

# 3Q 2017 Earnings Review

October 26, 2017



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# Smart Vehicles In A Smart World

FITNESS	FITNESS
Reset Revenue and Attack Costs	Redesign Business Operations
WINNING ASPIRATION	
STRATEGIC CHOICES	
CULTURAL IMPLICATIONS	

1. We are accelerating the introduction of connected, smart vehicles and services
2. We are rapidly improving our fitness to lower costs, release capital and finance growth
3. We are re-allocating capital to where we can win in the future
4. We are continuously innovating to create the most human-centered mobility solutions
5. We are empowering our team to work together effectively to compete and win

# Product And Other Highlights



New F-150 hit showrooms in the U.S.  
F-Series 3Q ATP was \$45,400, up \$2,800 from a year ago



Ford brand SUV sales had best third quarter retail sales result in U.S. since 2003



High series vehicles, like Titanium and Vignale, accounted for more than two-thirds of 3Q sales in Europe



Signed MOU with Mahindra group to explore a strategic alliance to leverage the benefits of Ford's global reach and expertise and Mahindra's scale in India



Signed MOU in China with Zotye Auto to explore new all-electric vehicle JV



Launched collaborations with Domino's and Lyft to better understand customer interactions with AVs and use-cases

Bob Shanks

Chief Financial Officer

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Financial Review



# More Balanced Results With Improvements In Growth, Profitability And Cash Flow



	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)
3Q 2017	\$36.5B	\$1.6B	\$2.0B	\$0.39	\$0.43	5.0%	\$(1.7)B
B / (W) 3Q 2016	\$0.6B	\$0.6B	\$0.6B	\$0.15	\$0.17	1.7 pts	\$0.3B

**Cost Improvements Support Sharp Increase In Automotive Operating Margin And PBT; Solid Results Give Us Confidence To Tighten Full Year Adj. EPS Guidance To \$1.75 To \$1.85**

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

# Key Financial Summary

	3Q		YTD	
		B / (W)		B / (W)
	2017	2016	2017	2016
Wholesales (000)	1,504	(26)	4,858	(86)
Revenue (Bils)	\$ 36.5	\$ 0.6	\$ 115.5	\$ 2.4
<b>Results (Mils)</b>				
Automotive Segment	\$ 1,668	\$ 584	\$ 5,824	\$ (1,556)
Financial Services Segment	584	32	1,653	217
All Other	(278)	(55)	(777)	(204)
Total Company adjusted pre-tax results*	\$ 1,974	\$ 561	\$ 6,700	\$ (1,543)
Special items pre-tax	(217)	(191)	(441)	(111)
Income / (Loss) before income taxes	\$ 1,757	\$ 370	\$ 6,259	\$ (1,654)
(Provision for) / Benefit from income taxes	(186)	240	(1,044)	1,481
Net income / (Loss)	\$ 1,571	\$ 610	\$ 5,215	\$ (173)
Less: Income / (Loss) attributable to non-controlling interests	7	3	22	13
Net income / (Loss) attributable to Ford	\$ 1,564	\$ 607	\$ 5,193	\$ (186)
Earnings per share (diluted)	\$ 0.39	\$ 0.15	\$ 1.30	\$ (0.05)
Adjusted earnings per share (diluted)*	0.43	0.17	1.39	(0.07)
<b>Automotive Segment (Bils)</b>				
Operating cash flow	\$ (1.7)	\$ 0.3	\$ 1.6	\$ (3.3)
Cash	\$ 26.1	\$ 1.8	\$ 26.1	\$ 1.8
Debt	(16.2)	(3.1)	(16.2)	(3.1)
Net cash	\$ 9.9	\$ (1.3)	\$ 9.9	\$ (1.3)

Solid quarter with most financial metrics improved YoY

3Q wholesales down 2% while revenue up 1%

Company adj. PBT of \$2B, up 40%

Special items reflect impact in NA and SA of personnel separations

Adj. effective tax rate of 11.8%, incl. favorable tax-planning effects

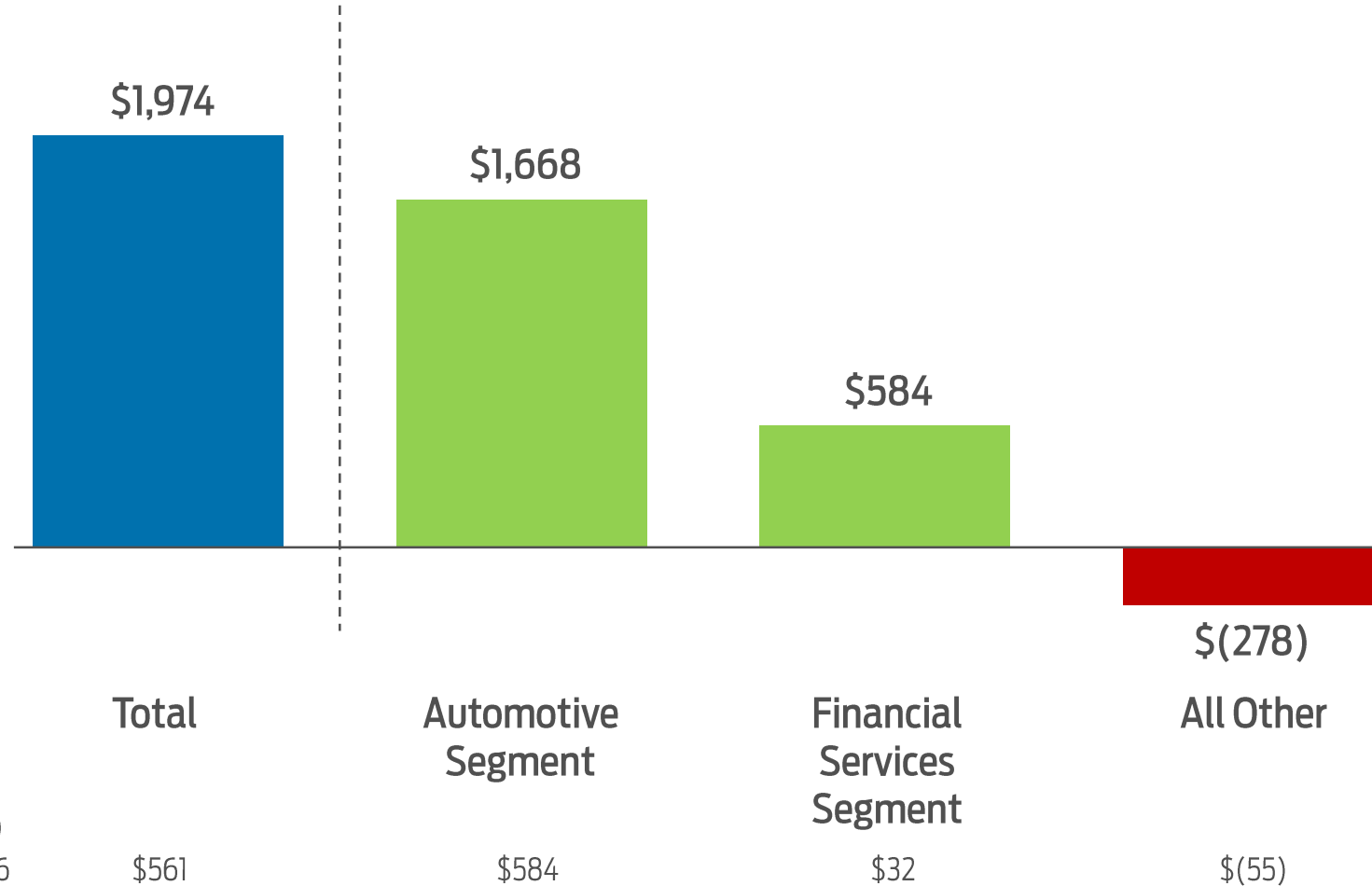
Net income of \$1.6B, up \$600M

Adj. EPS of 43¢, up sharply

Operating cash flow at negative \$1.7B, improved YoY; net cash at \$9.9B

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

# Total Company 3Q 2017 Adjusted Pre-Tax Results\* (Mils)



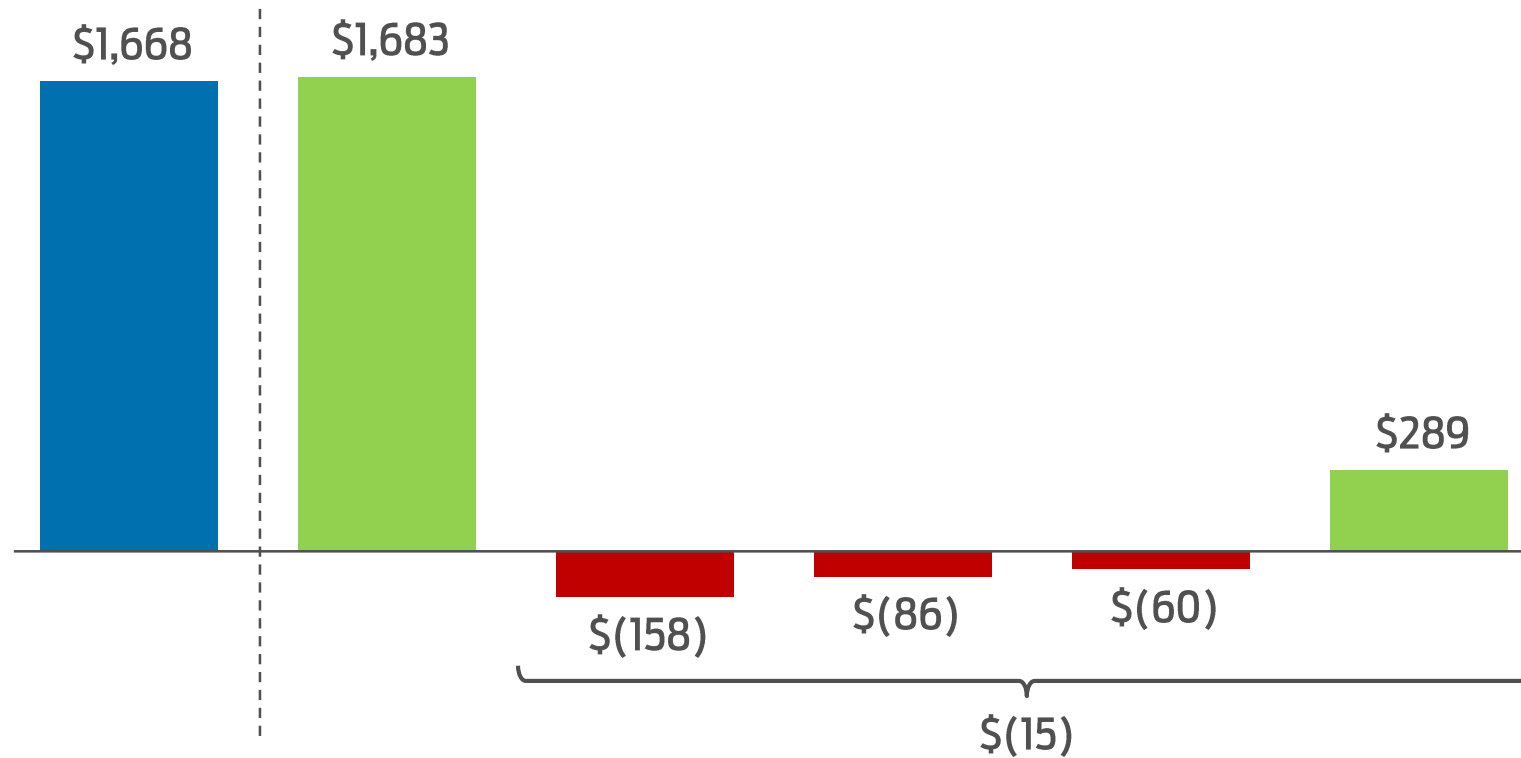
Auto and Financial Services results drove Company adj. PBT

All Other primarily treasury-related activities plus FSM LLC

Higher Company adj. PBT more than explained by improved Auto results

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

# Automotive Segment 3Q 2017 Pre-Tax Results (Mils)



Auto PBT driven by NA and record 3Q in AP

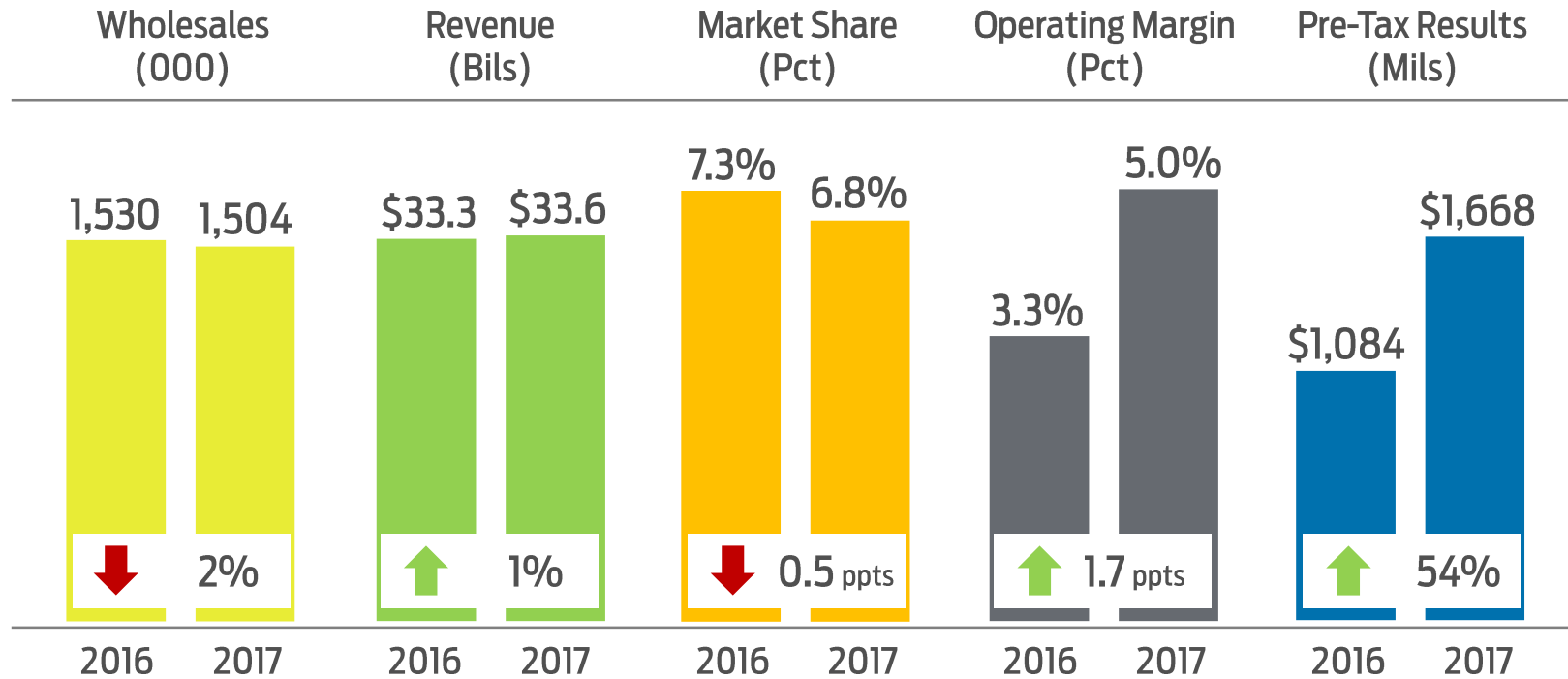
Operations outside of NA about breakeven

All operations except Europe improved YoY, with NA improving the most

B / (W)  
3Q 2016

	Total	North America	South America	Europe	Middle East & Africa	Asia Pacific
B / (W)						
3Q 2016	\$584	\$421	\$137	\$(224)	\$92	\$158

# Automotive Segment 3Q 2017 Key Metrics



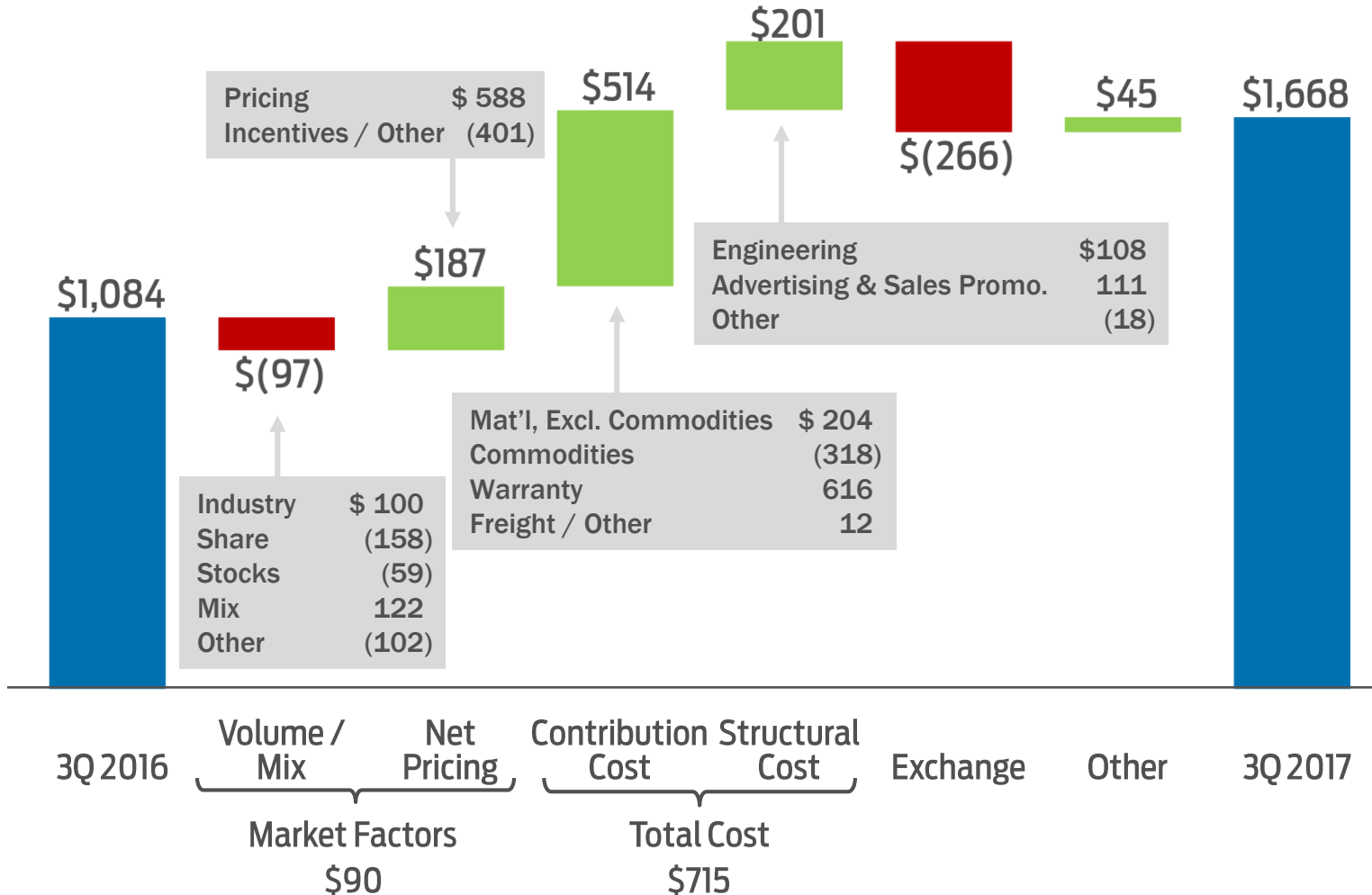
Auto operating margin and PBT improved sharply; first YoY gains since 1Q 2016. Achieved despite relatively flat top line and lower global market share

Global SAAR up 5% due to AP, Europe and SA

Global market share down due to declines in all regions

YTD:	4,944	4,858	\$105.5	\$107.2	7.4%	7.1%	7.0%	5.4%	\$7,380	\$5,824
	↓	2%	↑	2%	↓	0.3 ppts	↓	1.6 ppts	↓	21%

