

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 March 31, 2022

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:

Title of each class	Trading symbols	Name of each exchange on which registered
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 April 22, 2022, Ford had outstanding 3,948,913,279 shares of Common Stock and 70,852,076 shares of Class B Stock.

Exhibit Index begins on page [67](#)

FORD MOTOR COMPANY
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended March 31, 2022

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

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

	For the periods ended March 31,	
	2021	2022
	First Quarter (unaudited)	
Cash flows from operating activities		
Net income/(loss)	\$ 3,262	\$ (3,119)
Depreciation and tooling amortization	2,103	1,857
Other amortization	(361)	(310)
Provision for/(Benefit from) credit and insurance losses	(36)	(66)
Pension and other post-retirement employee benefits ("OPEB") expense/(income) (Note 13)	(318)	(213)
Equity method investment dividends received in excess of (earnings)/losses and impairments	68	199
Foreign currency adjustments	350	32
Net realized and unrealized (gains)/losses on cash equivalents, marketable securities, and other investments (Note 4)	(899)	5,454
Net (gain)/loss on changes in investments in affiliates (Note 4)	(166)	125
Stock compensation	41	67
Provision for deferred income taxes	427	(1,053)
Decrease/(Increase) in finance receivables (wholesale and other)	2,699	(2,192)
Decrease/(Increase) in accounts receivable and other assets	(588)	(956)
Decrease/(Increase) in inventory	(2,176)	(2,755)
Increase/(Decrease) in accounts payable and accrued and other liabilities	193	1,714
Other	(107)	132
Net cash provided by/(used in) operating activities	4,492	(1,084)
Cash flows from investing activities		
Capital spending	(1,368)	(1,370)
Acquisitions of finance receivables and operating leases	(11,695)	(10,278)
Collections of finance receivables and operating leases	12,482	11,988
Purchases of marketable securities and other investments	(11,580)	(4,319)
Sales and maturities of marketable securities and other investments	11,686	7,115
Settlements of derivatives	31	212
Other	(47)	(33)
Net cash provided by/(used in) investing activities	(491)	3,315
Cash flows from financing activities		
Cash payments for dividends and dividend equivalents	(3)	(405)
Purchases of common stock	—	—
Net changes in short-term debt	273	(614)
Proceeds from issuance of long-term debt	6,931	12,489
Payments of long-term debt	(14,892)	(12,975)
Other	(102)	(156)
Net cash provided by/(used in) financing activities	(7,793)	(1,661)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(93)	(24)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	\$ (3,885)	\$ 546
Cash, cash equivalents, and restricted cash at beginning of period (Note 7)	\$ 25,935	\$ 20,737
Net increase/(decrease) in cash, cash equivalents, and restricted cash	(3,885)	546
Cash, cash equivalents, and restricted cash at end of period (Note 7)	\$ 22,050	\$ 21,283

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 March 31,	
	2021	2022
	First Quarter (unaudited)	
Revenues		
Automotive	\$ 33,554	\$ 32,111
Ford Credit	2,663	2,281
Mobility	11	84
Total revenues (Note 3)	36,228	34,476
Costs and expenses		
Cost of sales	29,297	29,036
Selling, administrative, and other expenses	2,843	2,740
Ford Credit interest, operating, and other expenses	1,624	1,357
Total costs and expenses	33,764	33,133
Operating income/(loss)	2,464	1,343
Interest expense on Company debt excluding Ford Credit	473	308
Other income/(loss), net (Note 4 and Note 17)	1,872	(4,850)
Equity in net income/(loss) of affiliated companies	79	(33)
Income/(Loss) before income taxes	3,942	(3,848)
Provision for/(Benefit from) income taxes	680	(729)
Net income/(loss)	3,262	(3,119)
Less: Income/(Loss) attributable to noncontrolling interests	—	(9)
Net income/(loss) attributable to Ford Motor Company	\$ 3,262	\$ (3,110)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO FORD MOTOR COMPANY COMMON AND CLASS B STOCK (Note 6)		
Basic income/(loss)	\$ 0.82	\$ (0.78)
Diluted income/(loss)	0.81	(0.78)
Weighted-average shares used in computation of earnings/(loss) per share		
Basic shares	3,980	4,008
Diluted shares	4,016	4,008

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	For the periods ended March 31,	
	2021	2022
	First Quarter (unaudited)	
Net income/(loss)	\$ 3,262	\$ (3,119)
Other comprehensive income/(loss), net of tax (Note 18)		
Foreign currency translation	289	146
Marketable securities	(65)	(253)
Derivative instruments	(301)	144
Pension and other postretirement benefits	1	8
Total other comprehensive income/(loss), net of tax	(76)	45
Comprehensive income/(loss)	3,186	(3,074)
Less: Comprehensive income/(loss) attributable to noncontrolling interests	—	(9)
Comprehensive income/(loss) attributable to Ford Motor Company	\$ 3,186	\$ (3,065)

The accompanying notes are part of the consolidated financial statements.

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

	December 31, 2021	March 31, 2022
	(unaudited)	
ASSETS		
Cash and cash equivalents (Note 7)	\$ 20,540	\$ 21,013
Marketable securities (Note 7)	29,053	20,215
Ford Credit finance receivables, net of allowance for credit losses of \$282 and \$262 (Note 8)	32,543	32,775
Trade and other receivables, less allowances of \$48 and \$77	11,370	13,031
Inventories (Note 9)	12,065	14,647
Assets held for sale (Note 17)	—	826
Other assets	3,425	3,635
Total current assets	108,996	106,142
Ford Credit finance receivables, net of allowance for credit losses of \$643 and \$583 (Note 8)	51,256	50,000
Net investment in operating leases	26,361	25,546
Net property	37,139	36,625
Equity in net assets of affiliated companies	4,545	4,306
Deferred income taxes	13,796	14,991
Other assets	14,942	15,376
Total assets	\$ 257,035	\$ 252,986
LIABILITIES		
Payables	\$ 22,349	\$ 23,256
Other liabilities and deferred revenue (Note 12 and Note 20)	18,686	18,263
Debt payable within one year (Note 14)		
Company excluding Ford Credit	3,175	2,927
Ford Credit	46,517	45,359
Liabilities held for sale (Note 17)	—	547
Total current liabilities	90,727	90,352
Other liabilities and deferred revenue (Note 12 and Note 20)	27,705	28,501
Long-term debt (Note 14)		
Company excluding Ford Credit	17,200	17,158
Ford Credit	71,200	70,157
Deferred income taxes	1,581	1,734
Total liabilities	208,413	207,902
EQUITY		
Common Stock, par value \$0.01 per share (4,066 million shares issued of 6 billion authorized)	40	41
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	22,611	22,550
Retained earnings	35,769	32,251
Accumulated other comprehensive income/(loss) (Note 18)	(8,339)	(8,294)
Treasury stock	(1,563)	(1,564)
Total equity attributable to Ford Motor Company	48,519	44,985
Equity attributable to noncontrolling interests	103	99
Total equity	48,622	45,084
Total liabilities and equity	\$ 257,035	\$ 252,986

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, 2021	March 31, 2022
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 3,407	\$ 2,473
Ford Credit finance receivables, net	43,001	42,119
Net investment in operating leases	7,540	10,191
Other assets	39	152
LIABILITIES		
Other liabilities and deferred revenue	\$ 6	\$ 1
Debt	38,274	40,139

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		
Balance at December 31, 2020	\$ 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)
Balance at March 31, 2021	\$ 41	\$ 22,240	\$ 21,502	\$ (8,370)	\$ (1,585)	\$ 33,828	\$ 146	\$ 33,974
Balance at December 31, 2021	\$ 41	\$ 22,611	\$ 35,769	\$ (8,339)	\$ (1,563)	\$ 48,519	\$ 103	\$ 48,622
Net income/(loss)	—	—	(3,110)	—	—	(3,110)	(9)	(3,119)
Other comprehensive income/(loss), net	—	—	—	45	—	45	—	45
Common Stock issued (a)	1	(61)	—	—	—	(60)	—	(60)
Treasury stock/other	—	—	—	—	(1)	(1)	5	4
Dividends and dividend equivalents declared (\$0.10 per share) (b)	—	—	(408)	—	—	(408)	—	(408)
Balance at March 31, 2022	\$ 42	\$ 22,550	\$ 32,251	\$ (8,294)	\$ (1,564)	\$ 44,985	\$ 99	\$ 45,084

(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, 2021 (“2021 Form 10-K Report”).

NOTE 2. NEW ACCOUNTING STANDARDS**Adoption of New Accounting Standards**

Accounting Standards Update (“ASU”) 2021-10, Government Assistance: Disclosures by Business Entities about Government Assistance. In November 2021, the Financial Accounting Standards Board (“FASB”) issued an accounting standards update requiring entities to provide certain disclosures in annual period financial statements for those transactions with governments that are accounted for by applying a grant or contribution accounting model via analogy to other applicable accounting standards. We are assessing the effect on our annual consolidated financial statement disclosures; however, adoption will not impact our consolidated balance sheets or income statements.

We also adopted the following ASUs during 2022, none of which had a material impact to our consolidated financial statements or financial statement disclosures:

ASU		Effective Date
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
2021-08	Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	January 1, 2022

Accounting Standards Issued But Not Yet Adopted

ASU 2022-02, Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosures. In March 2022, the FASB issued a new accounting standard that eliminates the troubled debt recognition and measurement guidance. The new standard requires that an entity apply the loan refinancing and restructuring guidance in ASC 310 to all loan modifications and/or receivable modifications. It also enhances disclosure requirements for certain refinancings and restructurings by creditors when a borrower is experiencing financial difficulty and requires disclosure of current-period gross charge-offs by year of origination in the vintage disclosure. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. We are assessing the effect of the new standard on our consolidated financial statements and disclosures.

All other ASUs issued but not yet adopted were assessed and determined to be either not applicable or are not expected to have a material impact to our consolidated financial statements or financial statement disclosures.

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 March 31 (in millions):

	First Quarter 2021		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	\$ 32,135	\$ —	\$ 32,135
Used vehicles	745	—	745
Services and other revenue (a)	608	16	624
Revenues from sales and services	33,488	16	33,504
Leasing income	77	1,380	1,457
Financing income	—	1,243	1,243
Insurance income	—	24	24
Total revenues	<u>\$ 33,565</u>	<u>\$ 2,663</u>	<u>\$ 36,228</u>
	First Quarter 2022		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	\$ 30,991	\$ —	\$ 30,991
Used vehicles	429	—	429
Services and other revenue (a)	722	19	741
Revenues from sales and services	32,142	19	32,161
Leasing income	53	1,211	1,264
Financing income	—	1,040	1,040
Insurance income	—	11	11
Total revenues	<u>\$ 32,195</u>	<u>\$ 2,281</u>	<u>\$ 34,476</u>

(a) Includes extended service contract revenue.

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 \$359 million and \$211 million in the first quarter of 2021 and 2022, respectively.

We had a balance of \$4.3 billion of unearned revenue associated primarily with outstanding extended service contracts reported in *Other liabilities and deferred revenue* at December 31, 2021 and March 31, 2022. We expect to recognize approximately \$1 billion of the unearned amount in the remainder of 2022, \$1.2 billion in 2023, and \$2.1 billion thereafter. We recognized \$342 million and \$365 million of unearned amounts as revenue during the first quarter of 2021 and 2022, respectively.

Amounts paid to dealers to obtain extended service contracts are deferred and recorded as *Other assets*. We had a balance of \$309 million and \$317 million in deferred costs as of December 31, 2021 and March 31, 2022, respectively. We recognized \$20 million and \$22 million of amortization during the first quarter of 2021 and 2022, 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 March 31 were as follows (in millions):

	First Quarter	
	2021	2022
Net periodic pension and OPEB income/(cost), excluding service cost (a)	\$ 612	\$ 459
Investment-related interest income	72	61
Interest income/(expense) on income taxes	(3)	5
Realized and unrealized gains/(losses) on cash equivalents, marketable securities, and other investments (b)	899	(5,454)
Gains/(Losses) on changes in investments in affiliates (c)	166	(125)
Royalty income	171	144
Other	(45)	60
Total	<u>\$ 1,872</u>	<u>\$ (4,850)</u>

(a) See Note 13 for additional information relating to our pension and OPEB remeasurements.

(b) Includes a \$0.9 billion unrealized gain and a \$5.4 billion unrealized loss on our Rivian equity investment in the first quarter of 2021 and 2022, respectively.

(c) Primarily reflects a gain on Getrag Ford Transmission GmbH in first quarter 2021 (see Note 17), and a loss on the Ford Credit Brazil liquidation in first quarter 2022 (see Note 16).

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.

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):

	First Quarter	
	2021	2022
Net income/(loss) attributable to Ford Motor Company	\$ 3,262	\$ (3,110)
Basic and Diluted Shares		
Basic shares (average shares outstanding)	3,980	4,008
Net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt (a)	36	—
Diluted shares	<u>4,016</u>	<u>4,008</u>

(a) In the first quarter of 2022, there were 56 million shares excluded from the calculation of diluted earnings/(loss) per share, due to their anti-dilutive effect.

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, 2021		
		Company excluding Ford Credit	Ford Credit	Consolidated
Cash and cash equivalents				
U.S. government	1	\$ 2,877	\$ 711	\$ 3,588
U.S. government agencies	2	355	240	595
Non-U.S. government and agencies	2	55	152	207
Corporate debt	2	105	940	1,045
Total marketable securities classified as cash equivalents		3,392	2,043	5,435
Cash, time deposits, and money market funds		6,185	8,920	15,105
Total cash and cash equivalents		\$ 9,577	\$ 10,963	\$ 20,540
Marketable securities				
U.S. government	1	\$ 4,018	\$ 864	\$ 4,882
U.S. government agencies	2	2,270	75	2,345
Non-U.S. government and agencies	2	3,373	697	4,070
Corporate debt	2	6,299	304	6,603
Equities (a)	1	10,673	—	10,673
Other marketable securities	2	247	233	480
Total marketable securities		\$ 26,880	\$ 2,173	\$ 29,053
Restricted cash		\$ 69	\$ 128	\$ 197
Cash, cash equivalents, and restricted cash in held-for-sale assets		\$ —	\$ —	\$ —
	Fair Value Level	March 31, 2022		
		Company excluding Ford Credit	Ford Credit	Consolidated
Cash and cash equivalents				
U.S. government	1	\$ 1,723	\$ 615	\$ 2,338
U.S. government agencies	2	1,072	200	1,272
Non-U.S. government and agencies	2	830	436	1,266
Corporate debt	2	50	889	939
Total marketable securities classified as cash equivalents		3,675	2,140	5,815
Cash, time deposits, and money market funds		6,759	8,439	15,198
Total cash and cash equivalents		\$ 10,434	\$ 10,579	\$ 21,013
Marketable securities				
U.S. government	1	\$ 2,928	\$ 413	\$ 3,341
U.S. government agencies	2	2,120	75	2,195
Non-U.S. government and agencies	2	2,486	1,036	3,522
Corporate debt	2	5,151	297	5,448
Equities (a)	1	5,223	—	5,223
Other marketable securities	2	271	215	486
Total marketable securities		\$ 18,179	\$ 2,036	\$ 20,215
Restricted cash		\$ 75	\$ 119	\$ 194
Cash, cash equivalents, and restricted cash in held-for-sale assets		\$ 76	\$ —	\$ 76

(a) Includes \$10.6 billion and \$5.1 billion of Rivian common shares valued at \$103.69 and \$50.24 per share as of December 31, 2021 and March 31, 2022, respectively. During full year 2021 and first quarter 2022, we recognized an unrealized gain of \$8.3 billion and an unrealized loss of \$5.4 billion, respectively. At April 26, 2022, Rivian common shares were valued at \$30.68 per share. Ford's Rivian shares are subject to a contractual 180-day lock-up period that commenced with Rivian's initial public offering ("IPO") on November 10, 2021.

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, 2021					
	Less than 1 Year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Company excluding Ford Credit						
U.S. government	\$ 2,598	\$ (14)	\$ —	\$ —	\$ 2,598	\$ (14)
U.S. government agencies	1,809	(19)	73	(2)	1,882	(21)
Non-U.S. government and agencies	1,614	(20)	38	(1)	1,652	(21)
Corporate debt	3,637	(21)	71	(2)	3,708	(23)
Other marketable securities	178	(1)	15	—	193	(1)
Total	<u>\$ 9,836</u>	<u>\$ (75)</u>	<u>\$ 197</u>	<u>\$ (5)</u>	<u>\$ 10,033</u>	<u>\$ (80)</u>

	March 31, 2022					
	Less than 1 Year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Company excluding Ford Credit						
U.S. government	\$ 2,788	\$ (79)	\$ —	\$ —	\$ 2,788	\$ (79)
U.S. government agencies	1,966	(77)	73	(1)	2,039	(78)
Non-U.S. government and agencies	2,120	(81)	38	(1)	2,158	(82)
Corporate debt	4,683	(123)	71	(2)	4,754	(125)
Other marketable securities	236	(6)	15	—	251	(6)
Total	<u>\$ 11,793</u>	<u>\$ (366)</u>	<u>\$ 197</u>	<u>\$ (4)</u>	<u>\$ 11,990</u>	<u>\$ (370)</u>

We determine credit losses on AFS debt securities using the specific identification method. During the first quarter of 2022, 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, 2021	March 31, 2022
Cash and cash equivalents	\$ 20,540	\$ 21,013
Restricted cash (a)	197	194
Cash, cash equivalents, and restricted cash in held-for-sale assets	—	76
Total cash, cash equivalents, and restricted cash	<u>\$ 20,737</u>	<u>\$ 21,283</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, 2021	March 31, 2022
Consumer		
Retail installment contracts, gross	\$ 69,148	\$ 67,699
Finance leases, gross	7,318	7,079
Retail financing, gross	76,466	74,778
Unearned interest supplements	(3,020)	(2,796)
Consumer finance receivables	73,446	71,982
Non-Consumer		
Dealer financing	11,278	11,638
Non-Consumer finance receivables	11,278	11,638
Total recorded investment	\$ 84,724	\$ 83,620
Recorded investment in finance receivables	\$ 84,724	\$ 83,620
Allowance for credit losses	(925)	(845)
Total finance receivables, net	\$ 83,799	\$ 82,775
Current portion	\$ 32,543	\$ 32,775
Non-current portion	51,256	50,000
Total finance receivables, net	\$ 83,799	\$ 82,775
Net finance receivables subject to fair value (a)	\$ 76,796	\$ 76,005
Fair value (b)	77,648	75,229

(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 first quarter of 2021 and 2022 was \$90 million and \$77 million, respectively, and is included in *Ford Credit revenues* on our consolidated income statements.

At December 31, 2021 and March 31, 2022, accrued interest was \$125 million and \$122 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, 2021 and March 31, 2022, were consumer receivables of \$39 billion and \$38.3 billion, respectively, and non-consumer receivables of \$12 billion and \$11.9 billion, respectively, (including Automotive receivables sold to Ford Credit, which we report in *Trade and other receivables*), 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, 2021 was as follows (in millions):

	Amortized Cost Basis by Origination Year						Total	Percent
	Prior to 2017	2017	2018	2019	2020	2021		
Consumer								
31 - 60 days past due	\$ 39	\$ 52	\$ 98	\$ 120	\$ 186	\$ 91	\$ 586	0.8%
61 - 120 days past due	7	10	20	29	40	21	127	0.2
Greater than 120 days past due	10	6	6	9	11	1	43	—
Total past due	56	68	124	158	237	113	756	1.0
Current	812	2,607	6,559	12,689	22,701	27,322	72,690	99.0
Total	\$ 868	\$ 2,675	\$ 6,683	\$ 12,847	\$ 22,938	\$ 27,435	\$ 73,446	100.0%

The credit quality analysis of consumer receivables at March 31, 2022 was as follows (in millions):

	Amortized Cost Basis by Origination Year						Total	Percent
	Prior to 2018	2018	2019	2020	2021	2022		
Consumer								
31 - 60 days past due	\$ 76	\$ 84	\$ 116	\$ 192	\$ 123	\$ 9	\$ 600	0.8%
61 - 120 days past due	11	16	20	31	26	1	105	0.2
Greater than 120 days past due	15	6	8	13	1	—	43	—
Total past due	102	106	144	236	150	10	748	1.0
Current	2,564	5,354	10,871	20,319	25,281	6,845	71,234	99.0
Total	\$ 2,666	\$ 5,460	\$ 11,015	\$ 20,555	\$ 25,431	\$ 6,855	\$ 71,982	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, 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	\$ 391	\$ 68	\$ 151	\$ 45	\$ 109	\$ 345	\$ 1,109	\$ 6,751	\$ 7,860	69.7%
Group II	11	7	26	2	4	54	104	2,689	2,793	24.8
Group III	8	—	1	—	1	20	30	529	559	4.9
Group IV	—	—	4	—	—	6	10	56	66	0.6
Total (a)	\$ 410	\$ 75	\$ 182	\$ 47	\$ 114	\$ 425	\$ 1,253	\$ 10,025	\$ 11,278	100.0%

(a) Total past due dealer financing receivables at December 31, 2021 were \$62 million.

The credit quality analysis of dealer financing receivables at March 31, 2022 was as follows (in millions):

	Amortized Cost Basis by Origination Year									
	Dealer Loans							Wholesale Loans	Total	Percent
	Prior to 2018	2018	2019	2020	2021	2022	Total			
Group I	\$ 470	\$ 155	\$ 44	\$ 78	\$ 232	\$ 111	\$ 1,090	\$ 7,096	\$ 8,186	70.3%
Group II	12	26	1	5	13	42	99	2,845	2,944	25.3
Group III	8	—	—	—	5	11	24	423	447	3.9
Group IV	—	5	—	1	2	2	10	51	61	0.5
Total (a)	\$ 490	\$ 186	\$ 45	\$ 84	\$ 252	\$ 166	\$ 1,223	\$ 10,415	\$ 11,638	100.0%

(a) Total past due dealer financing receivables at March 31, 2022 were \$13 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 Ford Credit grants a concession 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. The adequacy of the allowance for credit losses is assessed quarterly.

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 March 31 was as follows (in millions):

	First Quarter 2021		
	Consumer	Non-Consumer	Total
Allowance for credit losses			
Beginning balance	\$ 1,245	\$ 60	\$ 1,305
Charge-offs	(97)	—	(97)
Recoveries	53	3	56
Provision for/(Benefit from) credit losses	(30)	(10)	(40)
Other (a)	(1)	—	(1)
Ending balance	<u>\$ 1,170</u>	<u>\$ 53</u>	<u>\$ 1,223</u>
	First Quarter 2022		
	Consumer	Non-Consumer	Total
Allowance for credit losses			
Beginning balance	\$ 903	\$ 22	\$ 925
Charge-offs	(62)	—	(62)
Recoveries	43	1	44
Provision for/(Benefit from) credit losses	(59)	(5)	(64)
Other (a)	1	1	2
Ending balance	<u>\$ 826</u>	<u>\$ 19</u>	<u>\$ 845</u>

(a) Primarily represents amounts related to translation adjustments.

During the first quarter of 2022, the allowance for credit losses decreased \$80 million, 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 in the quarter ended March 31, 2022 remained low, due in part to high vehicle auction values, the impact of higher inflation 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, 2021	March 31, 2022
Raw materials, work-in-process, and supplies	\$ 5,785	\$ 6,117
Finished products	6,280	8,530
Total inventories	<u>\$ 12,065</u>	<u>\$ 14,647</u>

Finished products at March 31, 2022 in the table above includes approximately 53,000 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 \$0.9 billion and \$1.2 billion at December 31, 2021 and March 31, 2022, respectively. The cumulative net unrealized gain from adjustments related to Other Investments held at March 31, 2022 is \$138 million.

NOTE 11. GOODWILL

The net carrying amount of goodwill was \$619 million and \$617 million at December 31, 2021 and March 31, 2022, respectively, and is reported 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 12. OTHER LIABILITIES AND DEFERRED REVENUE

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

	December 31, 2021	March 31, 2022
Current		
Dealer and dealers' customer allowances and claims	\$ 8,300	\$ 8,134
Deferred revenue	2,349	2,328
Employee benefit plans	1,687	1,289
Accrued interest	888	781
OPEB (a)	332	333
Pension (a)	202	202
Operating lease liabilities	345	351
Other	4,583	4,845
Total current other liabilities and deferred revenue	<u>\$ 18,686</u>	<u>\$ 18,263</u>
Non-current		
Pension (a)	\$ 8,658	\$ 8,407
OPEB (a)	5,708	5,669
Dealer and dealers' customer allowances and claims	4,909	5,076
Deferred revenue	4,683	4,864
Operating lease liabilities	1,048	1,032
Employee benefit plans	1,007	990
Other	1,692	2,463
Total non-current other liabilities and deferred revenue	<u>\$ 27,705</u>	<u>\$ 28,501</u>

(a) Balances at March 31, 2022 reflect pension and OPEB liabilities at December 31, 2021, updated (where applicable) for service and interest cost, expected return on assets, separation expense, actual benefit payments, and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2021. Included in *Other assets* are pension assets of \$8.5 billion and \$8.8 billion at December 31, 2021 and March 31, 2022, 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 March 31 were as follows (in millions):

	First Quarter					
	Pension Benefits				Worldwide OPEB	
	U.S. Plans		Non-U.S. Plans			
	2021	2022	2021	2022	2021	2022
Service cost	\$ 138	\$ 125	\$ 144	\$ 111	\$ 12	\$ 10
Interest cost	223	263	99	134	32	37
Expected return on assets	(702)	(642)	(285)	(268)	—	—
Amortization of prior service costs/(credits)	1	—	5	7	(3)	(1)
Net remeasurement (gain)/loss	423	—	(484)	—	—	—
Separation programs/other	2	4	37	7	—	—
Settlements and curtailments	39	—	1	—	—	—
Net periodic benefit cost/(income)	<u>\$ 124</u>	<u>\$ (250)</u>	<u>\$ (483)</u>	<u>\$ (9)</u>	<u>\$ 41</u>	<u>\$ 46</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 first quarter of 2021 and 2022, we recognized expenses of \$38 million and \$7 million, respectively, in non-U.S. pension plans related to ongoing redesign programs. Until our Global Redesign programs are completed, we anticipate further adjustments to our plans in subsequent periods.

Pension Plan Contributions

During 2022, we expect to contribute between \$700 million and \$800 million of cash to our global funded pension plans. We also expect to make about \$400 million of benefit payments to participants in unfunded plans. In the first quarter of 2022, we contributed \$174 million to our global funded pension plans and made \$98 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):

	<u>December 31, 2021</u>	<u>March 31, 2022</u>
Company excluding Ford Credit		
Debt payable within one year		
Short-term	\$ 286	\$ 275
Long-term payable within one year		
Public unsecured debt securities	86	—
U.S. Department of Energy Advanced Technology Vehicles Manufacturing (“DOE ATVM”) Incentive Program	953	806
Delayed draw term loan	1,500	1,500
Other debt	348	345
Unamortized (discount)/premium	2	1
Total debt payable within one year	<u>3,175</u>	<u>2,927</u>
Long-term debt payable after one year		
Public unsecured debt securities	13,643	13,643
Convertible notes (a)	2,300	2,300
U.K. Export Finance Program	843	820
Other debt	768	735
Unamortized (discount)/premium	(188)	(180)
Unamortized issuance costs	(166)	(160)
Total long-term debt payable after one year	<u>17,200</u>	<u>17,158</u>
Total Company excluding Ford Credit	<u>\$ 20,375</u>	<u>\$ 20,085</u>
Fair value of Company debt excluding Ford Credit (b)	<u>\$ 24,044</u>	<u>\$ 21,395</u>
Ford Credit		
Debt payable within one year		
Short-term	\$ 14,810	\$ 14,088
Long-term payable within one year		
Unsecured debt	13,660	12,045
Asset-backed debt	18,049	19,219
Unamortized (discount)/premium	1	1
Unamortized issuance costs	(13)	(14)
Fair value adjustments (c)	10	20
Total debt payable within one year	<u>46,517</u>	<u>45,359</u>
Long-term debt payable after one year		
Unsecured debt	44,337	43,651
Asset-backed debt	26,654	27,365
Unamortized (discount)/premium	28	26
Unamortized issuance costs	(199)	(205)
Fair value adjustments (c)	380	(680)
Total long-term debt payable after one year	<u>71,200</u>	<u>70,157</u>
Total Ford Credit	<u>\$ 117,717</u>	<u>\$ 115,516</u>
Fair value of Ford Credit debt (b)	<u>\$ 120,204</u>	<u>\$ 115,576</u>

(a) As of March 31, 2022, each \$1,000 principal amount of the notes will be convertible into 57.7721 shares of our Common Stock, which is equivalent to a conversion price of approximately \$17.31 per share. We recognized \$0.2 million and \$1.7 million of issuance cost amortization during the first quarter of 2021 and 2022, respectively.

(b) At December 31, 2021 and March 31, 2022, the fair value of debt includes \$209 million and \$201 million of Company excluding Ford Credit short-term debt and \$14.1 billion and \$13.5 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.

(c) These adjustments are related to hedging activity and include discontinued hedging relationship adjustments of \$257 million and \$242 million at December 31, 2021 and March 31, 2022, respectively. The carrying value of hedged debt was \$37.5 billion and \$36.3 billion at December 31, 2021 and March 31, 2022, respectively.

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 March 31 were as follows (in millions):

	First Quarter	
	2021	2022
Cash flow hedges		
Reclassified from AOCI to Cost of sales		
Foreign currency exchange contracts (a)	\$ (15)	\$ (90)
Commodity contracts (b)	8	58
Fair value hedges		
Interest rate contracts		
Net interest settlements and accruals on hedging instruments	101	76
Fair value changes on hedging instruments	(641)	(986)
Fair value changes on hedged debt	590	991
Cross-currency interest rate swap contracts		
Net interest settlements and accruals on hedging instruments	(3)	(3)
Fair value changes on hedging instruments	(50)	(37)
Fair value changes on hedged debt	44	41
Derivatives not designated as hedging instruments		
Foreign currency exchange contracts (c)	233	(46)
Cross-currency interest rate swap contracts	(245)	(227)
Interest rate contracts	(31)	123
Commodity contracts	55	109
Total	\$ 46	\$ 9

- (a) For the first quarter of 2021 and 2022, a \$461 million loss and a \$128 million loss, respectively, were reported in *Other comprehensive income/loss, net of tax*.
- (b) For the first quarter of 2021 and 2022, an \$80 million gain and a \$284 million gain, respectively, were reported in *Other comprehensive income/loss, net of tax*.
- (c) For the first quarter of 2021 and 2022, a \$181 million gain and a \$44 million loss, respectively, were reported in *Cost of sales*, and a \$52 million gain and a \$2 million loss, 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, 2021			March 31, 2022		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
Cash flow hedges						
Foreign currency exchange contracts	\$ 11,534	\$ 74	\$ 346	\$ 10,359	\$ 13	\$ 336
Commodity contracts	931	182	5	890	374	—
Fair value hedges						
Interest rate contracts	23,893	544	274	21,985	41	758
Cross-currency interest rate swap contracts	885	—	49	885	—	79
Derivatives not designated as hedging instruments						
Foreign currency exchange contracts	28,463	281	198	25,535	177	294
Cross-currency interest rate swap contracts	6,533	117	61	6,520	51	276
Interest rate contracts	50,060	338	126	49,854	496	195
Commodity contracts	997	54	11	823	163	11
Total derivative financial instruments, gross (a) (b)	\$ 123,296	\$ 1,590	\$ 1,070	\$ 116,851	\$ 1,315	\$ 1,949
Current portion		\$ 924	\$ 535		\$ 837	\$ 753
Non-current portion		666	535		478	1,196
Total derivative financial instruments, gross		\$ 1,590	\$ 1,070		\$ 1,315	\$ 1,949

(a) At December 31, 2021 and March 31, 2022, we held collateral of \$26 million and \$102 million, respectively, and we posted collateral of \$71 million and \$109 million, respectively.

(b) At December 31, 2021 and March 31, 2022, the fair value of assets and liabilities available for counterparty netting was \$719 million and \$429 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

Employee separation actions and exit and disposal activities include 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, which are recorded in *Cost of sales* and *Selling, administrative, and other expenses*. Below are actions initiated, primarily related to the global redesign of our business:

- Ford Motor Company Brasil Ltda. exited manufacturing operations in Brazil, which resulted in the closure of facilities in Camaçari, Taubaté, and Troller in 2021
- Ford Motor Company Limited ceased production at the Bridgend plant in the United Kingdom and the facility was closed in September 2020
- Ford India Private Limited ceased vehicle manufacturing in Sanand in fourth quarter 2021 and plans to cease engine and vehicle manufacturing in Chennai by mid-2022
- Ford Espana S.L. ceased production of the Mondeo at the Valencia plant in Spain in March 2022

In addition, we are continuing to reduce our global workforce and take other restructuring actions.

The following table summarizes the activities for the periods ended March 31, which are recorded in *Other liabilities and deferred revenue* (in millions):

	First Quarter	
	2021	2022
Beginning balance	\$ 1,732	\$ 950
Changes in accruals (a)	193	66
Payments	(291)	(205)
Foreign currency translation	(135)	18
Ending balance	<u>\$ 1,499</u>	<u>\$ 829</u>

(a) Excludes pension costs of \$38 million and \$7 million in the first quarter of 2021 and 2022, respectively.

We recorded \$302 million and \$23 million in the first quarter of 2021 and 2022, respectively, for accelerated depreciation and other non-cash items. In addition, we recognized a pre-tax net gain on sale of assets of \$32 million in the first quarter of 2022.

We estimate that we will incur total charges in 2022 that range between \$1.0 billion and \$1.5 billion related to the actions above, primarily attributable to employee separations 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.

Ford Credit

Accumulated foreign currency translation losses included in *Accumulated other comprehensive income/(loss)* at March 31, 2022 of \$259 million are associated with Ford Credit's investments in Brazil and Argentina, that it no longer plans to operate. We expect to reclassify these losses to income upon substantially complete liquidation of Ford Credit's investments, which may occur over multiple reporting periods. In the first quarter of 2022, we recognized a \$119 million loss on the liquidation of two investments in Brazil. Although the timing for the completion of the remaining actions is uncertain, we expect the majority of losses to be recognized in 2024 or later.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. ACQUISITIONS AND DIVESTITURES**Company Excluding Ford Credit**

Ford Romania S.A. ("Ford Romania"). In the first quarter of 2022, we entered into an agreement to sell our wholly-owned Ford Romania subsidiary to Ford Otosan, a joint venture in which Ford has a 41% ownership share. This transaction will result in the deconsolidation of Ford Romania. Following the sale, the plant in Craiova, Romania will continue to manufacture Ford-branded vehicles for Ford and Ford Otosan. We expect to complete the sale in mid-2022.

We have reported the assets and liabilities of the Ford Romania operations as held for sale and ceased depreciation and amortization of those assets. The assets and liabilities classified as held for sale for the period ended March 31, were as follows (in millions):

	March 31, 2022
Assets	
Trade and other receivables, net	\$ 392
Inventories	201
Other assets, current	16
Net property	433
Other assets, non-current	12
Total Company excluding Ford Credit assets of held-for-sale operations	1,054
Less: Intercompany asset balances	(357)
Total assets of held-for-sale operations (a)	<u>\$ 697</u>
Liabilities	
Payables	\$ 538
Other liabilities and deferred revenue, current	17
Company excluding Ford Credit debt payable within one year	—
Other liabilities and deferred revenue, non-current	4
Total Company excluding Ford Credit liabilities of held-for-sale operations	559
Less: Intercompany liability balances	(40)
Total liabilities of held-for-sale operations (a)	<u>\$ 519</u>

(a) As of March 31, 2022, intercompany items and transactions have been eliminated on the consolidated balance sheets. Upon closing, the buyer will assume the intercompany assets and liabilities. Accordingly, we have presented those balances in the table for informational purposes.

Held-for-sale assets are measured at the lower of carrying amount or fair value less cost to sell. We estimated the fair value using a market approach based on the negotiated value of the assets, and determined the assets held for sale were not impaired.

Skinny Labs Inc., dba Spin ("Spin"). In the first quarter of 2022, we entered into an agreement to sell Spin, our wholly-owned micro-mobility provider. Accordingly, we have reported the \$116 million of assets, including \$76 million of cash, and \$28 million of liabilities of this operation as held for sale for the period ended March 31, 2022. We determined the assets held for sale were not impaired.

On April 1, 2022, we completed the sale of Spin to TIER Mobility SE, a German-based micro-mobility provider, which will result in the deconsolidation of our Spin subsidiary in the second quarter of 2022. In exchange for our shares of Spin, we received preferred equity in TIER Mobility SE, which we will reflect in our consolidated balance sheets in *Other assets* in the second quarter of 2022. We expect the fair value of the preferred equity to approximate the carrying value of Spin at the time of the transaction.

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

NOTE 17. ACQUISITIONS AND DIVESTITURES (Continued)

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*, 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 was subject to post-closing revisions, was \$275 million. 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 \$275 million fair value, and recognized in *Other income/(loss), net* a pre-tax gain of \$178 million during 2021 and post-closing revisions resulting in a pre-tax gain of \$2 million during the first quarter of 2022. 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.

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 March 31 were as follows (in millions):

	First Quarter	
	2021	2022
Foreign currency translation		
Beginning balance	\$ (5,526)	\$ (5,487)
Gains/(Losses) on foreign currency translation	394	(71)
Less: Tax/(Tax benefit) (a)	97	(96)
Net gains/(losses) on foreign currency translation	297	25
(Gains)/Losses reclassified from AOCI to net income (b)	(8)	121
Other comprehensive income/(loss), net of tax	289	146
Ending balance	\$ (5,237)	\$ (5,341)
Marketable securities		
Beginning balance	\$ 156	\$ (19)
Gains/(Losses) on available for sale securities	(76)	(330)
Less: Tax/(Tax benefit)	(19)	(77)
Net gains/(losses) on available for sale securities	(57)	(253)
(Gains)/Losses reclassified from AOCI to net income	(11)	—
Less: Tax/(Tax benefit)	(3)	—
Net (gains)/losses reclassified from AOCI to net income	(8)	—
Other comprehensive income/(loss), net of tax	(65)	(253)
Ending balance	\$ 91	\$ (272)
Derivative instruments		
Beginning balance	\$ (266)	\$ (193)
Gains/(Losses) on derivative instruments	(381)	156
Less: Tax/(Tax benefit)	(74)	37
Net gains/(losses) on derivative instruments	(307)	119
(Gains)/Losses reclassified from AOCI to net income	7	32
Less: Tax/(Tax benefit)	1	7
Net (gains)/losses reclassified from AOCI to net income (c)	6	25
Other comprehensive income/(loss), net of tax	(301)	144
Ending balance	\$ (567)	\$ (49)
Pension and other postretirement benefits		
Beginning balance	\$ (2,658)	\$ (2,640)
Amortization and recognition of prior service costs/(credits)	3	6
Less: Tax/(Tax benefit)	1	1
Net prior service costs/(credits) reclassified from AOCI to net income	2	5
Translation impact on non-U.S. plans	(1)	3
Other comprehensive income/(loss), net of tax	1	8
Ending balance	\$ (2,657)	\$ (2,632)
Total AOCI ending balance at March 31	\$ (8,370)	\$ (8,294)

(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, in 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) Reclassified to *Cost of sales*. During the next twelve months, we expect to reclassify existing net gains on cash flow hedges of \$11 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 \$2.8 billion and \$3 billion at December 31, 2021 and March 31, 2022, 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 \$357 million and \$358 million at December 31, 2021 and March 31, 2022, respectively. The carrying value of recorded liabilities related to financial guarantees was \$36 million and \$35 million at December 31, 2021 and March 31, 2022, 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 \$453 million and \$295 million at December 31, 2021 and March 31, 2022, respectively. The carrying value of recorded liabilities related to non-financial guarantees was \$38 million and \$16 million at December 31, 2021 and March 31, 2022, respectively.

Included in the \$295 million of maximum potential payments at March 31, 2022 are guarantees for the resale value of vehicles sold in certain arrangements to daily rental companies. The maximum potential payment of \$288 million as of March 31, 2022 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 \$16 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, including trade and customs; 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, customs, and regulatory matters, for which we estimate the aggregate risk to be a range of up to about \$2.1 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 March 31 was as follows (in millions):

	First Quarter	
	2021	2022
Beginning balance	\$ 8,172	\$ 8,451
Payments made during the period	(1,086)	(984)
Changes in accrual related to warranties issued during the period	1,000	793
Changes in accrual related to pre-existing warranties	(141)	21
Foreign currency translation and other	(40)	38
Ending balance	<u>\$ 7,905</u>	<u>\$ 8,319</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 \$700 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 with fourth quarter 2021 reporting, special items include gains and losses on investments in equity securities. Prior period amounts were adjusted retrospectively to reflect the change.

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.

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, and marketable securities (excluding gains and losses on investments in equity securities), 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, that are not allocated to 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.

Special Items

Special Items are presented as a separate reconciling item. They consist of (i) pension and OPEB remeasurement gains and losses, (ii) gains and losses on investments in equity securities, (iii) 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 (iv) 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.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. SEGMENT INFORMATION (Continued)

Key financial information for the periods ended or at March 31 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>
First Quarter 2021								
Revenues	\$ 33,554	\$ 11	\$ 2,663	\$ —	\$ —	\$ —	\$ —	\$ 36,228
Income/(Loss) before income taxes	3,397	(207)	962	(240)	(473)	503 (a)	—	3,942
Equity in net income/(loss) of affiliated companies	172	(60)	5	1	—	(39) (a)	—	79
Total assets	65,633	3,612	146,349	46,492	—	—	(1,267) (b)	260,819
First Quarter 2022								
Revenues	\$ 32,111	\$ 84	\$ 2,281	\$ —	\$ —	\$ —	\$ —	\$ 34,476
Income/(Loss) before income taxes	1,891	(242)	928	(251)	(308)	(5,866) (c)	—	(3,848)
Equity in net income/(loss) of affiliated companies	139	(75)	6	1	—	(104) (d)	—	(33)
Total assets	72,437	3,501	132,582	45,130	—	—	(664) (b)	252,986

(a) Primarily reflects gains/(losses) on investments in equity securities (including a \$902 million unrealized gain on our Rivian equity investment) and Global Redesign actions.

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

(c) Primarily reflects gains/(losses) on investments in equity securities (including a \$5.4 billion unrealized loss on our Rivian equity investment).

(d) Primarily reflects the full impairment of our Ford Sollers Netherlands B.V. (the parent company of our joint venture in Russia) equity method investment, resulting from the ongoing regulatory and economic uncertainty in Russia.

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

KEY TRENDS AND ECONOMIC FACTORS AFFECTING FORD AND THE AUTOMOTIVE INDUSTRY

The following supplements the key trends and economic factors discussed on pages 34 and 35 of our 2021 Form 10-K:

COVID-19 and Supplier Disruptions. The impact of COVID-19, including changes in consumer behavior, pandemic fears and market downturns, and restrictions on business and individual activities, has created significant volatility in the global economy. Recent outbreaks in certain regions, including China where lock-downs due to COVID-19 have been imposed in more than 40 cities, continue to cause intermittent COVID-19-related disruptions in our supply chain and local manufacturing operations. We also continue to face supplier disruptions due to the semiconductor shortage. Further, actions taken by Russia in Ukraine could impact our suppliers, particularly our lower tier suppliers, as well as our operations in Europe. For additional information on the impact of supplier disruptions, see the Outlook section on page [54](#).

Commodities. Prices for commodities remain volatile, and recently we have experienced price increases for base metals (e.g., steel and aluminum), precious metals (e.g., palladium), and raw materials that are used in batteries for electric vehicles (e.g., lithium, cobalt, and nickel for batteries). Global demand and differences in output across sectors due to the COVID-19 pandemic have generated divergence in price movements across different commodities. The net impact on us overall has been higher material costs. To help ensure supply of raw materials for critical components (e.g., batteries), we, like others in the industry, plan to enter into multi-year sourcing agreements. For additional information on commodity costs, see the Outlook section on page [54](#).

Inflation. Despite recent increases, interest rates, notably mature market government bond yields, remain low by historical standards. At the same time, inflation has accelerated and government deficits and debt remain at high levels in many major markets. In the United States, inflation rose 8.5% annually in March 2022 to a 40-year high as Russia's invasion of Ukraine drove up energy costs as well as other costs, such as freight premiums. We are seeing a near-term impact on our business due to inflationary pressure. The eventual implications of higher government deficits and debt, tighter monetary policy, and potentially higher long-term interest rates may drive a higher cost of capital during our plan period.

RESULTS OF OPERATIONS

In the first quarter of 2022, the net loss attributable to Ford Motor Company was \$3,110 million, and Company adjusted EBIT was \$2,326 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 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):

	First Quarter	
	2021	2022
Global Redesign		
Europe	\$ (94)	\$ (22)
India	—	(28)
South America	(322)	(27)
Separations and Other (not included above)	—	19
Subtotal Global Redesign	\$ (416)	\$ (58)
Other Items		
Mark-to-market gain/(loss) on Rivian investment	\$ 902	\$ (5,449)
Ford Credit – Brazil restructuring (see Note 16)	—	(119)
Russia suspension of operations/asset write-off	—	(138)
Patent matters related to prior calendar years	—	(135)
Other	(5)	33
Subtotal Other Items	\$ 897	\$ (5,808)
Pension and OPEB Gain/(Loss)		
Pension and OPEB remeasurement	\$ 61	\$ —
Pension settlements and curtailments	(39)	—
Subtotal Pension and OPEB Gain/(Loss)	\$ 22	\$ —
Total EBIT Special Items	\$ 503	\$ (5,866)
Cash effect of Global Redesign (incl. separations)	\$ (345)	\$ (148)
Provision for/(Benefit from) tax special items (a)	\$ 58	\$ (1,192)

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

We recorded \$5.9 billion of pre-tax special item charges in the first quarter of 2022, driven primarily by a mark-to-market loss on our Rivian investment.

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 first quarter 2022 key metrics for the Company, compared to a year ago.

	First Quarter		
	2021	2022	H / (L)
GAAP Financial Measures			
Cash Flows from Operating Activities (\$B)	\$ 4.5	\$ (1.1)	\$ (5.6)
Revenue (\$M)	36,228	34,476	(5)%
Net Income/(Loss) (\$M)	3,262	(3,110)	\$ (6,372)
Net Income/(Loss) Margin (%)	9.0 %	(9.0)%	(18.0) ppts
EPS (Diluted)	\$ 0.81	\$ (0.78)	\$ (1.59)
Non-GAAP Financial Measures (a)			
Company Adj. Free Cash Flow (\$B)	\$ (0.4)	\$ (0.6)	\$ (0.2)
Company Adj. EBIT (\$M)	3,912	2,326	(1,586)
Company Adj. EBIT Margin (%)	10.8 %	6.7 %	(4.1) ppts
Adjusted EPS (Diluted)	\$ 0.70	\$ 0.38	\$ (0.32)
Adjusted ROIC (Trailing Four Quarters)	6.6 %	7.8 %	1.2 ppts

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

In the first quarter of 2022, our diluted earnings per share of Common and Class B Stock was a loss of \$0.78 and our diluted adjusted earnings per share was \$0.38.

Net income/(loss) margin was negative 9.0% in the first quarter of 2022, down 18.0 percentage points from a year ago. Company adjusted EBIT margin was 6.7% in the first quarter of 2022, down 4.1 percentage points from a year ago.

The year-over-year decrease of \$6.4 billion in net income/(loss) in the first quarter of 2022 includes the effect of special items, including a mark-to-market loss on our Rivian investment, as well as lower Automotive EBIT. The year-over-year decrease of \$1.6 billion in Company adjusted EBIT was driven by lower Automotive EBIT.

The table below shows our first quarter 2022 net income/(loss) attributable to Ford and Company adjusted EBIT by segment.

	First Quarter		
	2021	2022	H / (L)
Automotive	\$ 3,397	\$ 1,891	\$ (1,506)
Mobility	(207)	(242)	(35)
Ford Credit	962	928	(34)
Corporate Other	(240)	(251)	(11)
Company Adjusted EBIT (a)	3,912	2,326	(1,586)
Interest on Debt	(473)	(308)	(165)
Special Items	503	(5,866)	6,369
Taxes / Noncontrolling Interests	(680)	738	(1,418)
Net Income/(Loss)	\$ 3,262	\$ (3,110)	\$ (6,372)

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

Automotive Segment

The table below shows our first quarter 2022 Automotive segment EBIT by business unit (in millions).

	First Quarter		
	2021	2022	H / (L)
North America	\$ 2,943	\$ 1,591	\$ (1,352)
South America	(73)	50	123
Europe	341	207	(134)
China (including Taiwan)	(15)	(53)	(38)
International Markets Group	201	96	(105)
Automotive Segment	<u>\$ 3,397</u>	<u>\$ 1,891</u>	<u>\$ (1,506)</u>

The tables below and on the following pages provide first quarter 2022 key metrics and the change in first quarter 2022 EBIT compared with first quarter 2021 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	First Quarter		
	2021	2022	H / (L)
Market Share (%)	5.3%	4.8%	(0.6) ppts
Wholesale Units (000)	1,062	966	(96)
Revenue (\$M)	\$ 33,554	\$ 32,111	\$ (1,443)
EBIT (\$M)	3,397	1,891	(1,506)
EBIT Margin (%)	10.1%	5.9%	(4.2) ppts

Change in EBIT by Causal Factor (in millions)

First Quarter 2021 EBIT	\$ 3,397
Volume / Mix	(1,096)
Net Pricing	1,693
Cost	(1,868)
Exchange	(25)
Other	(210)
First Quarter 2022 EBIT	<u>\$ 1,891</u>

In the first quarter of 2022, wholesales decreased 9% from a year ago, primarily reflecting the impact of supply constraints on production, including semiconductors. First quarter 2022 revenue decreased 4%, driven by lower wholesales, weaker currencies, and unfavorable mix, partially offset by higher net pricing.

Our first quarter 2022 Automotive segment EBIT was \$1.9 billion, a decrease of \$1.5 billion from a year ago, and our first quarter 2022 Automotive EBIT margin was 5.9%. The lower EBIT was driven by inflationary increases on commodity and freight costs, higher warranty expense, unfavorable mix due to supplier constraints on full size pick-up trucks and large SUVs in North America, and lower wholesales. Higher net pricing was a partial offset.

North America

Key Metrics	First Quarter		
	2021	2022	H / (L)
Market Share (%)	12.5%	12.0%	(0.5) pts
Wholesale Units (000)	533	514	(20)
Revenue (\$M)	\$ 22,993	\$ 22,318	\$ (675)
EBIT (\$M)	2,943	1,591	(1,352)
EBIT Margin (%)	12.8%	7.1%	(5.7) pts

Change in EBIT by Causal Factor (in millions)

First Quarter 2021 EBIT		\$	2,943
Volume / Mix			(883)
Net Pricing			1,098
Cost			(1,356)
Exchange			(16)
Other			(195)
First Quarter 2022 EBIT		\$	1,591

In North America, first quarter 2022 wholesales decreased 4% from a year ago, primarily reflecting the impact of supply constraints on production, including semiconductors. First quarter 2022 revenue decreased 3%, driven by lower wholesales and unfavorable mix, partially offset by higher net pricing.

North America's first quarter 2022 EBIT decreased \$1.4 billion from a year ago with an EBIT margin of 7.1%. The lower EBIT was driven by inflationary increases on commodity and freight costs, higher warranty expense, unfavorable mix (due to supplier constraints on full size pick-up trucks and large SUVs), and lower wholesales. Higher net pricing was a partial offset.

South America

Key Metrics	First Quarter		
	2021	2022	H / (L)
Market Share (%)	3.6 %	2.2 %	(1.4) pts
Wholesale Units (000)	18	15	(2)
Revenue (\$M)	\$ 436	\$ 579	\$ 143
EBIT (\$M)	(73)	50	123
EBIT Margin (%)	(16.7)%	8.7 %	25.4 pts

Change in EBIT by Causal Factor (in millions)

First Quarter 2021 EBIT		\$	(73)
Volume / Mix			(3)
Net Pricing			180
Cost			(63)
Exchange			(18)
Other			27
First Quarter 2022 EBIT		\$	50

In South America, first quarter 2022 wholesales decreased 14% from a year ago, primarily reflecting the impact of supply constraints on production, including semiconductors. First quarter 2022 revenue increased 33%, driven by higher net pricing and favorable mix, partially offset by lower wholesales and weaker currencies.

South America's first quarter 2022 EBIT improved \$123 million from a year ago with an EBIT margin of 8.7%. The EBIT improvement was driven by higher net pricing and structural cost reductions, partially offset by higher material costs, inflationary increases on commodity and freight costs, and weaker currencies.

Europe

Key Metrics	First Quarter		
	2021	2022	H / (L)
Market Share (%)	7.2%	6.6%	(0.5) pts
Wholesale Units (000) (a)	278	254	(24)
Revenue (\$M)	\$ 7,050	\$ 6,910	\$ (140)
EBIT (\$M)	341	207	(134)
EBIT Margin (%)	4.8%	3.0%	(1.8) pts

(a) Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 17,000 units in Q1 2021 and 13,000 units in Q1 2022). Revenue does not include these sales.

Change in EBIT by Causal Factor (in millions)

First Quarter 2021 EBIT	\$	341
Volume / Mix		(59)
Net Pricing		345
Cost		(456)
Exchange		28
Other		8
First Quarter 2022 EBIT	\$	207

In Europe, first quarter 2022 wholesales decreased 9% from a year ago, primarily reflecting the impact of supply constraints on production, including semiconductors. First quarter 2022 revenue decreased 2%, driven by weaker currencies and lower wholesales, partially offset by higher net pricing and favorable mix.

Europe's first quarter 2022 EBIT decreased \$134 million from a year ago with an EBIT margin of 3.0%. The lower EBIT was driven by inflationary increases on commodity costs, higher structural costs, and lower wholesales. Higher net pricing and favorable mix were partial offsets.

China (Including Taiwan)

Key Metrics	First Quarter		
	2021	2022	H / (L)
Market Share (%)	2.3 %	2.2 %	(0.1) pts
Wholesale Units (000) (a)	150	128	(23)
Revenue (\$M)	\$ 825	\$ 561	\$ (264)
EBIT (\$M)	(15)	(53)	(38)
EBIT Margin (%)	(1.8)%	(9.4)%	(7.6) pts
China Unconsolidated Affiliates			
Wholesales (000) (b)	140	125	(15)
Ford Equity Income/(Loss) (\$M)	\$ 49	\$ 40	\$ (9)

(a) Includes vehicles produced and sold by our unconsolidated affiliates. Revenue does not include these sales.

(b) Includes Ford and Lincoln brand and JMC brand vehicles produced and sold in China. First quarter 2022 also includes Ford brand vehicles produced in Taiwan by Lio Ho Group.

Change in EBIT by Causal Factor (in millions)

First Quarter 2021 EBIT	\$	(15)
Volume / Mix		(81)
Net Pricing		8
Cost		20
Exchange		2
Other (Including Joint Ventures)		13
First Quarter 2022 EBIT	\$	(53)

In China, first quarter 2022 wholesales decreased 15% from a year ago, driven by weaker industry, a plant changeover, and supply constraints on production, including semiconductors. First quarter 2022 revenue at our consolidated operations decreased 32%, driven by lower wholesales, partially offset by higher net pricing and favorable mix.

China's first quarter 2022 EBIT loss increased \$38 million from a year ago with an EBIT margin of negative 9.4%. The higher EBIT loss reflects lower volume, partially offset by higher royalties from our joint ventures, lower total costs, higher net pricing, and favorable mix.

International Markets Group

Key Metrics	First Quarter		
	2021	2022	H / (L)
Market Share (%)	1.7%	1.2%	(0.5) pts
Wholesale Units (000) (a)	82	55	(27)
Revenue (\$M)	\$ 2,250	\$ 1,743	\$ (507)
EBIT (\$M)	201	96	(105)
EBIT Margin (%)	8.9%	5.5%	(3.4) pts

(a) Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Russia (about 3,000 units in both Q1 2021 and Q1 2022). Revenue does not include these sales.

Change in EBIT by Causal Factor (in millions)

First Quarter 2021 EBIT	\$	201
Volume / Mix		(71)
Net Pricing		63
Cost		(14)
Exchange		(22)
Other		(61)
First Quarter 2022 EBIT	\$	96

In our International Markets Group, first quarter 2022 wholesales decreased 33% from a year ago, primarily reflecting our India restructuring and the impact of supply constraints on production, including semiconductors. First quarter 2022 revenue decreased 23%, driven by lower wholesales and weaker currencies, partially offset by higher net pricing.

Our International Markets Group's first quarter 2022 EBIT was \$105 million lower than a year ago with an EBIT margin of 5.5%. The lower EBIT was driven by lower wholesales, inflationary increases on commodity costs, lower joint venture profits due to the suspension of operations in Russia, and weaker currencies. Higher net pricing and lower warranty expense were partial offsets.

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 and Connectivity* – consists primarily of costs for vehicle and software engineering personnel, prototype materials, testing, and outside engineering and software 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, Information Technology, and Selling* – includes primarily costs for salaried personnel and purchased services related to our staff activities, information technology, and selling functions
 - *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, and from the second quarter of 2021, Ford badged vehicles produced in Taiwan by Lio Ho Group. 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

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.

In our Mobility segment, our first quarter 2022 EBIT loss was \$242 million, a \$35 million higher loss than a year ago. The loss reflects our strategic investments as we continued to expand our capabilities in autonomous vehicles and support our mobility initiatives.

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 and can also be found on the SEC's website located at 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 first quarter 2022 key metrics and the change in first quarter 2022 EBT compared with first quarter 2021 by causal factor for the Ford Credit segment. For a description of these causal factors, see *Definitions and Information Regarding Ford Credit Causal Factors*.

Key Metrics	First Quarter		
	2021	2022	H / (L)
Total Net Receivables (\$B)	\$ 127	\$ 117	(8)%
Loss-to-Receivables (bps) (a)	22	8	(14)
Auction Values (b)	\$ 22,955	\$ 30,300	32 %
EBT (\$M)	962	928	\$ (34)
ROE (%)	22 %	22 %	— pts
Other Balance Sheet Metrics			
Debt (\$B)	\$ 127	\$ 116	(9)%
Net Liquidity (\$B)	34	28	(16)%
Financial Statement Leverage (to 1)	8.3	9.5	1.2

(a) U.S. retail financing only.

(b) U.S. 36-month off-lease auction values at Q1 2022 mix.

Change in EBT by Causal Factor (in millions)

First Quarter 2021 EBT	\$	962
Volume / Mix		(78)
Financing Margin		(101)
Credit Loss		24
Lease Residual		(5)
Exchange		11
Other		115
First Quarter 2022 EBT	\$	928

Ford Credit's total net receivables were \$10 billion lower than a year ago, primarily reflecting lower volume due to supply constraints. The loss-to-receivables ("LTR") ratio remained at a low level in the first quarter of 2022, at eight basis points, 14 basis points lower than a year ago. U.S. auction values in the first quarter of 2022 were 32% higher than a year ago, reflecting continued strong demand for used vehicles.

Ford Credit's first quarter 2022 EBT of \$928 million was \$34 million lower than a year ago, reflecting unfavorable net financing margin and lower volume due to supply constraints on new vehicle production, partially offset by positive market valuation adjustments to derivatives due to higher interest rates, which is included in Other.

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 net receivables excluding the allowance for credit losses 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 net receivables excluding the allowance for credit losses 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 net receivables excluding the allowance for credit losses 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 net receivables excluding the allowance for credit losses 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 2021 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 2021 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 and Liquidity 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
- *Loss-to-Receivables ("LTR") Ratio* – LTR ratio is calculated using net charge-offs divided by average finance receivables, excluding unearned interest supplements and the allowance for credit losses
- *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 primarily includes cash 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 table) – 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, and marketable securities (excluding gains and losses on investments in equity securities), 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, that are not allocated to operating segments. These include expenses related to setting and directing global policy, providing oversight and stewardship, and promoting the Company's interests. In the first quarter of 2022, Corporate Other had a \$251 million loss, compared with a \$240 million loss a year ago.

Interest on Debt

Interest on Debt, which consists of interest expense on Company debt excluding Ford Credit, was \$308 million in the first quarter of 2022, \$165 million lower than a year ago, primarily explained by U.S. debt restructuring actions undertaken in the fourth quarter of 2021.

Taxes

Our *Provision for/(Benefit from) income taxes* for the first quarter 2022 was a \$729 million benefit, resulting in an effective tax rate of 18.9%.

Our first quarter 2022 adjusted effective tax rate, which excludes special items, was 22.9%.

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 March 31, 2022, total balance sheet cash, cash equivalents, marketable securities, and restricted cash (including Ford Credit and entities held for sale) was \$41.5 billion.

We consider our key balance sheet metrics to be: (i) Company cash, which includes cash equivalents, marketable securities, and restricted cash (including cash held for sale), 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, 2021</u>	<u>March 31, 2022</u>
Balance Sheets (\$B)		
Company Cash	\$ 36.5	\$ 28.8
Liquidity	52.4	44.6
Debt	(20.4)	(20.1)
Cash Net of Debt	16.1	8.7
Pension Funded Status (\$B) (a)		
Funded Plans	\$ 5.8	\$ 6.0
Unfunded Plans	(6.1)	(5.8)
Total Global Pension	<u>\$ (0.3)</u>	<u>\$ 0.2</u>
Total Funded Status OPEB	\$ (6.0)	\$ (6.0)

(a) Balances at March 31, 2022 reflect net funded status at December 31, 2021, updated for service and interest cost, expected return on assets, separation expense, actual benefit payments, and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2021.

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 March 31, 2022, we had Company cash of \$28.8 billion and liquidity of \$44.6 billion (both of which include our Rivian marketable securities). Excluding the Rivian marketable securities, Company cash and liquidity at March 31, 2022 were \$23.6 billion and \$39.4 billion, respectively. As marketable securities increase or decrease in value, Company cash and liquidity will likewise increase or decrease. At March 31, 2022, about 91% of Company cash was held by consolidated entities domiciled in the United States.

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 (excluding the Rivian marketable securities) 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 implementation of our plans for battery electric vehicles; (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 table and the accompanying description of our "Purchase obligations" in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 of our 2021 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 table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 and Note 19 of the Notes the Financial Statements in our 2021 Form 10-K Report); (6) discretionary and mandatory payments to our global pension plans (for additional information, see the Aggregate Contractual Obligations table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 of our 2021 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 table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 and Note 18 of the Notes the Financial Statements in our 2021 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.

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 (including timing differences between accrual-based EBIT and associated cash flows). 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 gains and losses on investments in equity securities, 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 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, including semiconductors. As a result of the shortage, our inventory is higher than in periods prior to the supply shortage.

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 March 31, 2022, the outstanding amount of Ford receivables that suppliers elected to sell to the SCF financial institutions was \$144 million. The amount settled through the SCF program during the first quarter of 2022 was \$306 million.

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

	First Quarter	
	2021	2022
<u>Company Excluding Ford Credit</u>		
Company Adjusted EBIT excluding Ford Credit (a)	\$ 2.9	\$ 1.4
Capital spending	\$ (1.4)	\$ (1.3)
Depreciation and tooling amortization	1.2	1.3
Net spending	\$ (0.1)	\$ (0.1)
Receivables	\$ (0.6)	\$ —
Inventory	(2.2)	(2.7)
Trade Payables	1.6	1.5
Changes in working capital	\$ (1.2)	\$ (1.2)
Ford Credit distributions	\$ 1.0	\$ 1.0
Interest on debt and cash taxes	(0.4)	(0.3)
All other and timing differences	(2.6)	(1.3)
Company adjusted free cash flow (a)	\$ (0.4)	\$ (0.6)
Global Redesign (including separations)	\$ (0.3)	\$ (0.1)
Changes in debt	1.9	(0.3)
Funded pension contributions	(0.2)	(0.2)
Shareholder distributions	—	(0.4)
All other (b)	(0.4)	(6.2)
Change in cash	<u>\$ 0.5</u>	<u>\$ (7.8)</u>

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

(b) 2022 includes the \$5.4 billion mark-to-market loss on our Rivian investment.

Note: Numbers may not sum due to rounding.

Our first quarter 2022 *Net cash provided by/(used in) operating activities* was negative \$1.1 billion, a decrease of \$5.6 billion from a year ago (see page 59 for additional information). The year-over-year decrease was driven primarily by lower Ford Credit operating cash flow. Company adjusted free cash flow was negative \$0.6 billion, \$0.2 billion lower than a year ago, driven by lower adjusted EBIT, partially offset by less adverse timing differences.

Capital spending was \$1.3 billion in the first quarter of 2022, \$0.1 billion lower than a year ago. We now expect full year 2022 capital spending to be about \$7.0 billion.

First quarter 2022 working capital impact was \$1.2 billion negative, driven by higher inventory. All other and timing differences were negative \$1.3 billion, reflecting assorted differences including differences between accrual-based EBIT and the associated cash flows (e.g., pension and OPEB income or expense; compensation payments; marketing incentive and warranty payments to dealers). We expect the working capital and timing differences to normalize when supply is restored, dealer stocks rebound, and incentives potentially increase.

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

In the first quarter of 2022, we contributed \$174 million to our global funded pension plans. We now expect to contribute between \$700 million and \$800 million to our global funded pension plans in 2022.

Shareholder distributions were \$408 million in the first quarter of 2022, all of which was attributable to our regular quarterly dividend.

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 \$6 billion through 2023. The cash effect related to our global redesign activities was \$3.7 billion through March 31, 2022.

Available Credit Lines. Total Company committed credit lines, excluding Ford Credit, at March 31, 2022 were \$18.2 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 \$1.3 billion of local credit facilities. At March 31, 2022, the utilized portion of the corporate credit facility was \$25 million, representing amounts utilized for letters of credit, 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, \$848 million of committed Company credit lines, excluding Ford Credit, was utilized under local credit facilities for our affiliates as of March 31, 2022.

Lenders under our corporate credit facility have \$3.4 billion of commitments maturing on September 29, 2024 and \$10.1 billion of commitments maturing on September 29, 2026. Lenders under our supplemental revolving credit facility have \$2.0 billion of commitments maturing on September 29, 2024.

The corporate and supplemental credit agreements 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 CO₂ tailpipe emissions.

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 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 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 Next LLC; Ford Smart Mobility LLC; and Ford Trading Company, LLC.

Debt. As shown in Note 14 of the Notes to the Financial Statements, at March 31, 2022, Company debt excluding Ford Credit was \$20.1 billion. This balance is \$0.3 billion lower than at December 31, 2021, primarily due to scheduled maturities.

Leverage. We manage Company debt (excluding Ford Credit) levels with a leverage framework that targets investment grade credit ratings through a normal business cycle. 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 and Capital Resources - 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 first quarter of 2022 with \$28.4 billion of liquidity. During the quarter, Ford Credit completed \$5 billion of public term funding.

Key elements of Ford Credit's funding strategy include:

- Maintain strong liquidity
- Prudently access public markets
- Continue growth of retail deposits in Europe
- Flexibility to increase ABS mix as needed; preserving assets and committed capacity
- Target financial statement leverage of 9:1 to 10:1
- 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 net receivables (in billions):

	March 31, 2021	December 31, 2021	March 31, 2022
Funding Structure			
Term unsecured debt	\$ 66.1	\$ 59.4	\$ 55.1
Term asset-backed securities	50.2	45.4	47.1
Ford Interest Advantage / Retail Deposits	10.5	12.9	13.3
Other	(0.9)	(0.2)	1.7
Equity	15.3	12.4	12.1
Adjustments for cash	(14.1)	(12.4)	(11.9)
Total Net Receivables	\$ 127.1	\$ 117.5	\$ 117.4
Securitized Funding as Percent of Total Debt	39.6%	38.5%	40.8%

Net receivables were \$117.4 billion at March 31, 2022 and were funded primarily with term unsecured debt and term asset-backed securities. Securitized funding as a percent of total debt was 40.8% at the end of the first quarter of 2022.

Public Term Funding Plan. The following table shows Ford Credit's issuances for full year 2020 and 2021, planned issuances for full year 2022, and its global public term funding issuances through April 26, 2022, excluding short-term funding programs (in billions):

	2020 Actual	2021 Actual	2022 Forecast	Through April 26
Unsecured	\$ 14	\$ 5	\$ 8 - 11	\$ 4
Securitized (a)	13	9	6 - 9	3
Total public	\$ 27	\$ 14	\$ 14 - 20	\$ 7

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

For 2022, Ford Credit projects full year public term funding in the range of \$14 billion to \$20 billion. Through April 26, 2022, Ford Credit has completed \$7 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):

	March 31, 2021	December 31, 2021	March 31, 2022
Liquidity Sources (a)			
Cash	\$ 14.1	\$ 12.4	\$ 11.9
Committed asset-backed facilities	38.2	37.1	36.1
Other unsecured credit facilities	2.5	2.7	2.8
Total liquidity sources	\$ 54.8	\$ 52.2	\$ 50.8
Utilization of Liquidity (a)			
Securitization and restricted cash	\$ (5.4)	\$ (3.9)	\$ (3.0)
Committed asset-backed facilities	(11.9)	(12.5)	(17.0)
Other unsecured credit facilities	(0.6)	(1.0)	(0.4)
Total utilization of liquidity	\$ (17.9)	\$ (17.4)	\$ (20.4)
Gross liquidity	\$ 36.9	\$ 34.8	\$ 30.4
Asset-backed capacity in excess of eligible receivables and other adjustments	(3.2)	(2.8)	(2.0)
Net liquidity available for use	\$ 33.7	\$ 32.0	\$ 28.4

(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 March 31, 2022, Ford Credit's net liquidity available for use was \$28.4 billion, \$3.6 billion lower than year-end 2021. Ford Credit's sources of liquidity include cash, committed asset-back facilities, and unsecured facilities. At March 31, 2022, Ford Credit's liquidity sources totaled \$50.8 billion, down \$1.4 billion from year-end 2021.

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 table in the Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 and Note 19 of the Notes to the Financial Statements in our 2021 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):

	April - December 2022	2023	2024	2025 and Beyond
Balance Sheet Liquidity Profile				
Assets (a)	\$ 56	\$ 85	\$ 108	\$ 134
Total debt (b)	43	69	86	116
Memo: Unsecured long-term debt maturities	8	11	11	26

(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 first quarter 2023. 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 March 31, 2022, Ford Credit had \$134 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 2021 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 (in billions):

	March 31, 2021	December 31, 2021	March 31, 2022
Leverage Calculation			
Debt	\$ 126.8	\$ 117.7	\$ 115.5
Equity (a)	15.3	12.4	12.1
Financial statement leverage (to 1)	8.3	9.5	9.5

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

Ford Credit plans its leverage by considering market conditions and the risk characteristics of its business. At March 31, 2022, Ford Credit's financial statement leverage was 9.5:1. Ford Credit targets financial statement leverage in the range of 9:1 to 10:1.

Total Company

Pension Plans - Funded Balances. As of March 31, 2022, our total Company pension overfunded status reported on our consolidated balance sheets was \$0.2 billion and reflects the net funded status at December 31, 2021, updated for: service and interest cost; expected return on assets; separation expense; actual benefit payments; and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2021.

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

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):

	Four Quarters Ending	
	March 31, 2021	March 31, 2022
Adjusted Net Operating Profit/(Loss) After Cash Tax		
Net income/(loss) attributable to Ford	\$ 4.0	\$ 11.6
Add: Noncontrolling interest	—	—
Less: Income tax	—	1.5
Add: Cash tax	(0.4)	(0.6)
Less: Interest on debt	(1.9)	(1.6)
Less: Total pension/OPEB income/(cost)	(0.9)	4.8
Add: Pension/OPEB service costs	(1.1)	(1.1)
Net operating profit/(loss) after cash tax	\$ 5.2	\$ 5.2
Less: Special items (excl. pension/OPEB) pre-tax	0.5	(0.4)
Adjusted net operating profit/(loss) after cash tax	<u>\$ 4.8</u>	<u>\$ 5.6</u>
Invested Capital		
Equity	\$ 34.0	\$ 45.1
Debt (excl. Ford Credit)	25.9	20.1
Net pension and OPEB liability	12.2	5.8
Invested capital (end of period)	<u>\$ 72.1</u>	<u>\$ 70.9</u>
Average invested capital	<u>\$ 72.9</u>	<u>\$ 72.7</u>
ROIC (a)	7.2%	7.2%
Adjusted ROIC (Non-GAAP) (b)	6.6%	7.8%

(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 2021 Form 10-K Report.

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+	Positive	BB+	B	Positive	BBB-

OUTLOOK

We provided 2022 Company guidance in our earnings release furnished on Form 8-K dated April 27, 2022. 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 2021 Form 10-K Report and as updated by our subsequent filings with the SEC.

	<u>2022 Guidance</u>
Total Company	
Adjusted EBIT (a)	\$11.5 - \$12.5 billion
Adjusted Free Cash Flow (a)	\$5.5 - \$6.5 billion
Capital spending	About \$7.0 billion
Pension contributions	\$0.7 - \$0.8 billion
Global Redesign EBIT charges (b)	\$1.0 - \$1.5 billion
Global Redesign cash effects (b)	\$1.0 - \$1.5 billion
Ford Credit	
EBT	Strong but lower than 2021

(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 2022 that are incremental to those set forth in the table.

A strong demand and pricing environment for existing and new vehicles support maintaining our full-year 2022 outlook of \$11.5 billion to \$12.5 billion in adjusted EBIT. Adjusted free cash flow for the year is expected to be \$5.5 billion to \$6.5 billion.

Underlying assumptions for our 2022 guidance include:

- Improved semiconductor availability during the second half of the year
- Full-year vehicle wholesale volumes increasing 10% to 15% from 2021
- Continued strong pricing, though with a dynamic relationship between prices and vehicle volumes
- Commodity costs up about \$4 billion year over year, along with inflationary effects on a range of other expenses
- EBT from Ford Credit that remains strong, but is lower than in 2021
- Ongoing investment in the Ford+ plan for growth and value creation

Our outlook also assumes that disruptions in the supply chain and local vehicle manufacturing operations resulting from renewed COVID-19-related health concerns and lockdowns in China do not further deteriorate.

Separately, to date, the tragic conflict in Ukraine has had limited direct effect on our supply chain. However, the situation in Eastern Europe could exacerbate broader supply issues over time.

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, or raw materials can disrupt Ford's production of vehicles;
- Ford's long-term competitiveness depends on the successful execution of Ford+;
- 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, vehicles, and services could be affected by cyber incidents, ransomware attacks, 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, capacity limitations, 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, digital and physical services, and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive, mobility, and digital services industries;
- Ford's near-term 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;
- Inflationary pressure and fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit's investments, including marketable securities, 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 and Ford Credit could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, services, 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 2021 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 operating results and trends, and a means to compare 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 focuses on underlying operating results and trends, and improves comparability of our period-over-period results. 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
◦ Gains and losses on investments in equity securities	◦ 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, including gains and losses on pension and OPEB remeasurements and on investments in equity securities.

- *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 earnings from ongoing operating activities. 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 Company excluding Ford Credit 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 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 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.

Non-GAAP Financial Measure Reconciliations

The following tables show our Non-GAAP financial measure reconciliations.

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

	First Quarter	
	2021	2022
Net income/(loss) attributable to Ford (GAAP)	\$ 3,262	\$ (3,110)
Income/(Loss) attributable to noncontrolling interests	—	(9)
Net income/(loss)	\$ 3,262	\$ (3,119)
Less: (Provision for)/Benefit from income taxes	(680)	729
Income/(Loss) before income taxes	\$ 3,942	\$ (3,848)
Less: Special items pre-tax	503	(5,866)
Income/(Loss) before special items pre-tax	\$ 3,439	\$ 2,018
Less: Interest on debt	(473)	(308)
Adjusted EBIT (Non-GAAP)	<u>\$ 3,912</u>	<u>\$ 2,326</u>

Memo:

Revenue (\$B)	\$ 36.2	\$ 34.5
Net income/(loss) margin (GAAP) (%)	9.0 %	(9.0)%
Adjusted EBIT margin (Non-GAAP) (%)	10.8 %	6.7 %

Earnings per Share Reconciliation to Adjusted Earnings per Share

	First Quarter	
	2021	2022
<u>Diluted After-Tax Results (\$M)</u>		
Diluted after-tax results (GAAP)	\$ 3,262	\$ (3,110)
Less: Impact of pre-tax and tax special items	445	(4,674)
Adjusted net income/(loss) – diluted (Non-GAAP)	<u>\$ 2,817</u>	<u>\$ 1,564</u>
<u>Basic and Diluted Shares (M)</u>		
Basic shares (average shares outstanding)	3,980	4,008
Net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt	36	56
Diluted shares	<u>4,016</u>	<u>4,064</u>
Earnings/(Loss) per share – diluted (GAAP) (a)	\$ 0.81	\$ (0.78)
Less: Net impact of adjustments	0.11	(1.16)
Adjusted earnings/(loss) per share – diluted (Non-GAAP)	<u>\$ 0.70</u>	<u>\$ 0.38</u>

(a) The first quarter of 2022 calculation excludes 56 million shares of net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt due to their anti-dilutive effect.

Effective Tax Rate Reconciliation to Adjusted Effective Tax Rate

	<u>First Quarter</u>		Memo: FY 2021
	<u>2021</u>	<u>2022</u>	
Pre-Tax Results (\$M)			
Income/(Loss) before income taxes (GAAP)	\$ 3,942	\$ (3,848)	\$ 17,780
Less: Impact of special items	503	(5,866)	9,583
Adjusted earnings before taxes (Non-GAAP)	<u>\$ 3,439</u>	<u>\$ 2,018</u>	<u>\$ 8,197</u>
Taxes (\$M)			
(Provision for)/Benefit from income taxes (GAAP)	\$ (680)	\$ 729	\$ 130
Less: Impact of special items	(58)	1,192	1,924
Adjusted (provision for)/benefit from income taxes (Non-GAAP)	<u>\$ (622)</u>	<u>\$ (463)</u>	<u>\$ (1,794)</u>
Tax Rate (%)			
Effective tax rate (GAAP)	17.3 %	18.9 %	(0.7)%
Adjusted effective tax rate (Non-GAAP)	18.1 %	22.9 %	21.9 %

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

	<u>First Quarter</u>	
	<u>2021</u>	<u>2022</u>
Net cash provided by/(used in) operating activities (GAAP)	\$ 4,492	\$ (1,084)
Less: Items not included in Company Adjusted Free Cash Flows		
Ford Credit operating cash flows	\$ 4,998	\$ (419)
Funded pension contributions	(229)	(174)
Global Redesign (including separations)	(345)	(148)
Ford Credit tax payments/(refunds) under tax sharing agreement	4	—
Other, net	64	(48)
Add: Items included in Company Adjusted Free Cash Flows		
Company excluding Ford Credit capital spending	\$ (1,358)	\$ (1,349)
Ford Credit distributions	1,000	1,000
Settlement of derivatives	(25)	64
Company adjusted free cash flow (Non-GAAP)	<u>\$ (383)</u>	<u>\$ (580)</u>

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 March 31, 2022			
	First Quarter			
	Company excluding Ford Credit	Ford Credit	Eliminations	Consolidated
Cash flows from operating activities				
Net income	\$ (3,962)	\$ 843	\$ —	\$ (3,119)
Depreciation and tooling amortization	1,332	525	—	1,857
Other amortization	33	(343)	—	(310)
Provision for/(Benefit from) credit and insurance losses	5	(71)	—	(66)
Pension and OPEB expense/(income)	(213)	—	—	(213)
Equity method investment dividends received in excess of (earnings)/losses and impairments	205	(6)	—	199
Foreign currency adjustments	(57)	89	—	32
Net realized and unrealized (gains)/losses on cash equivalents, marketable securities, and other investments	5,415	39	—	5,454
Net (gain)/loss on changes in investments in affiliates	123	2	—	125
Stock compensation	64	3	—	67
Provision for deferred income taxes	(1,090)	37	—	(1,053)
Decrease/(Increase) in finance receivables (wholesale and other)	—	(2,192)	—	(2,192)
Decrease/(Increase) in intersegment receivables/payables	(570)	570	—	—
Decrease/(Increase) in accounts receivable and other assets	(876)	(80)	—	(956)
Decrease/(Increase) in inventory	(2,755)	—	—	(2,755)
Increase/(Decrease) in accounts payable and accrued and other liabilities	1,828	(114)	—	1,714
Other	310	(178)	—	132
Interest supplements and residual value support to Ford Credit	(457)	457	—	—
Net cash provided by/(used in) operating activities	<u>\$ (665)</u>	<u>\$ (419)</u>	<u>\$ —</u>	<u>\$ (1,084)</u>
Cash flows from investing activities				
Capital spending	\$ (1,358)	\$ (12)	\$ —	\$ (1,370)
Acquisitions of finance receivables and operating leases	—	(10,278)	—	(10,278)
Collections of finance receivables and operating leases	—	11,988	—	11,988
Purchases of marketable and other investments	(3,410)	(909)	—	(4,319)
Sales and maturities of marketable securities and other investments	6,108	1,007	—	7,115
Settlements of derivatives	64	148	—	212
Other	(35)	2	—	(33)
Investing activity (to)/from other segments	1,031	(30)	(1,001)	—
Net cash provided by/(used in) investing activities	<u>\$ 2,400</u>	<u>\$ 1,916</u>	<u>\$ (1,001)</u>	<u>\$ 3,315</u>
Cash flows from financing activities				
Cash payments for dividends and dividend equivalents	\$ (405)	\$ —	\$ —	\$ (405)
Purchases of common stock	—	—	—	—
Net changes in short-term debt	(6)	(608)	—	(614)
Proceeds from issuance of long-term debt	—	12,489	—	12,489
Payments of long-term debt	(270)	(12,705)	—	(12,975)
Other	(124)	(32)	—	(156)
Financing activity to/(from) other segments	(1)	(1,000)	1,001	—
Net cash provided by/(used in) financing activities	<u>\$ (806)</u>	<u>\$ (1,856)</u>	<u>\$ 1,001</u>	<u>\$ (1,661)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	\$ 10	\$ (34)	\$ —	\$ (24)

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 March 31, 2022		
	First Quarter		
	Company excluding Ford Credit	Ford Credit	Consolidated
Revenues	\$ 32,195	\$ 2,281	\$ 34,476
Total costs and expenses	31,776	1,357	33,133
Operating income/(loss)	419	924	1,343
Interest expense on Company debt excluding Ford Credit	308	—	308
Other income/(loss), net	(4,848)	(2)	(4,850)
Equity in net income/(loss) of affiliated companies	(39)	6	(33)
Income/(Loss) before income taxes	(4,776)	928	(3,848)
Provision for/(Benefit from) income taxes	(814)	85	(729)
Net income/(loss)	(3,962)	843	(3,119)
Less: Income/(Loss) attributable to noncontrolling interests	(9)	—	(9)
Net income/(loss) attributable to Ford Motor Company	<u>\$ (3,953)</u>	<u>\$ 843</u>	<u>\$ (3,110)</u>

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):

	March 31, 2022			
	Company excluding Ford Credit	Ford Credit	Eliminations	Consolidated
Assets				
Cash and cash equivalents	\$ 10,434	\$ 10,579	\$ —	\$ 21,013
Marketable securities	18,179	2,036	—	20,215
Ford Credit finance receivables, net	—	32,775	—	32,775
Trade and other receivables, net	3,559	9,472	—	13,031
Inventories	14,647	—	—	14,647
Assets held for sale	825	1	—	826
Other assets	2,905	730	—	3,635
Receivable from other segments	5	641	(646)	—
Total current assets	<u>50,554</u>	<u>56,234</u>	<u>(646)</u>	<u>106,142</u>
Ford Credit finance receivables, net	—	50,000	—	50,000
Net investment in operating leases	1,183	24,363	—	25,546
Net property	36,400	225	—	36,625
Equity in net assets of affiliated companies	4,177	129	—	4,306
Deferred income taxes	14,774	207	10	14,991
Other assets	13,980	1,396	—	15,376
Receivable from other segments	—	28	(28)	—
Total assets	<u>\$ 121,068</u>	<u>\$ 132,582</u>	<u>\$ (664)</u>	<u>\$ 252,986</u>
Liabilities				
Payables	\$ 22,251	\$ 1,005	\$ —	\$ 23,256
Other liabilities and deferred revenue	17,018	1,245	—	18,263
Debt payable within one year	2,927	45,359	—	48,286
Liabilities held for sale	547	—	—	547
Payable to other segments	646	—	(646)	—
Total current liabilities	<u>43,389</u>	<u>47,609</u>	<u>(646)</u>	<u>90,352</u>
Other liabilities and deferred revenue	26,560	1,941	—	28,501
Long-term debt	17,158	70,157	—	87,315
Deferred income taxes	984	740	10	1,734
Payable to other segments	28	—	(28)	—
Total liabilities	<u>\$ 88,119</u>	<u>\$ 120,447</u>	<u>\$ (664)</u>	<u>\$ 207,902</u>

Selected Other Information.

Equity. At March 31, 2022, total equity attributable to Ford was \$45 billion, a decrease of \$3.5 billion compared with December 31, 2021. The detail for this change is shown below (in billions):

	Increase/ (Decrease)
Net income/(loss)	\$ (3.1)
Shareholder distributions	(0.4)
Total	\$ (3.5)

U.S. Sales by Type. The following table shows first quarter 2022 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.

	U.S. Sales	U.S. Wholesales
Trucks	212,312	211,193
SUVs	205,798	238,784
Cars	14,022	9,088
Total Vehicles	432,132	459,065

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Financial Accounting Standards Board ("FASB") has issued the following Accounting Standards Updates ("ASU").

ASU		Effective Date (a)
2018-12	Targeted Improvements to the Accounting for Long Duration Contracts	January 1, 2023
2022-01	Derivatives and Hedging (Topic 815): Fair Value Hedging – Portfolio Layer Method	January 1, 2023
2022-02	Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	January 1, 2023

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

ASUs 2018-12 and 2022-01 were assessed and are not expected to have a material impact on our consolidated financial statements and disclosures. We are presently assessing the impact of ASU 2022-02. For additional information, see Note 2 of the Notes to the Financial Statements.

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 March 31, 2022, was a liability of \$462 million, compared with a liability of \$253 million as of December 31, 2021. The potential change in the fair value from a 10% change in the underlying exchange rates, in U.S. dollar terms, would have been \$2.3 billion at March 31, 2022, compared with \$2.2 billion at December 31, 2021.

Commodity Price Risk. The net fair value of commodity forward contracts (including adjustments for credit risk) as of March 31, 2022, was an asset of \$526 million, compared with an asset of \$220 million at December 31, 2021. The potential change in the fair value from a 10% change in the underlying commodity prices would have been \$224 million at March 31, 2022, compared with \$215 million at December 31, 2021.

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 March 31, 2022, all else constant, such an increase in interest rates would decrease its pre-tax cash flow by \$27 million over the next 12 months, compared with a decrease of \$76 million at December 31, 2021. 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.

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 March 31, 2022, 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 March 31, 2022 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 30 of our 2021 Form 10-K Report). 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.

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

In the first quarter of 2022, we repurchased shares of Ford Common Stock from our employees related to certain exercises of stock options in accordance with our various compensation plans.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2022 through January 31, 2022	784,211	\$ 23.74	—	—
February 1, 2022 through February 28, 2022	299,166	17.34	—	—
March 1, 2022 through March 31, 2022	589,521	17.34	—	—
Total / Average	<u>1,672,898</u>	<u>\$ 20.34</u>	—	—

ITEM 6. Exhibits.

Designation	Description	Method of Filing
Exhibit 10.1	Annual Incentive Compensation Plan Metrics for 2022.	Filed with this Report.
Exhibit 10.2	Performance-Based Restricted Stock Unit Metrics for 2022.	Filed with this Report.
Exhibit 10.3	Benefit Equalization Plan, as amended and restated effective as of January 1, 2022.	Filed with this Report.
Exhibit 10.4	Defined Benefit Supplemental Executive Retirement Plan, as amended and restated effective as of January 1, 2022.	Filed with this Report.
Exhibit 10.5	Defined Contribution Supplemental Executive Retirement Plan, as amended and restated effective as of January 1, 2022.	Filed with this Report.
Exhibit 31.1	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
Exhibit 31.2	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
Exhibit 32.1	Section 1350 Certification of CEO.	Furnished with this Report.
Exhibit 32.2	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: April 27, 2022

Annual Incentive Compensation Plan Metrics for 2022

On February 9, 2022, the Compensation, Talent and Culture Committee of the Board of Directors of the Company approved the specific performance goals and business criteria to be used for purposes of determining any future cash awards for 2022 participants, including executive officers, under the Company's Annual Incentive Compensation Plan (filed as Exhibit 10-R to our Annual Report on Form 10-K for the year ended December 31, 2021). The Corporate performance criteria and weightings to be used for 2022 under the plan include attaining specified levels of:

- Company Adjusted Free Cash Flow (50%)
- Company Adjusted EBIT (20%)
- Company Revenue (10%)
- Quality (20%)

Based on business performance results for 2022 against the targeted levels established for each metric, the Compensation, Talent and Culture Committee will determine the percentage of the target award that is earned, which could range between 0% and 200% depending on actual performance achieved relative to the target levels.

Performance-Based Restricted Stock Unit Award Metrics for 2022

On February 9, 2022, the Compensation, Talent and Culture Committee of the Board of Directors of the Company approved the specific performance goals and business criteria to be used for purposes of determining any future performance-based restricted stock unit final awards for the 2022-2024 performance-period for participants, including executive officers, under the Company's shareholder-approved 2018 Long-Term Incentive Plan (filed as Exhibit 4.1 to Registration Statement No. 333-226348).

The performance based restricted stock unit grant is a target opportunity; however, participants will have the opportunity to earn a maximum of up to 200% of the target. The performance based restricted stock unit grant has a three-year performance period (2022-2024), after which the Compensation, Talent and Culture Committee will determine the final award based on corporate performance-to-objectives. The maximum performance level that can be achieved for any single metric for the 2022 Performance Unit grants is 200%. 100% of the final award will be based on financial metrics and can be modified by up to +/-25% based on relative Total Shareholder Return of Ford's common stock compared to a peer group of companies over the three-year performance period. The metrics and weightings are summarized below:

<u>Financial Metrics – 100%</u>	<u>Weighting</u>
Company Adjusted Free Cash Flow	50%
Company Adjusted EBIT Margin	30%
External Annual ROIC	20%
<u>Total Shareholder Return</u>	<u>Modifier</u>
Total Shareholder Return (TSR)	+/- 25%

**FORD MOTOR COMPANY
BENEFIT EQUALIZATION PLAN**
(Amended and Restated Effective as of January 1, 2022)

Section 1. Introduction

The purpose of this Plan is to preserve certain benefits of employees on U.S. payroll under the Company's tax qualified General Retirement Plan, Ford Retirement Plan and Savings and Stock Investment Plan for Salaried Employees by providing appropriate Equalization Benefits under this Plan in place of benefits which cannot be provided under such tax qualified plans because of limitations imposed by Section 415 and Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, as well as base salary amounts deferred to the Ford Motor Company Deferred Compensation Plan.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01** **"BEP Salary Reductions"** shall mean that portion of salary at the basic salary rate which would have been credited to an Eligible Employee's account before January 1, 1985 pursuant to a salary reduction agreement under the SSIP but which, by reason of Code Section 415, exceeds salary reduction contributions that can be made by the Company on an Eligible Employee's behalf under the Tax-Efficient Savings Program of the SSIP.
- 2.02** **"Code"** shall mean the Internal Revenue Code of 1986, as amended.
- 2.03** **"Committee"** shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.04** **"Company"** shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.05** **"Company Matching Equalization Benefit(s)"** shall mean the benefit provided pursuant to Section 3.02(a) and 3.02 (b).
- 2.06** **"Compensation Committee"** shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.07** **"Credited Service"** shall mean, without duplication, the Eligible Employee's years and any fractional year of credited service under the GRP at the earlier of the Eligible Employee's termination of employment or the Freeze Date, not exceeding one year for any calendar year.
- 2.08** **"DCP"** shall mean the Ford Motor Company Deferred Compensation Plan, as amended.
- 2.09** **"Designated Third Party Administrator"** shall be the service provider employed by the Company to act as record keeper to maintain Eligible Employee subaccounts and process notional investment elections.
- 2.10** **"Eligible Employee(s)"** shall mean a salaried employee of the Company whose benefits under the GRP and/or SSIP are limited as a result of the application of the limitations imposed by Code Sections 415 and/or 401(a)(17) or due to base salary deferrals under the DCP.
- 2.11** **"Eligible Surviving Spouse"** shall mean an individual to whom a Retired Executive legally is married under the laws of the state or foreign jurisdiction where the marriage took place prior to such Retired Executive's benefit commencement date and for at least one year as of the date of the Retired Executive's death.
- 2.12** **"Equalization Benefit(s)"** shall mean the benefits as described in Section 3.
- 2.13** **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended.

- 2.14 **“ESAP”** shall mean the Ford Motor Company Executive Separation Allowance Plan, as amended.
- 2.15 **“FERCO Equalization Benefit(s)”** shall mean a monthly benefit provided pursuant to Section 3.05.
- 2.16 **“FERCO SRP”** shall mean the Ford Electronics and Refrigeration Corporation Salaried Retirement Plan, as amended.
- 2.17 **“Freeze Date”** shall mean the later of December 31, 2019, or the end of the month during which the Eligible Employee reaches 35 years of Credited Service.
- 2.18 **“FRP Contributions”** shall mean the Company FRP Contributions, as defined in the SSIP, as amended.
- 2.19 **“FRP Equalization Benefit(s)”** shall mean the benefit provided pursuant to Section 3.02(c).
- 2.20 **“GRP”** shall mean the Ford Motor Company General Retirement Plan, as amended.
- 2.21 **“Limitations”** shall mean the limitations on benefits and/or contributions imposed on qualified plans by Code Sections 415 and 401(a)(17).
- 2.22 **“Named Executive Officer(s)”** shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.23 **“Periodic GRP Equalization Benefit(s)”** shall mean a monthly benefit provided pursuant to Section 3.01.
- 2.24 **“Plan”** shall mean this Ford Motor Company Benefit Equalization Plan, as amended.
- 2.25 **“Plan Administrator”** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.26 **“SSIP”** shall mean the Ford Motor Company Savings and Stock Investment Plan for Salaried Employees, as amended.
- 2.27 **“SSIP Equalization Benefit Account”** shall mean the account in which any FRP Equalization Benefit and/or Company Matching Equalization Benefit shall be credited.
- 2.28 **“Separation From Service”** shall be determined to have occurred on the date on which an Eligible Employee incurs a “separation from service” within the meaning of Code Section 409A.
- 2.29 **“Special Periodic GRP Equalization Benefit(s)”** shall mean a monthly benefit provided pursuant to Section 3.04.
- 2.30 **“Specified Employee”** shall mean an employee of the Company who is a “Key Employee” as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An Eligible Employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the Eligible Employee meets the definition of “Specified Employee” on the date the Eligible Employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).

- 2.31** “**Subsidiary**” or “**Subsidiaries**” shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.
- 2.32** “**Totally and Permanently Disabled**” shall mean an Eligible Employee who:
- (a) is not engaged in regular employment or occupation for remuneration or profit (including employment with the Company and/or its Subsidiaries, but excluding employment or occupation which the Plan Administrator determines to be for purposes of rehabilitation);
 - (b) is determined by the Plan Administrator, on the basis of medical evidence, to be totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any regular occupation with the Company, where such disability has been continuous for at least 5 months, and where the Plan Administrator determines such disability will be permanent and continuous during the remainder of such Eligible Employee's life; and
 - (c) has earned at least 10 years of credited service under the GRP.

Section 3. Equalization of Benefits

3.01 GRP Equalization Benefits.

(a) **Eligibility.**

A Periodic GRP Equalization Benefit shall be provided to any Eligible Employee (i) whose GRP benefit is subject to the Limitations or delayed pursuant to provisions set forth in (b)(iii), and (ii) who, at the time of Separation From Service is eligible for a benefit under the GRP

(b) **Calculation of Periodic GRP Equalization Benefits.**

The Periodic GRP Equalization Benefit shall be equal in amount to the difference between the GRP benefit the Eligible Employee would receive if the Eligible Employee commenced monthly GRP benefits in accordance with Section 3.01(c) and the corresponding monthly benefit that would be payable under the GRP without regard to the Limitations. For purposes of determining the amount of such Periodic GRP Equalization Benefit, the Eligible Employee shall be treated as if such Eligible Employee elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP if married as of the date such Eligible Employee commences the Equalization Benefits, or the single life annuity form of benefit under the GRP if unmarried (including, a divorced or widowed Eligible Employee) as of the date such Eligible Employee commences the Equalization Benefits. The amount of any Periodic GRP Equalization Benefit payable to an Eligible Employee whose benefit under the ESAP is not offset or reduced by the amount of any GRP benefit payable to such Eligible Employee prior to age 65 shall be increased upon the Eligible Employee's attainment of age 65 to reflect an unreduced normal retirement benefit under the GRP. In determining the amount of the Periodic GRP Equalization Benefit, the Eligible Employee's salary shall be the Eligible Employee's salary (as that term is defined in the GRP) plus BEP Salary Reductions for periods before January 1, 1985 which are credited under this Plan pursuant to Section 3.02(a)(ii)(C) below, but the Eligible Employee shall not make contributions hereunder based on such BEP Salary Reductions.

(c) **Payment of Periodic GRP Equalization Benefits.**

i. The Periodic GRP Equalization Benefits shall be paid monthly by the Company to an Eligible Employee who has had a Separation From Service and, for distributions commencing on and after January 1, 2005, shall be paid commencing on, or as soon as reasonably practicable after, the first day of the month following the earliest of the following dates:

(A) the first date on or after Separation From Service on which such Eligible Employee attains age 55, if the Separation From Service occurs prior to the date on which the Eligible Employee earns 30 years of Credited Service under the GRP;

(B) the date of Separation From Service, if the Separation From Service occurs on or after the date on which the Eligible Employee earned 30 years of Credited Service under the GRP; or

(C) the date on which such Eligible Employee is determined to be Totally and Permanently Disabled.

- ii. Notwithstanding any other provision of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Periodic GRP Equalization Benefit to such Specified Employee shall commence on, or as soon as reasonably practicable after, the first day of the seventh month following such Specified Employee's Separation From Service. Any Periodic GRP Equalization Benefit payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. Any payment delayed under this Section shall not bear interest.
- iii. Upon an Eligible Employee's death, the Eligible Employee's Eligible Surviving Spouse will receive a monthly benefit under the Plan in an amount equal to the difference between any monthly GRP benefit the Eligible Surviving Spouse receives and the corresponding monthly benefit that would be payable to the Eligible Surviving Spouse under the GRP without regard to the Limitations. If GRP benefits were paid to an Eligible Employee or Eligible Surviving Spouse in a lump sum distribution, the amount of monthly benefit payable to the Eligible Surviving Spouse shall be determined based on the monthly annuity payment the Eligible Surviving Spouse would have received had the lump sum distribution not occurred. For purposes of determining the amount of such monthly benefit payable to the Eligible Surviving Spouse, the Eligible Employee shall be treated as if such Eligible Employee elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP. Payment of any such Eligible Surviving Spouse benefit shall commence as soon as reasonably practicable following the date of the Eligible Employee's death. Any such Eligible Surviving Spouse benefit shall cease upon the death of the Eligible Surviving Spouse.
- iv. GRP Equalization Benefits commencing on or before December 31, 2004, shall be made in accordance with the terms and conditions of the Plan in effect at the time of such commencement. GRP Equalization Benefits commencing on and after January 1, 2005 shall be made as periodic payments pursuant to Section 3.01(b).
- v. If the actuarially equivalent lump sum value of an Eligible Employee's Periodic GRP Equalization Benefit, determined in accordance with this Section does not exceed \$5,000 (or \$3,500 on or after January 1, 2009 and prior to January 1, 2017), such Periodic GRP Equalization Benefit shall be distributed in accordance with this Section. Periodic GRP Equalization Benefits shall not be distributed pursuant to this Section to any Eligible Employee who is eligible for benefits under any of the Company's other defined benefit non-qualified deferred compensation arrangements. The actuarially equivalent lump-sum value of any Periodic GRP Equalization Benefit distributed pursuant to this Section shall be paid on or as soon as reasonably practicable after the first day of the month following the date on which such Periodic GRP Equalization Benefit otherwise would have commenced pursuant to Section 3.01. For purposes of this Section, actuarially equivalent lump-sum values shall be calculated by applying the rate of interest as prescribed under Code Section 417(e)(3)(C) for the fifth month prior to the first day of the calendar year in which such determination is made and the mortality table as prescribed under Code Section 417(e)(3)(B).

3.02

SSIP Equalization Benefits.

(a) **Company Matching Equalization Benefit: Pre-1985 Subaccount.**

The provisions of this Subsection 3.02(a) shall apply in determining that part of an Eligible Employee's Company Matching Equalization Benefit subaccount based on periods of service until December 31, 1984.

- (i) For an Eligible Employee who made the election regarding payroll deductions provided in this Subsection, or who elected to have credited under this Plan's BEP Salary Reductions, a Company Matching Equalization Benefit shall be provided with respect to any class or classes of the SSIP before January 1, 1985 with respect to which Company or Eligible Employee contributions were subject to the Limitations.
- (ii) If at any time during a plan year ending before January 1, 1985 it appeared that contributions by or on behalf of an Eligible Employee (including any related Company matching contributions) to the SSIP would be subject to the Limitations, such Eligible Employee may have elected to have the Company retain in its general funds and have credited for purposes of computing the Eligible Employee's subaccount of the Company Matching Equalization Benefit under this Subsection 3.02(a):
 - (A) by payroll deduction authorization under this Plan that portion of the amount the Eligible Employee had elected to contribute as employee regular savings contributions to the SSIP for such pay period (by a payroll deduction authorization in effect for such pay period under the SSIP) which, when added to all other actual and projected Annual Additions as defined under the SSIP during such plan year, exceeded the Limitations.
 - (B) that portion of regular savings and related earnings which have been returned to the Eligible Employee pursuant to the SSIP, and
 - (C) the Eligible Employee's BEP Salary Reductions.
- (iii) There has been established for each Eligible Employee a subaccount for periods of participation under this Subsection 3.02(a) under the SSIP Equalization Benefit Account. This subaccount shall be equal to the amounts retained by the Company pursuant to Subsection 3.02(a)(ii), adjusted on the basis of investment performance and the Eligible Employee's election as to investment of funds under the SSIP and transfer of the value of employee and Company contributions under the SSIP as though contributions and credits to the Eligible Employee's account hereunder had been so invested, less any withdrawals pursuant to Subsection 3.02(a)(iv); provided, however, that an election by a Company officer of investment in Company common stock shall not apply under this Plan with respect to contributions pursuant to Subsection 3.02(a)(ii) (other than related Company matching contributions) which were made or credited hereunder by or on behalf of such Company officer; and the officer will be required to make any other investment election permitted under the SSIP with respect to such amounts.
- (iv) An Eligible Employee may not withdraw any amounts in excess of the Eligible Employee's regular savings contributions under this Plan and may not borrow against the subaccount of the Eligible Employee's Company Matching Equalization Benefit.
- (v) The Company Matching Equalization Benefit under this Subsection 3.02(a) shall be equal to the amount at the time of distribution credited to the Eligible Employee's subaccount of the SSIP Benefit Equalization Account as determined under Subsection 3.02(a)(iii).

(b) **Company Matching Equalization Benefit: Post-1984 Subaccount.**

The provisions of this Subsection 3.02(b) shall apply in determining an Eligible Employee's Company Matching Equalization Benefit subaccount based on periods of service beginning on or after January 1, 1985.

- (i) If at any time during a plan year beginning on or after January 1, 1985 contributions by or on behalf of an Eligible Employee and related Company matching contributions to the SSIP are subject to the Limitations, there shall be credited for purposes of computing the Eligible Employee's Company Matching Equalization Benefit under this Subsection 3.02(b) an amount equal to the Company matching contributions which would have been made under the SSIP based upon the Eligible Employee's SSIP elections, except that such Company matching contributions cannot be made because of the Limitations. For plan years beginning on or after January 1, 2005, if the amount credited as an Eligible Employee's Company Matching Equalization Benefit for a plan year increases or decreases as a result of a change in the Eligible Employee's SSIP deferral elections for such plan year, such increase or decrease in the SSIP Equalization Benefit shall be adjusted to the extent necessary to prevent such increase or decrease, when aggregated with all Company Matching Equalization Benefits credited for such plan year, from exceeding the amount of Company matching contributions that would have been contributed to the SSIP had the Limitations not applied.
- (ii) If at any time during a plan year an Eligible Employee elects to defer base salary amounts to the DCP, there shall be credited for purposes of computing the Eligible Employee's Company Matching Equalization Benefit under this Subsection 3.02(b) an amount equal to the Company matching contributions that would have been contributed to the SSIP had the Eligible Employee not made base salary deferrals to the DCP.
- (iii) For periods on or after October 1, 1995 until May 31, 2007, any Company matching contributions credited for purposes of computing an Eligible Employee's Company Matching Equalization Benefit shall be credited in the form of units in the Ford Stock Fund rather than shares of Ford common stock. For periods on or after June 1, 2007, any Company matching contributions so credited shall be credited in the form of cash.
- (iv) There shall be established for each Eligible Employee a subaccount for periods of participation under this Subsection 3.02(b) under the SSIP Equalization Benefit Account. For periods prior to May 1, 1996, this subaccount shall be equal to the amounts credited by the Company pursuant to Subsection 3.02(b)(i), adjusted on the basis of investment performance and any election by the Eligible Employee to transfer the value of matured Company matching contributions under the SSIP, as though credits to the Eligible Employee's account hereunder had been so invested. For periods May 1, 1996 and after, this subaccount shall be equal to the amounts credited by the Company pursuant to Subsection 3.02(b)(i), and adjusted on the basis of investment performance attributable to any separate investment election made by an Eligible Employee (other than a Company officer) on or after May 1, 1996. The investment options for managing the subaccount shall be identical to the investment options specified in the SSIP, although they will have separate fund codes. Any BEP credits earned will be based on the investment options available under the SSIP. The Designated Third Party Administrator will maintain the accounts and process the elections and otherwise be the record keeper with respect to this subaccount. Company officers with this subaccount are not eligible to reallocate or transfer credits under the subaccount from the Ford Stock Fund to other investment options, or from other investment options to the Ford Stock Fund.
- (v) An Eligible Employee may not withdraw any amounts credited under this Subsection 3.02(b) and may not borrow against this subaccount of the Eligible Employee's Company Matching Equalization Benefit. This subaccount will not accept rollovers from other plans.

- (vi) The Company Matching Equalization Benefit under this Subsection 3.02(b) shall be equal to the amount at the time of distribution credited to the Eligible Employee's subaccount of the SSIP Benefit Equalization Account as determined under Subsection 3.02(b)(ii).
- (vii) In the event of death of an Eligible Employee with a Company Matching Benefit Equalization subaccount, the balance of the subaccount shall be payable to the same beneficiary as the Eligible Employee has designated under the SSIP, unless the Eligible Employee makes a separate designation under this Plan pursuant to the rules established by the Committee.

(c) **FRP Equalization Benefit Subaccount.**

The provisions of this Subsection 3.02(c) shall apply in determining an Eligible Employee's FRP Equalization Benefit for periods of service beginning on or after January 1, 2004.

- (i) The Company shall establish a book entry account for each Eligible Employee for purposes of computing the Eligible Employee's FRP Equalization Benefit under this Section 3.03. The Eligible Employee's FRP Equalization Benefit under this Subsection 3.03(a) shall be equal to the amount(s) credited to the book entry account at the time of distribution.
- (ii) If, at any time during a plan year beginning on or after January 1, 2004, FRP Contributions made to the SSIP on behalf of an Eligible Employee are limited due to the application of the Limitations, there shall be credited to the book entry account established for the Eligible Employee pursuant to this Subsection 3.03(a) an amount equal to the amount of Company FRP Contributions that would have been made to the SSIP on behalf of the Eligible Employee but for the application of the Limitations.
- (iii) Each Eligible Employee's book entry account also will be credited or debited with amounts determined based on investment options selected by the Eligible Employee under this Subsection 3.03(a)(iii). The investment options available for selection under this Subsection 3.03(a)(iii) shall be identical to the investment options available under the SSIP, but will have separate fund codes. Each Eligible Employee shall select which investment options are to be used in determining the Eligible Employee's FRP Equalization Benefit. In the absence of an investment selection by an Eligible Employee, the Eligible Employee's book entry account will be credited or debited with amounts based on the appropriate target date – retirement fund offered under the SSIP as identified by the Company for the Eligible Employee. The Designated Third Party Administrator will maintain a record of each book entry account, process investment selections, and otherwise be the record keeper of the book entry accounts. Investment options selected under this Section 3.03 shall be used solely for purposes of determining an Eligible Employee's FRP Equalization Benefit. An Eligible Employee's FRP Equalization Benefit will be based on the value of the Eligible Employee's book entry account as if the amounts in the book entry account had been invested in actual investments selected by the Eligible Employee; however, no such investments shall be made on behalf of the Eligible Employee. Eligible Employees shall not have voting rights or any other ownership rights with respect to any investment options selected as the measuring mechanism for book entry accounts established under this Section 3.03.
- (iv) Eligible Employees may not withdraw or borrow against amounts credited to any book account under this Subsection 3.03(a). Book entry accounts will not accept rollovers from other plans.

(d) **Payment of Company Matching Equalization Benefit and FRP Equalization Benefit.**

The Company Matching Equalization Benefit and FRP Equalization Benefit:

- (i) Shall be paid in a lump sum cash payment by the Company to the Eligible Employee or, if the Eligible Employee is deceased, to the Eligible Employee's beneficiary under the SSIP, on or as soon as reasonably practicable after the earlier of the Eligible Employee's Separation From Service or death. In the event of an Eligible Employee's death, the balance in the Eligible Employee's SSIP Equalization Benefit Account, if any, shall be payable to the same beneficiary as the Eligible Employee designated under the SSIP, unless the Eligible Employee makes a separate designation under this Plan pursuant to the rules established by the Committee.
- (ii) Notwithstanding any other provision of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any amount credited to such Specified Employee's SSIP Equalization Benefit Account, accrued or vested after December 31, 2004, shall be paid on or as soon as reasonably practicable after the first day of the seventh month following Separation From Service. A Specified Employee who is subject to a six-month distribution delay pursuant to this Subsection 3.02(c)(ii) will be permitted to continue to manage the investment elections applicable to such Specified Employee's book entry account during the six-month distribution delay. Any payment delayed under this Section shall not bear interest over and above the notional investment earnings credited to such Specified Employee's book entry account during the period of delay.
- (iii) The Company Matching Equalization Benefits and FRP Equalization Benefit under this Subsection 3.02(d) shall be equal to the amount credited to the Eligible Employee's book entry account at the time of distribution, as determined under Subsections 3.02(a), 3.02(b), or 3.02(c), as applicable.
- (iv) If an Eligible Employee's Company matching contributions and/or Company FRP Contributions are not vested under the SSIP at the time of Separation From Service, such Eligible Employee's SSIP Equalization Benefit Account is also not vested and shall be forfeited after Separation From Service.

3.03 Special Periodic GRP Equalization Benefits.

In addition to any other Equalization Benefits provided under this Plan, the Company may, in its sole discretion, provide special Equalization Benefits to certain Eligible Employees. Special Equalization Benefits provided to Eligible Employees whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix A. Special Equalization Benefits provided to Eligible Employees who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Executive Personnel Office. Any special Equalization Benefit provided pursuant to this Section shall be paid in accordance with the terms and conditions of this Plan, including without limitation Subsections 3.01(b)(ii), (b)(iii) and (c).

3.04 FERCO Equalization Benefits.

Effective as of December 31, 1999, former salaried employees of the Company, excluding any former salaried employees of the Company who transferred to Visteon Corporation as part of its spin-off from the Company in June 2000, who participated in the FERCO Salaried Retirement Plan ("SRP") and whose benefits under the FERCO SRP were limited as a result of the application of the Limitations shall be eligible to receive FERCO Equalization Benefits pursuant to the terms of Appendix B.

Section 4. General Provisions

4.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.
- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.
- (c) In the event that an Article, Section or paragraph of the Code, Treasury Regulations, GRP, or SSIP is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

4.02 Local Payment Authorities. The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.

4.03 Deductions. The Company may deduct from any payment of Equalization Benefits to an Eligible Employee or Eligible Surviving Spouse any and all amounts owed to it by such Eligible Employee or Eligible Surviving Spouse for any reason, and all taxes required by law or government regulation to be deducted or withheld.

4.04 Tax Liabilities. The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of Equalization Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.

4.05 No Contract of Employment. The Plan is an expression of the Company's present policy with respect to Eligible Employees; it is not a part of any contract of employment. No Eligible Employee, Eligible Surviving Spouse, or any other person shall have any legal or other right to any benefit under this Plan.

4.06 Equalization Benefits Not Funded. The Company's obligations under this Plan shall not be funded and Equalization Benefits under this Plan shall be payable only out of the general funds of the Company.

4.07 Governing Law. Except as otherwise provided under Federal law, the Plan, and all rights thereunder, shall be governed, construed and administered in accordance with the laws of the State of Michigan.

4.08 Amendment or Termination. The Company shall have the right to amend, modify, discontinue or terminate this Plan in whole or in part, at any time, without notice; provided, however, that no such action shall deprive any person of an Equalization Benefit under this Plan if payment of such Equalization Benefit shall have commenced prior to the date of such action by the Company; provided, further, however, that no distribution of benefits shall occur upon termination of this Plan, unless applicable requirements of Code Section 409A have been met. Notwithstanding anything contained in this Section or elsewhere in this Plan to the contrary, Equalization Benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.

4.09 Terms Not Otherwise Defined. Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable plan.

- 4.10 No Alienation of Benefits.** An Eligible Employee may not assign or alienate any Equalization Benefits, and the Plan will not recognize a domestic relations order that purports to assign any Equalization Benefits to another person.
- 4.11 Recovery of Overpayment.** Any individual shall repay promptly any and all Equalization Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 5. Visteon Corporation

The following shall be applicable to employees of Ford who were transferred to Visteon Corporation on April 1, 2000 ("U.S. Visteon Employees") and who ceased active participation in the Plan as of June 30, 2000 after Visteon Corporation was spun-off from Ford, June 28, 2000.

- (a) Group I and Group II Employees

For purposes of this paragraph, a "Group I Employee" shall mean a U.S. Visteon Employee who as of July 1, 2000 was eligible for immediate normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000. A "Group II Employee" shall mean a U.S. Visteon Employee who (i) was not a Group I Employee; (ii) had as of July 1, 2000 a combination of age and continuous service that equals or exceeds sixty (60) points (partial months disregarded); and (iii) could become eligible for normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000 within the period after July 1, 2000 equal to the employee's Ford service as of July 1, 2000. A Group I or Group II Employee shall retain eligibility to receive a GRP Equalization Benefit and/or a SSIP Equalization Benefit and shall receive such benefits as are applicable under the terms of the Plan in effect on the retirement date, based on meeting eligibility criteria as of July 1, 2000 with respect to GRP or SSIP participation prior to July 1, 2000 and upon incurring a Separation From Service from Visteon, or from the Company for Group I or II Employees who return to Company employment pursuant to the Visteon Salaried Employee Transition Agreement dated as of October 1, 2005 and any subsequent amendments thereto.

- (b) Group III Employees.

For purposes of this paragraph, a "Group III Employee" shall mean a U.S. Visteon Employee who participated in the GRP prior to July 1, 2000 other than a Group I or Group II Employees. The Plan shall have no liability for a GRP Equalization Benefit and/or a SSIP Equalization Benefit payable to Group III Employees who were otherwise eligible hereunder with respect to GRP or SSIP participation prior to July 1, 2000 on or after July 1, 2000.

Section 6. Code Section 409A

- (a) All benefits provided under the Plan are intended to be exempt from, or in compliance with, Code Section 409A, and the regulations issued thereunder, and the Plan is to be construed accordingly. The Company reserves the right to take such action as the Company deems necessary or desirable to ensure benefits provided under the Plan are exempt from, or comply with, as applicable, Code Section 409A, and the regulations issued thereunder.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of any Equalization Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.
- (d) In the event an Eligible Employee who is receiving, or is entitled to receive, Equalization Benefits is reemployed following a Separation From Service, distribution of any Equalization Benefits shall not cease or be deferred upon such Eligible Employee's reemployment.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Employee, Eligible Surviving Spouse,

beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Equalization Benefits.

Section 7. Claim for Benefits

- 7.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 7.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.
- 7.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.
- 7.04 Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.
- 7.05 Venue.** An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

Appendix A
Special Equalization Benefits

Named Executive Officers

Section 1. Special Periodic GRP Equalization Benefits.

Effective as of November 1, 2001, the Eligible Employees listed below shall receive a Special Periodic GRP Equalization Benefit in an amount equal to the monthly benefit the Eligible Employee would have received under the GRP, without regard to the Limitations, had the Eligible Employee participated in the GRP on a contributory basis throughout all years of service with the Company during which such Eligible Employee did not receive a cash base salary. The Special Periodic GRP Equalization Benefit shall be determined based on a notional salary as determined by the Committee, in its sole discretion, for the period during which such Eligible Employee did not receive a cash base salary. Upon the death of any such Eligible Employee, such Eligible Employee's Eligible Surviving Spouse will receive the Special Periodic GRP Equalization Benefit provided by this Section commencing as soon as reasonably practicable following the date of the Eligible Employee's death and continuing until such Eligible Surviving Spouse's death. In no event shall an Eligible Employee receive both the Periodic GRP Equalization Benefit and the Special Periodic GRP Equalization Benefit for the same period of service. For purposes of determining the benefits described in this Appendix, the Freeze Date is determined after including the notional years of service. For Separations From Service after the Freeze Date, in no event shall the Eligible Employee receive benefits under this Plan based on years of service earned or salary paid after the Freeze Date.

William Clay Ford, Jr.

Appendix B
FERCO Equalization Benefits

Except as otherwise provided in this Appendix, all terms and provisions of the Ford Motor Company Benefit Equalization Plan shall apply to any FERCO Equalization Benefit provided pursuant to this Appendix.

Section 1. Definitions.

The terms used in this Appendix shall have the same meaning as those in the Plan, except as follows:

1.01 “Eligible Employee” shall mean a former salaried employee of FERCO, excluding any former salaried employee of FERCO who transferred to Visteon Corporation as part of its spin-off from the Company in June 2000, whose benefits under the FERCO SRP were limited as a result of the application of the Limitations.

1.02 “FERCO” shall mean the Ford Electronics and Refrigeration Corporation.

1.03 “FERCO Equalization Benefit” shall mean any of the benefits described in this Appendix.

1.04 “PBGC” shall mean the Pension Benefit Guaranty Corporation.

Section 2. FERCO Equalization Benefits.

A FERCO Equalization Benefit shall be provided as follows to any Eligible Employee whose FERCO SRP benefit was subject to the Limitations:

2.01 Amount of Benefit. The amount of any FERCO Equalization Benefit payable pursuant to this Subsection shall be equal in amount to the difference between the FERCO SRP benefit the Eligible Employee would have received if the Eligible Employee commenced FERCO SRP benefits upon Separation From Service and the corresponding benefit that would have been payable under the FERCO SRP without regard to the Limitations. If FERCO SRP benefits were paid to an Eligible Employee or Eligible Surviving Spouse in a lump sum distribution, the amount of any FERCO Equalization Benefit payable to the Eligible Employee or Eligible Surviving Spouse shall be determined based on the monthly annuity payment the Eligible Employee or Eligible Surviving Spouse would have received had the lump sum distribution not occurred. For purposes of determining such amount, the Eligible Employee shall be treated as if such Eligible Employee elected to receive a FERCO SRP benefit in the form of the qualified joint and survivor annuity benefit under the FERCO SRP if married, or the single life annuity form of benefit under the FERCO SRP if unmarried (including Eligible Employees who are widowed or divorced). The amount of any Equalization Benefit payable to an Eligible Employee whose benefit under the ESAP is not offset or reduced by the amount of any FERCO SRP benefit payable to such Eligible Employee prior to age 65 shall be increased upon the Eligible Employee's attainment of age 65 to reflect an unreduced normal retirement benefit under the FERCO SRP. In determining the amount of the Equalization Benefit, the Eligible Employee's salary shall be the Eligible Employee's salary as defined in the FERCO SRP.

2.02 Payment of FERCO Benefit. FERCO Equalization Benefits shall be payable in accordance with Subsections 3.01(b)(ii) and (iii), 3.01(c), and 3.01(d).

FORD MOTOR COMPANY
DEFINED BENEFIT SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
 As applicable to retirements of Eligible Executives on or after January 1, 1992¹
 Amended and Restated Effective as of January 1, 2022

Section 1. Introduction

On January 1, 1985, the Company established this Plan for the purpose of providing employees on U.S. payroll, who are Eligible Executives, hired or rehired prior to January 1, 2004, with a monthly Supplemental Benefit for life in the event of such Eligible Executive's retirement from employment with the Company under certain circumstances. The Plan also provides for the award of Conditional Annuities and Pension Parity Benefits to selected Eligible Executives under certain circumstances.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01** "Affiliate" shall mean, as applied with respect to any person or legal entity specified, a person or legal entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or legal entity specified.
- 2.02** "Annual Incentive Compensation Plan" shall mean the Annual Incentive Compensation Plan of Ford Motor Company, as amended.
- 2.03** "BEP" shall mean the Ford Motor Company Benefit Equalization Plan, as amended.
- 2.04** "Code" shall mean the Internal Revenue Code of 1986, as amended.
- 2.05** "Committee" shall mean Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer (or, in the event of a change in title, such officer's functional equivalent), and such person or persons to whom the Group Vice President – Human Resources and Corporate Services and the Executive Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.06** "Company" shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.07** "Compensation Committee" shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.08** "Conditional Annuity" or "Conditional Annuities" shall mean the benefit(s) payable under this Plan as determined in accordance with Section 4.
- 2.09** "Credited Service" shall mean, without duplication, the Eligible Executive's years and any fractional year of credited service under all Retirement Plans at the earlier of the Eligible Executive's termination of employment or the Freeze Date, not exceeding one year for any calendar year.
- 2.10** "Designated Beneficiary" shall mean the beneficiary or beneficiaries designated by an Eligible Executive or Eligible Retired Executive in a writing filed with the Company (subject to such limitations as to the classes and number of beneficiaries and contingent beneficiaries and such other limitations as the Committee may prescribe) to receive, in the event of the death of the Eligible Executive or Eligible Retired Executive, the Death Benefits provided in Section 4.04. An Eligible Executive or Eligible Retired Executive

¹See Appendix A for provisions applicable to retirements of Eligible Executives on or after January 1, 1985 and prior to January 1, 1992 or retirements of Eligible Executives from certain former Company Affiliates.

shall be deemed to have designated as beneficiary or beneficiaries under the Plan the person or persons who receive such Eligible Executive's or Eligible Retired Executive's life insurance proceeds under the Company-paid Basic Life Insurance Plan, unless such Eligible Executive or Eligible Retired Executive shall have assigned such life insurance proceeds, in which event the Death Benefits shall be paid to such assignee; provided, however, that if the Eligible Executive or Eligible Retired Executive shall have filed with the Company a written designation of a different beneficiary or beneficiaries under the Plan, such beneficiary form shall control. An Eligible Executive or Eligible Retired Executive may from time to time revoke or change any such designation of beneficiary and any designation of beneficiary under the Plan shall be controlling over any testamentary or other disposition; provided, however, that if the Committee shall be in doubt as to the right of any such beneficiary to receive any payment under the Plan, the same may be paid to the legal representatives of the Eligible Executive or Eligible Retired Executive, in which case the Company, the Committee and the members thereof shall not be under any further liability to anyone.

2.11 “**Disability Retirement**” shall mean an Eligible Executive's retirement from the Company on or after reaching at least 10 years of service and becoming “totally and permanently disabled” as defined under the GRP.

2.12 “**Early Retirement**” shall mean an Eligible Executive's retirement from the Company before reaching age 65 and on or after reaching age 55 with at least 10 years of Credited Service.

2.13 “**Eligible Executive(s)**” shall mean a Company employee in Leadership Level Four or above, or its equivalent.

2.14 “**Eligible Retired Executive**” shall mean:

- (a) with respect to Supplemental Benefits, an Eligible Executive who
 - (i) retires directly from Company employment with Company approval on Normal Retirement, Disability Retirement, or Early Retirement;
 - (ii) will receive a normal, disability or early retirement benefit under one or more Retirement Plans;
 - (iii) has at least ten years of Credited Service without duplication under all Retirement Plans; and
 - (iv) has at least five years of Eligibility Service immediately preceding retirement.

Except in the case of an Eligible Executive who has not incurred a Separation From Service with the Company, the eligibility condition set forth in Subsection (iv) of this Section 2.14 may be waived (i) in the case of a Leadership Level One employee, by the Compensation Committee, and (ii) in the case of any other employee, by the President and Chief Executive Officer.

- (b) with respect to Conditional Annuity awards and Pension Parity Benefits, an Eligible Executive (other than an Eligible Executive in Leadership Levels Four through Two, or such Eligible Executive's equivalent) who meet the conditions set forth in sections (a)(i), (ii), (iii), and (iv) immediately preceding this paragraph.

2.15 “**Eligible Surviving Spouse**” shall mean, for purposes of the Pension Parity Surviving Spouse Benefit, an individual to whom an Eligible Retired Executive legally is married under the laws of the state or foreign jurisdiction where the marriage took place prior to such Retired Executive's benefit commencement date and for at least one year as of the date of the Retired Executive's death.

- 2.16** “**Eligibility Service**” shall mean Company service while an Eligible Executive.
- 2.17** “**ESAP**” shall mean the Ford Motor Company Executive Separation Allowance Plan, as amended.
- 2.18** “**Final Five Year Average Base Salary**” shall mean the average of the final five year-end Monthly Base Salaries immediately preceding retirement or the first date after the Freeze Date if earlier.
- 2.19** “**Final Three Year Average Base Salary**” shall mean the average of the final three year-end Monthly Base Salaries immediately preceding retirement or death of the Eligible Retired Executive.
- 2.20** “**Freeze Date**” shall mean the later of December 31, 2019, or the end of the month during which the Eligible Executive reaches 35 years of Credited Service.
- 2.21** “**GRP**” shall mean the Ford Motor Company General Retirement Plan, as amended.
- 2.22** “**Monthly Base Salary**” shall mean the monthly base salary paid to an Eligible Executive on December 31, prior to giving effect to any salary reduction agreement pursuant to an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (i) to which Code Section 125 or Code Section 402(e)(3) applies or (ii) which provides for the elective deferral of compensation. It does not include supplemental compensation or any other kind of extra or additional compensation.
- 2.23** “**Named Executive Officer(s)**” shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.24** “**Normal Retirement**” shall mean an Eligible Executive's retirement from the Company on or after reaching age 65 with at least 10 years of Credited Service.
- 2.25** “**Pension Parity Benefit(s)**” shall mean benefits payable under this Plan as determined in accordance with Section 5.
- 2.26** “**Pension Parity Surviving Spouse Benefit(s)**” shall mean benefits payable under this Plan to an Eligible Surviving Spouse as determined in accordance with Section 5.03.
- 2.27** “**Plan**” shall mean the Ford Motor Company Defined Benefit Supplemental Executive Retirement Plan, as amended.
- 2.28** “**Plan Administrator**” shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.29** “**Retirement Plans**” shall mean the GRP or any other retirement pension plan to which the Company contributes.
- 2.30** “**Separation From Service**” shall be determined to have occurred on the date on which an Eligible Executive incurs a “separation from service” within the meaning of Code Section 409A.
- 2.31** “**SERP Benefit(s)**” shall mean any Conditional Annuities, Pension Parity Benefits, Supplemental Benefits and/or Special Supplemental Benefits payable under this Plan.

- 2.32** “**Special Supplemental Benefit(s)**” shall mean benefits payable under this Plan as determined in accordance with Section 3.03.
- 2.33** “**Specified Employee**” shall mean an employee of the Company who is a “Key Employee” as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the employee meets the definition of “Specified Employee” on the date the employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).
- 2.34** “**SRP**” shall mean the Ford Motor Company Select Retirement Plan, as amended.
- 2.35** “**Subsidiary**” or “**Subsidiaries**” shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.
- 2.36** “**Supplemental Benefit(s)**” shall mean benefits payable under this Plan as determined in accordance with Section 3.
- 2.37** “**Totally and Permanently Disabled**” shall mean an Eligible Executive who:
- (a) is not engaged in regular employment or occupation for remuneration or profit (including employment with the Company and/or its Subsidiaries, but excluding employment or occupation which the Plan Administrator determines to be for purposes of rehabilitation);
 - (b) is determined by the Plan Administrator, on the basis of medical evidence, to be totally disabled by bodily injury or disease so as to be prevented thereby from engaging in any regular occupation with the Company, where such disability has been continuous for at least 5 months, and where the Plan Administrator determines such disability will be permanent and continuous during the remainder of such Eligible Employee's life; and
 - (c) has earned at least 10 years of Credited Service.

Section 3. Supplemental Benefits

- 3.01 Eligibility.** An Eligible Retired Executive shall be eligible to receive a Supplemental Benefit as provided herein.
- 3.02 Amount of Supplemental Benefit.**
- (a) Subject to any reductions pursuant to Subsection (b) below and to any limitations and reductions pursuant to other provisions of the Plan, the monthly Supplemental Benefit shall be an amount equal to the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's years of Credited Service, and further multiplied by the Applicable Percentage based on

the Eligible Executive's position or salary grade immediately preceding retirement, as follows:

For retirements on or after January 1, 1992, but prior to August 1, 1995:

Status at Retirement	Applicable Percentage
Chairman, Vice Chairman, President	.90%
Executive Vice President	.80%
Vice President	.70%
Non-Vice Presidents	
- Salary Grade 21, 20, 19	.60%
- Salary Grade 18, 17, 16	.40%
- Salary Grade 15, 14, 13	.20%

For retirements on or after August 1, 1995, but prior to February 1, 2000:

Status at Retirement	Applicable Percentage
Vice President Band	
- Chairman, Vice Chairman, President	.90%
- Executive Vice President	.80%
- Group Vice President	.75%
- Vice President	.70%
Non-Vice President	
- General Executive Band	.60%
- Executive Band	.40%
- Salary Grade 15, 14, 13	.20%

For retirements on or after February 1, 2000, but prior to January 1, 2017:

Status at Retirement	Applicable Percentage
Leadership Level One	
- Executive Chairman, Chairman, Vice Chairman, Chief Executive Officer, President, Chief Operating Officer	.90%
- Executive Vice President	.80%
- Group Vice President	.75%
- Vice President	.70%
Leadership Level Two²	
- Standard Benefit	.40%
- Non-standard Benefit³	.60%
Leadership Level Three	.20%
Leadership Level Four	.20%

² General Executive Band Eligible Executives who, on or after January 1, 2000 were reclassified as Leadership Level Two Employees, shall retain entitlement to the .60% Applicable Percentage regardless of the reclassification.

³ The non-standard benefit was available for Leadership Level Two Eligible Executives only upon approval of the Executive Chairman, Executive Vice President and Chief Financial Officer and Group Vice President - Human Resources and Corporate Services (or in the event of a change in title, such officer's functional equivalent).

For retirements on or after January 1, 2017 but prior to January 1, 2022:

Status at Retirement	Applicable Percentage
Leadership Level One	
- Executive Chairman, Chairman, Vice Chairman, Chief Executive Officer, President, Chief Operating Officer	.90%
- Executive Vice President	.80%
- Group Vice President	.75%
- Vice President	.70%
Leadership Level Two	.40%
Leadership Level Three	.20%
Leadership Level Four	.20%

For retirements on or after January 1, 2022, Reward Band will be used to determine Leadership Level One's Applicable Percentage:

Status at Retirement	Applicable Percentage
Leadership Level One	
- Reward Band 0	.90%
- Reward Band 1	.80%
- Reward Band 2	.75%
- Reward Band 3	.70%
- Reward Band 4	.70%
Leadership Level Two	.40%
Leadership Level Three	.20%
Leadership Level Four	.20%

- (b) For an Eligible Retired Executive who shall commence Supplemental Benefits before age 62, the monthly Supplemental Benefit payable hereunder shall equal the amount calculated in accordance with the immediately preceding Subsection (a) reduced by 5/18 of 1% multiplied by the number of months from the later of the date the Supplemental Benefit commences or age 55 in the case of earlier receipt as a result of an Eligible Retired Executive becoming Totally and Permanently Disabled to the first day of the month after the Eligible Retired Executive would attain age 62.

3.03 Special Supplemental Benefits. In addition to any other Supplemental Benefits provided under this Plan, the Company may, in its sole discretion, provide Special Supplemental Benefits to certain Eligible Executives. Special Supplemental Benefits provided to Eligible Executives whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix B. Special Supplemental Benefits provided to Eligible Executives who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Executive Personnel Office. Any Special Supplemental Benefits provided pursuant to this Section shall be paid in accordance with the terms and conditions of this Plan, including without limitation Section 3.04.

3.04 Payments.

- (a) Subject to the earning out provisions of Section 6, Supplemental Benefits, in the amount determined under Section 3.02, shall be payable out of the Company's general funds monthly beginning:

- (i) for distributions that commenced prior to January 1, 2005, on the first day of the month when the Eligible Retired Executive's retirement benefit under any Retirement Plan or under the Company's ESAP begins;
 - (ii) for distributions commencing on or after January 1, 2005, on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Retired Executive has a Separation From Service or is determined to be Totally and Permanently Disabled.
- (b) Notwithstanding any other provision of the Plan to the contrary, but subject to the earning out provisions of Section 6, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Supplemental Benefit to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following such Specified Employee's Separation From Service. Any Supplemental Benefit payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. Any payment delayed under this Section shall not bear interest.
- (c) Payments to an Eligible Retired Executive hereunder shall cease at the end of the month in which the Eligible Retired Executive dies.

Section 4. Conditional Annuities

4.01 Eligibility. Prior to January 1, 2017, the Company may, in its discretion, award to an Eligible Executive (other than an Eligible Executive in Leadership Levels Four through Two or its equivalent) additional retirement income in the form of a Conditional Annuity.

Effective as of January 1, 2017, no new Conditional Annuities shall be awarded under this Plan.

4.02 Amount of Conditional Annuity.

- (a) In determining the amount of any Conditional Annuity to be awarded to an Eligible Executive for any year, the Compensation Committee shall consider the Company's profit performance and the amount that is awarded to such Eligible Executive for such year under the Annual Incentive Compensation Plan. Awards shall be made only for years in which the Compensation Committee has decided, for reasons other than individual or corporate performance or termination of employment, to make an award to an Eligible Executive under the Annual Incentive Compensation Plan which is less than would have been awarded if the historical relationship to awards to other executives had been followed.
- (b) The aggregate annual amount payable under the Conditional Annuities awarded to any Eligible Executive shall not exceed an amount equal to the Applicable Percentage of the average of such Eligible Executive's Final Three Year Average Base Salary, determined in accordance with the following table:

<u>Number of Years for which a Conditional Annuity is awarded</u>	<u>Applicable Percentage</u>	
	<u>Chairman, Vice Chairman and President</u>	<u>All Other Eligible Executives</u>
1	30%	20%
2	35	25
3	40	30
4	45	35
5 or more	50	40

The percentage shall be reduced pro rata to the extent that service at retirement is less than 30 years.

4.03 Payments.

- (a) Subject to the earning out provisions of Section 6, Conditional Annuities, in the amount determined under Section 4.02, shall be payable to an Eligible Executive out of the Company's general funds monthly beginning:
 - (i) for distributions that commenced prior to January 1, 2005, on the first day of the month when the Eligible Retired Executive's retirement benefit under any Retirement Plan or under the Company's ESAP begins; or
 - (ii) for distributions commencing on or after January 1, 2005, on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Retired Executive has a Separation From Service or is determined to be Totally and Permanently Disabled.
- (b) Notwithstanding any other provisions of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Conditional Annuities to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following the Separation From Service. Any Conditional Annuity payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on or as soon as reasonably practicable after the first day of the seventh month following such Separation From Service. The payment delayed under this Section shall not bear interest.
- (c) Except as provided in Section 4.04, payments with respect to an Eligible Retired Executive hereunder shall cease at the end of the month in which such Eligible Retired Executive dies.
- (d) For an Eligible Executive who retires before age 65, the monthly payment under any Conditional Annuity awarded to such Eligible Executive shall equal the actuarial equivalent (based on factors determined by the Company's independent consulting actuary) of the monthly amount payable for retirement at age 65.

4.04 Death Benefits.

- (a) Upon death before retirement but at or after age 55, the Eligible Executive's Designated Beneficiary shall be paid a lump sum equal to 30 times (representing 30 months) the aggregate monthly amount payable under such Eligible Executive's Conditional Annuities if the Eligible Executive had been age 55 at death, increased by one-third of one month for each full month by which such Eligible Executive's age at death shall exceed age 55. Such lump sum payment shall be paid as soon as reasonably practicable following the date of the Eligible Executive's death.
- (b) If death occurs within 120 months following retirement, the monthly payments under the Conditional Annuity shall be continued to the Designated Beneficiary for the remaining balance of the 120 month period following retirement. Notwithstanding the preceding sentence, if the Designated Beneficiary should die prior to receiving all of the remaining monthly payments, any remaining monthly payments under the Conditional Annuity shall cease.

Section 5. Pension Parity Benefits

5.01 Eligibility. For retirements on or after October 1, 1998, an Eligible Retired Executive at Ford Motor Company (U.S.) or Ford Motor Credit Company (U.S.) who held the position of a Leadership Level One at Ford Motor Company (U.S.) immediately prior to retirement and who had service with a subsidiary, including an international subsidiary, at any time prior to becoming an employee of Ford Motor Company (U.S.) or Ford Motor Credit Company (U.S.) shall be eligible to receive a Pension Parity Benefit as provided below.

5.02 Amount of Pension Parity Benefit.

- (a) The monthly Pension Parity Benefit shall be an amount equal to the difference between (i) and (ii), where (i) is the amount of the monthly retirement benefit which would be payable under the GRP, the Supplemental Benefit and/or Conditional Annuity under this Plan, the ESAP, the BEP, and the SRP if all of the Eligible Retired Executive's years of service (up to 35 years) under the GRP/ESAP/BEP/SRP and each of the subsidiary's retirement plans were counted as years of contributory service under the GRP/ESAP/BEP/SRP and (ii) is the amount of monthly retirement benefit that is or was payable under the GRP/ESAP/BEP/SRP, under the subsidiary's retirement plans, under this Plan as a Supplemental Benefit or a Conditional Annuity, if applicable, or under any other plan sponsored by a subsidiary which provided pension-type benefits (and, if such benefits were paid (a) in an involuntary lump sum payment as a termination benefit, this Plan shall convert the lump sum payment into an actuarial equivalent annuity (as determined by an independent actuary appointed by Ford Motor Company) payable at age 65 to the Eligible Retired Executive, (b) in a voluntary distribution of a lump sum benefit, the amount of monthly retirement benefit payable under (ii) above shall be the monthly annuity payment the Eligible Retired Executive would have received had the lump sum distribution not occurred, or (c) as was otherwise required pursuant to a qualified domestic relations order for purposes of determining the appropriate offset).
- (b) For purposes of determining the amount of an Eligible Retired Executive's Pension Parity Benefit, the Eligible Retired Executive shall be treated as if such Eligible Retired Executive elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP if married as of the date such Eligible Retired Executive retired from the Company, or the single life annuity form of benefit under the GRP if unmarried (including, a divorced or widowed Eligible Retired Executive) as of the date such Eligible Retired Executive retired from the Company. The amount of any Pension Parity Benefit payable to an Eligible Retired Executive whose benefit under the ESAP is not offset or reduced by the amount of any GRP benefit payable to such Eligible Retired Executive prior to age 65 shall be increased upon the Eligible Retired Executive's attainment of age 65 to reflect an unreduced normal retirement benefit under the GRP.

5.03 Pension Parity Surviving Spouse Benefits.

- (a) An Eligible Surviving Spouse shall be entitled to receive a monthly Pension Parity Surviving Spouse Benefit upon the death of the Eligible Retired Executive in an amount equal to the difference between (i) and (ii), where (i) is the actuarial equivalent (as determined by an independent actuary appointed by Ford Motor Company) of the amount of the monthly survivor's benefit that would be payable under the GRP, the ESAP, the BEP, and the SRP if all of the Eligible Retired Executive's years of service (up to 35 years) under the GRP/ESAP/BEP/SRP and each of the subsidiary's retirement plans were counted as years of contributory service under the GRP/ESAP/BEP/SRP and (ii) is the actuarial equivalent (under the actuarial method described in (i) above) of the aggregate amount of the monthly survivor's benefits that are or were payable under (a) the GRP/ESAP/

BEP/SRP, (b) Section 4.04 as a death benefit if the Designated Beneficiary were the Eligible Surviving Spouse, (c) the subsidiary's retirement plans, or (d) any other plan sponsored by a subsidiary which provided pension-type survivor benefits (and, if such benefits were paid in a voluntary distribution of a lump sum benefit, the amount of monthly survivor's benefit payable under (ii) above shall be the monthly survivor benefit payment the Eligible Surviving Spouse would have received had the lump sum distribution not occurred). For purposes of determining the amount of any Pension Parity Surviving Spouse Benefit, the Eligible Retired Executive shall be treated as if such Eligible Retired Executive elected to receive a GRP benefit in the form of the qualified joint and survivor annuity benefit under the GRP.

- (b) If an Eligible Retired Executive dies prior to reaching age 65, such monthly Pension Parity Surviving Spouse Benefit shall commence on, or as soon as reasonably practicable after, the first day of the month following the month in which the Eligible Retired Executive would have reached age 65. If an Eligible Retired Executive dies after reaching age 65, such monthly Pension Parity Surviving Spouse Benefit shall commence as soon as reasonably practicable following the date of the Eligible Retired Executive's death. Monthly Pension Parity Surviving Spouse Benefits payable pursuant to this Section 5.03 shall continue until the Eligible Surviving Spouse dies.

5.04 Payment.

- (a) Subject to the earning out provisions of Section 6, the Pension Parity Benefit, in the amount determined under Section 5.02, shall be payable to an Eligible Retired Executive out of the Company's general funds monthly beginning:
 - (i) for distributions that commenced prior to January 1, 2005, on the first day of the month when the Eligible Retired Executive's retirement benefit under any Retirement Plan commences; or
 - (ii) for distributions commencing on or after January 1, 2005, on or as soon as reasonably practicable after the first day of the month following the date on which the Eligible Retired Executive has a Separation From Service or is determined to be Totally and Permanently Disabled.
- (b) Notwithstanding any other provisions of the Plan to the contrary, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Pension Parity benefit to such Specified Employee shall commence on or as soon as reasonably practicable after the first day of the seventh month following Separation from Service. Any Pension Parity Benefit payments to which a Specified Employee otherwise would have been entitled during the first six months following such Specified Employee's Separation From Service shall be accumulated and paid in a lump sum payment on, or as soon as reasonably practicable after, the first day of the seventh month following such Separation From Service. The payment delayed under this Section shall not bear interest.
- (c) Pension Parity Benefit payments to an Eligible Retired Executive shall cease at the end of the month in which the Eligible Retired Executive dies. The Pension Parity Surviving Spouse Benefit, in the amount determined under Section 5.03, shall be payable out of the Company's general funds monthly beginning on the first day of the month following the Eligible Retired Executive's death. Pension Parity Surviving Spouse Benefits paid to an Eligible Surviving Spouse shall cease at the end of the month in which the Eligible Surviving Spouse dies.

Section 6. Earning Out Conditions

Notwithstanding anything in the Plan to the contrary, the right of any Eligible Retired Executive to receive SERP Benefits hereunder for any month shall accrue, and such payments shall be payable (subject to Sections 3.03, 4.03 or 5.04, as applicable), only if, during the entire period from the date of such Eligible Retired Executive's Separation From Service to the end of such month, in which payment otherwise would be made, such Eligible Retired Executive shall have earned out such payment by refraining from engaging in any activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof.

In the event of an Eligible Retired Executive's nonfulfillment of the condition set forth in the immediately preceding paragraph, no further payment shall be paid to such Eligible Retired Executive, such Eligible Retired Executive's Designated Beneficiary or Eligible Surviving Spouse, as applicable; provided, however, that the nonfulfillment of such condition may at any time (whether before, at the time of, or subsequent to, termination of the Eligible Retired Executive's employment) be waived in the following manner:

- (a) with respect to any such Eligible Retired Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, such waiver may be granted by the Compensation Committee upon its determination that, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition; and
- (b) with respect to any other such Eligible Retired Executive, such waiver may be granted by the Committee upon its determination that, in its sole discretion, that there shall not have been and will not be any such substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such conditions.

Notwithstanding anything to the contrary herein, SERP Benefits shall not be paid to, or with respect to, any person as to whom it has been determined that such person at any time (whether before or subsequent to termination of the Eligible Retired Executive's employment) acted in a manner inimical to the best interests of the Company. Any such determination shall be made by (i) the Compensation Committee with respect to any Eligible Retired Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, and (ii) the Committee with respect to any other Eligible Retired Executive, and shall apply to any amounts payable after the date of the applicable committee's action hereunder, regardless of whether the Eligible Retired Executive has commenced receiving any benefits hereunder. Conduct which constitutes engaging in an activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof shall be governed by the preceding paragraphs of this Section and shall not be subject to any determination under this paragraph.

Section 7. General Provisions

7.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan, and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.
- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan.

The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.

- (c) In the event that an Article, Section or paragraph of the Code, Treasury Regulations, or Retirement Plans is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

- 7.02 Local Payment Authorities.** The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.
- 7.03 Deductions.** The Company may deduct from any payment of SERP Benefits to an Eligible Retired Executive, Designated Beneficiary or Eligible Surviving Spouse, any and all amounts owed to it by such Eligible Retired Executive, Designated Beneficiary, or Eligible Surviving Spouse for any reason, and all taxes required by law or government regulation to be deducted or withheld.
- 7.04 Tax Liabilities.** The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of SERP Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.
- 7.05 No Contract of Employment.** The Plan is an expression of the Company's present policy with respect to Eligible Executives; it is not a part of any contract of employment. No Eligible Executive, Designated Beneficiary, Eligible Surviving Spouse or any other person shall have any legal or other right to any benefit under this Plan.
- 7.06 SERP Benefits Not Funded.** The Company's obligations under this Plan shall not be funded. SERP Benefits under this Plan shall be payable only out of the general funds of the Company.
- 7.07 Governing Law.** Except as otherwise provided under Federal law, the Plan and all rights thereunder shall be governed, construed and administered in accordance with the laws of the State of Michigan.
- 7.08 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan, in whole or in part, at any time, without notice; provided, however, that no distribution of SERP Benefits shall occur upon termination of this Plan unless applicable requirements of Code Section 409A have been met. Notwithstanding anything to the contrary herein, benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 7.09 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable Retirement Plans.
- 7.10 No Alienation of Benefits.** An Eligible Executive may not assign or alienate any SERP Benefits, and the Plan will not recognize a domestic relations order that purports to assign any SERP Benefit to another person.
- 7.11 Recovery of Overpayment.** Any individual shall repay promptly any and all SERP Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to

initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings.

Section 8. Code Section 409A

- (a) All benefits provided under the Plan are intended to be exempt from, or in compliance with, Code Section 409A, and the regulations issued thereunder, and the Plan is to be construed accordingly. The Company reserves the right to take such action as the Company deems necessary or desirable to ensure benefits provided under the Plan are exempt from, or comply with, as applicable, Code Section 409A, and the regulations issued thereunder.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of any SERP Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.
- (d) In the event an Eligible Executive or Eligible Retired Executive who is receiving, or is entitled to receive, SERP Benefits is reemployed following a Separation From Service, distribution of any SERP Benefits shall not cease or be deferred upon such Eligible Executive's or Eligible Retired Executive's reemployment.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Executive, Eligible Surviving Spouse, Designated Beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Plan benefits.

Section 9. Claim for Benefits

- 9.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 9.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.
- 9.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.
- 9.04 Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of

the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.

9.05 Venue. An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

Appendix A

Applicable to retirements of Eligible Executives on or after January 1, 1985 but prior to January 1, 1992, or retirements of Eligible Executives from certain former Company Affiliates.

Section 1. Definitions. The terms used in this Appendix shall have the same meaning as those in the Supplemental Executive Retirement Plan, except as follows:

1.01 "Contributory Service" shall mean without duplication, the Eligible Executive's years and any fractional year of contributory service under all Retirement Plans at the earlier of the Eligible Executive's termination of employment or the Freeze Date, not exceeding one year for any calendar year.

1.02 "Eligible Executive" shall mean a person who is the Chairman of the Board and Chief Executive Officer, an Executive Vice President or a Vice President of the Company (excluding any such person who is an employee of a foreign Affiliate of the Company) or a Company employee in Salary Grade 13 or its equivalent or above (Salary Grade 20 or its equivalent or above for Company employees prior to January 1, 1989).

Section 2. Supplemental Benefits.

2.01 Eligibility. An Eligible Retired Executive shall be eligible to receive a Supplemental Benefit as provided herein.

2.02 Amount of Supplemental Benefit.

(a) Subject to any reductions pursuant to Subsection (b) below and to any limitations and reductions pursuant to other provisions of the Plan, the monthly Supplemental Benefit shall be an amount determined as follows:

(i) For those employees who were Eligible Executives on or after January 1, 1989 and retired prior to January 1, 1992, an amount equal to the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's years of Contributory Service, and further multiplied by the Applicable Percentage based on the Eligible Executive's position or salary grade immediately preceding retirement and on when the Contributory Service occurred, as follows:

<u>Status at Retirement</u>	<u>Applicable Percentage</u>	
	Contributory Service before 1/1/89	Contributory Service from 1/1/89
Chairman, Vice Chairman, President	.60%	.90%
Executive Vice President	.50%	.80%
Vice Presidents		
Salary Grade 23	.40%	.70%
Salary Grade 22	.40%	.70%
Salary Grade 21	.40%	.70%
Salary Grade 20	.40%	.70%
Non-Vice Presidents		
Salary Grade 21	.30%	.60%
Salary Grade 20	.30%	.60%
Salary Grade 19	.30%	.60%
Salary Grade 18, 17, 16	.20%	.40%
Salary Grade 15, 14, 13	.10%	.20%

(ii) For those employees who were Eligible Executives prior to January 1, 1989 and who retired prior to January 1, 1992, the greater of (A) or (B):

(A) the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's Credited Service, and further multiplied by the Applicable Percentage based on the Eligible Executive's position or salary grade immediately preceding retirement, as follows:

Status at Retirement Applicable Percentage

Chairman, Vice Chairman, President	.50%
Executive Vice President Vice President	.40%
Salary Grade 23	.35%
Salary Grade 22	.30%
Salary Grade 21	.25%
Salary Grade 20	.20%
Non-Vice Presidents Salary Grade 21	.25%
Salary Grade 20	.20%

(B) the Eligible Executive's Final Five Year Average Base Salary multiplied by the Eligible Executive's Contributory Service, and further multiplied by the Applicable Percentage set forth in Section (a)(i) above based on the Eligible Executive's position or salary grade immediately preceding retirement and on when the Contributory Service occurred.

(b) For an Eligible Retired Executive who shall commence Supplemental Benefits before age 62 the monthly Supplemental Benefit payable hereunder shall equal the amount calculated in accordance with the immediately preceding Subsection (a) reduced by 5/18 of 1% multiplied by the number of months from the later of the date the Supplemental Benefit commences or age 55 in the case of earlier receipt as a result of an Eligible Retired Executive becoming Totally and Permanently Disabled to the first day of the month after the Eligible Retired Executive would attain age 62.

Section 3. Former Affiliates and Former Employees.

3.01 Ford Aerospace Corporation. An employee of Ford Aerospace Corporation who was a Vice President of Ford Motor Company as of April 1, 1985 and retired May 1, 1985 shall be deemed to be an Eligible Executive under the Plan only for Supplemental Benefits and shall be eligible to receive such benefits under the Plan based on Credited Service under the Salaried Retirement Plan of Ford Aerospace Corporation.

3.02 Ford New Holland, Inc. The following shall be applicable to former employees of Ford Tractor Operations who were transferred to Ford New Holland (FNH) and who participated in the GRP for service through December 31, 1989 ("FNH Employees").

(a) Retirement-Eligible FNH Employees as of January 1, 1989.

A FNH Employee who was eligible to retire under the GRP on or prior to January 1, 1989, and who was in a position equivalent to a Salary Grade 13 or above on December 31, 1989, and who retires directly from FNH shall be deemed to be an Eligible Executive under the Plan only for Supplemental Benefits and shall receive such benefits as are applicable under the terms of the Plan in effect at the date of retirement, if retired prior to January 1, 1992, or the terms of the Plan in effect on January 1, 1992, if retired on or after January 1, 1992; provided, however, that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade at FNH as of December 31, 1989; (ii) the Final Five Year Average Base Salary immediately preceding retirement of the Eligible Executive from FNH; and (iii) the employee's Credited Service or Contributory Service, as applicable, as of December 31, 1989.

(b) Non-Retirement Eligible Employees as of January 1, 1989.

A FNH Employee who was not eligible to retire under the GRP on or prior to January 1, 1989, and who was in a position equivalent to a Salary Grade 13 or above on December 31, 1989, and who retires directly from FNH shall be deemed to be an Eligible Executive under the Plan only for Supplemental Benefits and shall receive such benefits as are applicable under the terms of the Plan in effect as of January 1, 1989; provided, however, that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade at FNH as of December 31, 1989; (ii) the Final Five Year Average Base Salary as of January 1, 1989; and (iii) the employee's Contributory Service as of December 31, 1989.

3.03 Sale of Favasa Operations to Lear Seating Corporation. An Eligible Executive whose employment was transferred to Lear Seating Corporation by reason of the sale of a portion of Plastic and Trim Product Division's seat operations to Lear on November 1, 1993 and who was eligible to retire under the terms of the GRP as of December 31, 1993, shall retain eligibility to receive a Supplemental Benefit, and shall receive such benefits as are applicable under the terms of the Plan in effect as of December 31, 1993; provided, however that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade with the Company as of December 31, 1993; (ii) the Final Five Year Average Base Salary as of December 31, 1993; and (iii) the employee's Credited Service as of December 31, 1993.

3.04 Transition of Jaguar/Landrover Employee to Tata Motors. An Eligible Executive whose employment was transferred to Tata Motors by reason of the sale of the assets of Jaguar/Landrover divisions to Tata Motors on January 1, 2009 and who was eligible to retire under the terms of the GRP as of December 31, 2008, shall retain eligibility to receive a Supplemental Benefit, and shall receive such benefits as are applicable under the terms of the Plan in effect as of December 31, 2008; provided, however that for purposes of calculating the Supplemental Benefit, the Plan shall use (i) the employee's position or salary grade with the Company as of December 31, 2008; (ii) the Final Five Year Average Base Salary as of December 31, 2008; and (iii) the employee's Credited Service as of December 31, 2008.

3.05 Visteon Corporation. The following shall be applicable to employees of Ford who were transferred to Visteon Corporation on April 1, 2000 ("U.S. Visteon Employees") and who ceased active participation in the Plan as of June 30, 2000 after Visteon Corporation was spun-off from Ford, June 28, 2000.

- (a) Group I and Group II Employees.

For purposes of this paragraph, a "Group I Employee" shall mean a U.S. Visteon Employee who as of July 1, 2000 was eligible for immediate normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000. A "Group II Employee" shall mean a U.S. Visteon Employee who (i) was not a Group I Employee; (ii) had as of July 1, 2000 a combination of age and continuous service that equals or exceeds sixty (60) points (partial months disregarded); and (iii) could become eligible for normal or regular early retirement under the provisions of the GRP as in effect on July 1, 2000 within the period after July 1, 2000 equal to the employee's Ford service as of July 1, 2000. A Group I or Group II Employee shall retain eligibility to receive a Supplemental Benefit and shall receive such benefits as are applicable under the terms of the Plan in effect on the retirement date, based on meeting eligibility criteria as of July 1, 2000 and Credited Service on July 1, 2000 and the Final Five Year Average Base Salary in effect immediately preceding the earlier of the first date after the Freeze Date, or the Group I or Group II Employee's retirement date.

- (b) Group III Employees.

For purposes of this paragraph, a "Group III Employee" shall mean a U.S. Visteon Employee who participated in the GRP prior to July 1, 2000 other than a Group I or Group II Employee. The Plan shall have no liability for any benefits payable to Group III Employees who were otherwise eligible hereunder with respect to Credited Service prior to July 1, 2000 on or after July 1, 2000.

Section 4. General. Except as otherwise provided in this Appendix A, the terms of the Plan applicable to retirements of Eligible Executives on or after January 1, 1992 shall be applicable to the retirements of Eligible Executives on or after January 1, 1985 but prior to January 1, 1992.

Appendix B
Special Supplemental Benefits

Named Executive Officers

Section 1. Special Supplemental Benefits Based on Notional Service and Salary. Special Supplemental Benefits will be provided to each Eligible Executive listed in Subsection 1.03 below for the period of time during which such Eligible Executive did not receive a cash base salary from the Company by determining the Supplemental Benefits that otherwise would have been provided to such Eligible Executive for such period using notional service and salary as follows; provided that, in no event shall an Eligible Executive receive both Supplemental Benefits and Special Supplemental Benefits for the same period of service. For purposes of determining the benefits described in this Appendix, the Freeze Date is determined after including the notional years of service. For Separations From Service after the Freeze Date, in no event shall the Eligible Executive receive benefits under this Plan based on years of service earned or salary paid after the Freeze Date.

1.01 Credited Service. Credited Service, if any, for each such Eligible Executive for any period of time during which the Eligible Executive did not receive a cash base salary shall be determined by the Committee, in its sole discretion, based on the credited service the Eligible Executive would have accrued under the GRP had the Eligible Executive participated in, and accrued credited service under, the GRP during such period of time.

1.02 Monthly Base Salary. Monthly Base Salary for each such Eligible Executive shall be determined by the Committee, in its sole discretion, based on a notional monthly base salary for the period of time during which the Eligible Executive did not receive a cash base salary.

1.03 Affected Eligible Executives. The following Eligible Executives' Special Supplemental Benefits shall be determined in accordance with this Section:

William Clay Ford, Jr.

FORD MOTOR COMPANY
DEFINED CONTRIBUTION SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
Amended and Restated Effective as of January 1, 2022

Section 1. Introduction

On January 1, 2013, the Company established this Plan, which shall be known as the “Ford Motor Company Defined Contribution Supplemental Executive Retirement Plan” and is hereinafter referred to as the “Plan,” for the purpose of providing employees on U.S. payroll, who are Eligible Executives, hired or rehired on or after January 1, 2004 and who are actively employed by the Company on or after January 1, 2013, with Supplemental Benefits in the event of such Eligible Executive’s termination from employment with the Company under certain circumstances.

Section 2. Definitions

As used in the Plan, the following terms shall have the following meanings, respectively:

- 2.01** “**Affiliate**” shall mean, as applied with respect to any person or legal entity specified, a person or legal entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or legal entity specified.
- 2.02** “**Base Monthly Salary**” shall mean for the purposes of the Plan, the monthly base salary rate of such Eligible Executive during each month, prior to giving effect to any salary reduction agreement pursuant to an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, (i) to which Code Section 125 or Code Section 402(e)(3), applies or (ii) which provides for the elective deferral of compensation. It shall not include supplemental compensation or any other kind of extra or additional compensation.
- 2.03** “**Code**” shall mean the Internal Revenue Code of 1986, as amended.
- 2.04** “**Committee**” shall mean the Chief Human Resources Officer and the Vice President and Chief Financial Officer (or, in the event of changes in titles, such officers’ functional equivalents), and such person or persons to whom the Chief Human Resources Officer and the Vice President and Chief Financial Officer delegate authority to administer the Plan.
- 2.05** “**Company**” shall mean Ford Motor Company and such of the subsidiaries of Ford Motor Company as, with the consent of Ford Motor Company, shall have adopted this Plan.
- 2.06** “**Company Service**” shall mean the years and any fractional years that an individual is employed at Ford Motor Company.
- 2.07** “**Compensation Committee**” shall mean the Compensation Committee of the Board of Directors of Ford Motor Company.
- 2.08** “**Designated Third Party Administrator**” shall mean the service provider employed by the Company to act as record keeper to maintain the Notional Accounts and process notional investment elections.
- 2.09** “**Eligible Executive(s)**” shall mean a Company employee in Leadership Level Four or above, or its equivalent, who satisfies the requirements of Section 3.01. “Eligible Executive” shall not include any supplemental employee.
- 2.10** “**Eligibility Service**” shall mean Company Service while an Eligible Executive.

- 2.11 **“ERISA”** shall mean the Employee Retirement Income Security Act of 1974, as amended.
- 2.12 **“Named Executive Officer(s)”** shall mean any Chief Executive Officer that served during the last completed fiscal year, any Chief Financial Officer that served during the last completed fiscal year, the next three most highly compensation executive officers at the end of the last completed fiscal year, and up to two additional individuals who would have been among the most three highly compensated executive officers had they been executive officers at the end of the previous fiscal year end.
- 2.13 **“Notional Account(s)”** shall mean the book entry account, which shall include Notional Credits, and any interest equivalents, dividend equivalents or other earnings credited to such book entry account, established by the Company for each Eligible Executive.
- 2.14 **“Notional Credit(s)”** shall mean the amounts credited to the Eligible Executive’s Notional Account each pay period as described under Section 3.02.
- 2.15 **“Plan”** shall mean the Ford Motor Company Defined Contribution Supplemental Executive Retirement Plan, as amended.
- 2.16 **“Plan Administrator”** shall mean such person or persons to whom the Committee shall delegate authority to administer the Plan, who does not already act as a Committee member.
- 2.17 **“Separation From Service”** shall be determined to have occurred on the date on which an Eligible Executive incurs a “separation from service” within the meaning of Code Section 409A.
- 2.18 **“Special Supplemental Benefit(s)”** shall mean benefits payable under this Plan as determined in accordance with Section 3.06.
- 2.19 **“Specified Employee”** shall mean an employee of the Company who is a “Key Employee” as defined in Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations thereunder and disregarding Subsection 416(i)(5). A Specified Employee shall be identified as of December 31st of each calendar year and such identification shall apply to any Specified Employee who shall incur a Separation From Service in the 12-month period commencing April 1st of the immediately succeeding calendar year. An employee who is determined to be a Specified Employee shall remain a Specified Employee throughout such 12-month period regardless of whether the employee meets the definition of “Specified Employee” on the date the employee incurs a Separation From Service. This provision is effective for Specified Employees who incur a Separation From Service on or after January 1, 2005. For purposes of determining Specified Employees, the definition of compensation under Treasury Regulation Section 1.415(c)-2(d)(3) shall be used, applied without the use of any of the special timing rules provided in Treasury Regulation Section 1.415(c)-2(e) or the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(i), but applied with the use of the special rule in Treasury Regulation Section 1.415(c)-2(g)(5)(ii).
- 2.20 **“SSIP”** shall mean the Savings and Stock Investment Plan for Salaried Employees, as amended.
- 2.21 **“Subsidiary”** shall mean, as applied with respect to any person or legal entity specified, (i) a person or legal entity, a majority of the voting stock of which is owned or controlled, directly or indirectly, by the person or legal entity specified, or (ii) any other type of business organization in which the person or legal entity specified owns or controls, directly or indirectly, a majority interest.
- 2.22 **“Supplemental Benefit(s)”** shall mean benefits payable under this Plan as determined in accordance with Section 3.

- 2.23 “Valuation Date”** shall mean March 15th of each calendar year, or the next preceding business day for which valuation information is available, and shall be the date on which a Notional Account shall be valued for purposes of determining the amount to be distributed in a particular distribution year.

Section 3. Supplemental Benefits

3.01 Eligibility. Each Eligible Executive who:

- (i) was hired or rehired on or after January 1, 2004;
- (ii) was actively employed on or after January 1, 2013;
- (iii) who upon Separation From Service is at least age 55 with at least ten years of Company Service or is at least age 65 with at least five years of Company Service;
- (iv) has at least five years of Eligibility Service; and
- (v) incurs a Separation From Service upon the approval of the Company,

shall receive a Supplemental Benefit as provided herein.

Except in the case of an Eligible Executive who has not incurred a Separation From Service with the Company, the Company Service and Eligibility Service conditions set forth in Subsections (iii) and (iv) of this Section 3.01 may be waived (i) in the case of a Leadership Level One employee, by the Compensation Committee, and (ii) in the case of any other employee, by the President and Chief Executive Officer.

3.02 Notional Credits. A Notional Account shall be established for each Eligible Executive. Each pay period, the Eligible Executive’s Notional Account shall be credited with Notional Credits representing an amount equal to the product of such Eligible Executive’s Base Monthly Salary received multiplied by the applicable percentage below which is based on the Eligible Executive’s whole age at the end of the present calendar year and Leadership Level or Reward Band during that month:

Applicable Percentage (prior to January 1, 2022)			
	Age < 40	Age 40-49	Age 50+
Leadership Level One			
– Executive Chairman, Chairman, Vice Chairman, Chief Executive Officer, President, Chief Operating Officer	16.50%	15.50%	14.50%
– Executive Vice President	10.50%	9.50%	8.50%
– Group Vice President & Vice President	7.50%	6.50%	5.50%
Leadership Level Two	4.50%	3.50%	2.50%
Leadership Level Three & Four	3.00%	2.00%	1.00%

Applicable Percentage (on or after January 1, 2022)			
	Age < 40	Age 40-49	Age 50+
Leadership Level One			
– Reward Band 0	16.50%	15.50%	14.50%
– Reward Band 1	10.50%	9.50%	8.50%
– Reward Band 2	7.50%	6.50%	5.50%
– Reward Band 3	7.50%	6.50%	5.50%
– Reward Band 4	7.50%	6.50%	5.50%
Leadership Level Two	4.50%	3.50%	2.50%
Leadership Level Three & Four	3.00%	2.00%	1.00%

An Eligible Executive shall not receive a Notional Credit in any month prior to the date the Eligible Executive became covered under the Plan or after a Separation From Service has occurred.

- 3.03 Supplemental Benefit.** The Eligible Executive's Supplemental Benefit shall be equal to the value of such Eligible Executive's Notional Account at the time of distribution.

An Eligible Executive's Supplemental Benefit will be based on the value of the Eligible Executive's Notional Account as if the amounts in the Notional Account had been invested in actual investment options selected by the Eligible Executive. The investment options available for selection shall be identical to the investment options available under the SSIP with the exception of the Ford Stock Fund. In the absence of an investment selection by an Eligible Executive, the Eligible Executive's Notional Credits will be allocated to an appropriate target-date fund offered under the SSIP based on the Eligible Executive's age. The Designated Third Party Administrator will maintain a record of each Notional Account, process investment selections, and otherwise be the record keeper of the Notional Accounts. Investment options selected under this Section shall be used solely for purposes of valuing the Eligible Executive's Notional Account which is used to determine the Supplemental Benefit. Eligible Executives shall not have voting rights or any other ownership rights with respect to any investment options selected as the measuring mechanism for the Notional Accounts established under this Section.

Eligible Executives may not withdraw or borrow against amounts credited to any book entry account under this Plan. The Plan will not accept rollovers from other plans. Distributions may not be rolled over to other plans.

3.04 Payments.

- (a) Except as otherwise provided below, distribution of the Supplemental Benefit shall be made in five annual installment payments, with such annual installments beginning on, or as soon as reasonably practicable after, the first Valuation Date following the one year anniversary of the Eligible Executive's Separation From Service. Thereafter, each installment shall be paid annually on, or as soon as reasonably practicable after, each successive Valuation Date.
- (b) Prior to the March 15th immediately following an Eligible Executive's Separation From Service, an Eligible Executive may elect to defer payment of the Supplemental Benefit in accordance with this Subsection. Distribution of a deferred Supplemental Benefit shall be made in five annual installment payments, with such annual installments beginning on, or as soon as reasonably practicable after, the first Valuation Date following the fifth anniversary of the Valuation Date on which payment would have commenced had the Eligible Executive not elected to defer commencement of the Supplemental Benefit.
- (c) Notwithstanding any other provision of the Plan to the contrary, but subject to the earning out provisions of Section 4, if a Specified Employee incurs a Separation From Service, other than as a result of such Specified Employee's death, payment of any Supplemental Benefit to such Specified Employee shall

commence on, or as soon as reasonably practicable after, the first day of the seventh month following the Separation From Service. A Specified Employee who is subject to a six-month distribution delay pursuant to this Section 3.04 will be permitted to continue to manage the investment elections applicable to such Specified Employee's Notional Account during the six-month distribution delay. Any payment delayed under this Section shall not bear interest over and above the notional investment earnings credited to such Specified Employee's book entry account during the period of delay.

- (d) Except as provided in Section 3.05, payments with respect to an Eligible Executive hereunder shall cease at the Eligible Executive's death.
- (e) If an Eligible Executive does not meet all of the requirements as defined in Section 3.01 upon Separation From Service, such Eligible Executive's Notional Account shall be forfeited after Separation From Service.

3.05 Death Benefits.

- (a) Upon death, but before Separation From Service, if the Eligible Executive has satisfied the eligibility requirements under Section 3.01(i), (ii) and (iii), the Eligible Executive's Notional Account shall be distributed in its entirety to the Eligible Executive's beneficiary or deemed beneficiary under the SSIP. All such distributions shall occur on, or as soon as reasonably practicable after, such Eligible Executive's date of death.
- (b) If the Eligible Executive's death occurs after Separation From Service and before all five annual payments are made, the Eligible Executive's Notional Account balance shall be distributed in its entirety to the Eligible Executive's beneficiary or deemed beneficiary under the SSIP. All such distributions shall occur on, or as soon as reasonably practicable after, such Eligible Executive's date of death.

3.06 Special Supplemental Benefits. In addition to, or in place of, any other Supplemental Benefits otherwise provided under this Plan, the Company may, in its sole discretion, provide Special Supplemental Benefits to certain Eligible Executives, including providing that certain Eligible Executives shall not be eligible for a Supplemental Benefits or shall be excluded from participation in the Plan. Special Supplemental Benefits provided to Eligible Executives whose compensation is subject to the executive compensation disclosure rules under the Securities Exchange Act of 1934 shall be set forth in Appendix A. Special Supplemental Benefits provided to Eligible Executives who are not subject to such disclosure rules shall be set forth in a separate confidential schedule to the Plan that is administered by the HR Director-Compensation and Executive Personnel Office. Any Special Supplemental Benefit provided pursuant to this Section shall be subject to, and paid in accordance with, the terms and conditions of this Plan, including without limitation Section 3.04.

3.07 Effect of Separation from Service Prior to Eligibility. In the event an Eligible Executive incurs a Separation From Service prior to meeting the eligibility requirements of Section 3.01, no Supplemental Benefit or Special Supplemental Benefit shall be payable under the Plan and such Eligible Executive's Notional Account shall be closed.

Section 4. Earning Out Conditions

Notwithstanding anything in the Plan to the contrary, the right of an Eligible Executive to receive a distribution of Supplemental Benefits hereunder for any year, and the payment of such distributions (subject to Section 3.04), shall cease on and as of the date on which it has been determined that such Eligible Executive at any time (whether before or subsequent to termination of such Eligible Executive's employment) either acted in a manner inimical to the best interests of the Company or engaged in an activity that was directly or indirectly in competition with any activity of the Company or any Subsidiary or Affiliate thereof, unless, (i) with respect to any such Eligible Executive who, at any time, shall have been a member of the Board of Directors, a Leadership Level One employee or a Named Executive Officer, the Compensation Committee determines, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition, or (ii) with respect to any other Eligible Executive, the Committee determines, in its sole discretion, that there shall not have been, and will not be, any substantial adverse effect upon the Company or any Subsidiary or Affiliate thereof by reason of the nonfulfillment of such condition.

Section 5. General Provisions

5.01 Plan Administration and Interpretation.

- (a) Notwithstanding any other provisions of the Plan to the contrary, the terms of the Plan shall determine the benefits payable to any person under the Plan and no person shall be eligible for any benefit under the Plan that would be inconsistent with such terms.

- (b) Except as otherwise provided, full authority to administer and interpret this Plan shall be vested in the Committee. The Committee is authorized, in its sole discretion, from time to time, to establish such rules and regulations as it deems appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such actions in connection with, the Plan as it deems necessary or advisable. Each determination, interpretation, or other action hereunder by the Committee shall be final, binding and conclusive upon all persons for all purposes under the Plan. The Committee may act, in its sole discretion, to delegate administrative and interpretative authority under this Section to the Plan Administrator.
- (c) In the event that an Article, Section or paragraph of the Code or Treasury Regulations is renumbered, such renumbered Article, Section or paragraph shall apply to applicable references in this Plan.

- 5.02 Local Payment Authorities.** The Vice President and Treasurer and the Assistant Treasurer (or, in the event of a change in title, such officer's functional equivalent) may act individually to delegate authority to administrative personnel for purposes of paying benefits under the Plan to any person.
- 5.03 Deductions.** The Company may deduct from any payment of Supplemental Benefits to an Eligible Executive, or from any payment of Supplemental Benefits to a beneficiary, any and all amounts owed to it by such Eligible Executive or beneficiary for any reason, and all taxes required by law or government regulation to be deducted or withheld.
- 5.04 Tax Liabilities.** The Company has no duty to design its compensation policies in a manner that minimizes an individual's tax liabilities, including tax liabilities arising as a result of Supplemental Benefits provided under the Plan. No claim shall be made against the Plan relating to tax liabilities arising from employment with the Company and/or any compensation or benefit arrangements sponsored or maintained by the Company, including this Plan.
- 5.05 No Contract of Employment.** The Plan is an expression of the Company's present policy with respect to Eligible Executives; it is not a part of any contract of employment. No Eligible Executive, beneficiary or any other person shall have any legal or other right to any benefit under this Plan.
- 5.06 Supplemental Benefits Not Funded.** The Company's obligations under this Plan shall not be funded and Supplemental Benefits under this Plan shall be payable only out of the general funds of the Company.
- 5.07 Governing Law.** Except as otherwise provided under Federal law, the Plan and all rights thereunder shall be governed, construed and administered in accordance with the laws of the State of Michigan.
- 5.08 Amendment or Termination.** The Company shall have the right to amend, modify, discontinue or terminate this Plan, in whole or in part, at any time, without notice; provided, however, that no distribution of Supplemental Benefits shall occur upon termination of this Plan, unless applicable requirements of Code Section 409A have been met. Notwithstanding anything to the contrary herein, benefits payable under this Plan remain subject to the claims of the Company's general creditors at all times.
- 5.09 Terms Not Otherwise Defined.** Capitalized terms not otherwise defined in this Plan shall have the same meanings ascribed to such terms under the applicable plan.
- 5.10 No Alienation of Benefits.** An Eligible Executive may not assign or alienate any Supplemental Benefits, and the Plan will not recognize a domestic relations order that purports to assign the Supplemental Benefit to another person.

- 5.11 Recovery of Overpayment.** Any individual shall repay promptly any and all Supplemental Benefits received by the individual to which the individual is not entitled. Written notice of any overpayment, the amount owed and actions that may be taken in connection with the overpayment will be sent to the individual. If an individual fails to make timely repayment, this Plan shall proceed to recover the overpaid amount. This Plan reserves the right to initiate formal recovery action through the use of a collection agency or through any applicable legal proceedings

Section 6. Code Section 409A

- (a) The provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any benefit provided under the Plan that is subject to Code Section 409A to comply with such requirements and, except as otherwise expressly determined by the Company, the Plan shall be administered in accordance with Code Section 409A as if the requirements of Code Section 409A were set forth herein. The Company reserves the right to take such action, on a uniform and consistent basis, as the Company deems necessary or desirable to ensure compliance with Code Section 409A, and applicable additional regulatory guidance thereunder, or to achieve the goals of the Plan without having adverse tax consequences under this Plan for any employee or beneficiary. Unless determined otherwise by the Company, any such action shall be taken in a manner that will enable any benefit provided under the Plan that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable any benefit provided under the Plan that is intended to comply with Code Section 409A to continue to so comply.
- (b) In no event shall any transfer of liabilities to or from this Plan result in an impermissible acceleration or deferral of Supplemental Benefits under Code Section 409A. In the event such a transfer would cause an impermissible acceleration or deferral under Code Section 409A, such transfer shall not occur.
- (c) In no event will application of any eligibility requirements under this Plan cause an impermissible acceleration or deferral of any Plan benefits under Code Section 409A.
- (d) In the event an Eligible Executive receiving, or entitled to receive, a Supplemental Benefit and/or a Special Supplemental Benefit is reemployed following a Separation From Service, distribution of any Supplemental Benefit or Special Supplemental Benefit shall not cease or be deferred upon such Eligible Executive's reemployment. Any additional Supplemental Benefits to which such Eligible Executive may become entitled following reemployment shall be determined and paid, independent of any other Supplemental Benefit or Special Supplemental Benefit, in accordance with the terms and conditions of this Plan, including Section 3 and Subsection 4.03.
- (e) After receipt of any benefits under the Plan, the obligations of the Company with respect to such benefits shall be satisfied and no Eligible Executive, beneficiary, or other person shall have any further claims against the Plan or the Company with respect to Plan benefits.
- (f) Notwithstanding any other provisions of the Plan to the contrary, any payment deferral election made pursuant to Section 3.04(ii) shall be made not less than 12 months prior to the Valuation Date on which payment of such Supplemental Benefit or Special Supplemental Benefit otherwise would have commenced without such deferral election and such election shall not take effect until at least 12 months after the date on which such election is made. Further, commencement of payments with respect to which such a deferral election is made shall be deferred for a period of not less than five years from the date such payments otherwise would have commenced.

Section 7. Claim for Benefits

- 7.01 Denial of a Claim.** A claim for benefits under the Plan shall be submitted in writing to the Plan Administrator. If a claim for benefits or participation is denied in whole or in part by the Plan Administrator, the claimant will receive written notification within 90 days from the date the claim for benefits or participation is received. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the claimant. If the Plan Administrator determines that an extension of time to consider a claim and render a decision is needed, written notice of the extension shall be furnished to the claimant as soon as practical.
- 7.02 Review of Denial of Claim.** In the event that the Plan Administrator denies a claim for benefits or participation, the claimant may request a review by filing a written appeal. If the appeal is from an active Leadership Level One employee, a Named Executive Officer or any individual who, at any time, shall have been a member of the Board of Directors, the appeal will be heard by the Compensation Committee. If the appeal is from any other appellant, the appeal will be heard by the Committee. All appeals must be filed within sixty (60) days of the date of the written notification of denial. The appeal will be considered and a decision shall be rendered within 90 days from the date the appeal is received. Under special circumstances, an extension of time to consider the appeal and render a decision may be needed, in which case a decision shall be rendered as soon as practical. In the event such an extension of time is needed to consider the appeal and render a decision, written notice of such time extension shall be provided to the appellant.
- 7.03 Decision on Appeal.** The decision on review of the appeal shall be in writing. Such notice shall be deemed given upon mailing, full postage prepaid in the United States mail or on the date sent electronically to the appellant. Decisions rendered on the appeal are final and conclusive and are only subject to the arbitrary and capricious standard of judicial review.
- 7.04 Limitations Period.** No legal action for benefits under the Plan may be brought against the Plan until after the claim and appeal procedures have been exhausted. Legal actions under the Plan for benefits must be brought no later than two (2) years after the date of the denial of the appeal. No other action may be brought against the Plan more than six (6) months after the date of the last action that gave rise to the claim.
- 7.05 Venue.** An individual shall only bring an action in connection with the Plan in the United States District Court for the Eastern District of Michigan.

APPENDIX A

Named Executive Officers

Pursuant to Plan Section 3.06, Special Supplemental Benefits shall be excluded, limited or provided to Eligible Executives listed below as follows:

<u>Eligible Executive</u>	<u>Special Supplemental Benefit</u>
Alan Mulally	Shall be excluded from Plan participation entirely
Jim Farley	Shall be excluded from Plan participation until June 30, 2017; provided however, service earned prior to that date shall be used for purposes of determining Eligibility Service

CERTIFICATION

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

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2022 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: April 27, 2022

/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 March 31, 2022 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: April 27, 2022

/s/ John T. Lawler

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 March 31, 2022, 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: April 27, 2022

/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 March 31, 2022, 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: April 27, 2022

/s/ John T. Lawler

John T. Lawler

Chief Financial Officer