



FORD CREDIT

Fixed Income Investor Presentation

September 2018



Further Information

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Information on Ford:

- www.shareholder.ford.com
- 10-K Annual Reports
- 10-Q Quarterly Reports
- 8-K Current Reports

Information on Ford Motor Credit Company:

- www.fordcredit.com/investor-center
- 10-K Annual Reports
- 10-Q Quarterly Reports
- 8-K Current Reports

Agenda

- **Total Company** 4
- **Ford Credit** 16
- **Appendix** 25



FORD CREDIT

Total Company





Creating Tomorrow, Together

**Our
Belief**

Freedom of movement drives human progress.

**Our
Aspiration**

To become the world's most trusted company,
designing smart vehicles for a smart world.

**Our Plan for
Value Creation**

Passion for Product & Deep Customer Insight

Winning Portfolio	Propulsion Choices	Autonomous Technology	Mobility Experiences
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Fitness

Operating Leverage
Build, Partner, Buy
Capital Efficiency
Strong Balance Sheet

Metrics

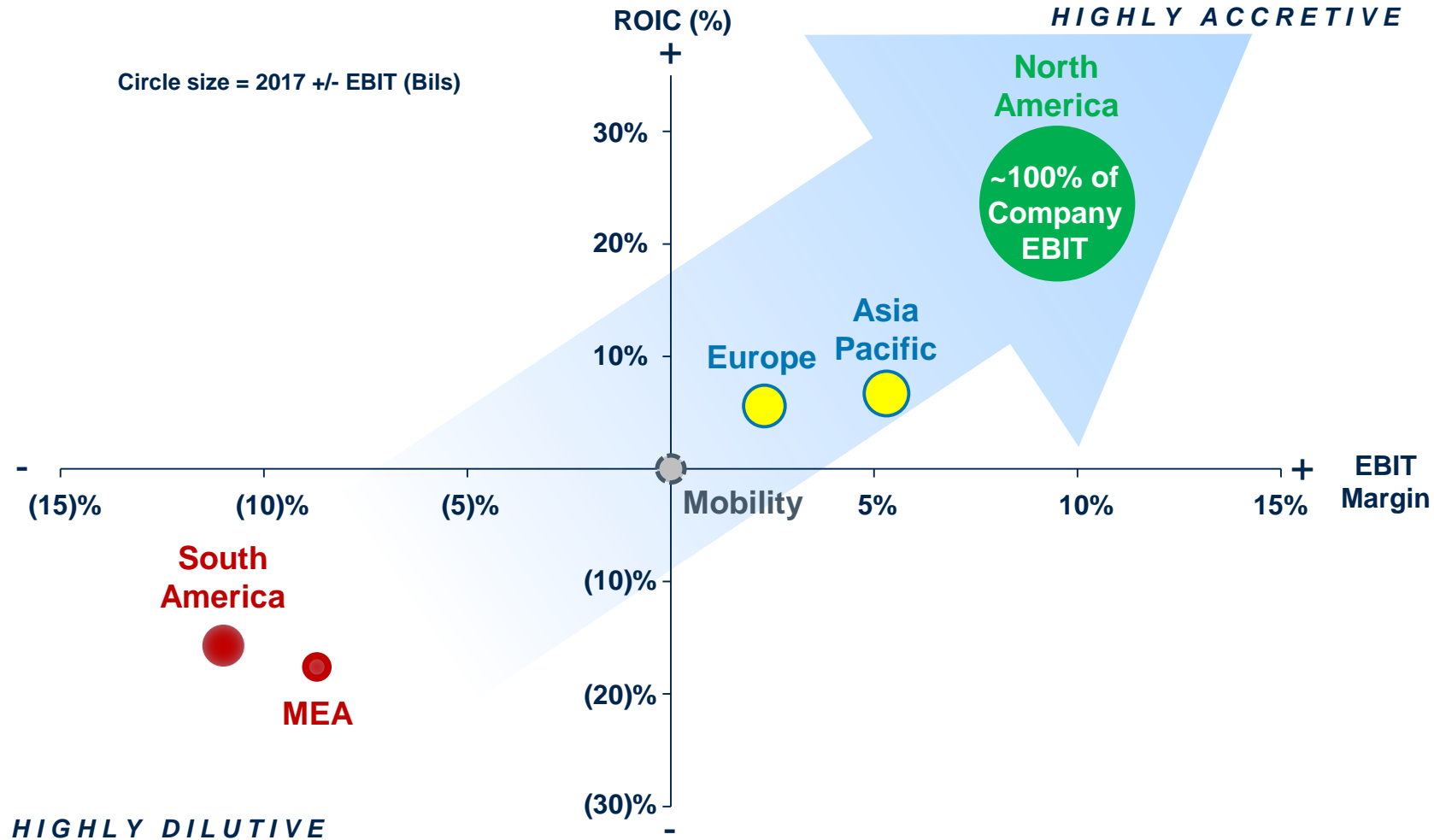
Growth
EBIT Margin
ROIC
Cash Flow

Our People

Culture & Values



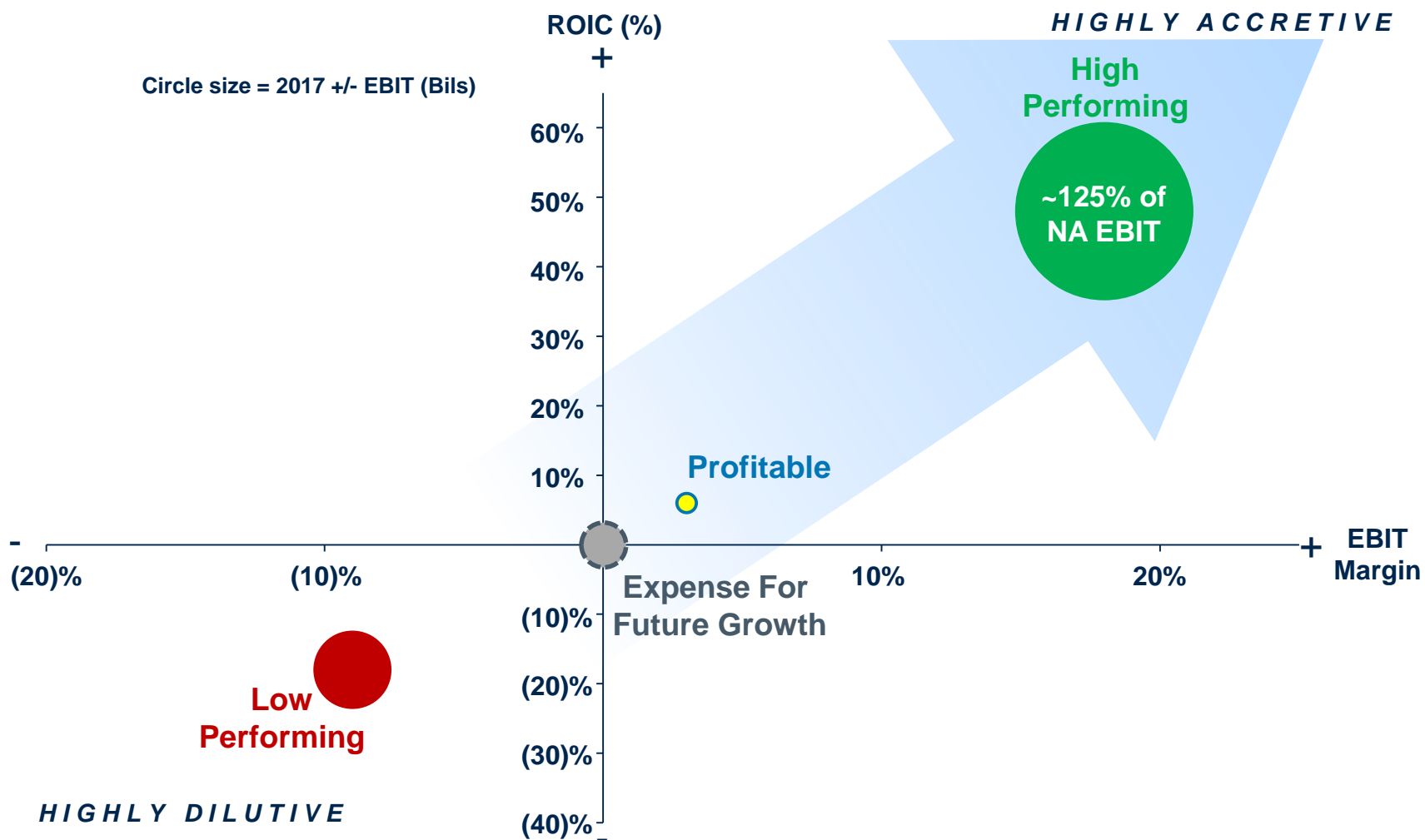
Winning Portfolio – Capital Focused on High-Margin, High-Growth Businesses



