

# Ford



Go Further

## 1Q 2017 EARNINGS REVIEW

April 27, 2017



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## Ford Credit

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Go Further

# CREATING VALUE FOR OUR STAKEHOLDERS

## **FORTIFY**

**Trucks, Vans,  
Utilities,  
Performance,  
Ford Credit,  
Parts & Service**

## **TRANSFORM**

**Luxury  
Small Vehicles  
Emerging Markets**

## **GROW**

**Electrification  
Autonomy  
Mobility**

**Reallocating Capital To Strengthen, De-Risk And Grow The Business**

# FINANCIAL HEADLINES



Total Company  
Revenue  
(GAAP)



Total Company  
Net Income  
(GAAP)



Total Company  
Adjusted  
Pre-Tax Results\*  
(Non-GAAP)



EPS  
(GAAP)



Adjusted  
EPS\*  
(Non-GAAP)



Automotive  
Segment  
Operating  
Margin  
(GAAP)



Automotive  
Segment  
Operating  
Cash Flow  
(GAAP)

	Total Company Revenue (GAAP)	Total Company Net Income (GAAP)	Total Company Adjusted Pre-Tax Results* (Non-GAAP)	EPS (GAAP)	Adjusted EPS* (Non-GAAP)	Automotive Segment Operating Margin (GAAP)	Automotive Segment Operating Cash Flow (GAAP)
<b>1Q 2017</b>	<b>\$39.1B</b>	<b>\$1.6B</b>	<b>\$2.2B</b>	<b>\$0.40</b>	<b>\$0.39</b>	<b>5.4%</b>	<b>\$2.0B</b>
<b>B / (W) 1Q 2016</b>	<b>\$1.4B</b>	<b>\$(0.9)B</b>	<b>\$(1.6)B</b>	<b>\$(0.21)</b>	<b>\$(0.29)</b>	<b>(4.4) ppts</b>	<b>\$(0.7)B</b>

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

**Revenue Growth; Company Adjusted PBT Of \$2.2 Billion; Auto Operating Margin Of 5.4%; Auto Operating Cash Flow Of \$2.0 Billion; Adjusted EPS Of 39¢**

# CREATING VALUE – FIRST QUARTER 2017



## GROWTH

- Company revenue up 4% YoY, driven by favorable mix; all regions higher except MEA
- U.S. Average Transaction Prices (ATPs) up more than industry average
- Global Lincoln sales up 24%, 9% in the U.S. and 114% in China



## RISK

- \$28 billion Auto cash
- Healthy breakeven in NA
- Global funded pensions – nearly funded and de-risked
- Ford Credit – disciplined and consistently profitable
- On April 28, will close on a one-year extension of our \$13.4 billion multi-year facility



## RETURNS

- Solid Company adjusted PBT, Automotive operating margin and Automotive operating cash flow
- Continued profitability in Europe; market share up YoY
- 2<sup>nd</sup> consecutive quarter of top-line growth and improving results in SA



## REWARDS

- Distributed \$800 million to shareholders, including supplemental dividend of \$200 million

# EXECUTING OUR STRATEGIC PRIORITIES



## FORTIFY

Profit Pillars

- Trucks – new F-150 on sale this fall; Ranger to NA in 2019
- Utilities – all-new Expedition on sale this fall; Bronco returning globally in 2020
- Performance – Mustang best-selling sports car on the planet



## TRANSFORM

Luxury, Small Vehicle, Emerging Markets

- Introduced all-new Lincoln Navigator; on sale this fall
- Announced plans to manufacture all-new Lincoln SUV in China
- Russia financial results improved YoY; ASEAN profitable and improved



## GROW

Electrification, Autonomy, Mobility

- Announced 13 new electric vehicles globally in the next five years
- Unveiled the industry's first pursuit-rated hybrid police car
- Announced investment in Argo AI to develop virtual driver system

# FINANCIAL REVIEW

# KEY FINANCIAL SUMMARY

	1Q	
	2017	B / (W) 2016
Wholesales (000)	1,703	(17)
Revenue (Bils)	\$ 39.1	\$ 1.4
<b>Results (Mils)</b>		
Automotive Segment	\$ 1,965	\$ (1,499)
Financial Services Segment	466	(33)
All Other	(212)	(86)
Total Company adjusted pre-tax results	\$ 2,219	\$ (1,618)
Special items pre-tax	24	210
Income / (Loss) before income taxes	\$ 2,243	\$ (1,408)
(Provision for) / Benefit from income taxes	(649)	547
Net income / (Loss)	\$ 1,594	\$ (861)
Less: Income / (Loss) attributable to non-controlling interests	7	4
Net income / (Loss) attributable to Ford	\$ 1,587	\$ (865)
Earnings per share (diluted)	\$ 0.40	\$ (0.21)
Adjusted earnings per share (diluted)	\$ 0.39	\$ (0.29)
<b>Automotive Segment (Bils)</b>		
Operating cash flow	\$ 2.0	\$ (0.7)
Cash	\$ 28.0	\$ 3.7
Debt	(16.2)	(3.2)
Net cash	\$ 11.8	\$ 0.5

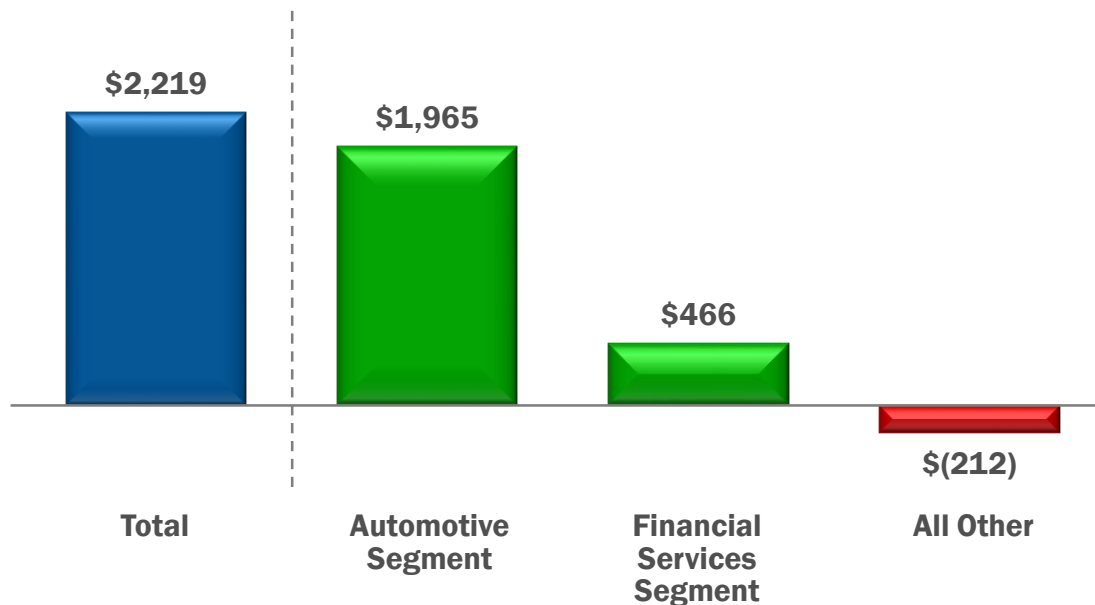
**Revenue up; wholesale volume down**

**Company adj. PBT of \$2.2B and Automotive operating cash flow of \$2.0B**

**Operating effective tax rate of 28.6%**

**Adj. EPS of 39¢ – better than guidance of 30¢ to 35¢ due to favorable timing of cost performance and wholesale volume**

# 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)

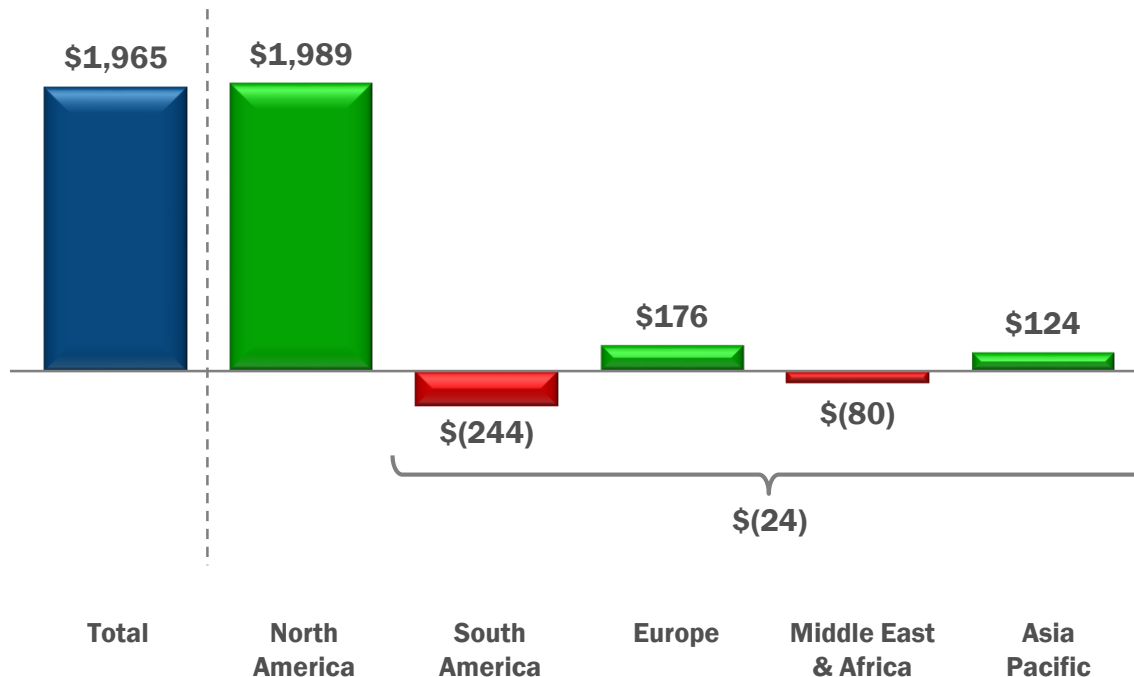
\$(1,499)

\$(33)

\$(86)

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

# 1Q 2017 PRE-TAX RESULTS (MILS)



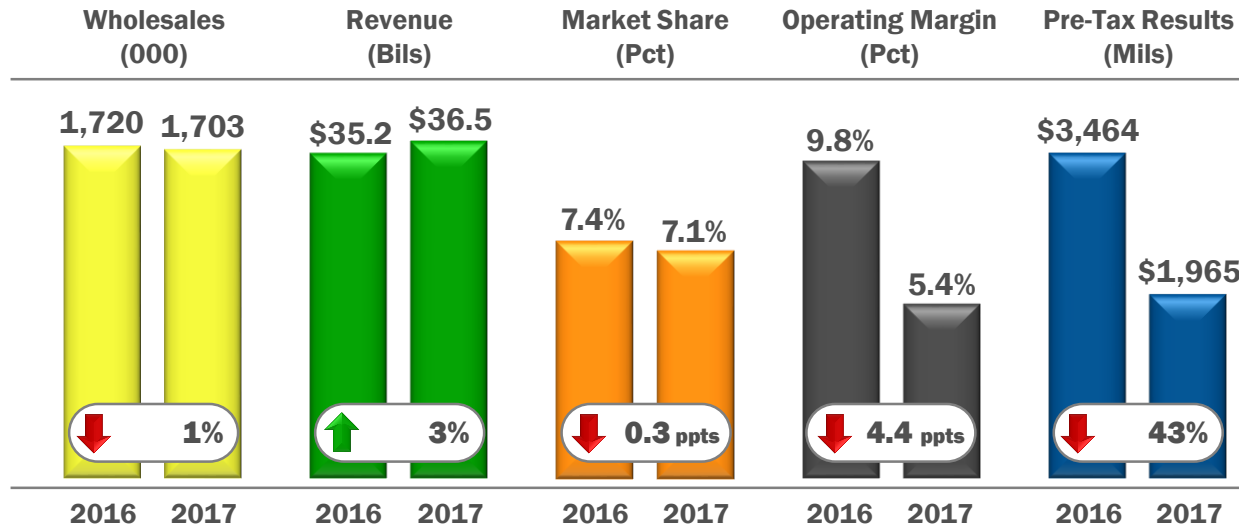
**Automotive segment PBT driven by NA; Europe and AP also profitable**

**Operations outside NA about breakeven**

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

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

# AUTOMOTIVE SEGMENT 1Q 2017 KEY METRICS



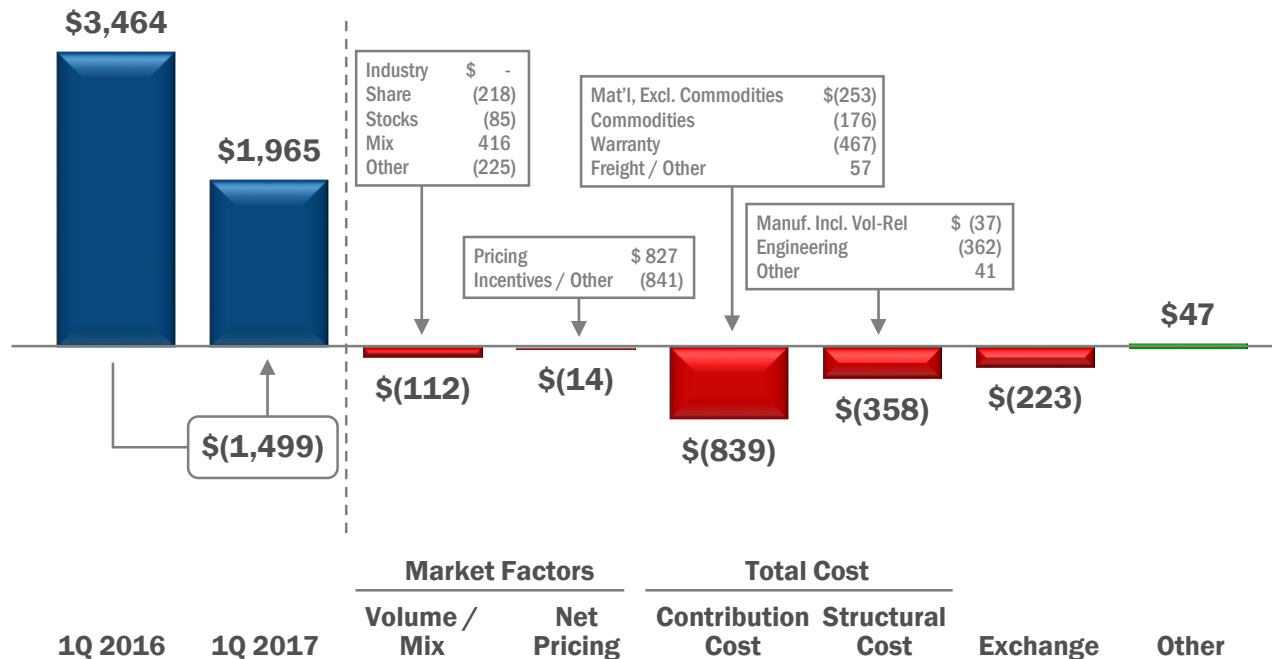
**Revenue up due to favorable mix; wholesales slightly lower**

**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**

# 1Q 2017 PRE-TAX RESULTS (MILS)



**Unfavorable cost, volume and exchange drove lower PBT**

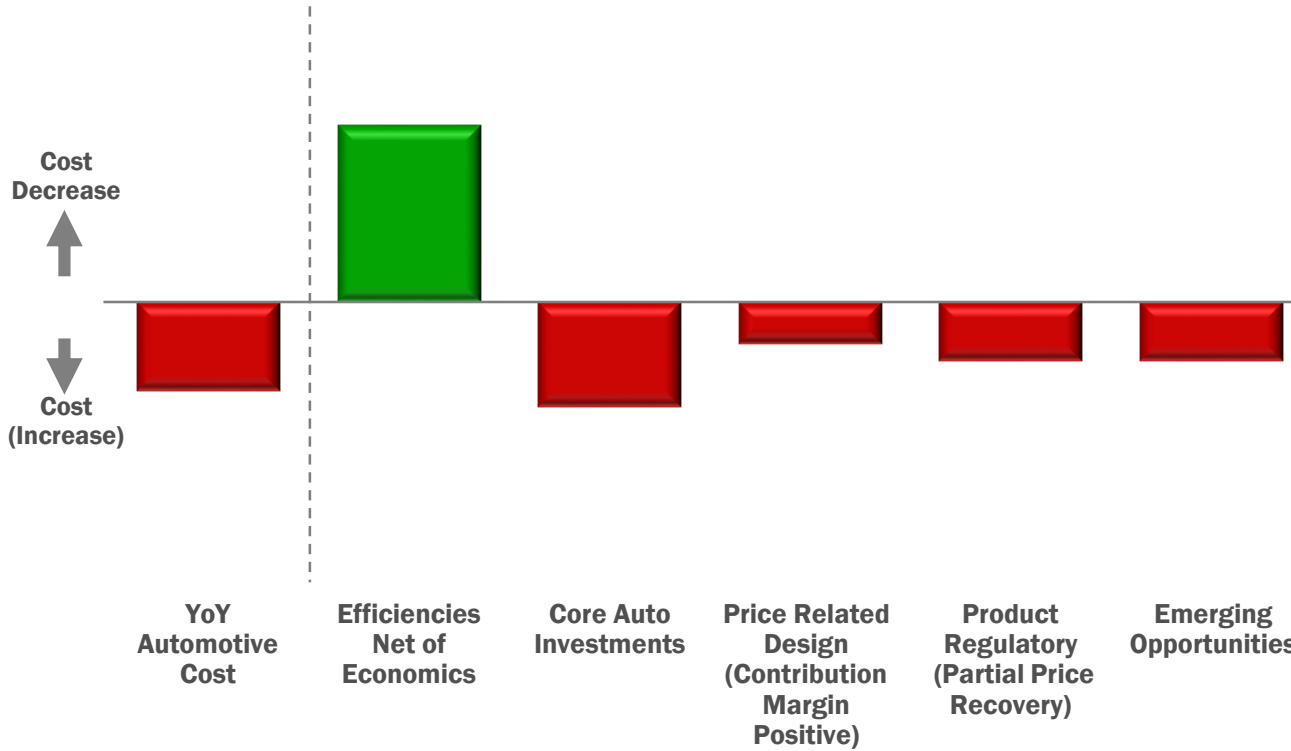
**Cost higher due to warranty, engineering, product net of material efficiencies and commodities**

**Adverse exchange driven by sterling, Canada dollar and Brazil real**

**Mix continued to be strong**

# AUTOMOTIVE SEGMENT

## 2017 AUTOMOTIVE COST



**Continue to expect Automotive cost to increase in 2017 vs 2016**

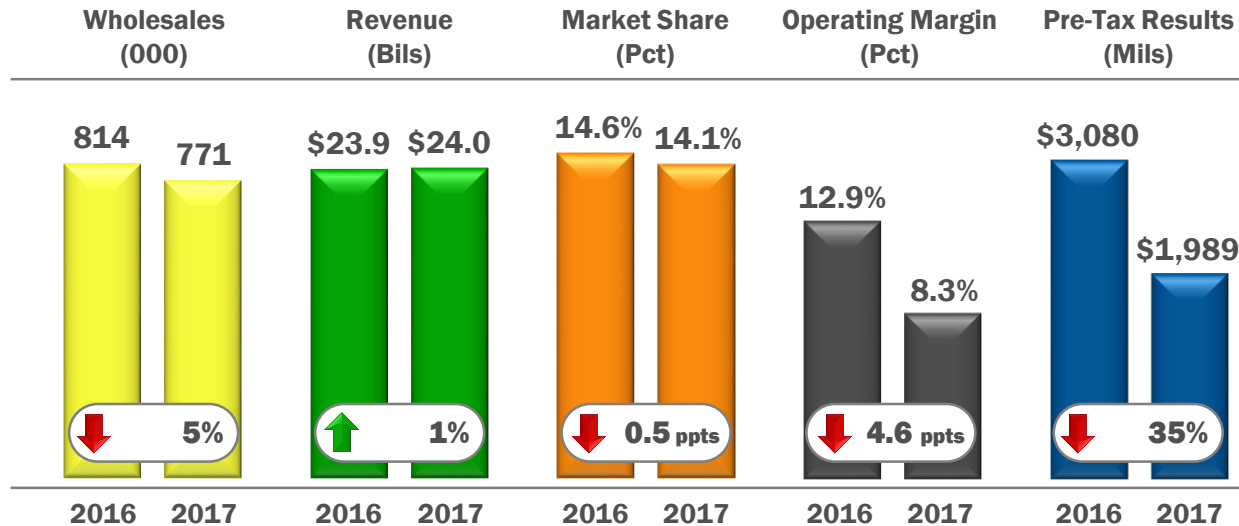
**Major factor is investments / costs for emerging opportunities**

**Increase is net of efficiencies of nearly \$3B**

**Expect most of full year increase to be realized in first half**

# 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**

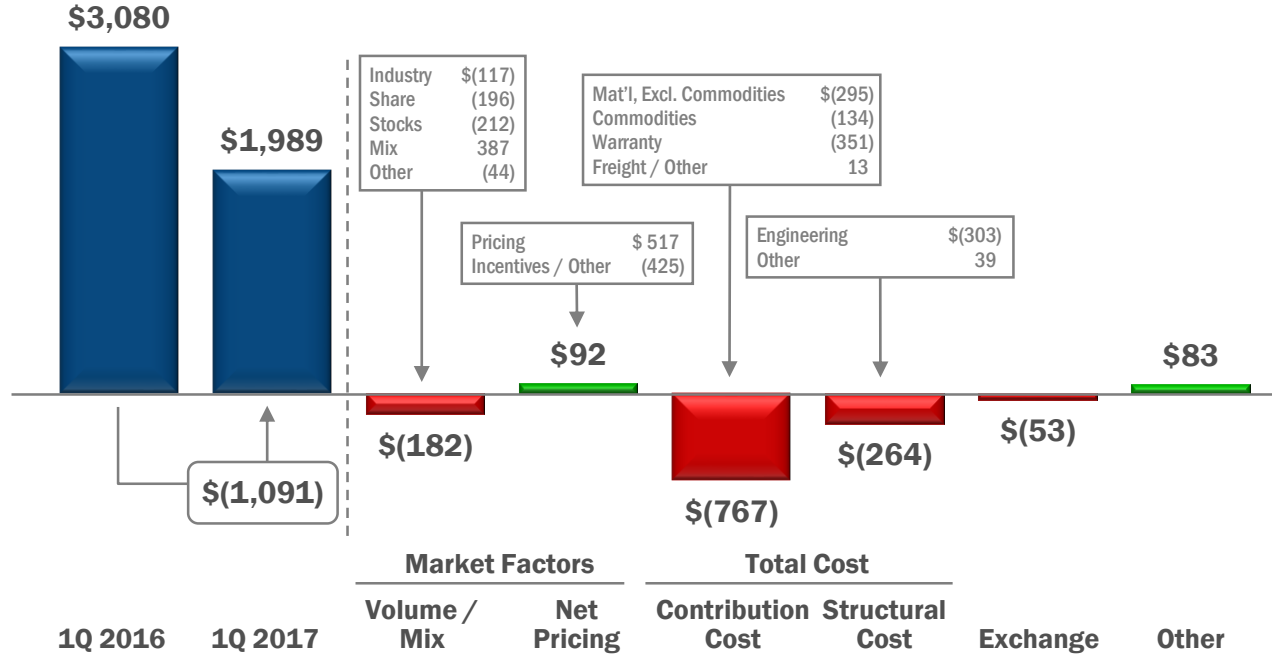
**NA and U.S. SAARs down 0.3M units**

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

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

# AUTOMOTIVE SEGMENT – NORTH AMERICA

## 1Q 2017 PRE-TAX RESULTS (MILS)



**PBT lower due to higher cost and lower volume**

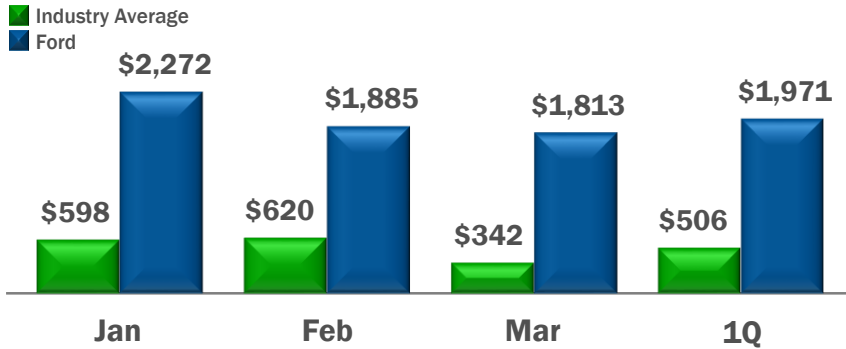
**Cost increase driven by warranty, engineering, product net of efficiencies and commodities**

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

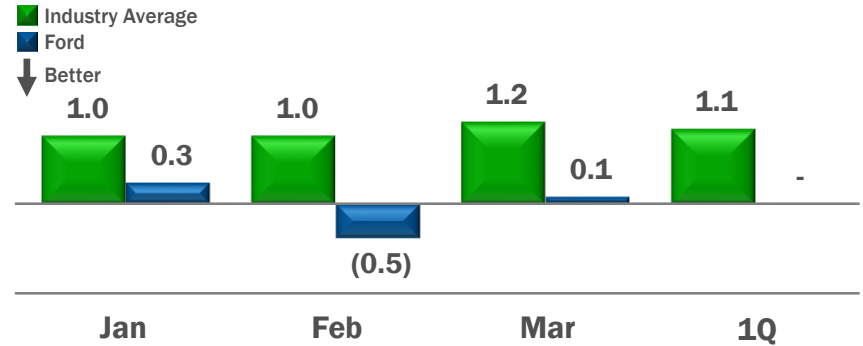
# A DISCIPLINED APPROACH TO THE U.S. BUSINESS



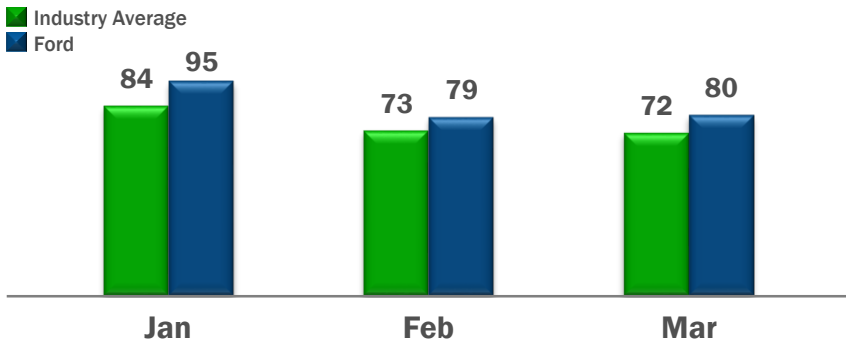
**YoY Average Transaction Price (USD)\***



**YoY Incentive Change as Pct. of Vehicle Price\***



**U.S. Gross Days Supply**



**Ford ATPs rose more than industry**

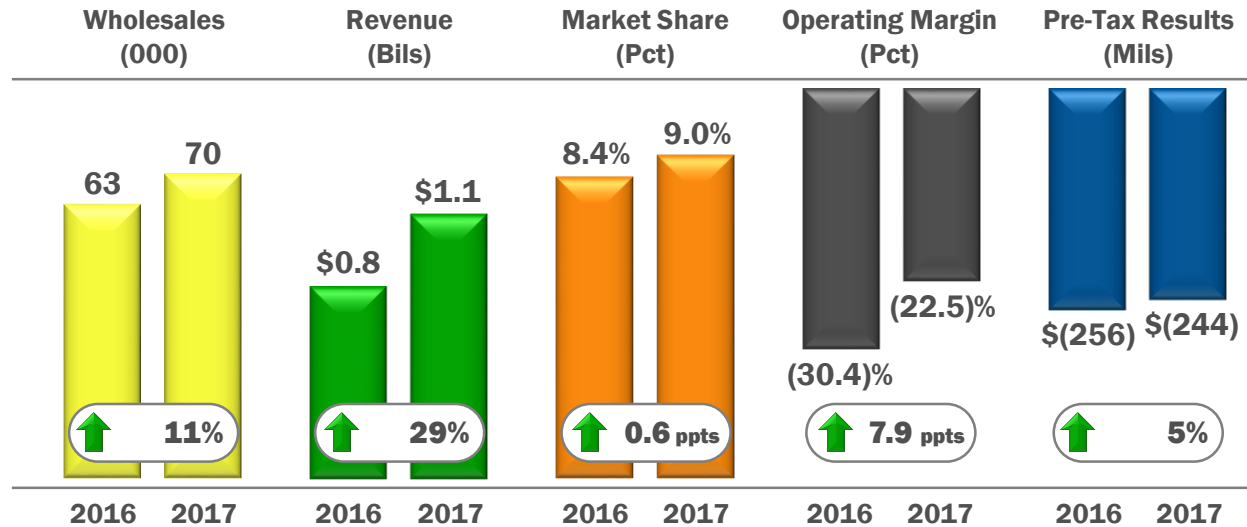
**Ford incentives growth below industry average**

**Ford U.S. stocks in good shape**

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

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 1Q 2017 KEY METRICS



**All key metrics improved for 2<sup>nd</sup> consecutive quarter**

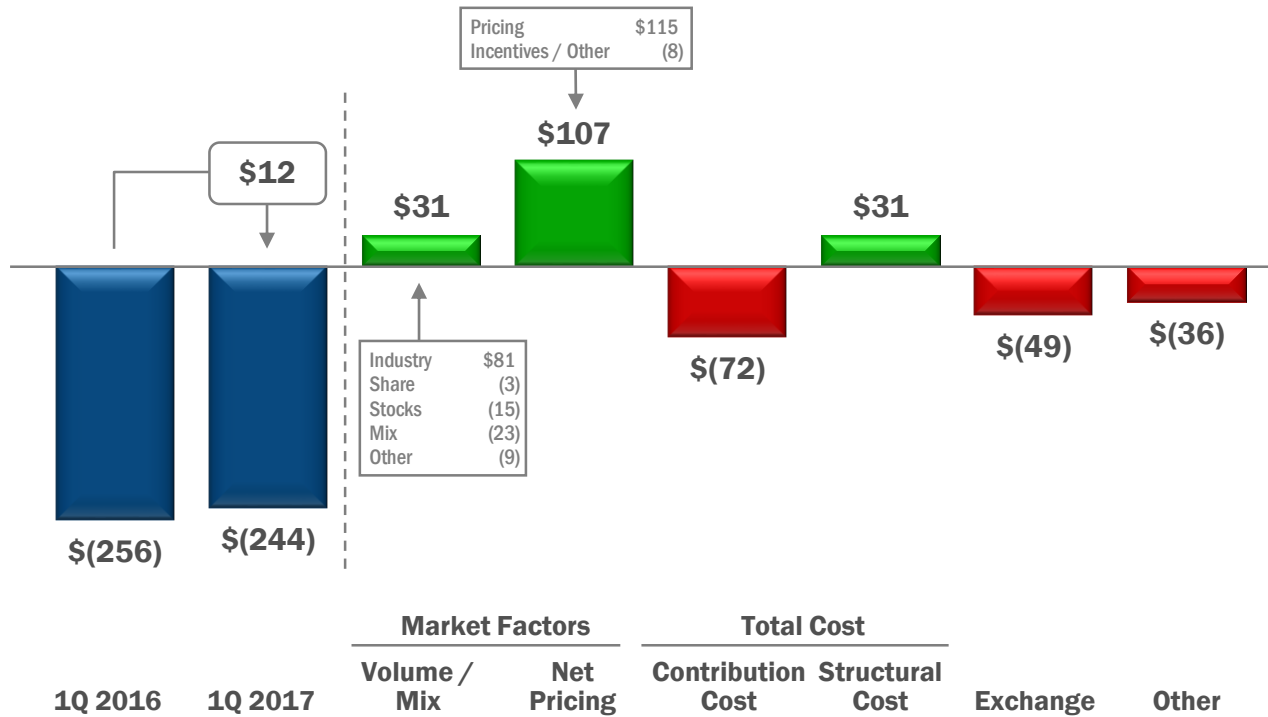
**Top line higher due to volume, pricing and exchange**

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

**Market share up due to Ka and Ranger**

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 1Q 2017 PRE-TAX RESULTS (MILS)



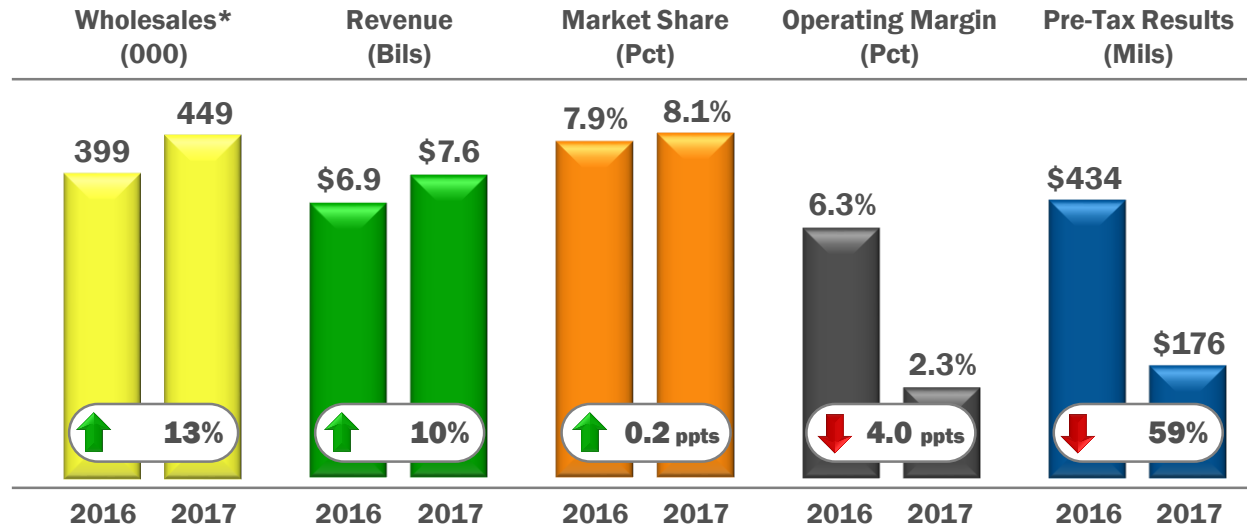
**Modest improvement in loss due to higher net pricing and volume**

**Cost up due to continued high local inflation**

**Unfavorable exchange due to Brazil real**

# AUTOMOTIVE SEGMENT – EUROPE

## 1Q 2017 KEY METRICS



**Double-digit growth and continued profitability in Europe**

**Europe SAAR up 2%**

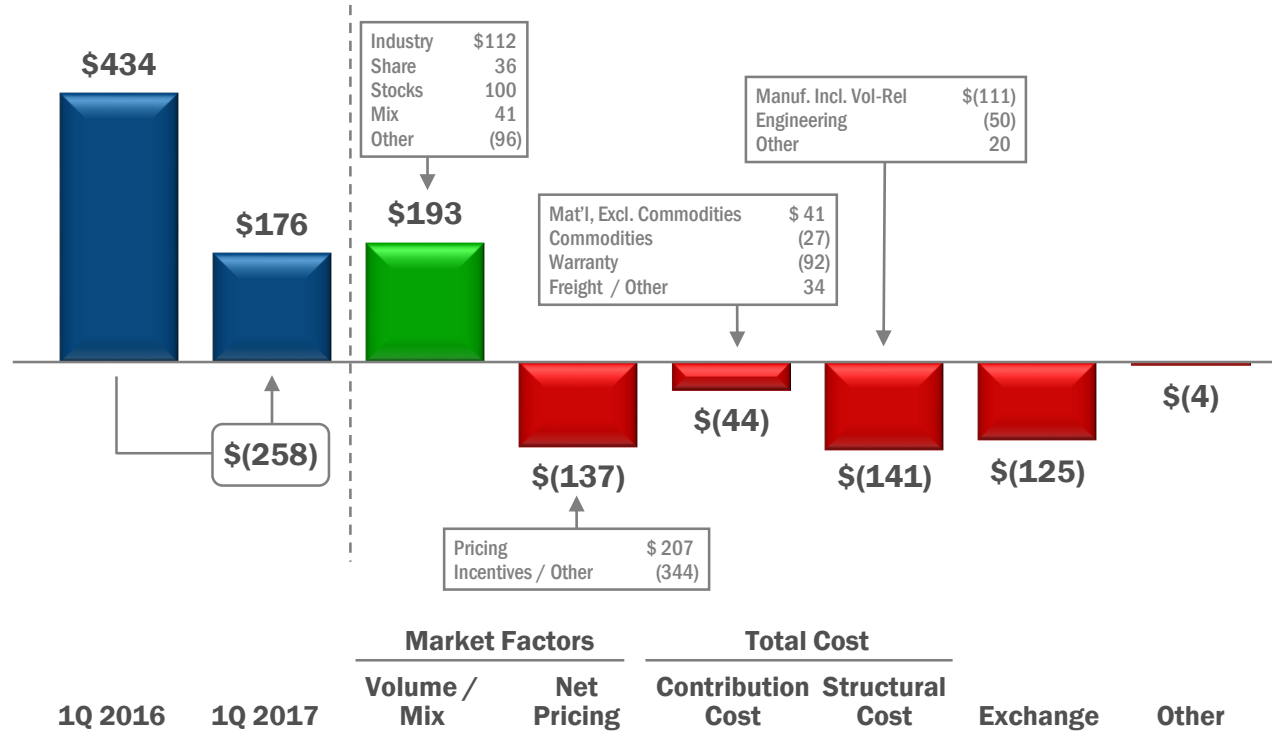
**Market share higher due to Kuga and commercial vehicles**

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

\* 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

# AUTOMOTIVE SEGMENT – EUROPE

## 1Q 2017 PRE-TAX RESULTS (MILS)



**Lower PBT due to higher cost and weaker sterling**

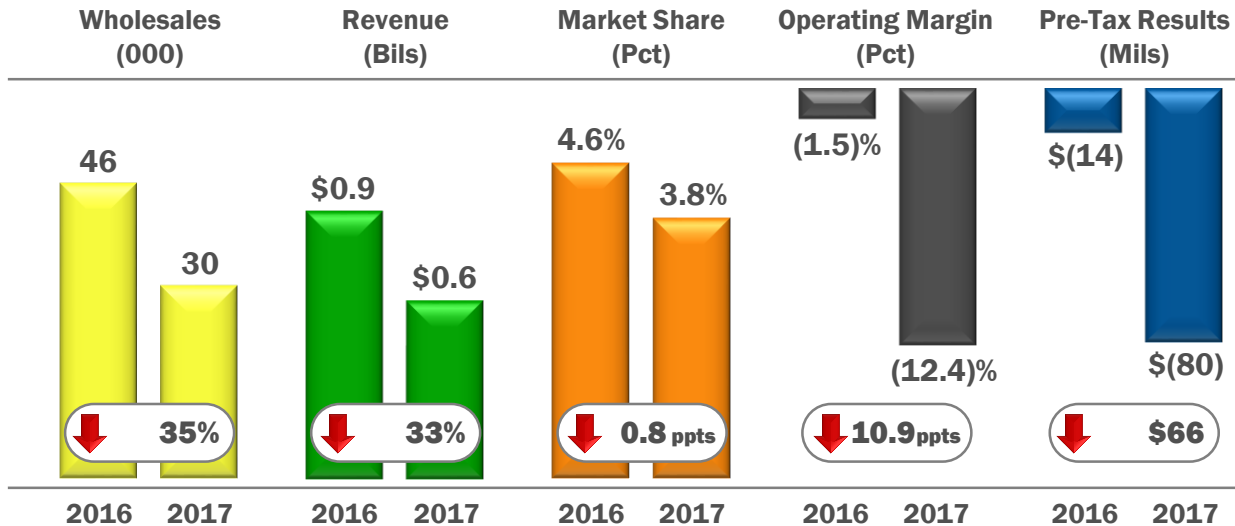
**Cost up due to major recall, manufacturing (mainly higher volumes) and all-new Fiesta launch**

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

**Russia improved**

# AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

## 1Q 2017 KEY METRICS



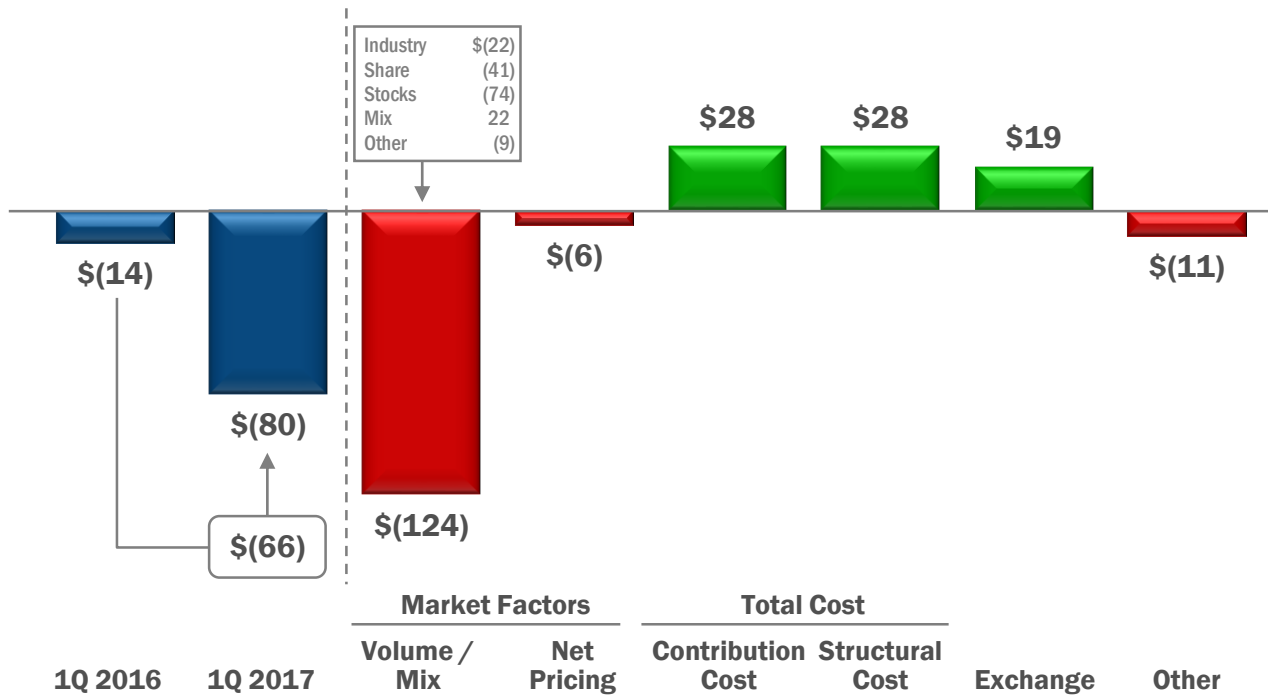
**Decline in key metrics driven by lower volume**

**SAAR down 12% in markets where we participate**

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

# AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

## 1Q 2017 PRE-TAX RESULTS (MIL\$)



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

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 1Q 2017 KEY METRICS



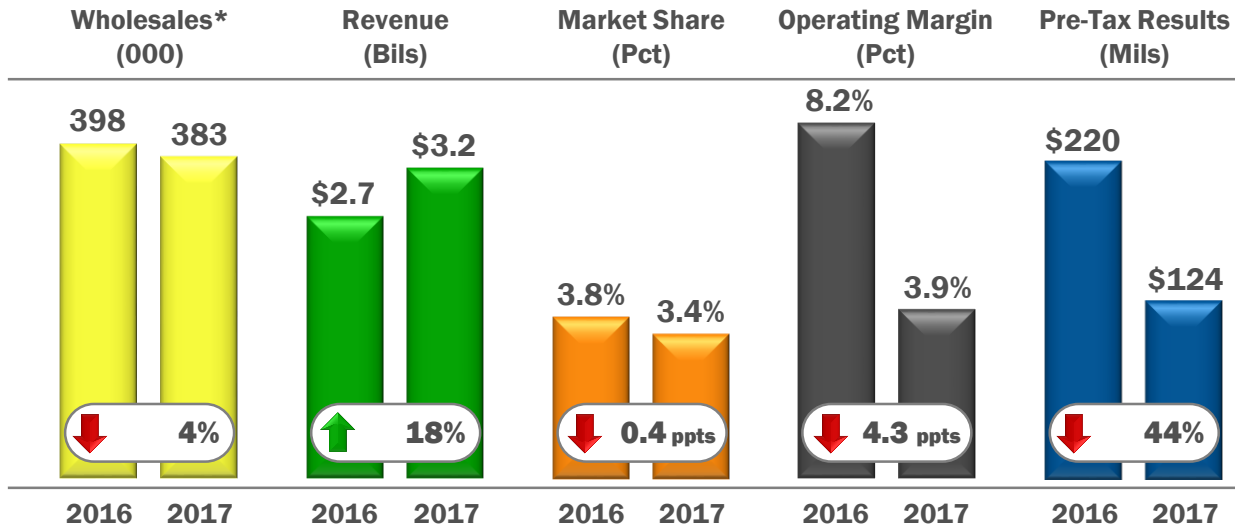
**China drove decline in key metrics except revenue**

**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**

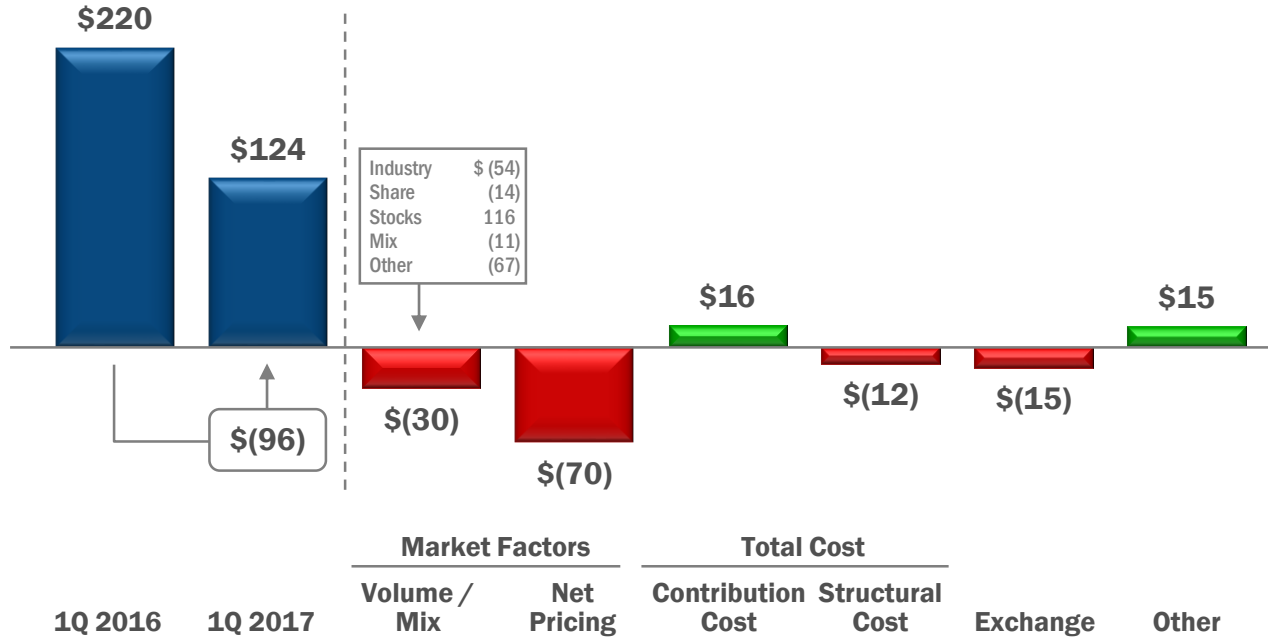
**China JVs at \$274M net income; margin at 13.0%**



\* 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

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 1Q 2017 PRE-TAX RESULTS (MILS)



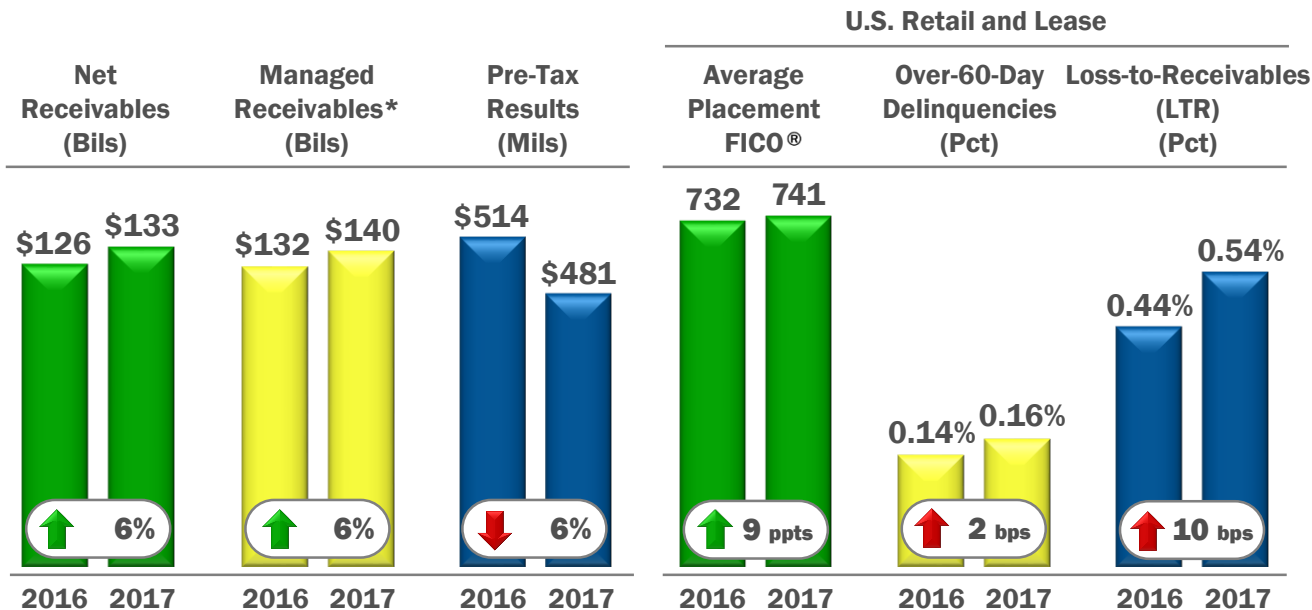
**China drove PBT decline due to negative industry pricing, unfavorable volume and mix and weaker RMB**

**Cost about flat**

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

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 1Q 2017 KEY METRICS



**Receivables grew globally, led by retail financing**

**PBT lower as expected**

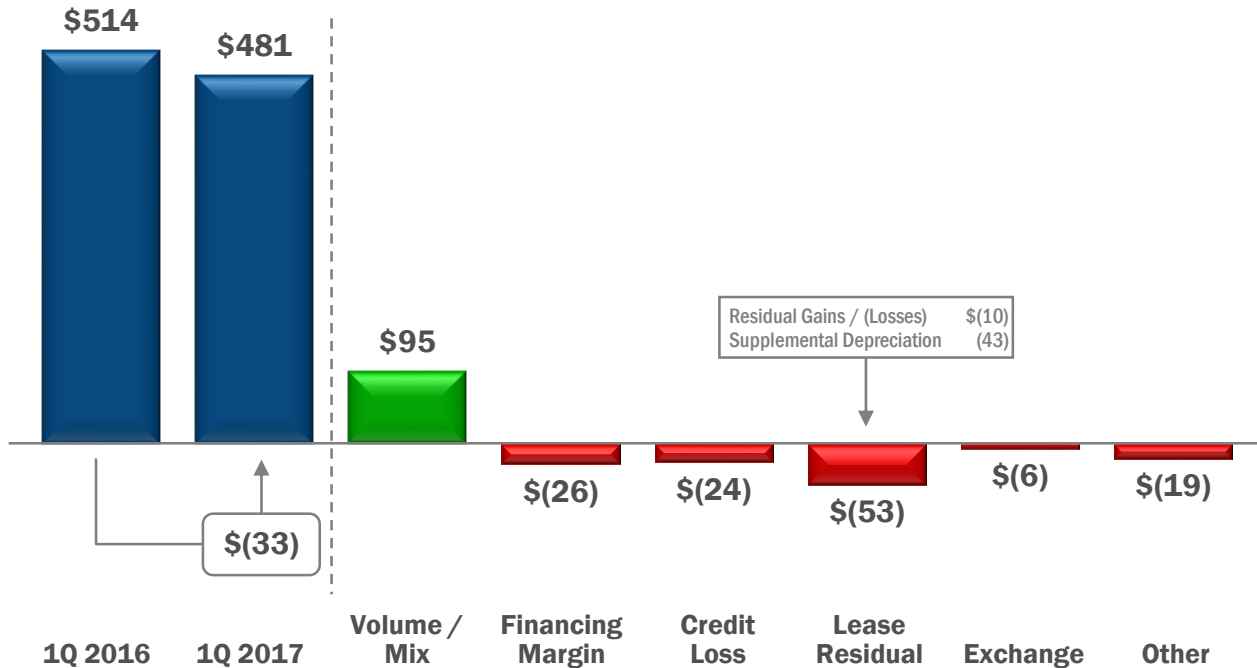
**Portfolio performing as expected**

**Disciplined and consistent practices**

\* See Appendix for reconciliation to GAAP

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 1Q 2017 PRE-TAX RESULTS (MILS)



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

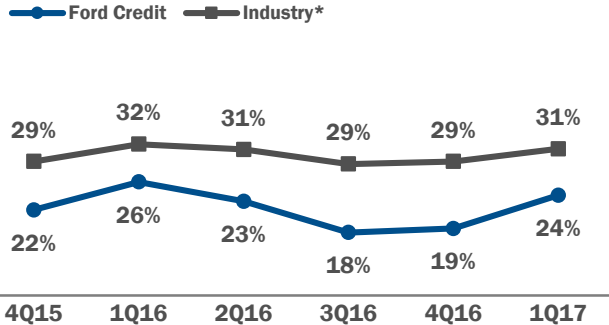
**Volume and mix primarily growth in retail receivables globally**

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

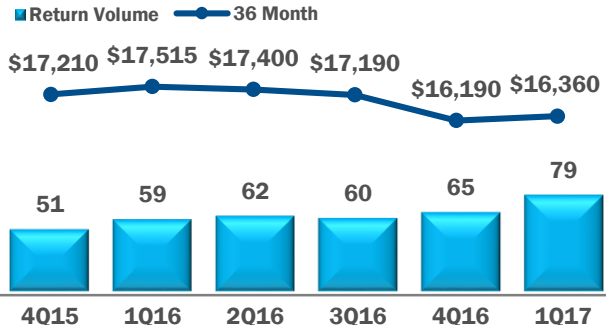
## U.S. AUTOMOTIVE FINANCING TRENDS



### Lease Share of Retail Sales (%)



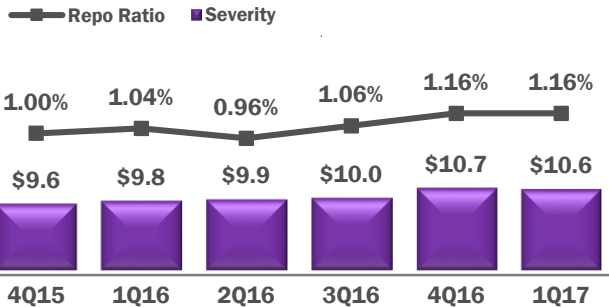
### Return Volume (000) and Auction Values\*\*



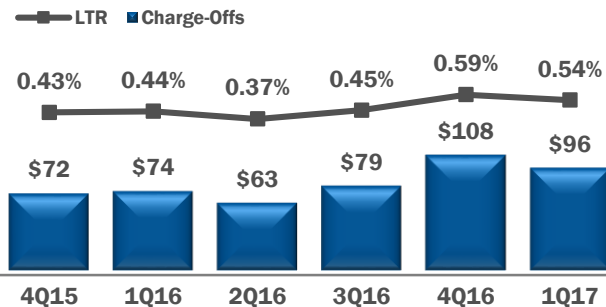
**Lease share lower than industry**

**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

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## U.S. FINANCING INDUSTRY TRENDS



	Included in Outlook	vs. Industry
▪ Plateauing sales	✓	Similar
▪ Increased supply of off-lease vehicles	✓	Similar
▪ Lower auction values	✓	Similar
▪ Increasing credit losses	✓	Better
▪ Rising interest rates	✓	Similar
▪ Subprime / Higher risk	✓ 5 - 6%	Better
▪ Extended term financing (≥73 months)	✓ < 5%	Better
▪ Negative equity	✓	Similar

**Ford and Ford Credit's outlook incorporates industry trends**

**Ford Credit on track for 2017 PBT of about \$1.5B**

**Higher PBT expected for 2018**

# AUTOMOTIVE SEGMENT CASH FLOW



	<u>1Q 2017</u>
<i>(Bils)</i>	
Cash at end of period	\$ 28.0
Cash at beginning of period	<u>27.5</u>
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	<u>(0.2)</u>
Automotive operating cash flow	\$ 2.0
Separation payments	-
Transactions with other segments	-
Other, including acquisitions and divestitures	<u>(0.3)</u>
Cash flow before other actions	\$ 1.7
Changes in debt	(0.2)
Funded pension contributions	(0.2)
Shareholder distributions	<u>(0.8)</u>
Change in cash	<u>\$ 0.5</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**

# BALANCE SHEET SUMMARY

(Bils)

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

**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 Appendix for detail, reconciliation to GAAP and definitions

\*\*\* 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

# 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

# 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 Appendix for detail, reconciliation to GAAP and definitions

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

# 2017 BUSINESS UNIT GUIDANCE

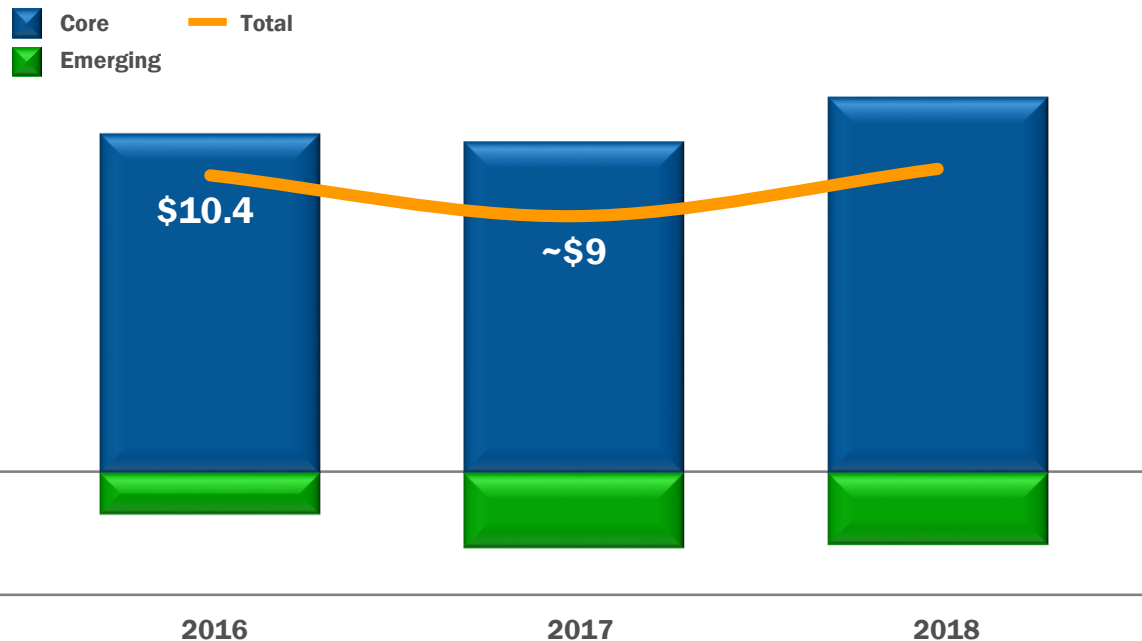
## Automotive Business Units

	North America	South America	Europe	Middle East & Africa	Asia Pacific	Total Automotive	Ford Credit	All Other
<b>PBT B / (W) 2016</b>								
	<ul style="list-style-type: none"> <li>-- Commodities</li> <li>-- Emerging Opps</li> <li>-- Net Pricing</li> <li>-- Mix</li> <li>-- Exchange</li> <li>+ Other Cost</li> <li>+ Volume</li> </ul>	<ul style="list-style-type: none"> <li>+ Net Pricing</li> <li>+ Volume &amp; Mix</li> <li>-- Cost</li> <li>-- Exchange</li> </ul>	<ul style="list-style-type: none"> <li>-- Exchange (Brexit)</li> <li>-- Cost</li> <li>+ Volume &amp; Mix</li> <li>+ Net Pricing</li> </ul>	<ul style="list-style-type: none"> <li>+ Cost</li> <li>+ Exchange</li> <li>+ Net Pricing</li> <li>-- Volume</li> </ul>	<ul style="list-style-type: none"> <li>+ Volume</li> <li>+ Other Cost</li> <li>-- Net Pricing</li> <li>-- Exchange</li> <li>-- Emerging Opps</li> </ul>	<ul style="list-style-type: none"> <li>-- Commodities</li> <li>-- Emerging Opps</li> <li>-- Exchange</li> <li>+ Volume</li> <li>+ Other Cost</li> </ul>	<ul style="list-style-type: none"> <li>-- Residual Values</li> <li>-- Margin</li> <li>-- Credit Losses</li> <li>+ Receivables Growth</li> </ul>	<ul style="list-style-type: none"> <li>-- Emerging Opps (FSM)</li> <li>-- Net Interest Expense (↑Auto Debt)</li> </ul>
<b>2016 FY Results</b>	\$9,001M	\$(1,109)M	\$1,205M	\$(302)M	\$627M	\$9,422M	\$1,879M	\$(867)M

# TOTAL COMPANY LOOKING AHEAD TO 2018



Total Company Adjusted Pre-Tax Profit\* (Bils)



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

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

# KEY TAKEAWAYS

1Q in line with full year outlook

On track for Company 2017 guidance,  
including adjusted PBT of ~\$9 billion

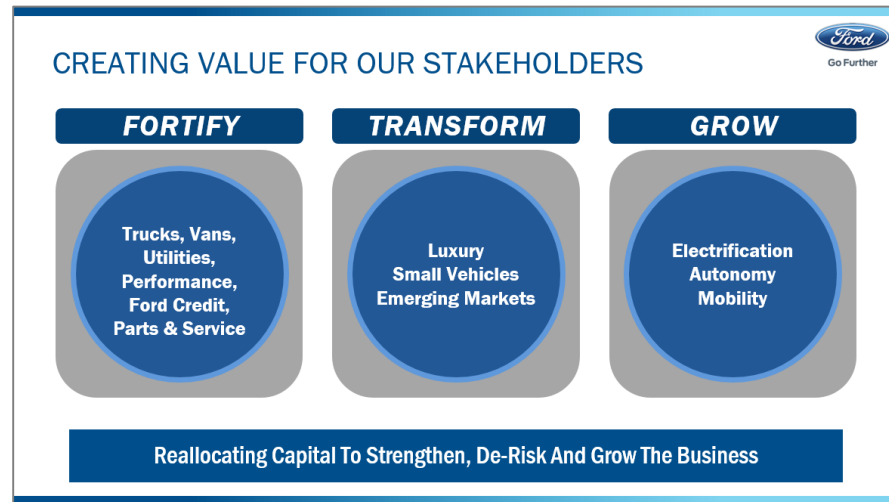
Continuing to take disciplined  
approach across business

Targeting stronger results for 2018  
driven by core business

Balance sheet strong; fit for downturn

Focused on creating value

# A SOLID INVESTMENT WITH ATTRACTIVE UPSIDE



# Ford



Go Further

## Q&A



# RISK FACTORS

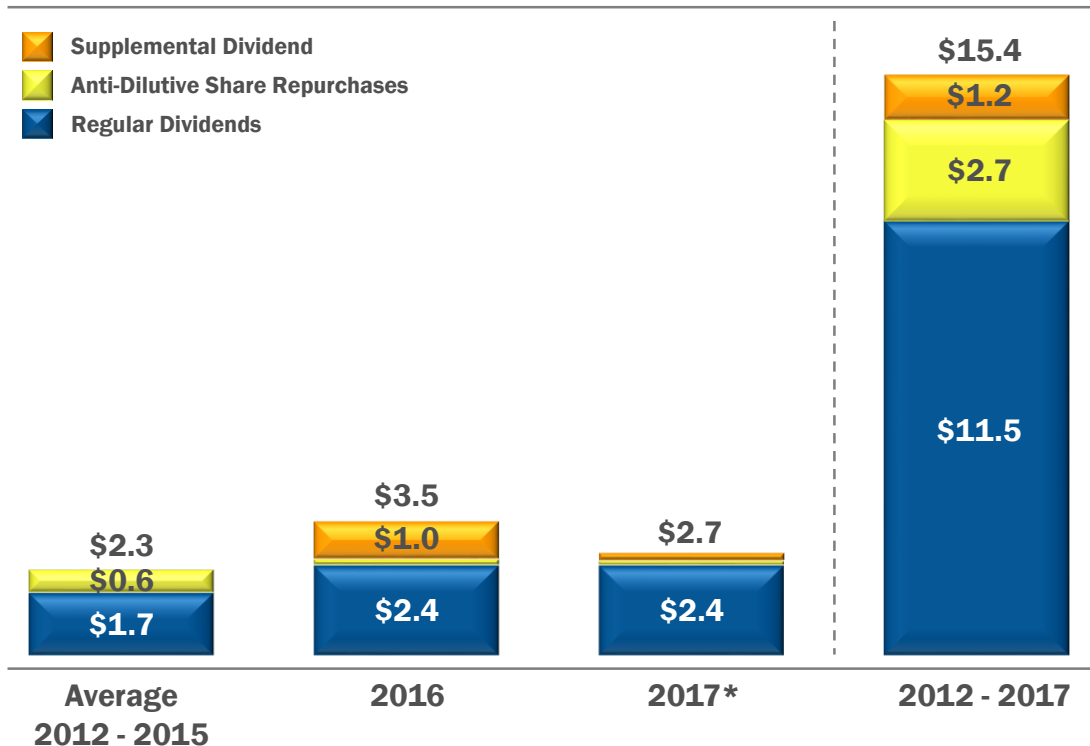
Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, 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 claw back 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 Annual Report on Form 10-K for the year ended December 31, 2016, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# APPENDIX

# SHAREHOLDER DISTRIBUTIONS (BILS)



**Total shareholder distributions of \$15.4B 2012 - 2017**

**We paid a first quarter regular dividend of 15¢ per share and a supplemental dividend of 5¢ per share**

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

\* Assumes 2017 regular dividends of \$0.15 per share per quarter

# SHAREHOLDER PAYOUT RATIO

	2015	2016	2015 - 2016 Cumulative
<b>Shareholder Payout (Mils)</b>			
Quarterly cash dividends	\$ 2,380	\$ 2,383	\$ 4,763
Purchases of common stock	129	145	274
Subsequent year supplemental cash dividends	992	199	1,191
<b>Total shareholder payout</b>	<b>\$ 3,501</b>	<b>\$ 2,727</b>	<b>\$ 6,228</b>
<b>Net Income Adjustments (Mils)</b>			
Net income attributable to Ford (GAAP)	\$ 7,373	\$ 4,596	\$ 11,969
Less: Pension and OPEB net remeasurement (gains) / losses			
Pre-tax impact	698	2,996	3,694
Tax impact	(264)	(1,015)	(1,279)
<b>Net income adjusted for pension and OPEB remeasurement</b>	<b>\$ 7,807</b>	<b>\$ 6,577</b>	<b>\$ 14,384</b>
<b>Shareholder Payout Ratio (Pct)</b>			
Based on net income less pension and OPEB remeasurement	44.8%	41.5%	43.3%
Based on net income (GAAP)	47.5%	59.3%	52.0%

**Targeting total distributions of 40% - 50% of prior year net income less pension and OPEB remeasurement**

**2015 and 2016 shareholder payouts within target range**

# TOTAL COMPANY NET INCOME RECONCILIATION TO ADJUSTED PRE-TAX PROFIT



<i>(Mils)</i>	1Q		Memo:
	2016	2017	FY 2016
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

# EFFECTIVE TAX RATE RECONCILIATION TO ADJUSTED EFFECTIVE TAX RATE



	<u>1Q 2017</u>	<u>Memo: FY 2016</u>
<b><u>Pre-Tax Results (Mils)</u></b>		
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>
<b><u>Taxes (Mils)</u></b>		
(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>
<b><u>Tax Rate (Pct)</u></b>		
Effective tax rate (GAAP)	28.9%	32.2%
Adjusted effective tax rate (Non-GAAP)	28.6%	31.9%

# TOTAL COMPANY SPECIAL ITEMS



(Mils)

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

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

# EARNINGS PER SHARE RECONCILIATION TO ADJUSTED EARNINGS PER SHARE

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

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

(Bils)

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

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

\*\* 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

# FINANCIAL STATEMENT LEVERAGE RECONCILIATION TO MANAGED LEVERAGE

(Bils)

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

# AUTOMOTIVE SEGMENT DEBT



<i>(Bils)</i>	<b>2016</b>	<b>2017</b>
	<b>Dec 31</b>	<b>Mar 31</b>
<b>Public unsecured debt</b>	\$ 9.2	\$ 9.2
<b>U.S. Department of Energy</b>	3.2	3.1
<b>Other debt (including international)</b>	3.5	3.9
<b>Total Automotive debt</b>	<u>\$ 15.9</u>	<u>\$ 16.2</u>
<b>Memo:</b>		
<b>Automotive debt payable within one year</b>	\$ 2.7	\$ 3.1

## CHINA UNCONSOLIDATED AFFILIATES



	1Q			Memo: FY 2016
	2016	2017	B / (W)	
<b><u>China Unconsolidated Affiliates</u></b>				
Wholesales (000)	310	278	(32)	1,217
Ford equity income (Mils)*	\$ 443	\$ 274	\$ (169)	\$ 1,439
China JV net income margin	16.4%	13.0%	(3.4) pts	14.6%

\* Ford equity share of China joint ventures net income

# AUTOMOTIVE SEGMENT

## 1Q INDUSTRY SAAR



*Units (Mils)*

	1Q		
	2016	2017 Est.	B / (W)
<b>North America</b>	<b>21.6</b>	<b>21.3</b>	<b>(0.3)</b>
U.S.	17.7	17.4	(0.3)
<b>South America</b>	<b>3.7</b>	<b>3.8</b>	<b>0.1</b>
Brazil	2.2	2.0	(0.2)
<b>Europe</b>	<b>20.1</b>	<b>20.5</b>	<b>0.4</b>
<b>Middle East &amp; Africa</b>	<b>3.8</b>	<b>3.7</b>	<b>(0.1)</b>
<b>Asia Pacific</b>	<b>40.0</b>	<b>39.5</b>	<b>(0.5)</b>
China	25.0	23.4	(1.6)
<b>Global</b>	<b>89.1</b>	<b>88.9</b>	<b>(0.2)</b>

# AUTOMOTIVE SEGMENT 1Q MARKET SHARE



(Percent)

	1Q		
	2016	2017	B / (W)
<b><u>Total Share of Total Industry</u></b>			
<b>North America</b>	<b>14.6 %</b>	<b>14.1 %</b>	<b>(0.5) ppts</b>
U.S.	15.5	15.1	(0.4)
<b>South America</b>	<b>8.4</b>	<b>9.0</b>	<b>0.6</b>
Brazil	8.8	9.3	0.5
<b>Europe</b>	<b>7.9</b>	<b>8.1</b>	<b>0.2</b>
<b>Middle East &amp; Africa</b>	<b>4.6</b>	<b>3.8</b>	<b>(0.8)</b>
<b>Asia Pacific</b>	<b>3.8</b>	<b>3.4</b>	<b>(0.4)</b>
China*	5.0	4.4	(0.6)
<b>Global</b>	<b>7.4 %</b>	<b>7.1 %</b>	<b>(0.3) ppts</b>
<b><u>Retail Share of Retail Industry</u></b>			
<b>U.S.**</b>	<b>12.9 %</b>	<b>13.1 %</b>	<b>0.2 ppts</b>
<b>Europe***</b>	<b>8.3</b>	<b>8.4</b>	<b>0.1</b>

\* All industries are 'retail sales' industries. Industries reflect data provided by the Chinese Insurance Information Technology Co. (CIITC)

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

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

# AUTOMOTIVE SEGMENT PRODUCTION VOLUMES



(000)

	1Q 2017 Actual		2Q 2017 Forecast	
	Units	0 / (U) 2016	Units	0 / (U) 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
<b>Total</b>	<b>1,759</b>	<b>(30)</b>	<b>1,748</b>	<b>34</b>

## Key drivers of 2Q YoY:

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

**AP – mainly higher  
industry**

# AUTOMOTIVE SEGMENT - SELECTED MARKETS

## DEALER STOCKS



(000)	<u>U.S.</u>	<u>Brazil</u>	<u>Europe 21</u>	<u>MEA</u>	<u>China</u>
<b><u>1Q</u></b>					
<b>March 31, 2017</b>	<b>704</b>	<b>16</b>	<b>275</b>	<b>59</b>	<b>195</b>
<b>December 31, 2016</b>	<b>648</b>	<b>22</b>	<b>262*</b>	<b>64</b>	<b>154</b>
<b>Stock Change H / (L)</b>	<b>56</b>	<b>(6)</b>	<b>13</b>	<b>(5)</b>	<b>41</b>
<b><u>1Q Prior Year</u></b>					
<b>March 31, 2016</b>	<b>755</b>	<b>19</b>	<b>230</b>	<b>70</b>	<b>169</b>
<b>December 31, 2015</b>	<b>676</b>	<b>24</b>	<b>235</b>	<b>67</b>	<b>165</b>
<b>Stock Change H / (L)</b>	<b>79</b>	<b>(5)</b>	<b>(5)</b>	<b>3</b>	<b>4</b>
<b>Year-Over-Year Stock Change</b>	<b>(23)</b>	<b>(1)</b>	<b>18</b>	<b>(8)</b>	<b>37</b>

\* Reflects dealer stock as of January 1, 2017 consistent with our adoption of the new revenue recognition accounting standard, ASC 606, Revenue From Contracts With Customers

# NON-GAAP FINANCIAL MEASURES THAT SUPPLEMENT GAAP MEASURES

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

Total Company Adjusted Pre-tax Profit (Most Comparable GAAP Measure: Net income attributable to Ford) – The non-GAAP measure is useful to management and investors because it allows users to evaluate our pre-tax results excluding pre-tax special items. Pre-tax special items consist of (i) pension and OPEB rereasurement 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 rereasurement 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 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 rereasurement gains and losses.

Adjusted Effective Tax Rate (Most Comparable GAAP Measure: Effective Tax Rate) – Measure of Company's tax rate excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, specifically pension and OPEB rereasurement 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.

# DEFINITIONS AND CALCULATIONS

## Automotive Records

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

## Wholesales and Revenue

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

## Automotive Segment Operating Margin

- Automotive segment operating margin is defined as Automotive segment pre-tax results divided by Automotive segment revenue

## Industry Volume and Market Share

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

## SAAR

- SAAR means seasonally adjusted annual rate

## Automotive Cash

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

## Market Factors

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

# Ford



FORD CREDIT

## 1Q 2017 FORD CREDIT EARNINGS REVIEW

April 27, 2017



# FORD CREDIT STRATEGY



## ORIGINATE

- Support Ford and Lincoln sales
- Strong dealer relationships
- Full spread of business
- Consistent underwriting
- Robust credit evaluation and verification
- Efficient use of capital



## SERVICE

- High customer and dealer satisfaction
- World-class servicing
- Collections within portfolio loss expectations
- Cost efficiency



## FUND

- Strong liquidity
- Diverse sources and channels
- Cost effective
- Credit availability through economic cycles

**Ford Credit Maintains A Relentless Focus On Business Fundamentals**

# 1Q 2017 HIGHLIGHTS

- **Solid quarterly pre-tax profit; guidance on track**
- **Continued receivables growth globally**
- **Credit loss metrics remain strong**
- **Prudently managing lease portfolio to support sales, protect residuals and manage the trade cycle**
- **Ford Credit outlook incorporates industry trends, including lower residual values, higher credit losses and increasing interest rates**

# U.S. FINANCING INDUSTRY TRENDS

	Included in Outlook	vs. Industry
▪ Plateauing sales	✓	Similar
▪ Increased supply of off-lease vehicles	✓	Similar
▪ Lower auction values	✓	Similar
▪ Increasing credit losses	✓	Better
▪ Rising interest rates	✓	Similar
▪ Subprime / Higher risk	✓ 5 - 6%	Better
▪ Extended term financing (≥73 months)	✓ < 5%	Better
▪ Negative equity	✓	Similar

**Ford and Ford Credit's outlook incorporates industry trends**

**Ford Credit on track for 2017 PBT of about \$1.5B**

**Higher PBT expected for 2018**

# FINANCIAL REVIEW

# KEY FINANCIAL SUMMARY

	1Q	
	2017	B / (W) 2016
Total Contract Volumes (000)	508	28
Managed Receivables* (Bils)	\$ 140	\$ 8
Debt (Bils)	\$ 129	\$ 2
<b>Results (Mils)</b>		
Americas segment	\$ 358	\$ (65)
Europe segment	77	(4)
Asia Pacific segment	28	11
Total Segments	\$ 463	\$ (58)
Unallocated Other	18	25
Total Pre-Tax Results	\$ 481	\$ (33)
Provision for income taxes	(148)	8
Net income	\$ 333	\$ (25)
<b>Balance Sheet Highlights</b>		
Liquidity (Bils)	\$ 29	\$ (6)
Managed Leverage* (to 1)	9.1	0.3

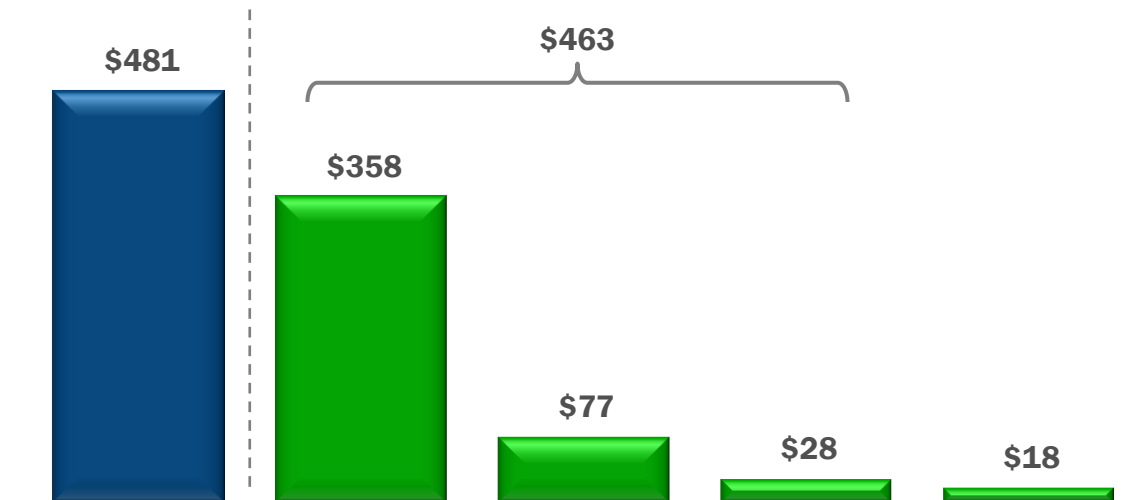
**Managed receivables grew across all geographic segments**

**1Q Ford Credit PBT was solid, lower YoY as expected**

**Liquidity remains strong**

**Managed leverage continues trending lower toward target range**

# 1Q 2017 PRE-TAX RESULTS BY SEGMENT (MILS)



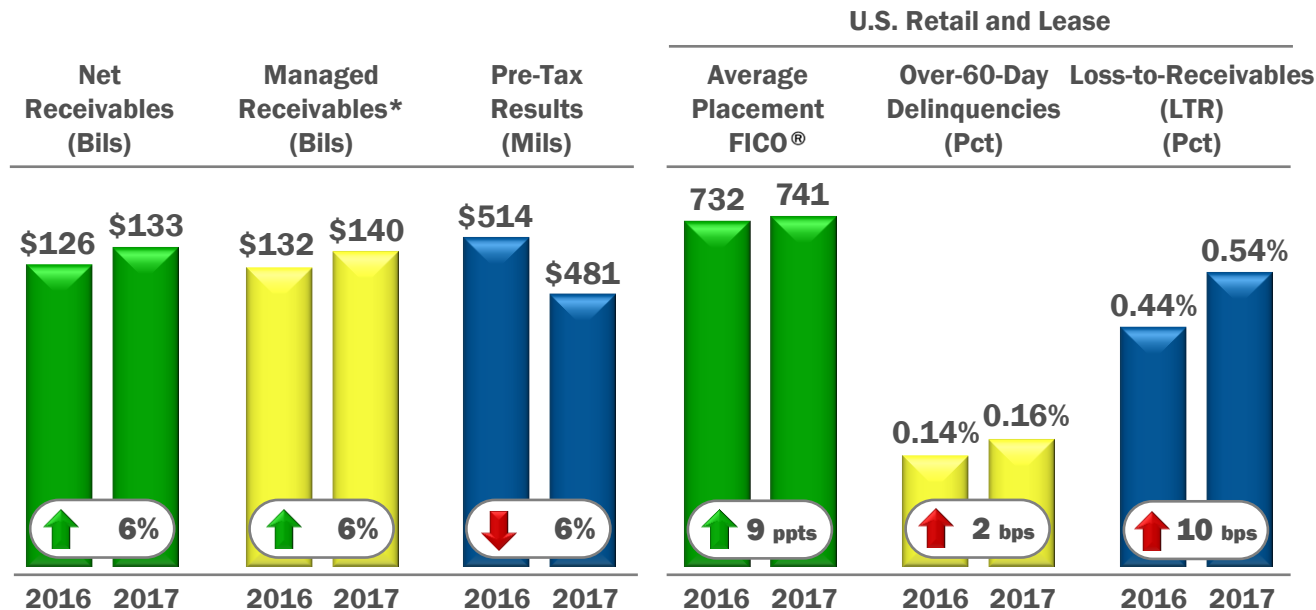
**Solidly profitable globally**

**Unallocated Other primarily reflects market valuation adjustments to derivatives**

	Total	Americas	Europe	Asia Pacific	Unallocated Other*
B / (W)					
1Q 2016	\$(33)	\$(65)	\$(4)	\$11	\$25

\* See Appendix for definitions

# 1Q 2017 KEY METRICS



**Receivables grew globally, led by retail financing**

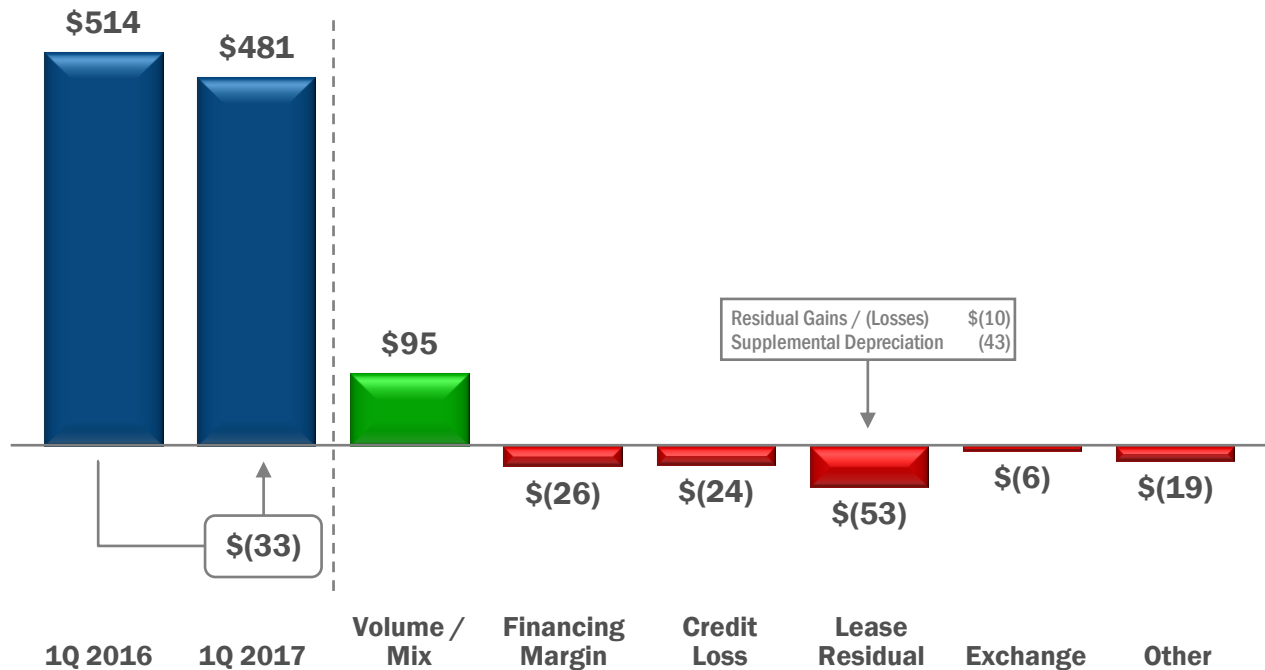
**PBT lower as expected**

**Portfolio performing as expected**

**Disciplined and consistent practices**

\* See Appendix for reconciliation to GAAP

# 1Q 2017 PRE-TAX RESULTS (MIL\$)



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

**Volume and mix primarily growth in retail receivables globally**

# AMERICAS FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	<u>First Quarter</u>	
	<u>2016</u>	<u>2017</u>
<b><u>Financing Shares</u></b>		
<b><u>Retail Installment and Lease Share of Ford Retail Sales (excl. Fleet)</u></b>		
United States	57 %	57 %
Canada	73	75
<b><u>Wholesale Share</u></b>		
United States	75 %	76 %
Canada	61	60
<b><u>Contract Placement Volume – New and Used Retail / Lease (000)</u></b>		
United States	266	264
Canada	36	36
Mexico	10	10
<b>Total Americas Segment</b>	<b><u>312</u></b>	<b><u>310</u></b>

**Financing shares and contract volume largely unchanged**

# EUROPE FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	First Quarter	
	2016	2017
<b><u>Financing Shares (incl. Fleet)</u></b>		
<b><u>Retail Installment and Lease Share of Total Ford Sales</u></b>		
U.K.	40 %	36 %
Germany	43	47
Total Europe Segment	35	35
<b><u>Wholesale Share</u></b>		
U.K.	100 %	100 %
Germany	91	94
Total Europe Segment	98	99
<b><u>Contract Placement Volume – New and Used Retail / Lease (000)</u></b>		
U.K.	58	59
Germany	33	39
All Other	44	53
Total Europe Segment	<u>135</u>	<u>151</u>

**Total segment financing shares unchanged**

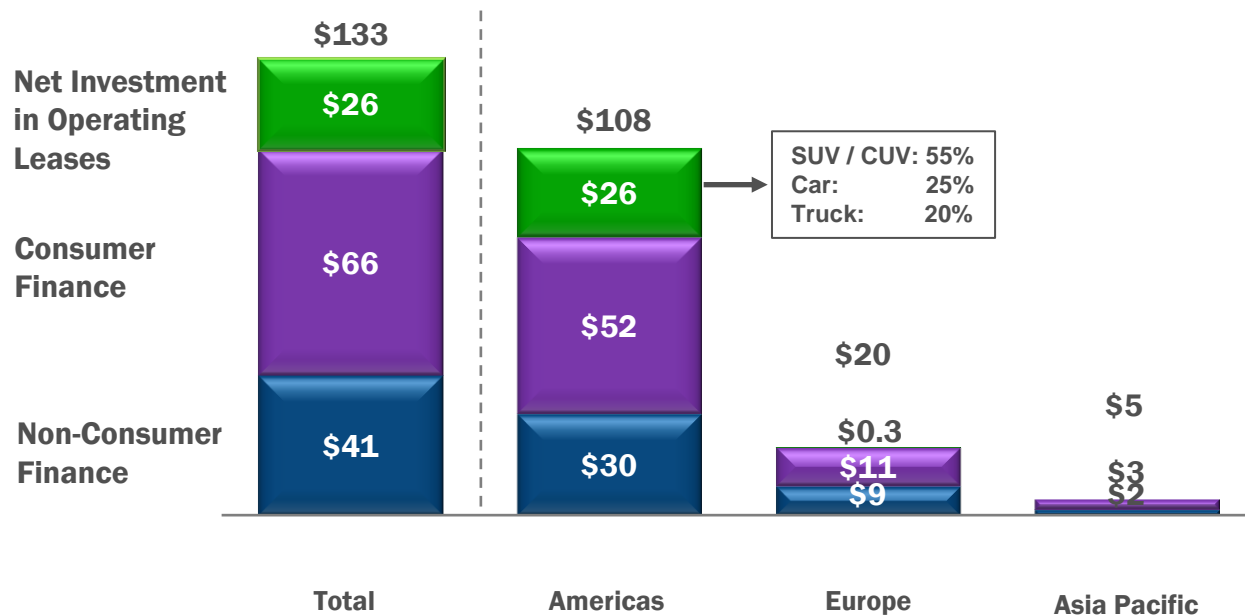
**Growth in contract volume reflects higher industry sales**

# ASIA PACIFIC FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	<u>First Quarter</u>	
	<u>2016</u>	<u>2017</u>
<b><u>Financing Shares (incl. Fleet)</u></b>		
<b><u>Retail Installment Share of Total Ford Sales</u></b>		
China	13 %	24 %
India	3	9
<b><u>Wholesale Share</u></b>		
China	53 %	51 %
India	24	34
<b><u>Contract Placement Volume – New and Used Retail (000)</u></b>		
China	33	45
India	-	2
Total Asia Pacific Segment	<u>33</u>	<u>47</u>

**Volume growth primarily reflects improved retail financing share in China**

# 1Q 2017 RECEIVABLES MIX (BILS)

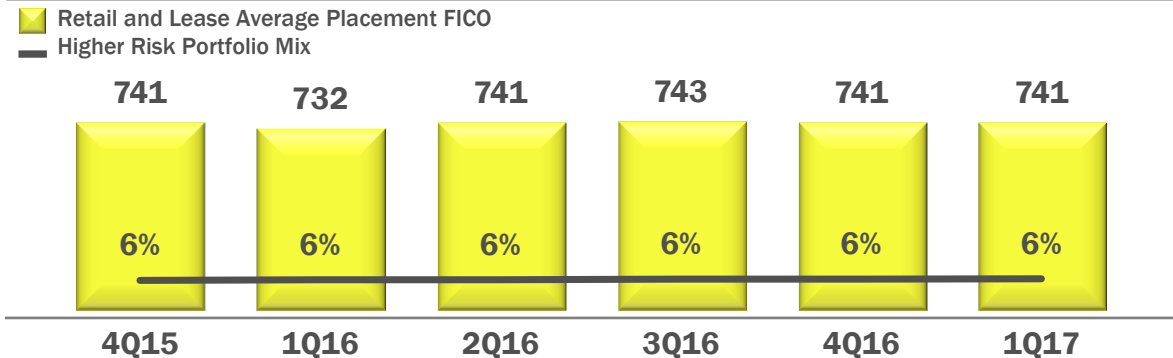


**Ford Credit's portfolio managed with an enterprise view**

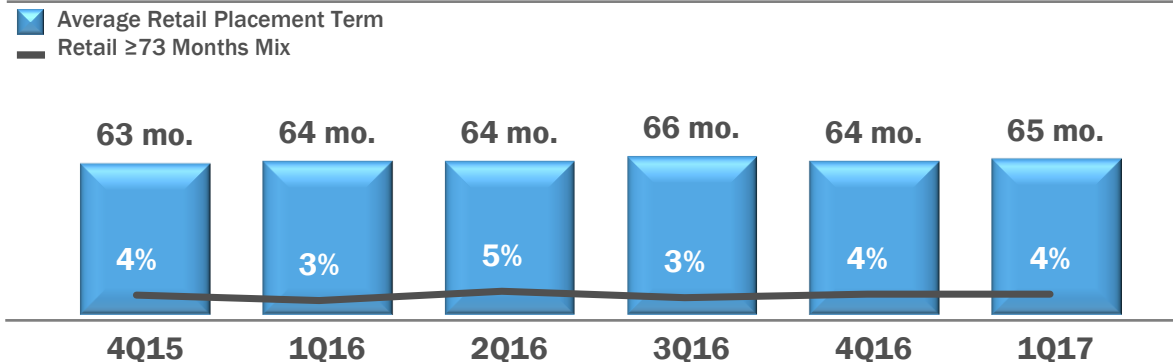
**Lease portfolio smaller versus major competitors**

# U.S. ORIGINATION METRICS

## FICO and Higher Risk Mix



## Retail Contract Terms



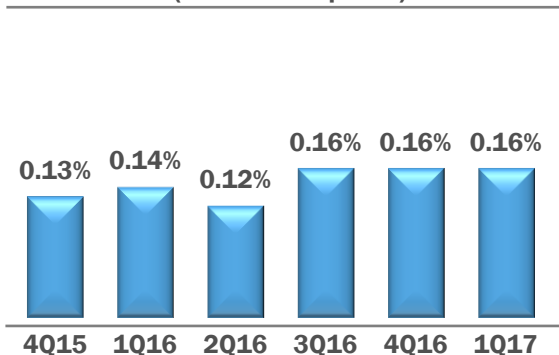
**Disciplined and consistent underwriting practices for many years**

**Portfolio quality evidenced by FICO scores and steady risk mix**

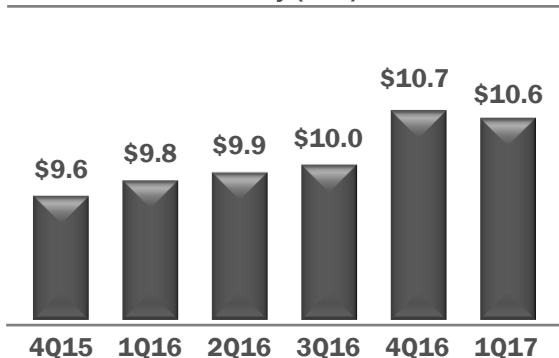
**Extended-term contracts relatively small part of our business**

# U.S. RETAIL AND LEASE CREDIT LOSS DRIVERS

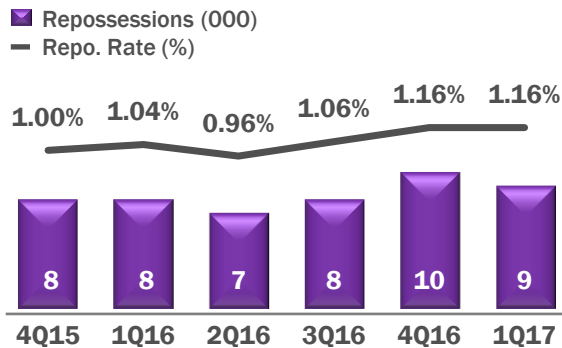
Over-60-Day Delinquencies  
(Excl. Bankruptcies)



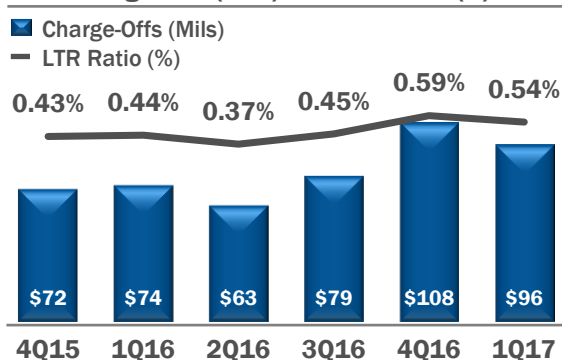
Severity (000)



Repossessions (000) and Repo. Rate (%)



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



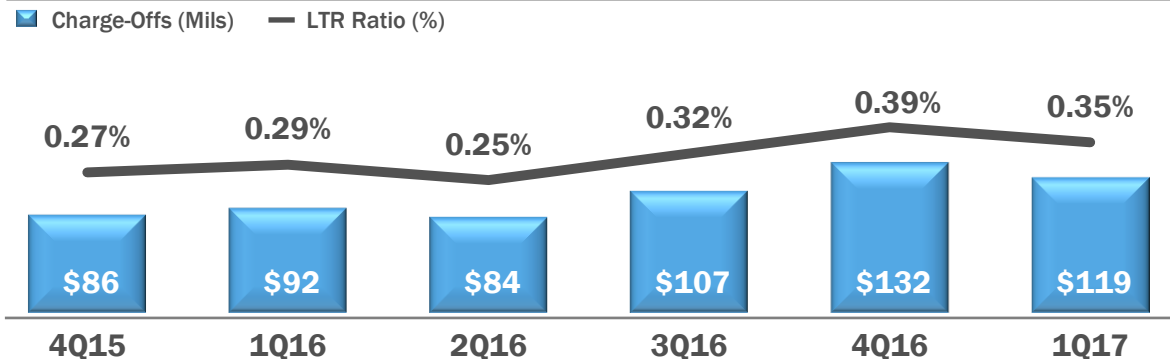
**Delinquencies and repossessions remain low**

**Higher severities reflect lower auction values and other factors**

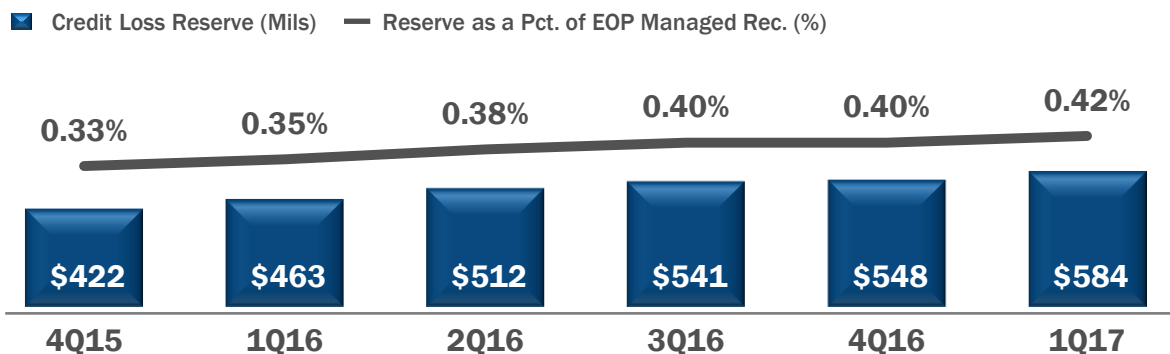
**Charge-offs and LTR continue to be within our placement expectations**

# WORLDWIDE CREDIT LOSS METRICS

**Charge-Offs (Mils) and LTR Ratio (%)**



**Credit Loss Reserve (Mils) and Reserve as a Pct. of EOP Managed Rec.**



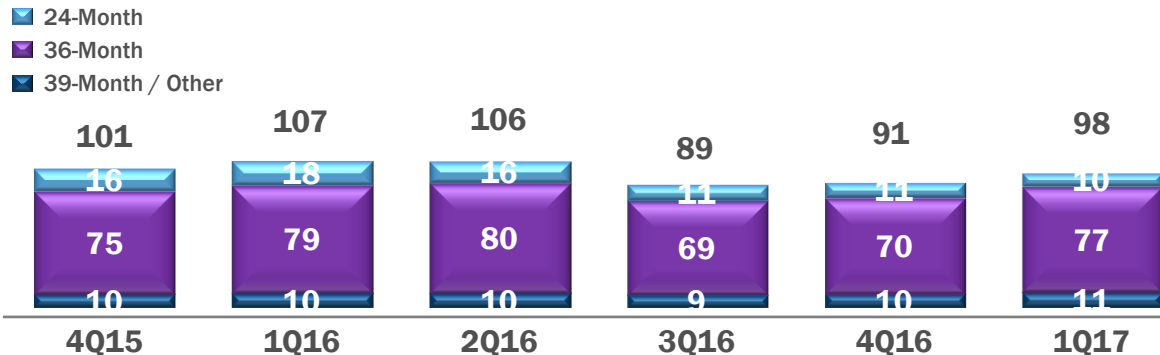
**Worldwide credit loss metrics remain strong**

**Credit loss reserve based on historical losses, portfolio quality and receivables level**

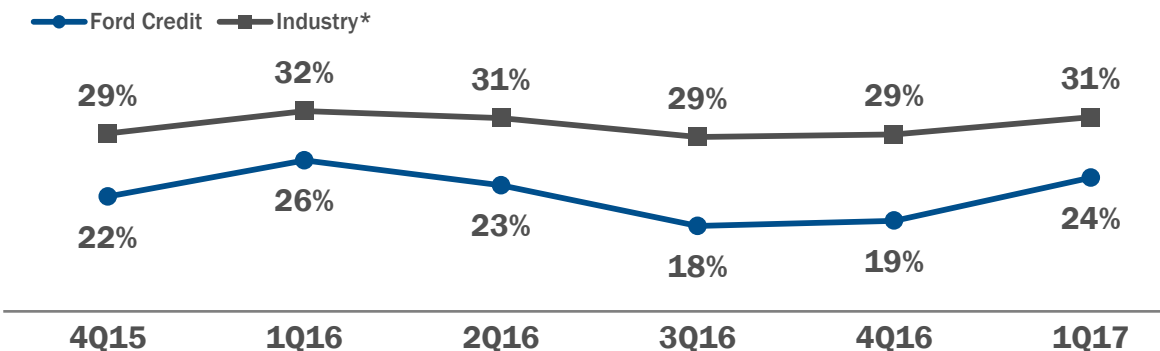
**Reserve growth reflects credit loss trends and growth in receivables**

# U.S. LEASE ORIGINATION METRICS

### Lease Placement Volume (000)



### Lease Share of Retail Sales (%)



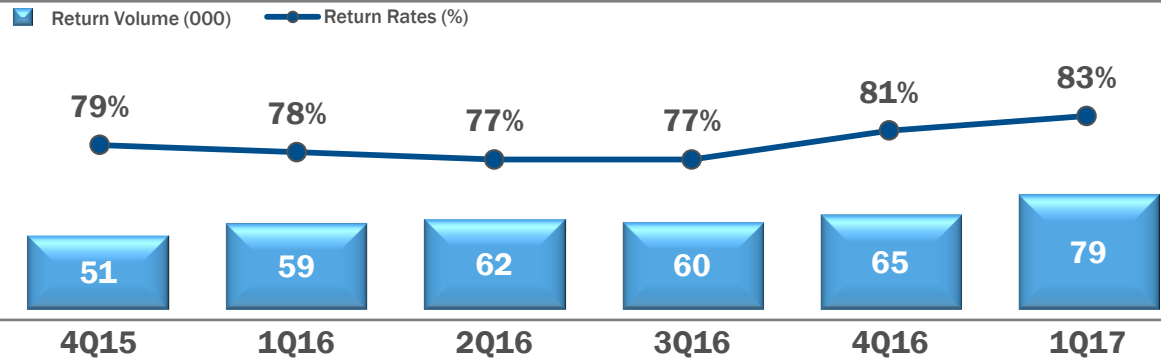
**Lease placement volume lower YoY, reflecting reduced lease share**

**Lease share continues to be below industry reflecting our leasing strategy**

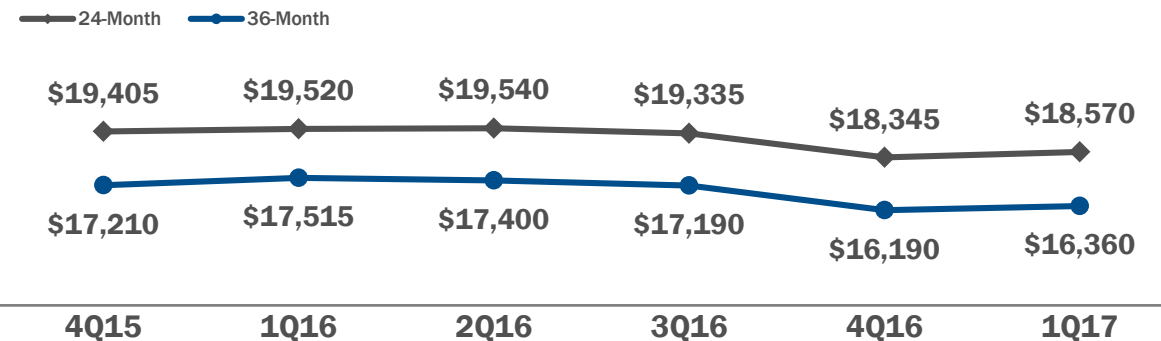
\* Source: JD Power PIN

# U.S. LEASE RESIDUAL PERFORMANCE

Lease Return Volume (000) and Return Rates (%)



Off-Lease Auction Values (At 1Q17 Mix)

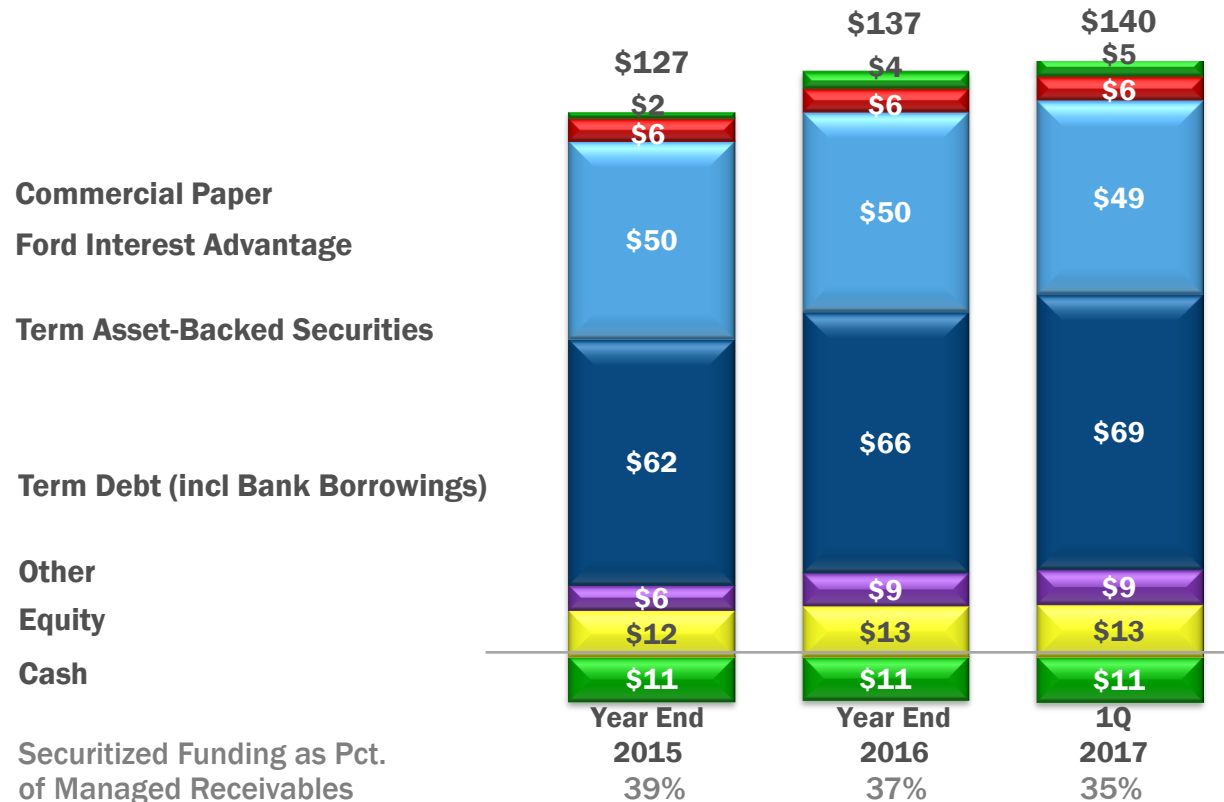


**Return rates higher reflecting lower used vehicle values**

**Return volumes higher reflecting growth in leasing and higher return rates**

**1Q auction values were seasonally higher than 4Q16 but lower YoY; 36-month auction values down 7% YoY, as expected**

# FUNDING STRUCTURE – MANAGED RECEIVABLES\* (BILS)



**Funding is diversified across platforms**

**Well capitalized with strong investment grade balance sheet profile**

\* See Appendix for reconciliation to GAAP and definitions

# PUBLIC TERM FUNDING PLAN\* (BILS)

	2015 Actual	2016 Actual	2017	
			Forecast	Through April 26
<b>Unsecured</b>				
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	-
<b>Total Unsecured</b>	<b>\$ 17</b>	<b>\$ 14</b>	<b>\$ 12 - 16</b>	<b>\$ 7</b>
<b>Securitized</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ 12 - 14</b>	<b>\$ 4</b>
<b>Total Public</b>	<b>\$ 30</b>	<b>\$ 28</b>	<b>\$ 24 - 30</b>	<b>\$ 11</b>

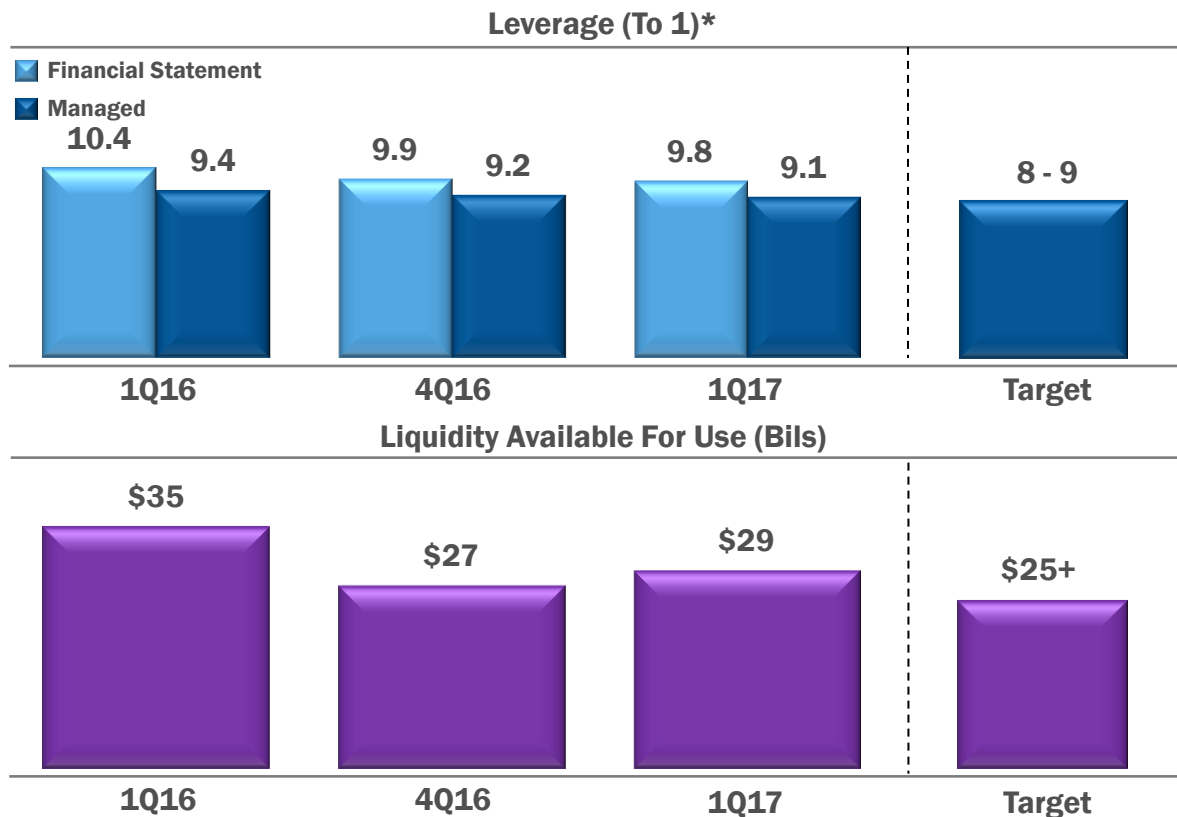
**Issuance plans are consistent with prior years**

**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; see Appendix for definitions

# BALANCE SHEET METRICS



**Managed Leverage continues trending lower toward target range**

**Liquidity remains strong and above target**

\* See Appendix for reconciliation to GAAP

# 2017 GUIDANCE (MILS)

	<b>2016 FY</b>	<b>2017 FY</b>	
	<b>Results</b>	<b>Plan</b>	<b>Outlook</b>
<b>Pre-Tax Profit</b>	<b>\$1,879</b>	<b>~\$1,500</b>	<b>On Track</b>
<b>Distributions</b>	<b>\$ -</b>	<b>Resuming with Leverage in Target Range</b>	<b>On Track</b>

# SUMMARY

**Solid quarterly pre-tax profit**

**Guidance on track**

**Strategic asset to Ford, delivering  
profitable growth globally**

**Consistent originations, servicing, and  
collections; robust portfolio performance**

**Funding plan well-positioned for  
business cycles**

**Ford Credit outlook incorporates  
industry trends**

# 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 claw back 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 Annual Report on Form 10-K for the year ended December 31, 2016, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# **FORD CREDIT APPENDIX**

## **Ford Credit Appendix**

Credit Ratings	FCA1
Key Financial Summary	FCA2
Americas Financing Shares and Contract Placement Volume	FCA3
Europe Financing Shares and Contract Placement Volume	FCA4
Asia Pacific Financing Shares and Contract Placement Volume	FCA5
Total Net Receivables Reconciliation to Managed Receivables - Quarterly	FCA6
Total Net Receivables Reconciliation to Managed Receivables - Annually	FCA7
Financial Statement Leverage Reconciliation to Managed Leverage	FCA8
Liquidity Sources	FCA9
Non-GAAP Financial Measures that Supplement GAAP Measures	FCA10
Definitions	FCA11

# CREDIT RATINGS

	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch</u>	<u>DBRS</u>
<b><u>Issuer Ratings</u></b>				
<b>Ford Motor</b>	<b>BBB</b>	<b>N/A</b>	<b>BBB</b>	<b>BBB</b>
<b>Ford Credit</b>	<b>BBB</b>	<b>N/A</b>	<b>BBB</b>	<b>BBB</b>
<b>FCE Bank plc</b>	<b>BBB</b>	<b>N/A</b>	<b>BBB</b>	<b>NR</b>
<b><u>Long-Term Senior Unsecured</u></b>				
<b>Ford Motor</b>	<b>BBB</b>	<b>Baa2</b>	<b>BBB</b>	<b>BBB</b>
<b>Ford Credit</b>	<b>BBB</b>	<b>Baa2</b>	<b>BBB</b>	<b>BBB</b>
<b>FCE Bank plc</b>	<b>BBB</b>	<b>Baa2</b>	<b>BBB</b>	<b>NR</b>
<b><u>Short-Term Unsecured</u></b>				
<b>Ford Credit</b>	<b>A-2</b>	<b>P-2</b>	<b>F2</b>	<b>R-2M</b>
<b><u>Outlook</u></b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>

# KEY FINANCIAL SUMMARY – RESULTS HISTORY

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Total Contract Volumes (000s)</b>	<b>1,974</b>	<b>2,141</b>	<b>2,111</b>
<b>Managed Receivables* (Bils)</b>	<b>\$ 113</b>	<b>\$ 127</b>	<b>\$ 137</b>
<b>Debt (Bils)</b>	<b>\$ 105</b>	<b>\$ 120</b>	<b>\$ 126</b>
 <b>Results (Mils)</b>			
<b>Americas segment</b>	<b>\$ 1,509</b>	<b>\$ 1,763</b>	<b>\$ 1,511</b>
<b>Europe segment</b>	<b>338</b>	<b>297</b>	<b>238</b>
<b>Asia Pacific segment</b>	<b>13</b>	<b>27</b>	<b>61</b>
<b>Total Segments</b>	<b>\$ 1,860</b>	<b>\$ 2,087</b>	<b>\$ 1,810</b>
<b>Unallocated Other</b>	<b>(6)</b>	<b>(1)</b>	<b>69</b>
<b>Total Pre-Tax Results</b>	<b>\$ 1,854</b>	<b>\$ 2,086</b>	<b>\$ 1,879</b>
<b>Provision for income taxes</b>	<b>(149)</b>	<b>(723)</b>	<b>(506)</b>
<b>Net income</b>	<b>\$ 1,705</b>	<b>\$ 1,363</b>	<b>\$ 1,373</b>
 <b>Balance Sheet Highlights</b>			
<b>Liquidity (Bils)</b>	<b>\$ 27</b>	<b>\$ 24</b>	<b>\$ 27</b>
<b>Managed Leverage* (to 1)</b>	<b>8.7</b>	<b>9.5</b>	<b>9.2</b>

\* See Appendix for reconciliation to GAAP and definitions

# AMERICAS FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Financing Shares</u></b>					
<b><u>Retail Installment and Lease Share of Ford Retail Sales (excl. Fleet)</u></b>					
United States	54 %	56 %	63 %	65 %	56 %
Canada	55	65	67	73	75
<b><u>Wholesale Share</u></b>					
United States	78 %	77 %	77 %	76 %	76 %
Canada	66	65	64	64	61
<b><u>Contract Placement Volume – New and Used Retail / Lease (000)</u></b>					
United States	978	1,122	1,231	1,342	1,159
Canada	114	140	149	160	181
Mexico	-	4	25	26	47
<b>Total Americas Segment</b>	<b><u>1,092</u></b>	<b><u>1,266</u></b>	<b><u>1,405</u></b>	<b><u>1,528</u></b>	<b><u>1,387</u></b>

# EUROPE FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Financing Shares (incl. Fleet)</u></b>					
<b><u>Retail Installment and Lease Share of Total Ford Sales</u></b>					
U.K.	32 %	38 %	40 %	40 %	38 %
Germany	46	45	48	48	47
Total Europe Segment	32	34	36	37	37
<b><u>Wholesale Share</u></b>					
U.K.	100 %	100 %	100 %	100 %	100 %
Germany	92	92	92	93	93
Total Europe Segment	98	98	98	98	98
<b><u>Contract Placement Volume – New and Used Retail / Lease (000)</u></b>					
U.K.	136	171	195	207	201
Germany	130	127	135	140	149
All Other	126	106	130	158	177
Total Europe Segment	<u>392</u>	<u>404</u>	<u>460</u>	<u>505</u>	<u>527</u>

# ASIA PACIFIC FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Financing Shares (incl. Fleet)</u></b>					
<b><u>Retail Installment Share of Total Ford Sales</u></b>					
China	14 %	13 %	13 %	12 %	19 %
India	-	-	-	1	5
<b><u>Wholesale Share</u></b>					
China	58 %	59 %	62 %	56 %	58 %
India	-	-	-	14	29
<b><u>Contract Placement Volume – New and Used Retail (000)</u></b>					
China	58	92	109	108	192
India	-	-	-	-	5
<b>Total Asia Pacific Segment</b>	<b>58</b>	<b>92</b>	<b>109</b>	<b>108</b>	<b>197</b>

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

(Bils)

## Net Receivables \*

	2016 Mar 31	2016 Dec 31	2017 Mar 31
<b>Finance receivables – Americas</b>			
Consumer retail financing	\$ 49.9	\$ 54.1	\$ 54.4
Non-consumer: Dealer financing	27.8	27.9	28.4
Non-consumer: Other	0.9	1.1	1.8
<b>Total finance receivables – Americas</b>	<b>\$ 78.6</b>	<b>\$ 83.1</b>	<b>\$ 84.6</b>
<b>Finance receivables – Europe</b>			
Consumer retail financing	\$ 11.2	\$ 11.1	\$ 11.9
Non-consumer: Dealer financing	8.8	7.3	8.5
Non-consumer: Other	0.3	0.1	0.1
<b>Total finance receivables – Europe</b>	<b>\$ 20.3</b>	<b>\$ 18.5</b>	<b>\$ 20.5</b>
<b>Finance receivables – Asia Pacific</b>			
Consumer retail financing	\$ 2.1	\$ 2.9	\$ 3.0
Non-consumer: Dealer financing	1.9	1.8	1.9
Non-consumer: Other	-	-	-
<b>Total finance receivables – Asia Pacific</b>	<b>\$ 4.0</b>	<b>\$ 4.7</b>	<b>\$ 4.9</b>
Unearned interest supplements	(2.2)	(2.8)	(2.9)
Allowance for credit losses	(0.4)	(0.5)	(0.5)
<b>Finance receivables, net</b>	<b>\$ 100.3</b>	<b>\$ 103.0</b>	<b>\$ 106.6</b>
Net investment in operating leases	25.9	27.2	26.4
<b>Total net receivables</b>	<b>\$ 126.2</b>	<b>\$ 130.2</b>	<b>\$ 133.0</b>
<b>Managed Receivables</b>			
<b>Total net receivables (GAAP)</b>	<b>\$ 126.2</b>	<b>\$ 130.2</b>	<b>\$ 133.0</b>
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
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 131.8</b>	<b>\$ 136.9</b>	<b>\$ 140.0</b>

\* See Appendix for definition. 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

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES – ANNUALLY

<i>(Bils)</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Dec 31</b>	<b>Dec 31</b>	<b>Dec 31</b>
<b>Net Receivables *</b>			
Finance receivables – Americas			
Consumer retail financing	\$ 44.4	\$ 49.6	\$ 54.1
Non-consumer: Dealer financing	23.7	26.3	27.9
Non-consumer: Other	1.0	0.9	1.1
<b>Total finance receivables – Americas</b>	<b>\$ 69.1</b>	<b>\$ 76.8</b>	<b>\$ 83.1</b>
Finance receivables – Europe			
Consumer retail financing	\$ 9.7	\$ 10.5	\$ 11.1
Non-consumer: Dealer financing	6.7	7.9	7.3
Non-consumer: Other	0.2	0.3	0.1
<b>Total finance receivables – Europe</b>	<b>\$ 16.6</b>	<b>\$ 18.7</b>	<b>\$ 18.5</b>
Finance receivables – Asia Pacific			
Consumer retail financing	\$ 1.8	\$ 2.0	\$ 2.9
Non-consumer: Dealer financing	1.5	1.8	1.8
Non-consumer: Other	-	-	-
<b>Total finance receivables – Asia Pacific</b>	<b>\$ 3.3</b>	<b>\$ 3.8</b>	<b>\$ 4.7</b>
Unearned interest supplements	(1.8)	(2.1)	(2.8)
Allowance for credit losses	(0.3)	(0.4)	(0.5)
<b>Finance receivables, net</b>	<b>\$ 86.9</b>	<b>\$ 96.8</b>	<b>\$ 103.0</b>
Net investment in operating leases	21.5	25.1	27.2
<b>Total net receivables</b>	<b>\$ 108.4</b>	<b>\$ 121.9</b>	<b>\$ 130.2</b>
<b>Managed Receivables</b>			
<b>Total net receivables (GAAP)</b>	<b>\$ 108.4</b>	<b>\$ 121.9</b>	<b>\$ 130.2</b>
Unearned interest supplements and residual support	3.9	4.5	5.3
Allowance for credit losses	0.4	0.4	0.5
Other, primarily accumulated supplemental depreciation	0.1	0.4	0.9
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 112.8</b>	<b>\$ 127.2</b>	<b>\$ 136.9</b>

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

# FINANCIAL STATEMENT LEVERAGE RECONCILIATION TO MANAGED LEVERAGE\*

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

\* See Appendix for definitions

# LIQUIDITY SOURCES\*

(Bils)

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

\* See Appendix for definitions

# NON-GAAP FINANCIAL MEASURES THAT SUPPLEMENT GAAP MEASURES

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

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.

# DEFINITIONS AND CALCULATIONS

Adjustments (as shown on the Liquidity Sources chart)

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

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

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

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

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

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

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

Securitization Cash (as shown on the Liquidity Sources chart)

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

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

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

Total Debt (as shown on the Liquidity Sources 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

Unallocated Other (as shown on the Key Financial Summary and Pre-Tax Results by Segment charts)

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