

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-Q**

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
**For the quarterly period ended September 30, 2021**

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
**Commission file number 1-3950**

**Ford Motor Company**

*(Exact name of Registrant as specified in its charter)*

**Delaware**

*(State of incorporation)*

**38-0549190**

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

**One American Road  
Dearborn, Michigan**

*(Address of principal executive offices)*

**48126**

*(Zip code)*

**313-322-3000**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading symbols</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	F	New York Stock Exchange
6.200% Notes due June 1, 2059	FPRB	New York Stock Exchange
6.000% Notes due December 1, 2059	FPRC	New York Stock Exchange

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

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

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

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

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

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

As of October 22, 2021, Ford had outstanding 3,925,389,427 shares of Common Stock and 70,852,076 shares of Class B Stock.

Exhibit Index begins on page [71](#)

**FORD MOTOR COMPANY**  
**QUARTERLY REPORT ON FORM 10-Q**  
**For the Quarter Ended September 30, 2021**

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. Financial Statements.**

**FORD MOTOR COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in millions)**

	<b>For the periods ended September 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>First Nine Months</b>	
	<b>(unaudited)</b>	
<b>Cash flows from operating activities</b>		
Net income/(loss)	\$ 1,515	\$ 5,637
Depreciation and tooling amortization	6,670	5,478
Other amortization	(938)	(1,034)
Increase/(Decrease) in provision for credit and insurance losses	866	(250)
Pension and other postretirement employee benefits ("OPEB") expense/(income) (Note 13)	(454)	(1,115)
Equity investment dividends received in excess of (earnings)/losses	132	95
Foreign currency adjustments	(216)	348
Net unrealized (gain)/loss on Other Investments (Note 10)	7	(926)
Net (gain)/loss on changes in investments in affiliates (Note 4)	(3,483)	(354)
Stock compensation	170	262
Provision for deferred income taxes	978	652
Decrease/(Increase) in finance receivables (wholesale and other)	11,006	8,508
Decrease/(Increase) in accounts receivable and other assets	74	(1,329)
Decrease/(Increase) in inventory	(202)	(3,129)
Increase/(Decrease) in accounts payable and accrued and other liabilities	3,858	(511)
Other	(253)	(76)
Net cash provided by/(used in) operating activities	<u>19,730</u>	<u>12,256</u>
<b>Cash flows from investing activities</b>		
Capital spending	(4,211)	(4,455)
Acquisitions of finance receivables and operating leases	(43,473)	(34,693)
Collections of finance receivables and operating leases	36,536	39,440
Proceeds from sale of business (Note 17)	1,340	145
Purchases of marketable securities and other investments	(27,401)	(23,243)
Sales and maturities of marketable securities and other investments	24,402	28,439
Settlements of derivatives	(407)	(244)
Other	344	(381)
Net cash provided by/(used in) investing activities	<u>(12,870)</u>	<u>5,008</u>
<b>Cash flows from financing activities</b>		
Cash payments for dividends and dividend equivalents	(596)	(3)
Purchases of common stock	—	—
Net changes in short-term debt	(2,815)	1,568
Proceeds from issuance of long-term debt	54,325	19,300
Principal payments on long-term debt	(50,641)	(36,122)
Other	(242)	(163)
Net cash provided by/(used in) financing activities	<u>31</u>	<u>(15,420)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(160)</u>	<u>(155)</u>
<b>Net increase/(decrease) in cash, cash equivalents, and restricted cash</b>	<u>\$ 6,731</u>	<u>\$ 1,689</u>
<b>Cash, cash equivalents, and restricted cash at beginning of period (Note 7)</b>	<u>\$ 17,741</u>	<u>\$ 25,935</u>
Net increase/(decrease) in cash, cash equivalents, and restricted cash	<u>6,731</u>	<u>1,689</u>
<b>Cash, cash equivalents, and restricted cash at end of period (Note 7)</b>	<u>\$ 24,472</u>	<u>\$ 27,624</u>

The accompanying notes are part of the consolidated financial statements.

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

	For the periods ended September 30,			
	2020	2021	2020	2021
	Third Quarter		First Nine Months	
	(unaudited)			
<b>Revenues</b>				
Automotive	\$ 34,710	\$ 33,211	\$ 82,677	\$ 90,893
Ford Credit	2,774	2,434	8,480	7,700
Mobility	17	38	35	70
Total revenues (Note 3)	37,501	35,683	91,192	98,663
<b>Costs and expenses</b>				
Cost of sales	31,223	30,057	79,677	82,258
Selling, administrative, and other expenses	2,266	2,947	6,663	8,667
Ford Credit interest, operating, and other expenses	1,661	1,337	6,818	3,954
Total costs and expenses	35,150	34,341	93,158	94,879
Operating income/(loss)	2,351	1,342	(1,966)	3,784
Interest expense on Company debt excluding Ford Credit	498	439	1,175	1,365
Other income/(loss), net (Note 4, Note 10, and Note 17)	845	852	5,843	3,883
Equity in net income/(loss) of affiliated companies	58	130	(8)	260
<b>Income/(Loss) before income taxes</b>	2,756	1,885	2,694	6,562
Provision for/(Benefit from) income taxes	366	63	1,179	925
<b>Net income/(loss)</b>	2,390	1,822	1,515	5,637
Less: Income/(Loss) attributable to noncontrolling interests	5	(10)	6	(18)
<b>Net income/(loss) attributable to Ford Motor Company</b>	\$ 2,385	\$ 1,832	\$ 1,509	\$ 5,655
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO FORD MOTOR COMPANY COMMON AND CLASS B STOCK (Note 6)</b>				
Basic income/(loss)	\$ 0.60	\$ 0.46	\$ 0.38	\$ 1.42
Diluted income/(loss)	0.60	0.45	0.38	1.40
<b>Weighted-average shares used in computation of earnings/(loss) per share</b>				
Basic shares	3,976	3,995	3,971	3,989
Diluted shares	4,005	4,036	3,997	4,027

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions)

	For the periods ended September 30,			
	2020	2021	2020	2021
	Third Quarter		First Nine Months	
	(unaudited)			
<b>Net income/(loss)</b>	\$ 2,390	\$ 1,822	\$ 1,515	\$ 5,637
Other comprehensive income/(loss), net of tax (Note 18)				
Foreign currency translation	(70)	(302)	(1,625)	(23)
Marketable securities	(17)	(23)	96	(98)
Derivative instruments	(71)	343	597	154
Pension and other postretirement benefits	15	5	46	18
<b>Total other comprehensive income/(loss), net of tax</b>	(143)	23	(886)	51
<b>Comprehensive income/(loss)</b>	2,247	1,845	629	5,688
Less: Comprehensive income/(loss) attributable to noncontrolling interests	4	(10)	5	(16)
<b>Comprehensive income/(loss) attributable to Ford Motor Company</b>	\$ 2,243	\$ 1,855	\$ 624	\$ 5,704

The accompanying notes are part of the consolidated financial statements.

**FORD MOTOR COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions)

	December 31, 2020	September 30, 2021
	(unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents (Note 7)	\$ 25,243	\$ 27,429
Marketable securities (Note 7)	24,718	18,997
Ford Credit finance receivables, net of allowance for credit losses of \$394 and \$303 (Note 8)	42,401	32,600
Trade and other receivables, less allowances of \$84 and \$46	9,993	10,851
Inventories (Note 9)	10,808	13,508
Other assets	3,581	3,583
<b>Total current assets</b>	<b>116,744</b>	<b>106,968</b>
Ford Credit finance receivables, net of allowance for credit losses of \$911 and \$681 (Note 8)	55,277	50,839
Net investment in operating leases	27,951	26,740
Net property	37,083	36,597
Equity in net assets of affiliated companies	4,901	4,628
Deferred income taxes	12,423	11,891
Other assets	12,882	15,014
<b>Total assets</b>	<b>\$ 267,261</b>	<b>\$ 252,677</b>
<b>LIABILITIES</b>		
Payables	\$ 22,204	\$ 22,923
Other liabilities and deferred revenue (Note 12 and Note 20)	23,645	18,787
Debt payable within one year (Note 14)		
Company excluding Ford Credit	1,374	1,849
Ford Credit	49,969	45,474
<b>Total current liabilities</b>	<b>97,192</b>	<b>89,033</b>
Other liabilities and deferred revenue (Note 12 and Note 20)	28,379	28,808
Long-term debt (Note 14)		
Company excluding Ford Credit	22,633	23,767
Ford Credit	87,708	73,482
Deferred income taxes	538	883
<b>Total liabilities</b>	<b>236,450</b>	<b>215,973</b>
<b>EQUITY</b>		
Common Stock, par value \$0.01 per share (4,042 million shares issued of 6 billion authorized)	40	40
Class B Stock, par value \$0.01 per share (71 million shares issued of 530 million authorized)	1	1
Capital in excess of par value of stock	22,290	22,477
Retained earnings	18,243	23,894
Accumulated other comprehensive income/(loss) (Note 18)	(8,294)	(8,245)
Treasury stock	(1,590)	(1,574)
<b>Total equity attributable to Ford Motor Company</b>	<b>30,690</b>	<b>36,593</b>
Equity attributable to noncontrolling interests	121	111
<b>Total equity</b>	<b>30,811</b>	<b>36,704</b>
<b>Total liabilities and equity</b>	<b>\$ 267,261</b>	<b>\$ 252,677</b>

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

	December 31, 2020	September 30, 2021
	(unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,822	\$ 5,657
Ford Credit finance receivables, net	51,472	43,248
Net investment in operating leases	12,794	8,759
Other assets	—	11
<b>LIABILITIES</b>		
Other liabilities and deferred revenue	\$ 56	\$ 10
Debt	46,770	39,576

The accompanying notes are part of the consolidated financial statements.

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

	Equity Attributable to Ford Motor Company						Equity Attributable to Non-controlling Interests	Total Equity
	Capital Stock	Cap. In Excess of Par Value of Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss) (Note 18)	Treasury Stock	Total		
<b>Balance at December 31, 2019</b>	\$ 41	\$ 22,165	\$ 20,320	\$ (7,728)	\$ (1,613)	\$ 33,185	\$ 45	\$ 33,230
Adoption of accounting standards	—	—	(202)	—	—	(202)	—	(202)
Net income/(loss)	—	—	(1,993)	—	—	(1,993)	—	(1,993)
Other comprehensive income/(loss), net	—	—	—	(733)	—	(733)	—	(733)
Common Stock issued (a)	—	(15)	—	—	—	(15)	—	(15)
Treasury stock/other	—	—	—	—	6	6	3	9
Dividends and dividend equivalents declared (\$0.15 per share) (b)	—	—	(598)	—	—	(598)	—	(598)
<b>Balance at March 31, 2020</b>	\$ 41	\$ 22,150	\$ 17,527	\$ (8,461)	\$ (1,607)	\$ 29,650	\$ 48	\$ 29,698
Net income/(loss)	—	—	1,117	—	—	1,117	1	1,118
Other comprehensive income/(loss), net	—	—	—	(10)	—	(10)	—	(10)
Common Stock issued (a)	—	60	—	—	—	60	—	60
Treasury stock/other	—	—	—	—	6	6	(18)	(12)
Dividends and dividend equivalents declared (b)	—	—	1	—	—	1	—	1
<b>Balance at June 30, 2020</b>	\$ 41	\$ 22,210	\$ 18,645	\$ (8,471)	\$ (1,601)	\$ 30,824	\$ 31	\$ 30,855
Net income/(loss)	—	—	2,385	—	—	2,385	5	2,390
Other comprehensive income/(loss), net	—	—	—	(142)	—	(142)	(1)	(143)
Common stock issued (a)	—	52	—	—	—	52	—	52
Treasury stock/other	—	—	—	—	5	5	1	6
Dividends and dividend equivalents declared (b)	—	—	1	—	—	1	—	1
<b>Balance at September 30, 2020</b>	\$ 41	\$ 22,262	\$ 21,031	\$ (8,613)	\$ (1,596)	\$ 33,125	\$ 36	\$ 33,161
<b>Balance at December 31, 2020</b>	\$ 41	\$ 22,290	\$ 18,243	\$ (8,294)	\$ (1,590)	\$ 30,690	\$ 121	\$ 30,811
Net income/(loss)	—	—	3,262	—	—	3,262	—	3,262
Other comprehensive income/(loss), net	—	—	—	(76)	—	(76)	—	(76)
Common Stock issued (a)	—	(50)	—	—	—	(50)	—	(50)
Treasury stock/other	—	—	—	—	5	5	25	30
Dividends and dividend equivalents declared (b)	—	—	(3)	—	—	(3)	—	(3)
<b>Balance at March 31, 2021</b>	\$ 41	\$ 22,240	\$ 21,502	\$ (8,370)	\$ (1,585)	\$ 33,828	\$ 146	\$ 33,974
Net income/(loss)	—	—	561	—	—	561	(8)	553
Other comprehensive income/(loss), net	—	—	—	102	—	102	2	104
Common Stock issued (a)	—	168	—	—	—	168	—	168
Treasury stock/other	—	—	—	—	6	6	(20)	(14)
Dividends and dividend equivalents declared (b)	—	—	(1)	—	—	(1)	—	(1)
<b>Balance at June 30, 2021</b>	\$ 41	\$ 22,408	\$ 22,062	\$ (8,268)	\$ (1,579)	\$ 34,664	\$ 120	\$ 34,784
Net income/(loss)	—	—	1,832	—	—	1,832	(10)	1,822
Other comprehensive income/(loss), net	—	—	—	23	—	23	—	23
Common stock issued (a)	—	69	—	—	—	69	—	69
Treasury stock/other	—	—	—	—	5	5	1	6
Dividends and dividend equivalents declared (b)	—	—	—	—	—	—	—	—
<b>Balance at September 30, 2021</b>	\$ 41	\$ 22,477	\$ 23,894	\$ (8,245)	\$ (1,574)	\$ 36,593	\$ 111	\$ 36,704

(a) Includes impacts of share-based compensation.

(b) Dividends and dividend equivalents declared for Common and Class B Stock.

The accompanying notes are part of the consolidated financial statements.

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

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

**NOTE 1. PRESENTATION**

For purposes of this report, “Ford,” the “Company,” “we,” “our,” “us,” or similar references mean Ford Motor Company, our consolidated subsidiaries, and our consolidated VIEs of which we are the primary beneficiary, unless the context requires otherwise. We also make reference to Ford Motor Credit Company LLC, herein referenced to as Ford Credit. Our consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information, instructions to the Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X. We reclassified certain prior year amounts in our consolidated financial statements to conform to the current year presentation.

In the opinion of management, these unaudited financial statements reflect a fair statement of our results of operations and financial condition for the periods, and at the dates, presented. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Reference should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2020 (“2020 Form 10-K Report”).

**NOTE 2. NEW ACCOUNTING STANDARDS**

**Adoption of New Accounting Standards**

*Accounting Standards Update (“ASU”) 2019-12, Income Taxes - Simplifying the Accounting for Income Taxes.* Effective January 1, 2021, we adopted the amendments in this ASU to simplify the accounting for income taxes. The amendments clarified that an entity may elect, but is not required, to reflect an allocation of consolidated current and deferred tax expense for non-taxable legal entities that are treated as disregarded by taxing authorities in their separately issued financial statements.

With the adoption of the amendments in ASU 2019-12, Ford Credit’s separately issued financial statements no longer reflect an allocation of our consolidated U.S. current and deferred tax expense to it and certain of its U.S. subsidiaries that are treated as disregarded entities for U.S. tax purposes. Adoption of these amendments reduces complexity in accounting for income taxes and better reflects Ford Credit’s external obligations to tax authorities. Following the adoption, in April 2021, we entered into a Second Amended and Restated Tax Sharing Agreement with Ford Credit. The adoption of ASU 2019-12 and the Second Amended and Restated Tax Sharing Agreement had no impact on our consolidated financial position and results of operations. The amendments were adopted on a retrospective basis and are reflected in Ford Credit’s standalone financial statements and disclosures.

*ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.* Effective January 1, 2021, we adopted the new standard, which simplified guidance on the issuer’s accounting for convertible debt instruments and amended certain guidance related to the computation of earnings per share for convertible instruments and contracts in an entity’s own equity. There was no impact on the date of adoption. During the first quarter of 2021, we issued convertible notes (see Note 14).

**Accounting Standards Issued But Not Yet Adopted**

The Company considers the applicability and impact of all ASUs. ASUs were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial statements.

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

**NOTE 3. REVENUE**

The following tables disaggregate our revenue by major source for the periods ended September 30 (in millions):

	Third Quarter 2020		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	\$ 33,005	\$ —	\$ 33,005
Used vehicles	818	—	818
Services and other revenue (a)	814	37	851
Revenues from sales and services	34,637	37	34,674
Leasing income	90	1,407	1,497
Financing income	—	1,303	1,303
Insurance income	—	27	27
Total revenues	<u>\$ 34,727</u>	<u>\$ 2,774</u>	<u>\$ 37,501</u>
	Third Quarter 2021		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	\$ 32,072	\$ —	\$ 32,072
Used vehicles	450	—	450
Services and other revenue (a)	659	58	717
Revenues from sales and services	33,181	58	33,239
Leasing income	68	1,285	1,353
Financing income	—	1,080	1,080
Insurance income	—	11	11
Total revenues	<u>\$ 33,249</u>	<u>\$ 2,434</u>	<u>\$ 35,683</u>
	First Nine Months 2020		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	\$ 78,252	\$ —	\$ 78,252
Used vehicles	2,282	—	2,282
Services and other revenue (a)	1,945	122	2,067
Revenues from sales and services	82,479	122	82,601
Leasing income	233	4,267	4,500
Financing income	—	3,989	3,989
Insurance income	—	102	102
Total revenues	<u>\$ 82,712</u>	<u>\$ 8,480</u>	<u>\$ 91,192</u>
	First Nine Months 2021		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	\$ 86,870	\$ —	\$ 86,870
Used vehicles	1,947	—	1,947
Services and other revenue (a)	1,923	122	2,045
Revenues from sales and services	90,740	122	90,862
Leasing income	223	4,032	4,255
Financing income	—	3,497	3,497
Insurance income	—	49	49
Total revenues	<u>\$ 90,963</u>	<u>\$ 7,700</u>	<u>\$ 98,663</u>

(a) Includes extended service contract revenue.

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

**NOTE 3. REVENUE (Continued)**

The amount of consideration we receive and revenue we recognize on our vehicles, parts, and accessories varies with changes in return rights and marketing incentives we offer to our customers and their customers. Estimates of marketing incentives are based on expected retail and fleet sales volumes, mix of products to be sold, and incentive programs to be offered. Customer acceptance of products and programs, as well as other market conditions, will impact these estimates. As a result of changes in our estimate of marketing incentives, we recorded an increase related to revenue recognized in prior periods of \$168 million and \$110 million in the third quarter of 2020 and 2021, respectively.

We sell separately-priced service contracts that extend mechanical and maintenance coverages beyond our base warranty agreements to vehicle owners (“extended service contracts”). We had a balance of \$4.2 billion and \$4.3 billion of unearned revenue associated with outstanding contracts reported in *Other liabilities and deferred revenue* at December 31, 2020 and September 30, 2021, respectively. We expect to recognize approximately \$400 million of the unearned amount in the remainder of 2021, \$1.3 billion in 2022, and \$2.6 billion thereafter. We recognized \$295 million and \$333 million of unearned amounts as revenue during the third quarter of 2020 and 2021, respectively, and \$901 million and \$1.0 billion in the first nine months of 2020 and 2021, respectively.

Amounts paid to dealers to obtain these contracts are deferred and recorded as *Other assets*. We had a balance of \$283 million and \$307 million in deferred costs as of December 31, 2020 and September 30, 2021, respectively. We recognized \$20 million and \$21 million of amortization during the third quarter of 2020 and 2021, respectively, and \$59 million and \$60 million in the first nine months of 2020 and 2021, respectively.

