

# Q2 2021 Earnings Review

July 28, 2021

Ford



# Information Regarding This Presentation

## **FORWARD-LOOKING STATEMENTS**

This presentation includes forward-looking statements. 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. For a discussion of these risks, uncertainties, and other factors, please see the “Cautionary Note on Forward-Looking Statements” at the end of this presentation and “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## **GAAP AND NON-GAAP FINANCIAL MEASURES**

This presentation includes financial measures calculated in accordance with Generally Accepted Accounting Principles (“GAAP”) and non-GAAP financial measures. The non-GAAP financial measures are intended to be considered supplemental information to their comparable GAAP financial measures. The non-GAAP financial measures are defined and reconciled to the most comparable GAAP financial measures in the Appendix to this presentation.

## **ADDITIONAL INFORMATION**

Calculated results may not sum due to rounding. N / M denotes “Not Meaningful.” All variances are year-over-year unless otherwise noted.

## **REPORTING CHANGES**

Effective with 2021 reporting, certain costs for the benefit of the global enterprise previously reported in Automotive are now reported in Corporate Other, and costs and benefits related to connectivity previously reported in Mobility are now reported in Automotive. Prior period results have been updated to be consistent with 2021 reporting. For details, see Slides A12 - A14 of the Ford Motor Company Q4 & Full Year 2020 Earnings Presentation.

In addition, consistent with our adoption of ASU 2019-12 as of January 1, 2021, we no longer allocate a portion of our consolidated U.S. current and deferred tax expense to certain U.S. subsidiaries. As a result, Ford Credit’s income tax expense is reduced, and since this ASU was adopted on a retrospective basis, \$875M of tax sharing payments from Ford Credit to Ford Motor Company in 2020 are now reclassified as distributions from Ford Credit and included in Adjusted Free Cash Flow.



# Second Quarter Financial Results

<b>Revenue</b> <b>\$26.8B</b> Up \$7.4B	<b>Adj. EBIT</b> <b>\$1.1B</b> Up \$3.0B	<b>Adj. EBIT Margin</b> <b>4.0%</b> Up 14.0 pts	<b>Adj. FCF</b> <b>\$(5.1)B</b> Down \$0.4B	<b>Adj. EPS</b> <b>\$0.13</b> Up \$0.48
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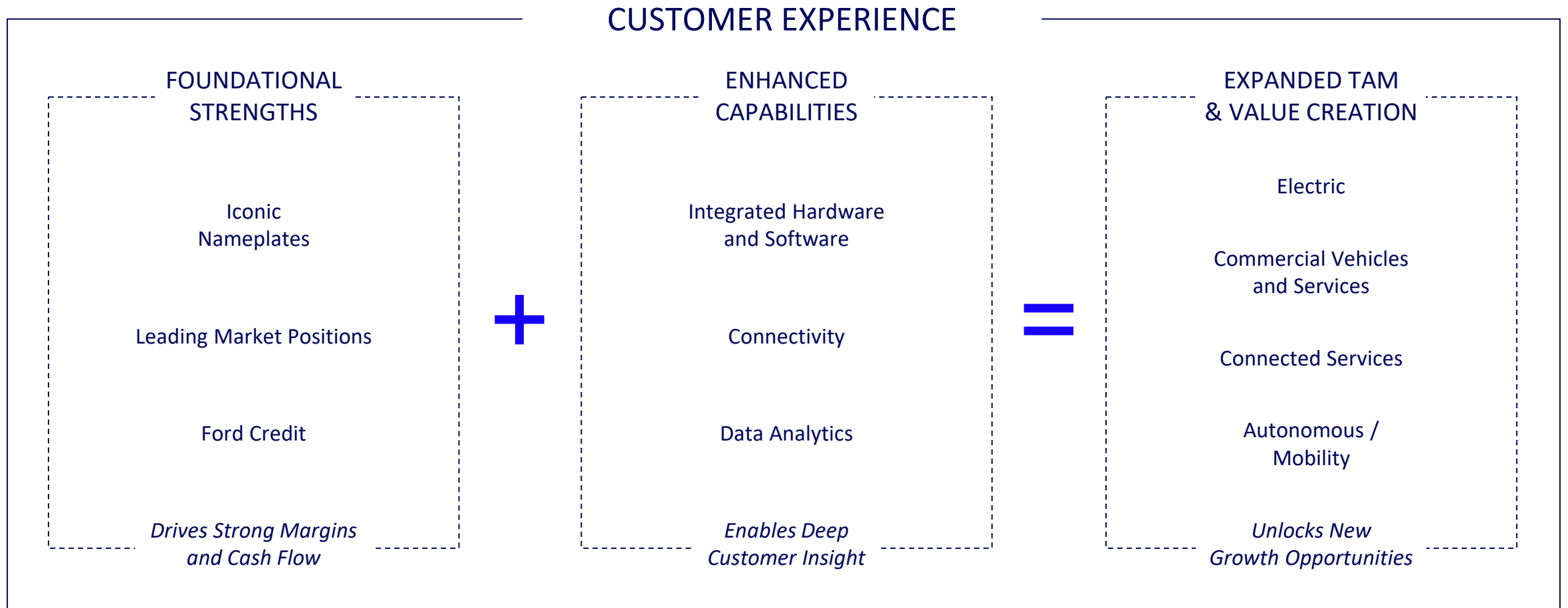
## Year-To-Date

<b>\$63.0B</b> Up \$9.3B	<b>\$5.9B</b> Up \$8.5B	<b>9.4%</b> Up 14.2 pts	<b>\$(5.5)B</b> Up \$1.4B	<b>\$1.01</b> Up \$1.60
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Note: See slide A16 for related notes

# Ford+ Investment Thesis

Disruptive Technology Allows Us to Leverage Foundational Strengths to Build New Capabilities – Enriching Customer Experiences and Deepening Loyalty



# Delivering Ford+

Disruptive Technology Allows Us to Leverage Foundational Strengths to Build New Capabilities – Enriching Customer Experiences and Deepening Loyalty

## CUSTOMER EXPERIENCE

### EXPANDED TAM & VALUE CREATION

Electric

Commercial Vehicles  
and Services

Connected Services

Autonomous /  
Mobility

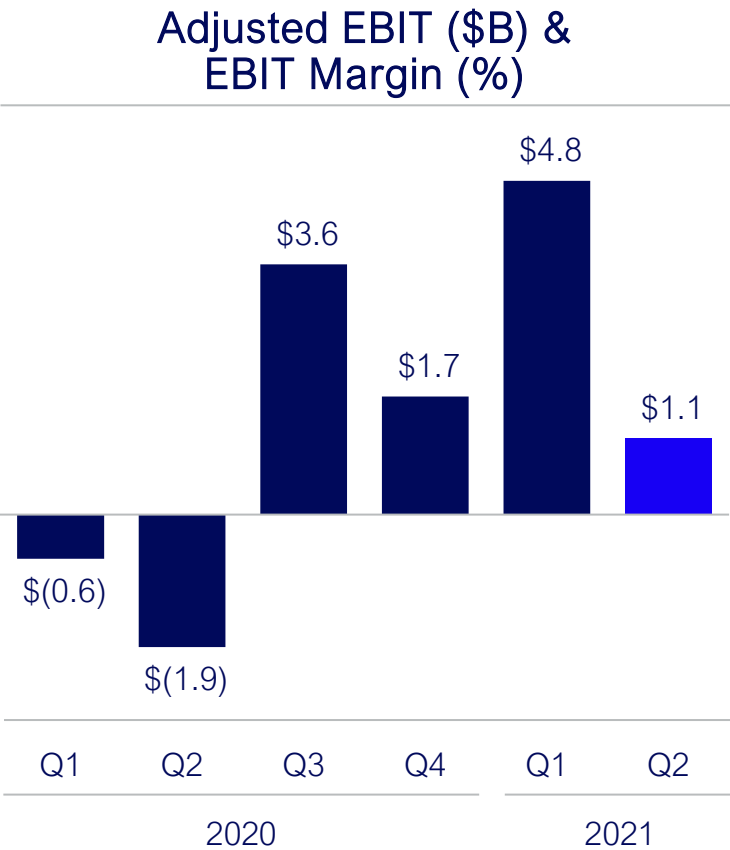
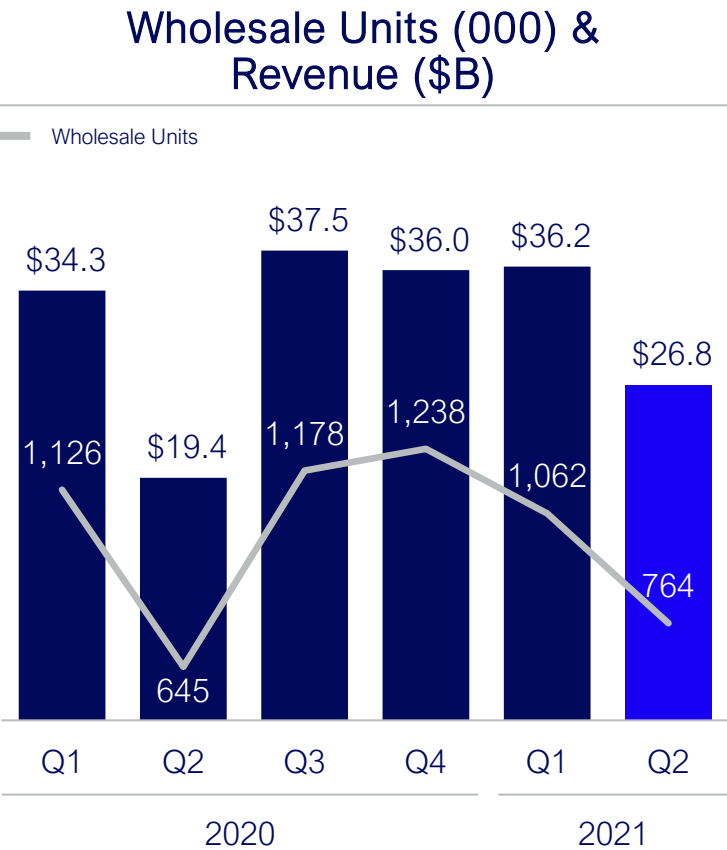
*Unlocks New  
Growth Opportunities*



- In less than one year, Mustang Mach-E has captured the #2 share position in the U.S. among all EV SUVs; named “Electric Vehicle of the Year” by Car and Driver
- Demand for new battery-electric vehicles exceeding expectations; attracting new customers to Ford: F-150 Lightning reservations of 120,000 with 77% from customers new to Ford
- Proprietary software stack Blue Oval Intelligence delivers software updates to customer vehicles over-the-air, making the vehicles better over time. Mustang Mach-E activation rates – how many customers opt-in to connected services through FordPass and their vehicle – is over 95%
- Announced an industry-first collaboration with Argo and Lyft to deploy Ford driverless vehicles on the Lyft network. Enables both commercial deployment at scale, as well as prove-out of Ford and Argo’s ability to connect into multiple transportation networks

# Revenue And EBIT Metrics

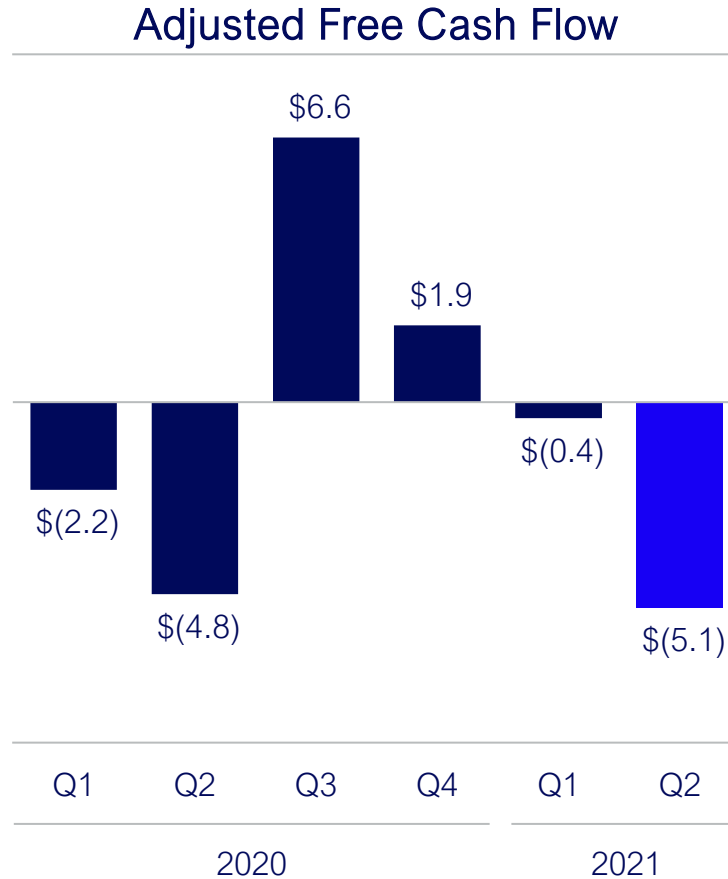
- Q2 wholesale units up 18%, driven by the non-recurrence of industrywide COVID-related shutdowns, offset partially by semiconductor-related volume losses
- Revenue up 38%, driven by higher volume, net pricing and favorable mix
- Adjusted EBIT of \$1.1B, up \$3.0B, driven by higher net pricing and Ford Credit EBT
- Adjusted EBIT Margin of 4.0%, up 14.0 ppts



YoY:						YoY:					
Revenue	(15)%	(50)%	1%	(9)%	6%	38%	Adj. EBIT	(126)%	N / M	103%	N / M
Wholesale Units	(21)%	(53)%	(5)%	(9)%	(6)%	18%	Adj. Margin	(7.9) ppts	(14.3) ppts	4.9 ppts	15.1 ppts
											156%

# Cash Flow, Cash Balance And Liquidity (\$B)

- Q2 Adjusted FCF of \$(5.1)B driven by:
  - Expected adverse working capital and timing differences due to semiconductor-related volume losses
  - Offset partially by higher Ford Credit distributions
- Ended Q2 with a cash balance of \$25.1B and ample liquidity of \$41.0B