- Roadmap for potential EBIT charges of \$11B with cash-related effects of \$7B over the next 3 to 5 years
 - North America strong – accounts for essentially all of Company EBIT; ROIC well above cost of capital
 - Europe and Asia Pacific profitable with relatively weak margins; ROIC below cost of capital
 - South America – highly dilutive margin and ROIC
 - MEA low performing, but with credible plan to generate appropriate returns

Note: All references to EBIT and EBIT Margin are on an adjusted basis, include regional Ford Credit EBT and exclude Corporate Other

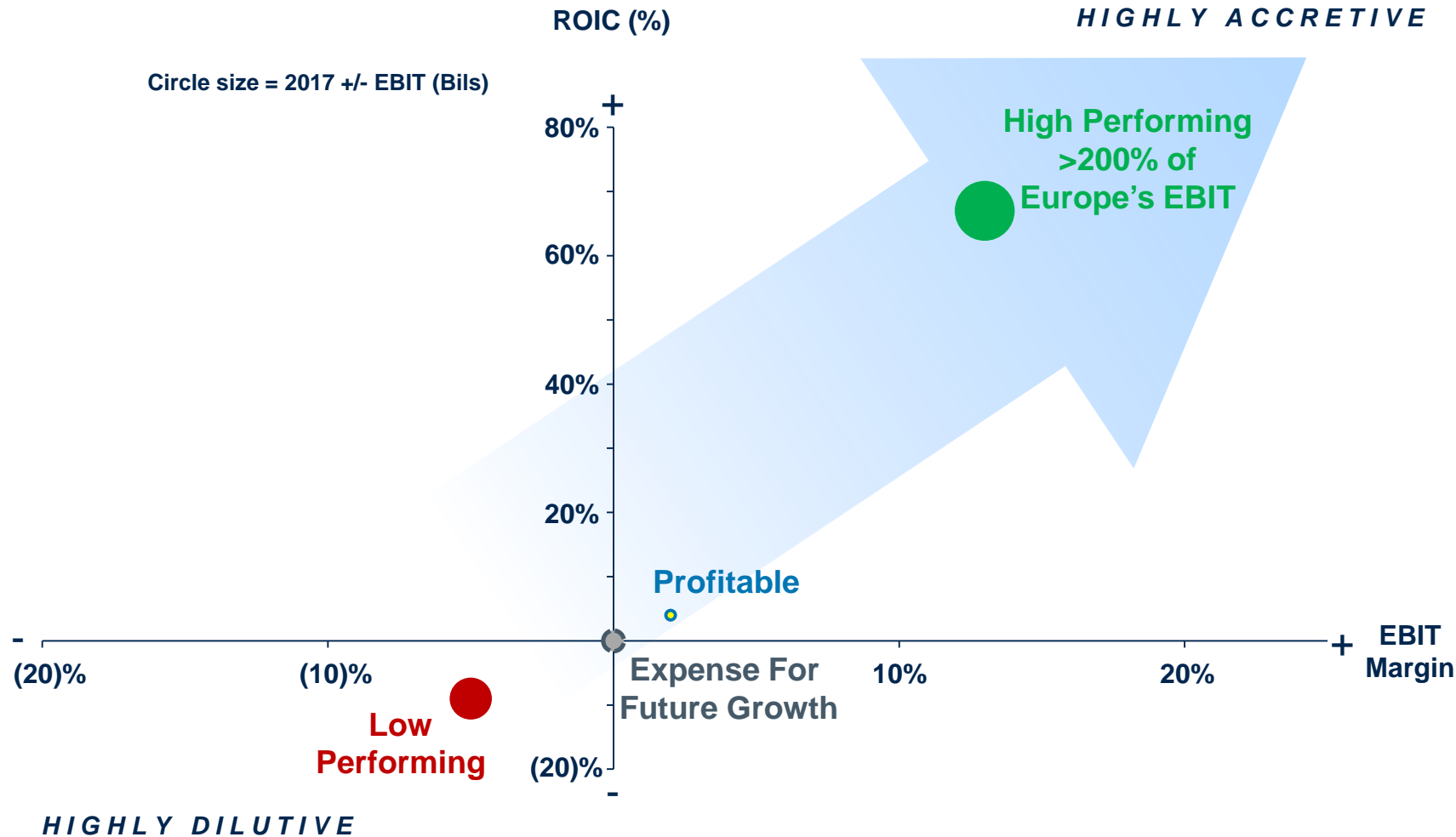
North America – Focusing Capital On High-Margin, High-Growth Businesses



Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

- High-performing business supported by strong competitive position
- Targeting 10% EBIT margin through fitness improvements and capital allocation focused on trucks and SUVs where Ford offers strong, differentiated products
- Will not allocate capital to underperforming products / segments for which there is no credible path to appropriate returns, e.g., traditional sedan silhouettes

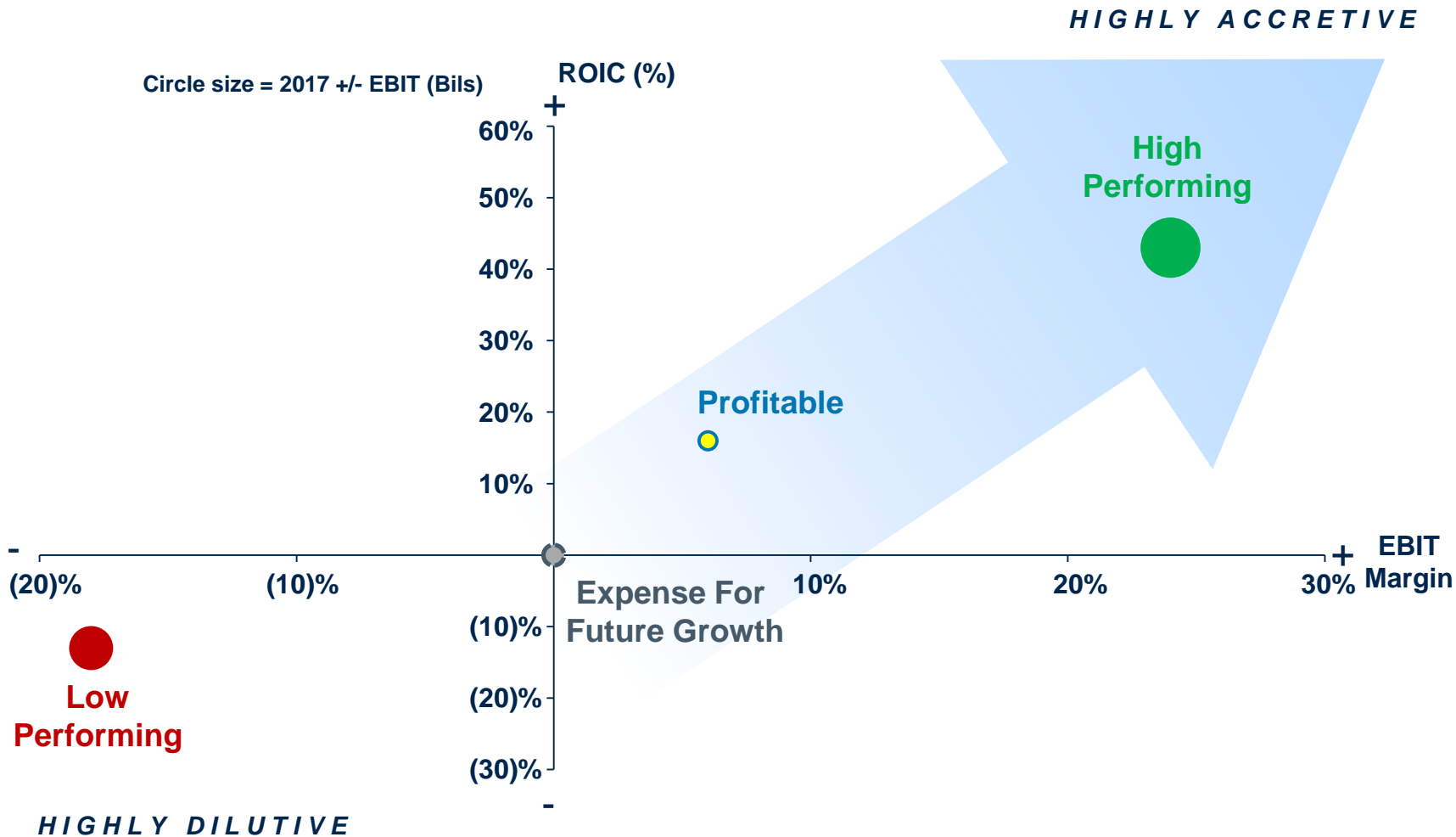
Europe – Focusing Capital On High-Margin, High-Growth Businesses



