

# 3Q 2016 EARNINGS REVIEW

October 27, 2016

*Ford*



Go Further

## Business Review

Financial Headlines	3
Creating Value	4
Other Highlights	5
Business Environment	6

## Financial Review

Key Financial Summary	8
Total Company	9
Automotive	10 - 11
North America	12 - 13
South America	14 - 15
Europe	16 - 17
Middle East & Africa	18
Asia Pacific	19 - 20
Financial Services – Ford Credit	21 - 23
Cash Flow and Balance Sheet Summary	24 - 25
Planning Assumptions and Guidance	26 - 27
Key Takeaways	28

## Appendix

<u>Business Unit Guidance</u>	A1
<u>Reconciliations to GAAP</u>	
Non-GAAP Financial Measures	A2
Adjusted Pre-Tax Profit	A3
Adjusted Effective Tax Rate	A4
Special Items	A5
Adjusted Earnings Per Share	A6
Managed Receivables	A7
Managed Leverage	A8
<u>Supplemental Data</u>	
Automotive Debt	A9
China Unconsolidated Affiliates	A10
<u>Volume Related</u>	
Industry SAAR	A11
Market Share	A12
Production Volumes	A13
Dealer Stocks	A14
<u>Other</u>	
Definitions and Calculations	A15



Go Further

# FINANCIAL HEADLINES



Total Company  
Net Income



Total Company  
Adjusted Pre-Tax  
Results\*



Adjusted  
EPS\*



Total Company  
Revenue



Global  
Market Share



Automotive  
Segment  
Operating Margin



Automotive  
Segment  
Operating Cash Flow

	Total Company Net Income	Total Company Adjusted Pre-Tax Results*	Adjusted EPS*	Total Company Revenue	Global Market Share	Automotive Segment Operating Margin	Automotive Segment Operating Cash Flow
<b>3Q 2016</b>	<b>\$1.0B</b>	<b>\$1.4B</b>	<b>\$0.26</b>	<b>\$35.9B</b>	<b>7.5%</b>	<b>3.3%</b>	<b>\$(2.0)B</b>
<b>B/W 3Q 2015</b>	<b>\$1.2B ↓</b>	<b>\$1.7B ↓</b>	<b>\$0.26 ↓</b>	<b>\$2.2B ↓</b>	<b>0.1 ppts ↓</b>	<b>4.4 ppts ↓</b>	<b>\$4.8B ↓</b>

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

**Adjusted Pre-Tax Profit Of \$1.4 Billion; Key Metrics Lower Year-Over-Year As Expected**

# CREATING VALUE – PROGRESS THIS QUARTER



## GROWTH

- Launched all-new Super Duty and all-new Lincoln Continental in NA
- Launched Transit Kombi Van and Kuga in AP
- Global Lincoln sales up 17% from a year ago with best-ever 3Q retail sales in China
- Announced fully autonomous vehicle for ride sharing in 2021
- Acquired Chariot, a shuttle service with plans to grow globally



## RETURNS

- Europe profitable for the 6th quarter in a row – best 3Q since 2007
- Record 3Q profit in AP with market share growth YoY
- Best quarterly profit for Ford Credit since 2011



## RISK

- Contributed over \$200 million to our funded pension plans



## REWARDS

- Distributed \$600 million of dividends to shareholders, bringing YTD shareholder actions to \$2.9 billion

## OTHER HIGHLIGHTS



Lincoln **nearly tripled China sales** in Third Quarter



All-new **2017 Super Duty** earned 13th '**Truck of Texas**' award at TAWA Truck Rodeo



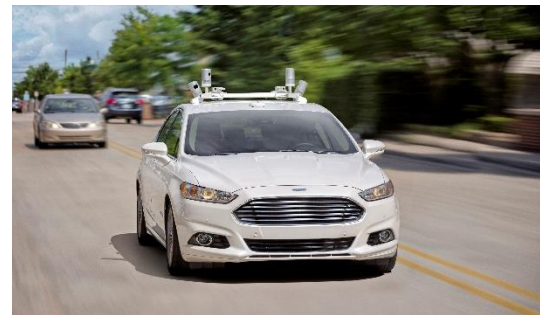
All-new **Ka+** imported from India to **Europe**



**Acquired Chariot**, a San Francisco based shuttle service with plans to grow globally



Ford **entered Indian car-sharing market** with investment in **Zoomcar**



Announced four investments and collaborations in key autonomous vehicle technologies

## BUSINESS ENVIRONMENT

- Global growth outlook for 2016 remains modest at just under 3%
- Full year GDP outlook reduced for U.S. on weak first half data; consumer spending remains solid with vehicle sales at high plateau
- Europe growth steady; U.K. data improving after initial Brexit shock but tone heading into formal exit negotiations driving a weaker sterling
- China growth still supported by consumer and services sector strength, with vehicle purchase tax reduction in place through year end
- Russia and Brazil economies show signs of bottoming out

# **FINANCIAL REVIEW**

# KEY FINANCIAL SUMMARY

	3Q		YTD	
	2016	B / (W) 2015	2016	B / (W) 2015
Wholesales (000)	1,530	(66)	4,944	84
Revenue (Bils)	\$ 35.9	\$ (2.2)	113.1	3.8
<b>Results (Mils)</b>				
Automotive Segment	\$ 1,084	\$(1,678)	\$ 7,380	\$ 134
Financial Services Segment	552	26	1,436	(50)
All Other	(223)	(60)	(573)	(31)
Total Company adjusted pre-tax results	\$ 1,413	\$(1,712)	\$ 8,243	\$ 53
Special items pre-tax	(26)	(192)	(330)	(496)
Income before income taxes	\$ 1,387	\$(1,904)	\$ 7,913	\$ (443)
(Provision for) / Benefit from income taxes	(426)	673	(2,525)	324
Net Income	\$ 961	\$(1,231)	\$ 5,388	\$ (119)
Less: Income / (Loss) attributable to non-controlling interests	4	4	9	7
Net income / (loss) attributable to Ford	\$ 957	\$(1,235)	\$ 5,379	\$ (126)
Earnings per share (Diluted)	\$ 0.24	\$ (0.31)	\$ 1.35	\$ (0.03)
Adjusted earnings per share (Diluted)	0.26	(0.26)	1.46	0.11
<b>Automotive Segment (Bils)</b>				
Operating cash flow	\$ (2.0)	\$ (4.8)	\$ 4.9	\$ (0.3)
Cash	\$ 24.3	\$ 2.1	\$ 24.3	\$ 2.1
Debt	(13.1)	(0.3)	(13.1)	(0.3)
Net cash	\$ 11.2	\$ 1.8	\$ 11.2	\$ 1.8