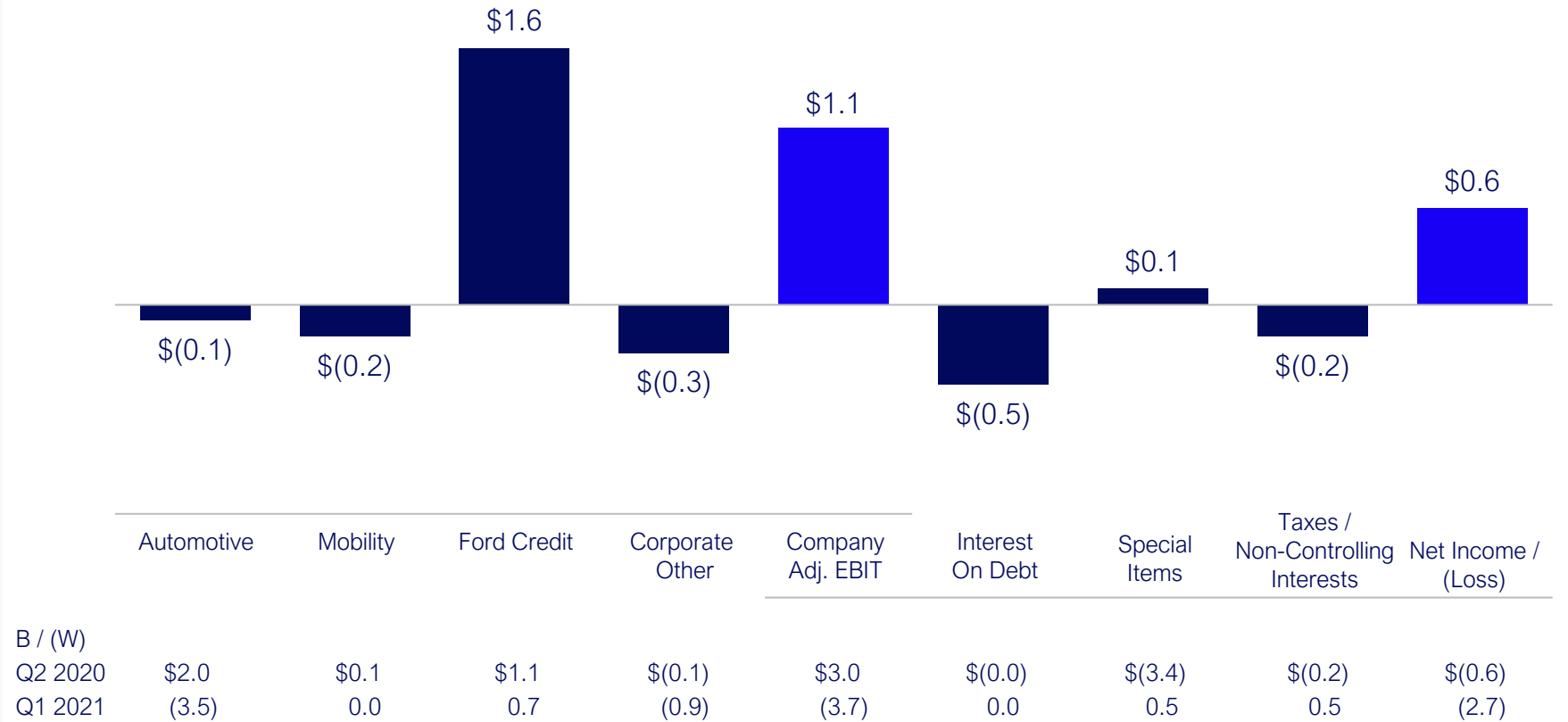




# Q2 2021 Results

(\$B)

- Company Adjusted EBIT of \$1.1B, up \$3.0B, driven by improvement in Automotive and Ford Credit
- Ford Credit record EBT of \$1.6B
- Special Items of \$0.1B, down \$3.4B, reflecting the non-recurrence of the gain on the Argo AI transaction (non-cash)





# Q2 2021 Adjusted EBIT (\$B)

	North America	South America	Europe	China	IMG	Total Auto	Total Company	
Q2 2020	\$ (0.9)	\$ (0.2)	\$ (0.7)	\$ (0.1)	\$ (0.1)	\$ (2.1)	\$ (1.9)	
YoY Change:								
Volume / Mix	\$ 0.3	\$ 0.0	\$ (0.0)	\$ (0.0)	\$ 0.2	\$ 0.4	\$ 0.4	
Net Pricing	1.6	0.2	0.1	0.0	0.0	1.9	1.9	
Cost	(0.8)	(0.1)	0.1	0.0	(0.1)	(0.9)	(0.9)	Material / Freight \$ 0.0
Exchange	0.0	(0.0)	0.1	0.0	0.1	0.2	0.2	Warranty 0.2
JVs / Other	0.1	(0.0)	0.2	0.0	0.1	0.3	0.3	Commodities (0.5)
Total Automotive	\$ 1.1	\$ 0.1	\$ 0.4	\$ 0.0	\$ 0.4	\$ 2.0	\$ 2.0	Structural (0.6)
Mobility							0.1	Pension / OPEB 0.1
Ford Credit							1.1	
Corporate Other							(0.1)	
Total Change							\$ 3.0	JVs \$ 0.1
Q2 2021	\$ 0.2	\$ (0.1)	\$ (0.3)	\$ (0.1)	\$ 0.2	\$ (0.1)	\$ 1.1	Other 0.2

# North America

Leadership in trucks and Ford Pro commercial vehicles, plus utilities and iconic nameplates

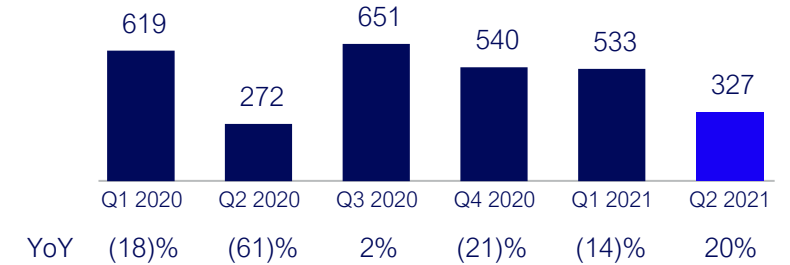
## Q2 Headlines

- Strong demand for new product supported profit optimization; revenue per unit up 14% reflecting lower incentives and favorable mix
- Underlying margins remain strong reflecting improved operating leverage
- Implementing new go-to-market strategy: Significant increase in built-to-order sales bank drives lower inventories, incentive spend and complexity, while improving customer experience
- Mustang Mach-E won Car and Driver's inaugural "Electric Vehicle of the Year" award
- Higher than expected demand for Mustang Mach-E and F-150 Lightning drives increasing investment in capacity

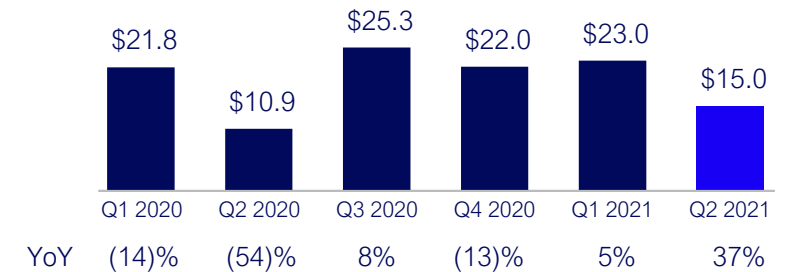
## Q2 Key Performance Indicators

- Incentive spend 5.4 ppts of revenue, down 6.8 ppts YoY
- In the U.S., Mustang Mach-E now second in share among all EV SUVs

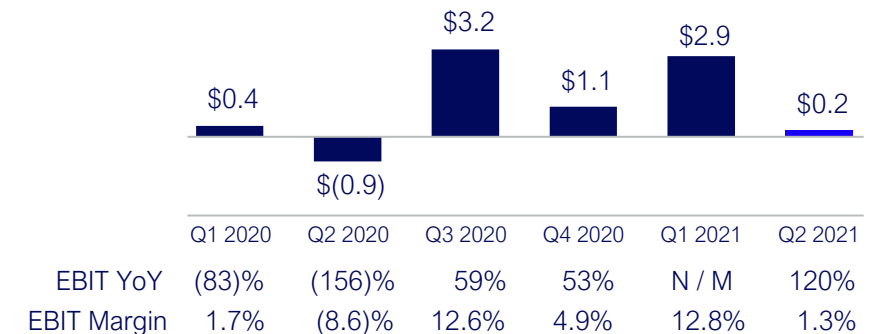
### Wholesale Units (000)



### Revenue (\$B)



### EBIT (\$B)



# South America

Lean, de-risked and asset-light business, focused on key franchises like Ranger and Transit

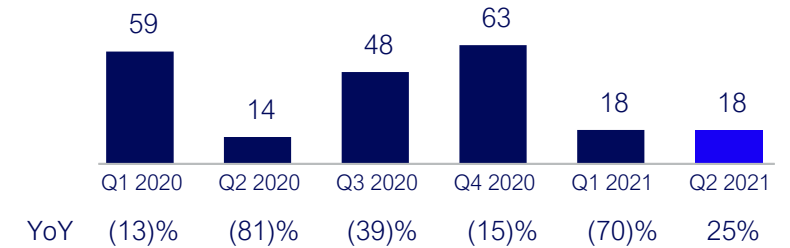
## Q2 Headlines

- Restructuring on track
- Seventh consecutive quarter of YoY EBIT improvement
- Preparation for Transit van launch underway. Introduced Bronco Sport and Mustang Mach 1 to select markets
- Launched new vehicle subscription model in Brazil – “Ford Go” to attract new customers to Ford

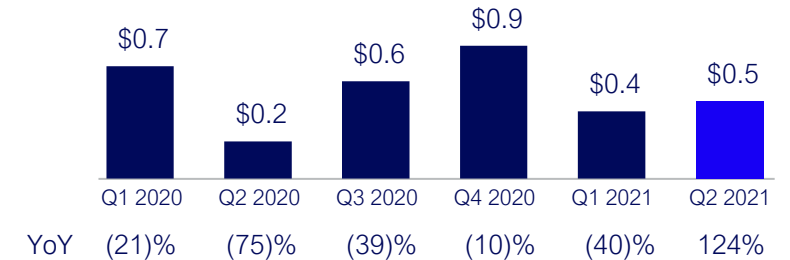
## Q2 Key Performance Indicators

- Ranger segment share down from 19.6% to 12.4%, reflecting manufacturing shutdown in preparation for new model launch
- Structural costs down 13% YoY, continue addressing legacy cost
- Headcount down 39% YoY

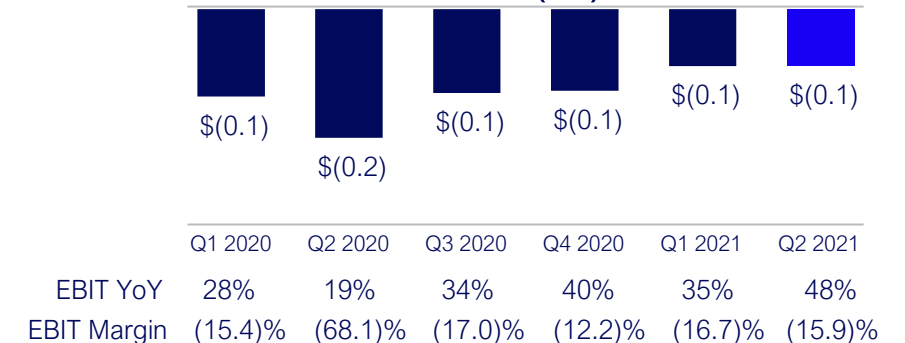
### Wholesale Units (000)



### Revenue (\$B)



### EBIT (\$B)



# Europe

Commercial vehicle strength with Ford Pro, focused passenger portfolio with key imports

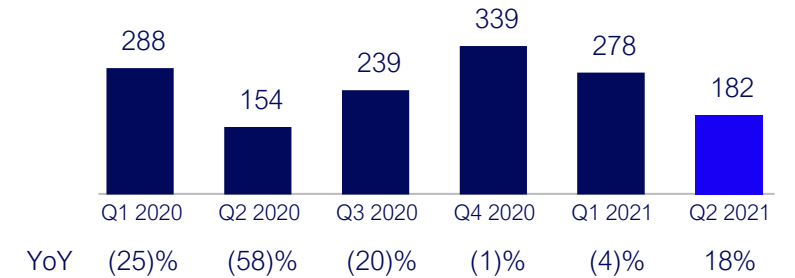
## Q2 Headlines

- EBIT up \$0.4B driven by improved mix of utilities, commercial vehicles and cost reductions
- Underlying run-rate of the business improved and strengthening
- Continued commercial vehicle brand leadership; launch preparations for E-Transit in Spring 2022 underway. Announced new all-electric light commercial vehicle from Romania, one of our low-cost manufacturing sources in Europe
- Mustang Mach-E retailed 7K year-to-date with 80% of customers new to Ford; Kuga PHEV best-selling PHEV in Europe

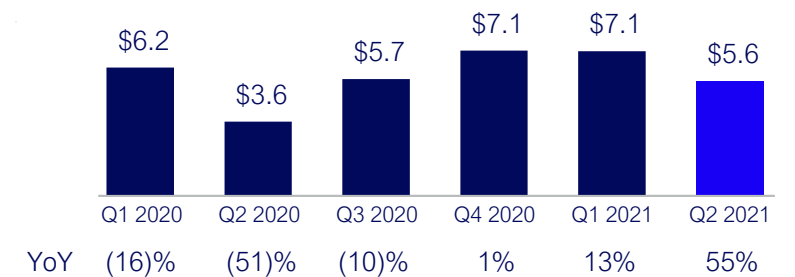
## Q2 Key Performance Indicators

- EU20 commercial vehicle share 13.8%; utility mix 37%, up 12 pts
- Net pricing up \$0.1B; cost lower \$0.1B including improvements in warranty expense
- Western Europe personnel further reduced by 1K from Q1 2021