- High-performing business supported by strong competitive position and profit / return pillars – commercial vehicles, Ranger, Kuga and selected imports
 - Represents less than 50% of Europe's total volume and revenue
- Low-performing business principally cars and MAVs
- Redesigning low-performing business and allocating greater capital to profit pillars

Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

Asia Pacific – Focusing Capital On High-Margin, High-Growth Businesses



- Asia Pacific’s high-performing business diverse, including Ranger and most SUVs
- Low-performing business mainly Lincoln and small cars
- Focused on:
 - Restoring China business to strong returns, including localization of most import products
 - Sustaining / improving strong performance in Australia and ASEAN
 - Generating appropriate returns in India, which continue to improve

Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

North America Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	21.2	21.4	1 %	21.3	21.5	1 %
U.S.	17.2	17.5	2 %	17.3	17.6	2 %
Market Share (Pct)	14.4 %	14.1 %	(0.3) ppts	14.3 %	13.8 %	(0.5) ppts
U.S.	15.2 %	14.7 %	(0.5) ppts	15.1 %	14.5 %	(0.6) ppts
Wholesales (000)	807	742	(8) %	1,578	1,538	(3) %
Revenue (Bils)	\$ 24.5	\$ 23.7	(3) %	\$ 48.5	\$ 48.5	- %
EBIT (Mils)	\$ 2,332	\$ 1,753	\$ (579)	\$ 4,462	\$ 3,688	\$ (774)
EBIT Margin (Pct)	9.5 %	7.4 %	(2.1) ppts	9.2 %	7.6 %	(1.6) ppts

- 2Q NA and U.S. SAAR up 1% and 2% YoY, respectively
- NA market share lower due to U.S. rental and other fleet
- Lower wholesale volume mainly driven by Meridian disruption, Focus production halt and alignment of Escape and Fusion production to demand
- Revenue decline more than explained by lower volume
- EBIT margin excluding Meridian, Takata settlement and Pivotal IPO at 9.9%

Ford F-Series sales grew 5.5% in the second quarter of 2018 and are on a record-setting pace YTD



Asia Pacific Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	44.1	46.2	5 %	41.7	45.0	8 %
China	27.6	28.5	3 %	25.4	27.5	8 %
Market Share (Pct)	3.7 %	2.7 %	(1.0) ppts	3.5 %	2.7 %	(0.8) ppts
China	4.5 %	3.2 %	(1.3) ppts	4.5 %	3.2 %	(1.3) ppts
Wholesales* (000)	352	261	(26) %	735	567	(23) %
Revenue (Bils)	\$ 3.4	\$ 2.3	(30) %	\$ 6.6	\$ 5.7	(13) %
EBIT (Mils)	\$ 167	\$ (394)	\$ (561)	\$ 315	\$ (513)	\$ (828)
EBIT Margin (Pct)	4.8 %	(16.4) %	(21.2) ppts	4.8 %	(8.9) %	(13.7) ppts

China Unconsolidated Affiliates

Wholesales (000)	246	174	(29) %	524	369	(30) %
Ford Equity Income (Mils)	\$ 195	\$ 3	(98) %	\$ 469	\$ 141	(70) %
Net Income Margin (Pct)	10.7 %	0.6 %	(10.1) ppts	11.9 %	5.5 %	(6.4) ppts

* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates. Revenue does not include these sales

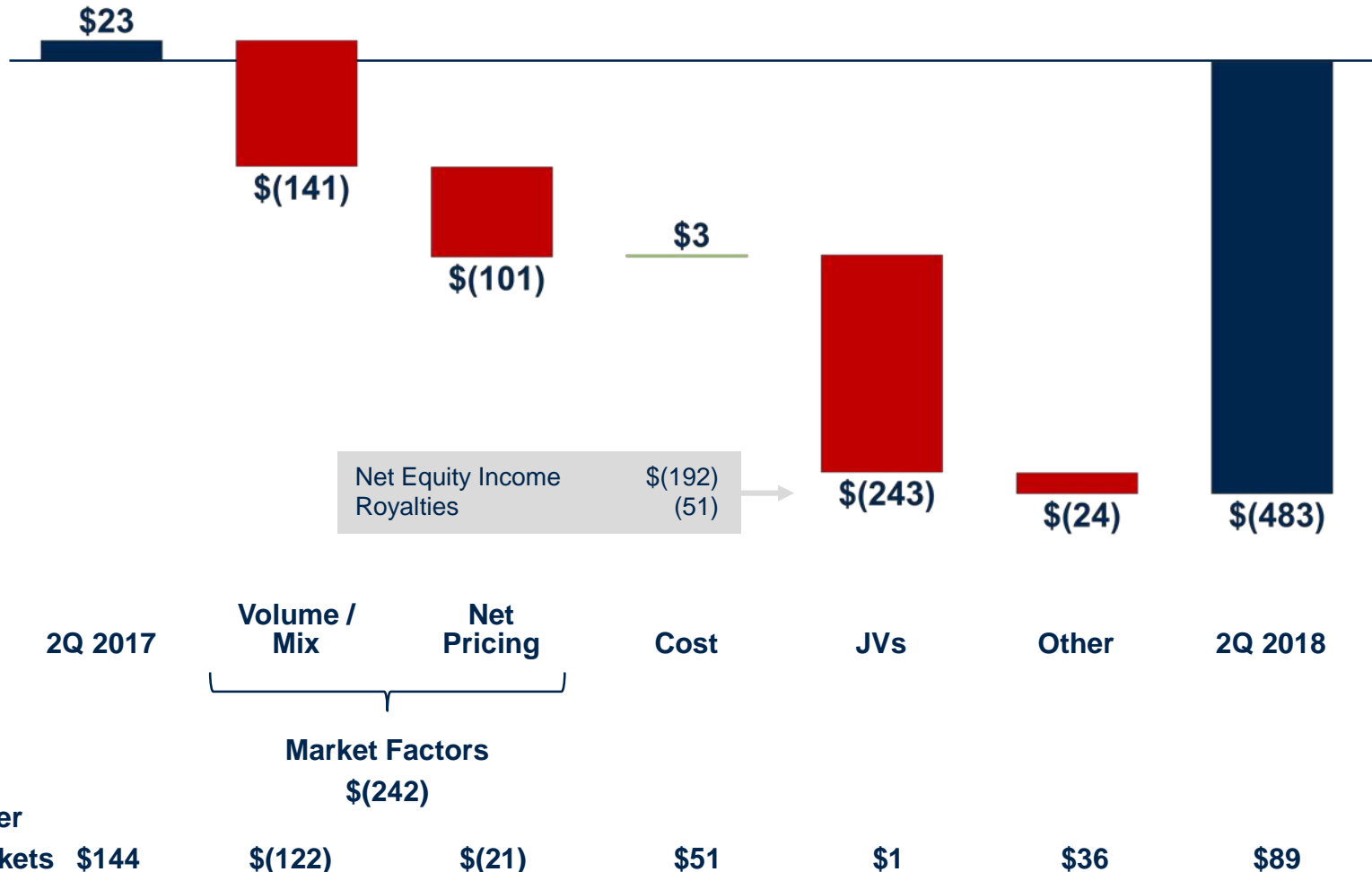
- All metrics lower YoY except SAAR; China the key driver
- AP SAAR up 2.1M units; China up 0.9M units
- AP market share lower due to China performance, primarily Focus and Escort
- Key metrics for China JVs down substantially with China JV net equity income about breakeven

Revealed the all-new Ford Focus in China



China

2Q 2018 EBIT YoY Bridge (Mils)



- 2Q China operations an EBIT loss of \$483M, offset partially by EBIT of \$89M in rest of AP
- EBIT margin for markets outside China at 4.2%
- China EBIT down \$506M YoY
- Unfavorable market factors primarily due to stock reductions for Explorer and Lincoln MKC, tariffs and industry-related net pricing impacts
- Decline in China JV net equity income entirely due to unfavorable volume and mix and lower net pricing
- Lower volume at the China JVs drove lower royalty income