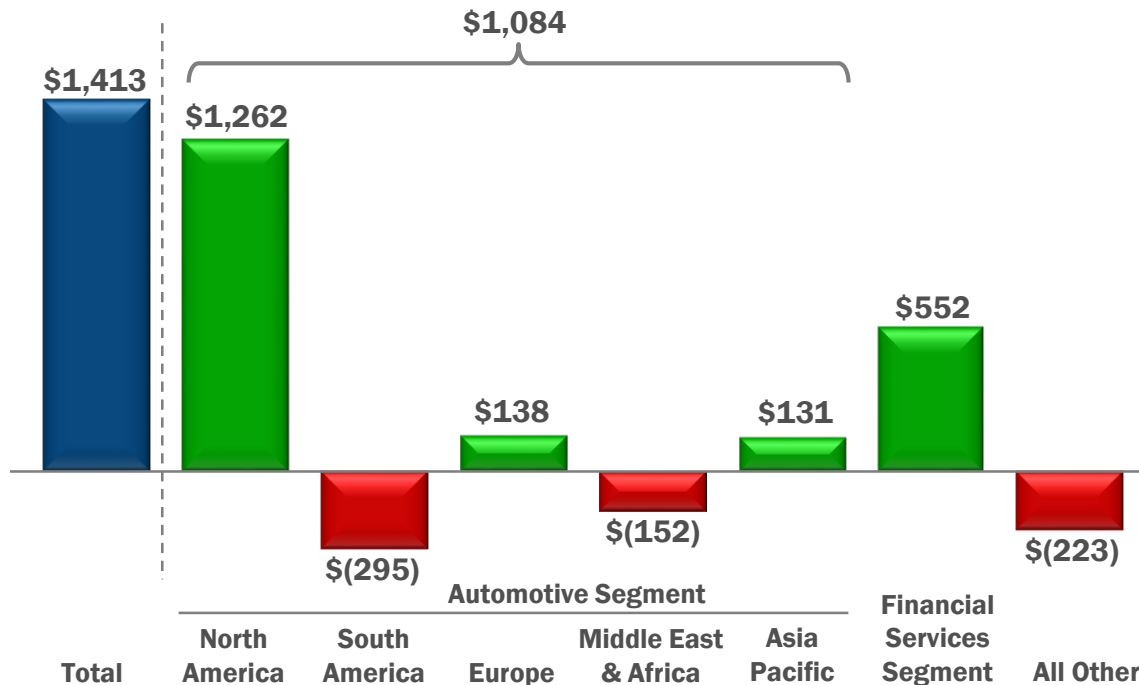
**3Q profitable, lower YoY**

**Wholesale volume down 4%; revenue down 6%**

**Operating cash flow negative; liquidity strong**

**First Nine Months – key metrics strong and about the same as a year ago**

# 3Q 2016 ADJUSTED PRE-TAX RESULTS\* (MILS)



**Automotive segment PBT driven by NA, Europe and record 3Q in AP**

**Strong Financial Services profit**

**All Other primarily net interest expense**

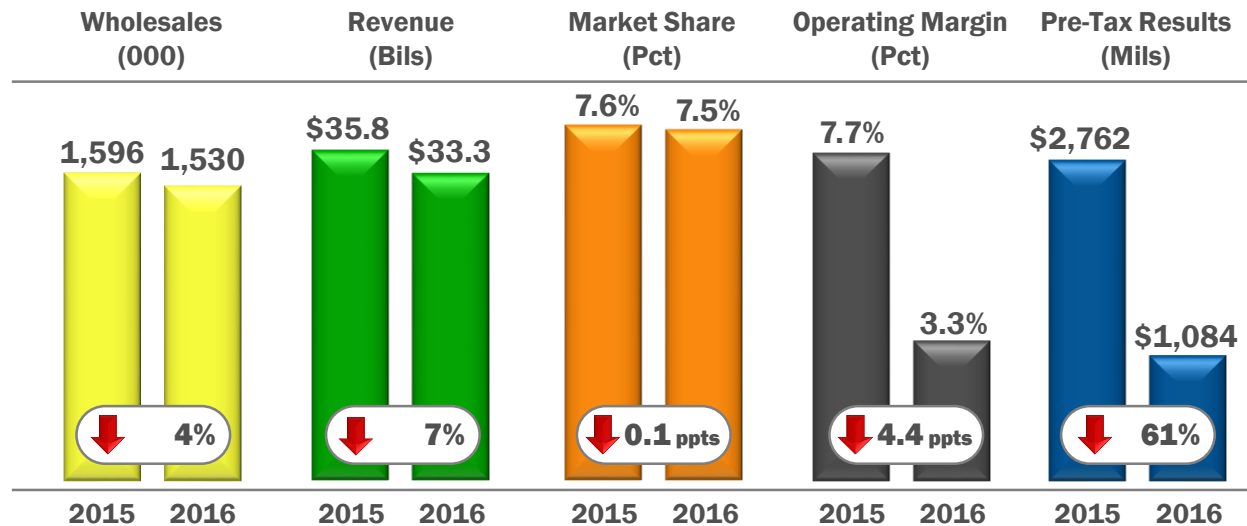
B / (W)

3Q 2015	\$ (1,712)	\$ (1,647)	\$ (132)	\$ 129	\$ (137)	\$ 109	\$ 26	\$ (60)
---------	------------	------------	----------	--------	----------	--------	-------	---------

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

# AUTOMOTIVE SEGMENT

## 3Q 2016 KEY METRICS



All key metrics lower than a year ago driven by NA

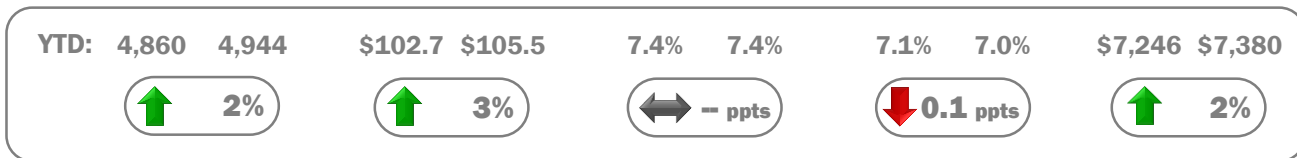
Wholesales down 4%; revenue down 7%

Global market share lower due to NA, SA and MEA

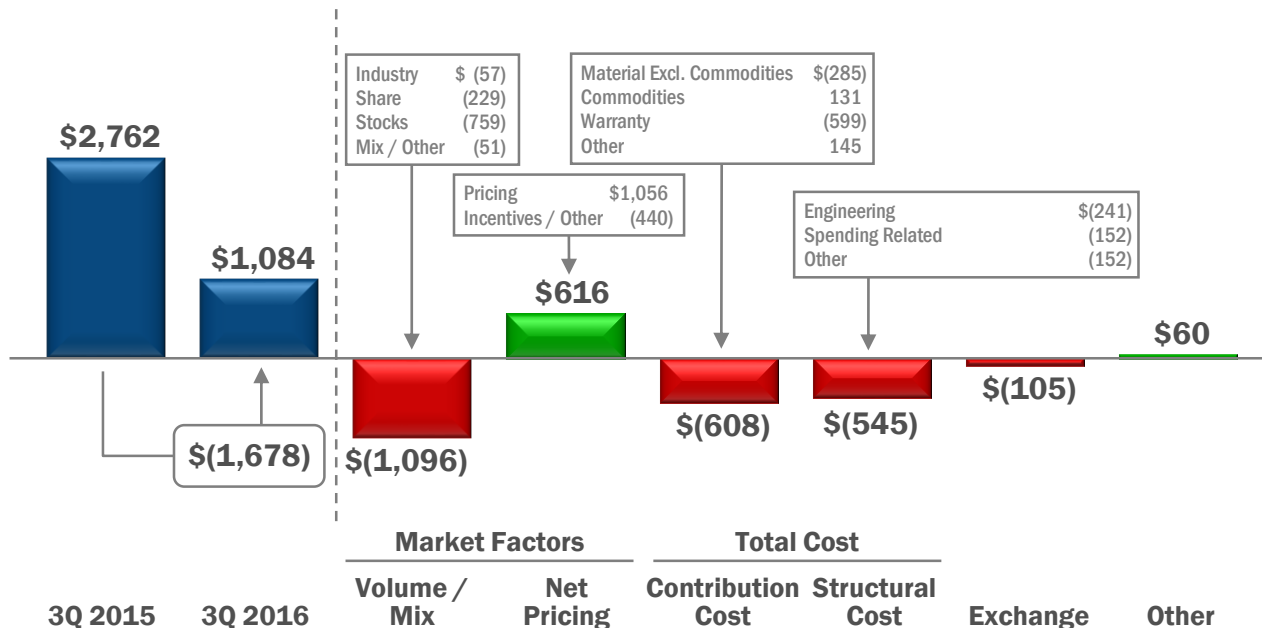
Global SAAR up 3%

Operating margin and Auto PBT down sharply

YTD metrics strong and about the same as last year



# 3Q 2016 PRE-TAX RESULTS (MILS)



**Lower PBT driven by lower volume and higher warranty cost related to recall**

**Unfavorable dealer stocks due to stock reductions this year versus increases last year in NA and Europe**

**Net pricing higher, mainly NA**

# AUTOMOTIVE SEGMENT – NORTH AMERICA

## 3Q 2016 KEY METRICS



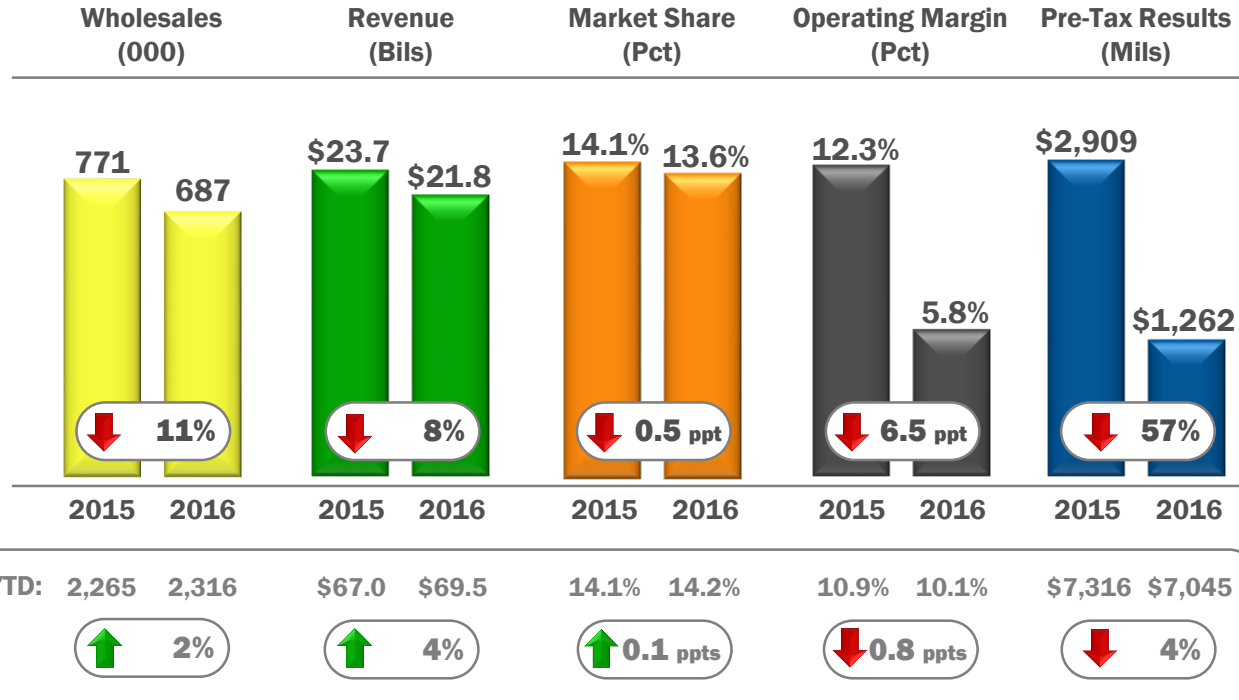
**All key metrics lower than last year**

