

# 1Q 2016 EARNINGS REVIEW

April 28, 2016

*Ford*



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# FINANCIAL HEADLINES



Total Company  
Pre-Tax Results\*



Total Company  
Revenue



Global  
Market Share



Automotive  
Operating Margin\*



Automotive Operating-  
Related Cash Flow\*

1Q 2016

**\$3.8B**

**\$37.7B**

**7.1%**

**9.8%**

**\$2.7B**

B/(W)  
1Q 2015

**\$2.1B ↑**

**\$3.8B ↑**

**0.2 ppts ↑**

**5 ppts ↑**

**\$2.2B ↑**

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

**All-Time Record Quarter; Strong Performance Across The Business**

# CREATING VALUE



# PROGRESS THIS QUARTER



## GROWTH

- Grew top line – volume, revenue and global market share
- Announced new Fusion; launched all-new Focus RS; announced plans for four all-new SUVs; introduced all-new Lincoln Continental
- Announced Ford Smart Mobility initiatives including FordPass and FSM LLC



## RETURNS

- Record Company pre-tax profit and 1Q Auto operating-related cash flow
- More than doubled net income, operating EPS and Auto operating margin
- Announced investment to assemble EcoSport in Craiova, Romania
- Began implementation of exit plans for Japan and Indonesia



## RISK

- Operations outside NA profitable in total and improved YOY
- Upgraded by Moody's, S&P and DBRS



## REWARDS

- Distributed \$1.7B to shareholders
- Distributions included supplemental dividend of \$1B



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# OTHER HIGHLIGHTS



**2016 Ford F-150** Consumer Reports **Top Pick**; **SuperCab** and **SuperCrew** earned **IIHS Top Safety Pick**



Ford a 2016 World's **Most Ethical Company** by Ethisphere Institute – **7<sup>th</sup> year in a row**



China 1Q **Lincoln** sales **up three-fold** compared to a year ago



First automaker to test **autonomous driving in the snow**



Announced **FordPass** – a digital, physical and personal **mobility experience platform**



Launched **Ford Credit Link** – where **multiple customers can lease a Ford vehicle together**

# BUSINESS ENVIRONMENT

- Global GDP growth for 2016 expected to be in 3.1 - 3.5% range
  - Favorable conditions for industry sales in the U.S.; consumer confidence supported by healthy labor market conditions
  - Ongoing recovery in Europe
  - China growth supported by stimulus measures
- Strong U.S. dollar; low oil and other commodity prices
- Brazil and Russia remain under pressure

# **FINANCIAL REVIEW**

# KEY FINANCIAL SUMMARY

	<u>1Q 2016</u>	<u>B / (W) 1Q 2015</u>
Wholesales (000)	1,720	152
Revenue (Bils)	\$37.7	\$3.8
<b><u>Operating results*</u></b>		
Automotive sector pre-tax results	\$3,338	\$2,028
Financial Services sector pre tax-results	499	30
Total Company pre-tax results (Mils)	<u>\$3,837</u>	<u>\$2,058</u>
After-tax results (Mils)	2,704	1,551
Operating earnings per share	0.68	0.39
<u>Special items pre-tax (Mils)</u>	\$(186)	\$(186)
<b><u>Net income attributable to Ford</u></b>		
After-tax results (Mils)	\$2,452	\$1,299
Earnings per share	0.61	0.32
<b><u>Automotive</u></b>		
Operating-related cash flow (Bils)*	\$2.7	\$2.2
Cash (Bils)	\$24.3	\$4.8
Debt (Bils)	<u>(13.0)</u>	<u>0.4</u>
Net cash (Bils)	<u>\$11.3</u>	<u>\$5.2</u>

**Strong start for the year**

**Wholesale volume up 10%;  
revenue up 11%, 15% at  
constant exchange**

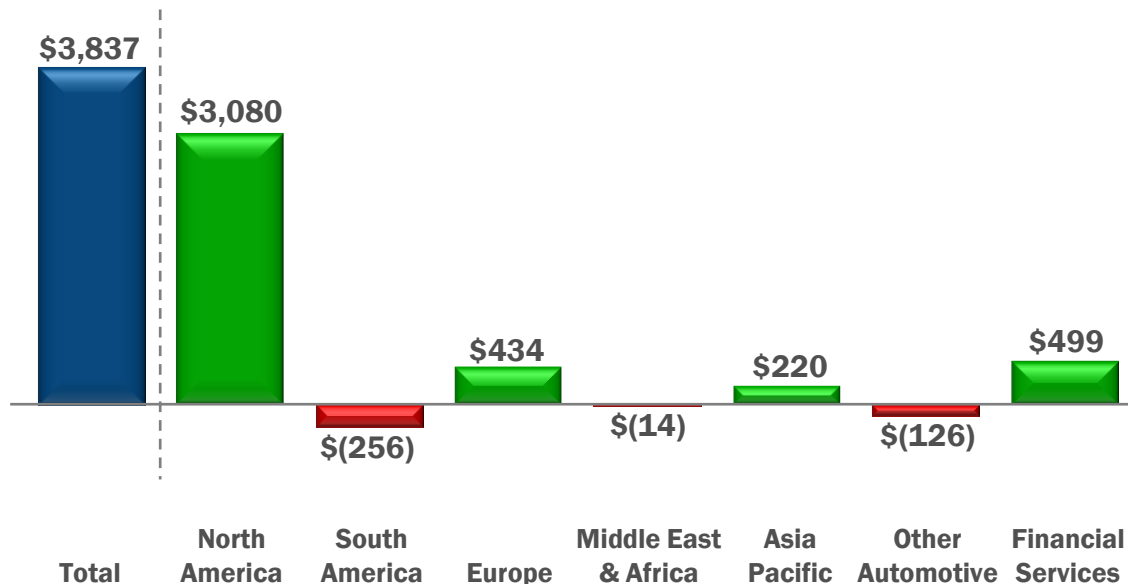
**More than doubled:**

- **Company pre-tax profit**
- **Operating EPS**
- **Net income**

**Record 1Q auto operating-  
related cash flow**

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

# 1Q 2016 PRE-TAX RESULTS\* (MILS)



**All-time record quarterly Company profit**

**All-time record quarterly North America profit**

**Best quarterly profit in Europe since 2008**

**Auto operations outside of NA profitable in total**

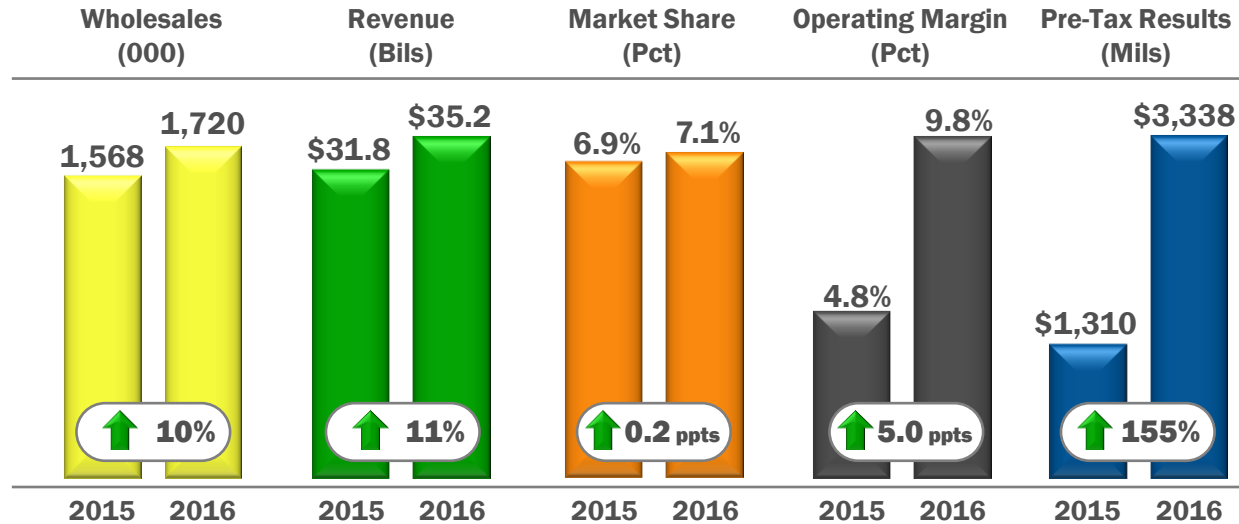
**Strong Financial Services profit**

	Total	North America	South America	Europe	Middle East & Africa	Asia Pacific	Other Automotive	Financial Services
B / (W) 1Q 2015	\$2,058	\$1,511	\$(67)	\$476	\$(93)	\$115	\$86	\$30

