



3Q Earnings Review

October 24, 2018



Financial Highlights



Company Revenue

↑3%

Driven by strong mix in NA



Company Adj. EBIT*
Company Adj. EBIT Margin*

\$1.7B 4.4%

Flat sequentially despite lower volume



NA EBIT Margin

8.8%

Driven by strong mix



Ford Credit EBT

\$0.7B

Best quarter in more than 7 years



**Company Adj. Op. Cash
Flow***

\$0.1B

\$1.4B higher YoY and \$1.9B higher sequentially



Company Cash*
Liquidity

\$23.7B \$34.7B

Cash and liquidity balances remain strong



Adj. EPS* Guidance

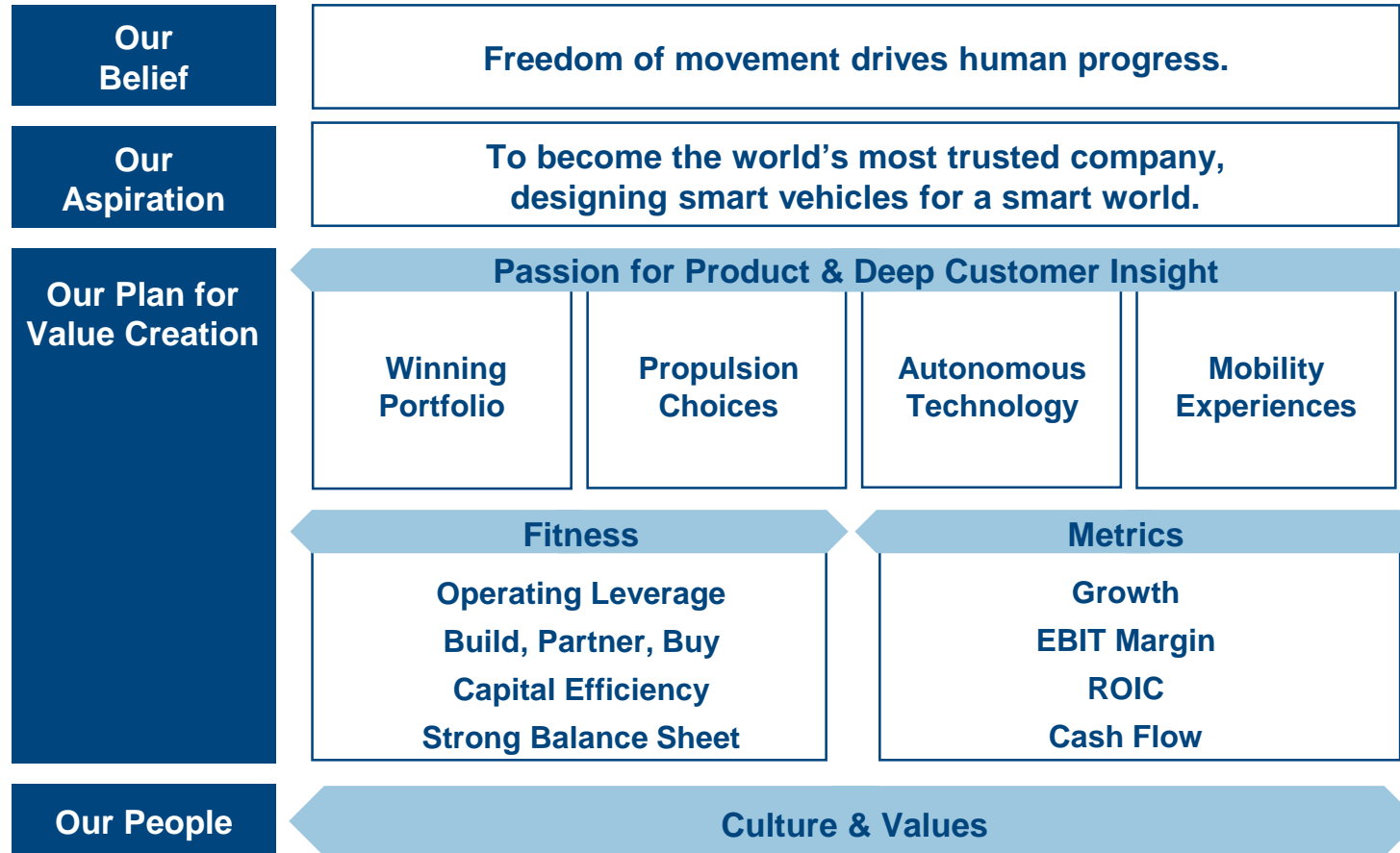
\$1.30 - \$1.50

Unchanged

* See Appendix for reconciliation to GAAP, calculations and definitions



Creating Tomorrow, Together



Strategic Highlights

Winning Portfolio

- ✓ Progress towards freshest industry showroom
 - U.S. – launched new Edge and Edge ST; celebrated Job 1 for Ranger which begins shipping in 2019
 - Europe – strong early order bank for newly launched Focus
 - China – introduced new Ford Territory mid-size SUV developed with JMC; order banks open for all-new Focus and new Escort

Propulsion Choices

- ✓ China strategic partnership – signed 50-50 JV agreement with Zotye to provide all-electric vehicle solutions for China ride-hailing operators
- ✓ Europe – revealed the new Transit Custom plug-in hybrid electric vehicle (PHEV) launching in 2019

Autonomous Technology

- ✓ Announced second U.S. test city – Washington, D.C.
- ✓ Released “A Matter of Trust” outlining Ford’s approach to AV development including safety and the application of technology to solve the challenges cities face

Mobility Experiences

- ✓ Ford, Uber and Lyft announced unprecedented commitment to SharedStreets, a data platform designed to better leverage data to improve urban mobility
- ✓ Transit – Europe’s top-selling light commercial vehicle brand unveils new family of products with built-in connectivity, telematics and data services solutions to help fleet customers optimize efficiency and utilization

Fitness

- ✓ New local leadership in China bolstering depth and breadth of local talent in this key market
- ✓ Launched organizational redesign aimed at reducing spans, layers and complexity and enhancing efficiency
- ✓ New NA agency marketing lead – streamline investments, better leverage new channels and creative, increase ROI of spend
- ✓ Two new definitive agreements with Mahindra in India – connected cars and engine sourcing



Bob Shanks

Chief Financial Officer

Financial Review



Company Key Metrics Summary

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Wholesales (000)	1,504	1,353	(10) %	4,858	4,508	(7) %
Market Share (Pct)	6.8 %	6.3 %	(0.5) ppts	7.1 %	6.5 %	(0.6) ppts

GAAP

Revenue (Bils)	\$ 36.5	\$ 37.6	3 %	\$115.5	\$ 118.5	3 %
Net Income (Bils)	1.6	1.0	\$ (0.6)	5.2	3.8	\$ (1.4)
Net Income Margin (Pct)	4.3 %	2.6 %	(1.7) ppts	4.5 %	3.2 %	(1.3) ppts
EPS (Diluted)	\$ 0.39	\$ 0.25	\$ (0.14)	\$ 1.30	\$ 0.95	\$ (0.35)
Cash Flows From Op. Activities (Bils)	5.0	5.2	\$ 0.2	14.9	13.7	\$ (1.2)

Non-GAAP

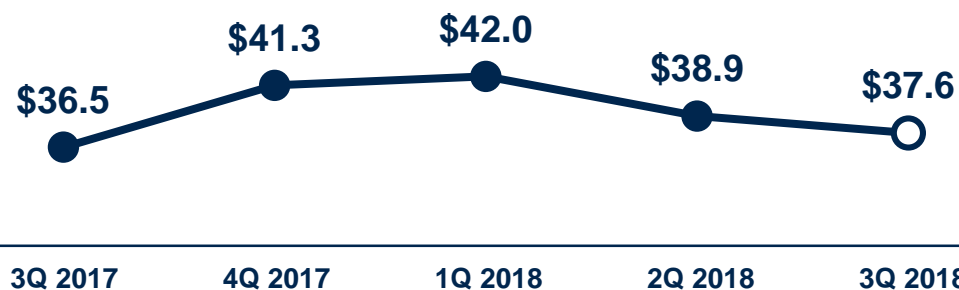
Company Adj. EBIT* (Bils)	\$ 2.3	\$ 1.7	\$ (0.6)	\$ 7.6	\$ 5.5	\$ (2.1)
Company Adj. EBIT Margin* (Pct)	6.3 %	4.4 %	(1.9) ppts	6.6 %	4.7 %	(1.9) ppts
Adjusted EPS* (Diluted)	\$ 0.44	\$ 0.29	\$ (0.15)	\$ 1.39	\$ 1.00	\$ (0.39)
Company Adj. Op. Cash Flow* (Bils)	(1.3)	0.1	1.4	1.9	1.3	(0.6)
Adjusted ROIC* (Trailing Four Qtrs)	12.5 %	8.2 %	(4.3) ppts			

* See Appendix for reconciliation to GAAP, calculations and definitions

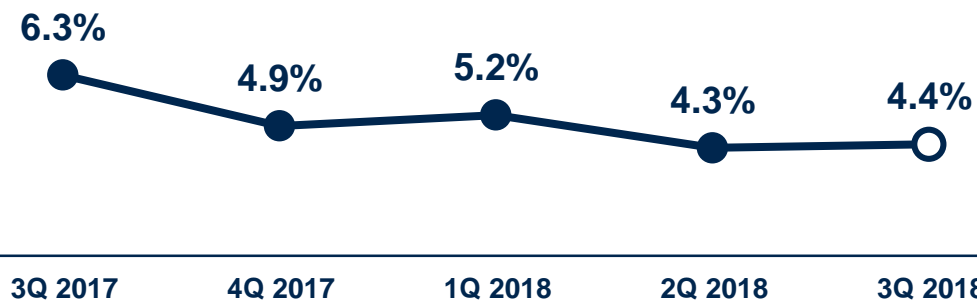
- 3Q top line mixed with revenue higher than a year ago
- Net income at \$1B, down \$0.6B
- Company adjusted EBIT at \$1.7B, down \$0.6B, primarily Automotive, mainly China
- Company adjusted EPS at \$0.29, down \$0.15; adjusted effective tax rate of 11%
- Company adjusted EBIT margin at 4.4%, down 1.9 ppts; mainly AP, principally China, and Europe
- Company adjusted operating cash flow at \$0.1B, \$1.4B higher driven by timing differences and working capital

Company Key Financial Metrics

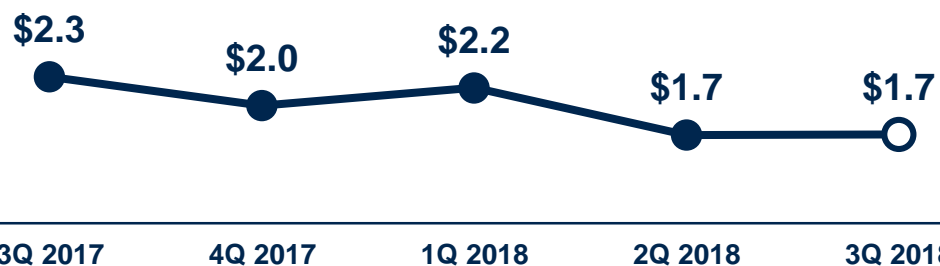
Company Revenue (Bils)



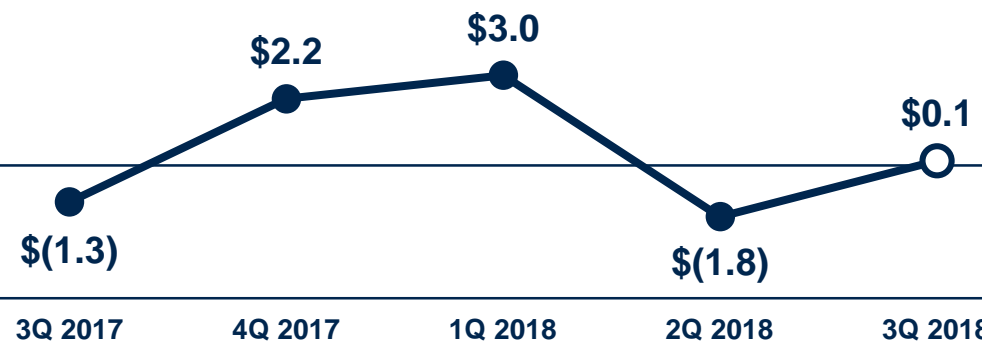
Company Adjusted EBIT Margin (Pct)



Company Adjusted EBIT (Bils)



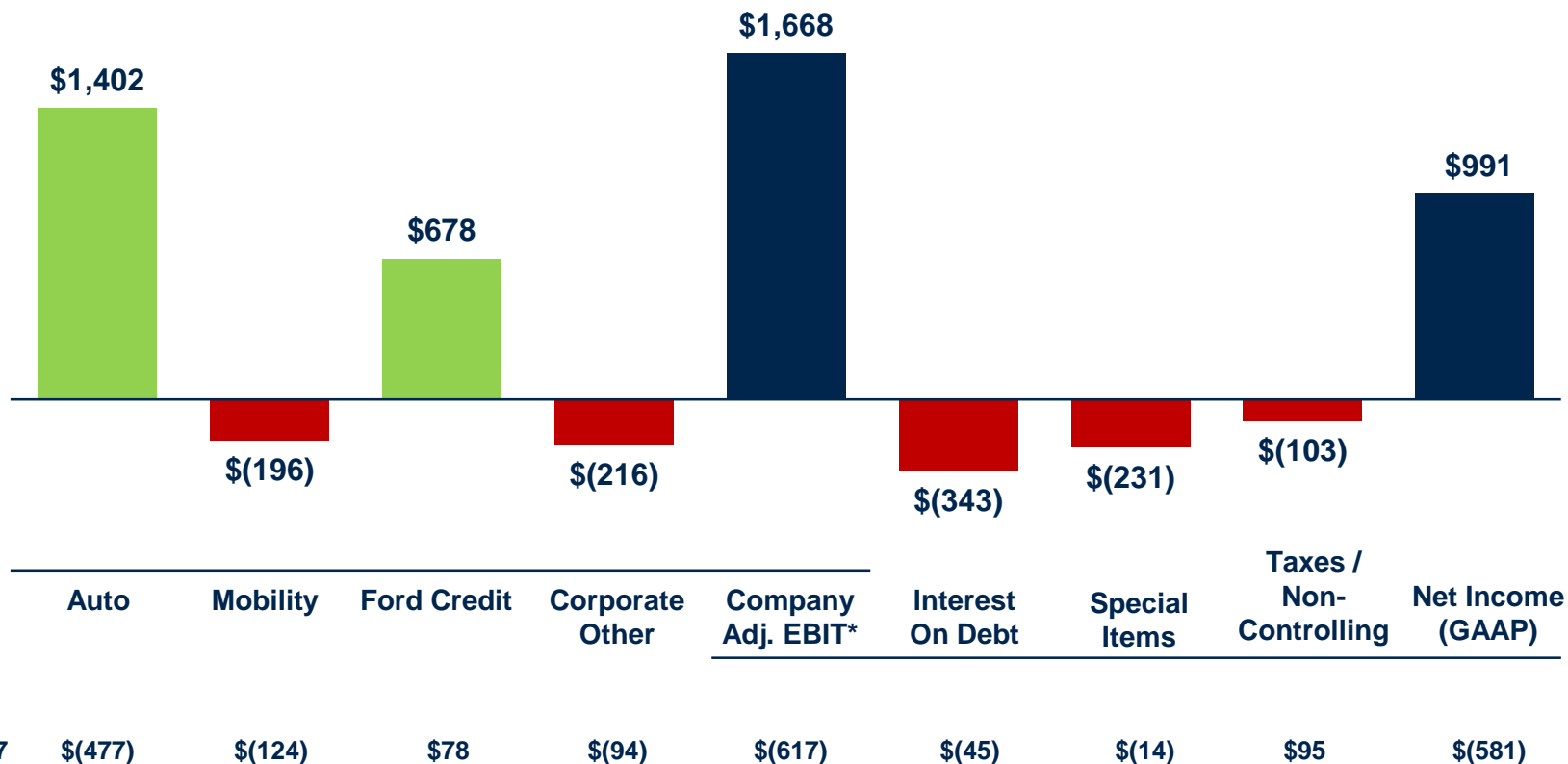
Company Adjusted Operating Cash Flow (Bils)



Note: See Appendix for reconciliation to GAAP and definitions

Company Revenue Lower Than 2Q; Adjusted EBIT Margin And EBIT About Flat; Adjusted Operating Cash Flow Positive And Improved

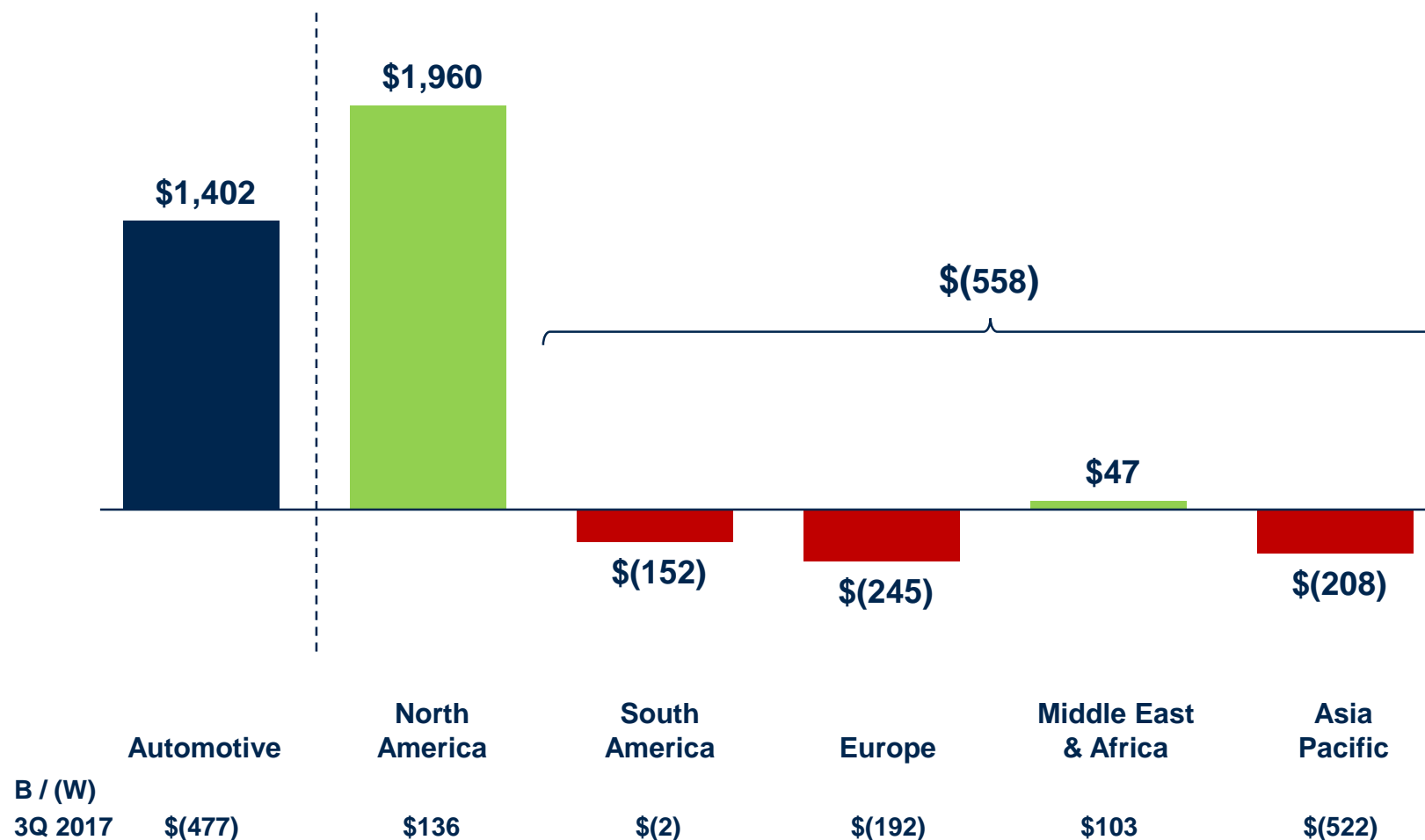
3Q 2018 Company Results (Mils)



- Auto and Ford Credit results drove net income and Company adjusted EBIT
- Mobility reflects investments in autonomous vehicle business, as well as services development
- Corporate Other includes auto interest income, net gains and losses on marketable securities and corporate governance expenses

* See Appendix for reconciliation to GAAP and definitions

3Q 2018 Automotive EBIT By Region (Mils)



- Automotive EBIT driven by NA at 8.8% EBIT margin, highest level since 3Q 2017, despite lower volume
- Operations outside NA at an EBIT loss, down \$613M YoY, driven by AP and Europe; the EBIT loss slightly improved from 2Q despite 6% lower volume

Ford Credit Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Net Receivables (Bils)	\$ 138	\$ 144	4 %	\$ 138	\$ 144	4 %
Managed Receivables* (Bils)	\$ 145	\$ 152	5 %	\$ 145	\$ 152	5 %
Loss-to-Receivables** (LTR)	53 bps	44 bps	(9) bps	51 bps	43 bps	(8) bps
Auction Values***	\$17,795	\$18,760	5 %	\$17,520	\$18,160	4 %
EBT (Mils)	\$ 600	\$ 678	\$ 78	\$ 1,700	\$ 1,964	\$ 264
ROE (Pct)	12 %	13 %	1 ppt	12 %	14 %	2 ppts

Other Balance Sheet Metrics

Debt (Bils)	\$ 132	\$ 138	5 %
Liquidity (Bils)	\$ 30	\$ 29	(3) %
Financial Statement Leverage (to 1)	9.4	9.1	(0.3)
Managed Leverage* (to 1)	8.7	8.4	(0.3)

- Strong 3Q EBT
- U.S. consumer credit metrics healthy with improved LTR
- Balance sheet and liquidity remain strong; managed leverage within target range of 8:1 to 9:1

* See Appendix for reconciliation to GAAP and definitions

** U.S. retail and lease

*** U.S. 36-month off-lease at 3Q 2018 mix

Company Cash Flow And Balance Sheet (Bils)

Company Cash Flow

Company Adj. Op. Cash Flow*

Change in Company Cash

2017
3Q

2018
3Q

2017
YTD

2018
YTD

\$ (1.3)

\$ 0.1

\$ 1.9

\$ 1.3

(2.3)

(1.5)

(1.4)

(2.9)

Balance Sheet and Liquidity

Company Excluding Ford Credit

Company Cash*

Liquidity

Debt

Cash Net of Debt

\$ 26.5

\$ 23.7

37.4

34.7

\$ (16.5)

\$ (15.3)

10.0

8.4

Pension Funded Status*

Funded Plans

Unfunded Plans

Total Global Pension

\$ (0.1)

\$ 0.9

(6.5)

(6.2)

\$ (6.6)

\$ (5.3)

Total Funded Status OPEB

\$ (6.2)

\$ (6.0)

- 3Q cash flow positive and improved from a year ago
- Company cash and liquidity balances remain strong; funded pension plans fully funded
- Committed to maintaining an investment grade credit rating, a strong balance sheet and the regular dividend throughout the cycle

* See Appendix for reconciliation to GAAP and definitions

2018 FY Company Adjusted EPS Guidance Unchanged

Company

Key Metric	2018 Guidance
Revenue	Modestly higher than 2017
Adjusted EPS*	\$1.30 - \$1.50
Adj. Operating Cash Flow*	Positive but lower than 2017
Pension Contributions	About \$500M
Capital Spending	About \$7.5B
Adj. Effective Tax Rate*	About 10%**