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

**NOTE 4. OTHER INCOME/(LOSS)**

The amounts included in *Other income/(loss), net* for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
Net periodic pension and OPEB income/(cost), excluding service cost	\$ 277	\$ 590	\$ 1,272	\$ 1,970
Investment-related interest income	90	60	374	196
Interest income/(expense) on income taxes	(4)	3	(15)	—
Realized and unrealized gains/(losses) on cash equivalents, marketable securities, and other investments (Note 10)	297	(7)	312	899
Gains/(Losses) on changes in investments in affiliates (Note 17)	3	22	3,483	354
Royalty income	139	162	322	461
Other	43	22	95	3
Total	<u>\$ 845</u>	<u>\$ 852</u>	<u>\$ 5,843</u>	<u>\$ 3,883</u>

**NOTE 5. INCOME TAXES**

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

During the third quarter, we recorded a tax benefit of \$295 million, resulting from the reduction of valuation allowances recorded on various deferred tax assets. We believe future realization of these assets is now more likely than not as a result of tax planning actions implemented during the quarter.

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

Basic and diluted earnings/(loss) per share were calculated using the following (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
Net income/(loss) attributable to Ford Motor Company	\$ 2,385	\$ 1,832	\$ 1,509	\$ 5,655
<b>Basic and Diluted Shares</b>				
Basic shares (average shares outstanding)	3,976	3,995	3,971	3,989
Net dilutive options, unvested restricted stock units, and unvested restricted stock shares	29	41	26	38
Diluted shares	<u>\$ 4,005</u>	<u>\$ 4,036</u>	<u>\$ 3,997</u>	<u>\$ 4,027</u>

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

**NOTE 7. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES**

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

	Fair Value Level	December 31, 2020		
		Company excluding Ford Credit	Ford Credit	Consolidated
<b>Cash and cash equivalents</b>				
U.S. government	1	\$ 2,940	\$ 3,255	\$ 6,195
U.S. government agencies	2	850	640	1,490
Non-U.S. government and agencies	2	600	717	1,317
Corporate debt	2	605	970	1,575
Total marketable securities classified as cash equivalents		4,995	5,582	10,577
Cash, time deposits, and money market funds		5,899	8,767	14,666
Total cash and cash equivalents		\$ 10,894	\$ 14,349	\$ 25,243
<b>Marketable securities</b>				
U.S. government	1	\$ 4,709	\$ 1,082	\$ 5,791
U.S. government agencies	2	3,259	485	3,744
Non-U.S. government and agencies	2	4,448	2,693	7,141
Corporate debt	2	7,095	308	7,403
Equities (a)	1	113	—	113
Other marketable securities	2	234	292	526
Total marketable securities		\$ 19,858	\$ 4,860	\$ 24,718
<b>Restricted cash</b>		\$ 45	\$ 647	\$ 692
<b>September 30, 2021</b>				
	Fair Value Level	Company excluding Ford Credit	Ford Credit	Consolidated
<b>Cash and cash equivalents</b>				
U.S. government	1	\$ 5,873	\$ 1,715	\$ 7,588
U.S. government agencies	2	330	—	330
Non-U.S. government and agencies	2	950	454	1,404
Corporate debt	2	529	995	1,524
Total marketable securities classified as cash equivalents		7,682	3,164	10,846
Cash, time deposits, and money market funds		6,784	9,799	16,583
Total cash and cash equivalents		\$ 14,466	\$ 12,963	\$ 27,429
<b>Marketable securities</b>				
U.S. government	1	\$ 3,312	\$ 448	\$ 3,760
U.S. government agencies	2	2,353	175	2,528
Non-U.S. government and agencies	2	4,836	878	5,714
Corporate debt	2	6,189	291	6,480
Equities (a)	1	13	—	13
Other marketable securities	2	248	254	502
Total marketable securities		\$ 16,951	\$ 2,046	\$ 18,997
<b>Restricted cash</b>		\$ 66	\$ 129	\$ 195

(a) Net unrealized gains/losses incurred during the reporting periods on equity securities still held at December 31, 2020 and September 30, 2021 were a \$24 million gain and a \$2 million loss, respectively.

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

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

The cash equivalents and marketable securities accounted for as available-for-sale (“AFS”) securities were as follows (in millions):

	December 31, 2020						
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value of Securities with Contractual Maturities		
					Within 1 Year	After 1 Year through 5 Years	After 5 Years
<b>Company excluding Ford Credit</b>							
U.S. government	\$ 2,894	\$ 44	\$ —	\$ 2,938	\$ 1,649	\$ 1,286	\$ 3
U.S. government agencies	2,588	15	—	2,603	772	1,629	202
Non-U.S. government and agencies	2,926	31	—	2,957	1,330	1,617	10
Corporate debt	7,482	102	(1)	7,583	3,566	3,987	30
Other marketable securities	212	3	—	215	1	147	67
Total	<u>\$ 16,102</u>	<u>\$ 195</u>	<u>\$ (1)</u>	<u>\$ 16,296</u>	<u>\$ 7,318</u>	<u>\$ 8,666</u>	<u>\$ 312</u>

  

	September 30, 2021						
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value of Securities with Contractual Maturities		
					Within 1 Year	After 1 Year through 5 Years	After 5 Years
<b>Company excluding Ford Credit</b>							
U.S. government	\$ 2,737	\$ 15	\$ (2)	\$ 2,750	\$ 1,306	\$ 1,444	\$ —
U.S. government agencies	2,253	7	(7)	2,253	347	1,213	693
Non-U.S. government and agencies	3,551	15	(7)	3,559	1,205	2,234	120
Corporate debt	6,630	47	(5)	6,672	1,619	4,724	329
Other marketable securities	229	1	—	230	41	189	—
Total	<u>\$ 15,400</u>	<u>\$ 85</u>	<u>\$ (21)</u>	<u>\$ 15,464</u>	<u>\$ 4,518</u>	<u>\$ 9,804</u>	<u>\$ 1,142</u>

Sales proceeds and gross realized gains/losses from the sale of AFS securities for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
<b>Company excluding Ford Credit</b>				
Sales proceeds	\$ 2,243	\$ 914	\$ 6,560	\$ 4,453
Gross realized gains	16	4	44	21
Gross realized losses	1	1	11	3

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

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

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

	December 31, 2020					
	Less than 1 Year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Company excluding Ford Credit</b>						
U.S. government	\$ 181	\$ —	\$ —	\$ —	\$ 181	\$ —
U.S. government agencies	83	—	—	—	83	—
Non-U.S. government and agencies	164	—	10	—	174	—
Corporate debt	1,538	(1)	9	—	1,547	(1)
Other marketable securities	23	—	13	—	36	—
Total	<u>\$ 1,989</u>	<u>\$ (1)</u>	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 2,021</u>	<u>\$ (1)</u>
	September 30, 2021					
	Less than 1 Year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>Company excluding Ford Credit</b>						
U.S. government	\$ 815	\$ (2)	\$ —	\$ —	\$ 815	\$ (2)
U.S. government agencies	1,083	(7)	15	—	1,098	(7)
Non-U.S. government and agencies	1,251	(7)	29	—	1,280	(7)
Corporate debt	1,848	(4)	68	(1)	1,916	(5)
Other marketable securities	88	—	6	—	94	—
Total	<u>\$ 5,085</u>	<u>\$ (20)</u>	<u>\$ 118</u>	<u>\$ (1)</u>	<u>\$ 5,203</u>	<u>\$ (21)</u>

We determine credit losses on AFS debt securities using the specific identification method. During the first nine months of 2021, we did not recognize any credit loss. The unrealized losses on securities are due to changes in interest rates and market liquidity.

**Cash, Cash Equivalents, and Restricted Cash**

Cash, cash equivalents, and restricted cash, as reported in the consolidated statements of cash flows, were as follows (in millions):

	December 31, 2020	September 30, 2021
Cash and cash equivalents	\$ 25,243	\$ 27,429
Restricted cash (a)	692	195
<b>Total cash, cash equivalents, and restricted cash</b>	<u>\$ 25,935</u>	<u>\$ 27,624</u>

(a) Included in *Other assets* in the non-current assets section of our consolidated balance sheets.

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

**NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES**

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

Finance receivables are recorded at the time of origination or purchase at fair value and are subsequently reported at amortized cost, net of any allowance for credit losses.

For all finance receivables, Ford Credit defines “past due” as any payment, including principal and interest, that is at least 31 days past the contractual due date.

*Ford Credit finance receivables, net* were as follows (in millions):

	December 31, 2020	September 30, 2021
<b>Consumer</b>		
Retail installment contracts, gross	\$ 73,631	\$ 68,289
Finance leases, gross	8,431	7,644
Retail financing, gross	82,062	75,933
Unearned interest supplements	(3,987)	(3,086)
Consumer finance receivables	78,075	72,847
<b>Non-Consumer</b>		
Dealer financing	20,908	11,576
Non-Consumer finance receivables	20,908	11,576
Total recorded investment	\$ 98,983	\$ 84,423
Recorded investment in finance receivables	\$ 98,983	\$ 84,423
Allowance for credit losses	(1,305)	(984)
Total finance receivables, net	\$ 97,678	\$ 83,439
Current portion	\$ 42,401	\$ 32,600
Non-current portion	55,277	50,839
Total finance receivables, net	\$ 97,678	\$ 83,439
Net finance receivables subject to fair value (a)	\$ 89,651	\$ 76,140
Fair value (b)	91,238	77,520

(a) Net finance receivables subject to fair value exclude finance leases.

(b) The fair value of finance receivables is categorized within Level 3 of the fair value hierarchy.

Ford Credit’s finance leases are comprised of sales-type and direct financing leases. Financing revenue from finance leases for the third quarter of 2020 and 2021 was \$96 million and \$86 million, respectively, and for the first nine months of 2020 and 2021 was \$268 million and \$264 million, respectively, and is included in *Ford Credit revenues* on our consolidated income statements.

At December 31, 2020 and September 30, 2021, accrued interest was \$181 million and \$125 million, respectively, which we report in *Other assets* in the current assets section of our consolidated balance sheets.

Included in the recorded investment in finance receivables at December 31, 2020 and September 30, 2021, were consumer receivables of \$43.7 billion and \$37.3 billion, respectively, and non-consumer receivables of \$16.4 billion and \$12.3 billion, respectively, that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. The receivables are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay the other obligations or the claims of Ford Credit’s other creditors. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions.

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

**NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)****Credit Quality**

*Consumer Portfolio.* Credit quality ratings for consumer receivables are based on Ford Credit's aging analysis. Consumer receivables credit quality ratings are as follows:

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

The credit quality analysis of consumer receivables at December 31, 2020 was as follows (in millions):

	Amortized Cost Basis by Origination Year						Total	Percent
	Prior to 2016	2016	2017	2018	2019	2020		
<b>Consumer</b>								
31 - 60 days past due	\$ 45	\$ 62	\$ 103	\$ 162	\$ 166	\$ 143	\$ 681	0.9 %
61 - 120 days past due	7	12	24	44	45	31	163	0.2
Greater than 120 days past due	11	6	7	8	7	2	41	—
Total past due	63	80	134	214	218	176	885	1.1
Current	782	2,518	6,648	13,704	20,822	32,716	77,190	98.9
Total	\$ 845	\$ 2,598	\$ 6,782	\$ 13,918	\$ 21,040	\$ 32,892	\$ 78,075	100.0 %

The credit quality analysis of consumer receivables at September 30, 2021 was as follows (in millions):

	Amortized Cost Basis by Origination Year						Total	Percent
	Prior to 2017	2017	2018	2019	2020	2021		
<b>Consumer</b>								
31 - 60 days past due	\$ 44	\$ 54	\$ 94	\$ 114	\$ 157	\$ 50	\$ 513	0.7 %
61 - 120 days past due	7	12	21	28	34	14	116	0.2
Greater than 120 days past due	12	7	8	10	9	—	46	—
Total past due	63	73	123	152	200	64	675	0.9
Current	1,195	3,450	8,102	14,538	25,340	19,547	72,172	99.1
Total	\$ 1,258	\$ 3,523	\$ 8,225	\$ 14,690	\$ 25,540	\$ 19,611	\$ 72,847	100.0 %

*Non-Consumer Portfolio.* The credit quality of dealer financing receivables is evaluated based on Ford Credit's internal dealer risk rating analysis. Ford Credit uses a proprietary model to assign each dealer a risk rating. This model uses historical dealer performance data to identify key factors about a dealer that are considered most significant in predicting a dealer's ability to meet its financial obligations. Ford Credit also considers numerous other financial and qualitative factors of the dealer's operations, including capitalization and leverage, liquidity and cash flow, profitability, and credit history with Ford Credit and other creditors.

Dealers are assigned to one of four groups according to risk ratings as follows:

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

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

**NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

The credit quality analysis of dealer financing receivables at December 31, 2020 was as follows (in millions):

	Amortized Cost Basis by Origination Year									
	Dealer Loans							Wholesale Loans	Total	Percent
	Prior to 2016	2016	2017	2018	2019	2020	Total			
Group I	\$ 503	\$ 129	\$ 110	\$ 188	\$ 70	\$ 248	\$ 1,248	\$ 13,160	\$ 14,408	68.9 %
Group II	38	20	11	35	3	87	194	4,680	4,874	23.3
Group III	9	—	3	19	3	35	69	1,464	1,533	7.3
Group IV	2	—	—	—	2	6	10	83	93	0.5
<b>Total (a)</b>	<b>\$ 552</b>	<b>\$ 149</b>	<b>\$ 124</b>	<b>\$ 242</b>	<b>\$ 78</b>	<b>\$ 376</b>	<b>\$ 1,521</b>	<b>\$ 19,387</b>	<b>\$ 20,908</b>	<b>100.0 %</b>

(a) Total past due dealer financing receivables at December 31, 2020 were \$99 million.

The credit quality analysis of dealer financing receivables at September 30, 2021 was as follows (in millions):

	Amortized Cost Basis by Origination Year									
	Dealer Loans							Wholesale Loans	Total	Percent
	Prior to 2017	2017	2018	2019	2020	2021	Total			
Group I	\$ 464	\$ 91	\$ 173	\$ 46	\$ 111	\$ 260	\$ 1,145	\$ 6,650	\$ 7,795	67.3 %
Group II	12	5	25	2	6	70	120	2,888	3,008	26.0
Group III	10	—	1	—	1	24	36	676	712	6.2
Group IV	—	—	4	—	—	5	9	52	61	0.5
<b>Total (a)</b>	<b>\$ 486</b>	<b>\$ 96</b>	<b>\$ 203</b>	<b>\$ 48</b>	<b>\$ 118</b>	<b>\$ 359</b>	<b>\$ 1,310</b>	<b>\$ 10,266</b>	<b>\$ 11,576</b>	<b>100.0 %</b>

(a) Total past due dealer financing receivables at September 30, 2021 were \$64 million.

**Non-Accrual of Revenue.** The accrual of financing revenue is discontinued at the time a receivable is determined to be uncollectible or when it is 90 days past due. Accounts may be restored to accrual status only when a customer settles all past-due deficiency balances and future payments are reasonably assured. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

**Troubled Debt Restructuring ("TDR").** A restructuring of debt constitutes a TDR if a concession is granted to a debtor for economic or legal reasons related to the debtor's financial difficulties that Ford Credit otherwise would not consider. Consumer and non-consumer receivables that have a modified interest rate below market rate or that were modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code, except non-consumer receivables that are current with minimal risk of loss, are considered to be TDRs. Ford Credit does not grant concessions on the principal balance of the receivables. If a receivable is modified in a reorganization proceeding, all payment requirements of the reorganization plan need to be met before remaining balances are forgiven.

**Allowance for Credit Losses**

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in finance receivables as of the balance sheet date.

Adjustments to the allowance for credit losses are made by recording charges to *Ford Credit interest, operating, and other expenses* on our consolidated income statements. The uncollectible portion of a finance receivable is charged to the allowance for credit losses at the earlier of when an account is deemed to be uncollectible or when an account is 120 days delinquent, taking into consideration the financial condition of the customer or borrower, the value of the collateral, recourse to guarantors, and other factors.

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

**NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)**

Charge-offs on finance receivables include uncollected amounts related to principal, interest, late fees, and other allowable charges. Recoveries on finance receivables previously charged off as uncollectible are credited to the allowance for credit losses. In the event Ford Credit repossesses the collateral, the receivable is charged off and the collateral is recorded at its estimated fair value less costs to sell and reported in *Other assets* on our consolidated balance sheets.

An analysis of the allowance for credit losses related to finance receivables for the periods ended September 30 was as follows (in millions):

	Third Quarter 2020			First Nine Months 2020		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
<b>Allowance for credit losses</b>						
Beginning balance	\$ 1,211	\$ 74	\$ 1,285	\$ 496	\$ 17	\$ 513
Adoption of ASU 2016-13 (a)	—	—	—	247	5	252
Charge-offs	(104)	(5)	(109)	(329)	(6)	(335)
Recoveries	41	2	43	117	5	122
Increase/(Decrease) in provision for credit losses	95	(9)	86	723	42	765
Other (b)	8	1	9	(3)	—	(3)
Ending balance	<u>\$ 1,251</u>	<u>\$ 63</u>	<u>\$ 1,314</u>	<u>\$ 1,251</u>	<u>\$ 63</u>	<u>\$ 1,314</u>

	Third Quarter 2021			First Nine Months 2021		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
<b>Allowance for credit losses</b>						
Beginning balance	\$ 1,022	\$ 39	\$ 1,061	\$ 1,245	\$ 60	\$ 1,305
Charge-offs	(58)	(2)	(60)	(210)	(5)	(215)
Recoveries	50	1	51	158	6	164
Increase/(Decrease) in provision for credit losses	(58)	(1)	(59)	(242)	(23)	(265)
Other (b)	(9)	—	(9)	(4)	(1)	(5)
Ending balance	<u>\$ 947</u>	<u>\$ 37</u>	<u>\$ 984</u>	<u>\$ 947</u>	<u>\$ 37</u>	<u>\$ 984</u>

(a) Cumulative pre-tax adjustments related to the adoption of ASU 2016-13, Credit Losses - Measurement of Credit Losses on Financial Instruments, were recorded in retained earnings as of January 1, 2020.

(b) Primarily represents amounts related to translation adjustments.

The allowance for credit losses considers economic conditions attributable to the COVID-19 pandemic. The allowance reflects economic uncertainty and an expectation of continued higher unemployment, which increases the probability of default and loss given default rates used in Ford Credit's estimate of the lifetime expected credit losses for its consumer portfolio, especially in the United States.

During the third quarter and first nine months of 2021, the allowance for credit losses decreased \$77 million and \$321 million, respectively, primarily reflecting improvement in the economic outlook that caused Ford Credit to lower its expectation of lifetime losses attributable to macroeconomic assumptions driven by COVID-19. Although net charge-offs remained low in the third quarter and first nine months ended September 30, 2021, due in part to government stimulus, changes in consumer spending behavior, and high vehicle collateral values, the impact of COVID-19 on future credit losses remains uncertain. Ford Credit will continue to monitor economic trends and conditions and portfolio performance and will adjust the reserve accordingly.

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

**NOTE 9. INVENTORIES**

Inventories were as follows (in millions):

	December 31, 2020	September 30, 2021
Raw materials, work-in-process, and supplies	\$ 4,676	\$ 5,919
Finished products	6,132	7,589
Total inventories	<u>\$ 10,808</u>	<u>\$ 13,508</u>

Finished products at September 30, 2021 in the table above include vehicles completed but awaiting installation of components affected by the semiconductor supply shortage, after which, they will proceed through an additional quality review process prior to being shipped to our dealers.

