



**New Financial Reporting
Toolkit**

Table of Contents

New Financial Reporting – Guiding Principles	3
Five Things You Need to Know	4-5
Ford Blue	6
Ford Model e	7
Ford Pro	8
Other Reported Information	9
Vehicle Flows Between Segments	10
Vehicles Sales Perimeter	11
Nameplates Segment Mix in 2022	12
Manufacturing Assets by Segment	13
FAQs	14-16



New Financial Reporting – Guiding Principles

Fairly represent the business model of each segment

Best fit with the **responsibility and accountability** of each segment leader

Simple to execute without detracting from fairness principle



Five Things You Need To Know

1

Auto replaced by three customer-focused business segments

“Total Auto” is now reported under the three customer-focused business segments: Ford Blue, Ford Model e, Ford Pro. Ford will no longer report results by region. There were no changes to our consolidated GAAP reporting, and our new segment results are not considered auditable and investable.

2

Revenue & cost by business segment

Revenue and costs will largely be split according to the segment that reports the vehicle sale. There are three categories of data we use to determine the segmentation:

- Vehicle-specific (e.g. vehicle sale and any parts and software sales attached to that vehicle)
- Product line-specific (e.g. costs linked to a particular vehicle production facility, incl. labor, overhead, D&A expense, and engineering & development costs for a specific product line)
- Shared costs (e.g. general costs like certain SG&A expenses that are shared based on business segment vehicle volume)

3

Segment ownership of assets

Assets are assigned to each business segment based on the ‘best fit’ and single segment ownership balance sheet principles (i.e., no jointly-owned assets reported). The goal is to align returns with segment asset ownership.

Co-mingled assets like Dearborn Truck Plant (which produces F-150 ICE and Lightning) will initially be reported by Ford Blue until the vast majority of the facility volume is EV – then it will move over to Ford Model e. Ford Pro is an asset light business and has no manufacturing plants. Joint ventures are reported by the segment whose business it primarily supports.



4

Intersegment revenue & markups

When one segment produces a vehicle that is sold by another segment, an intersegment transaction occurs. This is especially important for Ford Pro, which acquires all its vehicles from Ford Blue and Model e.

The producing segment will report intersegment revenue to recoup the costs associated with the unit produced. This includes material cost, labor & overhead, including D&A, inbound freight and an intersegment markup.

The intersegment markup amount is set to deliver a competitive return to the producing segment for its manufacturing and distribution service.

On a total basis, these transactions have no impact on company revenue, adjusted EBIT or EBIT margin.

5

Corporate Other

Corporate Other now includes past service pension and other post-employment benefit (OPEB) income and expense, which was previously embedded in the segments. This allows for better visibility into the underlying performance of Ford Blue, Ford Model e and Ford Pro.

Ford Blue

Overview

Ford Blue delivers customers Ford and Lincoln gas-powered and hybrid vehicles that serve customer passions and lifestyles

Key Scope of Operation

Designs, engineers, and manufactures our internal combustion engine (ICE) and hybrid vehicles for retail customers and on behalf of Ford Pro for commercial customers. Ford Blue also sells vehicles for retail customers

Center of Excellence

Supports the enterprise with global-scale engineering, supply chain and manufacturing capabilities

Regions

Operates globally, in every market where Ford has a presence. It reports all vehicle sales outside of North America, Europe and China

Nameplates

ICE/hybrid vehicles for retail sale (see page 11 for more details)

Manufacturing Assets

e.g., dedicated ICE and hybrid plants, as well as co-mingled plants. Once the vast majority of the facility volume in a co-mingled plant is EV, it will become a Ford Model e asset

Non-Manufacturing Assets

Includes non-manufacturing assets like buildings for employees, cloud computing, land and software. Ford Blue reports these assets today except for those that are specific to Ford Model e and Ford Pro

Joint Ventures

e.g., Changan Ford Automobile Corporation (CAF), Jiangling Motors Corporation (JMC), AutoAlliance (Thailand) Co., Ltd. (AAT)



Ford Model e

Overview

Ford Model e delivers customers breakthrough connected, electric vehicles and digital experiences