Business Units

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

* See Appendix for definitions

** Revised guidance

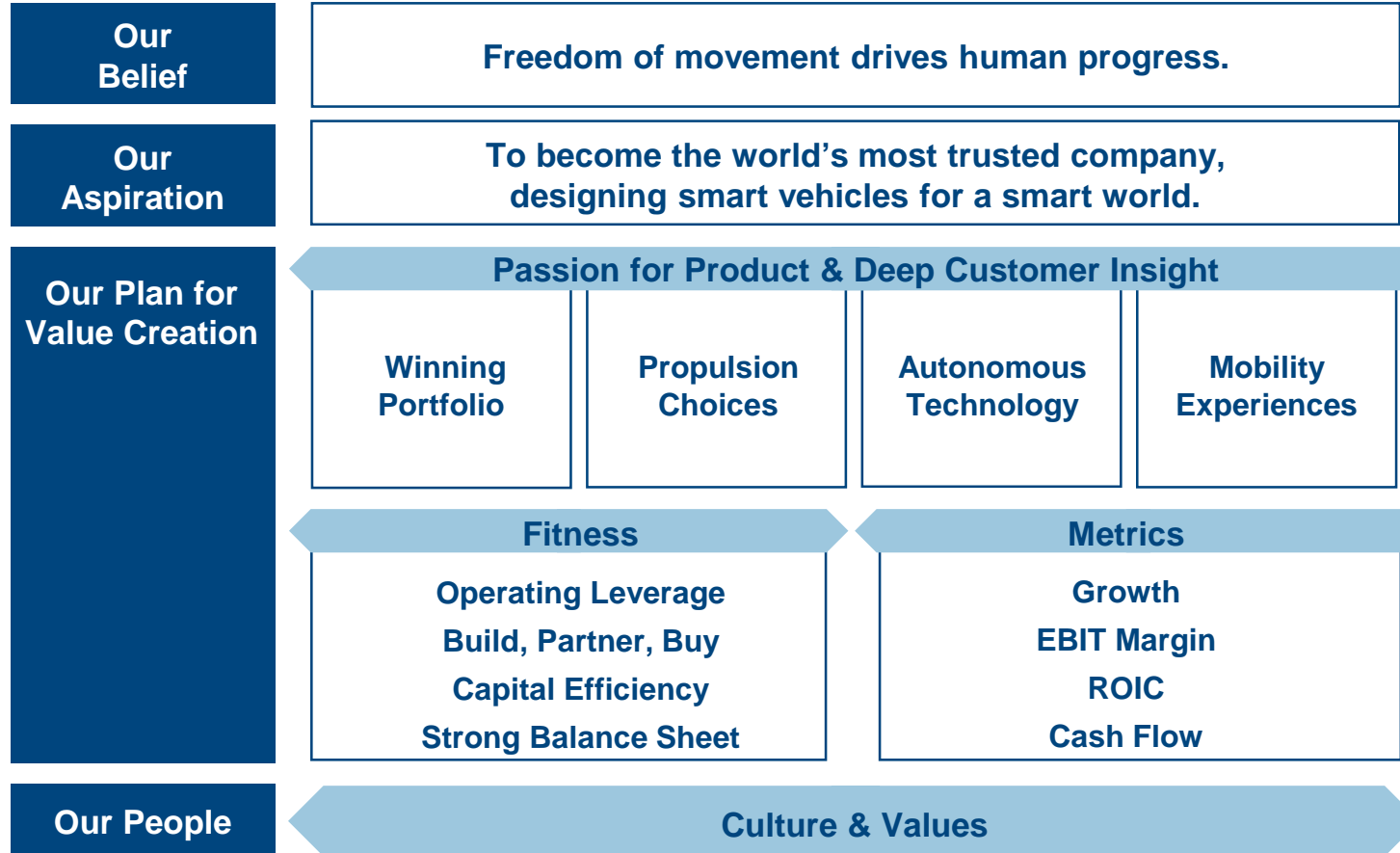


Questions & Answers





Creating Tomorrow, Together



- We are moving with urgency to execute against our strategy
- This quarter showed early signs of our success on this front
- We maintained a strong balance sheet with more than \$34 billion in liquidity
- We are making progress on our portfolio and the redesign of our business including our strategic partnerships with VW and Mahindra
- We look forward to sharing more about our redesign and strategic partnerships with you in the near future



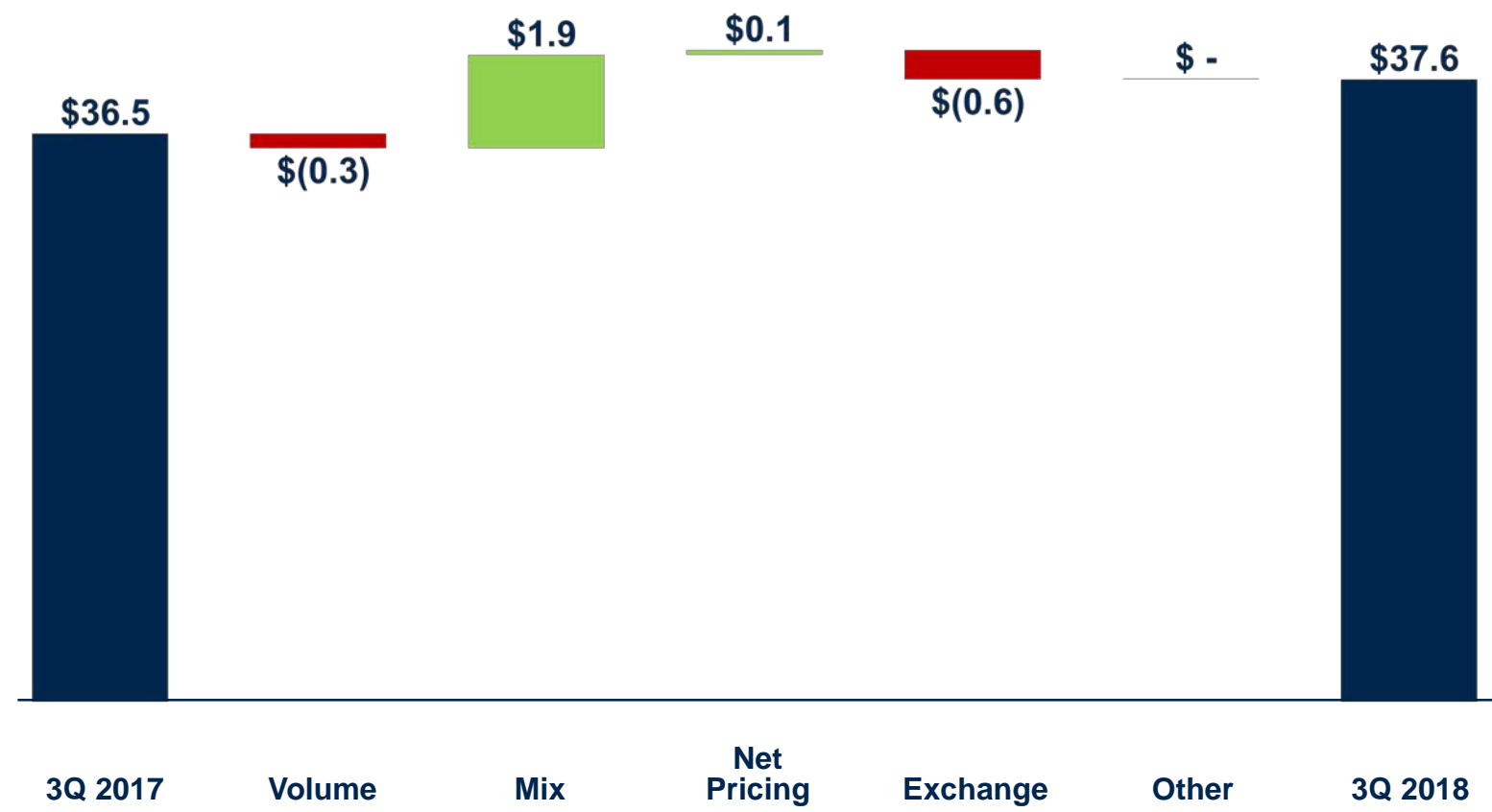


Supplemental Materials

Financial Review



3Q 2018 Company Revenue YoY Bridge (Bils)



- Company revenue up 3% driven by favorable mix, especially in North America



Automotive Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
Global SAAR (Mils)	97.0	94.3	(3) %	93.3	95.6	2 %
Market Share (Pct)	6.8 %	6.3 %	(0.5) ppts	7.1 %	6.5 %	(0.6) ppts
Wholesales (000)	1,504	1,353	(10) %	4,858	4,508	(7) %
Revenue (Bils)	\$ 33.6	\$ 34.7	3 %	\$ 107.2	\$ 109.6	2 %
EBIT (Mils)	\$ 1,879	\$ 1,402	\$ (477)	\$ 6,449	\$ 4,291	\$(2,158)
EBIT Margin (Pct)	5.6 %	4.0 %	(1.6) ppts	6.0 %	3.9 %	(2.1) ppts

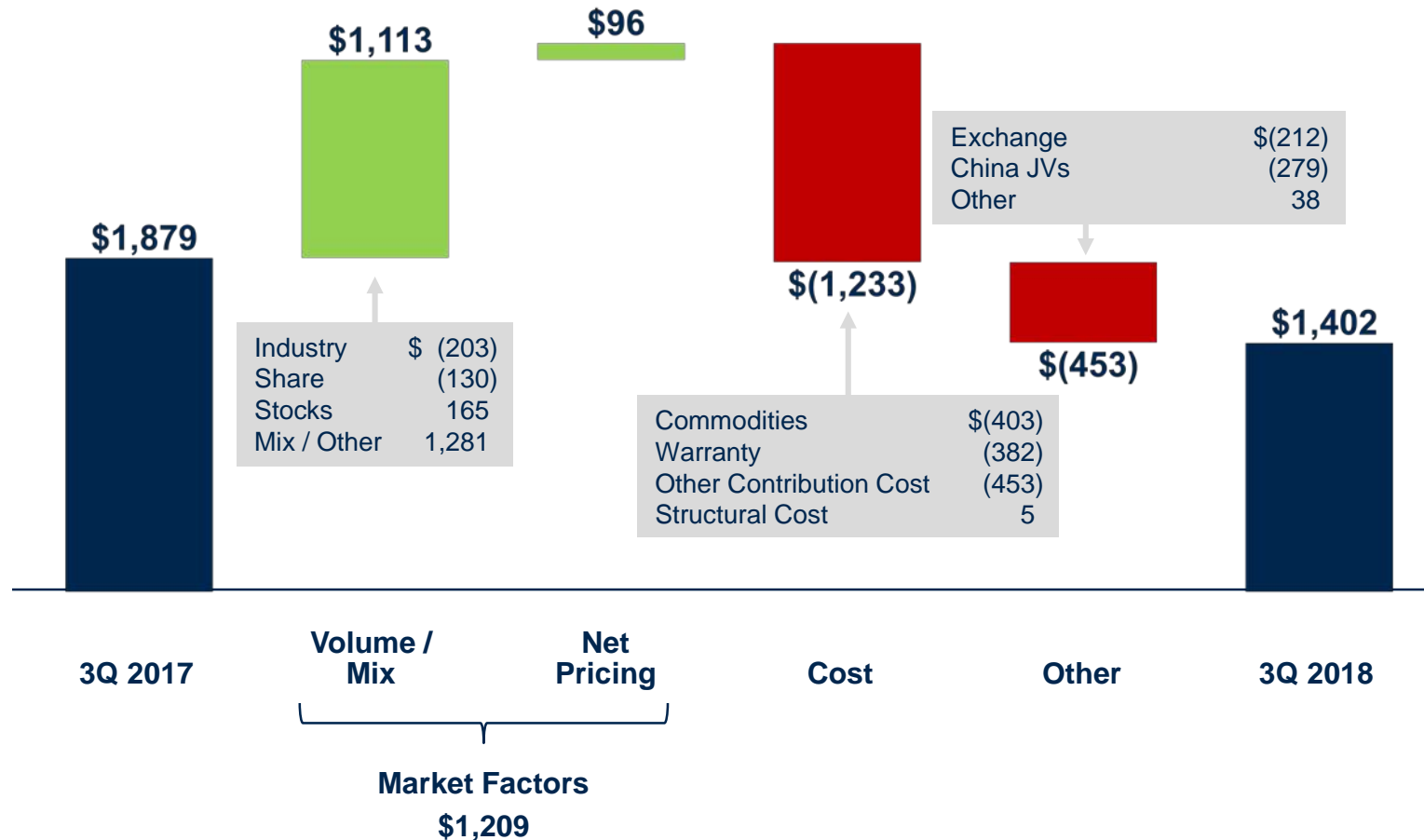
- 3Q Automotive top line mixed, with revenue higher; EBIT and EBIT margin lower
- Global SAAR estimated to be 3% lower YoY
- Global market share lower with declines in all regions
- Lower wholesale volume due mainly to joint ventures in China and Turkey
- Revenue increase driven by favorable mix in NA

Celebrating production of the 10 millionth Mustang – America's best-selling sports car of the last 50 years



Automotive

3Q 2018 EBIT YoY Bridge (Mils)



- Automotive EBIT down \$477M YoY
- Decline more than explained by performance in AP, mainly China

North America Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	21.3	21.2	(0) %	21.3	21.4	0 %
U.S.	17.5	17.4	(1) %	17.4	17.6	1 %
Market Share (Pct)	13.4 %	13.3 %	(0.1) ppts	14.0 %	13.6 %	(0.4) ppts
U.S.	14.0 %	13.9 %	(0.1) ppts	14.7 %	14.3 %	(0.4) ppts
Wholesales (000)	650	644	(1) %	2,228	2,182	(2) %
Revenue (Bils)	\$ 20.9	\$ 22.3	7 %	\$ 69.4	\$ 70.8	2 %
EBIT (Mils)	\$ 1,824	\$ 1,960	\$ 136	\$ 6,286	\$ 5,648	\$ (638)
EBIT Margin (Pct)	8.8 %	8.8 %	- ppts	9.1 %	8.0 %	(1.1) ppts