**NOTE 10. OTHER INVESTMENTS**

We have investments in entities not accounted for under the equity method for which fair values are not readily available. We record these investments at cost (less impairment, if any), adjusted for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. We report the carrying value of these investments in *Other assets* in the non-current assets section of our consolidated balance sheets. These investments were \$1.7 billion and \$2.9 billion at December 31, 2020 and September 30, 2021, respectively. The increase from December 31, 2020 primarily reflects an observable event of \$902 million (measured using an option pricing model) for our investment in Rivian, reported in *Other income/(loss), net* on our consolidated income statements. The cumulative net unrealized gain from adjustments related to Other Investments held at September 30, 2021 is \$1.2 billion.

In July 2021, we purchased \$415 million of Rivian's unsecured senior convertible notes, which is reported in *Other assets* on our consolidated balance sheets.

**NOTE 11. GOODWILL**

The net carrying amount of goodwill was \$258 million and \$695 million at December 31, 2020 and September 30, 2021, respectively, and is reported in *Other assets* in the non-current assets section of our consolidated balance sheets. The increase from December 31, 2020 primarily reflects the acquisitions of Getrag Ford Transmissions GmbH in March 2021 and Electriphi, Inc. in June 2021 (see Note 17).

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

**NOTE 12. OTHER LIABILITIES AND DEFERRED REVENUE**

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

	<u>December 31, 2020</u>	<u>September 30, 2021</u>
<b>Current</b>		
Dealer and dealers' customer allowances and claims	\$ 12,702	\$ 8,132
Deferred revenue	2,161	2,484
Employee benefit plans	1,752	1,587
Accrued interest	1,215	1,098
OPEB (a)	339	339
Pension (a)	193	192
Operating lease liabilities	323	335
Other	4,960	4,620
Total current other liabilities and deferred revenue	<u>\$ 23,645</u>	<u>\$ 18,787</u>
<b>Non-current</b>		
Pension (a)	\$ 10,738	\$ 9,894
OPEB (a)	6,236	6,116
Dealer and dealers' customer allowances and claims	3,072	4,368
Deferred revenue	4,559	4,675
Operating lease liabilities	991	966
Employee benefit plans	1,074	1,073
Other	1,709	1,716
Total non-current other liabilities and deferred revenue	<u>\$ 28,379</u>	<u>\$ 28,808</u>

(a) Balances at September 30, 2021 reflect pension and OPEB liabilities at December 31, 2020, updated for: service and interest cost; expected return on assets; curtailments, settlements, 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 2020. Included in *Other* assets are pension assets of \$4.3 billion and \$5.9 billion at December 31, 2020 and September 30, 2021, respectively.

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

**NOTE 13. RETIREMENT BENEFITS****Defined Benefit Plans - Expense**

The pre-tax net periodic benefit cost/(income) for our defined benefit pension and OPEB plans for the periods ended September 30 were as follows (in millions):

	Third Quarter					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2020	2021	2020	2021	2020	2021
Service cost	\$ 130	\$ 131	\$ 135	\$ 140	\$ 12	\$ 12
Interest cost	322	232	130	107	43	31
Expected return on assets	(699)	(681)	(272)	(283)	—	—
Amortization of prior service costs/(credits)	1	1	8	5	(4)	(3)
Net remeasurement (gain)/loss	(1)	(40)	55	—	—	—
Separation programs/other	—	10	66	23	(1)	1
Settlements and curtailments	1	7	74	—	—	—
Net periodic benefit cost/(income)	<u>\$ (246)</u>	<u>\$ (340)</u>	<u>\$ 196</u>	<u>\$ (8)</u>	<u>\$ 50</u>	<u>\$ 41</u>

  

	First Nine Months					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2020	2021	2020	2021	2020	2021
Service cost	\$ 390	\$ 396	\$ 393	\$ 423	\$ 35	\$ 36
Interest cost	968	694	393	315	127	95
Expected return on assets	(2,097)	(2,047)	(793)	(852)	—	—
Amortization of prior service costs/(credits)	3	2	25	17	(12)	(9)
Net remeasurement (gain)/loss	3	201	(177)	(565)	58	—
Separation programs/other	13	15	123	107	(1)	1
Settlements and curtailments	5	56	92	—	(2)	—
Net periodic benefit cost/(income)	<u>\$ (715)</u>	<u>\$ (683)</u>	<u>\$ 56</u>	<u>\$ (555)</u>	<u>\$ 205</u>	<u>\$ 123</u>

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

In the third quarter of 2020 and 2021, we recognized \$92 million and \$22 million, respectively, of expenses related to ongoing global redesign programs. In the first nine months of 2020 and 2021, we recognized \$167 million and \$106 million, respectively, of expenses related to ongoing global redesign programs. Until our global redesign actions are completed, we anticipate further adjustments to our plans in subsequent periods.

**Pension Plan Contributions**

During 2021, we expect to contribute about \$800 million of cash to our global funded pension plans. We also expect to make about \$390 million of benefit payments to participants in unfunded plans. In the first nine months of 2021, we contributed \$602 million to our worldwide funded pension plans and made \$290 million of benefit payments to participants in unfunded plans.

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

**NOTE 14. DEBT**

The carrying value of Company debt excluding Ford Credit and Ford Credit debt was as follows (in millions):

	December 31, 2020	September 30, 2021
<b>Company excluding Ford Credit</b>		
<b>Debt payable within one year</b>		
Short-term	\$ 613	\$ 332
Long-term payable within one year		
Public unsecured debt securities	180	86
U.S. Department of Energy Advanced Technology Vehicles Manufacturing ("DOE ATVM") Incentive Program	148	1,101
Other debt	434	328
Unamortized (discount)/premium	(1)	2
Total debt payable within one year	1,374	1,849
<b>Long-term debt payable after one year</b>		
Public unsecured debt securities	18,877	18,792
Convertible notes	—	2,300
Delayed draw term loan	1,500	1,500
DOE ATVM Incentive Program	1,064	—
U.K. Export Finance Program	854	841
Other debt	768	756
Unamortized (discount)/premium	(242)	(220)
Unamortized issuance costs	(188)	(202)
Total long-term debt payable after one year	22,633	23,767
Total Company excluding Ford Credit	\$ 24,007	\$ 25,616
Fair value of Company debt excluding Ford Credit (a)	\$ 27,794	\$ 29,911
<b>Ford Credit</b>		
<b>Debt payable within one year</b>		
Short-term	\$ 11,429	\$ 13,056
Long-term payable within one year		
Unsecured debt	17,185	13,229
Asset-backed debt	21,345	19,187
Unamortized (discount)/premium	2	1
Unamortized issuance costs	(17)	(15)
Fair value adjustments (b)	25	16
Total debt payable within one year	49,969	45,474
<b>Long-term debt payable after one year</b>		
Unsecured debt	54,197	47,396
Asset-backed debt	32,276	25,542
Unamortized (discount)/premium	28	29
Unamortized issuance costs	(235)	(212)
Fair value adjustments (b)	1,442	727
Total long-term debt payable after one year	87,708	73,482
Total Ford Credit	\$ 137,677	\$ 118,956
Fair value of Ford Credit debt (a)	\$ 139,796	\$ 121,369

(a) At December 31, 2020 and September 30, 2021, the fair value of debt includes \$529 million and \$126 million of Company excluding Ford Credit short-term debt and \$10.4 billion and \$12.7 billion of Ford Credit short-term debt, respectively, carried at cost, which approximates fair value. All other debt is categorized within Level 2 of the fair value hierarchy.

(b) These adjustments are related to hedging activity and include discontinued hedging relationship adjustments of \$299 million and \$220 million at December 31, 2020 and September 30, 2021, respectively. The carrying value of hedged debt was \$45.5 billion and \$38.0 billion at December 31, 2020 and September 30, 2021, respectively.

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

**NOTE 14. DEBT (Continued)**

In March 2021, we issued \$2.3 billion aggregate principal amount of 0% unsecured Convertible Senior Notes due 2026, including \$300 million aggregate principal amount of such notes pursuant to the exercise in full of the over-allotment option granted to the initial purchasers. The notes will not bear regular interest and the principal amount of the notes will not accrete. The total net proceeds from the offering, after deducting debt issuance costs, were approximately \$2.267 billion.

Each \$1,000 principal amount of the notes will initially be convertible into 57.1886 shares of our Common Stock, which is equivalent to an initial conversion price of approximately \$17.49 per share, subject to adjustment upon the occurrence of specified events. The notes are convertible, at the option of the noteholders, on or after December 15, 2025. Prior to December 15, 2025, the notes are convertible only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending on September 30, 2021 (and only during such fiscal quarter), if the last reported sale price of our Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the notes on each applicable trading day;
- During the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of the notes for each day of that five consecutive trading day period was less than 98% of the product of the last reported sale price of our Common Stock and the conversion rate of the notes on such trading day;
- If we call any or all of the notes for redemption; or
- Upon the occurrence of specific corporate events such as a change in control or certain beneficial distributions to common stockholders (as set forth in the indenture governing the notes).

Upon conversion, we will pay cash up to the aggregate principal amount of the notes to be converted and cash, shares of our Common Stock, or a combination of cash and shares of our Common Stock, at our election for the remainder of our obligation in excess, if any, of the aggregate principal amount of the notes being converted.

We may not redeem the notes prior to March 20, 2024. On or after March 20, 2024, we may redeem all or any portion of the notes for cash equal to 100% of the principal amount of the notes being redeemed if the last reported sale price of our Common Stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period.

If we undergo a fundamental change (e.g., change of control), subject to certain conditions, holders of the notes may require us to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes. In addition, if specific corporate events occur prior to the maturity date or if we issue a notice of redemption, we will increase the conversion rate by pre-defined amounts for holders who elect to convert their notes in connection with such a corporate event. During the third quarter and first nine months of 2021, the conditions allowing holders of the notes to convert were not met.

The notes were issued at par and fees associated with the issuance of these notes are amortized to *Interest expense on Company debt excluding Ford Credit* over the contractual term of the notes. During the third quarter and first nine months of 2021, amortization of issuance costs were \$2 million and \$4 million, respectively. The effective interest rate of the notes is 0.3%.

The total estimated fair value of the notes as of September 30, 2021 was approximately \$2.5 billion. The fair value was determined using commonly employed valuation methodologies applying observable market inputs and is classified within Level 2 of the fair value hierarchy.

The notes did not have an impact on our third quarter or first nine months of 2021 diluted EPS as the average market price of our Common Stock during the reporting period did not exceed the conversion price of the notes.

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

**NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

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

**Income Effect of Derivative Financial Instruments**

The gains/(losses), by hedge designation, reported in income for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
<b>Cash flow hedges</b>				
<b>Reclassified from AOCI to Cost of sales</b>				
Foreign currency exchange contracts (a)	\$ 6	\$ (161)	\$ (68)	\$ (349)
Commodity contracts (b)	(22)	50	(50)	78
<b>Fair value hedges</b>				
<b>Interest rate contracts</b>				
Net interest settlements and accruals on hedging instruments	94	98	190	299
Fair value changes on hedging instruments	(103)	(142)	1,119	(680)
Fair value changes on hedged debt	96	135	(1,095)	638
<b>Cross-currency interest rate swap contracts</b>				
Net interest settlements and accruals on hedging instruments	(1)	(2)	(1)	(6)
Fair value changes on hedging instruments	(10)	(28)	(10)	(67)
Fair value changes on hedged debt	6	25	6	58
<b>Derivatives not designated as hedging instruments</b>				
Foreign currency exchange contracts (c)	(349)	123	(37)	209
Cross-currency interest rate swap contracts	210	(194)	213	(390)
Interest rate contracts	(4)	—	(90)	(25)
Commodity contracts	19	25	(12)	153
<b>Total</b>	<u>\$ (58)</u>	<u>\$ (71)</u>	<u>\$ 165</u>	<u>\$ (82)</u>

- (a) For the third quarter and first nine months of 2020, a \$132 million loss and a \$684 million gain, respectively, were reported in *Other comprehensive income/(loss), net of tax*. For the third quarter and first nine months of 2021, a \$225 million gain and a \$346 million loss, respectively, were reported in *Other comprehensive income/(loss), net of tax*.
- (b) For the third quarter and first nine months of 2020, a \$36 million gain and a \$48 million loss, respectively, were reported in *Other comprehensive income/(loss), net of tax*. For the third quarter and first nine months of 2021, a \$114 million gain and a \$294 million gain, respectively, were reported in *Other comprehensive income/(loss), net of tax*.
- (c) For the third quarter and first nine months of 2020, a \$242 million loss and a \$97 million loss, respectively, were reported in *Cost of sales*, and a \$107 million loss and a \$60 million gain, respectively, were reported in *Other income/(loss), net*. For the third quarter and first nine months of 2021, a \$44 million gain and a \$122 million gain, respectively, were reported in *Cost of sales*, and a \$79 million gain and an \$87 million gain, respectively, were reported in *Other income/(loss), net*.

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

**NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)****Balance Sheet Effect of Derivative Financial Instruments**

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

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

	December 31, 2020			September 30, 2021		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
<b>Cash flow hedges</b>						
Foreign currency exchange contracts	\$ 15,860	\$ 47	\$ 383	\$ 11,540	\$ 71	\$ 317
Commodity contracts	703	40	5	833	230	—
<b>Fair value hedges</b>						
Interest rate contracts	26,924	1,331	4	26,007	853	150
Cross-currency interest rate swap contracts	885	46	—	885	—	29
<b>Derivatives not designated as hedging instruments</b>						
Foreign currency exchange contracts	25,956	172	399	24,412	252	281
Cross-currency interest rate swap contracts	6,849	557	1	6,547	181	39
Interest rate contracts	70,318	663	439	52,018	316	183
Commodity contracts	599	74	4	1,015	102	20
Total derivative financial instruments, gross (a) (b)	\$ 148,094	\$ 2,930	\$ 1,235	\$ 123,257	\$ 2,005	\$ 1,019
Current portion		\$ 974	\$ 859		\$ 1,046	\$ 594
Non-current portion		1,956	376		959	425
Total derivative financial instruments, gross		\$ 2,930	\$ 1,235		\$ 2,005	\$ 1,019

(a) At December 31, 2020 and September 30, 2021, we held collateral of \$9 million, and we posted collateral of \$96 million and \$73 million, respectively.

(b) At December 31, 2020 and September 30, 2021, the fair value of assets and liabilities available for counterparty netting was \$505 million and \$610 million, respectively. All derivatives are categorized within Level 2 of the fair value hierarchy.

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

**NOTE 16. EMPLOYEE SEPARATION ACTIONS AND EXIT AND DISPOSAL ACTIVITIES**

We record costs associated with voluntary separations at the time of employee acceptance, unless the acceptance requires explicit approval by the Company. We record costs associated with involuntary separation programs when management has approved the plan for separation, the affected employees are identified, and it is unlikely that actions required to complete the separation plan will change significantly. Costs associated with benefits that are contingent on the employee continuing to provide service are accrued over the required service period.

**Company Excluding Ford Credit**

***Global Redesign***

As previously announced, we are executing a global redesign of our business. Redesign-related activities, including employee separation costs, facility and other asset-related charges (e.g., impairment, accelerated depreciation), dealer and supplier payments, other statutory and contractual obligations, and other expenses, are recorded in *Cost of sales* and *Selling, administrative, and other expenses*. Below are actions we have initiated as part of the redesign.

*Brazil.* In February 2019, Ford Motor Company Brasil Ltda. ("Ford Brazil"), our subsidiary in Brazil, committed to a plan to exit the commercial heavy truck business in South America. As a result, Ford Brazil ceased production at the São Bernardo do Campo plant in Brazil during 2019. Ford Brazil completed a sale of the plant machinery and equipment in the third quarter of 2020 and the land and buildings in the fourth quarter of 2020.

In December 2020, Ford Brazil committed to a plan to exit manufacturing operations in Brazil, which will result in the closure of facilities in Camaçari, Taubaté, and Troller in 2021. Operations supporting new vehicle production ceased at Camaçari and Taubaté in January 2021; limited service parts production to build inventories for aftermarket sales ceased in the second quarter of 2021. The Troller plant will cease operations in the fourth quarter of 2021. These actions will not result in Ford Brazil being substantially liquidated, as it will continue with imported vehicle sales and customer support operations, and maintain the product development center in Bahia, the proving grounds in Tatuí, São Paulo, and the regional headquarters in São Paulo.

*Russia.* In March 2019, Ford Sollers Netherlands B.V. ("Ford Sollers"), a joint venture between Ford and Sollers PJSC ("Sollers") in which Ford had control, announced its plan to restructure its business in Russia to focus exclusively on commercial vehicles and to exit the passenger car segment. As a result of these actions, Ford acquired 100% ownership of Ford Sollers and ceased production at the Naberezhnye Chelny and St. Petersburg vehicle assembly plants and the Elabuga engine plant during the second quarter of 2019.

Subsequent to completion of the restructuring actions, in July 2019, Ford sold a 51% controlling interest in the restructured entity to Sollers, which resulted in deconsolidation of the Ford Sollers subsidiary. Our continued involvement in Ford Sollers is accounted for as an equity method investment.

In the fourth quarter of 2020, we also completed a sale of certain manufacturing assets.

*United Kingdom.* In June 2019, Ford Motor Company Limited ("Ford of Britain"), a subsidiary of Ford, announced its plan to exit the Ford Bridgend plant in South Wales in 2020. Ford of Britain ceased production at the Bridgend plant and the facility was closed in September 2020.

*India.* In the third quarter of 2019, Ford committed to a plan to sell specific net assets in our India Automotive operations as part of a plan to establish a joint venture with Mahindra & Mahindra Limited ("Mahindra"). In December 2020, Ford and Mahindra mutually determined that we would not complete the joint venture. Subsequently, in September 2021, Ford India Private Limited ("Ford India"), our subsidiary in India, announced its plans to exit the engine and vehicle manufacturing operations at its facilities in Chennai and its vehicle manufacturing operation at its facility in Sanand. Ford India plans to cease vehicle manufacturing in Sanand in fourth quarter 2021 and engine and vehicle manufacturing in Chennai by second quarter 2022. These actions will not result in Ford India being substantially liquidated, as it will continue with its powertrain operations at its engine plant in Sanand to support certain products, including those manufactured by our affiliate in Thailand, and it will continue its imported vehicle sales and customer support operations.

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

**NOTE 16. EMPLOYEE SEPARATION ACTIONS AND EXIT AND DISPOSAL ACTIVITIES (Continued)**

*Other Global Redesign Actions.* In 2018, we announced our plan to end production at the Ford Aquitaine Industries plant in Bordeaux, France. We ceased production and closed the facility in July 2019. In March 2019, we announced our plan to phase-out the production of the C-Max at the Saarlouis Body and Assembly Plant in Germany. We ceased production of the C-Max in June 2019. In March 2021, we announced our plan to phase-out the production of the Mondeo at the Valencia Plant in Spain. In addition, we are continuing to reduce our global workforce and take other restructuring actions.

The following table summarizes the redesign-related activities for the periods ended September 30, which are recorded in *Other liabilities and deferred revenue* (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
Beginning balance	\$ 524	\$ 839	\$ 734	\$ 1,732
Changes in accruals (a)	109	506	203	875
Payments	(105)	(294)	(376)	(1,551)
Foreign currency translation	11	(51)	(22)	(56)
Ending balance	<u>\$ 539</u>	<u>\$ 1,000</u>	<u>\$ 539</u>	<u>\$ 1,000</u>

(a) Excludes pension costs of \$92 million and \$22 million in the third quarter of 2020 and 2021, respectively, and \$167 million and \$106 million in the first nine months of 2020 and 2021, respectively.

We also recorded \$64 million and \$202 million in the third quarter of 2020 and 2021, respectively, and \$114 million and \$590 million in the first nine months of 2020 and 2021, respectively, for accelerated depreciation and other non-cash items.

We estimate that we will incur about \$2 billion of total charges in 2021 related to the actions above, primarily attributable to employee separations, accelerated depreciation, and dealer and supplier settlements. We continue to review our global businesses and may take additional restructuring actions in markets where a path to sustained profitability is not feasible when considering the capital allocation required for those markets.