China Deep Dive – Structural And Go-To-Market Issues

Dealers Disengaged

- Actions to improve dealer support and profitability executed end 2Q
- High dealer stock levels being addressed aggressively

Uncompetitive Cost Structure

- Localize assembly of Explorer and Lincoln (starting with new Small Utility early 2020)
- Integrate Ford Marketing / Sales and Purchasing operations into JVs to remove duplication and optimize costs
- Fitness actions to be implemented

Product Ageing And Not Aligned With Customer Demand

- 60% of product line-up to be refreshed or new in 2019
- New Ford utility showroom (replacements and additions) launched 2019 through 2021; 50 new vehicles in total by 2025 including 8 new SUVs and 15 or more electrified vehicles
- New Advanced Product Creation Process at Nanjing Research and Engineering Centre and increased use of 'in JV' product creation

Go-To-Market Capability Gaps Exposed

- New single authentic and trusted Ford brand voice through Distribution Division to address consistency and differentiation
- New China Futuring group to be established to improve local consumer insights
- Recruiting additional local talent to key management positions

**Success In China Imperative – World's Largest Market;
Reaches 2X U.S. Volume By 2025**

Company Cash Flow (Bils)

	SECOND QUARTER		YEAR TO DATE	
	2017	2018	2017	2018
Company Adjusted EBIT*	\$ 2.8	\$ 1.7	\$ 5.3	\$ 3.9
Excluding: Ford Credit EBT	(0.6)	(0.7)	(1.1)	(1.3)
Subtotal	\$ 2.2	\$ 1.0	\$ 4.2	\$ 2.6
Capital spending	\$ (1.5)	\$ (1.9)	\$ (3.2)	\$ (3.7)
Depreciation and tooling amortization	1.2	1.4	2.4	2.7
Net spending	\$ (0.3)	\$ (0.5)	\$ (0.8)	\$ (1.0)
Changes in working capital	(0.9)	(2.1)	(0.2)	(1.0)
Ford Credit Distributions	-	0.5	-	1.5
All other and timing differences	0.3	(0.7)	0.1	(0.9)
Company adjusted operating cash flow*	\$ 1.3	\$ (1.8)	\$ 3.3	\$ 1.2
Separation payments	(0.1)	-	(0.1)	-
Other transactions with Ford Credit	-	0.1	-	(0.1)
Other, including acquisitions and divestitures	0.1	(0.2)	(0.2)	(0.5)
Cash flow before other actions	\$ 1.3	\$ (1.9)	\$ 3.0	\$ 0.6
Changes in debt	0.1	0.2	(0.1)	0.1
Funded pension contributions	(0.3)	(0.1)	(0.5)	(0.2)
Shareholder distributions	(0.7)	(0.6)	(1.5)	(1.8)
Change in cash	\$ 0.4	\$ (2.4)	\$ 0.9	\$ (1.3)

- 2Q cash flow negative due to lower payables, higher inventory, timing differences and shareholder distributions
- Full year funded pension contributions on track for \$0.5B
- Shareholder distributions on track for \$3B

* See Appendix for reconciliation to GAAP and definitions

Company Balance Sheet And Liquidity (Bils)

	2017 Dec 31	2018 Jun 30
Company excl. Ford Credit		
Company Cash*	\$ 26.5	\$ 25.2
Liquidity	37.4	36.1
Debt	\$ 16.5	\$ 16.2
Cash Net of Debt	10.0	9.0
Company Balance Sheet Underfunded Status**		
U.S. Pension	\$ 2.2	\$ 1.6
Non-U.S. Pension	4.4	4.1
Total Global Pension	<u>\$ 6.6</u>	<u>\$ 5.7</u>
Total Unfunded OPEB	\$ 6.2	\$ 6.0

- Company cash and liquidity balances remain strong
- Extended maturity dates of corporate credit facility with terms and conditions unchanged

* See Appendix for definition

** Balances at June 30, 2018 reflect net underfunded status at December 31, 2017, updated for service and interest costs, expected return on assets, separation expense, interim remeasurement expense, actual benefit payments and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year end 2017

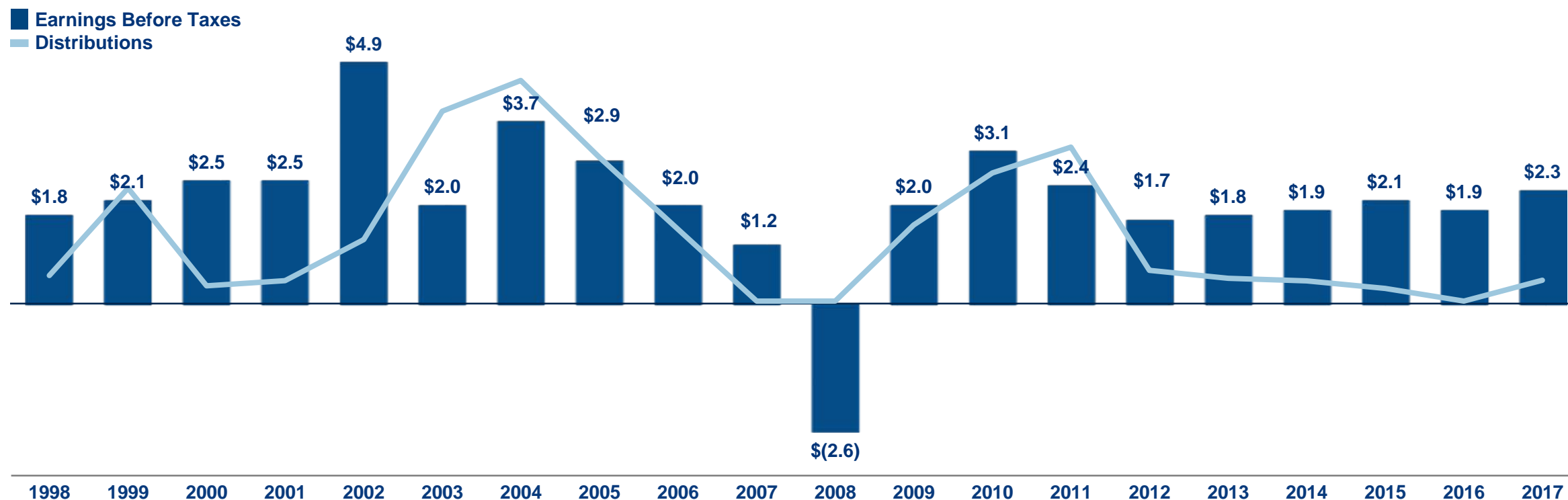


FORD CREDIT

Ford Credit



Ford Credit -- A Strategic Asset



Over The Last 20 Years, Ford Credit Generated \$42 Billion In Earnings Before Taxes And \$26 Billion In Distributions

Key Metrics

SECOND QUARTER

YEAR TO DATE

	2017	2018	H / (L)	2017	2018	H / (L)
Net Receivables (Bils)	\$ 135	\$ 143	6 %	\$ 135	\$ 143	6 %
Managed Receivables* (Bils)	\$ 142	\$ 151	7 %	\$ 142	\$ 151	7 %
Loss-to-Receivables** (LTR)	46 bps	36 bps	(10) bps	50 bps	43 bps	(7) bps
Auction Values***	\$17,440	\$18,190	4 %	\$17,285	\$17,770	3 %
Earnings Before Taxes (EBT) (Mils)	\$ 619	\$ 645	\$ 26	\$ 1,100	\$ 1,286	\$ 186
ROE (Pct)	13 %	12 %	(1) ppts	12 %	15 %	3 ppts

Other Balance Sheet Metrics

Debt (Bils)	\$ 129	\$ 137	6 %
Liquidity (Bils)	\$ 29	\$ 27	(4.0) %
Financial Statement Leverage (to 1)	9.3	8.9	(0.4)
Managed Leverage* (to 1)	8.8	8.3	(0.5)

- Strong 2Q EBT
- Receivables up globally YoY led by retail financing
- Continuing to maintain receivables around present level and deliver strong distributions to Ford
- U.S. consumer credit metrics healthy with improved LTR
- Balance sheet and liquidity strong; managed leverage within target range of 8:1 to 9:1