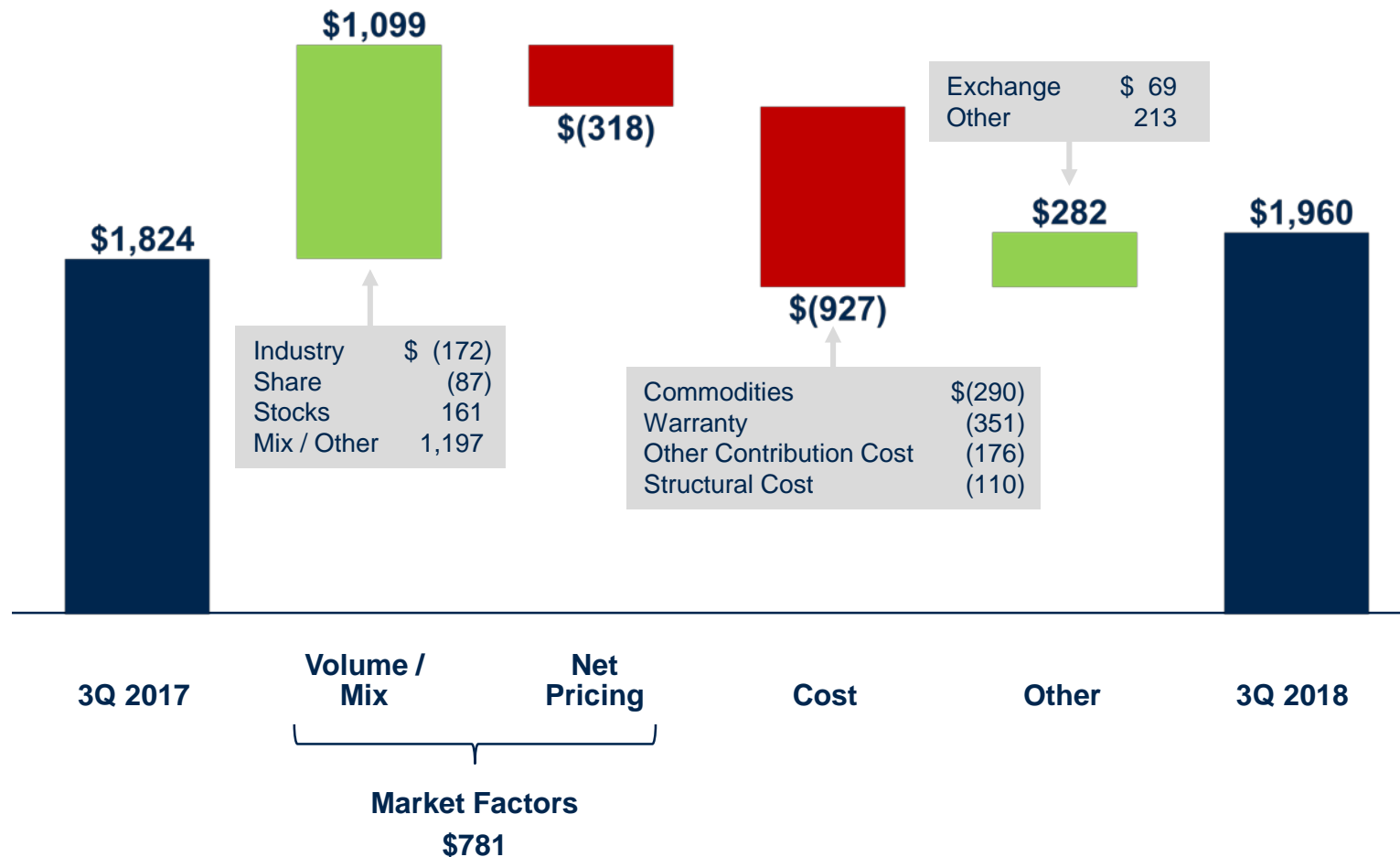
- 3Q NA key metrics mixed
- NA SAAR about flat with U.S. down about 1%
- Market share down slightly, mainly due to cars, offset partially by gains in utilities, trucks and vans
- Lower wholesale volume due to Canada and Mexico
- Revenue up due to improved mix consistent with continued shift to utilities and trucks
- EBIT higher YoY with EBIT margin at 8.8%, equal to a year ago

U.S. launched new Edge ST



North America

3Q 2018 EBIT YoY Bridge (Mils)



- NA EBIT up \$136M YoY driven by strongly positive mix due to continued focus on high-margin products

South America Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	4.3	4.4	2 %	4.1	4.5	10 %
Brazil	2.4	2.7	13 %	2.2	2.5	14 %
Market Share (Pct)	8.8 %	8.4 %	(0.4) ppts	8.9 %	8.6 %	(0.3) ppts
Brazil	9.3 %	9.2 %	(0.1) ppts	9.4 %	9.4 %	- ppts
Wholesales (000)	103	94	(9) %	266	276	4 %
Revenue (Bils)	\$ 1.5	\$ 1.3	(19) %	\$ 4.1	\$ 4.1	(2) %
EBIT (Mils)	\$ (150)	\$ (152)	\$ (2)	\$ (564)	\$ (479)	\$ 85
EBIT Margin (Pct)	(9.4) %	(11.8) %	(2.4) ppts	(13.6) %	(11.8) %	1.8 ppts

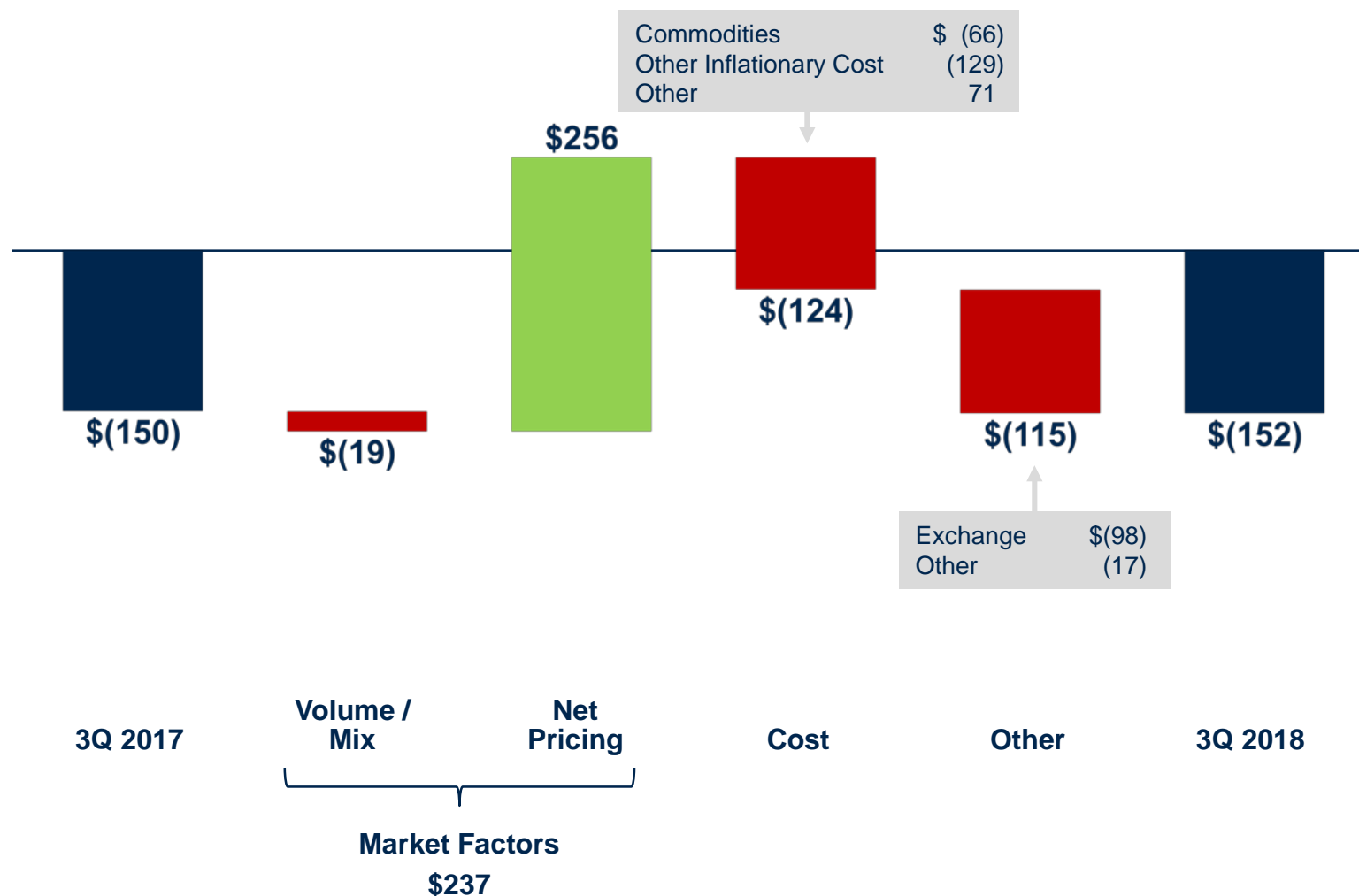
- 3Q SA top-line metrics down YoY, with EBIT about flat and EBIT margin lower
- SA SAAR up 2% with growth of 13% in Brazil and a reduction of 26% in Argentina; Brazil higher for the 6th consecutive quarter
- SA market share down in all major markets
- Volume decline more than explained by Argentina
- Revenue decline more than explained by weaker currencies

New Ford Ka lineup was officially introduced in Brazil and Argentina



South America

3Q 2018 EBIT YoY Bridge (Mils)



- SA EBIT flat YoY as favorable market factors about offset by adverse exchange and higher commodity and other inflationary costs

Europe Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	21.0	21.1	0 %	20.7	21.4	3 %
Market Share (Pct)	7.3 %	7.0 %	(0.3) pts	7.5 %	7.2 %	(0.3) pts
Wholesales* (000)	342	356	4 %	1,166	1,172	1 %
Revenue (Bils)	\$ 6.9	\$ 7.4	7 %	\$ 21.6	\$ 23.9	11 %
EBIT (Mils)	\$ (53)	\$ (245)	\$ (192)	\$ 278	\$ (199)	\$ (477)
EBIT Margin (Pct)	(0.8) %	(3.3) %	(2.5) pts	1.3 %	(0.8) %	(2.1) pts

* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 17,000 units in 3Q 2017 and 7,000 units in 3Q 2018). Revenue does not include these sales

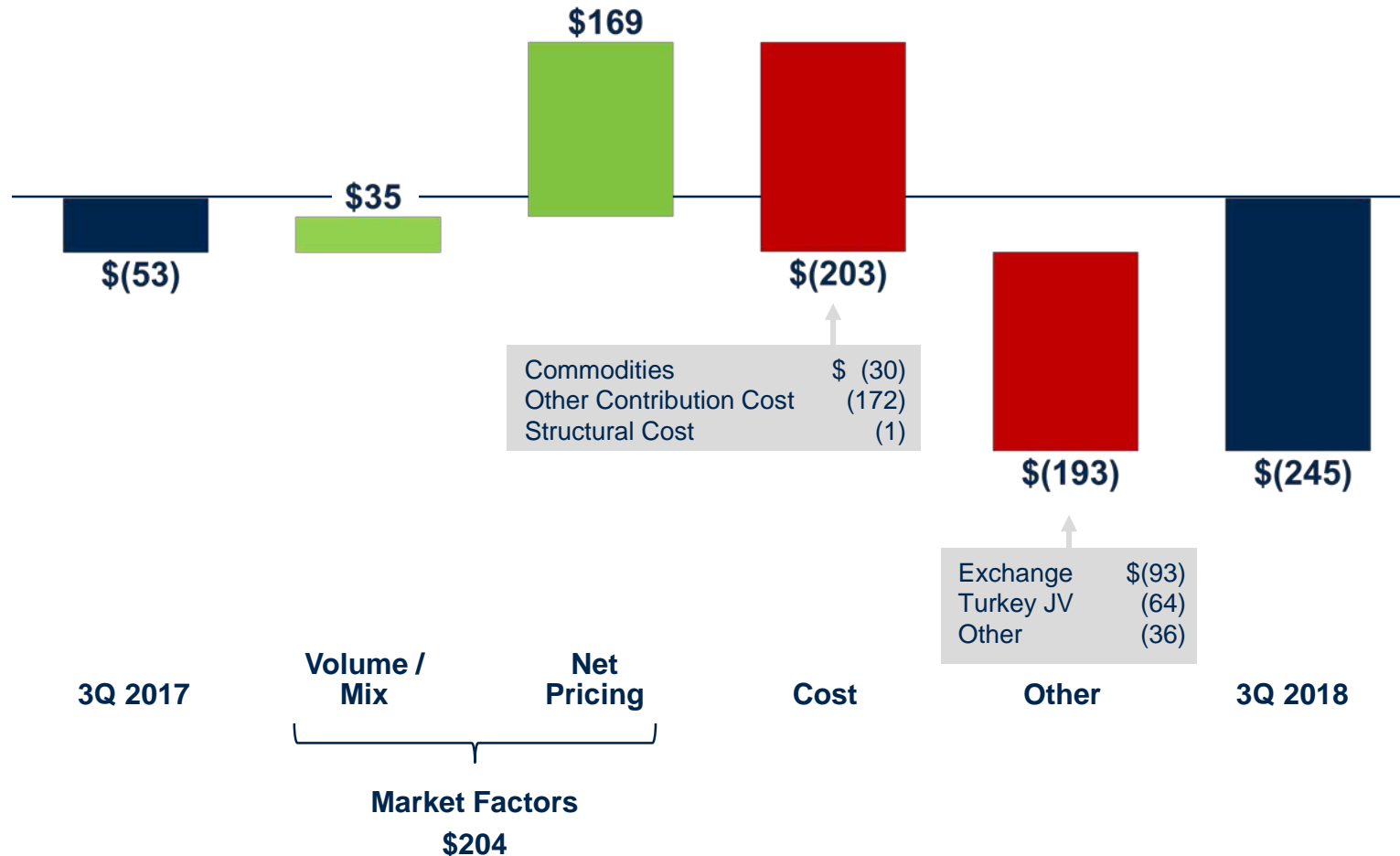
- 3Q top-line metrics mixed YoY; financial metrics down
- Europe SAAR about flat
- Europe market share down primarily due to Turkey
- Record commercial vehicle market share of 15.4%
- Volume up in most major markets, offset partially by a large decline in Turkey
- Revenue up due to higher volume and net pricing driven by new products

New 2-tonne Transit – global debut – with segment-first mild hybrid (mHEV) technology and on-board modem for connectivity; delivers improved fuel efficiency and payload



Europe

3Q 2018 EBIT YoY Bridge (Mils)



- Europe EBIT down \$192M YoY due to weakness in Turkey and Russia, along with all-new Focus launch-related costs

Middle East & Africa Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	3.5	3.5	- %	3.6	3.7	3 %
Market Share (Pct)	3.9 %	3.2 %	(0.7) ppts	3.7 %	3.0 %	(0.7) ppts
Wholesales (000)	30	25	(17) %	84	77	(8) %
Revenue (Bils)	\$ 0.6	\$ 0.6	(6) %	\$ 1.8	\$ 2.0	8 %
EBIT (Mils)	\$ (56)	\$ 47	\$ 103	\$ (180)	\$ 42	\$ 222
EBIT Margin (Pct)	(8.6) %	7.7 %	16.3 ppts	(9.8) %	2.1 %	11.9 ppts

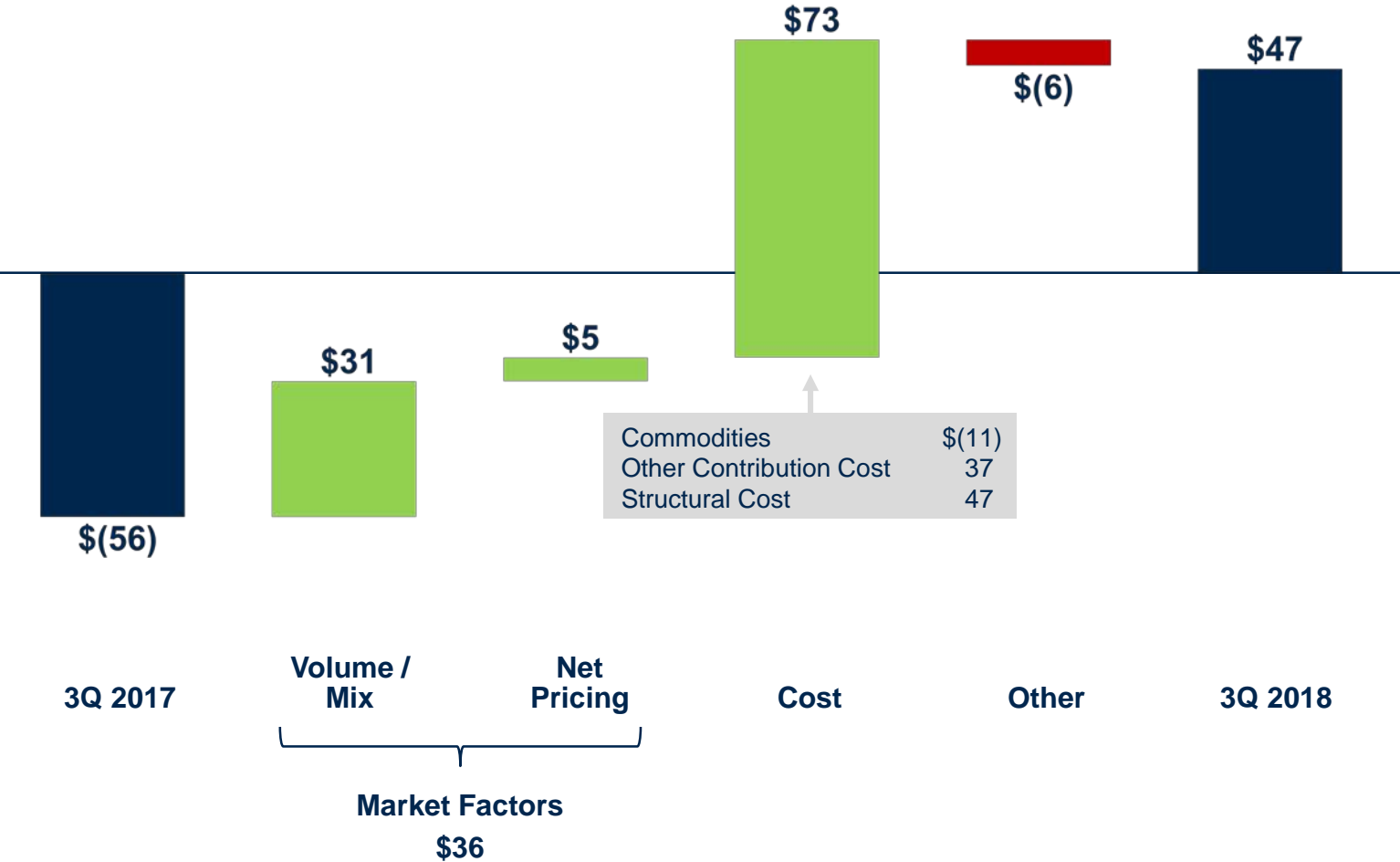
- 3Q top-line metrics down YoY. Financial metrics improved; EBIT a 3Q record
- MEA SAAR unchanged; down 9% in markets where we participate
- Market share lower driven by Southern Africa
- Lower wholesale volume due to market share and lower industry in markets where we participate
- Revenue lower due to the volume decline

Manufactured our 500,000th Ranger at Silverton Assembly Plant in Pretoria, South Africa



Middle East & Africa

3Q 2018 EBIT YoY Bridge (Mils)



- MEA EBIT up \$103M YoY driven by lower costs and favorable market factors

Asia Pacific Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
SAAR (Mils)	46.8	44.0	(6) %	43.4	44.6	3 %
China	29.6	26.5	(10) %	26.8	27.1	1 %
Market Share (Pct)	3.4 %	2.5 %	(0.9) ppts	3.5 %	2.6 %	(0.9) ppts
China	4.1 %	2.9 %	(1.2) ppts	4.4 %	3.1 %	(1.3) ppts
Wholesales* (000)	379	234	(38) %	1,114	801	(28) %
Revenue (Bils)	\$ 3.7	\$ 3.1	(15) %	\$ 10.3	\$ 8.8	(14) %
EBIT (Mils)	\$ 314	\$ (208)	\$ (522)	\$ 629	\$ (721)	\$ (1,350)
EBIT Margin (Pct)	8.6 %	(6.7) %	(15.3) ppts	6.1 %	(8.1) %	(14.2) ppts

China Unconsolidated Affiliates

Wholesales (000)	267	135	(49) %	791	504	(36) %
Ford Equity Income (Mils)	\$ 241	\$ (38)	(116) %	\$ 710	\$ 103	(85) %
Net Income Margin (Pct)	12.2 %	(3.3) %	(15.5) ppts	12.0 %	3.0 %	(9.0) ppts

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

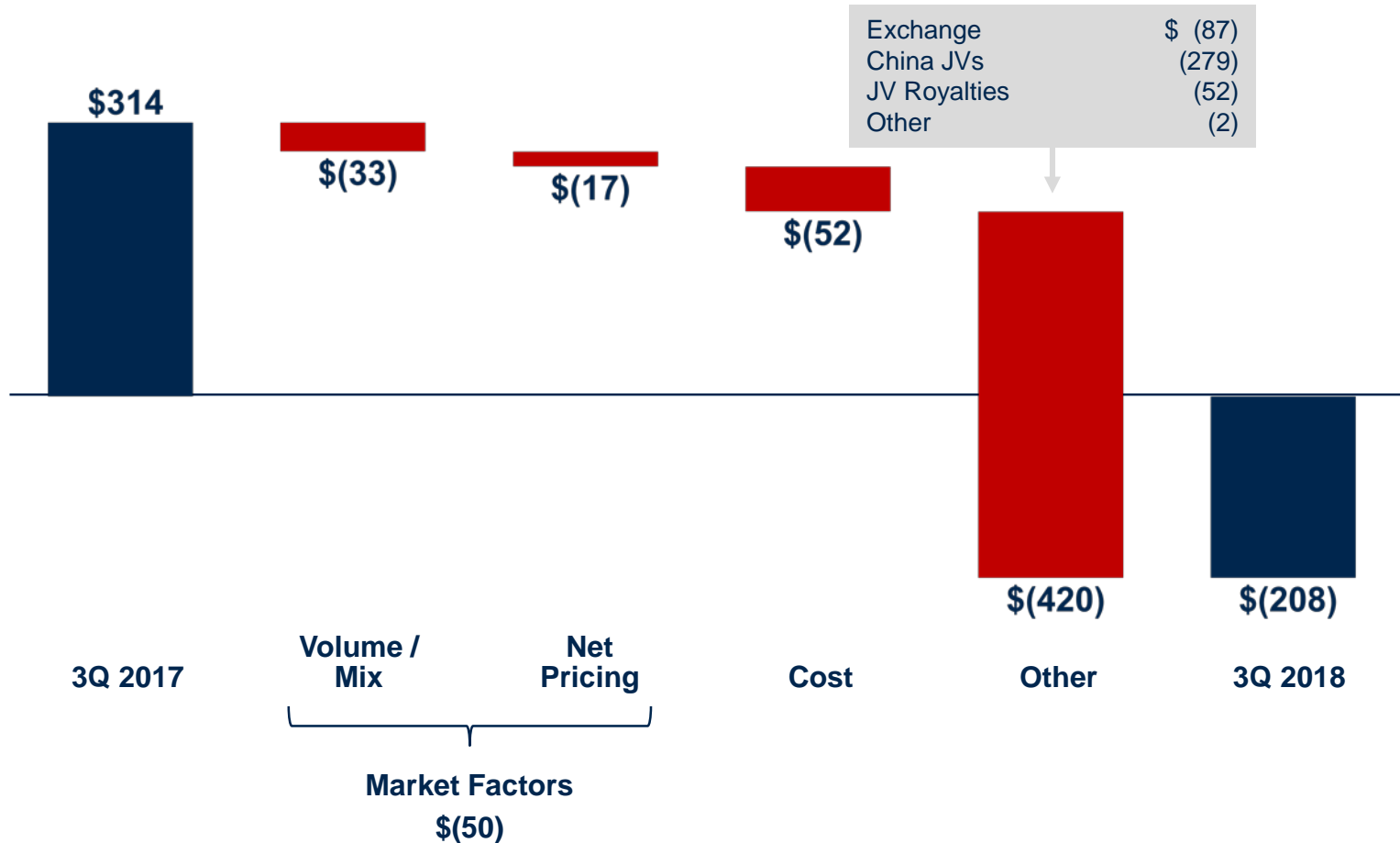
Revealed all-new Ford Territory SUV,
targeted at new buyers in China's
fast-growing, emerging cities

- All 3Q metrics lower YoY; China the key driver
- AP SAAR down 6%, driven by a 10% decline in China
- AP market share lower due to China performance, primarily Escort and Focus
- Lower wholesale volume driven by China JVs
- Lower revenue due to consolidated China operations
- EBIT and EBIT margin lower due to China



