Research Report

Company		Ticker Symbol	CUSIP
FORD MOTOR COMPANY		F	345370860
Guideline	**Meeting Date**	**Record Date**	**Date Published**
Standard	05/13/21	03/17/21	05/06/21

(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	05/13/21
Record Date	03/17/21

Items & Recommendations

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

Item	Egan-Jones Recommendation	Management Recommendation
1A - 1N – Election of Directors	FOR, WITH EXCEPTION OF 1B. ANTHONY F. EARLEY, JR., 1G. WILLIAM W. HELMAN IV, 1H. JON M. HUNTSMAN, JR., 1K. JOHN L. THORNTON, and 1N. JOHN S. WEINBERG.	FOR ALL
2 – Ratification of Auditors	AGAINST	FOR
3 – Advisory Vote on Executive Compensation	AGAINST	FOR
4 – Shareholder Proposal: Equal Voting Rights for Each Share	FOR	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	0.00
Total	60.00
Final Board Score	**Neutral**

Compensation Rating

CEO Total Comp($)	16,728,505
CEO Salary ($)	1,800,000
TSR (%)	-3.88
Market Capitalization ($M)	36,003.84
Wealth Creation ($M)	-1395.48
Wealth Creation/CEOPAY	0.00
Raw Score (pre adjustments)	Needs Attention
Final Score	**Needs Attention**
Rating Model Version	VER 3.10 1/22/2021
High CEO Total Compensation	Negative Adjustment
CEO Salary Under $1 Million Limit	No Adjustment
Other Adjustments:	No Adjustment

Audit Rating

Audit Fees	37,400,000
Total Fees	44,800,000
Non-Audit Fees exceed 50%	FALSE
Auditor has served for seven or more years	TRUE
Raw Score	Superior
Version	VER 1.11 1/22/2021
Final Score	**Some Concerns**

Governance Rating

Overall Score	**Needs Attention**

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

**Please note that the CEO Total Comp $16,728,505 and the CEO Salary $1,800,000 used in this report belong to the Company's former President and CEO, James P. Hackett. Egan-Jones follows the "whichever is higher" rule if there is a succession of CEO. James D. Farley, Jr. became the Company's CEO effective October 2020.*

Items 1A - 1N

Election of Directors

Director Name	Nominee	Key Committee Membership	Attendance (<75%)	Position CEO/Chair	Director Since	Diverse director	Classification	Footnotes	EJP recomme
	1	2	3	4	5	6	7	8	9
KIMBERLY A. CASIANO	Yes	A;N	No		2003	Yes	Independent Outside Director		FOR
ANTHONY F. EARLEY JR	Yes	C;N	No		2009		Affiliated Outside Director	F6, F18	WITHHOI
JON M. HUNTSMAN JR	Yes	C;N	No		2020		Independent Outside Director	F18	WITHHOI
JOHN L. THORNTON	Yes	C;N	No		1996		Affiliated Outside Director	F6,F18	WITHHOI
WILLIAM CLAY FORD, JR.	Yes		No	EXECUTIVE CHAIRMAN	1988		Inside Director		FOR
WILLIAM W. HELMAN IV	Yes	N	No		2011		Affiliated Outside Director	F6	WITHHOI
WILLIAM E. KENNARD	Yes	N	No		2015		Independent Outside Director		FOR
JAMES D. FARLEY JR	Yes		No	PRESIDENT AND CHIEF EXECUTIVE OFFICER	2020		Independent Outside Director		FOR
JOHN S. WEINBERG	Yes	C;N	No		2016		Independent Outside Director	F18	WITHHOI
LYNN M. VOJVODICH	Yes	A;N	No		2017	Yes	Independent Outside Director		FOR
JOHN B. VEIHMEYER	Yes	A;N	No		2017		Independent Outside Director		FOR
BETH E. MOONEY	Yes	A;N	No		2019	Yes	Independent Outside Director		FOR
ALEXANDRA FORD ENGLISH	Yes		No		2021	Yes	Affiliated Outside Director		FOR
HENRY FORD III	Yes		No		2021		Affiliated 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.

F18 Member of the Compensation Committee and the Company earns a compensation score of Some Concerns or Needs Attention

Egan-Jones' Proxy Guidelines state that the Compensation Committee should be held accountable for such a poor rating and should ensure 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.

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Item 2

Ratification of Auditors

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 ***Some Concerns*** 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	$	37,400,000	$	39,200,000
Audit Related Fees	$	4,000,000	$	3,600,000
Non Audit and Tax Fees	$	3,400,000	$	4,700,000
Total Fees	$	44,800,000	$	47,500,000

Exhibit 2 - Audit Fee Ratios

	Relevant Ratios	Note
Total Fee Increase/Decrease	-5.7%	
Non-Audit Related Fees divided by Total Fees (Current FY):	7.6%	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 disciplinary actions taken against this firm; however, we do not believe this to be unusual for such a large company with numerous 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

Advisory Vote on Executive Compensation

Recommendation:

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders cannot 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 not effective or strongly aligned with the long-term interest of its shareholders. **Therefore, we recommend a vote AGAINST 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 ***Needs Attention*** in compensation and thus, has failed to pass our quantitative tests.

Our qualitative review of this Company's compensation has identified one minor issue, the CEO's salary at $1,800,000 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 shareholder approval is warranted. We oppose such differential voting power as it may have the effect of denying shareholders the opportunity to vote on matters of critical economic importance to them. We prefer that companies do not utilize multiple class capital structures to provide equal voting rights to all shareholders. A**fter 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 requests 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. Corporate governance advocates have suggested a 7-year transition to equal voting rights for each share.

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.

Meanwhile 16% of shares rejected management pay in 2020 — a high percentage given the reality that all Ford family shares voted in favor. Well-managed companies that are not family controlled typically receive 5% to 10% rejection of management pay.

Within 4-days of this shareholder meeting shareholders can check on EDGAR whether the percentage rejection for management pay is above 16% and whether this proposal gets more than the 1.5 Billion votes this topic received in 2020. Do not expect Ford management to disclose this during the meeting although they have the preliminary numbers and the final numbers will not change much.

In spite of such consistent 2011 to 2020 support from regular Ford shareholders — Ford management has done absolutely nothing to address this serious issue — not even one small step. And Ford stock is in shambles compared to its 2004 price of $14.

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.

Family control is an inferior brand of management for a large company. Why would family members spend serious time to champion a new business concept or offer constructive criticism and thereby risk alienation from the family? The price is too high.

Disclaimer