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

# AUTOMOTIVE SECTOR

## 1Q 2016 KEY METRICS\*



**All metrics strong and improved**

**Top line up YOY**

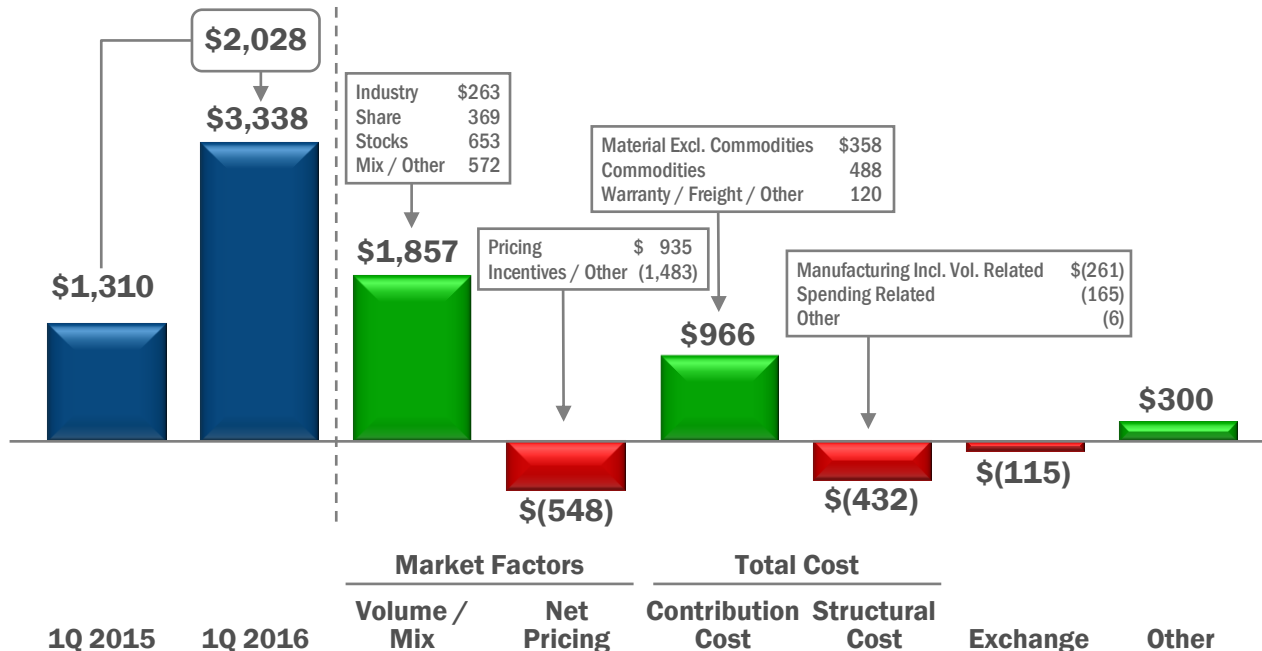
**Global market share increased driven by NA, Europe and AP**

**Global SAAR up 3%**

**Operating margin and Auto profit more than doubled**

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

# 1Q 2016 PRE-TAX RESULTS\* (MILS)



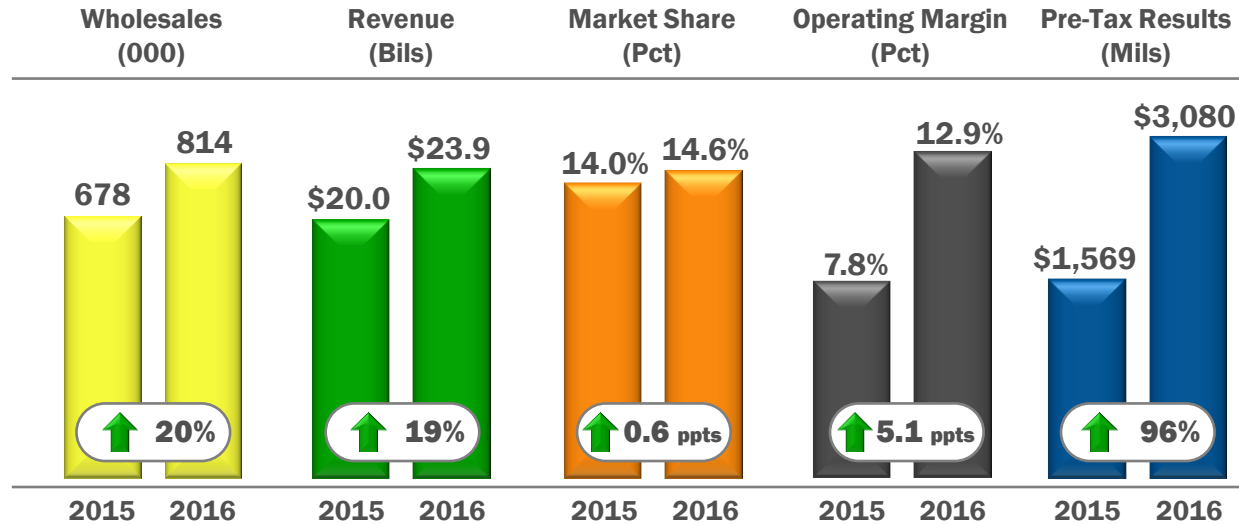
**Profit gain driven by higher volume, favorable mix and lower costs**

**Net pricing lower driven by NA due mainly to one-time stock accrual effect**

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

# AUTOMOTIVE SECTOR – NORTH AMERICA

## 1Q 2016 KEY METRICS



**Strong performance across the board**

**Wholesale volume and revenue sharply higher**

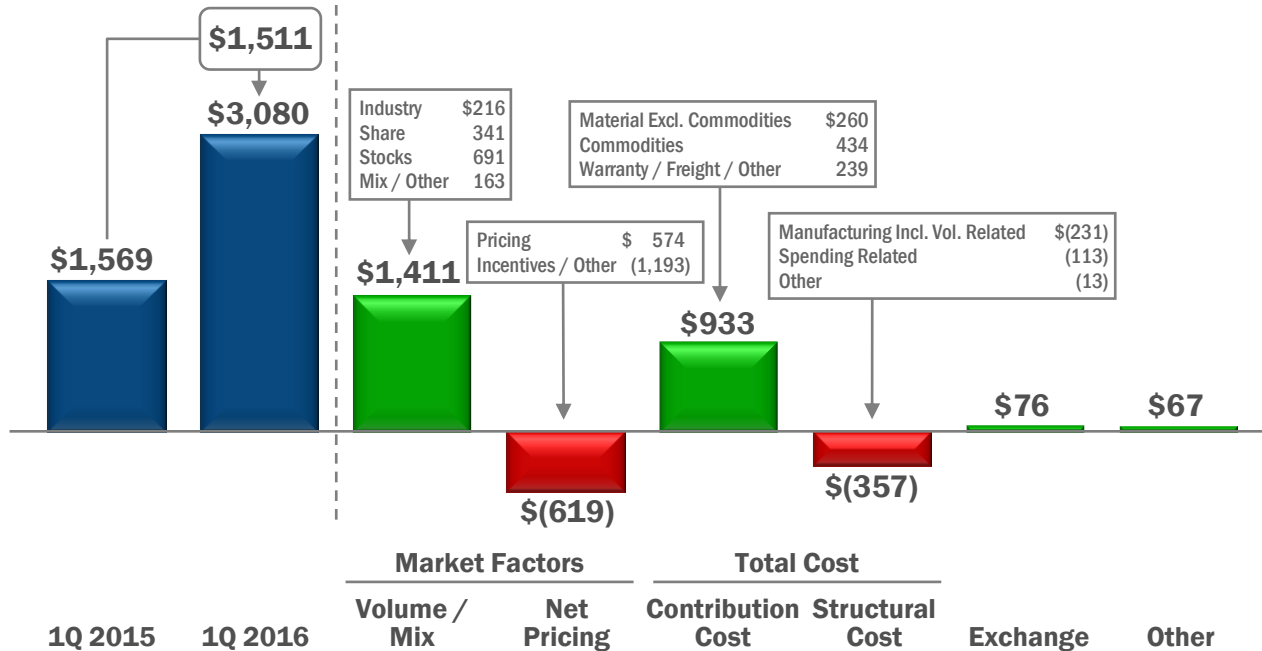
**Market share up – strong fleet sales driven by SUVs, Transit and F-Series**

**NA SAAR higher YOY driven by U.S., at 17.5M units**

**Record quarterly operating margin and profit**

# AUTOMOTIVE SECTOR – NORTH AMERICA

## 1Q 2016 PRE-TAX RESULTS (MILS)



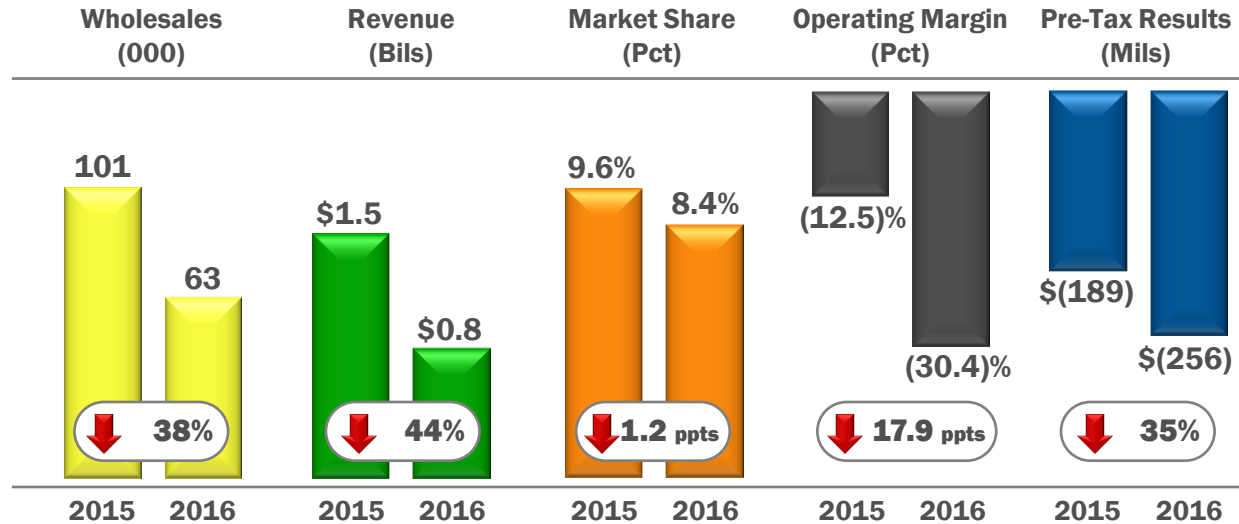
**Profit improvement due to higher volume, favorable mix and lower costs**

**Favorable stocks and about 40% of incentives increase (stock accrual) driven by normalization of F-150**

**Average U.S. retail transaction prices higher due to mix and pricing net of incentives**

# AUTOMOTIVE SECTOR – SOUTH AMERICA

## 1Q 2016 KEY METRICS



**Results driven by difficult external conditions**

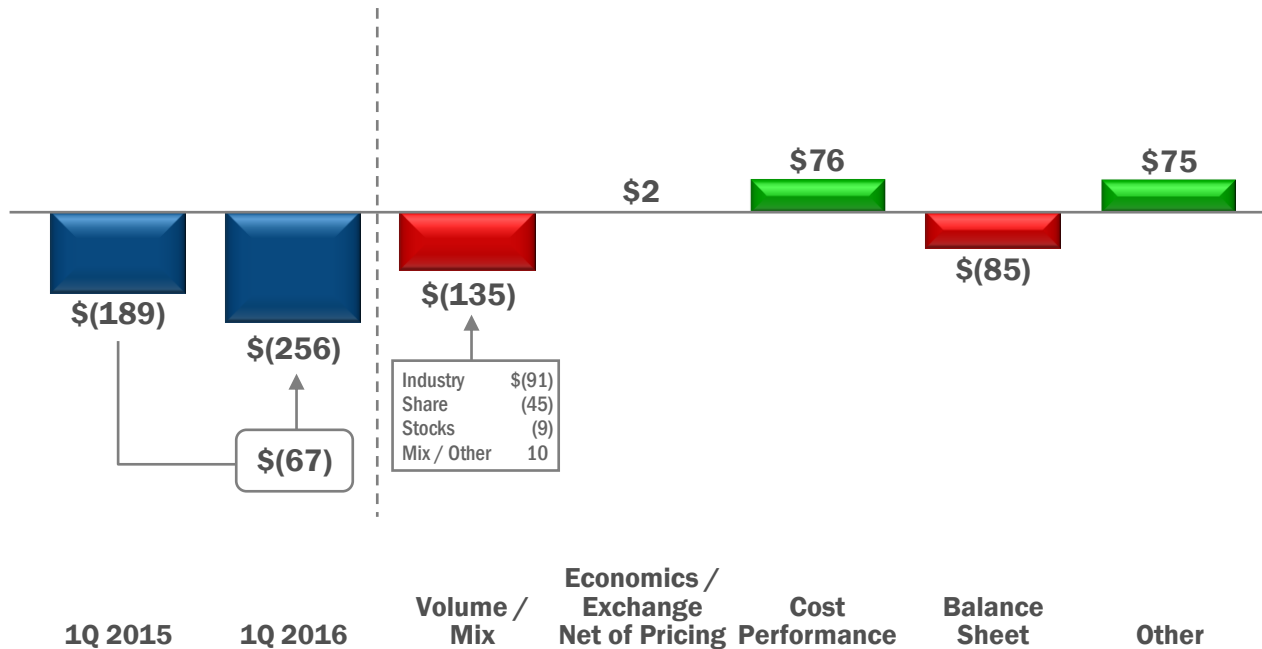
**Top line down sharply – industry and exchange**

**Market share down – focused on profitable share amid higher industry discounts**

**SA and Brazil SAARs at very low levels**

# AUTOMOTIVE SECTOR – SOUTH AMERICA

## 1Q 2016 PRE-TAX RESULTS (MILS)



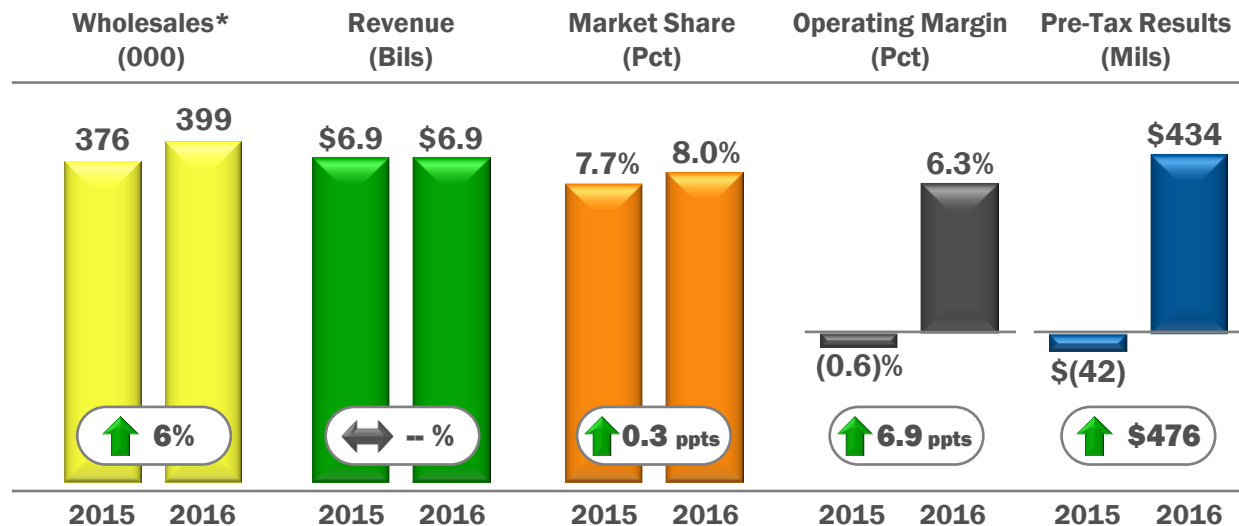
**Higher loss due to lower industry – Brazil down 29%**

**Cost performance continued to be favorable**

**Removed 3rd crew at Camaçari during the quarter**

# AUTOMOTIVE SECTOR – EUROPE

## 1Q 2016 KEY METRICS



**Europe Transformation Strategy is delivering**

**Top line grew – revenue up 6% at constant exchange**

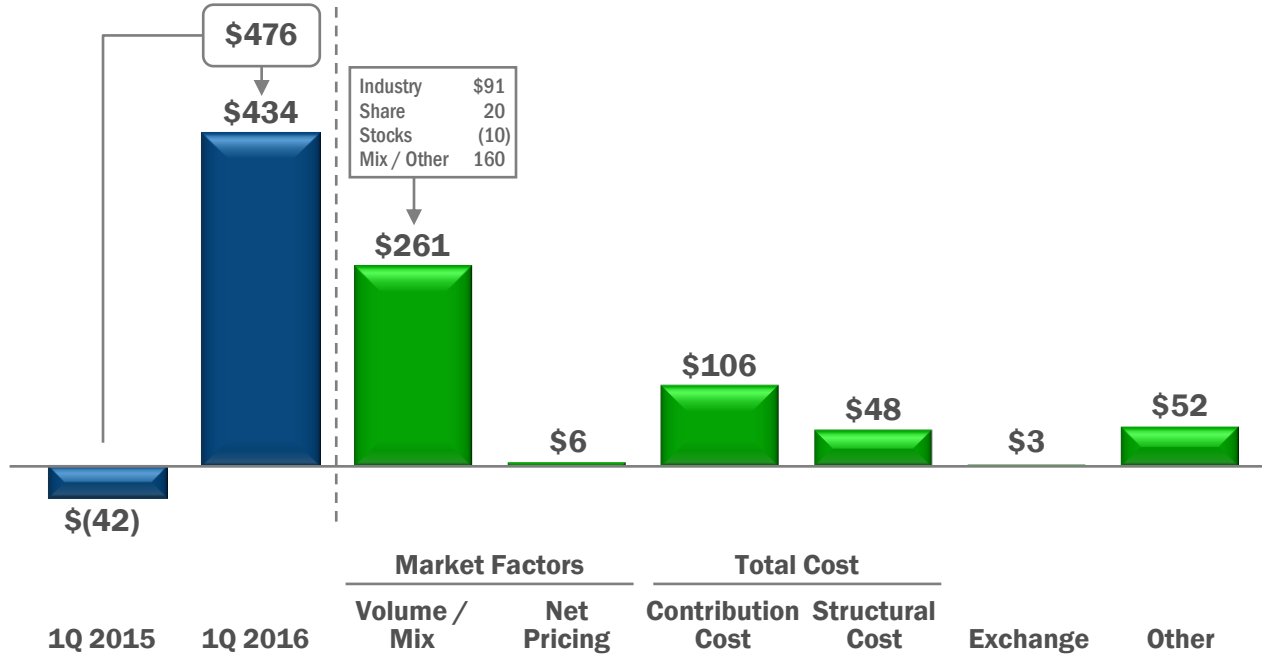
**Share higher – driven by commercial vehicles and SUVs**

**Europe SAAR improved**

**Operating margin >6%; strong quarterly profit exceeded FY 2015**

\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 17,000 units in 1Q 2015 and 14,000 units in 1Q 2016). 2015 includes about 5,000 Ford brand vehicles produced and sold by our previously unconsolidated affiliate in Russia. Revenue does not include these sales

# 1Q 2016 PRE-TAX RESULTS (MILS)



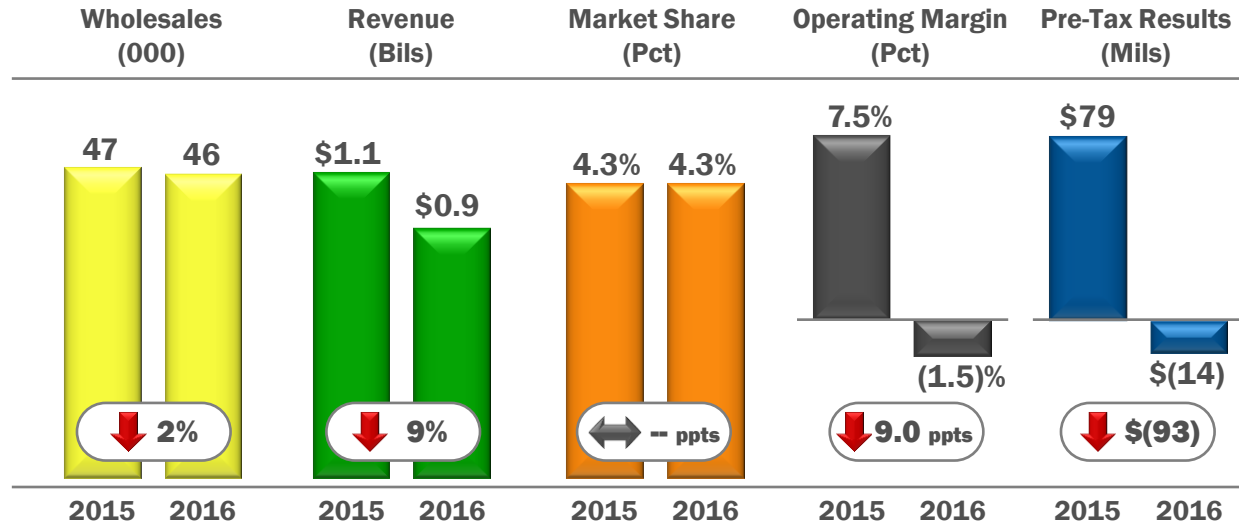
**Every part of the business improved**

**Favorable mix driven by SUVs and commercial vehicles**

**Reduced both contribution and structural costs**

# AUTOMOTIVE SECTOR – MIDDLE EAST & AFRICA

## 1Q 2016 KEY METRICS

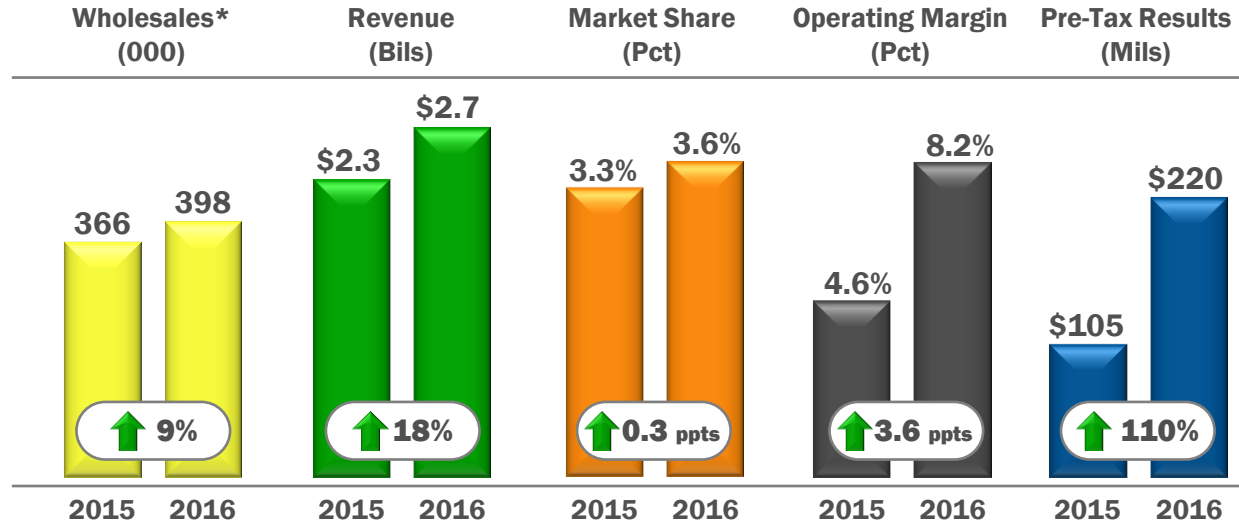


**Results adversely impacted by weak currencies, low oil prices and political strife**

**Decline in operating margin and profit mainly reflects exchange**

# AUTOMOTIVE SECTOR – ASIA PACIFIC

## 1Q 2016 KEY METRICS



**Another strong quarter driven by new products**

**Top line grew – revenue up 25% at constant exchange**

**Market share up – China share of 4.5% up 0.2 ppts**

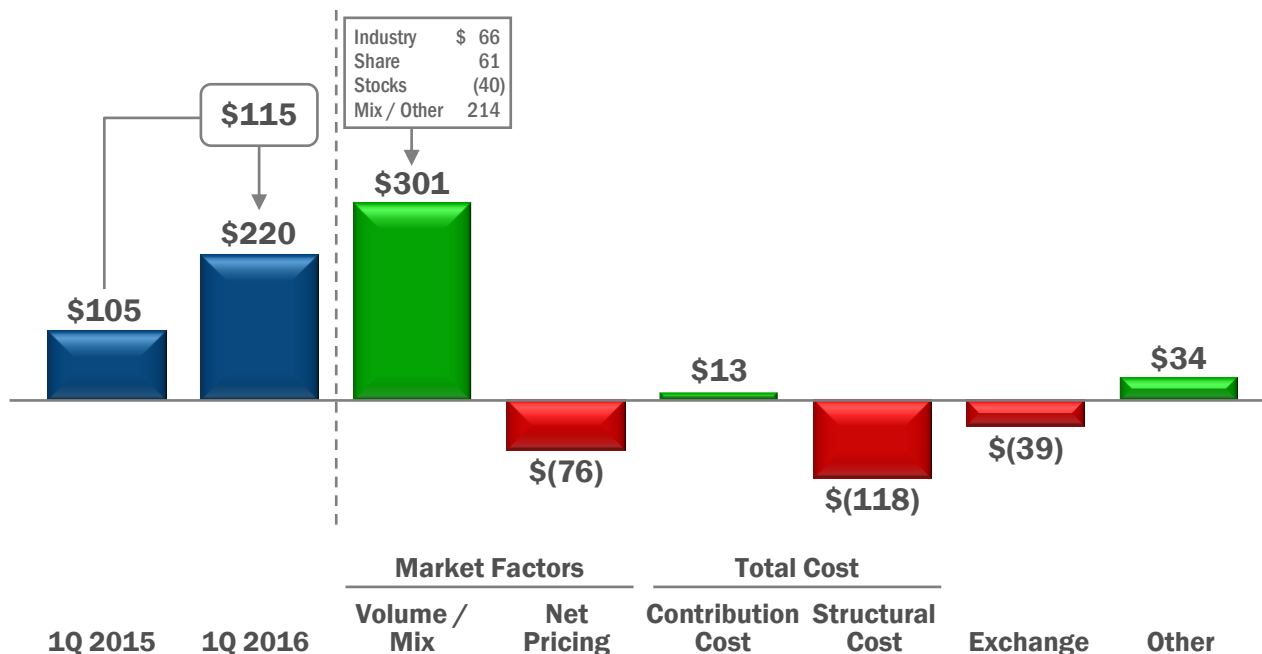
**AP and China SAARs each improved 2M units or more**

**Operating margin and profit up sharply**

**Ford China JVs at \$443M, up 23%; margin at 16.4%**

\* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 289,000 units in 1Q 2015 and 310,000 units in 1Q 2016); revenue does not include these sales

# 1Q 2016 PRE-TAX RESULTS (MILS)



**Higher profit driven mainly by favorable mix, primarily SUVs**

**China and ex-China operations contributed to YOY gain**

**Lower net pricing driven by China; pace of decline in prices slowed in 1Q vs 4Q**

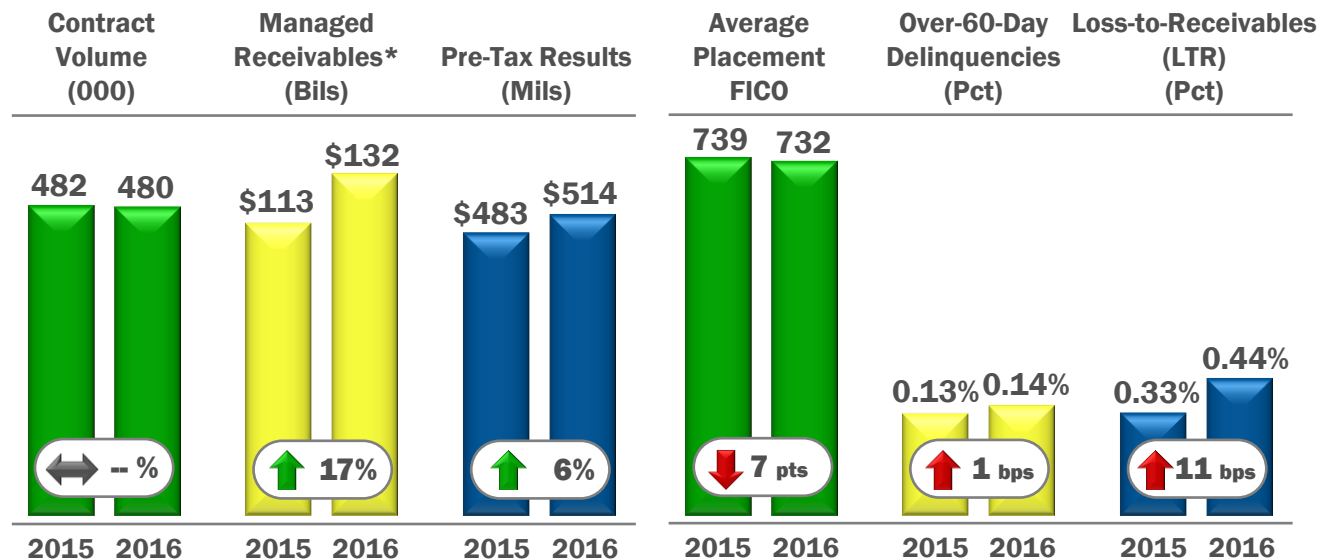
**New products in China well received**

# FINANCIAL SERVICES SECTOR – FORD CREDIT

## 1Q 2016 KEY METRICS



### U.S. Retail and Lease



**Strong quarterly profit**

**Receivables growth in line with guidance**

**Portfolio performance remains robust; higher LTR reflects higher severities**

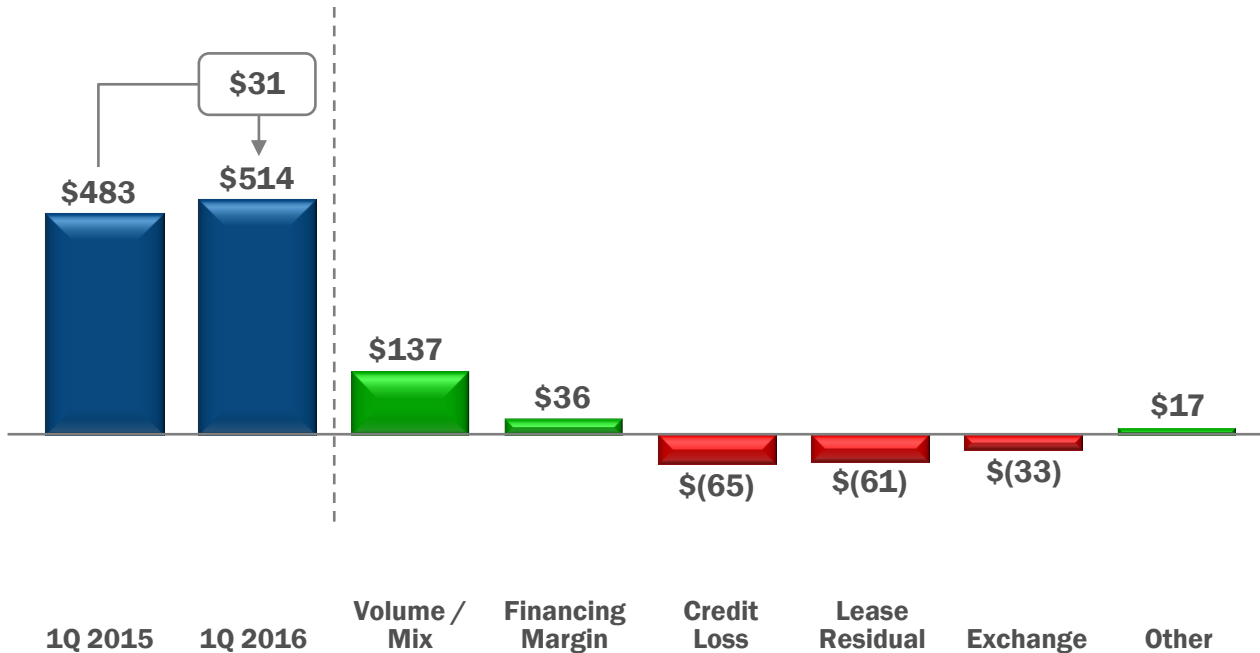
**Consistent originations, servicing and collections**