* See Appendix for reconciliation to GAAP and definitions

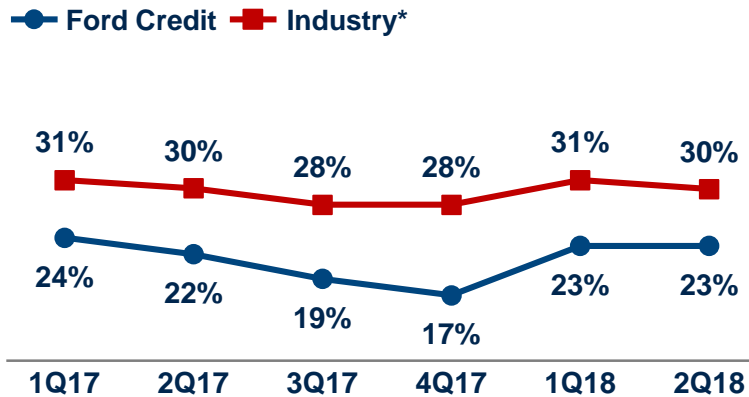
** U.S. retail and lease

*** U.S. 36-month off-lease at 2Q 2018 mix

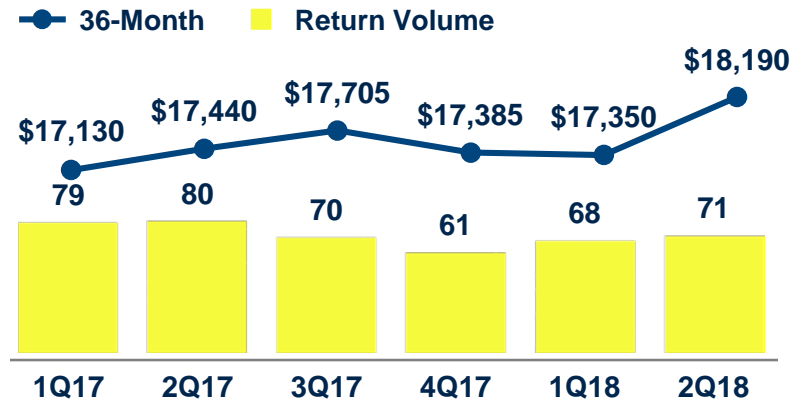
Ford Credit

U.S. Automotive Financing Trends

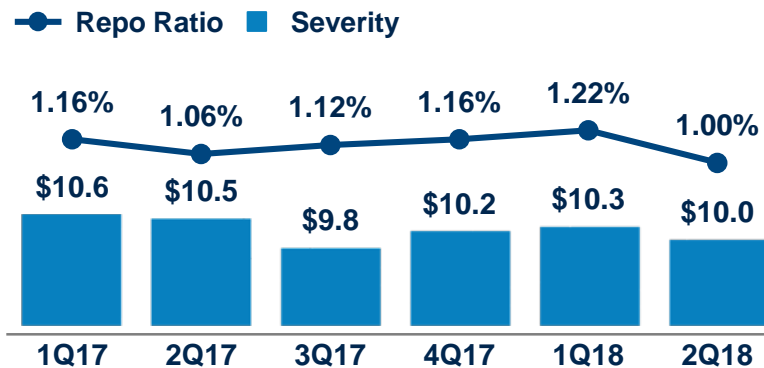
Lease Share of Retail Sales (Pct)



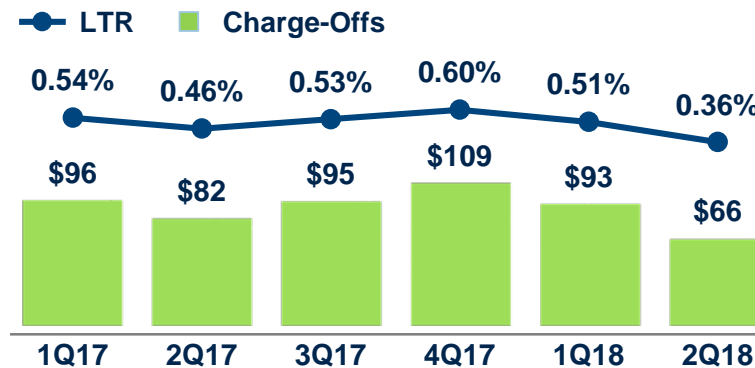
Lease Return Vol. (000) and Auction Values**



Retail and Lease Repossession Ratio (Pct) and Severity (000)



Retail and Lease Charge-Offs (Mils) and LTR Ratio (Pct)



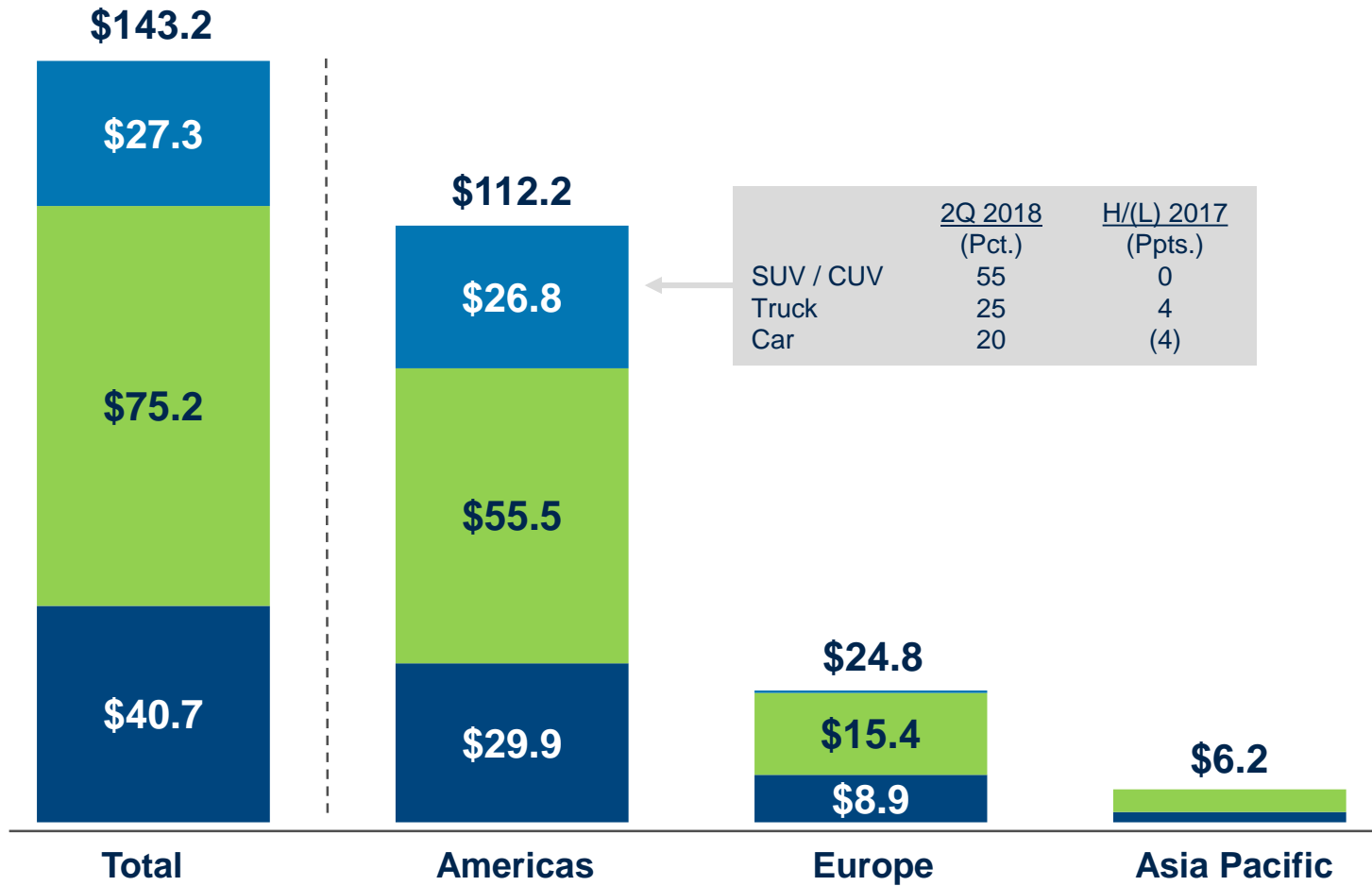
- 2Q lease share about the same as prior year and below industry reflecting Ford sales mix
- Auction values stronger than expected and up 4% YoY
- Now expect 2018 FY average auction values to be 1% to 2% higher at constant mix
- Strong loss metrics reflect healthy consumer credit conditions