**Other Actions**

*United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") Voluntary Separation Packages.* As agreed in the collective bargaining agreement ratified in November 2019, during the first quarter of 2020, we offered voluntary separation packages to our UAW hourly workforce who were eligible for normal or early retirement, and recorded associated costs of \$201 million in *Cost of sales*. All separations occurred during 2020.

**Ford Credit**

In June 2021, Ford Credit announced the plan of its subsidiaries in Brazil and Argentina to cease originating receivables by the end of 2021 and begin the process of selling or otherwise winding down their operations in those markets. We recorded approximately \$11 million related to employee separation costs in *Ford Credit interest, operating, and other expenses*, the majority of which will be paid in 2021.

Accumulated foreign currency translation losses included in *Accumulated other comprehensive income/(loss)* at September 30, 2021 of \$364 million are associated with Ford Credit's investments in Brazil and Argentina that we no longer plan to operate. We expect to reclassify these losses to income upon sale, transfer, or substantially complete liquidation of Ford Credit's investments, which may occur over multiple reporting periods. Although the timing for the completion of these actions is uncertain, as they may be subject to regulatory approval, we expect reclassification of accumulated foreign currency translation adjustments to begin in the fourth quarter of 2021 with the majority of losses to be recognized in 2022 or later.

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

**NOTE 17. ACQUISITIONS AND DIVESTITURES**

**Company Excluding Ford Credit**

*Electriphi, Inc. ("Electriphi").* On June 18, 2021, we acquired Electriphi, a California-based provider of charging management and fleet monitoring software for electric vehicles. Assets acquired primarily include goodwill, reported in *Other assets* (see Note 11), and software, reported in *Net property*. The acquisition did not have a material impact on our financial statements.

*Ford Lio Ho Motor Co., Ltd. ("FLH").* On April 1, 2021, we completed the sale of our controlling financial interest in FLH and its wholly owned subsidiary FLH Marketing & Service Limited, which resulted in deconsolidation of our Ford Taiwan subsidiary in the second quarter of 2021. FLH will continue to import, manufacture, and sell Ford-branded vehicles through at least 2025. We recognized a pre-tax gain of \$161 million, which was reported in *Other income/(loss), net* in the second quarter of 2021.

*Getrag Ford Transmissions GmbH ("GFT").* Prior to March 2021, Ford and Magna International Inc. ("Magna") equally owned and operated the GFT joint venture for the purpose of developing, manufacturing, and selling transmissions. We accounted for our investment in GFT as an equity method investment. During the first quarter of 2021 and prior to our acquisition, GFT recorded restructuring charges, of which our share was \$40 million. These charges are included in *Equity in net income/(loss) of affiliated companies*.

On March 1, 2021, we acquired Magna's shares in the restructured GFT. The purchase price, which is subject to post-closing revisions, presently is estimated at \$272 million. We expect that the purchase price revisions will be finalized by the first quarter of 2022. The restructured GFT includes the Halewood, UK and Cologne, Germany transmission plants, but excludes the Bordeaux, France transmission plant and China interests acquired by Magna. We concluded with Magna that these businesses would be better served under separate ownership. The Sanand, India transmission plant will continue under joint Ford/Magna ownership. As a result of the transaction, we consolidated the restructured GFT, remeasured our prior investment in GFT at its \$272 million fair value, and recognized a pre-tax gain of \$182 million in *Other income/(loss), net* during 2021. We estimated the fair value of GFT in negotiations with Magna based on the income approach. The significant assumptions used in the valuation included GFT's cash flows that reflect the approved business plan, discounted at a rate typically used for a company like GFT. See Note 11 for information about goodwill recognized as part of this transaction.

*Argo AI, LLC ("Argo AI").* On June 1, 2020, we completed a transaction with Volkswagen AG ("VW") that reduced our ownership interest in the autonomous vehicle technology company Argo AI and resulted in Ford and VW holding equal interests that comprised a majority ownership of Argo AI. The transaction involved us selling a portion of our Argo AI equity to VW for \$500 million and VW making additional investments in Argo AI, including contributing its Autonomous Intelligent Driving company. As a result of the transaction, we deconsolidated Argo AI, remeasured our retained investment in Argo AI at fair value, and recognized a \$3.5 billion pre-tax gain in *Other income/(loss), net*, of which \$2.9 billion related to our retained investment in Argo AI. Our retained investment in Argo AI consists of an equity method investment and a preferred equity security investment, reflected on our consolidated balance sheets in *Equity in net assets of affiliated companies* and *Other assets*, respectively.

**Ford Credit**

In the first quarter of 2020, Ford Credit completed the sale of its wholly-owned subsidiary Forso Nordic AB, recognizing a pre-tax loss of \$4 million, reported in *Other income/(loss), net*, and cash proceeds of \$1.3 billion.

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

**NOTE 18. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)**

The changes in the balances for each component of accumulated other comprehensive income/(loss) attributable to Ford Motor Company for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
<b>Foreign currency translation</b>				
Beginning balance	\$ (6,181)	\$ (5,249)	\$ (4,626)	\$ (5,526)
Gains/(Losses) on foreign currency translation	(126)	(236)	(1,673)	112
Less: Tax/(Tax benefit) (a)	(60)	66	(83)	133
Net gains/(losses) on foreign currency translation	(66)	(302)	(1,590)	(21)
(Gains)/Losses reclassified from AOCI to net income (b)	(3)	—	(34)	(4)
Other comprehensive income/(loss), net of tax (c)	(69)	(302)	(1,624)	(25)
Ending balance	\$ (6,250)	\$ (5,551)	\$ (6,250)	\$ (5,551)
<b>Marketable securities</b>				
Beginning balance	\$ 184	\$ 81	\$ 71	\$ 156
Gains/(Losses) on available for sale securities	(8)	(26)	157	(112)
Less: Tax/(Tax benefit)	(2)	(6)	36	(28)
Net gains/(losses) on available for sale securities	(6)	(20)	121	(84)
(Gains)/Losses reclassified from AOCI to net income	(15)	(3)	(33)	(18)
Less: Tax/(Tax benefit)	(4)	—	(8)	(4)
Net (gains)/losses reclassified from AOCI to net income	(11)	(3)	(25)	(14)
Other comprehensive income/(loss), net of tax	(17)	(23)	96	(98)
Ending balance	\$ 167	\$ 58	\$ 167	\$ 58
<b>Derivative instruments</b>				
Beginning balance	\$ 180	\$ (455)	\$ (488)	\$ (266)
Gains/(Losses) on derivative instruments	(96)	339	636	(52)
Less: Tax/(Tax benefit)	(15)	85	135	8
Net gains/(losses) on derivative instruments	(81)	254	501	(60)
(Gains)/Losses reclassified from AOCI to net income	16	111	118	271
Less: Tax/(Tax benefit)	6	22	22	57
Net (gains)/losses reclassified from AOCI to net income (d)	10	89	96	214
Other comprehensive income/(loss), net of tax	(71)	343	597	154
Ending balance	\$ 109	\$ (112)	\$ 109	\$ (112)
<b>Pension and other postretirement benefits</b>				
Beginning balance	\$ (2,654)	\$ (2,645)	\$ (2,685)	\$ (2,658)
Amortization and recognition of prior service costs/(credits)	29	4	55	24
Less: Tax/(Tax benefit)	6	4	10	8
Net prior service costs/(credits) reclassified from AOCI to net income	23	—	45	16
Translation impact on non-U.S. plans	(8)	5	1	2
Other comprehensive income/(loss), net of tax	15	5	46	18
Ending balance	\$ (2,639)	\$ (2,640)	\$ (2,639)	\$ (2,640)
<b>Total AOCI ending balance at September 30</b>	<b>\$ (8,613)</b>	<b>\$ (8,245)</b>	<b>\$ (8,613)</b>	<b>\$ (8,245)</b>

(a) We do not recognize deferred taxes for a majority of the foreign currency translation gains and losses because we do not anticipate reversal in the foreseeable future. However, we have made elections to tax certain non-U.S. operations simultaneously in U.S. tax returns, and have recorded deferred taxes for temporary differences that will reverse, independent of repatriation plans, on U.S. tax returns. Taxes or tax benefits resulting from foreign currency translation of the temporary differences are recorded in *Other comprehensive income/(loss), net of tax*.

(b) Reclassified to *Other income/(loss), net*.

(c) In 2021, the first nine months excludes a gain of \$2 million related to noncontrolling interests.

(d) Reclassified to *Cost of sales*. During the next twelve months, we expect to reclassify existing net losses on cash flow hedges of \$34 million (see Note 15).

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

**NOTE 19. VARIABLE INTEREST ENTITIES**

Certain of our affiliates are variable interest entities in which we are not the primary beneficiary. Our maximum exposure to any potential losses associated with these affiliates is limited to our investments and loans and was \$3 billion and \$2.9 billion at December 31, 2020 and September 30, 2021, respectively.

**NOTE 20. COMMITMENTS AND CONTINGENCIES**

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

**Guarantees and Indemnifications**

*Financial Guarantees.* Financial guarantees and indemnifications are recorded at fair value at their inception. Subsequent to initial recognition, the guarantee liability is adjusted at each reporting period to reflect the current estimate of expected payments resulting from possible default events over the remaining life of the guarantee. The maximum potential payments for financial guarantees were \$346 million and \$355 million at December 31, 2020 and September 30, 2021, respectively. The carrying value of recorded liabilities related to financial guarantees was \$46 million and \$23 million at December 31, 2020 and September 30, 2021, respectively.

Our financial guarantees consist of debt and lease obligations of certain joint ventures, as well as certain financial obligations of outside third parties, including suppliers, to support our business and economic growth. Expiration dates vary through 2033, and guarantees will terminate on payment and/or cancellation of the underlying obligation. A payment by us would be triggered by failure of the joint venture or other third party to fulfill its obligation covered by the guarantee. In some circumstances, we are entitled to recover from a third party amounts paid by us under the guarantee.

*Non-Financial Guarantees.* Non-financial guarantees and indemnifications are recorded at fair value at their inception. We regularly review our performance risk under these arrangements, and in the event it becomes probable we will be required to perform under a guarantee or indemnity, the amount of probable payment is recorded. The maximum potential payments for non-financial guarantees were \$245 million and \$556 million at December 31, 2020 and September 30, 2021, respectively. The carrying value of recorded liabilities related to non-financial guarantees was \$48 million and \$74 million at December 31, 2020 and September 30, 2021, respectively.

Included in the \$556 million of maximum potential payments at September 30, 2021 are guarantees for the resale value of vehicles sold in certain arrangements to daily rental companies. The maximum potential payment of \$548 million as of September 30, 2021 represents the total proceeds we guarantee the rental company will receive on resale. Reflecting our present estimate of proceeds the rental companies will receive on resale from third parties, we have recorded \$74 million as our best estimate of the amount we will have to pay under the guarantee.

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

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

**NOTE 20. COMMITMENTS AND CONTINGENCIES (Continued)**

**Litigation and Claims**

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

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

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

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

For the remaining matters, where our historical experience with similar matters is of more limited value (i.e., “non-pattern matters”), we evaluate the matters primarily based on the individual facts and circumstances. For non-pattern matters, we evaluate whether there is a reasonable possibility of a material loss in excess of any accrual that can be estimated. Our estimate of reasonably possible loss in excess of our accruals for all material matters currently reflects indirect tax and customs matters, for which we estimate the aggregate risk to be a range of up to about \$1.7 billion.

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

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

**NOTE 20. COMMITMENTS AND CONTINGENCIES (Continued)****Warranty and Field Service Actions**

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

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

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended September 30 was as follows (in millions):

	<b>First Nine Months</b>	
	<b>2020</b>	<b>2021</b>
Beginning balance	\$ 5,702	\$ 8,172
Payments made during the period	(2,913)	(3,109)
Changes in accrual related to warranties issued during the period	2,419	2,819
Changes in accrual related to pre-existing warranties	1,451	44
Foreign currency translation and other	(75)	(77)
Ending balance	<u>\$ 6,584</u>	<u>\$ 7,849</u>

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about \$900 million in the aggregate.

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

**NOTE 21. SEGMENT INFORMATION**

We report segment information consistent with the way our chief operating decision maker (“CODM”) evaluates the operating results and performance of the Company. Accordingly, we analyze the results of our business through the following segments: Automotive, Mobility, and Ford Credit.

Effective January 1, 2021, consistent with how our CODM assesses performance of the segments and makes decisions about resource allocations, we changed the measurement of our segments as follows: (i) costs and benefits related to enterprise connectivity activities included in the Mobility segment are now reported in the Automotive segment; (ii) certain corporate governance expenses that benefit the global enterprise reported in the Automotive segment are now reported as part of Corporate Other; and (iii) cash and other centrally managed corporate assets reported in the Automotive segment were realigned to Corporate Other.

In addition, we realigned tax-related assets within our segments to reflect our adoption of ASU 2019-12 as of January 1, 2021 (see Note 2).

Prior period amounts were adjusted retrospectively to reflect these changes.

Below is a description of our reportable segments and other activities.

**Automotive Segment**

The Automotive segment primarily includes the sale of Ford and Lincoln vehicles, service parts, and accessories worldwide, together with the associated costs to develop, manufacture, distribute, and service the vehicles, parts, and accessories. This segment includes revenues and costs related to our electrification vehicle programs and enterprise connectivity. The segment includes the following regional business units: North America, South America, Europe, China (including Taiwan), and the International Markets Group.

**Mobility Segment**

The Mobility segment primarily includes development costs for Ford’s autonomous vehicles and related businesses, Ford’s equity ownership in Argo AI (a developer of autonomous driving systems), and other mobility businesses and investments (including Spin, a micro-mobility service provider).

**Ford Credit Segment**

The Ford Credit segment is comprised of the Ford Credit business on a consolidated basis, which is primarily vehicle-related financing and leasing activities.

**Corporate Other**

Corporate Other primarily includes corporate governance expenses, interest income (excluding interest earned on our extended service contract portfolio that is included in our Automotive segment) and gains and losses from our cash, cash equivalents, marketable securities, and other investments, and foreign exchange derivatives gains and losses associated with intercompany lending. Corporate governance expenses are primarily administrative, delivering benefit on behalf of the global enterprise, and are not allocated to specific Automotive business units or operating segments. These include expenses related to setting and directing global policy, providing oversight and stewardship, and promoting the Company’s interests. Corporate Other assets include: cash, cash equivalents, and marketable securities; tax related assets; other investments; and other assets managed centrally.

**Interest on Debt**

Interest on Debt is presented as a separate reconciling item and consists of interest expense on Company debt excluding Ford Credit. The underlying liability is reported in the Automotive segment and in Corporate Other.

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

**NOTE 21. SEGMENT INFORMATION (Continued)****Special Items**

Special Items are presented as a separate reconciling item. They consist of (i) pension and OPEB remeasurement 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. Our management ordinarily excludes these items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. We also report these special items separately to help investors track amounts related to these activities and to allow investors analyzing our results to identify certain infrequent significant items that they may wish to exclude when considering the trend of ongoing operating results.

Key financial information for the periods ended or at September 30 was as follows (in millions):

	<u>Automotive</u>	<u>Mobility</u>	<u>Ford Credit</u>	<u>Corporate Other</u>	<u>Interest on Debt</u>	<u>Special Items</u>	<u>Adjustments</u>	<u>Total</u>
<b>Third Quarter 2020</b>								
Revenues	\$ 34,710	\$ 17	\$ 2,774	\$ —	\$ —	\$ —	\$ —	\$ 37,501
Income/(loss) before income taxes	2,665	(230)	1,123	86	(498)	(390) (a)	—	2,756
Equity in net income/(loss) of affiliated companies	115	(58)	4	—	—	(3)	—	58
Total assets	62,787	3,482	152,853	42,588	—	—	(1,767) (b)	259,943
<b>Third Quarter 2021</b>								
Revenues	\$ 33,211	\$ 38	\$ 2,434	\$ —	\$ —	\$ —	\$ —	\$ 35,683
Income/(loss) before income taxes	2,459	(258)	1,077	(285)	(439)	(669) (a)	—	1,885
Equity in net income/(loss) of affiliated companies	188	(63)	9	—	—	(4)	—	130
Total assets	68,291	3,471	135,385	46,695	—	—	(1,165) (b)	252,677
	<u>Automotive</u>	<u>Mobility</u>	<u>Ford Credit</u>	<u>Corporate Other</u>	<u>Interest on Debt</u>	<u>Special Items</u>	<u>Adjustments</u>	<u>Total</u>
<b>First Nine Months 2020</b>								
Revenues	\$ 82,677	\$ 35	\$ 8,480	\$ —	\$ —	\$ —	\$ —	\$ 91,192
Income/(loss) before income taxes	448	(801)	1,696	(277)	(1,175)	2,803 (c)	—	2,694
Equity in net income/(loss) of affiliated companies	59	(70)	12	—	—	(9)	—	(8)
<b>First Nine Months 2021</b>								
Revenues	\$ 90,893	\$ 70	\$ 7,700	\$ —	\$ —	\$ —	\$ —	\$ 98,663
Income/(loss) before income taxes	5,767	(637)	3,662	99 (d)	(1,365)	(964) (a)	—	6,562
Equity in net income/(loss) of affiliated companies	441	(157)	23	1	—	(48)	—	260

(a) Primarily reflects Global Redesign actions and mark-to-market adjustments for our global pension and OPEB plans.

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

(c) Primarily reflects a \$3.5 billion gain on our investment in Argo AI as a result of the transaction with Argo AI and VW (see Note 17), partially offset by Global Redesign actions.

(d) Includes the unrealized gain of \$902 million related to the Rivian observable event (see Note 10).

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

**RECENT DEVELOPMENTS**

The automotive industry continues to face a significant shortage of semiconductors due in large part to strong cross-industry demand, which has presented challenges and production disruptions globally, including at our assembly plants. Our initial outlook was for semiconductor supply chains to remain constrained through the second quarter of 2021, and we would have an opportunity to begin recovering lost production volumes in the second half of 2021. However, the industry faced another setback on March 19, 2021, when Renesas Electronics Corporation, a key supplier of semiconductors for the automotive industry and for us in particular, experienced a significant fire at its Naka Factory. Renesas recently returned to full capacity across its range of semiconductors at its Naka Factory. COVID-related work restrictions in Southeast Asia, though, have also impacted semiconductor production. Notwithstanding the improvement for Renesas, based on the overall recovery rate we are seeing for the industry, we believe the automotive semiconductor shortage will remain fluid and could extend into 2023.

**RESULTS OF OPERATIONS**

In the third quarter of 2021, the net income attributable to Ford Motor Company was \$1,832 million, and Company adjusted EBIT was \$2,993 million.

Net income/(loss) includes certain items ("special items") that are excluded from Company adjusted EBIT. These items are discussed in more detail in Note 21 of the Notes to the Financial Statements. We report special items separately to allow investors analyzing our results to identify certain infrequent significant items that they may wish to exclude when considering the trend of ongoing operating results. Our pre-tax and tax special items were as follows (in millions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
<b>Global Redesign</b>				
Europe	\$ (211)	\$ (88)	\$ (410)	\$ (347)
India	(3)	(369)	(21)	(369)
South America	(52)	(211)	(70)	(666)
Russia	1	—	18	8
China (including Taiwan)	(3)	(5)	(9)	152
Separations and Other (not included above)	—	(29)	(1)	(40)
Subtotal Global Redesign	\$ (268)	\$ (702)	\$ (493)	\$ (1,262)
<b>Other Items</b>				
North America hourly buyouts	\$ (18)	\$ —	\$ (219)	\$ (10)
Gain on transaction with Argo AI	—	—	3,454	—
Transit Connect customs ruling	(2)	—	(7)	—
Subtotal Other Items	\$ (20)	\$ —	\$ 3,228	\$ (10)
<b>Pension and OPEB Gain/(Loss)</b>				
Pension and OPEB remeasurement	\$ (54)	\$ 40	\$ 116	\$ 364
Pension settlements and curtailments	(48)	(7)	(48)	(56)
Subtotal Pension and OPEB Gain/(Loss)	\$ (102)	\$ 33	\$ 68	\$ 308
Total EBIT Special Items	\$ (390)	\$ (669)	\$ 2,803	\$ (964)
Cash effect of Global Redesign (incl. separations)	\$ (105)	\$ (293)	\$ (376)	\$ (1,608)
Provision for/(Benefit from) tax special items (a)	\$ (159)	\$ (460)	\$ 1,583	\$ (503)

(a) Includes related tax effect on special items and tax special items.

We recorded \$669 million of pre-tax special item charges in the third quarter of 2021, primarily reflecting redesign actions in India and South America. In total, we expect to incur about \$2.0 billion of pre-tax special item charges associated with the redesign actions in India that we announced on September 9, 2021.

In Note 21 of the Notes to the Financial Statements, special items are reflected as a separate reconciling item, as opposed to being allocated among the Automotive, Mobility, and Ford Credit segments. This reflects the fact that management excludes these items from its review of operating segment results for purposes of measuring segment profitability and allocating resources.

**COMPANY KEY METRICS**

The table below shows our third quarter 2021 key metrics for the Company, compared to a year ago.

	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
<b>GAAP Financial Measures</b>						
Cash Flows from Operating Activities (\$B)	\$ 11.1	\$ 7.0	\$ (4.1)	\$ 19.7	\$ 12.3	\$ (7.5)
Revenue (\$M)	37,501	35,683	(5)%	91,192	98,663	8 %
Net Income/(Loss) (\$M)	2,385	1,832	(553)	1,509	5,655	4,146
Net Income/(Loss) Margin (%)	6.4 %	5.1 %	(1.3) pts	1.7 %	5.7 %	4.0 pts
EPS (Diluted)	\$ 0.60	\$ 0.45	\$ (0.15)	\$ 0.38	\$ 1.40	\$ 1.02

**Non-GAAP Financial Measures (a)**

Company Adj. Free Cash Flow (\$B)	\$ 6.6	\$ 7.7	\$ 1.2	\$ (0.4)	\$ 2.2	\$ 2.6
Company Adj. EBIT (\$M)	3,644	2,993	(651)	1,066	8,891	7,825
Company Adj. EBIT Margin (%)	9.7 %	8.4 %	(1.3) pts	1.2 %	9.0 %	7.8 pts
Adjusted EPS (Diluted)	\$ 0.65	\$ 0.51	\$ (0.14)	\$ 0.07	\$ 1.52	\$ 1.45
Adjusted ROIC (Trailing Four Quarters)	(0.4)%	11.0 %	11.4 pts			

(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

In the third quarter of 2021, our diluted earnings per share of Common and Class B Stock was \$0.45 and our diluted adjusted earnings per share was \$0.51.

Net income/(loss) margin was 5.1% and Company adjusted EBIT margin was 8.4% in the third quarter of 2021, both down 1.3 percentage points from a year ago.

The year-over-year decreases of \$553 million in net income/(loss) and \$651 million in Company adjusted EBIT in the third quarter of 2021 reflect lower Corporate Other results and lower Automotive EBIT.

The table below shows our third quarter 2021 net income/(loss) attributable to Ford and Company adjusted EBIT by segment.

	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Automotive	\$ 2,665	\$ 2,459	\$ (206)	\$ 448	\$ 5,767	\$ 5,319
Mobility	(230)	(258)	(28)	(801)	(637)	164
Ford Credit	1,123	1,077	(46)	1,696	3,662	1,966
Corporate Other	86	(285)	(371)	(277)	99	376
Company Adjusted EBIT (a)	3,644	2,993	(651)	1,066	8,891	7,825
Interest on Debt	(498)	(439)	(59)	(1,175)	(1,365)	190
Special Items	(390)	(669)	279	2,803	(964)	3,767
Taxes / Noncontrolling Interests	(371)	(53)	(318)	(1,185)	(907)	(278)
Net Income/(Loss)	\$ 2,385	\$ 1,832	\$ (553)	\$ 1,509	\$ 5,655	\$ 4,146

(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

**Automotive Segment**

The table below shows our third quarter 2021 Automotive segment EBIT by business unit (in millions).

	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
North America	\$ 3,202	\$ 2,423	\$ (779)	\$ 2,629	\$ 5,566	\$ 2,937
South America	(108)	2	110	(385)	(157)	228
Europe	(444)	(52)	392	(1,260)	5	1,265
China (including Taiwan)	(57)	(39)	18	(434)	(177)	257
International Markets Group	72	125	53	(102)	530	632
Automotive Segment	<u>\$ 2,665</u>	<u>\$ 2,459</u>	<u>\$ (206)</u>	<u>\$ 448</u>	<u>\$ 5,767</u>	<u>\$ 5,319</u>

The tables below and on the following pages provide third quarter 2021 key metrics and the change in third quarter 2021 EBIT compared with third quarter 2020 by causal factor for our Automotive segment and its regional business units: North America, South America, Europe, China (including Taiwan), and the International Markets Group. For a description of these causal factors, see *Definitions and Information Regarding Automotive Causal Factors*.

Key Metrics	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Market Share (%)	6.0%	4.9%	(1.1) pts	5.9%	5.1%	(0.8) pts
Wholesale Units (000)	1,178	1,012	(166)	2,949	2,838	(111)
Revenue (\$M)	\$ 34,710	\$ 33,211	\$ (1,499)	\$ 82,677	\$ 90,893	\$ 8,216
EBIT (\$M)	2,665	2,459	(206)	448	5,767	5,319
EBIT Margin (%)	7.7%	7.4%	(0.3) pts	0.5%	6.3%	5.8 pts

**Change in EBIT by Causal Factor (in millions)**

Third Quarter 2020 EBIT	\$ 2,665
Volume / Mix	(1,798)
Net Pricing	2,385
Cost	(689)
Exchange	29
Other	(133)
<b>Third Quarter 2021 EBIT</b>	<b>\$ 2,459</b>

In the third quarter of 2021, wholesales decreased 14% from a year ago, primarily reflecting semiconductor-related production constraints and the shift to a new business model in South America. Third quarter 2021 revenue decreased 4%, driven by lower wholesales, partially offset by higher net pricing, favorable mix, and stronger currencies.

Our third quarter 2021 Automotive segment EBIT was \$2.5 billion, a decrease of \$206 million from a year ago, and our third quarter 2021 Automotive EBIT margin was 7.4%. The lower EBIT was driven by lower wholesales and increased commodity prices, partially offset by higher net pricing (reflecting the strength of our product portfolio and lower incentives), lower warranty expense, and favorable mix.

## North America

Key Metrics	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Market Share (%)	13.6%	11.2%	(2.4) pts	13.7%	11.3%	(2.4) pts
Wholesale Units (000)	651	546	(104)	1,541	1,407	(134)
Revenue (\$M)	\$ 25,336	\$ 24,032	\$ (1,304)	\$ 58,092	\$ 61,992	\$ 3,900
EBIT (\$M)	3,202	2,423	(779)	2,629	5,566	2,937
EBIT Margin (%)	12.6%	10.1%	(2.5) pts	4.5%	9.0%	4.5 pts

### Change in EBIT by Causal Factor (in millions)

Third Quarter 2020 EBIT	\$ 3,202
Volume / Mix	(1,468)
Net Pricing	1,904
Cost	(997)
Exchange	3
Other	(221)
<b>Third Quarter 2021 EBIT</b>	<b>\$ 2,423</b>

In North America, third quarter 2021 wholesales decreased 16% from a year ago, primarily reflecting the impact of semiconductor-related production constraints. Third quarter 2021 revenue decreased 5%, driven by lower wholesales, partially offset by higher net pricing (primarily reflecting strong demand for the new product portfolio and lower incentives) and favorable mix.

North America's third quarter 2021 EBIT decreased \$779 million from a year ago with an EBIT margin of 10.1%. The lower EBIT was driven by lower volume, increased commodity prices, and other costs, partially offset by higher net pricing, favorable mix, and lower warranty expense.

## South America

Key Metrics	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Market Share (%)	5.7 %	2.4 %	(3.3) pts	6.3 %	2.8 %	(3.5) pts
Wholesale Units (000)	48	20	(29)	122	55	(67)
Revenue (\$M)	\$ 630	\$ 627	\$ (3)	\$ 1,601	\$ 1,605	\$ 4
EBIT (\$M)	(108)	2	110	(385)	(157)	228
EBIT Margin (%)	(17.1)%	0.3 %	17.4 pts	(24.0)%	(9.8)%	14.2 pts

### Change in EBIT by Causal Factor (in millions)

Third Quarter 2020 EBIT	\$ (108)
Volume / Mix	(55)
Net Pricing	159
Cost	15
Exchange	4
Other	(13)
<b>Third Quarter 2021 EBIT</b>	<b>\$ 2</b>

In South America, third quarter 2021 wholesales decreased 60% from a year ago, primarily reflecting the shift to the region's new business model and the impact of semiconductor-related production constraints. Third quarter 2021 revenue decreased 1%, driven by lower wholesales and weaker currencies, partially offset by higher net pricing and favorable mix.

South America's third quarter 2021 EBIT improved \$110 million from a year ago with an EBIT margin of 0.3%. The EBIT improvement was driven by higher net pricing and structural cost reductions.

**Europe**

Key Metrics	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Market Share (%)	7.8 %	6.2 %	(1.6) ppts	7.3 %	6.5 %	(0.8) ppts
Wholesale Units (000) (a)	239	218	(21)	681	678	(3)
Revenue (\$M)	\$ 5,694	\$ 6,066	\$ 372	\$ 15,555	\$ 18,726	\$ 3,171
EBIT (\$M)	(444)	(52)	392	(1,260)	5	1,265
EBIT Margin (%)	(7.8)%	(0.9)%	6.9 ppts	(8.1)%	0.0%	8.1 ppts

(a) Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 26,000 units in Q3 2020 and 12,000 units in Q3 2021). Revenue does not include these sales.

**Change in EBIT by Causal Factor (in millions)**

Third Quarter 2020 EBIT	\$	(444)
Volume / Mix		(127)
Net Pricing		273
Cost		243
Exchange		(66)
Other		69
<b>Third Quarter 2021 EBIT</b>	<b>\$</b>	<b>(52)</b>

In Europe, third quarter 2021 wholesales decreased 9% from a year ago, primarily reflecting the impact of semiconductor-related production constraints. Third quarter 2021 revenue increased 7%, driven by favorable mix and higher net pricing, partially offset by lower wholesales.

Europe's third quarter 2021 EBIT loss improved \$392 million from a year ago with an EBIT margin of negative 0.9%. The EBIT improvement was driven by higher net pricing, lower warranty expense, and lower structural costs, partially offset by higher commodity prices.

**China (Including Taiwan)**

Key Metrics	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Market Share (%)	2.4 %	2.5 %	0.1 pts	2.4 %	2.3 %	(0.1) pts
Wholesale Units (000) (a)	164	162	(2)	415	463	48
Revenue (\$M)	\$ 1,011	\$ 592	\$ (419)	\$ 2,407	\$ 1,966	\$ (441)
EBIT (\$M)	(57)	(39)	18	(434)	(177)	257
EBIT Margin (%)	(5.7)%	(6.6)%	(0.9) pts	(18.0)%	(9.0)%	9.0 pts

**China Unconsolidated Affiliates**

Wholesales (000)	146	160	14	374	449	75
Ford Equity Income/(Loss) (\$M)	\$ 55	\$ 77	\$ 22	\$ (26)	\$ 144	\$ 170

(a) Includes Ford and Lincoln brand and JMC brand vehicles produced and sold in China by our unconsolidated affiliates and, from second quarter 2021, Ford brand vehicles produced in Taiwan by Lio Ho Group. Revenue does not include these sales.

**Change in EBIT by Causal Factor (in millions)**

Third Quarter 2020 EBIT	\$ (57)
Volume / Mix	(104)
Net Pricing	7
Cost	17
Exchange	29
Other (Including Joint Ventures)	69
<b>Third Quarter 2021 EBIT</b>	<b>\$ (39)</b>

In China, third quarter 2021 wholesales declined 1% from a year ago, driven by the impact of semiconductor-related production constraints. Third quarter 2021 revenue at our consolidated operations decreased 41%, driven by product localization, partially offset by higher component sales to our joint ventures in China, favorable mix, and stronger currencies.

China's third quarter 2021 EBIT loss improved \$18 million from a year ago with an EBIT margin of negative 6.6%. The EBIT improvement reflects favorable mix, higher profits and royalties from our joint ventures, stronger exchange, and lower structural costs, partially offset by lower volume.

**International Markets Group**

Key Metrics	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Market Share (%)	1.7 %	1.8 %	0.1 ppts	1.6 %	1.8 %	0.2 ppts
Wholesale Units (000) (a)	76	66	(10)	191	235	44
Revenue (\$M)	\$ 2,039	\$ 1,894	\$ (145)	\$ 5,022	\$ 6,604	\$ 1,582
EBIT (\$M)	72	125	53	(102)	530	632
EBIT Margin (%)	3.6 %	6.6 %	3.0 ppts	(2.0)%	8.0 %	10.0 ppts

(a) Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Russia (about 4,000 units in Q3 2020 and 5,000 units in Q3 2021). Revenue does not include these sales.

**Change in EBIT by Causal Factor (in millions)**

Third Quarter 2020 EBIT	\$ 72
Volume / Mix	(44)
Net Pricing	42
Cost	34
Exchange	60
Other	(39)
<b>Third Quarter 2021 EBIT</b>	<b>\$ 125</b>

In our International Markets Group, third quarter 2021 wholesales decreased 13% from a year ago, primarily reflecting the impact of semiconductor-related production constraints. Third quarter 2021 revenue decreased 7%, driven by lower wholesales, partially offset by stronger currencies and higher net pricing.

Our International Markets Group's third quarter 2021 EBIT was \$53 million higher than a year ago with an EBIT margin of 6.6%. The EBIT improvement was driven by favorable exchange, higher net pricing, and lower structural cost, partially offset by lower volume.

*Definitions and Information Regarding Automotive Causal Factors*

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

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

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

- *Wholesales and Revenue* – wholesale unit volumes include all Ford and Lincoln badged units (whether produced by Ford or by an unconsolidated affiliate) that are sold to dealerships, units manufactured by Ford that are sold to other manufacturers, units distributed by Ford for other manufacturers, and local brand units produced by our China joint venture, Jiangling Motors Corporation, Ltd. ("JMC"), that are sold to dealerships. Vehicles sold to daily rental car companies that are subject to a guaranteed repurchase option (i.e., rental repurchase), as well as other sales of finished vehicles for which the recognition of revenue is deferred (e.g., consignments), also are included in wholesale unit volumes. Revenue from certain vehicles in wholesale unit volumes (specifically, Ford badged vehicles produced and distributed by our unconsolidated affiliates, as well as JMC brand vehicles) are not included in our revenue
- *Industry Volume and Market Share* – based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks
- *SAAR* – seasonally adjusted annual rate

## **Mobility Segment**

Effective January 1, 2021, we realigned the costs and benefits related to enterprise connectivity activities previously included in the Mobility segment to the Automotive segment. Accordingly, beginning in 2021, the Mobility segment primarily includes development costs for Ford's autonomous vehicles and related businesses, Ford's equity ownership in Argo AI (a developer of autonomous driving systems), and other mobility businesses and investments (including Spin, a micro-mobility service provider).

In our Mobility segment, our third quarter 2021 EBIT loss was \$258 million, a \$28 million higher loss than a year ago. The loss reflects our strategic investments as we continued to expand our capabilities in autonomous vehicles and mobility businesses.

## Ford Credit Segment

Ford Credit files periodic reports with the SEC that contain additional information regarding Ford Credit. The reports are available through Ford Credit's website located at [www.fordcredit.com/investor-center](http://www.fordcredit.com/investor-center) and can also be found on the SEC's website located at [www.sec.gov](http://www.sec.gov). The foregoing information regarding Ford Credit's website and its content is for convenience only and not deemed to be incorporated by reference into this Report nor filed with the SEC.

The tables below provide third quarter and year-to-date 2021 key metrics and the change in third quarter 2021 EBT compared with third quarter 2020 by causal factor for the Ford Credit segment. For a description of these causal factors, see *Definitions and Information Regarding Ford Credit Causal Factors*.

GAAP Financial Measures	Third Quarter			First Nine Months		
	2020	2021	H / (L)	2020	2021	H / (L)
Total Net Receivables (\$B)	\$ 131.5	\$ 116.5	(11)%	\$ 131.5	\$ 116.5	(11)%
Loss-to-Receivables (bps) (a)	30	—	(30)	35	5	(30)
Auction Values (b)	\$ 22,160	\$ 28,045	27 %	\$ 20,490	\$ 25,150	23 %
EBT (\$M)	\$ 1,123	\$ 1,077	\$ (46)	\$ 1,696	\$ 3,662	\$ 1,966
ROE (%) (c)	26 %	29 %	3 ppts	13 %	32 %	20 ppts

### Other Balance Sheet Metrics

Debt (\$B)	\$ 133	\$ 119	(11)%
Net Liquidity (\$B)	31	33	5 %
Financial Statement Leverage (to 1) (c)	8.5	9.6	1.1

(a) U.S. retail financing only.

(b) U.S. 36-month off-lease third quarter auction values at Q3 2021 mix and YTD amounts at 2021 YTD mix.

(c) Prior period amounts have been updated as a result of the adoption of ASU 2019-12, *Simplifying the Accounting for Income Taxes*. For additional information, see Note 2 of the Notes to the Financial Statements.

Non-GAAP Financial Measures	September 30, 2020	September 30, 2021	H / (L)
Managed Receivables (\$B) (a)	\$ 140.6	\$ 122.8	(13)%
Managed Leverage (to 1) (b) (c)	7.5	8.4	0.9

(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

(b) See *Liquidity and Capital Resources - Ford Credit Segment* section for reconciliation to GAAP.

(c) Prior period amount has been updated as a result of the adoption of ASU 2019-12, *Simplifying the Accounting for Income Taxes*. For additional information, see Note 2 of the Notes to the Financial Statements.

### Change in EBT by Causal Factor (in millions)

Third Quarter 2020 EBT	\$ 1,123
Volume / Mix	(84)
Financing Margin	(92)
Credit Loss	145
Lease Residual	61
Exchange	—
Other	(76)
<b>Third Quarter 2021 EBT</b>	<b>\$ 1,077</b>

Ford Credit's total net receivables were \$15 billion lower than a year ago, primarily reflecting lower wholesale receivables as a result of lower dealer inventories due to the semiconductor shortage. The loss-to-receivables ("LTR") ratio remained at a low level in the third quarter of 2021, at zero basis points, 30 basis points lower than a year ago. U.S. auction values in the third quarter of 2021 were 27% higher than a year ago, reflecting continued strong demand for used vehicles.

Ford Credit's third quarter 2021 EBT of \$1.1 billion was \$46 million lower than a year ago, reflecting lower net financing margin due to semiconductor shortages, partially offset by lower charge-offs; reductions in the credit loss reserve, reflecting an expectation of lower lifetime losses; and higher auction values.

Definitions and Information Regarding Ford Credit Causal Factors

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

- *Volume and Mix:*
  - Volume primarily measures changes in net financing margin driven by changes in average managed receivables at prior period financing margin yield (defined below in financing margin) at prior period exchange rates. Volume changes are primarily driven by the volume of new and used vehicles sold and leased, the extent to which Ford Credit purchases retail financing and operating lease contracts, the extent to which Ford Credit provides wholesale financing, the sales price of the vehicles financed, the level of dealer inventories, Ford-sponsored special financing programs available exclusively through Ford Credit, and the availability of cost-effective funding
  - Mix primarily measures changes in net financing margin driven by period-over-period changes in the composition of Ford Credit's average managed receivables by product within each region
  
- *Financing Margin:*
  - Financing margin variance is the period-to-period change in financing margin yield multiplied by the present period average managed receivables at prior period exchange rates. This calculation is performed at the product and country level and then aggregated. Financing margin yield equals revenue, less interest expense and scheduled depreciation for the period, divided by average managed receivables for the same period
  - Financing margin changes are driven by changes in revenue and interest expense. Changes in revenue are primarily driven by the level of market interest rates, cost assumptions in pricing, mix of business, and competitive environment. Changes in interest expense are primarily driven by the level of market interest rates, borrowing spreads, and asset-liability management
  
- *Credit Loss:*
  - Credit loss is the change in the provision for credit losses at prior period exchange rates. For analysis purposes, management splits the provision for credit losses into net charge-offs and the change in the allowance for credit losses
  - Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries. Changes in the allowance for credit losses are primarily driven by changes in historical trends in credit losses and recoveries, changes in the composition and size of Ford Credit's present portfolio, changes in trends in historical used vehicle values, and changes in forward looking macroeconomic conditions. For additional information, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2020 Form 10-K Report
  
- *Lease Residual:*
  - Lease residual measures changes to residual performance at prior period exchange rates. For analysis purposes, management splits residual performance primarily into residual gains and losses, and the change in accumulated supplemental depreciation
  - Residual gain and loss changes are primarily driven by the number of vehicles returned to Ford Credit and sold, and the difference between the auction value and the depreciated value (which includes both base and accumulated supplemental depreciation) of the vehicles sold. Changes in accumulated supplemental depreciation are primarily driven by changes in Ford Credit's estimate of the expected auction value at the end of the lease term and changes in Ford Credit's estimate of the number of vehicles that will be returned to it and sold. Accumulated depreciation reflects early termination losses on operating leases due to customer default events. For additional information, refer to the "Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases" section of Item 7 of Part II of our 2020 Form 10-K Report
  
- *Exchange:*
  - Reflects changes in EBT driven by the effects of converting functional currency income to U.S. dollars
  
- *Other:*
  - Primarily includes operating expenses, other revenue, insurance expenses, and other income/(loss) at prior period exchange rates
  - Changes in operating expenses are primarily driven by salaried personnel costs, facilities costs, and costs associated with the origination and servicing of customer contracts
  - In general, other income/(loss) changes are primarily driven by changes in earnings related to market valuation adjustments to derivatives (primarily related to movements in interest rates) and other miscellaneous items

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

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

- *Cash* (as shown in the Funding Structure, Liquidity, and Leverage tables) – Cash, cash equivalents, and marketable securities, excluding amounts related to insurance activities
- *Debt* (as shown in the Key Metrics and Leverage tables) – Debt on Ford Credit's balance sheets. Includes debt issued in securitizations and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions
- *Earnings Before Taxes ("EBT")* – Reflects Ford Credit's income before income taxes
- *Return on Equity ("ROE")* (as shown in the Key Metrics table) – Reflects return on equity calculated by annualizing net income for the period and dividing by monthly average equity for the period
- *Securitization and Restricted Cash* (as shown in the Liquidity table) – Securitization cash is held for the benefit of the securitization investors (for example, a reserve fund). Restricted cash is primarily held to meet certain local governmental and regulatory reserve requirements and cash held under the terms of certain contractual agreements
- *Securitizations* (as shown in the Public Term Funding Plan table) – Public securitization transactions, Rule 144A offerings sponsored by Ford Credit, and widely distributed offerings by Ford Credit Canada
- *Term Asset-Backed Securities* (as shown in the Funding Structure table) – Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements
- *Total Net Receivables* (as shown in the Key Metrics and Ford Credit Net Receivables Reconciliation to Managed Receivables tables) – Includes finance receivables (retail financing 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 sheets 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

### Corporate Other

Corporate Other primarily includes corporate governance expenses, interest income (excluding interest earned on our extended service contract portfolio that is included in our Automotive segment) and gains and losses from our cash, cash equivalents, marketable securities, and other investments, and foreign exchange derivatives gains and losses associated with intercompany lending. Corporate governance expenses are primarily administrative, delivering benefit on behalf of the global enterprise, and are not allocated to specific Automotive business units or operating segments. These include expenses related to setting and directing global policy, providing oversight and stewardship, and promoting the Company's interests. In the third quarter of 2021, Corporate Other had a \$285 million loss, compared with an \$86 million gain a year ago. The lower results were driven by fair market value adjustments on investments, higher governance costs, and lower interest income.

### Interest on Debt

Interest on Debt, which consists of interest expense on Company debt excluding Ford Credit, was \$439 million in the third quarter of 2021, \$59 million lower than a year ago.

### Taxes

Our *Provision for/(Benefit from) income taxes* for the third quarter and first nine months of 2021 was a provision of \$63 million and \$925 million, respectively. This resulted in effective tax rates of 3.3% and 14.1%, respectively.

During third quarter 2021, we recorded a tax benefit of \$295 million, resulting from a reduction of valuation allowances recorded on various deferred tax assets.

Our third quarter and first nine months of 2021 adjusted effective tax rates, which exclude special items, were 20.5% and 19.0%, respectively.

As of September 30, 2021, we have recorded \$11.9 billion of deferred tax assets. The ultimate realization of these assets is subject to several variables, including our future profitability within the relevant tax jurisdictions, and future tax planning and the related effects on our cash and liquidity position. Accordingly, our valuation allowances may increase or decrease in future periods.

In addition, we regularly review our organizational structure and income tax elections for affiliates in non-U.S. and U.S. tax jurisdictions, which may result in changes in affiliates that are included in or excluded from our U.S. tax return. Any future changes to our structure, as well as any changes in income tax laws in the countries that we operate, could cause increases or decreases to our deferred tax balances and related valuation allowances.

**LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2021, total balance sheet cash, cash equivalents, marketable securities, and restricted cash (including Ford Credit) was \$46.6 billion.

We consider our key balance sheet metrics to be: (i) Company cash, which includes cash equivalents, marketable securities, and restricted cash, excluding Ford Credit's cash, cash equivalents, marketable securities, and restricted cash; and (ii) Company liquidity, which includes Company cash, less restricted cash, and total available committed credit lines, excluding Ford Credit's total available committed credit lines.

**Company excluding Ford Credit**

	<u>December 31, 2020</u>	<u>September 30, 2021</u>
<u>Balance Sheets (\$B)</u>		
Company Cash	\$ 30.8	\$ 31.5
Liquidity	46.9	47.4
Debt	(24.0)	(25.6)
Cash Net of Debt	6.8	5.9
<u>Pension Funded Status (\$B) (a)</u>		
Funded Plans	\$ 0.3	\$ 2.3
Unfunded Plans	(7.0)	(6.5)
Total Global Pension	<u>\$ (6.7)</u>	<u>\$ (4.2)</u>
Total Funded Status OPEB	\$ (6.6)	\$ (6.5)

(a) Balances at September 30, 2021 reflect net underfunded status at December 31, 2020, updated for service and interest cost, expected return on assets, curtailment and settlement gains 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 2020.

**Liquidity.** One of our key priorities is to maintain a strong balance sheet, while at the same time having resources available to invest in and grow our business. At September 30, 2021, we had Company cash of \$31.5 billion, with about 92% of Company cash held by consolidated entities domiciled in the United States, and Company liquidity of \$47.4 billion. To be prepared for an economic downturn, we target an ongoing Company cash balance at or above \$20 billion plus significant additional liquidity above our Company cash target. We expect to have periods when we will be above or below this amount due to: (i) future cash flow expectations, such as for investments in future opportunities, capital investments, debt maturities, pension contributions, or restructuring requirements, (ii) short-term timing differences, and (iii) changes in the global economic environment.

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

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

**Material Cash Requirements.** Our material cash requirements include: (1) capital expenditures (for additional information, see the "Changes in Company Cash" section below) and other payments for engineering, software, product development, and electrification; (2) the purchase of raw materials and components to support the manufacturing and sale of vehicles (including electric vehicles), parts, and accessories (for additional information, see the "Aggregate Contractual Obligations" section in Item 7 of our 2020 Form 10-K Report); (3) marketing incentive payments to dealers; (4) payments for warranty and field service actions (for additional information, see Note 20 of the Notes to the Financial Statements herein); (5) debt repayments (for additional information, see the "Aggregate Contractual Obligations" section in Item 7 and Note 19 of the Notes to the Financial Statements in our 2020 Form 10-K Report); (6) discretionary and mandatory payments to our global pension plans (for additional information, see the "Aggregate Contractual Obligations" section in Item 7 of our 2020 Form 10-K Report, the "Changes in Company Cash" section below, and Note 13 of the Notes to the Financial Statements herein); (7) employee wages, benefits, and incentives; (8) operating lease payments (for additional information, see the "Aggregate Contractual Obligations" section in Item 7 and Note 18 of the Notes the Financial Statements in our 2020 Form 10-K Report); (9) cash effects related to the global redesign of our business (for additional information, see the "Changes in Company Cash" section below); and (10) strategic acquisitions and investments to grow our business, including electrification. In addition, subject to approval by our Board of Directors, shareholder distributions in the form of dividend payments and/or a share repurchase program may require the expenditure of a material amount of cash. Moreover, we may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, e.g., legal contingencies, uncertain tax positions, and other matters.

"Purchase obligations" in the "Aggregate Contractual Obligations" section in Item 7 of our 2020 Form 10-K Report are defined as off-balance sheet agreements to purchase goods or services that are enforceable and legally binding on the Company and that specify all significant terms; however, as we purchase raw materials and components beyond the minimum amounts required by the "Purchase obligations," our material cash requirements for these items are higher than what is reflected in the Aggregate Contractual Obligations table. For additional information on the timing of these payments and the impact on our working capital, see the "Changes in Company Cash" section below.

We plan to utilize our liquidity (as described above) and our cash flows from business operations to fund our material cash requirements.

**Changes in Company Cash.** In managing our business, we classify changes in Company cash into operating and non-operating items. Operating items include: Company adjusted EBIT excluding Ford Credit EBT, capital spending, depreciation and tooling amortization, changes in working capital, Ford Credit distributions, interest on debt, cash taxes, and all other and timing differences. Non-operating items include: global redesign (including separation payments), changes in Company debt excluding Ford Credit, contributions to funded pension plans, shareholder distributions, and other items (including acquisitions and divestitures and other transactions with Ford Credit).

With respect to "Changes in working capital," in general we carry relatively low Automotive segment trade receivables compared with our trade payables because the majority of our Automotive wholesales are financed (primarily by Ford Credit) immediately upon the sale of vehicles to dealers, which generally occurs shortly after being produced. In contrast, our Automotive trade payables are based primarily on industry-standard production supplier payment terms of generally about 45 days. As a result, our cash flow deteriorates if wholesale volumes (and the corresponding revenue) decrease while trade payables continue to become due. Conversely, our cash flow improves if wholesale volumes (and the corresponding revenue) increase while new trade payables are generally not due for about 45 days. For example, the suspension of production at most of our assembly plants and lower industry volumes due to COVID-19 in early 2020 resulted in an initial deterioration of our cash flow, while the subsequent resumption of manufacturing operations and return to pre-COVID-19 production levels at most of our assembly plants resulted in a subsequent improvement of our cash flow. Even in normal economic conditions, however, these working capital balances generally are subject to seasonal changes that can impact cash flow. For example, we typically experience cash flow timing differences associated with inventories and payables due to our annual summer and December shutdown periods when production, and therefore inventories and wholesale volumes, are usually at their lowest levels, while payables continue to come due and be paid. The net impact of this typically results in cash outflows from changes in our working capital balances during these shutdown periods.

Our inventory includes vehicles completed but awaiting installation of components affected by the semiconductor supply shortage. As a result of the shortage, our inventory is higher than in normal periods.

In response to, or in anticipation of, supplier disruptions, we may stockpile certain components or raw materials to help prevent disruption in our production of vehicles. Such actions could have a short-term adverse impact on our cash and increase our inventory.

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

Financial institutions participate in a supply chain finance ("SCF") program that enables our suppliers, at their sole discretion, to sell their Ford receivables (i.e., our payment obligations to the suppliers) to the financial institutions on a non-recourse basis in order to be paid earlier than our payment terms provide. Our suppliers' voluntary inclusion of invoices in the SCF program has no bearing on our payment terms, the amounts we pay, or our liquidity. We have no economic interest in a supplier's decision to participate in the SCF program, and we have no direct financial relationship with the SCF financial institutions. Moreover, we do not provide any guarantees in connection with the SCF program. As of September 30, 2021, the outstanding amount of Ford receivables that suppliers elected to sell to the SCF financial institutions was \$152 million. The amount settled through the SCF program during the first nine months of 2021 was \$621 million.

Changes in Company cash excluding Ford Credit are summarized below (in billions):

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
<u>Company Excluding Ford Credit</u>				
Company Adjusted EBIT excluding Ford Credit (a)	\$ 2.5	\$ 1.9	\$ (0.6)	\$ 5.2
Capital spending	\$ (1.2)	\$ (1.6)	\$ (4.2)	\$ (4.4)
Depreciation and tooling amortization	1.3	1.3	4.0	3.8
Net spending	\$ 0.1	\$ (0.3)	\$ (0.2)	\$ (0.6)
Receivables	\$ (0.2)	\$ (0.1)	\$ 0.3	\$ (0.7)
Inventory	(0.1)	(0.2)	—	(3.2)
Trade Payables	4.3	4.1	1.6	1.1
Changes in working capital	\$ 3.9	\$ 3.8	\$ 1.9	\$ (2.8)
Ford Credit distributions	\$ 0.8	\$ 1.5	\$ 2.0	\$ 6.5
Interest on debt and cash taxes	(0.4)	(0.4)	(1.1)	(1.5)
All other and timing differences	(0.4)	1.1	(2.3)	(4.6)
Company adjusted free cash flow (a)	\$ 6.6	\$ 7.7	\$ (0.4)	\$ 2.2
Global Redesign (including separations)	\$ (0.1)	\$ (0.3)	\$ (0.4)	\$ (1.6)
Changes in debt	(15.8)	(0.2)	8.8	1.8
Funded pension contributions	(0.1)	(0.2)	(0.4)	(0.6)
Shareholder distributions	—	—	(0.6)	—
All other (including acquisitions and divestitures)	(0.2)	(0.7)	0.1	(1.1)
Change in cash	\$ (9.7)	\$ 6.4	\$ 7.2	\$ 0.7

(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

Note: Numbers may not sum due to rounding.

Our third quarter 2021 *Net cash provided by/(used in) operating activities* was positive \$7.0 billion, a decrease of \$4.1 billion from a year ago. The year-over-year decrease was driven by lower Ford Credit operating cash flow and lower net income, partially offset by favorable timing differences. Our Company adjusted free cash flow was \$7.7 billion, \$1.2 billion higher than a year ago, driven by favorable timing differences and higher Ford Credit distributions, partially offset by lower adjusted EBIT.

Capital spending was \$1.6 billion in the third quarter of 2021, \$0.3 billion higher than a year ago. We continue to expect full year 2021 capital spending to be between \$6.0 billion and \$6.5 billion.

Third quarter 2021 working capital was \$3.8 billion positive, driven by the rebuilding of trade payables, which were depleted in the second quarter of 2021 due to semiconductor-related production constraints. All other and timing differences were \$1.1 billion positive, reflecting assorted differences including differences between accrual-based EBIT and the associated cash flows (e.g., marketing incentive and warranty payments to dealers, pension and OPEB income or expense).

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

In the third quarter of 2021, we contributed \$209 million to our global funded pension plans. We now expect to contribute about \$800 million to our global funded pension plans in 2021.

There were no shareholder distributions in the third quarter of 2021. On October 27, 2021, we announced the reinstatement of a regular quarterly dividend of \$0.10 per share on our Common and Class B Stock starting in the fourth quarter of 2021.

We previously announced our plan for the global redesign of our business, pursuant to which we are working to turn around automotive operations, compete like a challenger, and capitalize on our strengths by allocating more capital, more resources, and more talent to our strongest businesses and vehicle franchises. Beginning with the actions we took in 2018, we expect our global redesign to have a potential cash effect of about \$7 billion. The cash effect related to our global redesign activities was \$3.2 billion through September 30, 2021 and is expected to be about \$4 billion through December 31, 2021.

*Available Credit Lines.* Total Company committed credit lines, excluding Ford Credit, at September 30, 2021 were \$18.4 billion, consisting of \$13.5 billion of our corporate credit facility, \$2.0 billion of our supplemental revolving credit facility, \$1.5 billion of our delayed draw term loan facility, and \$1.4 billion of local credit facilities. At September 30, 2021, the utilized portion of the corporate credit facility was \$25 million, representing amounts utilized for letters of credit under the corporate credit facility, and no portion of the supplemental revolving credit facility was utilized. The \$1.5 billion delayed draw term loan facility was drawn in full in 2019 and remains outstanding. In addition, \$844 million of committed Company credit lines, excluding Ford Credit, was utilized under local credit facilities for our affiliates as of September 30, 2021.

Our corporate and supplemental revolving credit facilities were amended as of September 29, 2021 to, among other things, extend the maturity dates of the commitments under each facility. Following the corporate credit facility amendment, \$3.4 billion of commitments mature on September 29, 2024 and \$10.1 billion of commitments mature on September 29, 2026. Following the supplemental revolving credit facility amendment, all \$2.0 billion of commitments mature on September 29, 2024.

As a result of the September 29, 2021 amendments, there are no longer any restrictions in either the corporate or supplemental credit agreements on Ford's ability to repurchase shares or pay dividends. In addition, the facilities now include certain sustainability-linked targets, pursuant to which the applicable margin and facility fees may be adjusted if Ford achieves, or fails to achieve, the specified targets related to global manufacturing facility greenhouse gas emissions, renewable electricity consumption, and Ford Europe CO<sub>2</sub> tailpipe emissions. Further, interest on any U.S. dollar borrowings under both the corporate and supplemental revolving credit facilities will be calculated using daily simple SOFR. Prior to the amendments, such interest was calculated using LIBOR. Additional information about the amendments is available in our Current Report on Form 8-K filed on September 29, 2021.

The corporate credit facility is unsecured and free of material adverse change conditions to borrowing, restrictive financial covenants (for example, interest or fixed-charge coverage ratio, debt-to-equity ratio, and minimum net worth requirements), and credit rating triggers that could limit our ability to obtain funding or trigger early repayment. The corporate credit facility contains a liquidity covenant that requires us to maintain a minimum of \$4 billion in aggregate of domestic cash, cash equivalents, and loaned and marketable securities and/or availability under the facility. The terms and conditions of the delayed draw term loan (other than the sustainability-linked provisions and the transition from LIBOR to SOFR) and the supplemental revolving credit facility are consistent with our corporate credit facility.

Each of the corporate credit facility, supplemental revolving credit facility, delayed draw term loan, and our Loan Arrangement and Reimbursement Agreement with the U.S. Department of Energy (the "DOE") include a covenant that requires us to provide guarantees from certain of our subsidiaries in the event that our senior, unsecured, long-term debt does not maintain at least two investment grade ratings from Fitch, Moody's, and S&P. The following subsidiaries have provided unsecured guarantees to the lenders under the credit facilities and to the DOE: Ford Autonomous Vehicles LLC; Ford Component Sales, LLC; Ford European Holdings LLC; Ford Global Technologies, LLC; Ford Holdings LLC (the parent company of Ford Credit); Ford International Capital LLC; Ford Mexico Holdings LLC; Ford Motor Service Company; Ford Smart Mobility LLC; and Ford Trading Company, LLC.

*Debt.* As shown in Note 14 of the Notes to the Financial Statements, at September 30, 2021, Company debt excluding Ford Credit was \$25.6 billion. This balance is \$1.6 billion higher than at December 31, 2020, primarily reflecting our convertible notes issuance in March 2021.

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

*Leverage.* We manage Company debt (excluding Ford Credit) levels with a leverage framework that targets investment grade credit ratings through a normal business cycle; however, during these uncertain times, we have increased our debt balance and prioritized actions that preserve or improve our cash balance. The leverage framework includes a ratio of total Company debt (excluding Ford Credit), underfunded pension liabilities, operating leases, and other adjustments, divided by Company adjusted EBIT (excluding Ford Credit EBT), and further adjusted to exclude depreciation and tooling amortization (excluding Ford Credit).

Ford Credit's leverage is calculated as a separate business as described in the Liquidity - Ford Credit Segment section of Item 2. Ford Credit is self-funding and its debt, which is used to fund its operations, is separate from our Company debt excluding Ford Credit.

## Ford Credit Segment

Ford Credit ended the third quarter of 2021 with \$33 billion of liquidity. During the quarter, Ford Credit completed \$4 billion of public term funding.

Key elements of Ford Credit's funding strategy include:

- Maintain strong liquidity
- Prudently access public markets
- Flexibility to increase ABS mix as needed; preserving assets and committed capacity
- Target managed leverage of 8:1 to 9:1
- Maintain self-liquidating balance sheet

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

The following table shows funding for Ford Credit's managed receivables (in billions):

	September 30, 2020	December 31, 2020	September 30, 2021
<b>Funding Structure</b>			
Term unsecured debt	\$ 74.0	\$ 76.6	\$ 65.2
Term asset-backed securities	53.2	54.6	45.1
Ford Interest Advantage / Deposits	5.9	6.5	8.6
Other (a)	6.5	5.7	5.8
Equity (a)	15.6	15.6	12.4
Adjustments for cash	(14.6)	(18.5)	(14.3)
<b>Total Managed Receivables (b)</b>	<b>\$ 140.6</b>	<b>\$ 140.5</b>	<b>\$ 122.8</b>
Securitized Funding as Percent of Managed Receivables	37.8 %	38.8 %	36.7 %

(a) Prior period amounts have been updated as a result of the adoption of ASU 2019-12, *Simplifying the Accounting for Income Taxes*. For additional information, see Note 2 of the Notes to the Financial Statements.

(b) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

Managed receivables of \$122.8 billion at September 30, 2021, were funded primarily with term unsecured debt and term asset-backed securities. Securitized funding as a percent of managed receivables was 36.7% at the end of the third quarter of 2021. The calendarization of the funding plan will result in quarterly fluctuations of the securitized funding percentage.

**Public Term Funding Plan.** The following table shows Ford Credit's issuances for full year 2019 and 2020, planned issuances for full year 2021, and its global public term funding issuances through October 26, 2021, excluding short-term funding programs (in billions):

	2019 Actual	2020 Actual	2021 Forecast	Through October 26
Unsecured	\$ 17	\$ 14	\$ 5 - 7	\$ 5
Securitized (a)	14	13	8 - 9	8
<b>Total public</b>	<b>\$ 31</b>	<b>\$ 27</b>	<b>\$ 13 - 16</b>	<b>\$ 13</b>

(a) See *Definitions and Information Regarding Ford Credit Causal Factors* section.

For 2021, Ford Credit now projects full year public term funding in the range of \$13 billion to \$16 billion. Public funding is significantly reduced from 2019 and 2020, reflecting Ford Credit's smaller balance sheet size. Through October 26, 2021, Ford Credit has completed \$13 billion of public term issuances.

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

*Liquidity.* The following table shows Ford Credit's liquidity sources and utilization (in billions):

	September 30, 2020	December 31, 2020	September 30, 2021
<b>Liquidity Sources (a)</b>			
Cash	\$ 14.6	\$ 18.5	\$ 14.3
Committed asset-backed facilities	37.4	38.1	37.7
Other unsecured credit facilities	2.4	2.5	2.7
Total liquidity sources	\$ 54.4	\$ 59.1	\$ 54.7
<b>Utilization of Liquidity (a)</b>			
Securitization and restricted cash	\$ (3.5)	\$ (3.9)	\$ (6.1)
Committed asset-backed facilities	(17.4)	(16.7)	(11.5)
Other unsecured credit facilities	(0.5)	(0.5)	(0.4)
Total utilization of liquidity	\$ (21.4)	\$ (21.1)	\$ (18.0)
Gross liquidity	\$ 33.0	\$ 38.0	\$ 36.7
Asset-backed capacity in excess of eligible receivables and other adjustments	(1.9)	(2.6)	(3.7)
Net liquidity available for use	\$ 31.1	\$ 35.4	\$ 33.0

(a) See Definitions and Information Regarding Ford Credit Causal Factors section.

Ford Credit's net liquidity available for use will fluctuate quarterly based on factors including near-term debt maturities, receivable growth and decline, and timing of funding transactions. At September 30, 2021, Ford Credit's net liquidity available for use was \$33 billion, \$2.4 billion lower than year-end 2020. At September 30, 2021, Ford Credit's liquidity sources including cash, committed asset-backed facilities, and unsecured credit facilities totaled \$54.7 billion, down \$4.4 billion from year-end 2020.

*Material Cash Requirements.* Ford Credit's material cash requirements include: (1) the purchase of retail financing and operating lease contracts from dealers and providing wholesale financing for dealers to finance new and used vehicles; and (2) debt repayments (for additional information on debt, see the "Balance Sheet Liquidity Profile" section below and the "Aggregate Contractual Obligations" section in Item 7 and Note 19 of the Notes to the Financial Statements in our 2020 Form 10-K Report). In addition, subject to approval by Ford Credit's Board of Directors, shareholder distributions may require the expenditure of a material amount of cash. Moreover, Ford Credit may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, e.g., legal contingencies, uncertain tax positions, and other matters.

Ford Credit plans to utilize its liquidity (as described above) and its cash flows from business operations to fund its material cash requirements.

*Balance Sheet Liquidity Profile.* Ford Credit defines its balance sheet liquidity profile as the cumulative maturities, including the impact of expected prepayments and allowance for credit losses, of its finance receivables, investment in operating leases, and cash, less the cumulative debt maturities over upcoming annual periods. Ford Credit's balance sheet is inherently liquid because of the short-term nature of its finance receivables, investment in operating leases, and cash. Ford Credit ensures its cumulative debt maturities have a longer tenor than its cumulative asset maturities. This positive maturity profile is intended to provide Ford Credit with additional liquidity after all of its assets have been funded and is in addition to its liquidity available to protect for stress scenarios.

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

The following table shows Ford Credit's cumulative maturities for assets and total debt for the periods presented and unsecured long-term debt maturities in the individual periods presented (in billions):

	October - December 2021	2022	2023	2024 and Beyond
<b>Balance Sheet Liquidity Profile</b>				
Assets (a)	\$ 39	\$ 73	\$ 101	\$ 136
Total debt (b)	27	58	79	118
Memo: Unsecured long-term debt maturities	3	14	11	33

(a) Includes gross finance receivables less the allowance for credit losses (including certain finance receivables that are reclassified in consolidation to *Trade and other receivables, net*), investment in operating leases net of accumulated depreciation, cash and cash equivalents, and marketable securities (excluding amounts related to insurance activities). Amounts shown include the impact of expected prepayments.

(b) Excludes unamortized debt (discount)/premium, unamortized issuance costs, and fair value adjustments.

Maturities of investment in operating leases consist primarily of the portion of rental payments attributable to depreciation over the remaining life of the lease and the expected residual value at lease termination. Maturities of finance receivables and investment in operating leases in the table above include expected prepayments for Ford Credit's retail installment sale contracts and investment in operating leases. The table above also reflects adjustments to debt maturities to match the asset-backed debt maturities with the underlying asset maturities.

All wholesale securitization transactions and wholesale receivables are shown maturing in the next 12 months, even if the maturities extend beyond third quarter 2022. The retail securitization transactions under certain committed asset-backed facilities are assumed to amortize immediately rather than amortizing after the expiration of the commitment period. As of September 30, 2021, Ford Credit had \$136 billion of assets, \$72 billion of which were unencumbered.

**Funding and Liquidity Risks.** Ford Credit's funding plan is subject to risks and uncertainties, many of which are beyond its control, including disruption in the capital markets, that could impact both unsecured debt and asset-backed securities issuance and the effects of regulatory changes on the financial markets. Refer to the "Liquidity - Ford Credit Segment - Funding and Liquidity Risks" section of Item 7 of Part II of our 2020 Form 10-K Report for more information.

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

The table below shows the calculation of Ford Credit's financial statement leverage and managed leverage (in billions):

	September 30, 2020	December 31, 2020	September 30, 2021
<b>Leverage Calculation</b>			
Debt	\$ 133.1	\$ 137.7	\$ 119.0
Adjustments for cash	(14.6)	(18.5)	(14.3)
Adjustments for derivative accounting (a)	(1.6)	(1.5)	(0.8)
Total adjusted debt	<u>\$ 116.9</u>	<u>\$ 117.7</u>	<u>\$ 103.9</u>
Equity (b) (c)	\$ 15.6	\$ 15.6	\$ 12.4
Adjustments for derivative accounting (a)	0.1	0.1	0.1
Total adjusted equity (c)	<u>\$ 15.7</u>	<u>\$ 15.7</u>	<u>\$ 12.5</u>
Financial statement leverage (to 1) (GAAP) (c)	8.5	8.8	9.6
Managed leverage (to 1) (Non-GAAP) (c)	7.5	7.5	8.4

(a) 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.

(b) Total shareholder's interest reported on Ford Credit's balance sheets.

(c) Prior period amounts have been updated as a result of the adoption of ASU 2019-12, *Simplifying the Accounting for Income Taxes*. For additional information, see Note 2 of the Notes to the Financial Statements.

Note: Numbers may not sum due to rounding.

Ford Credit plans its managed leverage by considering market conditions and the risk characteristics of its business. At September 30, 2021, Ford Credit's financial statement leverage was 9.6:1, and its managed leverage was 8.4:1. Ford Credit targets managed leverage in the range of 8:1 to 9:1.

**Total Company**

**Pension Plans - Underfunded Balances.** As of September 30, 2021, our total Company pension underfunded status reported on our consolidated balance sheets was \$4.2 billion and reflects the net underfunded status at December 31, 2020, updated for: service and interest cost; expected return on assets; curtailments, settlements, 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 2020.

**Return on Invested Capital ("ROIC").** We analyze total Company performance using an adjusted ROIC financial metric based on an after-tax, rolling four quarter average. The following table contains the calculation of our ROIC for the periods shown (in billions):

	<b>Four Quarters Ending</b>	
	<b>September 30, 2020</b>	<b>September 30, 2021</b>
<b>Adjusted Net Operating Profit/(Loss) After Cash Tax</b>		
Net income/(loss) attributable to Ford	\$ (0.2)	\$ 2.9
Add: Noncontrolling interest	—	—
Less: Income tax	(0.4)	0.1
Add: Cash tax	(0.3)	(0.6)
Less: Interest on debt	(1.4)	(1.8)
Less: Total pension/OPEB income/(cost)	(1.8)	(0.4)
Add: Pension/OPEB service costs	(1.1)	(1.1)
Net operating profit/(loss) after cash tax	\$ 2.0	\$ 3.2
Less: Special items (excl. pension/OPEB) pre-tax	2.3	(4.6)
Adjusted net operating profit/(loss) after cash tax	<u>\$ (0.3)</u>	<u>\$ 7.8</u>
<b>Invested Capital</b>		
Equity	\$ 33.2	\$ 36.7
Redeemable noncontrolling interest	—	—
Debt (excl. Ford Credit)	24.2	25.6
Net pension and OPEB liability	11.9	10.6
Invested capital (end of period)	<u>\$ 69.2</u>	<u>\$ 73.0</u>
Average invested capital	<u>\$ 69.4</u>	<u>\$ 70.9</u>
ROIC (a)	2.9 %	4.6%
Adjusted ROIC (Non-GAAP) (b)	(0.4)%	11.0%

(a) Calculated as the sum of net operating profit/(loss) after cash tax from the last four quarters, divided by the average invested capital over the last four quarters.

(b) Calculated as the sum of adjusted net operating profit/(loss) after cash tax from the last four quarters, divided by the average invested capital over the last four quarters.

Note: Numbers may not sum due to rounding.

## CREDIT RATINGS

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

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

There have been no rating actions taken by these NRSROs since the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.

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

	NRSRO RATINGS						NRSROs Minimum Long-Term Investment Grade Rating
	Ford			Ford Credit			
	Issuer Default / Corporate / Issuer Rating	Long-Term Senior Unsecured	Outlook / Trend	Long-Term Senior Unsecured	Short-Term Unsecured	Outlook / Trend	
DBRS	BB (high)	BB (high)	Stable	BB (high)	R-4	Stable	BBB (low)
Fitch	BB+	BB+	Stable	BB+	B	Stable	BBB-
Moody's	N/A	Ba2	Stable	Ba2	NP	Stable	Baa3
S&P	BB+	BB+	Negative	BB+	B	Negative	BBB-

**OUTLOOK**

We provided 2021 Company guidance in our earnings release furnished on Form 8-K dated October 27, 2021. The guidance is based on our expectations as of October 27, 2021 and assumes no material change in the current economic environment, including foreign exchange and tariffs. Our actual results could differ materially from our guidance due to risks, uncertainties, and other factors, including those set forth in "Risk Factors" in Item 1A of our 2020 Form 10-K Report and as updated by our subsequent filings with the SEC.

	<u>2021 Guidance</u>
<b>Total Company</b>	
Adjusted EBIT (a)	\$10.5 - \$11.5 billion
Adjusted Free Cash Flow (a)	\$4 - \$5 billion
Capital spending	\$6.0 - \$6.5 billion
Pension contributions	About \$0.8 billion
Global Redesign EBIT charges (b)	\$1.7 - \$2.2 billion
Global Redesign cash effects (b)	\$2.2 - \$2.7 billion
<b>Ford Credit</b>	
EBT	About \$4.6 billion

(a) When we provide guidance for adjusted EBIT and adjusted free cash flow, we do not provide guidance for the most comparable GAAP measures because, as described in more detail below in "Non-GAAP Measures That Supplement GAAP Measures," they include items that are difficult to predict with reasonable certainty.

(b) We continue to review our global businesses and may take additional restructuring actions in markets where a path to sustained profitability is not feasible when considering the capital allocation required for those markets. Such actions may result in global redesign EBIT charges and cash effects in 2021 that are incremental to those set forth in the table.

We now expect our adjusted EBIT for 2021 to be in a range of \$10.5 billion to \$11.5 billion. Despite a lower than anticipated improvement in the availability of semiconductors in the second half of 2021, the underlying strength of our business supports the increase in our guidance. Moreover, we have also assumed a sequential increase in wholesales in the fourth quarter. Consistent with our adjusted EBIT guidance throughout the year, our updated guidance includes the \$900 million non-cash gain on our investment in Rivian that we reported in our results for the first quarter of 2021.

Our guidance for adjusted free cash flow in 2021 is unchanged at \$4 billion to \$5 billion, reflecting higher adjusted EBIT but less favorable improvement in working capital and timing differences. This is due to lower than anticipated volume than previously assumed in the back-half of the fourth quarter as a result of semiconductor-related constraints. We expect adjusted free cash flow to increase with higher production and the associated improvement in supplier payables and other timing differences.

In the event Rivian completes its IPO, we will record any gain on our investment, and any subsequent adjustments, as special items, and, accordingly, we will recast prior period gains on our Rivian investment as special items.

For the full year, Ford Credit now expects EBT of about \$4.6 billion.

### 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 and Ford Credit's financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford is highly dependent on its suppliers to deliver components in accordance with Ford's production schedule, and a shortage of key components, such as semiconductors, can disrupt Ford's production of vehicles;
- Ford's long-term competitiveness depends on the successful execution of its Plan;
- Ford's vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents and other disruptions;
- Ford's production, as well as Ford's suppliers' production, could be disrupted by labor issues, 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;
- Ford's ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford's new and existing products and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and mobility industries;
- Ford's results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford's results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs;
- Industry sales volume in any of Ford's key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit's investments can have a significant effect on results;
- Ford and 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's receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- 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;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- 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 may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumers' heightened expectations to safeguard their personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer 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 2020 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## NON-GAAP FINANCIAL MEASURES THAT SUPPLEMENT GAAP MEASURES

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

- *Company Adjusted EBIT (Most Comparable GAAP Measure: Net Income/(Loss) 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. Our management ordinarily excludes special items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. Our categories of pre-tax special items and the applicable significance guideline for each item (which may consist of a group of items related to a single event or action) are as follows:

<u>Pre-Tax Special Item</u>	<u>Significance Guideline</u>
◦ Pension and OPEB remeasurement gains and losses	◦ No minimum
◦ 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	◦ Generally \$100 million or more
◦ Other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities	◦ \$500 million or more for individual field service actions; generally \$100 million or more for other items

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 remeasurement gains and losses.

- *Company Adjusted EBIT Margin (Most Comparable GAAP Measure: Company Net Income/(Loss) 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/(Loss) Per Share (Most Comparable GAAP Measure: Earnings/(Loss) Per Share)* – Measure of Company's diluted net earnings/(loss) per share adjusted for impact of pre-tax special items (described above), tax special items, and restructuring impacts in noncontrolling 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/(loss) per share, we do not provide guidance on an earnings/(loss) per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.
- *Adjusted Effective Tax Rate (Most Comparable GAAP Measure: Effective Tax Rate)* – Measure of Company's tax rate excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.

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

- *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, global redesign (including separations), and other items that are considered operating cash flows 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 ROIC* – Calculated as the sum of adjusted net operating profit/(loss) after cash tax from the last four quarters, divided by the average invested capital over the last four quarters. Adjusted Return on Invested Capital ("Adjusted ROIC") 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/(loss) 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 and held-for-sale 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.

### Non-GAAP Financial Measure Reconciliations

The following tables show our Non-GAAP financial measure reconciliations. The GAAP reconciliation for Ford Credit Managed Leverage can be found in the Ford Credit Segment section of "Liquidity and Capital Resources."

#### Net Income/(Loss) Reconciliation to Adjusted EBIT (\$M)

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
Net income/(loss) attributable to Ford (GAAP)	\$ 2,385	\$ 1,832	\$ 1,509	\$ 5,655
Income/(Loss) attributable to noncontrolling interests	5	(10)	6	(18)
Net income/(loss)	\$ 2,390	\$ 1,822	\$ 1,515	\$ 5,637
Less: (Provision for)/Benefit from income taxes	(366)	(63)	(1,179)	(925)
Income/(Loss) before income taxes	\$ 2,756	\$ 1,885	\$ 2,694	\$ 6,562
Less: Special items pre-tax	(390)	(669)	2,803	(964)
Income/(Loss) before special items pre-tax	\$ 3,146	\$ 2,554	\$ (109)	\$ 7,526
Less: Interest on debt	(498)	(439)	(1,175)	(1,365)
Adjusted EBIT (Non-GAAP)	\$ 3,644	\$ 2,993	\$ 1,066	\$ 8,891

Memo:

Revenue (\$B)	\$ 37.5	\$ 35.7	\$ 91.2	\$ 98.7
Net income/(loss) margin (%)	6.4%	5.1%	1.7%	5.7%
Adjusted EBIT margin (%)	9.7%	8.4%	1.2%	9.0%

#### Earnings per Share Reconciliation to Adjusted Earnings per Share

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
<b>Diluted After-Tax Results (\$M)</b>				
Diluted after-tax results (GAAP)	\$ 2,385	\$ 1,832	\$ 1,509	\$ 5,655
Less: Impact of pre-tax and tax special items	(231)	(209)	1,220	(461)
Adjusted net income/(loss) – diluted (Non-GAAP)	\$ 2,616	\$ 2,041	\$ 289	\$ 6,116
<b>Basic and Diluted Shares (M)</b>				
Basic shares (average shares outstanding)	3,976	3,995	3,971	3,989
Net dilutive options, unvested restricted stock units, and unvested restricted stock shares	29	41	26	38
Diluted shares	4,005	4,036	3,997	4,027
Earnings/(Loss) per share – diluted (GAAP)	\$ 0.60	\$ 0.45	\$ 0.38	\$ 1.40
Less: Net impact of adjustments	(0.05)	(0.06)	0.31	(0.12)
Adjusted earnings/(loss) per share – diluted (Non-GAAP)	\$ 0.65	\$ 0.51	\$ 0.07	\$ 1.52

**Effective Tax Rate Reconciliation to Adjusted Effective Tax Rate**

	Third Quarter		First Nine Months		Memo: FY 2020
	2020	2021	2020	2021	
<b>Pre-Tax Results (\$M)</b>					
Income/(Loss) before income taxes (GAAP)	\$ 2,756	\$ 1,885	\$ 2,694	\$ 6,562	\$ (1,116)
Less: Impact of special items	(390)	(669)	2,803	(964)	(2,246)
Adjusted earnings before taxes (Non-GAAP)	<u>\$ 3,146</u>	<u>\$ 2,554</u>	<u>\$ (109)</u>	<u>\$ 7,526</u>	<u>\$ 1,130</u>
<b>Taxes (\$M)</b>					
(Provision for)/Benefit from income taxes (GAAP)	\$ (366)	\$ (63)	\$ (1,179)	\$ (925)	\$ (160)
Less: Impact of special items (a)	159	460	(1,583)	503	(670)
Adjusted (provision for)/benefit from income taxes (Non-GAAP)	<u>\$ (525)</u>	<u>\$ (523)</u>	<u>\$ 404</u>	<u>\$ (1,428)</u>	<u>\$ 510</u>
<b>Tax Rate (%)</b>					
Effective tax rate (GAAP)	13.3 %	3.3 %	43.8 %	14.1 %	(14.3)%
Adjusted effective tax rate (Non-GAAP)	16.7 %	20.5 %	370.6 %	19.0 %	(45.1)%

(a) Full Year 2020 includes \$(1.3) billion related to the establishment of valuation allowances against primarily U.S. tax credits.

**Net Cash Provided by/(Used in) Operating Activities Reconciliation to Company Adjusted Free Cash Flow (\$M)**

	Third Quarter		First Nine Months	
	2020	2021	2020	2021
Net cash provided by/(used in) operating activities (GAAP)	\$ 11,088	\$ 7,008	\$ 19,730	\$ 12,256
Less: Items not included in Company Adjusted Free Cash Flows				
Ford Credit operating cash flows (a)	\$ 4,417	\$ (341)	\$ 18,582	\$ 14,295
Funded pension contributions	(147)	(209)	(429)	(602)
Global Redesign (including separations)	(105)	(293)	(376)	(1,608)
Ford Credit tax payments/(refunds) under tax sharing agreement (a)	44	—	469	4
Other, net	(431)	4	(624)	(179)
Add: Items included in Company Adjusted Free Cash Flows				
Automotive and Mobility capital spending	\$ (1,247)	\$ (1,562)	\$ (4,182)	\$ (4,424)
Ford Credit distributions (a)	831	1,500	2,000	6,500
Settlement of derivatives	(336)	(42)	(300)	(200)
Company adjusted free cash flow (Non-GAAP) (a)	<u>\$ 6,558</u>	<u>\$ 7,743</u>	<u>\$ (374)</u>	<u>\$ 2,222</u>

(a) Prior period amounts have been updated as a result of the adoption of ASU 2019-12, *Simplifying the Accounting for Income Taxes*. For additional information, see Note 2 of the Notes to the Financial Statements.

**Ford Credit Net Receivables Reconciliation to Managed Receivables (\$B)**

	September 30, 2020	December 31, 2020	September 30, 2021
Ford Credit finance receivables, net (GAAP) (a)	\$ 97.5	\$ 97.7	\$ 83.4
Net investment in operating leases (GAAP) (a)	26.6	26.6	25.5
Consolidating adjustments (b)	7.4	7.4	7.6
Total net receivables	\$ 131.5	\$ 131.7	\$ 116.5
Ford Credit unearned interest supplements and residual support	\$ 6.7	\$ 6.5	\$ 4.8
Allowance for credit losses	1.3	1.3	1.0
Other, primarily accumulated supplemental depreciation	1.1	1.0	0.5
Total managed receivables (Non-GAAP)	<u>\$ 140.6</u>	<u>\$ 140.5</u>	<u>\$ 122.8</u>

- (a) 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 sheets 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.
- (b) Primarily includes Automotive segment receivables purchased by Ford Credit, which are classified to *Trade and other receivables, net* on our consolidated balance sheets. Also includes eliminations of intersegment transactions.

**SUPPLEMENTAL INFORMATION**

The tables below provide supplemental consolidating financial information, other financial information, and U.S. sales by type. Company excluding Ford Credit includes our Automotive and Mobility reportable segments, Corporate Other, Interest on Debt, and Special Items. Eliminations, where presented, primarily represent eliminations of intersegment transactions and deferred tax netting.

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

	For the period ended September 30, 2021			
	First Nine Months			
	Company excluding Ford Credit	Ford Credit	Eliminations	Consolidated
<b>Cash flows from operating activities</b>				
Net income	\$ 2,161	\$ 3,476	\$ —	\$ 5,637
Depreciation and tooling amortization	4,247	1,231	—	5,478
Other amortization	103	(1,137)	—	(1,034)
Increase/(Decrease) in provision for credit and insurance losses	1	(251)	—	(250)
Pension and OPEB expense/(income)	(1,115)	—	—	(1,115)
Equity investment dividends received in excess of (earnings)/losses	106	(11)	—	95
Foreign currency adjustments	261	87	—	348
Net unrealized (gain)/loss on Other Investments	(926)	—	—	(926)
Net (gain)/loss on changes in investments in affiliates	(353)	(1)	—	(354)
Stock compensation	255	7	—	262
Provision for deferred income taxes	667	(15)	—	652
Decrease/(Increase) in finance receivables (wholesale and other)	—	8,508	—	8,508
Decrease/(Increase) in intersegment receivables/payables	(830)	830	—	—
Decrease/(Increase) in accounts receivable and other assets	(1,545)	216	—	(1,329)
Decrease/(Increase) in inventory	(3,129)	—	—	(3,129)
Increase/(Decrease) in accounts payable and accrued and other liabilities	(264)	(247)	—	(511)
Other	(28)	(48)	—	(76)
Interest supplements and residual value support to Ford Credit	(1,650)	1,650	—	—
Net cash provided by/(used in) operating activities	\$ (2,039)	\$ 14,295	\$ —	\$ 12,256
<b>Cash flows from investing activities</b>				
Capital spending	\$ (4,424)	\$ (31)	\$ —	\$ (4,455)
Acquisitions of finance receivables and operating leases	—	(34,693)	—	(34,693)
Collections of finance receivables and operating leases	—	39,440	—	39,440
Proceeds from sale of business	145	—	—	145
Purchases of marketable and other investments	(16,100)	(7,143)	—	(23,243)
Sales and maturities of marketable securities and other investments	18,499	9,940	—	28,439
Settlements of derivatives	(200)	(44)	—	(244)
Other	(381)	—	—	(381)
Investing activity (to)/from other segments	6,500	(21)	(6,479)	—
Net cash provided by/(used in) investing activities	\$ 4,039	\$ 7,448	\$ (6,479)	\$ 5,008
<b>Cash flows from financing activities</b>				
Cash payments for dividends and dividend equivalents	\$ (3)	\$ —	\$ —	\$ (3)
Purchases of common stock	—	—	—	—
Net changes in short-term debt	(144)	1,712	—	1,568
Proceeds from issuance of long-term debt	2,300	17,000	—	19,300
Principal payments on long-term debt	(393)	(35,729)	—	(36,122)
Other	(110)	(53)	—	(163)
Financing activity to/(from) other segments	21	(6,500)	6,479	—
Net cash provided by/(used in) financing activities	\$ 1,671	\$ (23,570)	\$ 6,479	\$ (15,420)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	\$ (78)	\$ (77)	\$ —	\$ (155)

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

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

	For the period ended September 30, 2021		
	Third Quarter		
	Company excluding Ford Credit	Ford Credit	Consolidated
Revenues	\$ 33,249	\$ 2,434	\$ 35,683
Total costs and expenses	33,004	1,337	34,341
Operating income/(loss)	245	1,097	1,342
Interest expense on Company debt excluding Ford Credit	439	—	439
Other income/(loss), net	881	(29)	852
Equity in net income/(loss) of affiliated companies	121	9	130
Income/(Loss) before income taxes	808	1,077	1,885
Provision for/(Benefit from) income taxes	(34)	97	63
Net income/(loss)	842	980	1,822
Less: Income/(Loss) attributable to noncontrolling interests	(10)	—	(10)
Net income/(loss) attributable to Ford Motor Company	\$ 852	\$ 980	\$ 1,832

	For the period ended September 30, 2021		
	First Nine Months		
	Company excluding Ford Credit	Ford Credit	Consolidated
Revenues	\$ 90,963	\$ 7,700	\$ 98,663
Total costs and expenses	90,925	3,954	94,879
Operating income/(loss)	38	3,746	3,784
Interest expense on Company debt excluding Ford Credit	1,365	—	1,365
Other income/(loss), net	3,990	(107)	3,883
Equity in net income/(loss) of affiliated companies	237	23	260
Income/(Loss) before income taxes	2,900	3,662	6,562
Provision for/(Benefit from) income taxes	739	186	925
Net income/(loss)	2,161	3,476	5,637
Less: Income/(Loss) attributable to noncontrolling interests	(18)	—	(18)
Net income/(loss) attributable to Ford Motor Company	\$ 2,179	\$ 3,476	\$ 5,655

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

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

	September 30, 2021			
	Company excluding Ford Credit	Ford Credit	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 14,466	\$ 12,963	\$ —	\$ 27,429
Marketable securities	16,951	2,046	—	18,997
Ford Credit finance receivables, net	—	32,600	—	32,600
Trade and other receivables, net	4,040	6,811	—	10,851
Inventories	13,508	—	—	13,508
Other assets	2,470	1,113	—	3,583
Receivable from other segments	107	1,038	(1,145)	—
Total current assets	51,542	56,571	(1,145)	106,968
Ford Credit finance receivables, net	—	50,839	—	50,839
Net investment in operating leases	1,281	25,459	—	26,740
Net property	36,377	220	—	36,597
Equity in net assets of affiliated companies	4,490	138	—	4,628
Deferred income taxes	11,707	177	7	11,891
Other assets	13,060	1,954	—	15,014
Receivable from other segments	—	27	(27)	—
Total assets	<u>\$ 118,457</u>	<u>\$ 135,385</u>	<u>\$ (1,165)</u>	<u>\$ 252,677</u>
<b>Liabilities</b>				
Payables	\$ 21,851	\$ 1,072	\$ —	\$ 22,923
Other liabilities and deferred revenue	17,543	1,244	—	18,787
Debt payable within one year	1,849	45,474	—	47,323
Payable to other segments	1,145	—	(1,145)	—
Total current liabilities	42,388	47,790	(1,145)	89,033
Other liabilities and deferred revenue	27,566	1,242	—	28,808
Long-term debt	23,767	73,482	—	97,249
Deferred income taxes	374	502	7	883
Payable to other segments	27	—	(27)	—
Total liabilities	<u>\$ 94,122</u>	<u>\$ 123,016</u>	<u>\$ (1,165)</u>	<u>\$ 215,973</u>

Selected Other Information.

*Equity.* At September 30, 2021, total equity attributable to Ford was \$36.6 billion, an increase of \$5.9 billion compared with December 31, 2020. The detail for this change is shown below (in billions):

	<b>Increase/ (Decrease)</b>
Net income/(loss)	\$ 5.7
Common stock issued	0.2
<b>Total</b>	<b>\$ 5.9</b>

*U.S. Sales by Type.* The following table shows third quarter 2021 U.S. sales volume and U.S. wholesales segregated by truck, SUV, and car sales. U.S. sales volume reflects transactions with (i) retail and fleet customers (as reported by dealers), (ii) governments, and (iii) Ford management. U.S. wholesales reflect sales to dealers.

	<b>U.S. Sales</b>	<b>U.S. Wholesales</b>
Trucks	229,738	264,383
SUVs	161,571	197,020
Cars	9,534	9,959
<b>Total Vehicles</b>	<b>400,843</b>	<b>471,362</b>

**ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

The Financial Accounting Standards Board ("FASB") has issued the following Accounting Standards Updates ("ASU"), which are not expected to have a material impact to our financial statements or financial statement disclosures. For additional information, see Note 2 of the Notes to the Financial Statements.

<b>ASU</b>	<b>Effective Date (a)</b>
2021-04 Issuer's Accounting for Certain Modifications or Exchanges of Warrants	January 1, 2022
2021-05 Lessors – Certain Leases with Variable Lease Payments	January 1, 2022
2018-12 Targeted Improvements to the Accounting for Long Duration Contracts	January 1, 2023

(a) Early adoption for each of the standards is permitted.

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.**

#### **Automotive Segment**

*Foreign Currency Risk.* The net fair value of foreign exchange forward contracts (including adjustments for credit risk) as of September 30, 2021, was a liability of \$351 million, compared with a liability of \$487 million as of December 31, 2020. The potential change in the fair value from a 10% change in the underlying exchange rates, in U.S. dollar terms, would have been \$2.2 billion at September 30, 2021, compared with \$2.5 billion at December 31, 2020.

*Commodity Price Risk.* The net fair value of commodity forward contracts (including adjustments for credit risk) as of September 30, 2021, was an asset of \$312 million, compared with an asset of \$105 million at December 31, 2020. The potential change in the fair value from a 10% change in the underlying commodity prices would have been \$216 million at September 30, 2021, compared with \$141 million at December 31, 2020.

#### **Ford Credit Segment**

*Interest Rate Risk.* To provide a quantitative measure of the sensitivity of its pre-tax cash flow to changes in interest rates, Ford Credit uses interest rate scenarios that assume a hypothetical, instantaneous increase or decrease of one percentage point in all interest rates across all maturities (a “parallel shift”), as well as a base case that assumes that all interest rates remain constant at existing levels. The differences in pre-tax cash flow between these scenarios and the base case over a 12-month period represent an estimate of the sensitivity of Ford Credit’s pre-tax cash flow. Under this model, Ford Credit estimates that at September 30, 2021, all else constant, such an increase in interest rates would decrease its pre-tax cash flow by \$51 million over the next 12 months, compared with a decrease of \$3 million at December 31, 2020. In reality, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the one percentage point assumed in Ford Credit’s analysis. As a result, the actual impact to pre-tax cash flow could be higher or lower than the results detailed above.

#### **Transition from LIBOR to Alternative Reference Rates**

We and our affiliates, including Ford Credit, have been working to transition from the London Interbank Offered Rate (“LIBOR”) to alternative reference rates. We have developed a total company inventory of affected financial instruments and contracts, have been working to transition legacy contracts linked to LIBOR to alternative reference rates, and intend to rely primarily on alternative reference rates for new contracts after 2021.

### **ITEM 4. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures.* James D. Farley, Jr., our Chief Executive Officer (“CEO”), and John T. Lawler, our Chief Financial Officer (“CFO”), have performed an evaluation of the Company’s disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), as of September 30, 2021, and each has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by SEC rules and forms, and that such information is accumulated and communicated to the CEO and CFO to allow timely decisions regarding required disclosures.

*Changes in Internal Control Over Financial Reporting.* There were no changes in internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. *Legal Proceedings.*

#### ENVIRONMENTAL MATTERS

We have no legal proceedings arising under any federal, state, or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment, in which (i) a governmental authority is a party, and (ii) we believe there is the possibility of monetary sanctions (exclusive of interest and costs) in excess of \$1 million.

#### OTHER MATTERS

*Brazilian Tax Matters* (as previously reported on page 28 of our 2020 Form 10-K Report, page 68 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, and page 68 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021). One Brazilian state (São Paulo) and the Brazilian federal tax authority currently have outstanding substantial tax assessments against Ford Motor Company Brasil Ltda. (“Ford Brazil”) related to state and federal tax incentives Ford Brazil received for its operations in the Brazilian state of Bahia. The São Paulo assessment is part of a broader conflict among various states in Brazil. The federal legislature enacted laws designed to encourage the states to end that conflict, and in 2017 the states reached an agreement on a framework for resolution. Ford Brazil continues to pursue a resolution under the framework and expects the amount of any remaining assessments by the states to be resolved under that framework. The federal assessments are outside the scope of the legislation.

All of the outstanding assessments have been appealed to the relevant administrative court of each jurisdiction. To proceed with an appeal within the judicial court system, an appellant may be required to post collateral. To date, we have not been required to post any collateral. If we are required to post collateral, which could be in excess of \$1 billion, we expect it to be in the form of fixed assets, surety bonds, and/or letters of credit, but we may be required to post cash collateral. Although the ultimate resolution of these matters may take many years, we consider our overall risk of loss to be remote.

*Emissions Certification* (as previously reported on page 28 of our 2020 Form 10-K Report). Beginning in 2018 and continuing into 2020, the Company investigated a potential concern involving its U.S. emissions certification process. The matter focused on issues related to road load estimations, including analytical modeling and coastdown testing. The potential concern did not involve the use of defeat devices (see Item 1, Governmental Standards of our 2020 Form 10-K Report for a definition of defeat devices). We voluntarily disclosed this matter to the U.S. Environmental Protection Agency (“EPA”) and the California Air Resources Board (“CARB”) on February 18, 2019 and February 21, 2019, respectively. Subsequently, the U.S. Department of Justice (“DOJ”) opened a criminal investigation into the matter. In addition, we notified a number of other state and federal agencies. We cooperated fully with these government agencies. We received notifications from EPA, CARB, and DOJ that these agencies have closed their inquiries into the matter and do not intend to take any further action. The review opened by Environment and Climate Change Canada remains open.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In the third quarter of 2021, we repurchased shares of Ford Common Stock from our employees related to certain exercises of stock options in accordance with our various compensation plans.

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs</b>	<b>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</b>
July 1, 2021 through July 31, 2021	1,500	\$ 14.75	—	—
August 1, 2021 through August 31, 2021	—	—	—	—
September 1, 2021 through September 30, 2021	39,594	14.19	—	—
Total / Average	<u>41,094</u>	<u>\$ 14.21</u>	—	—

**ITEM 6. Exhibits.**

<b>Designation</b>	<b>Description</b>	<b>Method of Filing</b>
<a href="#">Exhibit 31.1</a>	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
<a href="#">Exhibit 31.2</a>	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
<a href="#">Exhibit 32.1</a>	Section 1350 Certification of CEO.	Furnished with this Report.
<a href="#">Exhibit 32.2</a>	Section 1350 Certification of CFO.	Furnished with this Report.
Exhibit 101.INS	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language ("Inline XBRL").	(a)
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	(a)
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	(a)
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	(a)
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	(a)
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	(a)
Exhibit 104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	(a)

(a) Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

**SIGNATURE**

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

FORD MOTOR COMPANY

By: /s/ Cathy O'Callaghan  
Cathy O'Callaghan, Controller  
(principal accounting officer)

Date: October 27, 2021

**CERTIFICATION**

I, James D. Farley, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2021 of Ford Motor Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 27, 2021

/s/ James D. Farley, Jr.

James D. Farley, Jr.

President and Chief Executive Officer

**CERTIFICATION**

I, John T. Lawler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2021 of Ford Motor Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 27, 2021

/s/ John T. Lawler  
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John T. Lawler  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

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

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 27, 2021

/s/ James D. Farley, Jr.

James D. Farley, Jr.

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

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

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 27, 2021

/s/ John T. Lawler

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John T. Lawler

Chief Financial Officer