

Ford Restructures India Operations: Plans to Grow Ford Business Solutions; Serve Customers with Iconic Global Vehicles; Cease Local Vehicle Manufacturing

- Ford plans to significantly expand its 11,000-employee Business Solutions team in India in coming years to support Ford globally; team to focus on engineering, technology, and business operations centres of excellence
- Ford India will cease manufacturing vehicles for sale in India immediately; manufacturing of vehicles for export will wind down at Sanand vehicle assembly plant by Q4 2021, and Chennai engine and vehicle assembly plants by Q2 2022; Ford will work closely with employees, unions, dealers and suppliers to care for those directly impacted
- Ford plans to serve customers in India with must-have, iconic vehicles, including Mustang coupe. Customers in India also will benefit longer term from the Company's plan to invest more than US\$30 billion globally to deliver all-new hybrid and fully electric vehicles, such as Mustang Mach-E
- India will remain home to Ford's second-largest salaried workforce globally; in addition to Ford Business Solutions, Ford India will continue engine manufacturing for export, as well as full customer support operations with service, aftermarket parts and warranty support
- Ford India's restructuring will advance the Ford+ plan for growth and value creation by strengthening automotive operations and capitalizing on unprecedented opportunities in electric and connected vehicles and enhanced customer experiences

NEW DELHI, Sept. 9, 2021 - Ford in India today announced it will restructure its operations with plans to significantly expand its Chennai-based Ford Business Solutions team and bring to market some of Ford's iconic global vehicles and electrified SUVs while ceasing vehicle manufacturing in India.

Ford will continue to provide customers in India with ongoing parts, service, and warranty support. As part of the plan, Ford India will wind down vehicle assembly in Sanand by the fourth quarter of 2021 and vehicle and engine manufacturing in Chennai by the second quarter of 2022.

Following accumulated operating losses of more than \$2 billion over the past 10 years and a \$0.8 billion non-operating write-down of assets in 2019, the restructuring is expected to create a sustainably profitable business in India.

Ford will focus on growing its Ford Business Solutions capabilities and team in the country, as well as engineering and engine manufacturing for export. With more than 11,000 team members currently in India, Ford Business Solutions plans to expand to provide more opportunities for software developers, data scientists, R&D engineers, and finance and accounting professionals, in support of the Ford+ plan to transform and modernize Ford globally.

More than 500 employees at the Sanand Engine plant, which produces engines for export for the best-selling Ranger pickup truck, and about 100 employees supporting parts distribution and customer service, also will continue to support Ford's business in India.

Ford will begin importing and selling must-have, iconic vehicles, including Mustang coupe. Customers in India also will benefit longer term from the Company's plan to invest more than \$30 billion globally to deliver all-new hybrid and fully electric vehicles, such as Mustang Mach-E. Sales of current products such as Figo, Aspire, Freestyle, EcoSport and Endeavour will cease once existing dealer inventories are sold.

Ford will continue full customer support operations for these vehicles with service, aftermarket parts and warranty coverage.

"As part of our Ford+ plan, we are taking difficult but necessary actions to deliver a sustainably profitable business longer-term and allocate our capital to grow and create value in the right areas," said Jim Farley, Ford Motor Company's president and CEO. "Despite investing significantly in India, Ford has accumulated more than \$2 billion of operating losses over the past 10 years and demand for new vehicles has been much weaker than forecast.

"I want to be clear that Ford will continue taking care of our valued customers in India, working closely with Ford India's dealers, all of whom have supported the company for a long time. India remains strategically important for us and, thanks to our growing Ford Business Solutions team, will continue to be a large and important employee base for Ford globally."

Anurag Mehrotra, president and managing director of Ford India, added: "Ford has a long and proud history in India. We are committed to taking care of our customers and working closely with employees, unions, dealers and suppliers to care for those affected by the restructuring."

Ford India said it took these restructuring actions after investigating several options, including partnerships, platform sharing, contract manufacturing with other OEMs, and the possibility of selling its manufacturing plants, which is still under consideration.

"Despite these efforts, we have not been able to find a sustainable path forward to long-term profitability that includes in-country vehicle manufacturing," Mehrotra said. "The decision was reinforced by years of accumulated losses, persistent industry overcapacity and lack of expected growth in India's car market."

Approximately 4,000 employees are expected to be affected by the restructuring. Ford will work closely with employees, unions, suppliers, dealers, government, and other stakeholders in Chennai and Sanand to develop a fair and balanced plan to mitigate the effects of the decision.

Ford India will maintain parts depots in Delhi, Chennai, Mumbai, Sanand and Kolkata and will work closely with its dealer network to restructure and help facilitate their transition from sales and service to parts and service support.

Ford India will maintain a smaller network of suppliers to support engine manufacturing for exports and will work closely with other suppliers to ensure a smooth wind-down of vehicle manufacturing. Ford also will continue to rely on India-based suppliers for parts for its global products, and suppliers and vendors supporting Ford Business Solutions will continue to support the business as normal.

“We are grateful to our dedicated team in India who have undertaken many actions in recent years in an attempt to position the company for profitability and growth,” said Steven Armstrong, transformation officer, South America and India. “Our ability to refocus our presence in India is a result of their building our expertise in low-cost engineering, global engine manufacturing quality and business services.”

In connection with this announcement, Ford currently expects to record pre-tax special item charges of about \$2.0 billion, including about \$0.6 billion in 2021, about \$1.2 billion in 2022 and the balance in subsequent years. Within that total will be about \$0.3 billion of non-cash charges, including accelerated depreciation and amortization. The remaining cash charges of about \$1.7 billion will be paid primarily in 2022 and are attributable to settlements and other payments.

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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 designs, manufactures, markets and services a full line of connected, increasingly electrified passenger and commercial vehicles: Ford trucks, utility vehicles, vans and cars, and Lincoln luxury vehicles. The company is pursuing leadership positions in electrification, connected vehicle services and 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 Motor Credit Company is available at corporate.ford.com.

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Cautionary Note on Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford is highly dependent on its suppliers to deliver components in accordance with Ford’s production schedule, and a shortage of key components, such as semiconductors, can disrupt Ford’s production of vehicles;
- Ford’s long-term competitiveness depends on the successful execution of its Plan;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents and other disruptions;

- Ford's production, as well as Ford's suppliers' production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford's ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford's ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford's new and existing products and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and mobility industries;
- Ford's results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford's results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs;
- Industry sales volume in any of Ford's key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit's investments can have a significant effect on results;
- Ford and Ford Credit's access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford's receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumers' heightened expectations to safeguard their personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.