Key Scope of Operation

Designs, engineers, and manufactures electric vehicles for retail customers and on behalf of Ford Pro for commercial customers. Ford Model e also sells electric vehicles for retail customers

Center of Excellence

Develops the digital platform and software for all our customers. Ford Model e also provides direction on global sourcing of EV-specific components, vertical integration such as batteries, motors and inverters, and raw material sourcing

Regions

North America, Europe and China

Nameplates

F-150 Lightning, Mustang Mach-E (see page 11 for more details)

Manufacturing Assets

Includes dedicated EV plants: Cologne Body and Assembly Plant (Germany), Cuautitlan Stamping and Assembly Plant (Mexico), Irapuato Transmission Plant (Mexico), BlueOval City (U.S.), BlueOval Battery Park Michigan (U.S.)

Non- Manufacturing Assets

e.g., Research & Advanced Engineering Centers, Ford Model e Technology (Nanjing) Co., Ion Park, Autonomic

Joint Ventures

e.g, Ionity, BlueOval SK



Ford Pro

Overview

Ford Pro helps commercial customers transform and expand their businesses with vehicles and a digitally powered suite of software, service and charging solutions tailored to their needs

Key Scope of Operation

An asset light services and distribution business that sells vehicles produced by Ford Blue, Model e and our JVs for commercial customers, including government and rental companies – along with a full suite of software, service, charging and financial (through Ford Credit) solutions

Center of Excellence

Leverages its commercial leadership and scale to improve productivity, enhance uptime and lower the total cost of ownership for businesses of all sizes

Regions

North America and Europe

Nameplates

Core Pro vehicle lines in North America and Europe, and all vehicles (ICE, hybrid, EVs) sold to commercial customers in North America (see page 11 for more details)

Manufacturing Assets

No manufacturing plants

Non- Manufacturing Assets

e.g., Electriphi, Telematics, VIIZR

Joint Ventures

Ford Otosan



Other Reported Information

Ford Credit

Ford Credit's business largely consists of financing and leasing activities related to Ford and Lincoln vehicles and supporting our dealers around the world

Ford Next

Ford Next (formerly Mobility) primarily includes expenses and investments for emerging business initiatives aimed at creating value for Ford in complementary market segments