**Top line down due to lower volume – unfavorable stock changes and lower market share and industry**

**NA market share down due to U.S. retail (cars and SUVs) and fleet (rental)**

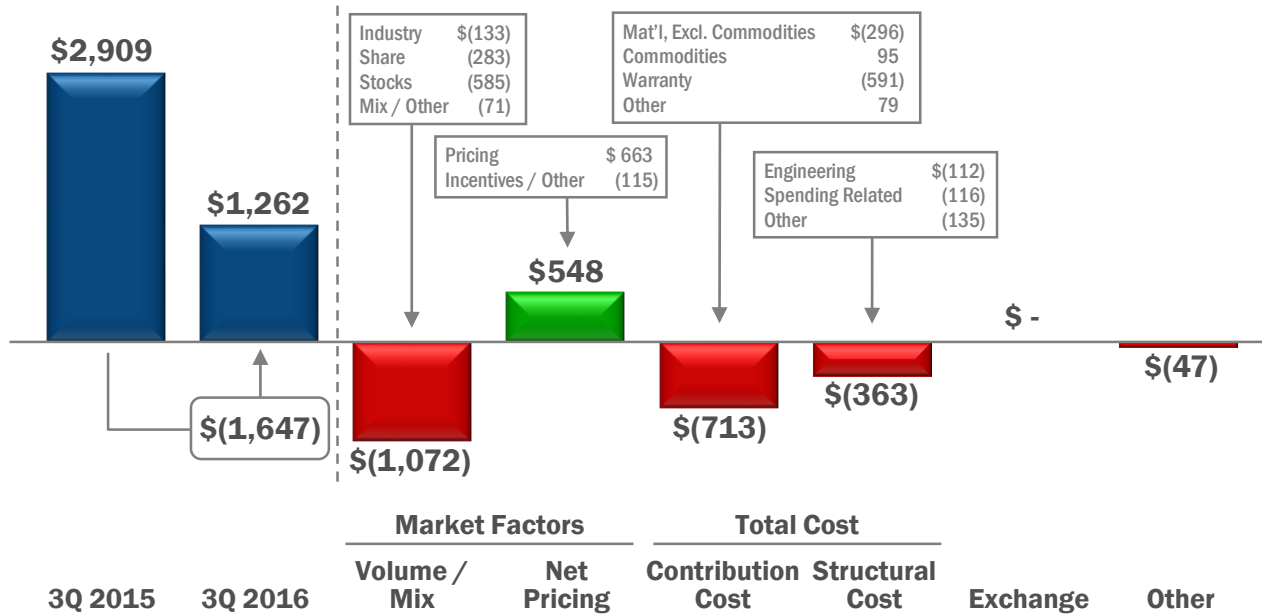
**NA SAAR lower – U.S. down 0.5M units**

**YTD metrics strong, though mixed**



# AUTOMOTIVE SEGMENT – NORTH AMERICA

## 3Q 2016 PRE-TAX RESULTS (MILS)

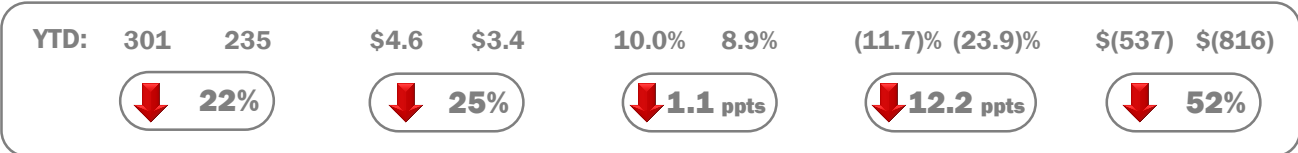
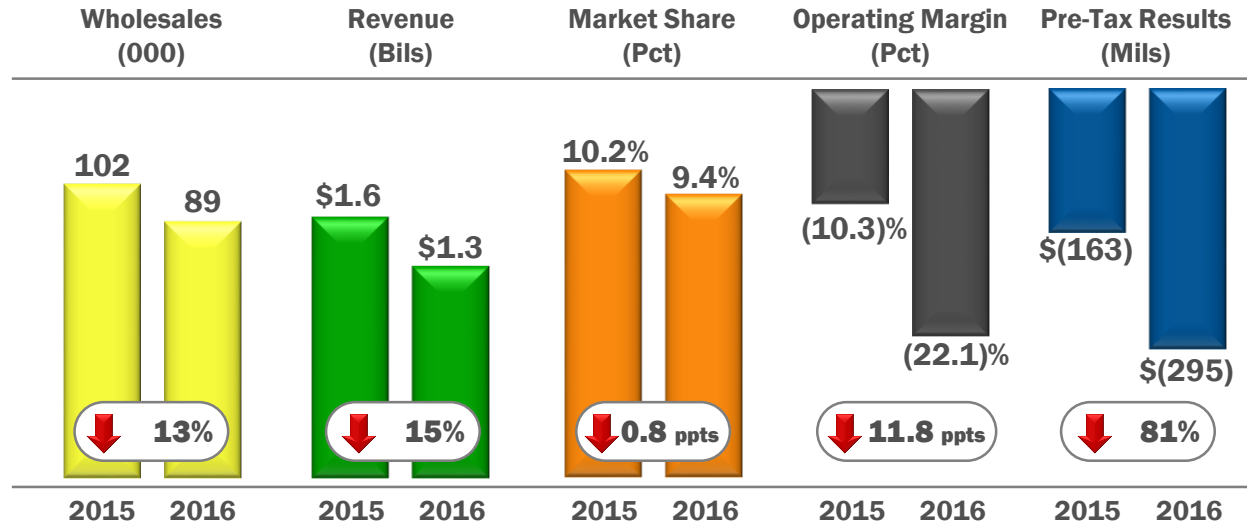


**Lower PBT driven by Super Duty launch, dealer stock reduction this year versus an increase last year for F-150, normalization of series mix on F-150 and previously announced door latch recall**

**U.S. ATPs increased more than industry average, driven by higher net pricing**

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 3Q 2016 KEY METRICS



**3Q and YTD metrics down from a year ago as economic conditions remained challenging**

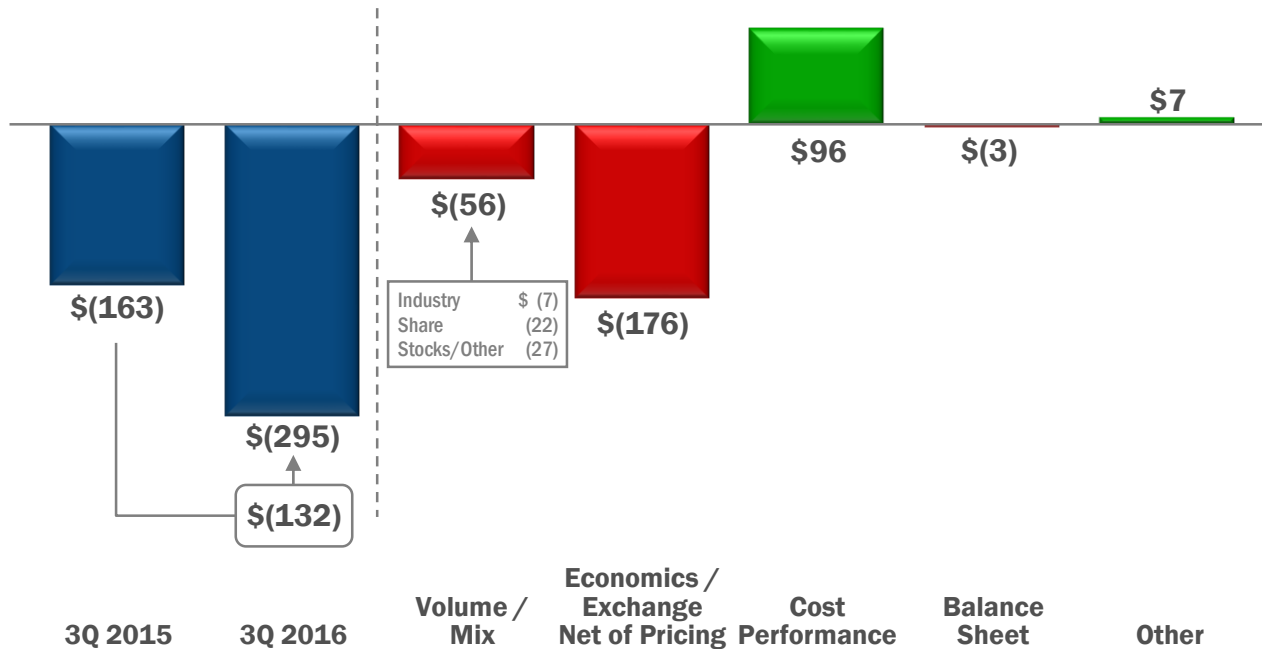
**Top line lower due to lower volume and unfavorable exchange**

**Market share lower due to Fiesta in Brazil**

**SA and Brazil SAARs declined at lowest pace this year**

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 3Q 2016 PRE-TAX RESULTS (MILS)

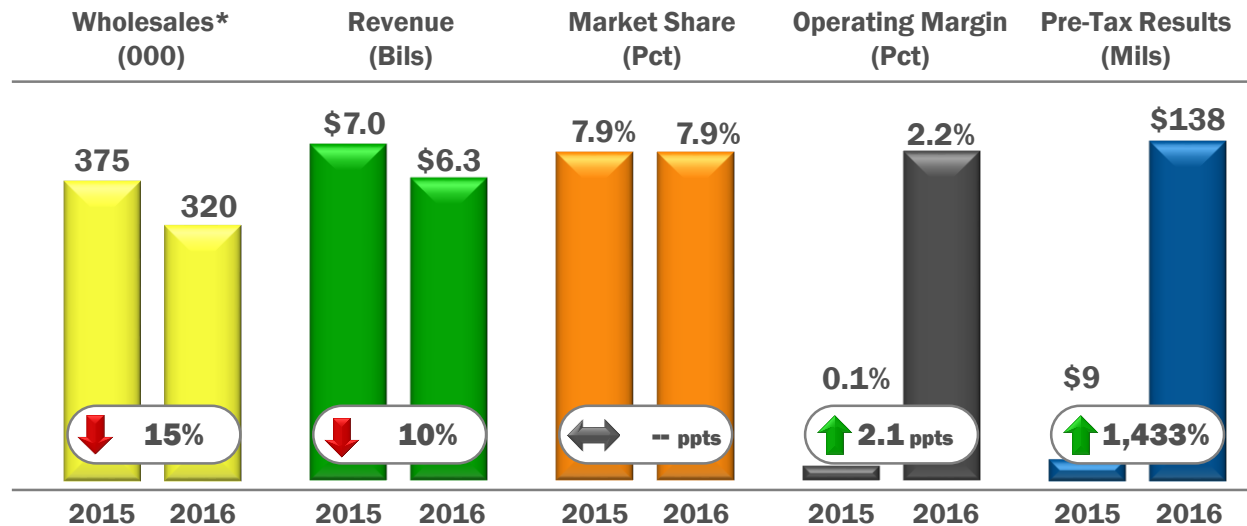


**Higher loss driven by unfavorable effects of inflation and weaker local currencies exceeding higher net pricing**

**Cost performance continued to be favorable**

# AUTOMOTIVE SEGMENT – EUROPE

## 3Q 2016 KEY METRICS



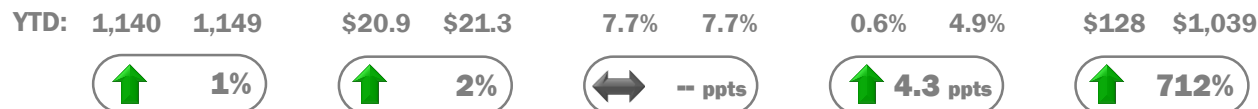
**Best 3Q PBT since 2007  
with operating margin and  
PBT up sharply YoY**

**Top line decline due to  
volume**

**Europe SAAR higher**

**Market share flat, but  
commercial vehicles up  
sharply**

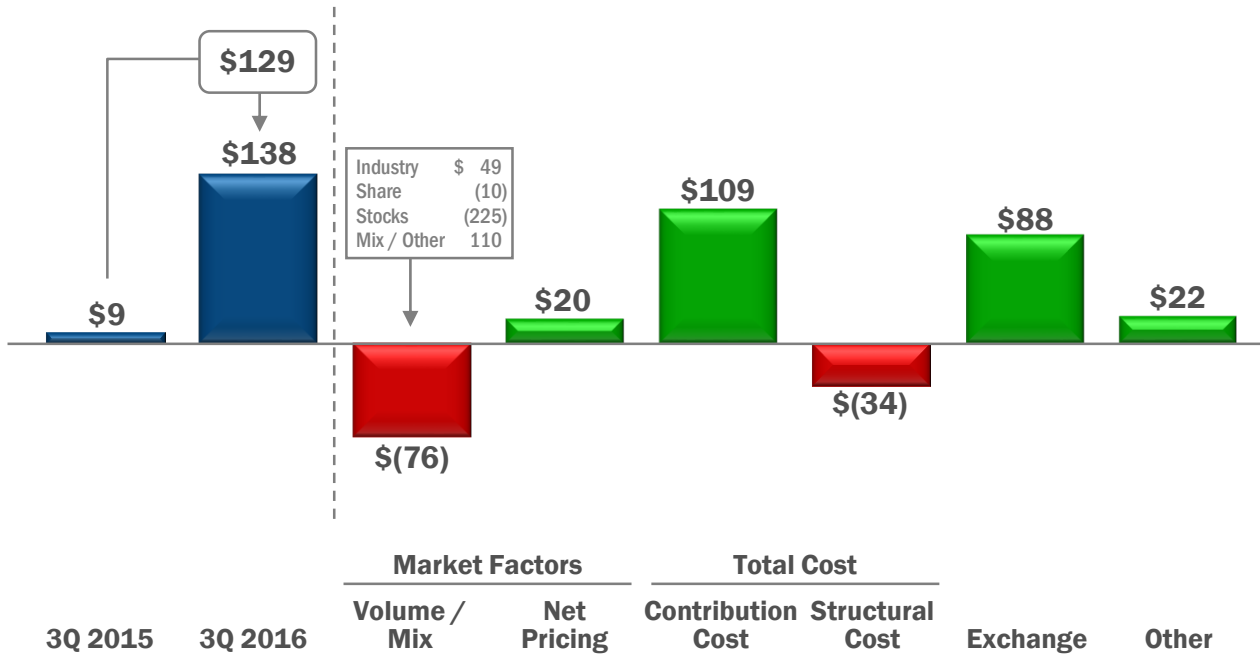
**YTD PBT exceeds  
\$1 billion with operating  
margin of 4.9%**



\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 19,000 units in 3Q 2015 and 15,000 units in 3Q 2016). 2015 YTD includes about 5,000 Ford brand vehicles produced and sold by our previously unconsolidated affiliate in Russia. Revenue does not include these sales

# AUTOMOTIVE SEGMENT – EUROPE

## 3Q 2016 PRE-TAX RESULTS (MILS)



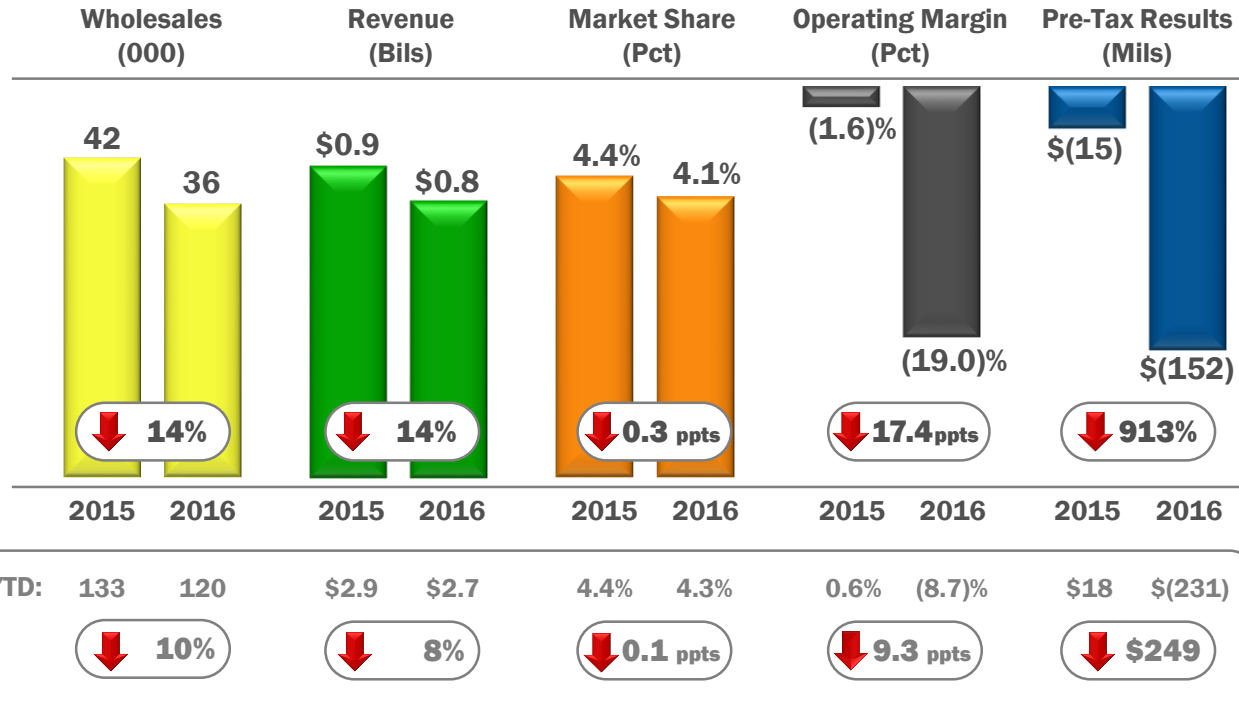
**6<sup>th</sup> consecutive profitable quarter and 4<sup>th</sup> with YoY cost improvement**