Asia Pacific

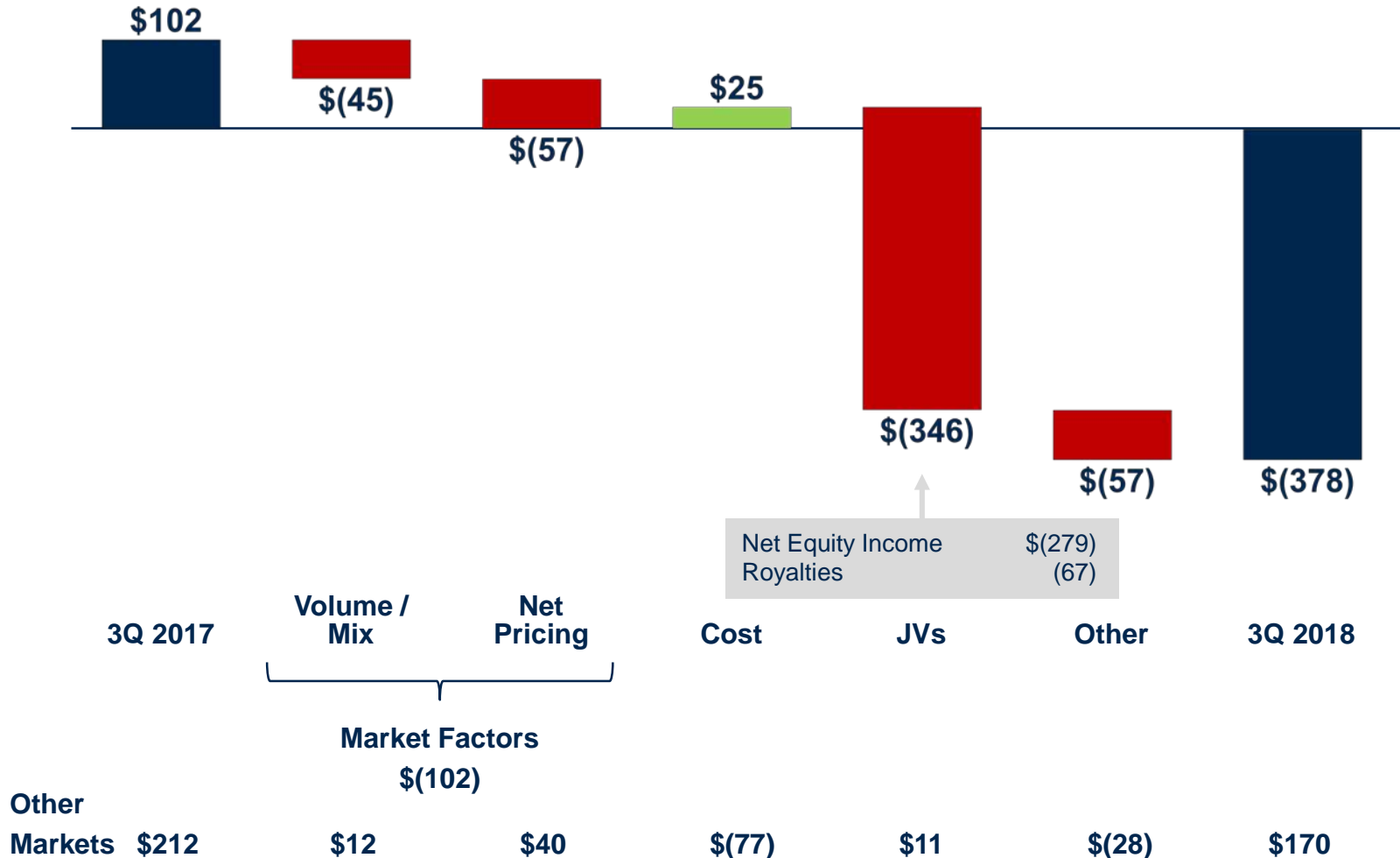
3Q 2018 EBIT YoY Bridge (Mils)



- AP EBIT down \$522M YoY – \$480M in China and \$42M in other markets
- All factors unfavorable

China

3Q 2018 EBIT YoY Bridge (Mils)



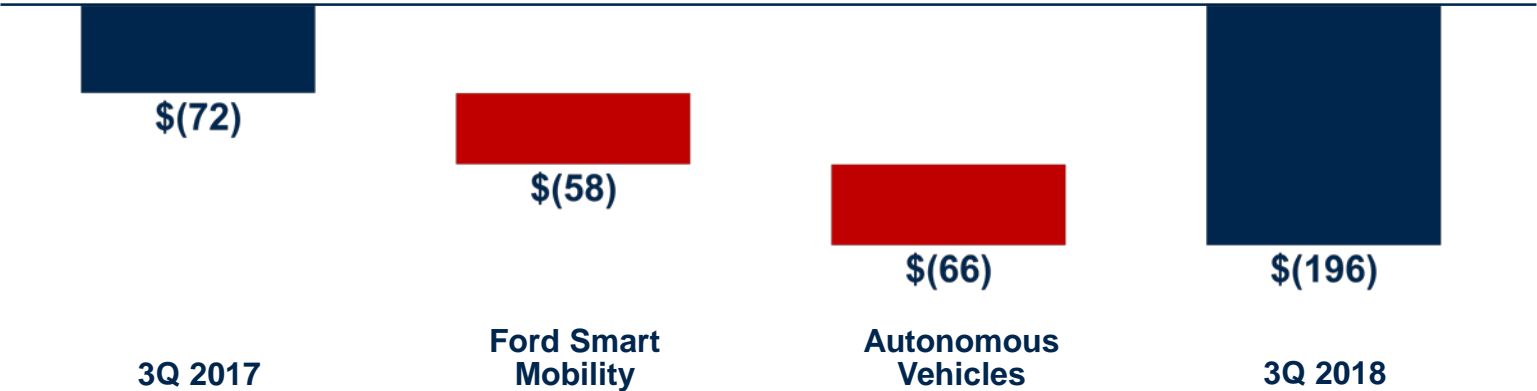
- 3Q China operations an EBIT loss of \$378M, down \$480M YoY
- Decline due to lower volume and net pricing in China JVs and unfavorable market factors for Explorer and Lincoln imports
- Lower volume at the China JVs drove lower royalty income

Mobility Key Metrics And 3Q 2018 EBIT YoY Bridge (Mils)

Key Metrics

	THIRD QUARTER			YEAR TO DATE		
	2017	2018	H / (L)	2017	2018	H / (L)
EBIT (Mils)	\$ (72)	\$ (196)	\$ (124)	\$ (199)	\$ (479)	\$ (280)

3Q 2018 EBIT YoY Bridge

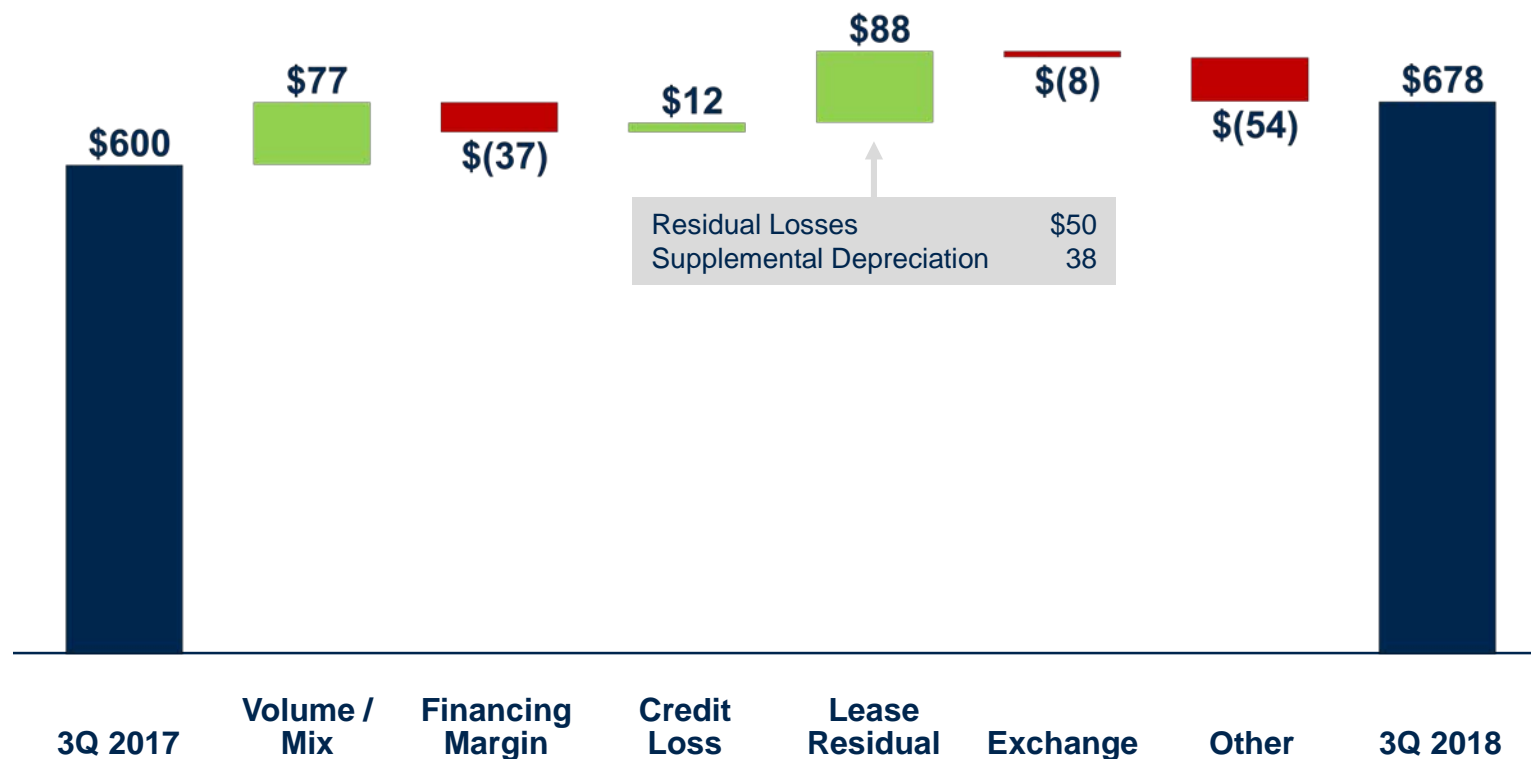


- Mobility EBIT reflects increased investment in our AV business development and mobility services



Ford Credit

3Q 2018 EBT YoY Bridge (Mils)

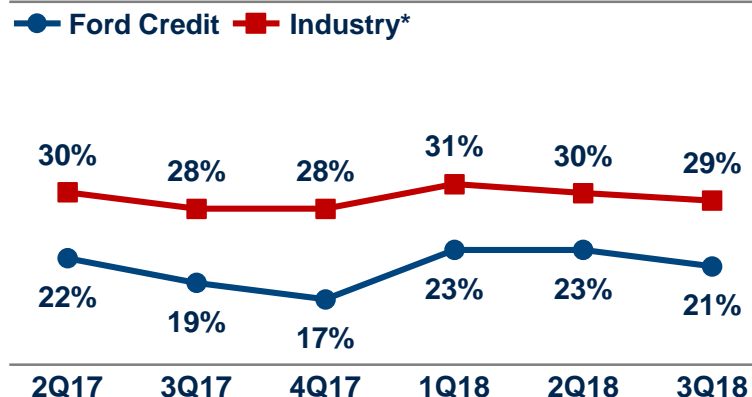


- Ford Credit EBT \$78M higher YoY
- Improvement reflects favorable lease residual performance due to higher auction values; also reflects favorable volume and mix

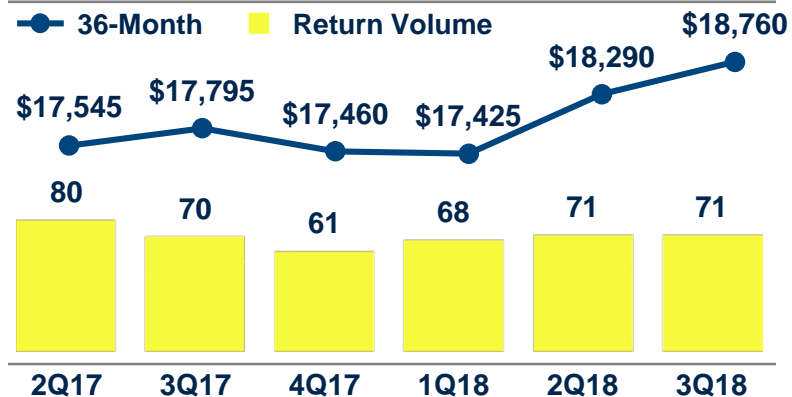
Ford Credit

U.S. Automotive Financing Trends

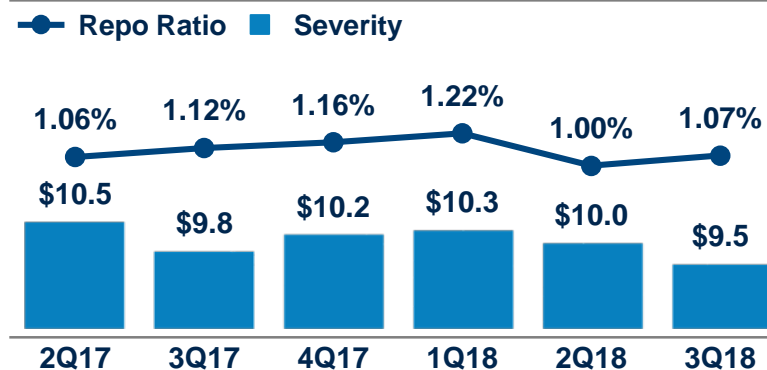
Lease Share of Retail Sales (Pct)



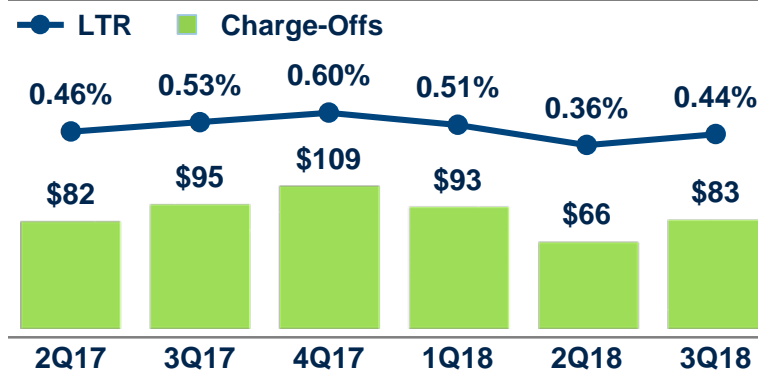
Lease Return Vol. (000) and Auction Values**