* Source: J.D. Power PIN

** At 2Q 2018 mix

2Q 2018 Net Receivables Mix (Bils)

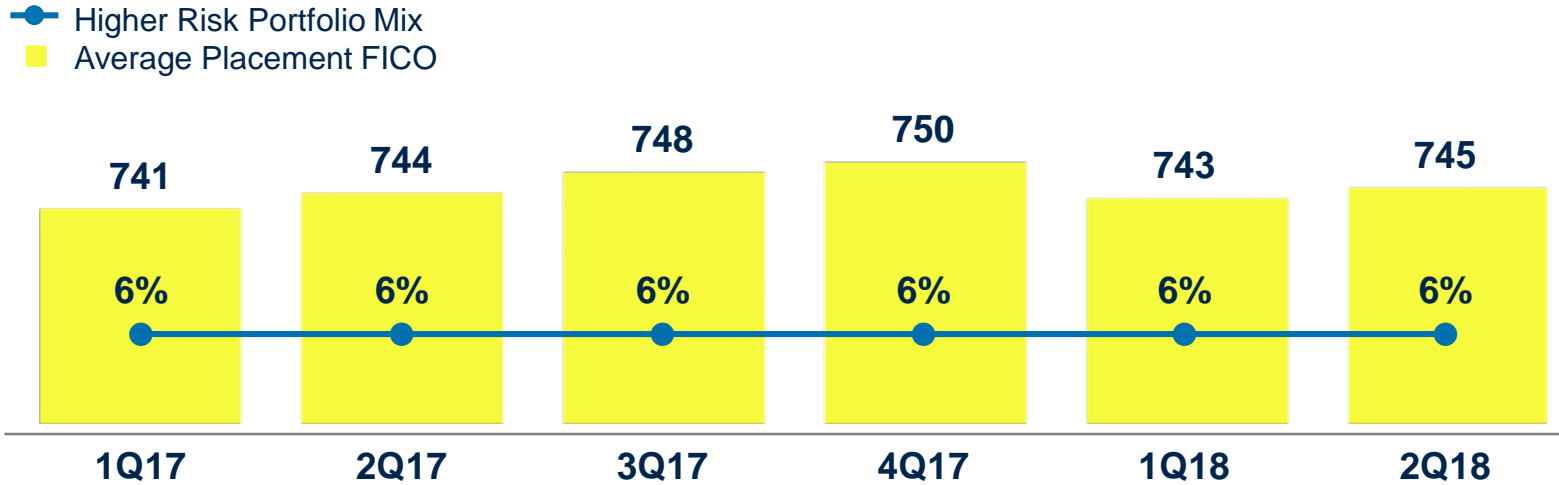
- Net Investment in Operating Leases
- Consumer Financing
- Non-Consumer Financing



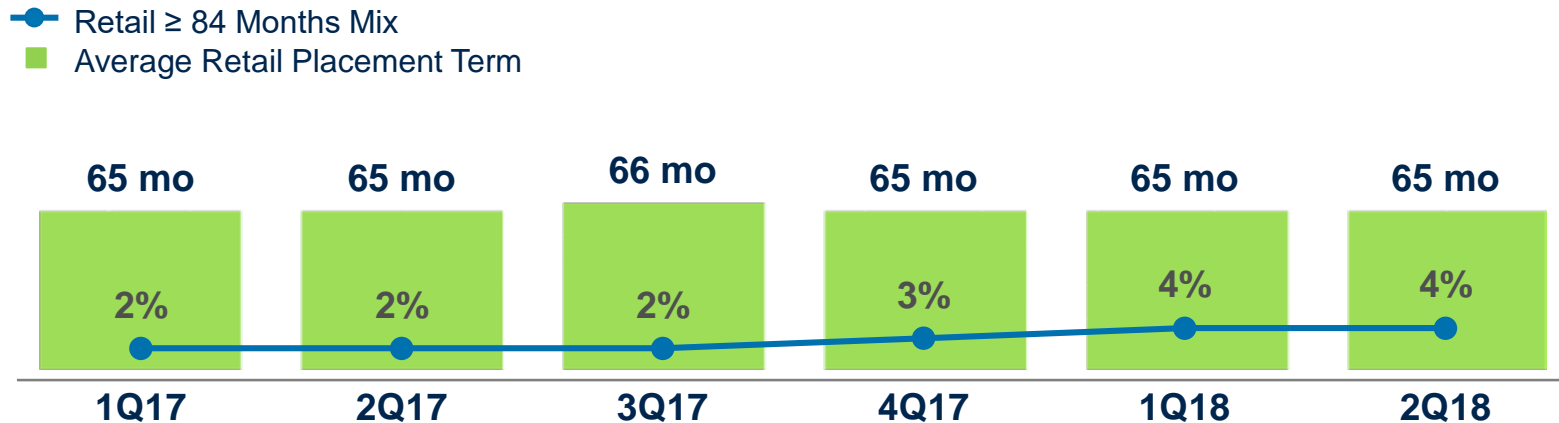
- Prudent management of lease mix
- Operating lease portfolio was 19% of total net receivables
- U.S. and Canada represent 98% of operating lease portfolio

U.S. Origination Metrics

Retail and Lease FICO and Higher Risk Mix (Pct)



Retail Contract Terms



- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and steady risk mix
- Extended-term contracts relatively small part of our business

Funding Structure – Managed Receivables*

(Bils)

	2016 <u>Dec 31</u>	2017 <u>Dec 31</u>	2018 <u>Jun 30</u>
Term Debt (incl. Bank Borrowings)	\$ 66	\$ 75	\$ 72
Term Asset-Backed Securities	50	53	55
Commercial Paper	4	5	4
Ford Interest Advantage / Deposits	6	5	6
Other	9	9	10
Equity	13	16	15
Adjustments For Cash	(11)	(12)	(11)
Total Managed Receivables	<u>\$ 137</u>	<u>\$ 151</u>	<u>\$ 151</u>
Securitized Funding as Pct of Managed Receivables	37%	35%	36%

- Funding is diversified across platforms and markets
- Well capitalized with strong investment grade balance sheet profile

* See Appendix for definitions and reconciliation to GAAP

Public Term Funding Plan* (Bils)

	2016	2017	2018	
	Actual	Actual	Forecast	Through Aug 31
<u>Unsecured -- Currency of issuance</u> <i>(USD Equivalent)</i>			<i>(As of July 25, 2018)</i>	
USD	\$ 9	\$ 10	\$ 5 - 7	\$ 5
CAD	1	2	1 - 2	1
EUR / GBP	3	3	5 - 6	4
Other	1	1	1	1
Total unsecured	\$ 14	\$ 16	\$ 13 - 16	\$ 12
Securitizations	\$ 13	\$ 15	\$ 13 - 15	\$ 10
Total public	\$ 28	\$ 32	\$ 26 - 30	\$ 22

* Numbers may not sum due to rounding; see Appendix for definitions

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’s long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor disputes, 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;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- 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;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent;
- 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’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- 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 Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data 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, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



FORD CREDIT

Appendix



U.S. Transaction Prices, Incentives and Days Supply

	Second Quarter	
	Ford	Industry
YoY average transaction price (USD)*	\$ 837	\$ 797
YoY incentive change as pct. of vehicle price*	0.5	0.1
U.S. gross days supply	78	68

* Source: J.D. Power PIN ISR data – cash / APR / lease (blended) transaction; industry data includes Ford

Ford Autonomous Vehicles LLC



- Singular focus on commercial deployment of AV business in 2021
- Brings together teams that have been focused on AV over the last 18 months
 - Includes majority stake in Argo AI
- Flexibility to monetize capabilities and investments in the future
- By 2023 will invest \$4B in AV business, including previously announced \$1B in Argo AI
- Headcount dedicated to AV development of 700

Europe – Focus On Fitness

Commercial Vehicles

- CVs remain the cornerstone of Europe business and strategy – continued strong 2Q performance
- Ford brand #1 in European 2Q CV sales – sales up 11%; share up from 12.8% to 13.2%
- Transit top-selling CV nameplate; Ranger #1 pickup

Passenger Cars

- Fiesta launch successful, customer order bank up 30% compared to prior year
- Focus launch in flight

Sport Utility Vehicles

- Focused on growing our SUV offerings; Ford total SUV sales up 28%
- Record quarter for Kuga and EcoSport sales
- Utilities mix is under indexed versus industry, with aging Kuga product. New launches increase mix by 2020