**Most factors drove higher PBT; volume lower due to dealer stock reduction this year versus an increase a year ago**

**Stock reduction reflects actions to align production to expected demand following Brexit**

# AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

## 3Q 2016 KEY METRICS



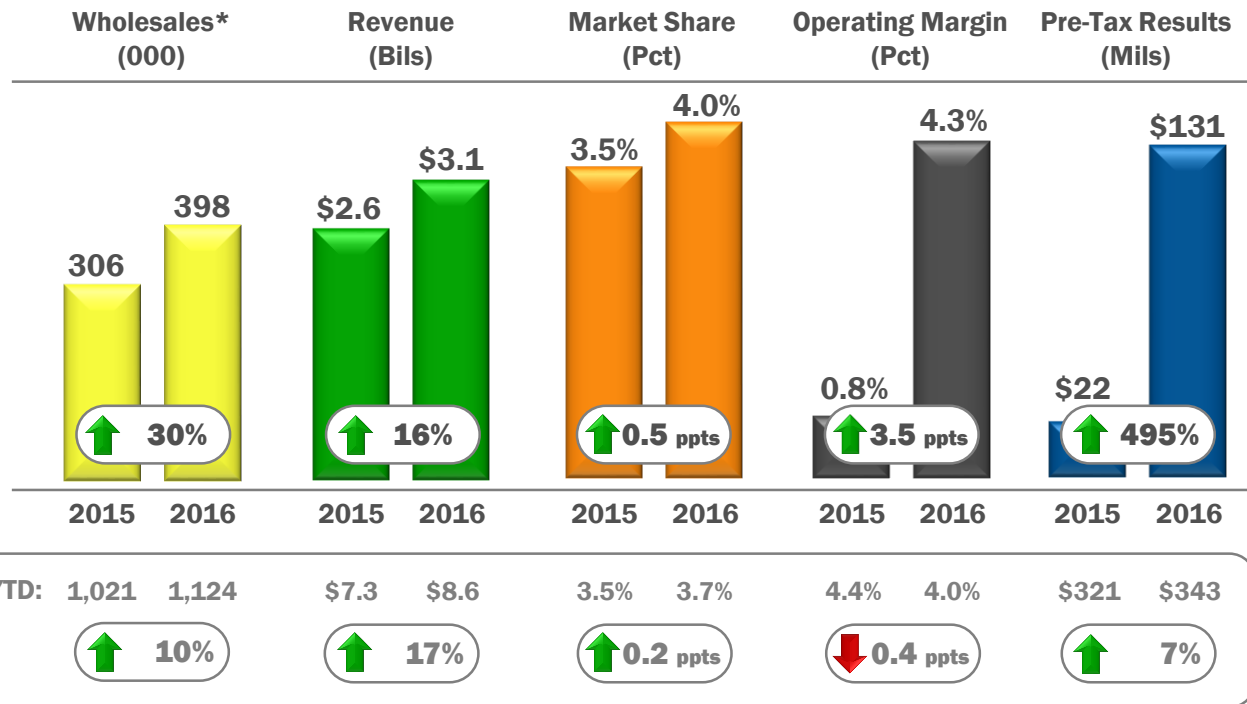
**Unfavorable YoY change in most key metrics driven by external factors and performance in the Middle East**

**Share decline due to unfavorable market mix**

**YTD metrics lower across the board -- adverse external conditions and 3Q performance in the Middle East**

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 3Q 2016 KEY METRICS



**Record 3Q PBT with strong YoY performance across the board**

**Top line up sharply – China and rest of AP**

**Market share up, driven by China**

**AP and China SAARs up**

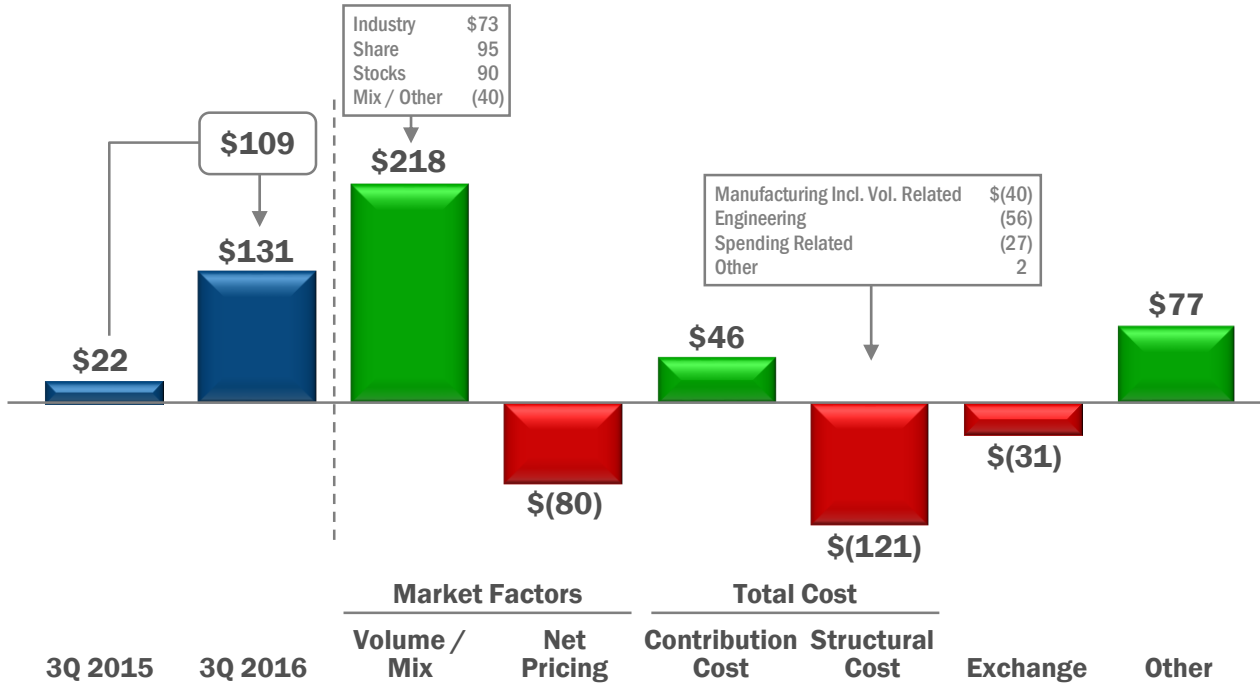
**China JVs at \$320M, up 26%; margin at 13.4%**

**YTD metrics improved except operating margin**

\* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 221,000 units in 3Q 2015 and 296,000 units in 3Q 2016); revenue does not include these sales

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 3Q 2016 PRE-TAX RESULTS (MIL\$)