1Q	2015	2016
Debt (Bils)	\$109	\$127
Managed Leverage* (to 1)	8.8	9.4

\* See Appendix for reconciliation to GAAP

# FINANCIAL SERVICES SECTOR – FORD CREDIT

## 1Q 2016 PRE-TAX RESULTS (MILS)



**Strong profit**

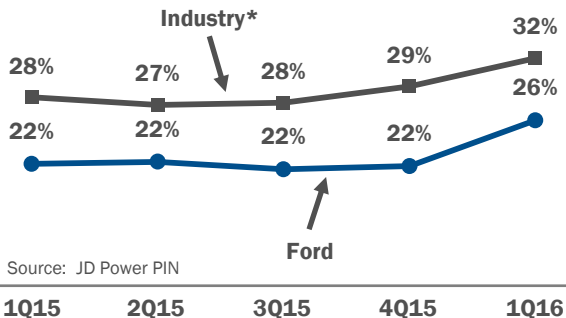
**Growth in all products and regions**

**Credit losses and residual performance primarily driven by lower auction values**

# U.S. AUTOMOTIVE FINANCING TRENDS

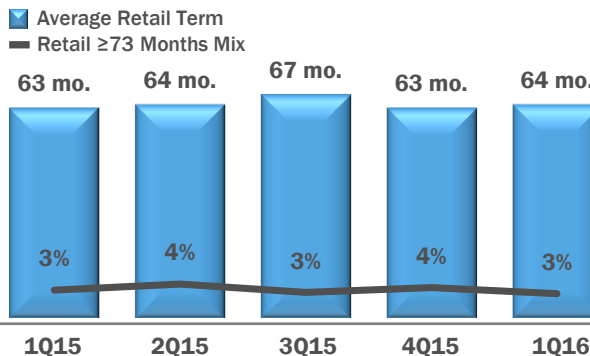


Lease Share of Retail Sales

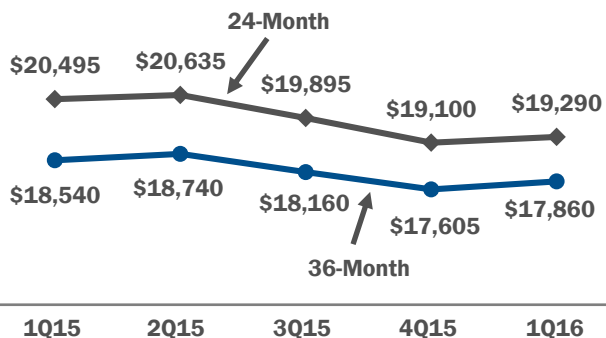


\* Source: JD Power PIN

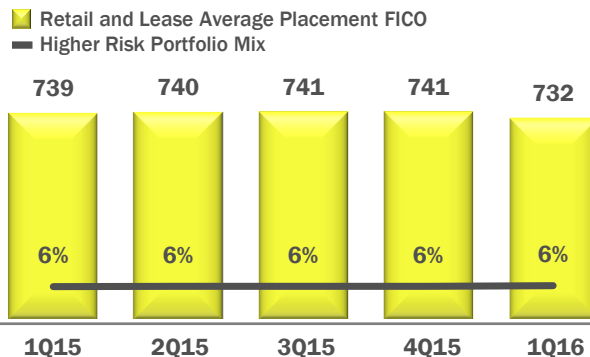
Retail Contract Placement Terms



Auction Values (At 1Q 2016 Mix)



FICO and Higher Risk Mix



**Balanced lease portfolio through One Ford Lease Strategy**

**Auction value outlook somewhat lower**

**Longer-term financing small part of business**

**Consistent FICOs and higher-risk mix**

# AUTOMOTIVE SECTOR CASH

(Bils)

	<b>1Q 2016</b>
Cash at end of period	<u>\$24.3</u>
Cash at beginning of period	<u>23.6</u>
Change in Cash	<u>\$0.7</u>
Automotive pre-tax profits	\$3.3
Capital spending	(1.5)
Depreciation and tooling amortization	1.1
Changes in working capital	--
Other / Timing differences	<u>(0.2)</u>
Automotive operating-related cash flow	\$2.7
Separation payments	--
Net receipts from Financial Services sector	--
Other	<u>0.2</u>
Cash flow before other actions	\$2.9
Changes in debt	(0.1)
Funded pension contributions	(0.4)
Dividends / Other items	<u>(1.7)</u>
Change in Cash	<u>\$0.7</u>
<b>Memo:</b>	
Liquidity*	<b>\$35.2</b>
Automotive Debt	<b>13.0</b>

\* Total available committed Automotive credit lines (including local lines available to foreign affiliates) were \$10.9 billion at March 31, 2016



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**Strength of cash flow highlights quality of earnings**

**Cash and liquidity balances remain strong**

**Record 1Q operating-related cash flow**

**Shareholder distributions of \$1.7B incl. supplemental dividend**

**Automotive leverage remains very healthy**

# INDUSTRY AND GDP PLANNING ASSUMPTIONS

	Industry (Mils)		GDP Growth (Pct)	
	2015	2016	2015	2016
<b>Global</b>	<b>88.2</b>	<b>88.0 – 92.0</b>	<b>3.2%*</b>	<b>3.1 – 3.5%*</b>
<b>U.S.</b>	<b>17.8</b>	<b>17.5 – 18.5</b>	<b>2.4%</b>	<b>2.1 – 2.6%</b>
<b>Brazil</b>	<b>2.6</b>	<b>2.0 – 2.5</b>	<b>(3.8)%</b>	<b>(3.0) – (4.0)%</b>
<b>Europe</b>	<b>19.2</b>	<b>19.0 – 20.0</b>	<b>1.0%</b>	<b>1.2 – 1.7%</b>
<b>China</b>	<b>23.5</b>	<b>23.5 – 25.5</b>	<b>6.9%</b>	<b>6.5 – 7.0%</b>

**Global industry to grow modestly in 2016**

**Outlook for major market industry volumes unchanged from prior guidance**

**Outlook for GDP unchanged from prior guidance except Brazil, where prolonged recession expected**

# 2016 BUSINESS UNIT GUIDANCE

	2015 FY Results	2016 FY Guidance
<b>Automotive</b>		
<b>North America</b>	<b>\$9,345M</b>	<b>≈ 2015</b>
<b>Operating Margin</b>	<b>10.2%</b>	<b>9.5% or higher</b>
<b>South America</b>	<b>\$(832)M</b>	<b>Loss &gt; 2015</b>
<b>Europe</b>	<b>259M</b>	<b>&gt; 2015</b>
<b>Middle East &amp; Africa</b>	<b>31M</b>	<b>≥ 2015</b>
<b>Asia Pacific</b>	<b>765M</b>	<b>&gt; 2015</b>
<b>Other Automotive</b>	<b>(796)M</b>	<b>~ \$(800)M</b>
<b>Ford Credit</b>	<b>\$2,086M</b>	<b>≥ 2015</b>

**Business Unit Guidance Unchanged**

# 2016 COMPANY GUIDANCE

	2015 FY Results	2016 FY Guidance
<b>Automotive Revenue</b>	<b>\$140.6B</b>	<b>≥ 2015</b>
<b>Automotive Operating Margin*</b>	<b>6.8%</b>	<b>≥ 2015</b>
<b>Automotive Operating-Related Cash Flow*</b>	<b>\$7.3B</b>	<b>Strong, but &lt; 2015</b>
<b>Total Company Pre-Tax Profits*</b>	<b>\$10.8B</b>	<b>≥ 2015</b>
<b>Operating Effective Tax Rate* (Pct)</b>	<b>28.6%</b>	<b>Low 30s</b>
<b>Operating EPS*</b>	<b>\$1.93</b>	<b>≥ 2015</b>

\* Excluding special items; see Appendix for detail, reconciliation to GAAP, and definitions

**Continue To Expect 2016 To Be An Outstanding Year;  
On Track To Deliver 2016 Financial Guidance**

## KEY TAKEAWAYS

1. Record quarter following a record year
2. Top line grew; global market share increased
3. Net income, Company pre-tax profit and operating EPS more than doubled a year ago
4. Record quarterly North America profit; best quarterly profit in Europe since 2008; operations outside North America profitable in total and improved
5. Record quarterly Automotive operating margin of 9.8%
6. Cash and liquidity remain strong; distributed \$1.7B to shareholders
7. Company financial guidance on track

# Q&A

April 28, 2016

Ford



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# RISK FACTORS

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:

- Decline in industry sales volume, particularly in the United States, Europe, or China due to financial crisis, recession, geopolitical events, or other factors;
- Decline in Ford's market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of Ford's new or existing products or services;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- An increase in or continued volatility of fuel prices, or reduced availability of fuel;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase costs, affect liquidity, or cause production constraints or disruptions;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change";
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and / or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- A change in requirements under long-term supply arrangements committing Ford to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Inherent limitations of internal controls impacting financial statements and safeguarding of assets;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit regulations, consumer or data protection regulations, or other regulations resulting in higher costs and / or additional financing restrictions.