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



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



* Source: J.D. Power PIN
 ** At 3Q 2018 mix

- 3Q lease share lower sequentially and below industry reflecting Ford sales mix
- Now expect 2018 FY average auction values to be about 3% higher YoY at constant mix
- Strong loss metrics reflect healthy consumer credit conditions

Company Cash Flow (Bils)

	THIRD QUARTER		YEAR TO DATE	
	2017	2018	2017	2018
Company Adjusted EBIT*	\$ 2.3	\$ 1.7	\$ 7.6	\$ 5.5
Excluding: Ford Credit EBT	(0.6)	(0.7)	(1.7)	(2.0)
Subtotal	\$ 1.7	\$ 1.0	\$ 5.9	\$ 3.6
Capital spending	\$ (1.7)	\$ (2.0)	\$ (4.9)	\$ (5.6)
Depreciation and tooling amortization	1.3	1.4	3.7	4.0
Net spending	\$ (0.4)	\$ (0.6)	\$ (1.2)	\$ (1.6)
Changes in working capital	(0.7)	(0.3)	(0.9)	(1.3)
Ford Credit distributions	0.4	0.6	0.4	2.1
All other and timing differences	(2.3)	(0.6)	(2.3)	(1.4)
Company adjusted operating cash flow*	\$ (1.3)	\$ 0.1	\$ 1.9	\$ 1.3
Separation payments	-	-	(0.1)	(0.1)
Other transactions with Ford Credit	(0.1)	-	(0.1)	(0.1)
Other, including acquisitions and divestitures	-	(0.1)	(0.1)	(0.5)
Cash flow before other actions	\$ (1.4)	\$ -	\$ 1.6	\$ 0.5
Changes in debt	(0.1)	(0.7)	(0.2)	(0.6)
Funded pension contributions	(0.2)	(0.1)	(0.7)	(0.3)
Shareholder distributions	(0.6)	(0.7)	(2.1)	(2.5)
Change in cash	\$ (2.3)	\$ (1.5)	\$ (1.4)	\$ (2.9)

- 3Q cash flow positive and improved from a year ago
- Full year funded pension contributions on track for \$0.5B
- Shareholder distributions on track for \$3B

* See Appendix for reconciliation to GAAP and definitions

Other Highlights

NORTH AMERICA

- **Transit U.S.** sales were **up 28%**, with 35,051 vans sold – a **record third quarter sales performance**
- **F-Series** marked **seven straight months of over 70,000 sales** in September while maintaining YTD **record transaction pricing** of \$46,600 per truck, **up \$1,000 YoY**
- **Navigator** sales **up over 80%** overall, with vehicles averaging just 18 days on dealer lots at the end of the third quarter; **all regions improved**, particularly the West, up 160%
- **Mustang**, America's and the world's **best-selling sports car for three years running**, sold over 19,000 vehicles, **up 9% YoY**
- Ford's legendary automotive factory, the **Rouge Center**, **celebrated its 100th anniversary** and is preparing to **produce a hybrid-electric F-150** in 2020

EUROPE

- Ford brand **#1 in commercial vehicle sales** in 3Q, with **Transit the top-selling** nameplate and **Ranger the #1 pickup**
- **EcoSport** sales **up 88% YoY**
- **SUV** sales **up 23% YoY**

SOUTH AMERICA

- **Consumers in Argentina chose Ford** as the **#1 most-trusted brand** among automakers in a Selecciones magazine survey
- **Introduced the new Ford Ka** lineup (including new Ka Freestyle) – the **#2 best-selling vehicle in Brazil** in August and September
- Ford **Ranked #10 company** in the **2018 MERCO* Corporate Reputation** survey in Argentina, as chosen from over 12,000 stakeholder responses, including consumers, corporate executives and business journalists
- In Brazil, Ford took 4th place in J.D. Power survey for Service Satisfaction – up from 14th place the year before

MOBILITY

- **GoRide** contracted with **Detroit Medical Center** to provide its **non-emergency transportation service**; improving the way patients get to and from appointments by providing safe and timely transportation
- **Argo** named to **LinkedIn's Top Startups** list
- **Autonomic** and **Alibaba Cloud** signed a **Memorandum of Understanding** to enhance mobility experiences for Chinese consumers, marking the launch of Autonomic in China

ASIA PACIFIC

- Achieved **record 3Q sales** performance in **China Lincoln and Thailand**
- Introduced **new high-performance Ranger Raptor** off-road pickup truck, a ground-up **Ford Performance** vehicle
- Introduced **refreshed Ranger** mid-size pickup

* Developed and published by MERCO and Clarin, Argentina's largest national newspaper

Cautionary Note On Forward-Looking Statements

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

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

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.





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Company Special Items (Mils)

	3Q		YTD		Memo:
	2017	2018	2017	2018	FY 2017
<u>Pension and OPEB gain / (loss)</u>					
Year end net pension and OPEB remeasurement	\$ -	\$ -	\$ -	\$ -	\$ (162)
Other pension remeasurement	-	-	-	26	-
Pension curtailment	-	-	-	15	354
Total Pension and OPEB gain / (loss)	\$ -	\$ -	\$ -	\$ 41	\$ 192
<u>Separation-related actions</u>	\$ (230)	\$ (224)	\$ (259)	\$ (275)	\$ (297)
<u>Other Items</u>					
San Luis Potosi plant cancellation	\$ (12)	\$ -	\$ 41	\$ -	\$ 41
Next-generation Focus footprint change	25	-	(223)	(9)	(225)
Focus Active cancellation	-	(7)	-	(7)	-
Total Other Items	\$ 13	\$ (7)	\$ (182)	\$ (16)	\$ (184)
Total pre-tax special items	<u>\$ (217)</u>	<u>\$ (231)</u>	<u>\$ (441)</u>	<u>\$ (250)</u>	<u>\$ (289)</u>
Tax special items	\$ 47	\$ 48	\$ 78	\$ 53	\$ 897

2018 Results (Mils)

	2018			
	1Q	2Q	3Q	YTD
North America	\$ 1,935	\$ 1,753	\$ 1,960	\$ 5,648
South America	(149)	(178)	(152)	(479)
Europe	119	(73)	(245)	(199)
Middle East & Africa	(54)	49	47	42
Asia Pacific	(119)	(394)	(208)	(721)
Automotive	\$ 1,732	\$ 1,157	\$ 1,402	\$ 4,291
Mobility	(102)	(181)	(196)	(479)
Ford Credit	641	645	678	1,964
Corporate Other	(86)	71	(216)	(231)
Adjusted EBIT	\$ 2,185	\$ 1,692	\$ 1,668	\$ 5,545
Interest on Debt	(289)	(301)	(343)	(933)
Special Items Pre-Tax	23	(42)	(231)	(250)
Taxes	(174)	(280)	(101)	(555)
Less: Non-Controlling Interests	9	3	2	14
Net Income Attributable to Ford	\$ 1,736	\$ 1,066	\$ 991	\$ 3,793
 Company Adjusted Operating Cash Flow (Bils)	 \$ 3.0	 \$ (1.8)	 \$ 0.1	 \$ 1.3
Revenue (Bils)	42.0	38.9	37.6	118.5
 Automotive Operating Margin (Pct)	 4.4 %	 3.2 %	 4.0 %	 3.9 %
Company Adjusted EBIT Margin (Pct)	5.2	4.3	4.4	4.7
Net Income Margin (Pct)	4.1	2.7	2.6	3.2
 Adjusted EPS – Diluted	 \$ 0.43	 \$ 0.27	 \$ 0.29	 \$ 1.00
EPS (GAAP) – Diluted	0.43	0.27	0.25	0.95
 China EBIT (Mils)	 \$ (150)	 \$ (483)	 \$ (378)	 \$ (1,011)

2017 Results (Mils)

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

Adjusted Return On Invested Capital Calculation (Bils)

	Four Quarters Ending 3Q 2017 (Bils)	Four Quarters Ending 3Q 2018 (Bils)
<u>Adjusted Net Operating Profit After Cash Tax</u>		
Net income attributable to Ford	\$ 4.4	\$ 6.3
Add: Non-controlling interest	0.0	0.0
Less: Income tax	(0.7)	0.1
Add: Cash tax	(0.7)	(0.6)
Less: Interest on debt	(1.1)	(1.2)
Less: Total pension / OPEB income / (cost)	(2.6)	0.7
Add: Pension / OPEB service costs	(1.1)	(1.2)
Net operating profit after cash tax	\$ 7.0	\$ 4.9
Less: Special items (excl. pension / OPEB) pre-tax	(0.7)	(0.3)
Adj. net operating profit after cash tax	\$ 7.7	\$ 5.3
<u>Invested Capital</u>		
Equity	\$ 33.8	\$ 36.6
Redeemable non-controlling interest	0.1	0.1
Debt (excl. Ford Credit)	16.8	15.3
Net pension and OPEB liability	14.0	11.3
Invested capital (end of period)	\$ 64.7	\$ 63.3
Average invested capital	\$ 62.1	\$ 64.6
Adjusted ROIC (Non-GAAP)*	12.5%	8.2%

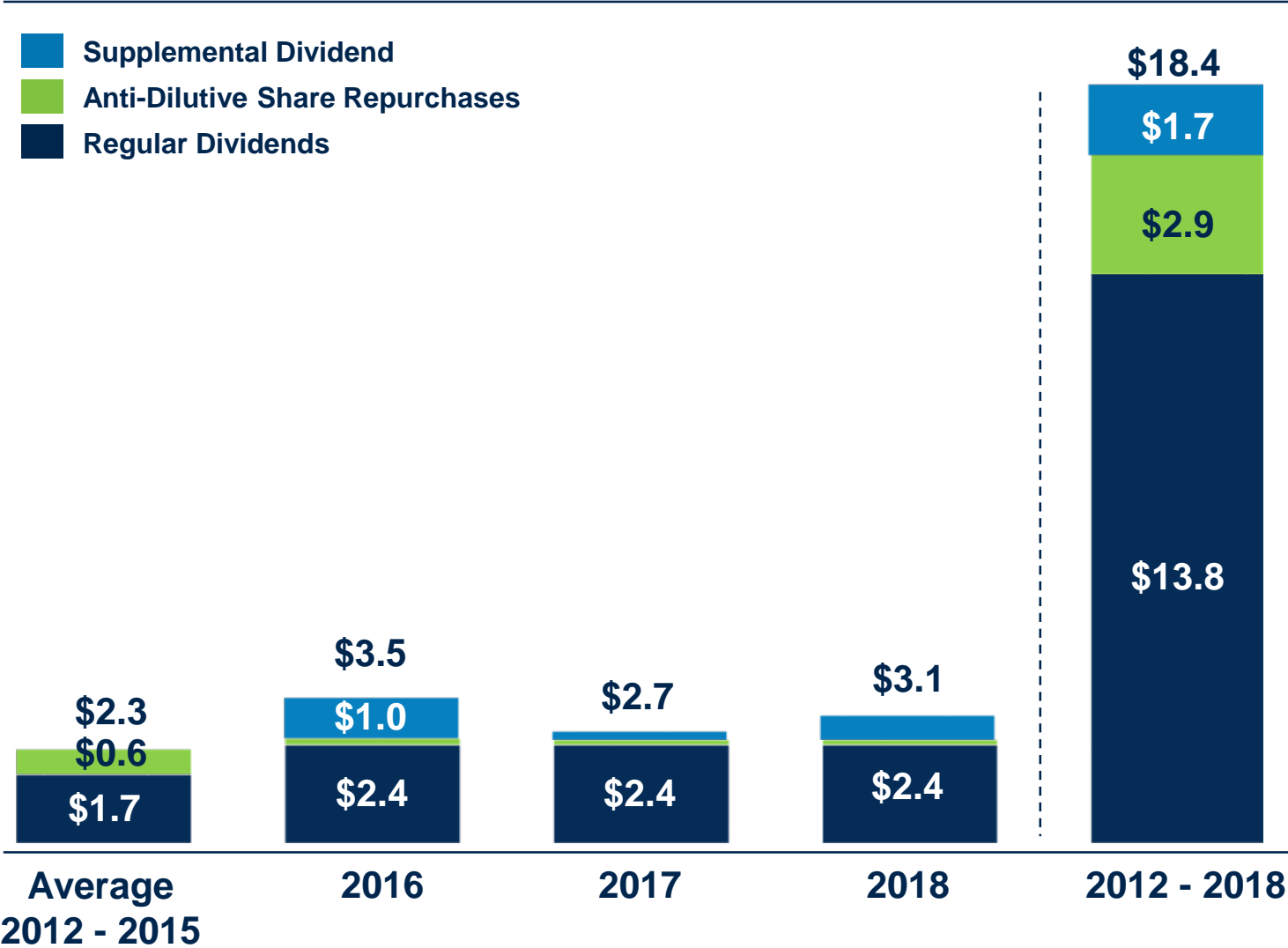
* Calculated as the sum of adjusted net operating profit after cash tax from the last four quarters, divided by the average invested capital over the last four quarters

Revised Reporting – Adjusted ROIC (Bils)

	2013 (Bils)	2014 (Bils)	2015 (Bils)	2016 (Bils)	2017 (Bils)
<u>Adjusted Net Operating Profit After Cash Tax</u>					
Net income attributable to Ford	\$ 11.9	\$ 1.3	\$ 7.3	\$ 4.6	\$ 7.7
Add: Non-controlling interest	(0.0)	(0.0)	(0.0)	0.0	0.0
Less: Income tax	(2.4)	(0.0)	(2.9)	(2.2)	(0.4)
Add: Cash tax	(0.5)	(0.5)	(0.6)	(0.7)	(0.6)
Less: Interest on debt	(1.0)	(0.9)	(0.8)	(1.0)	(1.2)
Less: Total pension / OPEB income / (cost)	4.9	(4.4)	(0.5)	(2.7)	0.6
Add: Pension / OPEB service costs	(1.1)	(1.0)	(1.2)	(1.0)	(1.1)
Net operating profit after cash tax	\$ 8.7	\$ 5.1	\$ 9.8	\$ 8.6	\$ 7.0
Less: Special items (excl. pension / OPEB) pre-tax	(1.0)	(1.9)	0.2	(0.6)	(0.5)
Adj. net operating profit after cash tax	<u>\$ 9.7</u>	<u>\$ 7.0</u>	<u>\$ 9.6</u>	<u>\$ 9.2</u>	<u>\$ 7.5</u>
<u>Invested Capital</u>					
Equity	\$ 26.8	\$ 25.1	\$ 29.2	\$ 29.7	\$ 35.6
Redeemable non-controlling interest	0.3	0.3	0.1	0.1	0.1
Debt (excl. Ford Credit)	16.3	14.5	13.4	16.5	16.5
Net pension and OPEB liability	14.9	16.2	13.9	14.7	12.8
Invested capital (end of period)	<u>\$ 58.3</u>	<u>\$ 56.1</u>	<u>\$ 56.6</u>	<u>\$ 61.1</u>	<u>\$ 65.0</u>
Average invested capital	<u>\$ 58.6</u>	<u>\$ 57.2</u>	<u>\$ 55.6</u>	<u>\$ 58.5</u>	<u>\$ 63.4</u>
Adjusted ROIC (Non-GAAP)*	16.6%	12.3%	17.3%	15.7%	11.8%

* 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

Shareholder Distributions (Bils)



- 2018 planned distributions of \$3.1B for a total of \$18.4B for 2012 - 2018
- Paid a third quarter regular dividend of 15¢ per share

Company Net Income Reconciliation To Adjusted EBIT (Mils)

	3Q		YTD		Memo:
	2017	2018	2017	2018	FY 2017
Net income / (Loss) attributable to Ford (GAAP)	\$ 1,572	\$ 991	\$ 5,211	\$ 3,793	\$ 7,731
Income / (Loss) attributable to non-controlling interests	7	2	22	14	26
Net income / (Loss)	\$ 1,579	\$ 993	\$ 5,233	\$ 3,807	\$ 7,757
Less: (Provision for) / Benefit from income taxes	(191)	(101)	(1,054)	(555)	(402)
Income / (Loss) before income taxes	\$ 1,770	\$ 1,094	\$ 6,287	\$ 4,362	\$ 8,159
Less: Special items pre-tax	(217)	(231)	(441)	(250)	(289)
Income / (Loss) before special items pre-tax	\$ 1,987	\$ 1,325	\$ 6,728	\$ 4,612	\$ 8,448
Less: Interest on debt	(298)	(343)	(882)	(933)	(1,190)
Adjusted EBIT (Non-GAAP)	<u>\$ 2,285</u>	<u>\$ 1,668</u>	<u>\$ 7,610</u>	<u>\$ 5,545</u>	<u>\$ 9,638</u>
Memo:					
Revenue (Bils)	\$ 36.5	\$ 37.6	\$ 115.5	\$ 118.5	\$ 156.8
Net income margin (GAAP) (Pct)	4.3%	2.6%	4.5%	3.2%	4.9%
Adjusted EBIT margin (Non-GAAP) (Pct)	6.3%	4.4%	6.6%	4.7%	6.1%

Company Net Cash Provided By / (Used In) Operating Activities

Reconciliation To Adjusted Operating Cash Flow (Mils)

	3Q		YTD	
	2017	2018	2017	2018
Company net cash provided by / (used in) operating activities (GAAP)	\$ 4,998	\$ 5,179	\$ 14,949	\$ 13,665
Less: <u>Items not included in Company Adjusted Operating Cash Flows</u>				
Ford Credit operating cash flows	5,210	3,811	9,474	9,403
Funded pension contributions	(263)	(123)	(720)	(283)
Separation payments	(42)	(28)	(100)	(62)
Other, net	37	146	(27)	87
Add: <u>Items included in Company Adjusted Operating Cash Flows</u>				
Automotive and Mobility capital spending	(1,658)	(1,968)	(4,901)	(5,635)
Ford Credit distributions	378	600	406	2,063
Settlement of derivatives	(90)	109	110	62
Pivotal conversion to a marketable security	-	-	-	263
Company adjusted operating cash flow (Non-GAAP)	<u>\$ (1,315)</u>	<u>\$ 115</u>	<u>\$ 1,938</u>	<u>\$ 1,274</u>

Reconciliation To Adjusted Operating Cash Flow

Trailing Five Quarters (Mils)

	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
Company net cash provided by / (Used in) operating activities (GAAP)	\$ 4,998	\$ 3,147	\$ 3,514	\$ 4,972	\$ 5,179
Less: <u>Items Not Included in Company Adjusted Operating Cash Flows</u>					
Ford Credit operating cash flows	5,210	(174)	(315)	5,907	3,811
Funded pension contributions	(263)	(714)	(88)	(72)	(123)
Separation payments	(42)	(181)	(16)	(18)	(28)
Other, net	37	(25)	53	(112)	146
Add: <u>Items Included in Company Adjusted Operating Cash Flows</u>					
Automotive and Mobility capital spending	(1,658)	(2,103)	(1,769)	(1,898)	(1,968)
Ford Credit distributions	378	-	1,013	450	600
Settlement of derivatives	(90)	107	(161)	114	109
Pivotal conversion to a marketable security	-	-	-	263	-
Company adjusted operating cash flow (Non-GAAP)	<u>\$ (1,315)</u>	<u>\$ 2,244</u>	<u>\$ 2,963</u>	<u>\$ (1,804)</u>	<u>\$ 115</u>

Company Earnings Per Share Reconciliation To Adjusted Earnings Per Share

	3Q		YTD	
	2017	2018	2017	2018
<u>Diluted After-Tax Results (Mils)</u>				
Diluted after-tax results (GAAP)	\$ 1,572	\$ 991	\$ 5,211	\$ 3,793
Less: Impact of pre-tax and tax special items	(170)	(183)	(363)	(197)
Adjusted net income – diluted (Non-GAAP)	<u>\$ 1,742</u>	<u>\$ 1,174</u>	<u>\$ 5,574</u>	<u>\$ 3,990</u>
 <u>Basic and Diluted Shares (Mils)</u>				
Basic shares (average shares outstanding)	3,972	3,976	3,975	3,976
Net dilutive options and unvested restricted stock units	24	24	21	23
Diluted shares	<u>3,996</u>	<u>4,000</u>	<u>3,996</u>	<u>3,999</u>
 Earnings per share – diluted (GAAP)	\$ 0.39	\$ 0.25	\$ 1.30	\$ 0.95
Less: Net impact of adjustments	(0.05)	(0.04)	(0.09)	(0.05)
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ 0.44</u>	<u>\$ 0.29</u>	<u>\$ 1.39</u>	<u>\$ 1.00</u>

Company Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2018		Memo:
	3Q	YTD	FY 2017
<u>Pre-Tax Results (Mils)</u>			
Income / (Loss) before income taxes (GAAP)	\$ 1,094	\$ 4,362	\$ 8,159
Less: Impact of special items	(231)	(250)	(289)
Adjusted earnings before taxes (Non-GAAP)	<u>\$ 1,325</u>	<u>\$ 4,612</u>	<u>\$ 8,448</u>
<u>Taxes (Mils)</u>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (101)	\$ (555)	\$ (402)
Less: Impact of special items	48	53	897
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	<u>\$ (149)</u>	<u>\$ (608)</u>	<u>\$ (1,299)</u>
<u>Tax Rate (Pct)</u>			
Effective tax rate (GAAP)	9.2%	12.7%	4.9%
Adjusted effective tax rate (Non-GAAP)	11.2%	13.2%	15.4%

Ford Credit

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

	2016 Dec 31	2017 Sep 30	2017 Dec 31	2018 Sep 30
Ford Credit finance receivables, net (GAAP)*	\$ 96.2	\$ 103.9	\$ 108.4	\$ 107.9
Net investment in operating leases (GAAP)*	27.2	26.9	26.7	27.6
Consolidating adjustments**	6.8	6.7	7.6	8.1
Total net receivables	\$ 130.2	\$ 137.5	\$ 142.7	\$ 143.6
Ford Credit unearned interest supplements and residual support	5.3	5.9	6.1	6.7
Allowance for credit losses	0.5	0.6	0.7	0.7
Other, primarily accumulated supplemental depreciation	0.9	1.1	1.0	1.1
Total managed receivables (Non-GAAP)	\$ 136.9	\$ 145.1	\$ 150.5	\$ 152.1

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

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

Ford Credit

Financial Statement Leverage Reconciliation To Managed Leverage

(Bils)

	2017 Sep 30	2017 Dec 31	2018 Sep 30
<u>Leverage Calculation</u>			
Total debt*	\$ 132.4	\$ 137.8	\$ 138.2
Adjustments for cash**	(11.3)	(11.8)	(12.1)
Adjustments for derivative accounting***	(0.2)	-	0.6
Total adjusted debt	<u>\$ 120.9</u>	<u>\$ 126.0</u>	<u>\$ 126.7</u>
 Equity****	 \$ 14.1	 \$ 15.9	 \$ 15.2
Adjustments for derivative accounting***	(0.3)	(0.1)	(0.1)
Total adjusted equity	<u>\$ 13.8</u>	<u>\$ 15.8</u>	<u>\$ 15.1</u>
 Financial statement leverage (to 1) (GAAP)	 9.4	 8.7	 9.1
Managed leverage (to 1) (Non-GAAP)	8.7	8.0	8.4

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

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

*** Related primarily to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings

**** Total shareholder's interest reported on Ford Credit's balance sheet

Non-GAAP Financial Measures That Supplement GAAP Measures

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

- **Company Adjusted EBIT (Most Comparable GAAP Measure: Net income attributable to Ford)** – Earnings before interest and taxes (EBIT) includes non-controlling interests and excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses, (ii) significant personnel and dealer-related costs 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 Margin)** – Company Adjusted EBIT margin is Company adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.
- **Adjusted Earnings Per Share (Most Comparable GAAP Measure: Earnings Per Share)** – Measure of Company's diluted net earnings per share adjusted for impact of pre-tax special items (described above), and tax special items. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of underlying run rate of our business. When we provide guidance for adjusted earnings per share, we do not provide guidance on an earnings per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB 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 Operating Cash Flow (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities)** – Measure of Company’s operating cash flow excluding Ford Credit’s operating cash flows. The measure contains elements management considers operating activities, including Automotive and Mobility capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, separation payments, and other items that are considered operating cash outflows under U.S. GAAP. This measure is useful to management and investors because it is consistent with management’s assessment of the Company’s operating cash flow performance. When we provide guidance for Company adjusted operating cash flow, we do not provide guidance for net cash provided by/(used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company’s exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit’s operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by/(used in) our operating activities.
- **Adjusted ROIC** – This calculation provides management and investors with useful information to evaluate the Company’s after-cash tax operating return on its invested capital for the period presented. Adjusted net operating profit after cash tax measures operating results less special items, interest on debt (excl. Ford Credit Debt), and certain pension/OPEB costs. Average invested capital is the sum of average balance sheet equity, debt (excl. Ford Credit Debt), and net pension/OPEB liability.
- **Ford Credit Managed Receivables** – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit’s Total net receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer’s outstanding balance on the receivables, which is the basis for earning revenue.
- **Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage)** – Ford Credit’s debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit’s term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

Definitions And Calculations

Automotive Records

- References to Automotive records for EBIT margin and business units are since at least 2009

Wholesales and Revenue

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

Industry Volume and Market Share

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

SAAR

- SAAR means seasonally adjusted annual rate

Company Cash

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

Market Factors

- Volume and Mix – primarily measures EBIT variance from changes in wholesale volumes (at prior-year average contribution margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the EBIT variance resulting from changes in product mix, including mix among vehicle lines and mix of trim levels and options within a vehicle line
- Net Pricing – primarily measures EBIT variance driven by changes in wholesale prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, special lease offers and stock accrual adjustments on dealer inventory
- Market Factors exclude the impact of unconsolidated affiliate wholesales

ROE

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

Earnings Before Taxes (EBT)

- Reflects Income before income taxes

Pension Funded Status

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

Note: Calculated results may not sum due to rounding