Business Results

- Slower ramp up of Focus and regulatory approval delays resulted in lower volume in 2Q
- Relative to expectations, new products delivering incremental profit, but lower than planned. Margin compression driven by weaker channel mix, lower net pricing and exchange headwinds

Actions

- Future capital allocation to be aggressively focused on segments, products and services that can generate appropriate business returns
- Aggressively attack cost and drive capital efficiencies across the business
- Announced sale / possible closure of Bordeaux manufacturing site; further restructuring and business model change required

Europe Business Under Significant Pressure; Actions Under Way To Address

Ford Credit

Liquidity Sources* (Bils)

	<u>2017</u> <u>Jun 30</u>	<u>2017</u> <u>Dec 31</u>	<u>2018</u> <u>Mar 31</u>	<u>2018</u> <u>Jun 30</u>
<u>Liquidity Sources</u>				
Cash	\$ 10.1	\$ 11.8	\$ 11.8	\$ 10.7
Committed ABS facilities	32.3	33.4	33.9	32.0
Other unsecured credit facilities	2.7	3.3	3.4	2.8
Ford corporate credit facility allocation	3.0	3.0	3.0	3.0
Total liquidity sources	<u>\$ 48.1</u>	<u>\$ 51.5</u>	<u>\$ 52.1</u>	<u>\$ 48.5</u>
<u>Utilization of Liquidity</u>				
Securitization cash	\$ (2.9)	\$ (3.8)	\$ (3.2)	\$ (3.3)
Committed ABS facilities	(16.4)	(17.2)	(19.9)	(17.7)
Other unsecured credit facilities	(0.5)	(1.1)	(1.1)	(0.3)
Ford corporate credit facility allocation	-	-	-	-
Total utilization of liquidity	<u>\$ (19.8)</u>	<u>\$ (22.1)</u>	<u>\$ (24.2)</u>	<u>\$ (21.3)</u>
Gross liquidity	\$ 28.3	\$ 29.4	\$ 27.9	\$ 27.2
Adjustments	0.2	0.1	0.3	0.2
Net liquidity available for use	<u><u>\$ 28.5</u></u>	<u><u>\$ 29.5</u></u>	<u><u>\$ 28.2</u></u>	<u><u>\$ 27.4</u></u>

* See Appendix for definitions

Company Net Income Reconciliation To Adjusted EBIT (Mils)

	2Q		YTD		Memo: FY 2017
	2017	2018	2017	2018	
Net income / (Loss) attributable to Ford (GAAP)	\$ 2,047	\$ 1,066	\$ 3,639	\$ 2,802	\$ 7,731
Income / (Loss) attributable to non-controlling interests	8	3	15	12	26
Net income / (Loss)	\$ 2,055	\$ 1,069	\$ 3,654	\$ 2,814	\$ 7,757
Less: (Provision for) / Benefit from income taxes	(211)	(280)	(863)	(454)	(402)
Income / (Loss) before income taxes	\$ 2,266	\$ 1,349	\$ 4,517	\$ 3,268	\$ 8,159
Less: Special items pre-tax	(248)	(42)	(224)	(19)	(289)
Income / (Loss) before special items pre-tax	\$ 2,514	\$ 1,391	\$ 4,741	\$ 3,287	\$ 8,448
Less: Interest on debt	(291)	(301)	(584)	(590)	(1,190)
Adjusted EBIT (Non-GAAP)	\$ 2,805	\$ 1,692	\$ 5,325	\$ 3,877	\$ 9,638
Memo:					
Revenue (Bils)	\$ 39.9	\$ 38.9	\$ 79.0	\$ 80.9	\$ 156.8
Net income margin (GAAP) (Pct)	5.1%	2.7%	4.6%	3.5%	4.9%
Adjusted EBIT margin (Non-GAAP) (Pct)	7.0%	4.3%	6.7%	4.8%	6.1%

Company 2018 Net Income Reconciliation To Adjusted EBIT (Mils)

	2018	
	1Q	2Q
Net income / (Loss) attributable to Ford (GAAP)	\$ 1,736	\$ 1,066
Income / (Loss) attributable to non-controlling interests	9	3
Net income / (Loss)	\$ 1,745	\$ 1,069
Less: (Provision for) / Benefit from income taxes	(174)	(280)
Income / (Loss) before income taxes	\$ 1,919	\$ 1,349
Less: Special items pre-tax	23	(42)
Income / (Loss) before special items pre-tax	\$ 1,896	\$ 1,391
Less: Interest on debt	(289)	(301)
Adjusted EBIT (Non-GAAP)	<u>\$ 2,185</u>	<u>\$ 1,692</u>
Memo:		
Revenue (Bils)	\$ 42.0	\$ 38.9
Net income margin (GAAP) (Pct)	5.2%	2.7%
Adjusted EBIT margin (Non-GAAP) (Pct)	7.0%	4.3%
Revenue excluding Meridian, Takata and Pivotal IPO (Bils)	\$ 42.0	\$ 40.4
Adjusted EBIT excluding Meridian, Takata and Pivotal IPO (Mils)	\$ 2,185	\$ 2,425
Adjusted EBIT Margin excluding Meridian, Takata and Pivotal IPO (Pct)	5.2%	6.0%

Note: Meridian, Takata and Pivotal IPO collectively reduced revenue and EBIT in North America by \$1.5 billion and \$733 million, respectively, in the second quarter of 2018

Company Net Cash Provided By / (Used in) Operating Activities Reconciliation To Adjusted Operating Cash Flow (Mils)

	2Q		YTD	
	2017	2018	2017	2018
Company net cash provided by / (used in) operating activities (GAAP)	\$ 5,615	\$ 4,972	\$ 9,951	\$ 8,486
Less: <u>Items Not Included in Company Adjusted Operating Cash Flows</u>				
Ford Credit operating cash flows	3,152	5,907	4,264	5,592
Funded pension contributions	(220)	(72)	(456)	(160)
Separation payments	(31)	(18)	(59)	(34)
Other	(10)	(112)	(65)	(59)
Add: <u>Items Included in Company Adjusted Operating Cash Flows</u>				
Automotive and Mobility capital spending	(1,546)	(1,898)	(3,242)	(3,667)
Ford Credit distributions	-	450	28	1,463
Settlement of derivatives	66	114	200	(47)
Pivotal conversion to a marketable security	-	263	-	263
Company adjusted operating cash flow (Non-GAAP)	\$ 1,244	\$ (1,804)	\$ 3,253	\$ 1,159

Reconciliation To Adjusted Operating Cash Flow Trailing Five Quarters (Mils)

	<u>2Q 2017</u>	<u>3Q 2017</u>	<u>4Q 2017</u>	<u>1Q 2018</u>	<u>2Q 2018</u>
Company net cash provided by / (Used in) operating activities (GAAP)	\$ 5,615	\$ 4,998	\$ 3,147	\$ 3,514	\$ 4,972
Less: <u>Items Not Included in Company Adjusted Operating Cash Flows</u>					
Ford Credit operating cash flows	3,152	5,210	(174)	(315)	5,907
Funded pension contributions	(220)	(263)	(714)	(88)	(72)
Separation payments	(31)	(42)	(181)	(16)	(18)
Other, net	(10)	37	(25)	53	(112)
Add: <u>Items Included in Company Adjusted Operating Cash Flows</u>					
Automotive and Mobility capital spending	(1,546)	(1,658)	(2,103)	(1,769)	(1,898)
Ford Credit distributions	-	378	-	1,013	450
Settlement of derivatives	66	(90)	107	(161)	114
Pivotal conversion to a marketable security	-	-	-	-	263
Company adjusted operating cash flow (Non-GAAP)	<u>\$ 1,244</u>	<u>\$ (1,315)</u>	<u>\$ 2,244</u>	<u>\$ 2,963</u>	<u>\$ (1,804)</u>

Memo:

Company adjusted operating cash flow (Non-GAAP) excluding Meridian, Takata and Pivotal IPO \$ (1,107)

Ford Credit

Total Net Receivables Reconciliation To Managed Receivables (Bils)

	2016 Dec 31	2017 Jun 30	2017 Dec 31	2018 Jun 30
Ford Credit finance receivables, net (GAAP)*	\$ 96.2	\$ 101.4	\$ 108.4	\$ 107.7
Net investment in operating leases (GAAP)*	27.2	26.7	26.7	27.3
Consolidating adjustments**	6.8	6.9	7.6	8.2
Total net receivables	\$ 130.2	\$ 135.0	\$ 142.7	\$ 143.2
Ford Credit unearned interest supplements and residual support	5.3	5.6	6.1	6.4
Allowance for credit losses	0.5	0.6	0.7	0.7
Other, primarily accumulated supplemental depreciation	0.9	1.0	1.0	1.2
Total managed receivables (Non-GAAP)	\$ 136.9	\$ 142.2	\$ 150.5	\$ 151.5

* Includes finance receivables (retail and wholesale) sold for legal purposes and net investment in operating leases included in securitization transactions that do not satisfy the requirements for accounting sale treatment. These receivables and operating leases are reported on Ford Credit's balance sheet and are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay the other obligations of Ford Credit or the claims of Ford Credit's other creditors

** Primarily includes Automotive segment receivables purchased by Ford Credit which are classified to Trade and other receivables on our consolidated Balance Sheet. Also includes eliminations of intersegment transactions

Ford Credit

Financial Statement Leverage Reconciliation To Managed Leverage (Bils)

	<u>2017</u> <u>Jun 30</u>	<u>2017</u> <u>Dec 31</u>	<u>2018</u> <u>Jun 30</u>
<u>Leverage Calculation</u>			
Total debt*	\$ 129.3	\$ 137.8	\$ 136.7
Adjustments for cash**	(10.1)	(11.8)	(10.7)
Adjustments for derivative accounting***	(0.2)	-	0.5
Total adjusted debt	<u>\$ 119.0</u>	<u>\$ 126.0</u>	<u>\$ 126.5</u>
Equity****	\$ 13.8	\$ 15.9	\$ 15.3
Adjustments for derivative accounting***	(0.2)	(0.1)	(0.2)
Total adjusted equity	<u>\$ 13.6</u>	<u>\$ 15.8</u>	<u>\$ 15.1</u>
Financial statement leverage (to 1) (GAAP)	9.3	8.7	8.9
Managed leverage (to 1) (Non-GAAP)	8.8	8.0	8.3

* Includes debt issued in securitization transactions and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions

** Cash and cash equivalents, and Marketable securities reported on Ford Credit's balance sheet, excluding amounts related to insurance activities

*** Related primarily to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings

**** Total shareholder's interest reported on Ford Credit's balance sheet

Non-GAAP Financial Measures That Supplement GAAP Measures

We use both GAAP and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to their equivalent GAAP measures, to aid investors in better understanding our financial results. We believe that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess our period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.

- **Company Adjusted EBIT (Most Comparable GAAP Measure: Net income attributable to Ford) – Earnings before interest and taxes (EBIT) includes non-controlling interests and excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting. Pre-tax special items consist of (i) pension and OPEB rereasurement gains and losses, (ii) significant restructuring actions related to our efforts to match production capacity and cost structure to market demand and changing model mix, and (iii) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. When we provide guidance for adjusted EBIT, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB rereasurement gains and losses.**
- **Company Adjusted EBIT Margin (Most Comparable GAAP Measure: Company Net Income Margin) – Company Adjusted EBIT margin is Company adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.**
- **Adjusted Earnings Per Share (Most Comparable GAAP Measure: Earnings Per Share) – Measure of Company’s diluted net earnings per share adjusted for impact of pre-tax special items (described above), and tax special items. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of underlying run rate of our business. When we provide guidance for adjusted earnings per share, we do not provide guidance on an earnings per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB rereasurement gains and losses.**
- **Adjusted Effective Tax Rate (Most Comparable GAAP Measure: Effective Tax Rate) – Measure of Company’s tax rate excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB rereasurement gains and losses.**

Non-GAAP Financial Measures That Supplement GAAP Measures

- **Company Adjusted Operating Cash Flow (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities)** – Measure of Company’s operating cash flow excluding Ford Credit’s operating cash flows. The measure contains elements management considers operating activities, including Automotive and Mobility capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, separation payments, and other items that are considered operating cash outflows under U.S. GAAP. This measure is useful to management and investors because it is consistent with management’s assessment of the Company’s operating cash flow performance. When we provide guidance for Company adjusted operating cash flow, we do not provide guidance for net cash provided by/(used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company’s exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit’s operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by/(used in) our operating activities.
- **Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases)** – Measure of Ford Credit’s Total net receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer’s outstanding balance on the receivables, which is the basis for earning revenue.
- **Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage)** – Ford Credit’s debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit’s term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

Total Company Definitions And Calculations

Automotive Records

- References to Automotive records for EBIT margin and business units are since at least 2009

Wholesales and Revenue

- Wholesale unit volumes include all Ford and Lincoln badged units (whether produced by Ford or by an unconsolidated affiliate) that are sold to dealerships, units manufactured by Ford that are sold to other manufacturers, units distributed by Ford for other manufacturers, and local brand units produced by our China joint venture, Jiangling Motors Corporation, Ltd. (“JMC”), that are sold to dealerships. Vehicles sold to daily rental car companies that are subject to a guaranteed repurchase option (i.e., rental repurchase), as well as other sales of finished vehicles for which the recognition of revenue is deferred (e.g., consignments), also are included in wholesale unit volumes. Revenue from certain vehicles in wholesale unit volumes (specifically, Ford badged vehicles produced and distributed by our unconsolidated affiliates, as well as JMC brand vehicles) are not included in our revenue

Industry Volume and Market Share

- Industry volume and market share are based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks

SAAR

- SAAR means seasonally adjusted annual rate

Company Cash

- Company cash includes cash, cash equivalents, marketable securities and restricted cash; excludes Ford Credit’s cash, cash equivalents, marketable securities and restricted cash

Market Factors

- Volume and Mix – primarily measures EBIT variance from changes in wholesale volumes (at prior-year average contribution margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the EBIT variance resulting from changes in product mix, including mix among vehicle lines and mix of trim levels and options within a vehicle line
- Net Pricing – primarily measures EBIT variance driven by changes in wholesale prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, special lease offers and stock accrual adjustments on dealer inventory
- Market Factors exclude the impact of unconsolidated affiliate wholesales

ROE

- Reflects an annualized return on equity. This metric is calculated by taking net income for the period divided by average equity for the period and annualizing the result by dividing by the number of days in the quarter and multiplying by 365.

Earnings Before Taxes (EBT)

- Reflects Income before income taxes

Ford Credit Definitions And Calculations

Adjustments (as shown on the Liquidity Sources chart)

- Include certain adjustments for asset-backed capacity in excess of eligible receivables and cash related to the Ford Credit Revolving Extended Variable-utilization program (“FordREV”), which can be accessed through future sales of receivables

Cash (as shown on the Funding Structure, Liquidity Sources and Leverage charts)

- *Cash and cash equivalents* and *Marketable securities* reported on Ford Credit’s balance sheet, excluding amounts related to insurance activities

Committed Asset-Backed Security (“ABS”) Facilities (as shown on the Liquidity Sources chart)

- Committed ABS facilities are subject to availability of sufficient assets, ability to obtain derivatives to manage interest rate risk, and exclude FCE Bank plc (“FCE”) access to the Bank of England’s Discount Window Facility

Earnings Before Taxes (EBT)

- Reflects *Income before income taxes* as reported on Ford Credit’s income statement

ROE (as shown on the Key Metrics chart)

- Reflects an annualized return on equity. This metric is calculated by taking net income for the period divided by average equity for the period and annualizing the result by dividing by the number of days in the quarter and multiplying by 365

Securitizations (as shown on the Public Term Funding Plan chart)

- Public securitization transactions, Rule 144A offerings sponsored by Ford Motor Credit, and widely distributed offerings by Ford Credit Canada

Securitization Cash (as shown on the Liquidity Sources chart)

- Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund)

Term Asset-Backed Securities (as shown on the Funding Structure chart)

- Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

Total Debt (as shown on the Leverage chart)

- *Debt* on Ford Credit’s balance sheet. Includes debt issued in securitizations and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions

Total Net Receivables (as shown on the Total Net Receivables Reconciliation To Managed Receivables chart)

- Includes finance receivables (retail and wholesale) sold for legal purposes and net investment in operating leases included in securitization transactions that do not satisfy the requirements for accounting sale treatment. These receivables and operating leases are reported on Ford Credit’s balance sheet and are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay the other obligations of Ford Credit or the claims of Ford Credit’s other creditors

Unallocated Other (as shown on the EBT By Segment chart)

- Items excluded in assessing segment performance because they are managed at the corporate level, including market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions