FORD CREDIT

ABS Investor Presentation

February 2019



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FORD CREDIT

Strategy Highlights and Corporate Overview



Creating Tomorrow, Together

Our Belief

Freedom of movement drives human progress.

Our Aspiration

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

Our Plan for Value Creation

Passion for Product & Deep Customer Insight

- Winning Portfolio
- Propulsion Choices
- Autonomous Technology
- Mobility Experiences

Fitness

- Operating Leverage
- Build, Partner, Buy
- Capital Efficiency
- Strong Balance Sheet

Metrics

- Growth
- EBIT Margin
- ROIC
- Cash Flow

Our People

Culture & Values

An Investment Grade Rating And A Strong Balance Sheet Remain The Foundation Of Ford's Financial Strategy



North America profitable and growing; remake of overseas operations begins in 2019

Redesigning Regional Businesses



North America

- "Return to 10" margin objective
- Deep reorganization of salary workforce to enhance effectiveness and reduce costs
- Significant wave of new truck and SUV product launches in 2019



Europe

- Fundamental redesign of Europe business in-process
- Actions underway to improve profitability and reduce structural costs
- Product portfolio built around three customer-focused business groups – commercial vehicles, passenger vehicles and imports



China

- Redesigning China operating model to return to profitable growth
- Right-sizing inventories and addressing dealer profitability
- On track to launch more than 30 new products by 2021



South America

- Committed to the region with an optimized footprint, targeted to Ford's strengths
- Taking action to redesign the business; implementation begins this year
- Leveraging product strengths to focus on profitable trucks and utilities

Alliances Are Catalysts For Global Redesign: VW And Mahindra

VOLKSWAGEN

- Alliance to deliver medium pickup trucks for global customers starting in 2022, and follow with commercial vans
- Positions for market leadership in Light Commercial Vehicles
- Continuing discussions to explore additional areas of opportunity
- Does not involve cross-ownership between the two companies

MAHINDRA

- Will co-develop midsize compact sport utility vehicle for India; opportunities in other emerging markets
- Will enhance market offerings and deliver engineering and commercial synergies
- Continue to explore further engineering and commercial opportunities in cross-sharing of platforms and geographies

Strategic Highlights

Winning Portfolio	✓ F-Series: Over 1 million sold globally in 2018; largest-ever lead on competition; ATPs about $2k higher than segment ✓ Ranger: In the U.S., launched Ranger, the second best selling medium pickup outside of the U.S. ✓ All-new Focus in China: Higher ATP than segment; new mid-size SUV Territory in dealer showrooms by the end of January ✓ All-new Shelby GT500 revealed, most powerful street legal Ford in history
Propulsion Choices	✓ Explorer: America's all-time best-selling SUV. All-new in 2019 with performance-tuned ST and no-compromise hybrid. Hybrid is the first of our next generation of advanced hybrids that provide both capability and efficiency ✓ New all-electric utility to be revealed this year and go on sale in 2020 ✓ Early work started on all-electric F-150
Autonomous Technology	✓ Miami AV drive highlighting technology and business models for moving people and goods – exceeded expectations
Mobility Experiences	✓ Acquired e-scooter company SPIN to deliver first-mile / last-mile mobility solutions ✓ Announced plan to deploy cellular vehicle-to-everything technology (C-V2X) in all-new vehicles in the U.S. beginning in 2022
Fitness	✓ Redesign of our global salaried workforce to increase effectiveness and efficiency complete in 2Q ✓ Began consultation with labor partners on restructuring and redesign of European operations to reach sustainable profitability ✓ Russia business under strategic review ✓ Auto structural costs flat in 2018 YoY versus average annual increase of $1.7 billion 2013 - 2017 ✓ Entered into alliance with VW to develop medium-sized pickup trucks and commercial vans

Financial Highlights

	FOURTH QUARTER	FULL YEAR
Company Revenue	$41.8B ⬆1%	$160.3B ⬆2%
Company Adj. EBIT*	$1.5B	$7.0B
Company Adj. EBIT Margin*	3.5%	4.4%
NA EBIT Margin	7.6%	7.9%
Ford Credit EBT	$0.7B	$2.6B
Company Adj. Op. Cash Flow*	$1.5B	$2.8B
Company Cash*	$23.1B	$23.1B
Liquidity	$34.2B	$34.2B
Adj. EPS*	$0.30	$1.30

* See Appendix for reconciliation to GAAP and definitions

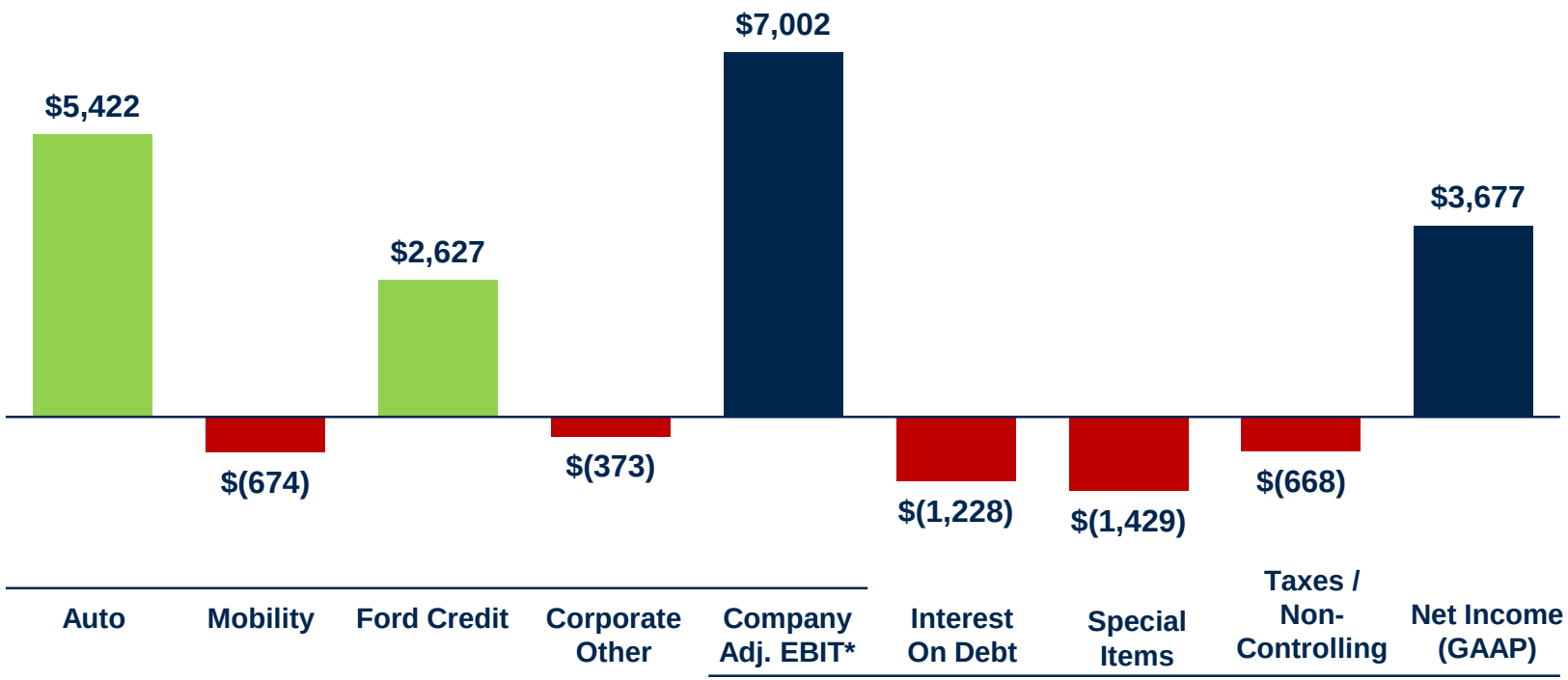
Company Key Metrics Summary

	FOURTH QUARTER			FULL YEAR		
	2017	2018	H / (L)	2017	2018	H / (L)
Wholesales (000)	1,749	1,474	(16) %	6,607	5,982	(9) %
Market Share (Pct)	6.6 %	5.9 %	(0.7) ppts	7.0 %	6.3 %	(0.7) ppts
GAAP						
Revenue (Bils)	$ 41.3	$ 41.8	1 %	$ 156.8	$ 160.3	2 %
Net Income (Bils)	2.5	(0.1)	$ (2.6)	7.7	3.7	$ (4.1)
Net Income Margin (Pct)	6.1 %	(0.3) %	(6.4) ppts	4.9 %	2.3 %	(2.6) ppts
EPS (Diluted)	$ 0.63	$ (0.03)	$ (0.66)	$ 1.93	$ 0.92	$ (1.01)
Cash Flows From Op. Activities (Bils)	3.1	1.4	(1.8)	18.1	15.0	(3.1)
Non-GAAP						
Company Adj. EBIT* (Bils)	$ 2.0	$ 1.5	$ (0.6)	$ 9.6	$ 7.0	$ (2.6)
Company Adj. EBIT Margin* (Pct)	4.9 %	3.5 %	(1.4) ppts	6.1 %	4.4 %	(1.7) ppts
Adjusted EPS* (Diluted)	$ 0.39	$ 0.30	$ (0.09)	$ 1.78	$ 1.30	$ (0.48)
Company Adj. Op. Cash Flow* (Bils)	2.2	1.5	(0.7)	4.2	2.8	(1.4)
Adjusted Cash Conversion*	43 %	40 %	(3) ppts	43 %	40 %	(3) ppts
Adjusted ROIC* (Trailing Four Qtrs)	11.8 %	7.1 %	(4.7) ppts	11.8 %	7.1 %	(4.7) ppts

* See Appendix for reconciliation to GAAP, calculations and definitions

- All 4Q key metrics lower YoY except revenue; mainly reflects performance in China and Europe
- Company adj. EBIT at $1.5B, down $0.6B; adj. EBIT margin at 3.5%, down 1.4 ppts
- Company adj. EPS at $0.30, down $0.09; adj. effective tax rate of negative 4.0%
- Company adj. operating cash flow at $1.5B, down $0.7B due primarily to lower EBIT
- Net income loss of $0.1B, down $2.6B; includes negative $0.9B non-cash pre-tax mark-to-market adjustment for global pension and OPEB plans

FY 2018 Company Results (Mils)

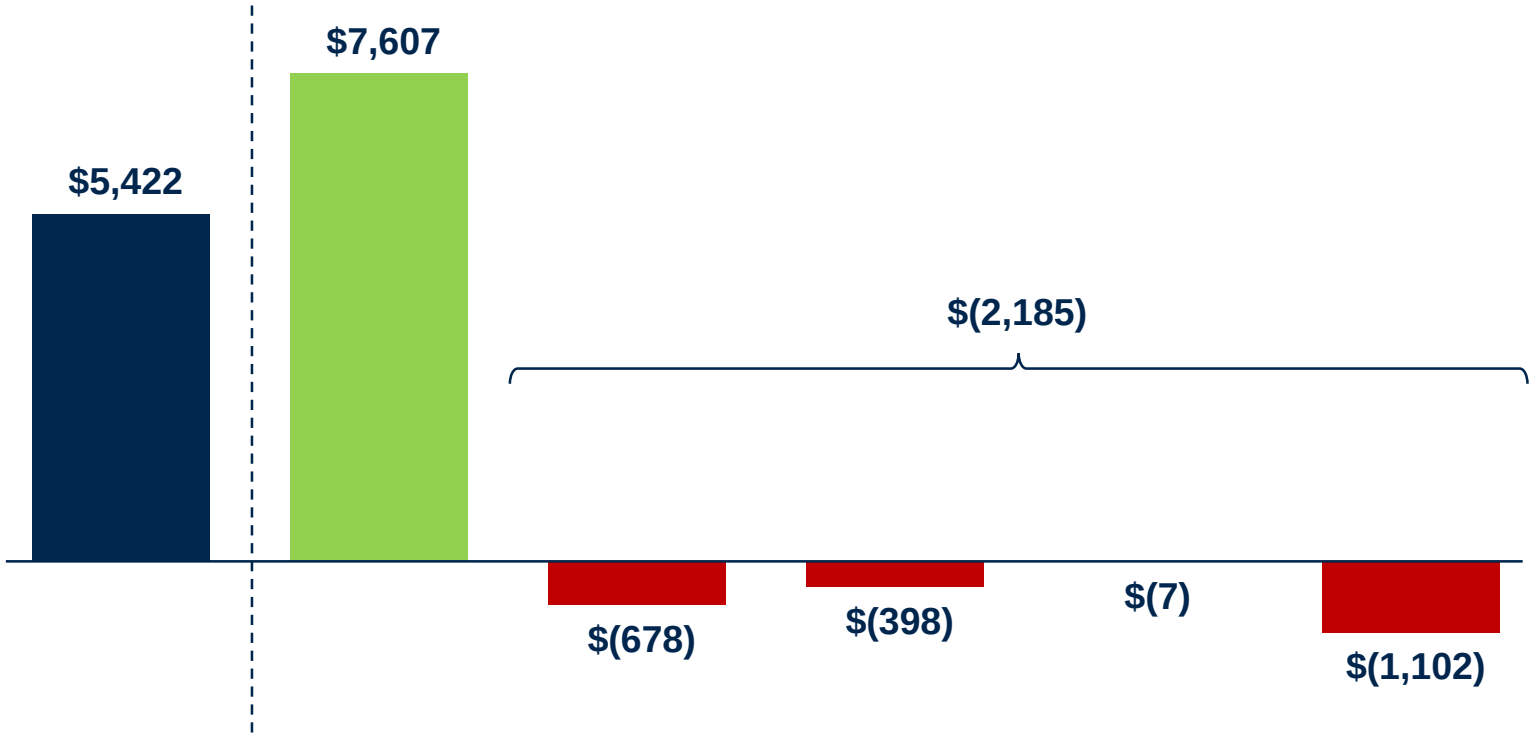


B / (W) FY 2017	Auto	Mobility	Ford Credit	Corporate Other	Company Adj. EBIT*	Interest On Debt	Special Items	Taxes / Non-Controlling	Net Income (GAAP)
	$(2,662)	$(375)	$317	$84	$(2,636)	$(38)	$(1,140)	$(240)	$(4,054)

- FY Company adj. EBIT of $7B driven by Auto and Ford Credit; YoY decline of $2.6B largely explained by lower China and Europe results in Auto
- Loss at Mobility due to planned investment increases for development of autonomous vehicle business and mobility services
- Corporate Other reflects Corporate governance costs offset partially by Auto interest income
- Special Items mainly non-cash pre-tax mark-to-market adjustment for global pension and OPEB plans and charges for personnel separations

* See Appendix for reconciliation to GAAP and definitions

FY 2018 Automotive EBIT By Region (Mils)



	Automotive	North America	South America	Europe	Middle East & Africa	Asia Pacific
B / (W)						
FY 2017	$(2,662)	$(450)	$75	$(765)	$239	$(1,761)

- FY Automotive EBIT of $5.4B driven by North America
- North America EBIT lower YoY due to higher warranty cost
- Operations outside North America at an EBIT loss of $2.2B, compared to last year's breakeven result. Loss driven by Asia Pacific (China), South America and Europe
- Non-North America YoY decline represents over 80% of lower Auto EBIT; results down $1.7B in China and $0.8B in Europe

Company Cash Flow And Balance Sheet (Bils)

Company Cash Flow	2017 4Q	2018 4Q	2017 FY	2018 FY
Company Adj. Op. Cash Flow*	$ 2.2	$ 1.5	$ 4.2	$ 2.8
Change in Company Cash	0.3	(0.6)	(1.0)	(3.4)

Balance Sheet and Liquidity	2017 Dec 31	2018 Dec 31
Company Excluding Ford Credit		
Company Cash*	$ 26.5	$ 23.1
Liquidity	37.4	34.2
Debt	$ (16.5)	$ (14.1)
Cash Net of Debt	10.0	8.9
Pension Funded Status		
Funded Plans	$ (0.1)	$ (0.3)
Unfunded Plans	(6.5)	(6.0)
Total Global Pension	$ (6.6)	$ (6.3)
Total Funded Status OPEB	$ (6.2)	$ (5.6)

- 4Q and FY Company adj. operating cash flow at $1.5B and $2.8B, respectively
- Company cash and liquidity balances remain strong
- Committed to maintaining an investment grade credit rating and debt capacity; fully funded and de-risked global funded pension plans; and cash balances and liquidity at or above $20B and $30B, respectively

* See Appendix for reconciliation to GAAP and definitions

Company Cash Flow (Bils)

	FOURTH QUARTER		FULL YEAR	
	2017	2018	2017	2018
Company Adjusted EBIT*	$ 2.0	$ 1.5	$ 9.6	$ 7.0
Excluding: Ford Credit EBT	(0.6)	(0.7)	(2.3)	(2.6)
Subtotal	$ 1.4	$ 0.8	$ 7.3	$ 4.4
Capital spending	$ (2.1)	$ (2.1)	$ (7.0)	$ (7.7)
Depreciation and tooling amortization	1.3	1.4	5.0	5.4
Net spending	$ (0.8)	$ (0.7)	$ (2.0)	$ (2.4)
Changes in working capital	0.9	0.4	-	(0.9)
Ford Credit distributions	-	0.7	0.4	2.7
All other and timing differences	0.7	0.3	(1.5)	(1.1)
Company adjusted operating cash flow*	$ 2.2	$ 1.5	$ 4.2	$ 2.8
Separation payments	(0.2)	(0.1)	(0.3)	(0.2)
Other transactions with Ford Credit	-	-	(0.1)	(0.2)
Other, including acquisitions and divestitures	(0.2)	-	(0.2)	(0.5)
Cash flow before other actions	$ 1.8	$ 1.4	$ 3.6	$ 1.9
Changes in debt	(0.2)	(1.2)	(0.4)	(1.8)
Funded pension contributions	(0.7)	(0.2)	(1.4)	(0.4)
Shareholder distributions	(0.6)	(0.6)	(2.7)	(3.1)
Change in cash	$ 0.3	$ (0.6)	$ (1.0)	$ (3.4)

* See Appendix for reconciliation to GAAP and definitions

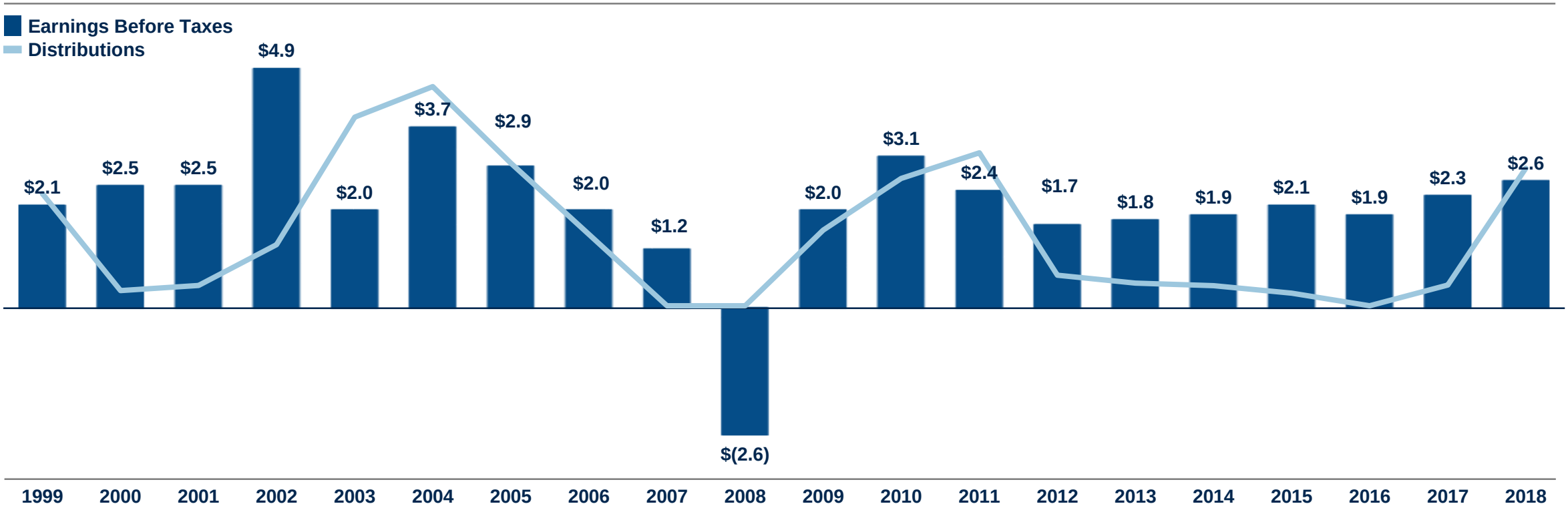
- 4Q and FY Company adj. operating cash flow positive driven by EBIT and Ford Credit distributions
- FY global funded pension contributions of $0.4B
- FY shareholder distributions of $3.1B

FORD CREDIT

Ford Credit



Ford Credit -- A Strategic Asset



Over The Last 20 Years, Ford Credit Generated
$43 Billion In Earnings Before Taxes And $28 Billion In Distributions

Key Metrics

	FOURTH QUARTER			FULL YEAR		
	2017	2018	H / (L)	2017	2018	H / (L)
Net Receivables (Bils)	$ 143	$ 146	3 %	$ 143	$ 146	3 %
Managed Receivables* (Bils)	$ 151	$ 155	3 %	$ 151	$ 155	3 %
Loss-to-Receivables** (LTR)	60 bps	55 bps	(5) bps	53 bps	46 bps	(7) bps
Auction Values***	$17,505	$17,865	2 %	$17,430	$18,055	4 %
Earnings Before Taxes (EBT) (Mils)	$ 610	$ 663	$ 53	$ 2,310	$ 2,627	$ 317
ROE (Pct)	50 %	14 %	(36) ppt	22 %	14 %	(8) ppts

Other Balance Sheet Metrics

Debt (Bils)	$ 138	$ 140	2 %
Liquidity (Bils)	$ 30	$ 27	(7) %
Financial Statement Leverage (to 1)	8.7	9.4	0.7
Managed Leverage* (to 1)	8.0	8.8	0.8

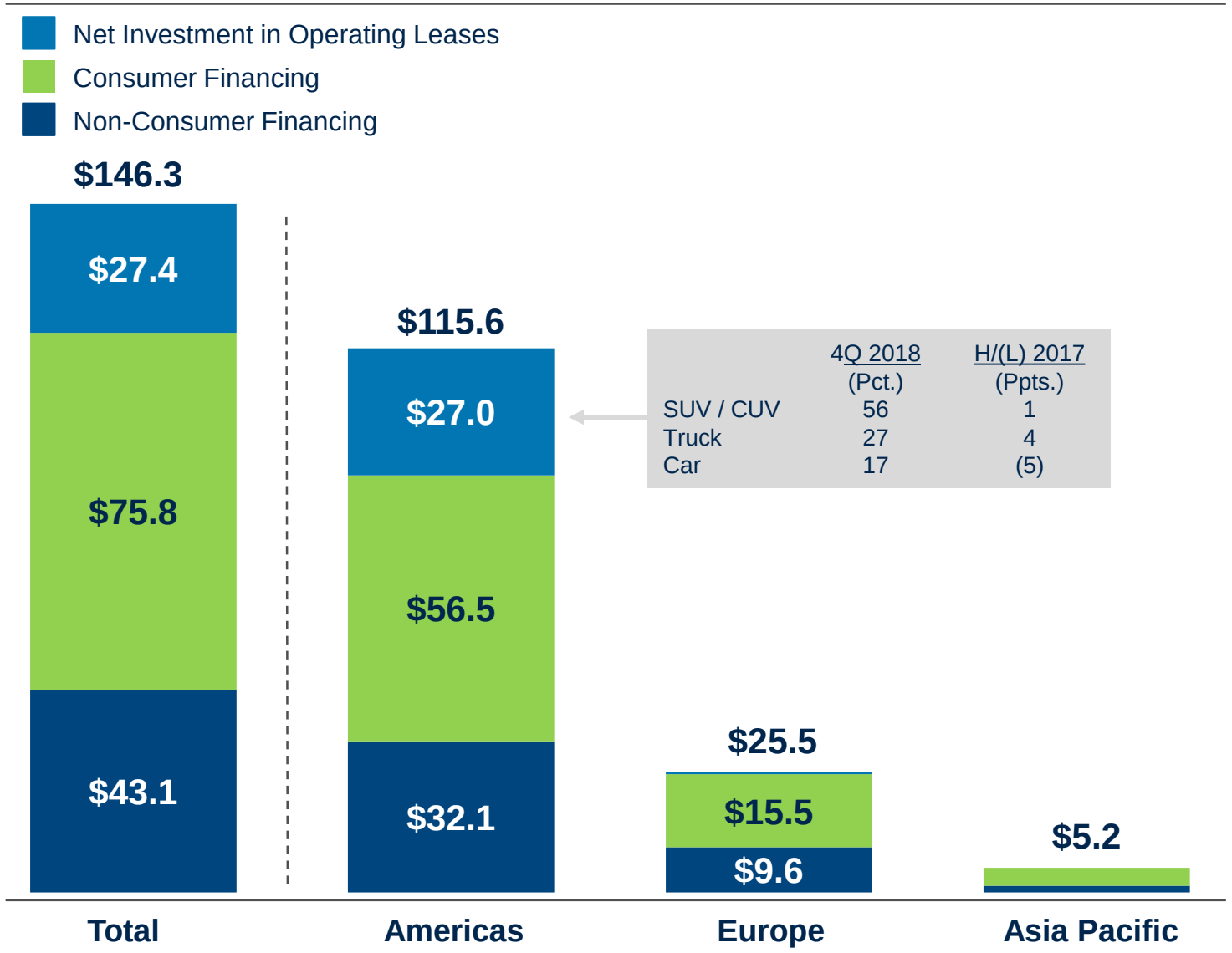
Strong 4Q and best FY EBT in 8 years

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 fourth quarter auction values at 4Q 2018 mix, full year auction values at FY 2018 mix

4Q 2018 Net Receivables Mix (Bils)

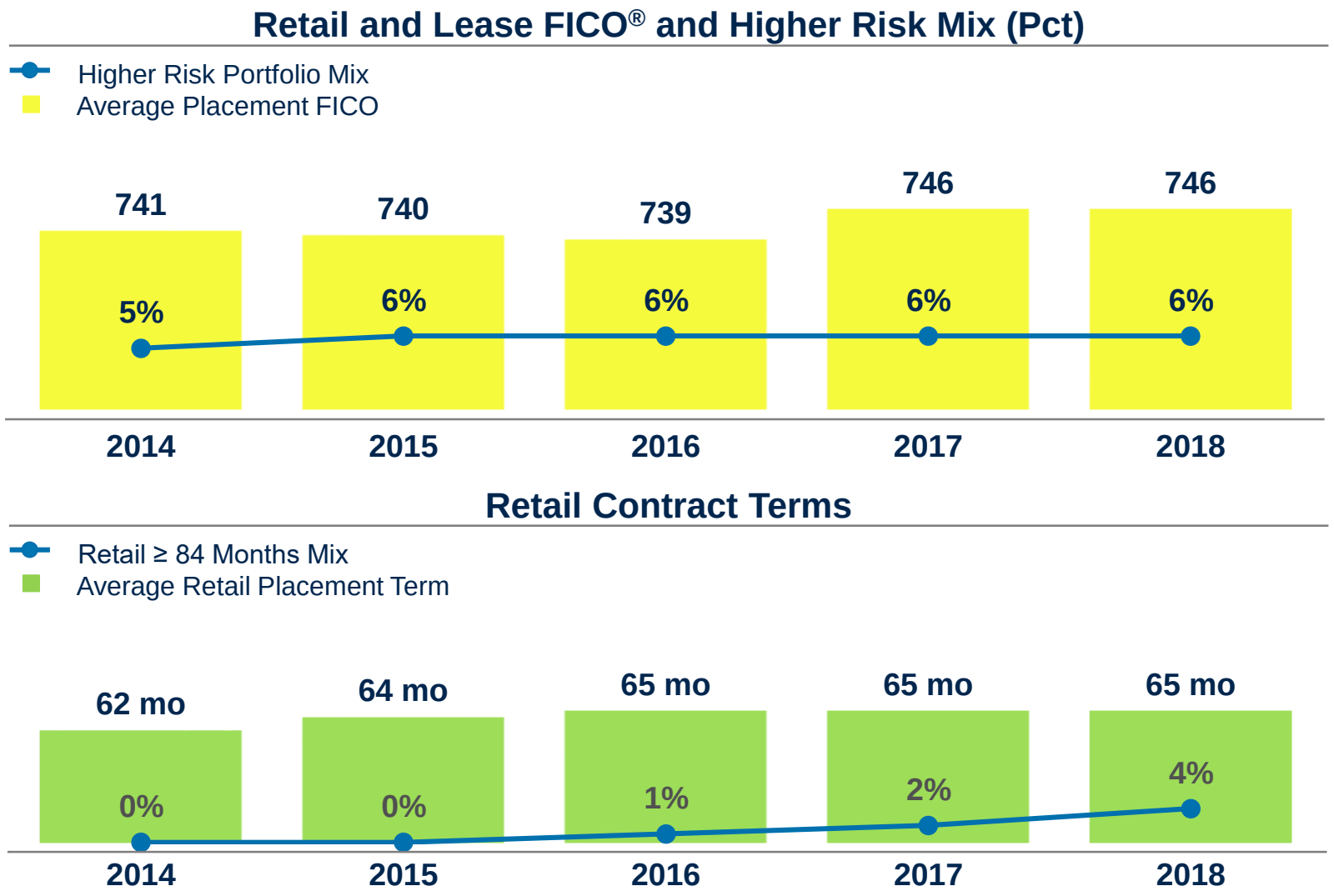


	4Q 2018 (Pct.)	H/(L) 2017 (Ppts.)
SUV / CUV	56	1
Truck	27	4
Car	17	(5)

Operating lease portfolio was 19% of total net receivables

U.S. and Canada represent 99% of operating lease portfolio

U.S. Origination Metrics



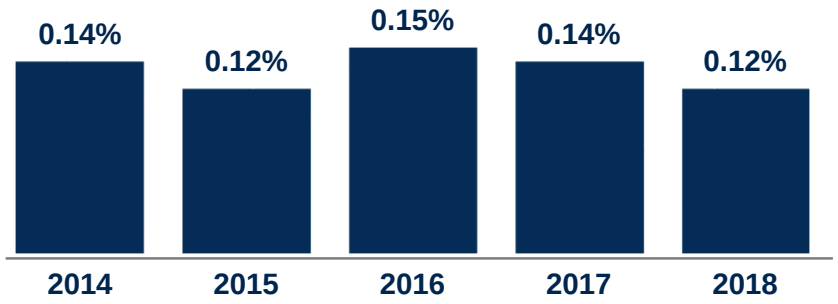
Disciplined and consistent underwriting practices

Portfolio quality evidenced by FICO scores and steady risk mix

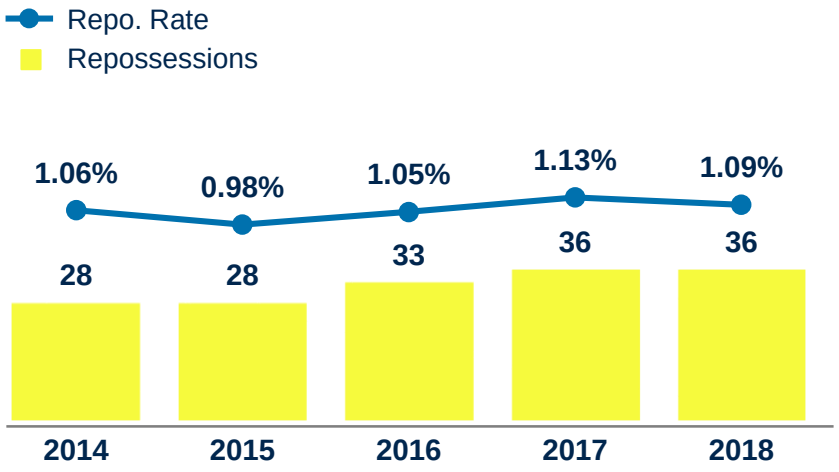
Extended-term contracts relatively small part of our business

U.S. Retail And Lease Credit Loss Drivers

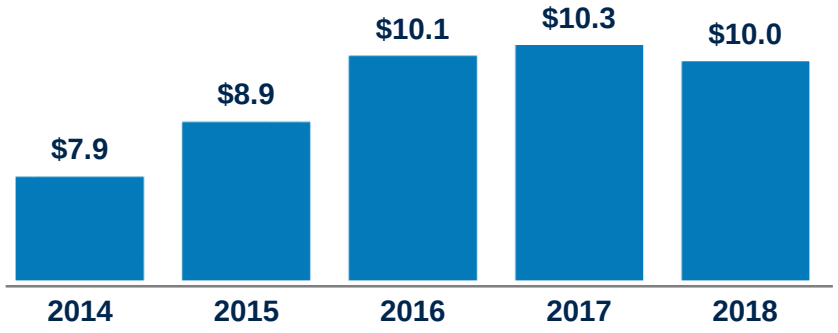
Over-60-Day Delinquencies (excl. Bankruptcies)



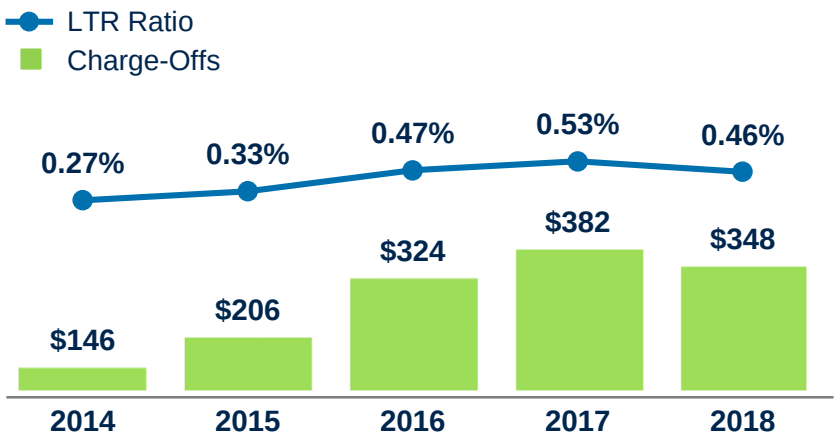
Repossessions (000) and Repo. Rate (Pct)



Severity (000)



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



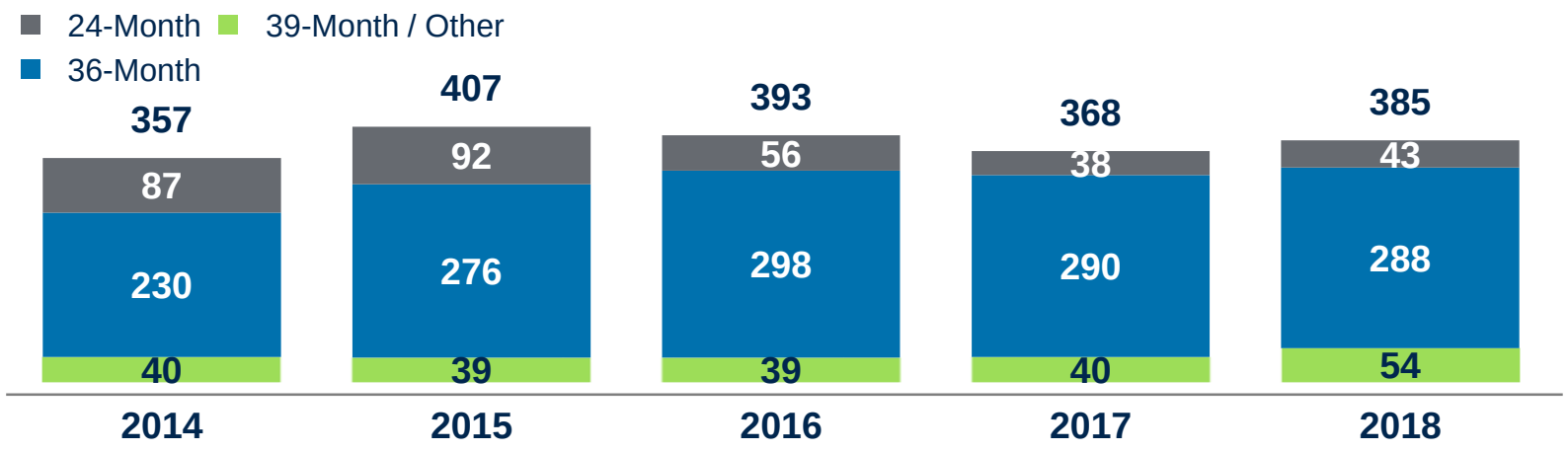
Delinquencies and repossessions remain low

Charge-offs and LTR improved YoY

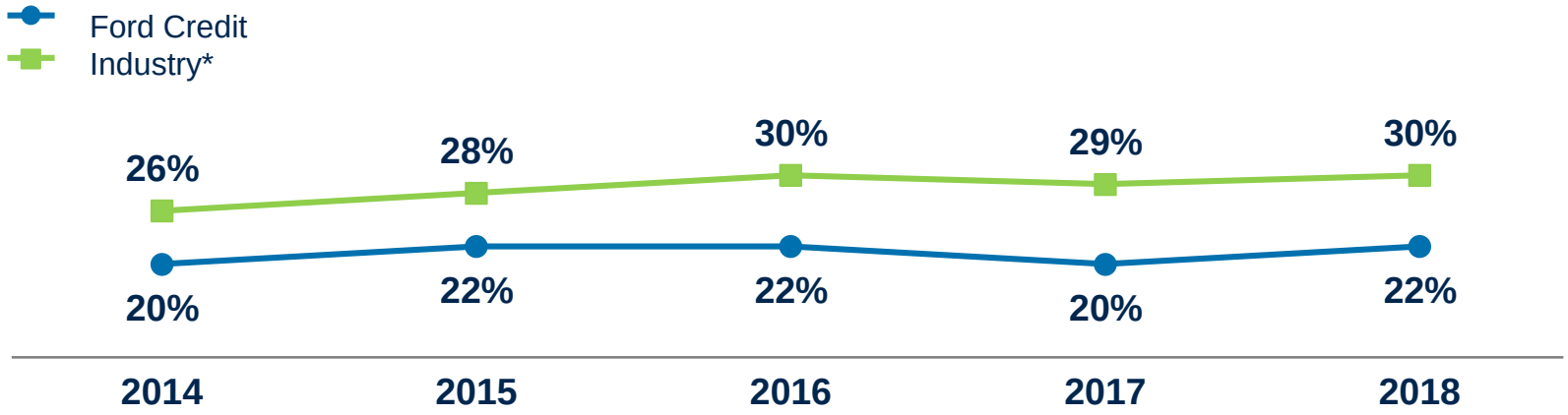
Strong loss metrics reflect healthy consumer credit conditions

U.S. Lease Origination Metrics

Lease Placement Volume (000)



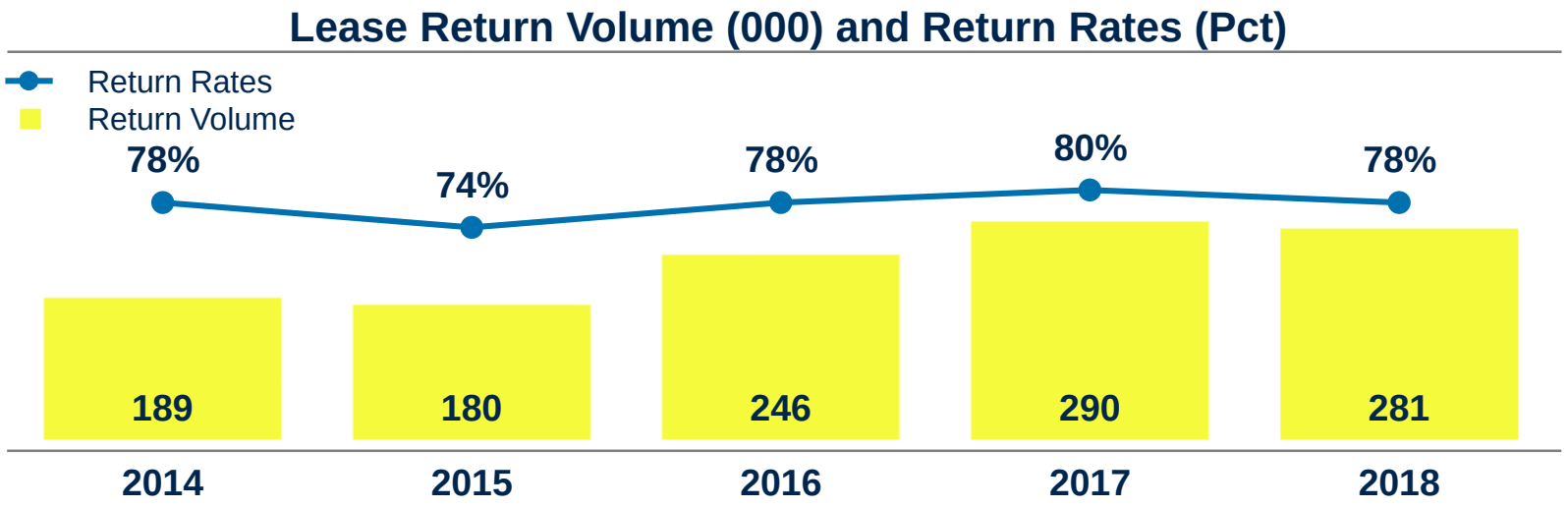
Lease Share of Retail Sales (Pct)

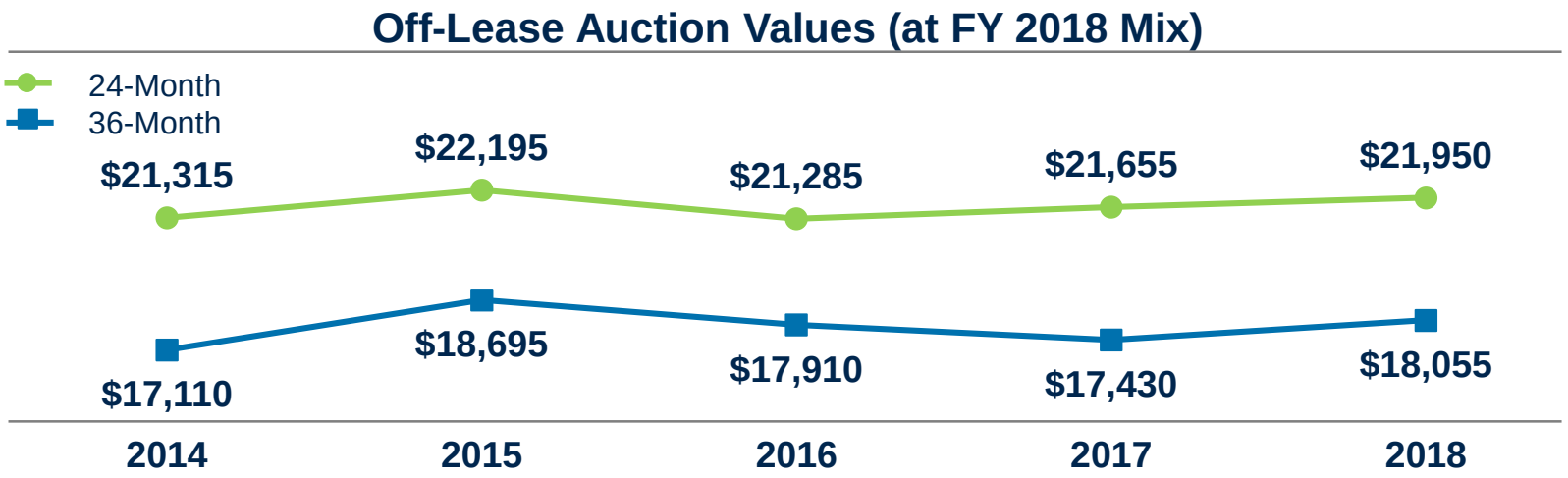


* Source: J.D. Power PIN

Lease share continues to be below industry reflecting Ford sales mix

U.S. Lease Residual Performance





Healthy used car market supporting lease residual and credit loss performance

36-month auction values up 4% YoY; stronger than expected

Expect 2019 FY average auction values to be about 4% lower YoY at constant mix

Funding Structure – Managed Receivables*
(Bils)

	2016 Dec 31	2017 Dec 31	2018 Dec 31
Term Debt (incl. Bank Borrowings)	$ 66	$ 75	$ 70
Term Asset-Backed Securities	50	53	60
Commercial Paper	4	5	4
Ford Interest Advantage / Deposits	6	5	6
Other	9	9	10
Equity	13	16	15
Adjustments For Cash	(11)	(12)	(10)
Total Managed Receivables	$ 137	$ 151	$ 155
Securitized Funding as Pct of Managed Receivables	37%	35%	39%

- Funding is diversified across platforms and markets
- Well capitalized with a strong balance sheet and ample liquidity

* See Appendix for definitions and reconciliation to GAAP

Public Term Funding Plan* (Bils)

	2016 Actual	2017 Actual	2018 Actual	2019 Forecast**
Unsecured -- Currency of issuance				
(USD Equivalent)				
USD	$ 9	$ 10	$ 6	$ 9 - 12
CAD	1	2	1	1 - 2
EUR / GBP	3	3	4	3 - 4
Other	1	1	1	1
Total unsecured	$ 14	$ 16	$ 13	$ 14 - 19
Securitizations	$ 13	$ 15	$ 14	$ 13 - 15
Total public	$ 28	$ 32	$ 27	$ 27 - 33

* Numbers may not sum due to rounding; see Appendix for definitions
** As of January 23, 2019

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, 2018, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

FORD CREDIT

U.S. Retail Securitization



U.S. Retail Securitization

Free Writing Prospectus

Registration Statement No. 333-225949

Ford Credit Auto Receivables Two LLC (the “depositor”)

Ford Credit Auto Owner Trusts (the “issuer”)

This document constitutes a free writing prospectus for purposes of the Securities Act of 1933. The depositor has filed a registration statement (including a prospectus) with the SEC for any offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the depositor has filed with the SEC for more complete information about the depositor, the issuer and such offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, you may request that a copy of the prospectus be sent to you by calling 1-888-603-5847.

U.S. Retail Securitization

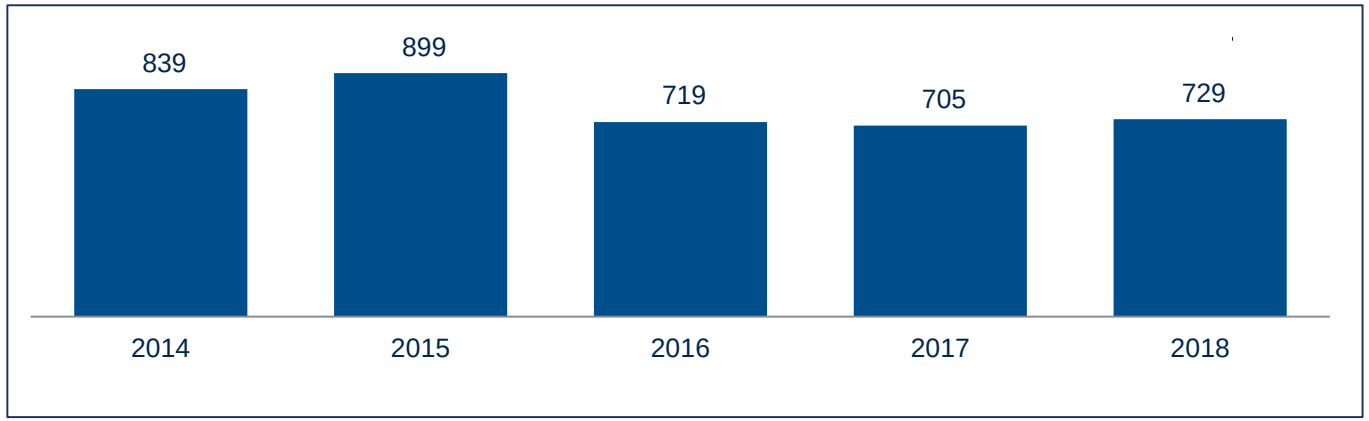
Overview

- Ford Credit has been originating retail installment sales contracts since 1959 and has been securitizing its retail contracts since 1988
- Ford Credit has had an active publicly registered securitization program for retail contracts since 1989 and has issued asset-backed securities in more than 75 transactions under this program
- Ford Credit offers retail asset-backed securities through various channels:
  - Publicly registered transactions
  - Rule 144A transactions
  - Other private transactions
- Collateral composition has trended in line with the industry and Ford Credit's strategy – we securitize what we originate
- Structural elements have remained consistent – similar structure in place for over 15 years

U.S. Retail Securitization

Business Update

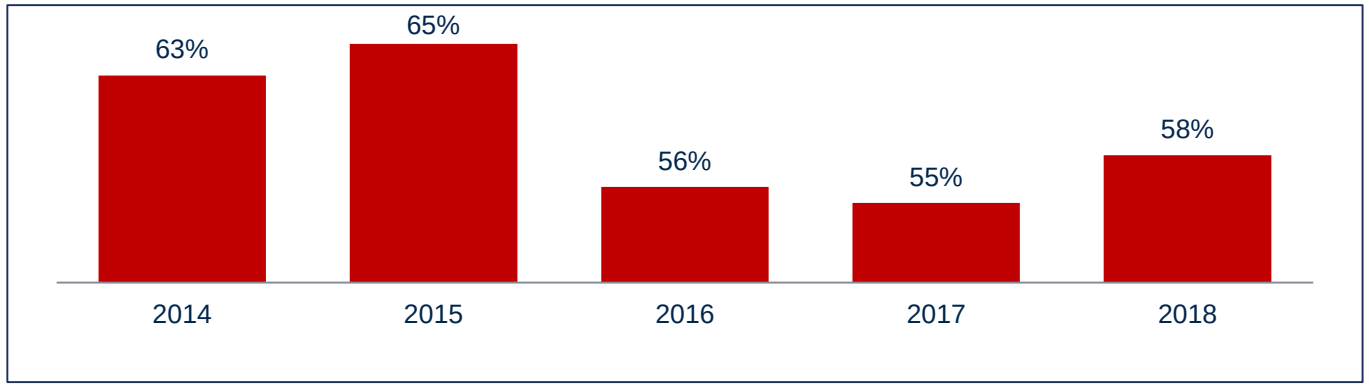
Number of Retail Installment Contracts Originated (000)



Avg. # of Contracts Outstanding (000)

1,896	2,005	2,106	2,145	2,195

Financing Share* Retail Installment and Lease



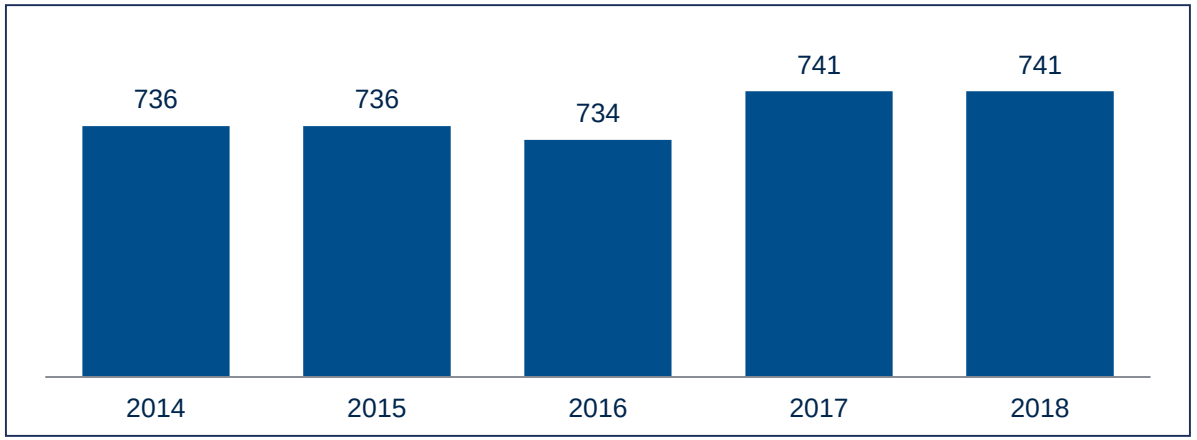
* Retail Installment and lease share of Ford/Lincoln retail sales (excludes fleet sales)

- Financing practices have been prudent and consistent for many years, ensuring reliable support for Ford dealers and customers through all cycles
- Changes in origination volumes generally reflect the changes in Ford's sales and Ford Credit's financing share
- Changes in financing share are primarily driven by the availability and type of Ford-sponsored marketing programs

U.S. Retail Securitization

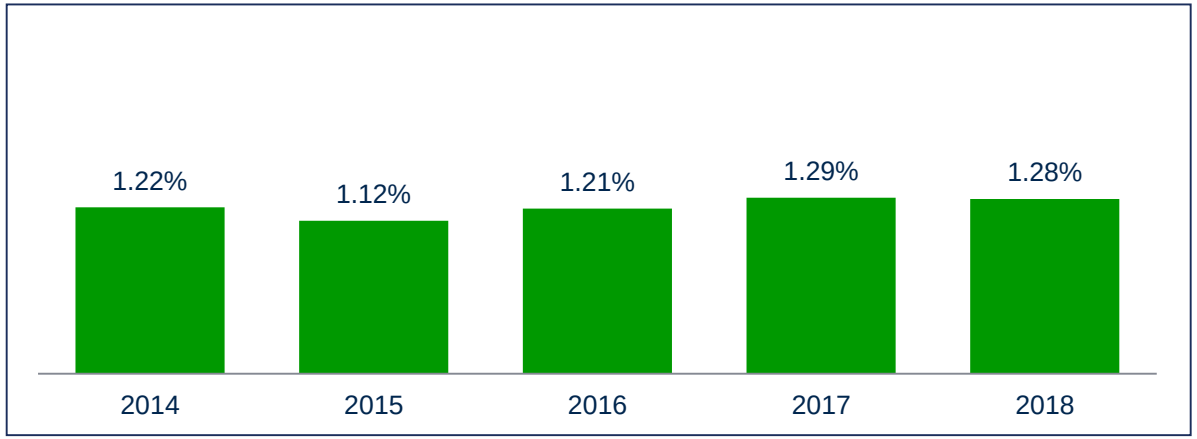
Portfolio Credit Metrics

Weighted Average FICO® at Origination*

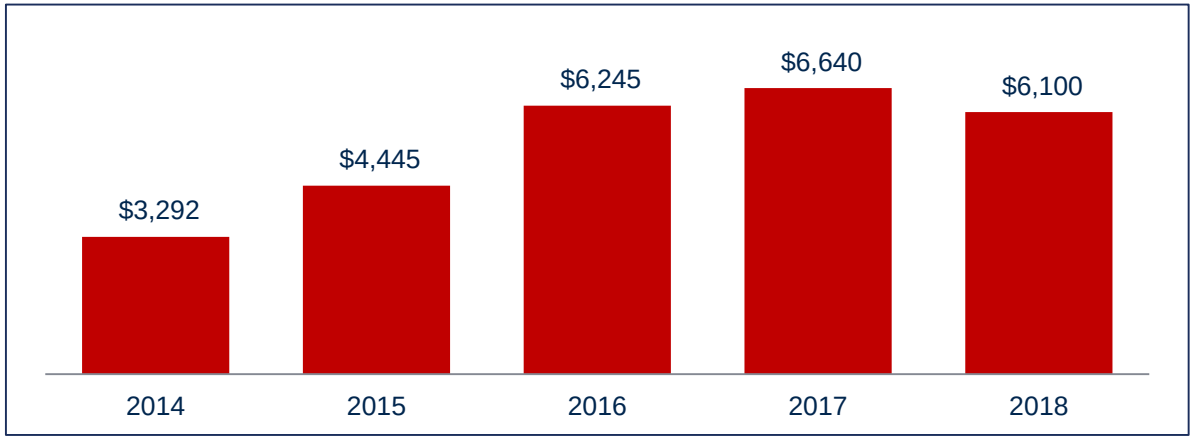


* Based on year of origination

Repossessions as a % of the Average Number of Contracts Outstanding

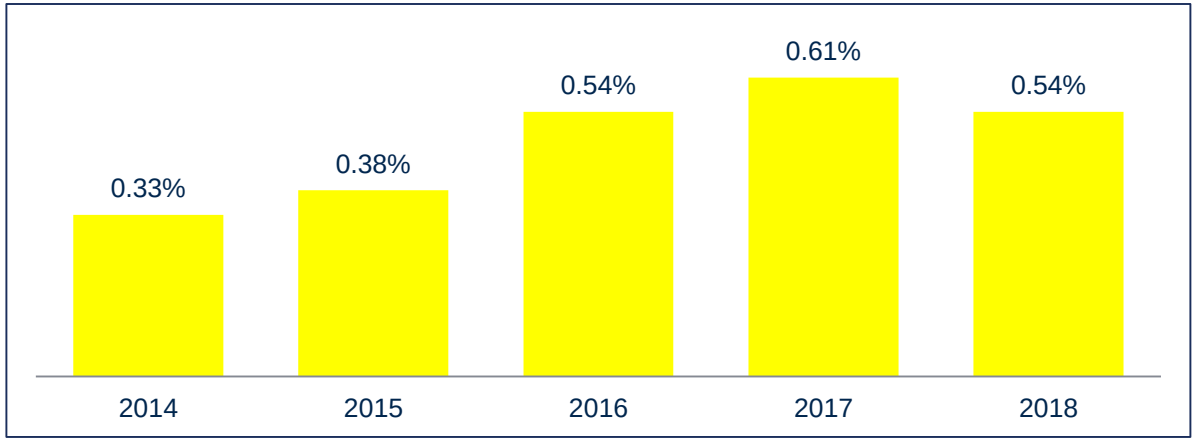


Average Net Loss on Charged-Off Contracts*



* Net losses consider losses incurred after the unit has been sold at auction and all legal collection efforts have been completed

