Ford Provides Update on UAW Contract Talks

Remarks as prepared for delivery by Ford President and CEO Jim Farley

DEARBORN, Mich., Sept. 29, 2023 – We are now two weeks into the first UAW strike at Ford in nearly 50 years. We have stayed quiet and worked around the clock in an effort to reach a deal. But with today's strike expansion by the UAW, I think it's time to share some facts and provide an update on the talks.

Before we get into the details, I want to stress the importance of safety in this situation where emotions are running high. We can all treat each other with respect even in tough times.

Here is the bottom line from Ford's perspective:

- First, Ford has offered an incredible contract that would change the lives of our 57,000 workers for the better.
- Secondly, we believe the UAW is holding up the deal over battery plants that won't come online for another two to three years.
- Finally, we still have time to reach an agreement and avert a real disaster – but not much time given our fragile supply base.

Of all companies, Ford has been the most supportive of the UAW and manufacturing in America. We employ 57,000 UAW members – about 40% of the union's Big Three membership. This adds significant cost – nearly $1 billion a year – to our business. We do it anyway because of our values. Ford built the middle class in this country.

Our cross-town rivals have moved work south – even full-size trucks – to take advantage of lower-cost labor in Mexico. The non-union transplants and startups have fought tooth and nail to prevent the UAW from organizing their employees. Ford alone has added UAW jobs since the Great Recession.

To take a step back: In 2019, we bargained a new four-year agreement with the UAW. Our UAW workers ratified that agreement, and Ford lived up to every aspect of the contract. In fact, we went well beyond our commitments in the last three contracts, as you can see here.

But a lot has happened since 2019. The pandemic happened. Our UAW workers built vehicles in masks and shields. And they helped this company and this industry stay alive. They didn't work from home like most of us.

Then inflation hit. This affected our workers' standard of living, even with strong profit-sharing checks coming every year. We recognize that is a real issue.

That's why we didn't wait for contract talks. We moved 14,000 temporary employees to permanent positions and moved thousands more to the top pay rate ahead of schedule. From the very start of these negotiations, we committed to making things right.

Before the strike – on Sept. 12 – Bill Ford and I made an offer that would have:

- Boosted UAW wages more than 20%;
- Restored traditional cost of living allowances; and
- Provided health care coverage that's in the top 1% for all Americans.

We made it so the average new employee – fresh from high school or the military or a service-sector job – will earn six figures within four years, plus great benefits.

Our offer would have also:

- Eliminated wage tiers;
- Bolstered strong retirement contributions;
- Granted more time off;
- Made product commitments for all UAW plants in America; and
- Offered layoff protections for all permanent employees.

The deal we offered would put our UAW workers among the best paid hourly manufacturing workers in the world and in the top 30% of all full-time workers in America, hourly or salaried. And the benefits are top tier.

Since Sept. 12, we have continued to negotiate and improve our offer. In the fog of all this rhetoric, I think people are missing that Ford has stepped up with an historic offer. Bottom line: Someone needs to tell the truth about what's really going on and what is at stake here, and it might as well be Ford.

The union asked for historic gains for our workers. No problem.

Record contract? No problem.

Mortgage our future? That's a big problem. We will never do it.

The billions in costs the UAW leadership is demanding – beyond the billions we have offered – would have devastating implications for our business and therefore our workforce. The industry experts who have looked at the numbers – like President Obama's car czar, Steve Rattner – can see it plain as day. We have pretty much lost domestic small car production in the U.S. It's gone. A bad deal would threaten mid-size and larger vehicles like the Escape and Explorer. We would have no choice but to cut product programs, restructure and reduce headcount.

What's really frustrating is that I believe we could reach a compromise on pay and benefits, but so far the UAW is holding the deal hostage over the battery plants. Keep in mind these battery plants don't exist yet. They will be mostly joint ventures. They have not been organized by the UAW yet. The workers will not even be hired for years to come.

I need to be clear about one thing, because the UAW is scaring workers by repeating something that is not true. None of our workers today are going to lose their jobs due to our battery plants during this contract period and even beyond the contract. In fact, for the foreseeable future we will have to hire more workers as some workers retire, in order to keep up with demand.
We are open to working with the union on a fair deal for battery plants, but these are multi-billion investments and they have to make business sense.

The good news is, we still have time to reach a deal and avoid a serious and lasting blow to our region and this industry. The supply base is on a knife's edge already. The suppliers for Michigan Assembly Plant alone employ 125,000 workers. Those jobs are at risk.

If the UAW's goal is a record contract, they have already achieved this. I read where they privately described their strategy is to keep us wounded for months, damage our reputation and create chaos. It's grossly irresponsible, in my opinion, to escalate these strikes and hurt thousands of families, dealers, supplier and customers.

I am thankful to the Unifor leadership and the workers in Canada for recognizing that Ford made a great offer. They understand this is about our mutual success. It must be a partnership to take on the world.

Shawn has been on TV more than Jake from State Farm at this point. I have heard what he wants. But I have never heard him say once why he believes the UAW can be a competitive advantage to Ford. The UAW is asking for substantially more pay than other auto workers. Okay, fine. But a part of the discussion has to be how we work together to improve quality, reduce waste, lower absenteeism and work flexibly. We need to have a shared belief in a lean, respectful culture on the plant floor. We succeed or fail together.

Ford's profit margins are thin and not at record levels. But we should all want strong profits. Because they would lead to record profit sharing and record investment in innovation, jobs and growth.

I want to say a few words about EVs. They have become a political football and that's a shame. I drove an F-150 Lightning across the western states recently and met so many people who love their EVs. Think about it. Tesla has become the most valuable auto company the world has ever known, and they are profitable and growing.

Our customers love our EVs – they are new to our brand – and they are going to be blown away by our next-generation EVs. We are also working on fantastic internal combustion vehicles. Broncos, F-150s, Expeditions. Customers are going to decide, as they always do. Not all these people politicizing EVs.

To wrap up, I truly believe that what is at stake here is the future of the domestic auto industry, the future of the industrial Midwest, and the future of good-paying manufacturing jobs. Other industries and other countries have lost their hometown manufacturing base. We can't allow that to happen.

That is why we are going to keep trying to reach an agreement with the UAW.

As this strike shows, we can't build vehicles in America without the UAW. And whether Shawn Fain believes it or not, the UAW needs a healthy Ford, GM and Stellantis to have a future. It's going to take compromise and leadership to meet this moment.

Thank you.

About Ford Motor Company

Ford Motor Company (NYSE: F) is a global company based in Dearborn, Michigan, 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 customers and deepen their loyalty. Ford develops and delivers innovative, must-have Ford trucks, sport utility vehicles, commercial vans and cars and Lincoln luxury vehicles, along with connected services. The company does that through three customer-centered business segments: Ford Blue, engineering iconic gas-powered and hybrid vehicles; Ford Model e, inventing breakthrough EVs along with embedded software that defines exceptional digital experiences for all customers; and Ford Pro, helping commercial customers transform and expand their businesses with vehicles and services tailored to their needs. Additionally, Ford is pursuing mobility solutions through Ford Next, and provides financial services through Ford Motor Credit Company. Ford employs about 177,000 people worldwide. More information about the company and its products and services is available at corporate.ford.com.

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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 specifications, and a shortage of or inability to acquire key components, such as semiconductors, or raw materials, such as lithium, cobalt, nickel, graphite, and manganese, can disrupt Ford's production of vehicles;
- To facilitate access to the raw materials necessary for the production of electric vehicles, Ford has entered into, and expects to continue to enter into, multi-year commitments to raw material suppliers that subject Ford to risks associated with lower future demand for such materials as well as costs that fluctuate and are difficult to accurately forecast;
- Ford's long-term competitiveness depends on the successful execution of Ford+;

- 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, restructurings, or new business strategies;
- Operational systems, security systems, vehicles, and services could be affected by cyber incidents, ransomware attacks, and other disruptions and impact Ford and Ford Credit as well as their suppliers and dealers;
- Ford's production, as well as Ford's suppliers' production, and/or the ability to deliver products to consumers could be disrupted by labor issues, natural or man-made disasters, adverse effects of climate change, financial distress, production difficulties, capacity limitations, 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 digital, software, and physical services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and digital and software services industries and its reputation may be harmed if it is unable to achieve the initiatives it has announced;
- 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 or geopolitical developments, including protectionist trade policies such as tariffs, or other events;
- Industry sales volume 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;
- Inflationary pressure and fluctuations in commodity and energy prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit's investments, including marketable securities, 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;
- The impact of government incentives on Ford's business could be significant, and 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 OPEB 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 and Ford Credit could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, services, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans and facilities to comply with safety, emissions, fuel economy, autonomous driving technology, environmental, 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, 2022, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K