
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2017

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-3950

Ford Motor Company

(Exact name of Registrant as specified in its charter)

Delaware

(State of incorporation)

38-0549190

(I.R.S. Employer Identification No.)

One American Road, Dearborn, Michigan

(Address of principal executive offices)

48126

(Zip Code)

313-322-3000

(Registrant's telephone number, including area code)

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of April 20, 2017, Ford had outstanding 3,911,134,231 shares of Common Stock and 70,852,076 shares of Class B Stock.

Exhibit Index begins on page [76](#)

FORD MOTOR COMPANY
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended March 31, 2017

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PART I. FINANCIAL INFORMATION

ITEM 1. *Financial Statements.*

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(in millions, except per share amounts)

	For the periods ended March 31,	
	2016	2017
	First Quarter (unaudited)	
Revenues		
Automotive	\$ 35,257	\$ 36,475
Financial Services	2,461	2,669
Other	—	2
Total revenues (Note 3)	37,718	39,146
Costs and expenses		
Cost of sales	30,517	32,708
Selling, administrative, and other expenses	2,690	2,764
Financial Services interest, operating, and other expenses	2,060	2,232
Total costs and expenses	35,267	37,704
Interest expense on Automotive debt	200	279
Non-Financial Services other income/(loss), net (Note 4)	768	712
Financial Services other income/(loss), net (Note 4)	91	22
Equity in net income of affiliated companies	541	346
Income before income taxes	3,651	2,243
Provision for/(Benefit from) income taxes	1,196	649
Net income	2,455	1,594
Less: Income/(Loss) attributable to noncontrolling interests	3	7
Net income attributable to Ford Motor Company	\$ 2,452	\$ 1,587
EARNINGS PER SHARE ATTRIBUTABLE TO FORD MOTOR COMPANY COMMON AND CLASS B STOCK (Note 6)		
Basic income	\$ 0.62	\$ 0.40
Diluted income	0.61	0.40
Cash dividends declared	0.40	0.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	For the periods ended March 31,	
	2016	2017
	First Quarter (unaudited)	
Net income	\$ 2,455	\$ 1,594
Other comprehensive income/(loss), net of tax (Note 15)		
Foreign currency translation	(64)	242
Marketable securities	6	(1)
Derivative instruments	246	(168)
Pension and other postretirement benefits	22	9
Total other comprehensive income/(loss), net of tax	210	82
Comprehensive income	2,665	1,676
Less: Comprehensive income/(loss) attributable to noncontrolling interests	2	5
Comprehensive income attributable to Ford Motor Company	\$ 2,663	\$ 1,671

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions)

	December 31, 2016	March 31, 2017
	(unaudited)	
ASSETS		
Cash and cash equivalents (Note 7)	\$ 15,905	\$ 17,823
Marketable securities (Note 7)	22,922	22,166
Financial Services finance receivables, net (Note 8)	46,266	48,605
Trade and other receivables, less allowances of \$392 and \$401	11,102	10,685
Inventories (Note 10)	8,898	10,535
Other assets	3,368	3,414
Total current assets	108,461	113,228
Financial Services finance receivables, net (Note 8)	49,924	50,694
Net investment in operating leases	28,829	27,914
Net property	32,072	32,668
Equity in net assets of affiliated companies	3,304	3,642
Deferred income taxes	9,705	10,055
Other assets	5,656	5,893
Total assets	\$ 237,951	\$ 244,094
LIABILITIES		
Payables	\$ 21,296	\$ 23,257
Other liabilities and deferred revenue (Note 11)	19,316	18,790
Automotive debt payable within one year (Note 13)	2,685	3,100
Financial Services debt payable within one year (Note 13)	46,984	46,157
Total current liabilities	90,281	91,304
Other liabilities and deferred revenue (Note 11)	24,395	24,583
Automotive long-term debt (Note 13)	13,222	13,110
Financial Services long-term debt (Note 13)	80,079	83,610
Deferred income taxes	691	749
Total liabilities	208,668	213,356
Redeemable noncontrolling interest	96	97
EQUITY		
Common Stock, par value \$.01 per share (3,984 million shares issued of 6 billion authorized)	40	40
Class B Stock, par value \$.01 per share (71 million shares issued of 530 million authorized)	1	1
Capital in excess of par value of stock	21,630	21,637
Retained earnings	15,634	16,992
Accumulated other comprehensive income/(loss) (Note 15)	(7,013)	(6,929)
Treasury stock	(1,122)	(1,122)
Total equity attributable to Ford Motor Company	29,170	30,619
Equity attributable to noncontrolling interests	17	22
Total equity	29,187	30,641
Total liabilities and equity	\$ 237,951	\$ 244,094

The following table includes assets to be used to settle liabilities of the consolidated variable interest entities ("VIEs"). These assets and liabilities are included in the consolidated balance sheet above.

	December 31, 2016	March 31, 2017
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 3,047	\$ 2,645
Financial Services finance receivables, net	50,857	52,860
Net investment in operating leases	11,761	12,325
Other assets	25	29
LIABILITIES		
Other liabilities and deferred revenue	\$ 5	\$ 4
Debt	43,730	42,960

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	For the periods ended March 31,	
	2016	2017
	First Quarter (unaudited)	
Cash flows from operating activities		
Net cash provided by/(used in) operating activities	\$ 4,149	\$ 4,336
Cash flows from investing activities		
Capital spending	(1,511)	(1,706)
Acquisitions of finance receivables and operating leases	(12,677)	(13,467)
Collections of finance receivables and operating leases	9,674	10,695
Purchases of equity and debt securities	(8,231)	(8,878)
Sales and maturities of equity and debt securities	5,679	9,551
Settlements of derivatives	104	156
Other	(13)	10
Net cash provided by/(used in) investing activities	(6,975)	(3,639)
Cash flows from financing activities		
Cash dividends	(1,588)	(795)
Purchases of Common Stock	(145)	—
Net changes in short-term debt	(121)	658
Proceeds from issuance of other debt	15,623	13,253
Principal payments on other debt	(9,431)	(11,911)
Other	(59)	(85)
Net cash provided by/(used in) financing activities	4,279	1,120
Effect of exchange rate changes on cash and cash equivalents	192	101
Net increase/(decrease) in cash and cash equivalents	\$ 1,645	\$ 1,918
Cash and cash equivalents at January 1	\$ 14,272	\$ 15,905
Net increase/(decrease) in cash and cash equivalents	1,645	1,918
Cash and cash equivalents at March 31	\$ 15,917	\$ 17,823

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EQUITY
(in millions, unaudited)

	Equity Attributable to Ford Motor Company						Equity Attributable to Non-controlling Interests	Total Equity
	Capital Stock	Cap. in Excess of Par Value of Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss) (Note 15)	Treasury Stock	Total		
Balance at December 31, 2015	\$ 41	\$ 21,421	\$ 14,414	\$ (6,257)	\$ (977)	\$ 28,642	\$ 15	\$ 28,657
Net income	—	—	2,452	—	—	2,452	3	2,455
Other comprehensive income/(loss), net of tax	—	—	—	211	—	211	(1)	210
Common stock issued (including share-based compensation impacts)	—	33	—	—	—	33	—	33
Treasury stock/other	—	—	—	—	(145)	(145)	(1)	(146)
Cash dividends declared	—	—	(1,588)	—	—	(1,588)	—	(1,588)
Balance at March 31, 2016	<u>\$ 41</u>	<u>\$ 21,454</u>	<u>\$ 15,278</u>	<u>\$ (6,046)</u>	<u>\$ (1,122)</u>	<u>\$ 29,605</u>	<u>\$ 16</u>	<u>\$ 29,621</u>
Balance at December 31, 2016	\$ 41	\$ 21,630	\$ 15,634	\$ (7,013)	\$ (1,122)	\$ 29,170	\$ 17	\$ 29,187
Adoption of accounting standards (Note 2)	—	6	566	—	—	572	—	572
Net income	—	—	1,587	—	—	1,587	7	1,594
Other comprehensive income/(loss), net of tax	—	—	—	84	—	84	(2)	82
Common stock issued (including share-based compensation impacts)	—	1	—	—	—	1	—	1
Treasury stock/other	—	—	—	—	—	—	—	—
Cash dividends declared	—	—	(795)	—	—	(795)	—	(795)
Balance at March 31, 2017	<u>\$ 41</u>	<u>\$ 21,637</u>	<u>\$ 16,992</u>	<u>\$ (6,929)</u>	<u>\$ (1,122)</u>	<u>\$ 30,619</u>	<u>\$ 22</u>	<u>\$ 30,641</u>

The accompanying notes are part of the financial statements.

**FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS**

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FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. PRESENTATION

For purposes of this report, “Ford,” the “Company,” “we,” “our,” “us,” or similar references mean Ford Motor Company, our consolidated subsidiaries, and our consolidated VIEs of which we are the primary beneficiary, unless the context requires otherwise. Our financial statements are presented in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information, instructions to Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X.

In the opinion of management, these unaudited financial statements reflect a fair statement of our results of operations and financial condition for the periods, and at the dates, presented. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Reference should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2016 (“2016 Form 10-K Report”). We reclassified certain prior year amounts in our consolidated financial statements to conform to the current year presentation.

NOTE 2. NEW ACCOUNTING STANDARDS

Adoption of New Accounting Standards

Accounting Standards Update (“ASU”) 2016-09, Stock Compensation - Improvements to Employee Share-Based Payment Accounting. On January 1, 2017, we adopted the amendments to accounting standards codification (“ASC”) 718 which simplify accounting for share-based payment transactions. Prior to this amendment, excess tax benefits resulting from the difference between the deduction for tax purposes and the compensation costs recognized for financial reporting were not recognized until the deduction reduced taxes payable. Under the new method, we will recognize excess tax benefits in the current accounting period. In addition, prior to January 1, 2017, the employee share-based compensation expense was recorded net of estimated forfeiture rates and adjusted at vest, as appropriate. As part of the amendment, we have elected to recognize the actual forfeitures by reducing the employee share-based compensation expense in the same period as the forfeitures occur. We have adopted these changes in accounting method using the modified retrospective method by recognizing one-time adjustments to retained earnings for excess tax benefits previously unrecognized and the change in accounting for forfeited awards.

ASU 2014-09, Revenue - Revenue from Contracts with Customers. On January 1, 2017, we adopted the new accounting standard ASC 606, Revenue from Contracts with Customers and all the related amendments (“new revenue standard”) to all contracts using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We expect the impact of the adoption of the new standard to be immaterial to our net income on an ongoing basis.

A majority of our sales revenue continues to be recognized when products are shipped from our manufacturing facilities. Under the new revenue standard, certain vehicle sales where revenue was previously deferred, such as vehicles subject to a guaranteed resale value recognized as a lease and transactions in which a Ford-owned entity delivered vehicles, we now recognize revenue when vehicles are shipped.

The new revenue standard also provided additional clarity that resulted in reclassifications to or from *Revenue*, *Cost of sales*, and *Financial Services other income/(loss), net*.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS (Continued)

The cumulative effect of the changes made to our consolidated January 1, 2017 balance sheet for the adoption of ASU 2016-09, *Stock Compensation - Improvements to Employee Share-Based Payment Accounting* and ASU 2014-09, *Revenue - Revenue from Contracts with Customers* were as follows (in millions):

	Balance at December 31, 2016	Adjustments Due to ASU 2016-09	Adjustments Due to ASU 2014-09	Balance at January 1, 2017
Balance Sheet				
<u>Assets</u>				
Trade and other receivables	\$ 11,102	\$ —	\$ (17)	\$ 11,085
Inventories	8,898	—	(9)	8,889
Other assets, current	3,368	—	307	3,675
Net investment in operating leases	28,829	—	(1,078)	27,751
Deferred income taxes	9,705	536	(13)	10,228
<u>Liabilities</u>				
Payables	21,296	—	262	21,558
Other liabilities and deferred revenue, current	19,316	—	(1,429)	17,887
Automotive debt payable within one year	2,685	—	326	3,011
Other liabilities and deferred revenue, non-current	24,395	—	(5)	24,390
<u>Equity</u>				
Capital in excess of par value of stock	21,630	6	—	21,636
Retained earnings	15,634	530	36	16,200

As part of ASU 2016-09, we reclassified cash paid to taxing authorities related to shares withheld for tax purposes of about \$57 million and \$55 million from operating activities to financing activities on our consolidated statement of cash flows for the first quarter of 2016 and 2017, respectively. This standard did not have a material impact to our first quarter consolidated income statement or March 31, 2017 consolidated balance sheet.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS (Continued)

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on our consolidated income statement and balance sheet was as follows (in millions):

	For the period ended March 31, 2017		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Income statement			
Revenues			
Automotive	\$ 36,475	\$ 36,142	\$ 333
Financial Services	2,669	2,580	89
Costs and expenses			
Cost of sales	32,708	32,446	262
Interest expense on Automotive debt	279	262	17
Non-Financial Services other income/(loss), net	712	732	(20)
Financial Services other income/(loss), net	22	111	(89)
Provision for/(Benefit from) income taxes	649	642	7
Net income	1,594	1,567	27
March 31, 2017			
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
Balance Sheet			
Assets			
Trade and other receivables	\$ 10,685	\$ 10,691	\$ (6)
Other assets, current	3,414	3,082	332
Net investment in operating leases	27,914	28,680	(766)
Deferred income taxes	10,055	10,075	(20)
Liabilities			
Payables	23,257	22,973	284
Other liabilities and deferred revenue, current	18,790	20,003	(1,213)
Automotive debt payable within one year	3,100	2,689	411
Other liabilities and deferred revenue, non-current	24,583	24,588	(5)
Deferred income taxes	749	749	—
Equity			
Retained earnings	16,992	16,929	63

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS (Continued)

ASU 2017-07, Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. On January 1, 2017, we adopted the amendments to ASC 715 that improve the presentation of net periodic pension and postretirement benefit costs. We retrospectively adopted the presentation of service cost separate from the other components of net periodic costs. The interest cost, expected return on assets, amortization of prior service costs, net remeasurement, and other costs have been reclassified from *Cost of Sales and Selling, administrative, and other expenses* to *Non-Financial Services other income/(loss), net*. We elected to apply the practical expedient which allows us to reclassify amounts disclosed previously in the retirement benefits note as the basis for applying retrospective presentation for comparative periods as it is impracticable to determine the disaggregation of the cost components for amounts capitalized and amortized in those periods. On a prospective basis, the other components of net periodic benefit costs will not be included in amounts capitalized in inventory or property, plant, and equipment.

The effect of the retrospective presentation change related to the net periodic cost of our defined benefit pension and other postretirement employee benefits ("OPEB") plans on our consolidated income statement was as follows (in millions):

	For the period ended March 31, 2016		
	As Revised	Previously Reported	Effect of Change Higher/(Lower)
Income statement			
Cost of sales	\$ 30,517	\$ 30,281	\$ 236
Selling, administrative, and other expenses	2,690	2,562	128
Non-Financial Services other income/(loss), net	768	404	364

We also adopted the following standards during 2017, none of which had a material impact to our financial statements or financial statement disclosures:

Standard	Effective Date
2017-05 Gains and Losses from the Derecognition of Nonfinancial Assets - Clarifying the Scope of Asset Derecognition Guidance	January 1, 2017
2017-04 Goodwill and Other - Simplifying the Test for Goodwill Impairment	January 1, 2017
2017-03 Accounting Changes and Error Corrections and Investments - Equity Method and Joint Ventures	January 1, 2017
2017-01 Business Combinations - Clarifying the Definition of a Business	January 1, 2017
2016-17 Consolidation - Interests Held through Related Parties That Are under Common Control	January 1, 2017
2016-07 Equity Method and Joint Ventures - Simplifying the Transition to the Equity Method of Accounting	January 1, 2017
2016-06 Derivatives and Hedging - Contingent Put and Call Options in Debt Instruments	January 1, 2017
2016-05 Derivatives and Hedging - Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships	January 1, 2017
2016-04 Extinguishments of Liabilities - Recognition of Breakage for Certain Prepaid Stored-Value Products	January 1, 2017

Accounting Standards Issued But Not Yet Adopted

The following represent the standards that will, or are expected to, result in a significant change in practice and/or have a significant financial impact to Ford.

ASU 2016-13, Credit Losses - Measurement of Credit Losses on Financial Instruments. In June 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard which replaces the current incurred loss impairment method with a method that reflects expected credit losses. The new standard is effective as of January 1, 2020, and early adoption is permitted as of January 1, 2019. We are assessing the potential impact to our financial statements and disclosures.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS (Continued)

ASU 2016-02, Leases. In February 2016, the FASB issued a new accounting standard which provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes the present U.S. GAAP standard on leases and requires substantially all leases to be reported on the balance sheet as right-of-use assets and lease liabilities, as well as additional disclosures. The new standard is effective as of January 1, 2019, and early adoption is permitted. We are assessing the potential impact to our financial statements and disclosures.

NOTE 3. REVENUE

The following table disaggregates our revenue by major source (in millions):

	For the period ended March 31, 2017			
	Automotive	Financial Services	All Other	Consolidated
Vehicles, parts, and accessories	\$ 34,996	\$ —	\$ —	\$ 34,996
Sale of used vehicles	873	—	—	873
Extended service contracts	275	—	—	275
Other (a)	224	49	2	275
Revenues from sales and services	36,368	49	2	36,419
Leasing income	107	1,366	—	1,473
Financing income	—	1,214	—	1,214
Insurance income	—	40	—	40
Total revenues	\$ 36,475	\$ 2,669	\$ 2	\$ 39,146

(a) Primarily includes commissions and vehicle-related design and testing services.

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our vehicles, parts, accessories, or services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The expected costs associated with our base warranties and field service actions continue to be recognized as expense when the products are sold (see Note 16). We recognize revenue for vehicle service contracts that extend mechanical and maintenance beyond our base warranties over the life of the contract.

Automotive Segment

Vehicles, Parts, and Accessories. For the majority of vehicles, parts, and accessories, we transfer control and recognize a sale when we ship the product from our manufacturing facility to our customer (dealers and distributors). The amount of consideration we receive and revenue we recognize varies with changes in marketing incentives and returns we offer to our customers and their customers. When we give our dealers the right to return eligible parts and accessories, we estimate the expected returns based on an analysis of historical experience. We adjust our estimate of revenue at the earlier of when the most likely amount of consideration we expect to receive changes or when the consideration becomes fixed. As a result we recognized a decrease to revenue from prior periods of \$372 million during the period ended March 31, 2017.

Depending on the terms of the arrangement, we may also defer the recognition of a portion of the consideration received because we have to satisfy a future obligation (e.g., free extended service contracts). We use an observable price to determine the stand-alone selling price for separate performance obligations or a cost plus margin approach when one is not available. We have elected to recognize the cost for freight and shipping when control over vehicles, parts, or accessories have transferred to the customer as an expense in *Cost of sales*.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. REVENUE (Continued)

We sell vehicles to daily rental companies and guarantee that we will pay them the difference between an agreed amount and the value they are able to realize upon resale. At the time of transfer of vehicles to the daily rental companies, we record the probable amount we will pay under the guarantee to *Other liabilities and deferred revenue*.

Sale of Used Vehicles. We sell used vehicles both at auction and through our consolidated dealerships. Proceeds from the sale of these vehicles are recognized in *Automotive revenues* upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognized in *Cost of sales*.

Extended Service Contracts. We sell separately-priced service contracts that extend mechanical and maintenance coverages beyond our base warranty agreements to vehicle owners. The separately priced service contracts range from 12 months to 120 months. We receive payment at the inception of the contract and recognize revenue over the term of the agreement in proportion to the costs expected to be incurred in satisfying the obligations under the contract. At January 1, 2017 \$3.5 billion of unearned revenue associated with outstanding contracts was reported in *Other Liabilities and deferred revenue*, \$270 million of this was recognized as revenue during the first quarter. At March 31, 2017, the unearned amount was \$3.6 billion. We expect to recognize approximately \$823 million of the unearned amount in 2017, \$981 million in 2018, and \$1.8 billion thereafter. We record a premium deficiency reserve to the extent we estimate the future costs associated with these contracts exceed the unrecognized revenue. Amounts paid to dealers to obtain these contracts are deferred and recorded as *Other assets*. These costs are amortized to expense consistent with how the related revenue is recognized. We had a balance of \$247 million in deferred costs as of March 31, 2017 and recognized \$15 million of amortization during the three-month period ended March 31, 2017.

Other Revenue. Other revenue consists primarily of net commissions received for serving as the agent in facilitating the sale of a third party's products or services to our customers and payments for vehicle-related design and testing services we perform for others. We have applied the practical expedient to recognize *Automotive revenues* for vehicle-related design and testing services over the two to three year term of these agreements in proportion to the amount we have the right to invoice.

Leasing Income. We sell vehicles to daily rental companies with an obligation to repurchase the vehicles for a guaranteed amount, exercisable at the option of the customer. The transactions are accounted for as operating leases. Upon the transfer of vehicles to the daily rental companies, we record proceeds received in *Other liabilities and deferred revenue*. The difference between the proceeds received and the guaranteed repurchase amount is recorded in *Automotive revenues* over the term of the lease using a straight-line method. The cost of the vehicle is recorded in *Net investment in operating leases* on our consolidated balance sheet and the difference between the cost of the vehicle and the estimated auction value is depreciated in *Cost of sales* over the term of the lease.

Financial Services Segment

Leasing Income. Ford Credit offers leasing plans to retail consumers through Ford and Lincoln brand dealers who originate the leases. Upon the purchase of a lease from the dealer, Ford Credit takes ownership of the vehicle and records an operating lease. The retail consumer makes lease payments representing the difference between Ford Credit's purchase price of the vehicle and the contractual residual value of the vehicle, plus lease fees that we recognize on a straight-line basis over the term of the lease agreement. Depreciation and the gain or loss upon disposition of the vehicle is recorded in *Financial Services interest, operating, and other expenses*.

Financing Income. Ford Credit originates and purchases finance installment contracts. Financing income represents interest earned on the finance receivables (including direct financing leases). Interest is recognized using the interest method, and includes the amortization of certain direct origination costs.

Insurance Income. Income from insurance contracts is recognized evenly over the term of the agreement. Insurance commission revenue is recognized on a net basis at the time of sale of the third party's product or service to our customer.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. OTHER INCOME/(LOSS)**Non-Financial Services**

The amounts included in *Non-Financial Services other income/(loss), net* for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2016	2017
Net periodic pension and OPEB income/(cost), excluding service cost	\$ 364	\$ 390
Investment-related interest income	61	71
Interest income/(expense) on income taxes	(2)	3
Realized and unrealized gains/(losses) on cash equivalents and marketable securities	72	49
Royalty income	183	154
Other	90	45
Total	\$ 768	\$ 712

Financial Services

The amounts included in *Financial Services other income/(loss), net* for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2016	2017
Investment-related interest income	\$ 19	\$ 21
Interest income/(expense) on income taxes	(2)	(2)
Insurance premiums earned	39	—
Other	35	3
Total	\$ 91	\$ 22

NOTE 5. INCOME TAXES

For interim tax reporting, we estimate one single effective tax rate for tax jurisdictions not subject to a valuation allowance, which is applied to the year-to-date ordinary income/(loss). Tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

NOTE 6. CAPITAL STOCK AND EARNINGS PER SHARE**Earnings Per Share Attributable to Ford Motor Company Common and Class B Stock**

Basic and diluted income per share were calculated using the following (in millions):

	First Quarter	
	2016	2017
Basic and Diluted Income Attributable to Ford Motor Company		
Basic income	\$ 2,452	\$ 1,587
Diluted income	2,452	1,587
Basic and Diluted Shares		
Basic shares (average shares outstanding)	3,970	3,976
Net dilutive options and unvested restricted stock units	26	23
Diluted shares	3,996	3,999

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES

The fair values of cash, cash equivalents, and marketable securities measured at fair value on a recurring basis on our balance sheet were as follows (in millions):

	Fair Value Level	December 31, 2016			
		Automotive	Financial Services	All Other	Consolidated
Cash and cash equivalents					
U.S. government	1	\$ 888	\$ 924	\$ —	\$ 1,812
U.S. government agencies	2	—	—	—	—
Non-U.S. government and agencies	2	200	142	—	342
Corporate debt	2	100	—	—	100
Total marketable securities classified as cash equivalents		1,188	1,066	—	2,254
Cash, time deposits, and money market funds		6,632	7,011	8	13,651
Total cash and cash equivalents		\$ 7,820	\$ 8,077	\$ 8	\$ 15,905

Marketable securities					
U.S. government	1	\$ 8,099	\$ 1,634	\$ —	\$ 9,733
U.S. government agencies	2	2,244	505	—	2,749
Non-U.S. government and agencies	2	4,751	632	—	5,383
Corporate debt	2	4,329	475	—	4,804
Equities	1	165	—	—	165
Other marketable securities	2	54	34	—	88
Total marketable securities		\$ 19,642	\$ 3,280	\$ —	\$ 22,922

	Fair Value Level	March 31, 2017			
		Automotive	Financial Services	All Other	Consolidated
Cash and cash equivalents					
U.S. government	1	\$ 75	\$ 749	\$ —	\$ 824
U.S. government agencies	2	798	400	—	1,198
Non-U.S. government and agencies	2	268	283	—	551
Corporate debt	2	115	—	—	115
Total marketable securities classified as cash equivalents		1,256	1,432	—	2,688
Cash, time deposits, and money market funds		8,293	6,836	6	15,135
Total cash and cash equivalents		\$ 9,549	\$ 8,268	\$ 6	\$ 17,823

Marketable securities					
U.S. government	1	\$ 5,194	\$ 1,894	\$ —	\$ 7,088
U.S. government agencies	2	3,489	459	—	3,948
Non-U.S. government and agencies	2	5,195	649	—	5,844
Corporate debt	2	4,360	657	—	5,017
Equities	1	202	—	—	202
Other marketable securities	2	39	28	—	67
Total marketable securities		\$ 18,479	\$ 3,687	\$ —	\$ 22,166

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES (Continued)

The present fair values and gross unrealized losses for cash equivalents and marketable securities accounted for as AFS securities that were in an unrealized loss position, aggregated by investment category and the length of time that individual securities have been in a continuous loss position were as follows (in millions):

	December 31, 2016					
	Less than 1 year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Automotive						
U.S. government	\$ 1,474	\$ (14)	\$ —	\$ —	\$ 1,474	\$ (14)
U.S. government agencies	261	(2)	—	—	261	(2)
Non-U.S. government and agencies	1,137	(11)	—	—	1,137	(11)
Corporate debt	—	—	—	—	—	—
Total	\$ 2,872	\$ (27)	\$ —	\$ —	\$ 2,872	\$ (27)

	March 31, 2017					
	Less than 1 year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Automotive						
U.S. government	\$ 1,547	\$ (12)	\$ —	\$ —	\$ 1,547	\$ (12)
U.S. government agencies	932	(3)	—	—	932	(3)
Non-U.S. government and agencies	1,164	(8)	—	—	1,164	(8)
Corporate debt	—	—	—	—	—	—
Total	\$ 3,643	\$ (23)	\$ —	\$ —	\$ 3,643	\$ (23)

We determine other-than-temporary impairments on cash equivalents and marketable securities using a specific identification method. During the three months ended March 31, 2016 and 2017, we did not recognize any other-than-temporary impairment loss.

Other Securities

Investments in entities that we do not control and over which we do not have the ability to exercise significant influence are recorded at cost and reported in *Other assets* in the non-current assets section of our consolidated balance sheet. These cost method investments were \$219 million at December 31, 2016 and March 31, 2017.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FINANCIAL SERVICES FINANCE RECEIVABLES

Our Financial Services segment, primarily Ford Credit, manages finance receivables as “consumer” and “non-consumer” portfolios. The receivables are generally secured by the vehicles, inventory, or other property being financed.

Finance receivables, net were as follows (in millions):

	December 31, 2016	March 31, 2017
Consumer		
Retail financing, gross	\$ 68,121	\$ 69,217
Unearned interest supplements	(2,783)	(2,882)
Consumer finance receivables	65,338	66,335
Non-Consumer		
Dealer financing	31,336	33,481
Non-Consumer finance receivables	31,336	33,481
Total recorded investment	\$ 96,674	\$ 99,816
Recorded investment in finance receivables	\$ 96,674	\$ 99,816
Allowance for credit losses	(484)	(517)
Finance receivables, net	\$ 96,190	\$ 99,299
Current portion	\$ 46,266	\$ 48,605
Non-current portion	49,924	50,694
Finance receivables, net	\$ 96,190	\$ 99,299
Net finance receivables subject to fair value (a)	\$ 94,066	\$ 97,042
Fair value	94,785	97,672

(a) At December 31, 2016 and March 31, 2017, *Finance receivables, net* includes \$2.1 billion and \$2.3 billion, respectively, of direct financing leases that are not subject to fair value disclosure requirements. The fair value of finance receivables is categorized within Level 3 of the fair value hierarchy.

Excluded from finance receivables at December 31, 2016 and March 31, 2017, was \$223 million and \$219 million, respectively, of accrued uncollected interest, which is reported as *Other assets* in the current assets section of our consolidated balance sheet.

Included in the recorded investment in finance receivables at December 31, 2016 and March 31, 2017 were consumer receivables of \$32.5 billion and \$33.4 billion, respectively, and non-consumer receivables of \$26 billion and \$26.4 billion, respectively, that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. The receivables 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 or the claims of Ford Credit’s other creditors. 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.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FINANCIAL SERVICES FINANCE RECEIVABLES (Continued)**Aging**

For all finance receivables, we define “past due” as any payment, including principal and interest, that is at least 31 days past the contractual due date. The recorded investment of consumer receivables greater than 90 days past due and still accruing interest was \$21 million and \$18 million at December 31, 2016 and March 31, 2017, respectively. The recorded investment of non-consumer receivables greater than 90 days past due and still accruing interest was de minimis at December 31, 2016 and March 31, 2017.

The aging analysis of our finance receivables balances were as follows (in millions):

	December 31, 2016	March 31, 2017
Consumer		
31-60 days past due	\$ 760	\$ 654
61-90 days past due	114	85
91-120 days past due	34	29
Greater than 120 days past due	39	38
Total past due	947	806
Current	64,391	65,529
Consumer finance receivables	65,338	66,335
Non-Consumer		
Total past due	107	106
Current	31,229	33,375
Non-Consumer finance receivables	31,336	33,481
Total recorded investment	\$ 96,674	\$ 99,816

Credit Quality

Consumer Portfolio. Credit quality ratings for consumer receivables are based on aging. Refer to the aging table above.

Consumer receivables credit quality ratings are as follows:

- *Pass* – current to 60 days past due
- *Special Mention* – 61 to 120 days past due and in intensified collection status
- *Substandard* – greater than 120 days past due and for which the uncollectible portion of the receivables has already been charged off, as measured using the fair value of collateral less costs to sell

Non-Consumer Portfolio. Dealers are assigned to one of four groups according to risk ratings as follows:

- *Group I* – strong to superior financial metrics
- *Group II* – fair to favorable financial metrics
- *Group III* – marginal to weak financial metrics
- *Group IV* – poor financial metrics, including dealers classified as uncollectible

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FINANCIAL SERVICES FINANCE RECEIVABLES (Continued)

The credit quality analysis of our dealer financing receivables was as follows (in millions):

	December 31, 2016	March 31, 2017
Dealer Financing		
Group I	\$ 24,315	\$ 25,935
Group II	5,552	5,952
Group III	1,376	1,445
Group IV	93	149
Total recorded investment	<u>\$ 31,336</u>	<u>\$ 33,481</u>

Impaired Receivables. Impaired consumer receivables include accounts that have been rewritten or modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code that are considered to be troubled debt restructurings (“TDRs”), as well as all accounts greater than 120 days past due. Impaired non-consumer receivables represent accounts with dealers that have weak or poor financial metrics or dealer financing that has been modified in TDRs. The recorded investment of consumer receivables that were impaired at December 31, 2016 and March 31, 2017 was \$367 million, or 0.6% of consumer receivables, and \$385 million, or 0.6% of consumer receivables, respectively. The recorded investment of non-consumer receivables that were impaired at December 31, 2016 and March 31, 2017 was \$107 million, or 0.3% of non-consumer receivables, and \$164 million, or 0.5% of non-consumer receivables, respectively. Impaired finance receivables are evaluated both collectively and specifically.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. FINANCIAL SERVICES ALLOWANCE FOR CREDIT LOSSES

An analysis of the allowance for credit losses related to finance receivables for the periods ended March 31 was as follows (in millions):

	First Quarter 2016		
	Consumer	Non-Consumer	Total
Allowance for credit losses			
Beginning balance	\$ 357	\$ 16	\$ 373
Charge-offs	(102)	1	(101)
Recoveries	29	1	30
Provision for credit losses	102	1	103
Other (a)	4	1	5
Ending balance (b)	<u>\$ 390</u>	<u>\$ 20</u>	<u>\$ 410</u>
Analysis of ending balance of allowance for credit losses			
Collective impairment allowance	\$ 371	\$ 13	\$ 384
Specific impairment allowance	19	7	26
Ending balance (b)	<u>390</u>	<u>20</u>	<u>410</u>
Analysis of ending balance of finance receivables			
Collectively evaluated for impairment	60,581	33,587	94,168
Specifically evaluated for impairment	373	149	522
Recorded investment	<u>60,954</u>	<u>33,736</u>	<u>94,690</u>
Ending balance, net of allowance for credit losses	<u>\$ 60,564</u>	<u>\$ 33,716</u>	<u>\$ 94,280</u>

(a) Primarily represents amounts related to translation adjustments.

(b) Total allowance, including reserves for operating leases, was \$463 million.

	First Quarter 2017		
	Consumer	Non-Consumer	Total
Allowance for credit losses			
Beginning balance	\$ 469	\$ 15	\$ 484
Charge-offs	(123)	(2)	(125)
Recoveries	34	—	34
Provision for credit losses	121	—	121
Other (a)	3	—	3
Ending balance (b)	<u>\$ 504</u>	<u>\$ 13</u>	<u>\$ 517</u>
Analysis of ending balance of allowance for credit losses			
Collective impairment allowance	\$ 483	\$ 13	\$ 496
Specific impairment allowance	21	—	21
Ending balance (b)	<u>504</u>	<u>13</u>	<u>517</u>
Analysis of ending balance of finance receivables			
Collectively evaluated for impairment	65,950	33,317	99,267
Specifically evaluated for impairment	385	164	549
Recorded investment	<u>66,335</u>	<u>33,481</u>	<u>99,816</u>
Ending balance, net of allowance for credit losses	<u>\$ 65,831</u>	<u>\$ 33,468</u>	<u>\$ 99,299</u>

(a) Primarily represents amounts related to translation adjustments.

