Research Report

Company		Ticker Symbol	CUSIP
FORD MOTOR COMPANY		F	345370860
Guideline	**Meeting Date**	**Record Date**	**Date Published**
Standard	05/14/20	03/18/20	04/30/20

(delivered to most major institutional investors and parties interested in proxy matters)

Our recommendations are received by most major investors.

Meeting Information	
Meeting Type	Annual
Meeting Date	05/14/20
Record Date	03/18/20

Items & Recommendations

We recommend that clients holding shares of FORD MOTOR COMPANY vote:

Item	Egan-Jones Recommendation	Management Recommendation
1 – Election of Directors	FOR, WITH EXCEPTION OF ANTHONY F EARLEY JR, JOHN L THORNTON	FOR ALL
2 – Ratification of Independent Registered Public Accounting Firm	AGAINST	FOR
3 – Approval of the Compensation of the Named Executives	FOR	FOR
4 – Shareholder Proposal - Equal Voting Rights for Each Share	FOR	AGAINST
5 – Shareholder Proposal - Lobbying	AGAINST	AGAINST

Considerations and Recommendations

Egan-Jones' review centered on the Proposals in the context of maximizing shareholder value, based on publicly available information.

Governance Rating Score Summary

The Egan-Jones Governance Rating is based upon data sourced from FactSet Research Systems Inc., the company's public filings, reputable news sites, as well as other regulatory disclosures such as those found at the SEC and FASB

Ticker	**F**
Company name	**Ford Motor Company**

Board Rating

Item	**TRUE/FALSE**
CEO and Chairman Separate	TRUE
Annual Director Elections	TRUE
All Classes of Stock Have Equal Voting Rights	FALSE
Compensation Committee with All Independents	FALSE
Audit Committee with All Independents	TRUE
Nominating Committee with All Independents	FALSE
Non-binding Compensation Vote on Agenda	TRUE
Majority Independent Directors on Board	FALSE
Over-boarded CEO Director	FALSE
Over-boarded Board Chair	FALSE
Over-boarded Non-CEO Director	FALSE
Major cyber security breach	FALSE
Failure to implement sufficient carbon risk plan	FALSE
Other financial or operational risk control failure	FALSE
Other serious reputational risk failure by the Board	FALSE
Version	VER 2.10 12/15/2017
Sub Total	60.00
Performance Adjustment	0.34
Total	60.34
Final Board Score	***Neutral***

Compensation Rating

CEO Total Comp($)	17,355,506
CEO Salary ($)	1,800,000
TSR (%)	5.68
Market Capitalization ($M)	35,897.96
Wealth Creation ($M)	2038.68
Wealth Creation/CEOPAY	117.47
Raw Score (pre adjustments)	Good
Final Score	***Neutral***
Rating Model Version	VER 3.10 12/15/2017
High CEO Total Compensation	Negative Adjustment
CEO Salary Under $1 Million Limit	No Adjustment
Other Adjustments:	No Adjustment

Audit Rating

Audit Fees	37,600,000
Total Fees	45,800,000
Non-Audit Fees exceed 50%	FALSE
Auditor has served for seven or more years	TRUE
Raw Score	Superior
Version	VER 1.11 12/15/2017
Final Score	***Some Concerns***

Governance Rating

Overall Score	***Some Concerns***

Cyber Security Risk Rating

The Egan-Jones Cyber Risk Ratings helps stake holders assess the security posture (health) of covered entities. EJPS analysts use the SecuritiesScorecard platform to ascertain the company's Score which is incorporated into the EJPS Proxy Research Report. The methodology utilized for determining the Score can be found at http://ejproxy.com/media/documents/Egan-Jones_Proxy_Services_Cyber_Risk_Rating.pdf. For additional questions or comments please contact research@ejproxy.com or +1-844-495-5244 x1102.

Company Name	FORD MOTOR COMPANY
Domain	ford.com
SSC Letter Grade	B
SSC Industry	manufacturing
Application Security	D
Cubit Score	A
DNS Health	C
Endpoint Security	B
Hacker Chatter	A
IP Reputation	A
Network Security	C
Information Leak	A
Patching Cadence	A
Social Engineering	A
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Minimum Factor Grade	D
EJP Qualitative Adjustment	None
Final Score	***Some Concerns***
Cyber Security Scoring Engine Version	2.0.1 - EJP