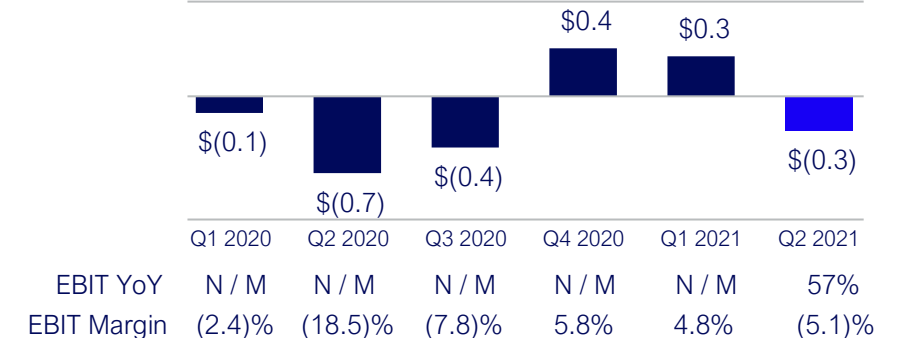
### Wholesale Units\* (000)



### Revenue (\$B)



### EBIT (\$B)



\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 9K units in Q2 2020 and 13K units in Q2 2021). Revenue does not include these sales

# China

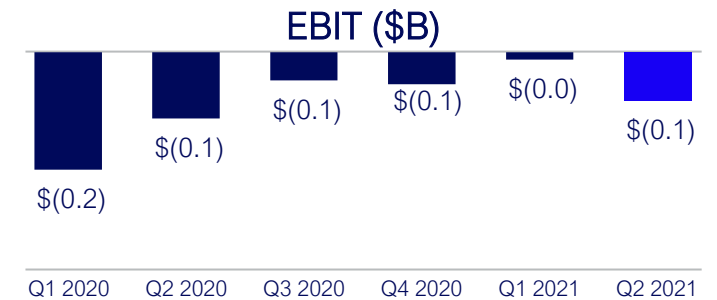
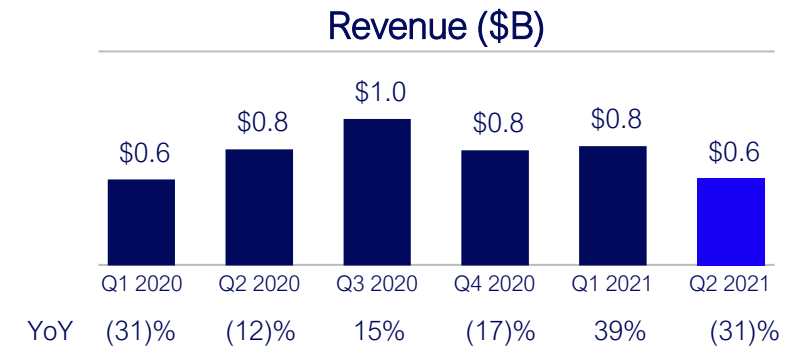
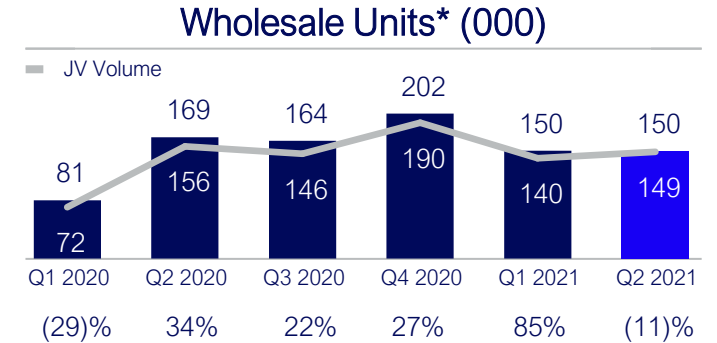
Focused on strength in Lincoln brand, commercial vehicles and Ford utility portfolio

## Q2 Headlines

- Fifth consecutive quarter of YoY EBIT improvement, driven by strength of localized Lincoln, improved mix of Ford utilities and commercial vehicles
- Lincoln profitable with best-ever quarterly retail sales; Lincoln captures #1 in J.D. Power's 2021 China Sales Satisfaction Index Study from 11-year incumbent
- Commercial vehicle sales continue to grow, now 52% of Ford's total China sales with strength in light truck, van and bus, and pickup segments
- Preparations underway for launch of localized Mustang Mach-E
- Connectivity: "Always On" with Lincoln digital One ID, an interactive tool for customers to effortlessly access comprehensive digital brand touchpoints, plus 100% uptime for commercial customers with Transit Pro

## Q2 Key Performance Indicators

- Total China market share 2.3%; total utility mix 33%, up 7 pts
- Dealer network profitability remains positive
- 97% of Lincolns produced locally, up 41 pts



EBIT YoY	(91)%	11%	79%	68%	94%	9%
EBIT Margin	(40.6)%	(16.9)%	(5.7)%	(8.2)%	(1.8)%	(22.3)%

Ford Equity Income / (Loss) \$(0.1) \$0.0 \$0.1 \$0.1 \$0.0 \$0.0 13

\* Wholesale units includes Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates. Revenue does not include these sales. From Q2 2021, JV volume includes Lio Ho Group's Taiwan produced Ford brand vehicles



# International Markets Group

Portfolio strengths of Ranger pickup truck and Everest

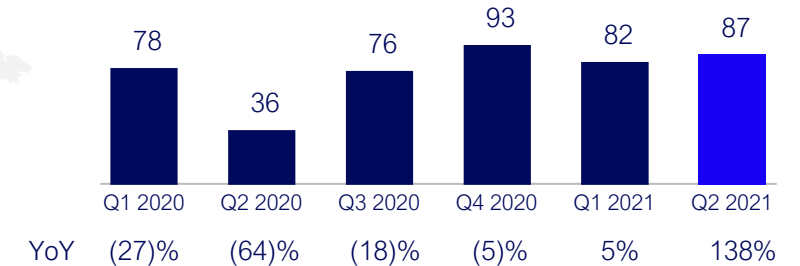
## Q2 Headlines

- Accelerating IMG's transformation by focusing on key markets driving record quarterly EBIT, up \$0.4B
- Capitalizing on our strengths with Ranger / Everest – momentum delivering overall IMG share of 1.8%, up 0.2 pts
- Improving brand health metrics delivering net pricing and mix
- Introducing new Ford Guest sales and service quality standards and concierge program across the region to improve customer experience
- Launched the new Mustang Mach 1 in South Africa and Australia
- Continue to assess our business in India; more to say later in the year

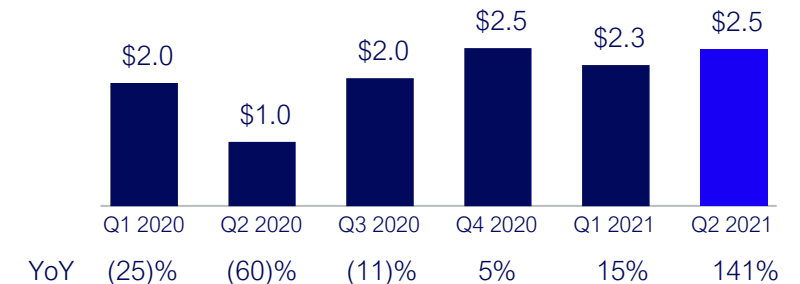
## Q2 Key Performance Indicators

- Total share 1.8%, up 0.2 pts
- Ranger total segment share 15.4%, up 2.3 pts
- Everest total segment share 16.7%, up 2.9 pts
- Net pricing and mix up \$63M

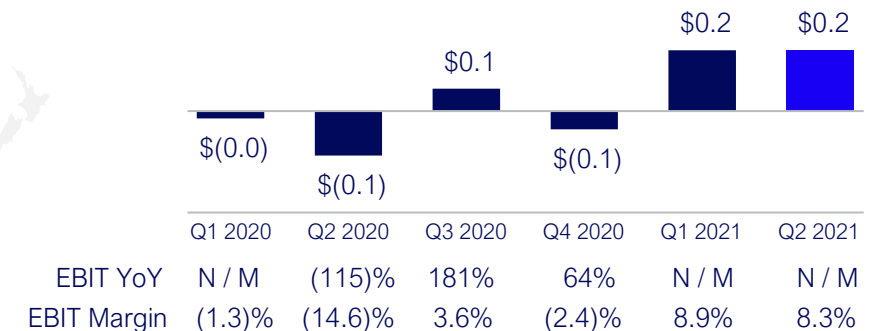
Wholesale Units\* (000)



Revenue (\$B)



EBIT (\$B)



\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Russia (about 2K units in Q2 2020 and 5K units in Q2 2021). Revenue does not include these sales

# Mobility

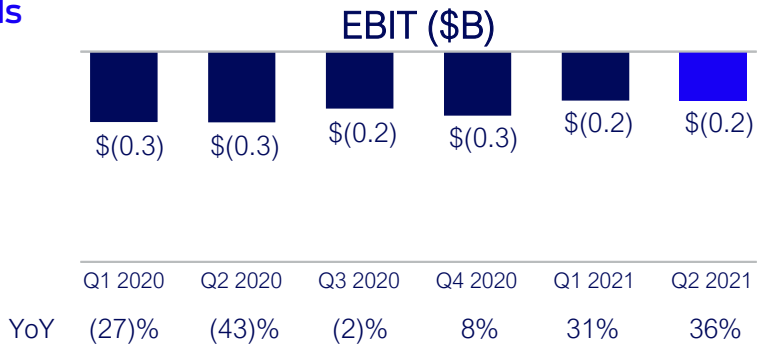
Focused on large scale commercial deployment of autonomous vehicles for moving people and goods

## Q2 Headlines

- Industry-first collaboration with Argo and Lyft to deploy Ford autonomous vehicles on the Lyft network. First step in phased commercial deployment at scale; proves out Ford and Argo’s ability to connect into multiple transportation networks
- Argo AI breakthrough new lidar, designed to be cost-effective and manufactured at scale, will offer what we believe is the industry’s longest-distance sensing range of 400 meters, with dark-object detection for safe highway driving
- Ford Europe launched new Self-Driving Research Program with U.K. delivery service Hermes in Europe for last mile delivery
- Spin expands in the U.S.: Launch of new flagship e-scooter and new e-bike

## Q2 EBIT YoY (\$B)

Q2 2020	\$ (0.3)
Autonomous Vehicles	\$ 0.1
Other Mobility	0.0
Total Change	\$ 0.1
Q2 2021	\$ (0.2)



# Ford Credit

Best-in-class finance company is a strategic asset and competitive advantage

## Q2 Headlines

- Launched the first loyalty-building Ford Pro FinSimple products and services with digital commercial lines of credit and digital combined billing
- Established product teams to increase speed and robustness of our digital portfolio and modernize operations globally
- Record EBT of \$1.6B, reflecting record-high auction values and reduction of retail COVID-19 reserves
- Portfolio performing well – historically low losses and strong net recoveries

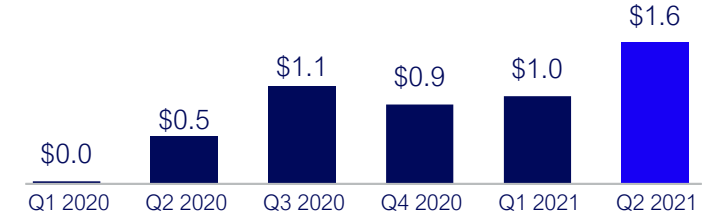
## Q2 EBT YoY (\$B)

Q2 2020	\$	0.5
Volume / Mix / Margin	\$	(0.0)
Credit Loss		0.3
Lease Residual		0.8
Other		0.1
Total Change	\$	1.1
Q2 2021	\$	1.6

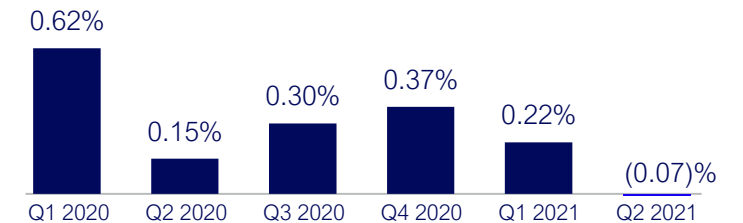
## Q2 Key Performance Indicators

- ROE 47%, up 35 pts
- Net liquidity \$33.0B, up \$0.7B
- Distributions \$4.0B, up \$3.2B

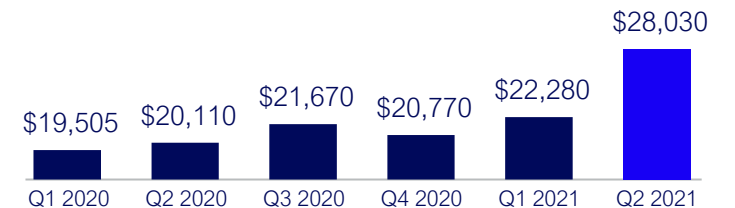
### EBT (\$B)



