



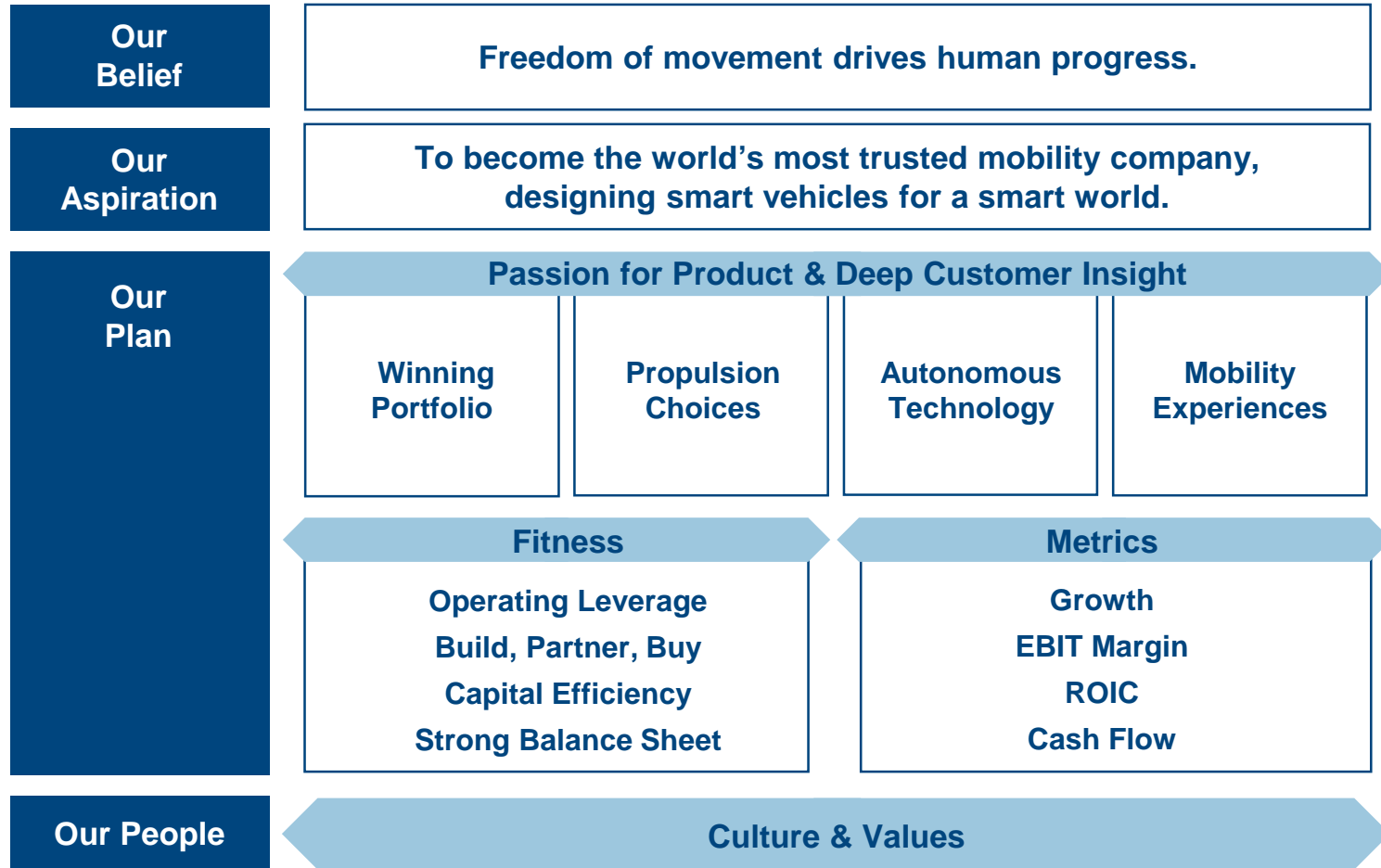
2Q Earnings Review

July 25, 2018

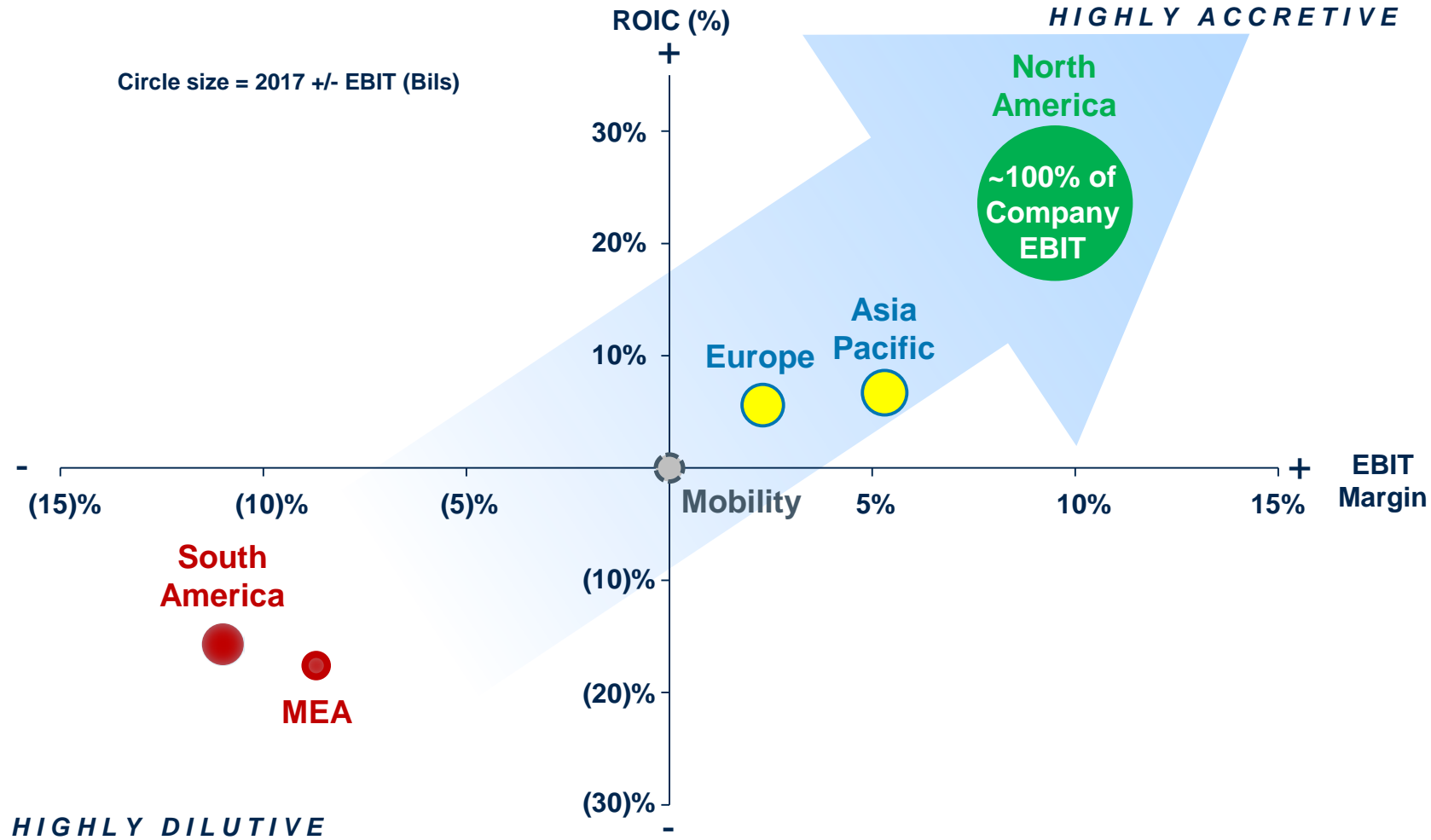




Smart Choices for Value Creation



Winning Portfolio – Capital Focused on High-Margin, High-Growth Businesses



- Roadmap for potential EBIT charges of \$11B with cash-related effects of \$7B over the next 3 to 5 years
 - North America strong – accounts for essentially all of Company EBIT; ROIC well above cost of capital
 - Europe and Asia Pacific profitable with relatively weak margins; ROIC below cost of capital
 - South America – highly dilutive margin and ROIC
 - MEA low performing, but with credible plan to generate appropriate returns

Note: All references to EBIT and EBIT Margin are on an adjusted basis, include regional Ford Credit EBT and exclude Corporate Other

Smart Choices For Growth

Winning Portfolio

- ✓ Business model redesign – optimize product portfolio and geographic footprint:
 - Reallocation of capital to higher return opportunities
 - Potential restructuring EBIT charges of \$11 billion with cash-related effects of \$7 billion over the next 3 to 5 years
 - Strategic Partnerships – e.g., Memorandum of Understanding (MOU) with Volkswagen AG; exploring potential projects, including developing range of commercial vehicles together

Propulsion Choices

- ✓ Two new fuel-efficient taxis; hybrid and diesel versions give operators more choice, potential savings
- ✓ All-new Ford Police Interceptor Utility hybrid, industry's first pursuit-rated hybrid SUV with improved performance and lower operating costs
- ✓ CO₂ emissions – global commitment to the Paris Accord 2-degree stabilization glide path

Autonomous Technology

- ✓ New LLC, Ford Autonomous Vehicles LLC, consolidates capabilities into one entity
- ✓ Streamlines decision making; able to better capitalize on market opportunities
- ✓ Singular focus on commercial deployment of our AV business in 2021

Mobility Experiences

- ✓ Ford Smart Mobility LLC and Zotye sign MOU to establish a JV to provide smart, customized all-electric vehicle solutions in China's fast-growing ride-hailing market
- ✓ Letter of Intent with Baidu to jointly explore areas of cooperation in connectivity, artificial intelligence and digital marketing
- ✓ Ford Commercial Solutions (FCS) introduced two new connected vehicle products to help fleets access data about their vehicles

Ford Autonomous Vehicles LLC



- Singular focus on commercial deployment of AV business in 2021
- Brings together teams that have been focused on AV over the last 18 months
 - Includes majority stake in Argo AI
- Flexibility to monetize capabilities and investments in the future
- By 2023 will invest \$4B in AV business, including previously announced \$1B in Argo AI
- Headcount dedicated to AV development of 700

Execution On Value Creation

- **Fitness improving across portfolio – more benefits to come**
- **Smart Choices and Business Model Redesign**
 - **North America – underlying trajectory supports 10% EBIT margin target**
 - **Europe and China performance – swiftly addressing misalignment of product mix, go-to-market capability and cost structure**
 - **Auto outside North America – sharpened focus on “Where to Play and How to Win”; requires business model redesign**
 - » **Restructuring – potential EBIT charges of \$11 billion with cash-related effects of \$7 billion over the next 3 to 5 years**
 - » **Actions will be disclosed at the appropriate time**
 - **Autonomous Technology – creation of standalone LLC next logical step; business model expansion on track**
- **Targets**
 - **Full year 2018 adjusted EPS guidance updated to \$1.30 to \$1.50; lower guidance driven by Asia Pacific and Europe**
 - **Still targeting 8% adjusted EBIT margin and high-teens ROIC (excluding restructuring charges) by 2020, though erosion in Europe and China make it more challenging**

Expect Substantial Benefits From Smart Choices And Business Model Redesign



Bob Shanks
Chief Financial Officer
Financial Review



Company Key Metrics Summary

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Wholesales (000)	1,651	1,493	(10) %	3,354	3,155	(6) %
Market share (Pct)	7.3 %	6.7 %	(0.6) ppts	7.2 %	6.6 %	(0.6) ppts

GAAP

Revenue (Bils)	\$ 39.9	\$ 38.9	(2) %	\$ 79.0	\$ 80.9	2 %
Net Income (Bils)	2.0	1.1	\$ (0.9)	3.6	2.8	\$ (0.8)
Net Income Margin (Pct)	5.1 %	2.7 %	(2.4) ppts	4.6 %	3.5 %	(1.1) ppts
EPS (Diluted)	\$ 0.51	\$ 0.27	\$ (0.24)	\$ 0.91	\$ 0.70	\$ (0.21)
Cash Flows From Op. Activities (Bils)	5.7	5.0	\$ (0.7)	10.0	8.5	\$ (1.5)

Non-GAAP

Company Adj. EBIT* (Bils)	\$ 2.8	\$ 1.7	\$ (1.1)	\$ 5.3	\$ 3.9	\$ (1.4)
Company Adj. EBIT Margin* (Pct)	7.0 %	4.3 %	(2.7) ppts	6.7 %	4.8 %	(1.9) ppts
Adjusted EPS* (Diluted)	\$ 0.56	\$ 0.27	\$ (0.29)	\$ 0.96	\$ 0.70	\$ (0.26)
Company Adj. Op. Cash Flow* (Bils)	1.3	(1.8)	(3.1)	3.3	1.2	(2.1)
ROIC (Trailing Four Qtrs)	10.9 %	8.7 %	(2.2) ppts			

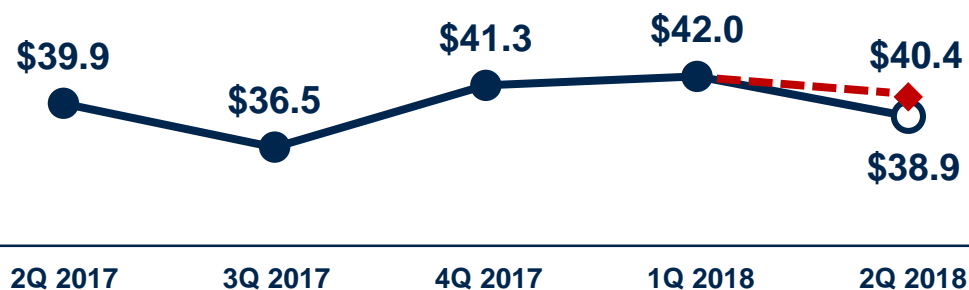
* See Appendix for reconciliation to GAAP and definitions

- 2Q top line lower YoY due to lower volume, mainly Meridian fire disruption in NA and China performance
- Net income at \$1.1B, down \$0.9B
- Company adjusted EBIT at \$1.7B, down \$1.1B, driven by Meridian fire disruption and China
- Company adjusted EPS at \$0.27, down \$0.29; adjusted effective tax rate of 21%
- Company adjusted EBIT margin at 4.3%, down 2.7 ppts; mainly AP, principally China, and NA
- Company adjusted operating cash flow at negative \$1.8B, \$3.1B lower; primarily driven by lower EBIT, working capital and timing differences

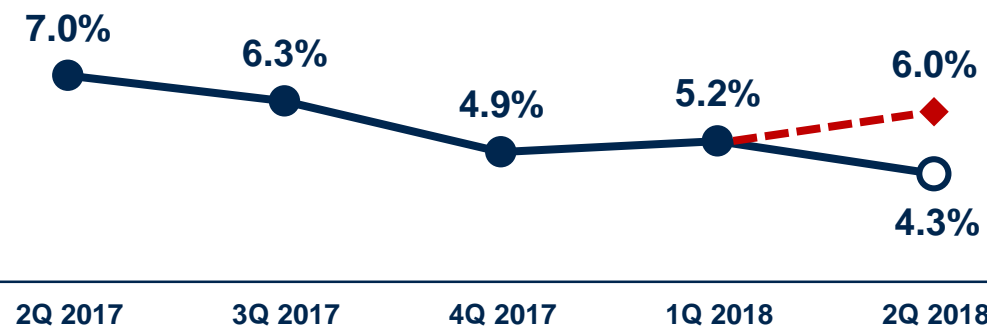
Company Key Financial Metrics

Company Revenue (Bils)

--- Excluding Meridian, Takata and Pivotal IPO



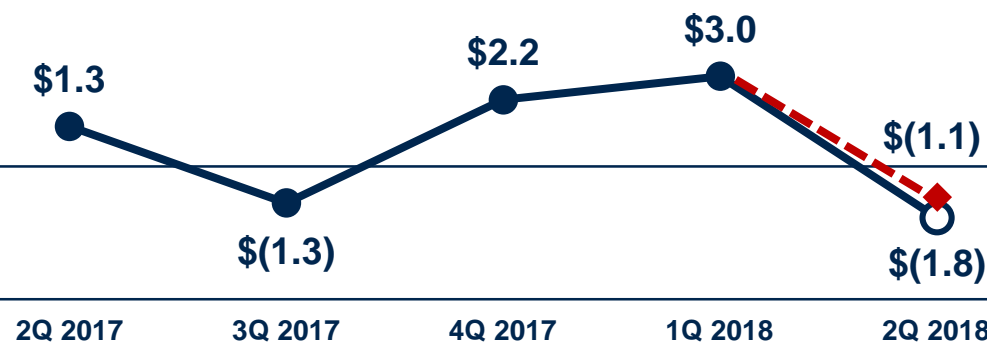
Company Adjusted EBIT Margin (Pct)



Company Adjusted EBIT (Bils)



Company Adjusted Operating Cash Flow (Bils)



Note: See Appendix for reconciliation to GAAP and definitions

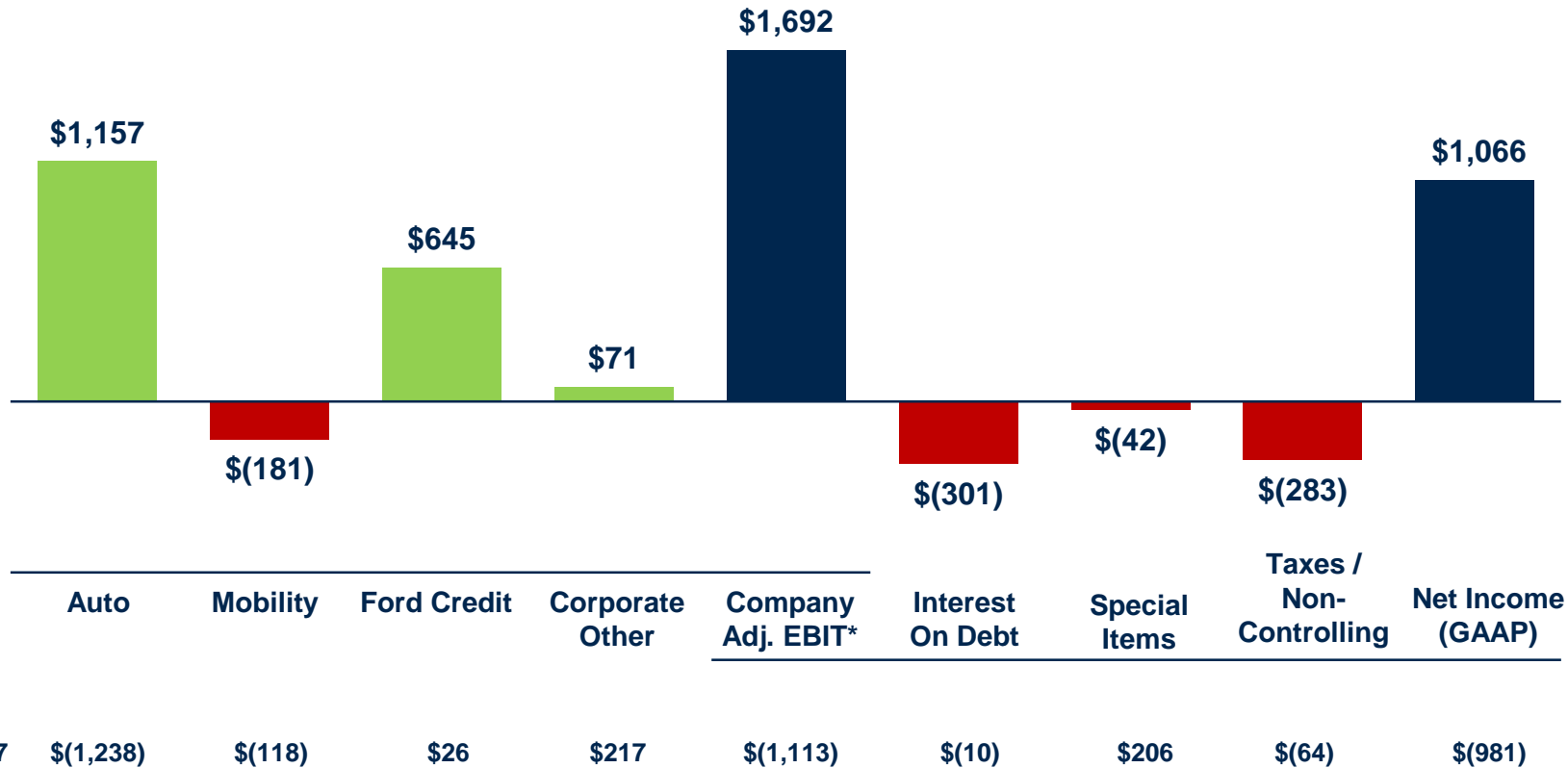
Company Adjusted EBIT And EBIT Margin Improved QoQ Excluding \$0.7B Net Loss Impact Of Meridian Disruption, Takata Settlement And Pivotal IPO

2Q 2018 Company Revenue YoY Bridge (Bils)



- Company revenue down slightly
- Lower volume driven primarily by Meridian disruption and China consolidated operations
- Favorable mix primarily reflects market shift to SUVs and trucks in NA
- Net pricing favorable in all regions except AP

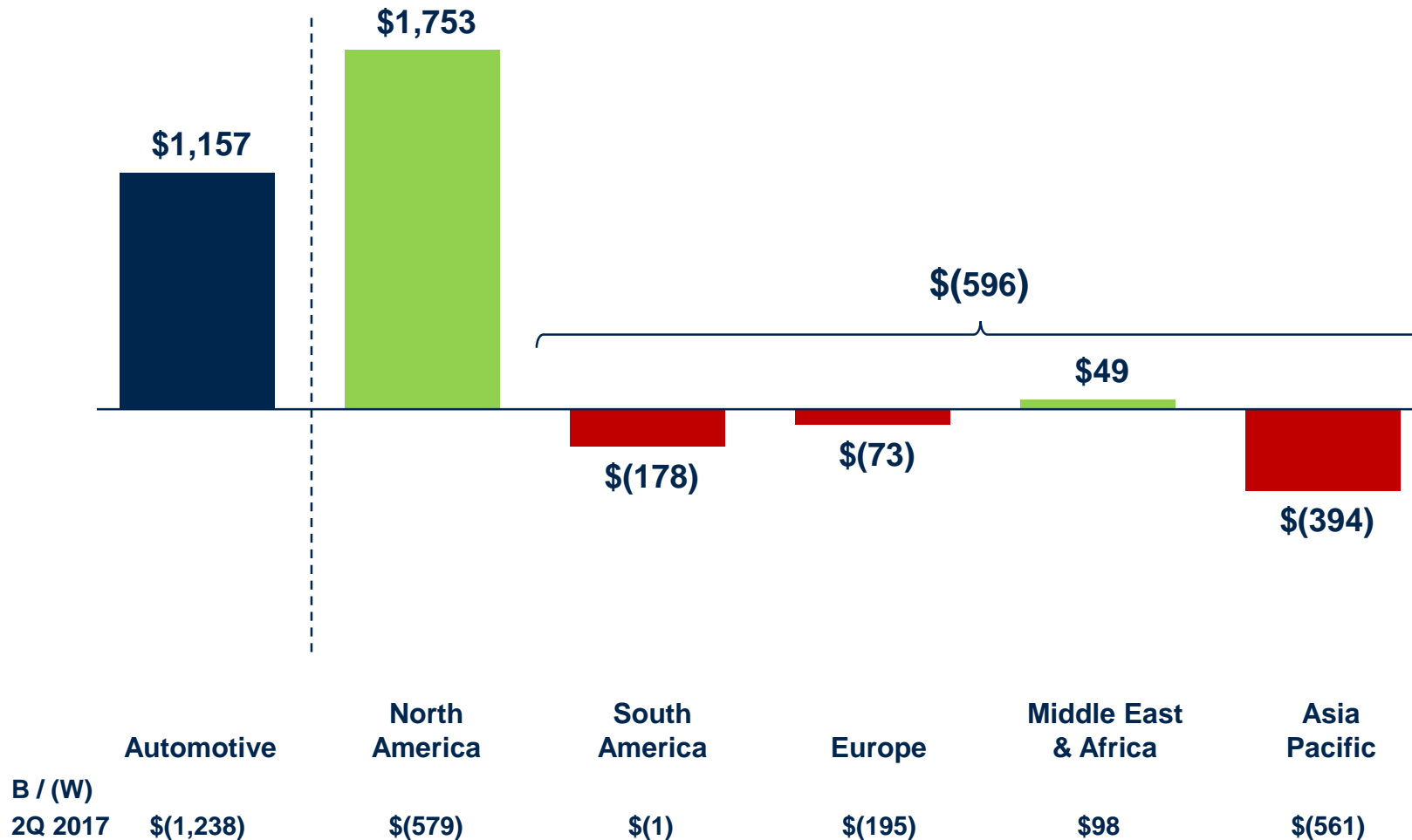
2Q 2018 Company Results (Mils)



- Auto and Ford Credit results drove Company adjusted EBIT
- Mobility results include strategic investments in autonomous vehicle development
- Corporate Other includes gains on marketable securities, including Pivotal
- Taxes higher YoY; reflects non-repeat of foreign tax credit benefits

* See Appendix for reconciliation to GAAP and definitions

2Q 2018 Automotive EBIT By Region (Mils)



- Automotive EBIT driven by NA
- Operations outside NA at an EBIT loss in total, down \$659M YoY, driven by AP (China) and Europe
- NA EBIT YoY decline caused by Meridian disruption
- MEA delivers record 2Q EBIT

Automotive Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Global SAAR (Mils)	93.8	97.6	4 %	91.5	96.5	5 %
Market Share (Pct)	7.3 %	6.7 %	(0.6) pts	7.2 %	6.6 %	(0.6) pts
Wholesales (000)	1,651	1,493	(10) %	3,354	3,155	(6) %
Revenue (Bils)	\$ 37.1	\$ 35.9	(3) %	\$ 73.6	\$ 74.9	2 %
EBIT (Mils)	\$ 2,395	\$ 1,157	\$(1,238)	\$ 4,570	\$ 2,889	\$(1,681)
EBIT Margin (Pct)	6.5 %	3.2 %	(3.3) pts	6.2 %	3.9 %	(2.3) pts

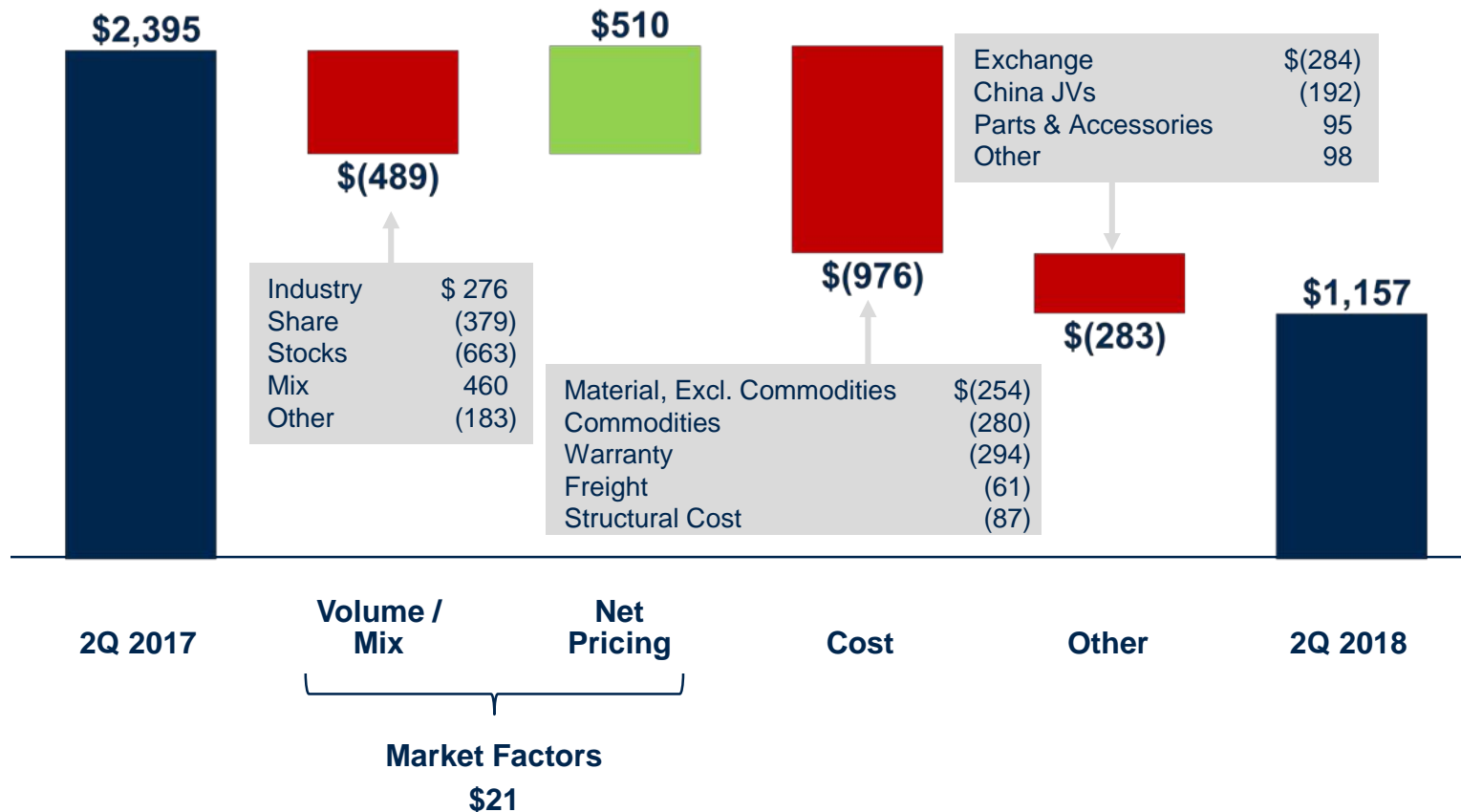
- All metrics down YoY except SAAR
- 2Q global SAAR up 4%; all regions higher with the largest increase in AP, mainly India and China
- Volume decline reflects primarily China and the Meridian disruption in NA
- Revenue lower due to volume declines in NA and AP

Launched the iconic Mustang in Brazil



Automotive

2Q 2018 EBIT YoY Bridge (Mils)



- EBIT down \$1.2B YoY due to the Meridian disruption and China
- Positive pricing across all regions except AP
- Pressure from commodity cost and exchange continued; YoY impact of \$564M
- Increased warranty cost, primarily Takata settlement

North America Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	21.2	21.4	1 %	21.3	21.5	1 %
U.S.	17.2	17.5	2 %	17.3	17.6	2 %
Market Share (Pct)	14.4 %	14.1 %	(0.3) ppts	14.3 %	13.8 %	(0.5) ppts
U.S.	15.2 %	14.7 %	(0.5) ppts	15.1 %	14.5 %	(0.6) ppts
Wholesales (000)	807	742	(8) %	1,578	1,538	(3) %
Revenue (Bils)	\$ 24.5	\$ 23.7	(3) %	\$ 48.5	\$ 48.5	- %
EBIT (Mils)	\$ 2,332	\$ 1,753	\$ (579)	\$ 4,462	\$ 3,688	\$ (774)
EBIT Margin (Pct)	9.5 %	7.4 %	(2.1) ppts	9.2 %	7.6 %	(1.6) ppts

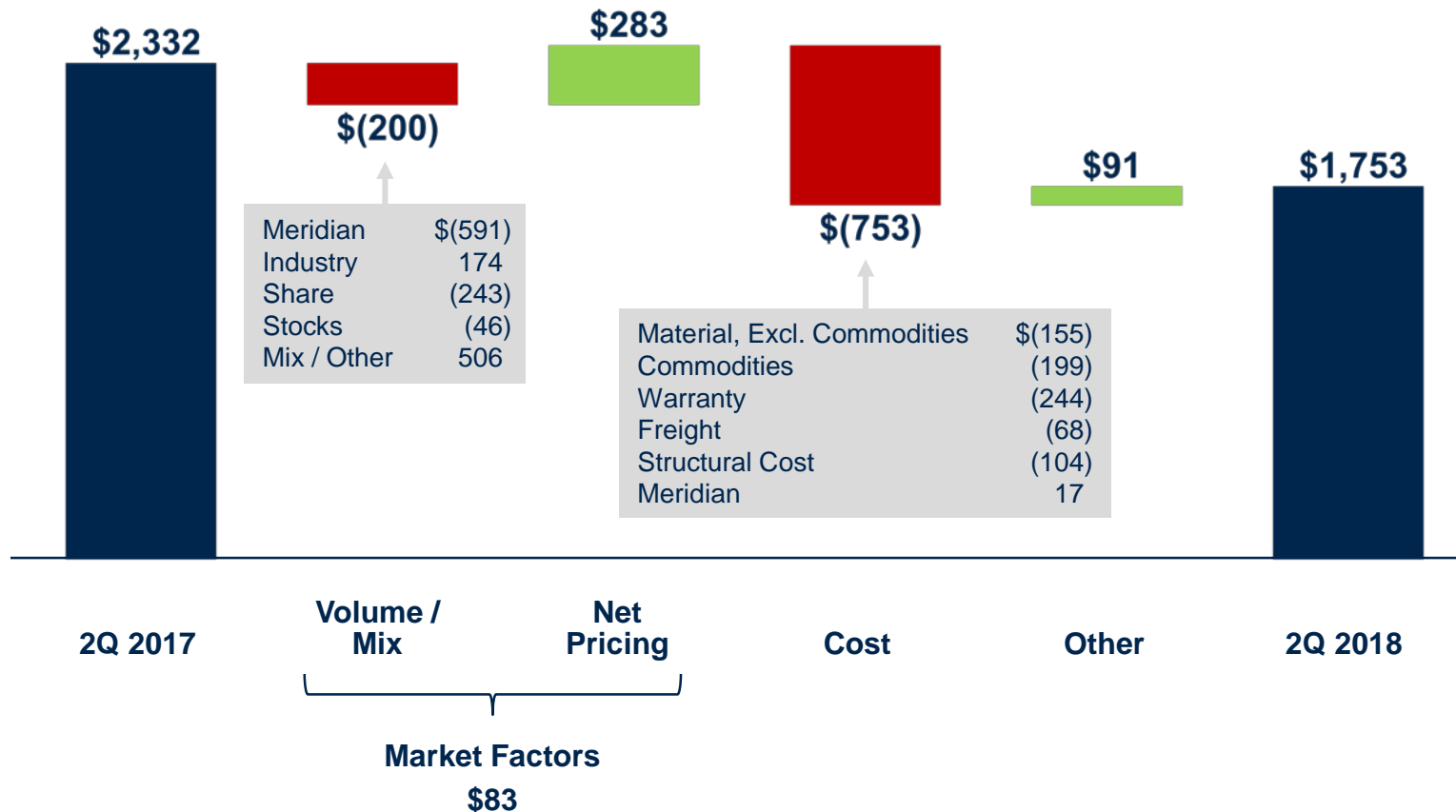
- 2Q NA and U.S. SAAR up 1% and 2% YoY, respectively
- NA market share lower due to U.S. rental and other fleet
- Lower wholesale volume mainly driven by Meridian disruption, Focus production halt and alignment of Escape and Fusion production to demand
- Revenue decline more than explained by lower volume
- EBIT margin excluding Meridian, Takata settlement and Pivotal IPO at 9.9%

Ford F-Series sales grew 5.5% in the second quarter of 2018 and are on a record-setting pace YTD



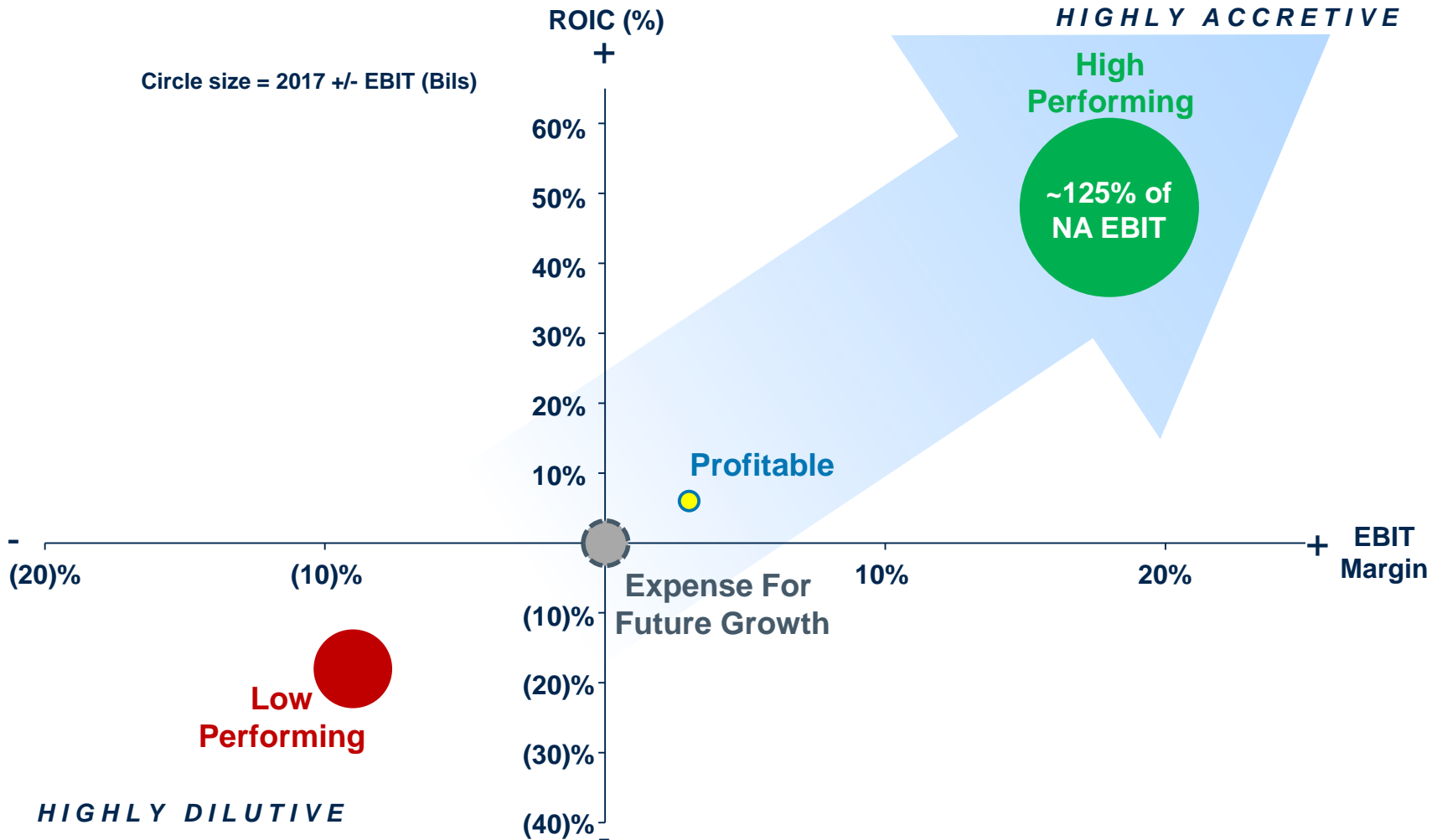
North America

2Q 2018 EBIT YoY Bridge (Mils)



- NA EBIT down \$579M YoY due to the Meridian fire disruption
- Positive market factors despite impact of Meridian
- Actively driving performance on our leading, high-margin products and seeing positive effects on mix as a result
- Improved net pricing reflects strength of F-Series and the all-new Expedition and Lincoln Navigator
- Increased warranty cost, primarily Takata

North America – Focusing Capital On High-Margin, High-Growth Businesses



- High-performing business supported by strong competitive position
- Targeting 10% EBIT margin through fitness improvements and capital allocation focused on trucks and SUVs where Ford offers strong, differentiated products
- Will not allocate capital to underperforming products / segments for which there is no credible path to appropriate returns, e.g., traditional sedan silhouettes

Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

South America Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	4.2	4.5	7 %	4.0	4.6	15 %
Brazil	2.3	2.5	9 %	2.2	2.5	14 %
Market Share (Pct)	9.1 %	8.6 %	(0.5) ppts	9.0 %	8.7 %	(0.3) ppts
Brazil	9.7 %	9.6 %	(0.1) ppts	9.5 %	9.5 %	- ppts
Wholesales (000)	93	96	3 %	163	182	12 %
Revenue (Bils)	\$ 1.5	\$ 1.5	- %	\$ 2.6	\$ 2.8	9 %
EBIT (Mils)	\$ (177)	\$ (178)	\$ (1)	\$ (414)	\$ (327)	\$ 87
EBIT Margin (Pct)	(12.1) %	(12.2) %	(0.1) ppts	(16.2) %	(11.7) %	4.5 ppts

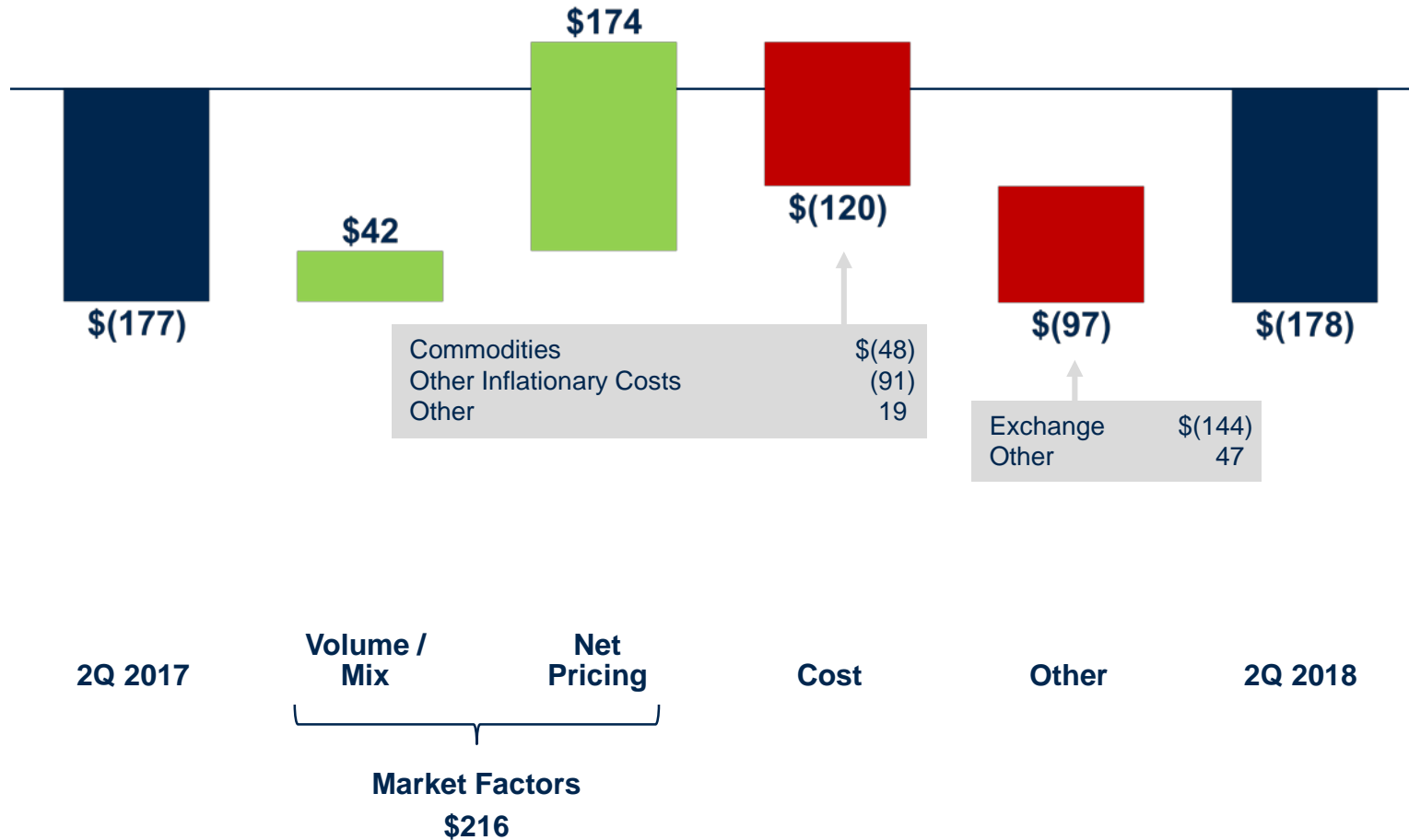
- 2Q top-line metrics mixed YoY; financial metrics about flat
- SA SAAR up 7%; Brazil up for 5th consecutive quarter – largely concentrated in direct sales (fleet)
- SA market share down, primarily driven by Argentina and Colombia
- Volume up due to industry growth

Introduced the all-new Ka FreeStyle in Brazil



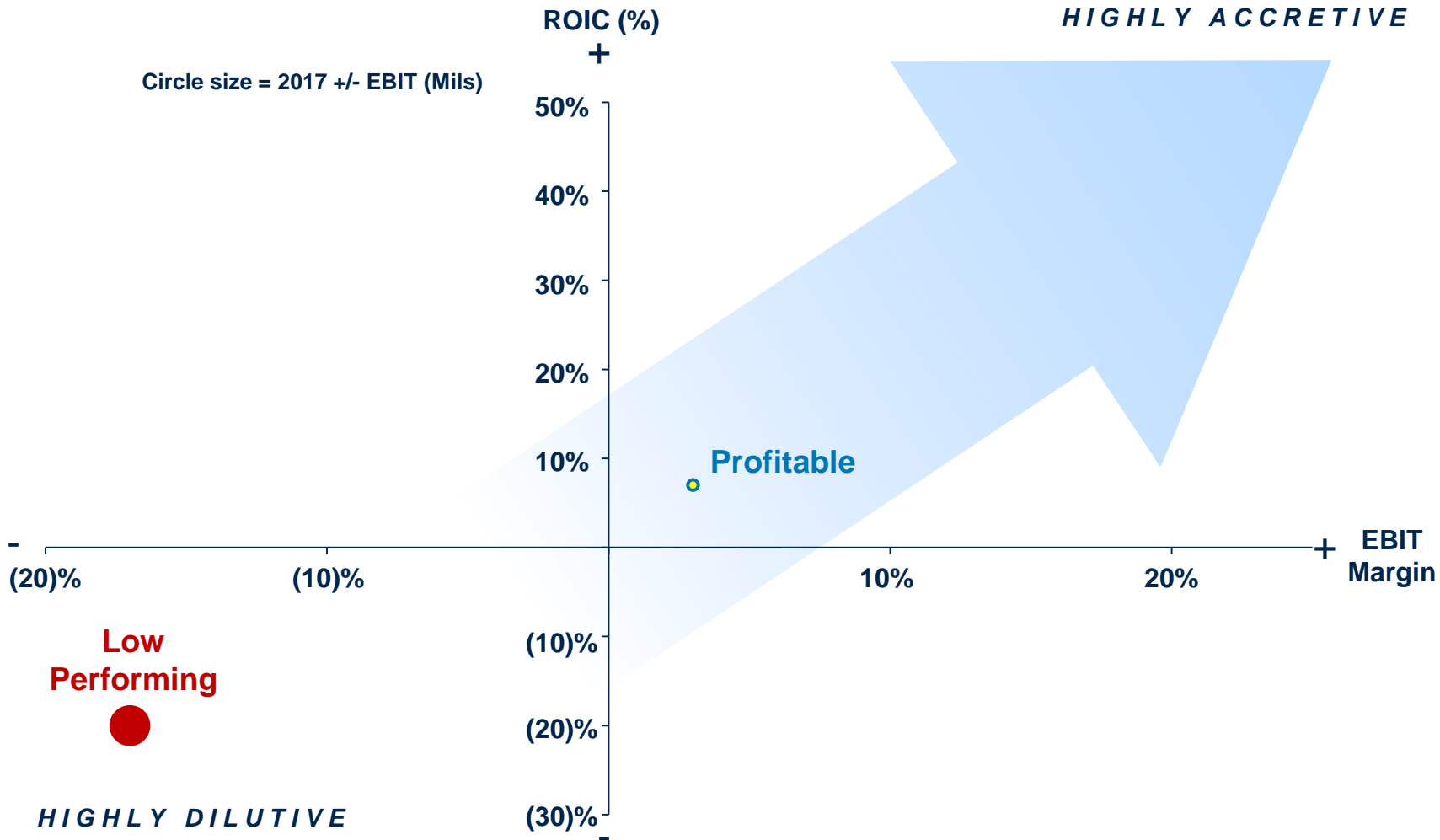
South America

2Q 2018 EBIT YoY Bridge (Mils)



- SA EBIT about flat YoY
- Positive market factors offset the adverse impact of exchange, commodities and other inflationary costs

South America – Focusing Capital On High-Margin, High-Growth Businesses



- Profitability in the region limited to Ranger, select SUVs and imports; returns weak
- Most of SA business low performing
- Significant redesign of business model in process to create a profitable and sustainable business

Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

Europe Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	20.7	21.6	4 %	20.6	21.6	5 %
Market Share (Pct)	7.2 %	7.0 %	(0.2) pts	7.6 %	7.3 %	(0.3) pts
Wholesales* (000)	375	367	(2) %	824	816	(1) %
Revenue (Bils)	\$ 7.1	\$ 7.6	7 %	\$ 14.7	\$ 16.5	12 %
EBIT (Mils)	\$ 122	\$ (73)	\$ (195)	\$ 331	\$ 46	\$ (285)
EBIT Margin (Pct)	1.7 %	(1.0) %	(2.7) pts	2.2 %	0.3 %	(1.9) pts

* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 19,000 units in 2Q 2017 and 16,000 units in 2Q 2018). Revenue does not include these sales

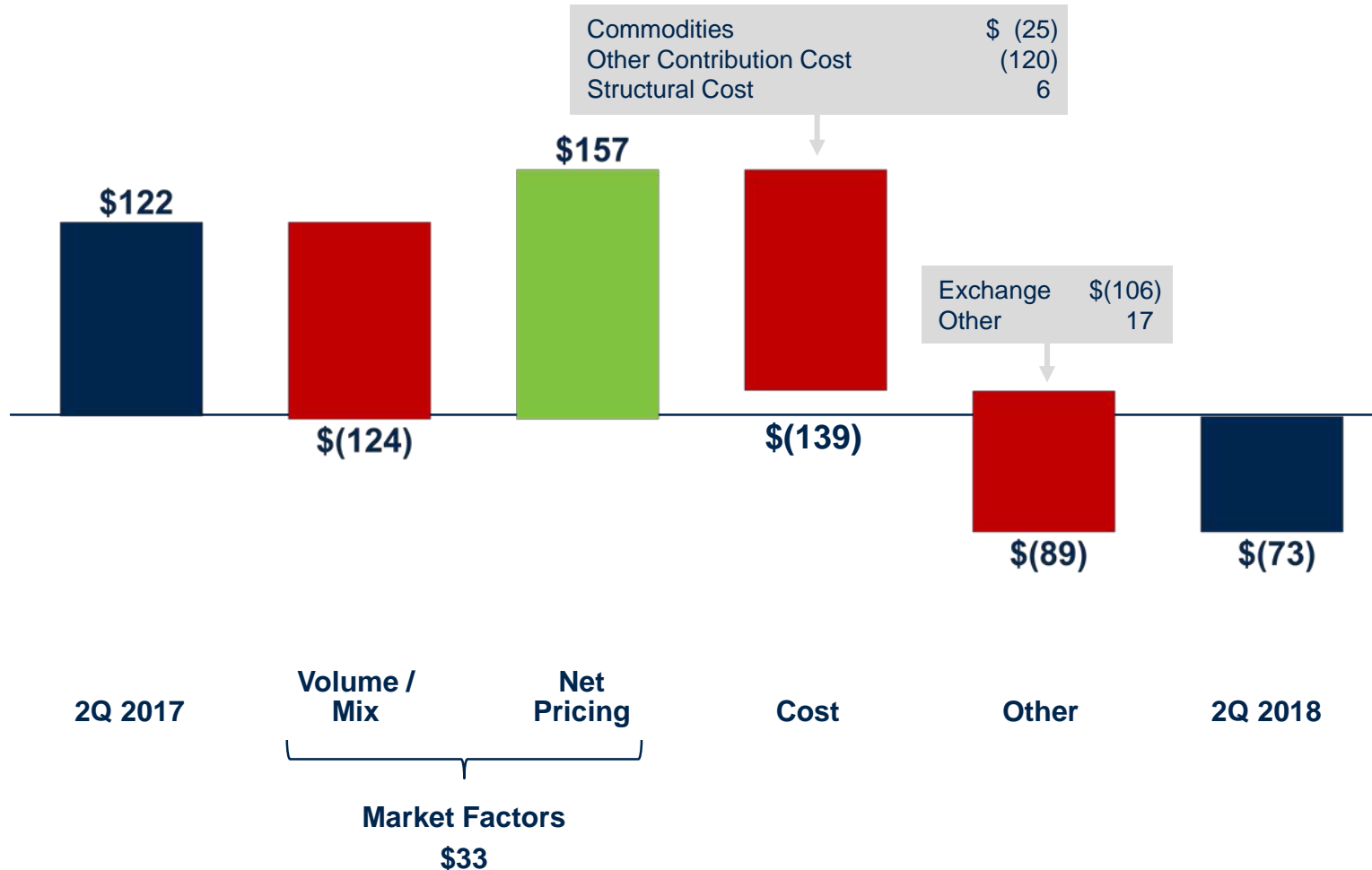
- 2Q top-line metrics mixed YoY; financial metrics down
- Europe SAAR up 4%
- Europe market share down primarily due to discontinued B-MAX and sales slippage due to late regulatory approvals
- Volume down 2%, driven by Turkey
- Revenue up 7% due to favorable exchange

Ford's new "Weather Factory" in Germany is Europe's most advanced auto environmental test center



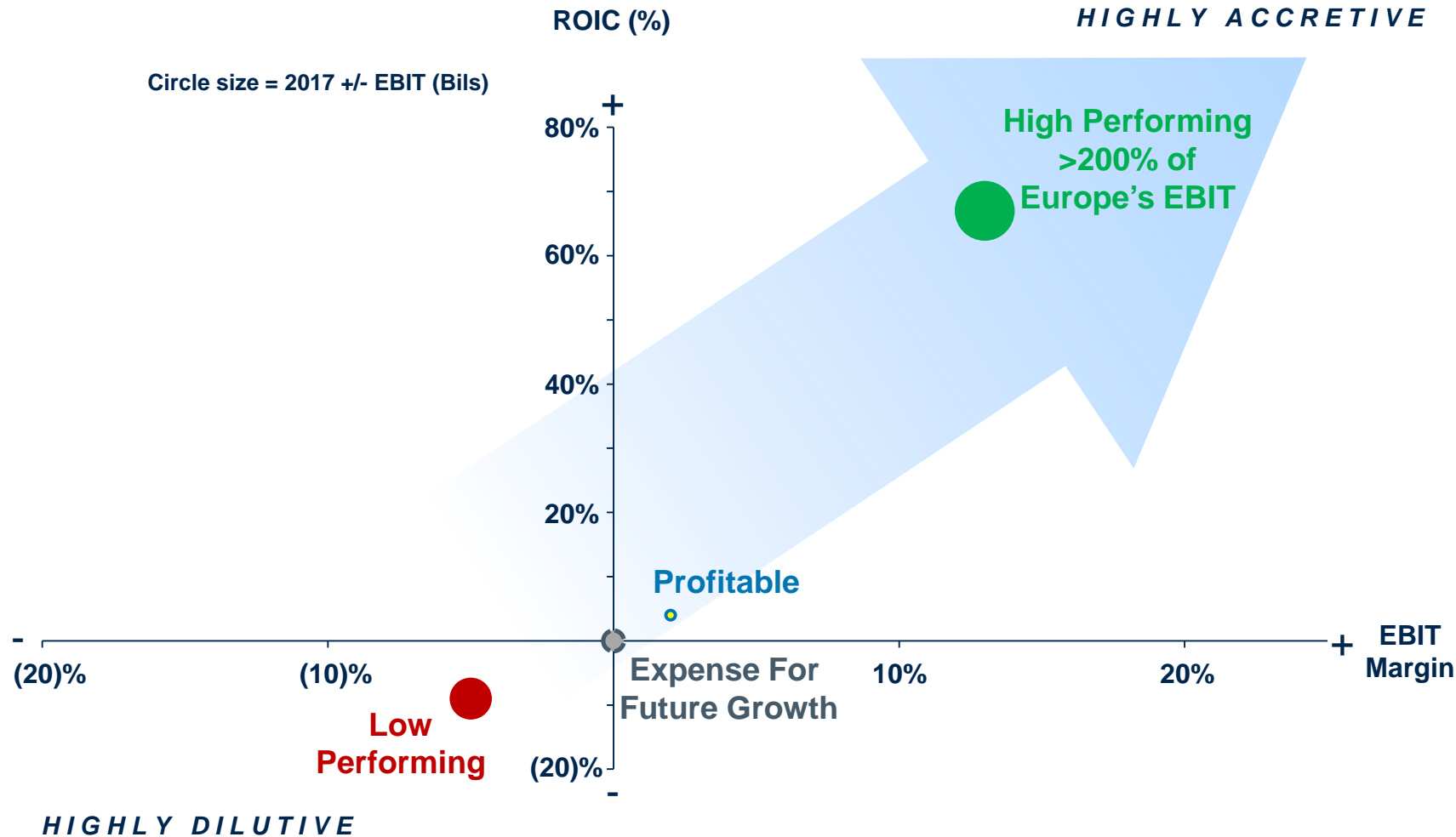
Europe

2Q 2018 EBIT YoY Bridge (Mils)



- Europe EBIT down \$195M YoY due to higher cost, primarily regulatory related, and unfavorable exchange, mainly sterling
- Favorable market factors more than explained by net pricing due to impact of refreshed products and industry pricing

Europe – Focusing Capital On High-Margin, High-Growth Businesses



- High-performing business supported by strong competitive position and profit / return pillars – commercial vehicles, Ranger, Kuga and selected imports
 - Represents less than 50% of Europe's total volume and revenue
- Low-performing business principally cars and MAVs
- Redesigning low-performing business and allocating greater capital to profit pillars

Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

Middle East & Africa Key Metrics

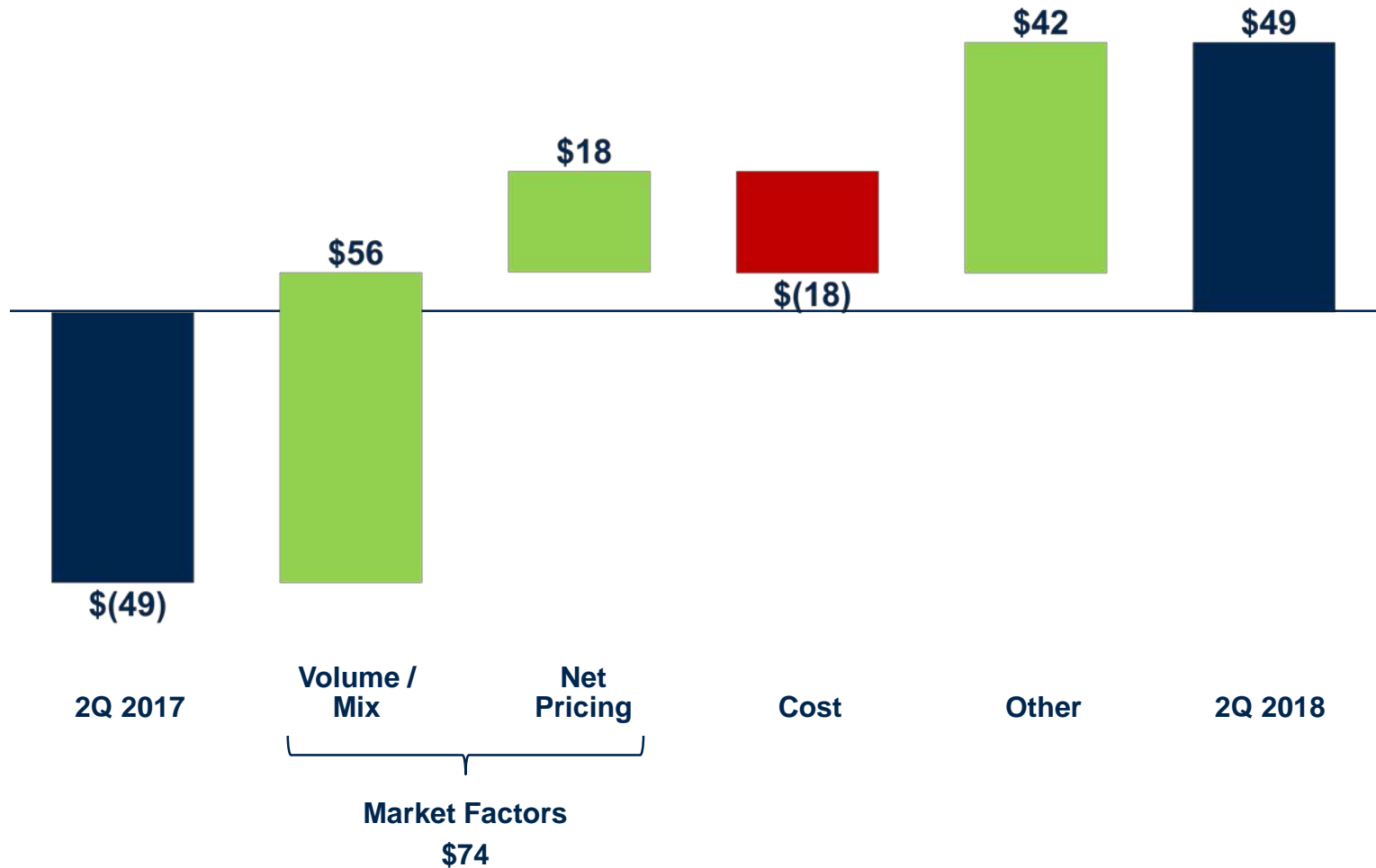
	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	3.6	4.0	11 %	3.7	3.9	5 %
Market Share (Pct)	3.4 %	2.5 %	(0.9) pts	3.6 %	2.9 %	(0.7) pts
Wholesales (000)	24	27	13 %	54	52	(4) %
Revenue (Bils)	\$ 0.6	\$ 0.8	35 %	\$ 1.2	\$ 1.4	15 %
EBIT (Mils)	\$ (49)	\$ 49	\$ 98	\$ (124)	\$ (5)	\$ 119
EBIT Margin (Pct)	(9.0) %	6.6 %	15.6 pts	(10.4) %	(0.4) %	10.0 pts

- 2Q top-line metrics mixed YoY; financial metrics improved
- SAAR up 11%; flat in markets where we participate
- Market share lower driven by Southern and Northern Africa and Middle East performance
- Increase in volume due to favorable dealer stock changes; revenue up 35% with most factors positive

Ford and Lincoln are welcoming women to family-friendly showrooms in Saudi Arabia



Middle East & Africa 2Q 2018 EBIT YoY Bridge (Mils)



- MEA EBIT a 2Q record
- Favorable market factors and exchange drove the \$98 million EBIT improvement

Asia Pacific Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	44.1	46.2	5 %	41.7	45.0	8 %
China	27.6	28.5	3 %	25.4	27.5	8 %
Market Share (Pct)	3.7 %	2.7 %	(1.0) ppts	3.5 %	2.7 %	(0.8) ppts
China	4.5 %	3.2 %	(1.3) ppts	4.5 %	3.2 %	(1.3) ppts
Wholesales* (000)	352	261	(26) %	735	567	(23) %
Revenue (Bils)	\$ 3.4	\$ 2.3	(30) %	\$ 6.6	\$ 5.7	(13) %
EBIT (Mils)	\$ 167	\$ (394)	\$ (561)	\$ 315	\$ (513)	\$ (828)
EBIT Margin (Pct)	4.8 %	(16.4) %	(21.2) ppts	4.8 %	(8.9) %	(13.7) ppts

China Unconsolidated Affiliates

Wholesales (000)	246	174	(29) %	524	369	(30) %
Ford Equity Income (Mils)	\$ 195	\$ 3	(98) %	\$ 469	\$ 141	(70) %
Net Income Margin (Pct)	10.7 %	0.6 %	(10.1) ppts	11.9 %	5.5 %	(6.4) ppts

* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates. Revenue does not include these sales

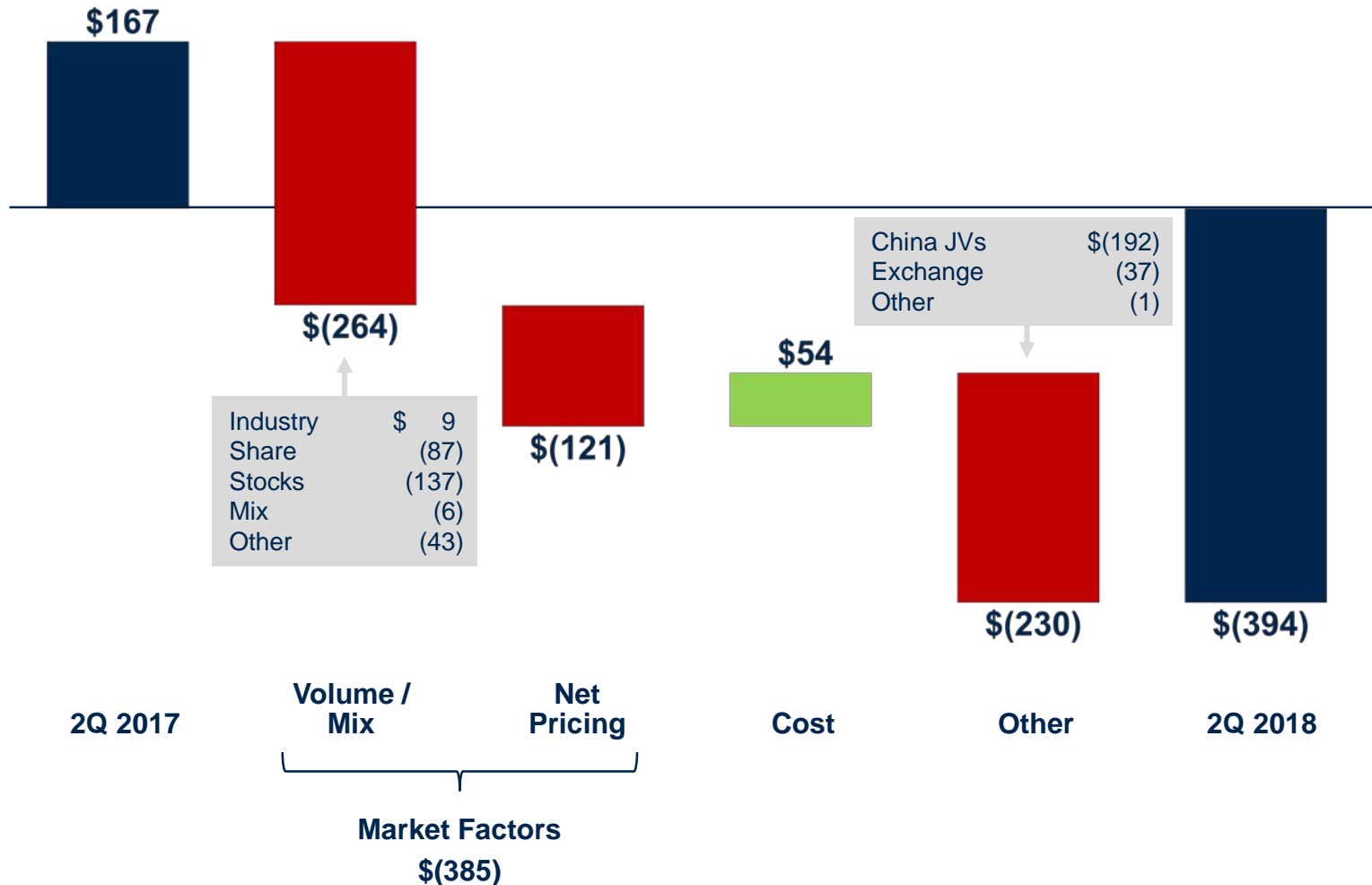
- All metrics lower YoY except SAAR; China the key driver
- AP SAAR up 2.1M units; China up 0.9M units
- AP market share lower due to China performance, primarily Focus and Escort
- Key metrics for China JVs down substantially with China JV net equity income about breakeven

Revealed the all-new Ford Focus in China



Asia Pacific

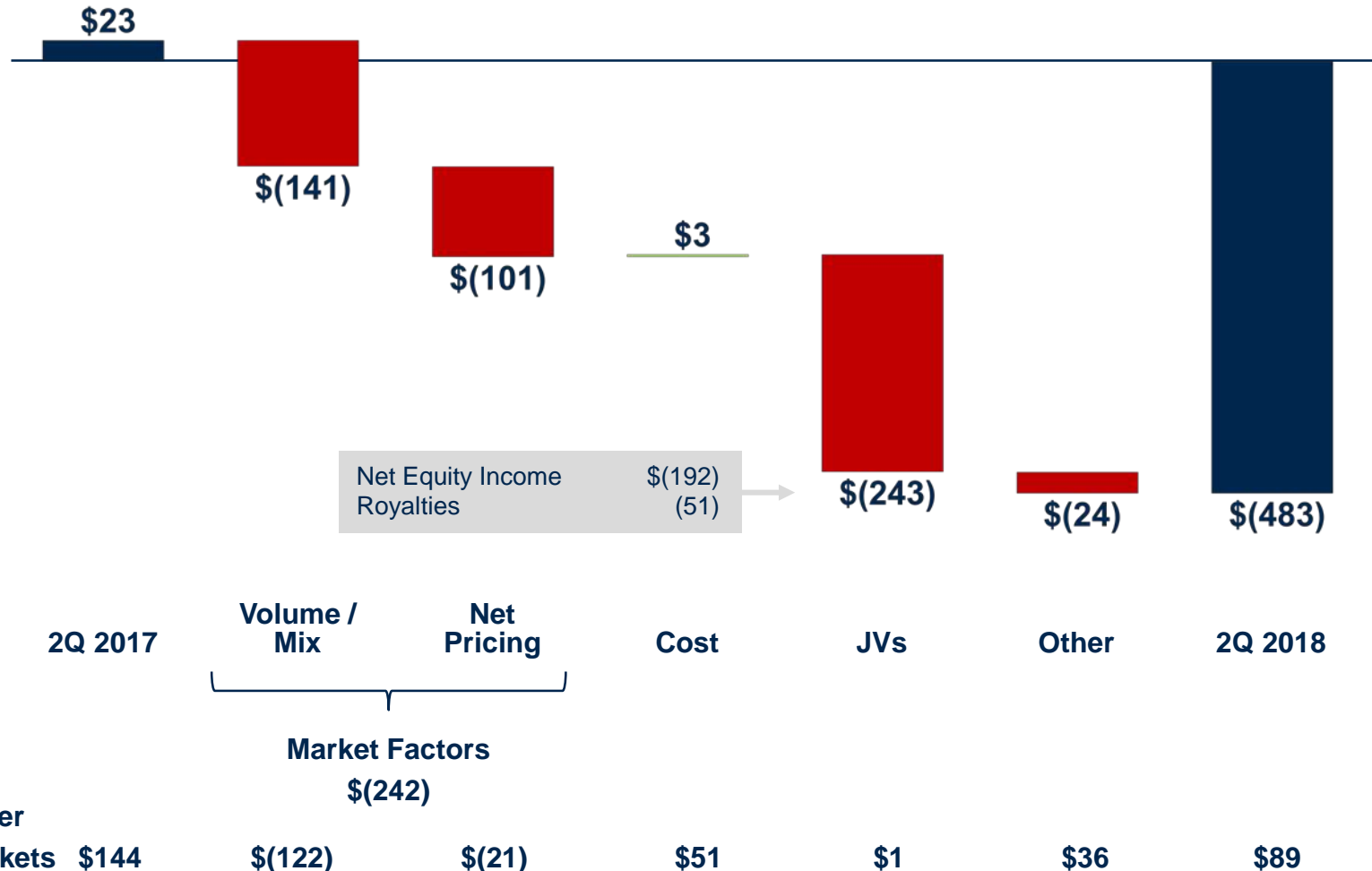
2Q 2018 EBIT YoY Bridge (Mils)



- AP EBIT down \$561M YoY – \$506M in China and \$55M in other markets
- Market factors unfavorable due mainly to China consolidated operations; reflects lower volume and mainly industry-related net pricing
- Equity income from China JVs down \$192M
- Cost improved due to markets outside China

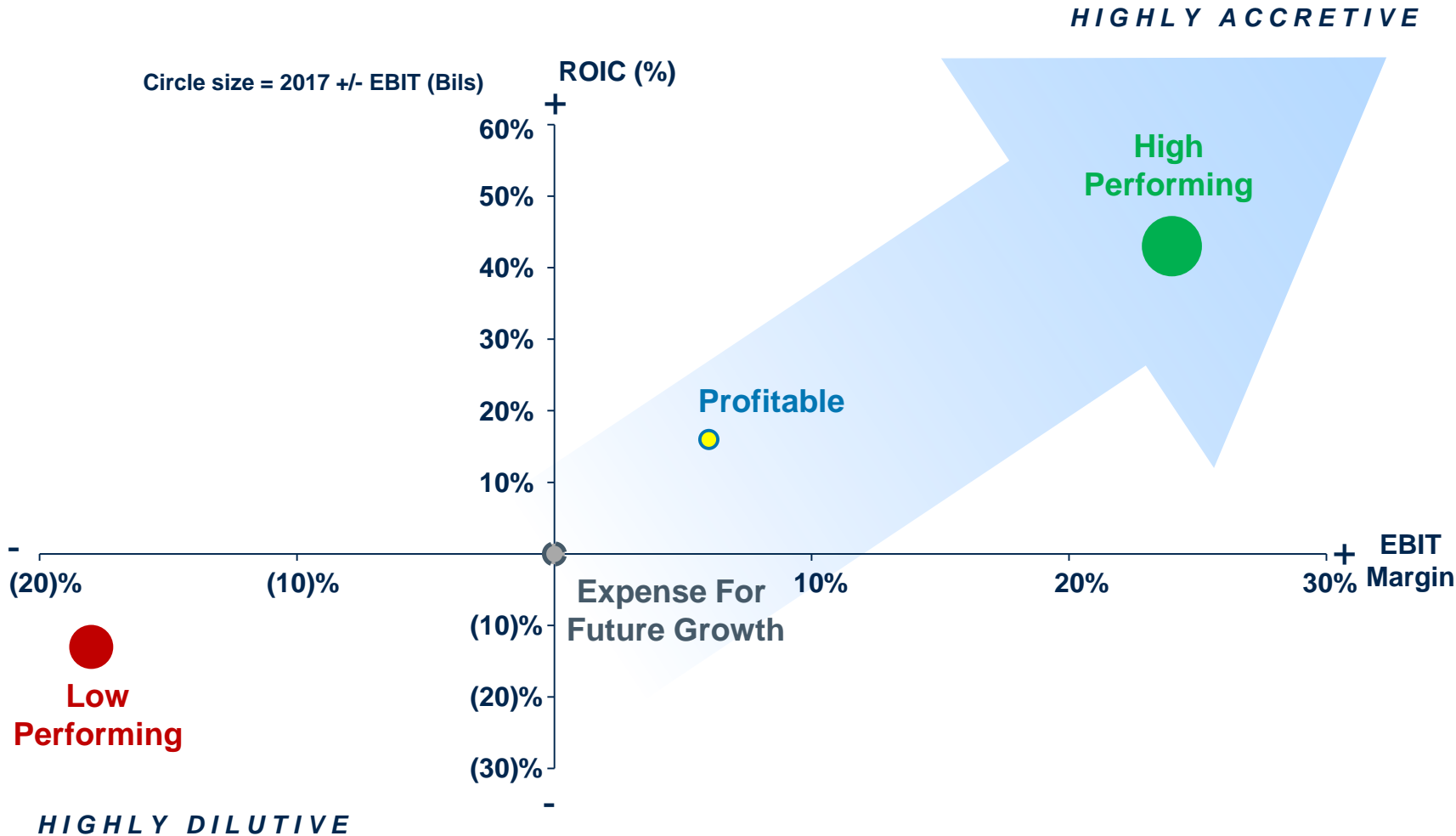
China

2Q 2018 EBIT YoY Bridge (Mils)



- 2Q China operations an EBIT loss of \$483M, offset partially by EBIT of \$89M in rest of AP
- EBIT margin for markets outside China at 4.2%
- China EBIT down \$506M YoY
- Unfavorable market factors primarily due to stock reductions for Explorer and Lincoln MKC, tariffs and industry-related net pricing impacts
- Decline in China JV net equity income entirely due to unfavorable volume and mix and lower net pricing
- Lower volume at the China JVs drove lower royalty income

Asia Pacific – Focusing Capital On High-Margin, High-Growth Businesses



- Asia Pacific’s high-performing business diverse, including Ranger and most SUVs
- Low-performing business mainly Lincoln and small cars
- Focused on:
 - Restoring China business to strong returns, including localization of most import products
 - Sustaining / improving strong performance in Australia and ASEAN
 - Generating appropriate returns in India, which continue to improve

Note: All references to EBIT and EBIT Margin include regional Ford Credit EBT

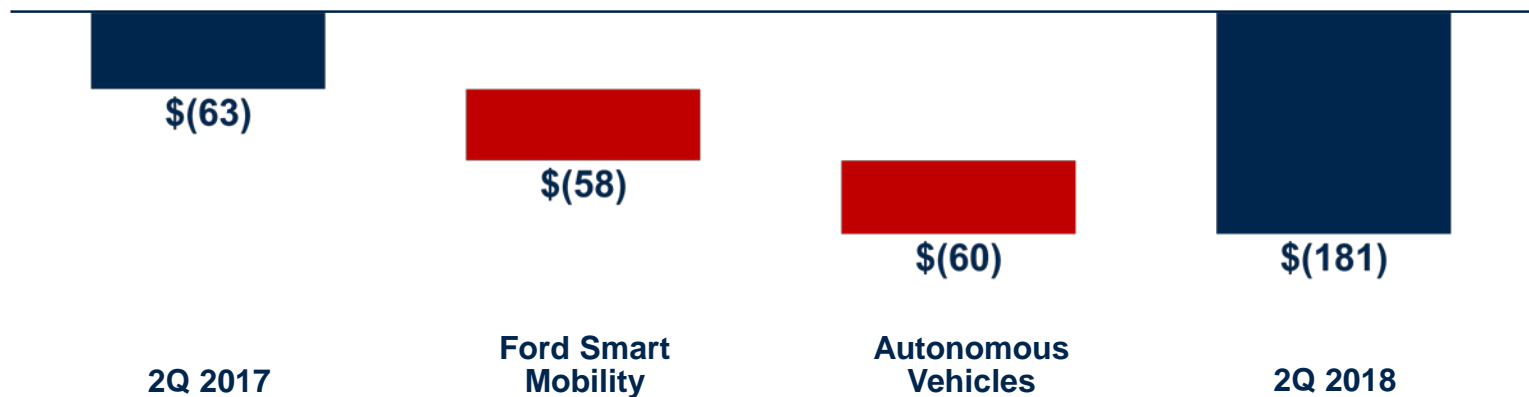
Mobility Key Metrics And 2Q 2018 EBIT YoY Bridge

Bridge (Mils)

Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
EBIT (Mils)	\$ (63)	\$ (181)	\$ (118)	\$ (127)	\$ (283)	\$ (156)

2Q 2018 EBIT YoY Bridge



- Mobility EBIT reflects increased investment in mobility services and AV development

Ford Credit Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Net Receivables (Bils)	\$ 135	\$ 143	6 %	\$ 135	\$ 143	6 %
Managed Receivables* (Bils)	\$ 142	\$ 151	7 %	\$ 142	\$ 151	7 %
Loss-to-Receivables** (LTR)	46 bps	36 bps	(10) bps	50 bps	43 bps	(7) bps
Auction Values***	\$17,440	\$18,190	4 %	\$17,285	\$17,770	3 %
EBT (Mils)	\$ 619	\$ 645	\$ 26	\$ 1,100	\$ 1,286	\$ 186
ROE (Pct)	13 %	12 %	(1) ppts	12 %	15 %	3 ppts

Other Balance Sheet Metrics

Debt (Bils)	\$ 129	\$ 137	6 %
Liquidity (Bils)	\$ 29	\$ 27	(4.0) %
Financial Statement Leverage (to 1)	9.3	8.9	(0.4)
Managed Leverage* (to 1)	8.8	8.3	(0.5)

- Strong 2Q EBT
- Receivables up globally YoY led by retail financing
- Continuing to maintain receivables around present level and deliver strong distributions to Ford
- U.S. consumer credit metrics healthy with improved LTR
- Balance sheet and liquidity strong; managed leverage within target range of 8:1 to 9:1

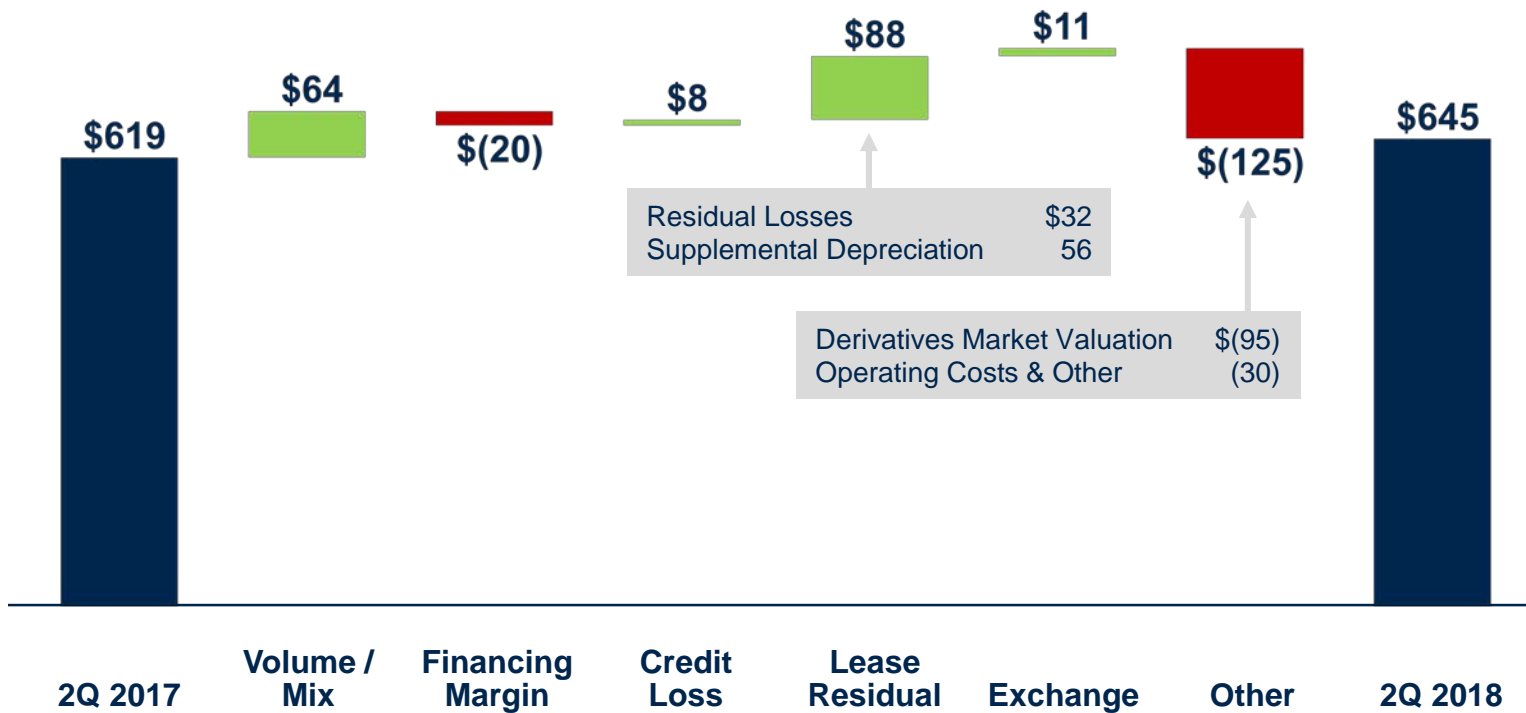
* See Appendix for reconciliation to GAAP and definitions

** U.S. retail and lease

*** U.S. 36-month off-lease at 2Q 2018 mix

Ford Credit

2Q 2018 EBT YoY (Mils)

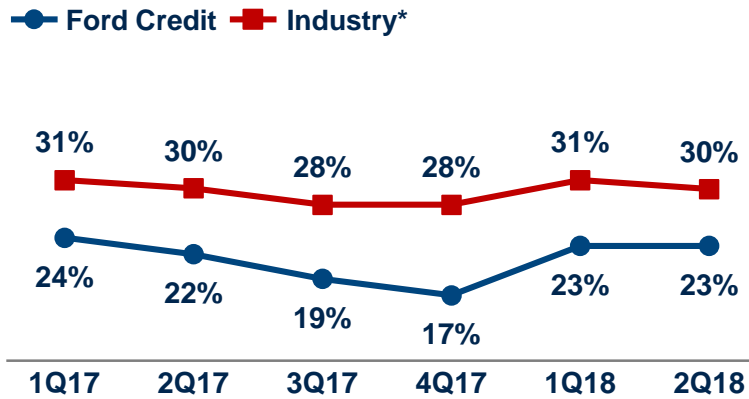


- Ford Credit EBT up \$26M YoY
- Volume and mix higher due to global receivables growth
- Higher auction values drove lease residual improvement
- Unfavorable derivatives market valuation reflects a non-recurrence of positive valuation a year ago

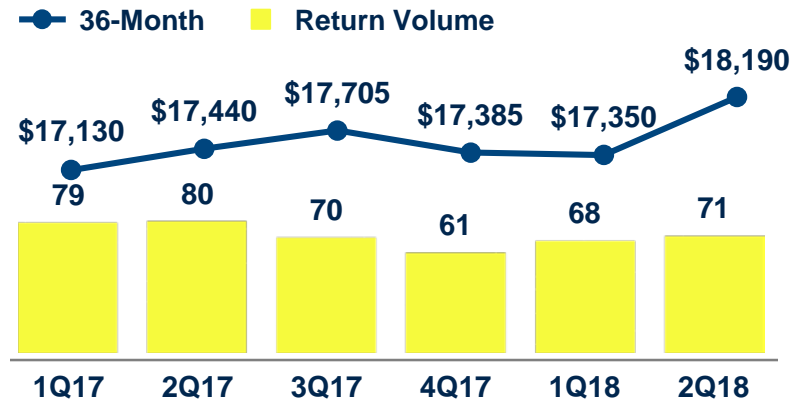
Ford Credit

U.S. Automotive Financing Trends

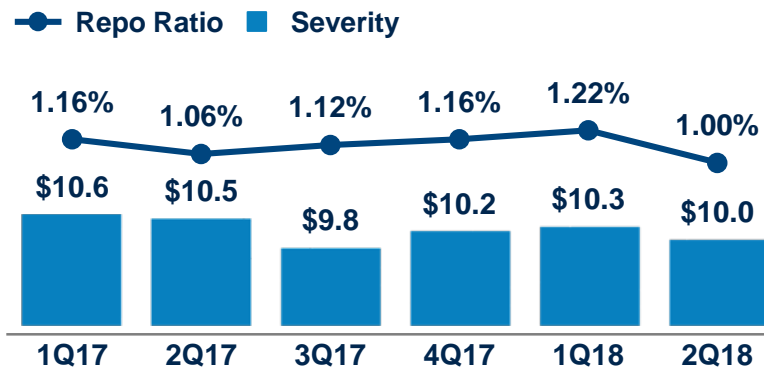
Lease Share of Retail Sales (Pct)



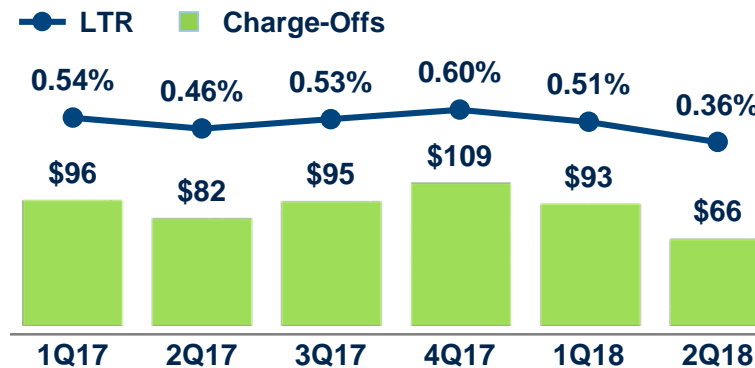
Lease Return Vol. (000) and Auction Values**



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



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



- 2Q lease share about the same as prior year and below industry reflecting Ford sales mix
- Auction values stronger than expected and up 4% YoY
- Now expect 2018 FY average auction values to be 1% to 2% higher at constant mix
- Strong loss metrics reflect healthy consumer credit conditions

* Source: J.D. Power PIN
 ** At 2Q 2018 mix



Company Cash Flow (Bils)

	SECOND QUARTER		YEAR TO DATE	
	2017	2018	2017	2018
Company Adjusted EBIT*	\$ 2.8	\$ 1.7	\$ 5.3	\$ 3.9
Excluding: Ford Credit EBT	(0.6)	(0.7)	(1.1)	(1.3)
Subtotal	\$ 2.2	\$ 1.0	\$ 4.2	\$ 2.6
Capital spending	\$ (1.5)	\$ (1.9)	\$ (3.2)	\$ (3.7)
Depreciation and tooling amortization	1.2	1.4	2.4	2.7
Net spending	\$ (0.3)	\$ (0.5)	\$ (0.8)	\$ (1.0)
Changes in working capital	(0.9)	(2.1)	(0.2)	(1.0)
Ford Credit Distributions	-	0.5	-	1.5
All other and timing differences	0.3	(0.7)	0.1	(0.9)
Company adjusted operating cash flow*	\$ 1.3	\$ (1.8)	\$ 3.3	\$ 1.2
Separation payments	(0.1)	-	(0.1)	-
Other transactions with Ford Credit	-	0.1	-	(0.1)
Other, including acquisitions and divestitures	0.1	(0.2)	(0.2)	(0.5)
Cash flow before other actions	\$ 1.3	\$ (1.9)	\$ 3.0	\$ 0.6
Changes in debt	0.1	0.2	(0.1)	0.1
Funded pension contributions	(0.3)	(0.1)	(0.5)	(0.2)
Shareholder distributions	(0.7)	(0.6)	(1.5)	(1.8)
Change in cash	\$ 0.4	\$ (2.4)	\$ 0.9	\$ (1.3)

- 2Q cash flow negative due to lower payables, higher inventory, timing differences and shareholder distributions
- Full year funded pension contributions on track for \$0.5B
- Shareholder distributions on track for \$3B

* See Appendix for reconciliation to GAAP and definitions

Company Balance Sheet And Liquidity (Bils)

	2017 Dec 31	2018 Jun 30
Company excl. Ford Credit		
Company Cash*	\$ 26.5	\$ 25.2
Liquidity	37.4	36.1
Debt	\$ 16.5	\$ 16.2
Cash Net of Debt	10.0	9.0
Company Balance Sheet Underfunded Status**		
U.S. Pension	\$ 2.2	\$ 1.6
Non-U.S. Pension	4.4	4.1
Total Global Pension	<u>\$ 6.6</u>	<u>\$ 5.7</u>
Total Unfunded OPEB	\$ 6.2	\$ 6.0

- Company cash and liquidity balances remain strong
- Extended maturity dates of corporate credit facility with terms and conditions unchanged

* See Appendix for definition

** Balances at June 30, 2018 reflect net underfunded status at December 31, 2017, updated for service and interest costs, expected return on assets, separation expense, interim remeasurement expense, actual benefit payments and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year end 2017

2018 FY Outlook

Company

Key Metric	2018 Guidance
Revenue	Modestly higher than 2017
Adjusted EPS*	\$1.30 - \$1.50**
Adj. Operating Cash Flow*	Lower than 2017**
Pension Contributions	About \$500M
Capital Spending	About \$7.5B
Adj. Effective Tax Rate*	About 13%**

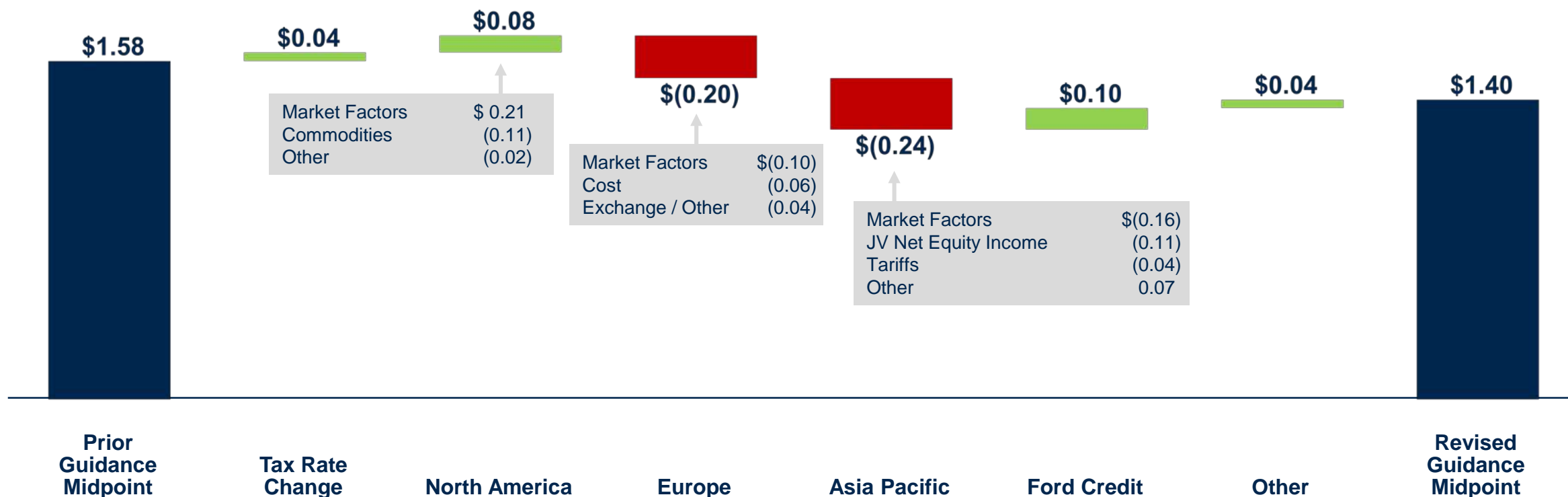
Business Units

Region / Segment	2018 EBIT Guidance
Automotive	Lower than 2017 due to Asia Pacific and Europe
North America	Lower than 2017
South America	Improved from 2017
Europe	A loss**
Middle East & Africa	Improved from 2017 (about breakeven)
Asia Pacific	A significant loss**
Mobility	Larger loss than 2017
Ford Credit (EBT)	Improved from 2017**

* See Appendix for definitions

** Revised guidance

Company Adjusted EPS* Guidance Bridge

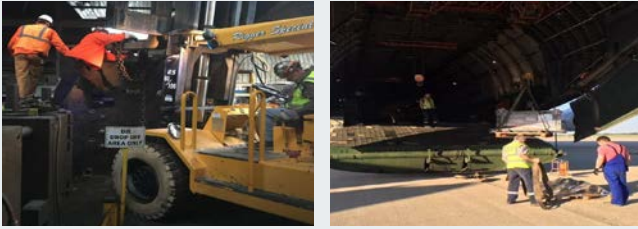


* See Appendix for definitions

Revised Guidance More Than Explained By Asia Pacific And Europe Performance, Offset Partially By Ford Credit And North America

North America Highlights

MERIDIAN FIRE RESPONSE



Ford executed a world-class recovery plan, which ensured safe retrieval and relocation of tools, quickly restoring production for our customers

DEPLOYED
CREATIVE SOLUTIONS
TO RESTORE SUPPLY AND
REOPEN PLANTS IN JUST **8**
DAYS

QUALITY

J.D. POWER INITIAL QUALITY STUDY

Ford achieved **best-ever score in 2018**

5th straight year of improvement

Ford received more awards than any other manufacturer in the J.D. Power 2018 Initial Quality Study



2018 FORD EXPEDITION & 2018 LINCOLN NAVIGATOR

Five-star rating

in National Highway Traffic Safety
Administration's New Car Assessment Program



UNITED STATES

Ford led as **America's best-selling brand** of combined trucks and SUVs

F-Series sales topped 236,000 units in 2Q and are on a record-setting pace YTD

Ford brand SUV sales reached a 2Q record of 216,000 units

Combined first half Expedition / Navigator retail sales up 55% compared with 2017

Industry-leading commercial business led by F-Series and Transit

EXPANDED HYBRID PORTFOLIO

Introduced all-new **Ford Police Interceptor Utility**, industry's first pursuit-rated hybrid SUV

2 New Fuel Efficient Taxis
2019 Transit Connect and Fusion Hybrid



Europe – Focus On Fitness

Commercial Vehicles

- CVs remain the cornerstone of Europe business and strategy – continued strong 2Q performance
- Ford brand #1 in European 2Q CV sales – sales up 11%; share up from 12.8% to 13.2%
- Transit top-selling CV nameplate; Ranger #1 pickup

Passenger Cars

- Fiesta launch successful, customer order bank up 30% compared to prior year
- Focus launch in flight

Sport Utility Vehicles

- Focused on growing our SUV offerings; Ford total SUV sales up 28%
- Record quarter for Kuga and EcoSport sales
- Utilities mix is under indexed versus industry, with aging Kuga product. New launches increase mix by 2020

Business Results

- Slower ramp up of Focus and regulatory approval delays resulted in lower volume in 2Q
- Relative to expectations, new products delivering incremental profit, but lower than planned. Margin compression driven by weaker channel mix, lower net pricing and exchange headwinds

Actions

- Future capital allocation to be aggressively focused on segments, products and services that can generate appropriate business returns
- Aggressively attack cost and drive capital efficiencies across the business
- Announced sale / possible closure of Bordeaux manufacturing site; further restructuring and business model change required

Europe Business Under Significant Pressure; Actions Under Way To Address

China Deep Dive – Structural And Go-To-Market Issues

Dealers Disengaged

- Actions to improve dealer support and profitability executed end 2Q
- High dealer stock levels being addressed aggressively

Uncompetitive Cost Structure

- Localize assembly of Explorer and Lincoln (starting with new Small Utility early 2020)
- Integrate Ford Marketing / Sales and Purchasing operations into JVs to remove duplication and optimize costs
- Fitness actions to be implemented

Product Ageing And Not Aligned With Customer Demand

- 60% of product line-up to be refreshed or new in 2019
- New Ford utility showroom (replacements and additions) launched 2019 through 2021; 50 new vehicles in total by 2025 including 8 new SUVs and 15 or more electrified vehicles
- New Advanced Product Creation Process at Nanjing Research and Engineering Centre and increased use of 'in JV' product creation

Go-To-Market Capability Gaps Exposed

- New single authentic and trusted Ford brand voice through Distribution Division to address consistency and differentiation
- New China Futuring group to be established to improve local consumer insights
- Recruiting additional local talent to key management positions

**Success In China Imperative – World's Largest Market;
Reaches 2X U.S. Volume By 2025**

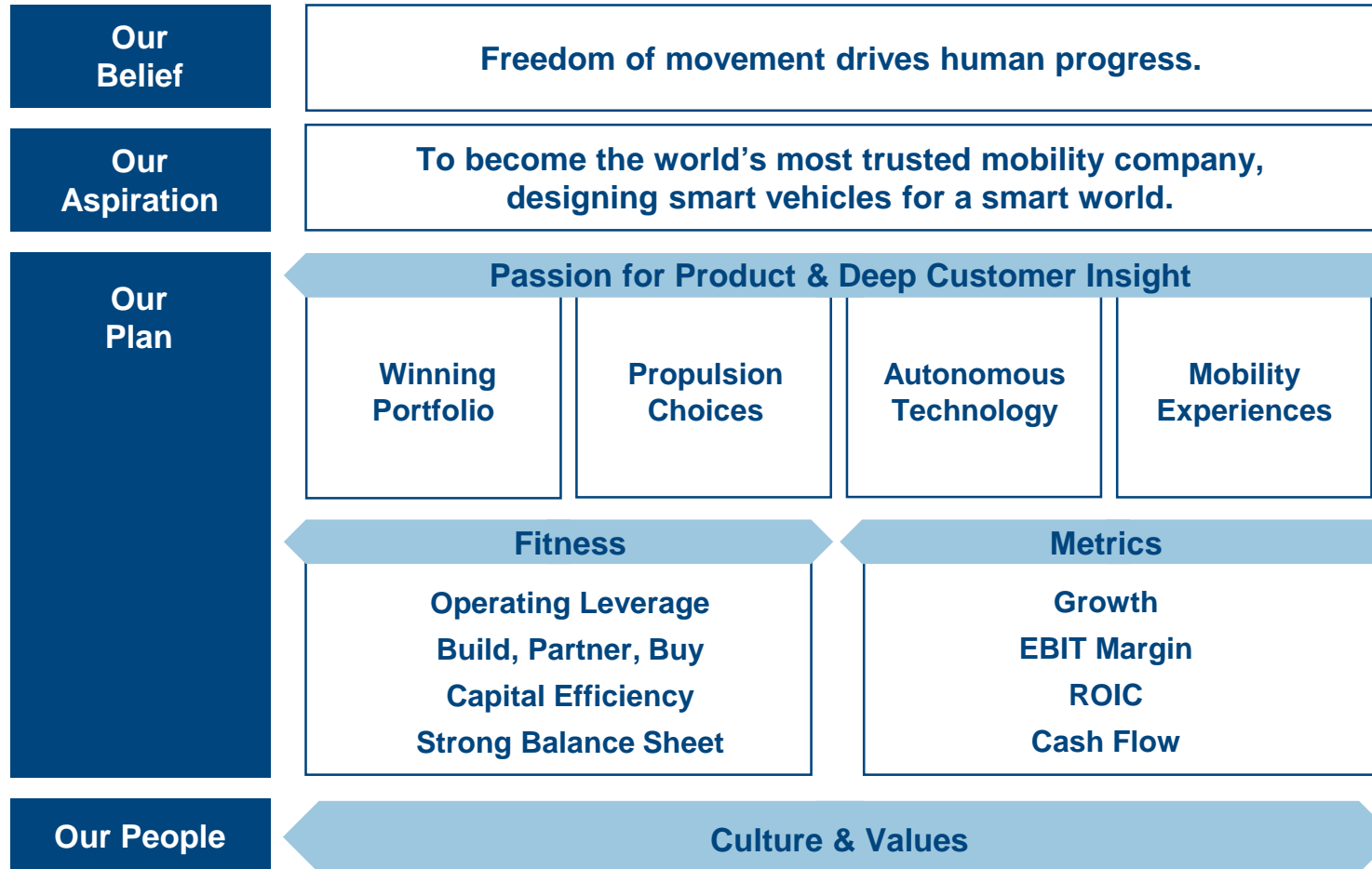


Questions & Answers





Smart Choices for Value Creation



Cautionary Note On Forward-Looking Statements

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:

- Ford’s long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor disputes, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data protection regulations, or other regulations.

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, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.





APPENDIX

SUPPLEMENTAL DATA

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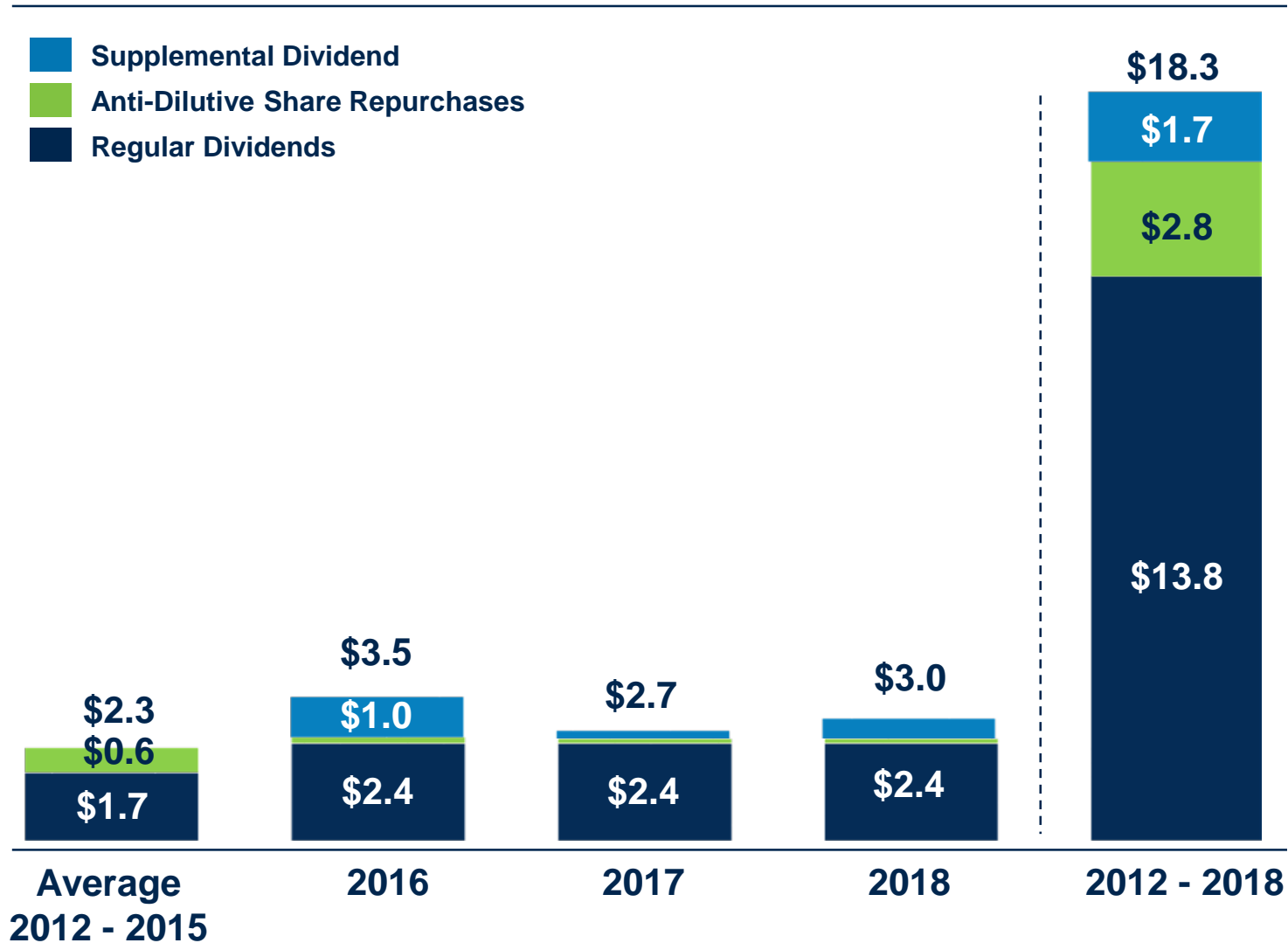
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Shareholder Distributions (Bils)



- 2018 planned distributions of \$3B for a total of \$18.3B for 2012 - 2018
- Paid a second quarter regular dividend of 15¢ per share

Return On Invested Capital Calculation (Bils)

	<u>Four Quarters Ending 2Q 2017</u>	<u>Four Quarters Ending 2Q 2018</u>
	(Bils.)	(Bils.)
<u>Net Operating Profit After Tax (NOPAT)</u>		
Net income attributable to Ford	\$ 3.8	\$ 6.9
Add: Non-controlling interest	0.0	0.0
Less: Income tax	(0.9)	0.0
Add: Cash taxes	(0.7)	(0.6)
Less: Interest on debt	(1.1)	(1.2)
Less: Total pension / OPEB income / (Cost)	(2.6)	0.7
Add: Pension / OPEB service costs	(1.1)	(1.2)
Net operating profit after tax	<u>\$6.7</u>	<u>\$5.6</u>
<u>Invested Capital</u>		
Equity	\$ 32.8	\$ 36.5
Redeemable non-controlling interest	0.1	0.1
Automotive and other debt	16.8	16.2
Net pension and OPEB liability	14.2	11.7
Invested capital (end of period)	<u>\$ 63.9</u>	<u>\$ 64.5</u>
Four quarter average invested capital	<u>\$ 60.9</u>	<u>\$ 64.7</u>
ROIC*	10.9%	8.7%

* Calculated as the sum of Net Operating Profit After Tax from the last four quarters, divided by the average Invested Capital over the last four quarters

Company Special Items (Mils)

	2Q		YTD		Memo:
	2017	2018	2017	2018	FY 2017
<u>Pension and OPEB Gain / (Loss)</u>					
Year end net pension and OPEB remeasurement loss	\$ -	\$ -	\$ -	\$ -	\$ (162)
Other pension remeasurement gain	-	-	-	26	-
Pension curtailment gain	-	-	-	15	354
<u>Separation-Related Actions</u>	(7)	(42)	(29)	(51)	(297)
<u>Other Items</u>					
San Luis Potosi plant cancellation	7	-	53	-	41
Next-generation Focus footprint change	(248)	-	(248)	(9)	(225)
Total pre-tax special items	\$ (248)	\$ (42)	\$ (224)	\$ (19)	\$ (289)
Tax special items	\$ 46	\$ 9	\$ 31	\$ 5	\$ 897
Memo:					
Special items impact on earnings per share*	\$ (0.05)	\$ -	\$ (0.05)	\$ -	\$ 0.15

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

U.S. Transaction Prices, Incentives and Days Supply

	Second Quarter	
	Ford	Industry
YoY average transaction price (USD)*	\$ 837	\$ 797
YoY incentive change as pct. of vehicle price*	0.5	0.1
U.S. gross days supply	78	68

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

Revised Reporting – 2017 (Mils)

	2017				
	1Q	2Q	3Q	4Q	Full Year
North America	\$ 2,130	\$ 2,332	\$ 1,824	\$ 1,771	\$ 8,057
South America	(237)	(177)	(150)	(189)	(753)
Europe	209	122	(53)	89	367
Middle East & Africa	(75)	(49)	(56)	(66)	(246)
Asia Pacific	148	167	314	30	659
Automotive	\$ 2,175	\$ 2,395	\$ 1,879	\$ 1,635	\$ 8,084
Mobility	(64)	(63)	(72)	(100)	(299)
Ford Credit	481	619	600	610	2,310
Corporate Other	(72)	(146)	(122)	(117)	(457)
Adjusted EBIT	\$ 2,520	\$ 2,805	\$ 2,285	\$ 2,028	\$ 9,638
Interest on Debt	(293)	(291)	(298)	(308)	(1,190)
Special Items Pre-Tax	24	(248)	(217)	152	(289)
Taxes	(652)	(211)	(191)	652	(402)
Less: Non-Controlling Interests	7	8	7	4	26
Net Income Attributable to Ford	\$ 1,592	\$ 2,047	\$ 1,572	\$ 2,520	\$ 7,731
Company Adjusted Operating Cash Flow (Bils)	\$ 2.0	\$ 1.3	\$ (1.3)	\$ 2.2	\$ 4.2
Revenue (Bils)	39.1	39.9	36.5	41.3	156.8
Automotive EBIT Margin (Pct)	6.0%	6.5%	5.6%	4.3%	5.6%
Company Adjusted EBIT Margin (Pct)	6.4	7.0	6.3	4.9	6.1
Net Income Margin (Pct)	4.1	5.1	4.3	6.1	4.6
Adjusted EPS – Diluted	\$ 0.40	\$ 0.56	\$ 0.44	\$ 0.39	\$ 1.78
EPS (GAAP) – Diluted	0.40	0.51	0.39	0.63	1.93
China EBIT (Mils)	\$ 47	\$ 23	\$ 102	\$ (20)	\$ 152

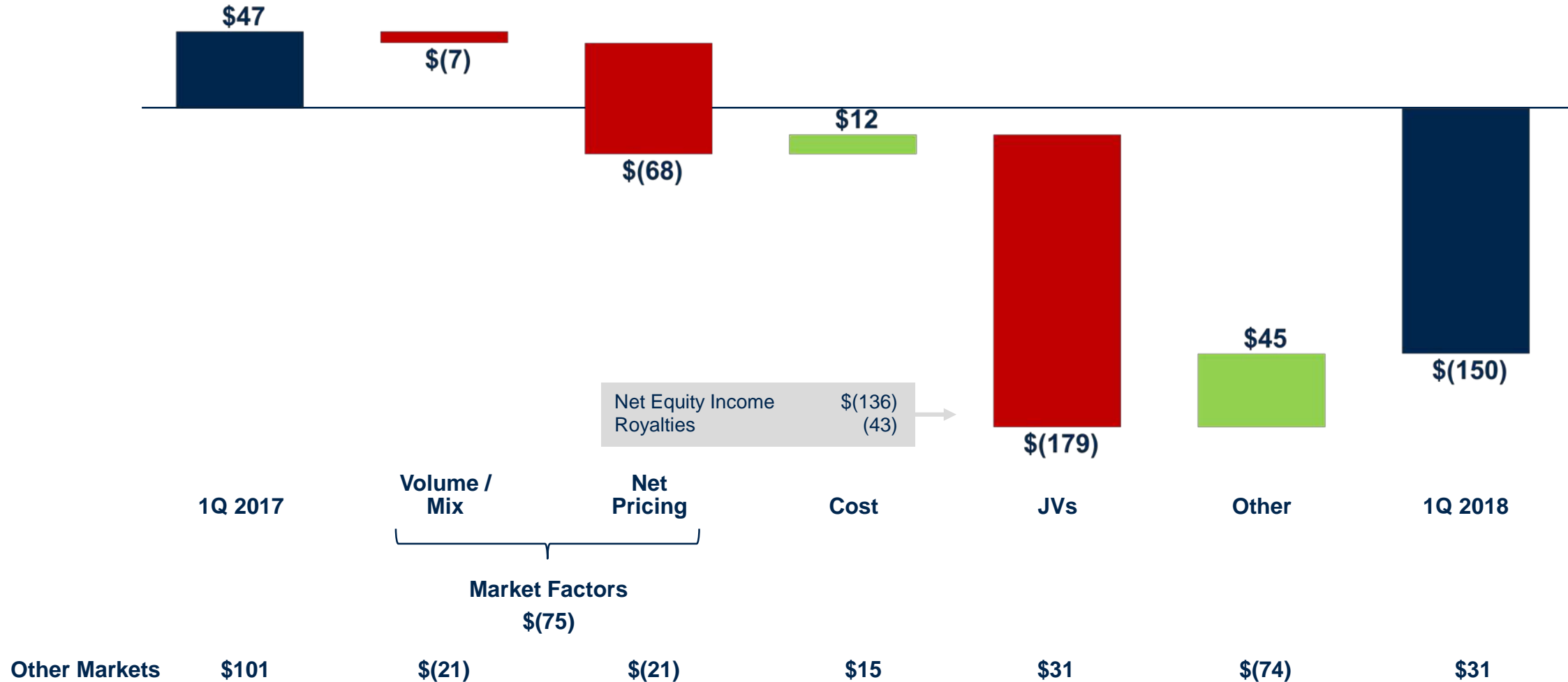
Revised Reporting – ROIC (Bils)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Net Operating Profit After Tax (NOPAT)</u>					
Net income attributable to Ford	\$ 11.9	\$ 1.3	\$ 7.3	\$ 4.6	\$ 7.7
Add: Non-controlling interest	(0.0)	(0.0)	(0.0)	0.0	0.0
Less: Income tax	(2.4)	(0.0)	(2.9)	(2.2)	(0.4)
Add: Cash taxes	(0.5)	(0.5)	(0.6)	(0.7)	(0.6)
Less: Interest on debt	(1.0)	(0.9)	(0.8)	(1.0)	(1.2)
Less: Total pension / OPEB income / (Cost)	4.9	(4.4)	(0.5)	(2.7)	0.6
Add: Pension / OPEB service costs	(1.1)	(1.0)	(1.2)	(1.0)	(1.1)
Net operating profit after tax	<u>\$ 8.7</u>	<u>\$ 5.1</u>	<u>\$ 9.8</u>	<u>\$ 8.6</u>	<u>\$ 7.0</u>
<u>Invested Capital</u>					
Equity	\$ 26.8	\$ 25.1	\$ 29.2	\$ 29.7	\$ 35.6
Redeemable non-controlling interest	0.3	0.3	0.1	0.1	0.1
Automotive and other debt	16.3	14.5	13.4	16.5	16.5
Net pension and OPEB liability	14.9	16.2	13.9	14.7	12.8
Invested capital (end of period)	<u>\$ 58.3</u>	<u>\$ 56.1</u>	<u>\$ 56.6</u>	<u>\$ 61.1</u>	<u>\$ 65.0</u>
Four quarter average invested capital	\$ 58.6	\$ 57.2	\$ 55.6	\$ 58.5	\$ 63.4
ROIC*	14.9%	8.9%	17.6%	14.7%	11.0%

* Calculated as the sum of Net Operating Profit After Tax from the last four quarters, divided by the average Invested Capital over the last four quarters

China

1Q 2018 EBIT YoY Bridge (Mils)



Company Net Income Reconciliation To Adjusted EBIT (Mils)

	2Q		YTD		Memo:
	2017	2018	2017	2018	FY 2017
Net income / (Loss) attributable to Ford (GAAP)	\$ 2,047	\$ 1,066	\$ 3,639	\$ 2,802	\$ 7,731
Income / (Loss) attributable to non-controlling interests	8	3	15	12	26
Net income / (Loss)	\$ 2,055	\$ 1,069	\$ 3,654	\$ 2,814	\$ 7,757
Less: (Provision for) / Benefit from income taxes	(211)	(280)	(863)	(454)	(402)
Income / (Loss) before income taxes	\$ 2,266	\$ 1,349	\$ 4,517	\$ 3,268	\$ 8,159
Less: Special items pre-tax	(248)	(42)	(224)	(19)	(289)
Income / (Loss) before special items pre-tax	\$ 2,514	\$ 1,391	\$ 4,741	\$ 3,287	\$ 8,448
Less: Interest on debt	(291)	(301)	(584)	(590)	(1,190)
Adjusted EBIT (Non-GAAP)	\$ 2,805	\$ 1,692	\$ 5,325	\$ 3,877	\$ 9,638
Memo:					
Revenue (Bils)	\$ 39.9	\$ 38.9	\$ 79.0	\$ 80.9	\$ 156.8
Net income margin (GAAP) (Pct)	5.1%	2.7%	4.6%	3.5%	4.9%
Adjusted EBIT margin (Non-GAAP) (Pct)	7.0%	4.3%	6.7%	4.8%	6.1%

Company 2018 Net Income Reconciliation To Adjusted EBIT (Mils)

	2018	
	1Q	2Q
Net income / (Loss) attributable to Ford (GAAP)	\$ 1,736	\$ 1,066
Income / (Loss) attributable to non-controlling interests	9	3
Net income / (Loss)	\$ 1,745	\$ 1,069
Less: (Provision for) / Benefit from income taxes	(174)	(280)
Income / (Loss) before income taxes	\$ 1,919	\$ 1,349
Less: Special items pre-tax	23	(42)
Income / (Loss) before special items pre-tax	\$ 1,896	\$ 1,391
Less: Interest on debt	(289)	(301)
Adjusted EBIT (Non-GAAP)	<u>\$ 2,185</u>	<u>\$ 1,692</u>
Memo:		
Revenue (Bils)	\$ 42.0	\$ 38.9
Net income margin (GAAP) (Pct)	5.2%	2.7%
Adjusted EBIT margin (Non-GAAP) (Pct)	7.0%	4.3%
Revenue excluding Meridian, Takata and Pivotal IPO (Bils)	\$ 42.0	\$ 40.4
Adjusted EBIT excluding Meridian, Takata and Pivotal IPO (Mils)	\$ 2,185	\$ 2,425
Adjusted EBIT Margin excluding Meridian, Takata and Pivotal IPO (Pct)	5.2%	6.0%

Note: Meridian, Takata and Pivotal IPO collectively reduced revenue and EBIT in North America by \$1.5 billion and \$733 million, respectively, in the second quarter of 2018

Company Earnings Per Share Reconciliation To Adjusted Earnings Per Share

	2Q		YTD	
	2017	2018	2017	2018
<u>Diluted After-Tax Results (Mils)</u>				
Diluted after-tax results (GAAP)	\$ 2,047	\$ 1,066	\$ 3,639	\$ 2,802
Less: Impact of pre-tax and tax special items	(202)	(33)	(193)	(14)
Adjusted net income – diluted (Non-GAAP)	<u>\$ 2,249</u>	<u>\$ 1,099</u>	<u>\$ 3,832</u>	<u>\$ 2,816</u>
<u>Basic and Diluted Shares (Mils)</u>				
Basic shares (average shares outstanding)	3,977	3,977	3,977	3,976
Net dilutive options and unvested restricted stock units	19	22	21	23
Diluted shares	<u>3,996</u>	<u>3,999</u>	<u>3,998</u>	<u>3,998</u>
Earnings per share – diluted (GAAP)	\$ 0.51	\$ 0.27	\$ 0.91	\$ 0.70
Less: Net impact of adjustments	(0.05)	-	(0.05)	-
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ 0.56</u>	<u>\$ 0.27</u>	<u>\$ 0.96</u>	<u>\$ 0.70</u>

Company Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2018		Memo:
	2Q	YTD	FY 2017
<u>Pre-Tax Results (Mils)</u>			
Income / (Loss) before income taxes (GAAP)	\$ 1,349	\$ 3,268	\$ 8,159
Less: Impact of special items	(42)	(19)	(289)
Adjusted earnings before taxes (Non-GAAP)	<u>\$ 1,391</u>	<u>\$ 3,287</u>	<u>\$ 8,448</u>
<u>Taxes (Mils)</u>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (280)	\$ (454)	\$ (402)
Less: Impact of special items	9	5	897
Adjusted (provision for) / Benefit from income taxes (Non-GAAP)	<u>\$ (289)</u>	<u>\$ (459)</u>	<u>\$ (1,299)</u>
<u>Tax Rate (Pct)</u>			
Effective tax rate (GAAP)	20.8%	13.9%	4.9%
Adjusted effective tax rate (Non-GAAP)	20.8%	14.0%	15.4%

Company Net Cash Provided By / (Used in) Operating Activities Reconciliation To Adjusted Operating Cash Flow (Mils)

	2Q		YTD	
	2017	2018	2017	2018
Company net cash provided by / (used in) operating activities (GAAP)	\$ 5,615	\$ 4,972	\$ 9,951	\$ 8,486
Less: <u>Items Not Included in Company Adjusted Operating Cash Flows</u>				
Ford Credit operating cash flows	3,152	5,907	4,264	5,592
Funded pension contributions	(220)	(72)	(456)	(160)
Separation payments	(31)	(18)	(59)	(34)
Other	(10)	(112)	(65)	(59)
Add: <u>Items Included in Company Adjusted Operating Cash Flows</u>				
Automotive and Mobility capital spending	(1,546)	(1,898)	(3,242)	(3,667)
Ford Credit distributions	-	450	28	1,463
Settlement of derivatives	66	114	200	(47)
Pivotal conversion to a marketable security	-	263	-	263
Company adjusted operating cash flow (Non-GAAP)	\$ 1,244	\$ (1,804)	\$ 3,253	\$ 1,159

Reconciliation To Adjusted Operating Cash Flow Trailing Five Quarters (Mils)

	<u>2Q 2017</u>	<u>3Q 2017</u>	<u>4Q 2017</u>	<u>1Q 2018</u>	<u>2Q 2018</u>
Company net cash provided by / (Used in) operating activities (GAAP)	\$ 5,615	\$ 4,998	\$ 3,147	\$ 3,514	\$ 4,972
Less: <u>Items Not Included in Company Adjusted Operating Cash Flows</u>					
Ford Credit operating cash flows	3,152	5,210	(174)	(315)	5,907
Funded pension contributions	(220)	(263)	(714)	(88)	(72)
Separation payments	(31)	(42)	(181)	(16)	(18)
Other, net	(10)	37	(25)	53	(112)
Add: <u>Items Included in Company Adjusted Operating Cash Flows</u>					
Automotive and Mobility capital spending	(1,546)	(1,658)	(2,103)	(1,769)	(1,898)
Ford Credit distributions	-	378	-	1,013	450
Settlement of derivatives	66	(90)	107	(161)	114
Pivotal conversion to a marketable security	-	-	-	-	263
Company adjusted operating cash flow (Non-GAAP)	<u>\$ 1,244</u>	<u>\$ (1,315)</u>	<u>\$ 2,244</u>	<u>\$ 2,963</u>	<u>\$ (1,804)</u>

Memo:

Company adjusted operating cash flow (Non-GAAP) excluding Meridian, Takata and Pivotal IPO \$ (1,107)

Ford Credit

Total Net Receivables Reconciliation To Managed Receivables (Bils)

	2016 <u>Dec 31</u>	2017 <u>Jun 30</u>	2017 <u>Dec 31</u>	2018 <u>Jun 30</u>
Ford Credit finance receivables, net (GAAP)*	\$ 96.2	\$ 101.4	\$ 108.4	\$ 107.7
Net investment in operating leases (GAAP)*	27.2	26.7	26.7	27.3
Consolidating adjustments**	<u>6.8</u>	<u>6.9</u>	<u>7.6</u>	<u>8.2</u>
Total net receivables	\$ 130.2	\$ 135.0	\$ 142.7	\$ 143.2
Ford Credit unearned interest supplements and residual support	5.3	5.6	6.1	6.4
Allowance for credit losses	0.5	0.6	0.7	0.7
Other, primarily accumulated supplemental depreciation	<u>0.9</u>	<u>1.0</u>	<u>1.0</u>	<u>1.2</u>
Total managed receivables (Non-GAAP)	<u>\$ 136.9</u>	<u>\$ 142.2</u>	<u>\$ 150.5</u>	<u>\$ 151.5</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

Ford Credit

Financial Statement Leverage Reconciliation To Managed Leverage (Bils)

	<u>2017</u> <u>Jun 30</u>	<u>2017</u> <u>Dec 31</u>	<u>2018</u> <u>Jun 30</u>
<u>Leverage Calculation</u>			
Total debt*	\$ 129.3	\$ 137.8	\$ 136.7
Adjustments for cash**	(10.1)	(11.8)	(10.7)
Adjustments for derivative accounting***	(0.2)	-	0.5
Total adjusted debt	<u>\$ 119.0</u>	<u>\$ 126.0</u>	<u>\$ 126.5</u>
Equity****	\$ 13.8	\$ 15.9	\$ 15.3
Adjustments for derivative accounting***	(0.2)	(0.1)	(0.2)
Total adjusted equity	<u>\$ 13.6</u>	<u>\$ 15.8</u>	<u>\$ 15.1</u>
Financial statement leverage (to 1) (GAAP)	9.3	8.7	8.9
Managed leverage (to 1) (Non-GAAP)	8.8	8.0	8.3

* 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

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.

- **Company Adjusted EBIT (Most Comparable GAAP Measure: Net income attributable to Ford)** – Earnings before interest and taxes (EBIT) includes non-controlling interests and excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting. Pre-tax special items consist of (i) pension and OPEB rereasurement gains and losses, (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 EBIT, 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 rereasurement gains and losses.
- **Company Adjusted EBIT Margin (Most Comparable GAAP Measure: Company Net Income Margin)** – Company Adjusted EBIT margin is Company adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.
- **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 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, including pension and OPEB rereasurement gains and losses.

Non-GAAP Financial Measures That Supplement GAAP Measures

- **Company Adjusted Operating Cash Flow (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities)** – Measure of Company’s operating cash flow excluding Ford Credit’s operating cash flows. The measure contains elements management considers operating activities, including Automotive and Mobility capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, separation payments, and other items that are considered operating cash outflows under U.S. GAAP. This measure is useful to management and investors because it is consistent with management’s assessment of the Company’s operating cash flow performance. When we provide guidance for Company adjusted operating cash flow, we do not provide guidance for net cash provided by/(used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company’s exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit’s operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by/(used in) our operating activities.
- **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 EBIT margin and business units are since at least 2009

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

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

Company Cash

- Company cash includes cash, cash equivalents, marketable securities and restricted cash; excludes Ford Credit’s cash, cash equivalents, marketable securities and restricted cash

Market Factors

- Volume and Mix – primarily measures EBIT 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 EBIT 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 EBIT 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
- Market Factors exclude the impact of unconsolidated affiliate wholesales

ROE

- Reflects an annualized return on equity. This metric is calculated by taking net income for the period divided by average equity for the period and annualizing the result by dividing by the number of days in the quarter and multiplying by 365.

Earnings Before Taxes (EBT)

- Reflects Income before income taxes