(b) Total allowance, including reserves for operating leases, was \$584 million.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INVENTORIES

All inventories are stated at the lower of cost and net realizable value. Cost for a substantial portion of U.S. inventories is determined on a last-in, first-out (“LIFO”) basis. LIFO was used for 30% and 37% of total inventories at December 31, 2016 and March 31, 2017, respectively. Cost of other inventories is determined by costing methods that approximate a first-in, first-out (“FIFO”) basis.

Inventories were as follows (in millions):

	December 31, 2016	March 31, 2017
Raw materials, work-in-process, and supplies	\$ 3,843	\$ 4,240
Finished products	5,943	7,190
Total inventories under FIFO	9,786	11,430
LIFO adjustment	(888)	(895)
Total inventories	<u>\$ 8,898</u>	<u>\$ 10,535</u>

NOTE 11. OTHER LIABILITIES AND DEFERRED REVENUE

Other liabilities and deferred revenue were as follows (in millions):

	December 31, 2016	March 31, 2017
Current		
Dealer and dealers' customer allowances and claims	\$ 9,542	\$ 10,732
Deferred revenue	3,866	1,902
Employee benefit plans	1,469	1,287
Accrued interest	974	848
OPEB (a)	349	349
Pension (a)	247	247
Other	2,869	3,425
Total current other liabilities and deferred revenue	<u>\$ 19,316</u>	<u>\$ 18,790</u>
Non-current		
Pension (a)	\$ 10,150	\$ 10,013
OPEB (a)	5,516	5,504
Dealer and dealers' customer allowances and claims	2,564	2,788
Deferred revenue	3,687	3,699
Employee benefit plans	1,063	1,065
Other	1,415	1,514
Total non-current other liabilities and deferred revenue	<u>\$ 24,395</u>	<u>\$ 24,583</u>

(a) Balances at March 31, 2017 reflect pension and OPEB liabilities at December 31, 2016, updated (where applicable) 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 2016. Included in *Other assets* are pension assets of \$1.5 billion and \$1.8 billion at December 31, 2016 and March 31, 2017, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. RETIREMENT BENEFITS**Defined Benefit Plans - Expense**

The pre-tax net periodic benefit cost for our defined benefit pension and OPEB plans for the periods ended March 31 was as follows (in millions):

	First Quarter					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2016	2017	2016	2017	2016	2017
Service cost	\$ 128	\$ 133	\$ 118	\$ 134	\$ 12	\$ 12
Interest cost	381	381	195	159	48	49
Expected return on assets	(673)	(683)	(339)	(330)	—	—
Amortization of prior service costs/(credits)	42	36	10	9	(35)	(30)
Separation programs/other	—	3	7	16	—	—
Net periodic benefit cost/(income)	<u>\$ (122)</u>	<u>\$ (130)</u>	<u>\$ (9)</u>	<u>\$ (12)</u>	<u>\$ 25</u>	<u>\$ 31</u>

The service cost component is included in *Cost of sales* and *Selling, administrative and other expenses*. Other components of net periodic benefit cost/(income) are included in *Non-Financial Services other income/(loss)*, net of our consolidated income statement.

Pension Plan Contributions

During 2017, we expect to contribute about \$1 billion from cash and cash equivalents to our worldwide funded pension plans (most of which are mandatory), and to make about \$300 million of benefit payments to participants in unfunded plans, for a total of about \$1.3 billion. In the first three months of 2017, we contributed about \$200 million to our worldwide funded pension plans and made about \$100 million of benefit payments to participants in unfunded plans.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. DEBT

The carrying value of Automotive and Financial Services debt was as follows (in millions):

	December 31, 2016	March 31, 2017
Automotive Segment		
Debt payable within one year		
Short-term	\$ 1,324	\$ 1,320
Long-term payable within one year		
U.S. Department of Energy Advanced Technology Vehicles Manufacturing Incentive Program	591	591
Other debt	827	1,237
Unamortized (discount)/premium	(57)	(48)
Total debt payable within one year	2,685	3,100
Long-term debt payable after one year		
Public unsecured debt securities	9,394	9,394
DOE ATVM Incentive Program	2,651	2,504
Other debt	1,573	1,620
Adjustments		
Unamortized (discount)/premium	(320)	(328)
Unamortized issuance costs	(76)	(80)
Total long-term debt payable after one year	13,222	13,110
Total Automotive Segment	\$ 15,907	\$ 16,210
Fair value of Automotive Segment debt (a)	\$ 17,433	\$ 17,781
Financial Services Segment		
Debt payable within one year		
Short-term	\$ 15,330	\$ 16,165
Long-term payable within one year		
Unsecured debt	12,369	11,777
Asset-backed debt	19,286	18,228
Adjustments		
Unamortized (discount)/premium	(2)	(1)
Unamortized issuance costs	(16)	(16)
Fair value adjustments (b)	17	4
Total debt payable within one year	46,984	46,157
Long-term debt payable after one year		
Unsecured debt	49,912	53,495
Asset-backed debt	30,112	30,155
Adjustments		
Unamortized (discount)/premium	(9)	(10)
Unamortized issuance costs	(197)	(210)
Fair value adjustments (b)	261	180
Total long-term debt payable after one year	80,079	83,610
Total Financial Services Segment	\$ 127,063	\$ 129,767
Fair value of Financial Services Segment debt (a)	\$ 128,777	\$ 132,499

(a) The fair value of debt includes \$1.1 billion and \$1.1 billion of Automotive segment short-term debt and \$14.3 billion and \$15.6 billion of Financial Services segment short-term debt at December 31, 2016 and March 31, 2017, respectively, carried at cost, which approximates fair value. All other debt is categorized within Level 2 of the fair value hierarchy.

(b) Adjustments related to designated fair value hedges of unsecured debt.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, our operations are exposed to global market risks, including the effect of changes in foreign currency exchange rates, certain commodity prices, and interest rates. To manage these risks, we enter into highly effective derivative contracts. We have elected to apply hedge accounting to certain derivatives. Derivatives that are designated in hedging relationships are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period. Some derivatives do not qualify for hedge accounting; for others, we elect not to apply hedge accounting.

Income Effect of Derivative Financial Instruments

The gains/(losses), by hedge designation, recorded in income for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2016	2017
Cash flow hedges (a)		
Reclassified from AOCI to net income	\$ 87	\$ 118
Fair value hedges		
Interest rate contracts		
Net interest settlements and accruals excluded from the assessment of hedge effectiveness	99	70
Ineffectiveness (b)	17	(4)
Derivatives not designated as hedging instruments		
Foreign currency exchange contracts	(139)	(208)
Cross-currency interest rate swap contracts	195	58
Interest rate contracts	(48)	7
Commodity contracts	(5)	42
Total	<u>\$ 206</u>	<u>\$ 83</u>

(a) For the first quarter of 2016 and 2017, a \$363 million gain and a \$112 million loss, respectively, were recorded in *Other comprehensive income*.

(b) For the first quarter of 2016 and 2017, hedge ineffectiveness reflects the net change in fair value on derivatives of \$610 million gain and \$89 million loss, respectively, and a change in value on hedged debt attributable to the change in benchmark interest rates of \$593 million loss and \$85 million gain, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**Balance Sheet Effect of Derivative Financial Instruments**

Derivative assets and liabilities are recorded on the balance sheet at fair value and are presented on a gross basis. The notional amounts of the derivative instruments do not necessarily represent amounts exchanged by the parties and are not a direct measure of our financial exposure. We also enter into master agreements with counterparties that may allow for netting of exposures in the event of default or breach of the counterparty agreement. Collateral represents cash received or paid under reciprocal arrangements that we have entered into with our derivative counterparties which we do not use to offset our derivative assets and liabilities.

The fair value of our derivative instruments and the associated notional amounts, presented gross, were as follows (in millions):

	December 31, 2016			March 31, 2017		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
Cash flow hedges						
Foreign currency exchange contracts	\$ 19,091	\$ 620	\$ 257	\$ 18,641	\$ 370	\$ 238
Fair value hedges						
Interest rate contracts	33,175	487	80	35,904	372	175
Derivatives not designated as hedging instruments						
Foreign currency exchange contracts	17,227	379	194	17,923	201	235
Cross-currency interest rate swap contracts	3,201	242	8	3,230	298	—
Interest rate contracts	61,689	156	74	56,414	136	71
Commodity contracts	531	11	6	544	44	2
Total derivative financial instruments, gross (a) (b)	\$ 134,914	\$ 1,895	\$ 619	\$ 132,656	\$ 1,421	\$ 721
Current portion		\$ 1,108	\$ 371		\$ 811	\$ 368
Non-current portion		787	248		610	353
Total derivative financial instruments, gross		\$ 1,895	\$ 619		\$ 1,421	\$ 721

(a) At December 31, 2016 and March 31, 2017, we held collateral of \$15 million and \$19 million, and we posted collateral of \$12 million and \$10 million, respectively.

(b) At December 31, 2016 and March 31, 2017, the fair value of assets and liabilities available for counterparty netting was \$554 million and \$564 million, respectively. All derivatives are categorized within Level 2 of the fair value hierarchy.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in the balances for each component of accumulated other comprehensive income/(loss) attributable to Ford Motor Company for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2016	2017
Foreign currency translation		
Beginning balance	\$ (3,570)	\$ (4,593)
Gains/(Losses) on foreign currency translation	(30)	189
Less: Tax/(Tax benefit)	—	(54)
Net gains/(losses) on foreign currency translation	(30)	243
(Gains)/Losses reclassified from AOCI to net income (a)	(33)	—
Other comprehensive income/(loss), net of tax	(63)	243
Ending balance	\$ (3,633)	\$ (4,350)
Marketable securities		
Beginning balance	\$ (6)	\$ (14)
Gains/(Losses) on available for sale securities	11	1
Less: Tax/(Tax benefit)	—	3
Net gains/(losses) on available for sale securities	11	(2)
(Gains)/Losses reclassified from AOCI to net income	(1)	1
Less: Tax/(Tax benefit)	4	—
Net (gains)/losses reclassified from AOCI to net income	(5)	1
Other comprehensive income/(loss), net of tax	6	(1)
Ending balance	\$ —	\$ (15)
Derivative instruments		
Beginning balance	\$ 64	\$ 283
Gains/(Losses) on derivative instruments	363	(112)
Less: Tax/(Tax benefit)	59	(34)
Net gains/(losses) on derivative instruments	304	(78)
(Gains)/Losses reclassified from AOCI to net income	(87)	(118)
Less: Tax/(Tax benefit)	(29)	(29)
Net (gains)/losses reclassified from AOCI to net income (b)	(58)	(89)
Other comprehensive income/(loss), net of tax	246	(167)
Ending balance	\$ 310	\$ 116
Pension and other postretirement benefits		
Beginning balance	\$ (2,745)	\$ (2,689)
Amortization and recognition of prior service costs/(credits)	17	15
Less: Tax/(Tax benefit)	3	5
Net prior service costs/(credits) reclassified from AOCI to net income	14	10
Translation impact on non-U.S. plans	8	(1)
Other comprehensive income/(loss), net of tax	22	9
Ending balance	\$ (2,723)	\$ (2,680)
Total AOCI ending balance at March 31	\$ (6,046)	\$ (6,929)

(a) Reclassified to *Non-Financial Services other income/(loss), net*.

(b) Reclassified to *Cost of sales*. During the next twelve months we expect to reclassify existing net losses on cash flow hedges of \$189 million. See Note 14 for additional information.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies primarily consist of guarantees and indemnifications, litigation and claims, and warranty.

Guarantees and Indemnifications

The maximum potential payments and the carrying value of recorded liabilities related to guarantees and limited indemnities were as follows (in millions):

	December 31, 2016	March 31, 2017
Maximum potential payments	\$ 177	\$ 1,373
Carrying value of recorded liabilities related to guarantees and limited indemnities	23	396

Guarantees and indemnifications are recorded at fair value at their inception. We regularly review our performance risk under these arrangements, and in the event it becomes probable we will be required to perform under guarantee or indemnity, the amount of probable payment is recorded.

We guarantee the resale value of vehicles sold in certain arrangements to daily rental companies. The maximum potential payment of \$1.2 billion as of March 31, 2017 included in the table above represents the total proceeds we guarantee the rental company will receive on re-sale. Reflecting our present estimate of proceeds the rental companies will receive on resale from third parties, we have recorded \$374 million as our best estimate of the amount we will have to pay under the guarantee. See Note 2 for additional information on the adoption of the new revenue standard.

We also guarantee debt and lease obligations of certain joint ventures, as well as certain financial obligations of outside third parties, including suppliers, to support our business and economic growth. Expiration dates vary through 2033, and guarantees will terminate on payment and/or cancellation of the underlying obligation. A payment by us would be triggered by failure of the joint venture or other third party to fulfill its obligation covered by the guarantee. In some circumstances, we are entitled to recover from a third party amounts paid by us under the guarantee. However, our ability to enforce these rights is sometimes stayed until the guaranteed party is paid in full, and may be limited in the event of insolvency of the third party or other circumstances.

In the ordinary course of business, we execute contracts involving indemnifications standard in the industry and indemnifications specific to a transaction, such as the sale of a business. These indemnifications might include and are not limited to claims relating to any of the following: environmental, tax, and shareholder matters; intellectual property rights; power generation contracts; governmental regulations and employment-related matters; dealer, supplier, and other commercial contractual relationships; and financial matters, such as securitizations. Performance under these indemnities generally would be triggered by a breach of terms of the contract or by a third-party claim. While some of these indemnifications are limited in nature, many of them do not limit potential payment. Therefore, we are unable to estimate a maximum amount of future payments that could result from claims made under these unlimited indemnities.

Litigation and Claims

Various legal actions, proceedings, and claims (generally, "matters") are pending or may be instituted or asserted against us. These include but are not limited to matters arising out of alleged defects in our products; product warranties; governmental regulations relating to safety, emissions, and fuel economy or other matters; government incentives; tax matters; alleged illegal acts resulting in fines or penalties; financial services; employment-related matters; dealer, supplier, and other contractual relationships; intellectual property rights; environmental matters; shareholder or investor matters; and financial reporting matters. Certain of the pending legal actions are, or purport to be, class actions. Some of the matters involve or may involve claims for compensatory, punitive, or antitrust or other treble damages in very large amounts, or demands for field service actions, environmental remediation programs, sanctions, loss of government incentives, assessments, or other relief, which, if granted, would require very large expenditures.

The extent of our financial exposure to these matters is difficult to estimate. Many matters do not specify a dollar amount for damages, and many others specify only a jurisdictional minimum. To the extent an amount is asserted, our historical experience suggests that in most instances the amount asserted is not a reliable indicator of the ultimate outcome.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

We accrue for matters when losses are deemed probable and reasonably estimable. In evaluating matters for accrual and disclosure purposes, we take into consideration factors such as our historical experience with matters of a similar nature, the specific facts and circumstances asserted, the likelihood that we will prevail, and the severity of any potential loss. We reevaluate and update our accruals as matters progress over time.

For the majority of matters, which generally arise out of alleged defects in our products, we establish an accrual based on our extensive historical experience with similar matters. We do not believe there is a reasonably possible outcome materially in excess of our accrual for these matters.

For the remaining matters, where our historical experience with similar matters is of more limited value (i.e., “non-pattern matters”), we evaluate the matters primarily based on the individual facts and circumstances. For non-pattern matters, we evaluate whether there is a reasonable possibility of a material loss in excess of any accrual that can be estimated. Our estimate of reasonably possible loss in excess of our accruals for all material matters currently reflects indirect tax and customs matters, for which we estimate the aggregate risk to be a range of up to about \$2.8 billion.

As noted, the litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Our assessments are based on our knowledge and experience, but the ultimate outcome of any matter could require payment substantially in excess of the amount that we have accrued and/or disclosed.

Warranty and Field Service Actions

We accrue obligations for warranty costs and field service actions (i.e., safety recalls, emission recalls, and other product campaigns) at the time of sale using a patterned estimation model that includes historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of the recovery is virtually certain. Recoveries are reported in *Trade and other receivables* and *Other assets*.

The estimate of our future warranty and field service action costs, net of supplier recoveries, for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2016	2017
Beginning balance	\$ 4,558	\$ 4,960
Payments made during the period	(797)	(840)
Changes in accrual related to warranties issued during the period	612	608
Changes in accrual related to pre-existing warranties	59	475
Foreign currency translation and other	52	34
Ending balance	<u>\$ 4,484</u>	<u>\$ 5,237</u>

Revisions to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SEGMENT INFORMATION

Key operating data for the periods ended or at March 31 were as follows (in millions):

	Automotive	Financial Services	All Other	Special Items	Adjustments	Total
First Quarter 2016						
Revenues	\$ 35,257	\$ 2,461	\$ —	\$ —	\$ —	\$ 37,718
Pre-tax results - income/(loss)	3,464	499	(126)	(186)	—	3,651
Equity in net income/(loss) of affiliated companies	534	7	—	—	—	541
Cash, cash equivalents, and marketable securities	24,251	15,222	—	—	—	39,473
Total assets	96,263	145,920	—	—	(4,895) (a)	237,288
Debt	13,022	127,973	—	—	—	140,995
Operating cash flows	2,727	525	—	—	897 (b)	4,149
First Quarter 2017						
Revenues	\$ 36,475	\$ 2,669	\$ 2	\$ —	\$ —	\$ 39,146
Pre-tax results - income/(loss)	1,965	466	(212)	24	—	2,243
Equity in net income/(loss) of affiliated companies	340	7	(1)	—	—	346
Cash, cash equivalents, and marketable securities	28,028	11,955	6	—	—	39,989
Total assets	101,092	149,648	76	—	(6,722) (a)	244,094
Debt	16,210	129,767	—	—	—	145,977
Operating cash flows	2,016	1,084	(10)	—	1,246 (b)	4,336

(a) Includes eliminations of intersegment transactions occurring in the ordinary course of business and deferred tax netting.

(b) We measure and evaluate our Automotive segment operating cash flow on a different basis than *Net cash provided by/(used in) operating activities* in our consolidated statement of cash flows. Automotive segment operating cash flow includes additional elements management considers to be related to our Automotive operating activities, primarily capital spending and non-designated derivatives, and excludes outflows for funded pension contributions, separation payments, and other items that are considered operating cash flows under U.S. GAAP. The table below quantifies these reconciling adjustments to *Net cash provided by/(used in) operating activities* for the periods ended March 31 (in millions):

	First Quarter	
	2016	2017
Automotive capital spending	\$ 1,497	\$ 1,696
Net cash flows from non-designated derivatives	(117)	(134)
Funded pension contributions	(368)	(236)
Separation payments	(10)	(28)
Other	(105)	(52)
Total operating cash flow adjustments	<u>\$ 897</u>	<u>\$ 1,246</u>

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Ford Motor Company

We have reviewed the accompanying consolidated balance sheet of Ford Motor Company and its subsidiaries as of March 31, 2017, and the related consolidated statements of income and comprehensive income for the three-month periods ended March 31, 2017 and 2016 and the consolidated statement of equity and the condensed consolidated statement of cash flows for the three-month periods ended March 31, 2017 and 2016. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended (not presented herein), and in our report dated February 9, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2016, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, Michigan
April 27, 2017

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

OVERVIEW

Non-GAAP Financial Measures That Supplement GAAP Measures

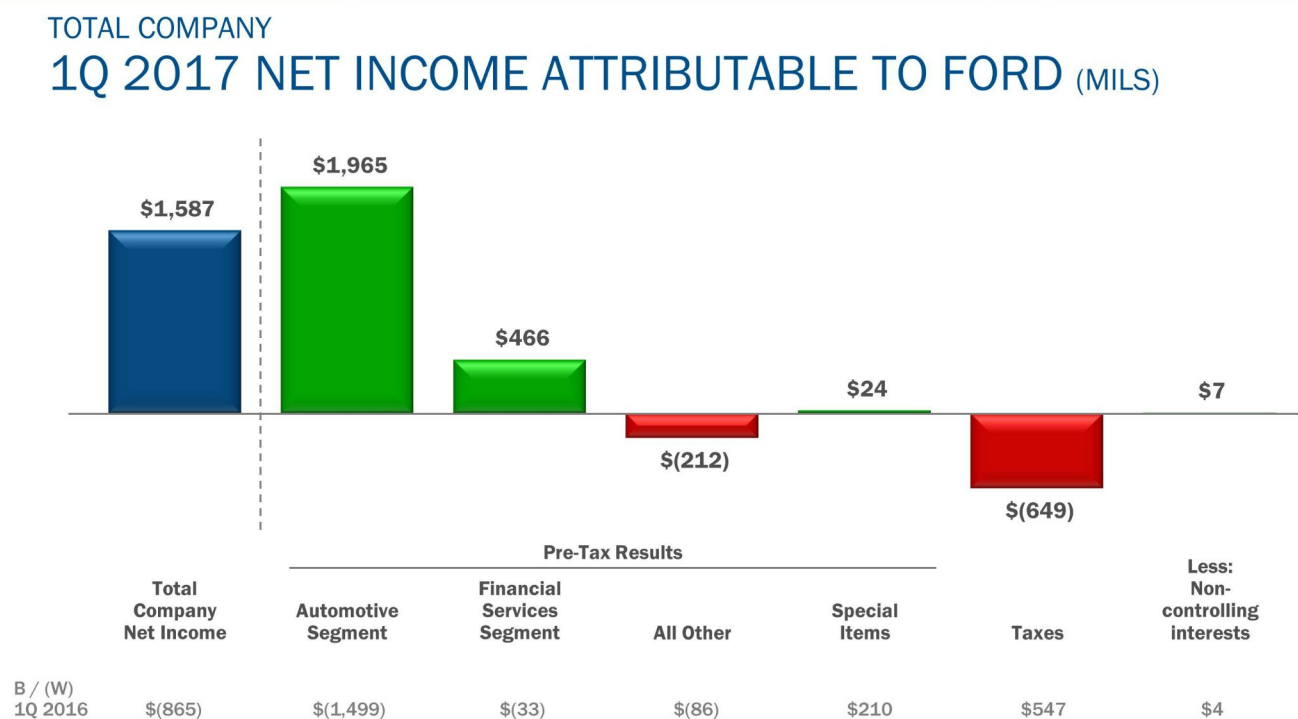
We use both generally accepted accounting principles ("GAAP") and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to 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 other postretirement employee benefits ("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. When we provide guidance for adjusted pre-tax profit, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, specifically pension and OPEB remeasurement gains and losses.
- *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 the underlying run rate of our business. When we provide guidance for adjusted earnings per share, we do not provide guidance on an earnings per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, specifically pension and OPEB remeasurement gains and losses.
- *Adjusted Effective Tax Rate (Most Comparable GAAP Measure: Effective Tax Rate)* – Measure of Company's tax rate excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, specifically pension and OPEB remeasurement gains and losses.
- *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.

RESULTS OF OPERATIONS

Total Company

Net income attributable to Ford. The chart below shows our first quarter 2017 net income attributable to Ford.



Net income attributable to Ford in the first quarter of 2017 was \$1.6 billion or \$0.40 diluted earnings per share of Common and Class B Stock, a decrease of \$0.9 billion or \$0.21 per share compared with the first quarter of 2016. First quarter 2017 pre-tax results of our Automotive segment, Financial Services segment, All Other, and Special Items, as well as Taxes are discussed in the following sections in "Results of Operations."

Revenue. Company revenue in the first quarter of 2017 was \$39.1 billion, \$1.4 billion higher than a year ago.

Cost of sales and Selling, administrative, and other expenses for the first quarter of 2017 was \$35.5 billion, an increase of \$2.3 billion compared with the first quarter of 2016. The detail for the change is shown below (in billions):

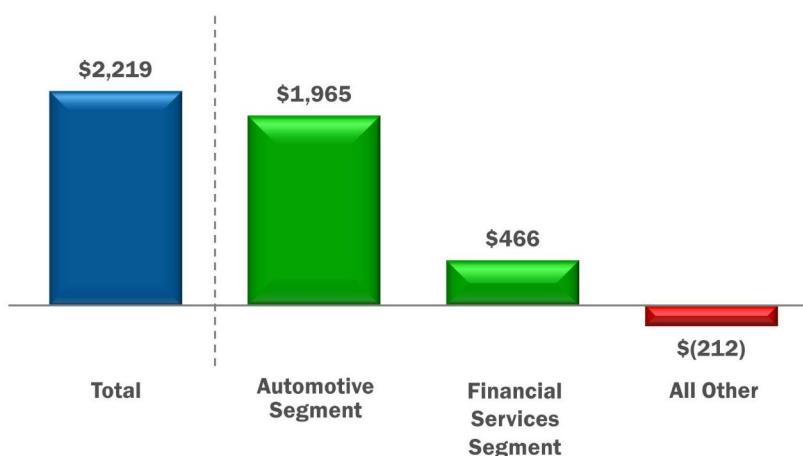
	First Quarter 2017 Lower/(Higher) 2016
Volume and mix, exchange, and other	\$ (1.3)
Contribution costs	
Material excluding commodities	(0.2)
Commodities	(0.2)
Warranty and other	(0.4)
Structural costs	(0.4)
Special items	0.2
Total	\$ (2.3)

Equity. At March 31, 2017, total equity attributable to Ford was \$30.6 billion, an increase of \$1.5 billion compared with December 31, 2016. The detail for this change is shown below (in billions):

	Increase/ (Decrease)
Net income	\$ 1.6
Dividends	(0.8)
Other comprehensive income	0.1
Adoption of accounting standards	0.6
Total	\$ 1.5

The chart below shows our first quarter 2017 total Company adjusted pre-tax results and the pre-tax results of our Automotive segment by regional business unit, our Financial Services segment, and All Other, which is mainly net interest expense.

TOTAL COMPANY 1Q 2017 ADJUSTED PRE-TAX RESULTS (MILS)



Solid Auto and Financial Services PBT

All Other primarily net interest expense

As expected, all Segments lower; Automotive the key driver of lower Company adjusted PBT

B / (W)
1Q 2016

\$(1,618)

\$(1,499)

\$(33)

\$(86)

Our total Company adjusted pre-tax profit for the first quarter of 2017 was \$2.2 billion, or \$0.39 of adjusted earnings per share of Common and Class B Stock, a decrease of \$1.6 billion or \$0.29 per share compared with the first quarter of 2016.

Our Automotive segment pre-tax profit in the quarter was about \$2 billion.

Our Financial Services segment pre-tax profit in the quarter was \$466 million, which included a pre-tax profit of \$481 million for Ford Credit.

The loss of \$212 million in All Other was largely net interest expense.

As shown below the chart, results in all of our segments were lower than a year ago, consistent with our expectations, with the decline in our Automotive segment the key driver of our lower total Company adjusted pre-tax profit.

AUTOMOTIVE SEGMENT

In general, we measure year-over-year change in Automotive segment pre-tax results using the causal factors listed below, with net pricing and cost variances calculated at present-year volume and mix and exchange:

- **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 adjustments on dealer inventory
- *Contribution Costs* – primarily measures profit variance driven by per-unit changes in cost categories that typically vary with volume, such as material costs (including commodity and component costs), warranty expense, and freight and duty costs
- *Structural Costs* – primarily measures profit variance driven by absolute change in cost categories that typically do not have a directly proportionate relationship to production volume. Structural costs include the following cost categories:
 - *Manufacturing, Including Volume Related* – consists primarily of costs for hourly and salaried manufacturing personnel, plant overhead (such as utilities and taxes), and new product launch expense. These costs could be affected by volume for operating pattern actions such as overtime, line-speed, and shift schedules
 - *Engineering* – consists primarily of costs for engineering personnel, prototype materials, testing, and outside engineering services
 - *Spending-Related* – consists primarily of depreciation and amortization of our manufacturing and engineering assets, but also includes asset retirements and operating leases
 - *Advertising and Sales Promotions* – includes costs for advertising, marketing programs, brand promotions, customer mailings and promotional events, and auto shows
 - *Administrative and Selling* – includes primarily costs for salaried personnel and purchased services related to our staff activities and selling functions, as well as associated information technology costs
 - *Pension and OPEB* – consists primarily of past service pension costs and other postretirement employee benefit costs
- *Exchange* – primarily measures profit variance driven by one or more of the following: (i) transactions denominated in currencies other than the functional currencies of the relevant entities, (ii) effects of converting functional currency income to U.S. dollars, (iii) effects of remeasuring monetary assets and liabilities of the relevant entities in currencies other than their functional currency, or (iv) results of our foreign currency hedging
- *Other* – includes a variety of items, such as parts and services profits, royalties, government incentives and compensation-related changes

In addition, definitions and calculations used in this report include:

- *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* – defined as Automotive segment pre-tax profit divided by Automotive segment revenue

- *Industry Volume and Market Share* – based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks
- *Automotive Cash* – includes cash, cash equivalents, and marketable securities
- *SAAR* – seasonally adjusted annual rate

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

The charts on the following pages detail first quarter 2017 key metrics and the change in first quarter 2017 pre-tax results compared with first quarter 2016 by causal factor for our Automotive segment and its business units — North America, South America, Europe, Middle East & Africa, and Asia Pacific.

AUTOMOTIVE SEGMENT 1Q 2017 PRE-TAX RESULTS (MILS)



Automotive segment PBT driven by NA; Europe and AP also profitable

Operations outside NA about breakeven

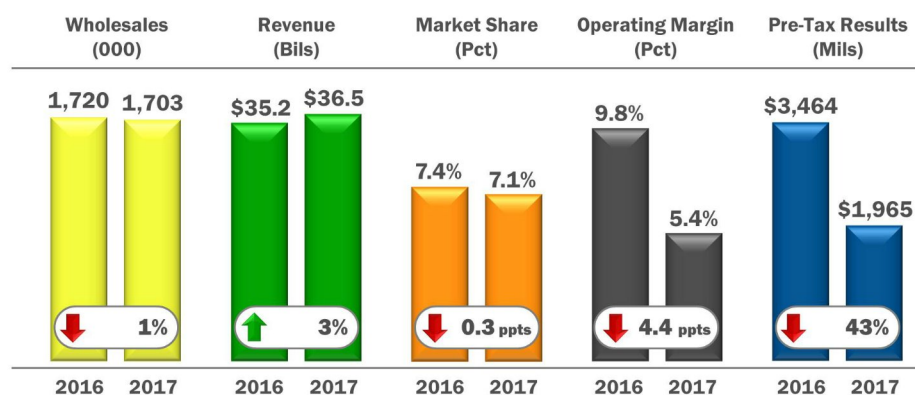
SA improved, all other operations lower; decline in NA the key factor for lower Automotive PBT

B / (W)	Total	North America	South America	Europe	Middle East & Africa	Asia Pacific
1Q 2016	\$1,499	\$1,091	\$12	\$258	\$66	\$96

Our first quarter 2017 Automotive pre-tax results by business unit are shown above. Automotive results were driven by North America with Europe and Asia Pacific also profitable. Our operations outside North America were about breakeven.

As shown below the chart, results for the first quarter of 2017 in all of our business units, except South America, were lower compared with the first quarter of 2016, with North America the key factor for the lower Automotive pre-tax profit.

AUTOMOTIVE SEGMENT 1Q 2017 KEY METRICS



Revenue up due to favorable mix; wholesales slightly lower

Global SAAR about flat

Global market share down due to AP (China) and NA (U.S.)

Operating margin and PBT lower than last year's best-ever results

Shown above are the key market factors and financial metrics for our Automotive segment in the first quarter of 2017. All key metrics, excluding revenue, declined from a year ago. Wholesale volumes were down slightly, while Automotive revenue was up 3% driven by favorable mix in North America and Europe.

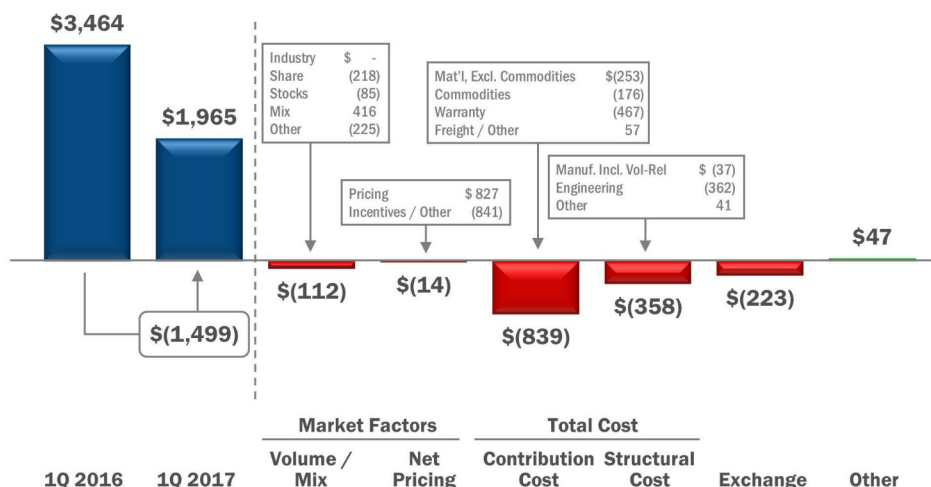
Global industry SAAR in the first quarter of 2017 was estimated at 88.9 million units, about flat from a year ago.

Global market share, at 7.1%, was down three-tenths of a percentage point driven by lower market share in Asia Pacific and North America. Our market share was higher in Europe and South America.

Automotive operating margin and pre-tax profit, at 5.4% and \$2 billion, respectively, were both lower than our all-time record quarter a year ago.

AUTOMOTIVE SEGMENT

1Q 2017 PRE-TAX RESULTS (MILS)



Unfavorable cost, volume and exchange drove lower PBT

Cost higher due to warranty, engineering, product net of material efficiencies and commodities

Adverse exchange driven by sterling, Canada dollar and Brazil real

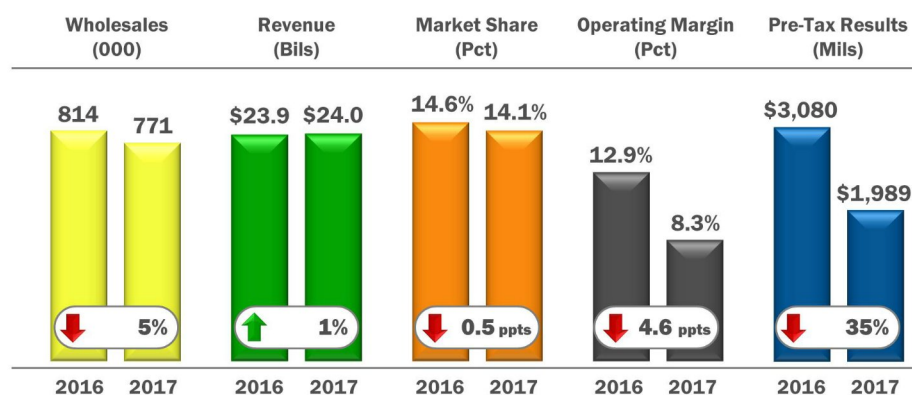
Mix continued to be strong

Shown above are the factors that contributed to the \$1.5 billion decline in first quarter 2017 Automotive segment pre-tax profit. The lower profit is explained by higher cost, lower volume, and adverse exchange, offset partially by favorable mix.

The higher cost was driven by warranty, including recalls, engineering as we continue to invest in new products and emerging opportunities, product costs net of material cost efficiencies, and commodities.

AUTOMOTIVE SEGMENT – NORTH AMERICA

1Q 2017 KEY METRICS



Wholesales lower due to market share, lower dealer stock build and industry volume; higher revenue driven by mix

NA and U.S. SAARs down 0.3M units

NA market share lower due to U.S. fleet sales

Operating margin and PBT lower than last year's record results

Shown above are the first quarter 2017 key metrics for North America. All metrics, excluding revenue, were lower in the quarter compared with the first quarter of 2016.

Wholesale volume was down 5%, and revenue was up 1%. Within revenue, mix was favorable and net pricing was higher, but these factors were about offset by lower volume. The lower wholesales were driven by lower market share, a lower dealer stock build this quarter compared to the stock build in the first quarter a year ago, and lower industry volume.

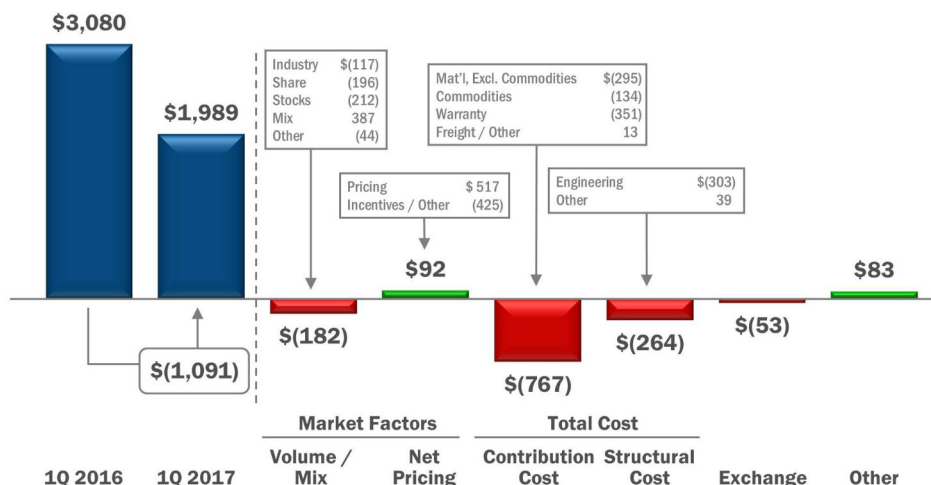
The North America SAAR, at 21.3 million units, and the U.S. SAAR, at 17.4 million units, were both down 300,000 units from a year ago. The U.S. decline was due to lower fleet sales.

Our North America market share was down five-tenths of a percentage point, with U.S. share down four-tenths of a percentage point to 15.1%; this was driven, as expected, by lower fleet sales. U.S. retail share was up two-tenths of a percentage point, reflecting higher share in trucks, utilities, and Lincoln.

Operating margin was 8.3%, and pre-tax profit was \$2 billion, both solid but lower than the quarterly record set a year ago.

AUTOMOTIVE SEGMENT – NORTH AMERICA

1Q 2017 PRE-TAX RESULTS (MILS)



PBT lower due to higher cost and lower volume

Cost increase driven by warranty, engineering, product net of efficiencies and commodities

Volume unfavorable due to lower dealer stock build, market share and U.S. SAAR; mix improved

As shown above, North America's first quarter 2017 pre-tax profit was \$1.1 billion lower than a year ago driven by higher cost and lower volume. Favorable mix, mainly F-Series, and higher net pricing were partial offsets.

The higher cost reflects warranty, including recalls, engineering as we continue to invest in new products and emerging opportunities, product costs net of material cost efficiencies, reflecting primarily the impact of our first major refresh of the Super Duty, and commodities.

For 2017, we continue to expect our North America operating margin and pre-tax profit to be strong but lower than 2016, mainly due to higher cost. This is due to commodities and investments in emerging opportunities, offset partially by net efficiencies across all other remaining cost categories. Exchange is also expected to be unfavorable.

We expect the majority of North America's full year profit decline and increase in cost to have occurred in the first quarter.

AUTOMOTIVE SEGMENT – NORTH AMERICA

A DISCIPLINED APPROACH TO THE U.S. BUSINESS

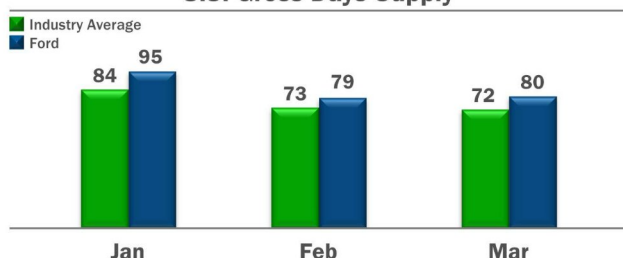
YoY Average Transaction Price (USD)*



YoY Incentive Change as Pct. of Vehicle Price*



U.S. Gross Days Supply



Ford ATPs rose more than industry

Ford incentives growth below industry average

Ford U.S. stocks in good shape

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

Our average transaction prices in the first quarter grew nearly four times faster than the industry due to the great performance of F-Series and continued growth of Lincoln. In addition, as with F-150, we reinvested some of the Super Duty aluminum weight savings into capability and features our customers appreciate and, importantly, are willing to pay for. We also saw F-150 transaction prices increase with strong demand for the new Raptor.

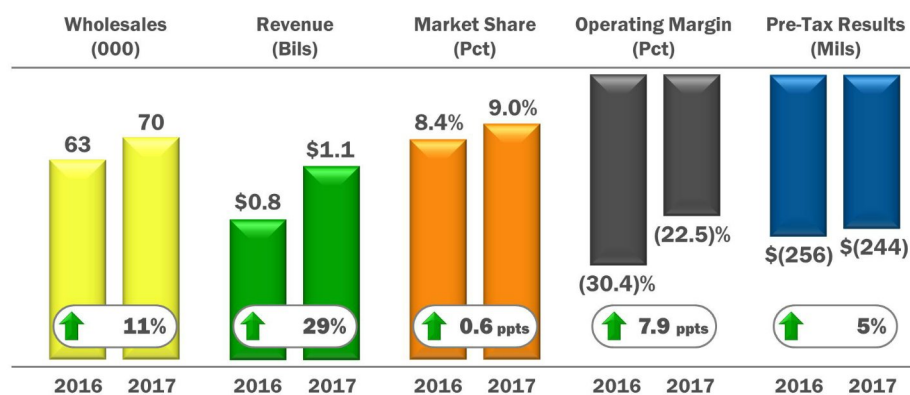
We also continued our disciplined approach to incentives. While incentives grew for the industry, Ford levels were relatively flat as we managed supply and demand well and benefited from the strength of our new products.

Our U.S. stocks are in good shape and we continue to take a disciplined approach to matching supply to demand.

Ford's days supply tends to be slightly higher than industry average because of our stronger position in trucks due to the larger number of product configurations, a Ford strength.

AUTOMOTIVE SEGMENT – SOUTH AMERICA

1Q 2017 KEY METRICS



All key metrics improved for 2nd consecutive quarter

Top line higher due to volume, pricing and exchange

SA SAAR up 3%; Brazil SAAR in March up YoY for first time in 24 months

Market share up due to Ka and Ranger

In South America, all first quarter 2017 key metrics improved from a year ago. This was our second consecutive quarter of improvement across the board.

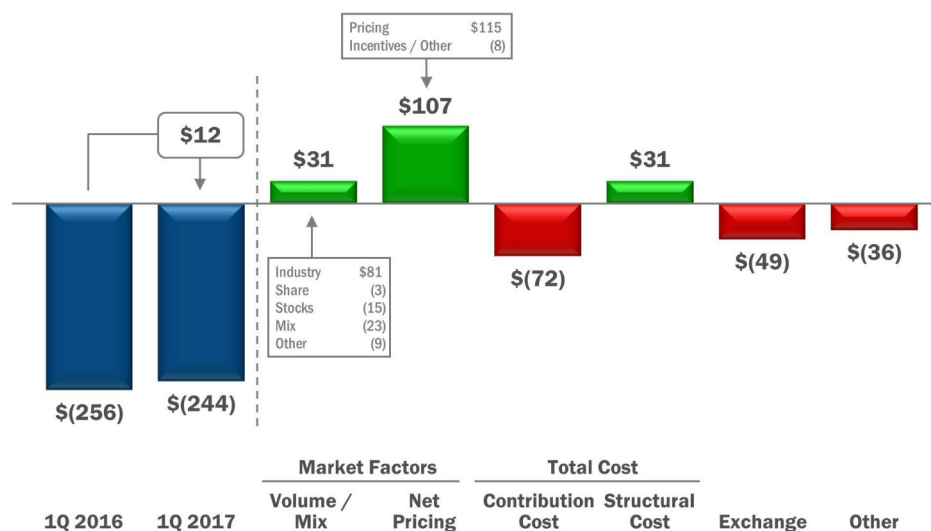
Wholesales were up 11% due to higher industry and market share. Revenue was up 29%, reflecting the higher volume and pricing, along with favorable exchange.

Industry SAAR for the region, at 3.8 million units, was up 3%, or 100,000 units. Brazil SAAR, on the other hand, was down 200,000 units. In March, however, Brazil SAAR improved for the first time in 24 months.

Our market share for the region, at 9.0%, was up six-tenths of a percentage point due to strong sales of Ka, our subcompact, and Ranger.

Operating margin and pre-tax results for the region both improved from a year ago.

AUTOMOTIVE SEGMENT – SOUTH AMERICA 1Q 2017 PRE-TAX RESULTS (MILS)



Modest improvement in loss due to higher net pricing and volume

Cost up due to continued high local inflation

Unfavorable exchange due to Brazil real

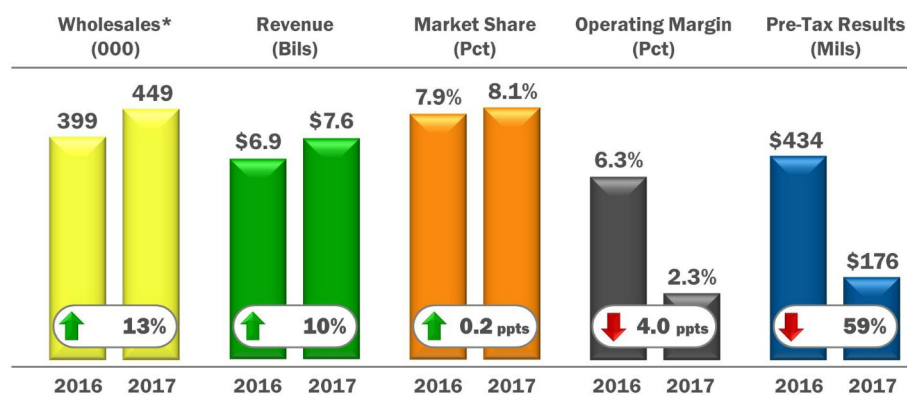
As shown above, South America's first quarter 2017 pre-tax result improved \$12 million compared with a year ago due to higher net pricing and volume. This was offset, in part, by the effects of high local inflation on cost and adverse currency movement.

Our team is continuing to work to further improve South America's cost structure and grow revenue. Importantly, we are seeing signs of stabilization in incoming economic data, and the Central Bank of Brazil has been cutting its policy rate at a fast pace, suggesting we may be close to the trough of the current economic cycle.

For 2017, we continue to expect South America's loss to improve from last year as a result of favorable market factors as the economy begins to recover. We expect most of the full year year-over-year improvement to occur in the second half.

AUTOMOTIVE SEGMENT – EUROPE

1Q 2017 KEY METRICS



Double-digit growth and continued profitability in Europe

Europe SAAR up 2%

Market share higher due to Kuga and commercial vehicles

Operating margin and PBT lower due to higher cost and adverse exchange (Brexite)

* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 14,000 units in 1Q 2016 and 13,000 units in 1Q 2017). Revenue does not include these sales

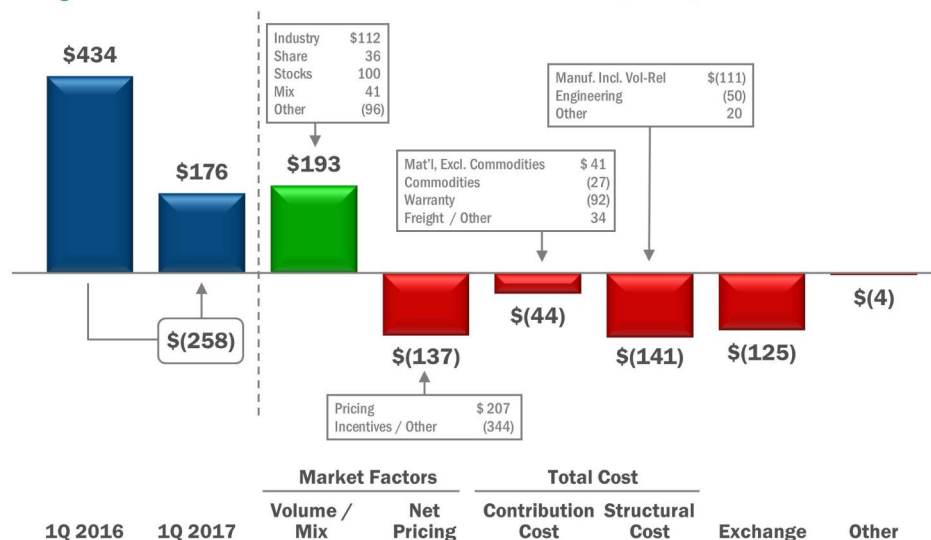
Shown above are the first quarter 2017 key metrics for Europe. The top-line improved, with wholesale volume up 13% and revenue up 10%, or 22% at constant exchange. The higher volume was driven by higher industry, an increase in dealer stocks this quarter compared to a reduction a year ago, and higher market share. The higher revenue was driven by the volume increase and favorable mix.

Europe SAAR, at 20.5 million units, was 2% higher than a year ago. Market share, at 8.1%, was up two-tenths of a percentage point from a year ago, driven by Kuga and commercial vehicles. Ford remained Europe's best-selling commercial vehicle brand in the first quarter of 2017.

Europe's operating margin was 2.3%, down 4.0 percentage points, and pre-tax profit was \$176 million, down \$258 million.

AUTOMOTIVE SEGMENT – EUROPE

1Q 2017 PRE-TAX RESULTS (MILS)



Lower PBT due to higher cost and weaker sterling

Cost up due to major recall, manufacturing (mainly higher volumes) and all-new Fiesta launch

Continued to deliver favorable volume and mix net of lower net pricing

Russia improved

The first quarter of 2017 represented our eighth consecutive profitable quarter in Europe. Europe's pre-tax profit, however, was \$258 million lower than a year ago. This was driven by higher cost and the weaker Sterling resulting from Brexit. Cost was up due to a major recall, along with manufacturing -- mainly volume-related increases -- and the launch of the all-new Fiesta.

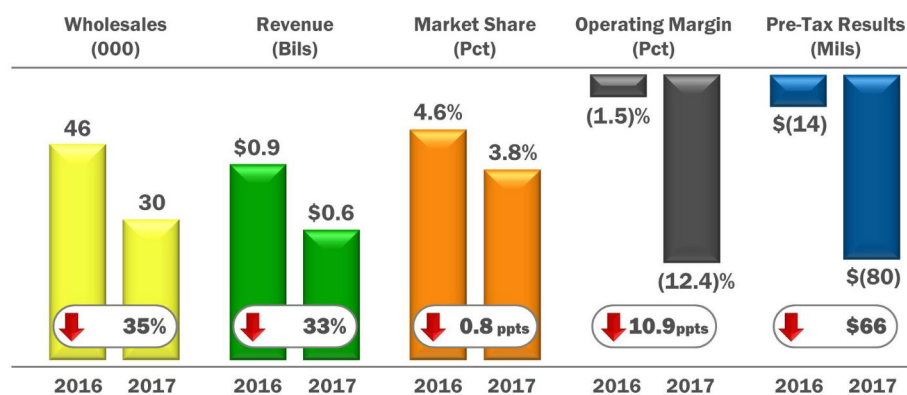
Europe continued to deliver higher volume and favorable mix, which was offset partially by lower net pricing. Although not shown, results in Russia continued to improve from a year ago.

For 2017, we continue to expect Europe to remain profitable, although at levels below 2016. This is due mainly to weaker Sterling resulting from Brexit, higher cost associated with the launch of Fiesta and EcoSport, and continued investment for future growth. Favorable market factors and continued improvement in Russia will be a partial offset.

The majority of the full year profit decline from 2016 is expected to occur in the first half of the year due to cost and stock effects related to the Fiesta launch and the major recall in the first quarter.

AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

1Q 2017 KEY METRICS



Decline in key metrics driven by lower volume

SAAR down 12% in markets where we participate

Market share lower due to performance in Middle East and adverse market mix

Shown above are key metrics for the Middle East & Africa region for the first quarter of 2017, where all first quarter key metrics were lower than a year ago.

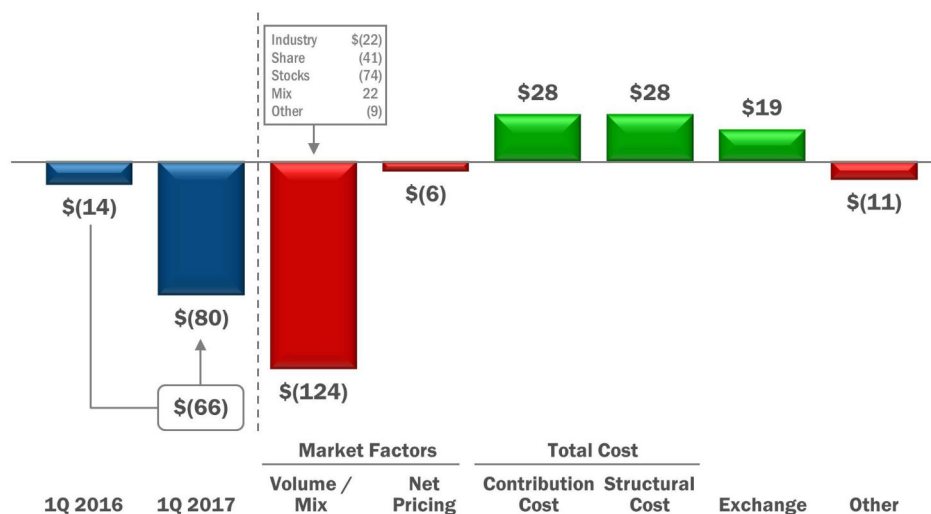
The top-line was down due to lower wholesale volume. This largely reflects stock adjustments in Saudi Arabia for market performance and lower industry.

Industry SAAR for the region, at 3.7 million units, was down 100,000 units from 2016. Within this, the markets where we participate declined 300,000 units.

Our market share was 3.8%, down eight-tenths of a percentage point. In markets where we participate, our share declined five-tenths of a percentage point, mostly reflecting performance in the Middle East.

Middle East & Africa operating margin and pre-tax results were down, reflecting the lower volume.

AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA 1Q 2017 PRE-TAX RESULTS (MILS)



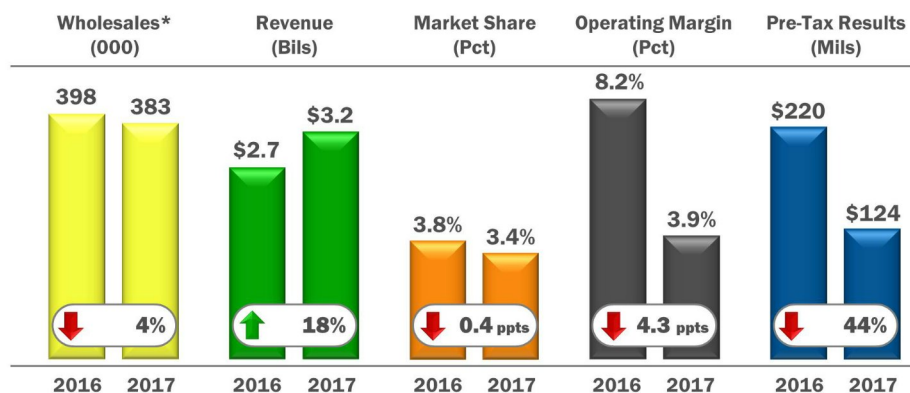
Lower volume drove lower PBT – unfavorable change in dealer stocks, market share and industry

As shown above, Middle East & Africa's first quarter 2017 pre-tax loss was \$80 million, down \$66 million from a year ago, driven by lower volume, reflecting market performance and lower industry volume in the Middle East.

For 2017, we continue to expect results in Middle East & Africa to improve compared to 2016 due to lower cost and favorable exchange, with lower volume a partial offset. The year-over-year improvement is expected to be realized in the second half of the year.

AUTOMOTIVE SEGMENT – ASIA PACIFIC

1Q 2017 KEY METRICS



China drove decline in key metrics except revenue

Volume down due to payback for strong China 4Q; revenue up outside China and at Lincoln

China SAAR down 1.6M units, driving AP SAAR decline of 0.5M units

Market share lower due to ≤1.6L products in China

China JVs at \$274M net income; margin at 13.0%

* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 310,000 units in 1Q 2016 and 278,000 units in 1Q 2017). Revenue does not include these sales

Asia Pacific's first quarter 2017 key metrics are shown above, where results in China drove the changes from last year, except for revenue. Wholesale volume decreased by 4%, driven by lower market share and industry volume in China. Revenue from consolidated operations increased by 18%, reflecting the strength of our full line-up of SUVs and continued growth of Lincoln.

Asia Pacific SAAR was 39.5 million units, down 500,000 units, more than explained by a 1.6-million unit decrease in China SAAR, estimated at 23.4 million units. This reflects the pull-ahead of sales into the fourth quarter of 2016 as the government purchase tax incentive for vehicles with engine displacements of 1.6 liters or lower was set to expire. We anticipate the impact of the pull-ahead will ease beginning in the second quarter, supporting our full year 2017 industry outlook of 28.2 million units.

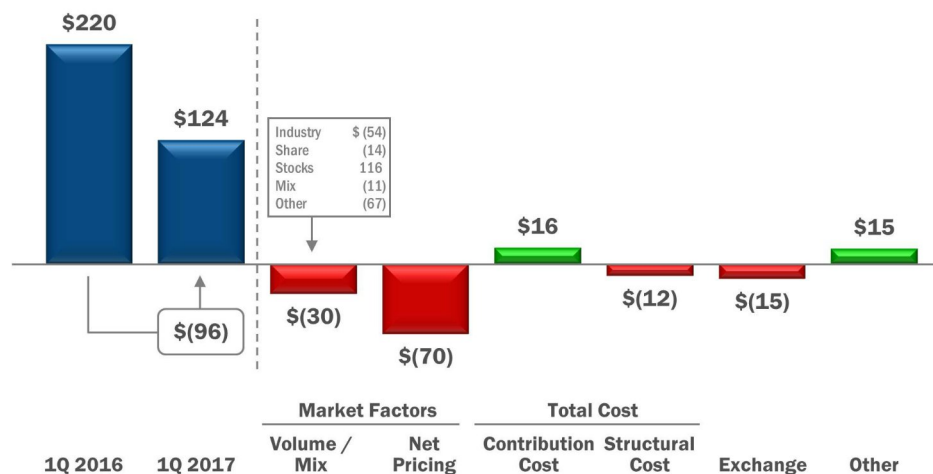
Our Asia Pacific market share was 3.4%, down four-tenths of a percentage point, with China share decreasing six-tenths of a percentage point to 4.4%. This was due to lower sales of vehicles with engine displacement of 1.6 liters or lower. First quarter 2017 sales of vehicles that did not benefit from the tax incentive, including Mustang, Edge, Explorer, Everest, and Lincoln brand vehicles, were a partial offset, up 21% compared to a year ago.

Our Asia Pacific operating margin was 3.9% and pre-tax profit was \$124 million, both down from a year ago.

In the quarter, our China joint ventures contributed \$274 million to pre-tax profit, reflecting our equity share of the JVs' after-tax earnings; this was \$169 million lower than last year. Net income margin was 13%, down 3.4 percentage points. The decline reflects lower volume, negative industry pricing, and higher mix of vehicles with engine displacement of 1.6 liters or lower.

AUTOMOTIVE SEGMENT – ASIA PACIFIC

1Q 2017 PRE-TAX RESULTS (MILS)



China drove PBT decline due to negative industry pricing, unfavorable volume and mix and weaker RMB

Cost about flat

Results in regions outside China improved; all major markets profitable except India, which improved YoY

As shown above, Asia Pacific's first quarter 2017 pre-tax profit was \$96 million lower than a year ago, reflecting negative industry pricing in China, lower volume, reflecting the payback in China from a strong fourth quarter in 2016, and adverse exchange effects, mainly a weaker China RMB. Cost was about flat.

Our results in markets outside of China improved compared to a year ago, particularly in ASEAN and Australia. All major markets were profitable except India, where the loss improved from a year ago.

For 2017, we continue to expect Asia Pacific's pre-tax profit to improve from 2016 due to higher volume. We expect cost to be about flat. Net pricing will be lower due to negative industry pricing in China, while exchange is expected to be unfavorable because of a weaker RMB.

FINANCIAL SERVICES SEGMENT

In general, we measure year-over-year changes in Ford Credit's pre-tax results using the causal factors listed below:

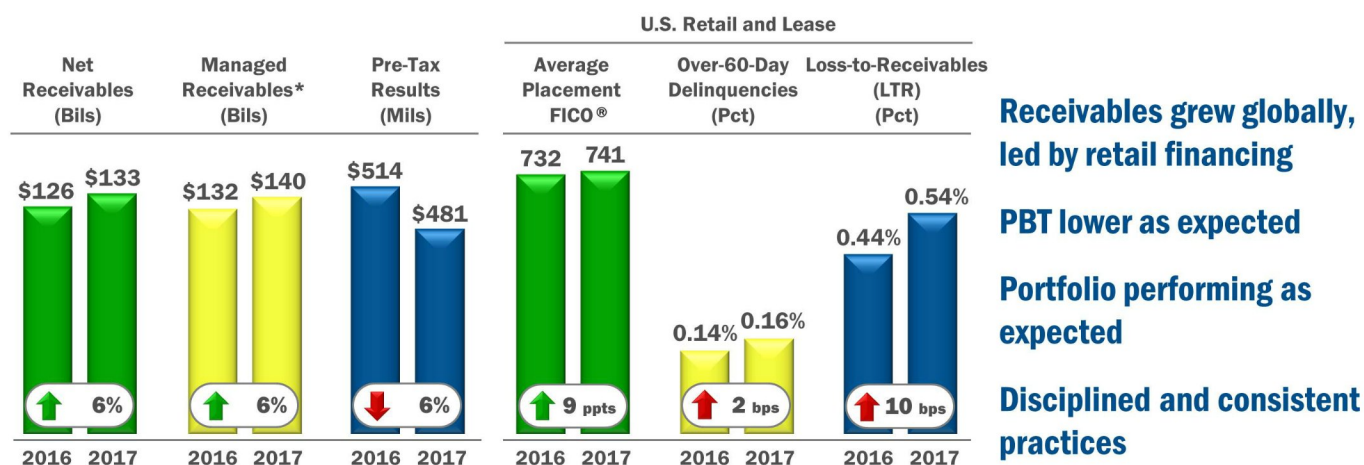
- *Volume and Mix:*
 - Volume primarily measures changes in net financing margin driven by changes in average managed receivables at prior period financing margin yield (defined below in financing margin) at prior period exchange rates. Volume changes are primarily driven by the volume of new and used vehicle sales and leases, the extent to which Ford Credit purchases retail installment sale and lease contracts, the extent to which Ford Credit provides wholesale financing, the sales price of the vehicles financed, the level of dealer inventories, Ford-sponsored special financing programs available exclusively through Ford Credit, and the availability of cost-effective funding for the purchase of retail installment sale and lease contracts and to provide wholesale financing
 - Mix primarily measures changes in net financing margin driven by period over period changes in the composition of Ford Credit's average managed receivables by product and by country or region
- *Financing Margin:*
 - Financing margin variance is the period-to-period change in financing margin yield multiplied by the present period average managed receivables at prior period exchange rates. This calculation is performed at the product and country level and then aggregated. Financing margin yield equals revenue, less interest expense and scheduled depreciation for the period, divided by average managed receivables for the same period
 - Financing margin changes are driven by changes in revenue and interest expense. Changes in revenue are primarily driven by the level of market interest rates, cost assumptions in pricing, mix of business, and competitive environment. Changes in interest expense are primarily driven by the level of market interest rates, borrowing spreads, and asset-liability management
- *Credit Loss:*
 - Credit loss is the change in the provision for credit losses at prior period exchange rates. For analysis purposes, management splits the provision for credit losses into net charge-offs and the change in the allowance for credit losses
 - Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries. Changes in the allowance for credit losses are primarily driven by changes in historical trends in credit losses and recoveries, changes in the composition and size of Ford Credit's present portfolio, changes in trends in historical used vehicle values, and changes in economic conditions. For additional information on the allowance for credit losses, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2016 Form 10-K Report
- *Lease Residual:*
 - Lease residual measures changes to residual performance at prior period exchange rates. For analysis purposes, management splits residual performance primarily into residual gains and losses, and the change in accumulated supplemental depreciation
 - Residual gain and loss changes are primarily driven by the number of vehicles returned to Ford Credit and sold, and the difference between the auction value and the depreciated value (which includes both base and accumulated supplemental depreciation) of the vehicles sold. Changes in accumulated supplemental depreciation are primarily driven by changes in Ford Credit's estimate of the expected auction value at the end of the lease term, and changes in the estimate of the number of vehicles that will be returned to it and sold. For additional information on accumulated supplemental depreciation, refer to the "Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases" section of Item 7 of Part II of our 2016 Form 10-K Report
- *Exchange:*
 - Reflects changes in pre-tax results driven by the effects of converting functional currency income to U.S. dollars
- *Other:*
 - Primarily includes operating expenses, other revenue, and insurance expenses at prior period exchange rates
 - Changes in operating expenses are primarily driven by salaried personnel costs, facilities costs, and costs associated with the origination and servicing of customer contracts
 - In general, other revenue changes are primarily driven by changes in earnings related to market valuation adjustments to derivatives (primarily related to movements in interest rates) and other miscellaneous items

In addition, the following definitions and calculations apply to Ford Credit when used in this report:

- **Cash** (as shown on the Funding Structure, Liquidity Sources, and Leverage charts) – Cash, cash equivalents, and marketable securities, excluding amounts related to insurance activities
- **Securitizations** (as shown on the Public Term Funding Plan chart) – Public securitizations, Rule 144A offerings sponsored by Ford Motor Credit, and widely distributed offerings by Ford Credit Canada
- **Term Asset-Backed Securities** (as shown on the Funding Structure chart) – Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements
- **Total Debt** (as shown on the Leverage chart) – Debt on Ford Credit's balance sheet. Includes debt issued in securitizations and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions

The charts on the following pages detail first quarter 2017 key metrics and the change in first quarter 2017 pre-tax results compared with first quarter 2016 by causal factor for Ford Credit.

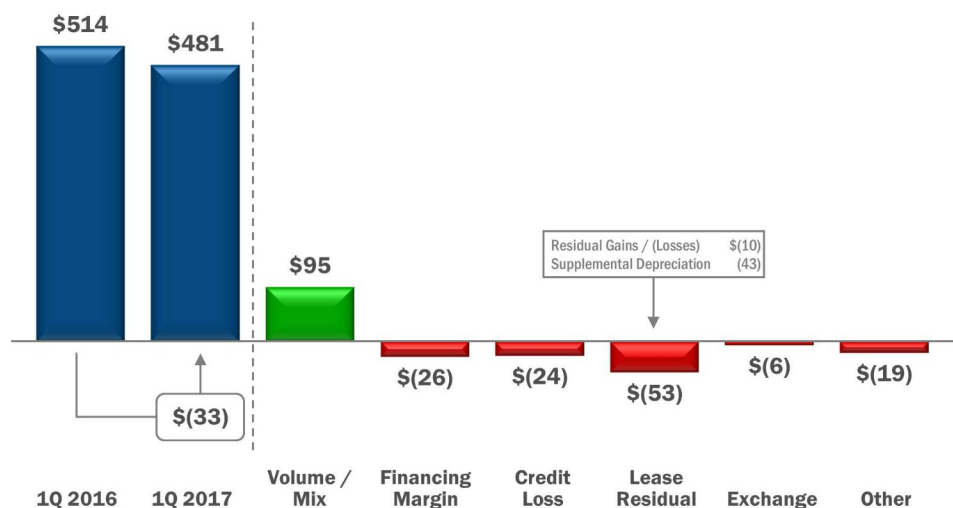
FINANCIAL SERVICES SEGMENT – FORD CREDIT 1Q 2017 KEY METRICS



* See "Non-GAAP Financial Measures Reconciliations" section for reconciliation to GAAP

In the first quarter of 2017, Ford Credit's receivables were higher than a year ago, while pre-tax profit was lower, as expected. Overall, the portfolio continued to perform as expected. FICO scores remained consistent. The over-60-day delinquency ratio of 16 basis points continued to be at the low end of Ford Credit's historical experience. The loss-to-receivables ratio of 54 basis points, up 10 basis points year over year, was below, but approaching, Ford Credit's historical experience. Origination, servicing, and collection practices remained disciplined and consistent.

FINANCIAL SERVICES SEGMENT – FORD CREDIT 1Q 2017 PRE-TAX RESULTS (MILS)



Higher supplemental depreciation for lease residuals the largest contributor to lower PBT

Volume and mix primarily growth in retail receivables globally

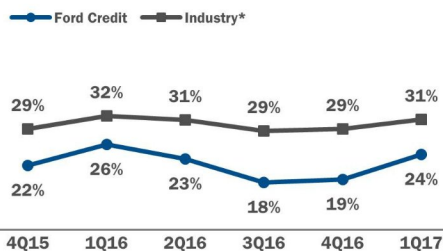
Shown above are the details of the \$33 million decline in Ford Credit's first quarter 2017 pre-tax profit. It was driven by unfavorable lease residual performance in the U.S., mainly higher supplemental depreciation in response to expected lower auction values in the lease portfolio.

The favorable volume and mix reflects primarily growth in retail receivables globally.

Ford Credit continues to expect 2017 full year pre-tax profit to be about \$1.5 billion with improvement in 2018 as a result of less supplemental depreciation than in 2017.

FINANCIAL SERVICES SEGMENT – FORD CREDIT U.S. AUTOMOTIVE FINANCING TRENDS

Lease Share of Retail Sales (%)



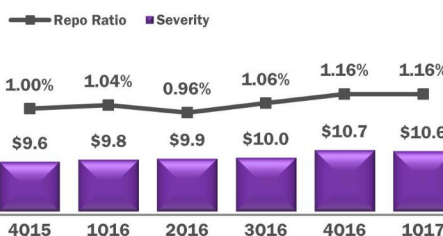
Return Volume (000) and Auction Values**



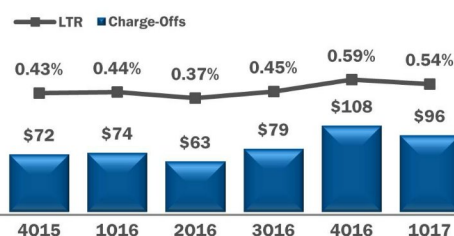
Lease share lower than industry

36-month auction values down 7% YoY as expected

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



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



Higher severities primarily due to lower auction values

Loss metrics remain low and within expectations

* Source: JD Power PIN
** At 1Q 2017 Mix

Ford Credit continues to prudently manage its lease portfolio.

In the first quarter of 2017, lease share was down compared to the prior year and remains below the industry average. In addition, Ford Credit's lease portfolio is smaller than major competitors.

Lease return volume in the first quarter of 2017 was up from the prior year as a result of increased leasing in the industry in recent years.

Ford Credit's used vehicle auction values in the first quarter of 2017 were lower than a year ago but seasonally higher than the prior quarter. Auction values were down across the portfolio year-over-year, consistent with the industry.

Ford Credit's loss metrics remain low and within our expectations.

ALL OTHER

All Other is a combination of Central Treasury Operations (formerly Other Automotive) and Ford Smart Mobility LLC, two operating segments that did not meet the quantitative thresholds in this reporting period to qualify as reportable segments.

The Central Treasury Operations segment is primarily engaged in decision making for investments, risk management activities, and providing financing for the Automotive segment. Interest income (excluding interest earned on our extended service contract portfolio that is included in our Automotive segment), interest expense, gains and losses on cash equivalents and marketable securities, and foreign exchange derivatives associated with intercompany lending are included in the results of Central Treasury Operations. The underlying assets and liabilities, primarily cash and cash equivalents, marketable securities, debt, and derivatives, remain with the Automotive segment.

Ford Smart Mobility LLC is a subsidiary formed to design, build, grow, and invest in emerging mobility services. Designed to compete like a start-up company, Ford Smart Mobility LLC will design and build mobility services on its own, and collaborate with start-ups and tech companies.

Our first quarter 2017 All Other pre-tax results were a loss of \$212 million, an \$86 million greater loss compared with a year ago. This increase is explained by higher net interest expense, lower net gains on cash equivalents and marketable securities, and Ford Smart Mobility LLC.

SPECIAL ITEMS

In Note 17 of the Notes to the Financial Statements, special items are reflected as a separate reconciling item, as opposed to being allocated among the Automotive segment, Financial Services segment, and All Other. This reflects the fact that management excludes these items from its review of operating segment results for purposes of measuring segment profitability and allocating resources.

Our pre-tax and tax special items were as follows:

TOTAL COMPANY SPECIAL ITEMS

(Mills)

	1Q	
	2016	2017
Separation-related actions	\$ (174)	\$ (22)
Other Items		
San Luis Potosi plant cancellation	\$ -	\$ 46
Japan, Indonesia market closure	(12)	-
Total other items	(12)	46
Total pre-tax special items	\$ (186)	\$ 24
Tax special items	\$ (66)	\$ (15)
Memo:		
Special items impact on earnings per share*	\$ (0.07)	\$ 0.01

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

TAXES

Our tax provision in the first quarter of 2017 was \$649 million, resulting in an effective tax rate of 28.9%.

Our first quarter 2017 adjusted effective tax rate, which excludes special items, was 28.6%.

LIQUIDITY AND CAPITAL RESOURCES**BALANCE SHEET SUMMARY**

(Bil.)	2016	2017
	Dec 31	Mar 31
Automotive Segment		
Cash, cash equivalents and marketable securities	\$ 27.5	\$ 28.0
Available credit lines*	10.8	10.9
Total liquidity	\$ 38.3	\$ 38.9
Debt	\$ 15.9	\$ 16.2
Cash net of debt	11.6	11.8
Ford Credit		
Managed receivables**	\$ 137	\$ 140
Debt	126	129
Liquidity	27	29
Managed leverage** (to 1)	9.2	9.1
Total Company Period End Balance Sheet Underfunded Status***		
U.S. pension	\$ 3.8	\$ 3.6
Non-U.S. pension	5.1	4.9
Total global pension	\$ 8.9	\$ 8.5
Total unfunded OPEB	\$ 5.9	\$ 5.9

**Auto cash and liquidity
balances strong**

**Ford Credit well
capitalized with strong
liquidity**

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

** See "Non-GAAP Financial Measure Reconciliations" section for Managed Receivables GAAP reconciliation and "Liquidity and Capital Resources" section for Managed Leverage GAAP reconciliation

*** Balances at March 31, 2017 reflect net underfunded status at December 31, 2016, 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 2016

Automotive Segment

Liquidity. One of our key priorities is to maintain a strong balance sheet, while at the same time having resources available to grow our core business and invest in emerging opportunities. Based on our planning assumptions, we believe we have sufficient liquidity and capital resources to continue to invest in new products and services that customers want and value, transform and grow our business, pay our debts and obligations as and when they come due, pay a sustainable regular dividend at the current level, and provide protection within an uncertain global economic environment.

Our key balance sheet metrics include total cash, cash equivalents, and marketable securities (collectively "Automotive cash"), Automotive liquidity, which includes Automotive cash and total available committed credit lines, and cash net of debt.

At March 31, 2017, we had \$28 billion of Automotive cash, of which 81% was held by consolidated entities domiciled in the United States. We target to have an average ongoing Automotive cash balance of about \$20 billion. We expect to have periods when we will be above or below this amount due to: (i) future cash flow expectations, such as for pension contributions, debt maturities, capital investments, investments in emerging opportunities, or restructuring requirements, (ii) short-term timing differences, and (iii) changes in the global economic environment.

Our Automotive cash investments primarily include U.S. Department of Treasury obligations, federal agency securities, bank time deposits with investment-grade institutions, corporate investment-grade securities, commercial paper rated A-1/P-1 or higher, and debt obligations of a select group of non-U.S. governments, non-U.S. governmental agencies, and supranational institutions. The average maturity of these investments is approximately one year, and adjusted based on market conditions and liquidity needs. We monitor our Automotive cash levels and average maturity on a daily basis.

In addition to our target Automotive cash balance, we also target to maintain a corporate credit facility, discussed below, for our Automotive business of about \$10 billion to protect against exogenous shocks. We assess the appropriate long-term target for total Automotive liquidity, comprised of Automotive cash and the corporate credit facility, to be about \$30 billion, which is an amount we believe is sufficient to support our business priorities and to protect our business. At March 31, 2017, we had \$38.9 billion of Automotive liquidity. Our Automotive cash and Automotive liquidity targets could be reduced over time based on improved operating performance and changes in our risk profile.

Changes in Automotive Cash. Changes in Automotive cash are summarized below (in billions):

AUTOMOTIVE SEGMENT CASH FLOW

<i>(Bils)</i>	<u>1Q 2017</u>
Cash at end of period	\$ 28.0
Cash at beginning of period	27.5
Change in cash	<u>\$ 0.5</u>
Automotive segment pre-tax profits	\$ 2.0
Capital spending	(1.7)
Depreciation and tooling amortization	1.2
Changes in working capital	0.7
All other and timing differences	(0.2)
Automotive operating cash flow	<u>\$ 2.0</u>
Separation payments	-
Transactions with other segments	-
Other, including acquisitions and divestitures	(0.3)
Cash flow before other actions	<u>\$ 1.7</u>
Changes in debt	(0.2)
Funded pension contributions	(0.2)
Shareholder distributions	(0.8)
Change in cash	<u><u>\$ 0.5</u></u>

**Operating cash flow
of \$2B**

**Capital spending on track
for FY outlook of \$7B**

**Debt change reflects debt
repayments; pension
contributions in line with
FY plan of \$1B**

**We plan 2017
distributions of about
\$2.7B**

In managing our Automotive business, we classify changes in Automotive cash into operating and other items. Operating items include: Automotive segment pre-tax profits, capital spending, depreciation and tooling amortization, changes in working capital, and All Other and timing differences. Non-operating items include: separation payments, transactions with other segments, acquisitions and divestitures, changes in Automotive debt, contributions to funded pension plans, and dividends paid to shareholders.

Automotive operating cash flow was \$2 billion in the first quarter of 2017, explained by Automotive segment pre-tax profits. Working capital, net spending, and timing differences offset one another.

Capital spending was \$1.7 billion in the first quarter of 2017, and our outlook for capital spending remains at about \$7 billion for the full year. Based on expected cash flows and the identification of additional opportunities for profitable growth, the ongoing amount of capital spending to support product development, growth, restructuring, and infrastructure is expected to be between \$8 billion and \$9 billion per year through 2020.

Shareholder distributions in the first quarter of 2017 were about \$800 million, including a \$200 million supplemental dividend. For the full year, we expect distributions to be about \$2.7 billion.

With respect to "Changes in working capital," in general we carry relatively low Automotive segment trade receivables compared with our trade payables because the majority of our Automotive wholesales are financed (primarily by Ford Credit) immediately upon sale of vehicles to dealers, which generally occurs at the time the vehicles are gate-released shortly after being produced. In addition, our inventories are lean because we build to order, not for inventory. In contrast, our Automotive trade payables are based primarily on industry-standard production supplier payment terms generally ranging between 30 days to 45 days. As a result, our cash flow tends to improve as wholesale volumes increase, but can deteriorate significantly when wholesale volumes drop sharply. These working capital balances generally are subject to seasonal changes that can impact cash flow. For example, we typically experience cash flow timing differences associated with inventories and payables due to our annual summer and December shutdown periods, when production, and therefore inventories and wholesale volumes, are usually at their lowest levels, while payables continue to come due and be paid. The net impact of this typically results in cash outflows from changes in our working capital balances during these shutdown periods.

Available Credit Lines. Total committed Automotive credit lines at March 31, 2017 were \$11.9 billion, consisting of \$10.4 billion of our corporate credit facility and \$1.5 billion of local credit facilities for use by our non-U.S. Automotive affiliates. At March 31, 2017, the utilized portion of the corporate credit facility was about \$35 million, representing amounts utilized for letters of credit. At March 31, 2017, the utilized portion of the local credit facilities was about \$940 million.

Lenders under our corporate credit facility have commitments to us totaling \$13.4 billion, with 75% of the commitments maturing on April 30, 2021 and 25% of the commitments maturing on April 30, 2019. We have allocated \$3 billion of commitments to Ford Credit on an irrevocable and exclusive basis to support its growth and liquidity. Any borrowings by Ford Credit under the corporate credit facility would be guaranteed by us.

The corporate credit facility is unsecured and free of material adverse change conditions to borrowing, restrictive financial covenants (for example, interest or fixed charge coverage ratio, debt-to-equity ratio, and minimum net worth requirements), and credit rating triggers that could limit our ability to obtain funding. The corporate credit facility contains a liquidity covenant that requires us to maintain a minimum of \$4 billion in aggregate of domestic cash, cash equivalents, and loaned and marketable securities and/or availability under the facility. If our senior, unsecured, long-term debt does not maintain at least two investment grade ratings from Fitch, Moody's, and S&P (each as defined under "Credit Ratings" below), the guarantees of certain subsidiaries will be required.

We are in the process of amending our corporate credit facility, with the closing scheduled to occur on April 28, 2017. When complete, we expect to maintain total commitments of \$13.4 billion, extend the respective maturity dates by one year, and maintain the \$3 billion allocation to Ford Credit.

Debt. Total Automotive debt at March 31, 2017 was \$16.2 billion, which is \$300 million higher than at December 31, 2016. The increase primarily reflects an increase in local debt in international markets (as a result of the adoption of ASC 606, Revenue from Contracts with Customers) and foreign currency exchange effects, offset partially by debt repayments.

Leverage. We manage Automotive debt levels with a leverage framework to maintain strong, investment grade credit ratings through a normal business cycle. The leverage framework includes a ratio of Automotive debt, underfunded pension liabilities, operating leases, and other adjustments, divided by Automotive income before income tax, adjusted for depreciation, amortization, interest expense on Automotive debt, and other adjustments. Ford Credit's leverage is calculated as a separate business as described in the Liquidity - Financial Services section of Item 2. Ford Credit is self-funding and its debt, which is used to fund its operations, is separate from our Automotive debt.

Financial Services Segment

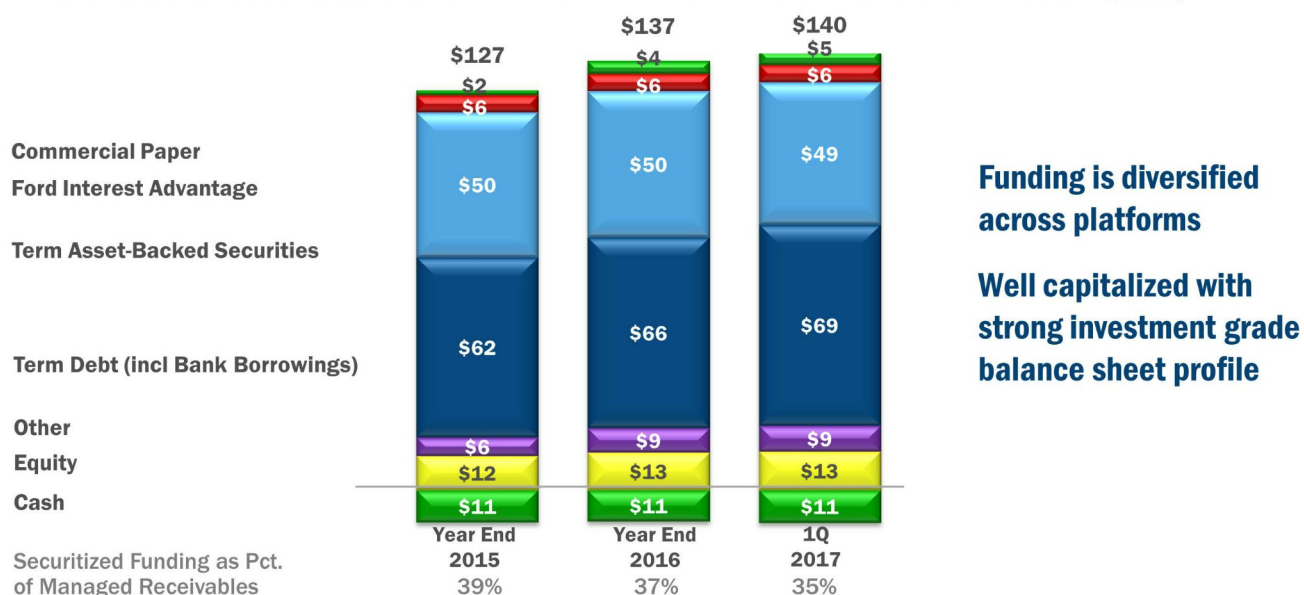
Ford Credit

Funding Overview. Ford Credit's primary funding and liquidity objective is to be well capitalized with a strong investment grade balance sheet and ample liquidity to support its financing activities and growth under a variety of market conditions, including short-term and long-term market disruptions. Ford Credit's funding strategy remains focused on diversification, and it plans to continue accessing a variety of markets, channels, and investors.

Ford Credit's liquidity profile continues to be diverse, robust, and focused on maintaining liquidity levels that meet its business and funding requirements. Ford Credit annually stress tests its balance sheet and liquidity to ensure that it continues to meet its financial obligations through economic cycles.

Funding Portfolio. The chart below shows the trends in funding for Ford Credit's managed receivables:

FUNDING STRUCTURE – MANAGED RECEIVABLES* (BILS)



* See "Non-GAAP Financial Measure Reconciliations" for reconciliation to GAAP

At March 31, 2017, Ford Credit's managed receivables were \$140 billion, and were funded primarily with term debt and term asset-backed securities. Securitized funding as a percent of managed receivables was 35%.

Ford Credit expects the mix of securitized funding to trend lower over time. However, the calendarization of the funding plan may result in quarterly fluctuations of the securitized funding percentage.

In April 2017, FCE Bank plc launched Ford Money retail deposits for U.K. consumers, providing additional funding diversity.

Public Term Funding Plan. The following chart shows Ford Credit's issuances for full-year 2015 and 2016, planned issuances for full-year 2017, and its global public term funding issuances through April 26, 2017, excluding short-term funding programs:

PUBLIC TERM FUNDING PLAN* (BILS)

	2015 Actual	2016 Actual	2017	
			Forecast	Through April 26
Unsecured				
Ford Motor Credit	\$ 11	\$ 10	\$ 8 - 10	\$ 5
Ford Credit Canada	1	1	1 - 2	1
FCE Bank	4	3	2 - 3	2
Rest of World	-	-	1	-
Total Unsecured	\$ 17	\$ 14	\$ 12 - 16	\$ 7
Securitizations	\$ 13	\$ 13	\$ 12 - 14	\$ 4
Total Public	\$ 30	\$ 28	\$ 24 - 30	\$ 11

Issuance plans are consistent with prior years

Issuance remains diversified across platforms and markets

First auto ABS issuance in China to receive AAA international rating, in April 2017

* Numbers may not sum due to rounding

For 2017, Ford Credit's full-year forecast is unchanged with public term funding in the range of \$24 billion to \$30 billion. Through April 26, 2017, Ford Credit completed over \$11 billion of public term issuance.

In April 2017, Ford Automotive Finance (China)'s securitization issuance earned the first auto-ABS international rating agency AAA rating in the market.

Liquidity. Ford Credit defines gross liquidity as cash, cash equivalents, and marketable securities (excluding amounts related to insurance activities) and committed capacity (which includes its credit and asset-backed facilities and bank lines), less utilization of liquidity. Utilization of liquidity is the amount funded under Ford Credit's liquidity sources and also includes the cash and cash equivalents required to support securitization transactions. Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund). Net liquidity available for use is defined as gross liquidity less certain adjustments for asset-backed capacity in excess of eligible receivables and cash related to the Ford Credit Revolving Extended Variable-utilization program ("FordREV"), which can be accessed through future sales of receivables. While not included in available liquidity, these adjustments represent additional funding sources for future originations

The following chart shows Ford Credit's liquidity sources and utilization:

LIQUIDITY SOURCES

<i>(Bills)</i>	2016 Mar 31	2016 Dec 31	2017 Mar 31	
Liquidity Sources				
Cash	\$ 14.9	\$ 10.8	\$ 11.3	} Committed Capacity \$40.4 billion
Committed ABS facilities	36.4	34.6	34.8	
Other Unsecured Credit Facilities	2.5	2.5	2.6	
Ford Corporate Credit Facility Allocation	3.0	3.0	3.0	
Total Liquidity Sources	\$ 56.8	\$ 50.9	\$ 51.7	
Utilization of Liquidity				
Securitization Cash	\$ (3.0)	\$ (3.4)	\$ (3.0)	
Committed ABS facilities	(18.2)	(19.9)	(18.4)	
Other Unsecured Credit Facilities	(0.5)	(0.7)	(1.3)	
Ford Corporate Credit Facility Allocation	-	-	-	
Total Utilization of Liquidity	\$ (21.7)	\$ (24.0)	\$ (22.7)	
Gross Liquidity	\$ 35.1	\$ 26.9	\$ 29.0	
Adjustments	-	0.1	0.3	
Net Liquidity Available For Use	\$ 35.1	\$ 27.0	\$ 29.3	

Ford Credit's liquidity available for use will fluctuate quarterly based on factors including near-term debt maturities, receivable growth, and timing of funding transactions. Ford Credit targets liquidity of at least \$25 billion. As of March 31, 2017, Ford Credit's liquidity available for use was up \$2.3 billion from year-end 2016.

As of March 31, 2017, Ford Credit's liquidity remained strong at \$29.3 billion. Ford Credit's sources of liquidity include cash, committed asset-backed facilities, unsecured credit facilities, and the corporate credit facility allocation. As of March 31, 2017, Ford Credit's liquidity sources including cash totaled \$51.7 billion, up \$800 million from year-end 2016.

Leverage. Ford Credit uses leverage, or the debt-to-equity ratio, to make various business decisions, including evaluating and establishing pricing for finance receivable and operating lease financing, and assessing its capital structure.

The chart below shows the calculation of Ford Credit's financial statement leverage and managed leverage:

LEVERAGE

<i>(Bils)</i>	2016	2016	2017
	Mar 31	Dec 31	Mar 31
Leverage Calculation			
Total debt*	\$ 127.4	\$ 126.5	\$ 129.2
Adjustments for cash**	(14.9)	(10.8)	(11.3)
Adjustments for derivative accounting***	(1.0)	(0.3)	(0.2)
Total adjusted debt	\$ 111.5	\$ 115.4	\$ 117.7
Equity****	\$ 12.2	\$ 12.8	\$ 13.2
Adjustments for derivative accounting***	(0.3)	(0.3)	(0.3)
Total adjusted equity	\$ 11.9	\$ 12.5	\$ 12.9
Financial statement leverage (to 1) (GAAP)	10.4	9.9	9.8
Managed leverage (to 1) (Non-GAAP)	9.4	9.2	9.1

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

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

*** 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

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

Ford Credit plans its managed leverage by considering prevailing market conditions and the risk characteristics of its business. At March 31, 2017, Ford Credit's financial statement leverage was 9.8:1, and its managed leverage was 9.1:1. Ford Credit targets managed leverage in the range of 8:1 to 9:1. Managed leverage continues to trend toward the target range.

Total Company

Pension Plans - Underfunded Balances. As of March 31, 2017, our total Company pension underfunded status reported on our balance sheet was \$8.5 billion and reflects the net underfunded status at December 31, 2016 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 2016, and the reported number does not reflect any impact from the changes in interest rates since year-end 2016.

Based on our planning assumptions for asset returns, discount rates, and contributions, we expect our funded status to improve at year-end 2017 compared to the end of last year.

CREDIT RATINGS

Our short-term and long-term debt is rated by four credit rating agencies designated as nationally recognized statistical rating organizations ("NRSROs") by the U.S. Securities and Exchange Commission:

- DBRS Limited ("DBRS");
- Fitch, Inc. ("Fitch");
- Moody's Investors Service, Inc. ("Moody's"); and
- Standard & Poor's Ratings Services, a division of McGraw Hill Financial ("S&P").

In several markets, locally-recognized rating agencies also rate us. A credit rating reflects an assessment by the rating agency of the credit risk associated with a corporate entity or particular securities issued by that entity. Rating agencies' ratings of us are based on information provided by us and other sources. Credit ratings are not recommendations to buy, sell, or hold securities, and are subject to revision or withdrawal at any time by the assigning rating agency. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency.

There have been no rating actions taken by these NRSROs since the filing of our 2016 Form10-K Report.

The following chart summarizes certain of the credit ratings and outlook presently assigned by these four NRSROs:

	NRSRO RATINGS						
	Ford			Ford Credit			NRSROs
	Issuer Default / Corporate / Issuer Rating	Long-Term Senior Unsecured	Outlook / Trend	Long-Term Senior Unsecured	Short-Term Unsecured	Outlook / Trend	Minimum Long-Term Investment Grade Rating
DBRS	BBB	BBB	Stable	BBB	R-2M	Stable	BBB (low)
Fitch	BBB	BBB	Stable	BBB	F2	Stable	BBB-
Moody's	N/A	Baa2	Stable	Baa2	P-2	Stable	Baa3
S&P	BBB	BBB	Stable	BBB	A-2	Stable	BBB-

GDP AND INDUSTRY PLANNING ASSUMPTIONS

Based on the current environment, our GDP and industry planning assumptions include the following:

GDP AND INDUSTRY PLANNING ASSUMPTIONS

	GDP Growth (Pct)			Industry (Mils)		
	2016	2017	2018	2016	2017	2018
Global*	3.0%	3.5%	3.7%	92.5	94.3	95.7
U.S.	1.6%	2.2%	2.1%	17.9	17.7	17.5
Brazil	(3.6)%	0.5%	2.3%	2.1	2.2	2.4
Europe	1.6%	1.7%	1.9%	20.1	20.7	21.1
China	6.7%	6.7%	6.6%	27.5	28.2	28.1

For 2017, continue to expect growth in global GDP and industry volume

U.S. industry expected to decline slightly from high level

Europe industry growth supported by improved economic conditions

China industry growth slowing due to receding tax cut benefits

* Global GDP growth measured at purchasing power parity (PPP) rates using latest World Bank weighting; global industry includes estimated data for some markets not shown

PRODUCTION VOLUMES

The first quarter 2017 actual and second quarter 2017 forecasted production volumes for our Automotive business units are as follows:

AUTOMOTIVE SEGMENT PRODUCTION VOLUMES

(000)	1Q 2017 Actual		2Q 2017 Forecast	
	Units	O / (U)	Units	O / (U)
		2016		2016
North America	819	(35)	835	(8)
South America	73	8	91	12
Europe	448	23	370	(62)
Middle East & Africa	21	-	27	9
Asia Pacific	398	(26)	425	83
Total	1,759	(30)	1,748	34

Key drivers of 2Q YoY:

**Europe – mainly all-new
Fiesta launch**













**AP – mainly higher
industry**

Production volumes above include Ford brand and JMC brand vehicles produced by our unconsolidated affiliates.

OUTLOOK

Based on the current economic environment, our Company and business unit guidance for 2017 and Company guidance for 2018 include the following:

2017 COMPANY GUIDANCE

						
	Total Company Adjusted Pre-Tax Results*	Adjusted EPS*	Automotive Segment Revenue	Automotive Segment Operating Margin	Automotive Segment Operating Cash Flow	Adjusted Effective Tax Rate* (Pct)
B/(W) 2016						
2016 FY Results	\$10.4B	\$1.76	\$141.5B	6.7%	\$6.4B	31.9%









* See "Non-GAAP Financial Measures that Supplement GAAP Measures" for definitions and "Non-GAAP Financial Measure Reconciliations" for reconciliation to GAAP

2017 Company Outlook Consistent With Previous Guidance; Total Company Adjusted PBT About \$9 Billion

For the full year, we have guided to a decline in total Company adjusted pre-tax profit from 2016. Essentially all of that decline occurred in the first quarter. The second through fourth quarters will vary positively and negatively versus prior-year periods; the third quarter is expected to be the lowest absolute profit due to seasonal factors and the launch of the Expedition and Lincoln Navigator. In the aggregate, the balance of the year is expected to be flat to somewhat better than the same period in 2016.

2017 Business Unit Guidance

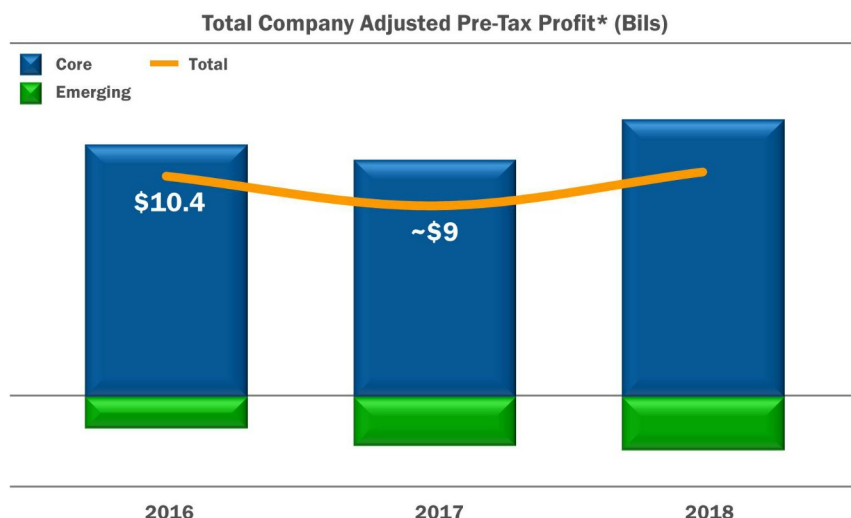
2017 BUSINESS UNIT GUIDANCE

Automotive Business Units								
	North America	South America	Europe	Middle East & Africa	Asia Pacific	Total Automotive	Ford Credit	All Other
PBT B / (W) 2016								
	- Commodities - Emerging Opps - Net Pricing - Mix - Exchange + Other Cost + Volume	+ Net Pricing + Volume & Mix - Cost - Exchange	- Exchange (Brexit) - Cost + Volume & Mix + Net Pricing	+ Cost + Exchange + Net Pricing - Volume	+ Volume + Other Cost - Net Pricing - Exchange - Emerging Opps	- Commodities - Emerging Opps - Exchange + Volume + Other Cost	- Residual Values - Margin - Credit Losses + Receivables Growth	- Emerging Opps (FSM) - Net Interest Expense (↑Auto Debt)
2016 FY Results	\$9,001M	\$(1,109)M	\$1,205M	\$(302)M	\$627M	\$9,422M	\$1,879M	\$(867)M

The guidance above provides our latest assessment of the “puts and takes” for each region or segment compared to results a year ago. While our guidance remains unchanged, we are seeing a significant increase in headwinds from higher commodities, mainly steel but across most commodity groups. We are increasing our efforts to deliver greater cost efficiencies across all parts of the business to mitigate this headwind and further improve the fitness of our business.

2018 Company Guidance

TOTAL COMPANY
LOOKING AHEAD TO 2018



Continue to expect Total Company adjusted PBT to improve for 2018 led by gains in core business

* See "Non-GAAP Financial Measure Reconciliations" section for reconciliation to GAAP

We expect total Company adjusted pre-tax profit this year to be about \$9 billion, setting a platform for a stronger result in 2018. We expect this improvement to be led by gains in our core business, thanks to full-year availability of new high-margin vehicles such as the Lincoln Navigator and Expedition. We expect F-Series to continue to perform well in the market. We also anticipate Ford Credit to benefit from lower supplemental depreciation. And, at the same time, we will continue to invest in the emerging opportunities that will drive future growth and profitability for the Company.

NON-GAAP FINANCIAL MEASURE RECONCILIATIONS

The following charts show our Non-GAAP financial measure reconciliations for: Adjusted Pre-Tax Profit, Adjusted Earnings Per Share, Adjusted Effective Tax Rate, and Ford Credit Managed Receivables. The GAAP reconciliation for Ford Credit Managed Leverage can be found in the Financial Services Segment section of "Liquidity and Capital Resources."

TOTAL COMPANY NET INCOME RECONCILIATION TO ADJUSTED PRE-TAX PROFIT

(Mils)	1Q		Memo: FY 2016
	2016	2017	
Net income / (Loss) attributable to Ford (GAAP)	\$ 2,452	\$ 1,587	\$ 4,596
Income / (Loss) attributable to non-controlling interests	3	7	11
Net income / (Loss)	\$ 2,455	\$ 1,594	\$ 4,607
Less: (Provision for) / Benefit from income taxes	(1,196)	(649)	(2,189)
Income / (Loss) before income taxes	\$ 3,651	\$ 2,243	\$ 6,796
Less: Special items pre-tax	(186)	24	(3,579)
Adjusted pre-tax profit (Non-GAAP)	\$ 3,837	\$ 2,219	\$ 10,375

TOTAL COMPANY EARNINGS PER SHARE RECONCILIATION TO ADJUSTED EARNINGS PER SHARE

	1Q 2017
Diluted After-Tax Results (Mils)	
Diluted after-tax results (GAAP)	\$ 1,587
Less: Impact of pre-tax and tax special items	9
Adjusted net income – diluted (Non-GAAP)	\$ 1,578
Basic and Diluted Shares (Mils)	
Basic shares (average shares outstanding)	3,976
Net dilutive options and unvested restricted stock units	23
Diluted shares	3,999
Earnings per share – diluted (GAAP)	\$ 0.40
Less: Net impact of adjustments	0.01
Adjusted earnings per share – diluted (Non-GAAP)	\$ 0.39

TOTAL COMPANY

EFFECTIVE TAX RATE RECONCILIATION TO
ADJUSTED EFFECTIVE TAX RATE

	1Q 2017	Memo: FY 2016
Pre-Tax Results (Mils)		
Income / (Loss) before income taxes (GAAP)	\$ 2,243	\$ 6,796
Less: Impact of special items	24	(3,579)
Adjusted pre-tax profit (Non-GAAP)	<u>\$ 2,219</u>	<u>\$ 10,375</u>
Taxes (Mils)		
(Provision for) / Benefit from income taxes (GAAP)	\$ (649)	\$ (2,189)
Less: Impact of special items	(15)	1,121
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	<u>\$ (634)</u>	<u>\$ (3,310)</u>
Tax Rate (Pct)		
Effective tax rate (GAAP)	28.9%	32.2%
Adjusted effective tax rate (Non-GAAP)	28.6%	31.9%

FINANCIAL SERVICES SEGMENT – FORD CREDIT

TOTAL NET RECEIVABLES RECONCILIATION TO
MANAGED RECEIVABLES

(Bils)	2016 Mar 31	2016 Dec 31	2017 Mar 31
Financial Services finance receivables, net (GAAP)*	\$ 94.3	\$ 96.2	\$ 99.3
Net investment in operating leases (GAAP)*	25.9	27.2	26.4
Consolidating adjustments**	6.0	6.8	7.3
Ford Credit total net receivables	<u>\$ 126.2</u>	<u>\$ 130.2</u>	<u>\$ 133.0</u>
Unearned interest supplements and residual support	4.6	5.3	5.5
Allowance for credit losses	0.5	0.5	0.6
Other, primarily accumulated supplemental depreciation	0.5	0.9	0.9
Total managed receivables (Non-GAAP)	<u>\$ 131.8</u>	<u>\$ 136.9</u>	<u>\$ 140.0</u>

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

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

Supplemental Financial Information

The tables below provide supplemental consolidating financial information. The data is presented by our reportable segments, Automotive and Financial Services. All Other, Special Items, and Adjustments include our operating segments that did not meet the quantitative threshold to qualify as a reportable segment, special items, eliminations of intersegment transactions, and deferred tax netting.

Selected Income Statement Information. The following table provides supplemental income statement information, by segment (in millions):

	For the period ended March 31, 2017			
	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Revenues	\$ 36,475	\$ 2,669	\$ 2	\$ 39,146
Total costs and expenses	35,480	2,232	(8)	37,704
Interest expense on Automotive debt	—	—	279	279
Other income/(loss), net	630	22	82	734
Equity in net income of affiliated companies	340	7	(1)	346
Income/(loss) before income taxes	1,965	466	(188)	2,243
Provision for/(Benefit from) income taxes	560	148	(59)	649
Net income/(loss)	<u>\$ 1,405</u>	<u>\$ 318</u>	<u>\$ (129)</u>	<u>\$ 1,594</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Selected Balance Sheet Information. The following tables provide supplemental balance sheet information, by segment, (in millions):

	March 31, 2017			
Assets	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Cash and cash equivalents	\$ 9,549	\$ 8,268	\$ 6	\$ 17,823
Marketable securities	18,479	3,687	—	22,166
Financial Services finance receivables, net	—	48,605	—	48,605
Trade and other receivables, less allowances	4,618	6,067	—	10,685
Inventories	10,535	—	—	10,535
Other assets	2,483	931	—	3,414
Receivable from other segments	13	1,855	(1,868)	—
Total current assets	<u>45,677</u>	<u>69,413</u>	<u>(1,862)</u>	<u>113,228</u>
Financial Services finance receivables, net	—	50,694	—	50,694
Net investment in operating leases	1,486	26,428	—	27,914
Net property	32,504	161	3	32,668
Equity in net assets of affiliated companies	3,463	165	14	3,642
Deferred income taxes	13,639	206	(3,790)	10,055
Other assets	4,323	1,517	53	5,893
Receivable from other segments	—	1,064	(1,064)	—
Total assets	<u>\$ 101,092</u>	<u>\$ 149,648</u>	<u>\$ (6,646)</u>	<u>\$ 244,094</u>
Liabilities	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Payables	\$ 22,146	\$ 1,110	\$ 1	\$ 23,257
Other liabilities and deferred revenue	17,802	976	12	18,790
Automotive debt payable within one year	3,100	—	—	3,100
Financial Services debt payable within one year	—	46,157	—	46,157
Payable to other segments	1,852	—	(1,852)	—
Total current liabilities	<u>44,900</u>	<u>48,243</u>	<u>(1,839)</u>	<u>91,304</u>
Other liabilities and deferred revenue	23,493	1,087	3	24,583
Automotive long-term debt	13,110	—	—	13,110
Financial Services long-term debt	—	83,610	—	83,610
Deferred income taxes	183	4,356	(3,790)	749
Payable to other segments	1,064	—	(1,064)	—
Total liabilities	<u>\$ 82,750</u>	<u>\$ 137,296</u>	<u>\$ (6,690)</u>	<u>\$ 213,356</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Selected Cash Flow Information. The following tables provide supplemental cash flow information, by segment, (in millions):

	For the period ended March 31, 2017			
Cash flows from operating activities	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Net cash provided by/(used in) operating activities	\$ 3,262	\$ 1,084	\$ (10)	\$ 4,336
<i>Reconciling Adjustments to Automotive Segment Operating Cash Flows*</i>				
Automotive capital spending	(1,696)			
Net cash flows from non-designated derivatives	134			
Funded pension contributions	236			
Separation payments	28			
Other	52			
Automotive Segment Operating Cash Flows	<u>\$ 2,016</u>			

* We measure and evaluate our Automotive segment operating cash flow on a different basis than Net cash provided by/(used in) operating activities in our consolidated statement of cash flows. Automotive segment operating cash flow includes additional elements management considers to be related to our Automotive operating activities, primarily capital spending and non-designated derivatives, and excludes outflows for funded pension contributions, separation payments, and other items that are considered operating cash flows under U.S. GAAP. The table above quantifies the reconciling adjustments to Net cash provided by/(used in) operating activities for the period ended March 31, 2017.

	For the period ended March 31, 2017			
Cash flows from investing activities	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Capital spending	\$ (1,696)	\$ (10)	\$ —	\$ (1,706)
Acquisitions of finance receivables and operating leases	—	(13,467)	—	(13,467)
Collections of finance receivables and operating leases	—	10,695	—	10,695
Purchases of equity and debt securities	(6,994)	(1,883)	(1)	(8,878)
Sales and maturities of equity and debt securities	8,072	1,479	—	9,551
Settlements of derivatives	134	22	—	156
Other	(4)	20	(6)	10
Investing activity (to)/from other segments	(24)	(3)	27	—
Net cash provided by/(used in) investing activities	<u>\$ (512)</u>	<u>\$ (3,147)</u>	<u>\$ 20</u>	<u>\$ (3,639)</u>

	For the period ended March 31, 2017			
Cash flows from financing activities	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Cash dividends	\$ (795)	\$ —	\$ —	\$ (795)
Purchases of Common Stock	—	—	—	—
Net changes in short-term debt	(51)	709	—	658
Proceeds from issuance of other debt	10	13,243	—	13,253
Principal payments on other debt	(180)	(11,731)	—	(11,911)
Other	(50)	(35)	—	(85)
Financing activity to/(from) other segments	—	12	(12)	—
Net cash provided by/(used in) financing activities	<u>\$ (1,066)</u>	<u>\$ 2,198</u>	<u>\$ (12)</u>	<u>\$ 1,120</u>
Effect of exchange rate changes on cash and cash equivalents	\$ 45	\$ 56	\$ —	\$ 101

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;
- Lower-than-anticipated market acceptance of Ford's new or existing products or services, or failure to achieve expected growth;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- 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, protectionist trade policies, or other events;
- 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 other postretirement liabilities impairing liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for pension and other 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;
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- 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 2016 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Financial Accounting Standards Board ("FASB") has issued the following standards, which are not expected to have a material impact (with the exception of standards 2016-02 and 2016-13) to our financial statements or financial statement disclosures:

Standard	Effective Date (a)
2016-18 Statement of Cash Flows - Restricted Cash	January 1, 2018
2016-16 Income Taxes - Intra-Entity Transfers of Assets Other Than Inventory	January 1, 2018
2016-15 Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments	January 1, 2018
2016-01 Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities	January 1, 2018
2017-08 Nonrefundable Fees and Other Costs - Premium Amortization on Purchased Callable Debt Securities	January 1, 2019
2016-02 Leases	January 1, 2019 (b)
2016-13 Credit Losses - Measurement of Credit Losses on Financial Instruments	January 1, 2020 (b)

(a) Early adoption for each of the standards, except standard 2016-01, is permitted.

(b) For additional information, see Note 2 of the Notes to the Financial Statements.

OTHER FINANCIAL INFORMATION

The interim financial information included in this Quarterly Report on Form 10-Q for the periods ended March 31, 2017 and 2016 has not been audited by PricewaterhouseCoopers LLP ("PwC"). In reviewing such information, PwC has applied limited procedures in accordance with professional standards for reviews of interim financial information. Readers should restrict reliance on PwC's reports on such information accordingly. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for its reports on interim financial information, because such reports do not constitute "reports" or "parts" of registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

Automotive Segment

Foreign Currency Risk. The net fair value of foreign exchange forward contracts (including adjustments for credit risk), as of December 31, 2016, was an asset of \$528 million compared with an asset of \$107 million as of March 31, 2017. The potential decrease in fair value from a 10% adverse change in the underlying exchange rates, in U.S. dollar terms, was \$2.7 billion at December 31, 2016, compared with \$2.7 billion at March 31, 2017.

Commodity Price Risk. The net fair value of commodity forward contracts (including adjustments for credit risk) as of December 31, 2016 was an asset of \$5 million, compared with an asset of \$42 million as of March 31, 2017. The potential decrease in fair value from a 10% adverse change in the underlying commodity prices, in U.S. dollar terms, was \$54 million at December 31, 2016, compared with \$59 million at March 31, 2017.

Financial Services Segment

Interest Rate Risk. To provide a quantitative measure of the sensitivity of its pre-tax cash flow to changes in interest rates, Ford Credit uses interest rate scenarios that assume a hypothetical, instantaneous increase or decrease of one percentage point in all interest rates across all maturities (a “parallel shift”), as well as a base case that assumes that all interest rates remain constant at existing levels. The differences in pre-tax cash flow between these scenarios and the base case over a 12-month period represent an estimate of the sensitivity of Ford Credit’s pre-tax cash flow. Under this model, Ford Credit estimates that at March 31, 2017 all else constant, such an increase in interest rates would increase its pre-tax cash flow by \$23 million over the next 12 months, compared with an increase of \$21 million at December 31, 2016. In reality, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the one percentage point assumed in Ford Credit’s analysis. As a result, the actual impact to pre-tax cash flow could be higher or lower than the results detailed above.

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. Mark Fields, our Chief Executive Officer (“CEO”), and Bob Shanks, our Chief Financial Officer (“CFO”), have performed an evaluation of the Company’s disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), as of March 31, 2017, and each has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by SEC rules and forms, and that such information is accumulated and communicated to the CEO and CFO to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting. Beginning January 1, 2017, we implemented ASC 606, Revenue from Contracts with Customers. Although the new revenue standard is expected to have an immaterial impact on our ongoing net income, we did implement changes to our processes related to revenue recognition and the control activities within them. These included the development of new policies based on the five-step model provided in the new revenue standard, new training, ongoing contract review requirements, and gathering of information provided for disclosures.

PART II. OTHER INFORMATION

ITEM 6. Exhibits.

Please see exhibit index below.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FORD MOTOR COMPANY

By: /s/ John Lawler
John Lawler, Vice President and Controller
(principal accounting officer)

Date: April 27, 2017

EXHIBIT INDEX

<u>Designation</u>	<u>Description</u>	<u>Method of Filing</u>
Exhibit 10.1	Executive Separation Allowance Plan, as amended and restated effective as of January 1, 2017	Filed with this Report.
Exhibit 10.2	Benefit Equalization Plan, as amended and restated effective as of January 1, 2017	Filed with this Report.
Exhibit 10.3	Defined Benefit Supplemental Executive Retirement Plan, as amended and restated effective as of January 1, 2017	Filed with this Report.
Exhibit 10.4	Defined Contribution Supplemental Executive Retirement Plan, as amended and restated effective as of January 1, 2017	Filed with this Report.
Exhibit 10.5	Select Retirement Plan, as amended and restated effective as of January 1, 2017	Filed with this Report.
Exhibit 12	Calculation of Ratio of Earnings to Fixed Charges.	Filed with this Report.
Exhibit 15	Letter of PricewaterhouseCoopers LLP, dated April 27, 2017, relating to financial information.	Filed with this Report.
Exhibit 31.1	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
Exhibit 31.2	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
Exhibit 32.1	Section 1350 Certification of CEO.	Furnished with this Report.
Exhibit 32.2	Section 1350 Certification of CFO.	Furnished with this Report.
Exhibit 101.INS	XBRL Instance Document.	*
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	*
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	*
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	*
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	*
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	*

* Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

FORD MOTOR COMPANY
EXECUTIVE SEPARATION ALLOWANCE PLAN
(Amended and Restated Effective as of January 1, 2017)

Section 1. Introduction

This Plan has been established for the purpose of providing employees on U.S. payroll of Leadership Level One or Two, hired or rehired prior to January 1, 2004, with an Executive Separation Allowance in the event of separation from employment with the Company under certain circumstances.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01** "**Affiliate**" shall mean, as applied with respect to any person or legal entity specified, a person or legal entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or legal entity specified.
- 2.02** "**BEP**" shall mean the Ford Motor Company Benefit Equalization Plan, as amended.
- 2.03** "**Code**" shall mean the Internal Revenue Code of 1986, as amended.
- 2.04** "**Committee**" shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.05** "**Company**" shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.06** "**Compensation Committee**" shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.07** "**Contributory Service**" shall mean, without duplication, the years and any fractional year of contributory service at retirement, not exceeding one year for any calendar year, of the Eligible Leadership Level One or Two Employee under the Ford Motor Company GRP.
- 2.08** "**Credited Service**" shall mean, without duplication, the years and any fractional year of credited service at retirement, not exceeding one year for any calendar year, of the Eligible Leadership Level One or Two Employee under the GRP.

- 2.09** **"DB SERP"** shall mean the Ford Motor Company Defined Benefit Supplemental Executive Retirement Plan, as amended.
- 2.10** **"Eligible Leadership Level One or Two Employee(s)"** shall mean a Leadership Level One or Two Employee who was hired or rehired prior to January 1, 2004 and who meets the eligibility criteria set forth in Section 3, or for periods prior to January 1, 2000, shall mean an Executive Roll Employee who meets the eligibility criteria set forth in Section 3.
- 2.11** **"Eligible Surviving Spouse"** shall mean an individual to whom an Eligible Leadership Level One or Two Employee legally is married under the laws of the state or foreign jurisdiction where the marriage took place prior to such Retired Executive's benefit commencement date and for at least one year as of the date of the Retired Executive's death.
- 2.12** **"Executive Separation Allowance(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 4.
- 2.13** **"GRP"** shall mean the Ford Motor Company General Retirement Plan, as amended.
- 2.14** **"Leadership Level One or Two Employee"** shall mean an employee of the Company (but for periods prior to July 1, 1996, excluding a Company employee who is an employee of Jaguar Cars, a division of the Company) who is assigned to the Leadership Level One or Two, or its equivalent, as such term is defined in the Employee Relations Administration Manual as from time to time constituted.
- 2.15** **"Named Executive Officer(s)"** shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.16** **"Plan"** shall mean this Ford Motor Company Executive Separation Allowance Plan, as amended.
- 2.17** **"Plan Administrator"** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already assume authority as a Committee member.
- 2.18** **"Separation From Service"** shall be determined to have occurred on the date on which an Eligible Leadership Level One or Two Employee incurs a "separation from service" within the meaning of Code Section 409A.
- 2.19** **"Special Executive Separation Allowance(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 4(C).

- 2.20 "Specified Employee"** shall mean an employee of the Company who is a "Key Employee" as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the employee meets the definition of "Specified Employee" on the date the employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).
- 2.21 "SRP"** shall mean the Ford Motor Company Select Retirement Plan, as amended.
- 2.22 "Subsidiary"** shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.

Section 3. Eligibility

Each Leadership Level One or Two Employee who:

- (i) was hired or rehired prior to January 1, 2004;
- (ii) incurs a Separation From Service with the approval of the Company;
- (iii) has at least five years of Credited Service at the Leadership Level One or Two level, or its equivalent;
- (iv) has at least ten years of combined Contributory Service or service in any other retirement plan sponsored by a Subsidiary to which the Level One or Two Employee contributed or, if contributions were not permitted, participated;
- (v) is at least 55 years of age; and
- (vi) retires from the Company prior to age 65

shall receive an Executive Separation Allowance as provided herein. The Eligible Surviving Spouse of a Leadership Level One or Two Employee who (i) has not incurred a Separation From Service with the Company, (ii) meets the eligibility conditions set forth in Subsections (1) through (3) of this Section 3, and (iii) dies on or after January 1, 1981 shall be eligible to receive the Executive Separation Allowance that the Eligible Leadership Level One or Two Employee would have been eligible to receive if such employee had incurred a Separation From Service with the approval of the Company and retired on the date of such employee's death.

Except in the case of a Leadership Level One or Two Employee who has not incurred a Separation From Service with the Company, the eligibility conditions set forth in Subsections (iii) and (iv) of Section 3 may be waived (i) in the case of a Leadership Level One employee, by the Compensation Committee, and (ii) in the case of any other employee, by the President and Chief Executive Officer.

Section 4. Calculation of Amount

- (a) **Base Monthly Salary.** For purposes of the Plan, the "Base Monthly Salary" of a Leadership Level One or Two Employee shall be the highest monthly base salary rate of such employee during the employee's 12 months of service immediately preceding Separation From Service with the Company, prior to giving effect to any salary reduction agreement pursuant to an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (i) to which Code Section 125 or Code Section 402(e)(3), applies or (ii) which provides for the elective deferral of compensation. It shall not include supplemental compensation or any other kind of extra or additional compensation.
- (b) **Amount of Executive Separation Allowance.** Subject to any limitation in other provisions of the Plan, the gross monthly amount of the Executive Separation Allowance of an Eligible Leadership Level One or Two Employee under Section 3 above shall be such employee's Base Monthly Salary multiplied by a percentage, not to exceed 60%, equal to the sum of (i) 15%, (ii) five tenths of one percent (.5%) for each month (or fraction thereof) that such employee's age at Separation From Service exceeds 55, not to exceed thirty percent (30%), and (iii) one percent (1%) for each year of such employee's Credited Service in excess of 15, prorated for fractions of a year.

The gross amount for any month shall be reduced by any payments paid or payable for such month to the Eligible Leadership Level One or Two Employee, the employee's Eligible Surviving Spouse, contingent annuitant, or other beneficiary, (i) under the GRP, BEP, SRP, or any other Company defined benefit retirement plan, or (ii) as a Pension Parity Benefit from the DB SERP, other than (a) Supplemental Benefit or Conditional Annuity payments paid or payable from the DB SERP, (b) under any other Company defined benefit retirement plan from which a voluntary distribution of a lump sum benefit has occurred before age 65, by the monthly annuity payment the Eligible Leadership Level One or Two Employee would have received had the lump sum distribution not occurred, or (c) under any other defined

benefit retirement plan from which an involuntary distribution of a lump sum benefit on an actuarially equivalent basis occurred before age 65 and without the Eligible Leadership Level One or Two Employee's retirement.

- (c) **Special Executive Separation Allowances.** In addition to any other Executive Separation Allowance provided under this Plan, the Company may, in its sole discretion, provide Special Executive Separation Allowances to certain Eligible Leadership Level One or Two Employees. Special Executive Separation Allowances provided to Eligible Leadership Level One or Two Employees whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix A. Special Equalization Benefits provided to Eligible Leadership Level One or Two Employees who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Executive Personnel Office. Any Special Executive Separation Allowance provided pursuant to this Section shall be paid in accordance with the terms and conditions of this Plan, including without limitation Section 5.

Section 5. Payments

- (a) Subject to the earning out provisions of Section 6, Executive Separation Allowance payments to an Eligible Leadership Level One or Two Employee, in the net amount determined in accordance with Section 4B above, shall be made monthly from the Company's general funds commencing on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Leadership Level One or Two Employee has a Separation From Service. Payments to an Eligible Leadership Level One or Two Employee shall cease at the end of the month in which such employee attains age 65 or dies, whichever occurs first. In the event of death of an Eligible Leadership Level One or Two Employee prior to such employee attaining age 65, or in the event of death on or after January 1, 1981 of a Leadership Level One or Two Employee whose Eligible Surviving Spouse meets the eligibility conditions set forth in Section 3 for payments hereunder, payments shall be made to such employee's Eligible Surviving Spouse, if any, commencing as soon as reasonably practicable following the date of the Eligible Leadership Level One or Two Employee's death, and continuing until the earlier of the death of such Eligible Surviving Spouse, or the end of the month in which the Eligible Leadership Level One or Two Employee would have attained age 65.
- (b) Notwithstanding any other provision of the Plan to the contrary, but subject to the earning out provisions of Section 6, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Executive Separation Allowance benefit to such Specified Employee shall commence on, or as soon as reasonably practicable after, the first day of the seventh month following such Specified Employee's Separation From Service and any Executive Separation Allowance benefits to which such Specified Employee otherwise would have been entitled during the first six months following such

Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. Any payments delayed under this Section shall not bear interest.

Section 6. Earning Out Conditions

Notwithstanding anything in the Plan to the contrary, the right of any Eligible Leadership Level One or Two Employee to receive an Executive Separation Allowance hereunder for any month shall accrue, and such payment shall be payable (subject to Section 5), only if, during the entire period from the date of such Eligible Leadership Level One or Two Employee's Separation From Service to the end of such month in which payment otherwise would be made, such Eligible Leadership Level One or Two Employee shall have earned out such payment by refraining from engaging in any activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof.

In the event of an Eligible Leadership Level One or Two Employee's nonfulfillment of the condition set forth in the immediately preceding paragraph, no further payment shall be paid to such Eligible Leadership Level One or Two Employee or Eligible Surviving Spouse, as applicable; provided, however, that the nonfulfillment of such condition may at any time (whether before, at the time of or subsequent to termination of such Eligible Leadership Level One or Two Employee's employment) be waived in the following manner:

- (1) with respect to any such Eligible Leadership Level One or Two Employee who at any time shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, such waiver may be granted by the Compensation Committee upon its determination that, in its sole discretion, there shall have not been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition; and
- (2) with respect to any other such Eligible Leadership Level One or Two Employee, such waiver may be granted by the Committee upon its determination that, in its sole discretion, there shall not have been and will not be any such substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition.

Notwithstanding anything to the contrary herein, Executive Separation Allowance payments shall not be paid to or with respect to any person as to whom it has been determined that such person at any time (whether before or subsequent to termination of the Eligible Leadership Level One or Two's employment) acted in a manner inimical to the best interests of the Company. Any such determination shall be made by (i) the Compensation Committee with respect to any Eligible Leadership Level One Employee who at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, and (ii) the Committee with respect to any other Eligible Leadership Level One or Two Employee, and shall apply to any amounts payable after the date of the applicable committee's action hereunder, regardless of

whether the person has commenced receiving Executive Separation Allowance. Conduct which constitutes engaging in an activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof shall be governed by the preceding paragraphs of this Section and shall not be subject to any determination under this paragraph.

Section 7. General Provisions

7.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan, and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.
- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.
- (c) In the event that an Article, Section or paragraph of the Code, Treasury Regulations, or the GRP is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

7.02 Local Payment Authorities. The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.

7.03 Deductions. The Company may deduct from any payment of Executive Separation Allowance to an Eligible Leadership Level One or Two Employee or Eligible Surviving Spouse any and all amounts owed to it by such Eligible Leadership Level One or Two Employee, Eligible Surviving Spouse or any person for any reason, and all taxes required by law or government regulation to be deducted or withheld.

7.04 Tax Liabilities. The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of Executive Separation Allowances provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment

with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.

- 7.05 No Contract of Employment.** The Plan is an expression of the Company's present policy with respect to Eligible Leadership Level One or Two Employees; it is not a part of any contract of employment. No Leadership Level One or Two Employee, Eligible Surviving Spouse, or any other person shall have any legal or other right to any benefit under this Plan.
- 7.06 Executive Separation Allowances Not Funded.** The Company's obligations under this Plan shall not be funded and Executive Separation Allowance benefits under this Plan shall be payable only out of the general funds of the Company.
- 7.07 Governing Law.** Except as otherwise provided under Federal law, the Plan, and all rights thereunder, shall be governed, construed and administered in accordance with the laws of the State of Michigan.
- 7.08 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan, in whole or in part, at any time, without notice; provided, however, that no distribution of Executive Separation Allowances shall occur upon termination of this Plan, unless applicable requirements of Code Section 409A have been met. Notwithstanding anything to the contrary herein, benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 7.09 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable plans.
- 7.10 No Alienation of Benefits.** An Eligible Executive may not assign or alienate any Executive Separation Allowance, and the Plan will not recognize a domestic relations order that purports to assign any Executive Separation Allowance to another person.
- 7.11 Recovery of Overpayment.** Any individual shall repay promptly any and all Executive Separation Allowances received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 8. Visteon Corporation.

The following shall be applicable to employees of Ford who were transferred to Visteon Corporation on April 1, 2000 ("U.S. Visteon Employees") and who ceased active participation in the Plan as of June 30, 2000 after Visteon Corporation was spun-off from Ford, June 28, 2000.

- (a) Group I and Group II Employees.

For purposes of this paragraph, a "Group I Employee" shall mean a U.S. Visteon Employee who as of July 1, 2000 was eligible for immediate normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000. A "Group II Employee" shall mean a U.S. Visteon Employee who (i) was not a Group I Employee; (ii) had as of July 1, 2000 a combination of age and continuous service that equals or exceeds sixty (60) points (partial months disregarded); and (iii) could become eligible for normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000 within the period after July 1, 2000 equal to the employee's Ford service as of July 1, 2000. A Group I or Group II Employee shall retain eligibility to receive an Executive Separation Allowance and shall receive such benefits as are applicable under the terms of the Plan in effect on the retirement date, based on meeting the minimum Leadership Level required for eligibility for such benefits as of July 1, 2000, service as of July 1, 2000, and the Base Monthly Salary as of the retirement date.

- (b) Group III Employees.

For purposes of this paragraph, a "Group III Employee" shall mean a U.S. Visteon Employee who participated in the GRP prior to July 1, 2000 other than a Group I or Group II Employee. The Plan shall have no liability for any Executive Separation Allowance payable to Group III Employees who were otherwise eligible hereunder with respect to service prior to July 1, 2000 on or after July 1, 2000.

Section 9. Code Section 409A

- (a) The provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any benefit provided under the Plan that is subject to Code Section 409A to comply with such requirements and, except as otherwise expressly determined by the Company, the Plan shall be administered in accordance with Code Section 409A as if the requirements of Code Section 409A were set forth herein. The Company reserves the right to take such action, on a uniform and consistent basis, as the Company deems necessary or desirable to ensure compliance with Code Section 409A, and applicable additional regulatory guidance thereunder, or to achieve the goals of the Plan without having adverse tax consequences under this Plan for any employee or beneficiary. Unless determined otherwise by the Company, any such action shall be taken in a manner that will enable any benefit provided under the Plan that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable any benefit provided under the Plan that is intended to comply with Code Section 409A to continue to so comply.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of any Executive Separation Allowance under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.

- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.
- (d) In the event an Eligible Leadership Level One or Two Employee who is receiving, or is entitled to receive, an Executive Separation Allowance is reemployed following a Separation From Service, distribution of any Executive Separation Allowance shall not cease or be deferred upon such Eligible Leadership Level One or Two Employee's reemployment.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Leadership Level One or Two Employee, or such Eligible Leadership Level One or Two Employee's Eligible Surviving Spouse, beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Plan benefits.

Section 10. Claim for Benefits

- 10.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 10.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.
- 10.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the

appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.

- 10.04** **Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.
- 10.05** **Venue.** An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

Appendix A
Special Executive Separation Allowances

Named Executive Officers

Section 1. Special Executive Separation Allowances Based on Notional Service and Salary.

Special Executive Separation Allowances will be provided to each Eligible Leadership Level One or Two Employee listed in Subsection 1.D below for the period of time during which such Eligible Leadership Level One or Two Employee did not receive a cash base salary from the Company by determining the Executive Separation Allowance that otherwise would have been provided to such Eligible Leadership Level One or Two Employee for such period using notional service and salary as follows; provided that, in no event shall an Eligible Leadership Level One or Two Employee receive both an Executive Separation Allowance and a Special Executive Separation Allowance for the same period of service:

A. Contributory Service. Contributory Service, if any, for each such Eligible Leadership Level One or Two Employee for any period of time during which the Eligible Leadership Level One or Two Employee did not receive a cash base salary shall be determined by the Committee, in its sole discretion, based on the Contributory Service the Eligible Leadership Level One or Two Employee would have accrued had the Eligible Leadership Level One or Two Employee participated in the Ford Motor Company GRP on a contributory basis during such period of time.

B. Credited Service. Credited Service, if any, for each such Eligible Leadership Level One or Two Employee for any period of time during which the Eligible Leadership Level One or Two Employee did not receive a cash base salary shall be determined by the Committee, in its sole discretion, based on the Credited Service the Eligible Leadership Level One or Two Employee would have accrued had the Eligible Leadership Level One or Two Employee participated in, and accrued Credited Service under, the Ford Motor Company GRP during such period of time.

C. Base Monthly Salary. Base Monthly Salary for each such Eligible Leadership Level One or Two Employee shall be determined by the Committee, in its sole discretion, based on a notional base monthly salary for the period of time during which the Eligible Leadership Level One or Two Employee did not receive a cash base salary.

D. Affected Eligible Leadership Level One or Two Employees. The following Eligible Leadership Level One or Two Employees' Special Executive Separation Allowances shall be determined in accordance with this Section:

William Clay Ford, Jr.

FORD MOTOR COMPANY
BENEFIT EQUALIZATION PLAN
(Amended and Restated Effective as of January 1, 2017)

Section 1. Introduction

The purpose of this Plan is to preserve certain benefits of employees on U.S. payroll under the Company's tax qualified General Retirement Plan, Ford Retirement Plan and Savings and Stock Investment Plan for Salaried Employees by providing appropriate Equalization Benefits under this Plan in place of benefits which cannot be provided under such tax qualified plans because of limitations imposed by Section 415 and Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, as well as base salary amounts deferred to the Ford Motor Company Deferred Compensation Plan.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01 "BEP Salary Reductions"** shall mean that portion of salary at the basic salary rate which would have been credited to an Eligible Employee's account before January 1, 1985 pursuant to a salary reduction agreement under the SSIP but which, by reason of Code Section 415, exceeds salary reduction contributions that can be made by the Company on an Eligible Employee's behalf under the Tax-Efficient Savings Program of the SSIP.
- 2.02 "Code"** shall mean the Internal Revenue Code of 1986, as amended.
- 2.03 "Committee"** shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.04 "Company"** shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.05 "Compensation Committee"** shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.06 "Credited Service"** shall mean, without duplication, the years and any fractional year of credited service at retirement, not exceeding one year for any calendar year, of the Eligible Employee under the GRP.

- 2.07** "DCP" shall mean the Ford Motor Company Deferred Compensation Plan, as amended.
- 2.08** "Designated Third Party Administrator" shall be the service provider employed by the Company to act as record keeper to maintain Eligible Employee subaccounts and process notional investment elections.
- 2.09** "Eligible Employee(s)" shall mean a salaried employee of the Company whose benefits under the GRP, FRP and/or SSIP are limited as a result of the application of the limitations imposed by Code Sections 415 and/or 401(a)(17) or due to base salary deferrals under the DCP.
- 2.10** "Eligible Surviving Spouse" shall mean an individual to whom a Retired Executive legally is married under the laws of the state or foreign jurisdiction where the marriage took place prior to such Retired Executive's benefit commencement date and for at least one year as of the date of the Retired Executive's death.
- 2.11** "Equalization Benefit(s)" shall mean the benefits as described in Section 3.
- 2.12** "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.
- 2.13** "ESAP" shall mean the Ford Motor Company Executive Separation Allowance Plan, as amended.
- 2.14** "FERCO Equalization Benefit(s)" shall mean a monthly benefit provided pursuant to Section 3.05.
- 2.15** "FERCO SRP" shall mean the Ford Electronics and Refrigeration Corporation Salaried Retirement Plan, as amended.
- 2.16** "FRP" shall mean the Ford Retirement Plan, as amended.
- 2.17** "FRP Equalization Benefit(s)" shall mean the benefit provided pursuant to Section 3.03.
- 2.18** "GRP" shall mean the Ford Motor Company General Retirement Plan, as amended.
- 2.19** "Limitations" shall mean the limitations on benefits and/or contributions imposed on qualified plans by Code Sections 415 and 401(a)(17).
- 2.20** "Named Executive Officer(s)" shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.

- 2.21 "Periodic GRP Equalization Benefit(s)"** shall mean a monthly benefit provided pursuant to Section 3.01.
- 2.22 "Plan"** shall mean this Ford Motor Company Benefit Equalization Plan, as amended.
- 2.23 "Plan Administrator"** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.24 "SSIP"** shall mean the Ford Motor Company Savings and Stock Investment Plan for Salaried Employees, as amended.
- 2.25 "SSIP Equalization Benefit(s)"** shall mean the benefit provided pursuant to Section 3.02.
- 2.26 "SSIP Equalization Benefit Account"** shall mean the account in which any SSIP Equalization Benefit shall be credited.
- 2.27 "Separation From Service"** shall be determined to have occurred on the date on which an Eligible Employee incurs a "separation from service" within the meaning of Code Section 409A.
- 2.28 "Special Periodic GRP Equalization Benefit(s)"** shall mean a monthly benefit provided pursuant to Section 3.04.
- 2.29 "Specified Employee"** shall mean an employee of the Company who is a "Key Employee" as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An Eligible Employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the Eligible Employee meets the definition of "Specified Employee" on the date the Eligible Employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).
- 2.30 "Subsidiary" or "Subsidiaries"** shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or

(ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.

2.31 "Totally and Permanently Disabled" shall mean an Eligible Employee who:

- (a) is not engaged in regular employment or occupation for remuneration or profit (including employment with the Company and/or its Subsidiaries, but excluding employment or occupation which the Plan Administrator determines to be for purposes of rehabilitation);
- (b) is determined by the Plan Administrator, on the basis of medical evidence, to be totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any regular occupation with the Company, where such disability has been continuous for at least 5 months, and where the Plan Administrator determines such disability will be permanent and continuous during the remainder of such Eligible Employee's life; and
- (c) has earned at least 10 years of credited service under the GRP.

Section 3. Equalization of Benefits

3.01 GRP Equalization Benefits.

(a) Eligibility.

A Periodic GRP Equalization Benefit shall be provided to any Eligible Employee (i) whose GRP benefit is subject to the Limitations or delayed pursuant to provisions set forth in (b)(iii), and (ii) who, at the time of Separation From Service, has earned at least 5 years of Credited Service under the GRP (or, if age 65 or older, has earned at least 1 year of Credited Service under the GRP).

(b) Calculation of Periodic GRP Equalization Benefits.

The Periodic GRP Equalization Benefit shall be equal in amount to the difference between the GRP benefit the Eligible Employee would receive if the Eligible Employee commenced monthly GRP benefits in accordance with Section 3.01(c) and the corresponding monthly benefit that would be payable under the GRP without regard to the Limitations. For purposes of determining the amount of such Periodic GRP Equalization Benefit, the Eligible Employee shall be treated as if such Eligible Employee elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP if married as of the date such Eligible Employee commences the Equalization Benefits, or the single life annuity form of benefit under the GRP if unmarried (including, a divorced or widowed Eligible Employee) as of the date such Eligible Employee commences the Equalization Benefits. The amount of any Periodic GRP Equalization Benefit payable to an Eligible Employee whose

benefit under the ESAP is not offset or reduced by the amount of any GRP benefit payable to such Eligible Employee prior to age 65 shall be increased upon the Eligible Employee's attainment of age 65 to reflect an unreduced normal retirement benefit under the GRP. In determining the amount of the Periodic GRP Equalization Benefit, the Eligible Employee's salary shall be the Eligible Employee's salary (as that term is defined in the GRP) plus BEP Salary Reductions for periods before January 1, 1985 which are credited under this Plan pursuant to Section 3.02(a)(ii)(C) below, but the Eligible Employee shall not make contributions hereunder based on such BEP Salary Reductions.

(c) **Payment of Periodic GRP Equalization Benefits.**

- i. The Periodic GRP Equalization Benefits shall be paid monthly by the Company to an Eligible Employee who has had a Separation From Service and, for distributions commencing on and after January 1, 2005, shall be paid commencing on, or as soon as reasonably practicable after, the first day of the month following the earliest of the following dates:
 - (A) the first date on or after Separation From Service on which such Eligible Employee attains age 55, if the Separation From Service occurs prior to the date on which the Eligible Employee earns 30 years of Credited Service under the GRP;
 - (B) the date of Separation From Service, if the Separation From Service occurs on or after the date on which the Eligible Employee earned 30 years of Credited Service under the GRP; or
 - (C) the date on which such Eligible Employee is determined to be Totally and Permanently Disabled.
- ii. Notwithstanding any other provision of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Periodic GRP Equalization Benefit to such Specified Employee shall commence on, or as soon as reasonably practicable after, the first day of the seventh month following such Specified Employee's Separation From Service. Any Periodic GRP Equalization Benefit payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. Any payment delayed under this Section shall not bear interest.
- iii. Upon an Eligible Employee's death, the Eligible Employee's Eligible Surviving Spouse will receive a monthly benefit under the Plan in an amount equal to the difference between any monthly GRP benefit the

Eligible Surviving Spouse receives and the corresponding monthly benefit that would be payable to the Eligible Surviving Spouse under the GRP without regard to the Limitations. If GRP benefits were paid to an Eligible Employee or Eligible Surviving Spouse in a lump sum distribution, the amount of monthly benefit payable to the Eligible Surviving Spouse shall be determined based on the monthly annuity payment the Eligible Surviving Spouse would have received had the lump sum distribution not occurred. For purposes of determining the amount of such monthly benefit payable to the Eligible Surviving Spouse, the Eligible Employee shall be treated as if such Eligible Employee elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP. Payment of any such Eligible Surviving Spouse benefit shall commence as soon as reasonably practicable following the date of the Eligible Employee's death. Any such Eligible Surviving Spouse benefit shall cease upon the death of the Eligible Surviving Spouse.

- iv. GRP Equalization Benefits commencing on or before December 31, 2004, shall be made in accordance with the terms and conditions of the Plan in effect at the time of such commencement. GRP Equalization Benefits commencing on and after January 1, 2005 shall be made as periodic payments pursuant to Section 3.01(b).
- v. If the actuarially equivalent lump sum value of an Eligible Employee's Periodic GRP Equalization Benefit, determined in accordance with this Section on or after January 1, 2009, does not exceed \$5,000, such Periodic GRP Equalization Benefit shall be distributed in accordance with this Section. Periodic GRP Equalization Benefits shall not be distributed pursuant to this Section to any Eligible Employee who is eligible for benefits under any of the Company's other defined benefit non-qualified deferred compensation arrangements. The actuarially equivalent lump-sum value of any Periodic GRP Equalization Benefit distributed pursuant to this Section shall be paid on or as soon as reasonably practicable after the first day of the month following the date on which such Periodic GRP Equalization Benefit otherwise would have commenced pursuant to Section 3.01. For purposes of this Section, actuarially equivalent lump-sum values shall be calculated by applying the rate of interest as prescribed under Code Section 417(e)(3)(C) for the fifth month prior to the first day of the calendar year in which such determination is made and the mortality table as prescribed under Code Section 417(e)(3)(B).

3.02 Savings and Stock Investment Plan Equalization Benefits.

(a) Pre-1985 Subaccount.

The provisions of this Subsection 3.02(a) shall apply in determining that part of an Eligible Employee's SSIP Equalization Benefit subaccount based on periods of service until December 31, 1984.

- (i) For an Eligible Employee who made the election regarding payroll deductions provided in this Subsection, or who elected to have credited under this Plan BEP Salary Reductions, a SSIP Equalization Benefit shall be provided with respect to any class or classes of the SSIP before January 1, 1985 with respect to which Company or Eligible Employee contributions were subject to the Limitations.
- (ii) If at any time during a plan year ending before January 1, 1985 it appeared that contributions by or on behalf of an Eligible Employee (including any related Company matching contributions) to the SSIP would be subject to the Limitations, such Eligible Employee may have elected to have the Company retain in its general funds and have credited for purposes of computing the Eligible Employee's subaccount of the SSIP Equalization Benefit under this Subsection 3.02(a):

(A) by payroll deduction authorization under this Plan that portion of the amount the Eligible Employee had elected to contribute as employee regular savings contributions to the SSIP for such pay period (by a payroll deduction authorization in effect for such pay period under the SSIP) which, when added to all other actual and projected Annual Additions as defined under the SSIP during such plan year, exceeded the Limitations.

(B) that portion of regular savings and related earnings which have been returned to the Eligible Employee pursuant to the SSIP, and

(C) the Eligible Employee's BEP Salary Reductions.

- (iii) There has been established for each Eligible Employee a subaccount for periods of participation under this Subsection 3.02(a) under the SSIP Equalization Benefit Account. This subaccount shall be equal to the amounts retained by the Company pursuant to Subsection 3.02(a)(ii), adjusted on the basis of investment performance and the Eligible Employee's election as to investment of funds under the SSIP and transfer of the value of employee and Company contributions under the SSIP as though contributions and credits to the Eligible Employee's account hereunder had been so invested, less any withdrawals pursuant to Subsection 3.02(a)(iv); provided, however, that an election by a Company officer of investment in Company common stock shall not

apply under this Plan with respect to contributions pursuant to Subsection 3.02(a)(ii) (other than related Company matching contributions) which were made or credited hereunder by or on behalf of such Company officer; and the officer will be required to make any other investment election permitted under the SSIP with respect to such amounts.

- (iv) An Eligible Employee may not withdraw any amounts in excess of the Eligible Employee's regular savings contributions under this Plan and may not borrow against the subaccount of the Eligible Employee's SSIP Equalization Benefit.
- (v) The SSIP Equalization Benefit under this Subsection 3.02(a) shall be equal to the amount at the time of distribution credited to the Eligible Employee's subaccount of the SSIP Benefit Equalization Account as determined under Subsection 3.02(a)(iii).

(b) Post-1984 Subaccount.

The provisions of this Subsection 3.02(b) shall apply in determining an Eligible Employee's SSIP Equalization Benefit subaccount based on periods of service beginning on or after January 1, 1985.

- (i) If at any time during a plan year beginning on or after January 1, 1985 contributions by or on behalf of an Eligible Employee and related Company matching contributions to the SSIP are subject to the Limitations, there shall be credited for purposes of computing the Eligible Employee's SSIP Equalization Benefit under this Subsection 3.02(b) an amount equal to the Company matching contributions which would have been made under the SSIP based upon the Eligible Employee's SSIP elections, except that such Company matching contributions cannot be made because of the Limitations. For plan years beginning on or after January 1, 2005, if the amount credited as an Eligible Employee's SSIP Equalization Benefit for a plan year increases or decreases as a result of a change in the Eligible Employee's SSIP deferral elections for such plan year, such increase or decrease in the SSIP Equalization Benefit shall be adjusted to the extent necessary to prevent such increase or decrease, when aggregated with all SSIP Equalization Benefits credited for such plan year, from exceeding the amount of Company matching contributions that would have been contributed to the SSIP had the Limitations not applied.
- (ii) If at any time during a plan year an Eligible Employee elects to defer base salary amounts to the DCP, there shall be credited for purposes of computing the Eligible Employee's SSIP Equalization Benefit under this Subsection 3.02(b) an amount equal to the Company matching

contributions that would have been contributed to the SSIP had the Eligible Employee not made base salary deferrals to the DCP.

- (iii) For periods on or after October 1, 1995 until May 31, 2007, any Company matching contributions credited for purposes of computing an Eligible Employee's SSIP Equalization Benefit shall be credited in the form of units in the Ford Stock Fund rather than shares of Ford common stock. For periods on or after June 1, 2007, any Company matching contributions so credited shall be credited in the form of cash.
- (iv) There shall be established for each Eligible Employee a subaccount for periods of participation under this Subsection 3.02(b) under the SSIP Equalization Benefit Account. For periods prior to May 1, 1996, this subaccount shall be equal to the amounts credited by the Company pursuant to Subsection 3.02(b)(i), adjusted on the basis of investment performance and any election by the Eligible Employee to transfer the value of matured Company matching contributions under the SSIP, as though credits to the Eligible Employee's account hereunder had been so invested. For periods May 1, 1996 and after, this subaccount shall be equal to the amounts credited by the Company pursuant to Subsection 3.02(b)(i), and adjusted on the basis of investment performance attributable to any separate investment election made by an Eligible Employee (other than a Company officer) on or after May 1, 1996. The investment options for managing the subaccount shall be identical to the investment options specified in the SSIP, although they will have separate fund codes. Any BEP credits earned will be based on the investment options available under the SSIP. The Designated Third Party Administrator will maintain the accounts and process the elections and otherwise be the record keeper with respect to this subaccount. Company officers with this subaccount are not eligible to reallocate or transfer credits under the subaccount from the Ford Stock Fund to other investment options, or from other investment options to the Ford Stock Fund.
- (v) An Eligible Employee may not withdraw any amounts credited under this Subsection 3.02(b) and may not borrow against this subaccount of the Eligible Employee's SSIP Equalization Benefit. This subaccount will not accept rollovers from other plans.
- (vi) The SSIP Equalization Benefit under this Subsection 3.02(b) shall be equal to the amount at the time of distribution credited to the Eligible Employee's subaccount of the SSIP Benefit Equalization Account as determined under Subsection 3.02(b)(ii).
- (vii) In the event of death of an Eligible Employee with an SSIP Benefit Equalization subaccount, the balance of the subaccount shall be payable to the same beneficiary as the Eligible Employee has designated under

the SSIP, unless the Eligible Employee makes a separate designation under this Plan pursuant to the rules established by the Committee.

(c) Payment of SSIP Equalization Benefit.

The SSIP Equalization Benefit:

- (i) Shall be paid in a lump sum cash payment by the Company to the Eligible Employee or, if the Eligible Employee is deceased, to the Eligible Employee's beneficiary under the SSIP, on or as soon as reasonably practicable after the earlier of the Eligible Employee's Separation From Service or death. In the event of an Eligible Employee's death, the balance of the Eligible Employee's SSIP Equalization Benefit book entry account, if any, shall be payable to the same beneficiary as the Eligible Employee's beneficiary under the SSIP, unless the Eligible Employee makes a separate designation under this Plan pursuant to the rules established by the Committee.
- (ii) Notwithstanding any other provision of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any amount credited to such Specified Employee's SSIP Equalization Benefit subaccount, accrued or vested after December 31, 2004, shall be paid on, or as soon as reasonably practicable after, the first day of the seventh month following such Separation From Service. A Specified Employee who is subject to a six-month distribution delay pursuant to this Subsection 3.02(c)(ii) will be permitted to continue to manage the investment elections applicable to such Specified Employee's subaccount during the six-month distribution delay. Any payment delayed under this Section shall not bear interest over and above the notional investment earnings credited to such Specified Employee's book entry account during the period of delay.
- (iii) The SSIP Equalization Benefit under this Subsection 3.02(c) shall be equal to the amount credited to the Eligible Employee's book entry account at the time of distribution, as determined under Subsection 3.03 (a) or (b), as applicable.

3.03 Ford Retirement Plan (FRP) Equalization Benefits

(a) FRP Subaccount.

The provisions of this Subsection 3.03(a) shall apply in determining an Eligible Employee's FRP Equalization Benefit for periods of service beginning on or after January 1, 2004.

- (i) The Company shall establish a book entry account for each Eligible Employee for purposes of computing the Eligible Employee's FRP Equalization Benefit under this Section 3.03. The Eligible Employee's FRP Equalization Benefit under this Subsection 3.03(a) shall be equal to the amount(s) credited to the book entry account at the time of distribution.
- (ii) If, at any time during a plan year beginning on or after January 1, 2004, contributions made to the FRP on behalf of an Eligible Employee are limited due to the application of the Limitations, there shall be credited to the book entry account established for the Eligible Employee pursuant to this Subsection 3.03(a) an amount equal to the amount of Company contributions that would have been made under the FRP on behalf of the Eligible Employee but for the application of the Limitations.
- (iii) Each Eligible Employee's book entry account also will be credited or debited with amounts determined based on investment options selected by the Eligible Employee under this Subsection 3.03(a)(iii). The investment options available for selection under this Subsection 3.03(a)(iii) shall be identical to the investment options available under the FRP, but will have separate fund codes. Each Eligible Employee shall select which investment options are to be used in determining the Eligible Employee's FRP Equalization Benefit. In the absence of an investment selection by an Eligible Employee, the Eligible Employee's book entry account will be credited or debited with amounts based on the appropriate target date – retirement fund offered under the FRP as identified by the Company for the Eligible Employee. The Designated Third Party Administrator will maintain a record of each book entry account, process investment selections, and otherwise be the record keeper of the book entry accounts. Investment options selected under this Section 3.03 shall be used solely for purposes of determining an Eligible Employee's FRP Equalization Benefit. An Eligible Employee's FRP Equalization Benefit will be based on the value of the Eligible Employee's book entry account as if the amounts in the book entry account had been invested in actual investments selected by the Eligible Employee; however, no such investments shall be made on behalf of the Eligible Employee. Eligible Employees shall not have voting rights or any other ownership rights with respect to any investment options selected as the measuring mechanism for book entry accounts established under this Section 3.03.
- (iv) Eligible Employees may not withdraw or borrow against amounts credited to any book account under this Subsection 3.03(a). Book entry accounts will not accept rollovers from other plans.

(b) **Payment of FRP Equalization Benefit.**

The FRP Equalization Benefit:

- (i) Shall be paid in a lump sum cash payment by the Company to the Eligible Employee or, if the Eligible Employee is deceased, to the Eligible Employee's beneficiary under the FRP, on or as soon as reasonably practicable after the earlier of the Eligible Employee's Separation From Service or death. In the event of an Eligible Employee's death, the balance of the Eligible Employee's FRP Equalization Benefit book entry account, if any, shall be payable to the same beneficiary as the Eligible Employee designated under the FRP, unless the Eligible Employee makes a separate designation under this Plan pursuant to the rules established by the Committee.
- (ii) Notwithstanding any other provision of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any amount credited to such Specified Employee's FRP Equalization Benefit book entry account, accrued or vested after December 31, 2004, shall be paid on or as soon as reasonably practicable after the first day of the seventh month following Separation From Service. A Specified Employee who is subject to a six-month distribution delay pursuant to this Subsection 3.02(c)(ii) will be permitted to continue to manage the investment elections applicable to such Specified Employee's book entry account during the six-month distribution delay. Any payment delayed under this Section shall not bear interest over and above the notional investment earnings credited to such Specified Employee's book entry account during the period of delay.
- (iii) The FRP Equalization Benefit under this Subsection 3.03(b) shall be equal to the amount credited to the Eligible Employee's book entry account at the time of distribution, as determined under Subsection 3.03(a).

3.04 Special Periodic GRP Equalization Benefits.

In addition to any other Equalization Benefits provided under this Plan, the Company may, in its sole discretion, provide special Equalization Benefits to certain Eligible Employees. Special Equalization Benefits provided to Eligible Employees whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix A. Special Equalization Benefits provided to Eligible Employees who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Executive Personnel Office. Any special Equalization Benefit provided pursuant to this Section shall be paid in accordance with the terms and conditions of this Plan, including without limitation Subsections 3.01(b)(ii), (b)(iii) and (c).

3.05 FERCO Equalization Benefits.

Effective as of December 31, 1999, former salaried employees of the Company, excluding any former salaried employees of the Company who transferred to Visteon Corporation as part of its spin-off from the Company in June 2000, who participated in

the FERCO Salaried Retirement Plan ("SRP") and whose benefits under the FERCO SRP were limited as a result of the application of the Limitations shall be eligible to receive FERCO Equalization Benefits pursuant to the terms of Appendix B.

Section 4. General Provisions

4.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.
- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.
- (c) In the event that an Article, Section or paragraph of the Code, Treasury Regulations, GRP, FRP or SSIP is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

4.02 Local Payment Authorities. The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.

4.03 Deductions. The Company may deduct from any payment of Equalization Benefits to an Eligible Employee or Eligible Surviving Spouse any and all amounts owed to it by such Eligible Employee or Eligible Surviving Spouse for any reason, and all taxes required by law or government regulation to be deducted or withheld.

4.04 Tax Liabilities. The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of Equalization Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.

4.05 No Contract of Employment. The Plan is an expression of the Company's present policy with respect to Eligible Employees; it is not a part of any contract of

employment. No Eligible Employee, Eligible Surviving Spouse, or any other person shall have any legal or other right to any benefit under this Plan.

- 4.06 Equalization Benefits Not Funded.** The Company's obligations under this Plan shall not be funded and Equalization Benefits under this Plan shall be payable only out of the general funds of the Company.
- 4.07 Governing Law.** Except as otherwise provided under Federal law, the Plan, and all rights thereunder, shall be governed, construed and administered in accordance with the laws of the State of Michigan.
- 4.08 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan in whole or in part, at any time, without notice; provided, however, that no such action shall deprive any person of an Equalization Benefit under this Plan if payment of such Equalization Benefit shall have commenced prior to the date of such action by the Company; provided, further, however, that no distribution of benefits shall occur upon termination of this Plan, unless applicable requirements of Code Section 409A have been met. Notwithstanding anything contained in this Section or elsewhere in this Plan to the contrary, Equalization Benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 4.09 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable plan.
- 4.10 No Alienation of Benefits.** An Eligible Employee may not assign or alienate any Equalization Benefits, and the Plan will not recognize a domestic relations order that purports to assign any Equalization Benefits to another person.
- 4.11 Recovery of Overpayment.** Any individual shall repay promptly any and all Equalization Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 5. Visteon Corporation

The following shall be applicable to employees of Ford who were transferred to Visteon Corporation on April 1, 2000 ("U.S. Visteon Employees") and who ceased active participation in the Plan as of June 30, 2000 after Visteon Corporation was spun-off from Ford, June 28, 2000.

- (a) Group I and Group II Employees

For purposes of this paragraph, a "Group I Employee" shall mean a U.S. Visteon Employee who as of July 1, 2000 was eligible for immediate normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000. A "Group II

Employee" shall mean a U.S. Visteon Employee who (i) was not a Group I Employee; (ii) had as of July 1, 2000 a combination of age and continuous service that equals or exceeds sixty (60) points (partial months disregarded); and (iii) could become eligible for normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000 within the period after July 1, 2000 equal to the employee's Ford service as of July 1, 2000. A Group I or Group II Employee shall retain eligibility to receive a GRP Equalization Benefit and/or a SSIP Equalization Benefit and shall receive such benefits as are applicable under the terms of the Plan in effect on the retirement date, based on meeting eligibility criteria as of July 1, 2000 with respect to GRP or SSIP participation prior to July 1, 2000 and upon incurring a Separation From Service from Visteon, or from the Company for Group I or II Employees who return to Company employment pursuant to the Visteon Salaried Employee Transition Agreement dated as of October 1, 2005 and any subsequent amendments thereto.

(b) Group III Employees.

For purposes of this paragraph, a "Group III Employee" shall mean a U.S. Visteon Employee who participated in the GRP prior to July 1, 2000 other than a Group I or Group II Employees. The Plan shall have no liability for a GRP Equalization Benefit and/or a SSIP Equalization Benefit payable to Group III Employees who were otherwise eligible hereunder with respect to GRP or SSIP participation prior to July 1, 2000 on or after July 1, 2000.

Section 6. Code Section 409A

- (a) The provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any benefit provided under the Plan that is subject to Code Section 409A to comply with such requirements and, except as otherwise expressly determined by the Company, the Plan shall be administered in accordance with Code Section 409A as if the requirements of Code Section 409A were set forth herein. The Company reserves the right to take such action, on a uniform and consistent basis, as the Company deems necessary or desirable to ensure compliance with Code Section 409A, and applicable additional regulatory guidance thereunder, or to achieve the goals of the Plan without having adverse tax consequences under this Plan for any employee or beneficiary. Unless determined otherwise by the Company, any such action shall be taken in a manner that will enable any benefit provided under the Plan that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable any benefit provided under the Plan that is intended to comply with Code Section 409A to continue to so comply.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of any Equalization Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.

- (d) In the event an Eligible Employee who is receiving, or is entitled to receive, Equalization Benefits is reemployed following a Separation From Service, distribution of any Equalization Benefits shall not cease or be deferred upon such Eligible Employee's reemployment.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Employee, Eligible Surviving Spouse, beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Equalization Benefits.

Section 7. Claim for Benefits

- 7.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 7.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.
- 7.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.
- 7.04 Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.

7.05 Venue. An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

Appendix A
Special Equalization Benefits

Named Executive Officers

Section 1. Special Periodic GRP Equalization Benefits.

Effective as of November 1, 2001, the Eligible Employees listed below shall receive a special Periodic GRP Equalization Benefit in an amount equal to the monthly benefit the Eligible Employee would have received under the GRP, without regard to the Limitations, had the Eligible Employee participated in the GRP on a contributory basis throughout all years of service with the Company during which such Eligible Employee did not receive a cash base salary. The special Periodic GRP Equalization Benefit shall be determined based on a notional salary as determined by the Committee, in its sole discretion, for the period during which such Eligible Employee did not receive a cash base salary. Upon the death of any such Eligible Employee, such Eligible Employee's Eligible Surviving Spouse will receive the special Periodic GRP Equalization Benefit provided by this Section commencing as soon as reasonably practicable following the date of the Eligible Employee's death and continuing until such Eligible Surviving Spouse's death. In no event shall an Eligible Employee receive both the Periodic GRP Equalization Benefit and the Special Periodic GRP Equalization Benefit for the same period of service.

William Clay Ford, Jr.

Appendix B

FERCO Equalization Benefits

Except as otherwise provided in this Appendix, all terms and provisions of the Ford Motor Company Benefit Equalization Plan shall apply to any FERCO Equalization Benefit provided pursuant to this Appendix.

Section 1. Definitions.

The terms used in this Appendix shall have the same meaning as those in the Plan, except as follows:

1.01 "Eligible Employee" shall mean a former salaried employee of FERCO, excluding any former salaried employee of FERCO who transferred to Visteon Corporation as part of its spin-off from the Company in June 2000, whose benefits under the FERCO SRP were limited as a result of the application of the Limitations.

1.02 "FERCO" shall mean the Ford Electronics and Refrigeration Corporation.

1.03 "FERCO Equalization Benefit" shall mean any of the benefits described in this Appendix.

1.04 "PBGC" shall mean the Pension Benefit Guaranty Corporation.

Section 2. FERCO Equalization Benefits.

A FERCO Equalization Benefit shall be provided as follows to any Eligible Employee whose FERCO SRP benefit was subject to the Limitations:

2.01 Amount of Benefit. The amount of any FERCO Equalization Benefit payable pursuant to this Subsection shall be equal in amount to the difference between the FERCO SRP benefit the Eligible Employee would have received if the Eligible Employee commenced FERCO SRP benefits upon Separation From Service and the corresponding benefit that would have been payable under the FERCO SRP without regard to the Limitations. If FERCO SRP benefits were paid to an Eligible Employee or Eligible Surviving Spouse in a lump sum distribution, the amount of any FERCO Equalization Benefit payable to the Eligible Employee or Eligible Surviving Spouse shall be determined based on the monthly annuity payment the Eligible Employee or Eligible Surviving Spouse would have received had the lump sum distribution not occurred. For purposes of determining such amount, the Eligible Employee shall be treated as if such Eligible Employee elected to receive a FERCO SRP benefit in the form of the qualified joint and survivor annuity benefit under the FERCO SRP if married, or the single life annuity form of benefit under the FERCO SRP if unmarried (including Eligible Employees who are widowed or divorced). The amount of any Equalization Benefit payable to an Eligible Employee whose benefit under the ESAP is not offset or reduced by the amount of any FERCO SRP benefit payable to such Eligible Employee prior to age 65 shall be increased upon the Eligible Employee's attainment of age 65 to reflect an unreduced normal retirement benefit under the FERCO SRP. In determining the amount of the Equalization Benefit, the Eligible Employee's salary shall be the Eligible Employee's salary as defined in the FERCO SRP.

2.02 Payment of FERCO Benefit. FERCO Equalization Benefits shall be payable in accordance with Subsections 3.01(b)(ii) and (iii), 3.01(c), and 3.01(d).

FORD MOTOR COMPANY
DEFINED BENEFIT SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
As applicable to retirements of Eligible Executives on or after January 1, 1992¹
Amended and Restated Effective as of January 1, 2017

Section 1. Introduction

On January 1, 1985, the Company established this Plan for the purpose of providing employees on U.S. payroll, who are Eligible Executives, hired or rehired prior to January 1, 2004, with a monthly Supplemental Benefit for life in the event of such Eligible Executive's retirement from employment with the Company under certain circumstances. The Plan also provides for the award of Conditional Annuities and Pension Parity Benefits to selected Eligible Executives under certain circumstances.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01** "**Affiliate**" shall mean, as applied with respect to any person or legal entity specified, a person or legal entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or legal entity specified.
- 2.02** "**Annual Incentive Compensation Plan**" shall mean the Annual Incentive Compensation Plan of Ford Motor Company, as amended.
- 2.03** "**BEP**" shall mean the Ford Motor Company Benefit Equalization Plan, as amended.
- 2.04** "**Code**" shall mean the Internal Revenue Code of 1986, as amended.
- 2.05** "**Committee**" shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.06** "**Company**" shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.07** "**Compensation Committee**" shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.

¹See Appendix A for provisions applicable to retirements of Eligible Executives on or after January 1, 1985 and prior to January 1, 1992 or retirements of Eligible Executives from certain former Company Affiliates.

- 2.08 "Conditional Annuity" or "Conditional Annuities"** shall mean the benefit(s) payable under this Plan as determined in accordance with Section 4.
- 2.09 "Credited Service"** shall mean, without duplication, the years and any fractional year of credited service at retirement, not exceeding one year for any calendar year, of the Eligible Executive under all the Retirement Plans.
- 2.10 "Designated Beneficiary"** shall mean the beneficiary or beneficiaries designated by an Eligible Executive or Eligible Retired Executive in a writing filed with the Company (subject to such limitations as to the classes and number of beneficiaries and contingent beneficiaries and such other limitations as the Committee may prescribe) to receive, in the event of the death of the Eligible Executive or Eligible Retired Executive, the Death Benefits provided in Section 4.04. An Eligible Executive or Eligible Retired Executive shall be deemed to have designated as beneficiary or beneficiaries under the Plan the person or persons who receive such Eligible Executive's or Eligible Retired Executive's life insurance proceeds under the Company-paid Basic Life Insurance Plan, unless such Eligible Executive or Eligible Retired Executive shall have assigned such life insurance proceeds, in which event the Death Benefits shall be paid to such assignee; provided, however, that if the Eligible Executive or Eligible Retired Executive shall have filed with the Company a written designation of a different beneficiary or beneficiaries under the Plan, such beneficiary form shall control. An Eligible Executive or Eligible Retired Executive may from time to time revoke or change any such designation of beneficiary and any designation of beneficiary under the Plan shall be controlling over any testamentary or other disposition; provided, however, that if the Committee shall be in doubt as to the right of any such beneficiary to receive any payment under the Plan, the same may be paid to the legal representatives of the Eligible Executive or Eligible Retired Executive, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.
- 2.11 "Disability Retirement"** shall mean an Eligible Executive's retirement from the Company on or after reaching at least 10 years of service and becoming "totally and permanently disabled" as defined under the GRP.
- 2.12 "Early Retirement"** shall mean an Eligible Executive's retirement from the Company before reaching age 65 and on or after reaching age 55 with at least 10 years of Credited Service.
- 2.13 "Eligible Executive(s)"** shall mean a Company employee in Leadership Level Four or above, or its equivalent.
- 2.14 "Eligible Retired Executive"** shall mean:
- (a) with respect to Supplemental Benefits, an Eligible Executive who
 - (i) retires directly from Company employment with Company approval on Normal Retirement, Disability Retirement, or Early Retirement;

- (ii) will receive a normal, disability or early retirement benefit under one or more Retirement Plans;
- (iii) has at least ten years of Credited Service without duplication under all Retirement Plans; and
- (iv) has at least five years of Eligibility Service immediately preceding retirement.

Except in the case of an Eligible Executive who has not incurred a Separation From Service with the Company, the eligibility condition set forth in Subsection (iv) of this Section 2.14 may be waived (i) in the case of a Leadership Level One employee, by the Compensation Committee, and (ii) in the case of any other employee, by the President and Chief Executive Officer.

- (b) with respect to Conditional Annuity awards and Pension Parity Benefits, an Eligible Executive (other than an Eligible Executive in Leadership Levels Four through Two, or such Eligible Executive's equivalent) who meet the conditions set forth in sections (a)(i), (ii), (iii), and (iv) immediately preceding this paragraph.

2.15 "Eligible Surviving Spouse" shall mean, for purposes of the Pension Parity Surviving Spouse Benefit, an individual to whom an Eligible Retired Executive legally is married under the laws of the state or foreign jurisdiction where the marriage took place prior to such Retired Executive's benefit commencement date and for at least one year as of the date of the Retired Executive's death.

2.16 "Eligibility Service" shall mean Company service while an Eligible Executive.

2.17 "ESAP" shall mean the Ford Motor Company Executive Separation Allowance Plan, as amended.

2.18 "Final Five Year Average Base Salary" shall mean the average of the final five year-end Monthly Base Salaries immediately preceding retirement of the Eligible Retired Executive.

2.19 "Final Three Year Average Base Salary" shall mean the average of the final three year-end Monthly Base Salaries immediately preceding retirement or death of the Eligible Retired Executive.

2.20 "GRP" shall mean the Ford Motor Company General Retirement Plan, as amended.

2.21 "Monthly Base Salary" shall mean the monthly base salary paid to an Eligible Executive on December 31, prior to giving effect to any salary reduction agreement pursuant to an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (i) to which Code Section 125 or Code Section 402(e)(3) applies or (ii) which provides for the elective deferral of

compensation. It does not include supplemental compensation or any other kind of extra or additional compensation.

- 2.22 "Named Executive Officer(s)"** shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.23 "Normal Retirement"** shall mean an Eligible Executive's retirement from the Company on or after reaching age 65 with at least 10 years of Credited Service.
- 2.24 "Pension Parity Benefit(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 5.
- 2.25 "Pension Parity Surviving Spouse Benefit(s)"** shall mean benefits payable under this Plan to an Eligible Surviving Spouse as determined in accordance with Section 5.03.
- 2.26 "Plan"** shall mean the Ford Motor Company Defined Benefit Supplemental Executive Retirement Plan, as amended.
- 2.27 "Plan Administrator"** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.28 "Retirement Plans"** shall mean the GRP or any other retirement pension plan to which the Company contributes.
- 2.29 "Separation From Service"** shall be determined to have occurred on the date on which an Eligible Executive incurs a "separation from service" within the meaning of Code Section 409A.
- 2.30 "SERP Benefit(s)"** shall mean any Conditional Annuities, Pension Parity Benefits, Supplemental Benefits and/or Special Supplemental Benefits payable under this Plan.
- 2.31 "Special Supplemental Benefit(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 3.03.
- 2.32 "Specified Employee"** shall mean an employee of the Company who is a "Key Employee" as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of

whether the employee meets the definition of "Specified Employee" on the date the employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).

- 2.33** **"SRP"** shall mean the Ford Motor Company Select Retirement Plan, as amended.
- 2.34** **"Subsidiary"** or **"Subsidiaries"** shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.
- 2.35** **"Supplemental Benefit(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 3.
- 2.36** **"Totally and Permanently Disabled"** shall mean an Eligible Executive who:
- (a) is not engaged in regular employment or occupation for remuneration or profit (including employment with the Company and/or its Subsidiaries, but excluding employment or occupation which the Plan Administrator determines to be for purposes of rehabilitation);
 - (b) is determined by the Plan Administrator, on the basis of medical evidence, to be totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any regular occupation with the Company, where such disability has been continuous for at least 5 months, and where the Plan Administrator determines such disability will be permanent and continuous during the remainder of such Eligible Employee's life; and
 - (c) has earned at least 10 years of Credited Service.

Section 3. Supplemental Benefits

- 3.01 Eligibility.** An Eligible Retired Executive shall be eligible to receive a Supplemental Benefit as provided herein.
- 3.02 Amount of Supplemental Benefit.**
- (a) Subject to any reductions pursuant to Subsection (b) below and to any limitations and reductions pursuant to other provisions of the Plan, the monthly Supplemental Benefit shall be an amount equal to the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's years of

Credited Service at retirement, and further multiplied by the Applicable Percentage based on the Eligible Executive's position or salary grade immediately preceding retirement, as follows:

For retirements on or after January 1, 1992, but prior to August 1, 1995:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>
Chairman, Vice Chairman, President	.90%
Executive Vice President	.80%
Vice President	.70%
Non-Vice Presidents	
- Salary Grade 21, 20, 19	.60%
- Salary Grade 18, 17, 16	.40%
- Salary Grade 15, 14, 13	.20%

For retirements on or after August 1, 1995, but prior to February 1, 2000:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>
Vice President Band	
- Chairman, Vice Chairman, President	.90%
- Executive Vice President	.80%
- Group Vice President	.75%
- Vice President	.70%
Non-Vice President	
- General Executive Band	.60%
- Executive Band	.40%
- Salary Grade 15, 14, 13	.20%

For retirements on or after February 1, 2000, but prior to January 1, 2017:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>
Leadership Level One	
- Executive Chairman, Chairman, Vice Chairman, Chief Executive Officer, President, Chief Operating Officer	.90%
- Executive Vice President	.80%
- Group Vice President	.75%
- Vice President	.70%
Leadership Level Two ¹	
- Standard Benefit	.40%
- Non-standard Benefit ²	.60%
Leadership Level Three	.20%
Leadership Level Four	.20%

For retirements on or after January 1, 2017:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>
Leadership Level One	
- Executive Chairman, Chairman, Vice Chairman, Chief Executive Officer, President, Chief Operating Officer	.90%
- Executive Vice President	.80%
- Group Vice President	.75%
- Vice President	.70%
Leadership Level Two	.40%
Leadership Level Three	.20%
Leadership Level Four	.20%

- (b) For an Eligible Retired Executive who shall commence Supplemental Benefits before age 62, the monthly Supplemental Benefit payable hereunder shall equal the amount calculated in accordance with the immediately preceding Subsection (a) reduced by 5/18 of 1% multiplied by the number of months from the later of the date the Supplemental Benefit commences or age 55 in the case of earlier receipt as a result of an Eligible Retired Executive becoming Totally and Permanently Disabled to the first day of the month after the Eligible Retired Executive would attain age 62.

¹General Executive Band Eligible Executives who, on or after January 1, 2000 were reclassified as Leadership Level Two Employees, shall retain entitlement to the .60% Applicable Percentage regardless of the reclassification.

²The non-standard benefit was available for Leadership Level Two Eligible Executives only upon approval of the Executive Chairman, Executive Vice President and Chief Financial Officer and Group Vice President - Human Resources and Corporate Services (or in the event of a change in title, such officer's functional equivalent).

3.03 Special Supplemental Benefits. In addition to any other Supplemental Benefits provided under this Plan, the Company may, in its sole discretion, provide Special Supplemental Benefits to certain Eligible Executives. Special Supplemental Benefits provided to Eligible Executives whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix B. Special Supplemental Benefits provided to Eligible Executives who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Executive Personnel Office. Any Special Supplemental Benefits provided pursuant to this Section shall be paid in accordance with the terms and conditions of this Plan, including without limitation Section 3.04.

3.04 Payments.

- (a) Subject to the earning out provisions of Section 6, Supplemental Benefits, in the amount determined under Section 3.02, shall be payable out of the Company's general funds monthly beginning:
 - (i) for distributions that commenced prior to January 1, 2005, on the first day of the month when the Eligible Retired Executive's retirement benefit under any Retirement Plan or under the Company's ESAP begins;
 - (ii) for distributions commencing on or after January 1, 2005, on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Retired Executive has a Separation From Service or is determined to be Totally and Permanently Disabled.
- (b) Notwithstanding any other provision of the Plan to the contrary, but subject to the earning out provisions of Section 6, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Supplemental Benefit to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following such Specified Employee's Separation From Service. Any Supplemental Benefit payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. Any payment delayed under this Section shall not bear interest.
- (c) Payments to an Eligible Retired Executive hereunder shall cease at the end of the month in which the Eligible Retired Executive dies.

Section 4. Conditional Annuities

4.01 Eligibility. Prior to January 1, 2017, the Company may, in its discretion, award to an Eligible Executive (other than an Eligible Executive in Leadership Levels Four through Two or its equivalent) additional retirement income in the form of a Conditional Annuity.

Effective as of January 1, 2017, no new Conditional Annuities shall be awarded under this Plan.

4.02 Amount of Conditional Annuity.

- (a) In determining the amount of any Conditional Annuity to be awarded to an Eligible Executive for any year, the Compensation Committee shall consider the Company's profit performance and the amount that is awarded to such Eligible Executive for such year under the Annual Incentive Compensation Plan. Awards shall be made only for years in which the Compensation Committee has decided, for reasons other than individual or corporate performance or termination of employment, to make an award to an Eligible Executive under the Annual Incentive Compensation Plan which is less than would have been awarded if the historical relationship to awards to other executives had been followed.
- (b) The aggregate annual amount payable under the Conditional Annuities awarded to any Eligible Executive shall not exceed an amount equal to the Applicable Percentage of the average of such Eligible Executive's Final Three Year Average Base Salary, determined in accordance with the following table:

<u>Number of Years for which a Conditional Annuity is awarded</u>	<u>Applicable Percentage</u>	
	<u>Chairman, Vice Chairman and President</u>	<u>All Other Eligible Executives</u>
1	30%	20%
2	35	25
3	40	30
4	45	35
5 or more	50	40

The percentage shall be reduced pro rata to the extent that service at retirement is less than 30 years.

4.03 Payments.

- (a) Subject to the earning out provisions of Section 6, Conditional Annuities, in the amount determined under Section 4.02, shall be payable to an Eligible Executive out of the Company's general funds monthly beginning:

- (i) for distributions that commenced prior to January 1, 2005, on the first day of the month when the Eligible Retired Executive's retirement benefit under any Retirement Plan or under the Company's ESAP begins; or
 - (ii) for distributions commencing on or after January 1, 2005, on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Retired Executive has a Separation From Service or is determined to be Totally and Permanently Disabled.
- (b) Notwithstanding any other provisions of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Conditional Annuities to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following the Separation From Service. Any Conditional Annuity payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. The payment delayed under this Section shall not bear interest.
- (c) Except as provided in Section 4.04, payments with respect to an Eligible Retired Executive hereunder shall cease at the end of the month in which such Eligible Retired Executive dies.
- (d) For an Eligible Executive who retires before age 65, the monthly payment under any Conditional Annuity awarded to such Eligible Executive shall equal the actuarial equivalent (based on factors determined by the Company's independent consulting actuary) of the monthly amount payable for retirement at age 65.

4.04 Death Benefits.

- (a) Upon death before retirement but at or after age 55, the Eligible Executive's Designated Beneficiary shall be paid a lump sum equal to 30 times (representing 30 months) the aggregate monthly amount payable under such Eligible Executive's Conditional Annuities if the Eligible Executive had been age 55 at death, increased by one-third of one month for each full month by which such Eligible Executive's age at death shall exceed age 55. Such lump sum payment shall be paid as soon as reasonably practicable following the date of the Eligible Executive's death.
- (b) If death occurs within 120 months following retirement, the monthly payments under the Conditional Annuity shall be continued to the Designated Beneficiary for the remaining balance of the 120 month period following retirement.

Notwithstanding the preceding sentence, if the Designated Beneficiary should die prior to receiving all of the remaining monthly payments, any remaining monthly payments under the Conditional Annuity shall cease.

Section 5. Pension Parity Benefits

5.01 Eligibility. For retirements on or after October 1, 1998, an Eligible Retired Executive at Ford Motor Company (U.S.) or Ford Motor Credit Company (U.S.) who held the position of a Leadership Level One at Ford Motor Company (U.S.) immediately prior to retirement and who had service with a subsidiary, including an international subsidiary, at any time prior to becoming an employee of Ford Motor Company (U.S.) or Ford Motor Credit Company (U.S.) shall be eligible to receive a Pension Parity Benefit as provided below.

5.02 Amount of Pension Parity Benefit.

- (a) The monthly Pension Parity Benefit shall be an amount equal to the difference between (i) and (ii), where (i) is the amount of the monthly retirement benefit which would be payable under the GRP, the Supplemental Benefit and/or Conditional Annuity under this Plan, the ESAP, the BEP, and the SRP if all of the Eligible Retired Executive's years of service under the GRP/ESAP/BEP/SRP and each of the subsidiary's retirement plans were counted as years of contributory service under the GRP/ESAP/BEP/SRP and (ii) is the amount of monthly retirement benefit that is or was payable under the GRP/ESAP/BEP/SRP, under the subsidiary's retirement plans, under this Plan as a Supplemental Benefit or a Conditional Annuity, if applicable, or under any other plan sponsored by a subsidiary which provided pension-type benefits (and, if such benefits were paid (a) in an involuntary lump sum payment as a termination benefit, this Plan shall convert the lump sum payment into an actuarial equivalent annuity (as determined by an independent actuary appointed by Ford Motor Company) payable at age 65 to the Eligible Retired Executive, (b) in a voluntary distribution of a lump sum benefit, the amount of monthly retirement benefit payable under (ii) above shall be the monthly annuity payment the Eligible Retired Executive would have received had the lump sum distribution not occurred, or (c) as was otherwise required pursuant to a qualified domestic relations order for purposes of determining the appropriate offset).
- (b) For purposes of determining the amount of an Eligible Retired Executive's Pension Parity Benefit, the Eligible Retired Executive shall be treated as if such Eligible Retired Executive elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP if married as of the date such Eligible Retired Executive retired from the Company, or the single life annuity form of benefit under the GRP if unmarried (including, a divorced or widowed Eligible Retired Executive) as of the date such Eligible Retired Executive retired from the Company. The amount of any Pension Parity Benefit payable to an Eligible Retired Executive whose benefit under the ESAP is not offset or reduced by the amount of any GRP benefit payable to such Eligible

Retired Executive prior to age 65 shall be increased upon the Eligible Retired Executive's attainment of age 65 to reflect an unreduced normal retirement benefit under the GRP.

5.03 Pension Parity Surviving Spouse Benefits.

- (a) An Eligible Surviving Spouse shall be entitled to receive a monthly Pension Parity Surviving Spouse Benefit upon the death of the Eligible Retired Executive in an amount equal to the difference between (i) and (ii), where (i) is the actuarial equivalent (as determined by an independent actuary appointed by Ford Motor Company) of the amount of the monthly survivor's benefit that would be payable under the GRP, the ESAP, the BEP, and the SRP if all of the Eligible Retired Executive's years of service under the GRP/ESAP/BEP/SRP and each of the subsidiary's retirement plans were counted as years of contributory service under the GRP/ESAP/BEP/SRP and (ii) is the actuarial equivalent (under the actuarial method described in (i) above) of the aggregate amount of the monthly survivor's benefits that are or were payable under (a) the GRP/ESAP/BEP/SRP, (b) Section 4.04 as a death benefit if the Designated Beneficiary were the Eligible Surviving Spouse, (c) the subsidiary's retirement plans, or (d) any other plan sponsored by a subsidiary which provided pension-type survivor benefits (and, if such benefits were paid in a voluntary distribution of a lump sum benefit, the amount of monthly survivor's benefit payable under (ii) above shall be the monthly survivor benefit payment the Eligible Surviving Spouse would have received had the lump sum distribution not occurred). For purposes of determining the amount of any Pension Parity Surviving Spouse Benefit, the Eligible Retired Executive shall be treated as if such Eligible Retired Executive elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP.
- (b) If an Eligible Retired Executive dies prior to reaching age 65, such monthly Pension Parity Surviving Spouse Benefit shall commence on, or as soon as reasonably practicable after, the first day of the month following the month in which the Eligible Retired Executive would have reached age 65. If an Eligible Retired Executive dies after reaching age 65, such monthly Pension Parity Surviving Spouse Benefit shall commence as soon as reasonably practicable following the date of the Eligible Retired Executive's death. Monthly Pension Parity Surviving Spouse Benefits payable pursuant to this Section 5.03 shall continue until the Eligible Surviving Spouse dies.

5.04 Payment.

- (a) Subject to the earning out provisions of Section 6, the Pension Parity Benefit, in the amount determined under Section 5.02, shall be payable to an Eligible Retired Executive out of the Company's general funds monthly beginning:

- (i) for distributions that commenced prior to January 1, 2005, on the first day of the month when the Eligible Retired Executive's retirement benefit under any Retirement Plan commences; or
 - (ii) for distributions commencing on or after January 1, 2005, on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Retired Executive has a Separation From Service or is determined to be Totally and Permanently Disabled.
- (b) Notwithstanding any other provisions of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Pension Parity benefit to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following Separation from Service. Any Pension Parity Benefit payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on, or as soon as reasonably practicable after, the first day of the seventh month following such Separation From Service. The payment delayed under this Section shall not bear interest.
- (c) Pension Parity Benefit payments to an Eligible Retired Executive shall cease at the end of the month in which the Eligible Retired Executive dies. The Pension Parity Surviving Spouse Benefit, in the amount determined under Section 5.03, shall be payable out of the Company's general funds monthly beginning on the first day of the month following the Eligible Retired Executive's death. Pension Parity Surviving Spouse Benefits paid to an Eligible Surviving Spouse shall cease at the end of the month in which the Eligible Surviving Spouse dies.

Section 6. Earning Out Conditions

Notwithstanding anything in the Plan to the contrary, the right of any Eligible Retired Executive to receive SERP Benefits hereunder for any month shall accrue, and such payments shall be payable (subject to Sections 3.03, 4.03 or 5.04, as applicable), only if, during the entire period from the date of such Eligible Retired Executive's Separation From Service to the end of such month, in which payment otherwise would be made, such Eligible Retired Executive shall have earned out such payment by refraining from engaging in any activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof.

In the event of an Eligible Retired Executive's nonfulfillment of the condition set forth in the immediately preceding paragraph, no further payment shall be paid to such Eligible Retired Executive, such Eligible Retired Executive's Designated Beneficiary or Eligible Surviving Spouse, as applicable; provided, however, that the nonfulfillment of such condition may at any time (whether before, at the time of, or subsequent to, termination of the Eligible Retired Executive's employment) be waived in the following manner:

- (a) with respect to any such Eligible Retired Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, such waiver may be granted by the Compensation Committee upon its determination that, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition; and
- (b) with respect to any other such Eligible Retired Executive, such waiver may be granted by the Committee upon its determination that, in its sole discretion, that there shall not have been and will not be any such substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such conditions.

Notwithstanding anything to the contrary herein, SERP Benefits shall not be paid to, or with respect to, any person as to whom it has been determined that such person at any time (whether before or subsequent to termination of the Eligible Retired Executive's employment) acted in a manner inimical to the best interests of the Company. Any such determination shall be made by (i) the Compensation Committee with respect to any Eligible Retired Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, and (ii) the Committee with respect to any other Eligible Retired Executive, and shall apply to any amounts payable after the date of the applicable committee's action hereunder, regardless of whether the Eligible Retired Executive has commenced receiving any benefits hereunder. Conduct which constitutes engaging in an activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof shall be governed by the preceding paragraphs of this Section and shall not be subject to any determination under this paragraph.

Section 7. General Provisions

7.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan, and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.
- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.

- (c) In the event that an Article, Section or paragraph of the Code, Treasury Regulations, or Retirement Plans is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

- 7.02 Local Payment Authorities.** The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.
- 7.03 Deductions.** The Company may deduct from any payment of SERP Benefits to an Eligible Retired Executive, Designated Beneficiary or Eligible Surviving Spouse, any and all amounts owed to it by such Eligible Retired Executive, Designated Beneficiary, or Eligible Surviving Spouse for any reason, and all taxes required by law or government regulation to be deducted or withheld.
- 7.04 Tax Liabilities.** The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of SERP Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.
- 7.05 No Contract of Employment.** The Plan is an expression of the Company's present policy with respect to Eligible Executives; it is not a part of any contract of employment. No Eligible Executive, Designated Beneficiary, Eligible Surviving Spouse or any other person shall have any legal or other right to any benefit under this Plan.
- 7.06 SERP Benefits Not Funded.** The Company's obligations under this Plan shall not be funded. SERP Benefits under this Plan shall be payable only out of the general funds of the Company.
- 7.07 Governing Law.** Except as otherwise provided under Federal law, the Plan and all rights thereunder shall be governed, construed and administered in accordance with the laws of the State of Michigan.
- 7.08 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan, in whole or in part, at any time, without notice; provided, however, that no distribution of SERP Benefits shall occur upon termination of this Plan unless applicable requirements of Code Section 409A have been met. Notwithstanding anything to the contrary herein, benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 7.09 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable Retirement Plans.

- 7.10 No Alienation of Benefits.** An Eligible Executive may not assign or alienate any SERP Benefits, and the Plan will not recognize a domestic relations order that purports to assign any SERP Benefit to another person.
- 7.11 Recovery of Overpayment.** Any individual shall repay promptly any and all SERP Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 8. Code Section 409A

- (a) The provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any benefit provided under the Plan that is subject to Code Section 409A to comply with such requirements and, except as otherwise expressly determined by the Company, the Plan shall be administered in accordance with Code Section 409A as if the requirements of Code Section 409A were set forth herein. The Company reserves the right to take such action, on a uniform and consistent basis, as the Company deems necessary or desirable to ensure compliance with Code Section 409A, and applicable additional regulatory guidance thereunder, or to achieve the goals of the Plan without having adverse tax consequences under this Plan for any employee or beneficiary. Unless determined otherwise by the Company, any such action shall be taken in a manner that will enable any benefit provided under the Plan that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable any benefit provided under the Plan that is intended to comply with Code Section 409A to continue to so comply.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of any SERP Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.
- (d) In the event an Eligible Executive or Eligible Retired Executive who is receiving, or is entitled to receive, SERP Benefits is reemployed following a Separation From Service, distribution of any SERP Benefits shall not cease or be deferred upon such Eligible Executive's or Eligible Retired Executive's reemployment.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Executive, Eligible Surviving Spouse, Designated Beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Plan benefits.

Section 9. Claim for Benefits

- 9.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 9.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.
- 9.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.
- 9.04 Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.
- 9.05 Venue.** An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

Appendix A

Applicable to retirements of Eligible Executives on or after January 1, 1985 but prior to January 1, 1992, or retirements of Eligible Executives from certain former Company Affiliates.

Section 1. Definitions. The terms used in this Appendix shall have the same meaning as those in the Supplemental Executive Retirement Plan, except as follows:

1.01 "Contributory Service" shall mean without duplication the years and any fractional year of contributory service at retirement, not exceeding one year for any calendar year, of the Eligible Executive under all Retirement Plans.

1.02 "Eligible Executive" shall mean a person who is the Chairman of the Board and Chief Executive Officer, an Executive Vice President or a Vice President of the Company (excluding any such person who is an employee of a foreign Affiliate of the Company) or a Company employee in Salary Grade 13 or its equivalent or above (Salary Grade 20 or its equivalent or above for Company employees prior to January 1, 1989).

Section 2. Supplemental Benefits.

2.01 Eligibility. An Eligible Retired Executive shall be eligible to receive a Supplemental Benefit as provided herein.

2.02 Amount of Supplemental Benefit.

(a) Subject to any reductions pursuant to Subsection (b) below and to any limitations and reductions pursuant to other provisions of the Plan, the monthly Supplemental Benefit shall be an amount determined as follows:

(i) For those employees who were Eligible Executives on or after January 1, 1989 and retired prior to January 1, 1992, an amount equal to the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's years of Contributory Service at retirement, and further multiplied by the Applicable Percentage based on the Eligible Executive's position or salary grade immediately preceding retirement and on when the Contributory Service occurred, as follows:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>	
	<u>Contributory Service before 1/1/89</u>	<u>Contributory Service from 1/1/89</u>
Chairman, Vice Chairman, President	.60%	.90%
Executive Vice President	.50%	.80%
Vice Presidents		
Salary Grade 23	.40%	.70%
Salary Grade 22	.40%	.70%
Salary Grade 21	.40%	.70%

Salary Grade 20	.40%	.70%
Non-Vice Presidents		
Salary Grade 21	.30%	.60%
Salary Grade 20	.30%	.60%
Salary Grade 19	.30%	.60%
Salary Grade 18, 17, 16	.20%	.40%
Salary Grade 15, 14, 13	.10%	.20%

(ii) For those employees who were Eligible Executives prior to January 1, 1989 and who retired prior to January 1, 1992, the greater of (A) or (B):

(A) the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's Credited Service, and further multiplied by the Applicable Percentage based on the Eligible Executive's position or salary grade immediately preceding retirement, as follows:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>
Chairman, Vice Chairman, President	.50%
Executive Vice President	.40%
Vice President	
Salary Grade 23	.35%
Salary Grade 22	.30%
Salary Grade 21	.25%
Salary Grade 20	.20%
Non-Vice Presidents	
Salary Grade 21	.25%
Salary Grade 20	.20%

(B) the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's Contributory Service, and further multiplied by the Applicable Percentage set forth in Section (a)(i) above based on the Eligible Executive's position or salary grade immediately preceding retirement and on when the Contributory Service occurred.

(b) For an Eligible Retired Executive who shall commence Supplemental Benefits before age 62 the monthly Supplemental Benefit payable hereunder shall equal the amount calculated in accordance with the immediately preceding Subsection (a) reduced by 5/18 of 1% multiplied by the number of months from the later of the date the Supplemental Benefit commences or age 55 in the case of earlier receipt as a result of an Eligible Retired Executive becoming Totally and Permanently Disabled to the first day of the month after the Eligible Retired Executive would attain age 62.

Section 3. Former Affiliates and Former Employees.

3.01 Ford Aerospace Corporation. An employee of Ford Aerospace Corporation who was a Vice President of Ford Motor Company as of April 1, 1985 and retired May 1, 1985 shall be deemed

to be an Eligible Executive under the Plan only for Supplemental Benefits and shall be eligible to receive such benefits under the Plan based on Credited Service under the Salaried Retirement Plan of Ford Aerospace Corporation.

3.02 Ford New Holland, Inc. The following shall be applicable to former employees of Ford Tractor Operations who were transferred to Ford New Holland (FNH) and who participated in the GRP for service through December 31, 1989 ("FNH Employees").

(a) Retirement-Eligible FNH Employees as of January 1, 1989.

A FNH Employee who was eligible to retire under the GRP on or prior to January 1, 1989, and who was in a position equivalent to a Salary Grade 13 or above on December 31, 1989, and who retires directly from FNH shall be deemed to be an Eligible Executive under the Plan only for Supplemental Benefits and shall receive such benefits as are applicable under the terms of the Plan in effect at the date of retirement, if retired prior to January 1, 1992, or the terms of the Plan in effect on January 1, 1992, if retired on or after January 1, 1992; provided, however, that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade at FNH as of December 31, 1989; (ii) the Final Five Year Average Base Salary immediately preceding retirement of the Eligible Executive from FNH; and (iii) the employee's Credited Service or Contributory Service, as applicable, as of December 31, 1989.

(b) Non-Retirement Eligible Employees as of January 1, 1989.

A FNH Employee who was not eligible to retire under the GRP on or prior to January 1, 1989, and who was in a position equivalent to a Salary Grade 13 or above on December 31, 1989, and who retires directly from FNH shall be deemed to be an Eligible Executive under the Plan only for Supplemental Benefits and shall receive such benefits as are applicable under the terms of the Plan in effect as of January 1, 1989; provided, however, that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade at FNH as of December 31, 1989; (ii) the Final Five Year Average Base Salary as of January 1, 1989; and (iii) the employee's Contributory Service as of December 31, 1989.

3.03 Sale of Favesa Operations to Lear Seating Corporation. An Eligible Executive whose employment was transferred to Lear Seating Corporation by reason of the sale of a portion of Plastic and Trim Product Division's seat operations to Lear on November 1, 1993 and who was eligible to retire under the terms of the GRP as of December 31, 1993, shall retain eligibility to receive a Supplemental Benefit, and shall receive such benefits as are applicable under the terms of the Plan in effect as of December 31, 1993; provided, however that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade with the Company as of December 31, 1993; (ii) the Final Five Year Average Base Salary as of December 31, 1993; and (iii) the employee's Credited Service as of December 31, 1993.

3.04 Transition of Jaguar/Landrover Employee to Tata Motors. An Eligible Executive whose employment was transferred to Tata Motors by reason of the sale of the assets of Jaguar/Landrover divisions to Tata Motors on January 1, 2009 and who was eligible to retire under the terms of the GRP as of December 31, 2008, shall retain eligibility to receive a Supplemental Benefit, and shall receive such benefits as are applicable under the terms of the Plan in effect as of December 31,

2008; provided, however that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade with the Company as of December 31, 2008; (ii) the Final Five Year Average Base Salary as of December 31, 2008; and (iii) the employee's Credited Service as of December 31, 2008.

3.05 Visteon Corporation. The following shall be applicable to employees of Ford who were transferred to Visteon Corporation on April 1, 2000 ("U.S. Visteon Employees") and who ceased active participation in the Plan as of June 30, 2000 after Visteon Corporation was spun-off from Ford, June 28, 2000.

(a) Group I and Group II Employees.

For purposes of this paragraph, a "Group I Employee" shall mean a U.S. Visteon Employee who as of July 1, 2000 was eligible for immediate normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000. A "Group II Employee" shall mean a U.S. Visteon Employee who (i) was not a Group I Employee; (ii) had as of July 1, 2000 a combination of age and continuous service that equals or exceeds sixty (60) points (partial months disregarded); and (iii) could become eligible for normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000 within the period after July 1, 2000 equal to the employee's Ford service as of July 1, 2000. A Group I or Group II Employee shall retain eligibility to receive a Supplemental Benefit and shall receive such benefits as are applicable under the terms of the Plan in effect on the retirement date, based on meeting eligibility criteria as of July 1, 2000 and Credited Service on July 1, 2000 and the Final Five Year Average Base Salary as of the retirement date.

(b) Group III Employees.

For purposes of this paragraph, a "Group III Employee" shall mean a U.S. Visteon Employee who participated in the GRP prior to July 1, 2000 other than a Group I or Group II Employee. The Plan shall have no liability for any benefits payable to Group III Employees who were otherwise eligible hereunder with respect to Credited Service prior to July 1, 2000 on or after July 1, 2000.

Section 4. General. Except as otherwise provided in this Appendix A, the terms of the Plan applicable to retirements of Eligible Executives on or after January 1, 1992 shall be applicable to the retirements of Eligible Executives on or after January 1, 1985 but prior to January 1, 1992.

Appendix B
Special Supplemental Benefits

Named Executive Officers

Section 1. Special Supplemental Benefits Based on Notional Service and Salary. Special Supplemental Benefits will be provided to each Eligible Executive listed in Subsection 1.03 below for the period of time during which such Eligible Executive did not receive a cash base salary from the Company by determining the Supplemental Benefits that otherwise would have been provided to such Eligible Executive for such period using notional service and salary as follows; provided that, in no event shall an Eligible Executive receive both Supplemental Benefits and Special Supplemental Benefits for the same period of service:

1.01 Credited Service. Credited Service, if any, for each such Eligible Executive for any period of time during which the Eligible Executive did not receive a cash base salary shall be determined by the Committee, in its sole discretion, based on the credited service the Eligible Executive would have accrued under the GRP had the Eligible Executive participated in, and accrued credited service under, the GRP during such period of time.

1.02 Monthly Base Salary. Monthly Base Salary for each such Eligible Executive shall be determined by the Committee, in its sole discretion, based on a notional monthly base salary for the period of time during which the Eligible Executive did not receive a cash base salary.

1.03 Affected Eligible Executives. The following Eligible Executives' Special Supplemental Benefits shall be determined in accordance with this Section:

William Clay Ford, Jr.

FORD MOTOR COMPANY
DEFINED CONTRIBUTION SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
Amended and Restated Effective as of January 1, 2017

Section 1. Introduction

On January 1, 2013, the Company established this Plan, which shall be known as the "Ford Motor Company Defined Contribution Supplemental Executive Retirement Plan" and is hereinafter referred to as the "Plan," for the purpose of providing employees on U.S. payroll, who are Eligible Executives, hired or rehired on or after January 1, 2004 and who are actively employed by the Company on or after January 1, 2013, with Supplemental Benefits in the event of such Eligible Executive's termination from employment with the Company under certain circumstances.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01 "Affiliate"** shall mean, as applied with respect to any person or legal entity specified, a person or legal entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or legal entity specified.
- 2.02 "Base Monthly Salary"** shall mean for the purposes of the Plan, the monthly base salary rate of such Eligible Executive during each month, prior to giving effect to any salary reduction agreement pursuant to an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (i) to which Code Section 125 or Code Section 402(e)(3), applies or (ii) which provides for the elective deferral of compensation. It shall not include supplemental compensation or any other kind of extra or additional compensation.
- 2.03 "Code"** shall mean the Internal Revenue Code of 1986, as amended.
- 2.04 "Committee"** shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.05 "Company"** shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.06 "Company Service"** shall mean the years and any fractional years that an individual is employed at Ford Motor Company.

- 2.07 "Compensation Committee"** shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.08 "Designated Third Party Administrator"** shall mean the service provider employed by the Company to act as record keeper to maintain the Notional Accounts and process notional investment elections.
- 2.09 "Eligible Executive(s)"** shall mean a Company employee in Leadership Level Four or above, or its equivalent, who satisfies the requirements of Section 3.01. "Eligible Executive" shall not include any supplemental employee.
- 2.10 "Eligibility Service"** shall mean Company Service while an Eligible Executive.
- 2.11 "ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended.
- 2.12 "FRP"** shall mean the Ford Retirement Plan, as amended.
- 2.13 "Named Executive Officer(s)"** shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.14 "Notional Account(s)"** shall mean the book entry account, which shall include Notional Credits, and any interest equivalents, dividend equivalents or other earnings credited to such book entry account, established by the Company for each Eligible Executive.
- 2.15 "Notional Credit(s)"** shall mean the amounts credited to the Eligible Executive's Notional Account each pay period as described under Section 3.02.
- 2.16 "Plan"** shall mean the Ford Motor Company Defined Contribution Supplemental Executive Retirement Plan, as amended.
- 2.17 "Plan Administrator"** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.18 "Separation From Service"** shall be determined to have occurred on the date on which an Eligible Executive incurs a "separation from service" within the meaning of Code Section 409A.
- 2.19 "Special Supplemental Benefit(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 3.06.
- 2.20 "Specified Employee"** shall mean an employee of the Company who is a "Key Employee" as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance

with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the employee meets the definition of "Specified Employee" on the date the employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).

- 2.21 "Subsidiary"** shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.
- 2.22 "Supplemental Benefit(s)"** shall mean benefits payable under this Plan as determined in accordance with Section 3.
- 2.23 "Valuation Date"** shall mean March 15th of each calendar year, or the next preceding business day for which valuation information is available, and shall be the date on which a Notional Account shall be valued for purposes of determining the amount to be distributed in a particular distribution year.

Section 3. Supplemental Benefits

3.01 Eligibility. Each Eligible Executive who:

- (i) was hired or rehired on or after January 1, 2004;
 - (ii) was actively employed on or after January 1, 2013;
 - (iii) who upon Separation From Service is at least age 55 with at least ten years of Company Service;
 - (iv) has at least five years of Eligibility Service; and
 - (v) incurs a Separation From Service upon the approval of the Company,
- shall receive a Supplemental Benefit as provided herein.

Except in the case of an Eligible Executive who has not incurred a Separation From Service with the Company, the eligibility condition set forth in Subsection (iv) of this Section 3.01 may be waived (i) in the case of a Leadership Level One employee, by the Compensation Committee, and (ii) in the case of any other employee, by the President and Chief Executive Officer.

3.02 Notional Credits. A Notional Account shall be established for each Eligible Executive. Each pay period, the Eligible Executive's Notional Account shall be credited with Notional Credits representing an amount equal to the product of such Eligible Executive's Base Monthly Salary received multiplied by the applicable percentage below which is based on the Eligible Executive's whole age at the end of the present calendar year and Leadership Level during that month:

	<u>Applicable Percentage</u>		
	<u>Age < 40</u>	<u>Age 40-49</u>	<u>Age 50+</u>
Leadership Level One			
- Executive Chairman, Chairman, Vice Chairman, Chief Executive Officer, President, Chief Operating Officer	16.50%	15.50%	14.50%
- Executive Vice President	10.50%	9.50%	8.50%
- Group Vice President & Vice President	7.50%	6.50%	5.50%
Leadership Level Two	4.50%	3.50%	2.50%
Leadership Level Three & Four	3.00%	2.00%	1.00%

An Eligible Executive shall not receive a Notional Credit in any month prior to the date the Eligible Executive became covered under the Plan or after a Separation From Service has occurred.

3.03 Supplemental Benefit. The Eligible Executive's Supplemental Benefit shall be equal to the value of such Eligible Executive's Notional Account at the time of distribution.

An Eligible Executive's Supplemental Benefit will be based on the value of the Eligible Executive's Notional Account as if the amounts in the Notional Account had been invested in actual investment options selected by the Eligible Executive. The investment options available for selection shall be identical to the investment options available under the FRP. In the absence of an investment selection by an Eligible Executive, the Eligible Executive's Notional Credits will be allocated to an appropriate target-date fund offered under the FRP based on the Eligible Executive's age. The Designated Third Party Administrator will maintain a record of each Notional Account, process investment selections, and otherwise be the record keeper of the Notional Accounts. Investment options selected under this Section shall be used solely for purposes of valuing the Eligible Executive's Notional Account which is used to determine the Supplemental Benefit. Eligible Executives shall not have voting rights or any other ownership rights with respect to any investment options selected as the measuring mechanism for the Notional Accounts established under this Section.

Eligible Executives may not withdraw or borrow against amounts credited to any book entry account under this Plan. The Plan will not accept rollovers from other plans. Distributions may not be rolled over to other plans.

3.04 Payments.

- (a) Except as otherwise provided below, distribution of the Supplemental Benefit shall be made in five annual installment payments, with such annual installments beginning on, or as soon as reasonably practicable after, the first Valuation Date following the one year anniversary of the Eligible Executive's Separation From Service. Thereafter, each installment shall be paid annually on, or as soon as reasonably practicable after, each successive Valuation Date.
- (b) Prior to the March 15th immediately following an Eligible Executive's Separation From Service, an Eligible Executive may elect to defer payment of the Supplemental Benefit in accordance with this Subsection. Distribution of a deferred Supplemental Benefit shall be made in five annual installment payments, with such annual installments beginning on, or as soon as reasonably practicable after, the first Valuation Date following the fifth anniversary of the Valuation Date on which payment would have commenced had the Eligible Executive not elected to defer commencement of the Supplemental Benefit.
- (c) Notwithstanding any other provision of the Plan to the contrary, but subject to the earning out provisions of Section 4, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Supplemental Benefit to such Specified Employee shall commence on, or as soon as reasonably practicable after, the first day of the seventh month following the Separation From Service. A Specified Employee who is subject to a six-month distribution delay pursuant to this Section 3.04 will be permitted to continue to manage the investment elections applicable to such Specified Employee's Notional Account during the six-month distribution delay. Any payment delayed under this Section shall not bear interest over and above the notional investment earnings credited to such Specified Employee's book entry account during the period of delay.
- (d) Except as provided in Section 3.05, payments with respect to an Eligible Executive hereunder shall cease at the Eligible Executive's death.

3.05 Death Benefits.

- (a) Upon death, but before Separation From Service, if the Eligible Executive has satisfied the eligibility requirements under Section 3.01(i), (ii) and (iii), the Eligible Executive's Notional Account shall be distributed in its entirety to the Eligible Executive's beneficiary or deemed beneficiary under the FRP. All such distributions shall occur on, or as soon as reasonably practicable after, such Eligible Executive's date of death.
- (b) If the Eligible Executive's death occurs after Separation From Service and before all five annual payments are made, the Eligible Executive's Notional Account

balance shall be distributed in its entirety to the Eligible Executive's beneficiary or deemed beneficiary under the FRP. All such distributions shall occur on, or as soon as reasonably practicable after, such Eligible Executive's date of death.

3.06 Special Supplemental Benefits. In addition to, or in place of, any other Supplemental Benefits otherwise provided under this Plan, the Company may, in its sole discretion, provide Special Supplemental Benefits to certain Eligible Executives, including providing that certain Eligible Executives shall not be eligible for a Supplemental Benefits or shall be excluded from participation in the Plan. Special Supplemental Benefits provided to Eligible Executives whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix A. Special Supplemental Benefits provided to Eligible Executives who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Compensation and Executive Personnel Office. Any Special Supplemental Benefit provided pursuant to this Section shall be subject to, and paid in accordance with, the terms and conditions of this Plan, including without limitation Section 3.04.

3.07 Effect of Separation from Service Prior to Eligibility. In the event an Eligible Executive incurs a Separation From Service prior to meeting the eligibility requirements of Section 3.01, no Supplemental Benefit or Special Supplemental Benefit shall be payable under the Plan and such Eligible Executive's Notional Account shall be closed.

Section 4. Earning Out Conditions

Notwithstanding anything in the Plan to the contrary, the right of an Eligible Executive to receive a distribution of Supplemental Benefits hereunder for any year, and the payment of such distributions (subject to Section 3.04), shall cease on and as of the date on which it has been determined that such Eligible Executive at any time (whether before or subsequent to termination of such Eligible Executive's employment) either acted in a manner inimical to the best interests of the Company or engaged in an activity that was directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof, unless, (i) with respect to any such Eligible Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, the Compensation Committee determines, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition, or (ii) with respect to any other Eligible Executive, the Committee determines, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition.

Section 5. General Provisions

5.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan and no

person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.

- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.
- (c) In the event that an Article, Section or paragraph of the Code or Treasury Regulations is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

- 5.02 Local Payment Authorities.** The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.
- 5.03 Deductions.** The Company may deduct from any payment of Supplemental Benefits to an Eligible Executive, or from any payment of Supplemental Benefits to a beneficiary, any and all amounts owed to it by such Eligible Executive or beneficiary for any reason, and all taxes required by law or government regulation to be deducted or withheld.
- 5.04 Tax Liabilities.** The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of Supplemental Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.
- 5.05 No Contract of Employment.** The Plan is an expression of the Company's present policy with respect to Eligible Executives; it is not a part of any contract of employment. No Eligible Executive, beneficiary or any other person shall have any legal or other right to any benefit under this Plan.
- 5.06 Supplemental Benefits Not Funded.** The Company's obligations under this Plan shall not be funded and Supplemental Benefits under this Plan shall be payable only out of the general funds of the Company.
- 5.07 Governing Law.** Except as otherwise provided under Federal law, the Plan and all rights thereunder shall be governed, construed and administered in accordance with the laws of the State of Michigan.

- 5.08 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan, in whole or in part, at any time, without notice; provided, however, that no distribution of Supplemental Benefits shall occur upon termination of this Plan, unless applicable requirements of Code Section 409A have been met. Notwithstanding anything to the contrary herein, benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 5.09 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable plan.
- 5.10 No Alienation of Benefits.** An Eligible Executive may not assign or alienate any Supplemental Benefits, and the Plan will not recognize a domestic relations order that purports to assign the Supplemental Benefit to another person.
- 5.11 Recovery of Overpayment.** Any individual shall repay promptly any and all Supplemental Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 6. Code Section 409A

- (a) The provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any benefit provided under the Plan that is subject to Code Section 409A to comply with such requirements and, except as otherwise expressly determined by the Company, the Plan shall be administered in accordance with Code Section 409A as if the requirements of Code Section 409A were set forth herein. The Company reserves the right to take such action, on a uniform and consistent basis, as the Company deems necessary or desirable to ensure compliance with Code Section 409A, and applicable additional regulatory guidance thereunder, or to achieve the goals of the Plan without having adverse tax consequences under this Plan for any employee or beneficiary. Unless determined otherwise by the Company, any such action shall be taken in a manner that will enable any benefit provided under the Plan that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable any benefit provided under the Plan that is intended to comply with Code Section 409A to continue to so comply.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of Supplemental Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.

- (d) In the event an Eligible Executive receiving, or entitled to receive, a Supplemental Benefit and/or a Special Supplemental Benefit is reemployed following a Separation From Service, distribution of any Supplemental Benefit or Special Supplemental Benefit shall not cease or be deferred upon such Eligible Executive's reemployment. Any additional Supplemental Benefits to which such Eligible Executive may become entitled following reemployment shall be determined and paid, independent of any other Supplemental Benefit or Special Supplemental Benefit, in accordance with the terms and conditions of this Plan, including Section 3 and Subsection 4.03.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Executive, beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Plan benefits.
- (f) Notwithstanding any other provisions of the Plan to the contrary, any payment deferral election made pursuant to Section 3.04(ii) shall be made not less than 12 months prior to the Valuation Date on which payment of such Supplemental Benefit or Special Supplemental Benefit otherwise would have commenced without such deferral election and such election shall not take effect until at least 12 months after the date on which such election is made. Further, commencement of payments with respect to which such a deferral election is made shall be deferred for a period of not less than five years from the date such payments otherwise would have commenced.

Section 7. Claim for Benefits

- 7.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 7.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.

- 7.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.
- 7.04 Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.
- 7.05 Venue.** An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

APPENDIX A

Named Executive Officers

Pursuant to Plan Section 3.06, Special Supplemental Benefits shall be excluded, limited or provided to Eligible Executives listed below as follows:

Eligible Executive

Special Supplemental Benefit

Alan Mulally

Shall be excluded from Plan participation entirely

Jim Farley

Shall be excluded from Plan participation until June 30, 2017; provided however, service earned prior to that date shall be used for purposes of determining Eligibility Service

**FORD MOTOR COMPANY
SELECT RETIREMENT PLAN**

Amended and Restated Effective as of January 1, 2017

Section 1. Introduction

On June 9, 1994, the Company established this Plan for the purpose of providing voluntary retirement incentives to selected Company employees on U.S. payroll who are assigned to Leadership Levels One through Five, or the equivalents of such Leadership Levels, constituting a select group of management or highly compensated employees.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01 "Affiliate"** shall mean, as applied with respect to any person or legal entity specified, a person or legal entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or legal entity specified.
- 2.02 "BEP"** shall mean the Ford Motor Company Benefit Equalization Plan, as amended.
- 2.03 "Code"** shall mean the Internal Revenue Code of 1986, as amended.
- 2.04 "Committee"** shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.05 "Company"** shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.06 "Compensation Committee"** shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.07 "Contributory Service"** shall mean, without duplication, the years and any fractional year of contributory service at retirement, not exceeding one year for any calendar year, of the Eligible Executive under the GRP.
- 2.08 "Credited Service"** shall mean, without duplication, the years and any fractional year of credited service at retirement, not exceeding one year for any calendar year, of the Eligible Executive under the GRP.

- 2.09 "DB SERP"** shall mean the Ford Motor Company Defined Benefit Supplemental Executive Retirement Plan, as amended.
- 2.10 "DEP"** shall mean the Ford Motor Credit Company Deferred Equalization Plan, as amended.
- 2.11 "DEP Select Benefits"** shall mean the benefits described in Section 4.04.
- 2.12 "Eligible Executive(s)"** shall mean a full time U.S. Company employee who:
- (i) was hired or rehired prior to January 1, 2004,
 - (ii) is at least age 55, taking into consideration the three additional years of age provided under this Plan, as of the Retirement Effective Date,
 - (iii) who has at least ten years of Credited Service, taking into consideration the three additional years of service provided under this Plan, as of the Retirement Effective Date,
 - (iv) is assigned to Leadership Levels One through Five of the Company, or the equivalents of such Leadership Levels,
 - (v) is selected by the Company to participate in the Select Retirement Plan, and
 - (vi) is in good standing as of the last day of employment.

In addition to the eligibility requirements above, to receive a Select Benefit under this Plan, the executive must meet eligibility requirements defined under the Retirement Plans to which the Select Benefit relates after adding three years to such employees' attained age and service required for determining eligibility under the applicable Retirement Plan.

- 2.13 "Eligible Surviving Spouse"** shall mean an individual to whom a Retired Executive legally is married under the laws of the state or foreign jurisdiction where the marriage took place prior to such Retired Executive's benefit commencement date and for at least one year as of the date of the Retired Executive's death.
- 2.14 "ESAP"** shall mean the Ford Motor Company Executive Separation Allowance Plan, as amended.
- 2.15 "ESAP Select Benefit(s)"** shall mean the benefits described in Section 4.03.
- 2.16 "Final Average Monthly Salary"** shall mean "Final Average Monthly Salary" as defined in the GRP.

- 2.17 "Final Five Year Average Base Salary"** shall mean the average of the final five year-end Monthly Base Salaries immediately preceding retirement of the Eligible Executive.
- 2.18 "GRP"** shall mean the Ford Motor Company General Retirement Plan, as amended.
- 2.19 "GRP Select Benefit(s)"** shall mean the monthly benefits described in Section 4.01.
- 2.20 "Monthly Base Salary"** shall mean the monthly base salary paid to an Eligible Executive on December 31, prior to giving effect to any salary reduction agreement pursuant to an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (i) to which Code Section 125 or Code Section 402(e)(3) applies, or (ii) which provides for the elective deferral of compensation. It does not include supplemental compensation or any other kind of extra or additional compensation.
- 2.21 "Named Executive Officer(s)"** shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.22 "Plan"** shall mean the Ford Motor Company Select Retirement Plan, as amended.
- 2.23 "Plan Administrator"** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.24 "Retired Executive"** shall mean an Eligible Executive who has a Separation From Service from the Company under the terms and conditions of this Plan on the Retirement Effective Date.
- 2.25 "Retirement Effective Date"** shall mean the first day of the month immediately following or coincident with an Eligible Executive's date of Separation From Service as designated by the Company.
- 2.26 "Retirement Plans"** shall mean the GRP, the BEP, the DB SERP, the ESAP and the DEP.
- 2.27 "Salary"** shall mean salary at the basic salary rate without regard to the Code Section 401(a)(17) limit and not including supplemental compensation, premiums, pay for overtime, or any other kind of extra or additional compensation.
- 2.28 "Select Benefits"** shall mean the retirement benefits described in Section 4.

- 2.29 "Separation From Service"** shall be determined to have occurred on the date on which an Eligible Executive incurs a "separation from service" within the meaning of Code Section 409A.
- 2.30 "DB SERP Select Benefits"** shall mean the benefits described in Section 4.02.
- 2.31 "Special Select Benefits"** shall mean the benefits described in Section 4.05.
- 2.32 "Specified Employee"** shall mean an employee of the Company who is a "Key Employee" as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the employee meets the definition of "Specified Employee" on the date the employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).
- 2.33 "Subsidiary"** shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.

Section 3. Agreement to Participate

- 3.01 Effective Agreement.** To participate in the Plan, an Eligible Executive must submit to the Company a completed and signed agreement prior to receiving such Select Benefits. The Company shall provide the applicable form agreement for this purpose and no other agreement form shall be used for this purpose.
- 3.02 Revocation of Agreements.** An Eligible Executive may revoke an agreement provided in accordance with Section 3.01 by giving written notice to the Company no later than seven (7) days after the date on which the Eligible Executive submitted a signed agreement to the Company in accordance with Section 3.01. The Company shall provide a revocation form for this purpose and no other revocation or form shall be used for this purpose.

Section 4. Calculation of Select Benefits

4.01 GRP Select Benefits. The GRP Select Benefit payable to a Retired Executive shall be a monthly benefit in an amount equal to the difference between (X) and (Y) where (X) is the monthly GRP benefit for such Retired Executive, determined under the terms of the GRP in effect as of the Retirement Effective Date after giving effect to the following adjustments:

Add three years to the Retired Executive's attained age as of the Retirement Effective Date only for the purpose of determining the applicable early retirement reduction factors set forth in Appendix G to the GRP and three years to the Retired Executive's years of Credited Service and Contributory Service as of the Retirement Effective Date, without the requirement of employee contributions; and

Final Average Monthly Salary for a Retired Executive under the terms of this Plan shall be determined as if the Retired Executive had been a Contributing member and received Contributory Service for three additional years after the Retirement Effective Date at the Retired Executive's Salary in effect as of the date immediately preceding the Retirement Effective Date;

and (Y) is the monthly GRP benefit for such Retired Executive determined under the terms of the GRP in effect as of the Retirement Effective Date, without regard to limitations imposed by Code Sections 415 and 401(a)(17), regardless of whether an application for GRP benefits has been submitted or actual GRP benefit payments to the Retired Executive have commenced or been paid in full in a lump sum payment.

The GRP Select Benefit determined as of the Retirement Effective Date shall be an amount equal to at least a fifteen percent (15%) improvement to the monthly GRP benefit determined as provided above for such Retired Executive under the terms of the GRP in effect as of the Retirement Effective Date. If the Retired Executive's benefit under the GRP is re-determined at Age 62 and One Month, the GRP Select Benefit shall be re-determined and adjusted such that the GRP Select Benefit shall be an amount equal to at least a fifteen percent (15%) improvement to the GRP benefit re-determined under the terms of the GRP then in effect as of the redetermination date. If the Retired Executive commences receiving a GRP benefit on or after the date on which the Retired Executive attains age 65, specifically relating to deferral of commencement or late retirement, the GRP Select Benefit shall be determined or re-determined, as applicable, such that the GRP Select Benefit shall be an amount equal to at least a fifteen percent (15%) improvement to the GRP benefit determined as of the commencement date.

For purposes of determining the amount of a Retired Executive's GRP Select Benefit, the Retired Executive shall be treated as if the Retired Executive elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP if married as of the Retirement Effective Date, or the single life annuity form of benefit under the GRP if unmarried (including, a divorced or widowed Retired Executive) as of the Retirement Effective Date. The amount of any GRP Select Benefit payable to a Retired Executive whose benefit under the ESAP is not offset or reduced by the amount of any GRP benefit payable to such Retired Executive prior to age 65 shall be increased upon the Retired Executive's attainment of age 65 to reflect an unreduced normal retirement benefit under the GRP.

4.02 DB SERP Select Benefits. The DB SERP Select Benefit applicable to a Retired Executive who is otherwise eligible, or who becomes eligible, for a DB SERP benefit under the terms of the DB SERP in effect as of the Retirement Effective Date shall be an amount equal to the difference between (X) and (Y) where (X) is the DB SERP benefit determined under the terms of the DB SERP after giving effect to the following adjustments:

Add three years to the Retired Executive's attained age as of the Retirement Effective Date and three years of Credited Service to the Retired Executive's years of Credited Service as of the Retirement Effective Date; and

The Final Five Year Average Base Salary for a Retired Executive receiving Credited Service immediately preceding such Retired Executive's Retirement Effective Date under the terms of this Plan shall be determined as if the Retired Executive had continued to receive Credited Service for three additional years after the Retirement Effective Date at the Retired Executive's Monthly Base Salary;

and (Y) is the DB SERP benefit determined under the terms of the DB SERP in effect as of the Retirement Effective Date.

The DB SERP Select Benefit determined as of the Retirement Effective Date shall be an amount equal to at least a fifteen percent (15%) improvement to the DB SERP benefit determined under the terms of the DB SERP in effect as of the Retirement Effective Date.

4.03 ESAP Select Benefits. The ESAP Select Benefit applicable to a Retired Executive who is otherwise eligible, or who becomes eligible, for an ESAP benefit under the terms of the ESAP in effect as of the Retirement Effective Date shall be an amount equal to the difference between (X) and (Y) where (X) is the ESAP benefit determined under the terms of the ESAP in effect as of the Retirement Effective Date after giving effect to the following adjustments:

Add three years to the Retired Executive's attained age as of the Retirement Effective Date; and

Add three years of Credited Service and Contributory Service to the Retired Executive's years of service as of the Retirement Effective Date;

and (Y) is the ESAP benefit calculated under the terms of the ESAP in effect as of the Retirement Effective Date.

The ESAP Select Benefit determined as of the Retirement Effective Date shall be an amount equal to at least a fifteen percent (15%) improvement to the ESAP benefit determined under the terms of the ESAP in effect as of the Retirement Effective Date.

The amount of any ESAP Select Benefit payable determined for any Leadership Level One or Two Employee (or such employee's Eligible Surviving Spouse) shall be reduced in accordance with the provisions of the ESAP.

4.04 DEP Select Benefits. The DEP Select Benefit applicable to a Retired Executive who is otherwise eligible for a DEP benefit under the terms of the DEP in effect as of the Retirement Effective Date, shall be an amount equal to the difference between (X) and (Y) where (X) is the DEP benefit determined under the terms of the DEP after adjusting Final Average Monthly Salary as if the Retired Executive had been a Contributing member and received Contributory Service for three additional years after the Retirement Effective Date at the Retired Executive's Salary and (Y) is the DEP benefit determined under the terms of the DEP in effect as of the Retirement Effective Date.

4.05 Special Select Benefits. In addition to any other Select Benefits provided under this Plan, the Company may, in its sole discretion, provide Special Select Benefits to certain Eligible Executives. Special Select Benefits provided to Eligible Executives whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix A. Special Select Benefits provided to Eligible Executives who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Executive Personnel Office. Any Special Select Benefits provided pursuant to this Section shall be paid in accordance with the terms and conditions of this Plan, including without limitation Section 5.

Section 5. Payment of Select Benefits

5.01 Except as otherwise provided herein, payment of Select Benefits determined under Section 4 shall commence on or as soon as reasonably practicable after the first day

of the month following the date on which the Eligible Executive has a Separation From Service.

5.02 Select Benefits shall be payable monthly from the Company's general funds.

5.03 Notwithstanding any other provision of the Plan to the contrary, but subject to the earning out provision of Section 7, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Select Benefit to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following such Specified Employee's Separation From Service. Any Select Benefits to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. Any payment delayed under this Section shall not bear interest.

5.04 Payments to a Retired Executive shall cease at the end of the month in which the Retired Executive dies. Except as otherwise provided herein, survivor benefits, if any, payable with respect to any Select Benefits provided under this Plan shall be paid as follows:

- (a) GRP Select Benefits. Survivor benefits payable with respect to GRP Select Benefits shall be paid monthly to an Eligible Surviving Spouse as determined in accordance with Section 4.01. GRP Select Benefits payable to a Retired Executive's Eligible Surviving Spouse shall commence as soon as reasonably practicable following the date of such Retired Executive's death, and continue until the death of the Eligible Surviving Spouse.
- (b) DB SERP Select Benefits. Survivor benefits are payable, with respect to DB SERP Select Benefits, in accordance with the terms of the DB SERP.
- (c) ESAP Select Benefits. In the event of death of a Retired Executive prior to attaining age 65, or in the event of death on or after January 1, 1981 of an Eligible Executive who (a) has not had a Separation From Service, (b) has at least five years of service at the Leadership Level One or Two, or its equivalent, has at least ten years of contributory membership in the GRP, and is at least age 55, ESAP Select Benefit payments shall be made to such Retired Executive's or Eligible Executive's, as applicable, Eligible Surviving Spouse, if any. Such payments shall commence as soon as reasonably practicable following the date of such Retired Executive's or Eligible Executive's death, and continue until the earlier of the death of such Eligible Surviving Spouse, or the end of the month in which such Retired Executive or Eligible Executive, as applicable, would have attained age 65.

- (d) DEP Select Benefits. Survivor benefits payable with respect to DEP Select Benefits shall be paid monthly to an Eligible Surviving Spouse as determined in accordance with Section 4.04. DEP Select Benefits payable to a Retired Executive's Eligible Surviving Spouse shall commence as soon as reasonably practicable following the date of such Retired Executive's death, and continue until the death of the Eligible Surviving Spouse.

Section 6. Reduction of Minimum Age Eligibility Requirement

- 6.01 Under Age 55 Select Benefits.** For an Eligible Executive who becomes eligible to receive a GRP Select Benefit prior to age 55 and prior to obtaining 30 years of Credited Service, the GRP Select Benefit shall be payable exclusively under this Plan until such Eligible Executive reaches age 55. When a benefit becomes payable at age 55 to the Eligible Executive under the GRP, the amount of the GRP Select Benefits shall be reduced by the benefit amount payable at age 55 from the GRP and the BEP. If the Eligible Executive is paid a lump sum, or an immediate annuity equivalence of a lump sum, under the GRP, the GRP Select Benefit at age 55 will be reduced by the amount of the monthly GRP and BEP annuity that otherwise would have been payable at age 55.

Select Benefits payable as a result of an Eligible Executive being selected to receive Select Benefits prior to age 55 are not an acceleration of benefits under this Plan in violation of Code Section 409A.

- 6.02 Subsidiary Retirement Plans.** If an Eligible Executive under age 55 would have become eligible for a regular early retirement benefit from a Subsidiary's retirement plan if the Eligible Executive had remained in Subsidiary employment until the minimum age or service eligibility requirements under such Subsidiary's plan were met, this Plan shall pay an additional benefit in an amount equal to the Subsidiary early retirement benefit that would have been paid if the minimum eligibility requirements had been met on the Retirement Effective Date. The payment shall cease at such time as the regular early retirement benefit from the Subsidiary's plan becomes payable. If the Subsidiary's plan shall pay only a deferred vested benefit at age 55, payment of any Select Benefit provided under this Plan to an Eligible Executive shall be reduced by the amount of the deferred vested or survivor's benefit payable under such Subsidiary plan. Select Benefits provided under this Plan to an Eligible Executive shall cease upon the Eligible Executive's death. Survivor benefits, if any, shall cease upon the Eligible Surviving Spouse's death. The amounts payable pursuant to this paragraph shall be in addition to any other Select Benefits that otherwise may be payable under this Plan.

Section 7. Earning Out Conditions

Notwithstanding anything in the Plan to the contrary, the right of any Retired Executive to receive Select Benefits payments hereunder for any month shall accrue, and such payments shall be payable (subject to Section 5), only if, during the entire period from the date of such Retired Executive's

Separation From Service to the end of such month in which payment otherwise would be made, such Retired Executive shall have earned out such payment by refraining from engaging in any activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof.

In the event of a Retired Executive's nonfulfillment of the condition set forth in the immediately preceding paragraph, no further payment shall be paid to such Retired Executive or Eligible Surviving Spouse; provided, however, that the nonfulfillment of such condition may at any time (whether before, at the time of, or subsequent to, termination of the Retired Executive's employment) be waived in the following manner:

- (1) with respect to any such Retired Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, such waiver may be granted by the Compensation Committee upon its determination, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition; and
- (2) with respect to any other such Retired Executive, such waiver may be granted by the Committee upon its determination, in its sole discretion, that there shall not have been and will not be any such substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition.

Notwithstanding anything to the contrary herein, Select Benefit payments shall not be paid to, or with respect to, any person as to whom it has been determined that such person at any time (whether before, or subsequent to, termination of the Retired Executive's employment) acted in a manner inimical to the best interests of the Company. Any such determination shall be made by (i) the Compensation Committee with respect to any Retired Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, and (ii) the Committee with respect to any other Retired Executive, and shall apply to any amounts payable after the date of the applicable committee's action hereunder, regardless of whether the Retired Executive has commenced receiving Select Benefits. Conduct which constitutes engaging in an activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof shall be governed by the preceding paragraphs of this Section and shall not be subject to any determination under this paragraph.

Section 8. General Provisions

8.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan, and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.

- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.
- (c) In the event that an Article, Section or paragraph of the Code, Treasury Regulations, or Retirement Plans is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

- 8.02 Local Payment Authorities.** The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.
- 8.03 Deductions.** The Company may deduct from any payment of Select Benefits to a Retired Executive or Eligible Surviving Spouse any and all amounts owed to it by such Retired Executive, Eligible Surviving Spouse, or any person, for any reason, and all taxes required by law or government regulation to be deducted or withheld.
- 8.04 Tax Liabilities.** The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of Select Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.
- 8.05 No Contract of Employment.** The Plan is an expression of the Company's present policy with respect to Eligible Executives; it is not a part of any contract of employment. No Eligible Executive, Retired Executive, Eligible Surviving Spouse or any other person shall have any legal or other right to any benefit under this Plan.
- 8.06 No Company Reemployment.** A Retired Executive shall not be eligible for reemployment by the Company either directly or indirectly through an agency or otherwise. This includes, but is not limited to, employment of a Retired Executive by the Company as a supplemental employee, independent contractor, consultant, advisor, or agency employee, regardless of the length of employment. It also includes employment of a Retired Executive by a sole or single source supplier to the Company, or employment by any supplier of the Company if the responsibilities of the Retired Executive relate primarily to the Company's business with the supplier,

and are not merely incidental to the performance of the Retired Executive's other job duties.

This re-employment prohibition may be waived if the proposed employment advances the strategic interests of the Company or is otherwise determined to be in the best interests of the Company provided that, under the waiver, the employment arrangement does not permit the Retired Executive to perform 50% or more of a full-time position and such Retired Executive receives less than 50% of any compensation earned during the final three full calendar years of employment (or if less, such lesser period). Requests for reemployment of a Retired Executive may be reviewed by (i) for a Retired Executive employed at a Leadership Level of LL5 through LL3 prior to Separation From Service, the Director of Personnel Relations and Employee Policies (or, in the event of a change in title, such director's functional equivalent), (ii) for a Retired Executive employed at a Leadership Level of LL2 prior to Separation From Service, the Director of Personnel Relations and Employee Policies, the Group Vice President, Human Resources & Corporate Services, and the Executive Personnel Committee (EPC) (or, in the event of a change in title or name, such officer's functional equivalent), or (iii) for a Retired Executive employed at a Leadership Level of LL1 prior to Separation From Service, the Compensation Committee. The Retired Executive shall furnish such information about the proposed reemployment as is reasonably requested to evaluate the request. Said individuals, the EPC, and/or the Compensation Committee who are authorized to review requests for re-employment shall have sole and absolute discretion to determine whether the request for reemployment violates this provision and any such determination is final and binding on all parties and is not subject to further review.

In the event a Retired Executive becomes reemployed in violation of this Section without obtaining a waiver, the Company may take such action, other than suspending payment of Select Benefits, as is reasonably necessary, in the Company's sole discretion, to enforce the provisions of this Section. Such action may include forfeiting a Retired Executive's Select Benefits if the Retired Executive becomes employed by a sole or single source supplier to the Company, or employed by any supplier of the Company if the responsibilities of the Retired Executive relate primarily to the Company's business with the supplier, and are not merely incidental to the performance of the Retired Executive's other job duties, and the Retired Executive did not obtain a determination that such employment does not violate this Section or a waiver of the reemployment condition prior to commencing such employment.

Notwithstanding anything in this Section to the contrary, no determination or waiver shall permit reemployment if such reemployment would result in adverse tax consequences to the Retired Executive under Code Section 409A.

8.07 Select Benefits Not Funded. The Company's obligations under this Plan shall not be funded. Select Benefits under this Plan shall be payable only out of the general funds of the Company.

- 8.08 Continuing Plan.** The Plan shall be an ongoing Plan and shall be made available at the discretion of the Company. The Company may designate certain periods within a calendar year in which offers of Select Benefits may be made and may provide that no offers of Select Benefits may be accepted before or after designated dates within a calendar year. The Company also may limit the offer of Select Benefits to those within a designated salary roll or band. Select Benefits may be combined with additional types of termination incentives or separation programs upon the direction of the Company. Provisions of such other termination incentives or separation programs are not governed by the terms of this Plan.
- 8.09 Governing Law.** Except as otherwise provided under Federal law, the Plan, and all rights thereunder, shall be governed, construed and administered in accordance with the laws of the State of Michigan.
- 8.10 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan, in whole or in part, at any time, without notice; provided, however, that no distribution of Select Benefits shall occur upon termination of this Plan, unless applicable requirements of Code Section 409A have been met. Notwithstanding anything to the contrary herein, benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 8.11 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable Retirement Plans.
- 8.12 No Alienation of Benefits.** An Eligible Executive may not assign or alienate any Select Benefits, and the Plan will not recognize a domestic relations order that purports to assign any Select Benefit to another person.
- 8.13 Recovery of Overpayment.** Any individual shall repay promptly any and all Select Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 9. Code Section 409A

- (a) The provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any benefit provided under the Plan that is subject to Code Section 409A to comply with such requirements and, except as otherwise expressly determined by the Company, the Plan shall be administered in accordance with Code Section 409A as if the requirements of Code Section 409A were set forth herein. The Company reserves the right to take such action, on a uniform and consistent basis, as

the Company deems necessary or desirable to ensure compliance with Code Section 409A, and applicable additional regulatory guidance thereunder, or to achieve the goals of the Plan without having adverse tax consequences under this Plan for any employee or beneficiary. Unless determined otherwise by the Company, any such action shall be taken in a manner that will enable any benefit provided under the Plan that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable any benefit provided under the Plan that is intended to comply with Code Section 409A to continue to so comply.

- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of Select Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.
- (d) In the event a Retired Executive who is receiving or is entitled to receive, Select Benefits is reemployed following a Separation From Service, distribution of any Select Benefits shall not cease or be deferred upon such Retired Executive's reemployment.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Executive, Eligible Surviving Spouse, beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Plan benefits.

Section 10. Claim for Benefits

10.01 Denial of a Claim. A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.

10.02 Review of Denial of Claim. In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90

days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.

10.03 Decision on Appeal. The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.

10.04 Limitations Period. No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.

10.05 Venue. An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

Appendix A
Special Select Benefits

Named Executive Officers

Section 1. Special Select Benefits Based on Notional Service and Salary

Special Select Benefits will be provided to each Eligible Executive listed in Subsection 1.05 below for the period of time during which such Eligible Executive did not receive a cash base salary from the Company by determining the Select Benefits that otherwise would have been provided to such Eligible Executive for such period using notional service and salary as follows; provided that, in no event shall an Eligible Executive receive both Select Benefits and Special Select Benefits for the same period of service:

- 1.01 Contributory Service.** Contributory Service, if any, for each such Eligible Executive for any period of time during which the Eligible Executive did not receive a cash base salary shall be determined by the Committee, in its sole discretion, based on the contributory service the Eligible Executive would have accrued had the Eligible Executive participated in the GRP on a contributory basis during such period of time.
- 1.02 Credited Service.** Credited Service, if any, for each such Eligible Executive for any period of time during which the Eligible Executive did not receive a cash base salary shall be determined by the Committee, in its sole discretion, based on the service the Eligible Executive would have accrued had the Eligible Executive participated in, and accrued credited service under, the GRP during such period of time.
- 1.03 Monthly Base Salary.** Monthly Base Salary for each such Eligible Executive shall be determined by the Committee, in its sole discretion, based on a notional monthly base salary for the period of time during which the Eligible Executive did not receive a cash base salary.
- 1.04 Final Average Monthly Salary.** Final Average Monthly Salary for each such Eligible Executive shall be determined by the Committee, in its sole discretion, based on a notional monthly base salary for the period of time during which the Eligible Executive did not receive a cash base salary.
- 1.05 Affected Eligible Executives.** The following Eligible Executive's Special Select Benefits shall be determined in accordance with this Section:

William Clay Ford, Jr.

FORD MOTOR COMPANY AND SUBSIDIARIES
CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in millions)

	First Quarter 2017
Earnings	
Income before income taxes	\$ 2,243
Add/(Deduct):	
Equity in net income of affiliated companies	(346)
Dividends from affiliated companies	54
Fixed charges excluding capitalized interest	1,065
Amortization of capitalized interest	10
Earnings	\$ 3,026
Fixed Charges	
Interest expense	\$ 1,023
Interest portion of rental expense (a)	42
Capitalized interest	6
Total fixed charges	\$ 1,071
Ratios	
Ratio of earnings to fixed charges	2.8

(a) One-third of all rental expense is deemed to be interest.

April 27, 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ford Motor Company Registration Statement Nos. 33-62227, 333-02735, 333-20725, 333-31466, 333-47733, 333-56660, 333-57596, 333-65703, 333-71380, 333-74313, 333-85138, 333-87619, 333-104063, 333-113584, 333-123251, 333-138819, 333-138821, 333-149453, 333-149456, 333-153815, 333-153816, 333-156630, 333-156631, 333-157584, 333-162992, 333-162993, 333-165100, 333-172491, 333-179624, 333-186730, 333-193999, 333-194000, 333-203697, and 333-210978 on Form S-8 and 333-216126 on Form S-3.

Commissioners:

We are aware that our report dated April 27, 2017 on our review of interim financial information of Ford Motor Company (the "Company") for the three month periods ended March 31, 2017 and March 31, 2016 included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2017 is incorporated by reference in the aforementioned Registration Statements.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, Michigan

CERTIFICATION

I, Mark Fields, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Ford Motor Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 27, 2017

/s/ Mark Fields

Mark Fields

President and Chief Executive Officer

CERTIFICATION

I, Bob Shanks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Ford Motor Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 27, 2017

/s/ Bob Shanks

Bob Shanks
Executive Vice President and
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mark Fields, President and Chief Executive Officer of Ford Motor Company (the "Company"), hereby certify pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code that to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2017, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 27, 2017

/s/ Mark Fields

Mark Fields

President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Bob Shanks, Executive Vice President and Chief Financial Officer of Ford Motor Company (the "Company"), hereby certify pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code that to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2017, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 27, 2017

/s/ Bob Shanks

Bob Shanks

Executive Vice President and
Chief Financial Officer