### U.S. Retail LTR Ratios (%)



### Auction Values (Per Unit)\*



\* U.S. 36-month off-lease auction values at Q2 2021 mix

# Cash Flow And Balance Sheet (\$B)

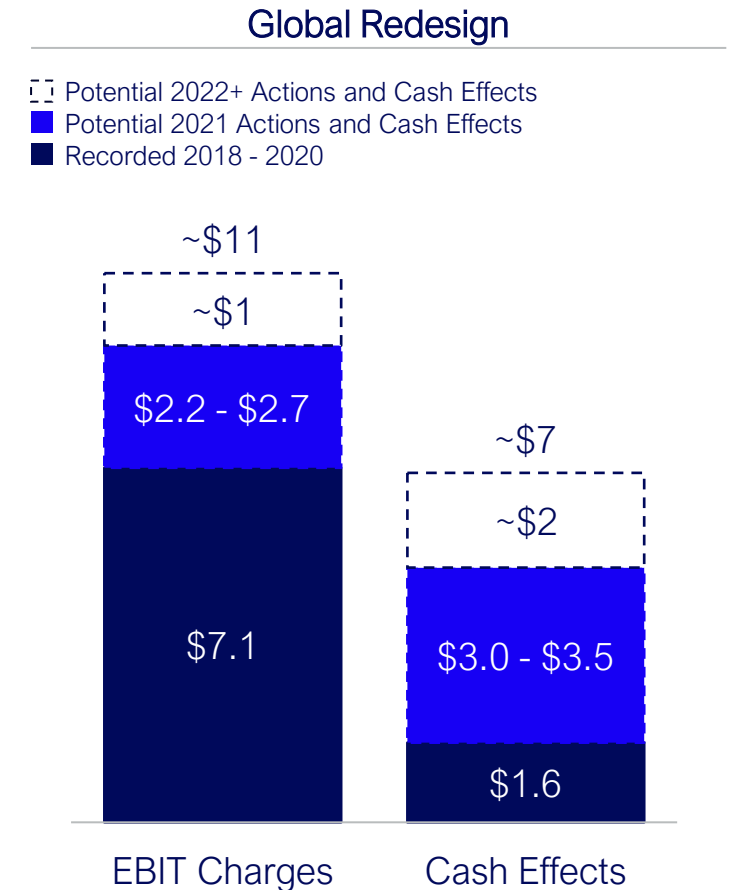
	Second Quarter		First Half			Balance Sheet	
	2020	2021	2020	2021		2020 Dec. 31	2021 Jun. 30
Company Adj. EBIT excl. Ford Credit	\$ (2.5)	\$ (0.5)	\$ (3.2)	\$ 3.3	<u>Company Excl. Ford Credit</u>		
Capital Spending	\$ (1.2)	\$ (1.5)	\$ (2.9)	\$ (2.9)	Company Cash Balance	\$ 30.8	\$ 25.1
Depreciation and Tooling Amortization	1.3	1.3	2.7	2.5	Liquidity	46.9	41.0
Net Spending	\$ 0.2	\$ (0.2)	\$ (0.2)	\$ (0.4)	Debt	(24.0)	(25.9)
Receivables	\$ 0.1	\$ (0.0)	\$ 0.6	\$ (0.6)	Cash Net of Debt	6.8	(0.8)
Inventory	1.2	(0.8)	0.1	(3.0)	<u>Pension Funded Status</u>		
Trade Payables	(2.2)	(4.6)	(2.7)	(3.0)	Funded Plans	\$ 0.3	\$ 1.5
Changes in Working Capital	\$ (0.9)	\$ (5.4)	\$ (2.1)	\$ (6.6)	Unfunded Plans	(7.0)	(6.5)
Ford Credit Distributions	0.8	4.0	1.2	5.0	Total Global Pension	<u>\$ (6.7)</u>	<u>\$ (5.0)</u>
Interest on Debt and Cash Taxes	(0.3)	(0.7)	(0.7)	(1.2)	Total Funded Status OPEB	\$ (6.6)	\$ (6.5)
All Other and Timing Differences*	(2.1)	(2.2)	(1.9)	(5.7)			
Company Adjusted FCF	\$ (4.8)	\$ (5.1)	\$ (6.9)	\$ (5.5)			
Global Redesign (incl. Separations)	(0.1)	(1.0)	(0.3)	(1.3)			
Changes in Debt	9.6	0.0	24.7	2.0			
Funded Pension Contributions	(0.1)	(0.2)	(0.3)	(0.4)			
Shareholder Distributions	-	-	(0.6)	-			
All Other (incl. Acquisitions & Divestitures)	0.3	(0.0)	0.4	(0.4)			
Change in Cash	<u>\$ 5.0</u>	<u>\$ (6.2)</u>	<u>\$ 17.0</u>	<u>\$ (5.7)</u>			

**Q2 Adjusted FCF Of \$(5.1)B, Driven By Adverse Working Capital And Timing Differences Due To Semiconductor-Related Volume Losses, Offset Partially By Higher Ford Credit Distributions**

\* Includes timing differences between accrual-based EBIT and associated cash flows (e.g., marketing incentive and warranty payments to dealers, pension and OPEB income or expense) and non-cash investment gains

# Special Items (\$B)

	Second Quarter		First Half	
	2020	2021	2020	2021
<u>Global Redesign</u>				
South America	\$ (0.0)	\$ (0.1)	\$ (0.0)	\$ (0.5)
Europe	(0.1)	(0.2)	(0.2)	(0.3)
Russia	(0.0)	0.0	0.0	0.0
China (including Taiwan)	(0.0)	0.2	(0.0)	0.2
India	(0.0)	-	(0.0)	-
Separations and Other (not included above)	(0.0)	(0.0)	(0.0)	(0.0)
Subtotal Global Redesign	\$ (0.1)	\$ (0.1)	\$ (0.2)	\$ (0.6)
<u>Other Items</u>				
NA Hourly Buyouts	\$ -	\$ (0.0)	\$ (0.2)	\$ (0.0)
Gain on transaction with Argo AI	3.5	-	3.5	-
Transit Connect Customs Ruling	(0.0)	-	(0.0)	-
Subtotal Other Items	\$ 3.5	\$ (0.0)	\$ 3.2	\$ (0.0)
<u>Pension and OPEB Gain / (Loss)</u>				
Pension and OPEB remeasurement	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.3
Pension Settlements & Curtailments	-	(0.0)	(0.0)	(0.0)
Subtotal Pension and OPEB Gain / (Loss)	\$ 0.1	\$ 0.3	\$ 0.2	\$ 0.3
Total EBIT Special Items	<u>\$ 3.5</u>	<u>\$ 0.1</u>	<u>\$ 3.2</u>	<u>\$ (0.3)</u>
Cash Effect of Global Redesign (incl. separations)	\$ (0.1)	\$ (1.0)	\$ (0.3)	\$ (1.3)

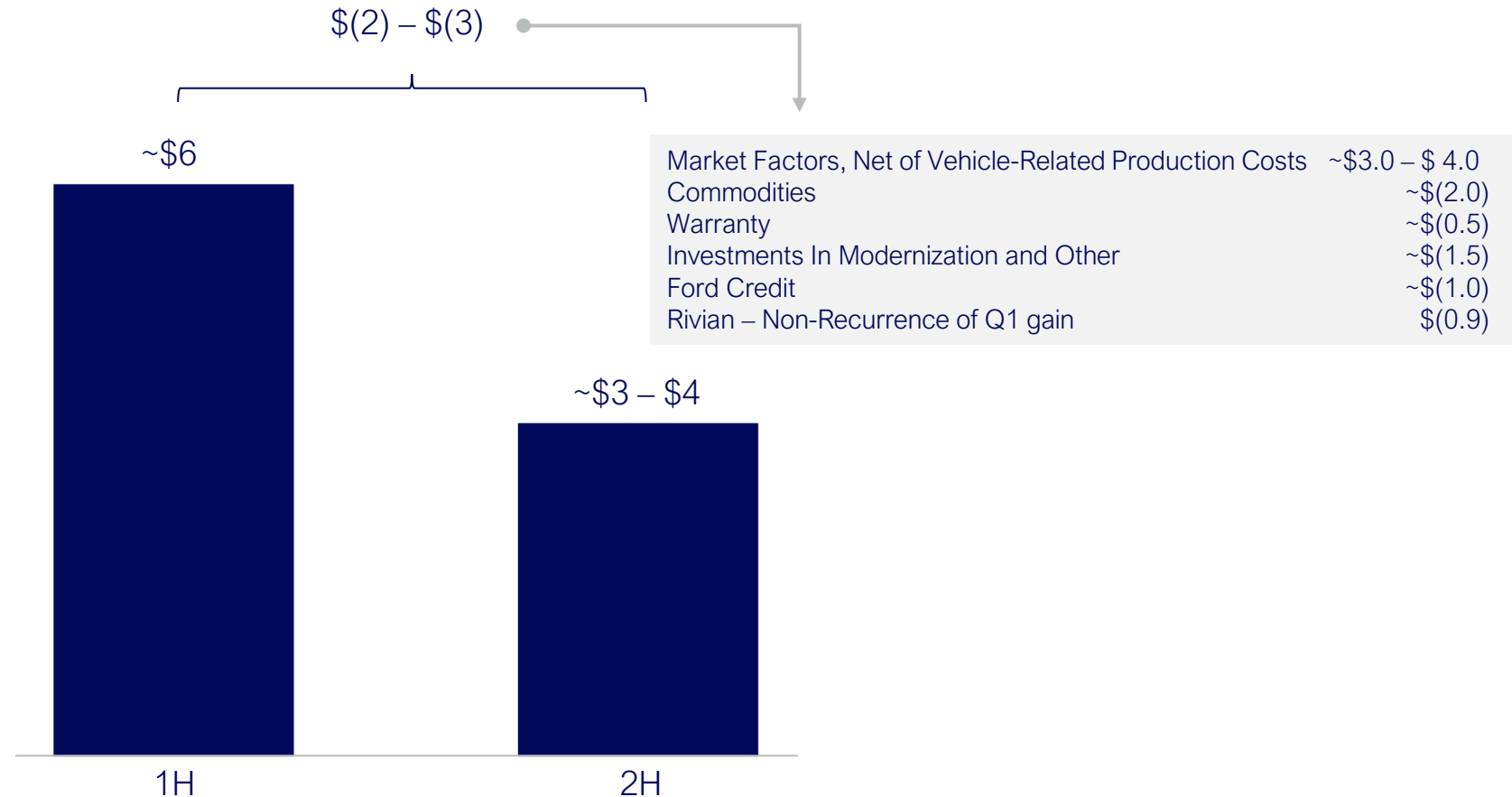


**2021 Global Redesign Primarily South America; Total Global Redesign Of ~\$10B EBIT Charges And ~\$5B Cash Effects Through 2021**



# 2021 Adjusted EBIT HoH (\$B)

- 2H EBIT lower than 1H reflecting favorable market factors offset by volume-related structural costs
- Commodity headwinds expected
- Warranty continues to improve YoY; higher 2H includes non-recurrence of 1H warranty reserve releases
- Continuing to invest in modernization, including customer experience, connectivity, supporting new product launches and advertising
- Ford Credit expects continued strong results; 2H reflects non-recurrence of reserve releases and lower auction values
- Non-recurrence of Q1 Rivian gain



FY Adj. EBIT Outlook Now Expected At \$9B - \$10B

# 2021 Outlook (\$B)

	2021 Outlook	2020 Actual
Adjusted EBIT	\$9.0 - \$10.0	\$2.8
Adjusted FCF	\$4.0 - \$5.0	\$1.5
Capital Spending	\$6.0 - \$6.5	\$5.7
Pension Contributions	\$0.7 - \$0.8	\$0.6
Global Redesign EBIT Charges	\$2.2 - \$2.7	\$3.4
Global Redesign Cash Effects	\$3.0 - \$3.5	\$0.5



# Cautionary Note On Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford is highly dependent on its suppliers to deliver components in accordance with Ford’s production schedule, and a shortage of key components, such as semiconductors, can disrupt Ford’s production of vehicles;
- Ford’s long-term competitiveness depends on the successful execution of its Plan;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents and other disruptions;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford’s new and existing products and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and mobility industries;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs;
- Industry sales volume in any of Ford’s key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit’s investments can have a significant effect on results;
- Ford and Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumers’ heightened expectations to safeguard their personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



# Appendix



Note: See slide A16 for related notes



# Key Metrics

	Wholesale Units (000)						Market Share (%)					
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
North America	619	272	651	540	533	327	13.6 %	14.2 %	13.6 %	12.1 %	12.5 %	10.4 %
South America	59	14	48	63	18	18	6.9	6.5	5.7	6.0	3.6	2.3
Europe	288	154	239	339	278	182	6.9	7.1	7.8	7.1	7.2	6.1
China	81	169	164	202	150	150	2.2	2.5	2.4	2.4	2.3	2.3
International Markets Group	78	36	76	93	82	87	1.5	1.6	1.7	2.0	1.7	1.8
Total Automotive	1,126	645	1,178	1,238	1,062	764	6.0 %	5.8 %	6.0 %	5.4 %	5.3 %	4.9 %

	Revenue (\$B)						Revenue Change (%)					
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
North America	\$ 21.8	\$ 10.9	\$ 25.3	\$ 22.0	\$ 23.0	\$ 15.0	(14) %	(54) %	8 %	(13) %	5 %	37 %
South America	0.7	0.2	0.6	0.9	0.4	0.5	(21)	(75)	(39)	(10)	(40)	124
Europe	6.2	3.6	5.7	7.1	7.1	5.6	(16)	(51)	(10)	1	13	55
China	0.6	0.8	1.0	0.8	0.8	0.6	(31)	(12)	15	(17)	39	(31)
International Markets Group	2.0	1.0	2.0	2.5	2.3	2.5	(25)	(60)	(11)	5	15	141
Total Automotive	\$ 31.3	\$ 16.6	\$ 34.7	\$ 33.2	\$ 33.6	\$ 24.1	(16) %	(54) %	2 %	(9) %	7 %	45 %



# Key Metrics

	EBIT (\$B)						EBIT Change (%)					
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
North America	\$ 0.4	\$ (0.9)	\$ 3.2	\$ 1.1	\$ 2.9	\$ 0.2	(83) %	(156) %	59 %	53 %	N / M	120 %
South America	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	28	19	34	40	35	48
Europe	(0.1)	(0.7)	(0.4)	0.4	0.3	(0.3)	N / M	N / M	N / M	N / M	N / M	57
China	(0.2)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(91)	11	79	68	94	9
International Markets Group	(0.0)	(0.1)	0.1	(0.1)	0.2	0.2	N / M	(115)	181	64	N / M	N / M
Total Automotive	\$ (0.2)	\$ (2.1)	\$ 2.7	\$ 1.3	\$ 3.4	\$ (0.1)	(108) %	N / M	98 %	N / M	N / M	95 %

	EBIT Margin (%)						EBIT Margin Change (ppts)					
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
North America	1.7 %	(8.6) %	12.6 %	4.9 %	12.8 %	1.3 %	(7.0) ppts	(15.7) ppts	4.0 ppts	2.1 ppts	11.1 ppts	9.9 ppts
South America	(15.4)	(68.1)	(17.0)	(12.2)	(16.7)	(15.9)	1.4	(47.3)	(1.3)	6.0	(1.3)	52.2
Europe	(2.4)	(18.5)	(7.8)	5.8	4.8	(5.1)	(3.5)	(20.0)	(5.5)	4.8	7.2	13.4
China	(40.6)	(16.9)	(5.7)	(8.2)	(1.8)	(22.3)	(26.0)	(0.2)	26.1	13.0	38.8	(5.4)
International Markets Group	(1.3)	(14.6)	3.6	(2.4)	8.9	8.3	(1.6)	(11.9)	7.5	4.7	10.2	22.9
Total Automotive	(0.5) %	(12.4) %	7.7 %	3.8 %	10.1 %	(0.4) %	(5.9) ppts	(16.3) ppts	3.7 ppts	3.2 ppts	10.6 ppts	12.0 ppts