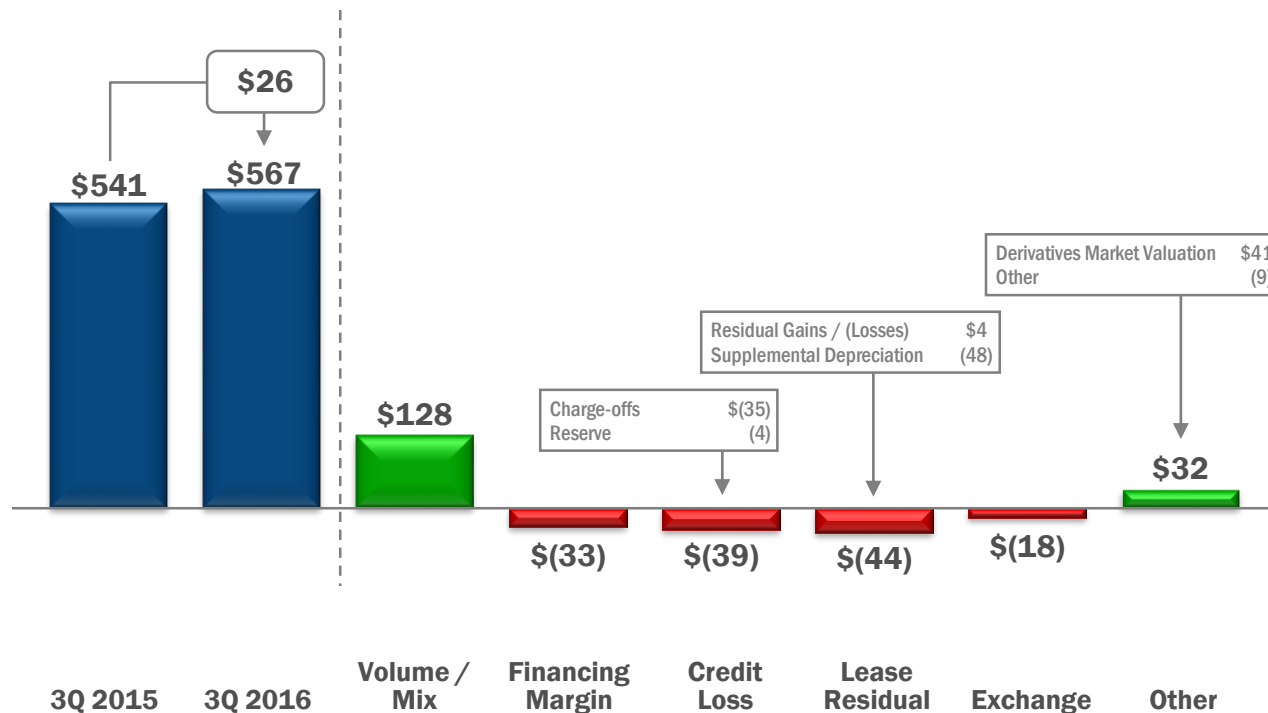
**Higher PBT driven by improvements outside China, as well as at China JVs**

**Higher volume the key factor driving profit improvement**



# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 3Q 2016 PRE-TAX RESULTS (MILS)



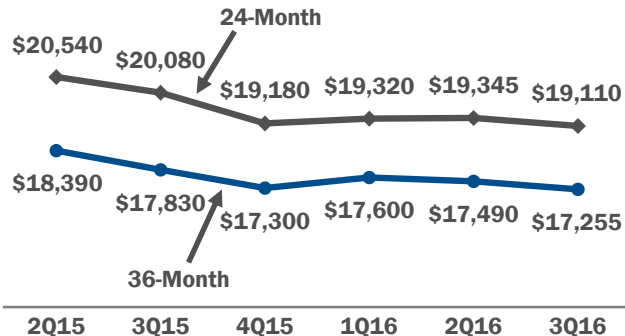
**Higher profit driven by receivables growth -- volume and mix**

**Credit losses normalizing with higher charge-offs**

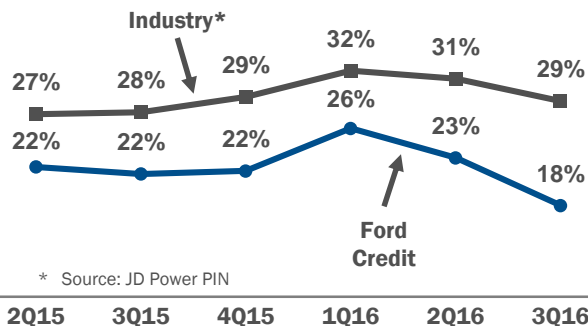
**Outlook for lower auction values drove unfavorable lease residual performance**

# U.S. AUTOMOTIVE FINANCING TRENDS

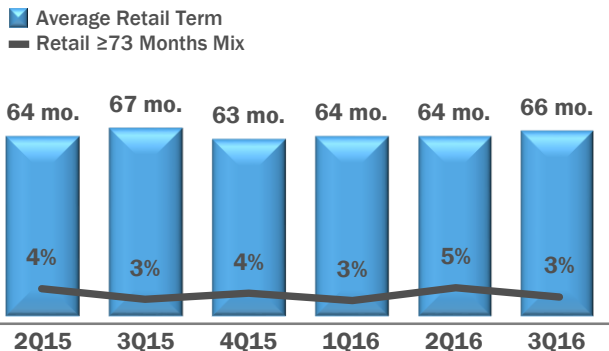
Off-Lease Auction Values (At 3Q16 Mix)



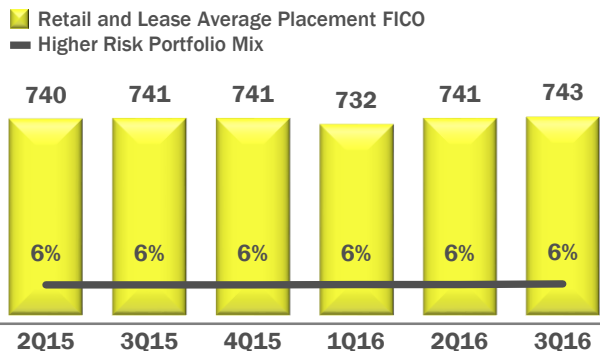
Lease Share of Retail Sales



Retail Contract Placement Terms



FICO and Higher Risk Mix



**Lower auction values reflect higher supply and higher new vehicle incentives**

**Reduced lease share reflects outlook on used vehicle values**

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

# AUTOMOTIVE SEGMENT CASH FLOW



<i>(Bils)</i>	<u>3Q 2016</u>	<u>YTD 2016</u>
Cash at end of period	\$ 24.3	\$ 24.3
Cash at beginning of period	27.2	23.6
Change in Cash	<u>\$ (2.9)</u>	<u>\$ 0.7</u>
Automotive Segment pre-tax profits	\$ 1.1	\$ 7.4
Capital spending	(1.7)	(4.9)
Depreciation and tooling amortization	1.2	3.4
Changes in working capital	(1.2)	0.1
All Other and timing differences	<u>(1.4)</u>	<u>(1.1)</u>
Automotive operating cash flow	\$ (2.0)	\$ 4.9
Separation payments	--	(0.2)
Transactions with other segments	(0.1)	(0.1)
Other, including acquisitions and divestitures	<u>--</u>	<u>--</u>
Cash flow before other actions	\$ (2.1)	\$ 4.6
Changes in debt	--	(0.2)
Funded pension contributions	(0.2)	(0.8)
Dividends / Other items	<u>(0.6)</u>	<u>(2.9)</u>
Change in Cash	<u>\$ (2.9)</u>	<u>\$ 0.7</u>

**Negative 3Q operating cash flow due to unfavorable working capital and timing / other changes**

**Full year capital spending projected at about \$7B**

**Dividend payments of \$600M in the quarter**

**Now expect full year pension contributions of \$1.2 billion**

# BALANCE SHEET SUMMARY

(Bils)

	2016 Sept. 30	2015 Dec. 31
<b>Automotive Segment</b>		
Cash, cash equivalents and marketable securities	\$ 24.3	\$ 23.6
Available credit lines*	10.9	10.9
<b>Total liquidity</b>	<b>\$ 35.2</b>	<b>\$ 34.5</b>
<b>Debt</b>	<b>\$ 13.1</b>	<b>\$ 12.8</b>
<b>Cash net of debt</b>	<b>11.2</b>	<b>10.8</b>
<b>Ford Credit</b>		
Managed Receivables**	\$ 134	\$ 127
Debt	124	120
Liquidity	33	24
Managed Leverage** (to 1)	9.2	9.5
<b>Total Company Period End Balance Sheet Underfunded Status***</b>		
U.S. pension	\$ 3.1	\$ 3.7
Non-U.S. pension	3.9	4.5
<b>Total global pension</b>	<b>\$ 7.0</b>	<b>\$ 8.2</b>
<b>Total unfunded OPEB</b>	<b>\$ 5.7</b>	<b>\$ 5.7</b>

**Auto cash and liquidity  
balances strong**

**Ford Credit well  
capitalized with strong  
liquidity; balance sheet  
self liquidating**

**Funded pensions largely  
funded**

\* Total available committed Automotive credit lines (including local lines available to foreign affiliates)

\*\* See Appendix for detail, reconciliation to GAAP, and definitions

\*\*\* Balances at September 30, 2016 reflect net underfunded status at December 31, 2015, updated for service and interest cost, expected return on assets, separation expense, actual benefit payments, and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2015.

