell us customers want high series trucks with many of our class exclusive features such as adaptive steering, the twin-panel moonroof, trailer reverse guidance, power-fold telescopic mirrors and customer- placed trailer camera.

Last month, Lariat, King Ranch and Platinum represented 56% of the Super Duty mix, which translated to a $6,100 increase in average transaction pricing at $56,000 per truck. With high level Super Duty trucks running hot, retail sales were up 26% last month, with gains from every region in the country. We saw our largest gain of 40% in the West region, which is the second-largest market area in the country, while our largest truck region, the Central Region, produced a 32% increase, so great uniform performance across the country on the new Super Duty.

Rounding out our truck portfolio, F-150 also saw sales gains in every region in the country, as our 2016 models wind down and the '17 trucks hit showroom with the second-generation EcoBoost powertrain and, of course, our all-new F-150 Raptor, which is smoking hot. F-150 average transaction pricing increased $620 over year-ago levels driven by the Raptor. Our dealers and customers absolutely love this truck and we've got a long waiting list of orders that we'll fill in. We couldn't be more pleased with how the new F-Series lineup continues to perform in the marketplace.

Moving on to Lincoln continued its strong retail performance in March. Lincoln sales were up 5% with retail growth coming from both the car and SUV sides of the business. This comes against a backdrop of what we believe was a decline last month for the overall premium segment. SUV sales for Lincoln retail were up 2%, while cars were up 11%. We continue to see good gains coming from both MKC and MKZ at retail, with MKC up 16% and MKZ up 4%, and the all-new Continental continues to provide lift for the brand. Year-to-date, Lincoln retail sales were up 10% giving Lincoln its best retail start in almost a decade. March also marked Lincoln's 14th consecutive month of retail sales gain, so we continue to see nice month-on-month steady improvement from the Lincoln brand.

Anticipating a couple of your questions, passenger cars, as you could see in the release, had another weak month for Ford and the industry. As you can see in the release, we were down 24% total, we're less than that in retail, we were down 19%. But our market share, as we tracked it all month, was steady indicating overall passenger car segment performed similar to ours. Conversely, SUVs and particularly trucks and vans were stronger on both the turn rate and year-over-year basis.

As I've indicated, incentive spending was flat sequentially for February. At Ford, we maintained our disciplined approach in overall incentive spending, and especially with lease penetration, where we ran at 21% in March, which is well below industry average.

So with that, I'll turn it over to Emily for an update on the economic front. Emily?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Great. Thank you so much, Mark, and good morning, everyone. Well, as we close the first quarter, the economy appears to be maintaining the momentum that we observed during the second half of last year. Consumer and business sentiment readings remain solid and economic data appear to be steady in the wake of another interest rate increase by the Federal Reserve. GDP trackers from the Atlanta and New York Feds project first quarter growth in the 0.9% to 2.9% range, which suggests the significant variation of possible outcomes around the upcoming first quarter reading, but that's not surprising perhaps in light of the seasonal challenges to first quarter GDP readings in recent years. Nonetheless, there appear to be few clouds on the economic horizon, and our full year GDP growth outlook remains above 2% for this year.

So let me review some details of the recent economic data trends. The University of Michigan's March Consumer Sentiment Index improved slightly from February, increasing 0.6 of a percentage point to 96.9, still below January's 13-year high of 98.5. The share of respondents who believed it was a good time to buy a car rose 1 percentage point to 71%, and consumers' assessment of current economic conditions was up, including personal financial condition. In fact, across all households, 50% reported that their finances had recently improved while just 18% reported worsened finances. That net result was the most positive assessment of current personal finances since 2000.

We'll get a reading on Friday from March employment, but as you know, the February payroll employment posted a second robust gain for this year at 235,000 jobs, while the unemployment rate remains below 5%. Combined with firming and hourly wage growth, conditions in the labor market remain highly suggestive of an economy at or near full employment.

And as a result, after a significant acceleration in consumer price inflation in January, headline CPI inflation is still solid, accelerating further to a 2.7% year-over-year rate in January, and that included a 15% increase in the energy component. Inflation, excluding food and energy prices, was stable at 2.2% in February. And I'll just note that the year-over-year increase in energy prices continues to reflect the very low prices seen early last year. So despite the increase, according to AAA, retail gasoline prices today are at $2.33 a gallon, that's up about $0.25 versus the same month a year ago, but not near levels that are likely to cause significant headwinds for consumers.

The investment and business side of the economy remains relatively weaker than consumer indicators, however, capital goods orders showed an improving trend in 4 of the last 5 months but remain about 8% below the peak of this expansion, which was reached back in September of 2014. Similarly, total industrial production remains about 3% below its 2014 peak, although the manufacturing subindex exceeded its cycle peak in January and February of this year, albeit by a small margin of about 1%. And that's consistent, of course, with the string of robust readings on the sentiment side that we've seen from the manufacturing Purchasing Managers' Index, including this morning's reading at 57.2 for March, which was down 0.5 point from the prior months but included a strong reading, particularly in the employment subcomponent.

So as Erich mentioned earlier, we see the March SAAR approaching the high 17 million unit range, and our guidance for this year is unchanged at 17.7 million units, including medium and heavy truck, with support from an economy expected to grow 2.2% this year despite modestly rising interest rates.

So with that summary, let me turn it back over to Erich.

Erich Merkle

Thank you, Emily. Taking a look at some of the additional segment trends that we saw during the course of the month in March. Again, we say this pretty much every month, but the growth in small SUVs continues. The segment represented just more than 20% of the industry in March. Due to seasonality, this is off a bit from February levels, but it represents a 2% increase versus year ago. Midsize cars, they continue to bear the brunt of strong sales growth in small SUVs again, representing about 10% of the industry last month. This puts midsize car sales down more than 2 points versus year ago.

The strong midsize SUV sales that we're watching very carefully, we saw it in January, we saw it in February, and that continued into March, with midsize SUVs representing about 14.5% of the industry, and that's a gain of more than a full point over year ago, so that's really something that's a segment to keep our eyes on.

Full-size pickups, they represented about 13% of the industry, again, in March. This is slightly higher than year-ago levels, which were about 12.7%, and it represents really the segment's seventh consecutive month of operating at or just above the 13% threshold.

So with those segment trends out of the way, let's turn things over to Crystal, and we'll start taking some calls from the analyst community. Crystal, please?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Rod Lache with Deutsche Bank.

Rod Lache - *Deutsche Bank AG, Research Division - MD and Senior Analyst*

I was hoping you might be able to just talk a little bit about how you analyze the effects of falling used vehicle pricing and maybe the derivative effects that it's having on credit or leasing on light vehicle sales. I'd imagine in particular that passenger cars account for a somewhat higher percentage of the trades that you're seeing at dealers than it does of the vehicle sales, so that must be a factor. And how you're expecting that to affect the market, either in terms of volume, mix or pricing going forward?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Rod, this is Emily. I'll take a crack at that one. From an industry perspective, we know that the used car price weakness does put some pressure on new vehicle sales. Some of the factors that you mentioned, the spread between new and used vehicles is wider, it does affect trade-in values and so it could put some pressure on monthly payments as a result of the lower residual values along with the higher interest rate that I already mentioned. I think you heard Marion perhaps on Bob's Let's Chat give a good explanation of how that sort of gets worked through at the dealership level. So it is something that we've baked into our baseline forecast, but I don't think it's a material headwind, certainly, not beyond what we've already signaled.

Rod Lache - *Deutsche Bank AG, Research Division - MD and Senior Analyst*

Is that something that affects mostly the volume? Or does it have any effects as well that you're seeing in the market in terms of mix and pricing as the other side of the purchase would affect -- would offset some of the trade-in decline?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Yes. I think you can see it. It's [showing] a bit in both buckets.

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

And I think, Rod, to your point, I mean of the existing U.S. car parc, you'd have a much higher percentage of passenger cars than what we're currently seeing. And the passenger cars are currently running, say, 36%, the car parc would be higher than that just based on past history. But people are bringing them in every day, increasing numbers and trading them in for SUVs and, in some cases, trucks, so they are overcoming any kind of equity position they might be in. That's just kind of the market working driven off consumer demand and interest.

Rod Lache - *Deutsche Bank AG, Research Division - MD and Senior Analyst*

Okay. And, Emily, if I can just follow-up with one more. During March, we saw the updated scrappage data from Polk for 2016, and it was pretty low again, like 11 million units. I was wondering if the string of 11 millions that we're seeing here over the past couple of years, does that have any bearing on your assessment of where trend demand should be for the U.S. market?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Yes. Rod, that's a great question. I think from our perspective, it's a sign that we're getting into a more normal phase of the industry where it's not entirely driven by replacement demand. We've had a lot of population growth since the last industry peak. If you looked at sort of sales per capita, we're well below where we were the last time the industry was at 17.8 million units, so I think you're seeing the population and to some extent -- lesser extent, the density growth start to pick up the baton a little bit, which is healthy in an economy that we're seeing in the 2% range.

Rod Lache - *Deutsche Bank AG, Research Division - MD and Senior Analyst*

Okay. So you think that even with 11 million kind of scrappage and maybe 1 million units -- million net new license drivers per year, that would support sales trends in the 17 million or so or no?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Yes. I mean, we don't usually try to get into a point estimate on trend, but it doesn't seem like we're out over our skis at this current industry run rate.

Operator

Your next question comes from the line of John Murphy with Bank of America.

John Murphy - *BofA Merrill Lynch, Research Division - MD and Lead United States Auto Analyst*

I just wanted to follow up, Mark. I mean, you'd mentioned that you guys are 21% lease penetration for March. I just wonder if you had a first quarter number. And do you see the rest of the industry still leasing in this 30% range roughly with what they did last year?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Thanks for the question, John. 21% in March was slightly less than what we ran for the quarter. We ran the quarter around 22%, 22.5%, but we've been in the low 20s for some time. We take a real disciplined approach, track it all the time. I suspect the industry, looking at the same data we're looking, is probably trying to trend down as well, but they tended to run more in the 30% range. Now, certain segments, we run a little bit higher. We lease hardly -- hardly lease any of our trucks or vans at all. But our overall week penetration, we're comfortable with these levels and it's part of our overall plan and the way we approach the market and our go-to-market strategy from an incentive standpoint.

John I mean, what is the rationale for you keeping it around the 20% range plus or minus and the industry pushing it at 30%? I mean, is there something that's kind of changed in the market where you think some of your competitors are using this as sort of a backdoor incentive strategy? Because, I mean, the rate ratcheted up a lot last year and it seems like it's not coming down but you're, as you mentioned, remaining very disciplined while the rest of the market seems to be pushing. I mean, what's the rationale for not chasing it like the rest of the industry?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Well, John, I mean, we need to keep our dealers competitive, especially in the lease market. If you take a market like New York, Philadelphia, Detroit, if you're not competitive in leasing, you're going to get hurt in volume in those markets, so we take a regional approach. We take a vehicle line approach. We're going to be more aggressive in leasing and obviously, in cars and small SUVs, and we're not very aggressive in terms of lease supporting trucks and vans and some of the other segments that we compete in. So we try to be very balanced and not overcook it, keep our dealers competitive. And at these kind of overall levels against our portfolio, low 20s, we're very comfortable with the amount of lease returns we'll be facing outwards in the future.