Item 1

Election of Directors

Director Name	Nominee	Key Committee Membership	Attendance (<75%)	Position CEO/Chair	Director Since	Diverse director	Classification	Footnotes	EJP recommendation
	1	2	3	4	5	6	7	8	9
ANTHONY F EARLEY JR	Yes	C;N	No		2009		Affiliated Outside Director	F6	WITHHOLD
BETH E. MOONEY	Yes	A;N	No		2019	Yes	Independent Outside Director		FOR
EDSEL B FORD II	Yes		No		1988		Affiliated Outside Director		FOR
JAMES P HACKETT	Yes		No	CHIEF EXECUTIVE OFFICER,PRESIDENT	2017		Inside Director		FOR
JOHN B. VEIHMEYER	Yes	A;N	No		2017		Independent Outside Director		FOR
JOHN C LECHLEITER	Yes	C;N	No		2013		Independent Outside Director		FOR
JOHN L THORNTON	Yes	C;N	No		1996		Affiliated Outside Director	F6	WITHHOLD
JOHN S WEINBERG	Yes	C;N	No		2016		Independent Outside Director		FOR
KIMBERLY A CASIANO	Yes	A;N	No		2003	Yes	Independent Outside Director		FOR
LYNN M VOJVODICH	Yes	A;N	No		2017	Yes	Independent Outside Director		FOR
WILLIAM CLAY FORD, JR.	Yes		No	EXECUTIVE CHAIRMAN	1988		Inside Director		FOR
WILLIAM E KENNARD	Yes	N	No		2015	Yes	Independent Outside Director		FOR
WILLIAM W HELMAN IV	Yes	N	No		2011		Independent Outside Director		FOR

F6 Affiliation - Over-tenured director - Member of a Key Board committee

According to Egan-Jones' Proxy Guidelines a director whose tenure on the Board is 10 years or more is considered affiliated, except for diverse nominees. We believe that key Board committees namely Audit, Compensation and Nominating committees should be comprised solely of Independent outside directors for sound corporate governance practice.

Item 2

Ratification of Independent Registered Public Accounting Firm

Recommendation:

At Egan-Jones Proxy Services we review relevant factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the ratification of appointment of independent auditors. We believe that auditor rotation every seven years, a ratio of non-audit fees and total fees not exceeding 50%, a lack of significant and material disciplinary actions taken against the Company's Auditor and any financial interest of the auditor in or association with the Company are the minimum criteria that should be taken into consideration in ensuring the auditor's independence.

The sum total of our evaluation can be found in the Auditor Rating we give this auditor. Generally and absent other negative factors, we suggest a score of ***Neutral*** or higher. This audit firm has earned a grade of ***Needs Attention*** and thus, has failed to pass our model.

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should not support the ratification of the auditors. **Therefore, we recommend a vote AGAINST this Proposal.**

**See scoring details on top of the report.*

Background:

While ratification of auditors is one of the most common proposals submitted to shareholders it should not be overlooked. After employing the most qualified directors and CEO, to manage and grow the company, having equally experienced auditors should be next in importance. Reliable auditors are critical to ensuring shareholders receive accurate and timely reports of the Company's financial performance.

Exhibit 1 - Audit Fees

	Current Fiscal Year		Prior Fiscal Year	
Audit Fees	$	37,600,000	$	39,200,000
Audit Related Fees	$	3,700,000	$	3,600,000
Non Audit and Tax Fees	$	4,500,000	$	4,700,000
Total Fees	$	45,800,000	$	47,500,000

Exhibit 2 - Audit Fee Ratios

	Relevant Ratios	Note
Total Fee Increase/Decrease	-3.6%	
Non-Audit Related Fees divided by Total Fees (Current FY):	9.8%	Should not be higher than 50%

Board Auditor Choice: **PricewaterhouseCoopers, LLP**

PricewaterhouseCoopers, LLP is a PCAOB (Public Company Accounting Oversight Board) registered auditor. Public records show that there have been a disciplinary actions taken against this firm; however, we do not believe this to be unusual for such a large company with a numerous number of employees, in most of these cases.

Nevertheless, we note the PCAOB Release No. 105-2017-032 from August 2, 2017 in which the Public Company Accounting Oversight Board censured PricewaterhouseCoopers LLP ("PwC" or "Respondent") and imposed on PwC a civil money penalty in the amount of $1,000,000. The Board imposed these sanctions on the basis of its findings that PwC violated PCAOB rules and standards in connection with its 2014 audit and examination engagements for Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"), a broker-dealer registered with the United States Securities and Exchange Commission ("Commission").

In addition, we note the 2014 PCAOB order (PCAOB Release No. 105-2014-007) in which the Board censured Randall A. Stone, CPA ("Stone"), Randall A. Stone, age 51, of Austin, Texas, a certified public accountant licensed under the laws of Texas (license no. 047916), imposed a civil money penalty in the amount of $50,000; and barred Stone from being associated with a registered public accounting firm. At all relevant times, Stone was a partner in the Austin, Texas office of PwC was an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). Stone retired from PwC effective June 30, 2014. This PCAOB order resulted from its findings concerning Stone's violations of PCAOB rules and auditing standards in connection with (1) the audit of the consolidated financial statements of ArthroCare Corporation ("ArthroCare" or "Company") for the fiscal year ended December 31, 2007, and (2) the consent to incorporate by reference the fiscal year 2007 audit report in a Form S-8 Registration Statement filed by ArthroCare with the United States Securities and Exchange Commission ("Commission" or "SEC") in June 2008.