# INDUSTRY AND GDP PLANNING ASSUMPTIONS

	GDP Growth (Pct)			Industry (Mils)		
	2015	2016 Outlook		2015	2016 Outlook	
		Prior	Present		Prior	Present
Global	3.1%*	2.9 – 3.3%*	2.9%*	88.2	90.0 – 92.0	91.1
U.S.	2.6%	1.6%	1.6	17.8	17.8	17.8
Brazil	(3.8)%	(3.5)%	(3.5)%	2.6	2.1	2.0
Europe	1.2%	1.5%	1.5%	19.2	19.9	20.0
China	6.9%	6.7%	6.7%	23.5	25.7	26.1

**Global GDP updated to low end of prior range**

**Global industry volume gains in 2016 driven by China and Europe**

**Outlook for industry volume raised for China and Europe and reduced for Brazil**

\* Global GDP growth measured at purchasing power parity (PPP) rates using latest World Bank weighting

# 2016 COMPANY GUIDANCE

	2015 FY	2016 FY		Memo: 2016 YTD Results
	Results	Plan	Outlook	
<b>Total Company Adjusted Pre-Tax Results*</b>	<b>\$10.8B</b>	<b>≥ 2015</b>	<b>≈ \$10.2B</b>	<b>\$8.2B</b>
<b>Adjusted EPS*</b>	<b>\$1.93</b>	<b>≥ 2015</b>	<b>Lower</b>	<b>\$1.46</b>
<b>Automotive Segment Revenue</b>	<b>\$140.6B</b>	<b>≥ 2015</b>	<b>On Track</b>	<b>\$105.5B</b>
<b>Automotive Segment Operating Margin</b>	<b>6.8%</b>	<b>≥ 2015</b>	<b>Lower</b>	<b>7.0%</b>
<b>Automotive Segment Operating Cash Flow</b>	<b>\$7.3B</b>	<b>Strong, but &lt; 2015</b>	<b>On Track</b>	<b>\$4.9B</b>
<b>Adjusted Effective Tax Rate* (Pct)</b>	<b>28.6%</b>	<b>Low 30s</b>	<b>On Track</b>	<b>29.1%</b>

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

**We Continue To Expect 2016 Full Year Adjusted Pre-Tax Profit  
To Be About \$10.2 Billion**

## KEY TAKEAWAYS

1. Better-than-expected 3Q Company adjusted pre-tax profit of \$1.4 billion; stronger result to be offset in 4Q. All key metrics lower YoY
2. Lower profit in North America due to Super Duty launch, a reduction in dealer stocks this year versus an increase a year ago for F-150, normalization of series mix on F-150 and previously announced door latch recall
3. Best 3Q PBT in Europe since 2007 and record 3Q PBT for Asia Pacific
4. Best quarterly pre-tax profit at Ford Credit since 2011
5. Continued strong cash and liquidity; distributed \$600 million of dividends, bringing YTD shareholder actions to \$2.9 billion
6. Continue to expect full year Company adjusted pre-tax profit of about \$10.2 billion

# Q&A

October 27, 2016

# Ford



Go Further

# 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

# 2016 BUSINESS UNIT GUIDANCE

	2015 FY	2016 FY		Memo: 2016 YTD Results
	Results	Plan	Outlook	
<b>Automotive</b>				
North America	\$9,345M	≈ 2015	Lower	\$7,045M
Operating Margin	10.2%	9.5% or Higher	Lower*	10.1%
South America	\$(832)M	Loss > 2015	On Track	\$(816)M
Europe	259M	> 2015	On Track	1,039M
Middle East & Africa	31M	≥ 2015	Lower	(231)M
Asia Pacific	765M	> 2015	Lower	343M
Ford Credit	2,086M	≥ 2015	Lower	1,481M
All Other	(796)M	≈ \$(800)M	On Track	(573)M

\* Higher than 9.5% excluding door latch recall

# 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.

Total Company Adjusted Pre-tax Profit (Most Comparable GAAP Measure: Net income attributable to Ford) – The non-GAAP measure is useful to management and investors because it allows users to evaluate our pre-tax results excluding pre-tax special items. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses that are not reflective of our underlying business results, (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.

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.

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.

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 NET INCOME RECONCILIATION TO ADJUSTED PRE-TAX PROFIT



<i>(Mils)</i>	3Q		YTD		Memo:
	2015	2016	2015	2016	FY 2015
Net income / (loss) attributable to Ford (GAAP)	\$ 2,192	\$ 957	\$ 5,505	\$ 5,379	\$ 7,373
Income / (Loss) attributable to non-controlling interests	--	4	2	9	(2)
Net income	\$ 2,192	\$ 961	\$ 5,507	\$ 5,388	\$ 7,371
Less: (Provision for) / Benefit from income taxes	(1,099)	(426)	(2,849)	(2,525)	(2,881)
Income before income taxes	\$ 3,291	\$ 1,387	\$ 8,356	\$ 7,913	\$ 10,252
Less: Special items pre-tax	166	(26)	166	(330)	(548)
Adjusted pre-tax profit / (loss) (Non-GAAP)	\$ 3,125	\$ 1,413	\$ 8,190	\$ 8,243	\$ 10,800

# EFFECTIVE TAX RATE RECONCILIATION TO ADJUSTED EFFECTIVE TAX RATE

	2016		Memo:
	3Q	YTD	FY 2015
<b><u>Pre-Tax Results (Mils)</u></b>			
Income before Income Taxes (GAAP)	\$ 1,387	\$ 7,913	\$ 10,252
Less: Impact of special items	(26)	(330)	(548)
Adjusted Pre-tax results (Non-GAAP)	\$ 1,413	\$ 8,243	\$ 10,800
<b><u>Taxes (Mils)</u></b>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (426)	\$ (2,525)	\$ (2,881)
Less: Impact of special items	(60)	(127)	205
Adjusted (Provision for) / Benefit from income taxes (Non-GAAP)	\$ (366)	\$ (2,398)	\$ (3,086)
<b>Effective Tax Rate (GAAP)</b>	<b>30.7%</b>	<b>31.9%</b>	<b>28.1%</b>
<b>Adjusted Effective Tax Rate (Non-GAAP)</b>	<b>25.9</b>	<b>29.1</b>	<b>28.6</b>

# TOTAL COMPANY SPECIAL ITEMS



(Mils, except amounts per share data)

	3Q		YTD		Memo:
	2015	2016	2015	2016	FY 2015
<b><u>Pre-tax Special Items</u></b>					
Separation-related actions	\$ --	\$ (17)	\$ --	\$ (293)	\$ --
Japan / Indonesia market closure	--	(9)	--	(26)	--
Nemak IPO	166	--	166	--	150
Pension & OPEB remeasurement gains / (losses)	--	--	--	(11)	(698)
<b>Total Pre-tax special items</b>	<b>\$ 166</b>	<b>\$ (26)</b>	<b>\$ 166</b>	<b>\$ (330)</b>	<b>\$ (548)</b>
<b><u>Tax Special Items</u></b>					
Net tax effect of Pre-tax special items	\$ (58)	\$ 9	\$ (58)	\$ 116	\$ 205
Tax expense of entity restructurings	--	(69)	--	(243)	--
<b>Total tax special items</b>	<b>\$ (58)</b>	<b>\$ (60)</b>	<b>\$ (58)</b>	<b>\$ (127)</b>	<b>\$ 205</b>
<b><u>Memo:</u></b>					
Special items impact on earnings per share	\$ 0.03	\$ (0.02)	\$ 0.03	\$ (0.11)	\$ (0.09)

# EARNINGS PER SHARE RECONCILIATION TO ADJUSTED EARNINGS PER SHARE

	2016	
	3Q	YTD
<b><u>Diluted After-Tax Results (Mils)</u></b>		
Diluted After-tax results (GAAP)	\$ 957	\$ 5,379
Less: Impact of Pre-tax and tax special items	(86)	(457)
Adjusted Net Income (Non-GAAP)	<u>\$ 1,043</u>	<u>\$ 5,836</u>
<b><u>Basic and Diluted Shares (Mils)</u></b>		
Basic shares (Average shares outstanding)	3,974	3,972
Net dilutive options and unvested restricted stock units	26	25
Adjusted Diluted shares	<u>4,000</u>	<u>3,997</u>
<b>Earnings Per Share – Diluted (GAAP)</b>	\$ 0.24	\$ 1.35
Net impact of adjustments	0.02	0.11
Adjusted Earnings Per Share – Diluted (Non-GAAP)	<u>\$ 0.26</u>	<u>\$ 1.46</u>

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

<i>(Bils)</i>	Dec. 31, 2014	Sep. 30, 2015	Dec. 31, 2015	Sep. 30, 2016
<b>Finance receivables, net</b>	\$ 86.9	\$ 92.7	\$ 96.8	\$ 100.9
<b>Net investment in operating leases</b>	21.5	24.5	25.1	27.0
<b>Total net receivables* (GAAP)</b>	<b>\$ 108.4</b>	<b>\$ 117.2</b>	<b>\$ 121.9</b>	<b>\$ 127.9</b>
<b>Unearned interest supplements and residual support</b>	3.9	4.5	4.5	5.3
<b>Allowance for credit losses</b>	0.4	0.4	0.4	0.5
<b>Other, primarily accumulated supplemental depreciation</b>	0.1	0.3	0.4	0.7
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 112.8</b>	<b>\$ 122.4</b>	<b>\$ 127.2</b>	<b>\$ 134.4</b>