Corporate Other

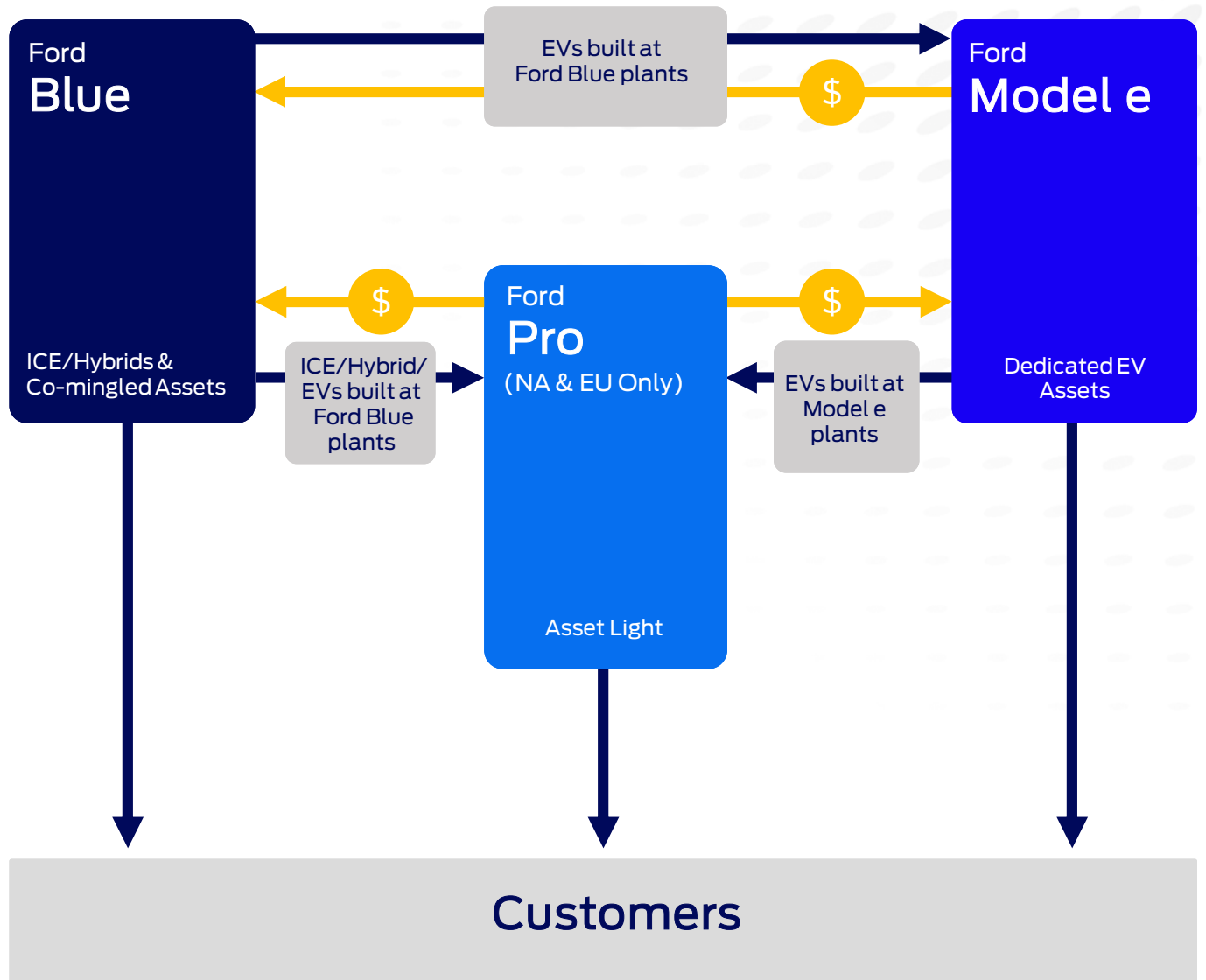
Corporate Other primarily includes corporate governance expenses, interest income and gains and losses from our cash, cash equivalents, and marketable securities, and foreign exchange derivatives gains and losses associated with intercompany lending

Corporate governance expenses are primarily administrative, delivering benefit on behalf of the global enterprise, that are not allocated to the customer-focused business segments. These include expenses related to setting and directing global policy, providing oversight and stewardship, and promoting the Company's interests

Past service pension and other post-retirement employee benefit (OPEB) income/expense and related assets, previously reported in the Automotive segment, are now realigned to Corporate Other



Vehicle Flows Between Segments



 Cost recovery and markup



Vehicle Sales Perimeter

		North America	Europe	Greater China	Rest of World
Ford Pro	Core Pro Vehicle Lines	All Customers Super Duty Transit Family E-Series F-650/750 Stripped Chassis	All Customers Ranger Transit Family	N/A	N/A
	Non-Core Pro Vehicle Lines	Commercial, Government & Rental Customers	Passenger Vehicles Built & Sold by Ford Otosan JV		
		ICE, Hybrid, EV			

Ford Model e	EV	Retail Customers Mustang Mach-E F-150 Lightning	All Customers Mustang Mach-E Future Passenger Vehicles	All Customers Mustang Mach-E	N/A

Ford Blue	ICE, Hybrid	Retail Customers F-150 Ranger Maverick Bronco Family SUV Family Mustang Other ICE/Hybrid	All Customers Kuga Puma Focus Mustang Other ICE/Hybrid	All Customers JMC Brand Vehicles Ford SUVs & Pickups Mondeo & Mustang Lincoln Other ICE/Hybrid	All Customers All Vehicle Lines
	EV	N/A	N/A	Built & Sold by a Joint Venture	



Nameplate Segment Mix in 2022

Excludes company service vehicles. The information provided below will not be disclosed on an ongoing basis.

North America	Ford Blue	Ford Model e	Ford Pro
Core Pro Vehicles			
Super Duty	-	-	100%
Transit Family (ICE and EV)	-	-	100%
E-Series	-	-	100%
F-650/750	-	-	100%
Stripped Chassis	-	-	100%
Non-Core Pro Vehicles			
F-150 (ICE/Hybrid)	>80%	-	<20%
F-150 Lightning	-	>80%	<20%
Ranger	>80%	-	<20%
Maverick	>80%	-	<20%
Expedition	>70%	-	<30%
Explorer	>70%	-	<30%
Edge	>70%	-	<30%
Escape	>70%	-	<30%
Territory	100%	-	-
Bronco	>99%	-	<1%
Bronco Sport	>95%	-	<5%
Mustang Mach-E	-	>95%	<5%
Mustang	>80%	-	<20%
GT	100%	-	-
Navigator	>80%	-	<20%
Aviator	>95%	-	<5%
Nautilus	>95%	-	<5%
Corsair	>95%	-	<5%
Europe	Ford Blue	Ford Model e	Ford Pro
Core Pro Vehicles			
Transit Family (ICE and EV)	-	-	100%
Ranger	-	-	100%
Non-Core Pro Vehicles			
Kuga	100%	-	-
Puma (ICE)	>99%	-	<1%
Focus	100%	-	-
Galaxy	100%	-	-
Fiesta	100%	-	-
S-Max	100%	-	-
Explorer	100%	-	-
Mustang	100%	-	-
Mustang Mach-E	-	100%	-
China	Ford Blue	Ford Model e	Ford Pro
Mustang Mach-E	-	100%	-
All other models	100%	-	-
South America and Rest of World	Ford Blue	Ford Model e	Ford Pro
All models	100%	-	-



Manufacturing Assets By Segment

Excludes JV plants

Ford Blue

Assembly

Argentina - Pacheco Stamping and Assembly
Canada - Oakville Assembly Plant
Germany - Saarlouis Body and Assembly Plant
Mexico - Hermosillo Stamping and Assembly Plant
South Africa - Silverton Assembly Plant
Spain - Valencia Body and Assembly Plant
Thailand - Ford Thailand Manufacturing Plant
United States - Chicago Assembly Plant
United States - Dearborn Truck Plant
United States - Flat Rock Assembly Plant
United States - Kansas City Assembly Plant
United States - Kentucky Truck Plant
United States - Louisville Assembly Plant
United States - Michigan Assembly Plant
United States - Ohio Assembly Plant
Vietnam - Hai Duong Assembly Plant

Forging & Tooling

Germany - Cologne Tool and Die Plant
Germany - Cortako Cologne GmbH Plant
United States - Dearborn Tool and Die Plant
United States - Woodhaven Forging Plant

Stamping

Argentina - Pacheco Stamping and Assembly
United States - Buffalo Stamping Plant
United States - Chicago Stamping Plant
United States - Dearborn Diversified Manuf. Plant
United States - Dearborn Stamping
United States - Woodhaven Stamping Plant

Ford Model e

Assembly

Germany - Cologne Body and Assembly Plant (late 2023)
Mexico - Cuautitlan Stamping and Assembly Plant
Mexico - Irapuato Transmission Plant
United States - BlueOval Battery Park Michigan (2026)
United States - BlueOval City in Tennessee (2025)

Ford Pro

None

Engine

Canada - Essex Engine Plant
Canada - Windsor Engine Plant
Germany - Cologne Engine Plant
Mexico - Chihuahua Engine Plant
South Africa - Struandale Engine Plant
Spain - Valencia Engine Plant
United Kingdom - Dagenham Engine Plant
United States - Cleveland Engine Plant No. 1
United States - Dearborn Engine & Fuel Tank Plant
United States - Lima Engine Plant
United States - Rawsonville Components Plant
United States - Sterling Axle Plant

Transmission

Germany - Cologne Transmission Plant
United Kingdom - Halewood Transmission Plant
United States - Livonia Transmission Plant
United States - Sharonville Transmission Plant
United States - Van Dyke Powertrain Center



FAQs

Why did Ford create Ford Blue, Ford Model e and Ford Pro?

We are organizing and running our business around our three distinct customer groups in order to drive more focus, speed and accountability across our company and deliver better products and services for customers. We are embracing the disruption in our industry, including the transition to a net zero future, and innovating in a way that will benefit all stakeholders who rely on Ford.

What will be different in your new financial reporting structure?

The most visible change is that “Total Auto” is now being reported based on the three customer focused business segments. We will no longer report results by region. This involves reporting revenue, cost and assets by segment and establishing intersegment revenue and markup guidelines for instances where one business manufactures vehicles that are sold by another segment. The definition of Corporate Other has also been expanded to include past service pension and OPEB income and expense (previously embedded in the segments).

Is this a step towards reporting separate auditable results by segment?

No. At this time, we don't have a plan to report auditable results by segment. In developing these segments, we considered the best way to unlock value for the total organization. As part of these considerations, we recognized each segment benefits from the scale and efficiencies that come from the larger organization, while maintaining the ability to focus on our three distinct customer groups. Moving to auditable results would require several additional steps that we did not deem necessary, including establishing a contractual relationship between segments with separate legal entities, arms-length commercial agreements between segments (rather than cost allocations), separate dealer agreements for each segment, intellectual property by segment, and separate balance sheets, bank accounts, cash management and treasury functions. We believe these additional steps are not necessary to achieve our objectives and would potentially add incremental cost and operational inefficiencies.

What new or additional information will investors now see?

When we report our quarterly earnings, we will disclose the wholesale units, revenue, EBIT and EBIT margin for Ford Blue, Ford Model e and Ford Pro. In the 10-K, we will also provide a breakdown of D&A, capex and assets by segment. This information will provide investors with unprecedented visibility into the growth, profit and return trajectory for each segment – and show how each one contributes to Ford's overall performance and the transition from ICE to EVs.

Why are you no longer including regional breakdowns?

We changed the way we are reporting our results to reflect how we are running and managing our business today, which is focused on serving our different customer groups. Our regional operations have been folded into either Ford Blue, Ford Model e or Ford Pro. We still have teams located in the regions to serve their markets and gather unique customer insights, and we will share regional highlights when appropriate.

What information will be shared about regional performance going forward?

Each month we provide data tables summarizing U.S. sales, U.S. gross stocks and North American production. In our annual 10-K, we will provide wholesale and market share data for our large markets (those with annual wholesales of 100,000 units or more). We will no longer provide EBIT, EBIT margin or revenue by geographic region.

What is included in the EBIT Margin calculation for the segments?

The segment EBIT Margin is calculated as the total EBIT, including the markup on intersegment revenue, as a percentage of external revenue.

What impact will this new operating and reporting structure have on Ford Credit?

There is no change to the reporting of Ford Credit's results.



FAQs

What impact will this change have on Ford's balance sheet or cash flow statement?

There will be no change to Ford's balance sheet or cash flow statement. These will continue to be reported as today in the 10-K. In addition, capital expenditures will be reported by segment annually in the 10-K segment disclosure.

How are your compensation metrics changing to align with the new segmentation?

Operating in new ways requires a new standard of winning. To hold ourselves accountable, beginning January 1, 2023, Ford changed the metrics we use to calculate our Annual Performance Bonus (formerly known as Annual Incentive Compensation Plan) to fully align with our Ford+ strategy and goals. The new metrics focus on the overall success of the company, measured by EBIT margin, improving customer experience delivered through high quality products, and growing our new businesses – Ford Model e and Ford Pro.

How will you prioritize capital allocation between Ford Blue, Ford Model e and Ford Pro?

Segmentation allows us greater transparency to allocate capital to its best and highest use. Capital allocation will occur at the corporate level, however, the segments determine which products and services they will offer. Capital will be allocated to the investments that offer the best return.

Why do EV sales in South America, the rest of the world, and certain EV sales in China sit in Ford Blue?

This is consistent with our guiding principles of best fit and simplicity as a very limited number of EVs produced are presently sold in these regions. As EV sales grow in these regions, we will revisit the segmentation of vehicles and highlight any reporting change when it happens. In China, EVs that are built and sold by our JVs – CAF or JMC – are reported in Ford Blue.

How are you allocating your Structural Costs?

Structural costs can be attributable to a product line, shared across business segments, and in some cases, unique to a segment. Product line costs primarily include manufacturing costs, including D&A, and program engineering which are reported based on the product line volume produced for each segment. Manufacturing costs are also weighted based on labor hours per vehicle so that segments that sell units requiring more labor hours receive a higher allocation of labor and overhead. Indirect engineering and administrative costs are shared in nature and allocated based on the volume produced for each segment. Selling, advertising and sales promotion include a mix of shared and specific costs. For reference, in 2021 and 2022, less than 10% of the absolute value of all income statement activity was shared and allocated, and about 40% of structural cost was allocated based on the shared cost methodology.

Why is there no markup for Product Development services?

Our principle is to leverage the scale and expertise of an integrated Product Development Center of Excellence. This avoids the related complexities and minimum value add of segment ownership of intellectual property, including the associated royalties and purchase services.

How will you determine when to move an asset from one segment to another?

Generally, assets are assigned to each business segment based on the 'best fit' and single segment ownership balance sheet principles. Assets (like our Dearborn Truck Plant that produces both ICE and EVs) will only move one time from Ford Blue to Ford Model e once a sustainable shift in EV production is reached, which is greater than 65% EVs, and management judgment is involved.

How will you report software and services revenue? Where will software development costs reside?

Software and services revenue is linked to the unique 'Vehicle Identification Number' (VIN) and will be reported by the selling segment. The software development work is done by Ford Model e and the engineering costs will be shared with the other segments based on total planned production volume.



FAQs

Will you expand Ford Pro outside of North America or Europe in the future?

Ford Pro is initially focused on North America and Europe because we already have a significant leadership position and scale in these markets, including dedicated commercial dealership centers. In North America in 2022, our commercial share was almost twice that of our closest competitor. And in Europe, Ford has been the No. 1 commercial vehicle brand for eight years in a row. In both markets, where businesses and government customers are looking to decarbonize their fleets, we are building a world-class Ford Pro ecosystem to support EVs that goes beyond the vehicle to include a full suite of software, service and charging solutions. We will continue to evaluate new regions for Ford Pro based on our future growth strategy and customer needs.

What are Ford Pro “Core” vehicles and why did you need to make this a separate category?

These are vehicles like Super Duty and the Transit family of vans that are core to Ford Pro because they are designed, developed and purpose built for work. The majority of Super Duty customers in North America use their vehicles for commercial purposes, including units that go through retail channels. Reporting sales in Ford Pro is consistent with our guiding principles of best fit and simplicity. Additionally, Core Pro vehicles are heavily integrated into the Ford Pro ecosystem and supported by our specialized network of commercial dealerships and mobile service vans.

What are intersegment revenue and markups – and why do you have them?

When one segment produces a unit that is sold by another segment, an intersegment transaction occurs. The producing segment (Ford Blue or Ford Model e) will report intersegment revenue to recoup the costs associated with the unit produced, including material cost, labor & overhead (incl. D&A), and inbound freight. It also reports a markup that delivers a competitive return for its manufacturing and distribution service. Ford Pro is asset light and acquires vehicles from Ford Blue and Ford Model e under a cost-plus relationship.

If Ford Pro is “asset light”, why is Depreciation and Amortization (D&A) so high?

The D&A reported for Ford Pro is the amount it reimburses Ford Blue and Ford Model e for the depreciation of assets held by those segments, based on production volume, as it acquires all its vehicles from them.

How much is the intersegment markup and how did you come up with it?

The intersegment markup percentage is in the range of 1-2% of annual intersegment revenue. Where the markup percentage falls within this range depends on the region and powertrain type involved and whether the vehicle is built by Ford or one of our JVs. The initial markup percentages were informed by external competitive benchmarks of similar contract manufacturing relationships, considering both business model and risk profile – and will be reviewed annually and adjusted as needed to ensure it remains appropriate. On a total basis, these intersegment transactions have no impact on total company revenue, adjusted EBIT or EBIT margin.

How will you report warranty costs and recalls moving forward?

Warranty and extended warranty coverage expense and associated balance sheet liability will reside with the selling segment. Recalls will continue to be reported, with transparency and in adherence to regulation, as they are today at a total company level. Field Service Action repairs (FSAs) will reside with the manufacturing segment. For example, when Ford Blue produces a Super Duty, Ford Pro incurs an upfront per unit fee (akin to insurance) to cover FSAs and the FSA liability sits with Ford Blue, as the manufacturer.