Item 3

Approval of the Compensation of the Named Executives

Recommendation:

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should support the current compensation policies put in place by the Company's directors. Furthermore, we believe that the Company's compensation policies and procedures are centered on a competitive pay-for-performance culture, strongly aligned with the long-term interest of its shareholders and necessary to attract and retain experienced, highly qualified executives critical to the Company's long-term success and the enhancement of shareholder value. **Therefore, we recommend a vote FOR this Proposal.**

Background:

At Egan-Jones Proxy Services we review a number of factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the advisory vote on executive compensation. These include total CEO compensation, company performance, and any past issues with compensation.

The sum total of our quantitative look at compensation can be found in the compensation corporate governance grade we give this company. Generally and absent other negative factors, a score of *Neutral* or higher in compensation merits a positive "say-on-pay" vote. This Company has earned a grade of***Neutral*** in compensation and thus passes our quantitative tests.

Our qualitative review of this Company's compensation has identified one minor issue, the CEO's salary at $1,600,000 exceeds $1 million. While this issue is not sufficient to trigger a negative vote alone, it does impact the Company's overall compensation score, we would recommend the board investigate and consider alternative means of compensation for the CEO and any other covered NEOs who exceed this limit in the future.

This advisory vote is not binding. Although non-binding, the Compensation Committee will consider the outcome of the advisory vote when making future decisions regarding the executive compensation programs.

**See scoring details on the top of the report.*

Item 4

Shareholder Proposal - Equal Voting Rights for Each Share

Recommendation:

We believe that companies should not utilize dual class capital structures to provide equal voting rights to all shareholders**After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote FOR this Proposal.**

Background:

The shareholders are being asked to act on a proposal that request the Board to take steps to ensure that all of the company's outstanding stock has an equal one-vote per share in each voting situation. This would encompass all practicable steps including encouragement and negotiation with current and future shareholders, who have more than one vote per share, to request that they relinquish, for the common good of all shareholders, any preexisting rights, if necessary.

This proposal is not intended to unnecessarily limit the Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts.

Ford Family shares have 36-votes per share compared to the tiny one-vote per share for regular shareholders. (Some reports say 16-votes per share.) This dual-class voting stock reduces accountability by allowing corporate control to be retained by insiders disproportionately to their money at risk.

This proposal topic has received more than 51% of the independent vote of the non-family Ford stock in each year since 2011. Then Ford took away the right to an in-person annual meeting. This sends a message that in-person contact with shareholders is a nuisance.

In spite of such consistent 2011 to 2019 support from regular Ford shareholders — Ford management has done absolutely nothing to address this serious issue — not even one small step.

Corporate governance advocates as well as many investors and index managers have pushed back on the Ford-type dual-class structures. S&P Dow Jones Indices said that companies with multiple classes of shares would be barred from entering its flagship S&P 500 index.

The management text next to the 2019 edition of this proposal brought up the issue of harm in regard to the imbalanced voting structure of Ford. Not addressed was the issue of lost opportunity at Ford.

Although the PowerShift transmission harm has not yet been shown to be traceable to Ford's imbalanced voting structure it does highlight harm and a lack of good business practices at Ford.

The Detroit Free Press said the U.S. Department of Justice criminal fraud investigators demanded documents related to the transmission used in 2 million Ford Fiesta and Focus vehicles sold throughout this decade.

A 2019 Free Press investigation found, through company documents and insider interviews, that Ford knew the transmissions were defective before putting them on the market and continued using them for years despite thousands of consumer complaints.

Item 5

Shareholder Proposal - Lobbying

Recommendation:

We believe that it is in the best interests of the Company and the stockholders to belong to industry associations and coalitions, where the Company benefits from the general business, technical, and industry standard-setting expertise these organizations provide. We furthermore believe that the proposal seeks unnecessary line-item disclosure of lobbying expenditures. We believe that the requested report is unnecessary and would require expenditures and the use of Company resources without providing any meaningful benefit to the shareholders. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests for the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications
2. Payments by Ford used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Description of management's decision-making process and the Board's oversight for making payments described in section 2 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Ford is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Ford's website.

The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts seeking greater corporate political spending transparency and accountability. Specifically, enhanced lobbying disclosure will enable shareholders to better evaluate whether a company’s lobbying expenditures and actions advance the company’s interests and do not present risks to company value. (AFSCME Employees Pension Plan, 2014).

Shareholders encourage transparency and accountability in the company’s use of corporate funds to influence legislation and regulation. Some companies do not disclose its memberships in, payments to, trade associations, or the portions of such amounts used for lobbying. Absent a system of accountability, company assets could be used for objectives contrary to the Company’s long-term interests.

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