# Key Metrics

	Wholesale Units (000)						Market Share (%)					
	Q2 2020	Q2 2021	2021 B / (W) 2020	2020 1H	2021 1H	2021 B / (W) 2020	Q2 2020	Q2 2021	2021 B / (W) 2020	2020 1H	2021 1H	2021 B / (W) 2020
North America	272	327	56	890	861	(30)	14.2 %	10.4 %	(3.8) ppts	13.8 %	11.4 %	(2.4) ppts
South America	14	18	4	73	35	(38)	6.5	2.3	(4.2)	6.8	3.0	(3.8)
Europe	154	182	28	442	460	18	7.1	6.1	(1.0)	7.0	6.6	(0.3)
China	169	150	(19)	251	301	50	2.5	2.3	(0.2)	2.4	2.3	(0.1)
International Markets Group	36	87	50	114	169	54	1.6	1.8	0.2	1.6	1.8	0.2
Total Automotive	645	764	119	1,771	1,826	55	5.8 %	4.9 %	(0.9) ppts	5.9 %	5.1 %	(0.8) ppts

	Revenue (\$B)						EBIT Margin (%)					
	Q2 2020	Q2 2021	2021 B / (W) 2020	2020 1H	2021 1H	2021 B / (W) 2020	Q2 2020	Q2 2021	2021 B / (W) 2020	2020 1H	2021 1H	2021 B / (W) 2020
North America	\$ 10.9	\$ 15.0	\$ 4.0	\$ 32.8	\$ 38.0	\$ 5.2	(8.6) %	1.3 %	9.9 ppts	(1.8) %	8.3 %	10.1 ppts
South America	0.2	0.5	0.3	1.0	1.0	0.0	(68.1)	(15.9)	52.2	(28.5)	(16.3)	12.2
Europe	3.6	5.6	2.0	9.9	12.7	2.8	(18.5)	(5.1)	13.4	(8.3)	0.4	8.7
China	0.8	0.6	(0.3)	1.4	1.4	(0.0)	(16.9)	(22.3)	(5.4)	(27.0)	(10.0)	17.0
International Markets Group	1.0	2.5	1.4	3.0	4.7	1.7	(14.6)	8.3	22.9	(5.8)	8.6	14.4
Total Automotive	\$ 16.6	\$ 24.1	\$ 7.5	\$ 48.0	\$ 57.7	\$ 9.7	(12.4) %	(0.4) %	12.0 ppts	(4.6) %	5.7 %	10.3 ppts

# Q2 Results (\$M)

	Second Quarter			First Half		
	2020	2021	2021 B / (W) 2020	2020	2021	2021 B / (W) 2020
North America	\$ (946)	\$ 194	\$ 1,140	\$ (574)	\$ 3,143	\$ 3,717
South America	(165)	(86)	79	(277)	(159)	118
Europe	(667)	(284)	383	(816)	57	873
China	(136)	(123)	13	(376)	(138)	238
International Markets Group	(149)	204	353	(174)	405	579
Automotive	\$ (2,063)	\$ (95)	\$ 1,968	\$ (2,217)	\$ 3,308	\$ 5,525
Mobility	(286)	(182)	104	(571)	(379)	192
Ford Credit	543	1,623	1,080	573	2,585	2,012
Corporate Other	(140)	(264)	(124)	(363)	384	747
Adjusted EBIT	\$ (1,946)	\$ 1,082	\$ 3,028	\$ (2,578)	\$ 5,898	\$ 8,476
Interest on Debt	(450)	(453)	(3)	(677)	(926)	(249)
Special Items (excl. tax)	3,480	106	(3,374)	3,193	(295)	(3,488)
Taxes	34	(182)	(216)	(813)	(862)	(49)
Less: Non-Controlling Interests	1	(8)	(9)	1	(8)	(9)
Net Income / (Loss) Attributable to Ford	<u>\$ 1,117</u>	<u>\$ 561</u>	<u>\$ (556)</u>	<u>\$ (876)</u>	<u>\$ 3,823</u>	<u>\$ 4,699</u>
Company Adjusted Free Cash Flow (\$B)	\$ (4.8)	\$ (5.1)	\$ (0.4)	\$ (6.9)	\$ (5.5)	\$ 1.4
Revenue (\$B)	19.4	26.8	7.4	53.7	63.0	9.3
Company Adjusted EBIT Margin (%)	(10.0) %	4.0 %	14.0 ppts	(4.8) %	9.4 %	14.2 ppts
Net Income / (Loss) Margin (%)	5.8	2.1	(3.7)	(1.6)	6.1	7.7
Adjusted ROIC (Trailing Four Quarters) (%)	(3.1)	12.0	15.1	n/a	n/a	n/a
Adjusted EPS	\$ (0.35)	\$ 0.13	\$ 0.48	\$ (0.59)	\$ 1.01	\$ 1.60
EPS (GAAP)	0.28	0.14	(0.14)	(0.22)	0.95	1.17

# First Half 2021 Adjusted EBIT (\$B)

	North America	South America	Europe	China	IMG	Total Auto	Total Company	
First Half 2020	\$ (0.6)	\$ (0.3)	\$ (0.8)	\$ (0.4)	\$ (0.2)	\$ (2.2)	\$ (2.6)	
YoY Change:								
Volume / Mix	\$ (0.3)	\$ (0.1)	\$ (0.2)	\$ (0.0)	\$ 0.2	\$ (0.4)	\$ (0.4)	
Net Pricing	4.1	0.2	0.3	0.0	0.1	4.8	4.8	
Cost	(0.4)	(0.1)	0.4	(0.0)	(0.0)	(0.1)	(0.1)	Material / Freight \$(0.1)
Exchange	0.1	0.0	0.1	0.0	0.2	0.5	0.5	Warranty 0.6
JVs / Other	0.1	(0.0)	0.3	0.2	0.1	0.7	0.7	Commodities (0.6)
Total Automotive	\$ 3.7	\$ 0.1	\$ 0.9	\$ 0.2	\$ 0.6	\$ 5.5	\$ 5.5	Structural (0.2)
Mobility							0.2	Pension / OPEB 0.3
Ford Credit							2.0	
Corporate Other							0.7	
Total Change							\$ 8.5	
First Half 2021	\$ 3.1	\$ (0.2)	\$ 0.1	\$ (0.1)	\$ 0.4	\$ 3.3	\$ 5.9	JVs \$ 0.3
								Other 0.4

# Quarterly Results (\$M)

	2020					2021	
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2
North America	\$ 373	\$ (946)	\$ 3,202	\$ 1,082	\$ 3,710	\$ 2,949	\$ 194
South America	(112)	(165)	(107)	(105)	(489)	(73)	(86)
Europe	(149)	(667)	(444)	409	(851)	341	(284)
China	(241)	(136)	(57)	(65)	(499)	(15)	(123)
International Markets Group	(25)	(149)	73	(62)	(163)	201	204
Automotive	\$ (154)	\$ (2,063)	\$ 2,665	\$ 1,259	\$ 1,708	\$ 3,403	\$ (95)
Mobility	(285)	(286)	(230)	(259)	(1,060)	(197)	(182)
Ford Credit	30	543	1,123	912	2,608	962	1,623
Corporate Other	(223)	(140)	86	(199)	(476)	648	(264)
Adjusted EBIT	\$ (632)	\$ (1,946)	\$ 3,644	\$ 1,713	\$ 2,779	\$ 4,816	\$ 1,082
Interest on Debt	(227)	(450)	(498)	(474)	(1,649)	(473)	(453)
Special Items (excl. tax)	(287)	3,480	(390)	(5,049)	(2,246)	(401)	106
Taxes	(847)	34	(366)	1,019	(160)	(680)	(182)
Less: Non-Controlling Interests	-	1	5	(3)	3	-	(8)
Net Income / (Loss) Attributable to Ford	<u>\$ (1,993)</u>	<u>\$ 1,117</u>	<u>\$ 2,385</u>	<u>\$ (2,788)</u>	<u>\$ (1,279)</u>	<u>\$ 3,262</u>	<u>\$ 561</u>
Company Adjusted Free Cash Flow (\$B)	\$ (2.2)	\$ (4.8)	\$ 6.6	\$ 1.9	\$ 1.5	\$ (0.4)	\$ (5.1)
Revenue (\$B)	34.3	19.4	37.5	36.0	127.1	36.2	26.8
Company Adjusted EBIT Margin (%)	(1.8) %	(10.0) %	9.7 %	4.8 %	2.2 %	13.3 %	4.0 %
Net Income / (Loss) Margin (%)	(5.8)	5.8	6.4	(7.8)	(1.0)	9.0	2.1
Adjusted ROIC (Trailing Four Quarters) (%)	2.5	(3.1)	(0.4)	1.0	1.0	8.2	12.0
Adjusted EPS	\$ (0.23)	\$ (0.35)	\$ 0.65	\$ 0.34	\$ 0.41	\$ 0.89	\$ 0.13
EPS (GAAP)	(0.50)	0.28	0.60	(0.70)	(0.32)	0.81	0.14



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

	Second Quarter		First Half		Memo:
	2020	2021	2020	2021	FY 2020
Net income / (loss) attributable to Ford (GAAP)	\$ 1,117	\$ 561	\$ (876)	\$ 3,823	\$ (1,279)
Income / (Loss) attributable to non-controlling interests	1	(8)	1	(8)	3
Net income / (loss)	\$ 1,118	\$ 553	\$ (875)	\$ 3,815	\$ (1,276)
Less: (Provision for) / Benefit from income taxes	34	(182)	(813)	(862)	(160)
Income / (Loss) before income taxes	\$ 1,084	\$ 735	\$ (62)	\$ 4,677	\$ (1,116)
Less: Special items pre-tax	3,480	106	3,193	(295)	(2,246)
Income / (Loss) before special items pre-tax	\$ (2,396)	\$ 629	\$ (3,255)	\$ 4,972	\$ 1,130
Less: Interest on debt	(450)	(453)	(677)	(926)	(1,649)
Adjusted EBIT (Non-GAAP)	<u>\$ (1,946)</u>	<u>\$ 1,082</u>	<u>\$ (2,578)</u>	<u>\$ 5,898</u>	<u>\$ 2,779</u>
Memo:					
Revenue (\$B)	\$ 19.4	\$ 26.8	\$ 53.7	\$ 63.0	\$ 127.1
Net income / (loss) margin (GAAP) (%)	5.8 %	2.1 %	(1.6) %	6.1 %	(1.0) %
Adjusted EBIT margin (%)	(10.0)	4.0	(4.8)	9.4	2.2

# Net Cash Provided By / (Used In) Operating Activities Reconciliation To Company Adj. FCF (\$M)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	First Half	
							2020	2021
<u>Net cash provided by / (used in) operating activities (GAAP)</u>	\$ (473)	\$ 9,115	\$ 11,088	\$ 4,539	\$ 4,492	\$ 756	\$ 8,642	\$ 5,248
<u>Less: Items Not Included in Company Adjusted Free Cash Flows</u>								
Ford Credit operating cash flows	201	13,964	4,417	3,010	4,998	9,638	14,165	14,636
Funded pension contributions	(175)	(107)	(147)	(141)	(229)	(164)	(282)	(393)
Global Redesign (including separations)	(172)	(99)	(105)	(127)	(345)	(970)	(271)	(1,315)
Ford Credit tax payments / (refunds) under tax sharing agreement	407	18	44	8	4	-	425	4
Other, net	(15)	(178)	(431)	(214)	77	(260)	(193)	(183)
<u>Add: Items Included in Company Adjusted Free Cash Flows</u>								
Automotive and Mobility capital spending	(1,770)	(1,165)	(1,247)	(1,520)	(1,358)	(1,504)	(2,935)	(2,862)
Ford Credit distributions	343	826	831	1,290	1,000	4,000	1,169	5,000
Settlement of derivatives	(28)	64	(336)	129	(25)	(133)	36	(158)
Company adjusted free cash flow (Non-GAAP)	<u>\$ (2,174)</u>	<u>\$ (4,758)</u>	<u>\$ 6,558</u>	<u>\$ 1,902</u>	<u>\$ (396)</u>	<u>\$ (5,125)</u>	<u>\$ (6,932)</u>	<u>\$ (5,521)</u>

# Earnings / (Loss) Per Share Reconciliation To Adjusted Earnings / (Loss) Per Share

	Second Quarter		First Half	
	2020	2021	2020	2021
<u>Diluted After-Tax Results (\$M)</u>				
Diluted after-tax results (GAAP)	\$ 1,117	\$ 561	\$ (876)	\$ 3,823
Less: Impact of pre-tax and tax special items	2,525	50	1,451	(252)
Adjusted net income – diluted (Non-GAAP)	<u>\$ (1,408)</u>	<u>\$ 511</u>	<u>\$ (2,327)</u>	<u>\$ 4,075</u>
 <u>Basic and Diluted Shares (M)</u>				
Basic shares (average shares outstanding)	3,975	3,992	3,969	3,986
Net dilutive options, unvested restricted stock units, and unvested restricted stock shares*	17	36	-	36
Diluted shares	<u>3,992</u>	<u>4,028</u>	<u>3,969</u>	<u>4,022</u>
 Earnings / (Loss) per share – diluted (GAAP)	\$ 0.28	\$ 0.14	\$ (0.22)	\$ 0.95
Less: Net impact of adjustments	0.63	0.01	0.37	(0.06)
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ (0.35)</u>	<u>\$ 0.13</u>	<u>\$ (0.59)</u>	<u>\$ 1.01</u>

\* In the first half of 2020, there were 25M shares excluded from the calculation of diluted earnings / (loss) per share, due to their anti-dilutive effect

# Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2021		Memo:
	Q2	First Half	Full Year 2020
<u>Pre-Tax Results (\$M)</u>			
Income / (Loss) before income taxes (GAAP)	\$ 735	\$ 4,677	\$ (1,116)
Less: Impact of special items	106	(295)	(2,246)
Adjusted earnings before taxes (Non-GAAP)	<u>\$ 629</u>	<u>\$ 4,972</u>	<u>\$ 1,130</u>
<u>Taxes (\$M)</u>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (182)	\$ (862)	\$ (160)
Less: Impact of special items	(56)	43	(670) *
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	<u>\$ (126)</u>	<u>\$ (905)</u>	<u>\$ 510</u>
<u>Tax Rate (%)</u>			
Effective tax rate (GAAP)	24.8 %	18.4 %	(14.3) %
Adjusted effective tax rate (Non-GAAP)	20.0	18.2	(45.1)