# Automotive Segment 3Q 2017 Pre-Tax Results (Mils)



Auto PBT \$584M higher due to favorable cost performance and market factors

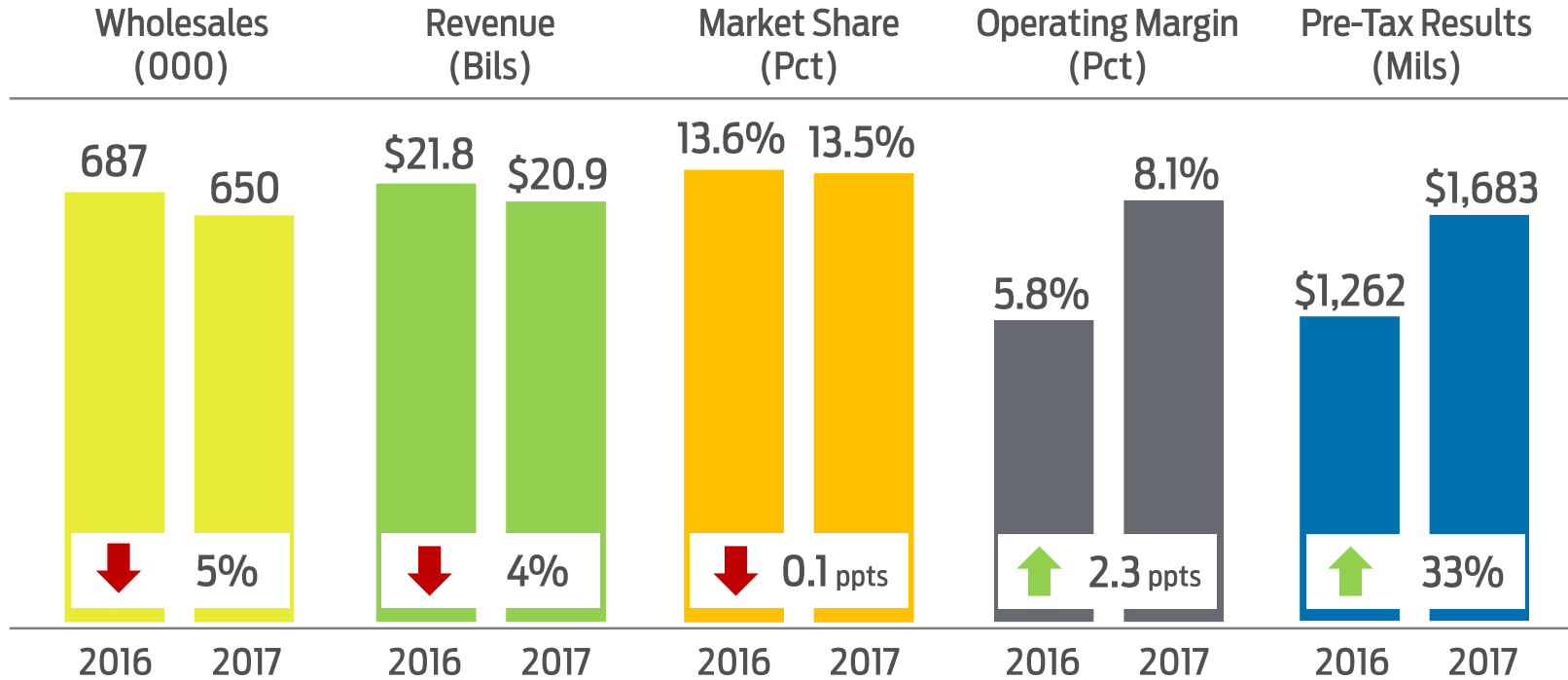
Lower cost due to non-repeat of recall from a year ago, net material cost efficiencies excl. commodities and lower engineering and advertising and sales promotion expense

Adverse exchange driven by sterling, Canadian dollar, Indian rupee, Thai baht and Argentine peso

Commodities continue to be a headwind, mainly metals, primarily steel

# Automotive Segment – North America

## 3Q 2017 Key Metrics



YTD:	2,316	2,228	\$69.5	\$69.4	14.2%	14.0%	10.1%	8.5%	\$7,045	\$5,870
	↓	4%	↔	--%	↓	0.2 ppts	↓	1.6 ppts	↓	17%

NA PBT up significantly with operating margin >8%, despite lower top line

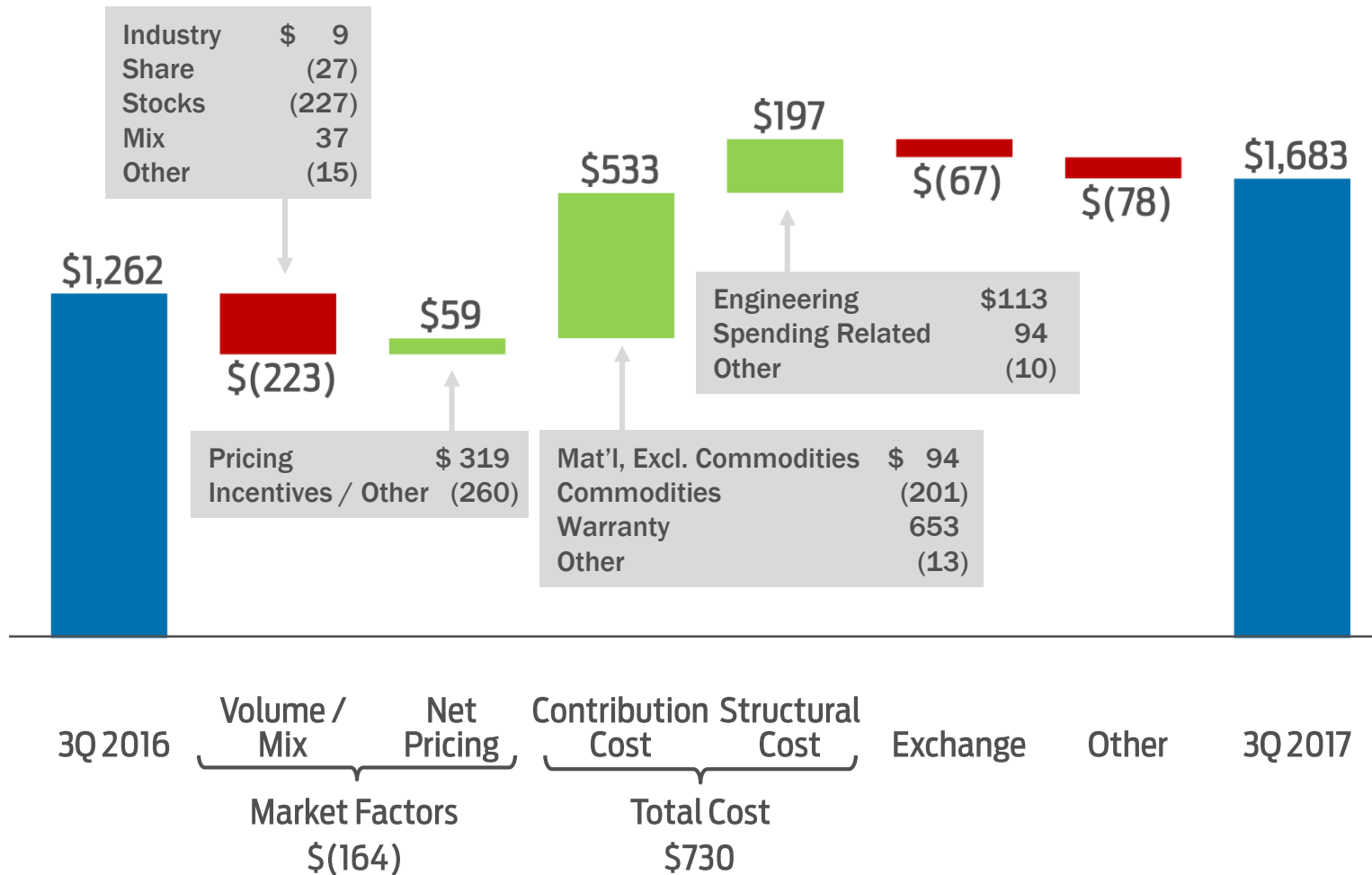
Revenue down due to lower volume – unfavorable change in dealer stocks and lower market share

NA SAAR down 0.4M units, driven by U.S.

NA market share lower due to Canada and Mexico; U.S. up 0.1 ppts due to retail share for Ford trucks and SUVs plus Lincoln

# Automotive Segment – North America

## 3Q 2017 Pre-Tax Results (Mils)



NA PBT up \$421 million driven by strong cost performance, despite continued increase in commodities

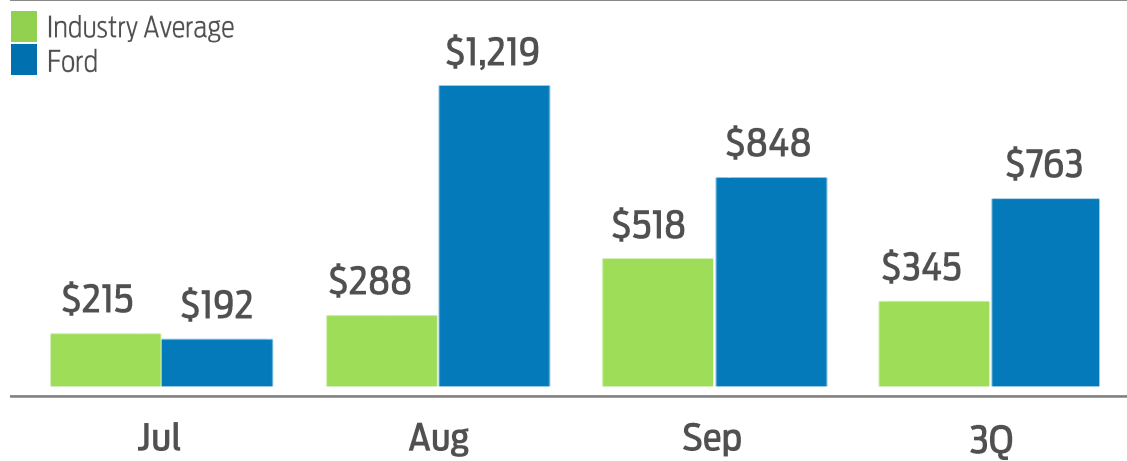
Both contribution and structural costs lower; lower warranty reflects non-repeat of last year's recall

Lower volume driven by unfavorable dealer stock change due to Fusion, Explorer and Expedition and Navigator launch

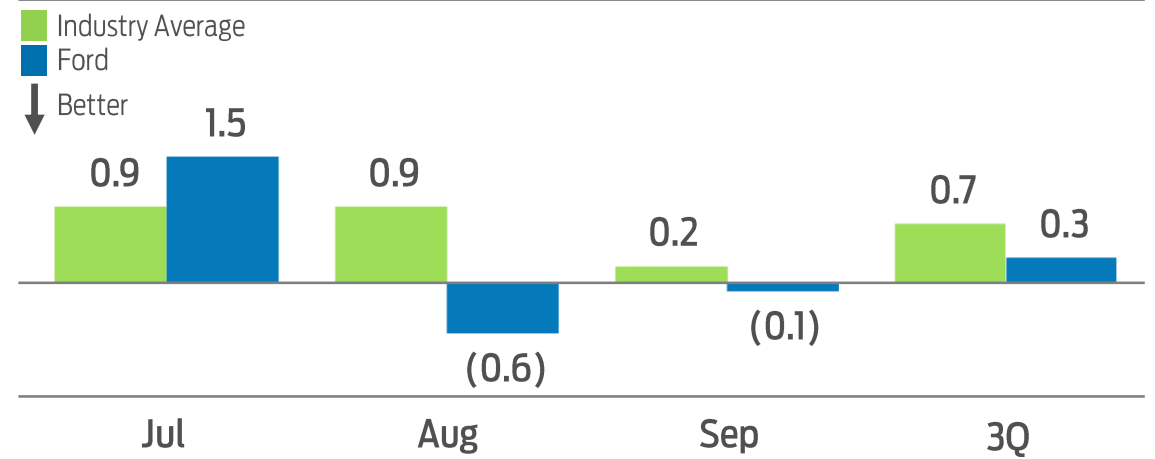
# Automotive Segment – North America

## A Disciplined Approach To The U.S. Business

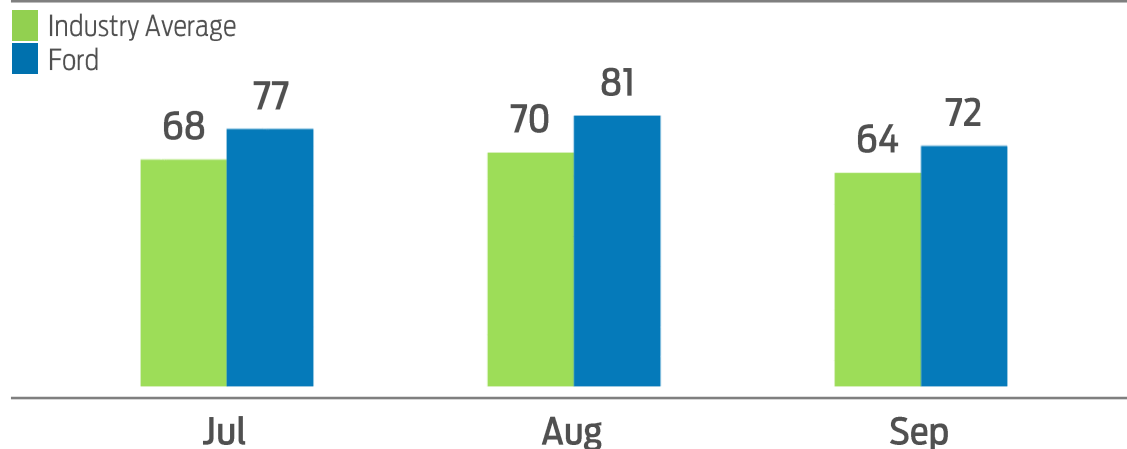
YoY Average Transaction Price (USD)\*



YoY Incentive Change as Pct. of Vehicle Price\*



U.S. Gross Days Supply



Ford ATPs rose more than 2X the industry due to F-Series

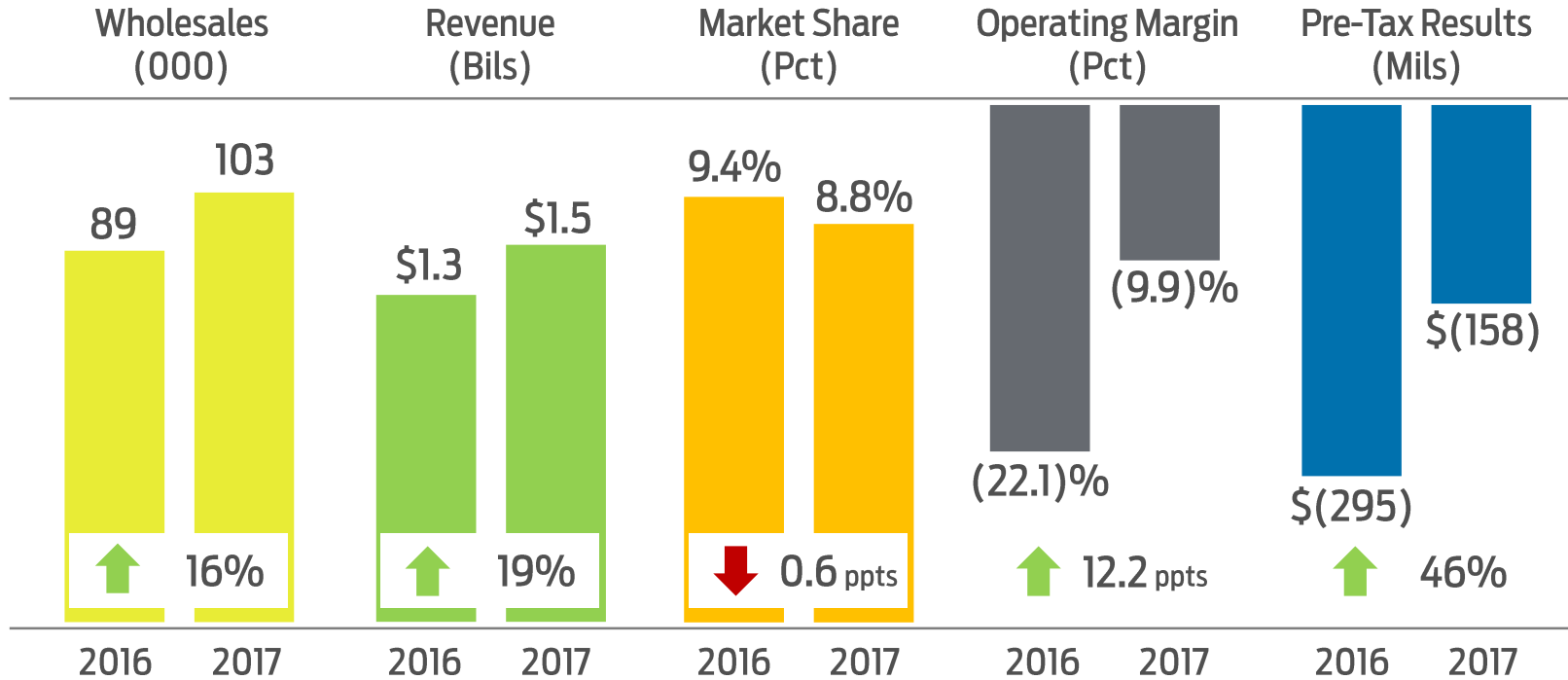
Ford incentives, as a percent of vehicle price, increased less than half the industry's average

Ford U.S. stocks at healthy levels and days supply

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

# Automotive Segment – South America

## 3Q 2017 Key Metrics



YTD:	235	266	\$3.4	\$4.1	8.8%	9.0%	(23.9)%	(14.2)%	\$(816)	\$(587)
	↑	13%	↑	21%	↑	0.2 ppts	↑	9.7 ppts	↑	28%

Pre-tax loss improved 46% as macroeconomic conditions improve; smallest quarterly loss since 4Q 2013

Top line up double digits due to volume and pricing

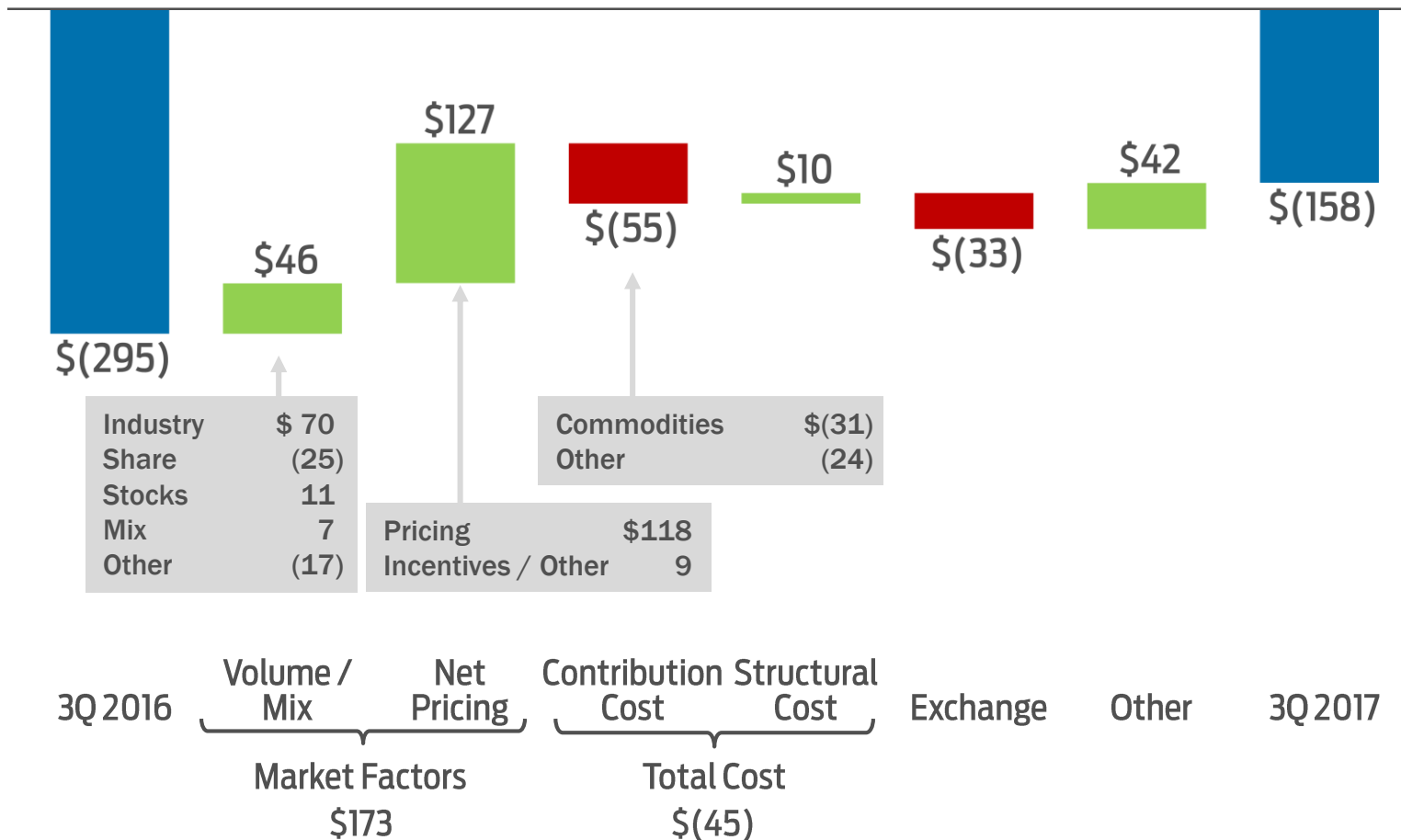
SA SAAR up 16%; Brazil SAAR up YoY for 2nd consecutive quarter

Market share lower primarily due to lower participation in fleet sales

4th consecutive quarter of improved operating margin and PBT

# Automotive Segment – South America

## 3Q 2017 Pre-Tax Results (Mils)



Pre-tax loss improved \$137M due to favorable market factors

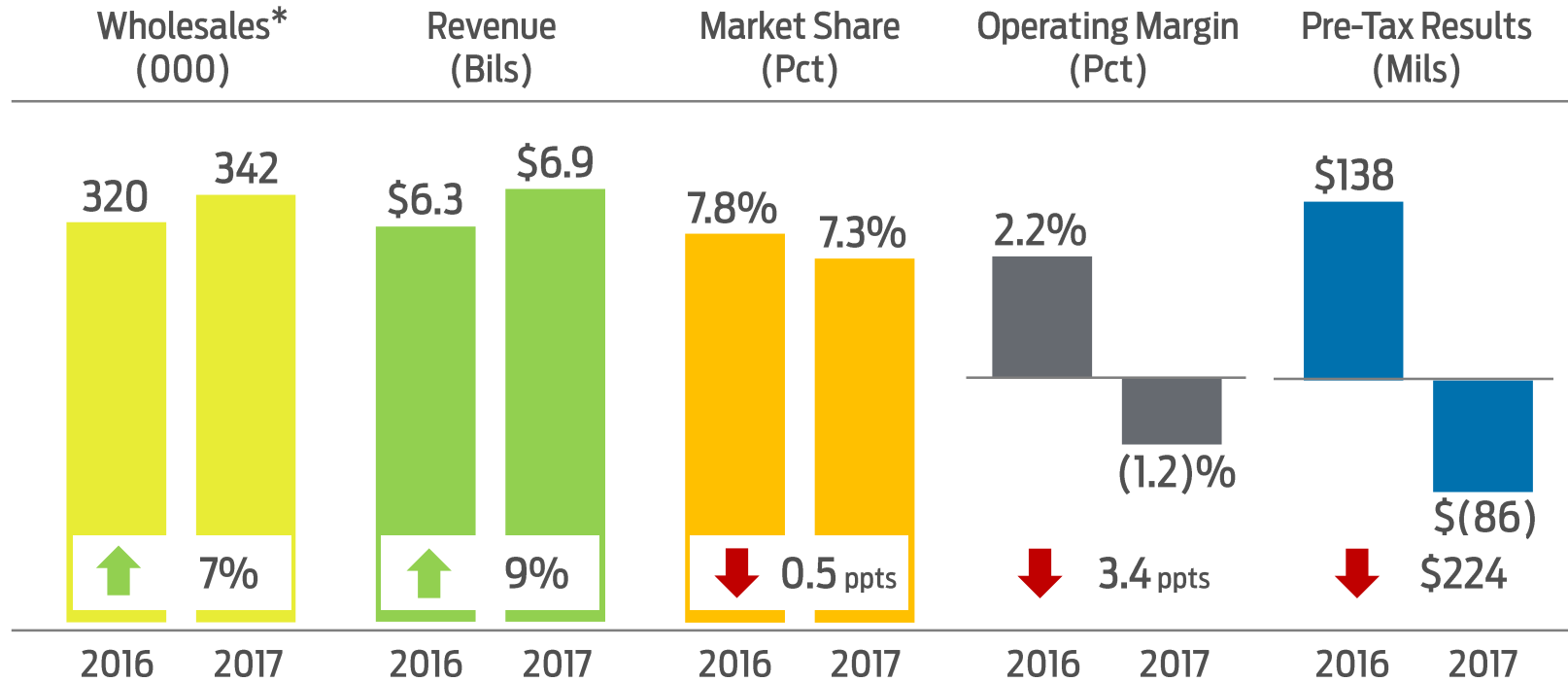
Increase in total cost mainly commodities

Structural cost was flat despite higher volume and continued high inflation in some markets

Unfavorable exchange due to Argentine peso

# Automotive Segment – Europe

## 3Q 2017 Key Metrics



Top line up YoY; all of Europe's other key metrics lower

Volume up due to favorable dealer stock change, mainly Fiesta; revenue gain from volume, mix and pricing

Europe SAAR up 5%, including improvement in Russia

Market share down due to ramp up of Fiesta launch

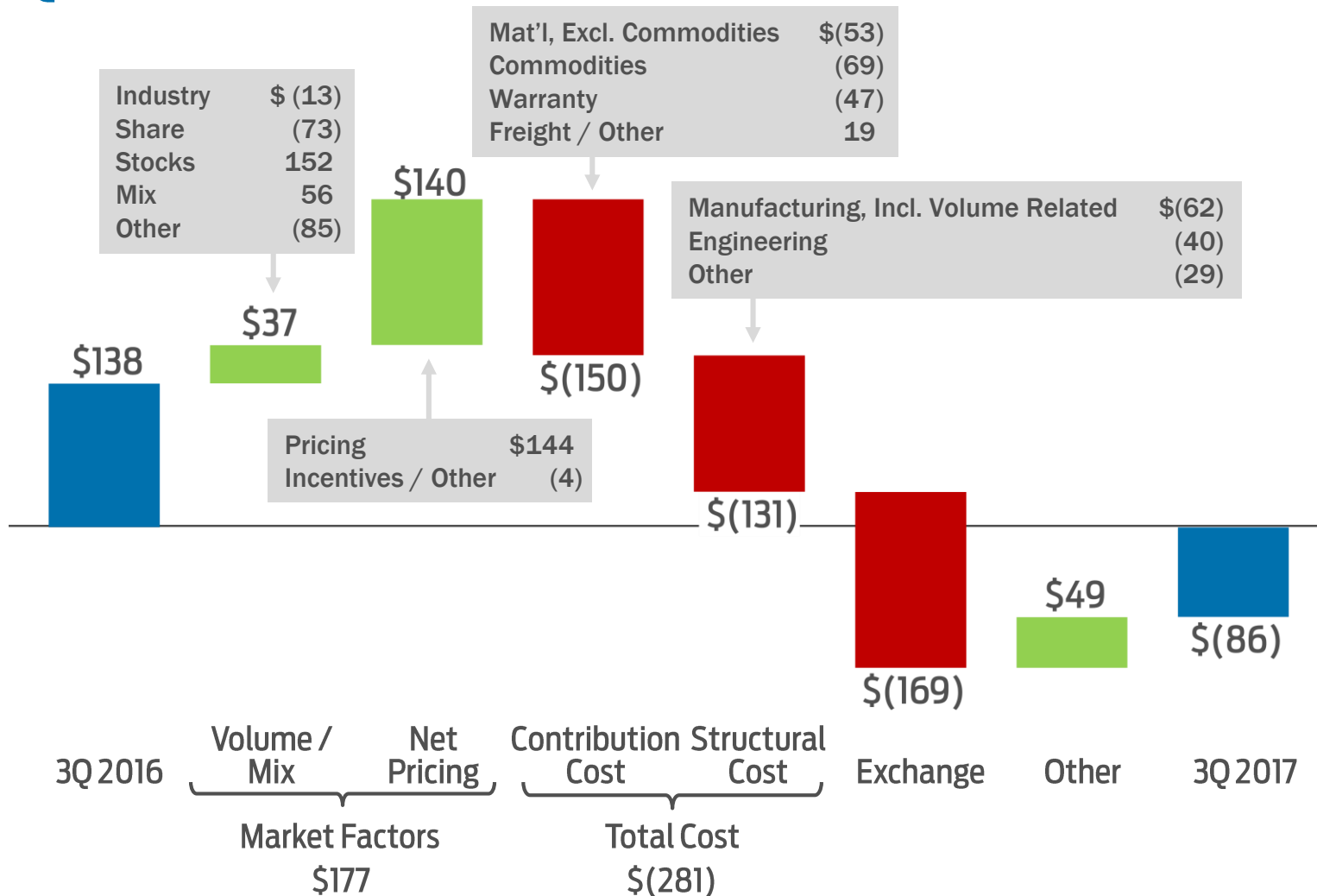
Operating margin and pre-tax result negative for first time since 1Q 2015

YTD:	1,149	1,166	\$21.3	\$21.6	7.7%	7.5%	4.9%	0.8%	\$1,039	\$178
	↑	1%	↑	1%	↓	0.2 ppts	↓	4.1 ppts	↓	83%

\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 15,000 units in 3Q 2016 and 17,000 units in 3Q 2017). Revenue does not include these sales.

# Automotive Segment – Europe

## 3Q 2017 Pre-Tax Results (Mils)



Europe pre-tax result \$224M lower due to Brexit effects, commodities and Fiesta launch

Brexit effects reflect adverse exchange, lower U.K. industry and higher pricing in the U.K.

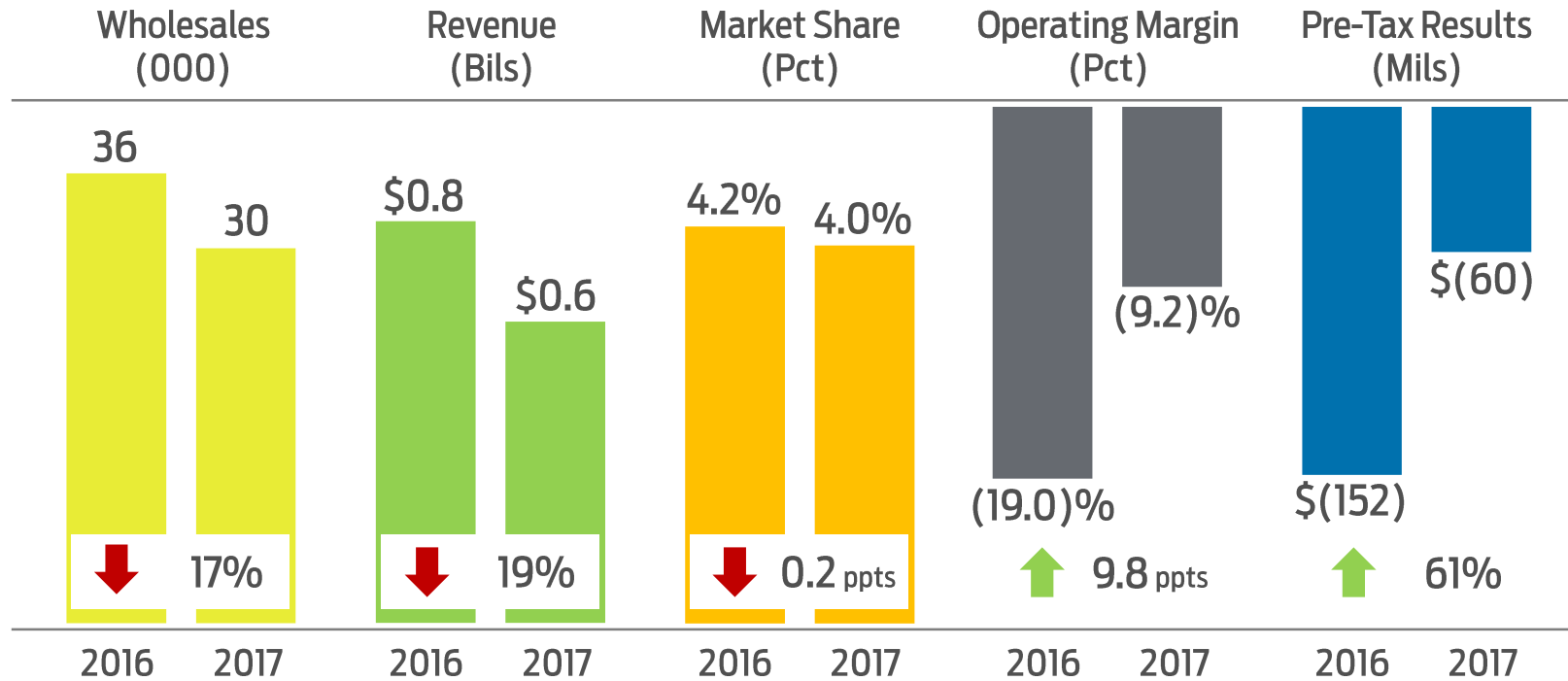
Higher commodities mainly steel and other metals

Fiesta effects include lower volume (ramp-up), higher net pricing net of product cost increases and higher structural cost

Russia results improved, approaching breakeven

# Automotive Segment – Middle East & Africa

## 3Q 2017 Key Metrics



MEA's operating margin and pre-tax loss improved sharply YoY even though volume and revenue continued to decline

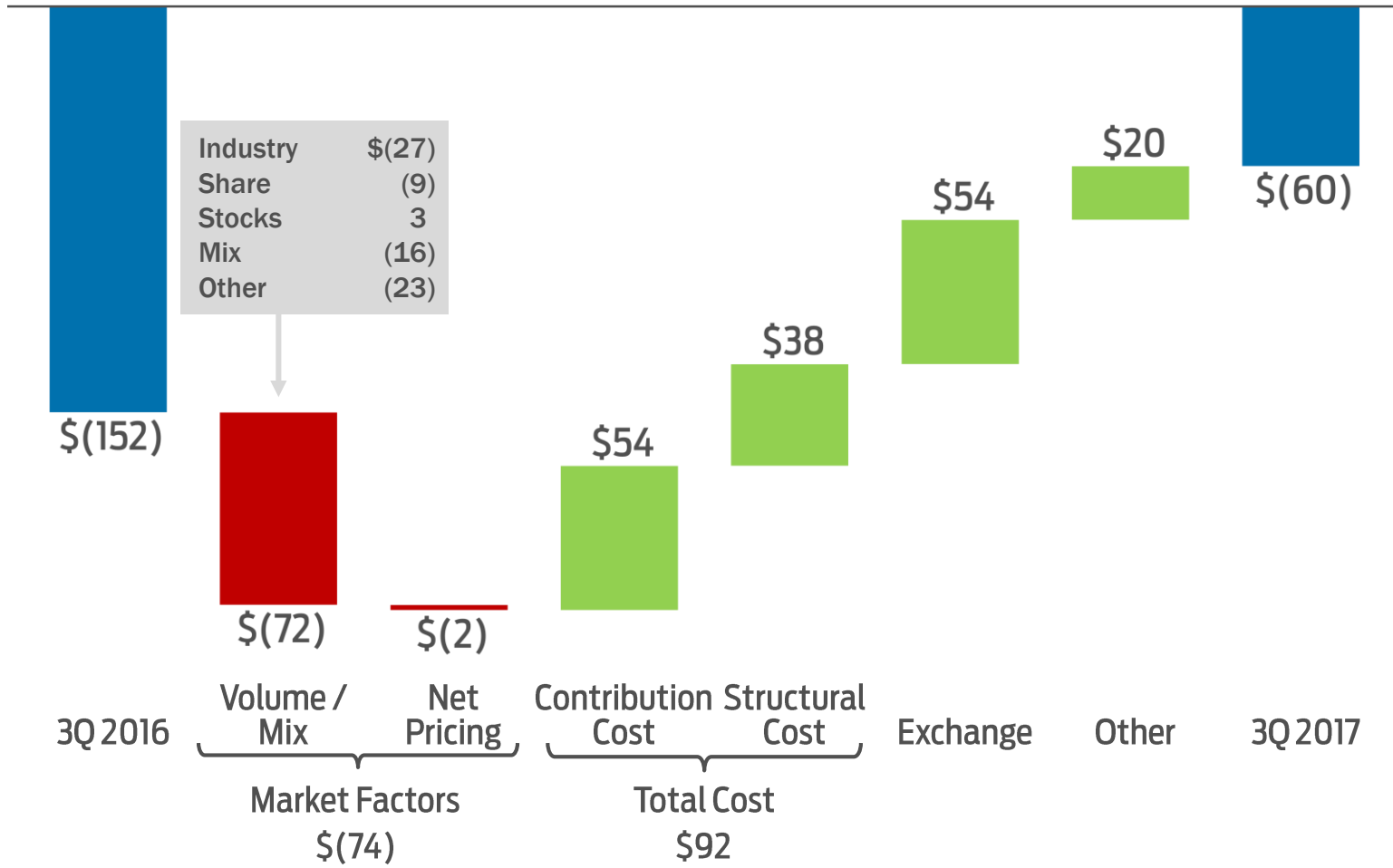
SAAR down 16% in markets where we participate

Market share lower due to unfavorable market mix; share improved in Northern and Southern Africa

YTD:	120	84	\$2.7	\$1.8	4.5%	3.8%	(8.7)%	(10.5)%	\$(231)	\$(193)
	↓	30%	↓	31%	↓	0.7 pts	↓	1.8 pts	↑	16%

# Automotive Segment – Middle East & Africa

## 3Q 2017 Pre-Tax Results (Mils)



MEA's pre-tax loss improved \$92 million, or 61%

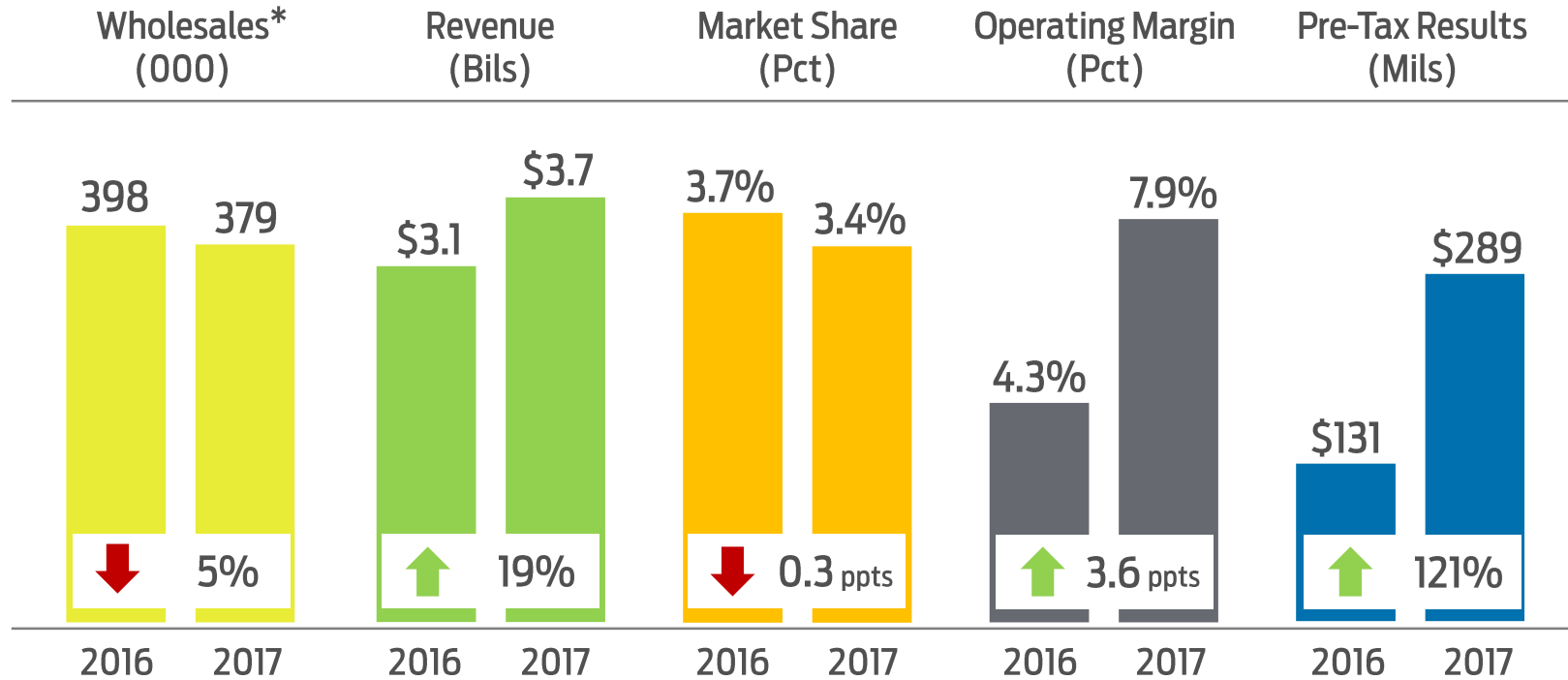
All factors improved or were flat other than volume and mix

4th consecutive quarter of YoY cost improvement

Exchange reflects South African rand and euro

# Automotive Segment – Asia Pacific

## 3Q 2017 Key Metrics



YTD:	2016	2017	Change
Wholesales*	1,124	1,114	↓ 1%
Revenue	\$8.6	\$10.3	↑ 19%
Market Share	3.7%	3.5%	↓ 0.2 ppts
Operating Margin	4.0%	5.4%	↑ 1.4 ppts
Pre-Tax Results	\$343	\$556	↑ 62%

Record 3Q operating margin and PBT

Wholesale volume down due to China; revenue up including Lincoln in China

AP SAAR up 3.3M units, driven by China and India

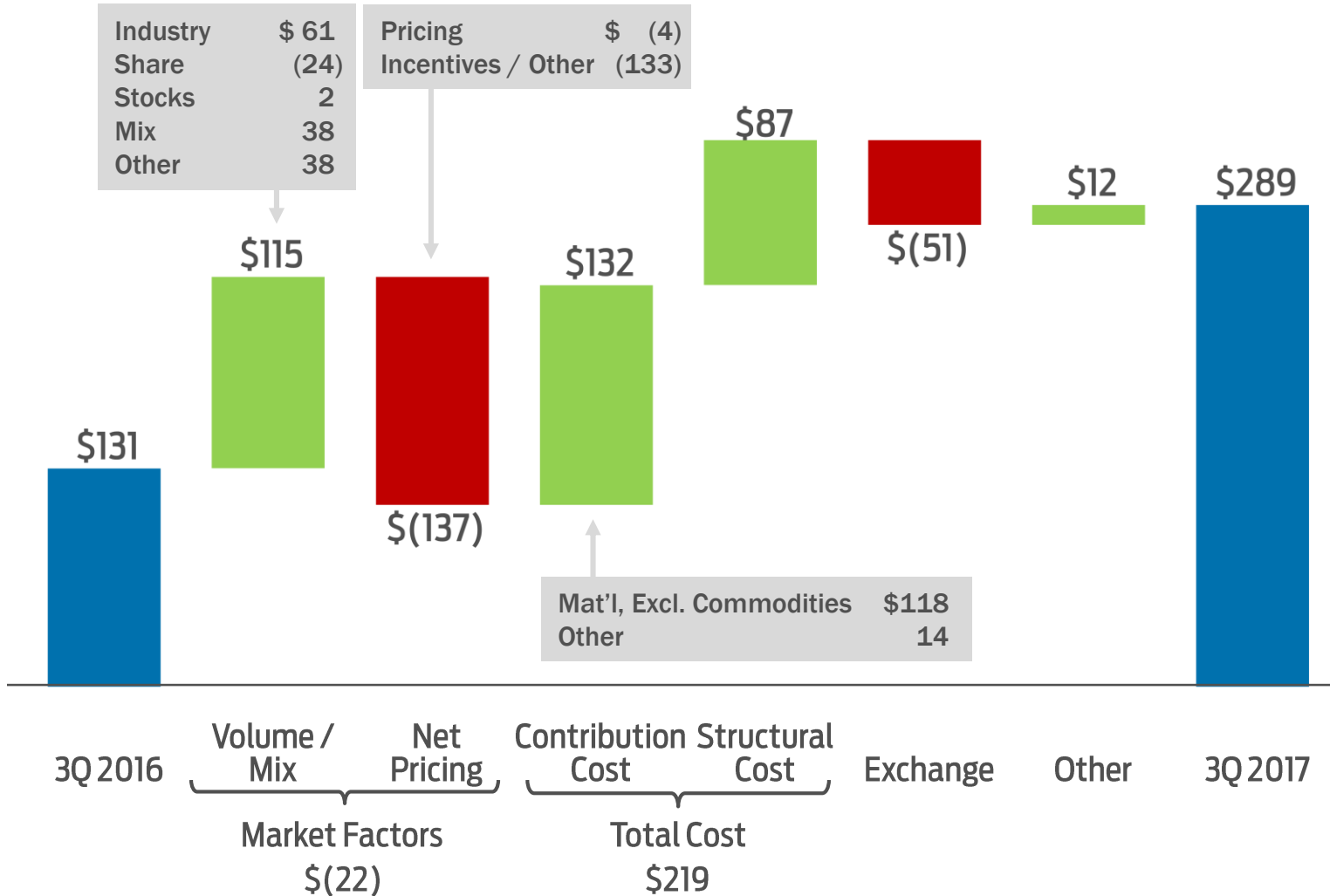
Market share lower due to market performance in China

China JVs at \$241M net income; margin at 12.2%, down 1.2 ppts due to negative industry pricing and unfavorable volume and mix

\* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 296,000 units in 3Q 2016 and 267,000 units in 3Q 2017). Revenue does not include these sales

# Automotive Segment – Asia Pacific

## 3Q 2017 Pre-Tax Results (Mils)



AP PBT up \$158M YoY due to gains at most operations outside China JVs

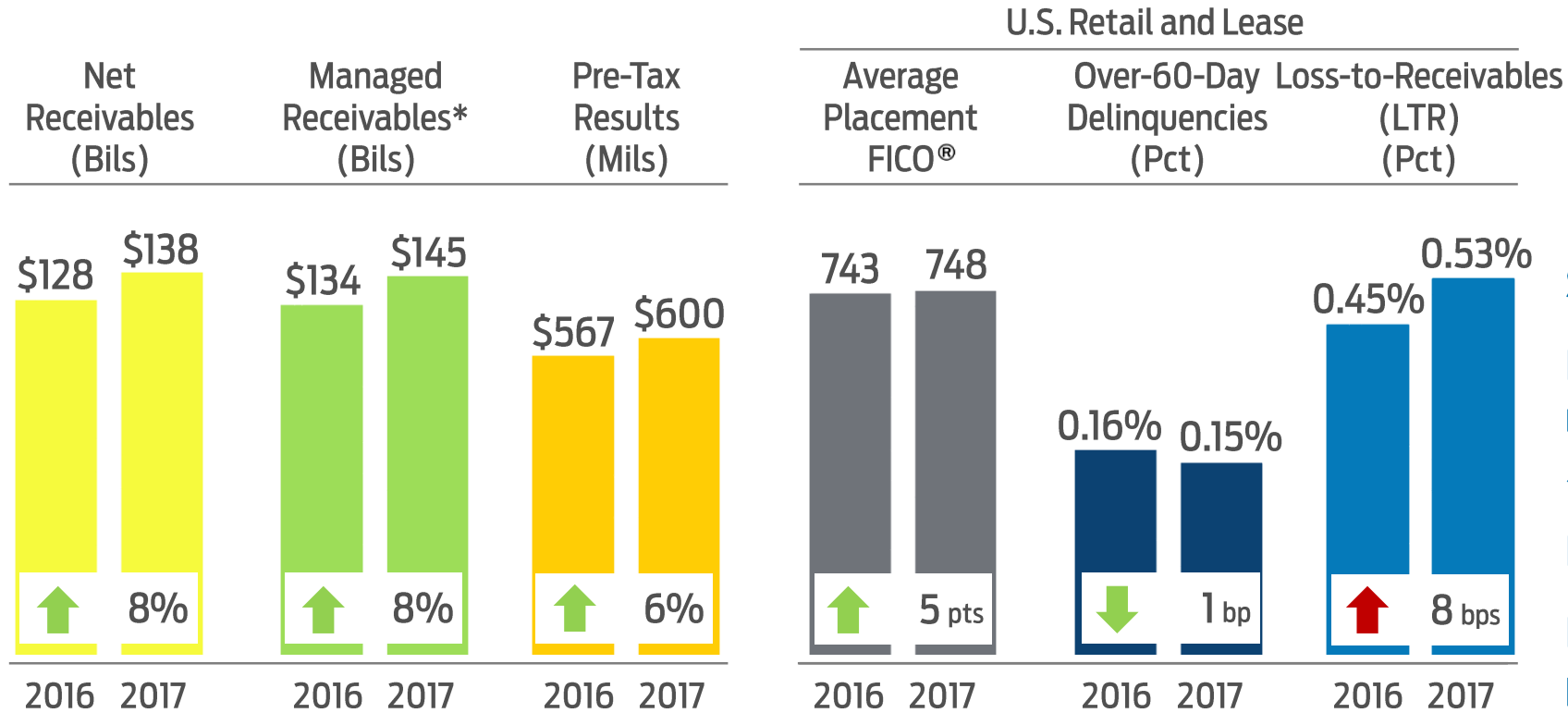
Improved cost performance drove the profit improvement

Market factors about flat with favorable volume and mix about offset by lower net pricing, mainly China industry pricing

Unfavorable exchange mainly the Thai baht and Indian rupee

# Financial Services Segment – Ford Credit

## 3Q 2017 Key Metrics



Strong and improved 3Q PBT

Receivables grew globally, led by retail financing and consolidation of \$1.3B for Forso JV in Nordic region

Paid \$378M distribution in 3Q

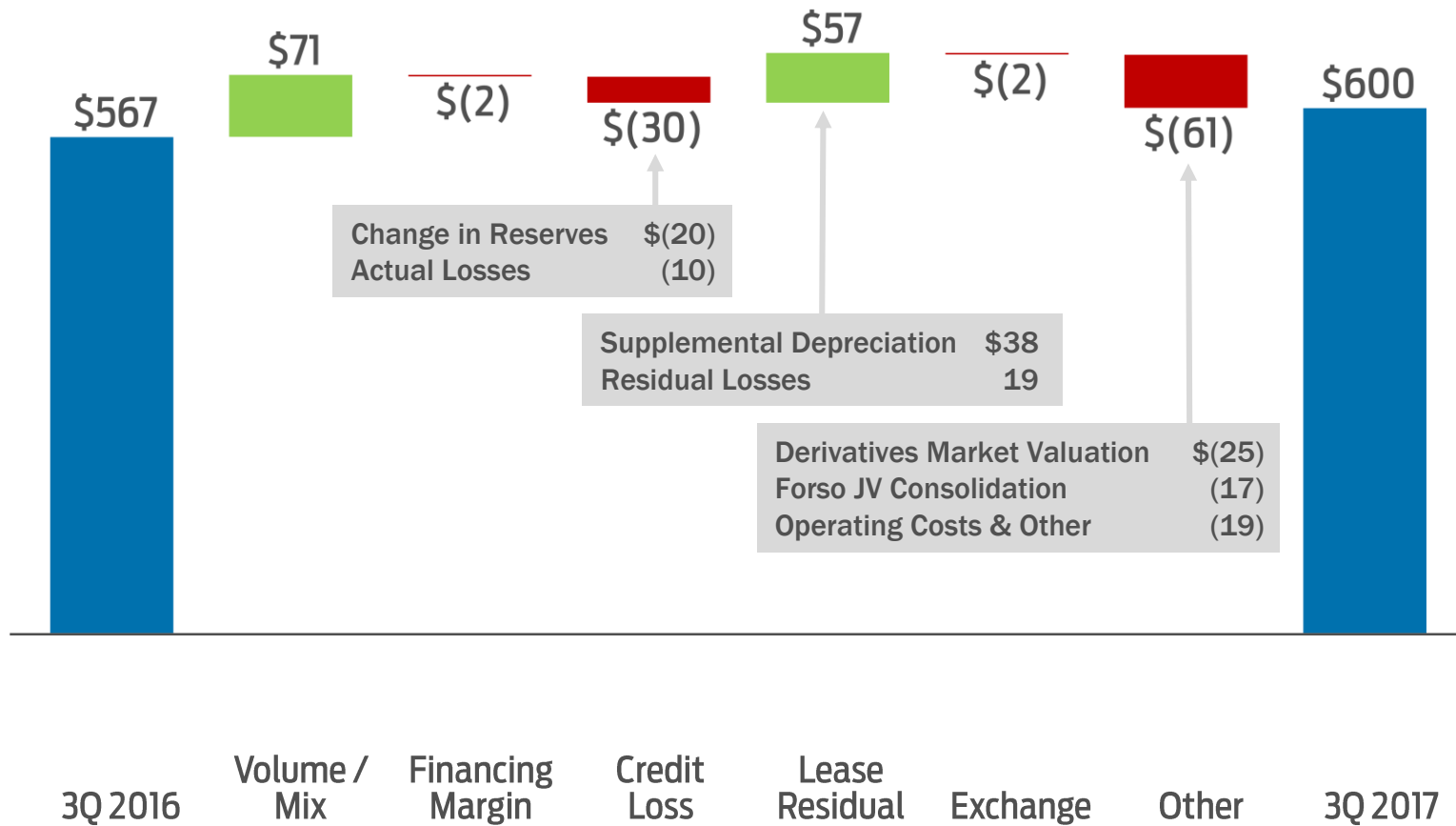
Business and portfolio continue to perform well

YTD:	\$1,481	\$1,700	739	744	0.14%	0.15%	0.42%	0.51%
	↑	15%	↑	5 pts	↑	1 bp	↑	9 bps

\* See Appendix for reconciliation to GAAP

# Financial Services Segment – Ford Credit

## 3Q 2017 Pre-Tax Results (Mils)



Ford Credit PBT improved \$33M YoY due to favorable volume and mix and lease residual performance

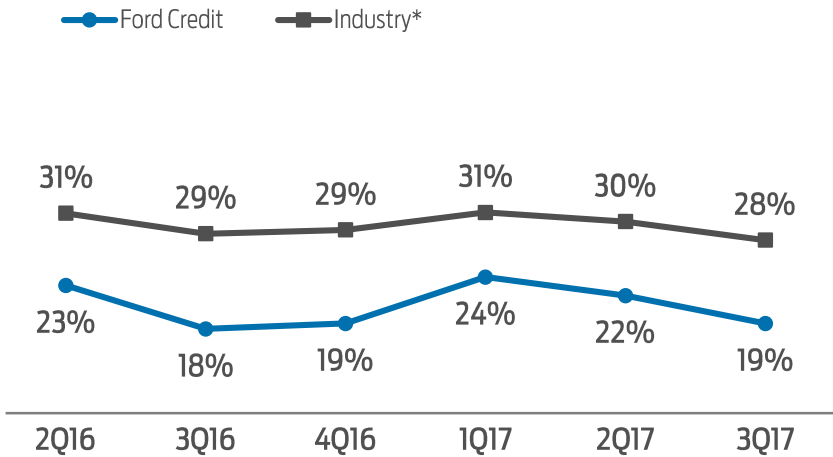
Volume and mix up due to global receivables growth

Lease residual performance driven by lower supplemental depreciation

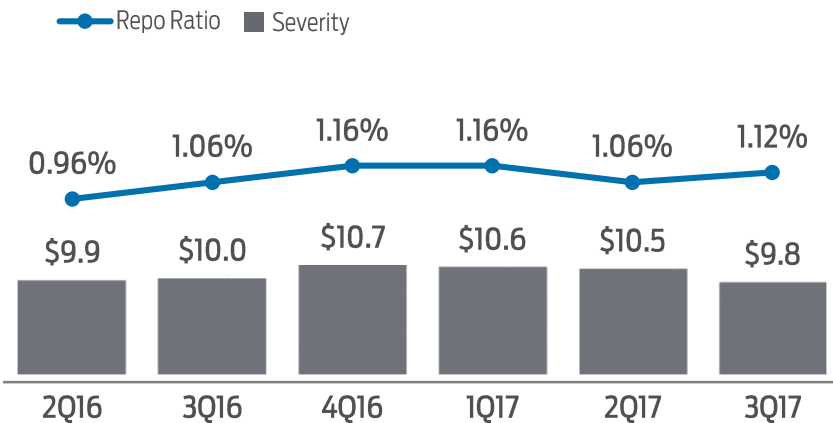
Credit loss change in reserves reflects credit loss performance trends and receivables growth

# Financial Services Segment – Ford Credit U.S. Automotive Financing Trends

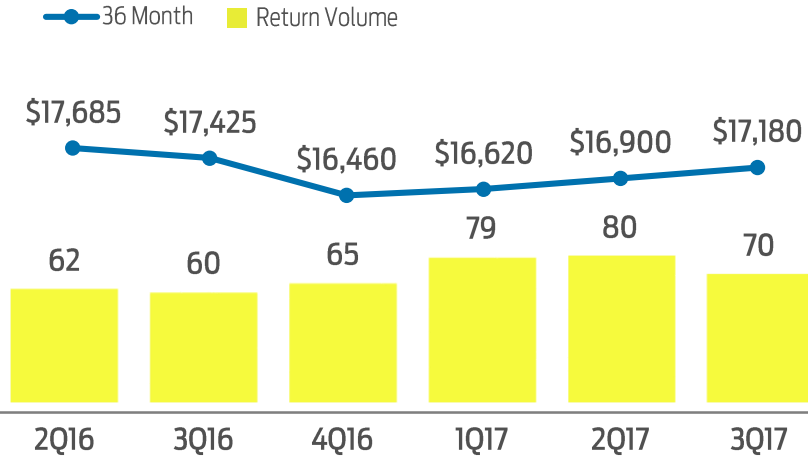
Lease Share of Retail Sales (Pct)



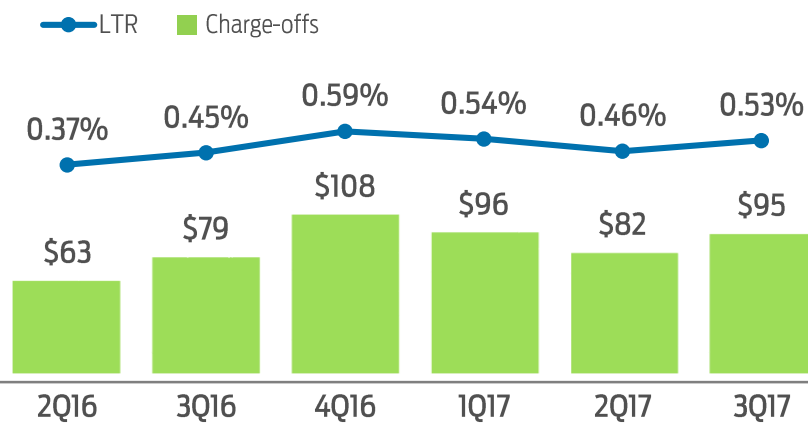
Retail and Lease Repossession Ratio (Pct) and Severity (000)



Lease Return Vol. (000) and Auction Values\*\*



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



Prudent management of lease mix

Stronger-than-expected auction values are supporting lease residual and credit loss performance

Continue to plan for lower auction values but outlook improved

Strong loss metrics reflect healthy consumer credit conditions

\* Source: JD Power PIN

\*\* At 3Q 2017 mix

# Automotive Segment Cash Flow

(Bils)

	3Q 2017	YTD 2017
Cash at end of period	\$ 26.1	\$ 26.1
Cash at beginning of period	28.4	27.5
Change in cash	<u>\$ (2.3)</u>	<u>\$ (1.4)</u>
Automotive segment pre-tax profits	\$ 1.7	\$ 5.8
Capital spending	(1.7)	(4.9)
Depreciation and tooling amortization	1.3	3.7
Changes in working capital	(0.6)	(0.8)
All other and timing differences	(2.4)	(2.2)
Automotive operating cash flow	<u>\$ (1.7)</u>	<u>\$ 1.6</u>
Separation payments	-	(0.1)
Transactions with other segments	0.3	0.3
Other, including acquisitions and divestitures	-	(0.2)
Cash flow before other actions	<u>\$ (1.4)</u>	<u>\$ 1.6</u>
Changes in debt	(0.1)	(0.2)
Funded pension contributions	(0.2)	(0.7)
Shareholder distributions	(0.6)	(2.1)
Change in cash	<u><u>\$ (2.3)</u></u>	<u><u>\$ (1.4)</u></u>

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

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

Now expect full year pension contributions of \$1.5B including a pull ahead of about \$500M to 4Q from 2018 to achieve cash tax benefit

Still expect FY shareholder distributions of about \$2.7B

# Balance Sheet Summary

(Bils)

	2016 Dec 31	2017 Sep 30
<b><u>Automotive Segment</u></b>		
Cash, cash equivalents and marketable securities	\$ 27.5	\$ 26.1
Available credit lines*	10.8	10.9
<b>Total liquidity</b>	<b>\$ 38.3</b>	<b>\$ 37.0</b>
<b>Debt</b>	<b>\$ 15.9</b>	<b>\$ 16.2</b>
<b>Cash net of debt</b>	<b>11.6</b>	<b>9.9</b>
<b><u>Ford Credit</u></b>		
Managed receivables**	\$ 137	\$ 145
<b>Debt</b>	<b>126</b>	<b>132</b>
<b>Liquidity</b>	<b>27</b>	<b>30</b>
<b>Managed leverage** (to 1)</b>	<b>9.2</b>	<b>8.7</b>
<b><u>Total Company Period End Balance Sheet Underfunded Status***</u></b>		
U.S. pension	\$ 3.8	\$ 3.3
Non-U.S. pension	5.1	4.7
<b>Total global pension</b>	<b>\$ 8.9</b>	<b>\$ 8.0</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 Sep 30, 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	2016	2017
Global*	3.0%	3.5%	92.5	94.8
U.S.	1.5%	2.2%	17.9	17.4
Brazil	(3.6)%	0.4%	2.1	2.2
Europe	1.6%	2.3%	20.1	20.9
China**	6.7%	6.7%	27.5	28.2

For 2017, seeing steady growth in global GDP and industry volume

U.S. industry lower on weakness in both fleet and retail segments

China industry higher in 2017 on stronger-than-expected year to date performance

\* 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

\*\* Total industry sales based on data provided by the Chinese Insurance Information Technology Co. (CIITC)

# 2017 Full Year Company Guidance










	Adjusted EPS*	Adjusted Effective Tax Rate*	Automotive Segment Revenue	Automotive Segment Operating Margin	Automotive Segment Operating Cash Flow
2017 FY	\$1.75 - \$1.85	About 15%	About Equal To 2016	Lower Than 2016	Positive But Lower Than 2016
2016 FY Result	\$1.76	31.9%	\$141.5B	6.7%	\$6.4B

**Tightening Adj. EPS Guidance To \$1.75 - \$1.85, Based On Improved Operating Performance**

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

# 2017 Business Unit Full Year Guidance

## Automotive

	North America	South America	Europe	Middle East & Africa	Asia Pacific	Total Automotive	Ford Credit	All Other
PBT B / (W) 2016							Higher than \$2B	
	<ul style="list-style-type: none"> <li>- Commodities</li> <li>- Other Cost</li> <li>- Net Pricing</li> <li>- Exchange</li> <li>- Volume</li> <li>+ Mix</li> </ul>	<ul style="list-style-type: none"> <li>+ Net Pricing</li> <li>+ Volume</li> <li>- Cost</li> <li>- Exchange</li> </ul>	<ul style="list-style-type: none"> <li>- Other Cost</li> <li>- Exchange (Brexit)</li> <li>- Commodities</li> <li>+ Volume &amp; Mix</li> <li>+ Net Pricing</li> </ul>	<ul style="list-style-type: none"> <li>+ Cost</li> <li>+ Exchange</li> <li>- Volume</li> </ul>	<ul style="list-style-type: none"> <li>+ Cost</li> <li>+ Volume &amp; Mix</li> <li>- Net Pricing</li> <li>- Exchange</li> </ul>	<ul style="list-style-type: none"> <li>- Commodities</li> <li>- Exchange</li> <li>- Other Cost</li> <li>- Net Pricing</li> <li>+ Mix</li> </ul>	<ul style="list-style-type: none"> <li>+ Receivables Growth</li> <li>+ Residual Values</li> <li>- Credit Losses</li> </ul>	<ul style="list-style-type: none"> <li>- Net Interest Expense (↑ Auto Debt)</li> <li>- FSM</li> </ul>
2016 FY Results	\$9,001M	\$(1,109)M	\$1,205M	\$(302)M	\$627M	\$9,422M	\$1,879M	\$(867)M

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## Questions & Answers

# Key Takeaways

- Delivered a solid quarter with more balanced results with improvements in growth, profitability and cash flow
- Improvements were supported by early signs of becoming a more fit company
- Maintained a strong balance sheet with substantial cash and liquidity
- Continued strong results at Ford Credit
- Fully confident in delivering full year guidance

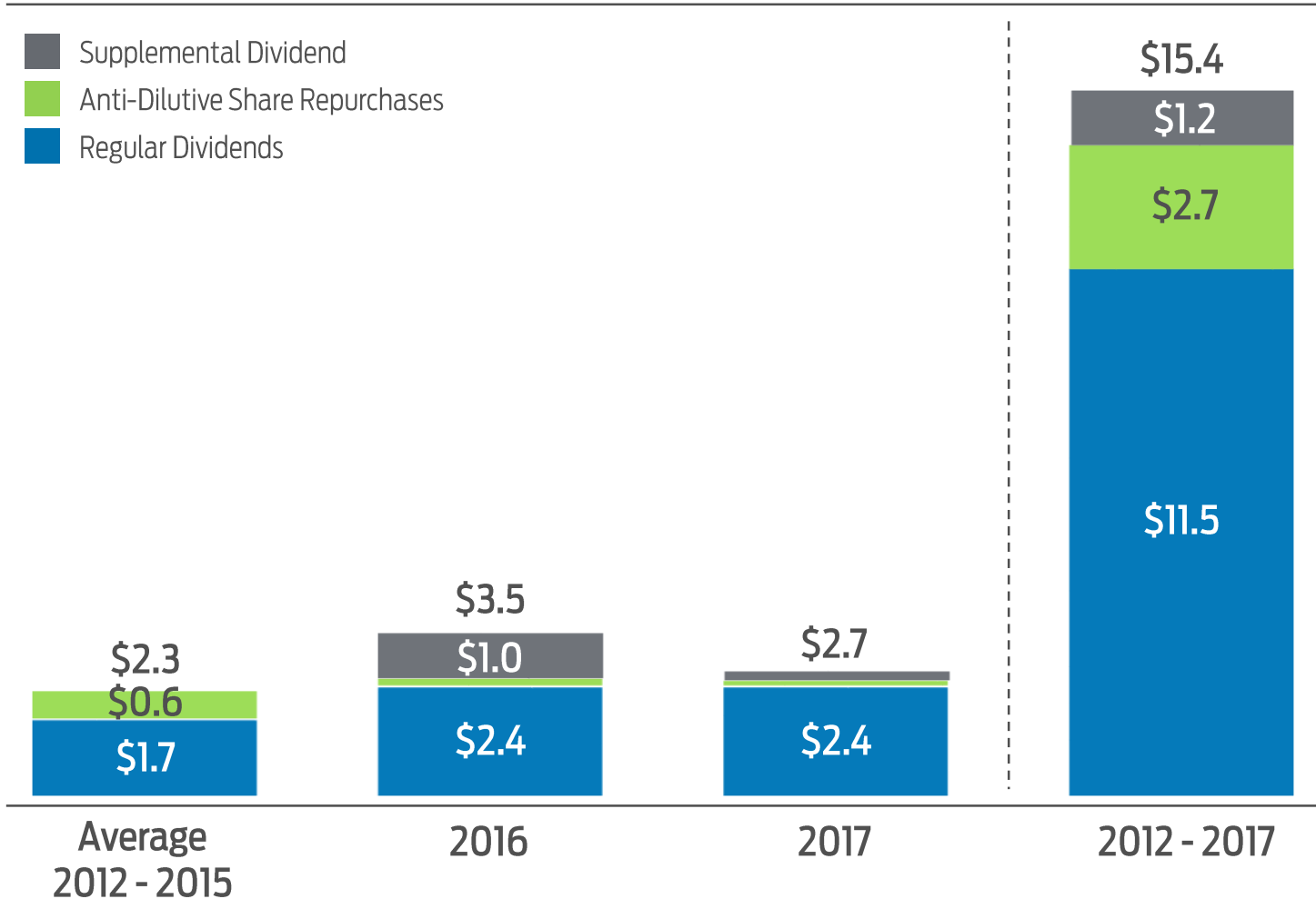
# Risk Factors

- 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.

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# Appendix

# Shareholder Distributions (Bils)



Total shareholder distributions of \$15.4B 2012 - 2017

We paid a third quarter regular dividend of 15¢ per share

We plan 2017 distributions of about \$2.7B

# Shareholder Payout Ratio

	<u>2015</u>	<u>2016</u>	<u>2015 - 2016 Cumulative</u>
<b><u>Shareholder Payout (Mils)</u></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
Total shareholder payout	<u>\$ 3,501</u>	<u>\$ 2,727</u>	<u>\$ 6,228</u>
<b><u>Net Income Adjustments (Mils)</u></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)
Net income adjusted for pension and OPEB remeasurement	<u>\$ 7,807</u>	<u>\$ 6,577</u>	<u>\$ 14,384</u>
<b><u>Shareholder Payout Ratio (Pct)</u></b>			
Based on net income less pension and OPEB remeasurement	44.8%	41.5%	<u>43.3%</u>
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>	3Q		YTD		Memo:
	2016	2017	2016	2017	FY 2016
Net income / (Loss) attributable to Ford (GAAP)	\$ 957	\$ 1,564	\$ 5,379	\$ 5,193	\$ 4,596
Income / (Loss) attributable to non-controlling interests	4	7	9	22	11
Net income / (Loss)	\$ 961	\$ 1,571	\$ 5,388	\$ 5,215	\$ 4,607
Less: (Provision for) / Benefit from income taxes	(426)	(186)	(2,525)	(1,044)	(2,189)
Income / (Loss) before income taxes	\$ 1,387	\$ 1,757	\$ 7,913	\$ 6,259	\$ 6,796
Less: Special items pre-tax	(26)	(217)	(330)	(441)	(3,579)
Adjusted pre-tax profit (Non-GAAP)	\$ 1,413	\$ 1,974	\$ 8,243	\$ 6,700	\$ 10,375

# Total Company Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2017		Memo:
	3Q	YTD	FY 2016
<u>Pre-Tax Results (Mils)</u>			
Income / (Loss) before income taxes (GAAP)	\$ 1,757	\$ 6,259	\$ 6,796
Less: Impact of special items	(217)	(441)	(3,579)
Adjusted pre-tax profit (Non-GAAP)	<u>\$ 1,974</u>	<u>\$ 6,700</u>	<u>\$ 10,375</u>
<u>Taxes (Mils)</u>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (186)	\$ (1,044)	\$ (2,189)
Less: Impact of special items	47	78	1,121
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	<u>\$ (233)</u>	<u>\$ (1,122)</u>	<u>\$ (3,310)</u>
<u>Tax Rate (Pct)</u>			
Effective tax rate (GAAP)	10.6%	16.7%	32.2%
Adjusted effective tax rate (Non-GAAP)	11.8%	16.7%	31.9%

# Total Company Special Items

(Mils)	3Q		YTD		Memo: FY 2016
	2016	2017	2016	2017	
Pension and OPEB remeasurement gain / (loss)	\$ -	\$ -	\$ (11)	\$ -	\$ (2,996)
Separation-related actions	\$ (17)	\$ (230)	\$ (293)	\$ (259)	\$ (304)
<u>Other Items</u>					
San Luis Potosi plant cancellation	\$ -	\$ (12)	\$ -	\$ 41	\$ (199)
Japan, Indonesia market closure	(9)	-	(26)	-	(80)
Next-generation Focus footprint change	-	25	-	(223)	-
Total other items	\$ (9)	\$ 13	\$ (26)	\$ (182)	\$ (279)
Total pre-tax special items	\$ (26)	\$ (217)	\$ (330)	\$ (441)	\$ (3,579)
Tax special items	\$ (60)	\$ 47	\$ (127)	\$ 78	\$ 1,121
Memo:					
Special items impact on earnings per share*	\$ (0.02)	\$ (0.04)	\$ (0.11)	\$ (0.09)	\$ (0.61)

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

# Total Company Earnings Per Share Reconciliation To Adjusted Earnings Per Share

	2017	
	3Q	YTD
<u>Diluted After-Tax Results (Mils)</u>		
Diluted after-tax results (GAAP)	\$ 1,564	\$ 5,193
Less: Impact of pre-tax and tax special items	(170)	(363)
Adjusted net income – diluted (Non-GAAP)	<u>\$ 1,734</u>	<u>\$ 5,556</u>
 <u>Basic and Diluted Shares (Mils)</u>		
Basic shares (average shares outstanding)	3,972	3,975
Net dilutive options and unvested restricted stock units	24	21
Diluted shares	<u>3,996</u>	<u>3,996</u>
 Earnings per share – diluted (GAAP)	\$ 0.39	\$ 1.30
Less: Net impact of adjustments	(0.04)	(0.09)
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ 0.43</u>	<u>\$ 1.39</u>

# Financial Services Segment – Ford Credit

## Total Net Receivables Reconciliation To Managed Receivables

<i>(Bils)</i>	2015 Dec 31	2016 Sept 30	2016 Dec 31	2017 Sep 30
Financial Services finance receivables, net (GAAP)*	\$ 90.7	\$ 95.2	\$ 96.2	\$ 103.9
Net investment in operating leases (GAAP)*	25.1	27.0	27.2	26.9
Consolidating adjustments**	6.1	5.7	6.8	6.7
Ford Credit total net receivables	<u>\$ 121.9</u>	<u>\$ 127.9</u>	<u>\$ 130.2</u>	<u>\$ 137.5</u>
Unearned interest supplements and residual support	4.5	5.3	5.3	5.9
Allowance for credit losses	0.4	0.5	0.5	0.6
Other, primarily accumulated supplemental depreciation	0.4	0.7	0.9	1.1
Total managed receivables (Non-GAAP)	<u><u>\$ 127.2</u></u>	<u><u>\$ 134.4</u></u>	<u><u>\$ 136.9</u></u>	<u><u>\$ 145.1</u></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

# Financial Services Segment – Ford Credit

## Financial Statement Leverage Reconciliation To Managed Leverage

<i>(Bils)</i>	2016 Sept. 30	2016 Dec. 31	2017 Jun. 30	2017 Sep 30
<b><u>Leverage Calculation</u></b>				
Total debt*	\$ 123.5	\$ 126.5	\$ 129.3	\$ 132.4
Adjustments for cash**	(9.2)	(10.8)	(10.1)	(11.3)
Adjustments for derivative accounting***	(1.0)	(0.3)	(0.2)	(0.2)
<b>Total adjusted debt</b>	<b>\$ 113.3</b>	<b>\$ 115.4</b>	<b>\$ 119.0</b>	<b>\$ 120.9</b>
Equity****	\$ 12.7	\$ 12.8	\$ 13.8	\$ 14.1
Adjustments for derivative accounting***	(0.3)	(0.3)	(0.2)	(0.3)
<b>Total adjusted equity</b>	<b>\$ 12.4</b>	<b>\$ 12.5</b>	<b>\$ 13.6</b>	<b>\$ 13.8</b>
<b>Financial statement leverage (to 1) (GAAP)</b>	<b>9.7</b>	<b>9.9</b>	<b>9.3</b>	<b>9.4</b>
<b>Managed leverage (to 1) (Non-GAAP)</b>	<b>9.2</b>	<b>9.2</b>	<b>8.8</b>	<b>8.7</b>

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

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

\*\*\* Related primarily 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>	2016	2017	
	Dec 31	Jun 30	Sep 30
Public unsecured debt	\$ 9.2	\$ 9.2	\$ 9.2
U.S. Department of Energy	3.2	2.9	2.8
Other debt (including international)	3.5	4.1	4.2
<b>Total Automotive debt</b>	<b>\$ 15.9</b>	<b>\$ 16.2</b>	<b>\$ 16.2</b>
<b>Memo:</b>			
Automotive debt payable within one year	\$ 2.7	\$ 2.9	\$ 3.6

# Automotive Segment – Asia Pacific China Unconsolidated Affiliates

	3Q		YTD		Memo: FY 2016
	2016	2017	2016	2017	
<b><u>China Unconsolidated Affiliates</u></b>					
Wholesales (000)	296	267	837	791	1,217
Ford equity income (Mils)*	\$ 320	\$ 241	\$ 1,059	\$ 710	\$ 1,439
China JV net income margin	13.4%	12.2%	15.3%	12.0%	14.6%

\* Ford equity share of China joint ventures net income

# Automotive Segment

## 3Q Industry SAAR

<i>Units (Mils)</i>	3Q			YTD		
	2016	2017	B / (W)	2016	2017	B / (W)
North America	21.7	21.3	(0.4)	21.6	21.2	(0.4)
U.S.	17.8	17.4	(0.4)	17.7	17.2	(0.5)
South America	3.7	4.3	0.6	3.6	4.0	0.4
Brazil	2.0	2.4	0.4	2.1	2.2	0.1
Europe	20.1	21.1	1.0	20.0	20.7	0.7
Middle East & Africa	3.6	3.4	(0.2)	3.7	3.6	(0.1)
Asia Pacific	43.3	46.6	3.3	41.5	43.3	1.8
China	27.3	29.5	2.2	25.8	26.7	0.9
Global	92.4	96.7	4.3	90.5	92.9	2.4

# Automotive Segment 3Q Market Share

(Percent)

	3Q			YTD		
	2016	2017	B / (W)	2016	2017	B / (W)
<u>Total Share of Total Industry</u>						
North America	13.6 %	13.5 %	(0.1) ppts	14.2 %	14.0 %	(0.2) ppts
U.S.	14.0	14.1	0.1	14.9	14.8	(0.1)
South America	9.4	8.8	(0.6)	8.8	9.0	0.2
Brazil	10.0	9.3	(0.7)	9.1	9.4	0.3
Europe	7.8	7.3	(0.5)	7.7	7.5	(0.2)
Middle East & Africa	4.2	4.0	(0.2)	4.5	3.8	(0.7)
Asia Pacific	3.7	3.4	(0.3)	3.7	3.5	(0.2)
China*	4.6	4.2	(0.4)	4.7	4.4	(0.3)
Global	7.3 %	6.8 %	(0.5) ppts	7.4 %	7.1 %	(0.3) ppts
<u>Retail Share of Retail Industry</u>						
U.S.**	12.6 %	12.8 %	0.2 ppts	12.8 %	12.8 %	0.1 ppts
Europe***	7.9	6.9	(1.0)	7.9	7.4	(0.5)

\* Total industry sales based on 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)	3Q 2017 Actual		4Q 2017 Forecast	
	Units	O / (U)	Units	O / (U)
		2016		2016
North America	661	(38)	715	5
South America	95	7	91	14
Europe	306	17	422	65
Middle East & Africa	28	3	24	1
Asia Pacific	375	(37)	442	(38)
<b>Total</b>	<b>1,465</b>	<b>(48)</b>	<b>1,694</b>	<b>47</b>

## Key drivers of 4Q YoY:

EU – matching production to normalized demand after Brexit vote last year

AP – matching production to demand

# Automotive Segment – Selected Markets

## Dealer Stocks

(000)	<u>U.S.</u>	<u>Brazil</u>	<u>Europe 21</u>	<u>MEA</u>	<u>China</u>
<u>3Q</u>					
September 30, 2017	617	20	246	47	168
June 30, 2017	699	15	251	51	176
Stock Change H / (L)	<u>(82)</u>	<u>5</u>	<u>(5)</u>	<u>(4)</u>	<u>(8)</u>
<u>3Q Prior Year</u>					
September 30, 2016	658	22	206	63	150
June 30, 2016	728	21	247	65	144
Stock Change H / (L)	<u>(70)</u>	<u>1</u>	<u>(41)</u>	<u>(2)</u>	<u>6</u>
Year-Over-Year Stock Change	(12)	4	36	(2)	(14)

# Non-GAAP Financial Measures That Supplement GAAP Measures

- We use both GAAP and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to their equivalent GAAP measures, to aid investors in better understanding our financial results. We believe that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess our period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.
- Total Company Adjusted Pre-tax Profit (Most Comparable GAAP Measure: Net income attributable to Ford) – The non-GAAP measure is useful to management and investors because it allows users to evaluate our pre-tax results excluding pre-tax special items. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses that are not reflective of our underlying business results, (ii) significant restructuring actions related to our efforts to match production capacity and cost structure to market demand and changing model mix, and (iii) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. 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, including 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 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, including 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, including 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.

# 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

# 3Q 2017 Earnings Review

October 26, 2017



| **FORD CREDIT**

# Ford Credit Strategy



## ORIGINATE

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



## SERVICE

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- High customer and dealer satisfaction
- World-class servicing
- Credit losses within expectations
- Operationally fit with lean cost structure



## FUND

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

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

# 3Q 2017 Highlights

- Strong third quarter pre-tax profit
- Profitable across all segments
- Receivables grew globally
- Auction values continued to improve and were stronger than expected
- \$378 million distribution paid to parent in the third quarter; \$406 million year to date
- Announced additional investment in AutoFi online vehicle buying and financing platform
- Canvas vehicle subscriptions expanded to Lincoln models, in addition to Ford

# Financial Review

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# Key Financial Summary

	3Q		YTD	
	2017	H / (L) 2016	2017	H / (L) 2016
Total contract volumes (000)	552	(20)	1,573	(19)
<b>Results (Mils)</b>				
Americas segment	\$ 485	\$ 62	\$ 1,308	\$ 140
Europe segment	72	(7)	223	(34)
Asia Pacific segment	23	3	69	23
Total segments	\$ 580	\$ 58	\$ 1,600	\$ 129
Unallocated other	20	(25)	100	90
Total pre-tax results	\$ 600	\$ 33	\$ 1,700	\$ 219
Less: Provision for income taxes	186	5	507	66
Net income	<u>\$ 414</u>	<u>\$ 28</u>	<u>\$ 1,193</u>	<u>\$ 153</u>
<b>Balance Sheet Highlights</b>				
Liquidity (Bils)	\$ 30	\$ (3)		
Debt (Bils)	132	9		
Managed receivables* (Bils)	145	11		
Managed leverage* (to 1)	8.7	(0.5)		

Pre-tax results higher YoY

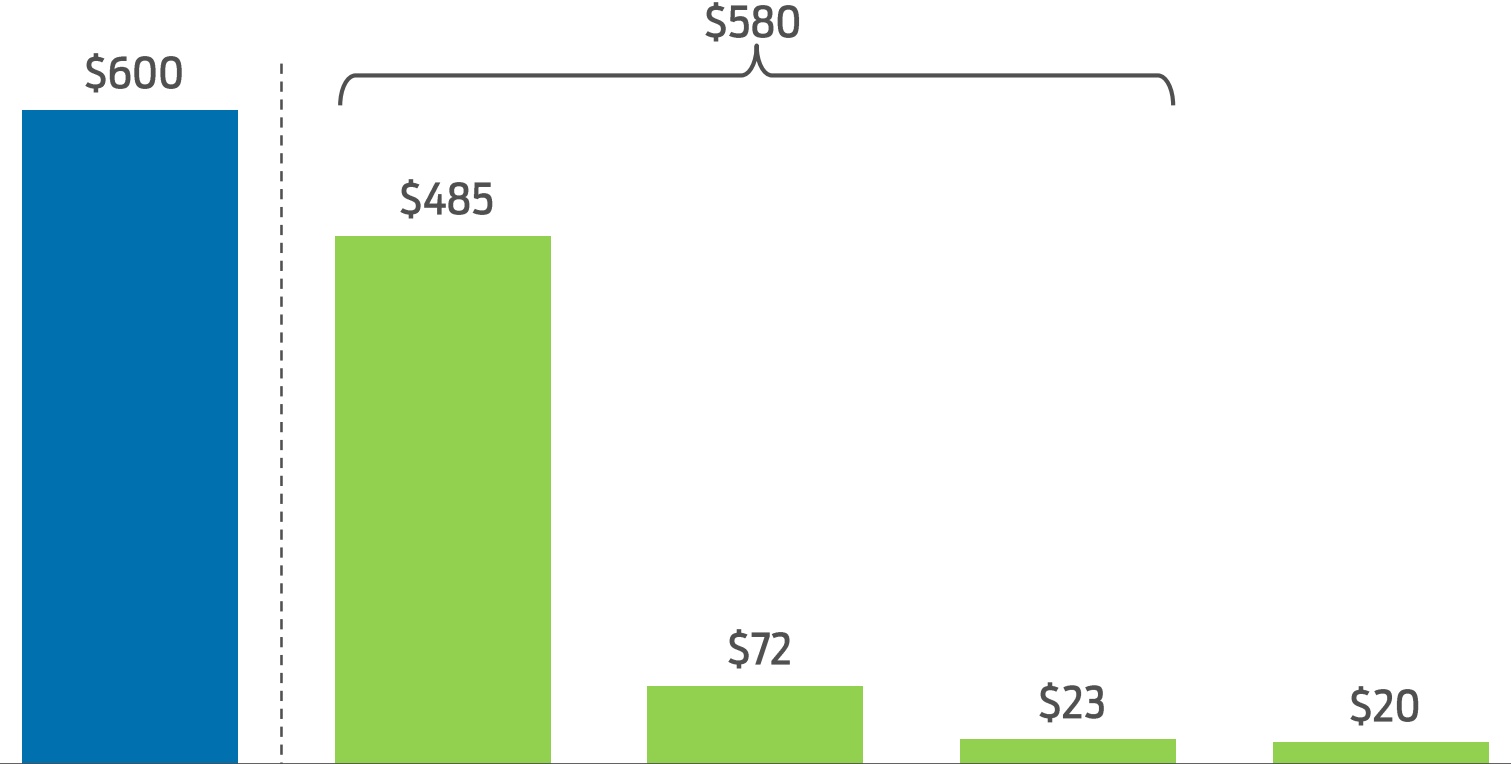
Managed receivables grew across all segments

Liquidity remains strong

Managed leverage within target range

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

# 3Q 2017 Pre-Tax Results By Segment (Mils)



Solidly profitable globally

B / (W)  
3Q 2016  
\$ 33

Americas  
\$62

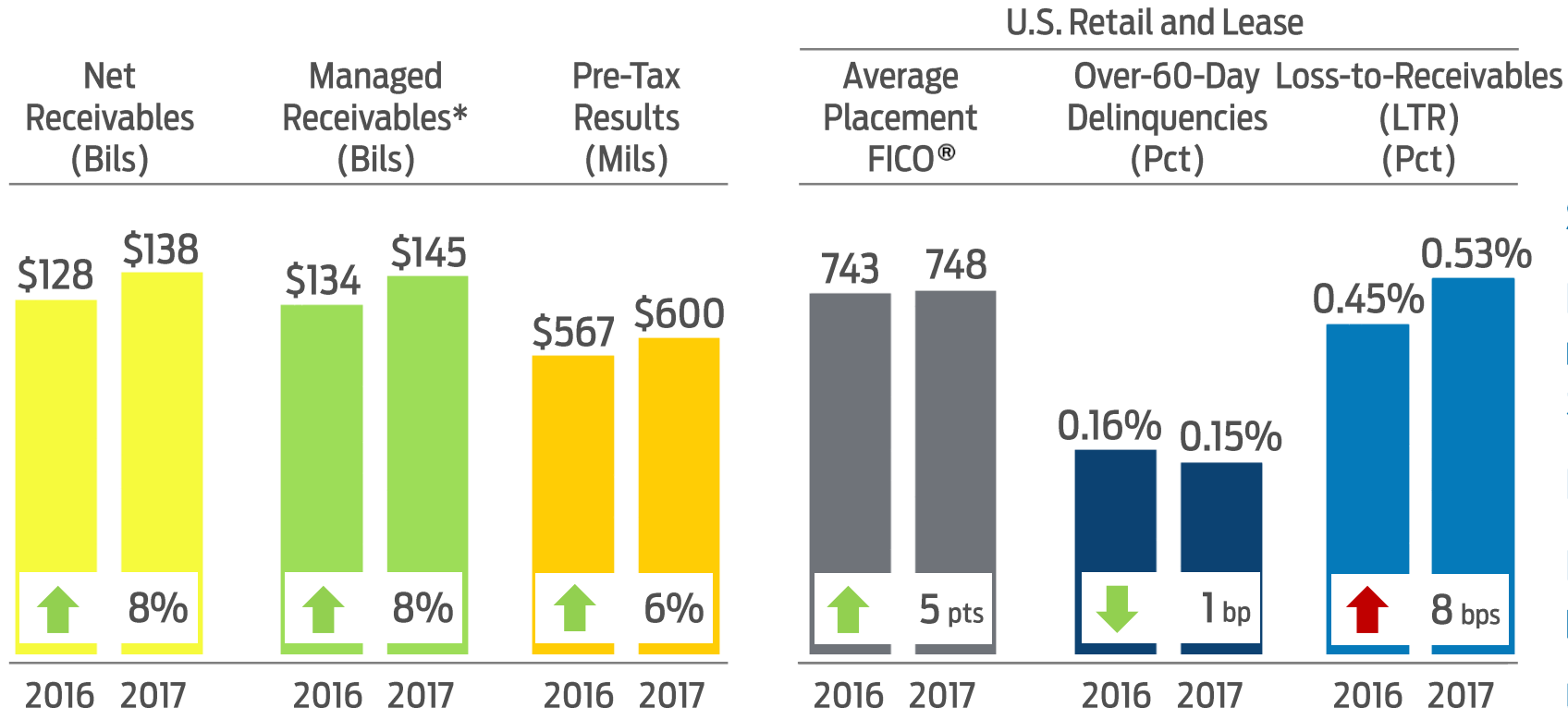
Europe  
\$(7)

Asia Pacific  
\$3

Unallocated Other\*  
\$(25)

\* See Appendix for definitions

# 3Q 2017 Key Metrics



Strong and improved 3Q PBT

Receivables grew globally, led by retail financing and consolidation of \$1.3B for Forso JV in Nordic region

Paid \$378M distribution in 3Q

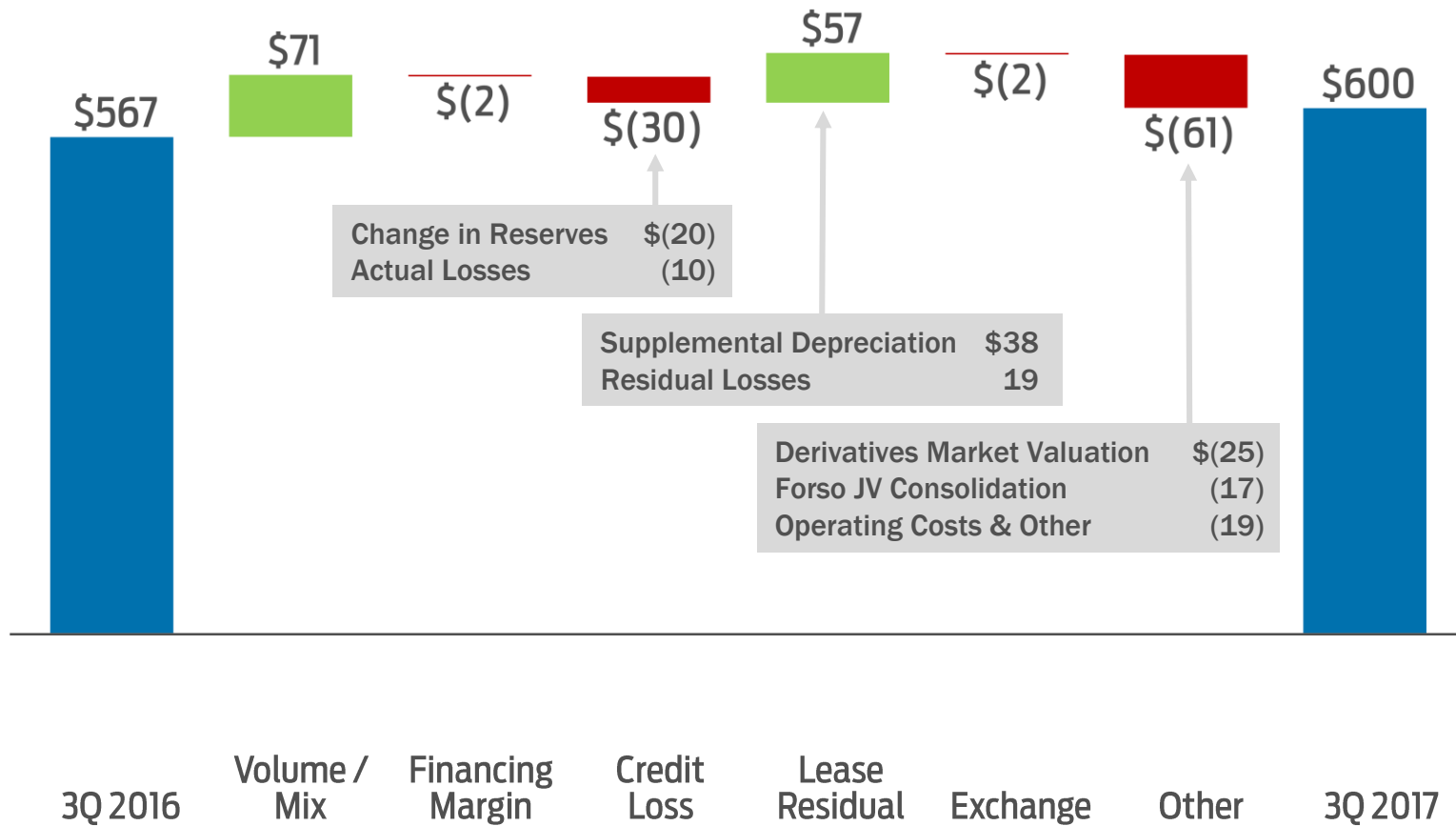
Business and portfolio continue to perform well

U.S. consumer credit metrics remain healthy

YTD:	\$1,481	\$1,700	739	744	0.14%	0.15%	0.42%	0.51%
	↑	15%	↑	5 pts	↑	1 bp	↑	9 bps

\* See Appendix for reconciliation to GAAP

# 3Q 2017 Pre-Tax Results (Mils)



PBT improved \$33M YoY due to favorable volume and mix and lease residual improvement

Volume and mix up due to global receivables growth

Lease residual improvement driven by lower supplemental depreciation

Credit loss change in reserves reflects credit loss performance trends and receivables growth

# Americas Financing Shares And Contract Placement Volume

	3Q		YTD	
	2016	2017	2016	2017
<u>Financing Shares (%)</u>				
<u>Retail Installment and Lease Share of Ford Retail Sales (excl. Fleet)</u>				
United States	61 %	53 %	59 %	53 %
Canada	72	74	74	75
<u>Wholesale Share</u>				
United States	76 %	76 %	76 %	76 %
Canada	61	60	61	61
<u>Contract Placement Volume - New and Used Retail / Lease (000)</u>				
United States	330	290	908	812
Canada	54	53	138	140
Mexico	14	11	33	30
<b>Total Americas Segment</b>	<b>398</b>	<b>354</b>	<b>1,079</b>	<b>982</b>

# Europe Financing Shares And Contract Placement Volume

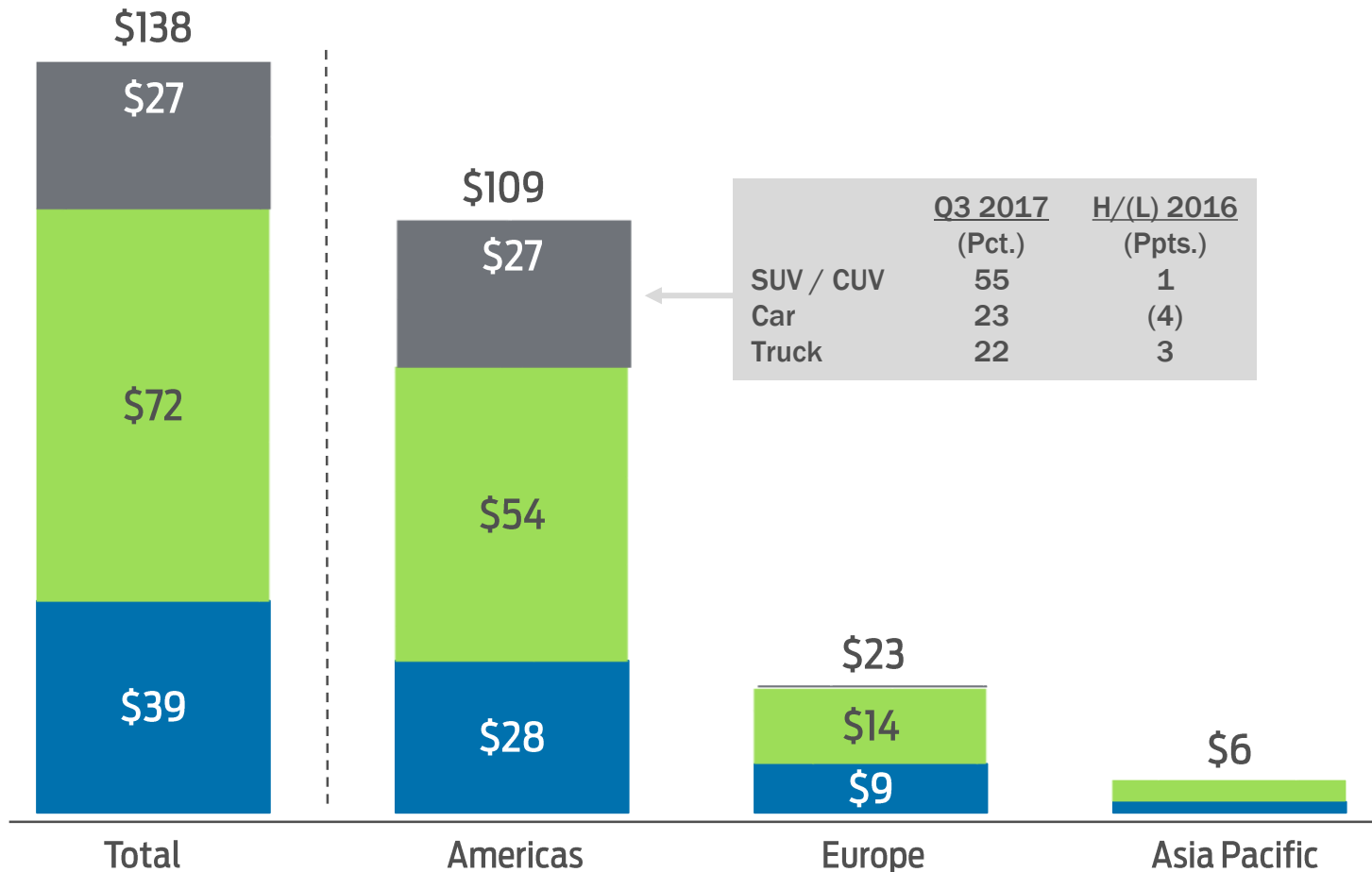
	3Q		YTD	
	2016	2017	2016	2017
<u>Financing Shares (incl. Fleet) (%)</u>				
<u>Retail Installment and Lease Share of Total Ford Sales</u>				
U.K.	37 %	32 %	38 %	34 %
Germany	46	50	46	48
Total Europe Segment	37	38	36	36
<u>Wholesale Share</u>				
U.K.	100 %	100 %	100 %	100 %
Germany	89	94	91	94
Total Europe Segment	97	99	98	98
<u>Contract Placement Volume - New and Used Retail / Lease (000)</u>				
U.K.	51	40	158	139
Germany	36	37	110	116
All Other	40	48	132	156
Total Europe Segment	<u>127</u>	<u>125</u>	<u>400</u>	<u>411</u>

# Asia Pacific Financing Shares And Contract Placement Volume

	3Q		YTD	
	2016	2017	2016	2017
<u>Financing Shares (incl. Fleet) (%)</u>				
<u>Retail Installment Share of Total Ford Sales</u>				
China	19 %	31 %	16 %	28 %
India	5	9	3	9
<u>Wholesale Share</u>				
China	57 %	55 %	57 %	56 %
India	32	36	28	36
<u>Contract Placement Volume - New and Used Retail (000)</u>				
China	46	71	111	174
India	1	2	2	6
<b>Total Asia Pacific Segment</b>	<b>47</b>	<b>73</b>	<b>113</b>	<b>180</b>

# 3Q 2017 Net Receivables Mix (Bils)

- Net Investment in Operating Lease
- Consumer Finance
- Non-Consumer Finance



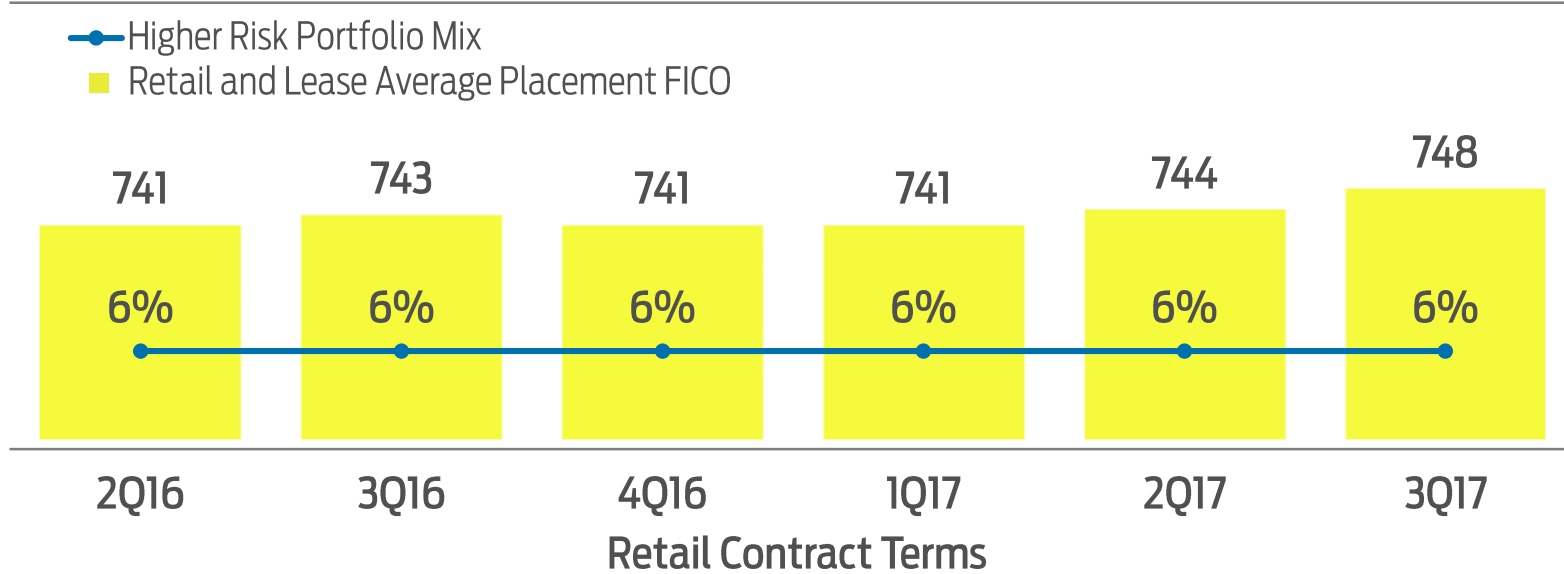
Prudent management of lease mix

Operating lease portfolio about 20% of total net receivables

U.S. and Canada represent 99% of operating lease portfolio

# U.S. Origination Metrics

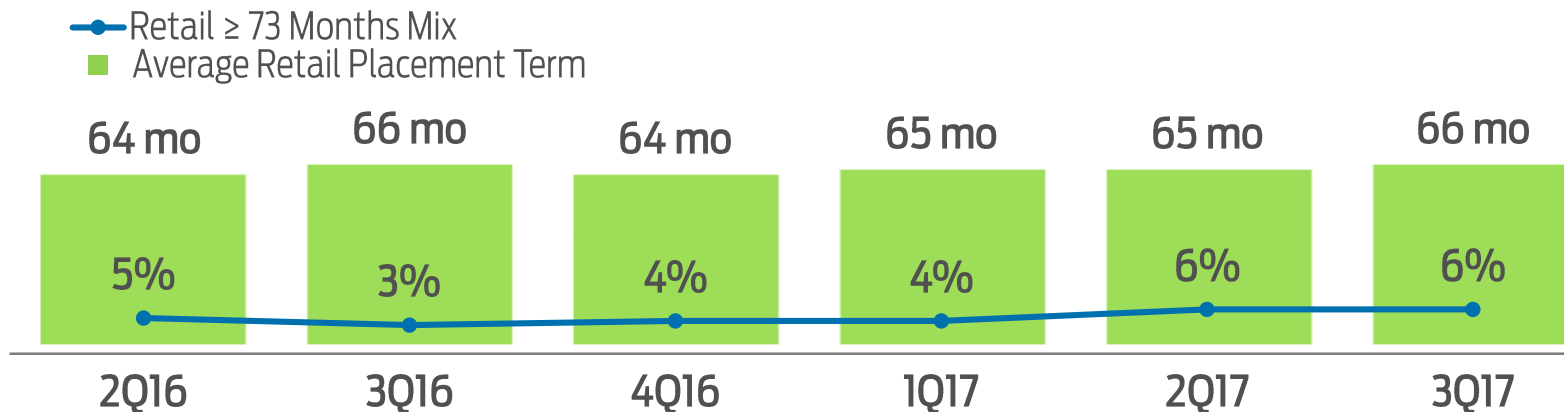
FICO and Higher Risk Mix (Pct)



Disciplined and consistent underwriting practices

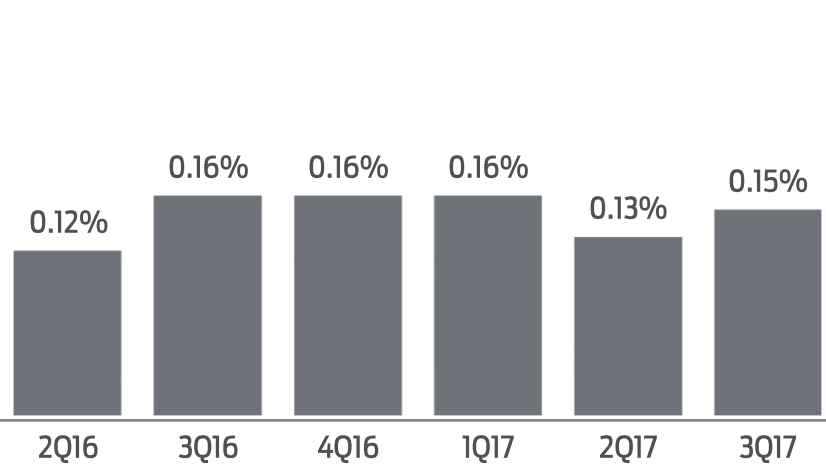
Portfolio quality evidenced by FICO scores and steady risk mix

Extended-term contracts relatively small part of our business

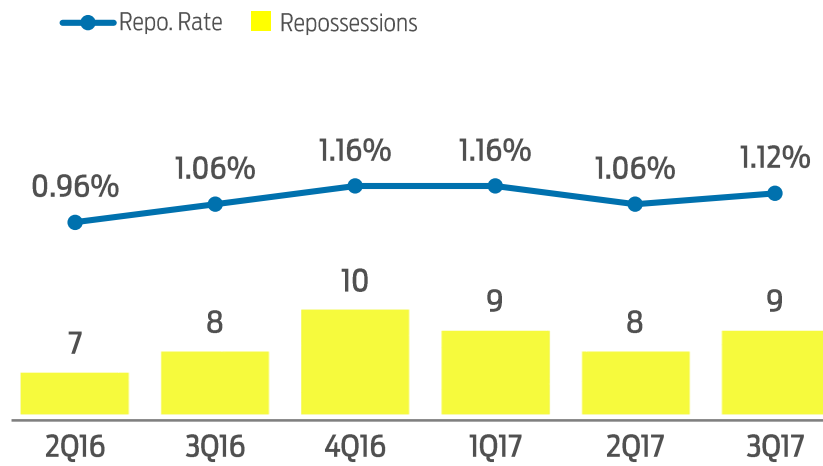


# U.S. Retail And Lease Credit Loss Drivers

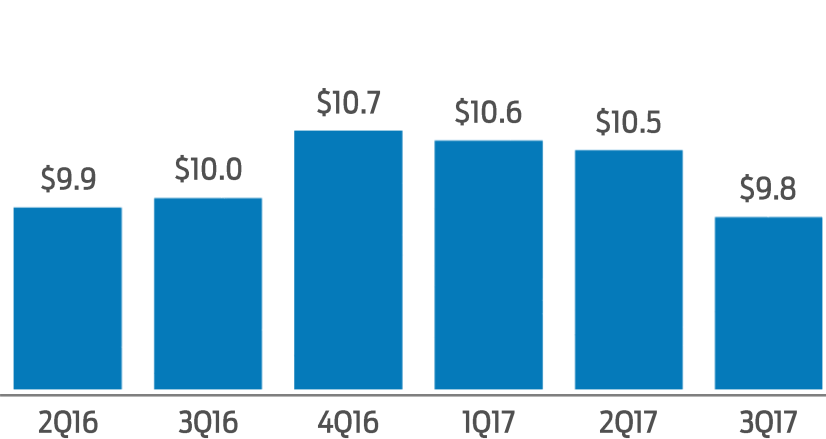
Over-60-Day Delinquencies (excl. Bankruptcies)



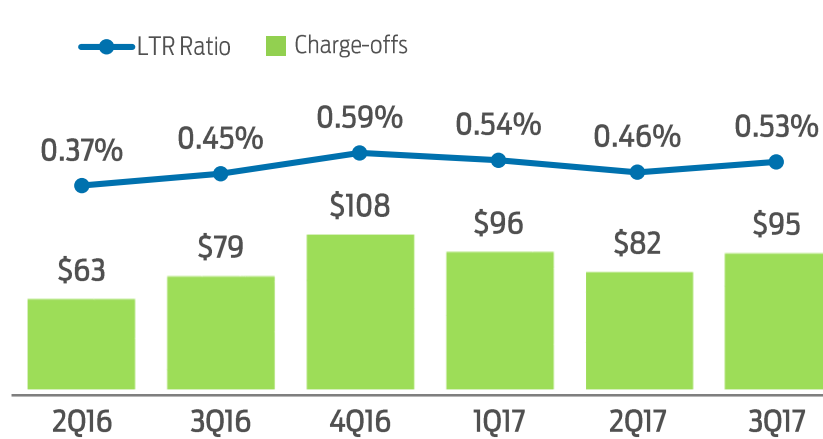
Repossessions (000) and Repo. Rate (Pct)



Severity (000)



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



Delinquencies and repossessions remain low

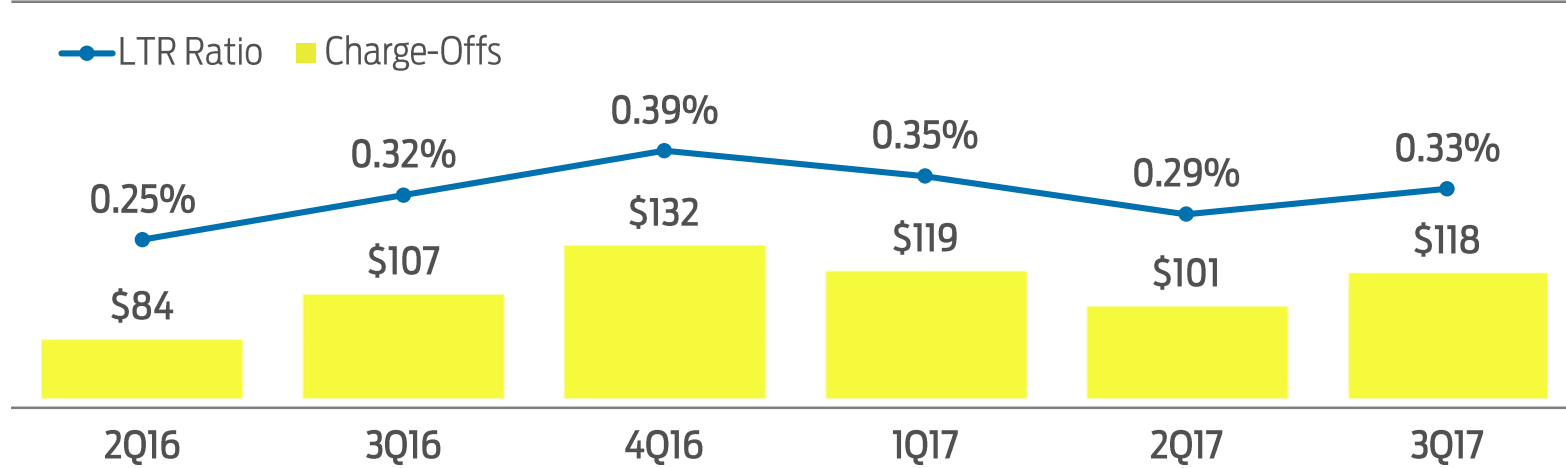
Severity continued to trend favorably reflecting improved auction market

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

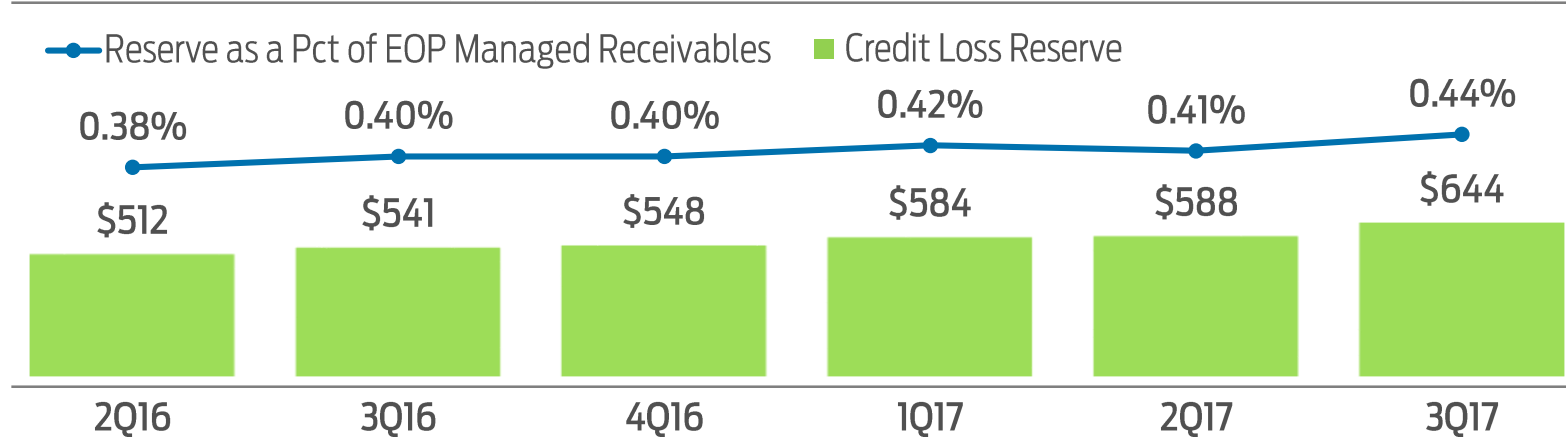
Strong loss metrics reflect healthy consumer credit conditions

# Worldwide Credit Loss Metrics

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



Credit Loss Reserve (Mils) and Reserve as a Pct. Of EOP Managed Receivables (Pct)



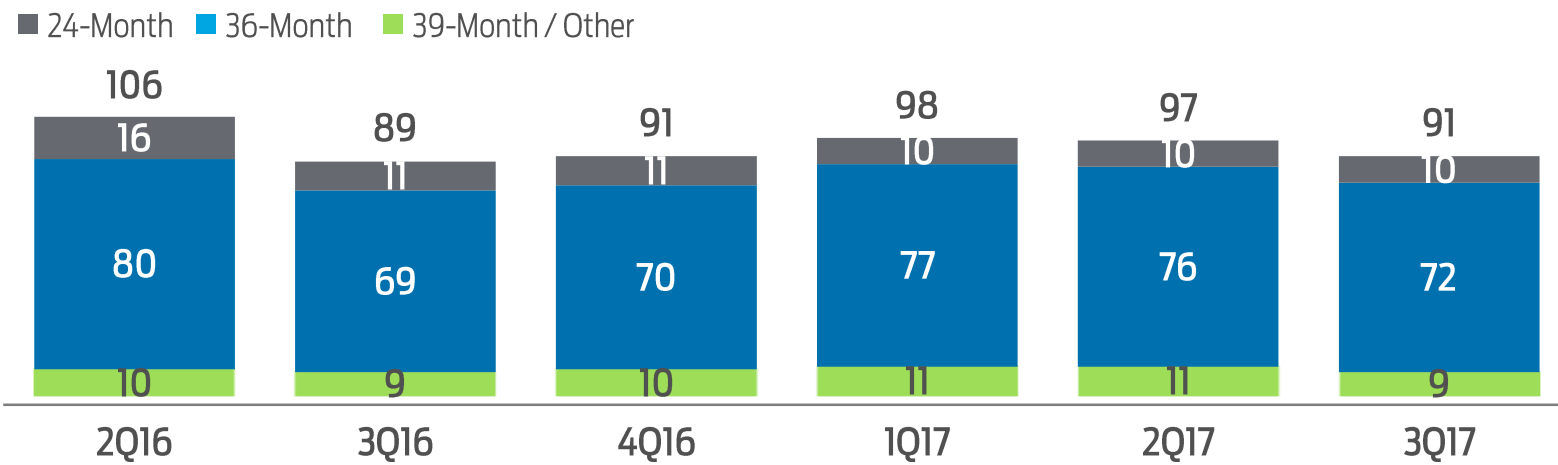
Worldwide credit loss metrics remain strong

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

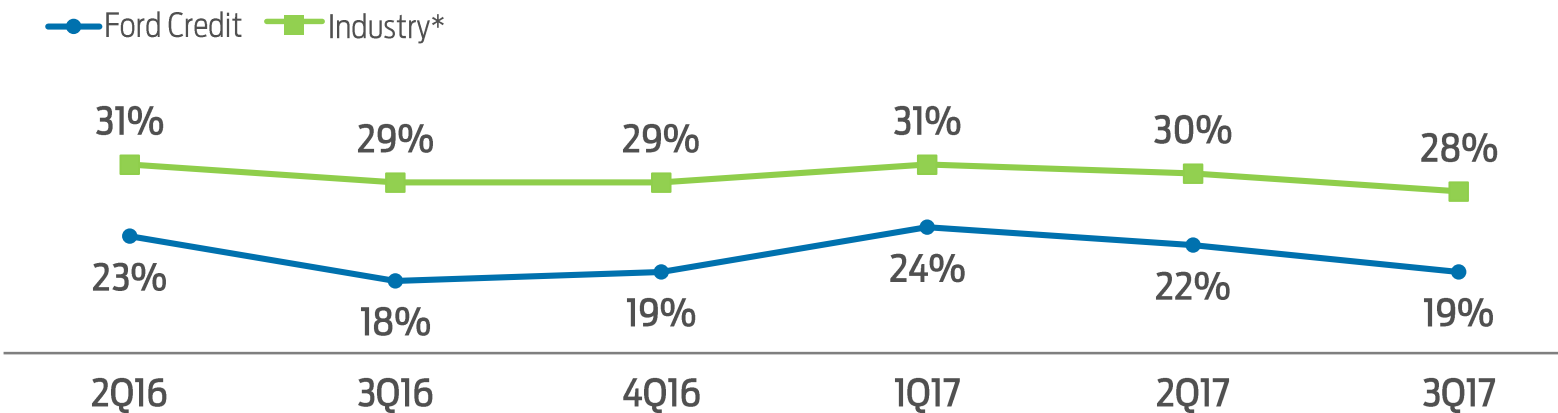
YoY reserve growth reflects credit loss trends and growth in receivables

# U.S. Lease Origination Metrics

Lease Placement Volume (000)



Lease Share of Retail Sales (Pct)

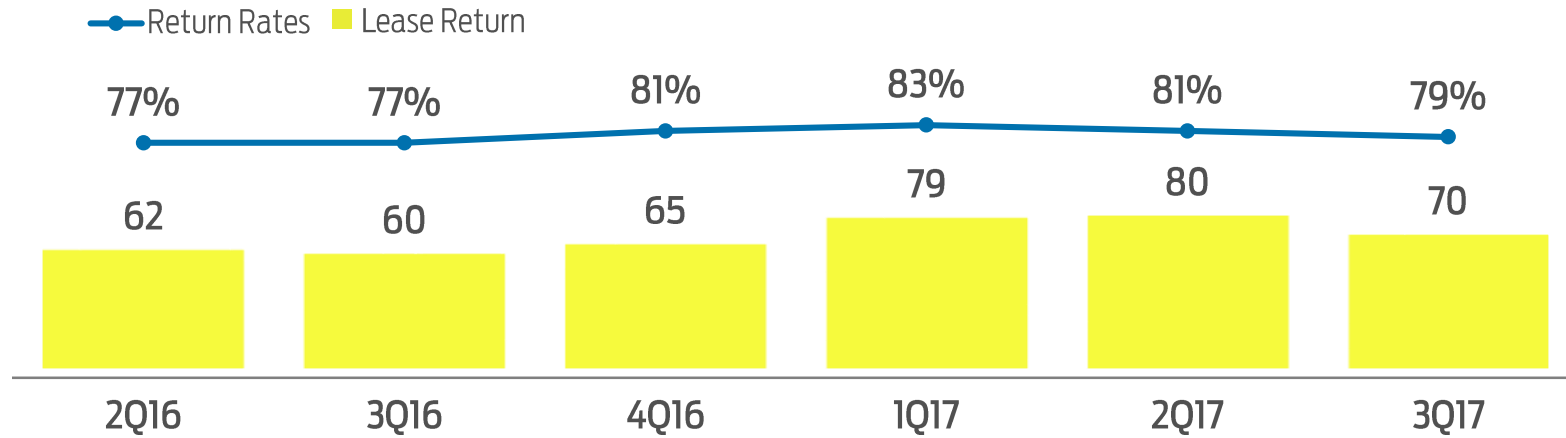


Lease share continues to be below industry reflecting Ford sales mix

\* Source: JD Power PIN

# U.S. Lease Residual Performance

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

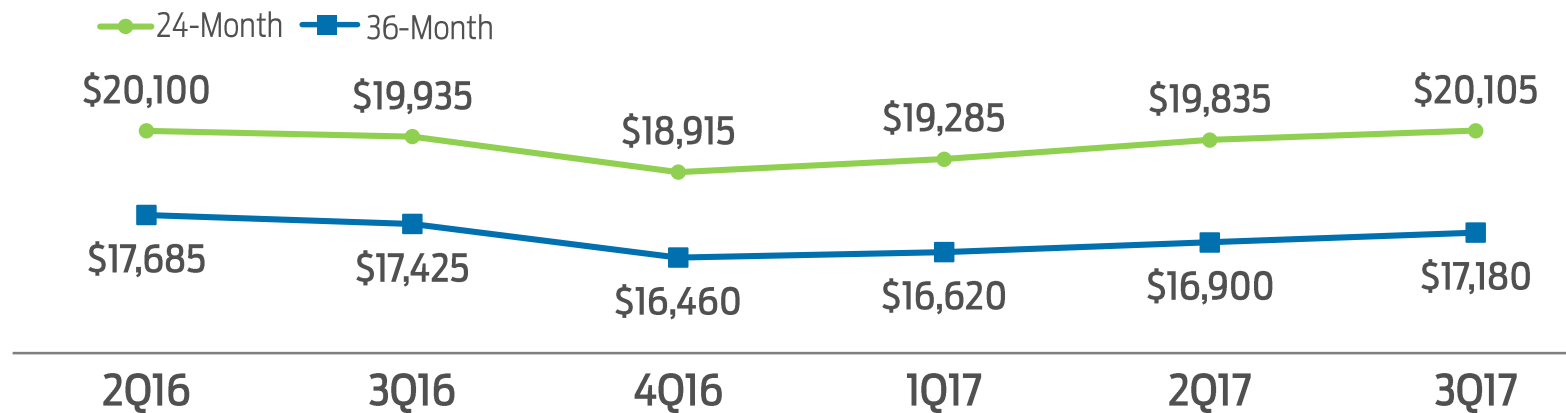


Healthy used car market supporting lease residual and credit loss performance

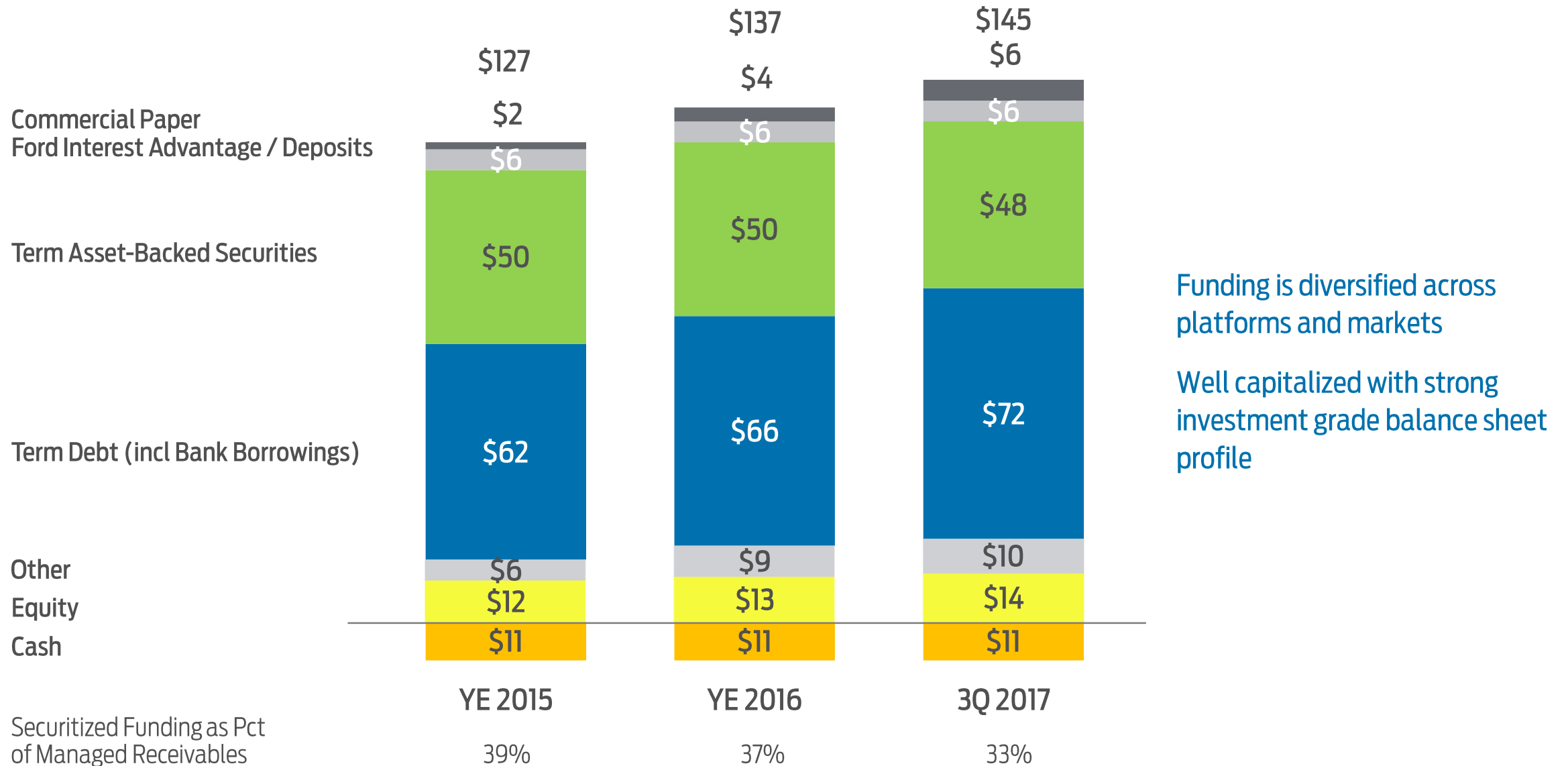
Auction values stronger than expected

Continue to plan for lower auction values but outlook improved

Off-Lease Auction Values (at 3Q17 Mix)



# Funding Structure – Managed Receivables\* (Bils)



\* See Appendix for reconciliation to GAAP and definitions

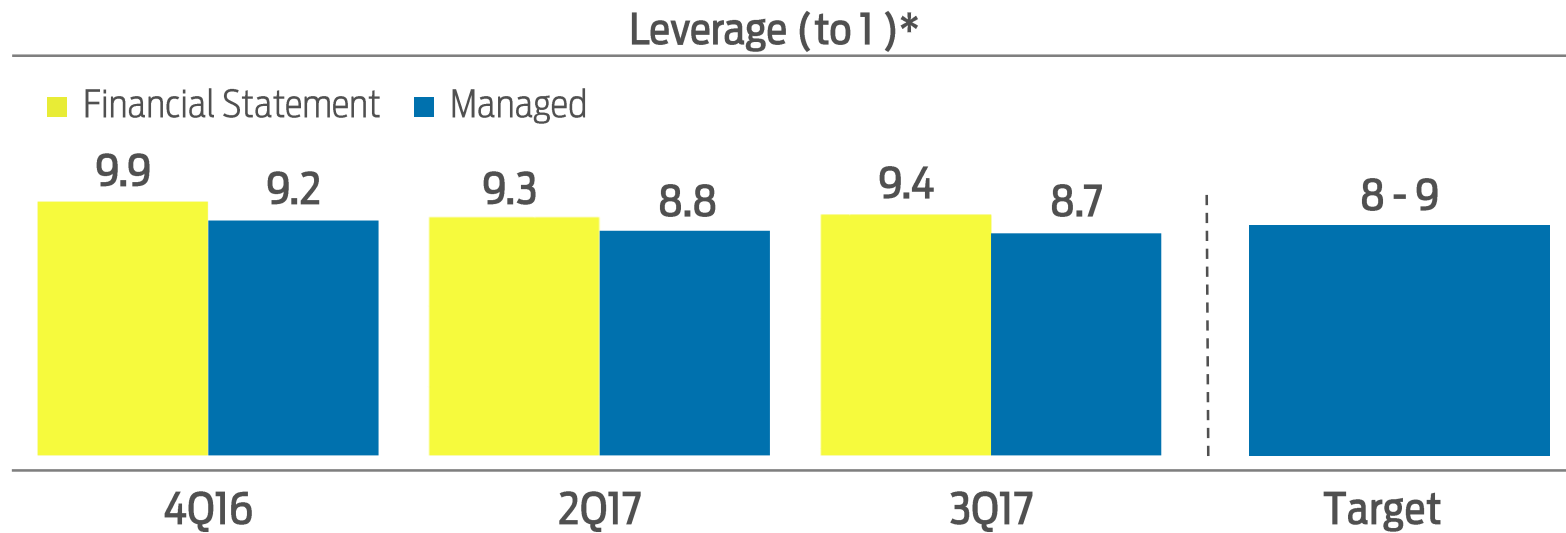
# Public Term Funding Plan\* (Bils)

	2015 Actual	2016 Actual	2017	
			Forecast	Through Oct 25
<b>Unsecured</b>				
Ford Credit U.S.	\$ 11	\$ 10	\$ 9 - 11	\$ 8
Ford Credit Canada	1	1	2	2
FCE Bank	4	3	2	2
Rest of World	-	-	1	1
<b>Total Unsecured</b>	<b>\$ 17</b>	<b>\$ 14</b>	<b>\$ 14 - 16</b>	<b>12</b>
<b>Securitizations</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ 14 - 16</b>	<b>\$ 13</b>
<b>Total Public</b>	<b>\$ 30</b>	<b>\$ 28</b>	<b>\$ 28 - 32</b>	<b>\$ 25</b>

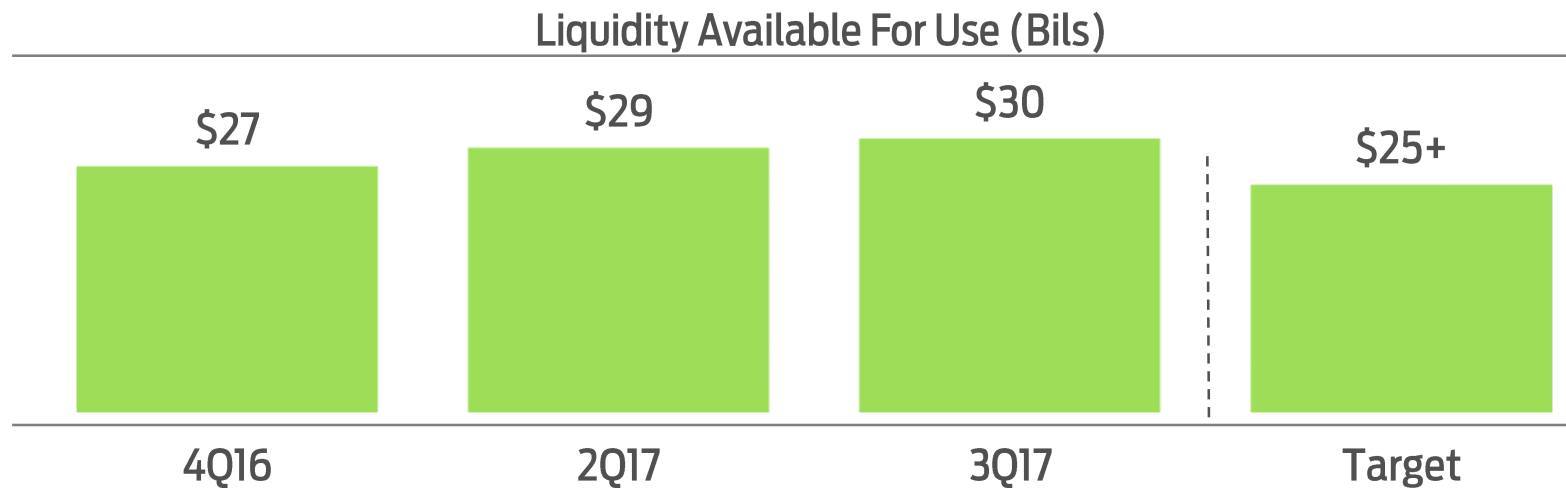
Issuance consistent with prior years

\* Numbers may not sum due to rounding; see Appendix for definitions

# Balance Sheet Metrics



Managed leverage within target range



Liquidity remains strong and above target

\* See Appendix for reconciliation to GAAP

# 2017 Full Year Guidance (Mils)

	2016 FY Results	2017 FY		Memo: 2017 YTD Results
		Plan	Outlook	
Pre-Tax Profit	\$ 1,879	About \$1,500	> \$2,000	\$ 1,700
Distributions	\$ -	Resuming with leverage in target range	On Track	\$ 406

# Key Takeaways

- Now expect full year pre-tax profit to exceed \$2.0 billion
- Receivables grew globally
- Auction values stronger than expected; outlook improved
- Consistent originations, servicing, and collections
- Funding plan well-positioned for business cycles
- Strategic asset to Ford, delivering profitable growth globally

# 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

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# Appendix

Credit Ratings	FCA1
Total Net Receivables Reconciliation to Managed Receivables	FCA2
Financial Statement Leverage Reconciliation to Managed Leverage	FCA3
Liquidity Sources	FCA4
Non-GAAP Financial Measures that Supplement GAAP Measures	FCA5
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# Credit Ratings

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

# Total Net Receivables Reconciliation To Managed Receivables

<i>(Bils)</i>	2015 Dec 31	2016 Sep 30	2016 Dec 31	2017 Sep 30
Finance receivables, net (GAAP)	\$ 96.8	\$ 100.9	\$ 103.0	\$ 110.6
Net investment in operating leases (GAAP)	25.1	27.0	27.2	26.9
<b>Total net receivables*</b>	<b>\$ 121.9</b>	<b>\$ 127.9</b>	<b>\$ 130.2</b>	<b>\$ 137.5</b>
Unearned interest supplements and residual support	4.5	5.3	5.3	5.9
Allowance for credit losses	0.4	0.5	0.5	0.6
Other, primarily accumulated supplemental depreciation	0.4	0.7	0.9	1.1
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 127.2</b>	<b>\$ 134.4</b>	<b>\$ 136.9</b>	<b>\$ 145.1</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>	2016 Sep 30	2016 Dec 31	2017 Jun 30	2017 Sep 30
<b><u>Leverage Calculation</u></b>				
Total debt	\$ 123.5	\$ 126.5	\$ 129.3	\$ 132.4
Adjustments for cash	(9.2)	(10.8)	(10.1)	(11.3)
Adjustments for derivative accounting	(1.0)	(0.3)	(0.2)	(0.2)
Total adjusted debt	<u>\$ 113.3</u>	<u>\$ 115.4</u>	<u>\$ 119.0</u>	<u>\$ 120.9</u>
Equity	\$ 12.7	\$ 12.8	\$ 13.8	\$ 14.1
Adjustments for derivative accounting	(0.3)	(0.3)	(0.2)	(0.3)
Total adjusted equity	<u>\$ 12.4</u>	<u>\$ 12.5</u>	<u>\$ 13.6</u>	<u>\$ 13.8</u>
Financial statement leverage (to 1) (GAAP)	9.7	9.9	9.3	9.4
Managed leverage (to 1) (Non-GAAP)	9.2	9.2	8.8	8.7

\* See Appendix for definitions

# Liquidity Sources\*

(Bils)

	2016 Sep 30	2016 Dec 31	2017 Jun 30	2017 Sep 30
<u>Liquidity Sources</u>				
Cash	\$ 9.2	\$ 10.8	\$ 10.1	\$ 11.3
Committed ABS facilities	35.6	34.6	32.3	33.4
Other unsecured credit facilities	2.4	2.5	2.7	2.8
Ford corporate credit facility allocation	3.0	3.0	3.0	3.0
Total Liquidity Sources	<u>\$ 50.2</u>	<u>\$ 50.9</u>	<u>\$ 48.1</u>	<u>\$ 50.5</u>
<u>Utilization of Liquidity</u>				
Securitization cash	\$ (2.6)	\$ (3.4)	\$ (2.9)	\$ (2.8)
Committed ABS facilities	(14.3)	(19.9)	(16.4)	(17.0)
Other unsecured credit facilities	(0.1)	(0.7)	(0.5)	(1.0)
Ford corporate credit facility allocation	-	-	-	-
Total Utilization of Liquidity	<u>\$ (17.0)</u>	<u>\$ (24.0)</u>	<u>\$ (19.8)</u>	<u>\$ (20.8)</u>
Gross Liquidity	\$ 33.2	\$ 26.9	\$ 28.3	\$ 29.7
Adjustments	0.1	0.1	0.2	0.2
Net Liquidity Available For Use	<u>\$ 33.3</u>	<u>\$ 27.0</u>	<u>\$ 28.5</u>	<u>\$ 29.9</u>

\* 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 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

## Unallocated Other (as shown on the Pre-Tax Results by Segment chart)

- 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