Net Losses as a % of the Average Portfolio Outstanding



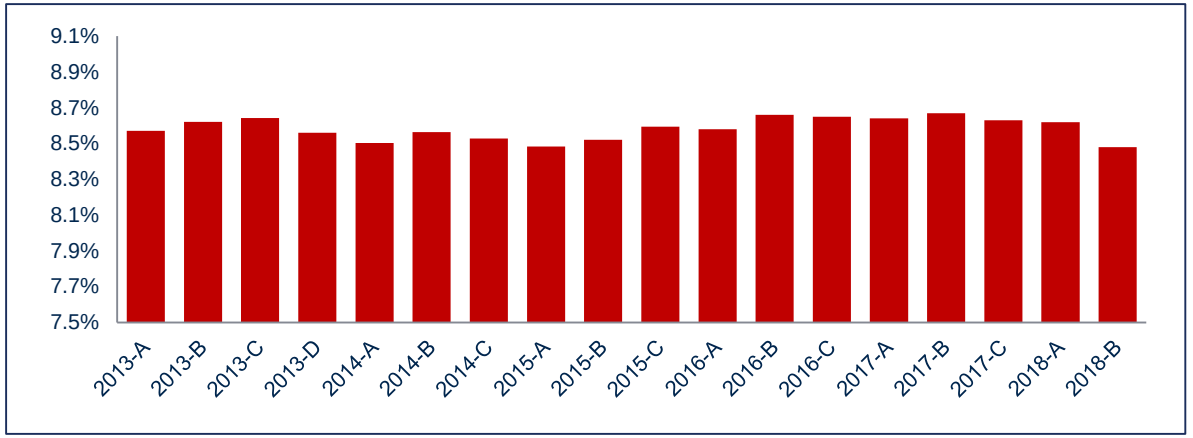
U.S. Retail Securitization

Securitization Pool Metrics

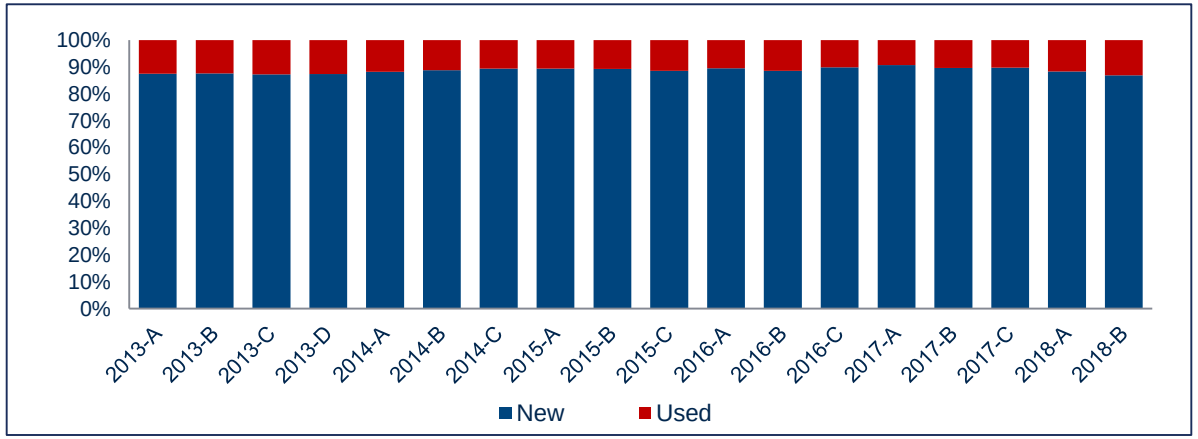
Weighted Average FICO



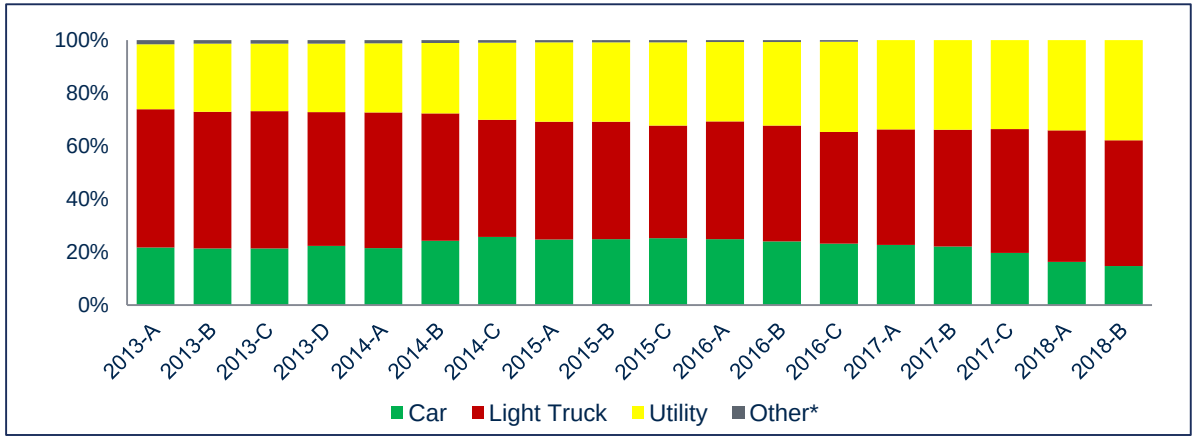
Weighted Average Payment-to-Income



New / Used



Car / Light Truck / Utility

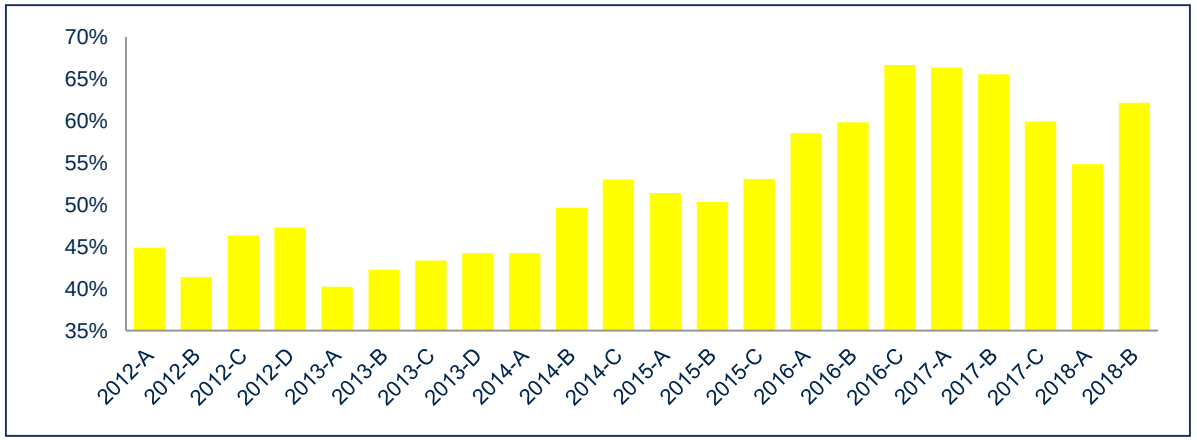


* Primarily non-Ford, Lincoln and Mercury vehicles, which Ford Credit does not categorize

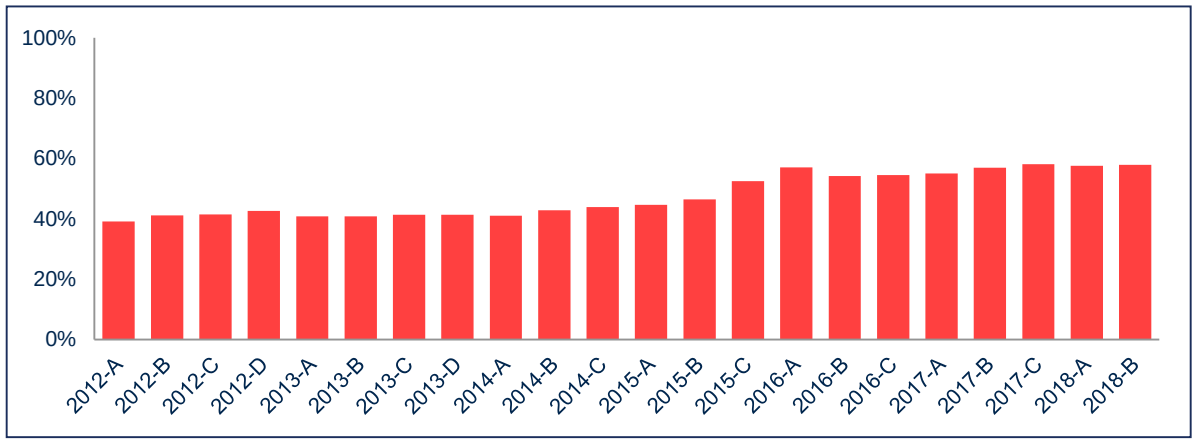
U.S. Retail Securitization

Securitization Pool Metrics

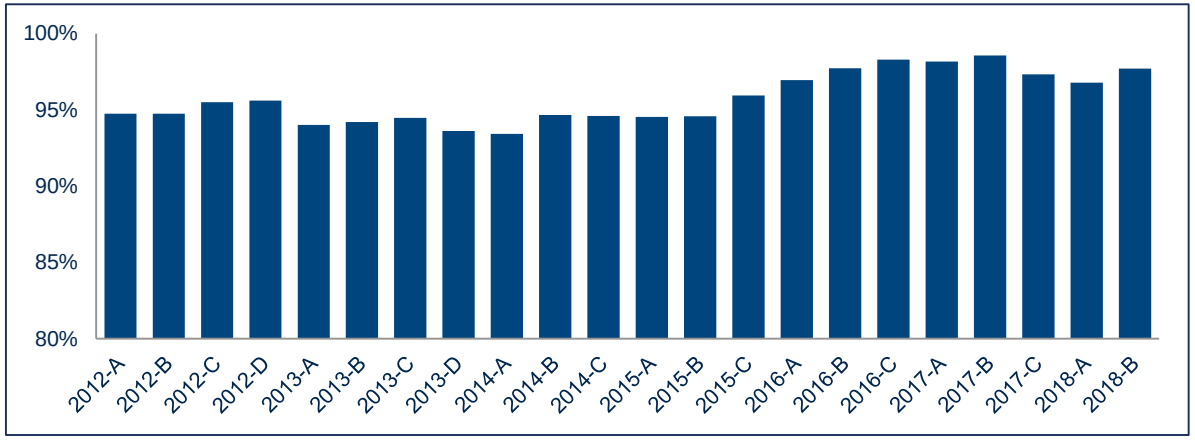
% Subvened-APR Receivables



% of Contracts > 60 Month Original Term



Weighted Average Loan-to-Value (LTV)

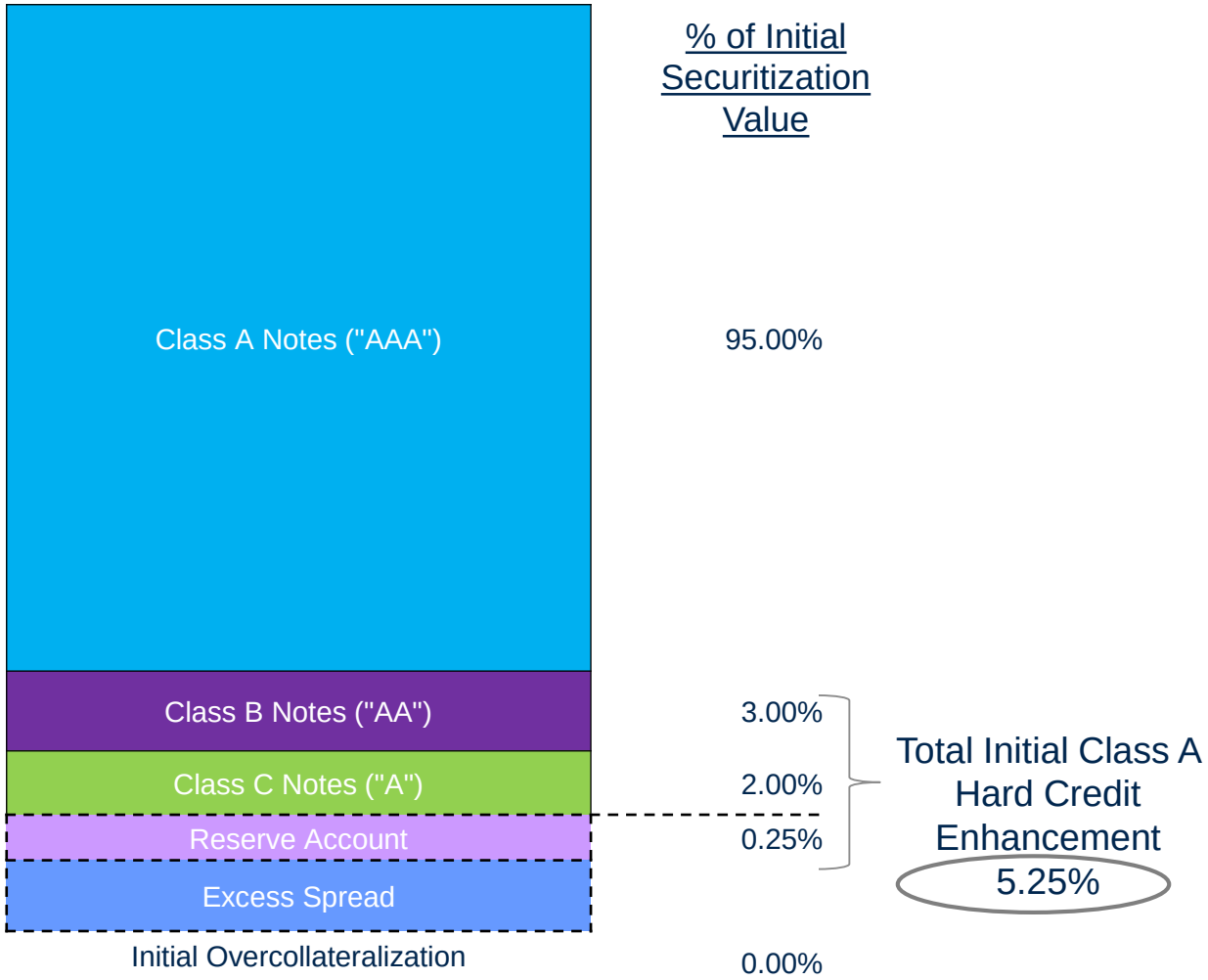


Commentary

- Ford marketing programs, with subvened rates as low as 0% for 72 months, have influenced the composition of recent pools
  - Subvened APR receivables increased through 2016 but have been lower since then
  - Increased mix of contracts with original term > 60 months
  - Higher LTVs reflect a higher mix of subvened APR receivables

U.S. Retail Securitization

Structure Overview



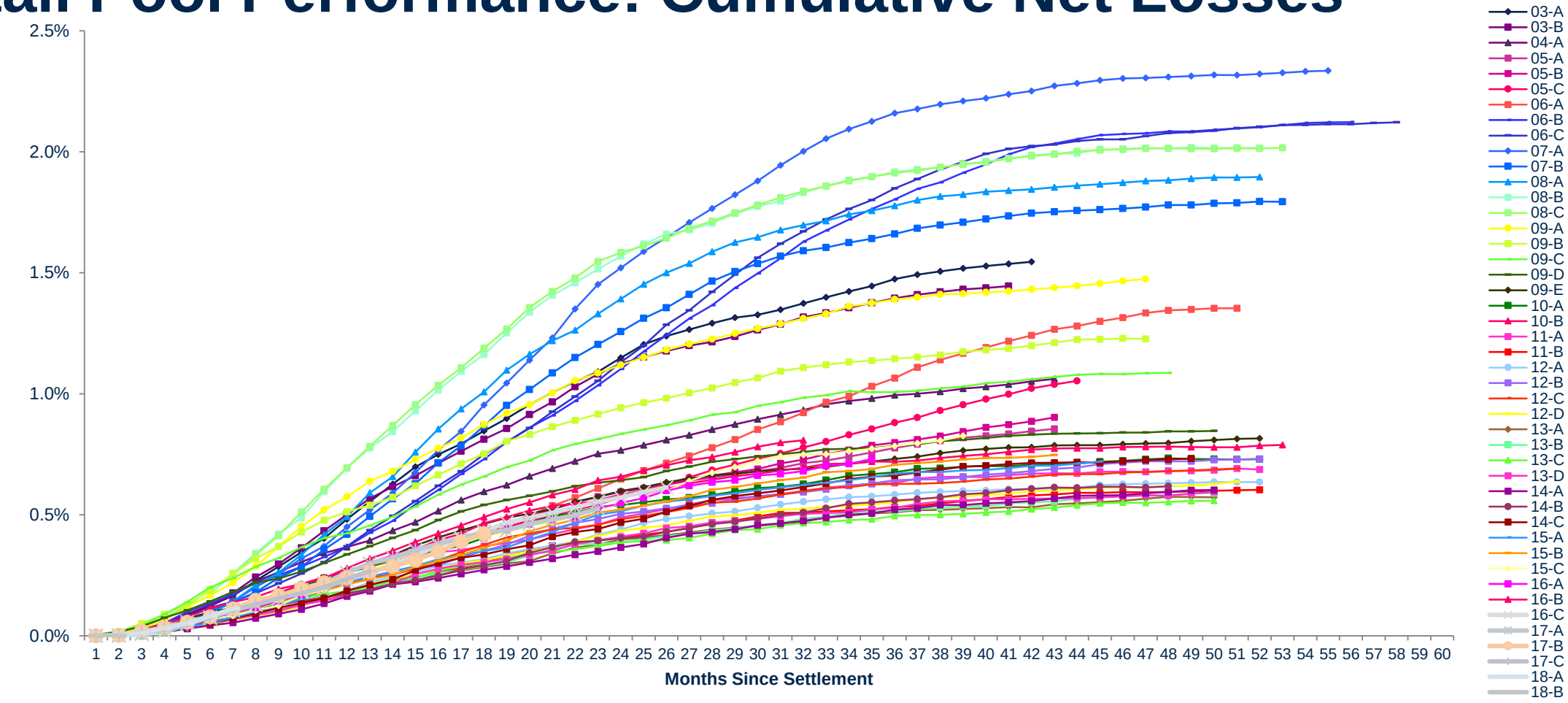
Credit enhancement in the retail securitization program includes:

- Subordination of junior notes
- Cash reserve
- Excess spread (used to build target overcollateralization)

Senior/subordinate, sequential pay structure

Target OC = Sum of:
1. YSOC
2. 2.0% of initial adjusted pool balance
3. 1.5% of current pool balance less reserve

Retail Pool Performance: Cumulative Net Losses



Over 15 Years Of Consistent Performance Through Multiple Cycles

FORD CREDIT

U.S. Retail Origination and Servicing Strategy



Origination Process

- Ford Credit's origination process is supported by proprietary scoring models and electronic decisioning
  - Analyzes a number of factors for each credit application
  - Produces a proprietary risk score that is updated in real time throughout the evaluation process as inputs change
- Credit application process
  - Dealers submit credit applications and proposed financing terms electronically to Ford Credit
  - Ford Credit obtains a credit report for the applicant and any co-applicant
    - » Ford Credit uses its proprietary origination system to complete compliance and other checks, including fraud alerts, ID variation or to identify if the applicant is a current or former customer
- Ford Credit's origination process is judgment-based, using well-established purchasing guidelines and control processes – not governed by strict limits
- Ford Credit communicates credit decisions electronically to dealers

Origination Scoring Models

- Ford Credit classifies credit applications to determine which origination scoring model will be used. Classifications are:
  - Applicant type (individual, business entity)
  - Credit profile (high FICO, low FICO)
  - Vehicle type (new vehicle, used vehicle)
- Ford Credit's proprietary origination scoring models assess the creditworthiness of the applicant using the information in the credit application, information in the credit bureau report and other information. Examples include:
  - Financing product (retail, lease)
  - Contract characteristics (loan-to-value, lease-to-value, term, payment)
  - Other factors (payment-to-income, employment history, capacity to pay, financial stability)
- Output of the origination scoring models is a proprietary risk score referred to as Probability of Payment
  - The origination scoring models build on the predictive power of credit bureau, credit application data and contract characteristics
  - Updated in real time throughout the evaluation process as inputs change

Scoring Models Development and Maintenance

- Origination scoring models are developed internally by Ford Credit's analytics team using statistical analysis of contract characteristics, performance of Ford Credit's retail and lease portfolio and other automotive-specific data to identify key variables that predict an applicant's probability of fully paying the amount due under the contract
- Ford Credit regularly reviews its models to confirm the business significance and statistical predictability of the variables
  - Origination scoring model performance review
  - Scorecard Cycle Plan Committee review
- Ford Credit develops new origination scoring models on a regular cycle plan
- Ford Credit may make adjustments to improve the performance of the origination scoring models between development cycles to react quickly to portfolio performance shifts and macroeconomic conditions. Adjustments may include:
  - Uniformly changing the overall credit risk scores
  - Modifying the weight of selected variables
- Launch dates for most recent redeveloped origination scoring models:

Scoring Models	U.S.
Consumer	January 2018
Commercial	January 2019
Commercial Line of Credit	May 2017

Purchasing Guidelines and Control Processes

- Ford Credit establishes purchasing standards and procedures to support consistent credit and purchase decisions
  - Portfolio Level – Purchasing guidelines set portfolio targets for lower and marginal quality contracts and to manage the overall quality of the portfolio
  - Credit Application Level – Risk factor guidelines provide a framework for credit application evaluation criteria for specific attributes, including affordability measures such as payment-to-income and debt-to-income ratios, FICO score and contract term
    - » For less creditworthy applicants, or if there is a discrepancy in the information provided by the applicant, the credit analyst may verify the identity, employment, income, residency and other applicant information using Ford Credit's procedures before making a decision
- Ford Credit reviews credit analysts' decisions regularly to ensure they are consistent with origination standards and credit approval authority
- Ford Credit analyzes risk management portfolio performance quarterly

Effective Guidelines And Processes Enable Predictable Portfolio Performance

Behavioral Scoring Models

- Ford Credit uses proprietary behavioral scoring models to assess the probability of payment default for each receivable on its payment due date
- These models assess the risk of a customer defaulting using a number of variables, including origination characteristics, customer account history, payment patterns, expected loss or severity and periodically updated credit bureau information
- Before a behavioral scoring model is applied, Ford Credit classifies each customer account to determine which model to use. Classifications include:
  - Financing product (retail, lease)
  - Customer type (individual, business entity)
  - Delinquency level (current, due date delinquent, 30 days past due)
- Output of the behavioral scoring models is a proprietary risk rating referred to as Probability of Default (POD) that determines
  - How soon an obligor will be contacted after a payment becomes delinquent
  - How often the obligor will be contacted during the delinquency
  - How long the account will remain in early stage collections before it is transferred to a more experienced representative to continue collection efforts

Scoring Models Development and Maintenance

- Behavioral scoring models are developed internally by Ford Credit's analytics team using statistical analysis of the contract characteristics and performance of Ford Credit's retail and lease portfolio and other external automotive-specific data to identify key variables that predict a customer's probability of default in the near term
- Ford Credit regularly reviews the behavioral scoring models to confirm the continued business significance and statistical predictability of the variables
  - Behavioral scoring model performance review
  - Scorecard Cycle Plan Committee review
- Ford Credit develops new behavioral scoring models on a regular cycle plan
- Ford Credit may make adjustments to improve the performance of the behavioral scoring models between development cycles by uniformly changing the overall scores or modifying the weighting of selected variables
- Completed launch dates of most recent redeveloped POD behavioral scoring models are as follows:

Scoring Models	U.S.
Consumer	February 2018
Commercial	January 2019

FORD CREDIT

U.S. Revolving Extended Variable-Utilization Securitization (FordREV)



Program Overview

- Ford Credit has offered 11 transactions from its Ford Credit Revolving Extended Variable-Utilization, or FordREV, securitization program that launched in May 2014
  - FordREV features a 5- or 7-year revolving period and subsequent soft-bullet maturity
  - Currently around $14 billion in outstanding notes
  - Two REV transactions will be redeemed in 2019 (2014-REV1 and 2014-REV2)
  - 2019-REV1 is the most recent issuance, with Class A notes of $1.2 billion and a 5-year tenor
- FordREV notes consist of a AAA-rated senior class and two subordinated classes of notes
- FordREV notes are backed by U.S. retail auto receivables originated by Ford Credit – comparable to its U.S. public retail securitization program
  - During the revolving period, monthly collections are deposited into an accumulation account and are available to purchase additional receivables from Ford Credit
  - FordREV notes may be backed by a combination of receivables and cash
  - Pool concentration limits safeguard the quality of the collateral backing the notes
- The notes are expected to be redeemed in full at the end of the revolving period
  - Step-up or make-whole amounts may otherwise be payable

Program Benefits

Ford's Perspective

- Expands and further diversifies Ford Credit's funding and liquidity
- Extends the duration of Ford Credit's securitization funding
- Complements Ford Credit's U.S. public retail securitization program, offering a longer tenor with comparable collateral
- Aligns with Ford Credit's commitment to a strong balance sheet

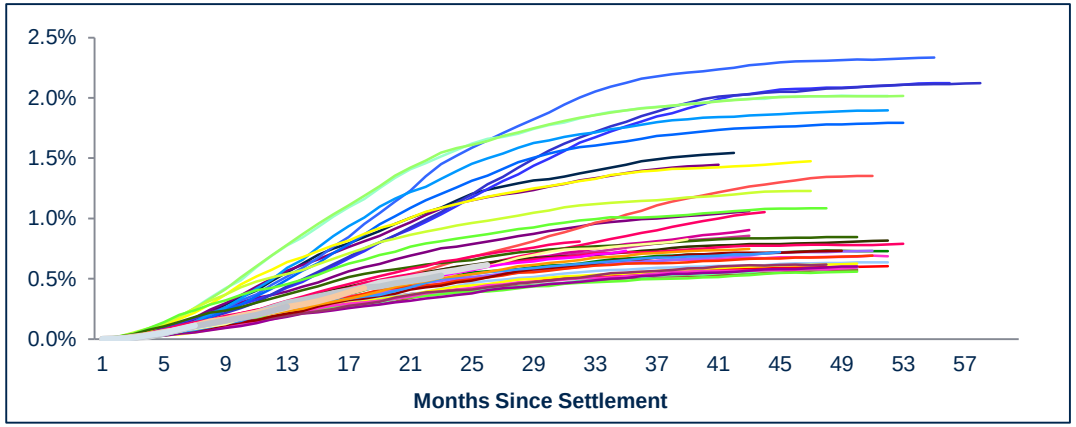
Investors' Perspective

- Provides retail auto receivables exposure in unique long-duration format
- Backed by Ford Credit's U.S. retail auto receivables – ideally suited for a revolving structure
- Structural protections include collateral composition tests and performance triggers
- Soft-bullet maturity, with step-up coupon and make-whole payments, to protect against extension and reinvestment risks

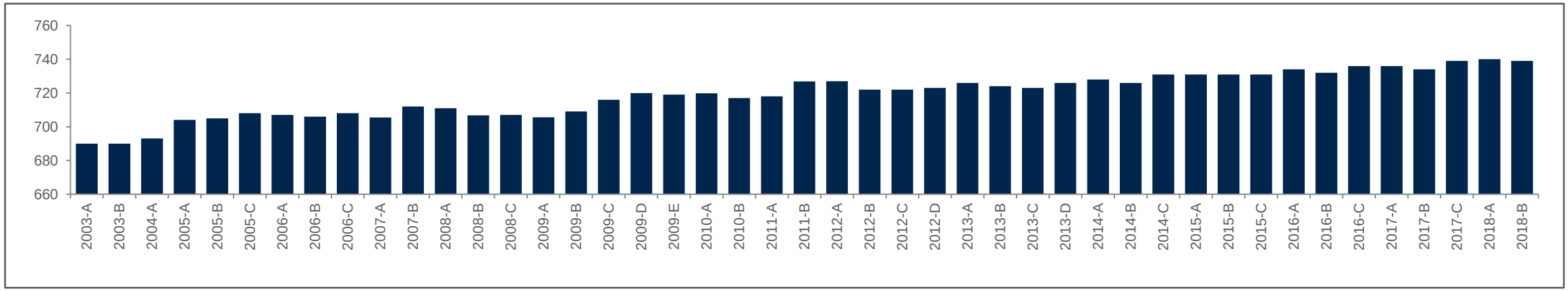
Ford Credit's U.S. Retail Auto Receivables

- Ford Credit's U.S. retail auto receivables are ideally suited for securitization, including a revolving term ABS structure
  - Consistent origination and servicing practices
  - Consistent collateral composition
  - Consistent loss performance

Historical Cumulative Net Loss Ratio – 45 U.S. Public Retail Transactions From 2003 To Present



Weighted Average FICO® – 45 U.S. Public Retail Transactions From 2003 to Present



Pool Comparison

- Ford Credit selects FordREV pools using the same eligibility criteria and selection procedures as for its U.S. public retail transactions, ensuring consistency between both programs

Characteristic	2019-REV1	2018-B*	2018-REV2	2018-A*	2018-REV1	2017-C*	2017-REV2	2017-B*	2017-REV1	2017-A*
Initial Pool Balance	$1.6bn	$1.2bn	$1.3bn	$1.7bn	$2.5bn	$2.0bn	$1.5bn	$1.4bn	$1.5bn	$1.7bn
Number of Receivables	55,774	40,936	50,063	64,956	90,622	78,146	60,184	55,385	58,484	66,537
Average Principal Balance	$29,225	$28,374	$26,837	$26,603	$27,034	$25,559	$24,940	$25,465	$26,007	$25,821
WA FICO Score	738	739	737	737	740	739	736	734	736	736
WA Loan to value (LTV)	97.89%	97.71%	97.07%	96.78%	96.96%	97.32%	98.15%	98.56%	98.16%	98.16%
WA Payment-to-income (PTI)	8.63%	8.48%	8.63%	8.62%	8.63%	8.63%	8.69%	8.67%	8.72%	8.64%
Commercial Use	20.07%	19.88%	22.45%	22.24%	20.02%	19.58%	21.99%	20.05%	20.29%	19.54%
% Original Term > 60m	57.45%	57.95%	56.86%	57.59%	60.27%	58.15%	56.14%	56.98%	54.37%	55.08%
WA APR	3.48%	3.46%	3.63%	3.55%	3.20%	3.06%	2.84%	2.71%	2.66%	2.61%
Subvened-APR Receivables	64.21%	62.17%	55.09%	54.84%	57.51%	59.89%	63.86%	65.54%	65.36%	66.33%
WA Original Term	65.4 months	65.4 months	65.2 months	65.2 months	65.6 months	65.3 months	65.0 months	65.2 months	64.8 months	64.9 months
WA Remaining Term	58.5 months	58.4 months	56.3 months	57.0 months	57.6 months	56.2 months	54.7 months	55.9 months	56.3 months	56.5 months
WA Seasoning	6.9 months	7.0 months	8.9 months	8.2 months	8.1 months	9.1 months	10.3 months	9.3 months	8.5 months	8.4 months
% New	87.88%	86.84%	87.98%	88.34%	90.44%	89.73%	89.38%	89.69%	90.96%	90.68%
% Car	13.80%	14.80%	16.14%	16.34%	18.27%	19.76%	21.99%	22.10%	22.02%	22.71%
% Light Truck	48.12%	47.47%	49.47%	49.84%	48.17%	46.70%	44.76%	44.17%	44.44%	43.68%
% Utility	38.08%	37.74%	34.39%	33.83%	33.50%	33.54%	33.25%	33.73%	33.54%	33.61%
Top 3 States	17.83% - Texas	17.16% - Texas	16.97% - Texas	17.09% - Texas	15.91% - Texas	16.53% - Texas	11.53% - Texas	15.22% - Texas	14.57% - Texas	15.20% - Texas
	7.89% - California	9.85% - California	10.21% - California	10.43% - California	10.39% - California	9.91% - California	11.35% - California	10.91% - California	9.93% - California	9.64% - California
	7.75% - Florida	7.52% - Florida	7.79% - Florida	7.85% - Florida	8.06% - Florida	4.02% Illinois	8.31% - Florida	7.86% - Florida	7.42% - Florida	7.57% - Florida

* U.S. public retail transactions

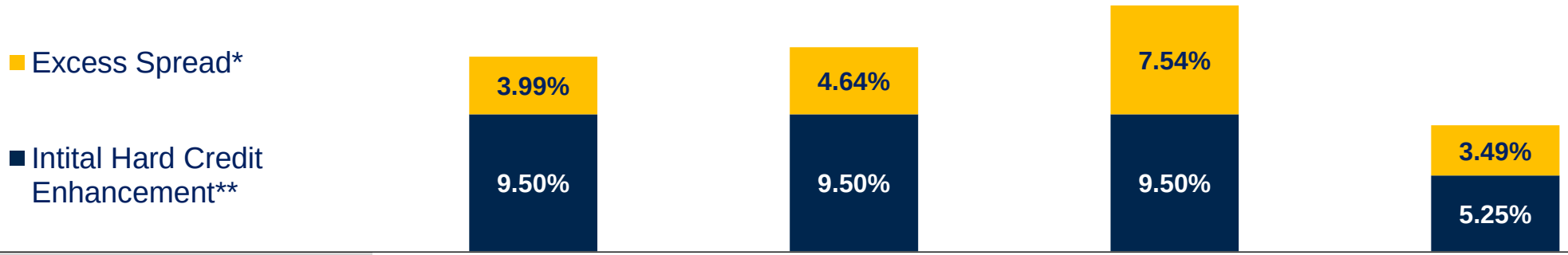
Pool Composition Tests

- Pool composition limits mitigate the risk of adverse changes in composition
  - Applied to the entire pool when the issuer purchases or sells receivables
- Two levels of pool composition tests, which impact credit enhancement
  - Failure of any of the more stringent "Floor Credit Enhancement Composition Tests" results in an increase in credit enhancement
  - Failure of any of the "Pool Composition Tests" will require the servicer to identify "ineligible receivables" so that the remaining receivables satisfy the tests – providing dollar-for-dollar credit enhancement for ineligible receivables
- As Ford Credit aims to securitize its portfolio of receivables consistently across its FordREV and U.S. public retail transactions, the Pool and Floor Credit Enhancement Composition Tests are subject to periodic review, with modifications made only three times to the program

	2019-REV1	
	Floor Credit Enhancement Composition Tests	**Pool Composition Tests**
Weighted Average FICO score at origination	**≥ 715**	**≥ 700**
Recievables with original term > 60m	**≤ 70%**	**≤ 75%**
Receivables for used vehicles	**≤ 17.5%**	**≤ 22.5%**
Receivables for used vehicles with original term > 60m	**≤ 11%**	**≤ 12%**
Receivables for new vehicles with original term > 60m and obligors with no FICO score	**≤ 4%**	**≤ 5%**
Receivables with consumer obligors with no FICO score	**not applicable**	**≤ 2%**
Receivables with commercial obligors with no FICO score	**not applicable**	**≤ 22.5%**

Credit Enhancement Levels

- Upon each receivables purchase, one of three levels of credit enhancement is established based upon the entire pool's composition and compliance with a Net Loss Test
  - Achieved by varying the discount rate for yield supplement overcollateralization
  - 2019-REV1 total hard enhancement is consistent with previous 5-year FordREV transactions

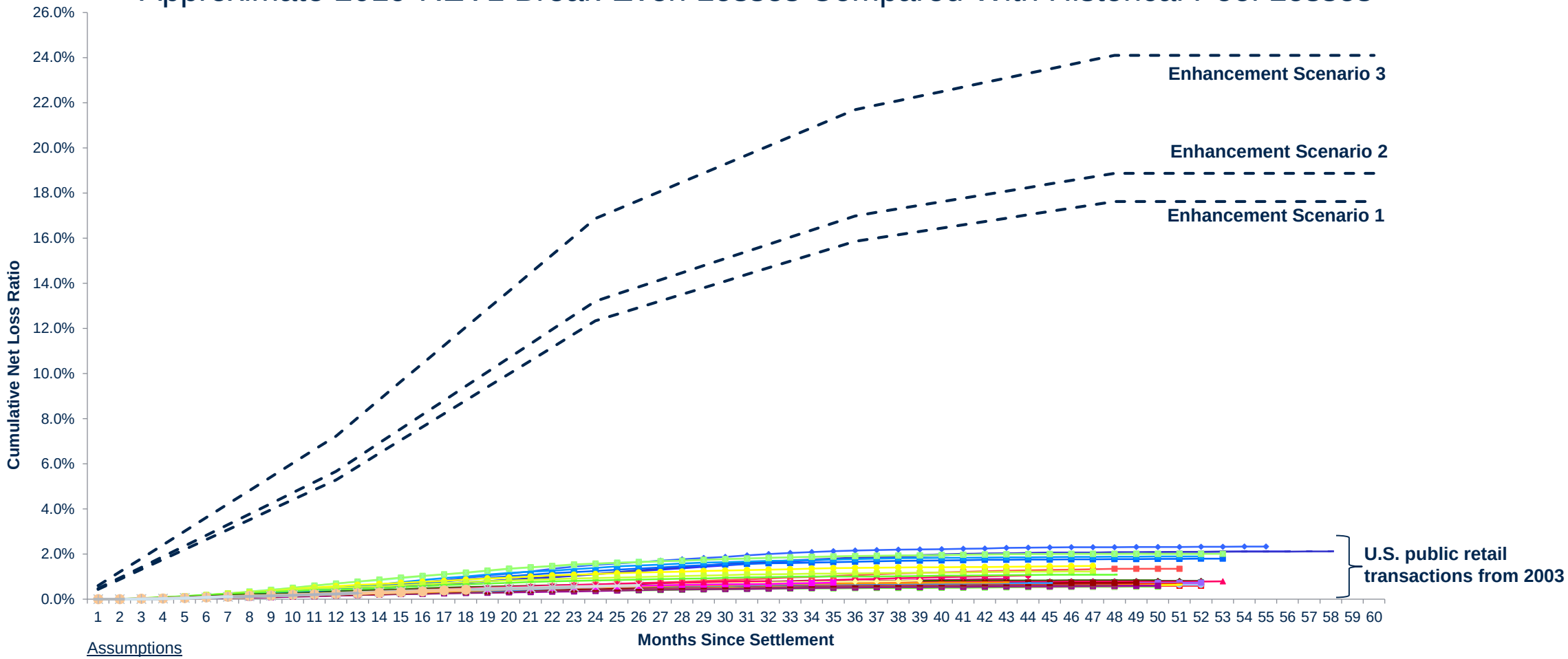


Enhancement Scenario	(1)	(2)	(3)	Memo: 2018-B***
Floor CE Composition Tests	Met	Failed	N/A	N/A
Pool Composition Tests	Met	Met	N/A	N/A
Net Losses Test	Met	Met	Failed	N/A
Yield Supplement Discount Rate	8.40%	9.10%	12.10%	7.50%

* Annual excess spread including Yield Supplement
** Initial hard credit enhancement (overcollateralization + subordination + reserves) as a % of Adjusted Pool Balance
*** U.S. public retail transaction

Senior Note Break-Even Analysis

Approximate 2019-REV1 Break-Even Losses Compared With Historical Pool Losses



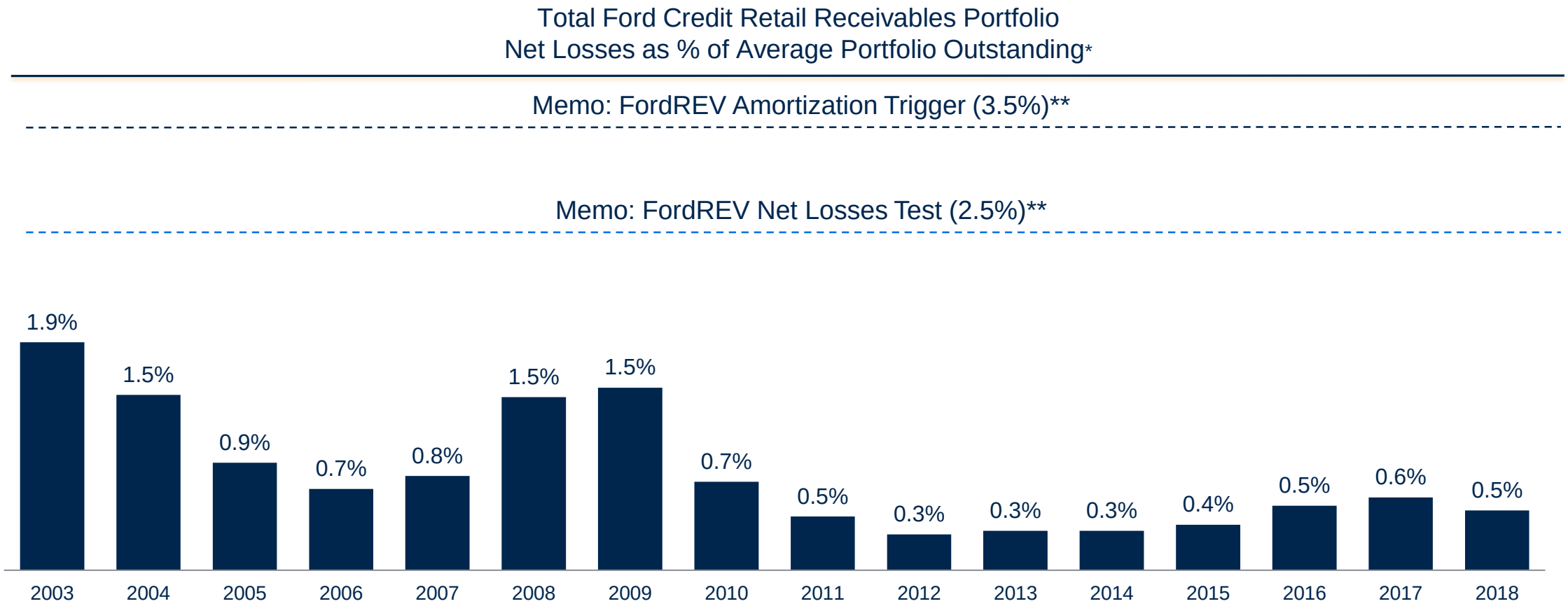
Assumptions

- Default timing curve of 30% / 40% / 20% / 10% per year
- 1.40% ABS
- 3-month recovery delay and 50% loss severity

Amortization Events

- Amortization period (full turbo) will begin if any of the following events occur:
  - On any payment date during the revolving period (a) the trust fails to pay interest due on the notes within five days of the payment date, (b) the required amount is not in the reserve account, (c) required amount is not in the negative carry account, or (d) required amount is not in the accumulation account
  - Notes are not paid in full on the expected final payment date
  - Three-month rolling average annualized net losses as a percentage of aggregate principal balance of receivables exceeds 3.50%
  - Three-month rolling average percentage of aggregate principal balance of receivables that are 61 days or more delinquent exceeds 1.50%
  - Adjusted pool balance is less than 50% of the principal amount of the notes
  - A servicer termination event occurs and is continuing
  - An event of default occurs and is continuing

Net Loss To Receivables Ratio



* Portfolio net losses: Net losses of the portfolio as a percentage of average portfolio outstanding
** FordREV pool loss threshold: 3-month rolling average annualized net losses of the pool as a percentage of pool balance at the end of each month

Note Redemption, Step-Up And Make-Whole

Note Redemption

- Note redemption period begins six months prior to the expected final payment date
- Note redemption achieved through sale of trust assets to the depositor, another Ford Credit special purpose entity, or a third party if sale proceeds are sufficient to fully repay the notes

Step-up Amounts

- If notes are not paid in full by the expected final payment date, step-up amounts will be payable
- Step-up amounts will accrue on each class of notes at a rate equal to the interest rate for the class less 0.01%

Make-whole Payments

- Make-whole payments will be payable on each principal payment made prior to the note redemption period due to:
  - An amortization event resulting from the failure to fund the negative carry account to the required amount or the adjusted pool balance declining to less than 50% of note balance, or
  - The trust's exercise of its option to redeem the notes prior to the note redemption period
  - Make-whole payments will be equal the excess of (a) the present value of (i) the amount of all future interest payments that would otherwise accrue on the principal payment until the sixth payment date prior to the expected final payment date and (ii) the principal payment, discounted from the sixth payment date prior to the expected final payment date to the payment date monthly on a 30/360 basis at 0.25% plus the higher of (1) zero and (2) the current maturity matched U.S. Treasury rate over (b) the principal payment

Collateral Performance Reporting

- Available at: http://www.ford.com/finance/investor-center/asset-backed-securitization

Monthly Investor Report

- Summary pool stratifications on the entire pool after giving effect to purchases or sales
- Receivables purchase / sale date and balance
- Collateral composition test results and amortization event compliance
- Updated yield supplement overcollateralization schedule

Quarterly Supplement

- Summary stratification for each quarterly vintage of additional receivables sold to the issuer
- Static pool performance, consistent with U.S. public retail securitization program, for the initial pool and separately for each quarterly vintage of additional receivables sold to the issuer

Existing Transactions Demonstrate the Consistency of Receivables Additions with the Initial Pool*

Example: 2016-REV2	Initial Pool	Receivables Purchased Quarter Ended Sep. 30, 2016	Receivables Purchased Quarter Ended Dec. 31, 2016	Receivables Purchased Quarter Ended Mar. 31, 2017	Receivables Purchased Quarter Ended Jun. 30, 2017	Receivables Purchased Quarter Ended Sep. 31, 2017	Receivables Purchased Quarter Ended Dec. 31, 2017	Receivables Purchased Quarter Ended Mar. 31, 2018	Receivables Purchased Quarter Ended Jun. 30, 2018	Receivables Purchased Quarter Ended Sep. 31, 2018
Cut-Off Date(s)		July 1, 2016	October 1, 2016	January 1, 2017	April 1, 2017	July 1, 2017	October 1, 2017	January 1, 2018	April 1, 2018	July 1, 2018
		August 1, 2016	November 1, 2016	February 1, 2017	May 1, 2017	August 1, 2017	November 1, 2017	February 1, 2018	May 1, 2018	August 1, 2018
	June 1, 2016	September 1, 2016	December 1, 2016	March 1, 2017	June 1, 2017	September 1, 2017	December 1, 2017	March 1, 2018	June 1, 2018	September 1, 2018
Number of Receivables	60,144	5,930	5,409	5,654	5,849	6,188	6,338	6,271	6,696	6,698
Pool Balance	$1,495,820,222	$148,962,940	$137,564,845	$142,640,962	$151,931,735	$157,557,964	$161,146,733	$170,464,273	$178,267,795	$181,575,077
Average Principal Balance	$24,871	$25,120	$25,433	$25,228	$25,976	$25,462	$25,425	$27,183	$26,623	$27,109
Average Original Amount Financed	$30,195	$30,415	$31,227	$31,271	$32,301	$32,108	$32,138	$33,303	$33,126	$33,121
Loan to Value (LTV)	97.57%	97.83%	97.73%	98.26%	98.71%	98.18%	97.23%	96.90%	96.66%	97.38%
Payment to Income (PTI)	8.63%	8.71%	8.78%	8.71%	8.75%	8.66%	8.73%	8.44%	8.55%	8.57%
Commercial Use	19.11%	18.63%	21.12%	18.44%	20.69%	20.46%	19.72%	20.38%	21.85%	21.07%
Subvened-APR Receivables	62.25%	62.91%	65.34%	66.94%	65.68%	61.87%	59.47%	54.88%	53.22%	57.58%
WA APR	2.96%	2.94%	2.66%	2.62%	2.68%	2.99%	3.10%	3.38%	3.65%	3.68%
WA Original Term	64.5 months	64.7 months	64.7 months	65.0 months	65.1 months	64.9 months	65.2 months	65.7 months	65.1 months	65.2 months
WA Remaining Term	56.5 months	56.7 months	56.5 months	56.2 months	56.2 months	55.6 months	56.3 months	57.7 months	57.1 months	57.6 months
WA Seasoning	8.0 months	8.0 months	8.2 months	8.8 months	8.9 months	9.3 months	8.9 months	8.0 months	8.0 months	7.6 months
New % / Used %	89.2% new / 10.8% used	89.5 % new / 10.5% used	90.2% new / 9.8% used	89.9% new / 10.1 % used	89.3% new / 10.7% used	87.9% new / 12.1% used	89.0% new / 11% used	89.4% new / 10.6% used	87.5% new / 12.5% used	86.3% new / 13.7% used
Car %	24.10%	24.97%	22.49%	23.04%	21.01%	20.86%	19.17%	16.78%	16.68%	15.56%
Light Truck %	41.79%	41.14%	44.33%	42.37%	43.87%	44.58%	46.76%	49.04%	48.72%	47.34%
Utility%	33.48%	33.38%	32.61%	33.95%	34.48%	33.99%	33.29%	33.46%	33.73%	35.84%
WA FICO® at Origination	732	734	735	736	734	737	737	739	738	737
WA FICO® w/ Original Term > 60 mo.	708	712	713	715	713	716	718	722	719	717

* 2016-REV2 receivables are purchased monthly, information reflected quarterly for formatting reasons

FORD CREDIT

U.S. Lease Securitization



U.S. Lease Securitization

Free Writing Prospectus

Registration Statement No. 333-208514

Ford Credit Auto Lease Two LLC (the “depositor”)

Ford Credit Auto Lease Trusts (the “issuer”)

This document constitutes a free writing prospectus for purposes of the Securities Act of 1933. The depositor has filed a registration statement (including a prospectus) with the SEC for any offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the depositor has filed with the SEC for more complete information about the depositor, the issuer and such offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, you may request that a copy of the prospectus be sent to you by calling toll-free 1-888-603-5847.

U.S. Lease Securitization

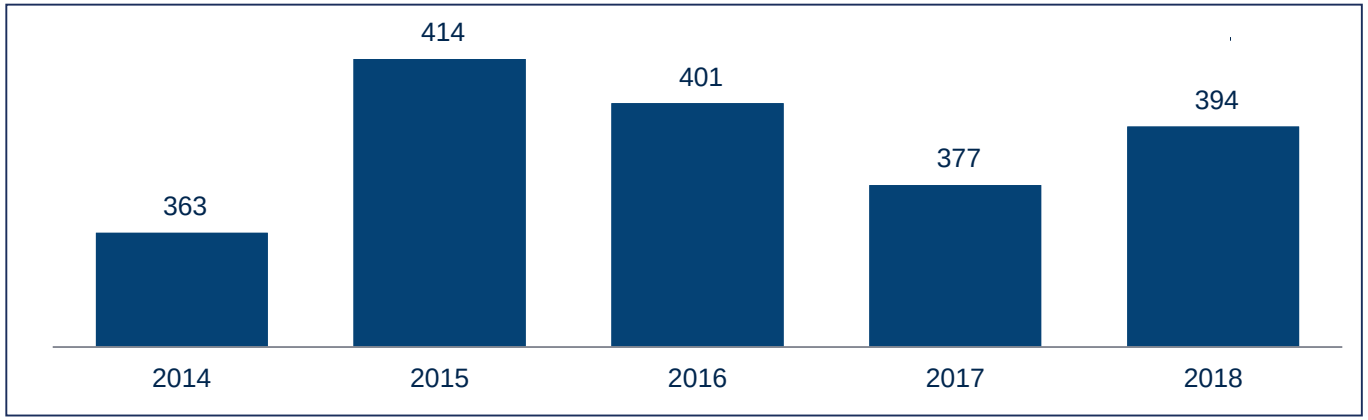
Overview

- Ford Credit has been in the business of leasing vehicles since 1975 and has been securitizing its lease contracts since 1995
- Ford Credit's current lease securitization platform was established in 2006, and more than 30 lease securitization transactions have been completed
- Ford Credit offers lease asset-backed securities through various channels:
  - Publicly registered transactions
  - Rule 144A transactions
  - Other private transactions
- Structural elements, such as priority of payments, have remained consistent over time

U.S. Lease Securitization

Business Update

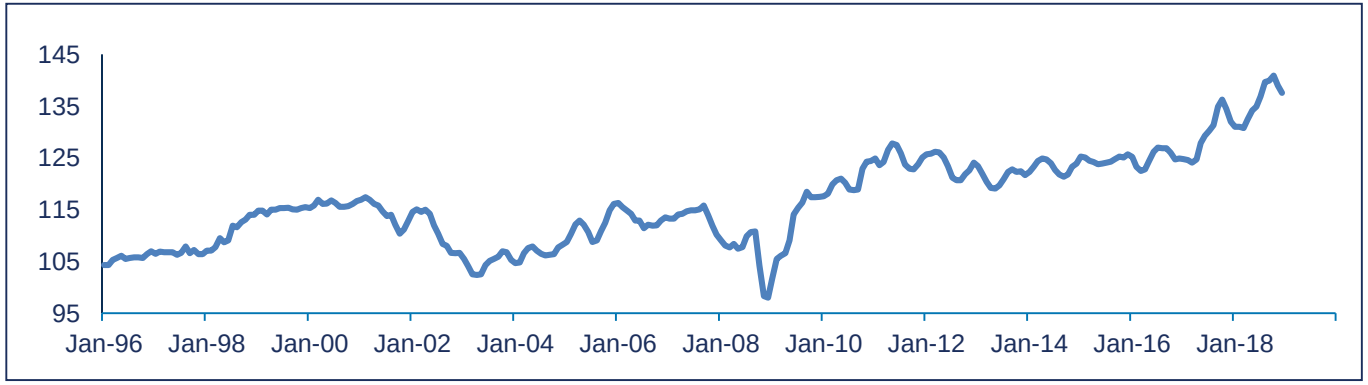
Number of Leases Originated (000)



Avg. # of Leases Outstanding (000)

704	841	975	1,006	1,018

Manheim Used Vehicle Value Index



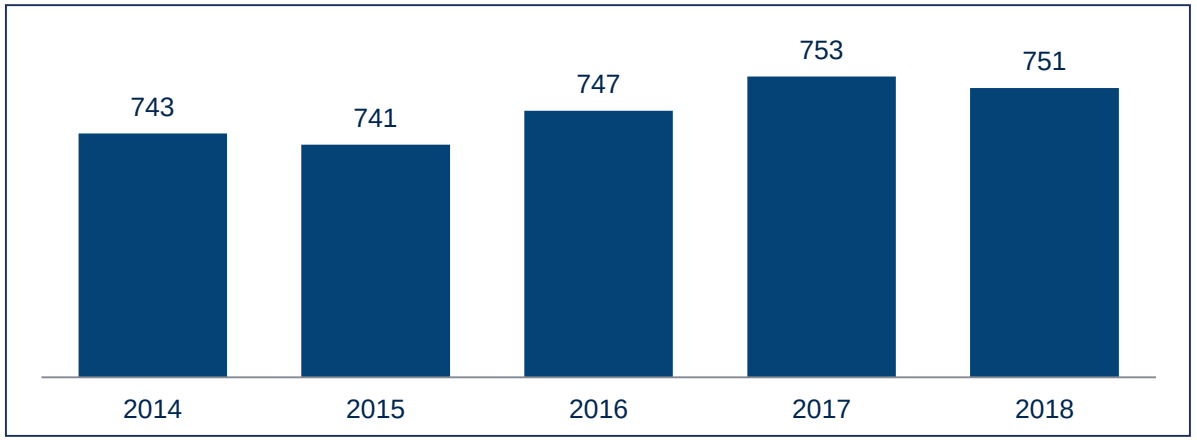
Source: Manheim Consulting, December 2018 (January 1996 = 104.3)

- Ford Credit leasing, as a share of retail sales, remains below the industry
- Ford Credit works with Ford and Lincoln to set guidelines around leasing share, term, model mix and other factors to support brand value and sales
- Auction values stronger than expected and higher YoY

U.S. Lease Securitization

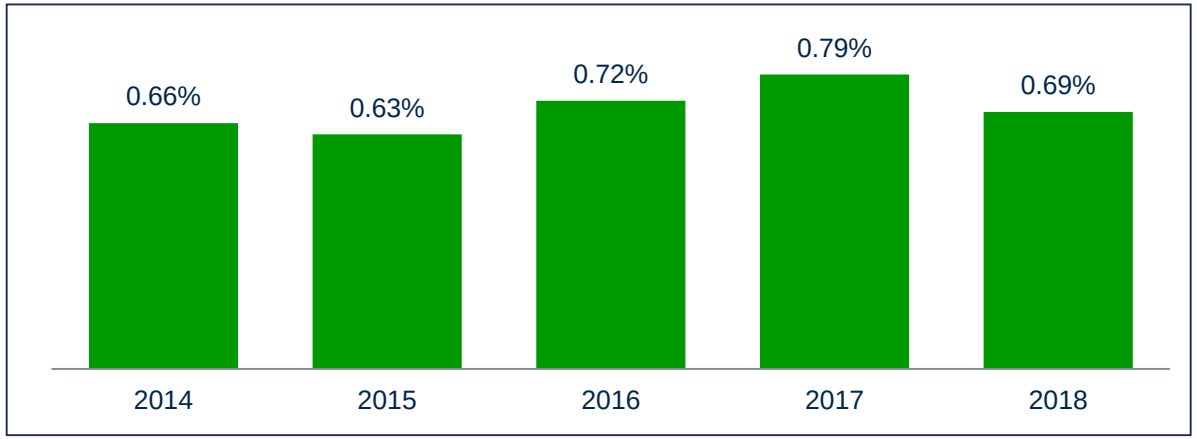
Portfolio Credit Metrics

Weighted Average FICO® at Origination*

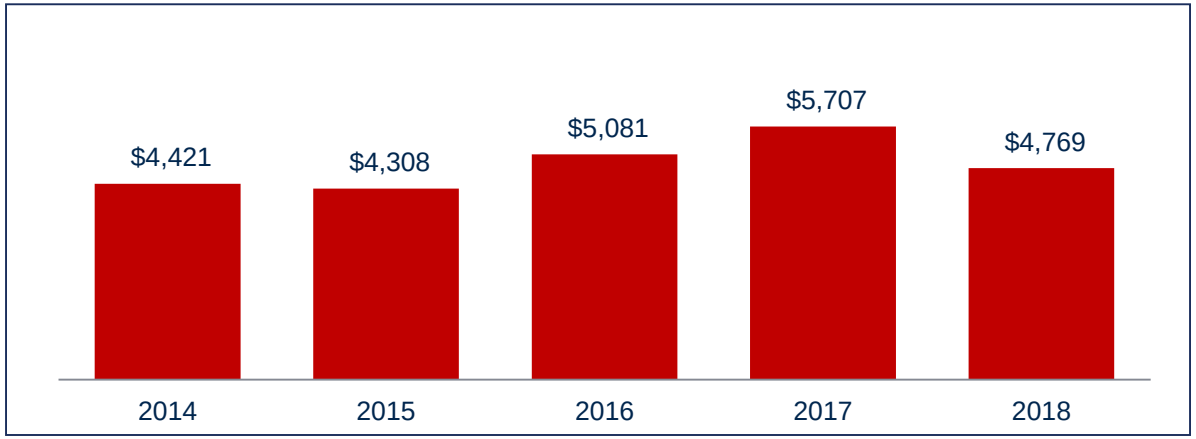


* Based on year of origination

Repossessions as a % of Average Number of Leases Outstanding

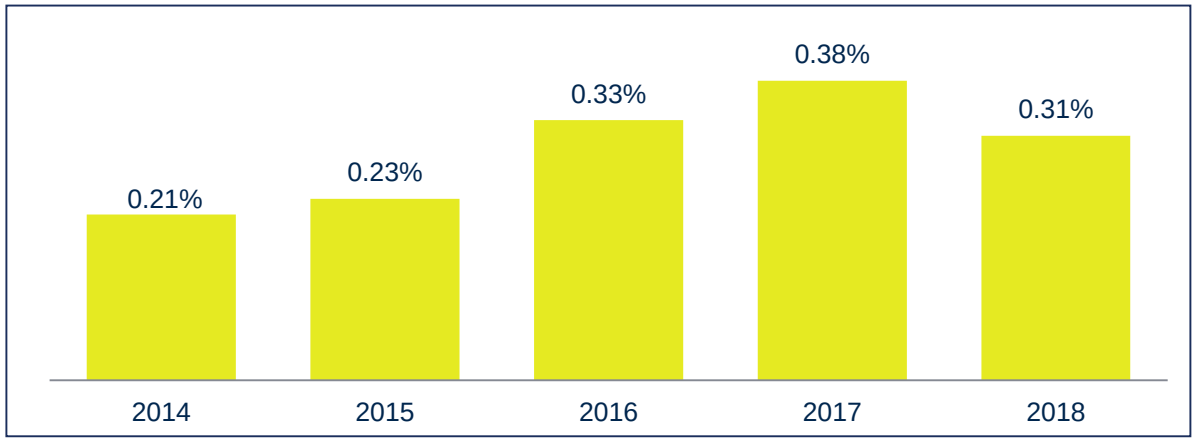


Average Net Loss/(Gain) on Charged-Off Leases*



* Net losses consider losses incurred after the unit has been sold at auction and all legal collection efforts have been completed

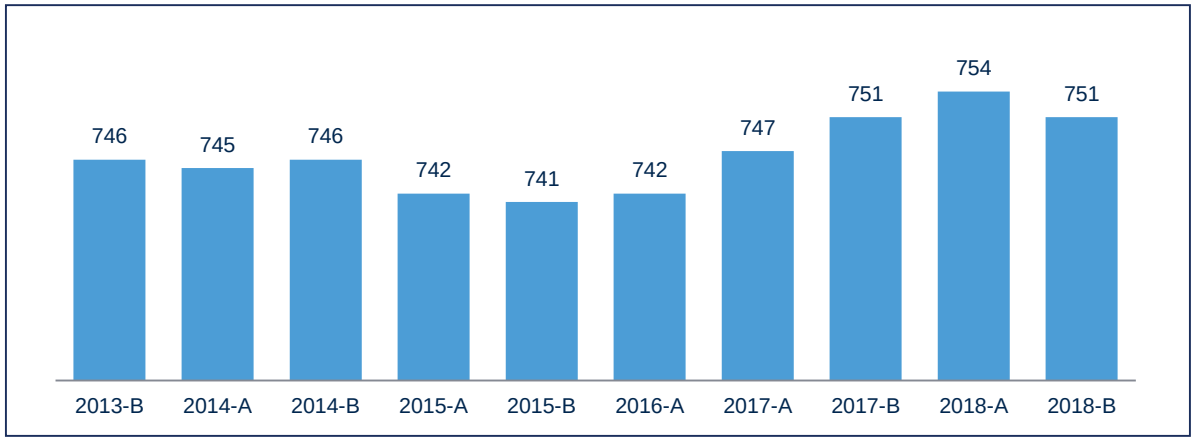
Net Losses as a % of Average Portfolio Outstanding



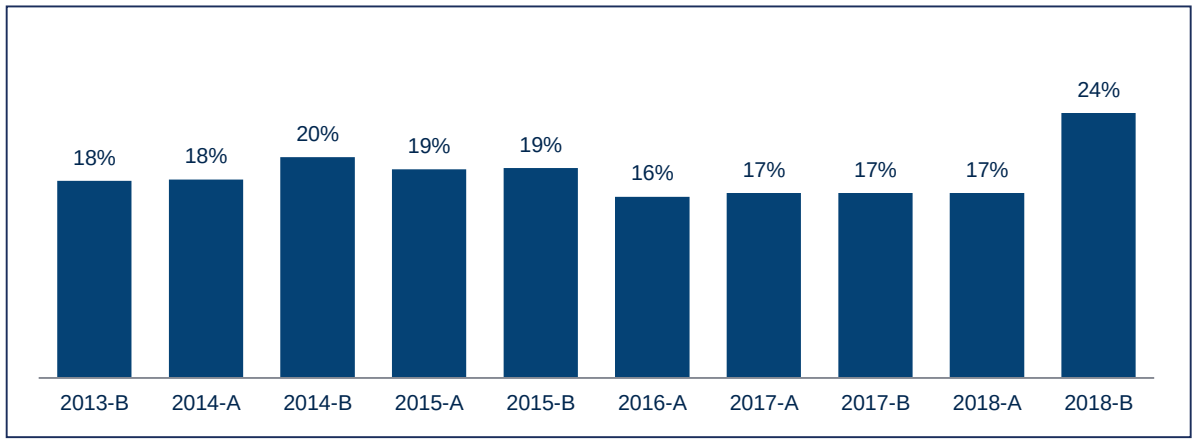
U.S. Lease Securitization

Securitization Pool Metrics

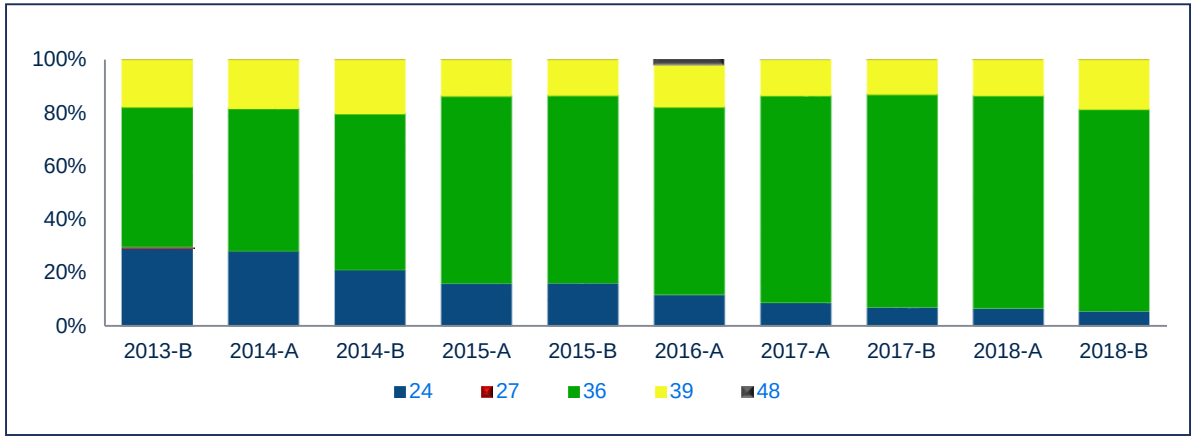
Weighted Average FICO



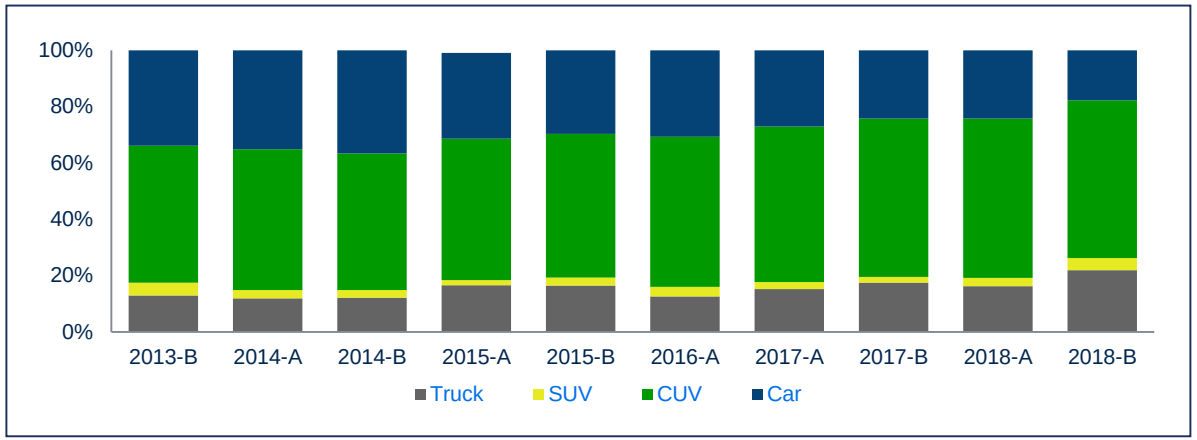
Maximum 3-Month Residual Concentration



Original Term as % of Securitization Value



Vehicle Type as % of Securitization Value*

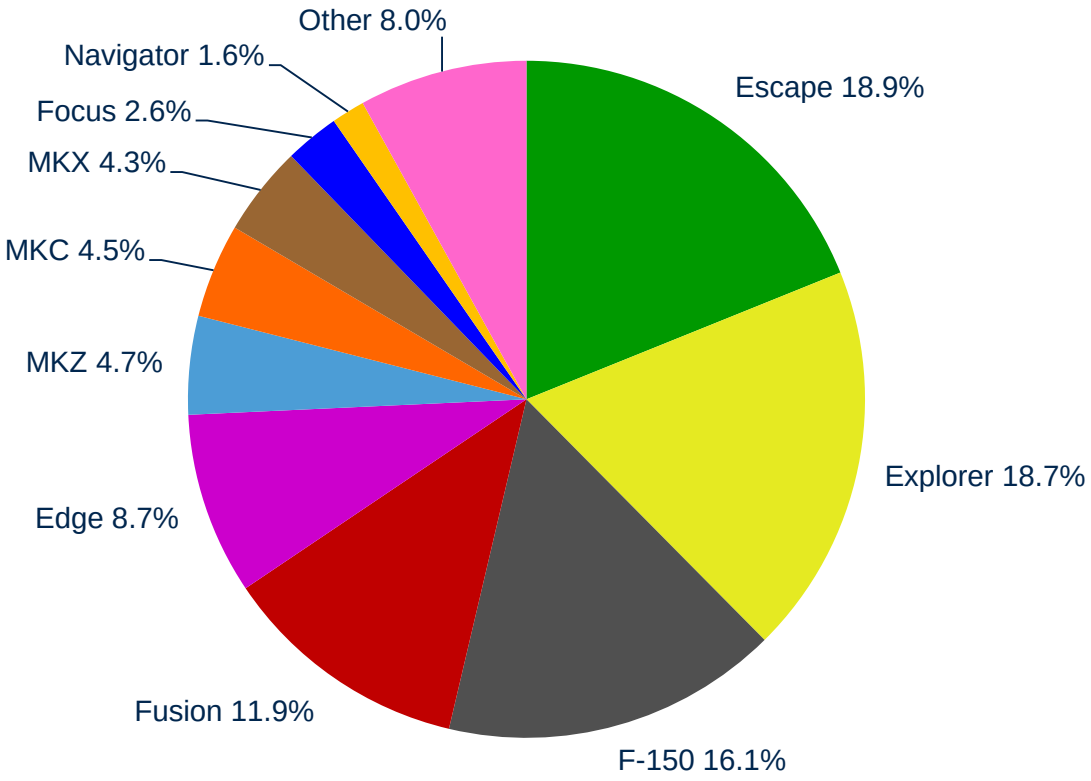


* Reflects classification of 2011 and newer model year Explorers and 2013 and newer model year Escapes as CUVs rather than SUVs

U.S. Lease Securitization

Pool Metrics – Model Diversification

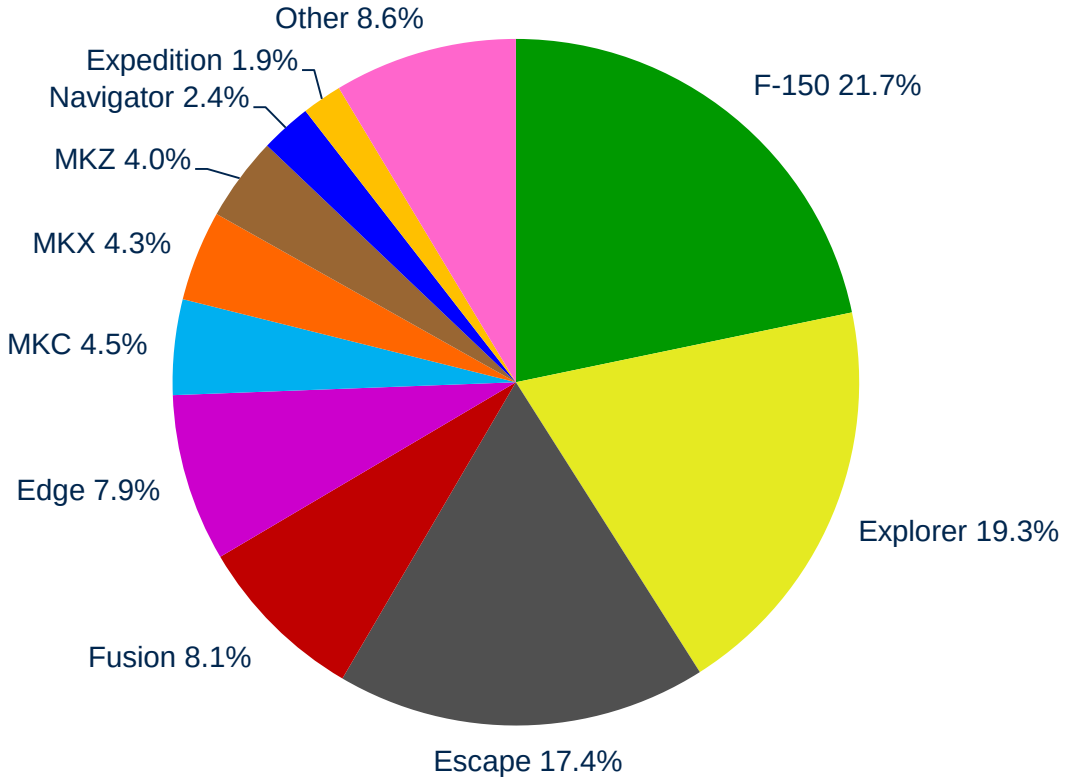
FCALT 2018-A



Model Concentrations

Top 1: 19%
Top 3: 54%
Top 5: 74%

FCALT 2018-B



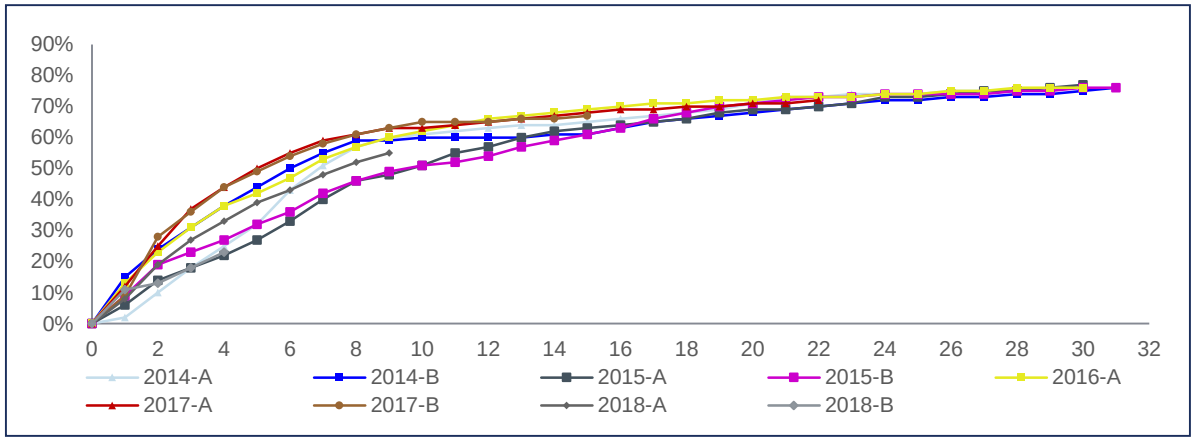
Model Concentrations

Top 1: 22%
Top 3: 58%
Top 5: 74%

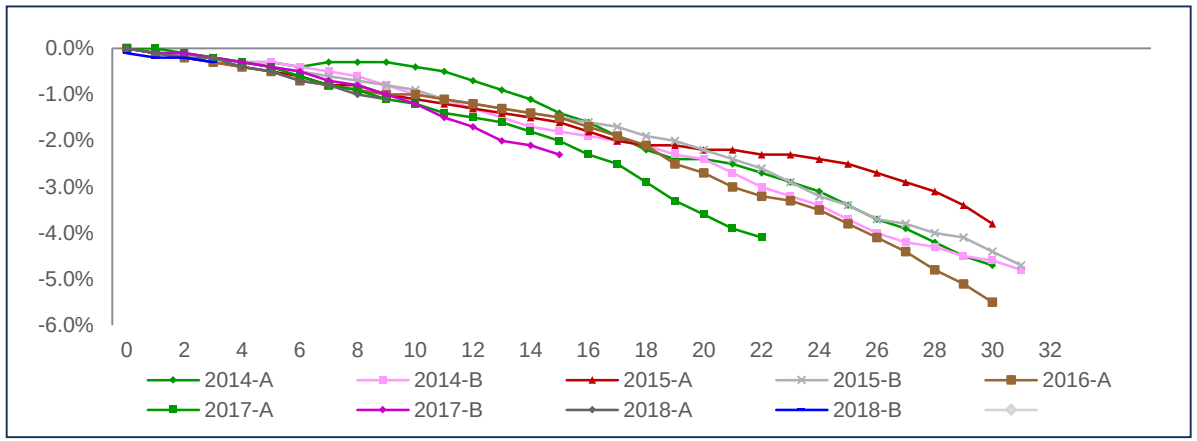
U.S. Lease Securitization

Securitization Pool Performance

Cumulative Return Rate

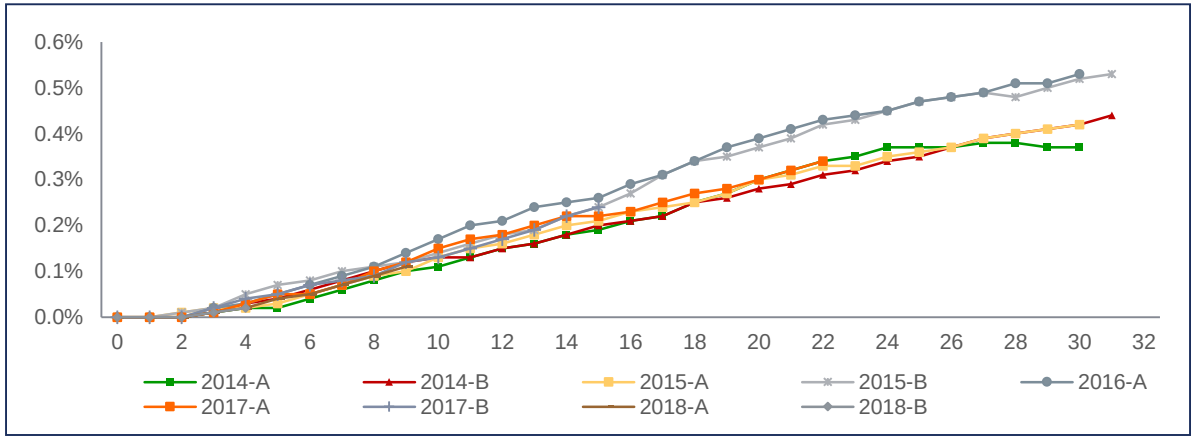


Cumulative Residual Loss / (Gain)*



* As a percentage of initial base residual value; includes losses/(gains) on retained and returned vehicles

Cumulative Net Credit Losses*



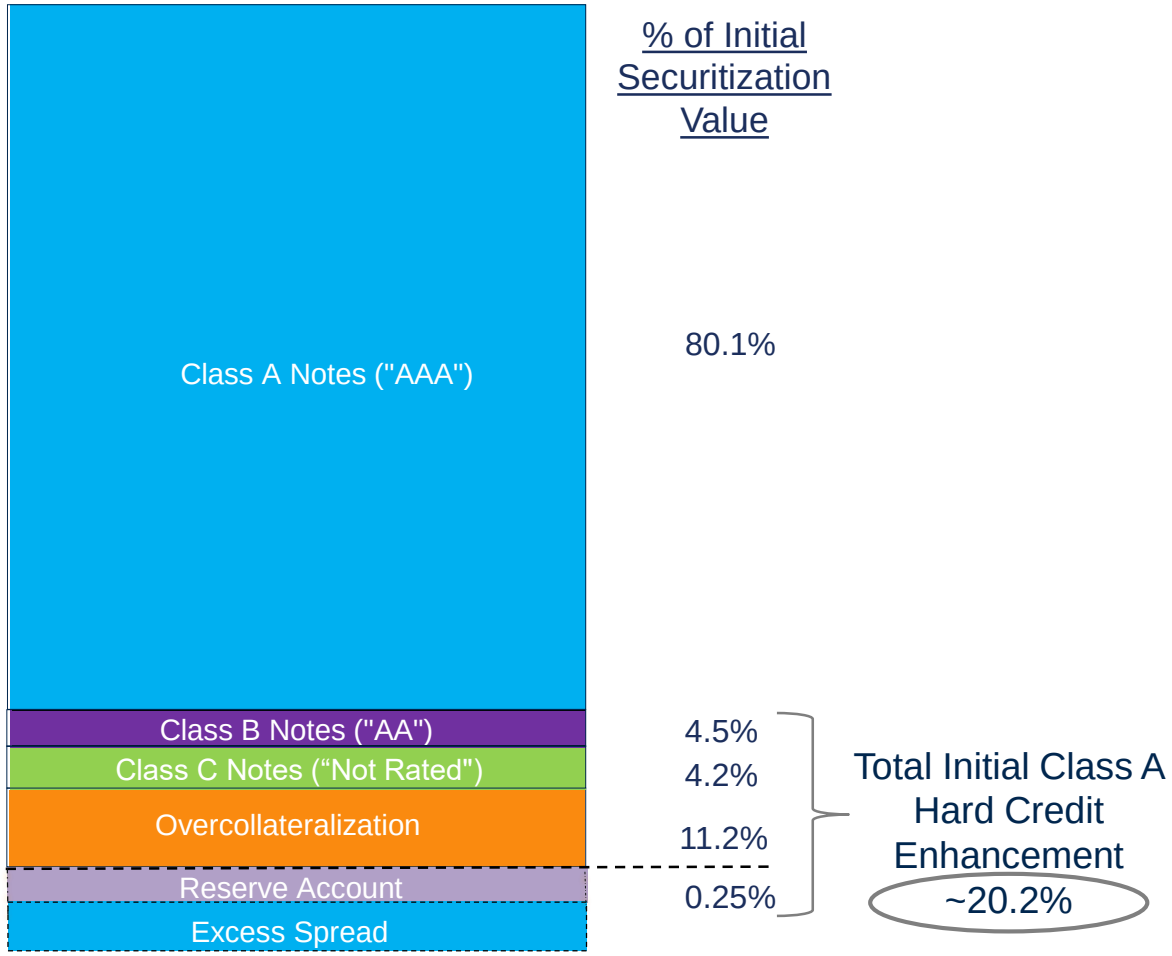
* Total credit loss as a percent of initial total securitization value

Commentary

- For the pool performance in the periods above (2014 to 2018):
  - Lifetime cumulative return rates range between 60% and 75%
  - Cumulative residual gains but declining; recently, residual gains on larger vehicles have been partially offset by residual losses on smaller vehicles
  - Consistent credit loss performance

U.S. Lease Securitization

Structure Overview



Credit enhancement in the lease securitization program includes:

- Subordination of junior notes
- Overcollateralization
- Cash reserve
- Excess spread (used to build target overcollateralization)

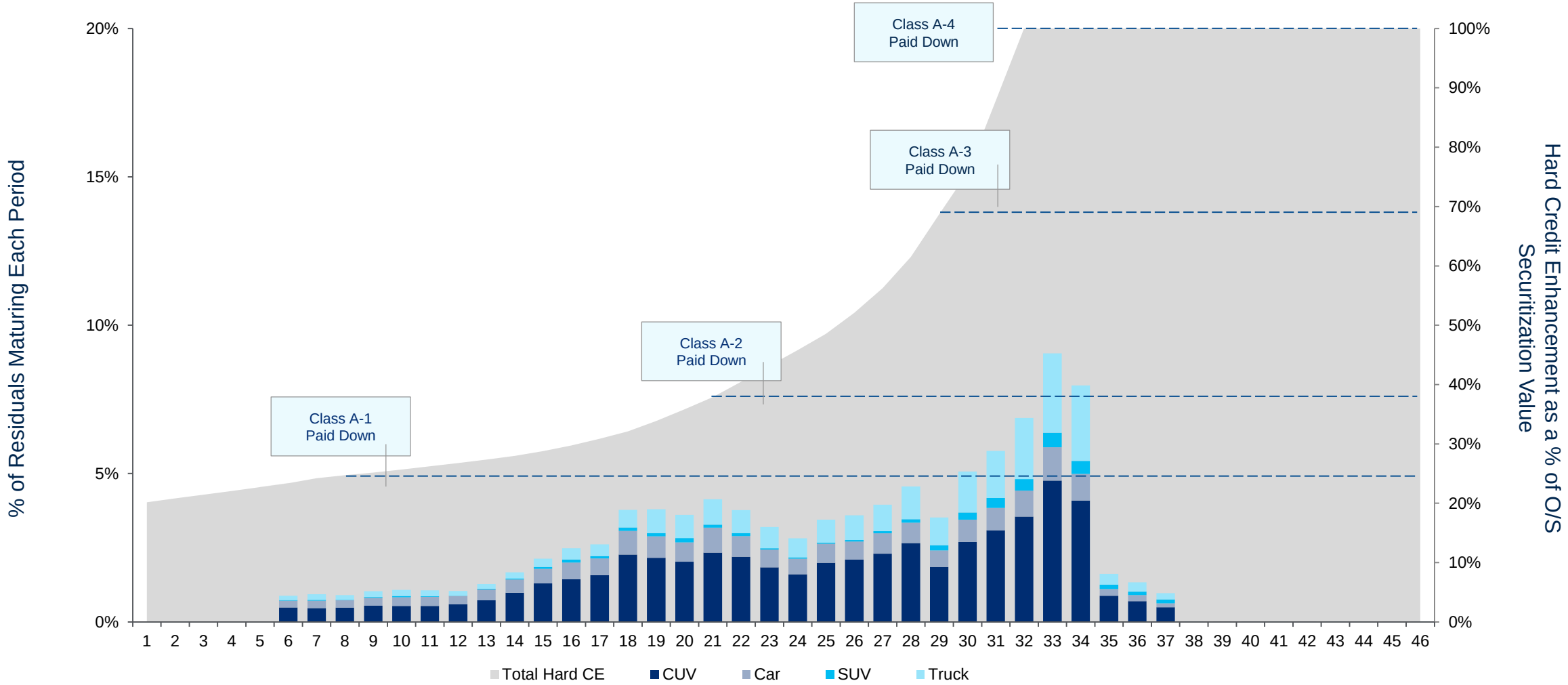
Senior/subordinate, sequential pay structure

Target OC:
13.7% of Initial Total Securitization Value

U.S. Lease Securitization

Residual Maturity Vs. Enhancement Build

Residual Maturity by Vehicle Type vs. Hard Credit Enhancement for Class A Notes*



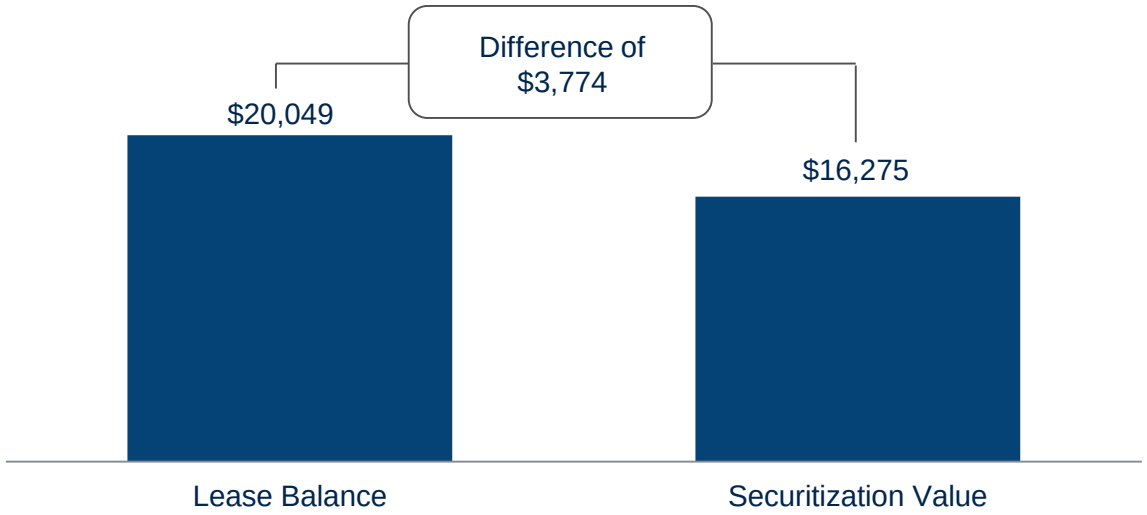
* Hard credit enhancement consists of overcollateralization, subordination and the reserve account; Assumes zero loss, zero prepays

U.S. Lease Securitization

Significance Of Securitization Value

Sample Calculation:

	Lease Balance	Securitization Value
Payments Remaining	24	24
Base Monthly Payment	$ 200	$ 200
Residual Value	$ 16,000	$ 13,000
Discount Rate	2%	5%
Present Value	$ 20,049	$ 16,275



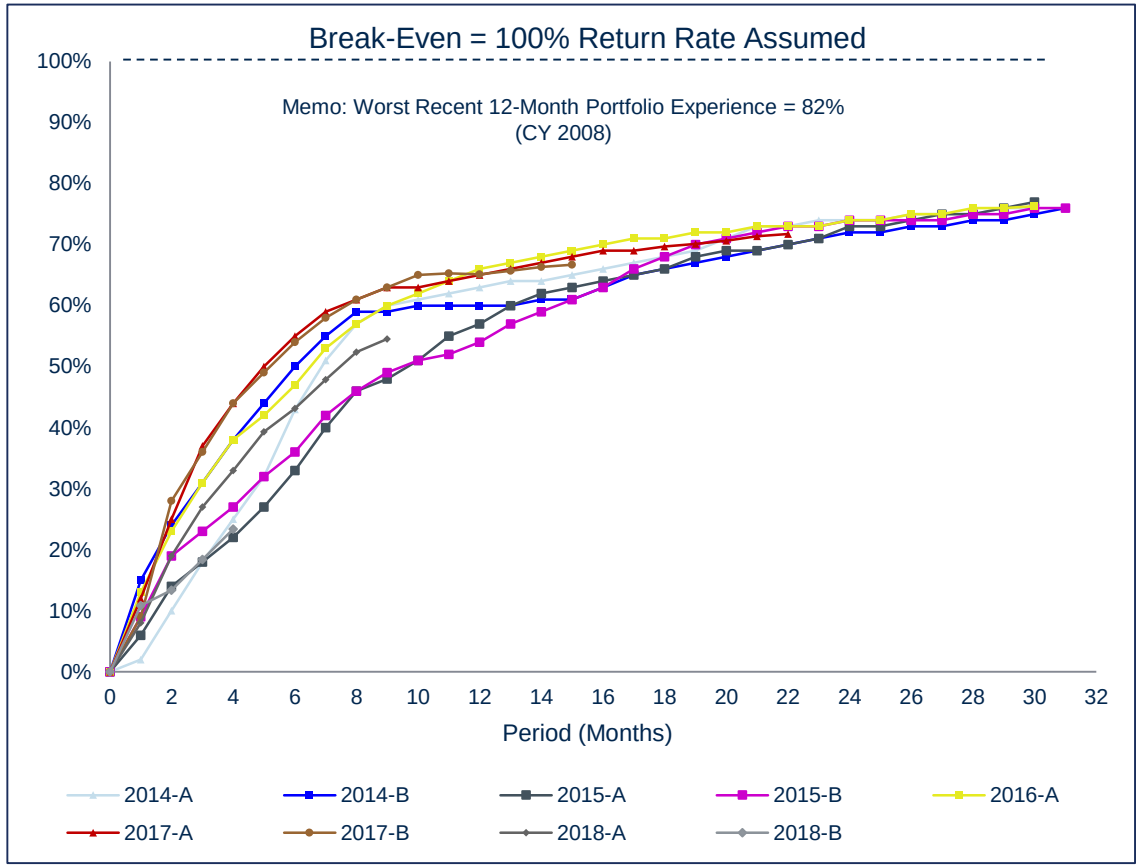
- For securitization transactions, a "*Securitization Value*" is calculated for the underlying lease assets
- Securitization value is calculated using the lower of the contract residual value or the residual value set by Automotive Lease Guide (ALG)
- Securitization value cash flows are discounted using the higher of the contract lease factor or a minimum discount rate designed to create excess spread

U.S. Lease Securitization

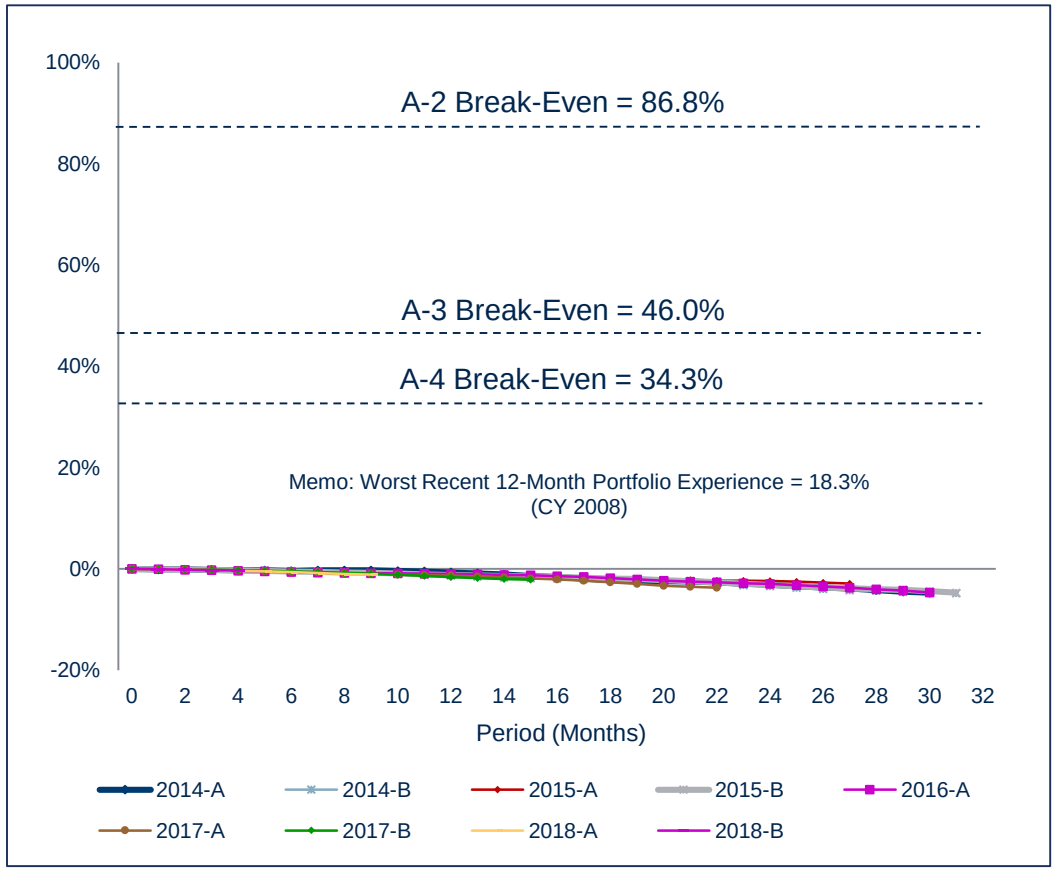
Break-Even Analysis*

Break-Even for FCALT 2018-B Compared to Historical Pool Performance

Return Rate



Cumulative Residual Loss / (Gain)



* Assumes cumulative net credit losses stress of 5%; break-evens are specific to FCALT 2018-B

FORD CREDIT

U.S. Lease Residual Setting and Remarketing



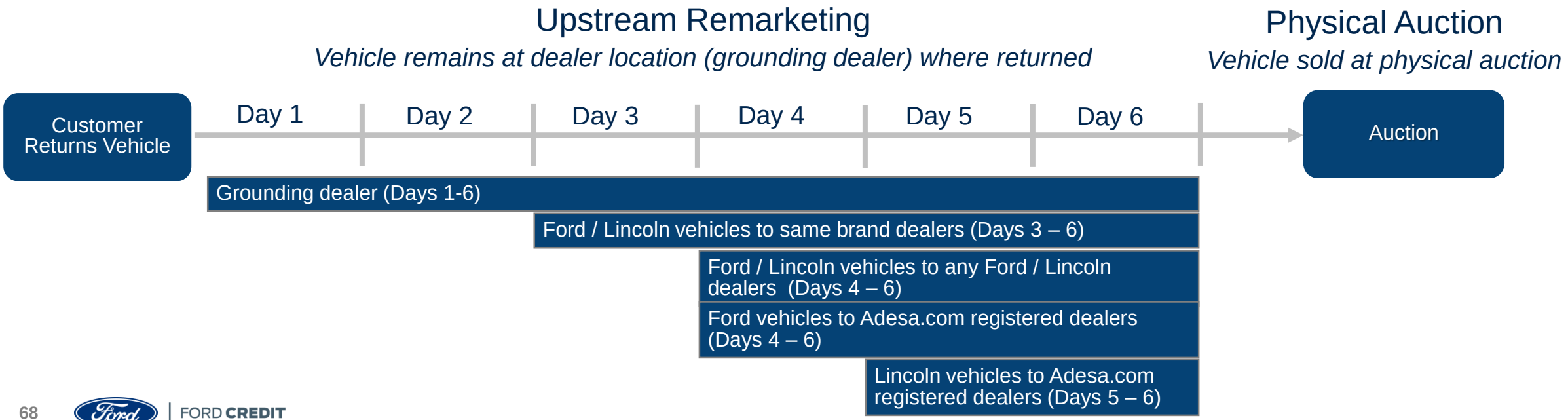
Residual Values Models

- Ford Credit sets residual values quarterly for each vehicle line at various lease terms and mileage allowances
- Ford Credit uses proprietary models and leverages its relationship with Ford to establish residual values based on a number of predictive factors, including MSRP, wholesale price, planned production volume, rental and fleet sales, consumer acceptance, life cycle, recent/seasonal auction trends and economic factors
- Ford Credit's internal review process considers:
  - Current or planned marketing programs
  - Market acceptance of vehicles
  - Competitive actions with the vehicle segment
- Ford Credit reviews residual value performance and compares published residual values to:
  - Historical auction values for returned lease vehicles
  - Residual value forecasts published independently in industry guides such as Automotive Lease Guide (ALG)

U.S. Lease Residual Setting and Remarketing

Vehicle Remarketing

- Ford Credit works with Ford's Vehicle Remarketing Department to efficiently dispose of vehicles returned to dealers at lease-end to maximize the net sales proceeds of the vehicle to:
  - Obtain higher sales prices at disposition
  - Minimize remarketing expenses (auction, reconditioning and transportation costs)
- Vehicles returned at lease-end are sold through:
  - ***Accelerate***™, an online upstream remarketing application
  - Ford-sponsored physical auctions



Upstream Remarketing

- By selling returned lease vehicles upstream, Ford Credit receives a price similar to that expected at a physical auction without incurring transportation, reconditioning and auction expenses
- Prior to transporting to physical auction, vehicles are offered for sale to participating dealerships through an internet application, ***Accelerate*;**
  - Ford Credit employs proprietary models to establish a market price for vehicles based on recent auction experience and adjusted for miles, condition, any excess wear and use, and option packages
  - Ford incentivizes U.S. Lincoln dealers to purchase returned lease vehicles through ***Accelerate***, certify those vehicles and sell them to customers under a certified pre-owned program
- 32% of all eligible vehicles were sold through ***Accelerate*** in 2018

FORD CREDIT

U.S. Floorplan Securitization



Free Writing Prospectus

Registration Statement Nos. 333-227766, 333-227766-01 and 333-227766-02

Ford Credit Floorplan Corporation and Ford Credit Floorplan LLC (the "depositors")

Ford Credit Floorplan Master Owner Trust A (the "issuer")

This document constitutes a free writing prospectus for purposes of the Securities Act of 1933. The depositors have filed a registration statement (including a prospectus) with the SEC for any offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the depositors have filed with the SEC for more complete information about the depositors, the issuer and such offering. You may get these documents for free by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, you may request that a copy of the prospectus be sent to you by calling toll-free 1-888-603-5847.

U.S. Floorplan Securitization

Portfolio Overview

- Ford Credit has been financing dealer vehicle inventory since 1959 and has been securitizing floorplan loans since 1991
- Ford's goal is to maintain a profitable dealer network of Ford and Lincoln dealerships that deliver an innovative and engaging sales and service experience for our customers. At year-end 2018, Ford and Lincoln had approximately 3,250 dealers
- Over the past five years, Ford Credit financed 76% to 78% of Ford and Lincoln dealer new vehicle inventory
- Floorplan receivables are secured primarily by the financed vehicles, and payment is required when the vehicle is sold
- Ford Credit's floorplan portfolio has historically experienced very low losses, primarily driven by strong risk management practices and servicing:
  - Continuous dealer monitoring of financial health, payment performance, vehicle collateral status and risk-based on-site inventory audits
  - Use of proprietary risk rating assessment and behavioral scoring models
  - Intensification of risk management actions as dealer risk increases
  - Leveraging access to dealer information through Ford relationship

U.S. Floorplan Securitization

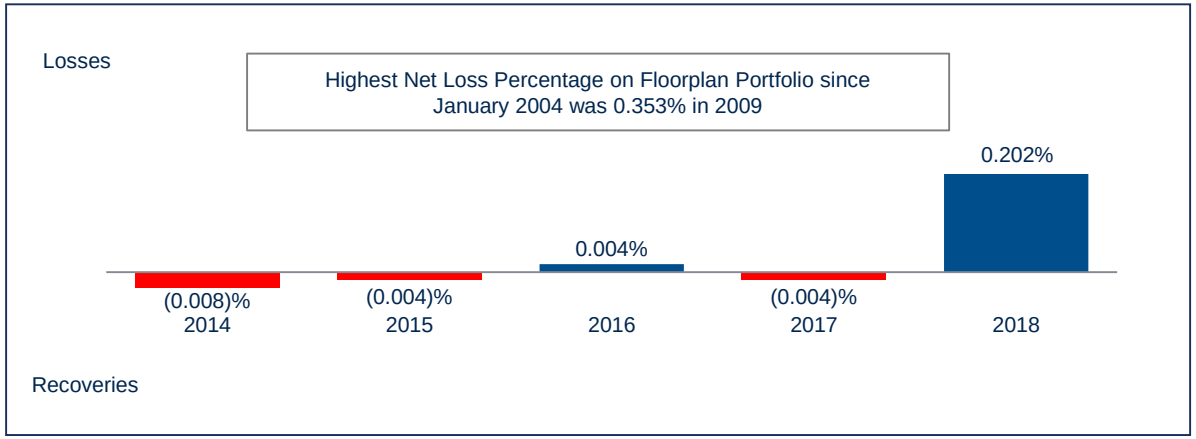
Trust Overview

- Ford Credit's current floorplan securitization trust was established in 2001 as a master trust (similar to a revolving credit card securitization trust) and has issued more than 50 series
- offers floorplan asset-backed securities though various channels:
  - Publicly registered transactions
  - Rule 144A transactions
  - Other private transactions

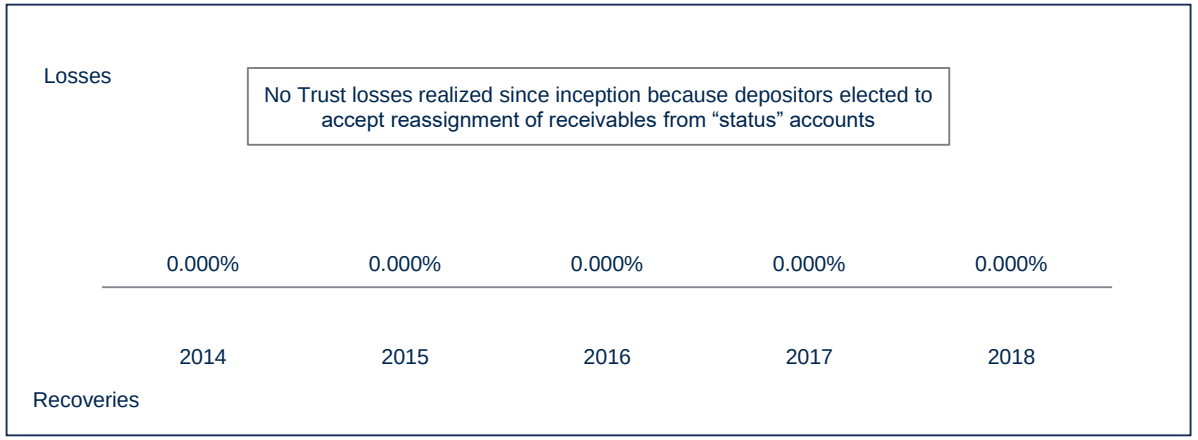
U.S. Floorplan Securitization

Performance Overview

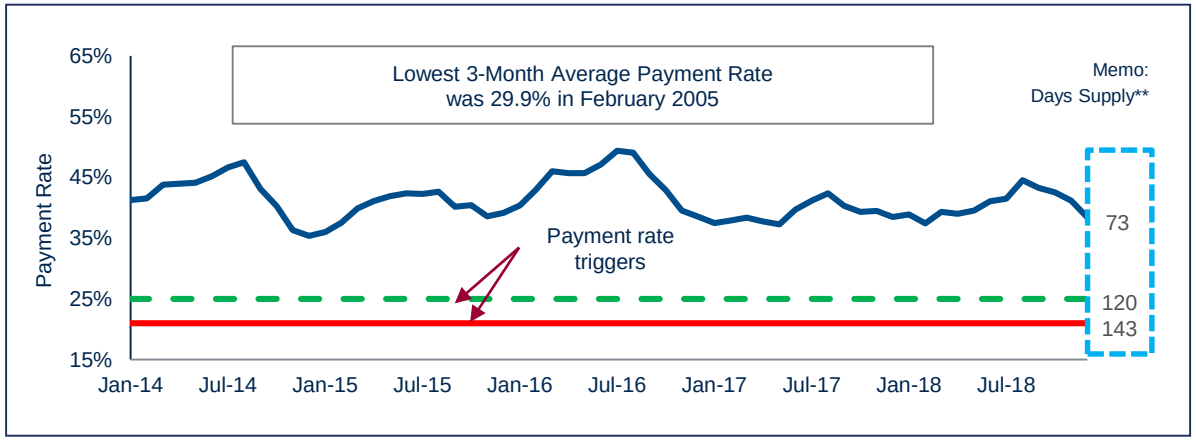
Floorplan Portfolio Net Losses (Recoveries) as a Percent of Average Principal Balance



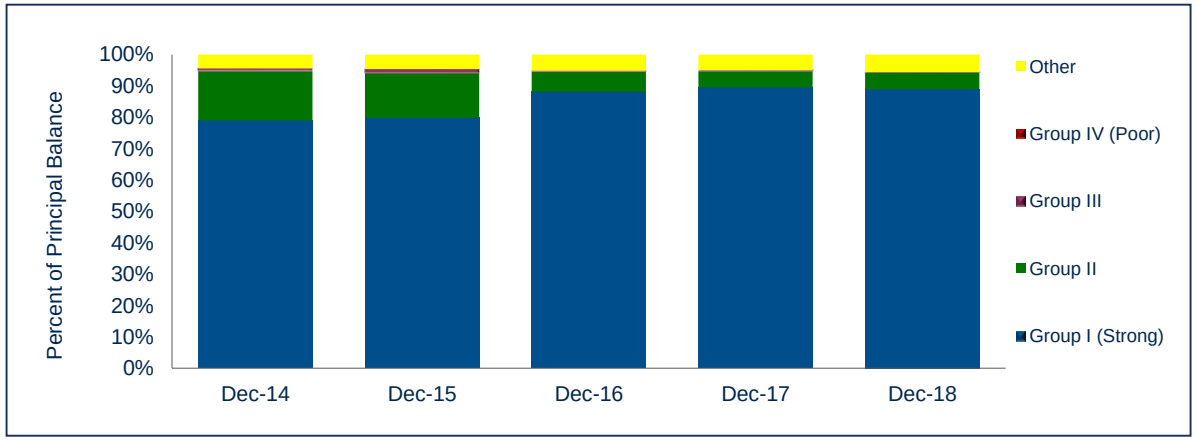
Trust Pool Net Losses (Recoveries) as a Percent of Average Principal Balance



Trust Pool 3-Month Average of Monthly Principal Payment Rate*



Trust Pool Dealer Risk Ratings

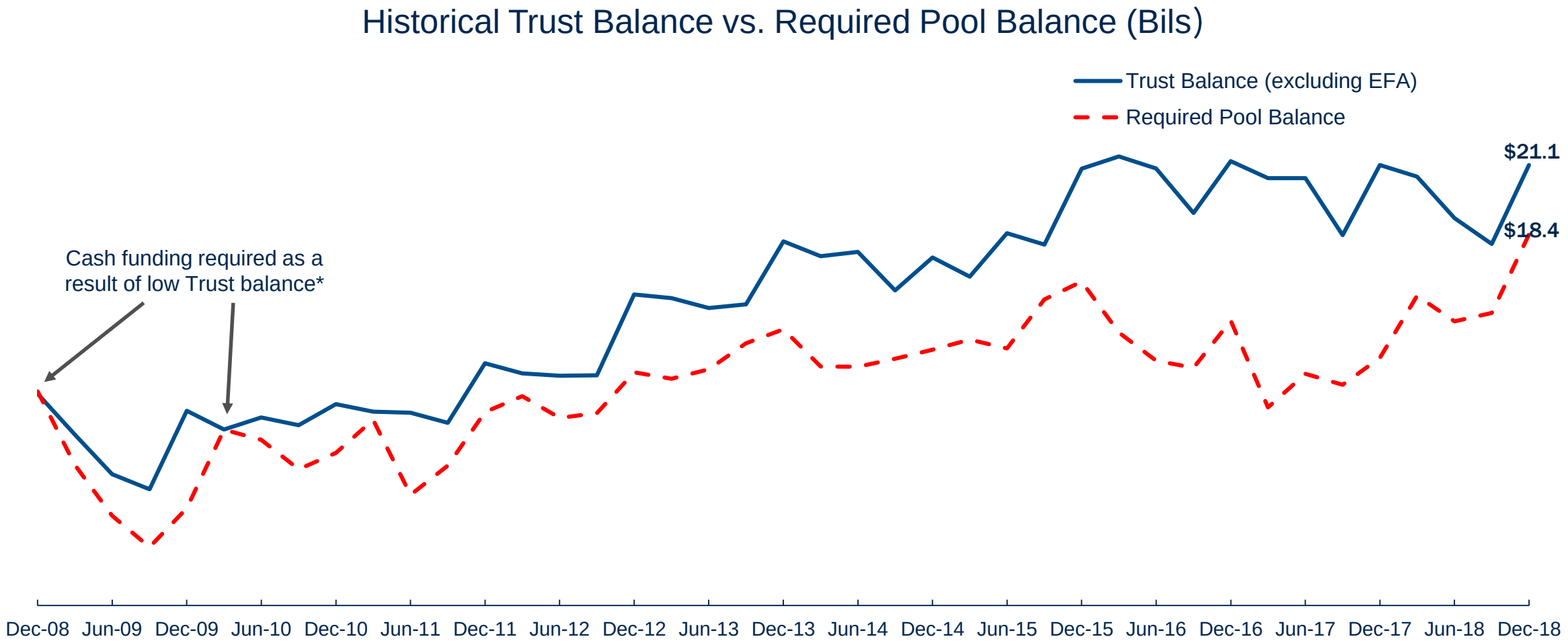


* The 3-month average monthly principal payment rate for a month equals the average of the monthly payment rate for that month and the prior two months

** Estimated days supply derived from payment rate

U.S. Floorplan Securitization

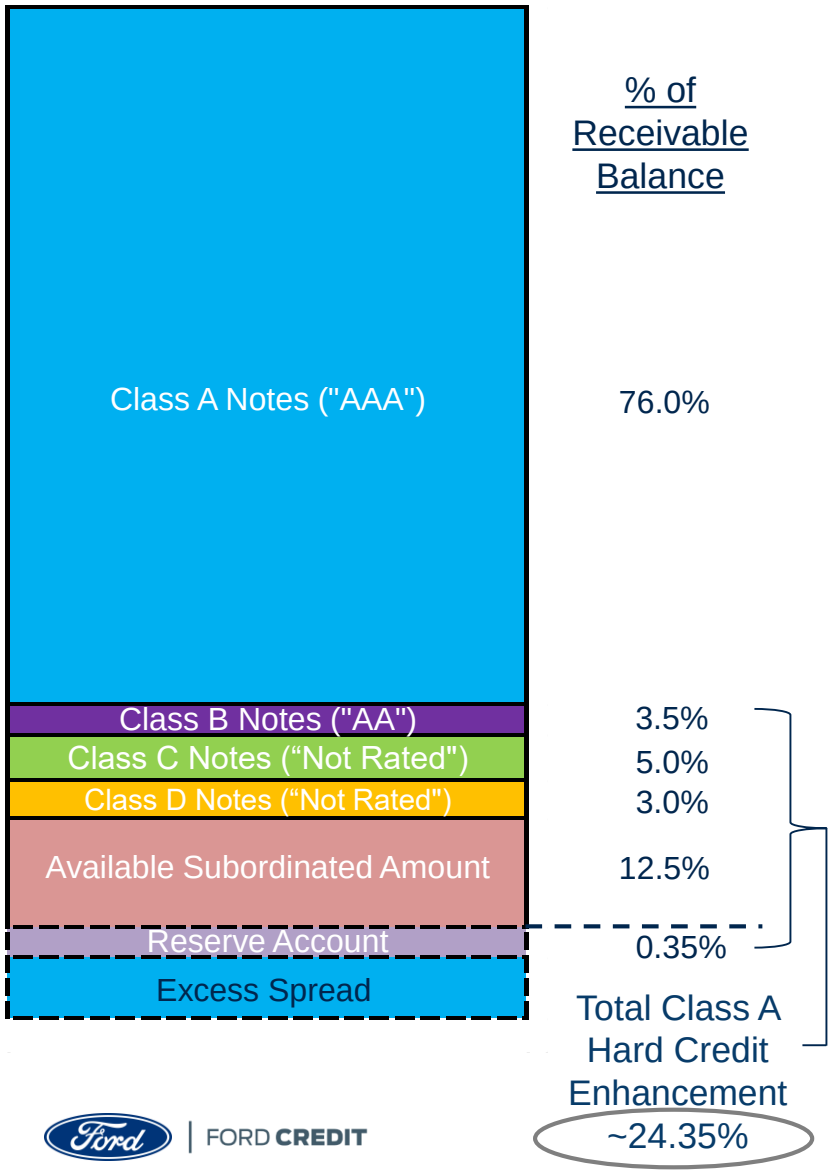
Historical Balance



* Excess funding account (EFA) has been funded periodically when the Trust balance declines below the required pool balance (for example, as a result of plant shutdowns or manufacturer vehicle marketing incentive programs)

U.S. Floorplan Securitization

Structure Overview



Credit enhancement in the floorplan securitization program includes:

- Subordination of junior notes
- Available subordinated amount
- Cash reserve (0.40% of notes)
- Excess spread

Structure also provides for 1:1 incremental subordination to cover any ineligible receivables and receivables in excess of the specified concentration limits

	Concentration Limit	Incremental Subordination * (Mils)
- Ineligible receivables	N/A	$ 25.0
- Dealer concentration (5% for AutoNation)	2%	0.0
- Used vehicle concentration	20%	0.0
- Fleet concentration	4%	0.0
- Medium/Heavy truck concentration	2%	0.0
- Manufacturer concentration (2% for lower rated manufacturers)	10%	179.0
Total:		$ 204.0