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

# Adjusted ROIC (\$B)

	Four Quarters Ending Q2 2020	Four Quarters Ending Q2 2021
<u>Adjusted Net Operating Profit / (Loss) After Cash Tax</u>		
Net income / (loss) attributable to Ford	\$ (2.1)	\$ 3.4
Add: Non-controlling interest	(0.0)	(0.0)
Less: Income tax	0.4	(0.2)
Add: Cash tax	(0.4)	(0.5)
Less: Interest on debt	(1.2)	(1.9)
Less: Total pension / OPEB income / (cost)	(2.0)	(0.7)
Add: Pension / OPEB service costs	(1.1)	(1.1)
Net operating profit / (loss) after cash tax	\$ (0.8)	\$ 4.6
Less: Special items (excl. pension / OPEB) pre-tax	1.4	(4.2)
Adj. net operating profit / (loss) after cash tax	<u>\$ (2.1)</u>	<u>\$ 8.7</u>
<u>Invested Capital</u>		
Equity	\$ 30.9	\$ 34.8
Redeemable non-controlling interest	-	-
Debt (excl. Ford Credit)	40.0	25.9
Net pension and OPEB liability	11.8	11.5
Invested capital (end of period)	<u>\$ 82.6</u>	<u>\$ 72.2</u>
Average invested capital	<u>\$ 67.9</u>	<u>\$ 72.8</u>
ROIC*	(1.1) %	6.3 %
Adjusted ROIC (Non-GAAP)**	(3.1) %	12.0 %

\* 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

\*\* 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

# Non-GAAP Financial Measures That Supplement GAAP Measures

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

- **Company Adjusted EBIT (Most Comparable GAAP Measure: Net income / (Loss) attributable to Ford)** – Earnings Before Interest and Taxes (EBIT) excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting. Our management ordinarily excludes special items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses, (ii) significant personnel expenses, dealer-related costs, and facility-related charges stemming from our efforts to match production capacity and cost structure to market demand and changing model mix, and (iii) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. When we provide guidance for adjusted EBIT, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.
- **Company Adjusted EBIT Margin (Most Comparable GAAP Measure: Company Net Income / (Loss) Margin)** – Company Adjusted EBIT Margin is Company Adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.
- **Adjusted Earnings / (Loss) Per Share (Most Comparable GAAP Measure: Earnings / (Loss) Per Share)** – Measure of Company's diluted net earnings / (loss) per share adjusted for impact of pre-tax special items (described above), tax special items and restructuring impacts in noncontrolling interests. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of the underlying run rate of our business. When we provide guidance for adjusted earnings / (loss) per share, we do not provide guidance on an earnings / (loss) per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.
- **Adjusted Effective Tax Rate (Most Comparable GAAP Measure: Effective Tax Rate)** – Measure of Company's tax rate excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.



# Non-GAAP Financial Measures That Supplement GAAP Measures

- Company Adjusted Free Cash Flow (FCF) (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities) – Measure of Company's operating cash flow excluding Ford Credit's operating cash flows. The measure contains elements management considers operating activities, including Automotive and Mobility capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, global redesign (including separations), and other items that are considered operating cash flows under 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 FCF, we do not provide guidance for net cash provided by / (used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company's exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit's operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by / (used in) our operating activities.
- Adjusted ROIC – Calculated as the sum of adjusted net operating profit / (loss) after-cash tax from the last four quarters, divided by the average invested capital over the last four quarters. This calculation provides management and investors with useful information to evaluate the Company's after-cash tax operating return on its invested capital for the period presented. Adjusted net operating profit / (loss) after-cash tax measures operating results less special items, interest on debt (excl. Ford Credit Debt), and certain pension / OPEB costs. Average invested capital is the sum of average balance sheet equity, debt (excl. Ford Credit Debt), and net pension / OPEB liability.
- Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit's total net receivables and held-for-sale receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer's outstanding balance on the receivables, which is the basis for earning revenue.
- Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage) – Ford Credit's debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit's term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

# Definitions And Calculations

## Wholesale Units and Revenue

- Wholesale unit volumes include all Ford and Lincoln badged units (whether produced by Ford or by an unconsolidated affiliate) that are sold to dealerships, units manufactured by Ford that are sold to other manufacturers, units distributed by Ford for other manufacturers, and local brand units produced by our China joint venture, Jiangling Motors Corporation, Ltd. (“JMC”), that are sold to dealerships. Vehicles sold to daily rental car companies that are subject to a guaranteed repurchase option (i.e., rental repurchase), as well as other sales of finished vehicles for which the recognition of revenue is deferred (e.g., consignments), also are included in wholesale unit volumes. Revenue from certain vehicles in wholesale unit volumes (specifically, Ford badged vehicles produced and distributed by our unconsolidated affiliates, as well as JMC brand vehicles) are not included in our revenue

## Industry Volume and Market Share

- Industry volume and market share are based, in part, on estimated vehicle registrations; includes medium and heavy-duty trucks

## SAAR

- SAAR means seasonally adjusted annual rate

## Company Cash

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

## Market Factors

- Volume and Mix – primarily measures EBIT variance from changes in wholesale 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 accrual adjustments on dealer inventory
- Market Factors exclude the impact of unconsolidated affiliate wholesale units

## Earnings Before Taxes (EBT)

- Reflects Income before income taxes

## Pension Funded Status

- Current period balances reflect net underfunded status at December 31, 2020, updated for service and interest cost, expected return on assets, curtailment and settlement gains and associated interim remeasurement (where applicable), separation expense, actual benefit payments, and cash contributions. For plans without interim remeasurement, the discount rate and rate of expected return assumptions are unchanged from year-end 2020

## Records

- References to Company, Automotive segment and business unit records are since at least 2009

# Product Notes

2022 Ford Lightning (shown on slide 3)

- Preproduction computer-generated image shown; available starting Spring 2022

2022 Ford E-Transit (shown on slide 3)

- Preproduction computer-generated image shown; available late 2021

2022 Ford Maverick (shown on slide 20)

- Preproduction model shown; available Fall 2021

2022 Ford Lightning (shown on Appendix Cover)

- Preproduction computer-generated image shown; available Spring 2022

2022 Ford Maverick (shown on Appendix Cover)

- Preproduction image; available Fall 2021



# Q2 2021 Earnings Review

July 28, 2021



**FORD CREDIT**



# Information Regarding This Presentation

## **FORWARD-LOOKING STATEMENTS**

This presentation includes forward-looking statements. 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. For a discussion of these risks, uncertainties, and other factors, please see the “Cautionary Note on Forward-Looking Statements” at the end of this presentation and “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## **GAAP AND NON-GAAP FINANCIAL MEASURES**

This presentation includes financial measures calculated in accordance with Generally Accepted Accounting Principles (“GAAP”) and non-GAAP financial measures. The non-GAAP financial measures are intended to be considered supplemental information to their comparable GAAP financial measures. The non-GAAP financial measures are defined and reconciled to the most comparable GAAP financial measures in the Appendix to this presentation.

## **ADDITIONAL INFORMATION**

Calculated results may not sum due to rounding. N / M denotes “Not Meaningful.” All variances are year-over-year unless otherwise noted.

Effective January 1, 2021, we adopted Accounting Standards Update (“ASU”) 2019-12, which allows for the simplification of accounting for income taxes. As a result, return on equity, net income, distributions, leverage, and equity have been updated in the prior comparator periods to reflect the update.

# Key Takeaways

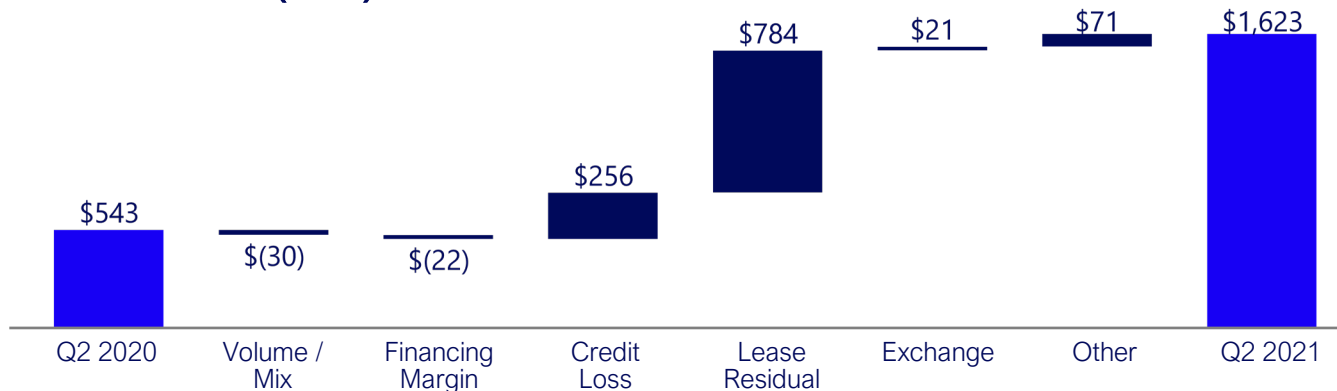
- Q2 EBT of \$1,623M highest ever quarterly EBT
- Off-lease auction values at record-high levels
- Portfolio performing well – historically low losses and strong recoveries during the period. Credit loss reserve reduced reflecting expectation of lower COVID-related losses
- Distribution of \$4B to Ford reflects strong EBT, smaller balance sheet, and tax simplification accounting change
- Balance sheet remains strong with liquidity at \$33B; continue to access diverse funding sources

# Key Metrics

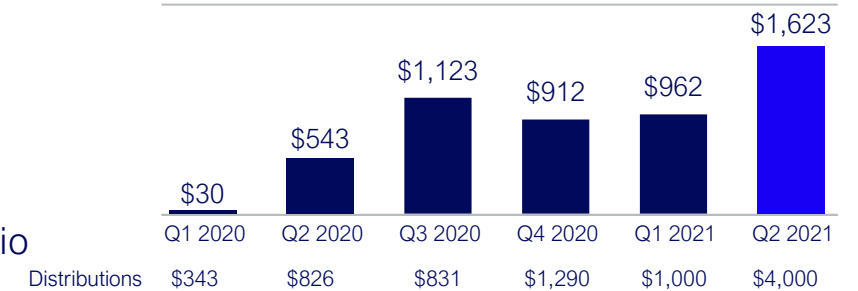
## Q2 Headlines

- Launched the first loyalty-building Ford Pro FinSimple products and services with digital commercial lines of credit and digital combined billing
- Established product teams to increase speed and robustness of our digital portfolio and modernize operations globally
- Record EBT of \$1,623M, up \$1,080M, reflecting record-high auction values and the reduction of retail COVID-19 reserves
- Portfolio performing well – historically low losses and strong net recoveries

## Q2 EBT YoY (\$M)



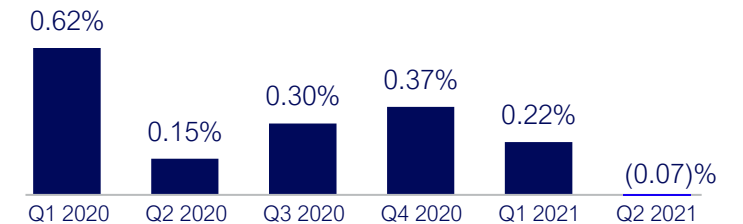
## EBT (\$M)



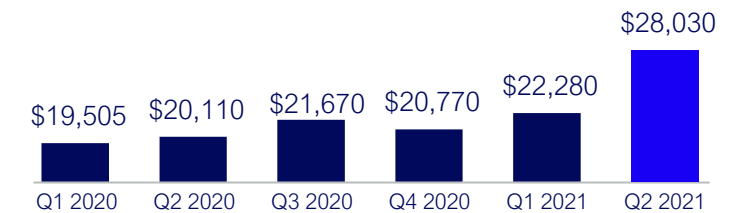
Distributions

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
\$343	\$826	\$831	\$1,290	\$1,000	\$4,000

## U.S. Retail LTR Ratios (%)



## Auction Values (Per Unit)\*

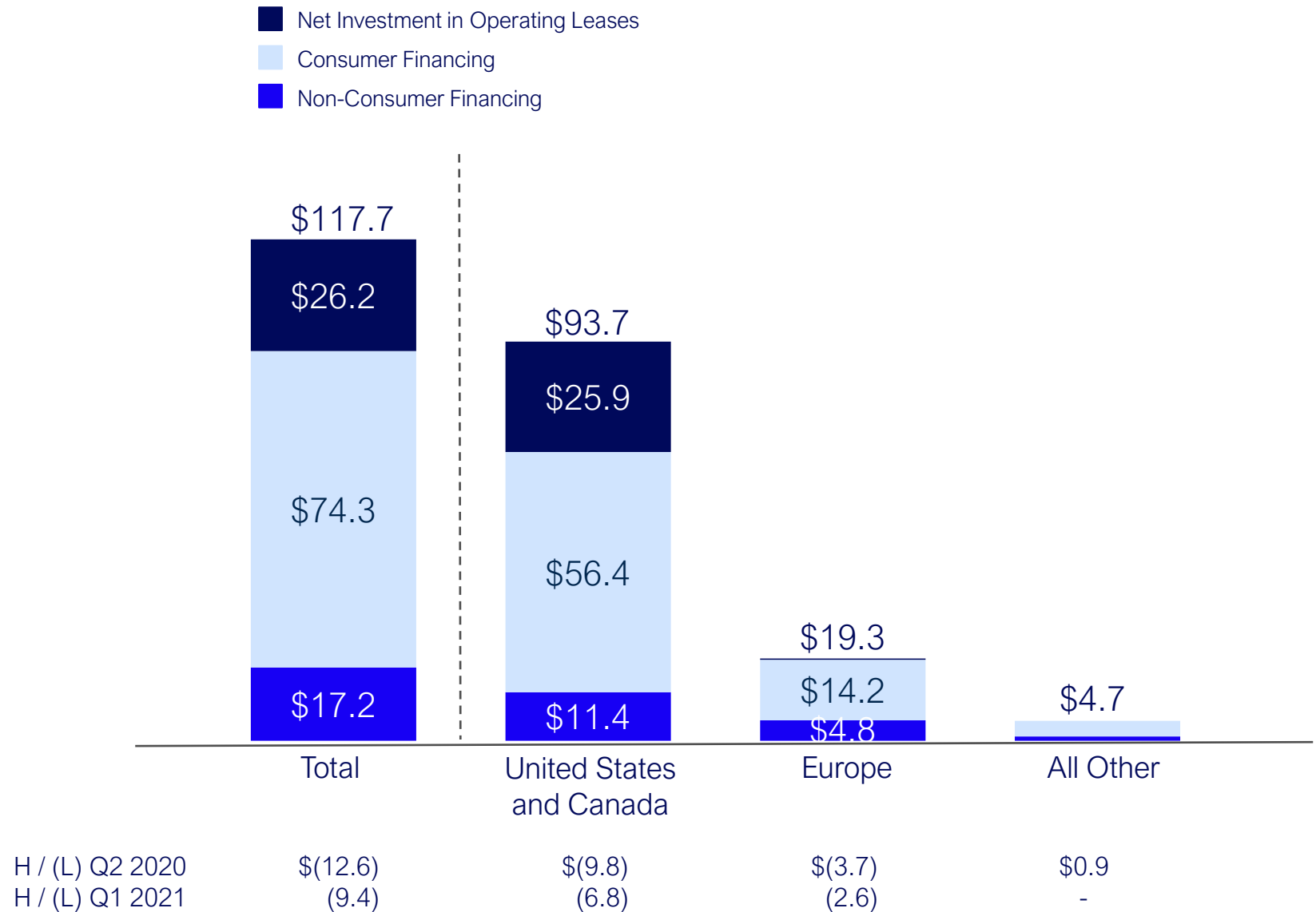


\* U.S. 36-month off-lease auction values at Q2 2021 mix



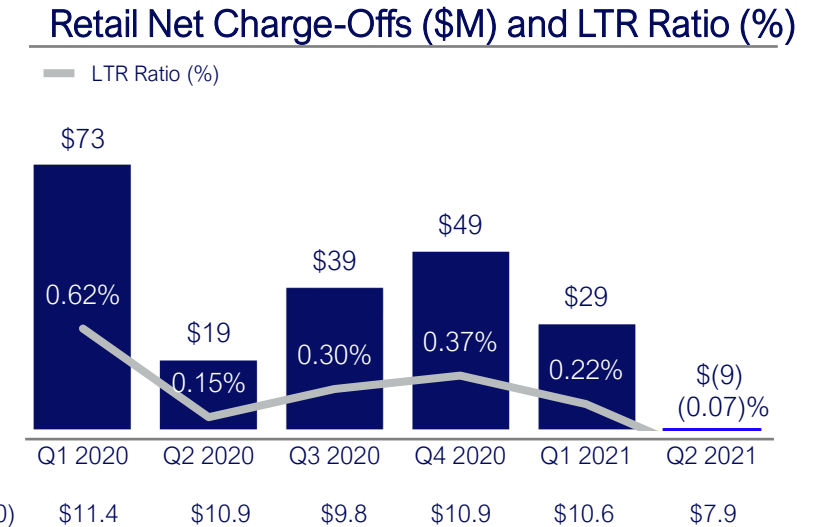
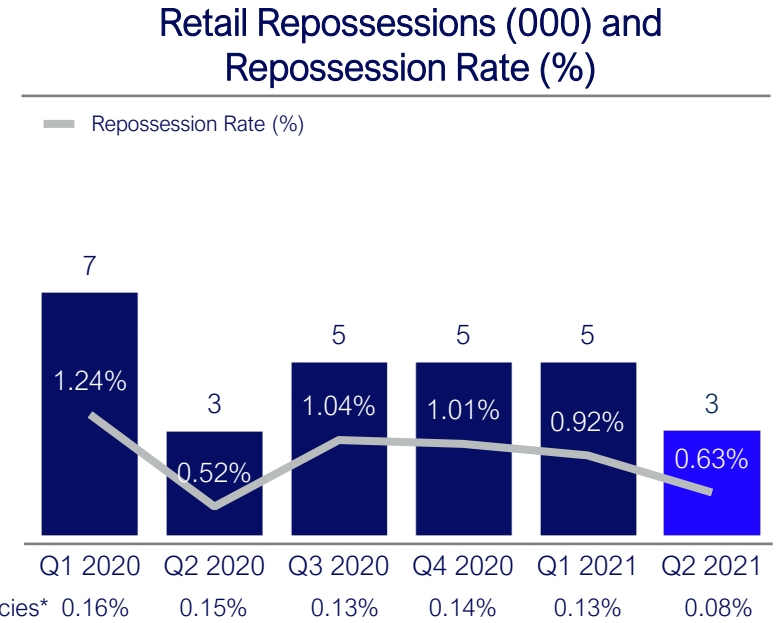
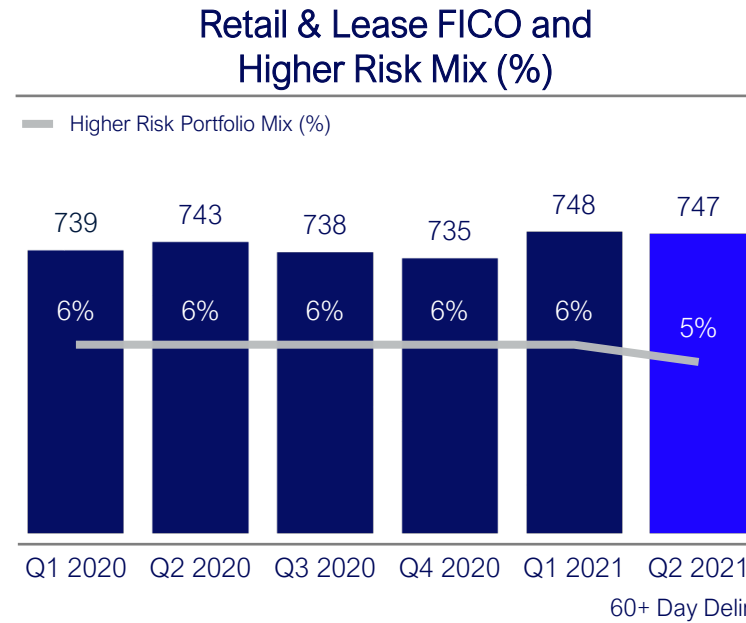
# Q2 2021 Net Receivables Mix (\$B)

- Receivables declined \$13B YoY, primarily reflecting lower wholesale receivables
- Operating lease portfolio was 22% of total net receivables



# U.S. Origination Metrics And Credit Loss Drivers

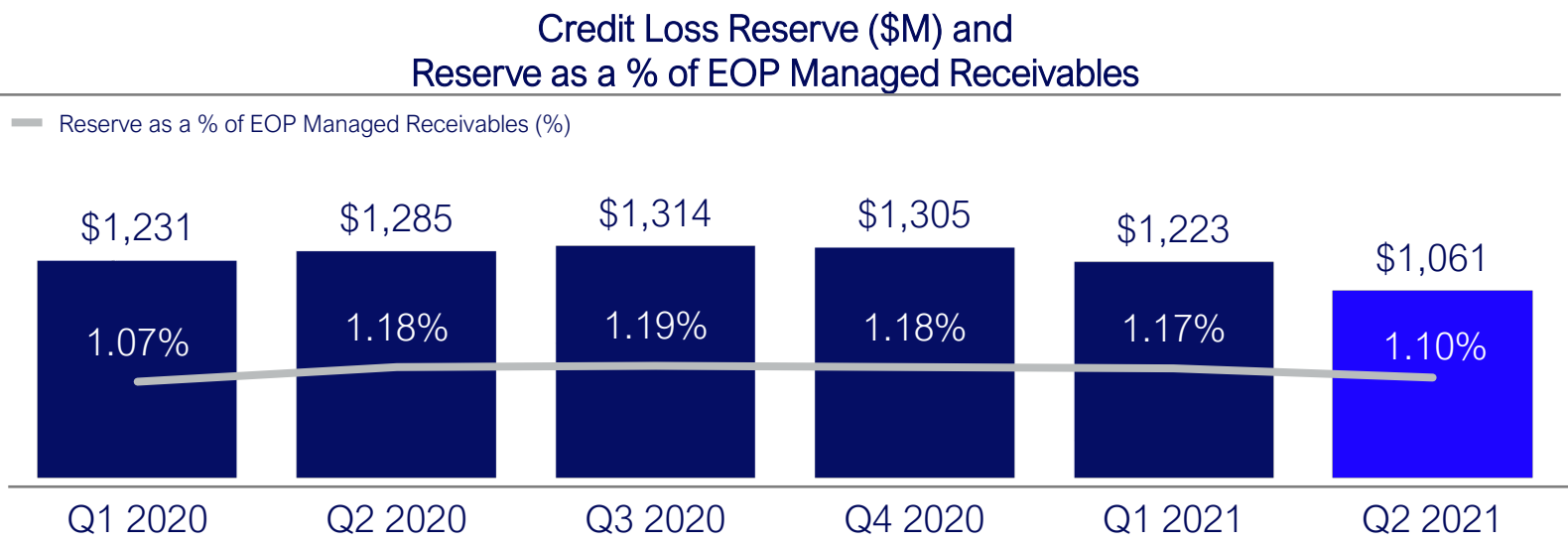
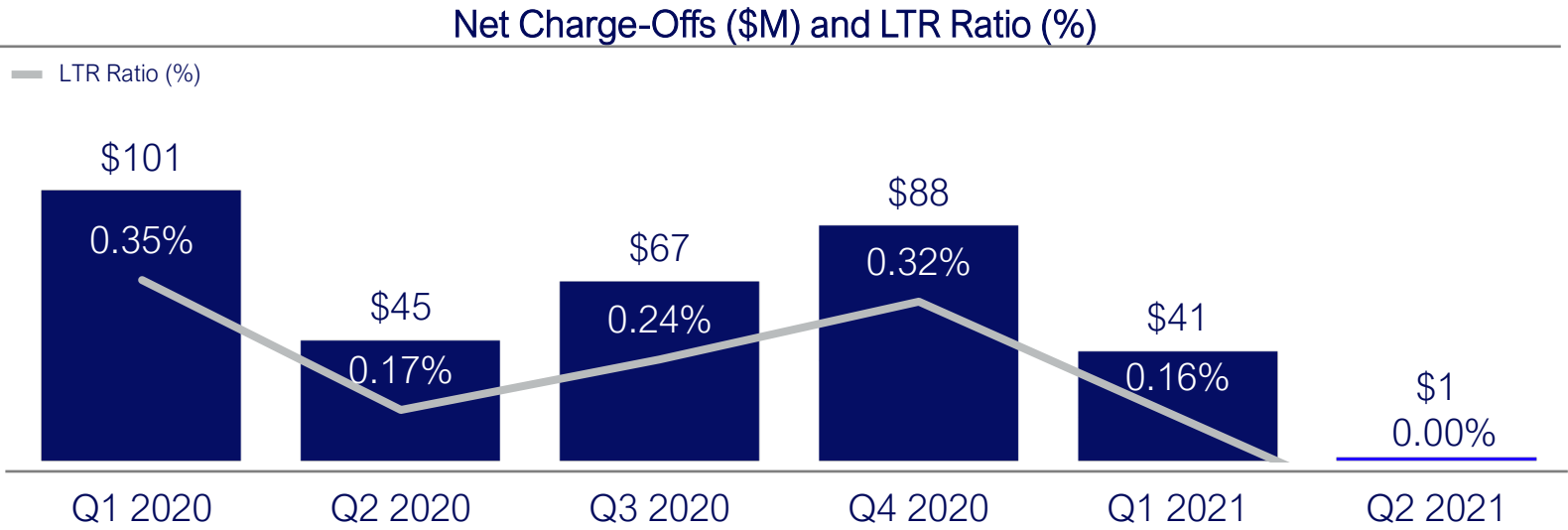
- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Repossessions, net charge-offs and LTR remain low
- Longer term contract mix continued at normal levels
- Negative LTR reflects historically low losses and strong net recoveries during the period



\* Excluding bankruptcies

# Worldwide Credit Loss Metrics

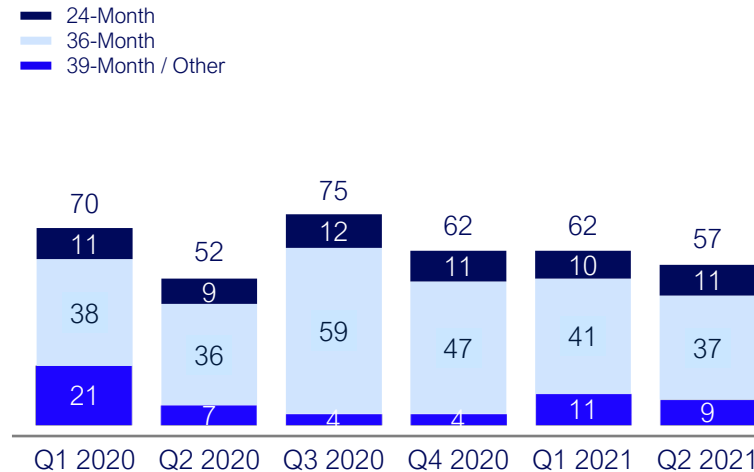
- Worldwide credit loss metrics remain strong and below year ago levels, reflecting historically low losses
- Credit loss reserve reduced reflecting expectation of lower COVID-related losses



