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October 27, 2016

TO: All U.S. Ford and Lincoln Dealers

SUBJECT: NEW VEHICLE DEMONSTRATION / DELIVERY HOLD - Safety Recall 16S28

Certain 2015-2016 Model Year Focus Electric Vehicles

Transmission Differential Gear Replacement

REF: DEMONSTRATION / DELIVERY HOLD - Advance Notice - Safety Recall 16S28

AFFECTED VEHICLES

| Vehicle | Model Year | Assembly Plant | Build Dates | |
|----------------|------------|----------------|----------------------------------------|--|
| Focus Electric | 2015-2016 | Michigan | August 20, 2015 through April 13, 2016 | |

Affected vehicles are identified in OASIS and FSA VIN Lists.

REASON FOR THIS RECALL

In some of the affected vehicles, the pinion gear shaft in the transmission differential may have been manufactured incorrectly, leading to the potential for premature wear. Premature pinion gear shaft wear can cause noise and harshness from the transmission, and may eventually lead to pinion shaft fracture without additional warning. This may cause a loss of motive power while driving and loss of the transmission park function, increasing the risk of a crash or injury.

SERVICE ACTION

Before demonstrating or delivering any new in-stock vehicles involved in this recall, dealers are to replace the transmission differential gear assembly. This service must be performed on all affected vehicles at no charge to the vehicle owner.

NOTE: Parts are currently not available in sufficient quantities to repair all vehicles. Part orders can be requested through the Special Service Support Center (SSSC) using the SSSC link at the bottom of the OASIS VIN report screen to repair vehicles that meet the following criteria only:

- Customer vehicles that arrive at your dealership with the symptoms described above.
- New in-stock vehicles with a customer sales contract.

It is anticipated that parts will be available in sufficient quantities to repair all vehicles in the first quarter of 2017. Refer to Attachment II for additional information.

OWNER NOTIFICATION MAILING SCHEDULE

Owner letters are expected to be mailed in the first quarter of 2017. Dealers should only repair affected vehicles that arrive at their dealerships with the symptoms described above, whether or not the customer has received a letter.

PLEASE NOTE:

Federal law requires dealers to complete this recall service before a new vehicle is delivered to the buyer or lessee. Violation of this requirement by a dealer could result in a civil penalty of up to \$21,000 per vehicle. Correct all vehicles in your new vehicle inventory before delivery.

ATTACHMENTS

Attachment I: Administrative Information

Attachment II: Labor Allowances and Parts Ordering Information

Attachment III: Technical Information

Owner Notification Letter

QUESTIONS & ASSISTANCE

For questions and assistance, contact the SSSC via the SSSC Web Contact Site. The SSSC Web Contact Site can be accessed through the Professional Technician Society (PTS) website using the SSSC link listed at the bottom of the OASIS VIN report screen or listed under the SSSC tab.

Sincerely,

Michael A. Berardi

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OASIS ACTIVATION

OASIS was activated on June 28, 2016.

FSA VIN LISTS ACTIVATION

FSA VIN Lists were available through https://web.fsavinlists.dealerconnection.com on June 28, 2016. Owner names and addresses will be available after parts become available to repair all vehicles.

NOTE: Your FSA VIN Lists may contain owner names and addresses obtained from motor vehicle registration records. The use of such motor vehicle registration data for any purpose other than in connection with this recall is a violation of law in several states, provinces, and countries. Accordingly, you must limit the use of this listing to the follow-up necessary to complete this recall.

SOLD VEHICLES

- Owners of affected vehicles will be directed to dealers for repairs.
- Immediately contact any of your affected customers whose vehicles are not on your VIN list but are identified in OASIS. Give the customer a copy of the Owner Notification Letter (when available) and schedule a service date.
- Correct other affected vehicles identified in OASIS which are brought to your dealership.
- Dealers are to prioritize repairs of customer vehicles over repairs of new and used vehicle inventory.

STOCK VEHICLES

- Parts are currently not available in sufficient quantities to support this safety recall. Part orders
 for dealer new in-stock vehicles with a customer sales contract can be requested through the
 SSSC using the SSSC link at the bottom of the OASIS VIN report screen. Due to limited part
 supply, it is possible not all part requests can be filled. Refer to Attachment II for additional
 information.
- Correct all affected units in your new vehicle inventory before delivery.
- Use OASIS to identify any affected vehicles in your used vehicle inventory.

DEALER-OPERATED RENTAL VEHICLES

A new law prohibits a Rental Company from selling, renting or leasing vehicles subject to a safety recall. This could impact dealer-operated rental fleets of 35 vehicles or more, including FRAC, LRAC, and DDR vehicles. Please see EFC04833 for details and consult your legal counsel for legal advice.

TITLE BRANDED / SALVAGED VEHICLES

Affected title branded and salvaged vehicles are eligible for this recall.

ADDITIONAL REPAIR (LABOR TIME AND/OR PARTS)

Additional repairs identified as necessary to complete the FSA should be managed as follows:

- For vehicles within new vehicle bumper-to-bumper warranty coverage, follow existing warranty and policy guidelines for related damage claims. No SSSC approval is required for these vehicles:
 - o Ford vehicles 3 years or 36,000 miles
- For vehicles outside new vehicle bumper-to-bumper warranty coverage, submit an Approval Request to the SSSC Web Contact Site prior to completing the repair.

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OWNER REFUNDS

Refunds are not approved for this program.

RENTAL VEHICLES

Dealers are pre-approved for up to one day for a comparable rental vehicle. Follow Extended Service Plan (ESP) guidelines for dollar amounts. Rentals will only be reimbursed for the day(s) the vehicle is at the dealership for part replacement. Prior approval for more than one rental day is required from the SSSC via the SSSC Web Contact Site.

CLAIMS PREPARATION AND SUBMISSION

- Enter claims using Direct Warranty Entry (DWE) or One Warranty Solution (OWS).
 - o DWE: refer to ACESII manual for claims preparation and submission information.
 - OWS: when entering claims in DMS software, select claim type 31: Field Service Action.
 The FSA number 16S28 is the sub code.
- Additional labor and/or parts must be claimed as related damage on a separate repair line from the FSA.
- For rental vehicle claiming, follow Extended Service Plan (ESP) guidelines for dollar amounts. Enter the total amount of the rental expense under Miscellaneous Expense code RENTAL.
- Submit refunds on a separate repair line.

Program Code: 16S28
 Misc. Expense: ADMIN
 Misc. Expense: 0.2 Hrs.

 Multiple refunds should be submitted on one repair line and the invoice details for each repair should be detailed in the comments section of the claim.

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LABOR ALLOWANCES

| Description | Labor Operation | Labor Time | |
|-------------------------------------------------|-----------------|------------|--|
| Replace transmission differential gear assembly | 16S28B | 4.4 Hours | |

PARTS REQUIREMENTS / ORDERING INFORMATION

SSSC Web Contact Site:

Please submit a part order contact using the SSSC link at the bottom of the OASIS VIN report screen.

| Part Number | Description | Order Quantity | |
|--------------|-----------------------------------------|----------------|--|
| CM5Z-7F465-A | Transmission differential gear assembly | 1 | |

NOTE: The transmission differential gear assembly is currently not available in sufficient quantities to repair all vehicles. Due to limited part supply, it is possible not all parts requests can be filled. Orders for part number CM5Z-7F465-A can be requested through the SSSC using the SSSC link at the bottom of the OASIS VIN report screen to repair vehicles that meet the following criteria only:

- Customer vehicles that arrive at your dealership with the symptoms described in this bulletin.
- New in-stock vehicles with a customer sales contract (submit copy of contract via SSSC link).

Dealers will be notified via a DOES II communication if circumstances warrant a change in part supply strategy and when open ordering resumes.

Parts Available - Open Ordering:

| Part Number | Description | Order Quantity | Claim Quantity |
|---------------|------------------------------------------------------------------------------------------------|-------------------|-------------------|
| 4S7Z-4B422-A | Inner circlip - input shaft | 1 | 1 |
| CM5Z-1177-A | Seal | 1 | 1 |
| W715491-S442 | Ball joint bolt (1 package includes 4 bolts – 2 bolts required per vehicle) | 1 | 2 |
| W520415-S442 | Ball joint bolt nut (1 package includes 4 nuts – 2 nuts required per vehicle) | 1 | 2 |
| CV6Z-3K050-A | Ball joint seal shield | 2 | 2 |
| W790276-S900 | Roll Restrictor bolts - horizontal (1 package includes 4 bolts – 3 bolts required per vehicle) | 1 | 3 |
| W717349-S442 | Roll Restrictor bolt – vertical (1 package includes 4 bolts – 1 bolt required per vehicle) | 1 | 1 |
| DL3Z-19B596-B | Air conditioning seal kit | 1 | 1 |
| 6E5Z-19B596-A | Air conditioning seal kit | 1 | 1 |
| TA-29 | Silicon sealant | 1 | 1 |
| XT-10-QLVC | Mercon ® LV | 1 quart | 1 quart |

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PARTS REQUIREMENTS / ORDERING INFORMATION (continued)

The DOR/COR number for this recall is 51063.

Order parts available via open ordering through normal order processing channels. To guarantee the shortest delivery time, an emergency order for parts must be placed.

DEALER PRICE

For latest prices, refer to DOES II.

PARTS RETENTION AND RETURN

Follow the provisions of the Warranty and Policy Manual, Section 1 - WARRANTY PARTS RETENTION AND RETURN POLICIES.

EXCESS STOCK RETURN

Excess stock returned for credit must have been purchased from Ford Customer Service Division in accordance with Policy Procedure Bulletin 4000.

CERTAIN 2015-2016 MODEL YEAR FOCUS ELECTRIC VEHICLES — TRANSMISSION DIFFERENTIAL GEAR REPLACEMENT

OVERVIEW

In some of the affected vehicles, the pinion gear shaft in the transmission differential may have been manufactured incorrectly, leading to the potential for premature wear. Premature pinion gear shaft wear can cause noise and harshness from the transmission, and may eventually lead to pinion shaft fracture without additional warning. This may cause a loss of motive power while driving and loss of the transmission park function, increasing the risk of a crash or injury. Dealers are to replace the transmission differential gear assembly. This service must be performed on all affected vehicles at no charge to the vehicle owner.

SERVICE PROCEDURE

- 1. Remove the transmission assembly. Please follow the Workshop Manual (WSM) procedures in Section 307-01.
- 2. Replace the transmission differential gear assembly. Please follow the WSM procedures in Section 307-01. See Figure 1.
 - To remove the transmission differential gear assembly, pull outward until the input shaft reaches end of travel. Keep pulling outward until the circlip disengages, releasing the transmission differential gear assembly from the input shaft. See Figure 1.
 - · Replace the input shaft circlip prior to assembly.

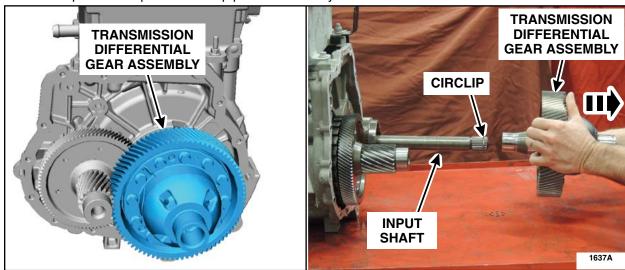


FIGURE 1

3. Install the transmission assembly. Please follow the WSM procedures in Section 307-01.