



Ford Statement on Business Transformation

Ford has been working intensively and taking action to transform our business over the past 18 months. As we redesign and restructure our global business, we will build on our areas of strength; smartly and strategically address underperforming products and regions; and invest in the future by designing smart vehicles for a smart world.

Key actions include:

- **Updated footprint:** We announced in July that restructuring activities could have potential EBIT charges of \$11 billion, with cash-related effects of \$7 billion, over the next five years. These actions will come largely outside of North America.
- **Transforming Product Development:** We announced nine months ago that we are shifting to five flexible architectures for our vehicles -- driving a 20 percent savings in time from sketch to showroom and yielding significant efficiencies. As part of this, we've also identified ways to manage up to 70 percent of each vehicle's value through increased component sharing. We also formed a new Enterprise Product Line Management group, which establishes 10 cross-functional teams that will manage distinct product lines as end-to-end businesses and leverage Ford's human-centered design, advanced product marketing and user experience teams to create breakthrough products and customer experiences.
- **Shifting Vehicle Portfolio:** We've already taken actions to shift our vehicle portfolio to better meet our customers' needs going forward and strengthen our business, improving returns. This includes moving approximately 90 percent of our North American vehicle lineup volume to SUVs, pickup trucks and commercial vehicles between 2018 and by the end of 2020. The company is phasing out slow-selling traditional sedans to free up capital for new entries in growing segments.
- **Strong investments in Autonomous and Electrified Vehicles:** Ford's fitness actions are freeing up capital to invest in emerging businesses. Ford expects to invest \$4 billion in its AV efforts through 2023, including its \$1 billion investment in Argo AI. In addition, Ford is investing \$11 billion in electrification from 2015 to 2022 to deliver a total of 40 vehicles globally. The company remains on track to deliver a full battery electric performance SUV that offers at least a 300-mile range in 2020.
- **Capacity Utilization:** Ford has the best manufacturing capacity utilization in North America based on the aggressive restructuring we completed a decade ago, including our use of industry-leading three-crew operating patterns and our continued discipline around balancing capacity with consumer demand, as we have for years.
- **Organization Redesign:** We are in the early stages of reorganizing our global salaried workforce to support the company's strategic objectives, create a more dynamic and empowering work environment and become more fit as a business. The reorganization will result in headcount reduction over time, and this will vary based on team and location.
- **Strategic Alliances:** We are in talks with both Volkswagen and Mahindra about potential collaborations across a number of areas of our business. We are encouraged by both sets of talks and continue working to ensure these alliances help us better serve customers globally.

Cautionary Note on Forward-Looking Statements

This statement contains forward-looking statements that are based on Ford's current expectations for future events. Actual results could differ materially from those stated because of risks, uncertainties, and other factors, including successful execution of fitness actions; market acceptance of new or existing products or mobility services; a shift in consumer preferences away from sales of larger, more profitable vehicles beyond current planning assumption; defects in vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs; safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent; and cybersecurity risks. For additional discussion, see Item 1A in Ford's 2017 Form 10-K report, as updated by Ford's Form 10-Q and Form 8-K reports.

About Ford Motor Company

Ford Motor Company (NYSE: F) is a global company based in Dearborn, Michigan, that is committed to helping build a better world, where every person is free to move and pursue their dreams. The company's Ford+ plan for growth and value creation combines existing strengths, new capabilities and always-on relationships with customers to enrich experiences for and deepen the loyalty of those customers. Ford develops and delivers innovative, must-have Ford trucks, sport utility vehicles, commercial vans and cars and Lincoln luxury vehicles, as well as connected services. Additionally, Ford is establishing leadership positions in mobility solutions, including self-driving technology, and provides financial services through Ford Motor Credit Company. Ford employs about 182,000 people worldwide. More information about the company, its products and Ford Credit is available at corporate.ford.com.