John Murphy - *BofA Merrill Lynch, Research Division - MD and Lead United States Auto Analyst*

Great. And then just one quick question on ATPs. I mean, you mentioned that the industry was up about $190 year-over-year. Ford was up about $1,800. It seems like mix played a big role in that for both the industry and Ford. I mean, do you have pricing by ATPs, by cars, SUVs and trucks you can share with us maybe for the industry and for Ford?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

You want to take that, Erich?

Erich Merkle

Yes. Sure. If you take a look at SUVs, they were down about $700, $800 year-over-year in ATPs, where cars and trucks were both up.

Operator

Your next question comes from the line of Brian Johnson with Barclays Capital.

Brian Johnson - *Barclays PLC, Research Division - MD and Senior Equity Analyst*

I think I wanted to kind of drill in on the ATP question and also related to that, what you saw in your deliveries. We've talked about mix in terms of car, truck, utilities. What trend are you seeing, if any, in terms of option mix within a model category? You've been successful in cars and CUVs by pushing the upper level trends as consumers come in with lower trade-in values as interest rates rise. Are any evidence that they're trimming the option mix that they're taking out of the showroom?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

No. Brian, we haven't seen any evidence of that. To the contrary, especially in SUVs and trucks, we're seeing a very rich not just option mix, but series mix, where customers are opting for Lariats and Platinums at our high-level trucks, Sport editions and Platinums in our SUVs and fairly high option mix within those, even with passenger cars. So you got to remember that average trade coming in 5 years old, some of these technologies are available now that weren't available then, customers are excited about them. Interest rate environment's different so they're able to get the kind of payment they want to upgrade their vehicle choice and the optionality within each of those vehicles. So that's a very positive trend in terms -- certainly in terms of our ATP pricing.

Brian Johnson - *Barclays PLC, Research Division - MD and Senior Equity Analyst*

And do the dealers sense that they need more midrange cars to help people with their monthly payments? Or are you sort of willing to give up market share to keep pushing the upper-end trim trend levels in the key categories?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Some of the real competitive -- competitively intense high-volume segments such as small cars where Focus competes, Fusion; mid cars -- the Escape and small utes -- we do see dealers will want to have on stock not a prevalence, but they'll want to have enough of the kind of mid-equipped to lower-equipped vehicles to handle a certain part of our customer group. But for the most part, the rest of our SUV and truck lineup, the #1 complaint I get with dealers is they can't get enough of the high-series vehicles. So as customers continue to want to lean in, especially on our truck lineup into the upper level series, we feel like we're always reaching to provide, give them more supply of the Lariats, the Platinums, the King Ranches and the Sport and Platinum editions of our SUVs.

Brian Johnson - *Barclays PLC, Research Division - MD and Senior Equity Analyst*

Okay. And final question is just what do you do -- what do you help the dealer with given you're pulling back on leasing when the customer comes in and says I could get a competitor pickup truck with focus on that segment with or a competitor's mid-CUV with an attractive lease package?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

We're not pulling back on leasing. I want to be real clear on it. We're carefully managing it as we've done for some time. And as I mentioned, we take a regional approach so we'll keep our dealers in the high lease markets, for the most parts, are coastal, competitive. And there'll be an occasion in some market where one more of our competitors has an extreme lease deal and in those occasions, we're not going to disrupt our entire plan to be able to match up against one particular product in one particular market. We take a very disciplined approach on a vehicle line by vehicle line basis and on a regional basis. But our market share in terms of some of these high lease markets has held up incredibly well, despite some really high spending from some of our competitors.

Erich Merkle

Yes. If you look at our sales as well, Brian, we're -- last month, we're over at 80,000 F-Series here again with a double-digit increase. And for the first quarter, on SUVs, we're at record -- or have a record start for SUVs in the first quarter.

We're going to take one more caller from the analyst community, Crystal, then we're going to turn it over to folks from the media, please.

Operator

Okay. Your final question from the analyst comes from James Albertine with Consumer Edge Research.

James Albertine - *Consumer Edge Research, LLC - Senior Analyst*

If I may, just -- sorry to follow on with the residual questions, but there's a lot of new technology, obviously, coming into your products. You talked about the option mix and people generally scaling to a higher-end option mix, higher-end trim level. Is there any incremental difficulty in forecasting residual values of higher tech, newer tech options packages? And how are those packages performing on a residual basis from the vehicles that you may have leased, let's just say, 2 or 3 years ago?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

There's nothing specific that we see, James, in terms of the technology going in the vehicle. We benefited doing this a long time. We have the same kind of questions years ago on anti-lock brakes and which are now basic technology, I guess. So I mean new technologies come into the vehicle, it gets assimilated into the cost of the vehicle as they -- especially as they become kind of industry standards. So we don't have -- we don't see anything particular in that area at all.

James Albertine - *Consumer Edge Research, LLC - Senior Analyst*

Okay, great. And is there, if you would -- if I was to ask the question about specifically the higher-end trim levels and the higher-end option equipped vehicles, is there a difference or discernible material difference in how many of those vehicles you're leasing relative to your -- the number you provided which is Ford-wide which includes a lot of the vehicles that you don't focus on, trucks and vans you don't lease as much?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Generally speaking, on a retail, say a vehicle that's financed or paid for in cash compared to a lease, the leased vehicles by segment will transact at a slightly higher price, but it's not a major difference as you would think. And a lease customer tends to be a lease customer, whether they're buying a vehicle and very little option content versus the high level. It's more regional than it is, a customer coming in, decided to switch from APR or financing to leasing in order to be able to reach for more vehicle. You do get a tiny bit of that, but it's not a big -- it's not a meaningful difference.

James Albertine - *Consumer Edge Research, LLC - Senior Analyst*

So we shouldn't read into this, in other words, that as more people are stretching to get a higher price point vehicle, that they're not finding leasing as a more attractive option to keep the monthly payment lower? Those 2 things do not go together?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

They don't correlate. I wouldn't, especially some of the numbers, like say, Super Duty that I gave you, where over 50% of our sales mix in March was the high-level vehicles, we didn't lease any of them. Somebody might have used an outside leasing company or something, but we didn't -- we leased 0% of our F-Series and that ran over 51% of our high trim levels.

Erich Merkle

We're going to take our first call from the media now.

Operator

Okay. That concludes the analysts' portion of the call. We'll now be moving to the media portion. (Operator Instructions) And your first question comes from the line of David Welch with Bloomberg.

David Welch

On SAAR estimate, you guys, you're saying high 17s, others are down closer to 17 million and a lot of the big players were down overall this month. Where are you guys seeing the greater numbers coming in? I mean, we'll see it by the end of the day, but I'm wondering where the disparity is.

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

David, you got to be sure that you're looking at the same basis. First off, we always report including medium and heavy truck, which is 300,000 to 400,000 units on the SAAR, so that may be part of the difference.

David Welch

That's part of it, but I'm seeing like 17 million versus -- now, if you guys are saying high 17s, you're still looking at 300,000 or 400,000 units, again, with a lot of other (inaudible) down?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

David, we're the first ones out there. While we're on the call, we start seeing some of the competitors. It looks like mid-17s. It probably won't be high 17s, but we're just guessing at this point until we get everybody in, but I appreciate your question. It does look more like mid-17s as we're starting to see some of the numbers flow through (inaudible) number.

David Welch

Yes. As we look at that, retail SAAR I think is up overall, it looks like it could end up being down, a lot of incentives. I mean, there're just a lot of winds coming in different directions here. How are you looking at the market overall? Is this sort of a healthy but peak auto that everyone's been waiting to arrive for quite a while?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Well, start to look at the retail numbers look relatively flat. Incentive spending, as I said, we didn't see any unusual activity in March. It was very flat sequentially from February. It was up $350, $400 a year to year-over-year, but we've been at that level for several months, that it's been up $350, $400 range. So incentive spending was right in the range that we'd been seeing. We didn't see an acceleration month-to-month. As a percent of selling price, it's holding real steady. Ours is actually improving as people -- as transaction pricing goes up. So I'd say, certainly, we're not seeing huge growth in the market, but it's operating at mid-17s, really healthy level. And industry overall, industry pricing dynamics, I'd characterize as stable to good.

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

And, David, we have said that we think the industry is plateauing around these levels. And so that means in some months, the SAAR it might be up a little, some months it might be down, but I think it's still very consistent with that narrative.

Operator

Your next question comes from the line of Tom Krisher with Associated Press.

Tom Krisher

The residual values being down, do you see that as, at some point, maybe later in the year, having an impact on overall sales and perhaps ATPs? If people can't get the trade-in values for their cars that they were used to getting, might they switch more to used or to lower trim lines?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

Tom, it's -- so far, given the industry levels that we've seen, going back into the fourth quarter last year when we started to see a little bit of weakness in the residual outlook, the industry's continued to report numbers in both retail and in total in the high 17 million range, flat to up slightly most months. So we haven't seen a big effect. The increase in residual values in the recovery coming out of 2009, 2010, certainly helped the industry growth we saw. In a relatively flat industry, we haven't seen it materially affect our business to this point. It's probably one of the reasons incentive spending is up, but it's not up -- as I mentioned, it's not up alarmingly, it's up $300, $400 a unit, which roughly equates to about $8 a month on [payment].

Tom Krisher

Okay. So you don't -- you see the industry staying pretty much consistent with what it is now in the mid-17s throughout the year?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

That's been our guidance, yes.

Operator

Your next question comes from the line of Nathan Bomey with U.S.A. Today.

Nathan Bomey

Just wondering if you're seeing internally any data that indicates that consumer interest in fuel economy is changing at all with the recent announcement by the Trump administration that they're going to review CAFE standards. Does that have any impact at all in what people consider? Or is fuel economy consideration not really changed at all recently?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

We haven't seen any change in our data and research in terms of consumer sentiment regarding fuel economy. I mean customers always want better fuel economy. It gets delivered now across every segment compared to previous generation, including even in the Super Duty that we just launched, it gets a terrific fuel economy for a vehicle that size and capability. Customers are still interested in purchasing vehicles that are friendly to the environment. And a lot of that gets handled now with the various technologies around the vehicle including increasingly more electric, more electrification of mild to full hybrids and -- but we haven't seen anything in terms of -- it's a question that you're asking in terms of governmental policy affect consumer behavior attitudes, no, we haven't seen that.

Operator

Our next question comes from the line of Christina Rogers with Wall Street Journal.

Christina Rogers

I'm just wondering, I mean, in terms of passenger car sales, they've been falling for some time now. I mean, we keep hearing the same thing month over month. And I was just wondering at what point do you say, okay, we got to make some drastic changes here? In other words, what are you doing to reverse this slide?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

It's a very interesting question, Christina. I mean, in terms of the slide, it's industry-wide. You could argue structural because we've been seeing it for 6 years, a decline of approximately 200 basis points of segmentation going back to 2010. Last year, '15 to '16 was actually the biggest that we saw, was over 3%. So we adjust production accordingly. I mean, if you looked at our -- in the release, our stock, we're down 50,000 units year-over-year in cars, we're up slightly in utilities and down slightly in trucks mainly because we had such a hot truck month in March. So we've adjusted our production, therefore, dealer inventory to respond to changing consumer demands. But by and large, it's a very favorable phenomenon. Would I like to see all 3 segments up, cars, utilities and trucks? Sure, but, I mean, [it does affect] utilities and trucks is very positive in terms of our economics. And if you think about it, that means revenues up. Most other industries wouldn't be diving into specifically on mix to the extent that we do in the car business. With cars, SUVs and trucks transact at a much higher average ATP, so that's really good for the top line revenue number.

Christina Rogers

I mean, but when do you think, I mean, are we near a bottom? Or, I mean, will more steps have to be taken to adjust to this new reality here?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

I can't speculate on that. We continue at 30-some-5%, 6%, it's still a very -- a third, over a third of the industry, so it continues to be very important to us and to our dealers and to our customers out there that prefer passenger car. A lot of people do, they want to sit more -- some folks prefer to sit up high in SUV. Other customers want to be more planted to the ground, want the security of a closed in trunk and the other driving dynamics and usually fuel economy, slightly better fuel economy that goes along with it. So we're going to continue to deliver great passenger cars into the market, but as we -- as you would expect, be very prudent in adjusting our supply and demand dynamics to make sure that we're not overstocked and that the dealers have the right mix of vehicles to sell.

Christina Rogers

And just to -- I have one more question. Just to shift gears here, I mean, yesterday we saw Tesla, they reported their global sales were up quite significantly. Are you starting to see demand lift a bit for electrics?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

We were up. Our C-MAX was up significantly in the month albeit off a small base. I think that the technology over time, as all of us respond to the increasing robustness of the technology, as customers get more familiar and comfortable, especially with plug-in hybrids, which is still a relatively new technology for many customers, that I think, I believe there'll be more demand, I hope there'll be more demand. My son just took delivery of a C-MAX and plugs it in every night and hardly ever needs to get gas and he loves that. So we'll see. But I mean, it still runs a very small percentage of the industry and a lot of growth has to occur over the next 10 years and it should be a very interesting dynamic for the industry.

Operator

Your final question comes from the line of Brent Snavely with Detroit Free Press.

Brent Snavely

I was a bit distracted at the beginning of the call. I just kind of wanted to revisit briefly, broadly pickup sales and I was wondering what your outlook is for the year. You had a big month, with a 10% increase. Can -- are we going to continue to see those kinds of increases throughout the year?

Mark R. LaNeve - *Ford Motor Company - VP of U.S. Marketing, Sales and Service*

I certainly hope so, Brent. It's great that we've had this terrific of consumer acceptance of the latest generation F-Series. It's been the leader for 40 years. As I mentioned, we're up 10% for the month and 10% for the quarter and we did over 800,000 F-Series last year. So that would -- if we see the same kind of seasonal increases as we move through the year, that'd be a terrific F-Series year for us. And obviously, backbone of our brand and of our dealer franchise and we're seeing all positive indicators from the market both in pricing, consumer demand, turn rates. And you would think that there would be some infrastructure spending that's going to go on as well which can only help it, and we've seen an uptick of late in our -- in the commercial business as well in terms of our order flow. You don't see it in the year-over-year numbers; you will start to later on in the year because of just timing. But all systems seem to be go on the pickup truck business right now and it's certainly great for Ford Motor Company.

Brent Snavely

Great. And lastly, you guys have made a big effort to sort of point out that you may be hurt -- could be hurt less than the industry overall in any kind of border tariff or NAFTA overhaul because you mostly make your cars in Mexico. And we just talked about passenger cars on this call and what's happening there. But if things look increasingly dicey for corporate tax reform and other pro-business policies that you were hoping would balance things out, does your concern grow about the impact on pricing in the auto industry and how that could impact you?

Emily Kolinski Morris - *Ford Motor Company - Chief Economist*

Okay. I'll take a shot at that, Brent. There's a lot in that question. Certainly, the policy environment is very uncertain. I think, probably, the thing that would be most beneficial to all businesses, not just ours, would be to have some clarity on the paths for all of the different elements that you mentioned. But we will always continue to respond to whatever the realities are of the business, both in the near term and over the medium and longer term in terms of policy. And I think that's what we'll continue to do, but there's just a lot of uncertainty around some of the things that you mentioned.

Erich Merkle

Well, that'll wrap us up here for the month. So thank you, everyone, for joining us today. We'll look forward to speaking with all of you next month when we report April sales. Have a good month, everyone.

Operator

This concludes today's conference call, you may now disconnect.
