



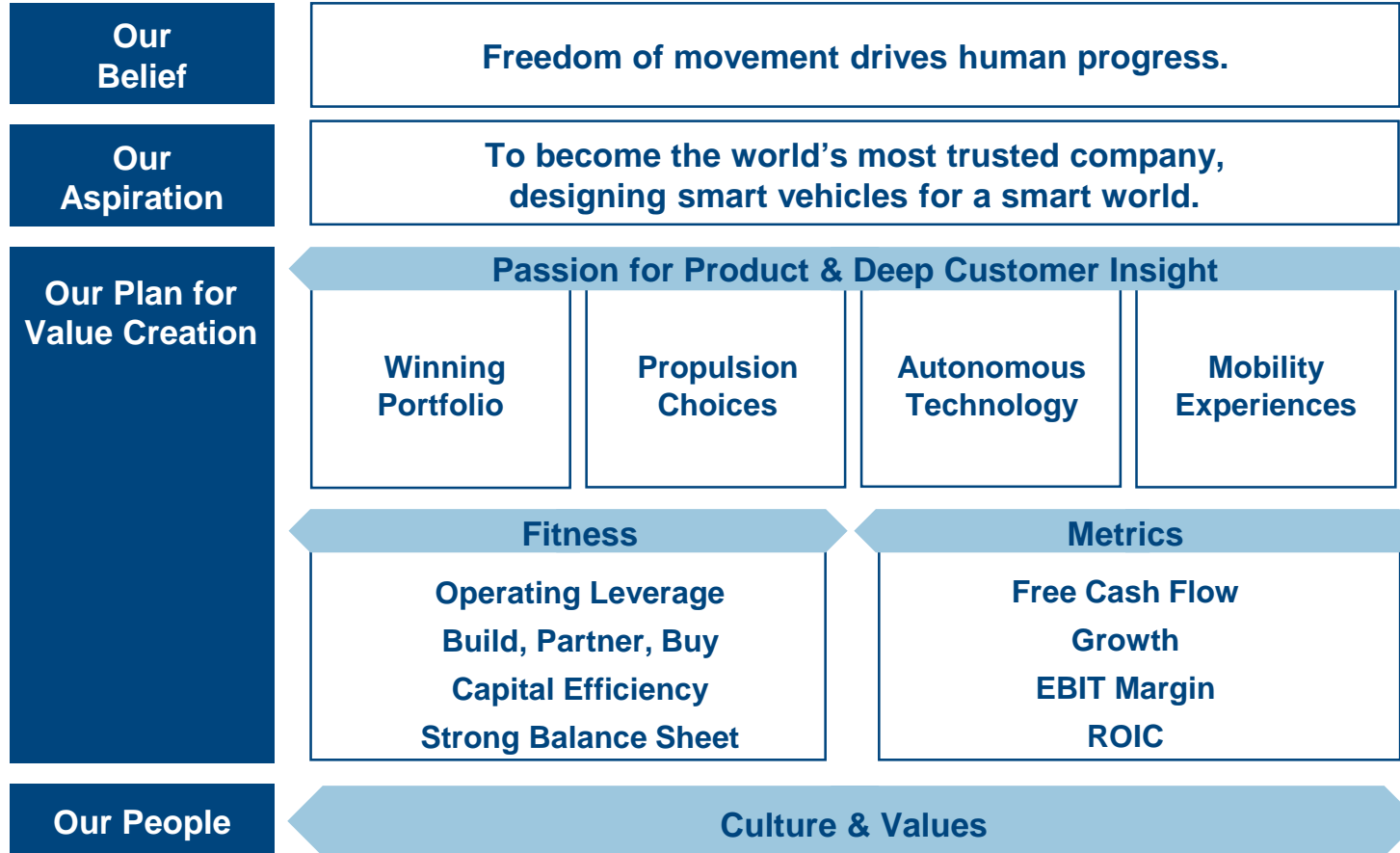
2Q Earnings Review

July 24, 2019





Creating Tomorrow, Together



Financial Highlights

Company Adj. Free Cash Flow*	\$0.2B 2Q \$2.1B YTD	Up \$2B YoY Up 80% YoY
Company Cash* – June 30	\$23.2B	Above \$20B Target
Liquidity – June 30	\$37.3B	Above \$30B Target
2Q Company Revenue	\$38.9B	~ Flat YoY
2Q Company Adj. EBIT*	\$1.7B	~ Flat YoY
2Q Company Adj. EBIT Margin*	4.3%	~ Flat YoY
2Q Adj. EPS*	\$0.28	Up \$0.01 YoY
2Q Automotive EBIT	\$1.4B	Up 19% YoY

* See Appendix for reconciliation to GAAP and definitions

Strategic Focus

Winning Portfolio



- Fortifying franchise strengths with new products
- Improving mix with higher ATPs and margins
- Strengthened electric vehicle plan, including future vehicles with Rivian and VW

Fitness



- Improving free cash flow, driven by Automotive
- Improving operating leverage and breakeven
- Reallocating capital to higher-return investments
- Advancing alliances, including with VW, Mahindra and Rivian

Accelerating Global Redesign



- Executing redesign of regional businesses and global management structure; accelerating actions in Europe

Smart Vehicles For A Smart World



- Scaling products and businesses connecting smart vehicles to a smart world
- Building out AV business operations and commercial deployment plans as we develop and test the technology

Winning Portfolio – 2019 And 2020



Truck And Utility Launches Fortify Franchise Strengths And Further Improve Mix

Winning Portfolio



Explorer

Aviator



F-150

Ranger

Adventure-Ready SUVs No-Compromise Hybrids

- All-new Explorer – broadest lineup ever, including ST and hybrid <Video Link>
- Police Interceptor Utility – fastest pursuit rated vehicle available; largest share of U.S. market
- Aviator – Lincoln’s new entry in the growing luxury midsize market

Quality

- Ford and Lincoln both rank in the Top 5 brands for the first time
- 10 of 16 models ranking in the Top 3 in their segment

Source: J.D. Power 2019 U.S. Initial Quality Study

Truck & Commercial Vehicle (CV) Leadership

- 2Q – our best quarter for U.S. pickup sales since 2004
- F-Series – highest transaction prices in the segment
- North America Ranger – fast start with strong transaction prices and 14+% segment share
- #1 CV brand in Europe and North America

Shift In Capital Allocation To Higher-Return Trucks And Utilities

Ford In Europe: Roadmap To Sustainable Profitability

NEW CUSTOMER-FOCUSED BUSINESS GROUPS

Commercial Vehicles



- Grow further as Europe's #1 CV brand
- Strengthen pickup segment leadership

Passenger Vehicles



- European-built cars and SUVs
- Every new passenger vehicle nameplate to include electrified option

Imports



- Niche portfolio of iconic models
- Significant growth planned

At least three new utility nameplates in next five years

CO₂ Performance

- On track to deliver 2020 – 2021 CO₂ targets
- Improving conventional powertrains, country-specific vehicle portfolio management, new hybrid and electric propulsion choices without penalties or credits



Broad-Based Efficiency Improvement Actions

Manufacturing Footprint

6 plants sold, closing, or proposed to close, reducing European footprint to 18 facilities by end of 2020, down from 24



Cost Reduction

- Discontinuing underperforming vehicles: C-MAX, Grand C-MAX, KA+
- Reducing 12,000 positions across Europe and consolidating U.K. offices



Agile Structure

- 20% management cost reduction
- Streamlined marketing & sales organization
- Driving decision-making to lowest layer, reducing bureaucracy



Ford And Volkswagen Collaboration Creates Global Strategy To Win In AVs, EVs And Commercial Vehicles

Leading positions

Broad geographic footprint

Better address customer needs

1

January announcement to develop commercial vans and medium-sized pickups for global market

2

Working toward AV leadership by strengthening Argo AI with equal ownership. Estimated new valuation of >\$7B

3

Ford is the first additional OEM to use VW's MEB electric vehicle architecture

4

Collaboration to produce AVs, EVs, LCVs and pickups yielding synergies of at least several hundred million dollars for each company at peak cycle

5

Shared investment costs while maintaining independent companies and unique competitive advantages



Tim Stone
Chief Financial Officer
Financial Review



Summary

- **2019 and 2020 are robust launch years – as we bolster our Winning Portfolio, reallocate capital to higher-return growth opportunities and execute changeovers of our most profitable and highest-volume vehicles**
- **Global Redesign and Fitness initiatives progressing well – improving the trajectory of future growth, cash flow, profitability and returns on capital**
- **Ford Credit continues to deliver excellent results**
- **Continue to expect strong execution – especially in North America, Europe and China**

Company Key Metrics Summary

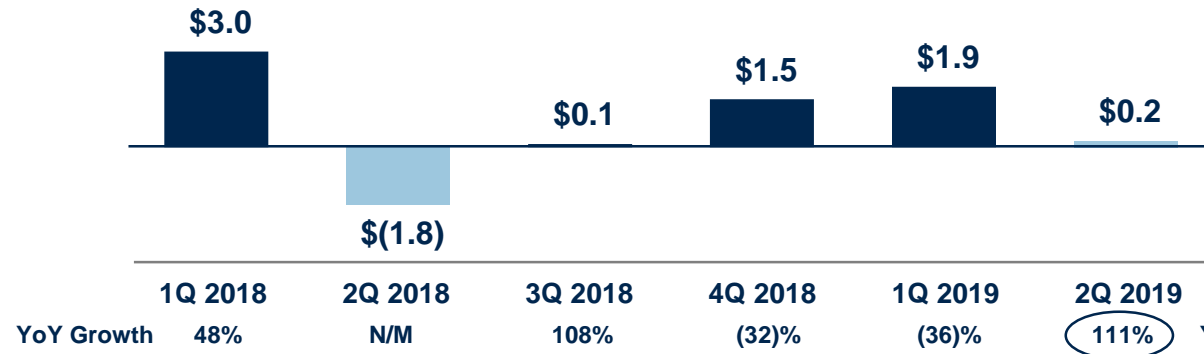
	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
Market Share (%)	6.7 %	6.2 %	(0.5) ppts	6.6 %	6.1 %	(0.5) ppts
Wholesale Units (000)	1,493	1,364	(9) %	3,155	2,789	(12) %
Revenue (\$B)	\$ 38.9	\$ 38.9	- %	\$ 80.9	\$ 79.2	(2) %
Company Adj. Free Cash Flow* (\$B)	\$ (1.8)	\$ 0.2	\$ 2.0	\$ 1.2	\$ 2.1	\$ 0.9
Adjusted Free Cash Conversion* (%)	26 %	51 %	25 ppts			
Company Adj. EBIT* (\$B)	\$ 1.7	\$ 1.7	\$ -	\$ 3.9	\$ 4.1	\$ 0.2
Company Adj. EBIT Margin* (%)	4.3 %	4.3 %	- ppts	4.8 %	5.2 %	0.4 ppts
Adjusted EPS* (Diluted)	\$ 0.27	\$ 0.28	\$ 0.01	\$ 0.70	\$ 0.72	\$ 0.02
Adjusted ROIC* (Trailing Four Qtrs)	8.7 %	8.5 %	(0.2) ppts			

- 2Q revenue flat YoY, with strong mix and pricing offset by lower launch-related Explorer volume and exchange
- 2Q Company adj. free cash flow improved \$2B driven by improvements in working capital; first half grew 80% YoY
- Company adj. EBIT flat YoY; includes volume impact of all-new Explorer launch and \$0.2B mark-to-market loss on Pivotal shares
- Company adj. EPS was \$0.28; excluding Pivotal loss, adj. EPS would have been \$0.32

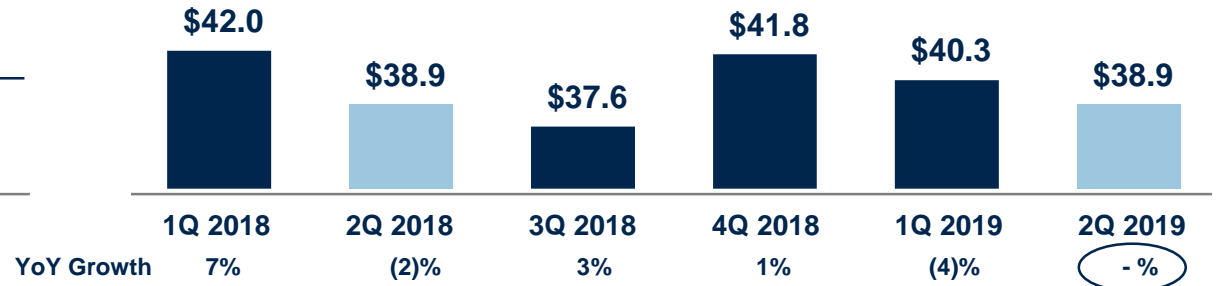
* See Appendix for reconciliation to GAAP and definitions

Company Key Financial Metrics

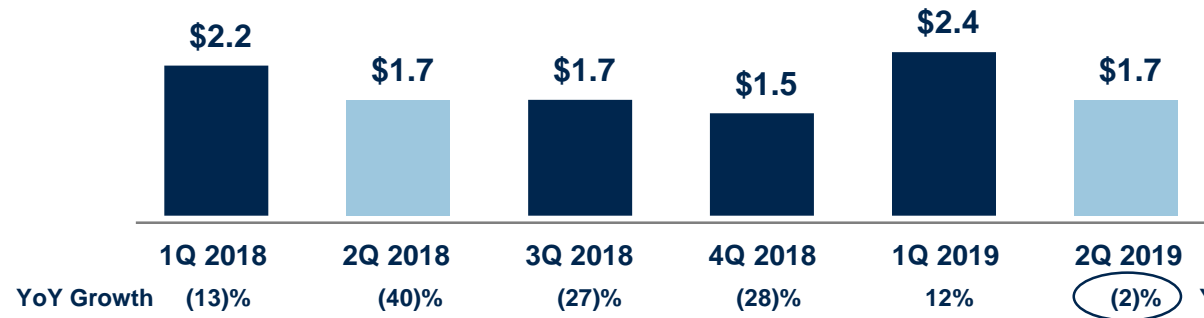
Company Adjusted Free Cash Flow (\$B)



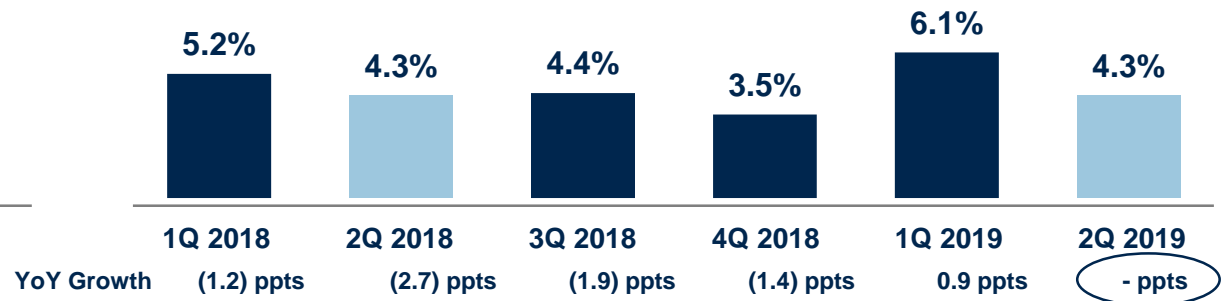
Company Revenue (\$B)



Company Adjusted EBIT (\$B)

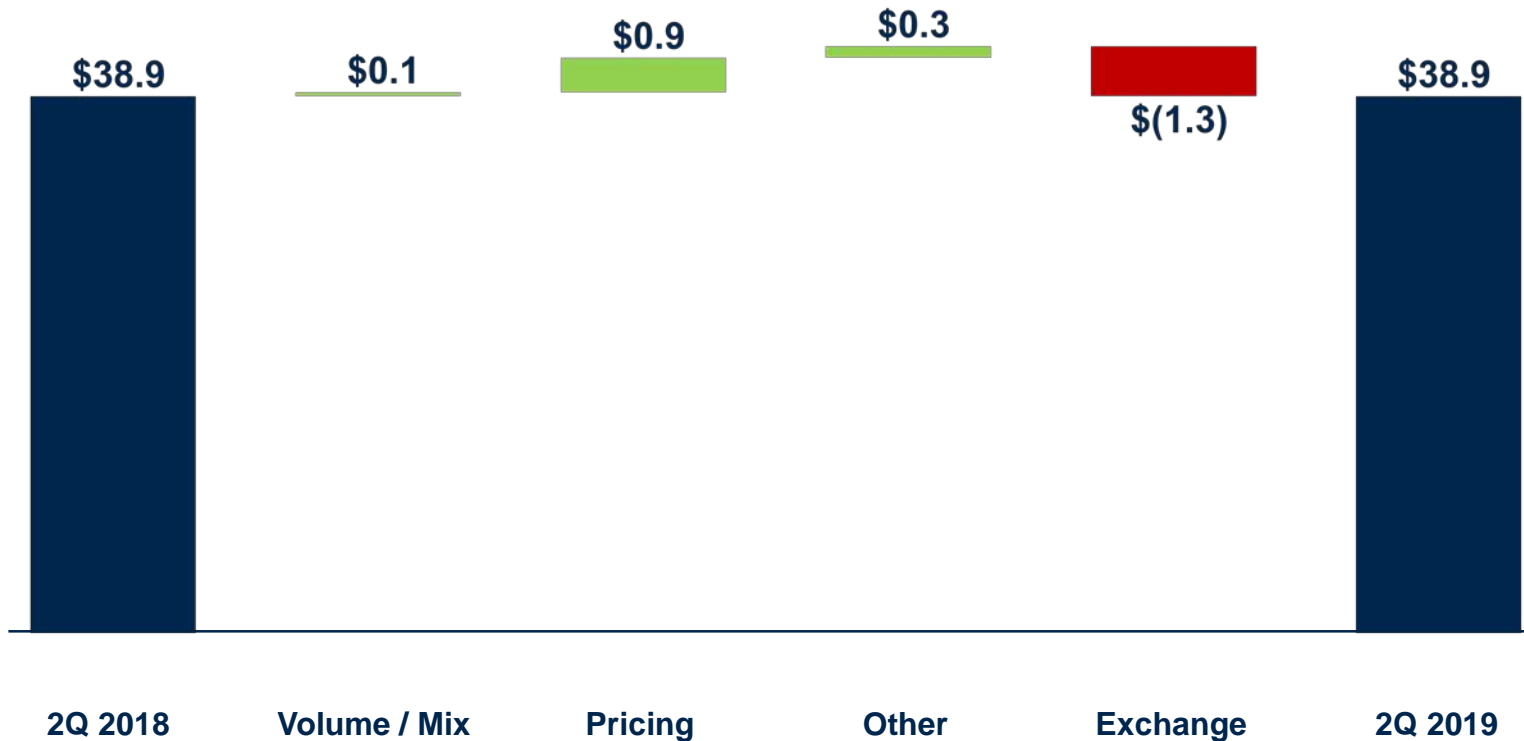


Company Adjusted EBIT Margin (%)



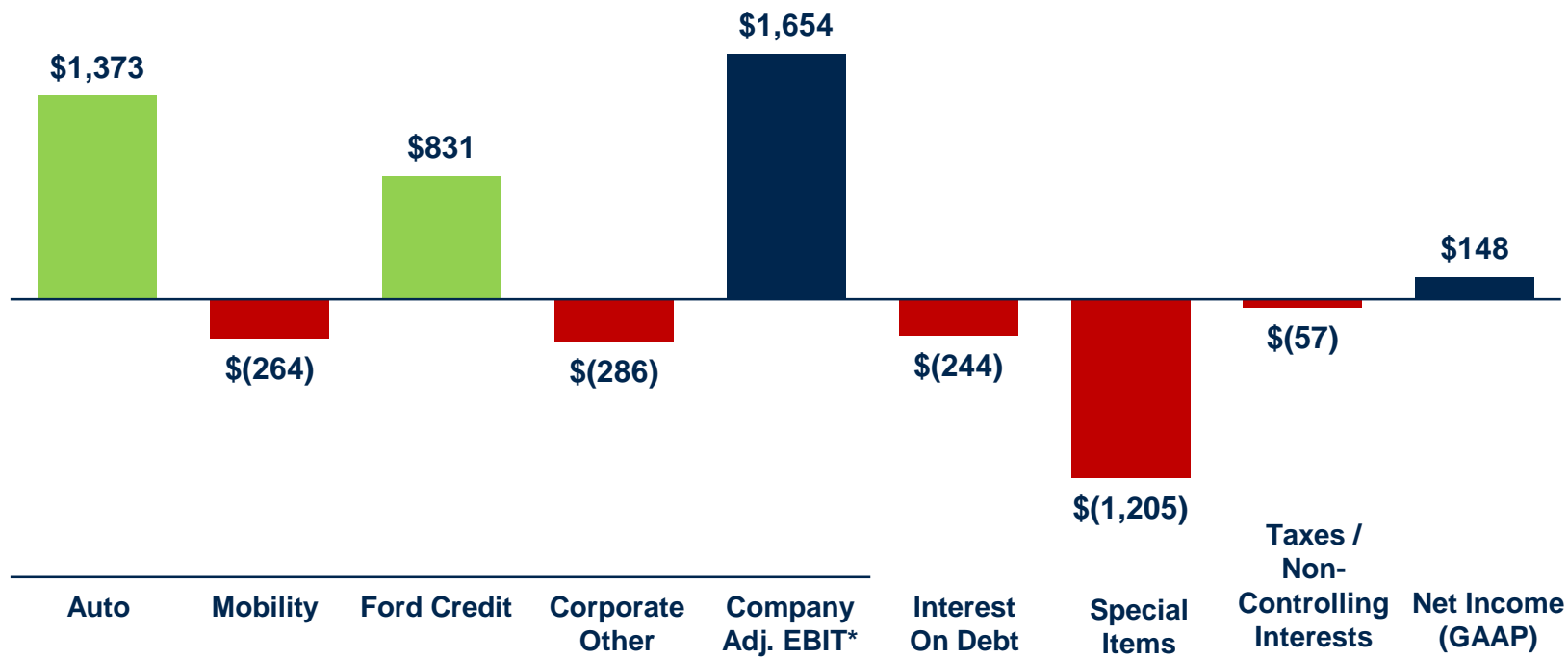
Note: See Appendix for reconciliation to GAAP and definitions
N/M = Not Measurable

Company 2Q 2019 Revenue YoY Bridge (\$B)



- Company revenue flat YoY; up 3% excluding exchange
- Pricing was positive in all regions, led by North America's franchise strengths in trucks and utilities
- Adverse exchange driven primarily by Europe and South America

Company 2Q 2019 Results (\$M)



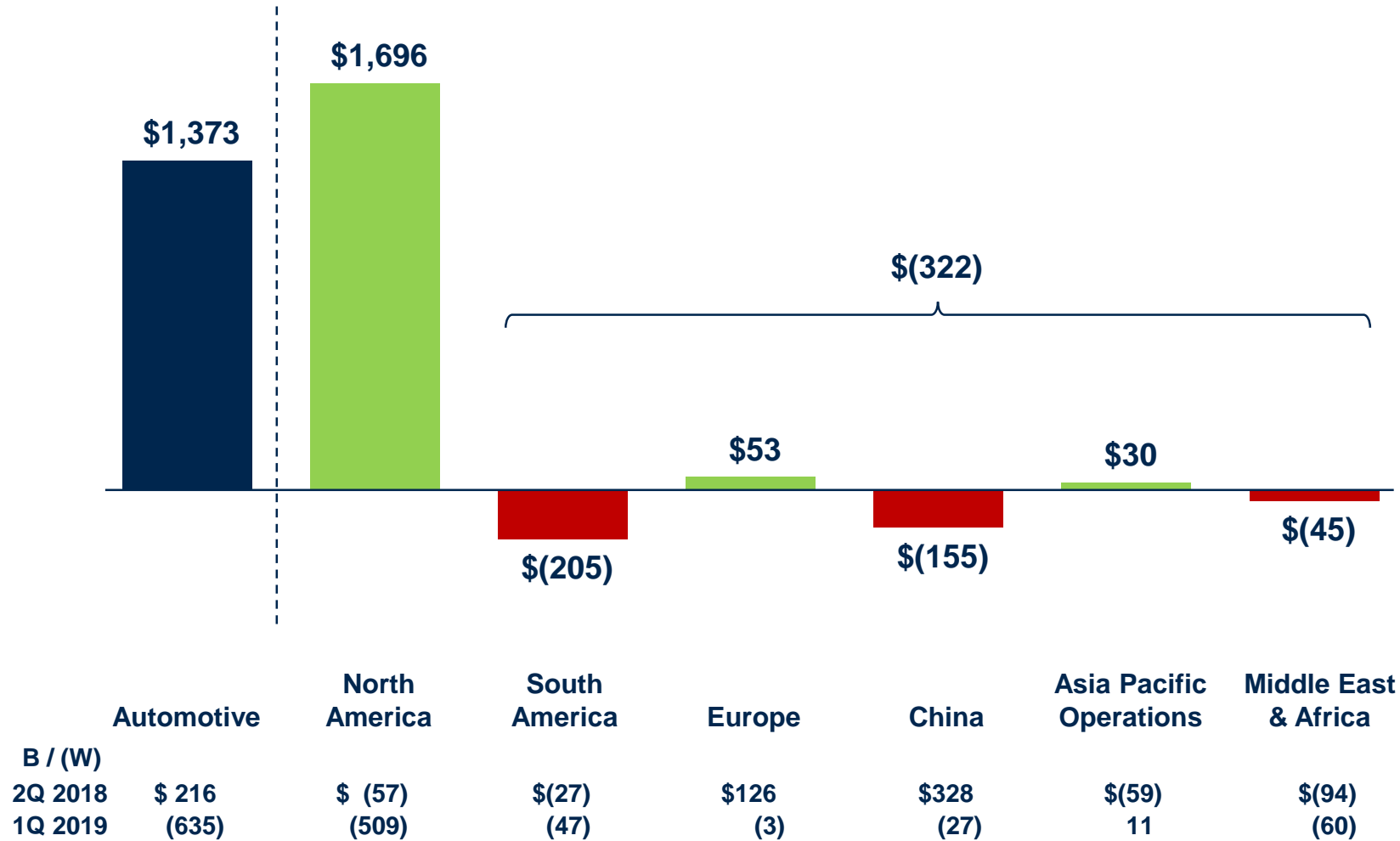
B / (W)

	Auto	Mobility	Ford Credit	Corporate Other	Company Adj. EBIT*	Interest On Debt	Special Items	Taxes / Non-Controlling Interests	Net Income (GAAP)
2Q 2018	\$ 216	\$(83)	\$186	\$(357)	\$ (38)	\$57	\$(1,163)	\$226	\$(918)
1Q 2019	(635)	24	30	(212)	(792)	-	(613)	407	(999)

* See Appendix for reconciliation to GAAP and definitions

- Company adj. EBIT driven by another strong quarter of Auto and Credit performance
- Auto grew 19% YoY; sequential EBIT decline driven by volume impact of all-new Explorer launch
- Credit grew 29% YoY
- Continued strategic investment in future Mobility
- Corporate Other includes the \$0.2B mark-to-market loss on Pivotal investment
- Significant Special Items reflect restructuring costs in Europe and South America

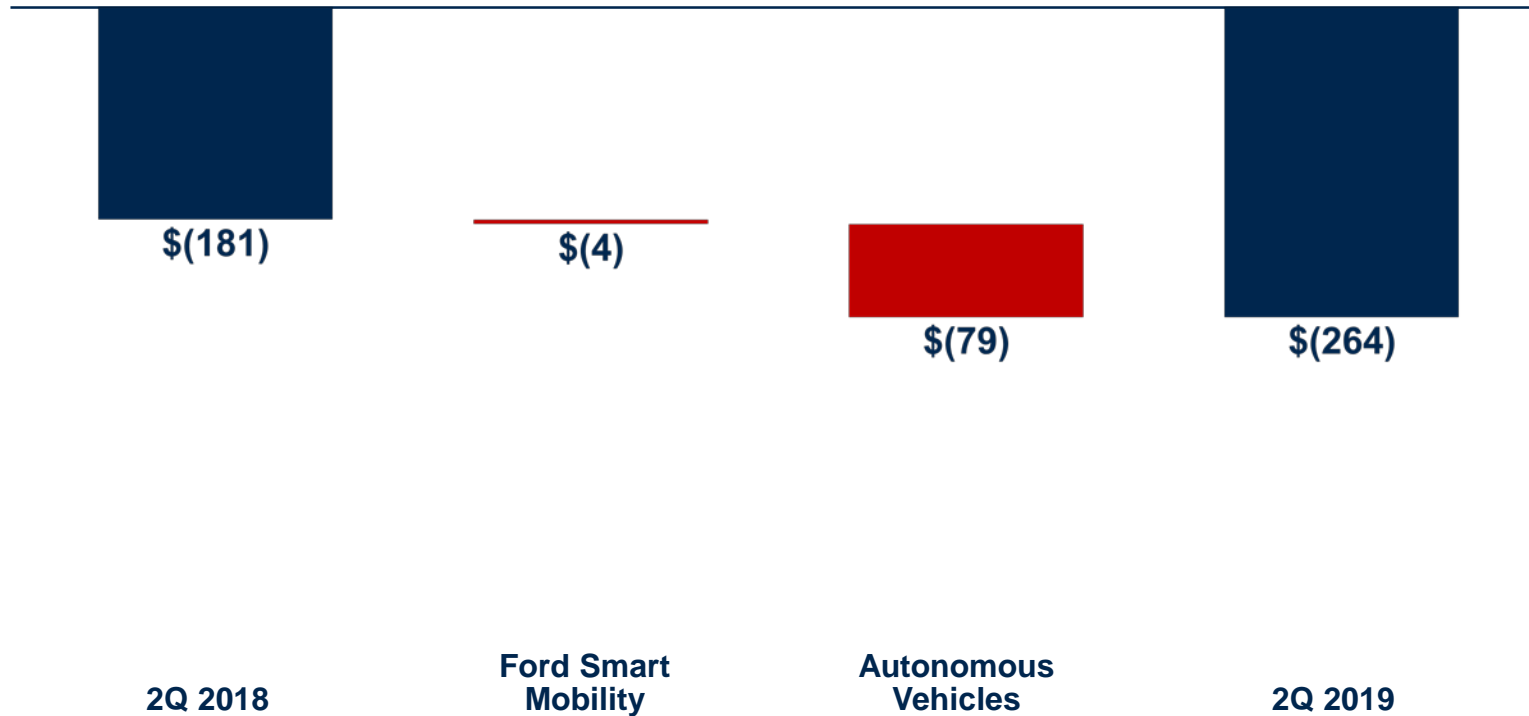
Automotive 2Q 2019 EBIT By Region (\$M)



- Auto EBIT of \$1.4B was driven by North America which earned \$1.7B
- Operations outside North America improved 46% YoY, driven by progress in China and Europe

Mobility

2Q 2019 EBIT YoY Bridge (\$M)



- Continued strategic investment in future Mobility
- Ramp-up of Autonomous Vehicles includes nearly 50% YoY growth of Argo headcount

Ford Credit Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
Net Receivables (\$B)	\$ 143	\$ 143	- %	\$ 143	\$ 143	- %
Managed Receivables* (\$B)	\$ 151	\$ 152	- %	\$ 151	\$ 152	- %
Loss-to-Receivables** (LTR)	40 bps	39 bps	(1) bp	51 bps	47 bps	(4) bps
Auction Values***	\$18,435	\$18,465	- %	\$18,020	\$17,905	(1) %
Earnings Before Taxes (EBT) (\$M)	\$ 645	\$ 831	\$ 186	\$ 1,286	\$ 1,632	\$ 346
ROE (%)	12 %	16 %	4 ppts	15 %	16 %	1 ppt

Other Balance Sheet Metrics

Debt (\$B)	\$ 137	\$ 141	4 %
Net Liquidity (\$B)	\$ 27	\$ 34	23 %
Financial Statement Leverage (to 1)	8.9	9.5	0.6
Managed Leverage* (to 1)	8.3	8.6	0.3

- Strong EBT up 29% YoY
- Receivables about flat from a year ago
- Healthy U.S. consumer credit metrics with improved LTR
- Auction performance slightly better than expectations; now expect FY auction values to be down around 3% YoY
- Balance sheet and liquidity remain strong; managed leverage within target range of 8:1 to 9:1

* See Appendix for reconciliation to GAAP and definitions

** U.S. retail only, previously included both retail and lease

*** U.S. 36-month off-lease second quarter auction values at 2Q 2019 mix

Company Cash Flow And Balance Sheet (\$B)

Company Cash Flow

	2018 2Q	2019 2Q	2018 YTD	2019 YTD
Company Adj. Free Cash Flow*	\$ (1.8)	\$ 0.2	\$ 1.2	\$ 2.1
Change in Company Cash	(2.4)	(1.0)	(1.3)	0.2

Balance Sheet and Liquidity

Company Excluding Ford Credit

	2018 Dec 31	2019 Jun 30
Company Cash*	\$ 23.1	\$ 23.2
Liquidity	34.2	37.3
Debt	\$ (14.1)	\$ (14.6)
Cash Net of Debt	8.9	8.7
<u>Pension Funded Status*</u>		
Funded Plans	\$ (0.3)	\$ 0.5
Unfunded Plans	(6.0)	(6.2)
Total Global Pension	<u>\$ (6.3)</u>	<u>\$ (5.7)</u>
Total Funded Status OPEB	\$ (5.6)	\$ (5.6)

* See Appendix for reconciliation to GAAP and definitions

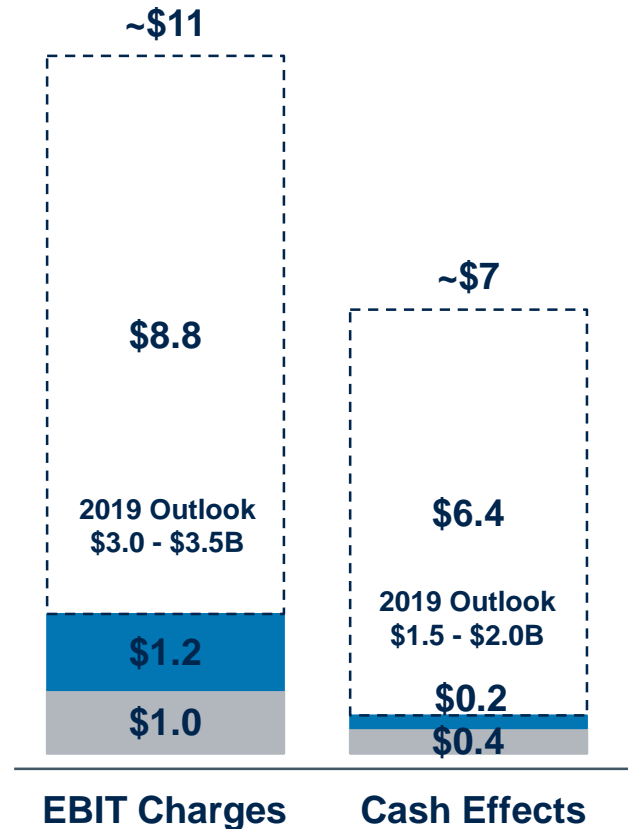
- 2Q Company adj. free cash flow includes impact of Explorer launch and is up \$2B YoY
- First half cash flow up 80% YoY
- Committed to investment grade credit ratings and a strong balance sheet
- Company cash and liquidity balances remain strong and above targets of \$20B and \$30B, respectively
- Added \$3.5B supplemental credit facility and issued \$750M of retail bonds; proceeds used to repay higher-cost affiliate debt
- Global funded pension plans fully funded and de-risked; full year funded contributions expected to be about \$650M
- Continue to expect full year shareholder distributions of \$2.6B

Company Special Items (\$M)

	SECOND QUARTER		YEAR TO DATE	
	2018	2019	2018	2019
Global Redesign				
South America São Bernardo closure	\$ -	\$ (169)	\$ -	\$ (362)
Other South America	(16)	(66)	(24)	(74)
Russia	-	(211)	-	(385)
Other Europe (incl. Bridgend, Saarlouis, etc.)	(26)	(707)	(26)	(822)
Separations (not included above)	-	(58)	-	(82)
Subtotal Global Redesign	\$ (42)	\$ (1,211)	\$ (50)	\$ (1,725)
Other Items				
Focus cancellation	\$ -	\$ (5)	\$ (10)	\$ (72)
Chariot closure	-	-	-	(11)
Subtotal Other Items	\$ -	\$ (5)	\$ (10)	\$ (83)
Pension and OPEB Gain / (Loss)				
Other pension remeasurement	\$ -	\$ 10	\$ 26	\$ 10
Pension curtailment	-	-	15	-
Subtotal Pension and OPEB Gain / (Loss)	\$ -	\$ 10	\$ 41	\$ 10
Total EBIT Special Items	\$ (42)	\$ (1,205)	\$ (19)	\$ (1,797)
Cash effect of Global Redesign (incl. separations)	\$ (18)	\$ (222)	\$ (34)	\$ (358)

Global Redesign (\$B)

- Future Actions
- Recorded This Quarter
- Recorded In Prior Quarters



Company 2019 Outlook

	2018	2019**
Adj. Free Cash Flow*	\$2.8B	Improvement From 2018
Adj. EBIT*	\$7.0B	\$7.0 - \$7.5B
Adj. EPS*	\$1.30	\$1.20 - \$1.35***

* See Appendix for reconciliation to GAAP and definitions

** Replaces 2019 Outlook from first quarter of 2019

*** Assumes an 18 - 20% adjusted effective tax rate



Questions & Answers





Creating Tomorrow, Together

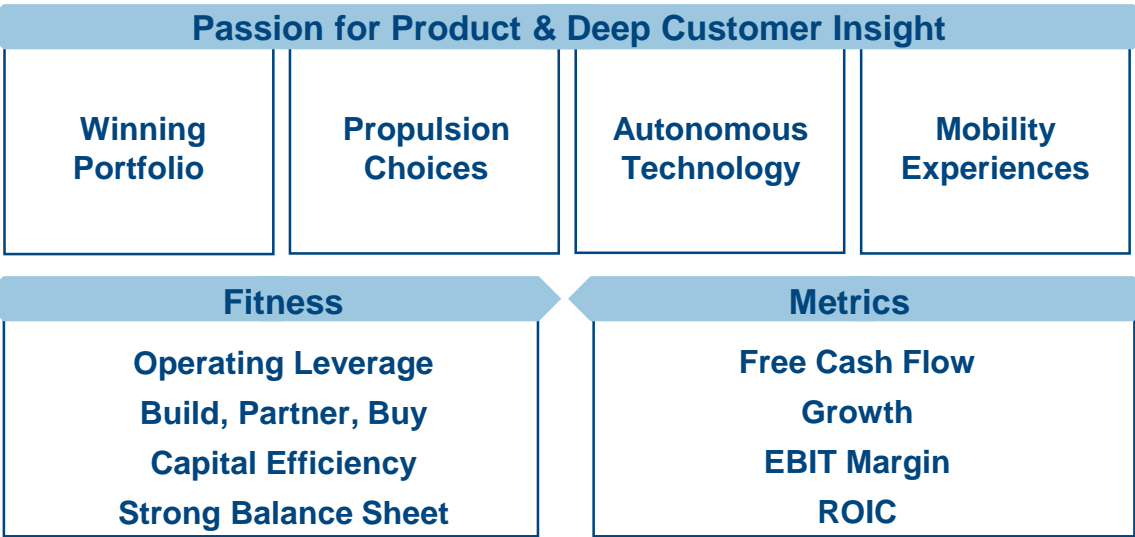
Our Belief

Freedom of movement drives human progress.

Our Aspiration

To become the world's most trusted company, designing smart vehicles for a smart world.

Our Plan for Value Creation



Our People

Culture & Values

- Our second quarter results demonstrate the global redesign of Ford is driving positive shifts in our business
- We are improving our Fitness
- We are driving a Winning Portfolio, where we are fortifying our strengths, improving mix and expanding our electric vehicle portfolio
- The trajectory of the company is improving in terms of growth, cash flow and profitability





Supplemental Materials

Financial Review



2019 Announcements

Winning Portfolio

Fitness

Accelerating
Global Redesign

Smart Vehicles
For
A Smart World

COMPANY

- Redesign of management structure
- Rivian investment
- Global alliance with VW – commercial vehicles and medium pickups
- ✓ Expanded VW alliance in AV and EV; VW investment in Argo AI and Ford to use MEB platform in Europe

NORTH AMERICA

- ✓ Launched all-new Explorer and Aviator
- ✓ All-new Tremor Off-Road Package announced for 2020MY Super Duty
- ✓ Launched FordPass Rewards, a new customer loyalty program

SOUTH AMERICA

- Exiting heavy truck production at São Bernardo; discontinuing Fiesta
- Discontinued Focus in Argentina

MOBILITY

- Selected third city for AV business operations and commercial deployment
- The Transportation Mobility Cloud powered by Amazon Web Services (AWS)
- Deploying cellular vehicle-to-everything technology in all-new vehicles launched in the U.S. beginning in 2022; begin deploying in China by 2021
- Coupled China new Sync+ infotainment with a new version of FordPass

EUROPE

- Restructured Ford Sollers JV in Russia
- ✓ Reducing 12,000 positions by the end of 2020
- ✓ Reducing manufacturing footprint from 24 to 18 facilities
- ✓ Planning 16 new hybrid and all-electric vehicles

CHINA

- Ford China 2.0 – Best of Ford, Best of China
- 30+ new products in 3 years
- ✓ Aggressive vehicle rollout begun – new Kuga / ST Line, Edge ST / ST Line, Taurus, Focus Active
- ✓ Territory EV revealed – first BEV in China
- ✓ SYNC+ IVI (powered by Baidu) ready to launch in 4 nameplates

INT'L MARKETS

- Signed agreement with Mahindra to co-develop a midsize SUV
- ✓ Opened Ford Research Center, Israel
- ✓ Launched 6 new Ranger variants in Thailand
- ✓ Launched Lincoln Nautilus in Korea
- ✓ Expanded production at Ford Struandale Engine Plant (South Africa)



Company Results (\$M)

	2018					2019	
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q
North America	\$ 1,935	\$ 1,753	\$ 1,960	\$ 1,959	\$ 7,607	\$ 2,205	\$ 1,696
South America	(149)	(178)	(152)	(199)	(678)	(158)	(205)
Europe	119	(73)	(245)	(199)	(398)	57	53
China	(150)	(483)	(378)	(534)	(1,545)	(128)	(155)
Asia Pacific Operations	31	89	170	153	444	19	30
Middle East & Africa	(54)	49	47	(49)	(7)	14	(45)
Automotive	\$ 1,732	\$ 1,157	\$ 1,402	\$ 1,131	\$ 5,422	\$ 2,009	\$ 1,373
Mobility	(102)	(181)	(196)	(195)	(674)	(288)	(264)
Ford Credit	641	645	678	663	2,627	801	831
Corporate Other	(86)	71	(216)	(142)	(373)	(75)	(286)
Adjusted EBIT	\$ 2,185	\$ 1,692	\$ 1,668	\$ 1,457	\$ 7,002	\$ 2,447	\$ 1,654
Interest on Debt	(289)	(301)	(343)	(295)	(1,228)	(245)	(244)
Special Items (excl. tax)	23	(42)	(231)	(1,179)	(1,429)	(592)	(1,205)
Taxes	(174)	(280)	(101)	(95)	(650)	(427)	(55)
Less: Non-Controlling Interests	9	3	2	4	18	37	2
Net Income Attributable to Ford	\$ 1,736	\$ 1,066	\$ 991	\$ (116)	\$ 3,677	\$ 1,146	\$ 148
Company Adjusted Free Cash Flow (\$B)	\$ 3.0	\$ (1.8)	\$ 0.1	\$ 1.5	\$ 2.8	\$ 1.9	\$ 0.2
Revenue (\$B)	42.0	38.9	37.6	41.8	160.3	40.3	38.9
Automotive EBIT Margin (%)	4.4 %	3.2 %	4.0 %	2.9 %	3.7 %	5.4 %	3.8 %
Company Adjusted EBIT Margin (%)	5.2	4.3	4.4	3.5	4.4	6.1	4.3
Net Income Margin (%)	4.1	2.7	2.6	(0.3)	2.3	2.8	0.4
Adjusted EPS	\$ 0.43	\$ 0.27	\$ 0.29	\$ 0.30	\$ 1.30	\$ 0.44	\$ 0.28
EPS (GAAP)	0.43	0.27	0.25	(0.03)	0.92	0.29	0.04

Automotive Key Metrics

SECOND QUARTER

YEAR TO DATE

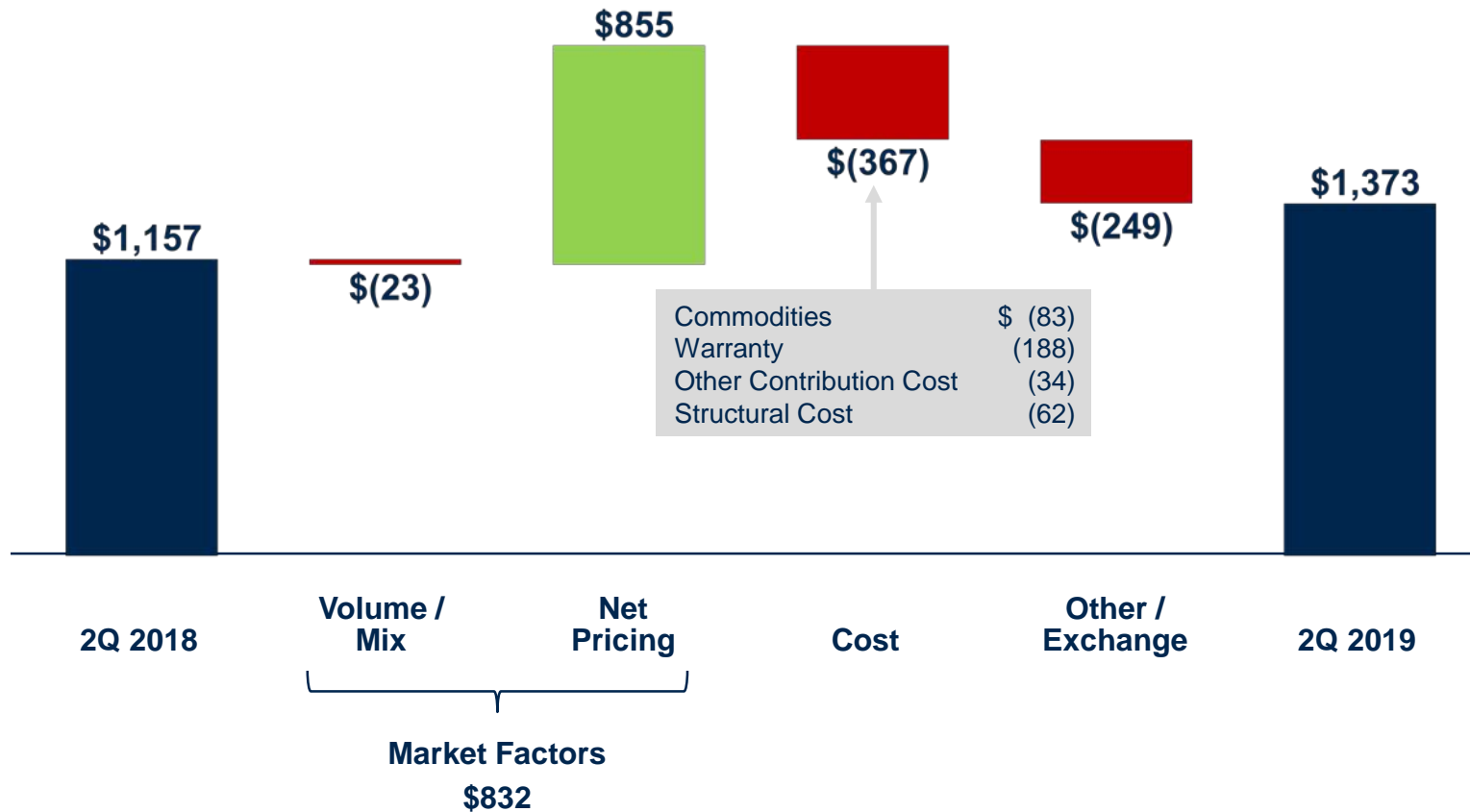
	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
Global SAAR (M)	97.3	95.7	(2) %	96.3	94.9	(1) %
Market Share (%)	6.7 %	6.2 %	(0.5) pts	6.6 %	6.1 %	(0.5) pts
Wholesale Units (000)	1,493	1,364	(9) %	3,155	2,789	(12) %
Revenue (\$B)	\$ 35.9	\$ 35.8	(0) %	\$ 74.9	\$ 73.0	(3) %
EBIT (\$M)	\$ 1,157	\$ 1,373	\$ 216	\$ 2,889	\$ 3,382	\$ 493
EBIT Margin (%)	3.2 %	3.8 %	0.6 pts	3.9 %	4.6 %	0.8 pts

- 2Q EBIT grew 19% YoY driven by our franchise strengths and benefits of global redesign
- Reduction in volume driven by China, lower industry and launch-related volume impact of all-new Explorer

Limited-edition, track-only
Ford GT Mk II unleashes the next level
of Ford GT supercar performance



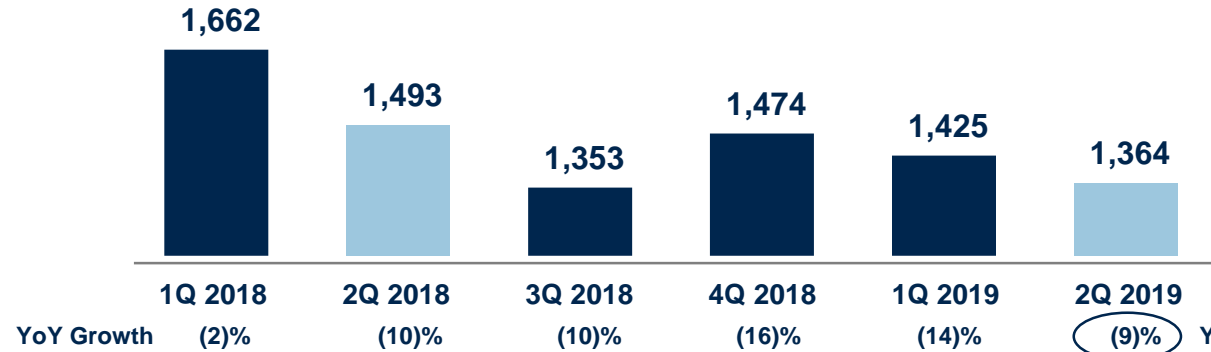
Automotive 2Q 2019 EBIT YoY Bridge (\$M)



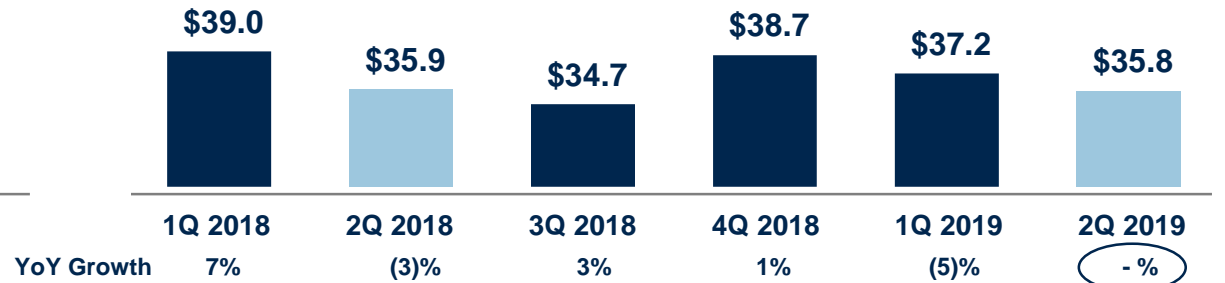
- Automotive EBIT grew 19% YoY
- Favorable market factors included positive mix in North America reflecting our franchise strengths and strong pricing in every region
- Adverse exchange of \$260M driven by the euro, Argentine peso and rand
- Structural cost improved \$76M excluding past service pension / OPEB

Automotive Key Financial Trends

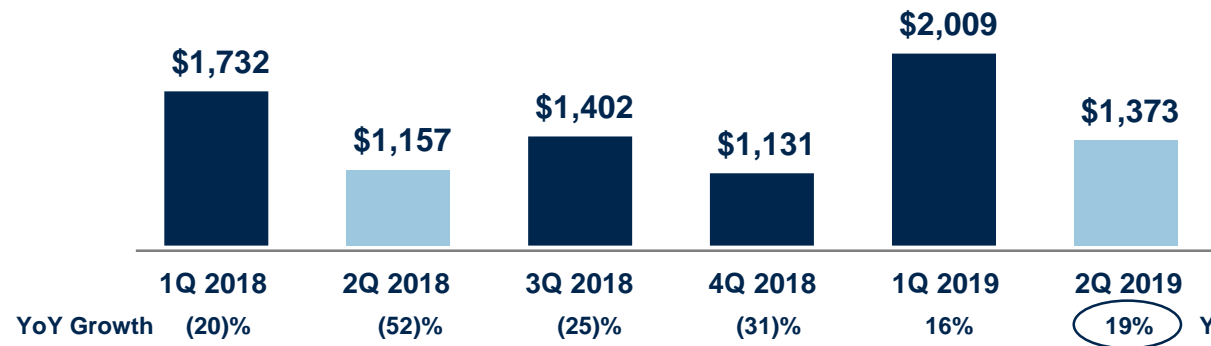
Wholesale Units (000)



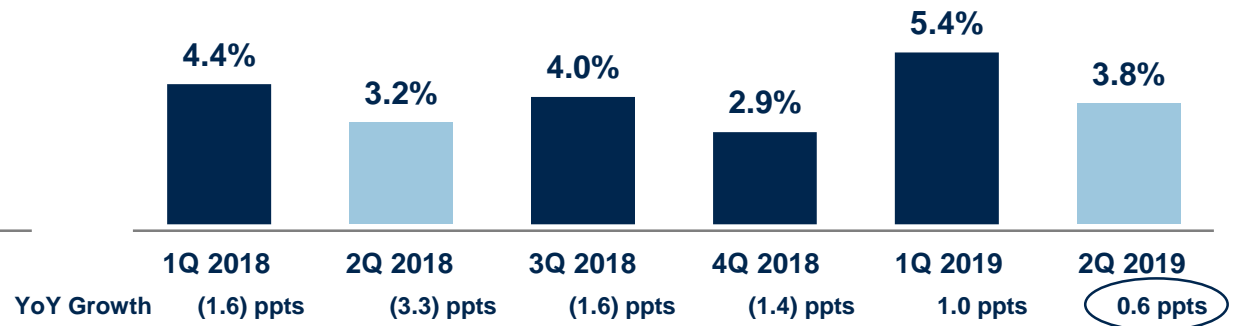
Revenue (\$B)



EBIT (\$M)



EBIT Margin (%)



North America Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
SAAR (M)	21.4	21.2	(1) %	21.5	21.2	(1) %
U.S.	17.5	17.5	- %	17.6	17.5	(1) %
Market Share (%)	14.0 %	13.8 %	(0.2) pts	13.8 %	13.7 %	(0.1) pts
U.S.	14.7 %	14.3 %	(0.4) pts	14.5 %	14.3 %	(0.2) pts
Wholesale Units (000)	742	693	(7) %	1,538	1,446	(6) %
Revenue (\$B)	\$ 23.7	\$ 24.0	1 %	\$ 48.5	\$ 49.4	2 %
EBIT (\$M)	\$ 1,753	\$ 1,696	\$ (57)	\$ 3,688	\$ 3,900	\$ 212
EBIT Margin (%)	7.4 %	7.1 %	(0.3) pts	7.6 %	7.9 %	0.3 pts

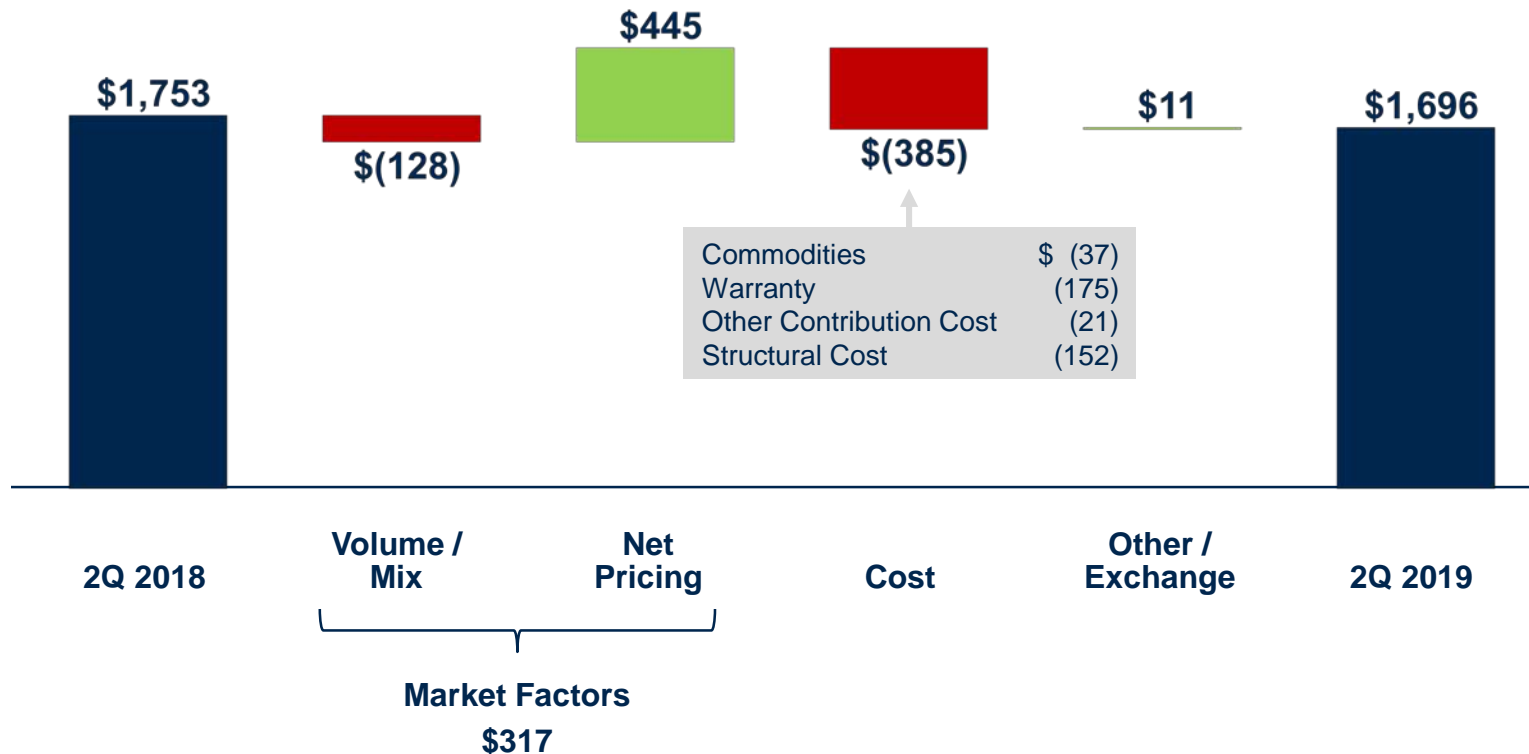
- 2Q reduction in wholesale units due to launch-related volume impact of the all-new Explorer
- Revenue grew as favorable mix and net pricing offset lower volume

Launched the all-new 2020 Explorer, America's all-time best-selling SUV, with production oversubscribed



North America

2Q 2019 EBIT YoY Bridge (\$M)

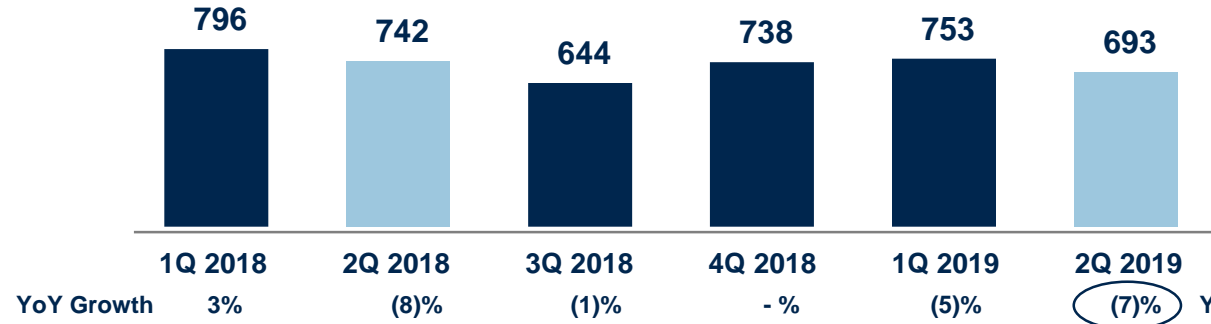


- North America EBIT down 3% YoY, reflecting primarily lower volume, including the impact of all-new Explorer launch
- Favorable mix and net pricing largely offset cost increases, including higher YoY warranty expense and pension
- Other includes \$58M of adverse exchange

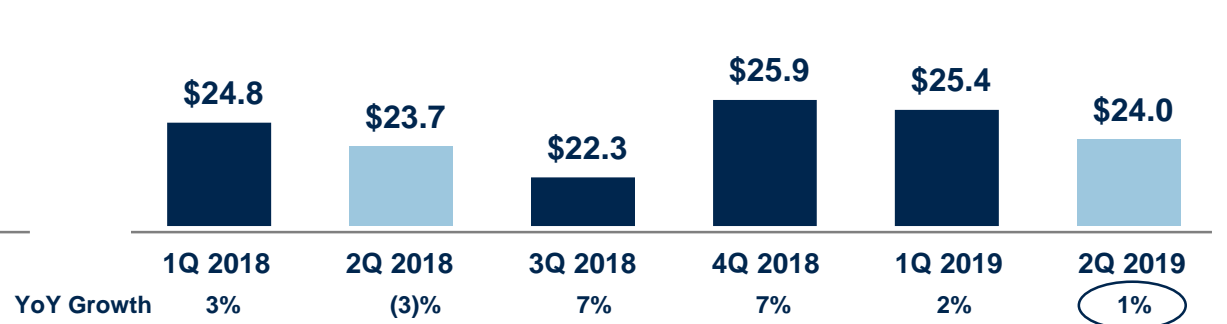
North America

Key Financial Trends

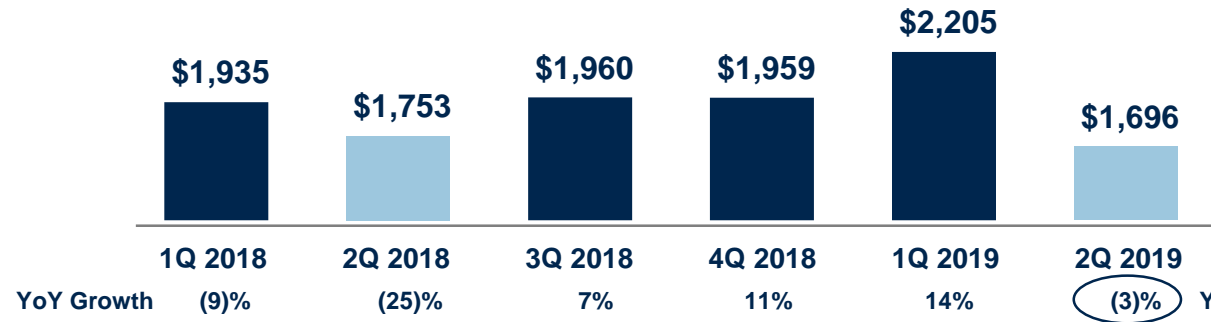
Wholesale Units (000)



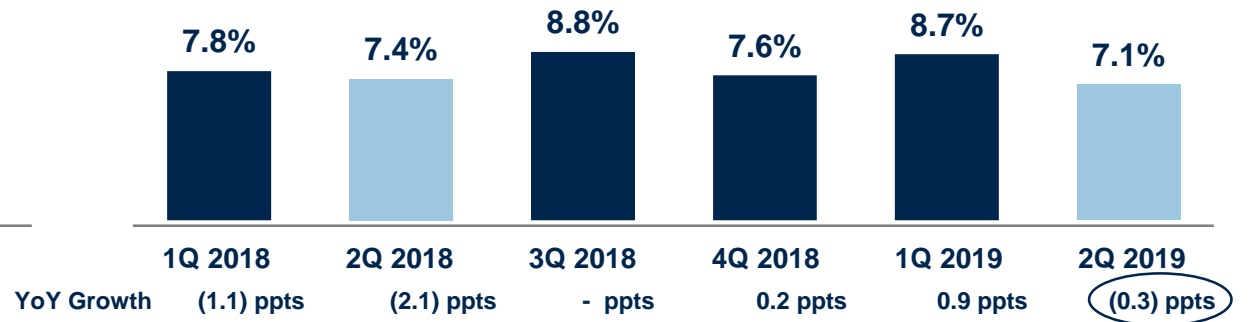
Revenue (\$B)



EBIT (\$M)

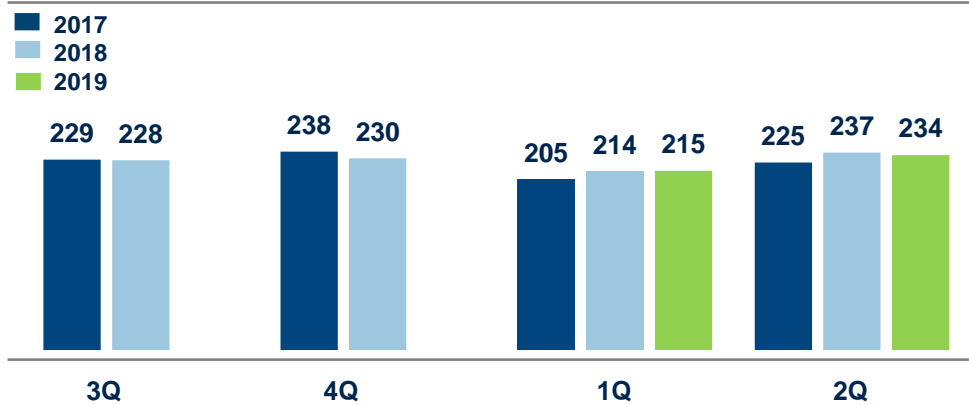


EBIT Margin (%)

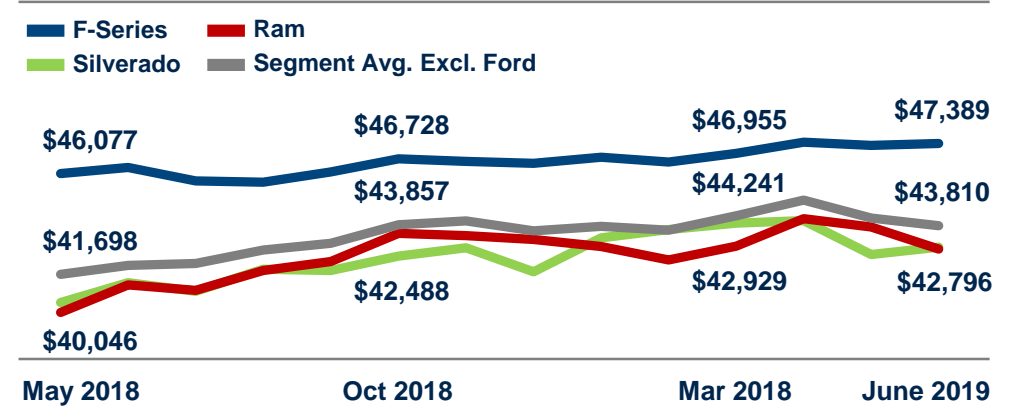


North America U.S. Pickup Performance

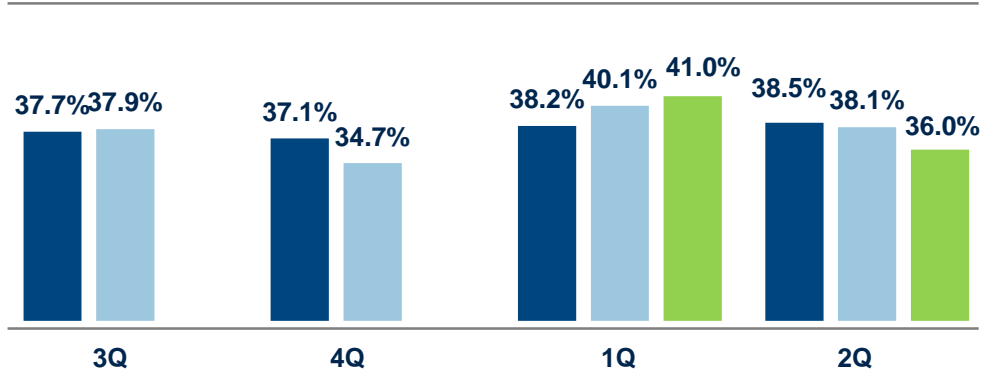
F-Series Total Sales* (000)



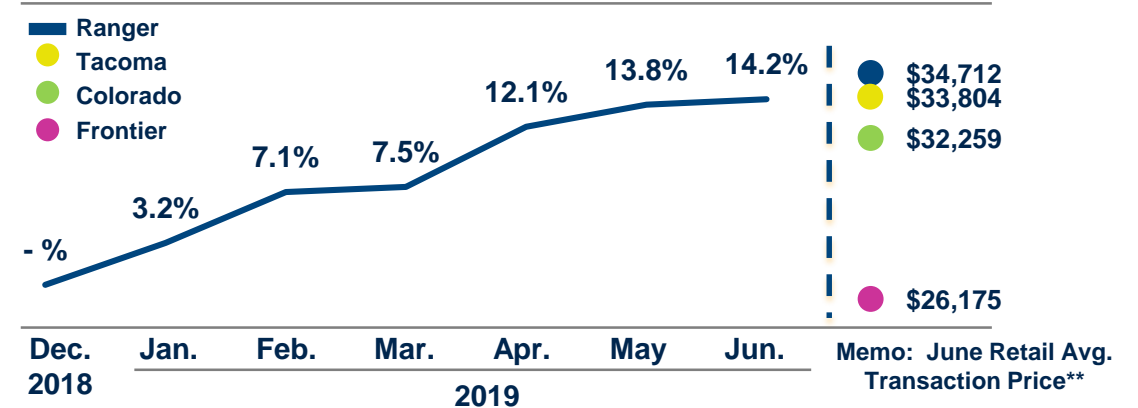
F-Series Retail Average Transaction Price**



F-Series Share of Segment*



Ranger Retail Share of Segment



Best Quarter For Total Pickup Sales Since 2004

* Reflects transactions with (i) retail and fleet customers (as reported by dealers), (ii) government and (iii) Ford management

** J.D. Power Associates Power Information Network Incentive Spend Report as of July 1, 2019



South America Key Metrics

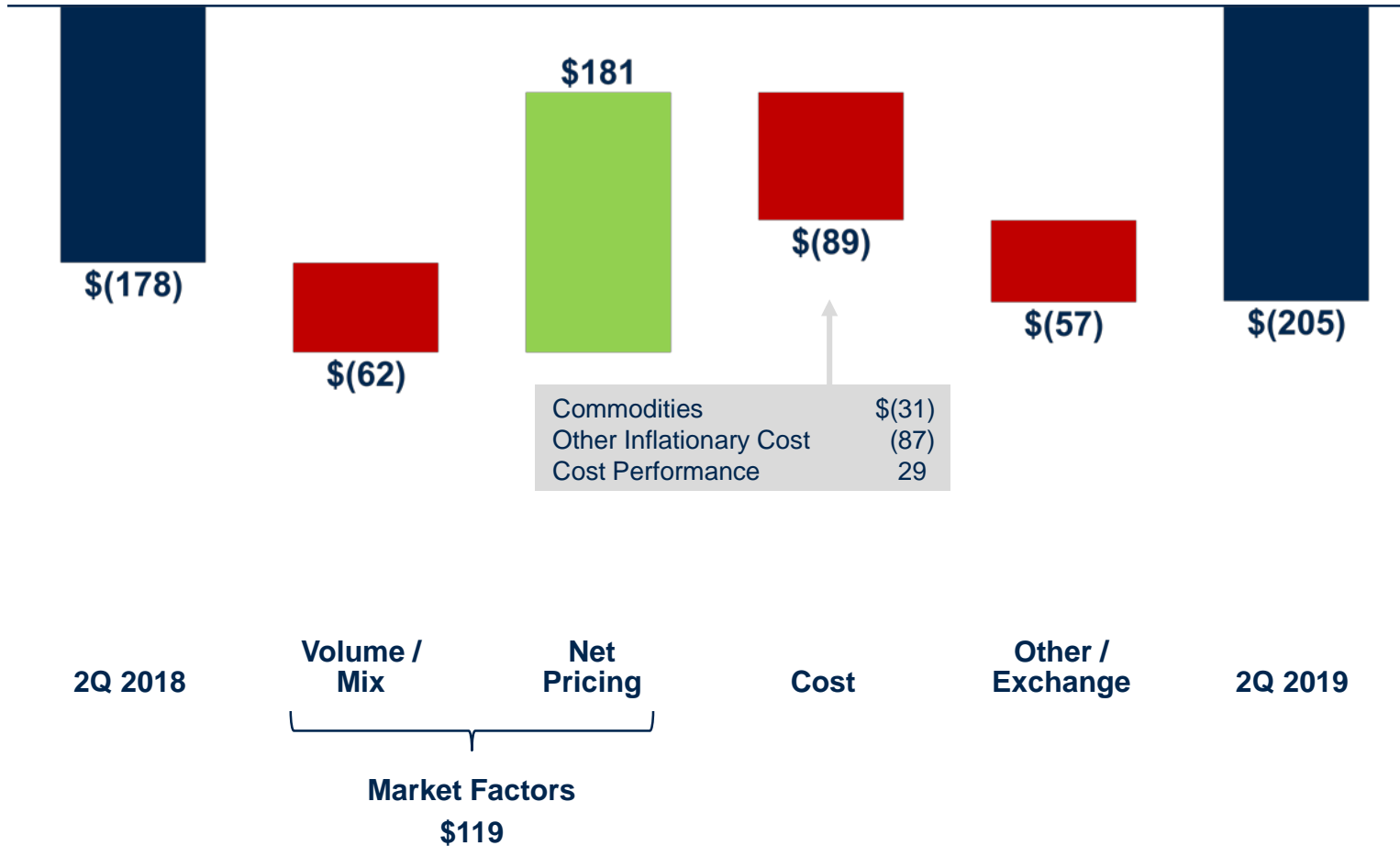
	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
SAAR (M)	4.5	4.4	(2) %	4.6	4.4	(4) %
Brazil	2.5	2.9	16 %	2.5	2.8	14 %
Argentina	0.9	0.4	(56) %	1.0	0.5	(50) %
Market Share (%)	8.6 %	7.4 %	(1.2) ppts	8.7 %	7.5 %	(1.2) ppts
Wholesale Units (000)	96	75	(22) %	182	143	(21) %
Revenue (\$B)	\$ 1.5	\$ 1.0	(33) %	\$ 2.8	\$ 1.9	(32) %
EBIT (\$M)	\$ (178)	\$ (205)	\$ (27)	\$ (327)	\$ (362)	\$ (35)
EBIT Margin (%)	(12.2) %	(21.0) %	(8.8) ppts	(11.7) %	(19.1) %	(7.4) ppts

- 2Q SAAR YoY decline driven by 56% industry reduction in Argentina
- Reduction in wholesale units driven primarily by lower industry volumes and the phase out of South America's heavy truck, Fiesta and Focus
- South America revenue reflects lower volume and adverse exchange
- Redesign efforts continue toward a more asset-light business model

Launching the 2020 Ranger, introducing segment-first driver-assist technology



South America 2Q 2019 EBIT YoY Bridge (\$M)

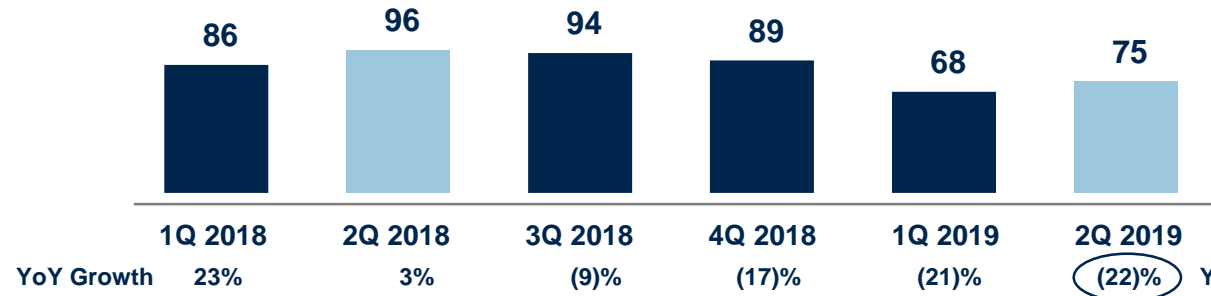


- South America EBIT down 15% YoY, driven by lower Argentina industry volume and \$59M adverse exchange
- On track for São Bernardo plant closure by end of the year

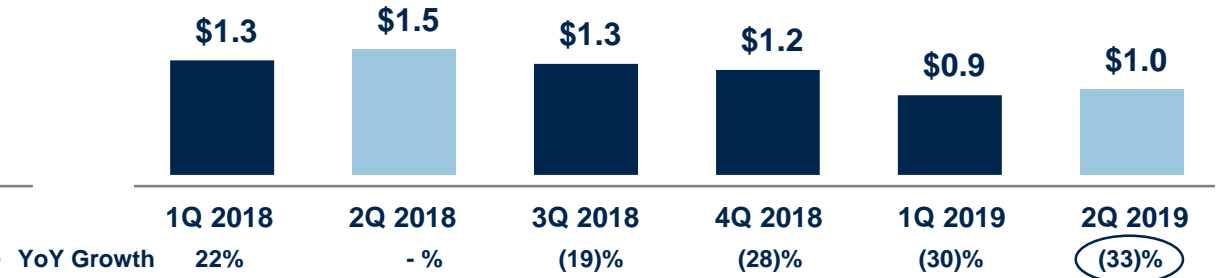
South America

Key Financial Trends

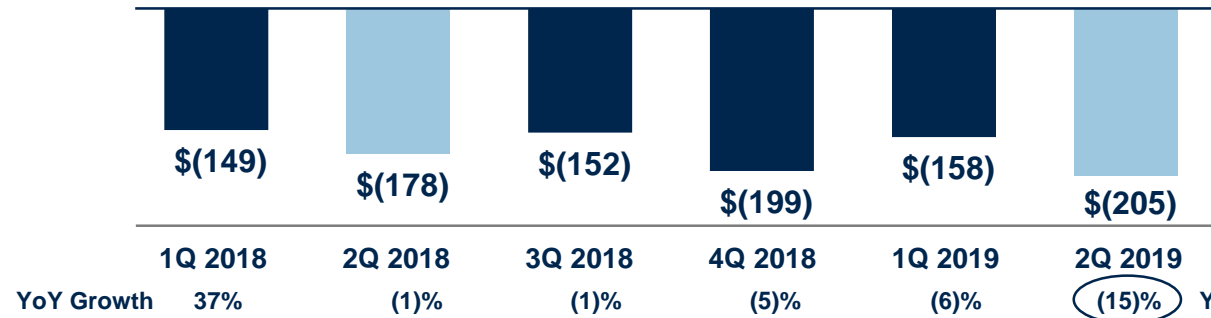
Wholesale Units (000)



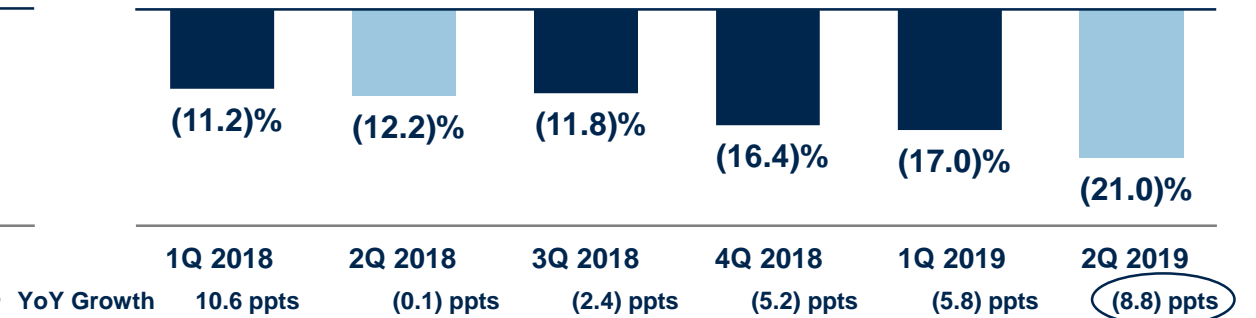
Revenue (\$B)



EBIT (\$M)



EBIT Margin (%)



Europe Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
SAAR (M)	21.6	21.0	(3) %	21.6	21.0	(3) %
Market Share (%)	6.9 %	6.7 %	(0.2) pts	7.3 %	6.9 %	(0.4) pts
Wholesale Units* (000)	367	379	3 %	816	770	(6) %
Revenue (\$B)	\$ 7.6	\$ 7.6	(1) %	\$ 16.5	\$ 15.2	(8) %
EBIT (\$M)	\$ (73)	\$ 53	\$ 126	\$ 46	\$ 110	\$ 64
EBIT Margin (%)	(1.0) %	0.7 %	1.7 pts	0.3 %	0.7 %	0.4 pts

* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 15,000 units in 2Q 2018 and 7,000 units in 2Q 2019). Revenue does not include these sales

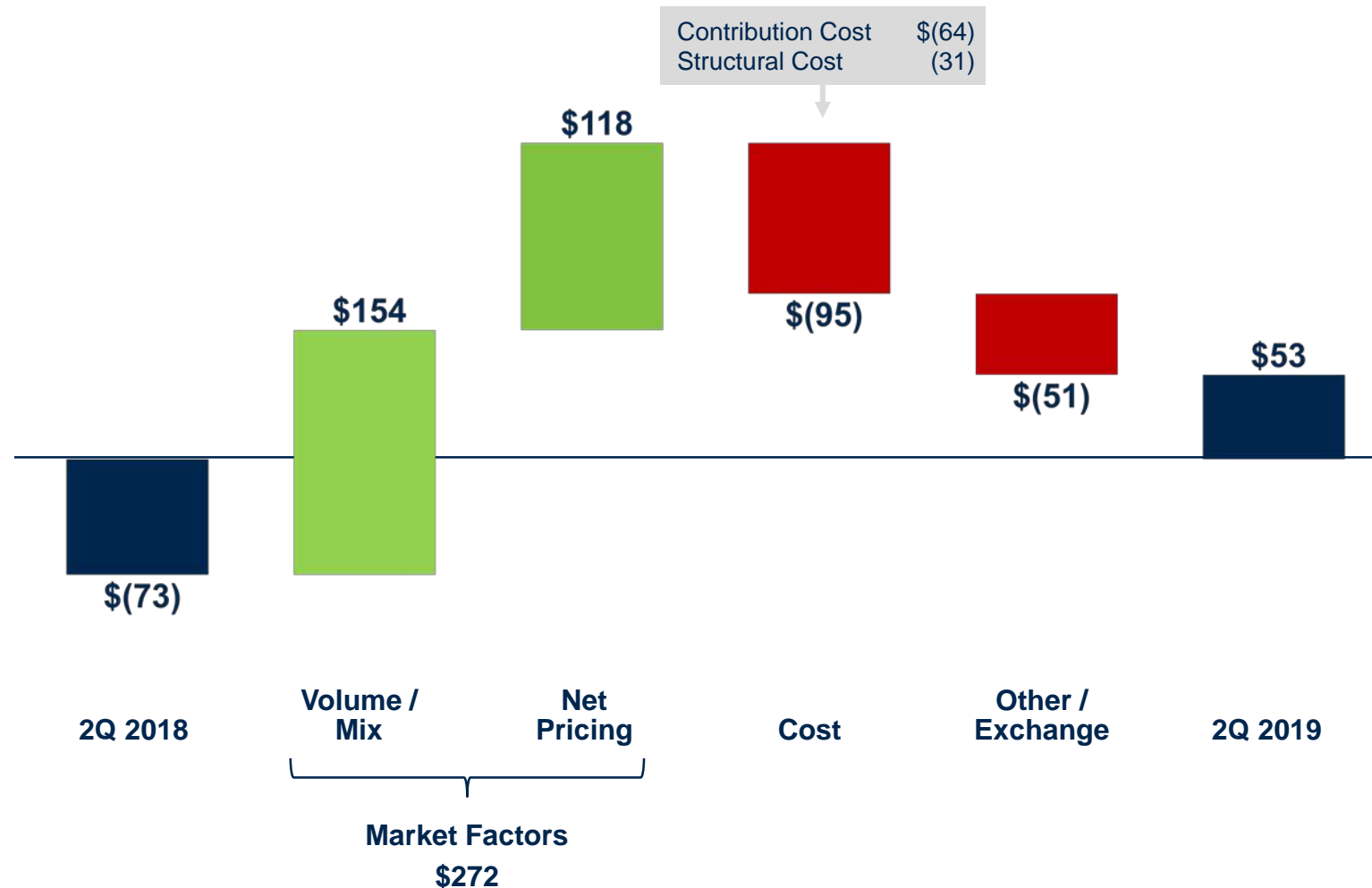
- 2Q YoY revenue decline of 1% driven by adverse exchange
- #1 CV brand in Europe; launching updated 2T Transit in second half

Announced new Ford Puma with mild-hybrid powertrain technology; entry into the fast-growing small utility segment



Europe

2Q 2019 EBIT YoY Bridge (\$M)

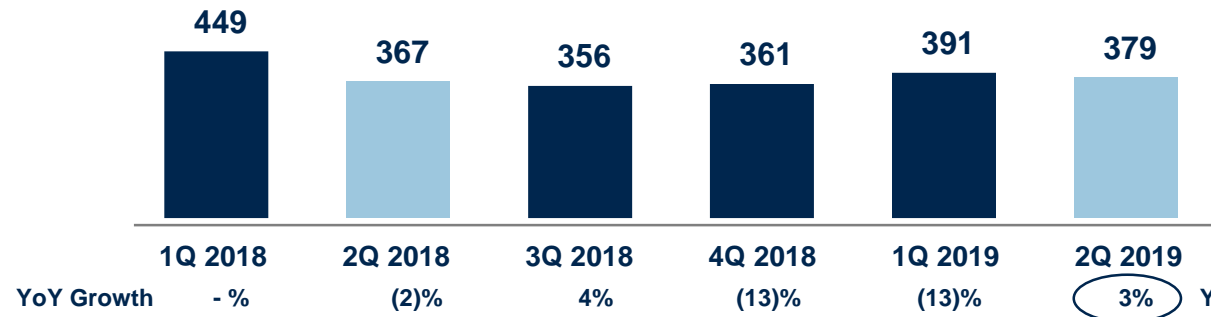


- Europe EBIT improved \$126M YoY, driven by favorable market factors
- Market factors improvement of \$272M reflecting higher volume and favorable pricing on the strength of commercial vehicles
- Cost increase due to \$133M of regulatory costs; structural cost flat excluding pension
- Adverse exchange of \$27M

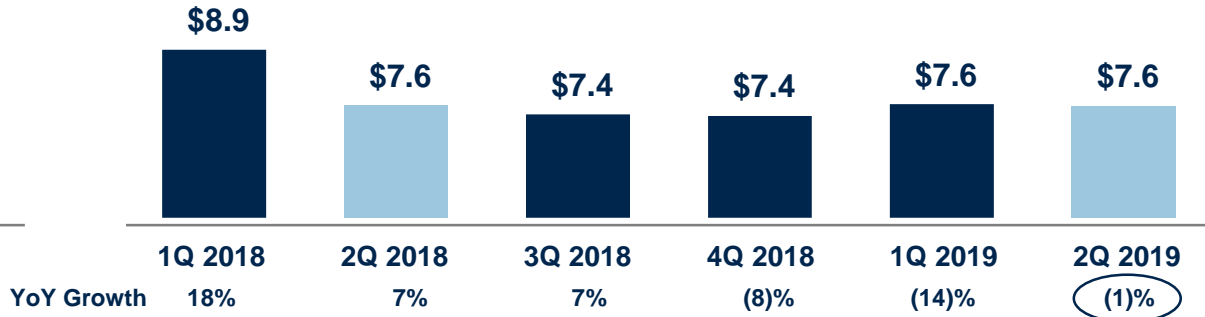
Europe

Key Financial Trends

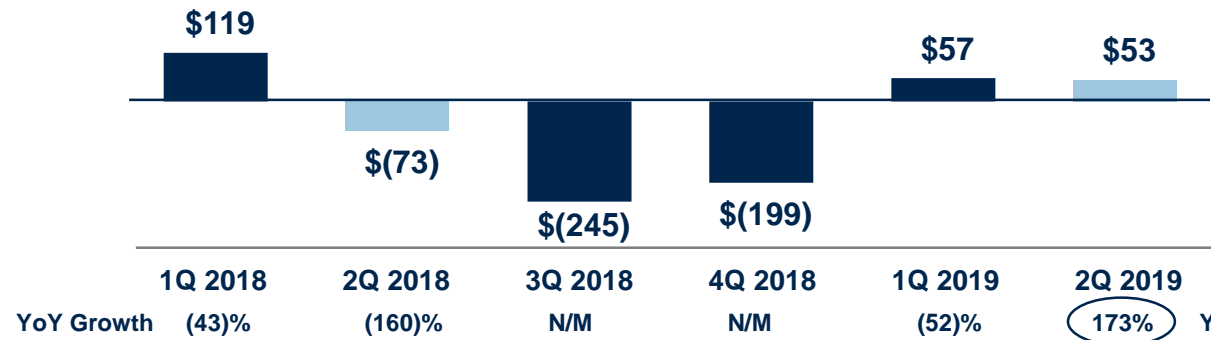
Wholesale Units (000)



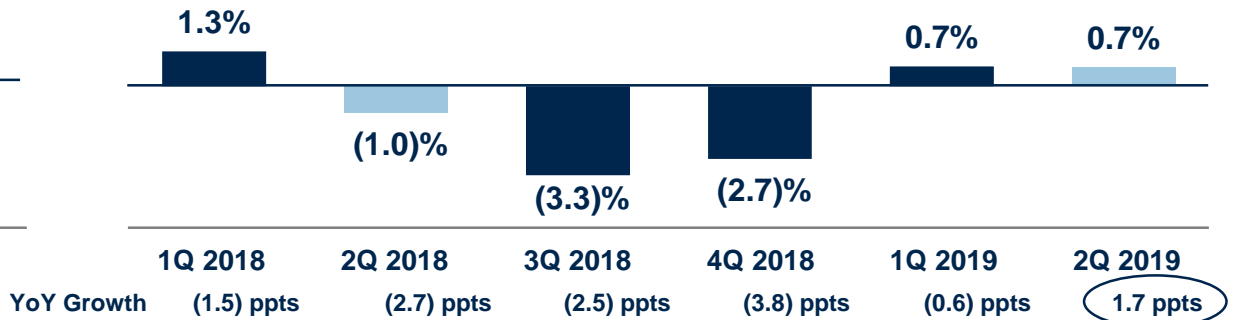
Revenue (\$B)



EBIT (\$M)



EBIT Margin (%)



N/M = Not Measurable

China Key Metrics

	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
SAAR (M)	28.7	29.2	2 %	27.8	28.1	1 %
Market Share (%)	3.2 %	2.3 %	(0.9) ppts	3.2 %	2.2 %	(1.0) ppts
Wholesale Units* (000)	184	126	(32) %	406	241	(41) %
Revenue (\$B)	\$ 0.6	\$ 0.9	48 %	\$ 1.9	\$ 1.8	(5) %
EBIT (\$M)	\$ (483)	\$ (155)	\$ 328	\$ (633)	\$ (283)	\$ 350
EBIT Margin (%)	(77.9) %	(17.0) %	61.0 ppts	(34.0) %	(16.0) %	18.1 ppts

China Unconsolidated Affiliates

Wholesales (000)	174	108	(38) %	369	207	(44) %
Ford Equity Income (\$M)	\$ 3	\$ 7	156 %	\$ 141	\$ (34)	(124) %
Net Income Margin (%)	0.6 %	1.6 %	1.0 ppts	5.5 %	(1.7) %	(7.2) ppts

* Wholesale units 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

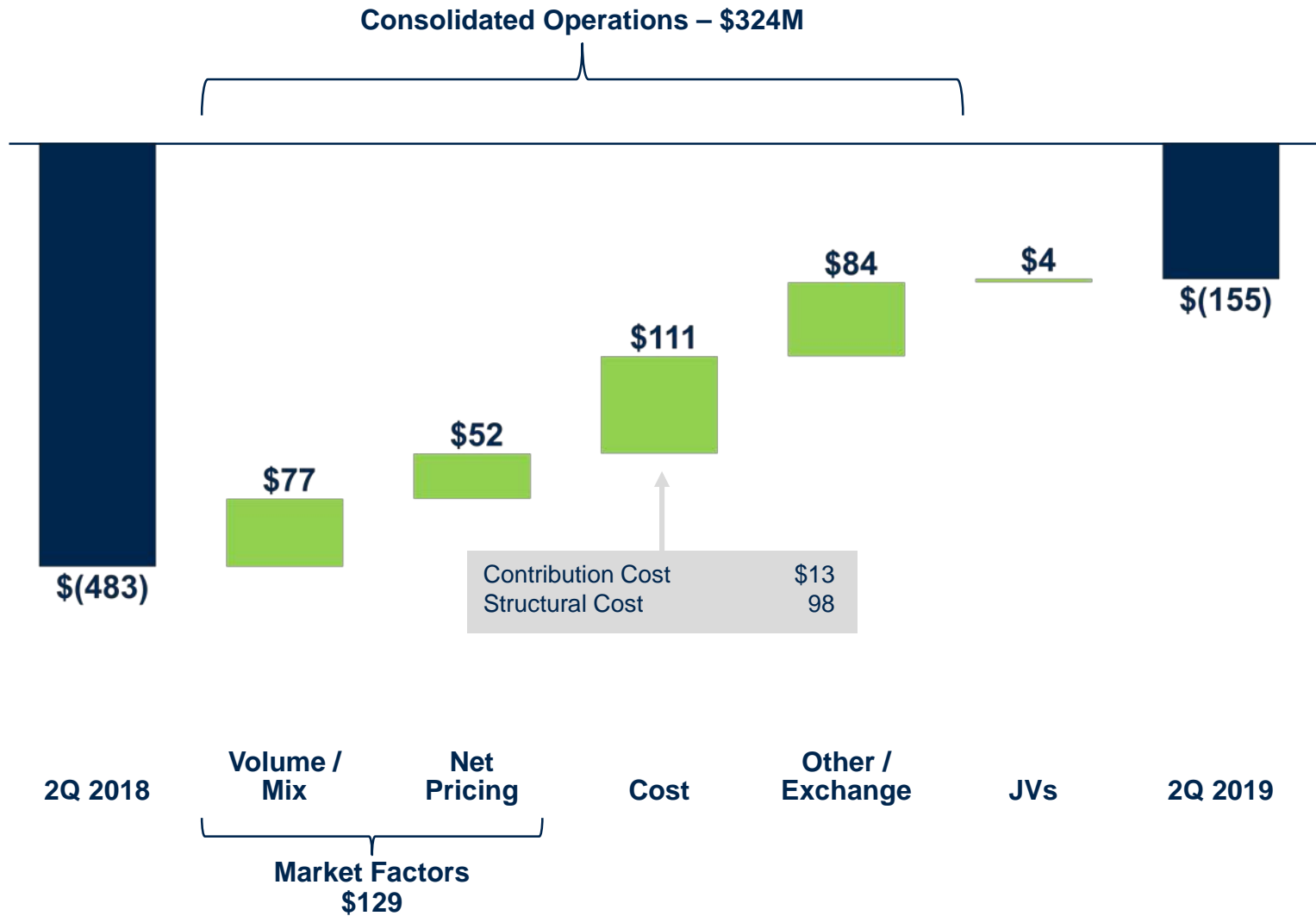
- 2Q revenue, EBIT and margin improved YoY
- Market share is lower YoY and up 0.2 ppts. sequentially
- Lower wholesale volume reflects JV sales
- China consolidated revenue improved 48% YoY, driven by higher Lincoln volumes

Introducing SYNC+, a new in-vehicle infotainment system built specifically for Chinese customers



China

2Q 2019 EBIT YoY Bridge (\$M)

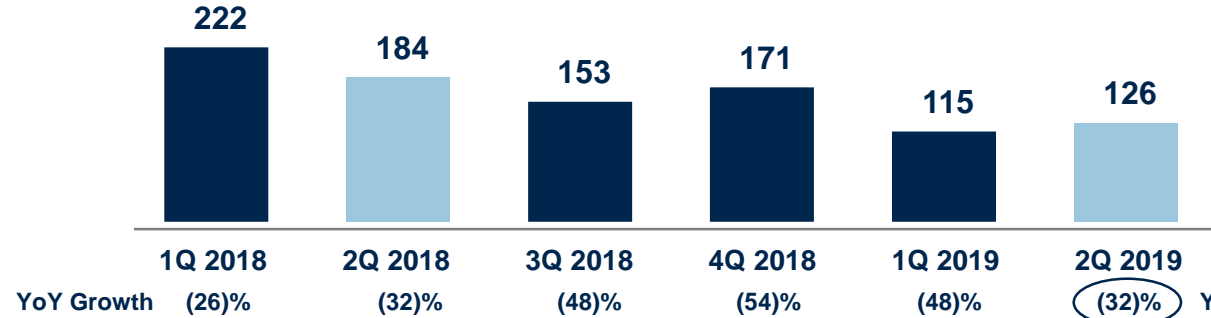


- China loss narrowed by 68% YoY, due to higher Lincoln volume, favorable tariffs, structural cost reductions and \$51M favorable exchange
- Dealer inventories in good shape overall

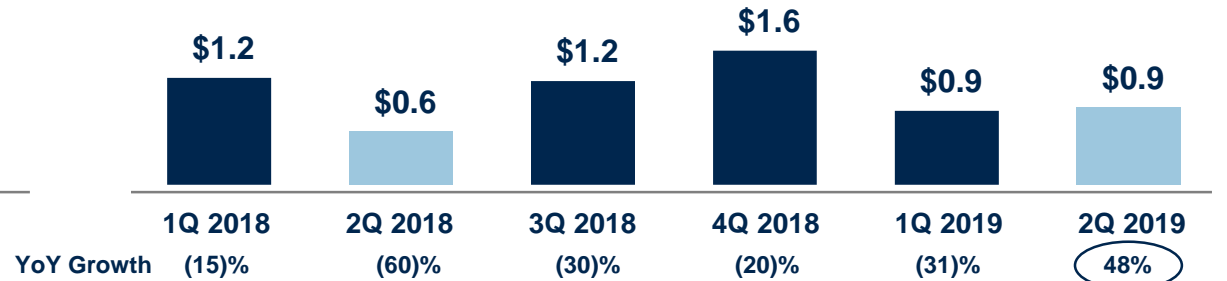
China

Key Financial Trends

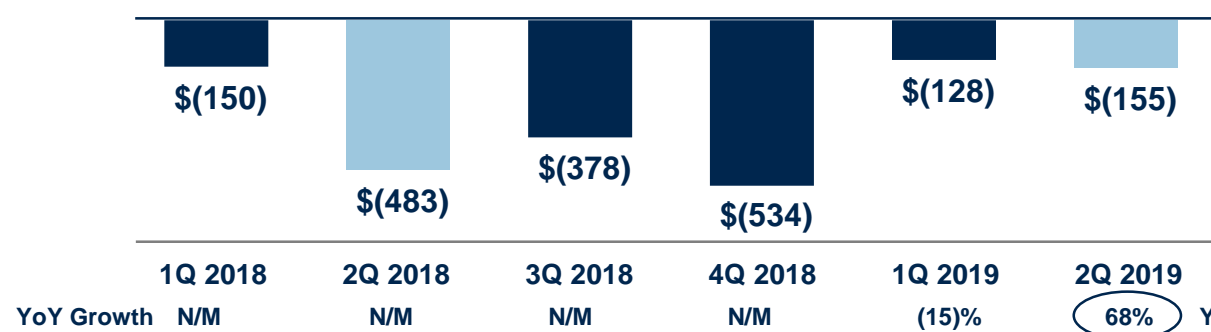
Wholesale Units (000)



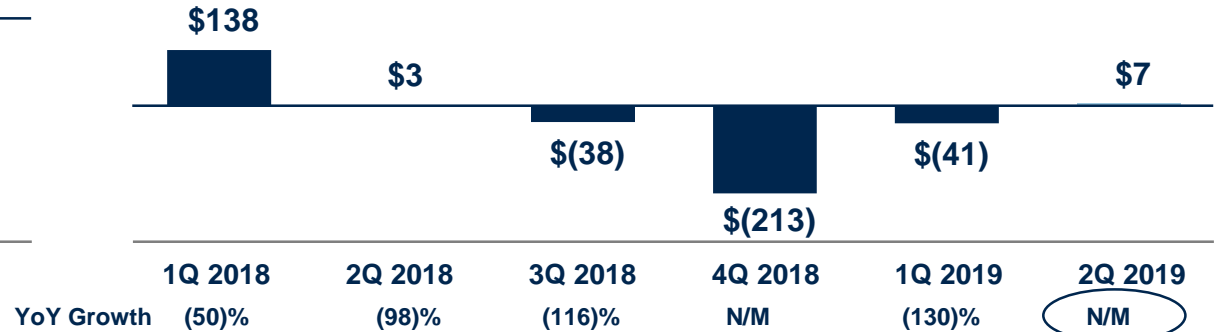
Consolidated Revenue (\$B)



EBIT (\$M)



Ford Equity Income (\$M)



N/M = Not Measurable



Asia Pacific Operations Key Metrics

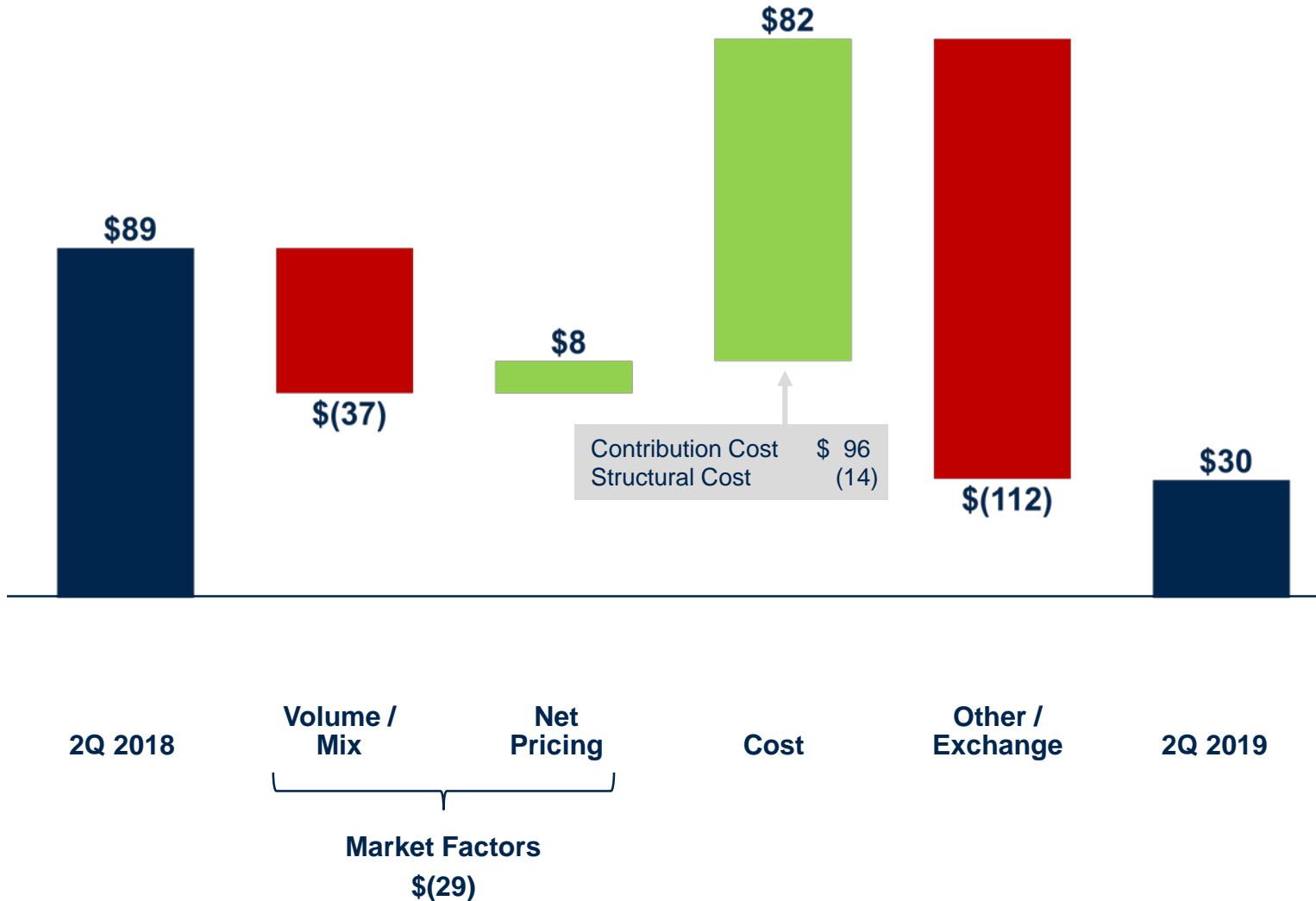
	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
SAAR (M)	17.3	16.8	(3) %	17.0	16.8	(1) %
Market Share (%)	1.9 %	1.8 %	(0.1) pts	1.9 %	1.8 %	(0.1) pts
Wholesale Units (000)	77	70	(9) %	161	146	(9) %
Revenue (\$B)	\$ 1.8	\$ 1.8	(1) %	\$ 3.9	\$ 3.6	(7) %
EBIT (\$M)	\$ 89	\$ 30	\$ (59)	\$ 120	\$ 49	\$ (71)
EBIT Margin (%)	5.0 %	1.7 %	(3.3) pts	3.1 %	1.3 %	(1.7) pts

- In 2Q, Asia Pacific Operations revenue was nearly flat despite a reduction in wholesale units and adverse exchange

Ranger continues to lead APO sales, up 9% YoY



Asia Pacific Operations 2Q 2019 EBIT YoY Bridge (\$M)

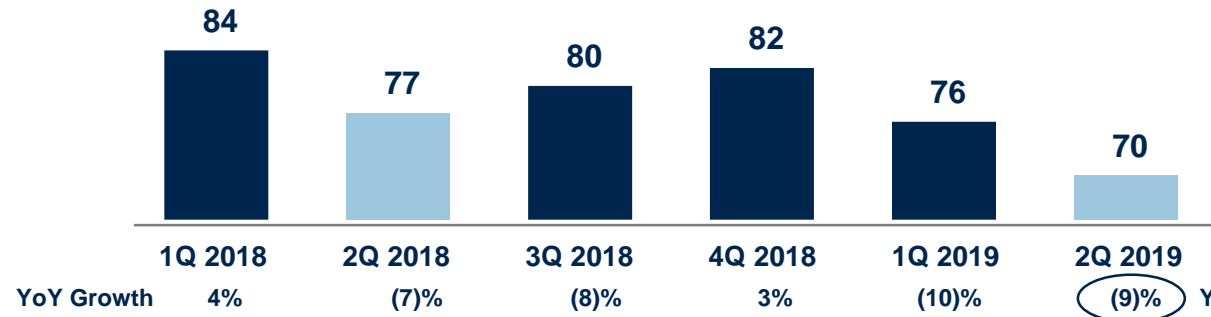


- 2Q Asia Pacific Operations EBIT down \$59M YoY, driven by \$57M adverse exchange, primarily the Australian dollar

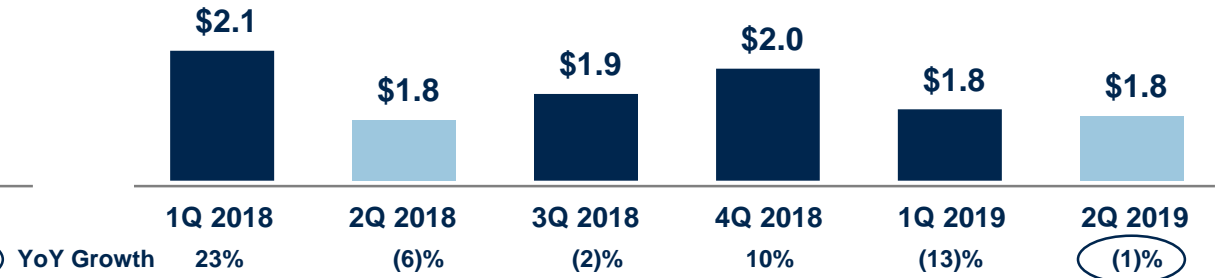
Asia Pacific Operations

Key Financial Trends

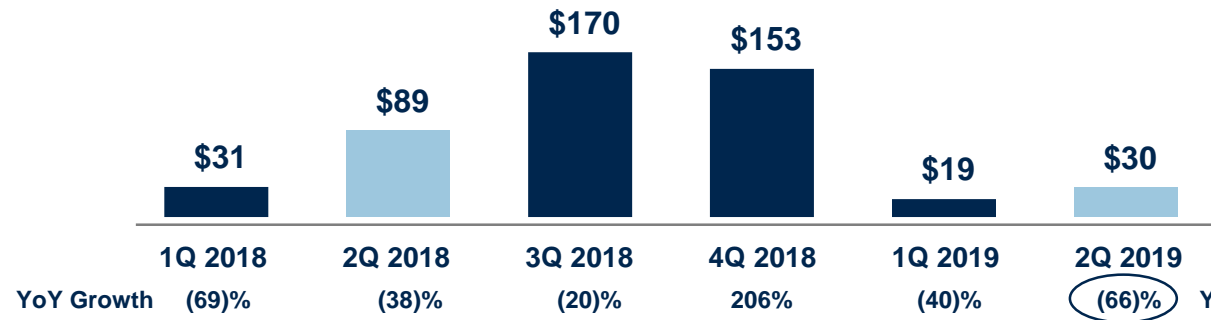
Wholesale Units (000)



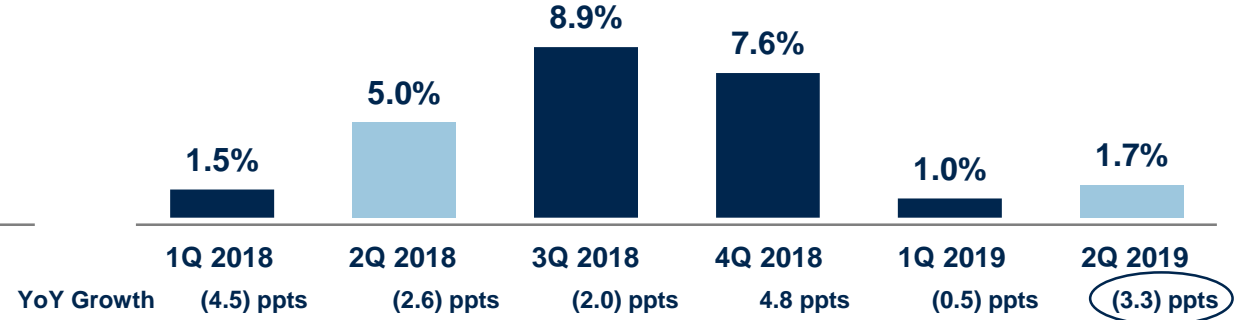
Revenue (\$B)



EBIT (\$M)



EBIT Margin (%)



Middle East & Africa Key Metrics

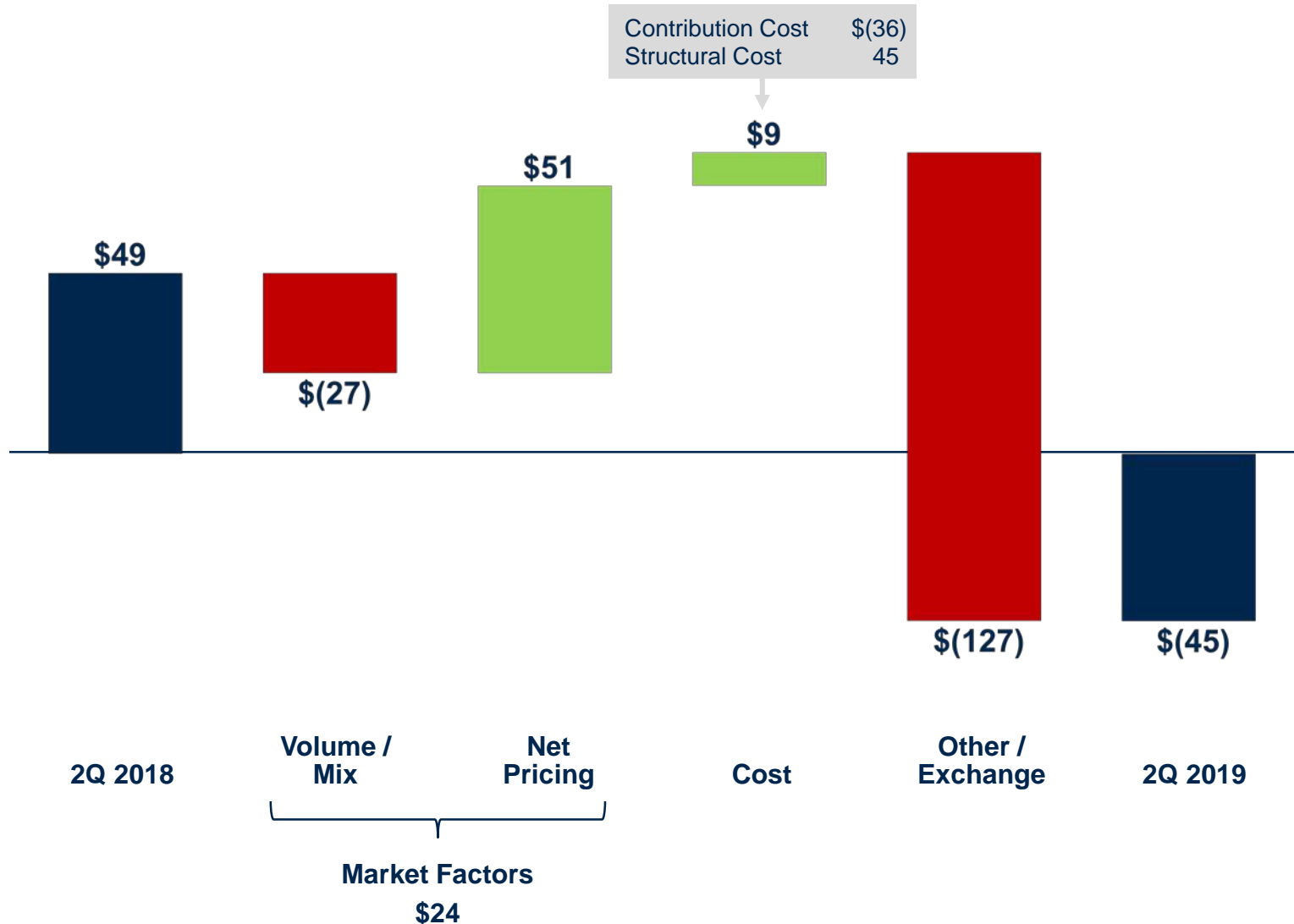
	SECOND QUARTER			YEAR TO DATE		
	2018	2019	H / (L)	2018	2019	H / (L)
SAAR (M)	3.9	3.0	(23) %	3.8	3.4	(11) %
Market Share (%)	2.6 %	3.1 %	0.5 pts	2.8 %	2.9 %	0.1 pts
Wholesale Units (000)	27	21	(22) %	52	43	(17) %
Revenue (\$B)	\$ 0.8	\$ 0.6	(26) %	\$ 1.4	\$ 1.2	(16) %
EBIT (\$M)	\$ 49	\$ (45)	\$ (94)	\$ (5)	\$ (31)	\$ (26)
EBIT Margin (%)	6.6 %	(8.1) %	(14.7) pts	(0.4) %	(2.7) %	(2.3) pts

- In 2Q, lower Middle East & Africa revenue driven by volume and adverse exchange

Built at Silverton Assembly plant, the Ranger Raptor launched in South Africa to positive media and customer reviews



Middle East & Africa 2Q 2019 EBIT YoY Bridge (\$M)

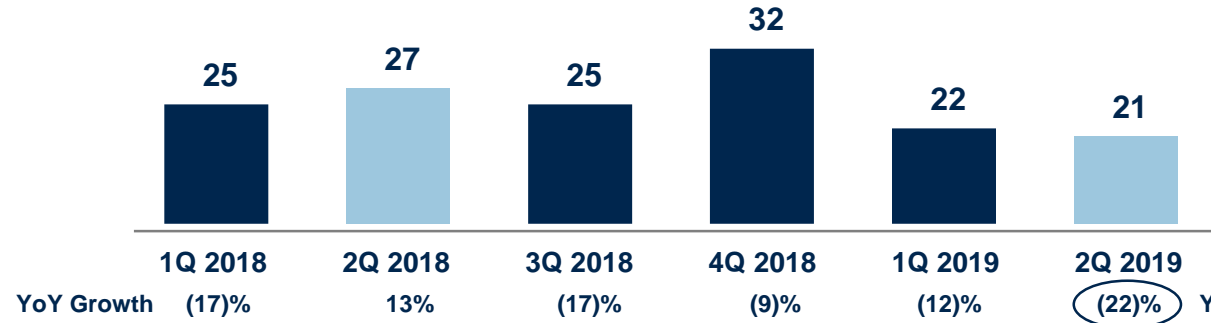


- Middle East & Africa EBIT down \$94M YoY, explained by \$108M adverse exchange, primarily the rand

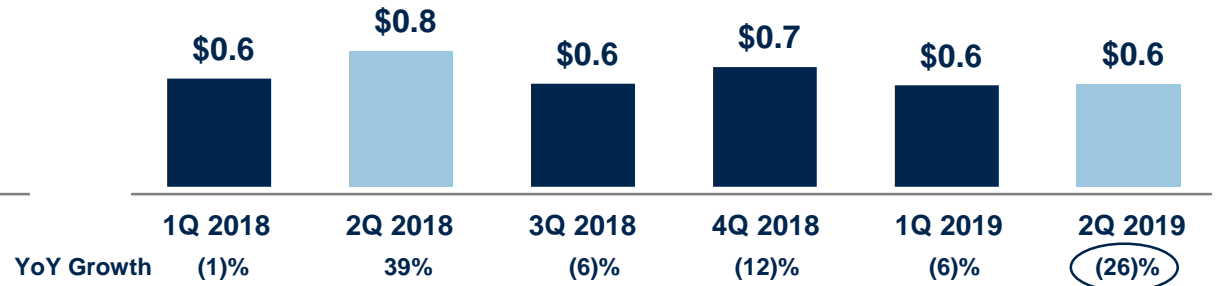
Middle East & Africa

Key Financial Trends

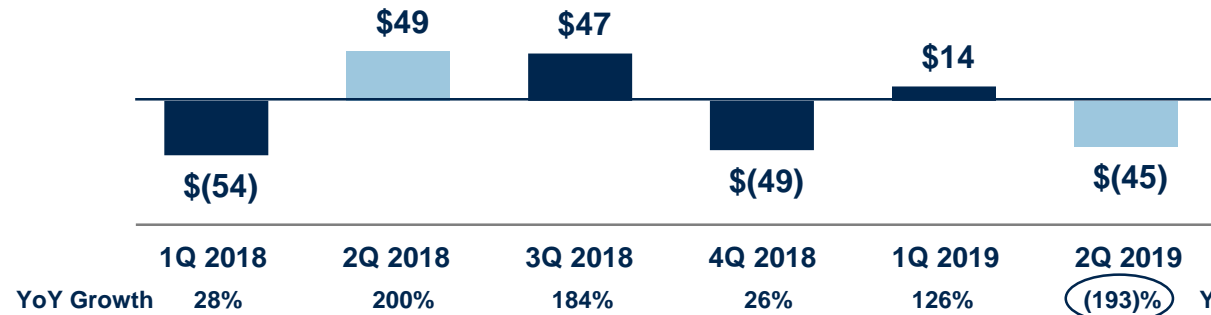
Wholesale Units (000)



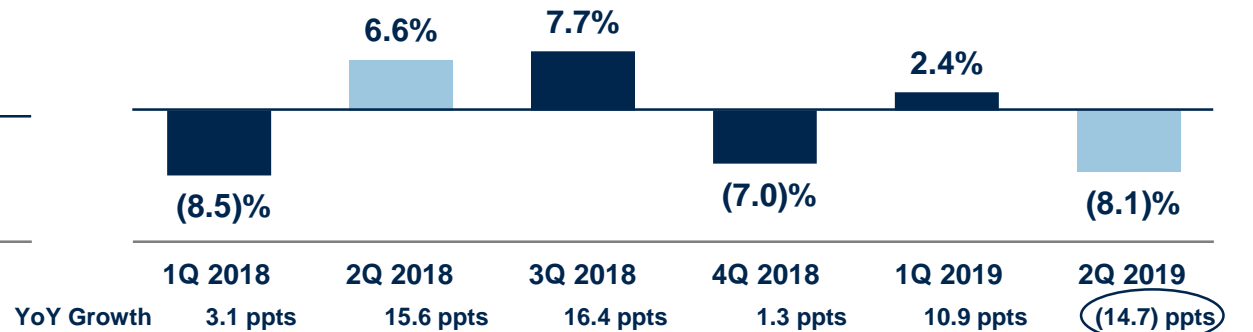
Revenue (\$B)



EBIT (\$M)

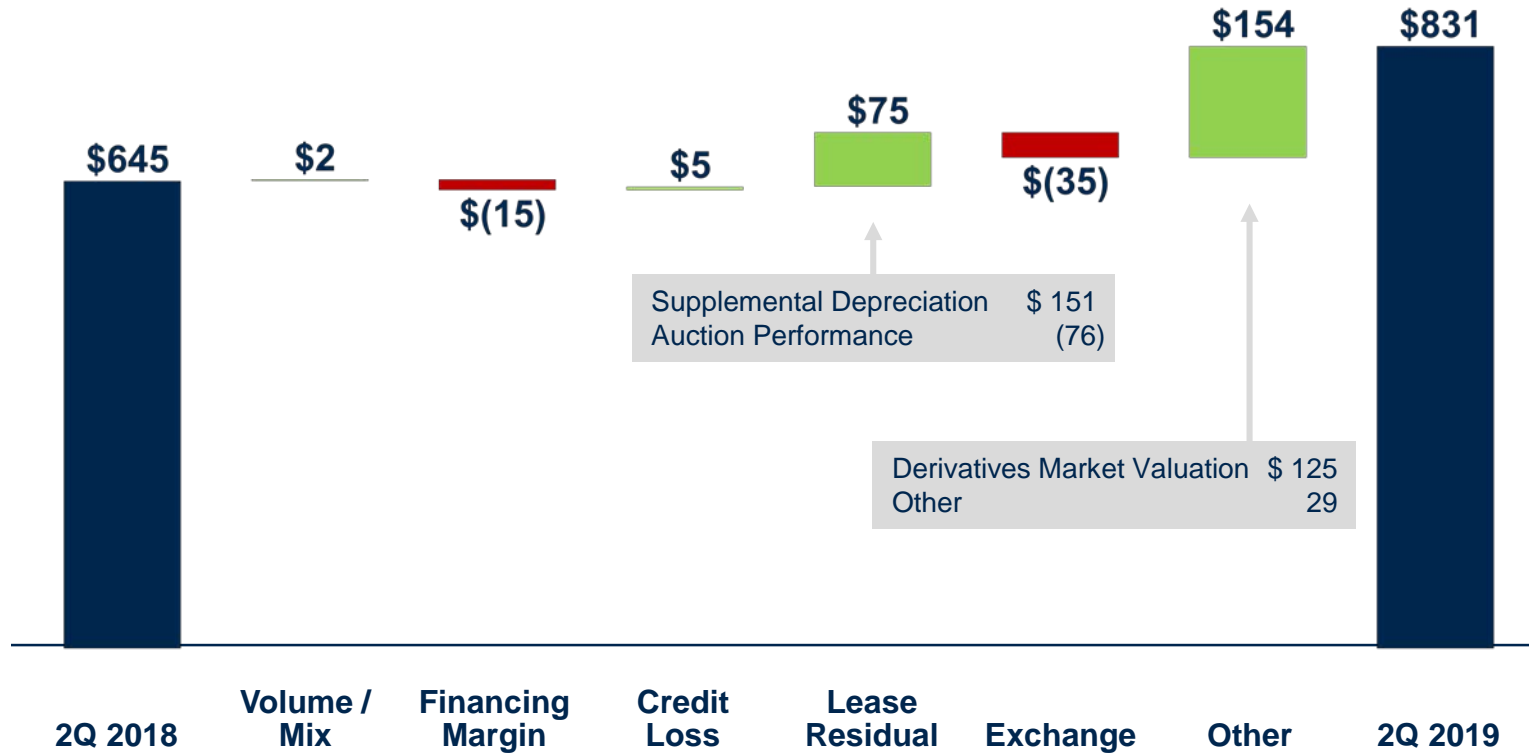


EBIT Margin (%)



Ford Credit

2Q 2019 EBT YoY Bridge (\$M)

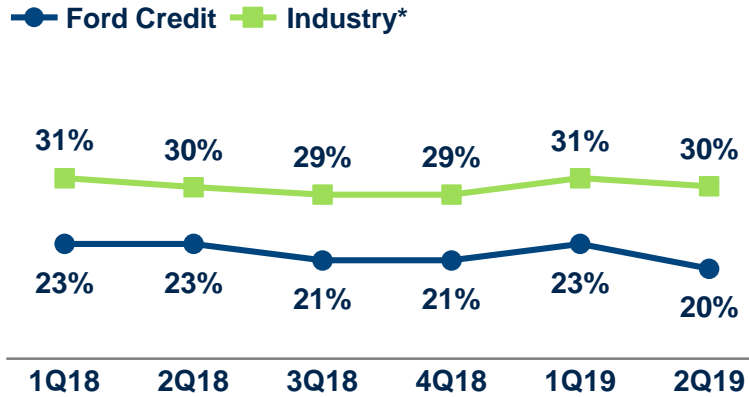


- Ford Credit EBT up 29%
- Lease residual reflects benefit from lower supplemental depreciation on vehicles in Ford Credit lease portfolio
- Favorable derivatives market valuation primarily reflects lower interest rates

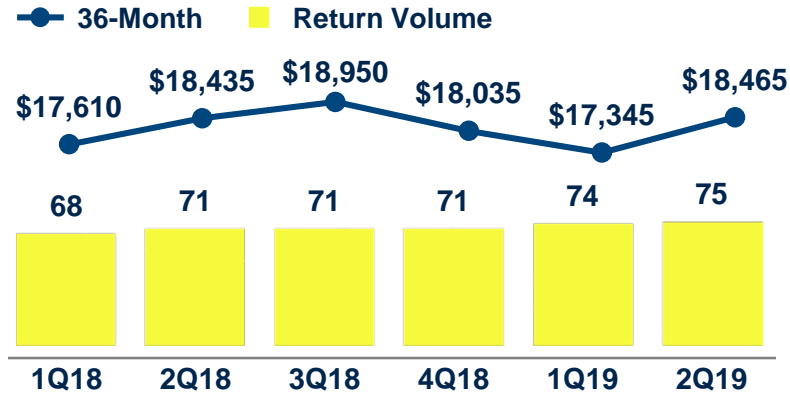
Ford Credit

U.S. Automotive Financing Trends

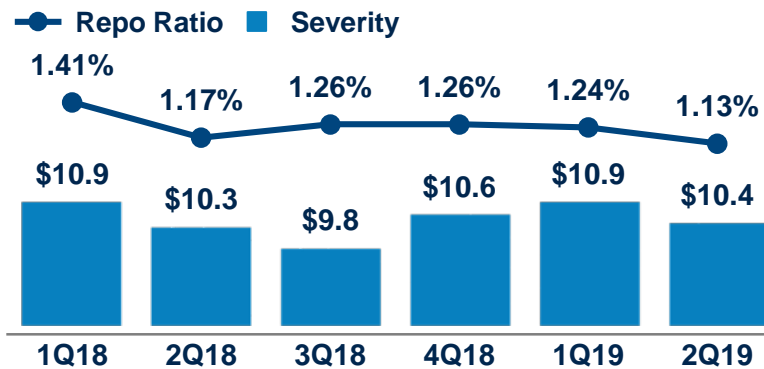
Lease Share of Retail Sales (%)



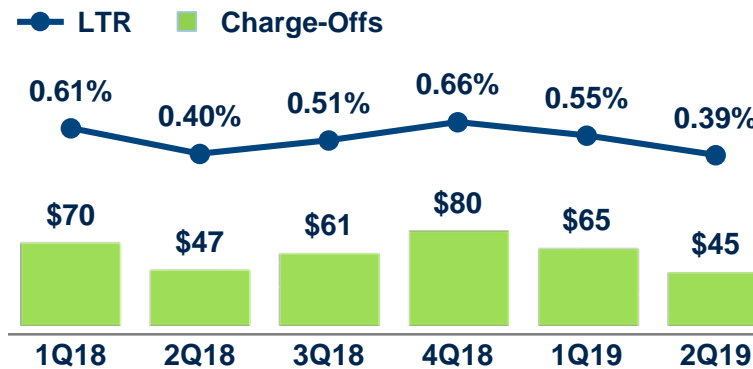
Lease Return Vol. (000) and Auction Values**



Retail Repossession Ratio (%) and Severity (000)



Retail Charge-Offs (\$M) and LTR Ratio (%)



- Lease share below industry reflecting Ford sales mix
- Strong loss metrics reflect healthy consumer credit conditions

* Source: J.D. Power PIN

** At 2Q 2019 mix



Company Cash Flow (\$B)

	SECOND QUARTER		YEAR TO DATE	
	2018	2019	2018	2019
Company Adjusted EBIT*	\$ 1.7	\$ 1.7	\$ 3.9	\$ 4.1
Excluding: Ford Credit EBT	(0.7)	(0.8)	(1.3)	(1.6)
Subtotal	\$ 1.0	\$ 0.8	\$ 2.6	\$ 2.5
Capital spending	\$ (1.9)	\$ (1.9)	\$ (3.7)	\$ (3.5)
Depreciation and tooling amortization	1.4	1.4	2.7	2.7
Net spending	\$ (0.5)	\$ (0.5)	\$ (1.0)	\$ (0.8)
Changes in working capital	(2.1)	(0.1)	(1.0)	0.3
Ford Credit distributions	0.5	0.7	1.5	1.3
All other and timing differences	(0.7)	(0.6)	(0.9)	(1.3)
Company adjusted free cash flow*	\$ (1.8)	\$ 0.2	\$ 1.2	\$ 2.1
Global Redesign (incl. separations)	-	(0.2)	-	(0.4)
Other transactions with Ford Credit	0.1	-	(0.1)	0.2
Other, including acquisitions and divestitures	(0.2)	(0.5)	(0.5)	(0.5)
Other cash flow excl. debt & distributions	\$ (0.1)	\$ (0.7)	\$ (0.6)	\$ (0.7)
Changes in debt	0.2	0.3	0.1	0.3
Funded pension contributions	(0.1)	(0.1)	(0.2)	(0.4)
Shareholder distributions	(0.6)	(0.6)	(1.8)	(1.2)
Debt & Distributions	(0.5)	(0.4)	(1.9)	(1.3)
Change in cash	\$ (2.4)	\$ (1.0)	\$ (1.3)	\$ 0.2

- 2Q Company adj. free cash flow includes impact of Explorer launch and is up \$2B YoY
- First half cash flow up 80% YoY driven by Automotive EBIT and Ford Credit distributions
- Global Redesign drove \$0.2B of cash outflows in quarter
- Acquisitions and divestitures spend reflects primarily our investment in Rivian

* See Appendix for reconciliation to GAAP and definitions

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, can be volatile and 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, including Brexit;
- 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;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, and other regulations that may change in the future;
- 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, 2018, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.





APPENDIX

ADDITIONAL MATERIALS

Shareholder Distributions A1

RECONCILIATIONS TO GAAP

Adjusted EBIT A2

Adjusted Free Cash Flow A3

Adjusted Free Cash Flow – Trailing 5 Quarters A4

Adjusted Earnings Per Share A5

Adjusted Effective Tax Rate A6

Adjusted ROIC A7

Ford Credit Managed Receivables A8

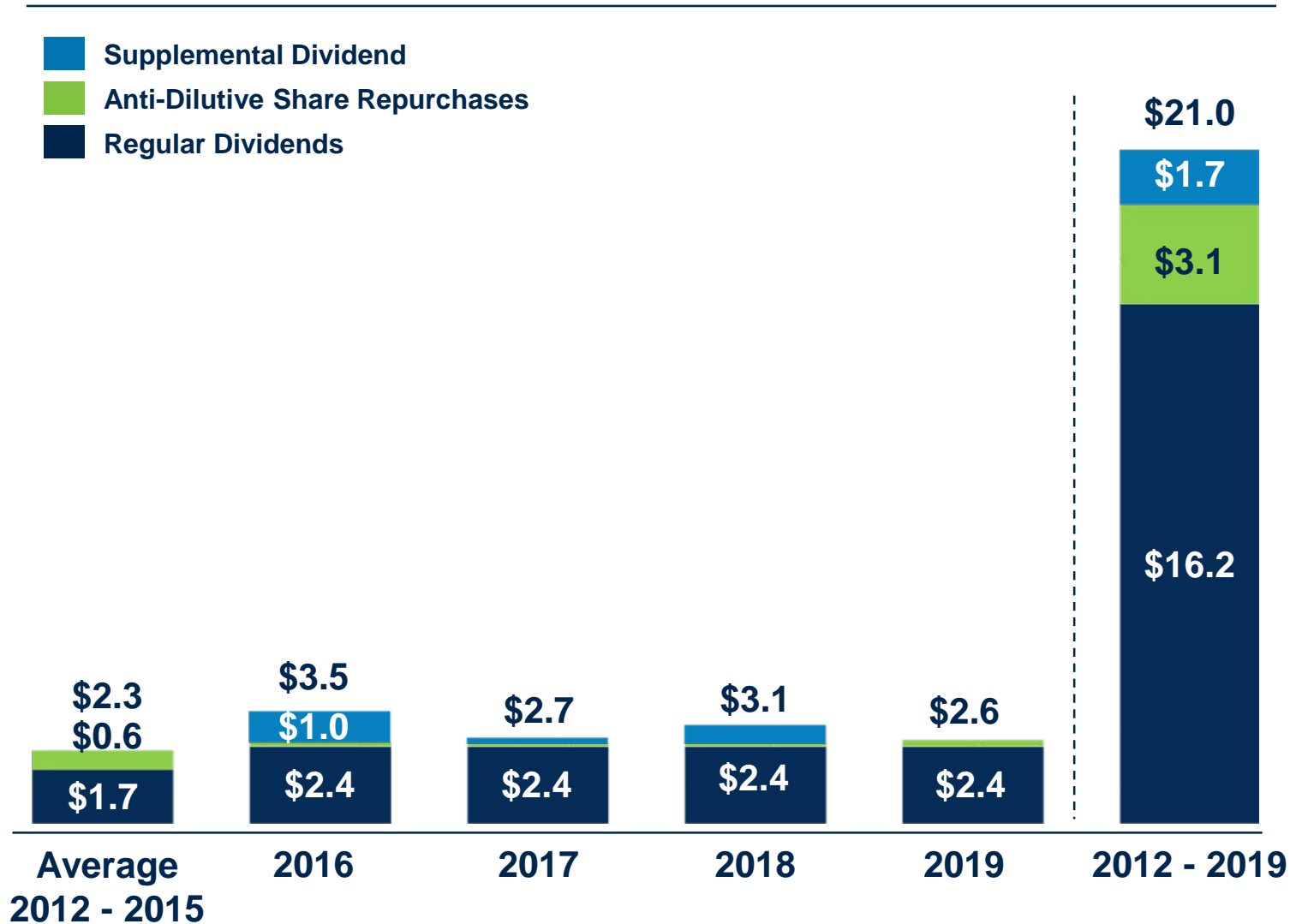
Ford Credit Managed Leverage A9

OTHER

Non-GAAP Financial Measures A10 - A11

Definitions and Calculations A12

Company Shareholder Distributions (\$B)



- Planned FY 2019 total shareholder distributions of \$2.6B
- Declared 2019 third quarter regular dividend of 15¢ per share

Company

Net Income Reconciliation To Adjusted EBIT (\$M)

	2Q		YTD		Memo:
	2018	2019	2018	2019	FY 2018
Net income / (Loss) attributable to Ford (GAAP)	\$ 1,066	\$ 148	\$ 2,802	\$ 1,294	\$ 3,677
Income / (Loss) attributable to non-controlling interests	3	2	12	39	18
Net income / (Loss)	\$ 1,069	\$ 150	\$ 2,814	\$ 1,333	\$ 3,695
Less: (Provision for) / Benefit from income taxes	(280)	(55)	(454)	(482)	(650)
Income / (Loss) before income taxes	\$ 1,349	\$ 205	\$ 3,268	\$ 1,815	\$ 4,345
Less: Special items pre-tax	(42)	(1,205)	(19)	(1,797)	(1,429)
Income / (Loss) before special items pre-tax	\$ 1,391	\$ 1,410	\$ 3,287	\$ 3,612	\$ 5,774
Less: Interest on debt	(301)	(244)	(590)	(489)	(1,228)
Adjusted EBIT (Non-GAAP)	\$ 1,692	\$ 1,654	\$ 3,877	\$ 4,101	\$ 7,002
Memo:					
Revenue (\$B)	\$ 38.9	\$ 38.9	\$ 80.9	\$ 79.2	\$ 160.3
Net income margin (GAAP) (%)	2.7%	0.4%	3.5%	1.6%	2.3%
Adjusted EBIT margin (%)	4.3%	4.3%	4.8%	5.2%	4.4%

Company

Net Cash Provided By / (Used In) Operating Activities Reconciliation To Company Adjusted Free Cash Flow (\$M)

	2Q		YTD	
	2018	2019	2018	2019
Net cash provided by / (used in) operating activities (GAAP)	\$ 4,972	\$ 6,463	\$ 8,486	\$ 10,007
Less: <u>Items not included in Company Adjusted Free Cash Flows</u>				
Ford Credit free cash flows	5,907	5,267	5,592	6,385
Funded pension contributions	(72)	(106)	(160)	(400)
Global Redesign (including separations)	(18)	(222)	(34)	(358)
Other, net	(112)	175	(59)	153
Add: <u>Items included in Company Adjusted Free Cash Flows</u>				
Automotive and Mobility capital spending	(1,898)	(1,911)	(3,667)	(3,531)
Ford Credit distributions	450	650	1,463	1,325
Settlement of derivatives	114	86	(47)	60
Pivotal conversion to a marketable security	263	-	263	-
Company adjusted free cash flow (Non-GAAP)	\$ (1,804)	\$ 174	\$ 1,159	\$ 2,081

Reconciliation To Company Adjusted Free Cash Flow (\$M)

	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Net cash provided by / (Used in) operating activities (GAAP)	\$ 3,514	\$ 4,972	\$ 5,179	\$ 1,357	\$3,544	\$6,463
Less: <u>Items Not Included in Company Adjusted Free Cash Flows</u>						
Ford Credit operating cash flows	(315)	5,907	3,811	(1,232)	1,118	5,267
Funded pension contributions	(88)	(72)	(123)	(153)	(294)	(106)
Global Redesign (including separations)	(16)	(18)	(28)	(117)	(136)	(222)
Other, net	53	(112)	146	(21)	(22)	175
Add: <u>Items Included in Company Adjusted Free Cash Flows</u>						
Automotive and Mobility capital spending	(1,769)	(1,898)	(1,968)	(2,102)	(1,620)	(1,911)
Ford Credit distributions	1,013	450	600	660	675	650
Settlement of derivatives	(161)	114	109	70	(26)	86
Pivotal conversion to a marketable security	-	263	-	-	-	-
Company adjusted free cash flow (Non-GAAP)	\$ 2,963	\$ (1,804)	\$ 115	\$ 1,507	\$ 1,907	\$ 174
<u>Cash Conversion Calculation</u>						
Company Adj. free cash flow (Non-GAAP) (sum of Trailing Four Qtrs)		\$ 2,089				\$ 3,703
Adj. EBIT (Non-GAAP) (sum of Trailing Four Qtrs)		\$ 8,190				\$ 7,226
Adj. free cash conversion (Non-GAAP) (Trailing Four Qtrs)*		26%				51%

* Most comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities divided by Net Income Attributable to Ford is equivalent to 241% in 2Q 2018 and 763% in 2Q 2019

Earnings Per Share Reconciliation To Adjusted Earnings Per Share

	2Q		YTD	
	2018	2019	2018	2019
<u>Diluted After-Tax Results (\$M)</u>				
Diluted after-tax results (GAAP)	\$ 1,066	\$ 148	\$ 2,802	\$ 1,294
Less: Impact of pre-tax and tax special items	(33)	(989)	\$ (14)	\$ (1,574)
Less: Non-controlling interests impact of Russia restructuring	-	-	-	(35)
Adjusted net income – diluted (Non-GAAP)	\$ 1,099	\$ 1,137	\$ 2,816	\$ 2,903
<u>Basic and Diluted Shares (M)</u>				
Basic shares (average shares outstanding)	3,977	3,984	3,976	3,979
Net dilutive options, unvested restricted stock units and restricted stock	22	29	22	26
Diluted shares	3,999	4,013	3,998	4,005
Earnings per share – diluted (GAAP)	\$ 0.27	\$ 0.04	\$ 0.70	\$ 0.32
Less: Net impact of adjustments	-	(0.24)	-	(0.40)
Adjusted earnings per share – diluted (Non-GAAP)	\$ 0.27	\$ 0.28	\$ 0.70	\$ 0.72

Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2019		Memo:
	2Q	YTD	FY 2018
<u>Pre-Tax Results (\$M)</u>			
Income / (Loss) before income taxes (GAAP)	\$ 205	\$ 1,815	\$ 4,345
Less: Impact of special items	(1,205)	(1,797)	(1,429)
Adjusted earnings before taxes (Non-GAAP)	<u>\$ 1,410</u>	<u>\$ 3,612</u>	<u>\$ 5,774</u>
<u>Taxes (\$M)</u>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (55)	\$ (482)	\$ (650)
Less: Impact of special items	216	223	(88)
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	<u>\$ (271)</u>	<u>\$ (705)</u>	<u>\$ (562)</u>
<u>Tax Rate (%)</u>			
Effective tax rate (GAAP)	26.6%	26.5%	15.0%
Adjusted effective tax rate (Non-GAAP)	19.2%	19.5%	9.7%

Company

Adjusted ROIC (\$B)

	Four Quarters Ending	
	2Q 2018	2Q 2019
<u>Adjusted Net Operating Profit After Cash Tax</u>		
Net income attributable to Ford	\$ 6.9	\$ 2.2
Add: Non-controlling interest	-	-
Less: Income tax	-	(0.7)
Add: Cash tax	(0.6)	(0.8)
Less: Interest on debt	(1.2)	(1.1)
Less: Total pension / OPEB income / (cost)	0.7	(0.8)
Add: Pension / OPEB service costs	(1.2)	(1.1)
Net operating profit after cash tax	\$ 5.6	\$ 3.0
Less: Special items (excl. pension / OPEB) pre-tax	(0.3)	(2.3)
Adj. net operating profit after cash tax	\$ 5.9	\$ 5.3
<u>Invested Capital</u>		
Equity	\$ 36.5	\$ 36.1
Redeemable non-controlling interest	0.1	-
Debt (excl. Ford Credit)	16.2	14.6
Net pension and OPEB liability	11.7	11.5
Invested capital (end of period)	\$ 64.5	\$ 62.2
Average invested capital	\$ 64.7	\$ 62.8
Adjusted ROIC (Non-GAAP)*	9.2%	8.5%

* Calculated as the sum of adjusted net operating profit after cash tax from the last four quarters, divided by the average invested capital over the last four quarters

Total Net Receivables Reconciliation To Managed Receivables (\$B)

	2017 Dec 31	2018 Jun 30	2018 Dec 31	2019 Jun 30
Ford Credit finance receivables, net (GAAP)*	\$ 108.4	\$ 107.7	\$ 109.9	\$ 107.6
Net investment in operating leases (GAAP)*	26.7	27.3	27.4	27.7
Consolidating adjustments**	7.6	8.2	8.9	8.1
Total net receivables	\$ 142.7	\$ 143.2	\$ 146.3	\$ 143.4
Ford Credit unearned interest supplements and residual support	6.1	6.4	6.8	6.9
Allowance for credit losses	0.6	0.6	0.6	0.5
Other, primarily accumulated supplemental depreciation	1.1	1.3	1.2	1.1
Total managed receivables (Non-GAAP)	\$ 150.5	\$ 151.5	\$ 154.9	\$ 151.9

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

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

Financial Statement Leverage Reconciliation To Managed Leverage (\$B)

	<u>2018</u> <u>June 30</u>	<u>2018</u> <u>Dec 31</u>	<u>2019</u> <u>Mar 31</u>	<u>2019</u> <u>June 30</u>
<u>Leverage Calculation</u>				
Total debt*	\$ 136.7	\$ 140.1	\$ 142.9	\$ 141.5
Adjustments for cash**	(10.7)	(10.2)	(12.8)	(14.1)
Adjustments for derivative accounting***	0.5	0.2	(0.1)	(0.6)
Total adjusted debt	<u>\$ 126.5</u>	<u>\$ 130.1</u>	<u>\$ 130.0</u>	<u>\$ 126.8</u>
Equity****	\$ 15.3	\$ 15.0	\$ 14.9	\$ 14.9
Adjustments for derivative accounting***	(0.2)	(0.2)	(0.2)	(0.1)
Total adjusted equity	<u>\$ 15.1</u>	<u>\$ 14.8</u>	<u>\$ 14.7</u>	<u>\$ 14.8</u>
Financial statement leverage (to 1) (GAAP)	8.9	9.4	9.6	9.5
Managed leverage (to 1) (Non-GAAP)	8.3	8.8	8.8	8.6

* 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) 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 personnel expenses, dealer-related costs, and facility-related charges stemming from 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), tax special items and restructuring impacts in non-controlling interests. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of the underlying run rate of our business. When we provide guidance for adjusted earnings per share, we do not provide guidance on an earnings per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, 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 Free 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 free 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.
- **Adjusted Free Cash Conversion (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities divided by Net Income Attributable to Ford)** – Company Adjusted Free Cash Conversion is Company adjusted free cash flow divided by Company Adjusted EBIT. This non-GAAP measure is useful to management and investors because it allows users to evaluate how much of Ford’s Adjusted EBIT is converted into cash flow.
- **Adjusted ROIC** – Calculated as the sum of adjusted net operating profit after cash tax from the last four quarters, divided by the average invested capital over the last four quarters. This calculation provides management and investors with useful information to evaluate the Company’s after-cash tax operating return on its invested capital for the period presented. Adjusted net operating profit after cash tax measures operating results less special items, interest on debt (excl. Ford Credit Debt), and certain pension/OPEB costs. Average invested capital is the sum of average balance sheet equity, debt (excl. Ford Credit Debt), and net pension/OPEB liability.
- **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

Return On Equity (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

Pension Funded Status

- Current period balances reflect net underfunded status at December 31, 2018, updated for service and interest cost, expected return on assets, settlement gain and associated interim remeasurement (where applicable), separation expense, actual benefit payments and cash contributions. For plans without interim remeasurement, the discount rate and rate of expected return assumptions are unchanged from year-end 2018

Note: Calculated results may not sum due to rounding