\* 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

# FINANCIAL STATEMENT LEVERAGE RECONCILIATION TO MANAGED LEVERAGE

<i>(Bils)</i>	<u>Dec. 31, 2015</u>	<u>Jun. 30, 2016</u>	<u>Sep. 30, 2016</u>
<b><u>Leverage Calculation</u></b>			
<b>Total debt*</b>	\$ 119.6	\$ 126.3	\$ 123.5
<b>Adjustments for cash**</b>	(11.2)	(11.6)	(9.2)
<b>Adjustments for derivative accounting***</b>	(0.5)	(1.3)	(1.0)
<b>Total adjusted debt</b>	<u>\$ 107.9</u>	<u>\$ 113.4</u>	<u>\$ 113.3</u>
<b>Equity****</b>	\$ 11.7	\$ 12.4	\$ 12.7
<b>Adjustments for derivative accounting***</b>	(0.3)	(0.4)	(0.3)
<b>Total adjusted equity</b>	<u>\$ 11.4</u>	<u>\$ 12.0</u>	<u>\$ 12.4</u>
<b>Financial statement leverage (to 1) (GAAP)</b>	10.2	10.2	9.7
<b>Managed leverage (to 1) (Non-GAAP)</b>	9.5	9.4	9.2

\* 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 amounts 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

# AUTOMOTIVE SEGMENT DEBT



<i>(Bils)</i>	2015	2016	
	Dec. 31	June 30	Sept. 30
<b>Public unsecured debt</b>	\$ 6.4	\$ 6.4	\$ 6.4
<b>U.S. Department of Energy</b>	3.8	3.5	3.4
<b>Other debt (including international)</b>	2.6	3.2	3.3
<b>Total Automotive debt</b>	<u>\$ 12.8</u>	<u>\$ 13.1</u>	<u>\$ 13.1</u>
<b>Memo:</b>			
<b>Automotive debt payable within one year</b>	\$ 1.8	\$ 2.4	\$ 2.5

# CHINA UNCONSOLIDATED AFFILIATES



	3Q		YTD		Memo:
	2015	2016	2015	2016	FY 2015
<b><u>China Unconsolidated Affiliates</u></b>					
<b>Wholesales (000)</b>	<b>221</b>	<b>296</b>	<b>783</b>	<b>837</b>	<b>1,123</b>
<b>Ford Equity Income (Mils)*</b>	<b>\$ 253</b>	<b>\$ 320</b>	<b>\$ 1,024</b>	<b>\$ 1,059</b>	<b>\$ 1,515</b>
<b>China JV Net Income Margin</b>	<b>12.7%</b>	<b>13.4%</b>	<b>15.4%</b>	<b>15.3%</b>	<b>15.6%</b>

\* Ford equity share of China joint ventures net income

# AUTOMOTIVE SEGMENT

## 3Q INDUSTRY SAAR



Units (mlns)

	3Q			YTD		
	2015	2016	B / (W)	2015	2016	B / (W)
<b>North America</b>	<b>22.0</b>	<b>21.8</b>	<b>(0.2)</b>	<b>21.3</b>	<b>21.6</b>	<b>0.3</b>
U.S.	18.3	17.8	(0.5)	17.6	17.7	0.1
<b>South America</b>	<b>4.0</b>	<b>3.6</b>	<b>(0.4)</b>	<b>4.3</b>	<b>3.6</b>	<b>(0.7)</b>
Brazil	2.4	2.0	(0.4)	2.6	2.1	(0.5)
<b>Europe</b>	<b>19.4</b>	<b>20.1</b>	<b>0.7</b>	<b>19.1</b>	<b>20.0</b>	<b>0.9</b>
<b>Middle East &amp; Africa</b>	<b>4.2</b>	<b>3.7</b>	<b>(0.5)</b>	<b>4.2</b>	<b>3.9</b>	<b>(0.3)</b>
<b>Asia Pacific</b>	<b>37.7</b>	<b>40.9</b>	<b>3.2</b>	<b>38.0</b>	<b>41.3</b>	<b>3.3</b>
China	22.1	24.9	2.8	22.7	25.7	3.0
<b>Global</b>	<b>87.2</b>	<b>90.1</b>	<b>2.9</b>	<b>86.8</b>	<b>90.5</b>	<b>3.7</b>

# AUTOMOTIVE SEGMENT

## 3Q MARKET SHARE



(Percent)

	3Q			YTD		
	2015	2016	B / (W)	2015	2016	B / (W)
<b><u>Total Share of Total Industry</u></b>						
<b>North America</b>	<b>14.1%</b>	<b>13.6%</b>	<b>(0.5) ppts</b>	<b>14.1%</b>	<b>14.2%</b>	<b>0.1 ppts</b>
U.S.	14.7	14.0	(0.7)	14.8	14.9	0.1
<b>South America</b>	<b>10.2</b>	<b>9.4</b>	<b>(0.8)</b>	<b>10.0</b>	<b>8.9</b>	<b>(1.1)</b>
Brazil	11.0	10.0	(1.0)	10.8	9.1	(1.7)
<b>Europe</b>	<b>7.9</b>	<b>7.9</b>	<b>--</b>	<b>7.7</b>	<b>7.7</b>	<b>--</b>
<b>Middle East &amp; Africa</b>	<b>4.4</b>	<b>4.1</b>	<b>(0.3)</b>	<b>4.4</b>	<b>4.3</b>	<b>(0.1)</b>
<b>Asia Pacific</b>	<b>3.5</b>	<b>4.0</b>	<b>0.5</b>	<b>3.5</b>	<b>3.7</b>	<b>0.2</b>
China*	4.6	5.1	0.5	4.7	4.7	--
<b>Global</b>	<b>7.6</b>	<b>7.5</b>	<b>(0.1)</b>	<b>7.4</b>	<b>7.4</b>	<b>--</b>
<b><u>Retail Share of Retail Industry</u></b>						
<b>U.S.**</b>	<b>13.3</b>	<b>12.7</b>	<b>(0.6)</b>	<b>13.1</b>	<b>12.8</b>	<b>(0.3)</b>
<b>Europe***</b>	<b>8.2</b>	<b>7.9</b>	<b>(0.3)</b>	<b>8.2</b>	<b>7.9</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 SEGMENT PRODUCTION VOLUMES



(000)	2016			
	3Q Actual		4Q Forecast	
	Units	0 / (U) 2015	Units	0 / (U) 2015
North America	699	(93)	700	(100)
South America	88	3	77	10
Europe	289	(88)	350	(43)
Middle East & Africa	25	3	23	6
Asia Pacific	412	71	480	52
<b>Total</b>	<b>1,513</b>	<b>(104)</b>	<b>1,630</b>	<b>(75)</b>

**Planned production  
consistent with guidance**

**Key drivers of 4Q YoY:**

**NA lower – matching  
production to demand  
and non repeat of F-150  
stock build**

**EU lower – matching  
production to demand  
and projected impact of  
Brexit on industry**

**AP higher – new  
products and higher  
industry**

# AUTOMOTIVE SEGMENT - SELECTED MARKETS

## DEALER STOCKS



(000)

	<u>U.S.</u>	<u>Brazil</u>	<u>Europe 21</u>	<u>MEA</u>	<u>China</u>
<b><u>3Q</u></b>					
<b>September 30, 2016</b>	<b>658</b>	<b>22</b>	<b>206</b>	<b>63</b>	<b>150</b>
<b>June 30, 2016</b>	<b>728</b>	<b>21</b>	<b>247</b>	<b>65</b>	<b>144</b>
<b>Stock Change H / (L)</b>	<b>(70)</b>	<b>1</b>	<b>(41)</b>	<b>(2)</b>	<b>6</b>
<b><u>3Q Prior Year</u></b>					
<b>September 30, 2015</b>	<b>605</b>	<b>29</b>	<b>203</b>	<b>64</b>	<b>143</b>
<b>June 30, 2015</b>	<b>611</b>	<b>29</b>	<b>189</b>	<b>68</b>	<b>163</b>
<b>Stock Change H / (L)</b>	<b>(6)</b>	<b>--</b>	<b>14</b>	<b>(4)</b>	<b>(20)</b>
<b>Year-Over-Year Stock Change</b>	<b>(64)</b>	<b>1</b>	<b>(55)</b>	<b>2</b>	<b>26</b>

# DEFINITIONS AND CALCULATIONS

## Automotive Records

- References to Automotive records for operating 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 Segment Operating Margin

- Automotive segment operating margin is defined as Automotive segment pre-tax results divided by Automotive segment 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 contribution 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, special lease offers and stock accrual adjustments on dealer inventory