



NEWS RELEASE

JAGUAR LAND ROVER PLANS A GREENER AND SUSTAINABLE BUSINESS FUTURE

Gaydon, Warwickshire, 24 September 2009 - Jaguar Land Rover today confirmed a new business plan designed to increase its global competitiveness significantly, drive growth and sustained profitability, and respond to the challenges of climate change.

The plan includes decisive actions to see through the next 12-18 months as markets recover and positions the company to grow and prosper in the future. It includes a new and expanded range of products and environmental technology, delivered through streamlined and competitive costs and a new manufacturing strategy.

Jaguar Land Rover Chief Executive Officer, David Smith said: "This is a plan that recognises the impact the economic collapse has had on our business, and at the same time the opportunities that lie ahead for these two great brands. We are confident that a new more efficient and competitive structure combined with future investment will unlock the true potential of this business."

The car industry has been through an unprecedented recession. New car sales, including those of Jaguar and Land Rover, are down globally by 25-30 percent. This has resulted in manufacturing capacity utilisation of less than 60 percent at Jaguar Land Rover, which combined with the credit crunch, has exposed fundamental weaknesses in the structure of the business.

The company has already responded with aggressive actions over the past year. Production was reduced by more than 100,000 units; spending and costs were cut; employment reduced by 2500; and pay frozen and bonuses cancelled. But this was not enough to offset the full magnitude of the downturn and the company swung from profit in 2007 to significant losses over the past 12 months. This was not a sustainable situation. Actions taken have started to reverse the trend quarter over quarter and we now have to take the company to the next level of competitiveness.

The new plan identifies global competitive benchmarks. These recognise that Jaguar Land Rover has to match if not beat the levels of cost and efficiency achieved by competitors that manufacture in multiple locations around the world.



The new strategy addresses both medium and long-term plans, but has an acute focus on the next year. Actions across the business fall into two main categories:

Improved products and environmental performance

Both brands' portfolios will expand through a series of exciting new segment entries that build on Jaguar and Land Rover's design, performance and technology excellence. In addition, a new generation of lightweight sedans, sports cars and premium SUVs, with hybrids and electrification technology will significantly reduce fuel consumption and CO₂. Some £800 million has been dedicated to environmental innovation, which will in part be supported by European Investment Bank funds. Finally, there will be additional derivatives and powertrain variants from core model lines.

The new plan includes a production version of the LRX Concept which will be the smallest, most fuel-efficient Range Rover ever. It will be built in the world-class, multi-award winning Halewood plant in Liverpool, subject to quality and productivity agreements.

Cost competitiveness for sustained growth

As the company reduces engineering complexity for its new product range, West Midlands manufacturing will transfer from two plants to one by the middle of the next decade, improving efficiency and cost. Further cost reductions include pension restructuring, lower employment costs for new hires and a focus on IT and business simplification. Volume growth, especially in emerging markets, combined with low-cost country sourcing will also reduce variable cost. The entire package of measures does not envisage any compulsory redundancies.

This plan of action will restructure the company and deliver positive cash and profits that are essential to re-invest in the business and secure its future.

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