* As of December 31, 2018

U.S. Floorplan Securitization

Key Series Triggers

- Enhancement Step-Up Trigger
  - If average monthly principal payment rate for the three preceding collection periods is less than 25%, subordination or reserve fund increases by 4 percentage points
- Amortization Triggers
  - Average monthly principal payment rate for the three preceding collection periods is less that 21%
  - Cash balance in the excess funding account exceeds 30% of the adjusted invested amount of all series for three consecutive months
  - Available subordinated amount is less than the required subordinated amount
  - Bankruptcy, insolvency or similar events relating to the depositor, the issuer, Ford Credit or Ford Motor Company

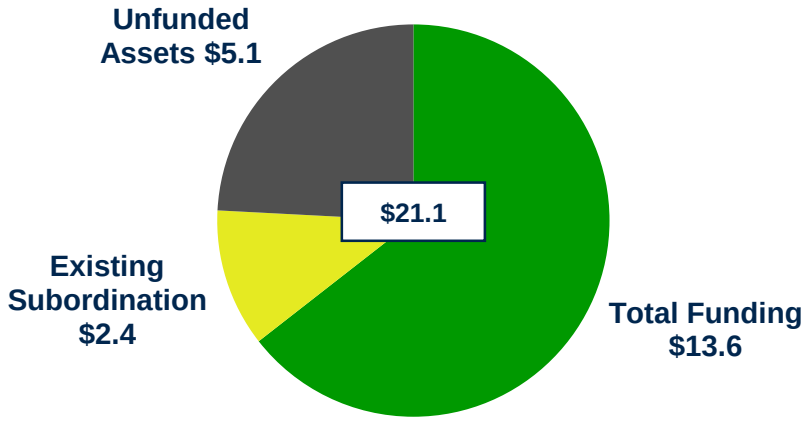
U.S. Floorplan Securitization

Outstanding Series*

	Private Variable Funding Notes	144A Term Series	Public Term Series
Series	2006-1, 2014-5	2013-2, 2014-3, 2015-3, 2016-2	2014-2, 2015-2, 2015-5, 2016-1, 2016-3, 2016-5, 2017-1, 2017-2, 2017-3, 2018-1, 2018-2, 2018-3, 2018-4
Amount Outstanding ($Bils)	$0.7	$1.7	$11.2
Senior Hard Enhancement (AAA Notes)	25.75%	24.27%	24.35% - 25.35%
Maturity Ranges	March 2019 - October 2020	March 2020 - March 2023	Feb 2019 - November 2028

- Private Variable Funding Notes (VFN) are used to manage seasonal fluctuations of Trust balance and provide an addition source of liquidity
- Total VFN capacity of $3.13 billion
- Total Trust balance of $21.1 billion

Trust Balance (Bils)



* As of December 31, 2018

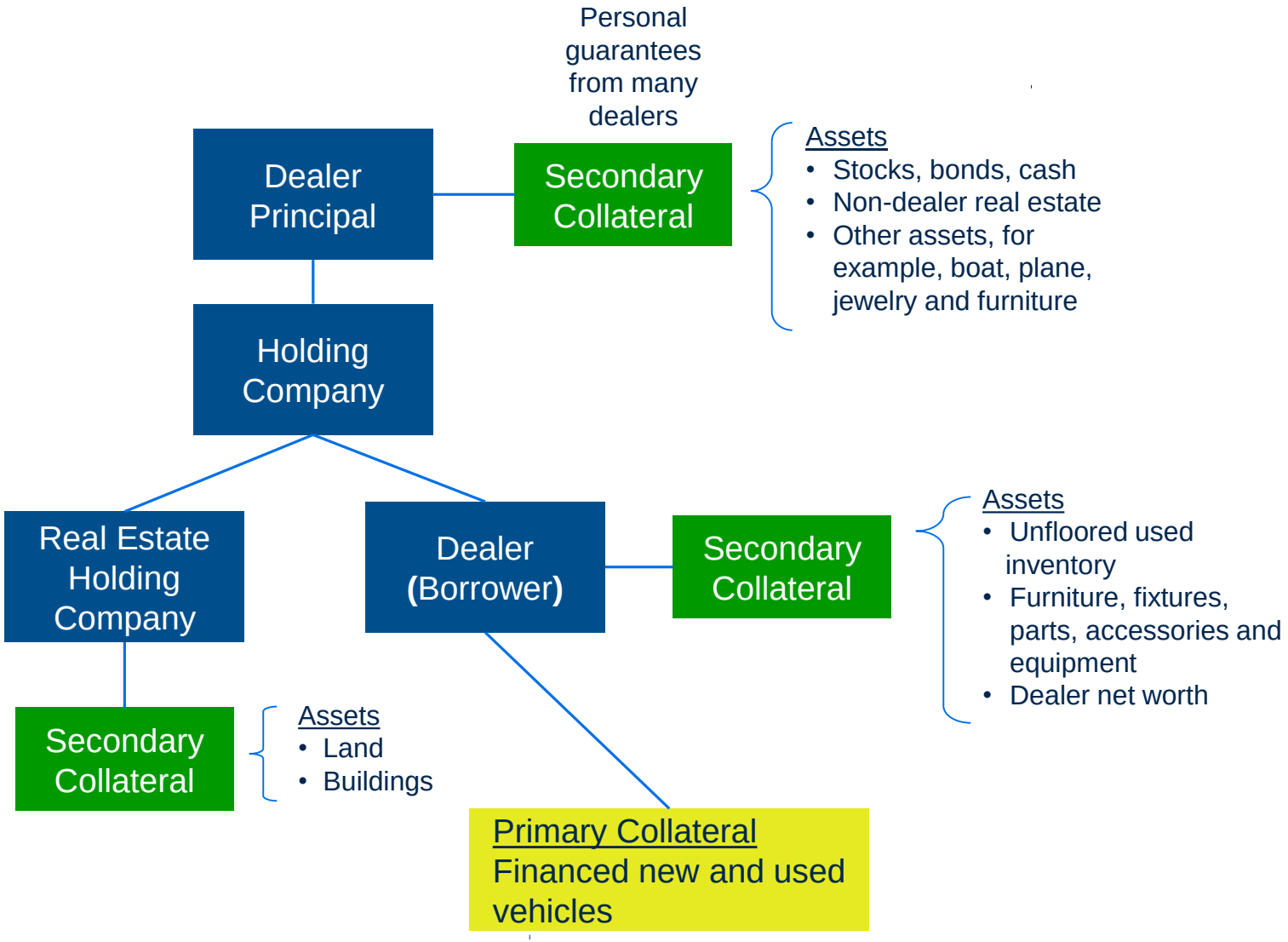
FORD CREDIT

U.S. Floorplan Risk Management



U.S. Floorplan Risk Management

Underwriting and Credit Review Process



Dealer Structure

- Dealers vary in size and complexity – from single store to multi-point/multi-franchise organizations
- Many dealers use a holding company structure similar to the one shown here

Collateral

- The financed vehicles are the primary collateral for dealer floorplan loans
- For many dealers, Ford Credit also obtains personal guarantees and secondary collateral in the form of additional dealer assets, including dealer-adjusted net worth and real estate equity
- Dealers have significant “skin in the game,” which provides a strong incentive for dealers to repay floorplan loans

U.S. Floorplan Risk Management

Underwriting and Credit Review Process

- A dealership seeking to finance its vehicle inventory with Ford Credit must submit a request for financing along with its financial and other information
- Ford Credit performs a thorough review of the dealer's:
  - Business, legal and operations structure, including number of manufacturer franchises
  - Credit information
  - Financial statements or tax returns
  - Types of vehicles in the dealer's inventory and specialty services provided by the dealer for certain vehicles or customers, such as fleet
- Ford Credit evaluates the dealer's financial resources and the amount and types of financing requested
- The financing extended to a dealer is tailored to suit the business and operational needs of the dealer and depends on the financial strength and nature of the dealer's business
- Due to ongoing nature of floorplan financing arrangements, Ford Credit periodically performs a credit review of each dealer, at least annually, following the similar process utilized to evaluate new dealer account originations

Dealer Risk Rating Assessment

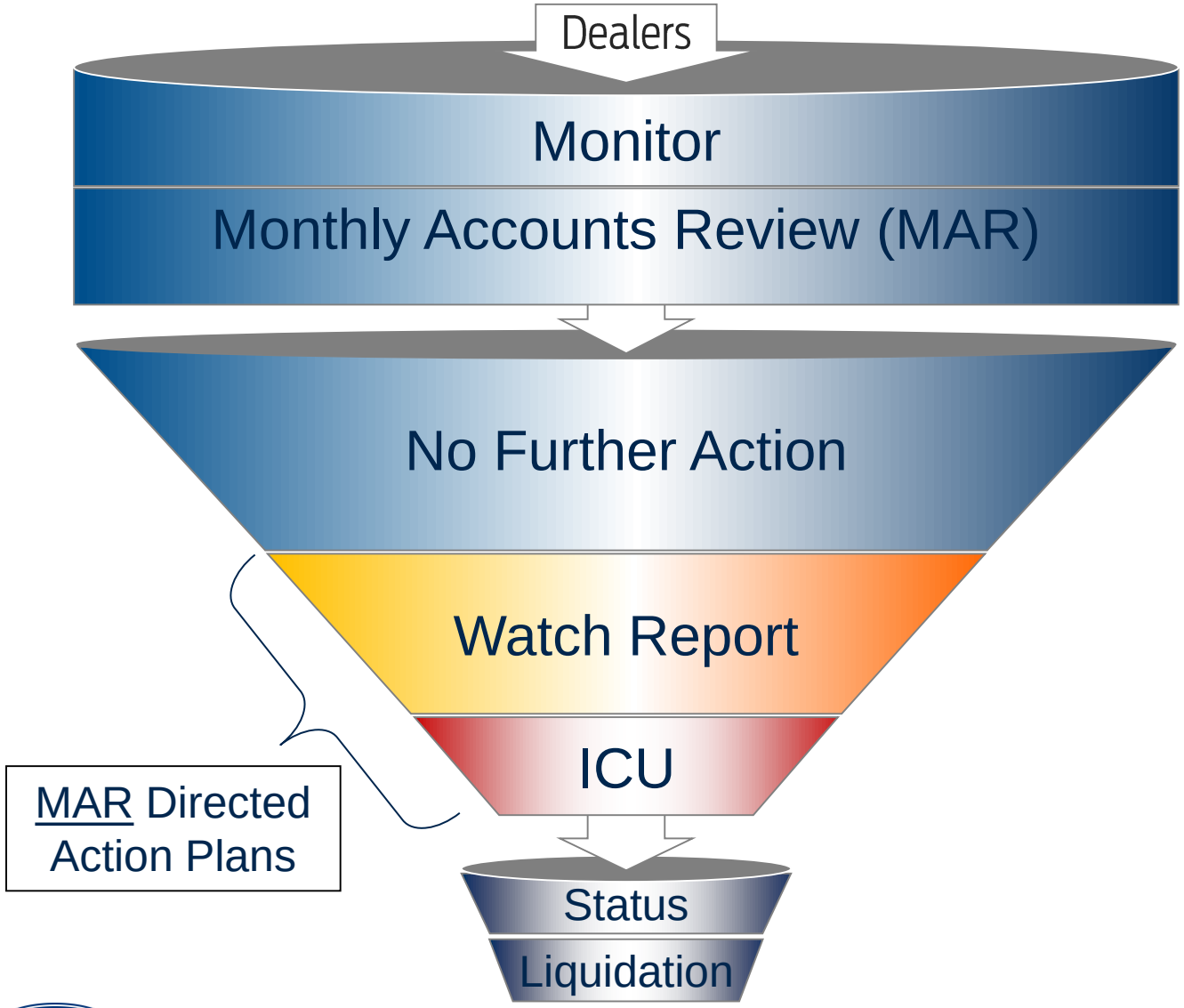
- Ford Credit evaluates new dealer account originations (using a proprietary scoring model), performs ongoing credit reviews of dealers and assigns risk ratings
- Consistent with the prospectus, dealer risk ratings are categorized into groups:

Group	Description
I	Strong to superior financial metrics
II	Fair to favorable financial metrics
III	Marginal to weak financial metrics
IV	Poor financial metrics, may be uncollectible
Other	Includes dealers that have no dealer risk rating because Ford Credit only provides in-transit financing or because Ford Credit is in the process of terminating the financing for such dealer

- Large sample size and significant historical experience have been analyzed to identify key indicators that predict a dealer's ability to meet financial obligations, including capitalization and leverage, liquidity and cash flow, profitability, credit history and payment performance
- Ford Credit updated its dealer risk rating model in December 2015.
- Dealer risk model is validated regularly to ensure the integrity and performance of the model and is updated if necessary

U.S. Floorplan Risk Management

Dealer Monitoring Strategy



Monitor
- Payoffs
- Aged Inventory
- Overline Report
- Financial Statements

Monthly Accounts Review
- Assess dealer risk and determine action plans

Watch Report – Medium to High Risk
- Formal review of action plans and results presented to senior management (plans may include more frequent physical audits)

Intensive Care Unit (ICU) – High Risk
- More experienced risk team
- Increased intensity surrounding action plans and timelines

Status
- On-site control
- Focus on asset protection

Liquidation
- Focus on loss mitigation

Inventory Audits

A dealer's risk rating determines the scheduled frequency of on-site vehicle inventory audits:

- Ford Credit engages a vendor to perform on-site vehicle inventory audits
  - Size of an Audit team varies based on dealer locations and complexity
  - Dealer group locations are typically audited same day
- Dealer generally does not receive advance notice of an audit
- Strict controls set how often the same auditor may lead a dealer's audit
- Ford Credit generally reconciles each audit the same day
- Immediate payment is required for any sold vehicle
- Ford Credit follows a robust quality assurance process to monitor the vendor's performance

Ford Credit Monitoring Actions

If Ford Credit discovers any issues when monitoring a dealer, it may:

- Increase frequency of on-site vehicle inventory audits or schedule an immediate on-site vehicle inventory audit
- Require curtailments, or monthly payments, on aged vehicle inventory
- Suspend credit lines
- Verify cash balances and organizational structure
- Assign Ford Credit dealership accounting specialists to perform an in-depth review of the dealership and validate the accuracy and completeness of financial statement(s)
- Meet with owners/guarantors
- Increase risk rating to trigger more extensive monitoring
- Discuss with Ford or Lincoln sales division to ensure an aligned approach

Dealer Status Procedures

A dealer status is declared when:

- Dealer does not satisfy a sold out-of-trust condition (payment not remitted to Ford Credit upon sale of vehicle) discovered during an audit
- Dealer fails to pay principal or interest
- Dealer bankruptcy
- Other circumstances that warrant immediate action

Once a status is declared Ford Credit may then:

- Suspend credit lines
- Maintain Ford Credit personnel on site
- Collect titles and keys
- Secure dealer inventory
- Issue payment demand letters
- Obtain liens on property of guarantors
- Increase the dealer's floorplan interest rate
- Initiate legal action to exercise rights under the floorplan financing agreement

Dealer Status Procedures (Cont.)

If Ford Credit does not believe that a dealer can resolve a status situation, Ford Credit will:

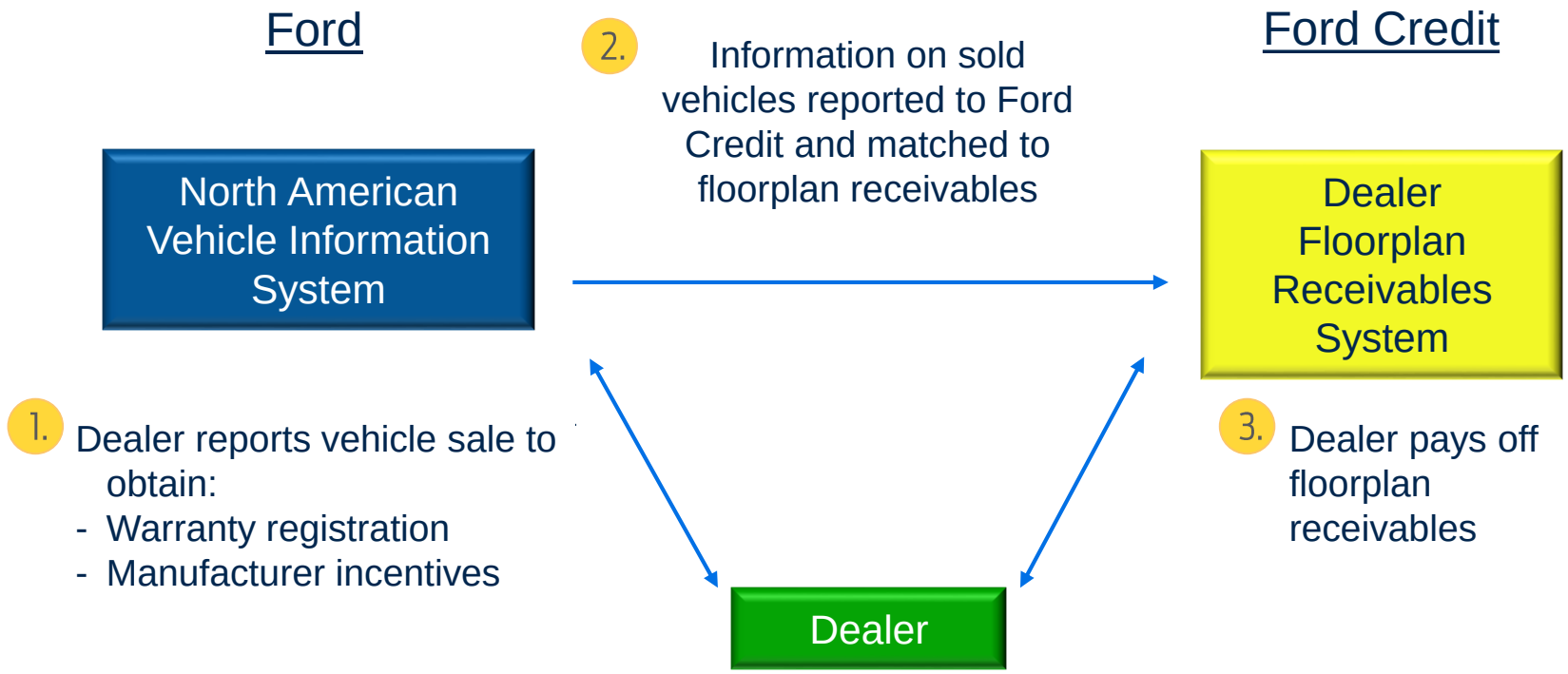
- Liquidate vehicles and any available secondary collateral to obtain greatest value
- Continue collection efforts against personal and corporate guarantors

Should liquidation be necessary, inventory is disposed through the following channels:

- Transfer of vehicles to other dealers
- Repurchase by manufacturer and redistribution to other dealers
- Sale of vehicles at auction

Floorplan Risk Management

Captive Finance Company Benefits



- Integrated Systems Enable Real Time Controls
- Other captive finance company benefits:
  - Access to monthly dealer financial statements allows monitoring of dealer financial strength
  - Dealer monitoring by both Ford and Ford Credit
  - Joint Ford and Ford Credit discussions with dealers on various aspects of the business
  - Comparative dealership benchmarking between dealerships of like size or in similar markets

FORD CREDIT

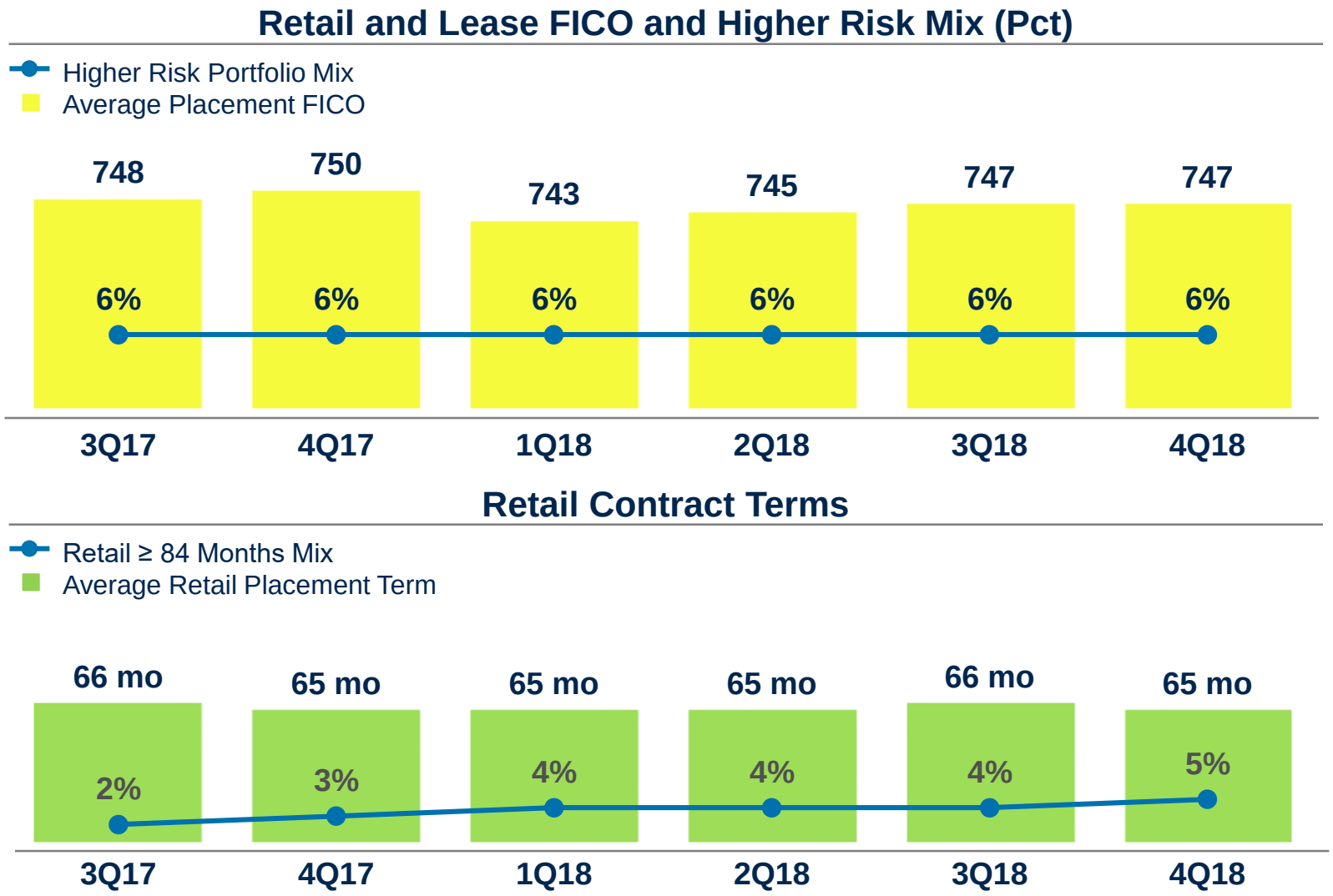
Appendix



Actions to Improve Performance

	China	Europe
Growth	✓ Higher than segment average transaction prices on all-new Focus and Escort ✓ 10 new product launches in 2019	✓ Extend brand leadership in LCV share from 14.1% ✓ Ranger and Transit upgrades; Transit PHEV
Profitability	✓ Improved dealer engagement and profitability ✓ Right-sized inventory ✓ Lower material costs through local sourcing ✓ Significant reduction in structural costs for consolidated operations	✓ Focus on higher margin sub brands ✓ Reduce passenger vehicle complexity ✓ Prioritize higher-margin markets ✓ Significant reduction in personnel and structural costs ✓ Improve or exit unprofitable products and markets

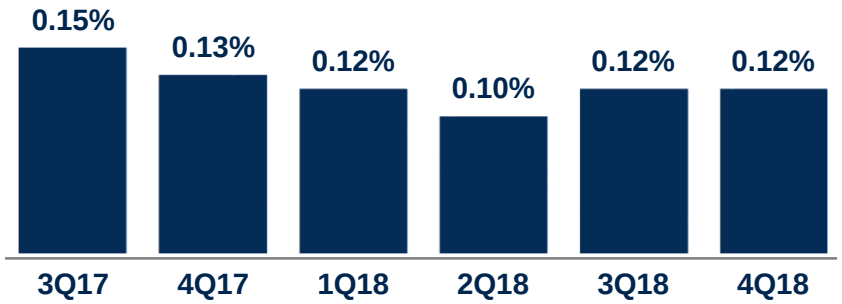
U.S. Origination Metrics



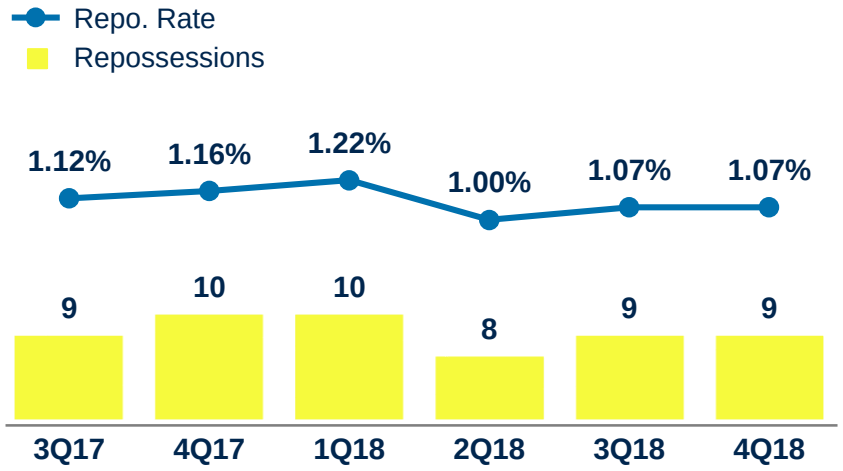
- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and steady risk mix
- Extended-term contracts relatively small part of our business

U.S. Retail And Lease Credit Loss Drivers

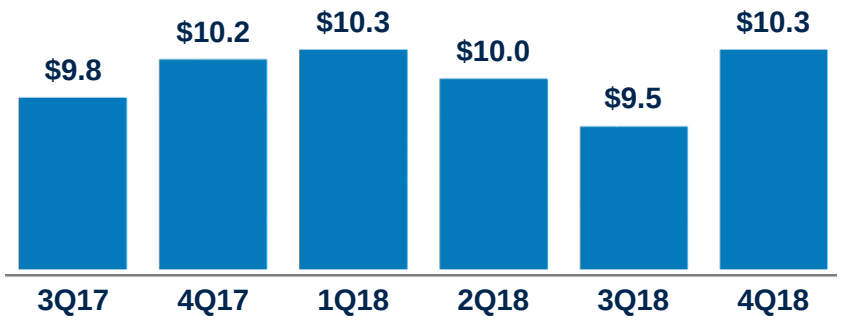
Over-60-Day Delinquencies (excl. Bankruptcies)



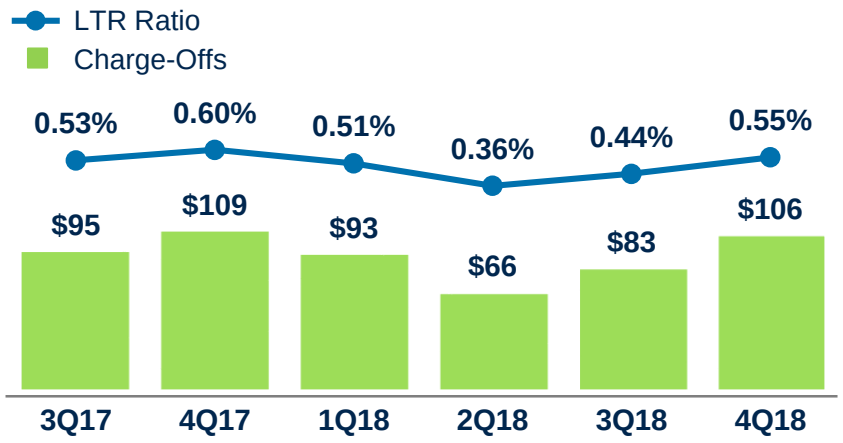
Repossessions (000) and Repo. Rate (Pct)



Severity (000)

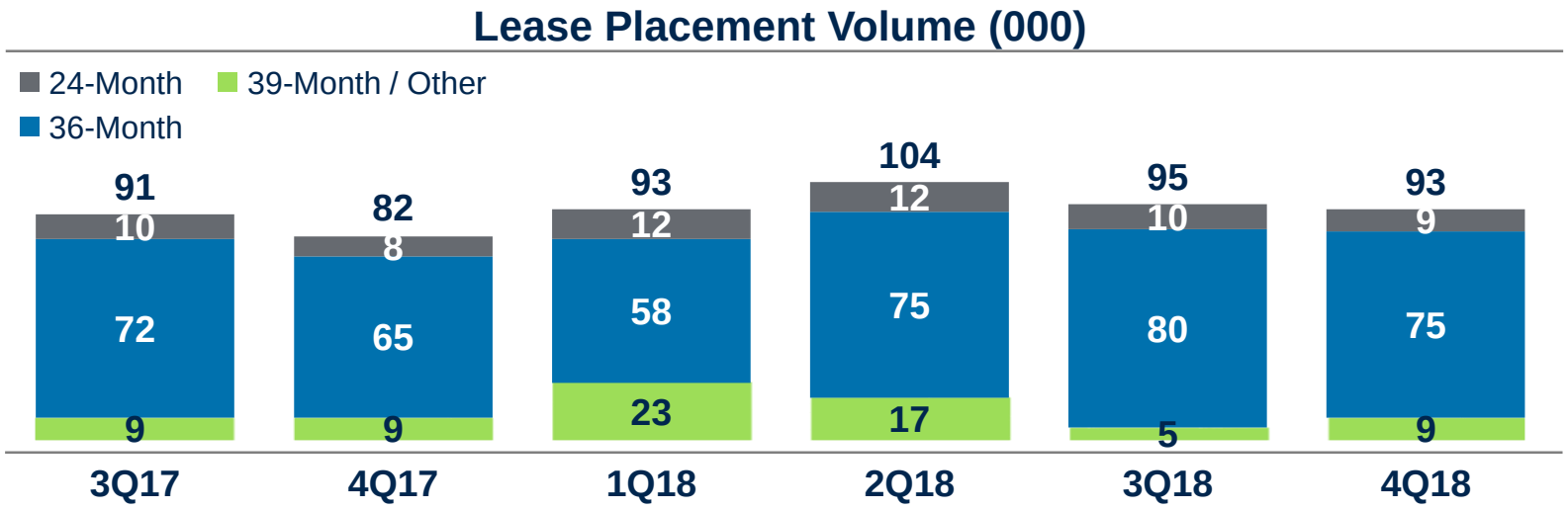


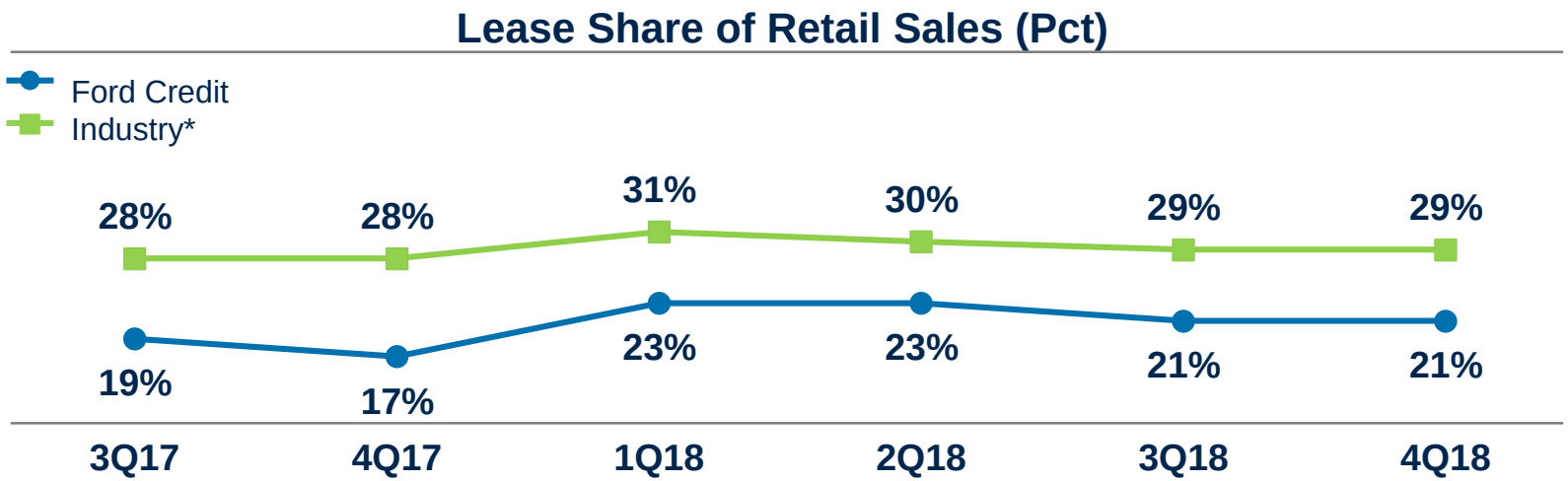
Charge-Offs (Mils) and LTR Ratio (Pct)



- Delinquencies and repossessions remained low
- Severity about flat YoY
- Strong loss metrics reflect healthy consumer credit conditions

U.S. Lease Origination Metrics

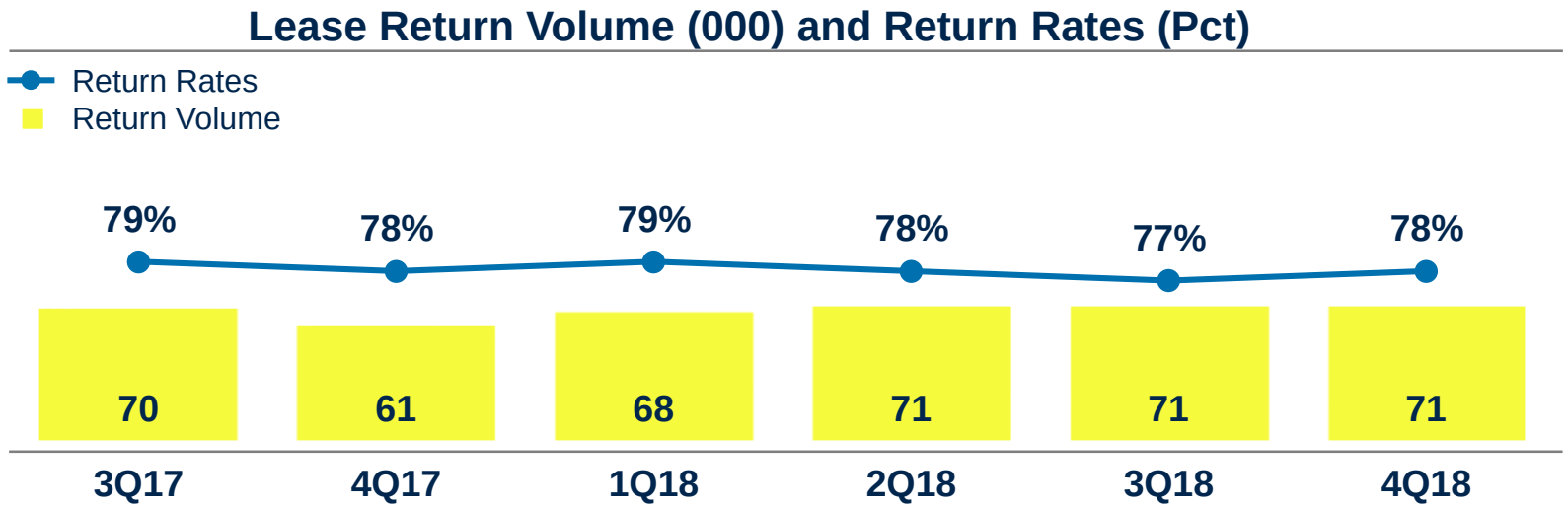


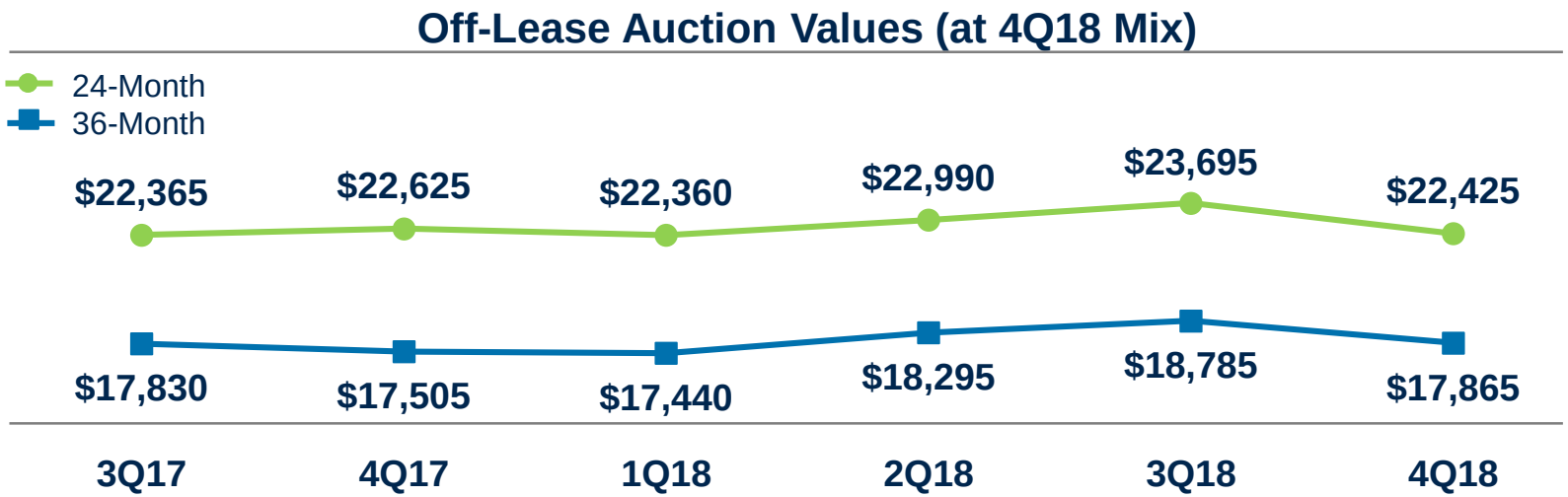


* Source: J.D. Power PIN

- 4Q lease share flat sequentially and below industry reflecting Ford sales mix

U.S. Lease Residual Performance





- Healthy used car market supporting lease residual and credit loss performance
- Expect 2019 FY average auction values to be about 4% lower YoY at constant mix

Company Special Items (Mils)

	4Q		FY	
	2017	2018	2017	2018
Pension and OPEB gain / (loss)				
Year end net pension and OPEB remeasurement	$ (162)	$ (877)	$ (162)	$ (877)
Other pension remeasurement	-	-	-	26
Pension curtailment	354	-	354	15
Total Pension and OPEB gain / (loss)	$ 192	$ (877)	$ 192	$ (836)
Separation-related actions	$ (38)	$ (262)	$ (297)	$ (537)
Other Items				
San Luis Potosi plant cancellation	$ -	$ -	$ 41	$ -
Next-generation Focus footprint change	(2)	-	(225)	(9)
Focus Active cancellation	-	-	-	(7)
Chariot closure	-	(40)	-	(40)
Total Other Items	$ (2)	$ (40)	$ (184)	$ (56)
Total pre-tax special items	$ 152	$ (1,179)	$ (289)	$ (1,429)
Tax special items	$ 819	$ (141)	$ 897	$ (88)

Company Adjusted ROIC (Bils)

	2014	2015	2016	2017	2018
Adjusted Net Operating Profit After Cash Tax					
Net income attributable to Ford	$ 1.3	$ 7.3	$ 4.6	$ 7.7	$ 3.7
Add: Non-controlling interest	(0.0)	(0.0)	0.0	0.0	0.0
Less: Income tax	(0.0)	(2.9)	(2.2)	(0.4)	(0.7)
Add: Cash tax	(0.5)	(0.6)	(0.7)	(0.6)	(0.8)
Less: Interest on debt	(0.9)	(0.8)	(1.0)	(1.2)	(1.2)
Less: Total pension / OPEB income / (cost)	(4.4)	(0.5)	(2.7)	0.6	(0.4)
Add: Pension / OPEB service costs	(1.0)	(1.2)	(1.0)	(1.1)	(1.2)
Net operating profit after cash tax	$ 5.1	$ 9.8	$ 8.6	$ 7.0	$ 4.0
Less: Special items (excl. pension / OPEB) pre-tax	(1.9)	0.2	(0.6)	(0.5)	(0.6)
Adj. net operating profit after cash tax	$ 7.0	$ 9.6	$ 9.2	$ 7.5	$ 4.6
Invested Capital					
Equity	$ 25.1	$ 29.2	$ 29.7	$ 35.6	$ 36.0
Redeemable non-controlling interest	0.3	0.1	0.1	0.1	0.1
Debt (excl. Ford Credit)	14.5	13.4	16.5	16.5	14.1
Net pension and OPEB liability	16.2	13.9	14.7	12.8	11.9
Invested capital (end of period)	$ 56.1	$ 56.6	$ 61.1	$ 65.0	$ 62.1
Average invested capital	$ 57.2	$ 55.6	$ 58.5	$ 63.4	$ 64.0
Adjusted ROIC (Non-GAAP)*	12.3%	17.3%	15.7%	11.8%	7.1%

* 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

Company Net Income Reconciliation To Adjusted EBIT (Mils)

	4Q		FY	
	2017	2018	2017	2018
Net income / (Loss) attributable to Ford (GAAP)	$ 2,520	$ (116)	$ 7,731	$ 3,677
Income / (Loss) attributable to non-controlling interests	4	4	26	18
Net income / (Loss)	$ 2,524	$ (112)	$ 7,757	$ 3,695
Less: (Provision for) / Benefit from income taxes	652	(95)	(402)	(650)
Income / (Loss) before income taxes	$ 1,872	$ (17)	$ 8,159	$ 4,345
Less: Special items pre-tax	152	(1,179)	(289)	(1,429)
Income / (Loss) before special items pre-tax	$ 1,720	$ 1,162	$ 8,448	$ 5,774
Less: Interest on debt	(308)	(295)	(1,190)	(1,228)
Adjusted EBIT (Non-GAAP)	$ 2,028	$ 1,457	$ 9,638	$ 7,002
Memo:				
Revenue (Bils)	$ 41.3	$ 41.8	$ 156.8	$ 160.3
Net income margin (GAAP) (Pct)	6.1%	(0.3)%	4.9%	2.3%
Adjusted EBIT Margin (Pct)	4.9%	3.5%	6.1%	4.4%

Company Net Cash Provided By / (Used In) Operating Activities Reconciliation To Company Adjusted Operating Cash Flow (Mils)

	4Q		FY	
	2017	2018	2017	2018
Net cash provided by / (used in) operating activities (GAAP)	$ 3,147	$ 1,357	$ 18,096	$ 15,022
Less: Items not included in Company Adjusted Operating Cash Flows				
Ford Credit operating cash flows	(174)	(1,232)	9,300	8,171
Funded pension contributions	(714)	(153)	(1,434)	(437)
Separation payments	(181)	(117)	(281)	(179)
Other, net	(25)	(21)	(52)	65
Add: Items included in Company Adjusted Operating Cash Flows				
Automotive and Mobility capital spending	(2,103)	(2,102)	(7,004)	(7,737)
Ford Credit distributions	-	660	406	2,723
Settlement of derivatives	107	70	217	132
Pivotal conversion to a marketable security	-	-	-	263
Company adjusted operating cash flow (Non-GAAP)	$ 2,244	$ 1,507	$ 4,182	$ 2,781

Company Reconciliation To Company Adjusted Operating Cash Flow Trailing Five Quarters (Mils)

	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Net cash provided by / (Used in) operating activities (GAAP)	$ 3,147	$ 3,514	$ 4,972	$ 5,179	$1,357
Less: Items Not Included in Company Adjusted Operating Cash Flows					
Ford Credit operating cash flows	(174)	(315)	5,907	3,811	(1,232)
Funded pension contributions	(714)	(88)	(72)	(123)	(153)
Separation payments	(181)	(16)	(18)	(28)	(117)
Other, net	(25)	53	(112)	146	(21)
Add: Items Included in Company Adjusted Operating Cash Flows					
Automotive and Mobility capital spending	(2,103)	(1,769)	(1,898)	(1,968)	(2,102)
Ford Credit distributions	-	1,013	450	600	660
Settlement of derivatives	107	(161)	114	109	70
Pivotal conversion to a marketable security	-	-	263	-	-
Company adjusted operating cash flow (Non-GAAP)	$ 2,244	$ 2,963	$ (1,804)	$ 115	$ 1,507
Cash Conversion Calculation					
Company Adj. operating cash flow (Non-GAAP) (sum of Trailing Four Qtrs)	$ 4,182				$ 2,781
Adj. EBIT (Non-GAAP) (sum of Trailing Four Qtrs)	$ 9,638				$ 7,002
Adj. cash conversion (Non-GAAP) (Trailing Four Qtrs)*	43%				40%

* Most comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities divided by Net Income Attributable to Ford is equivalent to 234% in 2017 and 409% in 2018

Company Earnings Per Share Reconciliation To Adjusted Earnings Per Share

	4Q		FY	
	2017	2018	2017	2018
Diluted After-Tax Results (Mils)				
Diluted after-tax results (GAAP)	$ 2,520	$ (116)	$ 7,731	$ 3,677
Less: Impact of pre-tax and tax special items	971	(1,320)	608	(1,517)
Adjusted net income – diluted (Non-GAAP)	$ 1,549	$ 1,204	$ 7,123	$ 5,194
Basic and Diluted Shares (Mils)				
Basic shares (average shares outstanding)	3,973	3,970	3,975	3,974
Net dilutive options, unvested restricted stock units and restricted stock	27	27	23	24
Diluted shares	4,000	3,997	3,998	3,998
Earnings per share – diluted (GAAP)*	$ 0.63	$ (0.03)	$ 1.93	$ 0.92
Less: Net impact of adjustments	0.24	(0.33)	0.15	(0.38)
Adjusted earnings per share – diluted (Non-GAAP)	$ 0.39	$ 0.30	$ 1.78	$ 1.30

* The 2018 fourth quarter calculation of Earnings Per Share - Diluted (GAAP) excludes the 27 million shares of net dilutive options, unvested restricted stock units and restricted stock due to their antidilutive effect

Company Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2018		Memo:
	4Q	FY	FY 2017
Pre-Tax Results (Mils)			
Income / (Loss) before income taxes (GAAP)	$ (17)	$ 4,345	$ 8,159
Less: Impact of special items	(1,179)	(1,429)	(289)
Adjusted earnings before taxes (Non-GAAP)	$ 1,162	$ 5,774	$ 8,448
Taxes (Mils)			
(Provision for) / Benefit from income taxes (GAAP)	$ (95)	$ (650)	$ (402)
Less: Impact of special items	(141)	(88)	897
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	$ 46	$ (562)	$ (1,299)
Tax Rate (Pct)			
Effective tax rate (GAAP)	(558.8)%	15.0%	4.9%
Adjusted effective tax rate (Non-GAAP)	(4.0)%	9.7%	15.4%

Ford Credit
Liquidity Sources* (Bils)

	2016 Dec 31	2017 Dec 31	2018 Dec 31
Liquidity Sources			
Cash	$ 10.8	$ 11.8	$ 10.2
Committed ABS facilities	34.6	33.4	35.4
Other unsecured credit facilities	2.5	3.3	3.0
Ford corporate credit facility allocation	3.0	3.0	3.0
Total liquidity sources	$ 50.9	$ 51.5	$ 51.6
Utilization of Liquidity			
Securitization cash	$ (3.4)	$ (3.8)	$ (3.0)
Committed ABS facilities	(19.9)	(17.2)	(20.7)
Other unsecured credit facilities	(0.7)	(1.1)	(0.7)
Ford corporate credit facility allocation	-	-	-
Total utilization of liquidity	$ (24.0)	$ (22.1)	$ (24.4)
Gross liquidity	$ 26.9	$ 29.4	$ 27.2
Adjustments	0.1	0.1	0.1
Net liquidity available for use	$ 27.0	$ 29.5	$ 27.3

* See Appendix for definitions

Ford Credit
Total Net Receivables Reconciliation To Managed Receivables (Bils)

	2016 Dec 31	2017 Dec 31	2018 Dec 31
Ford Credit finance receivables, net (GAAP)*	$ 96.2	$ 108.4	$ 109.9
Net investment in operating leases (GAAP)*	27.2	26.7	27.4
Consolidating adjustments**	6.8	7.6	8.9
Total net receivables	$ 130.2	$ 142.7	$ 146.3
Ford Credit unearned interest supplements and residual support	5.3	6.1	6.8
Allowance for credit losses	0.5	0.7	0.7
Other, primarily accumulated supplemental depreciation	0.9	1.0	1.1
Total managed receivables (Non-GAAP)	$ 136.9	$ 150.5	$ 154.9

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

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

Ford Credit
Financial Statement Leverage Reconciliation To Managed Leverage
(Bils)

	2016 Dec 31	2017 Dec 31	2018 Dec 31
Leverage Calculation			
Total debt*	$ 126.5	$ 137.8	$ 140.1
Adjustments for cash**	(10.8)	(11.8)	(10.2)
Adjustments for derivative accounting***	(0.3)	-	0.2
Total adjusted debt	$ 115.4	$ 126.0	$ 130.1
Equity****	$ 12.8	$ 15.9	$ 15.0
Adjustments for derivative accounting***	(0.3)	(0.1)	(0.2)
Total adjusted equity	$ 12.5	$ 15.8	$ 14.8
Financial statement leverage (to 1) (GAAP)	9.9	8.7	9.4
Managed leverage (to 1) (Non-GAAP)	9.2	8.0	8.8

* 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

U.S. Floorplan Portfolio Performance

	Year ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in Millions)				
Ford Credit Portfolio					
Average principal balance*	$23,250	$22,519	$22,312	$19,261	$19,072
Net losses (recoveries)**	$46.9	$(0.9)	$0.9	($0.7)	($1.5)
Net losses (recoveries)/average principal balance	0.202%	(0.004)%	0.004%	(0.004)%	(0.008)%
Liquidations***	$116,325	$114,264	$109,982	$108,187	$97,427
Net losses (recoveries)/liquidations	0.040%	(0.001)%	0.001%	(0.001)%	(0.002)%

* Average principal balance is the average of the principal balances of the receivables at the beginning of each month in the period indicated

** Net losses in any period are gross losses, including actual losses and estimated losses, less any recoveries, including actual recoveries and reductions in the amount of estimated losses, in each case, for the period. This loss experience takes into account financial assistance provided by Ford to dealers in limited instances. If Ford does not provide this assistance in the future, the loss experience of Ford Credit's dealer floorplan portfolio may be adversely affected. This loss experience also reflects recoveries from dealer assets other than the financed vehicles. However, because the interest of the trust in any other dealer assets will be subordinated to Ford Credit's interest in those assets, the net losses experienced by the trust may be higher

*** Liquidations represent payments and net losses that reduce the principal balance of the receivables for the period indicated

U.S. Floorplan Product Features

Advance Rates	• New vehicles – 100% of invoice amount, including taxes, destination charges, and dealer holdback • Auction vehicles – auction price plus auction fee, transportation, and taxes • Used vehicles – up to 100% of wholesale value (as determined by selected trade publications)
Payment Terms	• Principal due generally upon sale of related vehicle • Interest and other administrative charges are billed and payable monthly in arrears
Curtailment Terms	• Ford Credit requires higher risk dealers to make periodic principal payments, or “curtailments,” prior to the sale or lease of the related vehicle • The amount of monthly curtailment payments is 10% of the amount financed on a vehicle, starting after a specified period of time after the vehicle is financed, over a year for new and demonstrator vehicles and less than a year for program and used vehicles • Application of the curtailment policy to a particular dealer may be modified or waived by the appropriate approval authority
Insurance	• Comprehensive insurance coverage for the financed vehicles is mandatory and generally is included with the financing • Over half of the dealers purchase collision coverage through Ford Credit from The American Road Insurance Company and the remainder purchase it from other insurance companies • In-Transit vehicles are also covered by comprehensive insurance arranged by Ford

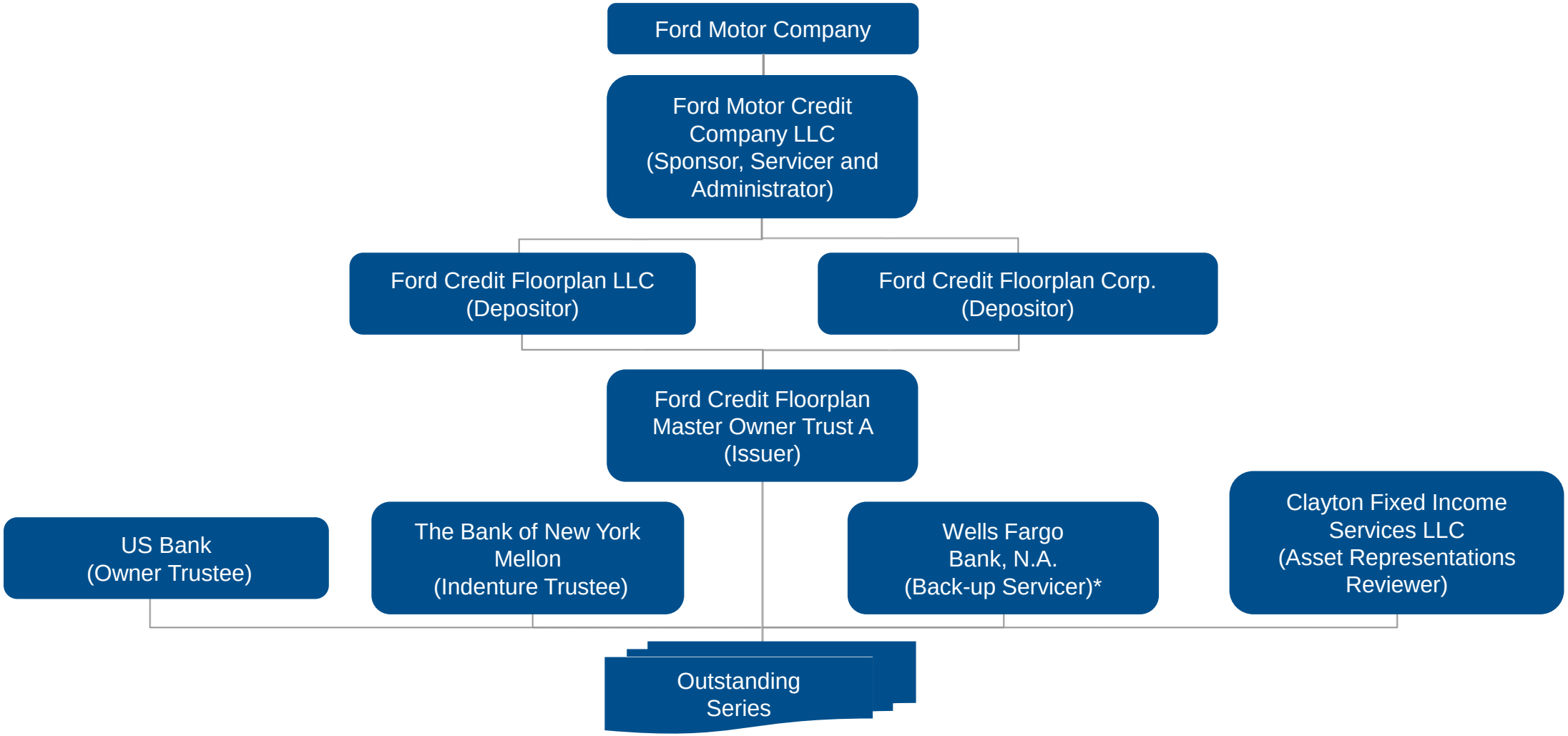
U.S. Floorplan Product Features (Cont.)

Floorplan Interest Rate	• Prime rate plus generally 1.50% for both new and used vehicles • Floorplan rates are not risk based
In-transit Vehicle Adjustment Fee*	• Prime rate plus a spread (which may be negative) agreed upon by Ford and Ford Credit • The spread has ranged from -0.72% to 0.30% per annum over the past five years
New Vehicle Lines**	• Based on a 60-day vehicle supply • Not a strict credit limit and Ford Credit typically permits dealers to exceed their new vehicle credit lines for business reasons, including seasonal variations in sales patterns • Ford Credit generally sets vehicle credit lines below anticipated peak inventory levels
Used Vehicle Lines	• Based on a 30 to 45-day vehicle supply depending on dealer risk rating • Strictly monitored credit limit and Ford Credit generally does not allow dealers to exceed their used vehicle credit lines without specific approval

* In-transit floorplan receivable is created at vehicle shipment to dealer
** New floorplan receivable is created on the date the vehicle is delivered to the dealer

Appendix – Floorplan

U.S. Floorplan Trust Legal Structure



* The servicer may terminate the back-up servicer, without being required to appoint a successor back-up servicer, if the long-term debt ratings of Ford Credit are at least "BBB-" from Standard & Poor's and "Baa3" from Moody's

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 Cash Conversion (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities divided by Net Income Attributable to Ford) – Company Adjusted Cash Conversion is Company adjusted operating cash flow divided by Adjusted EBIT. This non-GAAP measure is useful to management and investors because it allows users to evaluate how much of Ford's Adjusted EBIT is converted into cash flow.**

- **Adjusted ROIC – 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.**

Non-GAAP Financial Measures That Supplement GAAP Measures

- **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.**

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Company 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

Note: Calculated results may not sum due to rounding

Ford Credit Definitions And Calculations

Adjustments (as shown on the Liquidity Sources chart)

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

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

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

ROE (as shown on the Key Metrics chart)

- 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

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

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

Securitization 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)

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 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

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

- 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

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