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, 2015, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# APPENDIX

# INCOME FROM CONTINUING OPERATIONS

	1Q	
	2015	2016
<i>(Mils)</i>		
<b><u>Automotive</u></b>		
North America	\$1,569	\$3,080
South America	(189)	(256)
Europe	(42)	434
Middle East & Africa	79	(14)
Asia Pacific	105	220
Other Automotive	(212)	(126)
Total Automotive (excl. special items)	<u>\$1,310</u>	<u>\$3,338</u>
Special items – Automotive	–	(186)
Total Automotive	<u>\$1,310</u>	<u>\$3,152</u>
<b><u>Financial Services</u></b>		
Ford Credit	\$483	\$514
Other	(14)	(15)
Total Financial Services	<u>\$469</u>	<u>\$499</u>
<b><u>Company</u></b>		
Pre-tax results	\$1,779	\$3,651
(Provision for) / Benefit from income taxes	(625)	(1,196)
Net income	<u>\$1,154</u>	<u>\$2,455</u>
Less: Income / (Loss) attributable to non-controlling interests	1	3
Net income / (loss) attributable to Ford	<u>\$1,153</u>	<u>\$2,452</u>
<b>Memo: Excluding special items</b>		
Pre-tax results	\$1,779	\$3,837
(Provision for) / Benefit from income taxes	(625)	(1,130)
Less: Income / (Loss) attributable to non-controlling interests	1	3
After-tax results	<u>\$1,153</u>	<u>\$2,704</u>

# SPECIAL ITEMS

<i>(Mils)</i>	<b>1Q</b>	
	<b>2015</b>	<b>2016</b>
<b>Pre-tax Special Items</b>		
<b>Separation-related actions</b>	\$ --	\$(174)
<b>Japan / Indonesia Market Closure</b>	--	<b>(12)</b>
<b>Total Pre-tax Special Items</b>	<b>\$ --</b>	<b>\$(186)</b>
<b>Tax-related Special Items*</b>	\$ --	\$(66)
<b><u>Memo:</u></b>		
<b>Special Items impact on earnings per share*</b>	\$ --	\$(0.07)

\* Includes related tax effect on special items and tax special items

# SECTOR INCOME STATEMENT

For the quarters ended March 31,  
Unaudited (Mils)

	1Q	
	2015	2016
<b>AUTOMOTIVE</b>		
Revenues	\$31,800	\$35,257
Costs and Expenses		
Cost of sales	28,472	30,281
Selling, administrative, and other expenses	2,472	2,562
Total costs and expenses	30,944	32,843
Interest expense	165	200
Interest income and other income / (loss), net	190	404
Equity in net income of affiliated companies	429	534
Income / (Loss) before income taxes -- Automotive	1,310	3,152
<b>FINANCIAL SERVICES</b>		
Revenues	2,100	2,461
Costs and expenses		
Interest expense	647	658
Depreciation on vehicles subject to operating leases	816	1,014
Operating and other expenses	177	247
Provision for credit and insurance losses	73	141
Total costs and expenses	1,713	2,060
Other income / (loss), net	74	91
Equity in net income / (loss) of affiliated companies	8	7
Income before income taxes -- Financial Services	469	499
<b>COMPANY</b>		
Income before income taxes	1,779	3,651
Provision for / (Benefit from) income taxes	625	1,196
Net income	1,154	2,455
Less: Income / (Loss) attributable to non-controlling interests	1	3
Net income attributable to Ford Motor Company	\$1,153	\$2,452

# 2016 CALCULATION OF EARNINGS PER SHARE

	<b>1Q</b>	
	<b>Net Income Attributable to Ford</b>	<b>After-Tax Operating Results Excluding Special Items</b>
<b><u>After-Tax Results (Mils)</u></b>		
Diluted after-tax results	\$2,452	\$2,704
<b><u>Basic and Diluted Shares (Mils)</u></b>		
Basic shares (Average shares outstanding)	3,970	3,970
Net dilutive options	26	26
Diluted shares	<u>3,996</u>	<u>3,996</u>
<b>EPS (Diluted)</b>	<b>\$0.61</b>	<b>\$0.68</b>

# AUTOMOTIVE SECTOR AUTOMOTIVE DEBT



<i>(Bils)</i>	<b>Dec. 31, 2015</b>	<b>Mar. 31, 2016</b>
<b>Public unsecured debt</b>	<b>\$6.4</b>	<b>\$6.4</b>
<b>U.S. Department of Energy</b>	<b>3.8</b>	<b>3.7</b>
<b>Other debt (including international)</b>	<b>2.6</b>	<b>2.9</b>
<b>Total Automotive debt</b>	<b>\$12.8</b>	<b>\$13.0</b>
 <b>Memo:</b>		
<b>Automotive debt payable within one year</b>	<b>\$1.8</b>	<b>\$1.9</b>

## CHINA UNCONSOLIDATED AFFILIATES



	1Q		Memo:
	2015	2016	FY 2015
<b><u>China Unconsolidated Affiliates</u></b>			
<b>Wholesales (000)</b>	<b>289</b>	<b>310</b>	<b>1,123</b>
<b>Ford Equity Income (Mils)*</b>	<b>\$360</b>	<b>\$443</b>	<b>\$1,514</b>
<b>China JV Net Income Margin</b>	<b>15.8%</b>	<b>16.4%</b>	<b>15.6%</b>

\* Ford equity share of China joint ventures net income

# AUTOMOTIVE SECTOR

## 1Q INDUSTRY SAAR



<i>Units (Mils)</i>	<b>2015</b>	<b>2016</b>	<b>B / (W)</b>
<b>North America</b>	<b>20.6</b>	<b>21.3</b>	<b>0.7</b>
U.S.	17.1	17.5	0.4
<b>South America</b>	<b>4.6</b>	<b>3.7</b>	<b>(0.9)</b>
Brazil	3.0	2.2	(0.8)
<b>Europe</b>	<b>19.1</b>	<b>20.1</b>	<b>1.0</b>
<b>Middle East &amp; Africa</b>	<b>4.3</b>	<b>4.0</b>	<b>(0.3)</b>
<b>Asia Pacific</b>	<b>38.9</b>	<b>40.9</b>	<b>2.0</b>
China	23.8	26.2	2.4
<b>Global</b>	<b>87.5</b>	<b>90.1</b>	<b>2.6</b>

# AUTOMOTIVE SECTOR

## 1Q MARKET SHARE



(Percent)

	2015	2016	B / (W)
<b><u>Total Share of Total Industry</u></b>			
<b>North America</b>	<b>14.0%</b>	<b>14.6%</b>	<b>0.6 ppts</b>
U.S.	14.7	15.5	0.8
<b>South America</b>	<b>9.6</b>	<b>8.4</b>	<b>(1.2)</b>
Brazil	10.5	8.8	(1.7)
<b>Europe</b>	<b>7.7</b>	<b>8.0</b>	<b>0.3</b>
<b>Middle East &amp; Africa</b>	<b>4.3</b>	<b>4.3</b>	--
<b>Asia Pacific</b>	<b>3.3</b>	<b>3.6</b>	<b>0.3</b>
China*	4.3	4.5	0.2
<b>Global</b>	<b>6.9</b>	<b>7.1</b>	<b>0.2</b>
<b><u>Retail Share of Retail Industry</u></b>			
<b>U.S.**</b>	<b>13.3</b>	<b>13.1</b>	<b>(0.2)</b>
<b>Europe***</b>	<b>8.6</b>	<b>8.3</b>	<b>(0.3)</b>

\* Present quarter is estimated pending audit by Chinese Public Security Bureau

\*\* Present quarter is estimated, prior quarters are based on latest Polk data

\*\*\* Europe passenger car retail share of retail industry reflects the five major markets (U.K., Germany, France, Italy, and Spain); present quarter is estimated, prior quarters are based on latest Data Force data

# AUTOMOTIVE SECTOR

## PRODUCTION VOLUMES



(000)

	1Q 2016		2Q 2016	
	Units	O / (U) 2015	Units	O / (U) 2015
North America	854	131	850	35
South America	65	(37)	75	(19)
Europe	425	(11)	440	37
Middle East & Africa	21	-	24	1
Asia Pacific	424	51	345	(17)
<b>Total</b>	<b>1,789</b>	<b>134</b>	<b>1,734</b>	<b>37</b>

# SELECTED MARKETS DEALER STOCKS



(000)	<u>U.S.</u>	<u>Brazil</u>	<u>Europe 21</u>	<u>MEA</u>	<u>China</u>
<b><u>1Q</u></b>					
<b>March 31, 2016</b>	<b>755</b>	<b>19</b>	<b>230</b>	<b>70</b>	<b>169</b>
<b>December 31, 2015</b>	<b>676</b>	<b>24</b>	<b>235</b>	<b>67</b>	<b>165</b>
<b>Stock Change H / (L)</b>	<b>79</b>	<b>(5)</b>	<b>(5)</b>	<b>3</b>	<b>4</b>
<b><u>1Q Prior Year</u></b>					
<b>March 31, 2015</b>	<b>619</b>	<b>35</b>	<b>187</b>	<b>73</b>	<b>155</b>
<b>December 31, 2014</b>	<b>611</b>	<b>31</b>	<b>185</b>	<b>72</b>	<b>132</b>
<b>Stock Change H / (L)</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>23</b>
<b>Year-Over-Year Stock Change</b>	<b>71</b>	<b>(9)</b>	<b>(7)</b>	<b>2</b>	<b>(19)</b>

## NET INTEREST RECONCILIATION TO GAAP



	1Q	
<i>(Mils)</i>	2015	2016
<b>Interest expense (GAAP)</b>	\$(165)	\$(200)
<b>Investment-related interest income (GAAP)</b>	45	61
<b>Interest income / (expense) on income taxes (GAAP)</b>	(9)	(2)
<b>Subtotal</b>	<u>\$(129)</u>	<u>\$(141)</u>
<b>Adjustment for items included / excluded from net interest</b>		
<b>Include: Gains / (Losses) on cash equiv. and marketable securities*</b>	24	55
<b>Include: Gains / (Losses) on extinguishment of debt</b>	1	--
<b>Other</b>	(33)	(42)
<b>Net Interest</b>	<u><u>\$(137)</u></u>	<u><u>\$(128)</u></u>

\* Excludes mark-to-market adjustments of strategic equity investments held in marketable securities

# OPERATING-RELATED CASH FLOWS RECONCILIATION TO GAAP

<i>(Bils)</i>	<u>1Q 2015</u>	<u>1Q 2016</u>	<u>Memo: FY 2015</u>
<b><u>Net cash provided by / (used in) operating activities (GAAP)</u></b>	<b>\$1.0</b>	<b>\$3.6</b>	<b>\$12.3</b>
<b><u>Items included in operating-related cash flows</u></b>			
Capital spending	(1.8)	(1.5)	(7.1)
Proceeds from the exercise of stock options	0.1	--	0.2
Net cash flows from non-designated derivatives	0.1	0.1	(0.1)
<b><u>Items not included in operating-related cash flows</u></b>			
Separation payments	0.4	--	0.6
Funded pension contributions	0.8	0.4	1.1
Tax refunds and tax payments from affiliates	--	--	--
Other	(0.1)	0.1	0.3
Operating-related cash flows	<u>\$0.5</u>	<u>\$2.7</u>	<u>\$7.3</u>

## MANAGED RECEIVABLES RECONCILIATION TO GAAP



(Bills)

**Net Receivables\***

## Finance receivables – North America Segment

Consumer retail financing

	Mar. 31, 2015	Dec. 31, 2015	Mar. 31, 2016
Consumer retail financing	\$43.7	\$49.2	\$49.4
Non-consumer: Dealer financing**	22.5	25.5	27.1
Non-consumer: Other	0.9	0.9	0.9
<b>Total finance receivables – North America Segment</b>	<b>\$67.1</b>	<b>\$75.6</b>	<b>\$77.4</b>
Finance receivables – International Segment			
Consumer retail financing	\$11.5	\$12.9	\$13.8
Non-consumer: Dealer financing**	9.5	10.5	11.4
Non-consumer: Other	0.4	0.3	0.3
<b>Total finance receivables – International Segment</b>	<b>\$21.4</b>	<b>\$23.7</b>	<b>\$25.5</b>
Unearned interest supplements	(1.7)	(2.1)	(2.2)
Allowance for credit losses	(0.3)	(0.4)	(0.4)
<b>Finance receivables, net</b>	<b>\$86.5</b>	<b>\$96.8</b>	<b>\$100.3</b>
Net investment in operating leases	22.0	25.1	25.9
<b>Total net receivables</b>	<b>\$108.5</b>	<b>\$121.9</b>	<b>\$126.2</b>
<b>Managed Receivables</b>			
<b>Total net receivables</b>	<b>\$108.5</b>	<b>\$121.9</b>	<b>\$126.2</b>
Unearned interest supplements and residual support	3.8	4.5	4.6
Allowance for credit losses	0.4	0.4	0.5
Other, primarily accumulated supplemental depreciation	0.2	0.4	0.5
<b>Total managed receivables</b>	<b>\$112.9</b>	<b>\$127.2</b>	<b>\$131.8</b>

Non-consumer: Dealer financing\*\*

Non-consumer: Other

**Total finance receivables – North America Segment**

## Finance receivables – International Segment

Consumer retail financing

Non-consumer: Dealer financing\*\*

Non-consumer: Other

**Total finance receivables – International Segment**

Unearned interest supplements

Allowance for credit losses

**Finance receivables, net**

Net investment in operating leases

**Total net receivables****Managed Receivables****Total net receivables**

Unearned interest supplements and residual support

Allowance for credit losses

Other, primarily accumulated supplemental depreciation

**Total managed receivables**

\* 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

\*\* Dealer financing primarily includes wholesale loans to dealers to finance the purchase of vehicle inventory

# MANAGED LEVERAGE RECONCILIATION TO GAAP

<i>(Bils)</i>	<u>Mar. 31, 2015</u>	<u>Dec. 31, 2015</u>	<u>Mar. 31, 2016</u>
<b><u>Leverage Calculation</u></b>			
<b>Total debt*</b>	<b>\$109.1</b>	<b>\$119.6</b>	<b>\$127.4</b>
<b>Adjustments for cash**</b>	<b>(13.0)</b>	<b>(11.2)</b>	<b>(14.9)</b>
<b>Adjustments for derivative accounting***</b>	<b>(0.7)</b>	<b>(0.5)</b>	<b>(1.0)</b>
<b>Total adjusted debt</b>	<b><u>\$95.4</u></b>	<b><u>\$107.9</u></b>	<b><u>\$111.5</u></b>
<b>Equity****</b>	<b>\$11.2</b>	<b>\$11.7</b>	<b>\$12.2</b>
<b>Adjustments for derivative accounting***</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.3)</b>
<b>Total adjusted equity</b>	<b><u>\$10.8</u></b>	<b><u>\$11.4</u></b>	<b><u>\$11.9</u></b>
<b>Financial statement leverage (to 1)</b>	<b>9.8</b>	<b>10.2</b>	<b>10.4</b>
<b>Managed leverage (to 1)</b>	<b>8.8</b>	<b>9.5</b>	<b>9.4</b>

\* 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, cash equivalents, and marketable securities (excludes marketable securities related to insurance activities)

\*\*\* Primarily related 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

\*\*\*\* Shareholder's interest reported on Ford Credit's balance sheet

# DEFINITIONS AND CALCULATIONS

## Automotive Records

- References to Automotive records for operating-related cash flow, operating margin and business units are since at least 2000

## 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

## Automotive Operating Margin

- Automotive operating margin is defined as Automotive pre-tax results, excluding special items and Other Automotive, divided by Automotive 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

## Automotive Cash

- Automotive cash includes cash, cash equivalents, and marketable securities

## Market Factors

- Volume and Mix - primarily measures profit variance from changes in wholesale volumes (at prior-year average margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the profit 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 profit variance driven by changes in wholesale prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, and special lease offers