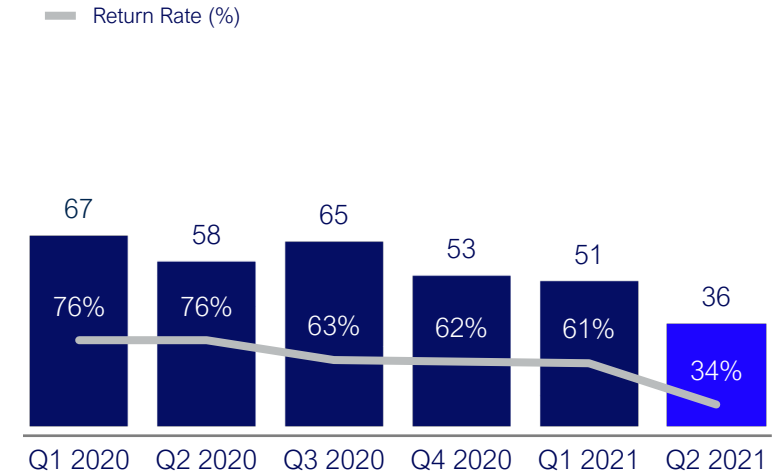
# U.S. Lease Metrics

- Auction values up 39% YoY reflecting continued strong demand for used vehicles including impact of lower new vehicle production due to semiconductor shortage
- Lower lease return volume and return rate reflect auction values
- Lease share consistent with Q1; continues to be below industry

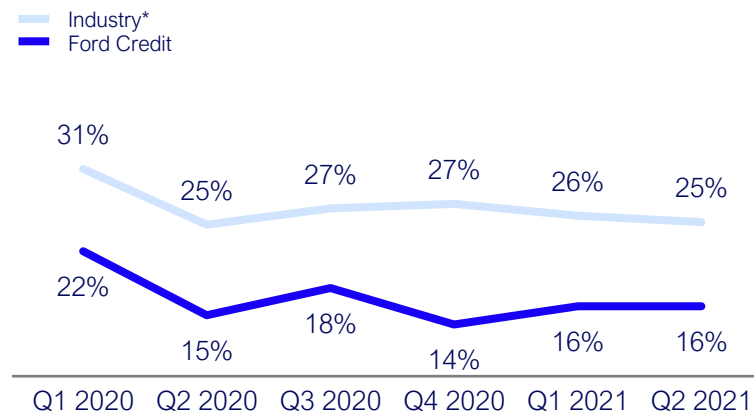
## Lease Placement Volume (000)



## Lease Return Volume (000) and Return Rates (%)



## Lease Share of Retail Sales (%)



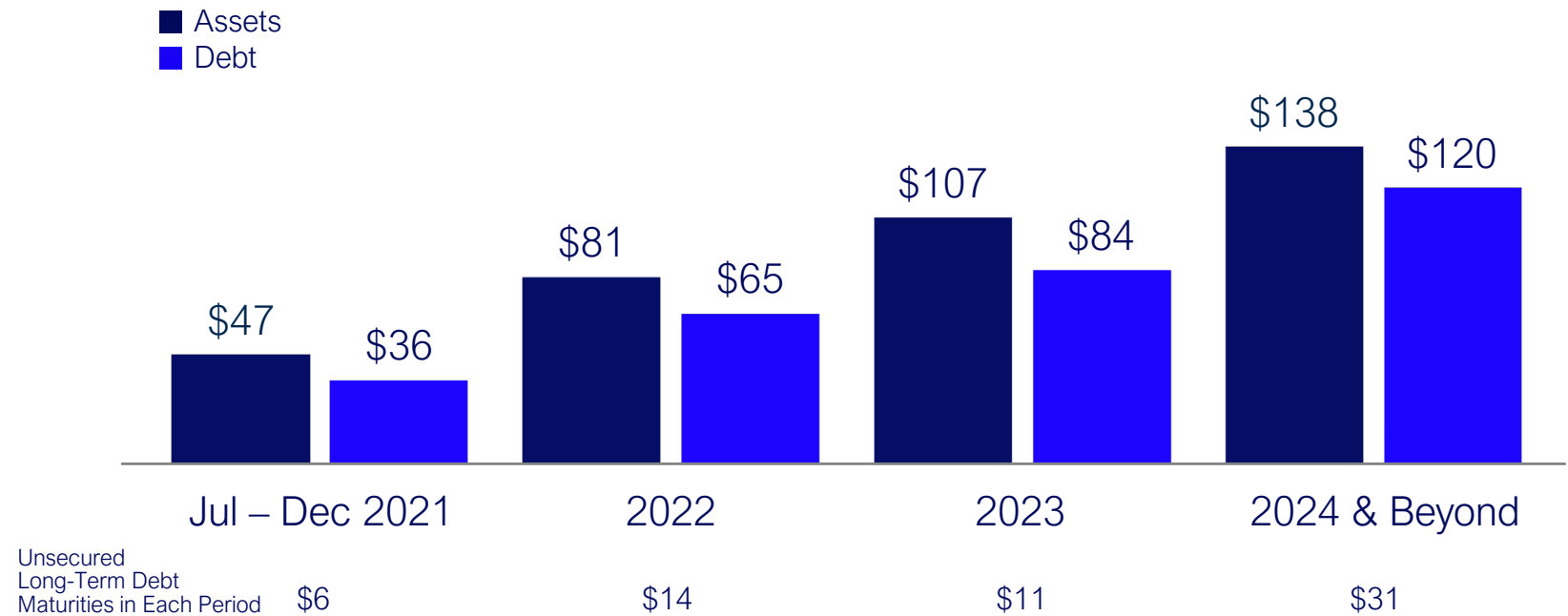
## Off-Lease Auction Values (36-month, at Q2 2021 Mix)



\* Source: J.D. Power PIN

# Cumulative Maturities At June 30, 2021\* (\$B)

- Strong balance sheet is inherently liquid with cumulative debt maturities having a longer tenor than asset maturities
- As of June 30, 2021 \$72B of \$138B assets are unencumbered



\* See Appendix for assets and debt definitions

# Funding Structure – Managed Receivables\* (\$B)

- Well capitalized with a strong balance sheet; \$33B in net liquidity
- Funding is diversified across platforms and markets

	2020 Dec 31	2021 Jun 30
Term Unsecured Debt	\$ 76.6	\$ 67.1
Term Asset-Backed Securities	54.6	45.9
Ford Interest Advantage / Deposits	6.5	8.0
Other	5.7	6.0
Equity	15.6	13.1
Adjustments for Cash	(18.5)	(15.3)
Total Managed Receivables	<u>\$ 140.5</u>	<u>\$ 124.8</u>
Securitized Funding as Pct of Managed Receivables	38.8%	36.8%
Net Liquidity	\$ 35.4	\$ 33.0

\* See Appendix for definitions and reconciliation to GAAP

# Public Term Funding Plan\* (\$B)

- Completed \$7B of public issuance in 2021
- Strong balance sheet and substantial liquidity provide funding flexibility
- Significantly reduced public funding reflects smaller balance sheet

	2019 Actual	2020 Actual	2021 Forecast	Through Jul 27
Unsecured	\$ 17	\$ 14	\$ 5 - 8	\$ 2
Securitizations**	14	13	8 - 10	5
Total	<u>\$ 31</u>	<u>\$ 27</u>	<u>\$ 13 - 18</u>	<u>\$ 7</u>

\* See Appendix for definitions  
 \*\* Includes Rule 144A offerings



# Cautionary Note On Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford is highly dependent on its suppliers to deliver components in accordance with Ford’s production schedule, and a shortage of key components, such as semiconductors, can disrupt Ford’s production of vehicles;
- Ford’s long-term competitiveness depends on the successful execution of its Plan;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents and other disruptions;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford’s new and existing products and mobility services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and mobility industries;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs;
- Industry sales volume in any of Ford’s key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit’s investments can have a significant effect on results;
- Ford and Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumers’ heightened expectations to safeguard their personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# Appendix

EBT By Segment	A2
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# EBT By Segment\* (\$M)

	Q2		YTD	
	2021	H / (L) 2020 **	2021	H / (L) 2020 **
<u>Results</u>				
United States and Canada segment	\$ 1,466	\$ 1,021	\$ 2,462	\$ 1,995
Europe segment	81	16	147	65
All Other segment	22	5	7	(17)
Total segments	\$ 1,569	\$ 1,042	\$ 2,616	\$ 2,043
Unallocated other	54	38	(31)	(31)
Earnings before taxes	\$ 1,623	\$ 1,080	\$ 2,585	\$ 2,012
Taxes	28	95	(89)	14
Net income	<u>\$ 1,651</u>	<u>\$ 1,175</u>	<u>\$ 2,496</u>	<u>\$ 2,026</u>
Distributions	\$ 4,000	\$ 3,174	\$ 5,000	\$ 3,831

\* See Appendix for definitions

\*\* Prior period amounts have been updated as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes

# Financing Shares And Contract Placement Volume

	Q2		YTD	
	2020	2021	2020	2021
<u>Share of Ford Sales*</u>				
United States	77 %	47 %	67 %	47 %
Canada	63	74	63	68
U.K.	44	37	44	36
Germany	34	41	39	39
China	37	45	36	43
<u>Wholesale Share</u>				
United States	73 %	71 %	74 %	72 %
Canada	42	9	45	11
U.K.	100	100	100	100
Germany	93	91	93	91
China	61	68	58	67
<u>Contract Placement Volume - New and Used (000)</u>				
United States	297	187	502	383
Canada	25	37	48	62
U.K.	13	25	43	50
Germany	19	20	48	38
China	28	32	44	64

\* United States and Canada exclude Fleet sales, other markets include Fleet

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

	2020 Jun 30	2020 Dec 31	2021 Jun 30
Finance receivables, net (GAAP)	\$ 103.9	\$ 105.0	\$ 91.5
Net investment in operating leases (GAAP)	26.4	26.7	26.2
Total net receivables*	\$ 130.3	\$ 131.7	\$ 117.7
Unearned interest supplements and residual support	\$ 6.5	\$ 6.5	\$ 5.4
Allowance for credit losses	1.3	1.3	1.1
Other, primarily accumulated supplemental depreciation	1.3	1.0	0.6
Total managed receivables (Non-GAAP)	<u>\$ 139.4</u>	<u>\$ 140.5</u>	<u>\$ 124.8</u>

\* See Appendix for definitions



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

	2020 Jun 30**	2020 Dec 31	2021 Jun 30
<u>Leverage Calculation</u>			
Debt	\$ 135.3	\$ 137.7	\$ 121.0
Adjustments for cash	(17.1)	(18.5)	(15.3)
Adjustments for derivative accounting	(1.8)	(1.5)	(0.9)
Total adjusted debt	<u>\$ 116.4</u>	<u>\$ 117.7</u>	<u>\$ 104.8</u>
Equity	\$ 15.2	\$ 15.6	\$ 13.1
Adjustments for derivative accounting	(0.0)	0.1	0.1
Total adjusted equity	<u>\$ 15.2</u>	<u>\$ 15.7</u>	<u>\$ 13.2</u>
Financial statement leverage (to 1) (GAAP)	8.9	8.8	9.3
Managed leverage (to 1) (Non-GAAP)	7.7	7.5	8.0

\* See Appendix for definitions

\*\* Prior period amounts have been updated as a result of our adoption of ASU 2019-12, Simplifying the Accounting for Income Taxes

# Liquidity Sources\* (\$B)

	2020 Jun 30	2020 Dec 31	2021 Jun 30
<u>Liquidity Sources</u>			
Cash	\$ 17.1	\$ 18.5	\$ 15.3
Committed asset-backed facilities	37.1	38.1	38.4
Other unsecured credit facilities	2.5	2.5	2.6
Total liquidity sources	<u>\$ 56.7</u>	<u>\$ 59.1</u>	<u>\$ 56.3</u>
<u>Utilization of Liquidity</u>			
Securitization & restricted cash	\$ (3.7)	\$ (3.9)	\$ (8.1)
Committed asset-backed facilities	(17.7)	(16.7)	(11.3)
Other unsecured credit facilities	(0.6)	(0.5)	(0.5)
Total utilization of liquidity	<u>\$ (22.0)</u>	<u>\$ (21.1)</u>	<u>\$ (19.9)</u>
Gross liquidity	\$ 34.7	\$ 38.0	\$ 36.4
ABS capacity in excess of eligible receivables and other adjustments	(2.4)	(2.6)	(3.4)
Net liquidity available for use	<u><u>\$ 32.3</u></u>	<u><u>\$ 35.4</u></u>	<u><u>\$ 33.0</u></u>

\* See Appendix for definitions

# Non-GAAP Financial Measures That Supplement GAAP Measures

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- Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit's Total net receivables and Held-for-sale receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer's outstanding balance on the receivables, which is the basis for earning revenue.
- Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage) – Ford Credit's debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit's term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

# Definitions And Calculations

ABS capacity in excess of eligible receivables and other adjustments (as shown on the Liquidity Sources chart)

Includes asset-backed capacity in excess of eligible receivables; cash related to the Ford Credit Revolving Extended Variable-utilization program ("FordREV"), which can be accessed through future sales of receivables

Assets (as shown on the Cumulative Maturities chart)

Includes gross finance receivables less the allowance for credit losses, 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

Cash (as shown on the Funding Structure, Liquidity Sources and Leverage charts)

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

Debt (as shown on the Cumulative Maturities chart)

All wholesale securitization transactions are shown maturing in the next 12 months, even if the maturities extend beyond Q1 2022. Also, the chart reflects adjustments to debt maturities to match the asset-backed debt maturities with the underlying asset maturities

Debt (as shown on the Leverage chart)

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

Committed Asset-Backed Security ("ABS") Facilities (as shown on the Liquidity Sources chart)

Committed ABS facilities are subject to availability of sufficient assets, ability to obtain derivatives to manage interest rate risk, and exclude FCE Bank plc ("FCE") access to the Bank of England's Discount Window Facility

Earnings Before Taxes ("EBT")

Reflects *Income before income taxes* as reported on Ford Credit's income statement

Net Charge-Offs

Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries.

Securitization & restricted cash (as shown on the Liquidity Sources chart)

Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund). Restricted cash is primarily held to meet certain local government and regulatory reserve requirements and cash held under the terms of certain contractual agreements

Securitizations (as shown on the Public Term Funding Plan chart)

Public securitization transactions, Rule 144A offerings sponsored by Ford Credit, and widely distributed offerings by Ford Credit Canada

Term Asset-Backed Securities (as shown on the Funding Structure chart)

Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

Total net receivables (as shown on the Total Net Receivables Reconciliation To Managed Receivables chart)

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 sheet and are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay the other obligations of Ford Credit or the claims of Ford Credit's other creditors

Unallocated other (as shown on the EBT By Segment chart)

Items excluded in assessing segment performance because they are managed at the corporate level, including market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions