

# 2Q 2016 EARNINGS REVIEW

July 28, 2016

*Ford*



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# FINANCIAL HEADLINES



Total Company  
Net Income



Total Company  
Adjusted Pre-Tax  
Results\*



Adjusted  
EPS\*



Total Company  
Revenue



Global  
Market Share



Automotive  
Segment  
Operating Margin



Automotive  
Segment  
Operating Cash Flow

	Total Company Net Income	Total Company Adjusted Pre-Tax Results*	Adjusted EPS*	Total Company Revenue	Global Market Share	Automotive Segment Operating Margin	Automotive Segment Operating Cash Flow
<b>2Q 2016</b>	<b>\$2.0B</b>	<b>\$3.0B</b>	<b>\$0.52</b>	<b>\$39.5B</b>	<b>7.5%</b>	<b>7.7%</b>	<b>\$4.2B</b>
<b>B/(W) 2Q 2015</b>	<b>\$0.2B ↓</b>	<b>\$0.3B ↓</b>	<b>\$0.02 ↓</b>	<b>\$2.2B ↑</b>	<b>0.3 pts ↓</b>	<b>0.7 pts ↓</b>	<b>\$2.3B ↑</b>

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

**Strong Second Quarter Results With Higher Revenue And  
Record Quarterly Automotive Segment Operating Cash Flow**

# CREATING VALUE – PROGRESS THIS QUARTER



## GROWTH

- Launched new Escape, Fusion, Fusion HEV, Fusion PHEV, MKZ and MKZ HEV
- Lincoln sales up 25% from a year ago
- Launched Edge in Europe
- Announced investment in Pivotal to accelerate Ford Smart Mobility



## RETURNS

- Record Automotive Segment operating cash flow
- Record 2Q pre-tax profit in Europe
- Record 1H Company and North America adjusted pre-tax profits and operating margins
- Announced significant manufacturing investment in U.S., Mexico and South Africa



## RISK

- Upgraded by Fitch
- Operations outside of North America profitable in total for 3<sup>rd</sup> consecutive quarter
- Extended \$13.4 billion multi-year credit facility for another year
- Achieved \$1.6 billion favorable cost performance versus plan in 1H



## REWARDS

- Distributed \$600 million of dividends to shareholders

## OTHER HIGHLIGHTS



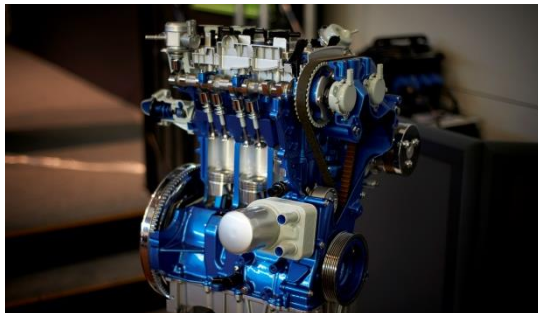
**Focus RS** named Top Gear Magazine's **Car of the Year**



**Ford GT** returns to **Le Mans** and **wins** in the GTE Pro category



**Lincoln and Ford** improved in the **JD Power Initial Quality Study** to **#7** and **#11** respectively



**Ford 1.0L EcoBoost** engine voted **best in class** at International Engine of the year awards **5 years running**



Announced **F-150 Raptor SuperCrew** will be **available in China** in 2017



Launched **Sync Connect** with **embedded modem** in new **Escape**

# BUSINESS ENVIRONMENT

- Elevated economic uncertainty restraining business investment, with downside risk to global growth
- Financial markets continuing to assess outcome of Brexit
  - Sterling and euro facing downward pressure; global interest rates reverting to recent lows
- U.S. growth improving after a weak start to the year but with signs of a maturing recovery
- China economic and industry growth supported by stimulus measures
- Brazil still under pressure; Russia showing some signs of stabilization

# **FINANCIAL REVIEW**

# KEY FINANCIAL SUMMARY

	2Q		YTD	
	2016	B / (W) 2015	2016	B / (W) 2015
Wholesales (000)	1,694	(2)	3,414	150
Revenue (Bils)	\$ 39.5	\$ 2.2	77.2	6.0
<b>Results (Mils)</b>				
Automotive Segment	\$ 2,832	\$ (130)	\$ 6,296	\$ 1,812
Financial Services Segment	385	(106)	884	(76)
All Other	(224)	(57)	(350)	29
Total Company adjusted pre-tax results	\$ 2,993	\$ (293)	\$ 6,830	\$ 1,765
Special items pre-tax	(118)	(118)	(304)	(304)
Income before income taxes	\$ 2,875	\$ (411)	\$ 6,526	\$ 1,461
(Provision for) / Benefit from income taxes	(903)	222	(2,099)	(349)
Net Income	\$ 1,972	\$ (189)	\$ 4,427	\$ 1,112
Less: Income / (Loss) attributable to non-controlling interests	2	1	5	3
Net income / (loss) attributable to Ford	\$ 1,970	\$ (190)	\$ 4,422	\$ 1,109
Earnings per share (Diluted)	\$ 0.49	\$ (0.05)	\$ 1.11	\$ 0.28
Adjusted earnings per share (Diluted)	0.52	(0.02)	1.20	0.37
<b>Automotive Segment (Bils)</b>				
Operating cash flow	\$ 4.2	\$ 2.3	\$ 6.9	\$ 4.5
Cash	\$ 27.2	\$ 6.5	\$ 27.2	\$ 6.5
Debt	(13.1)	0.6	(13.1)	0.6
Net cash	\$ 14.1	\$ 7.1	\$ 14.1	\$ 7.1

**Strong quarter**

**Wholesales flat; revenue up 6%**

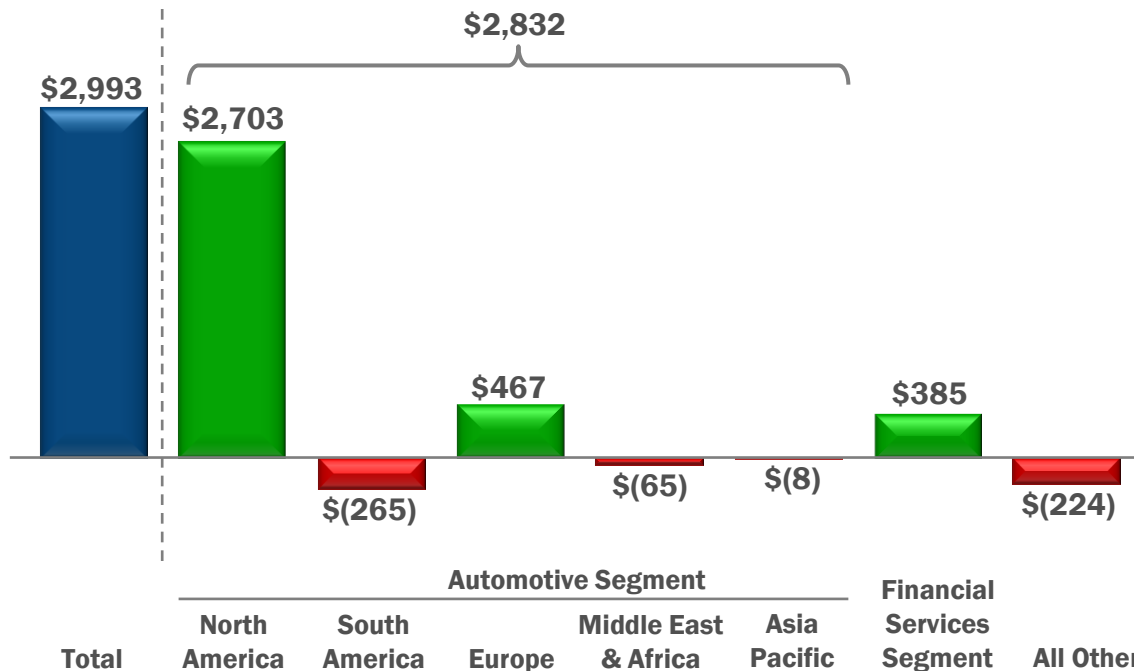
**2nd best Company 2Q profit**

**Record quarterly Auto operating cash flow**

**Record Company 1H adjusted pre-tax profit**

**Strong liquidity**

# 2Q 2016 ADJUSTED PRE-TAX RESULTS\* (MILS)



**Strong Automotive results driven by NA and Europe**

**Financial Services solidly profitable**

**All Other primarily net interest expense**

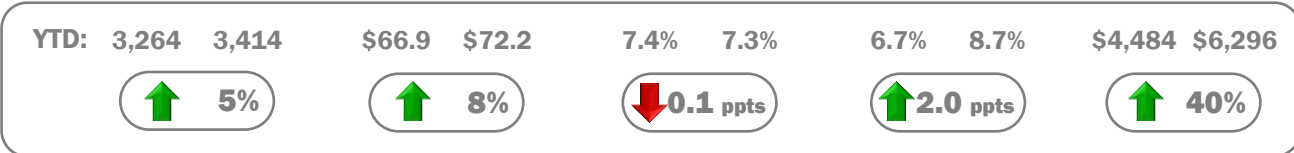
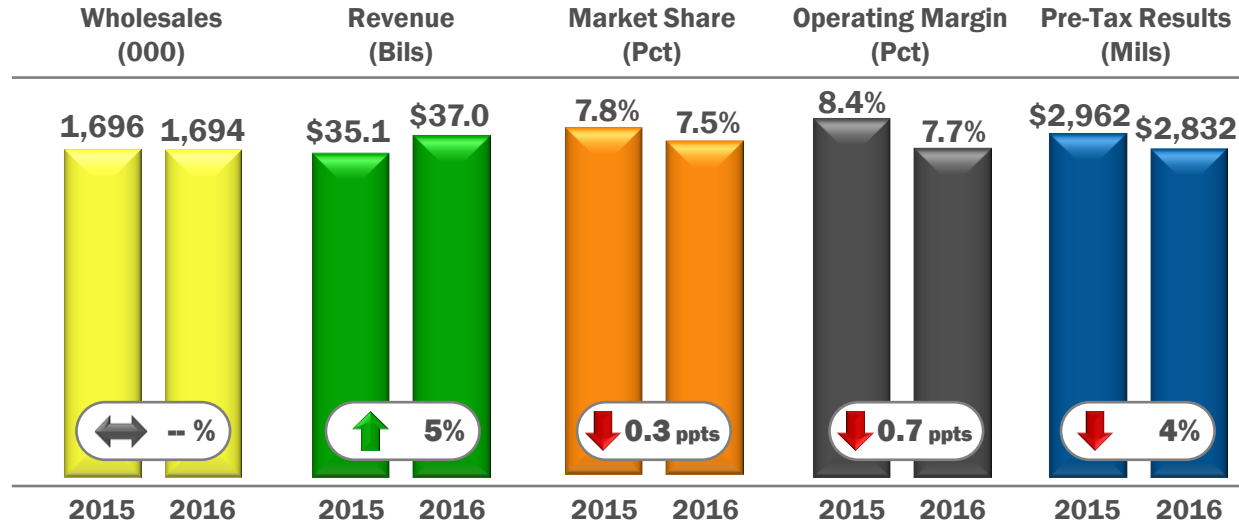
**Automotive and Financial Services segments lower YOY**

	Total	North America	South America	Europe	Middle East & Africa	Asia Pacific	Financial Services Segment	All Other
B / (W) 2Q 2015	\$(293)	\$(135)	\$(80)	\$306	\$(19)	\$(202)	\$(106)	\$(57)

\* Excludes special items; see Appendix for detail, reconciliation to GAAP, and definitions

# AUTOMOTIVE SEGMENT

## 2Q 2016 KEY METRICS



Automotive key metrics mixed from a year ago

Wholesales flat; revenue up 5%

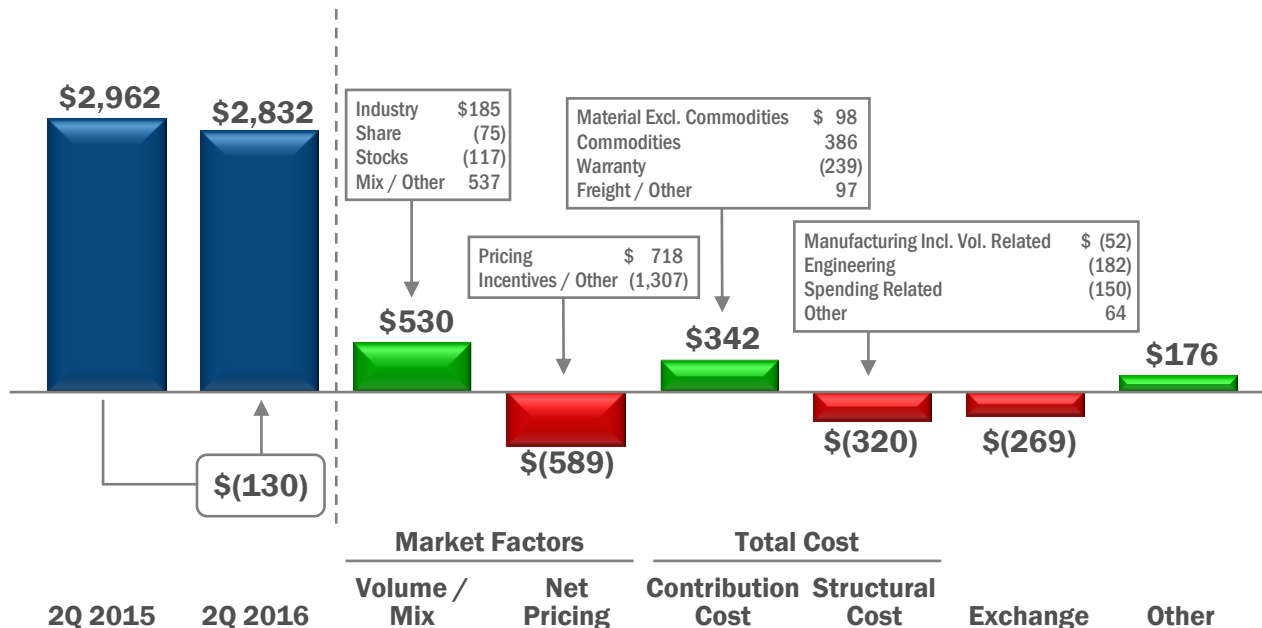
Global market share lower in all regions except NA

Global SAAR up 6%

Operating margin and Auto profit strong but lower

YTD metrics strong and up YOY except global market share

# 2Q 2016 PRE-TAX RESULTS (MILS)

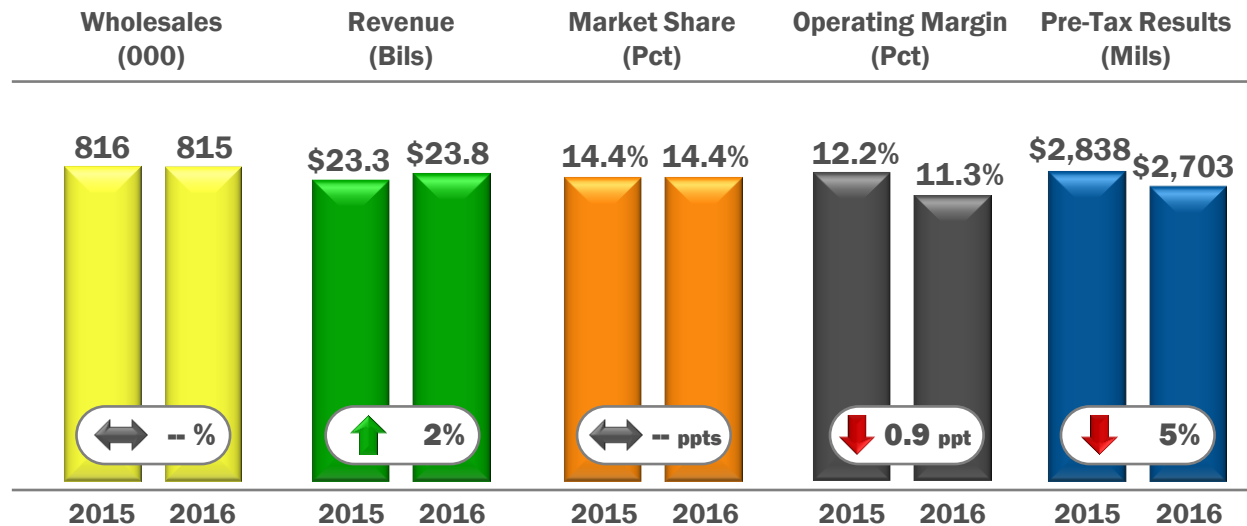


**Lower profit driven by unfavorable exchange and market factors net of improved cost performance**

**Other mainly gain on sale of an equity investment**

# AUTOMOTIVE SEGMENT – NORTH AMERICA

## 2Q 2016 KEY METRICS

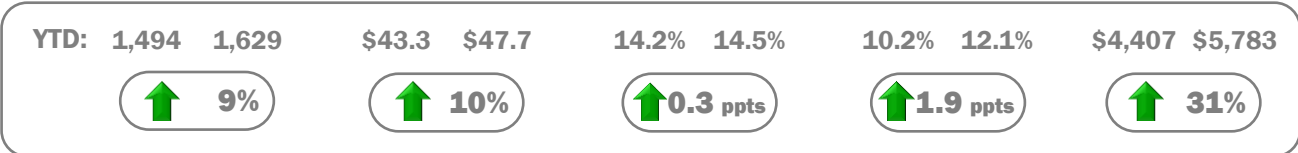


**Strong quarter with operating margin at 11.3%**

**Wholesales and revenue flat to slightly higher**

**Flat NA market share includes higher U.S. share – fleet and retail F-Series**

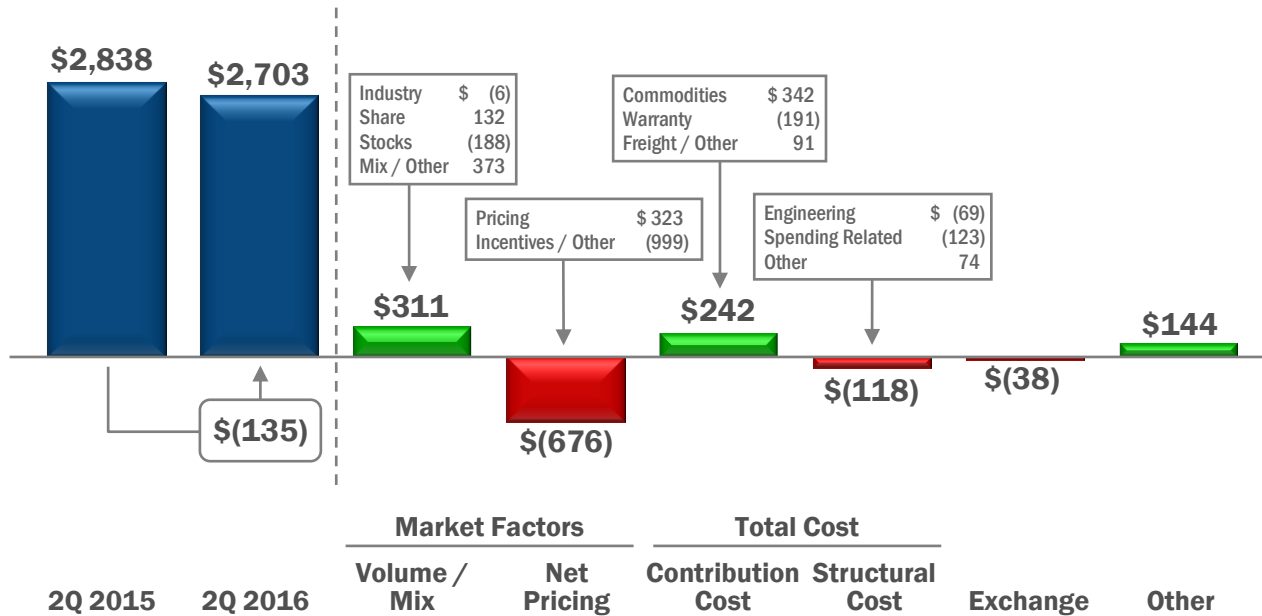
**NA SAAR higher but U.S. down 0.1M units**



**Record YTD profit and operating margin**

# AUTOMOTIVE SEGMENT – NORTH AMERICA

## 2Q 2016 PRE-TAX RESULTS (MILS)



**Lower profit driven by higher Ford and industry incentives**

**Mix remained strong, driving higher ATPs**

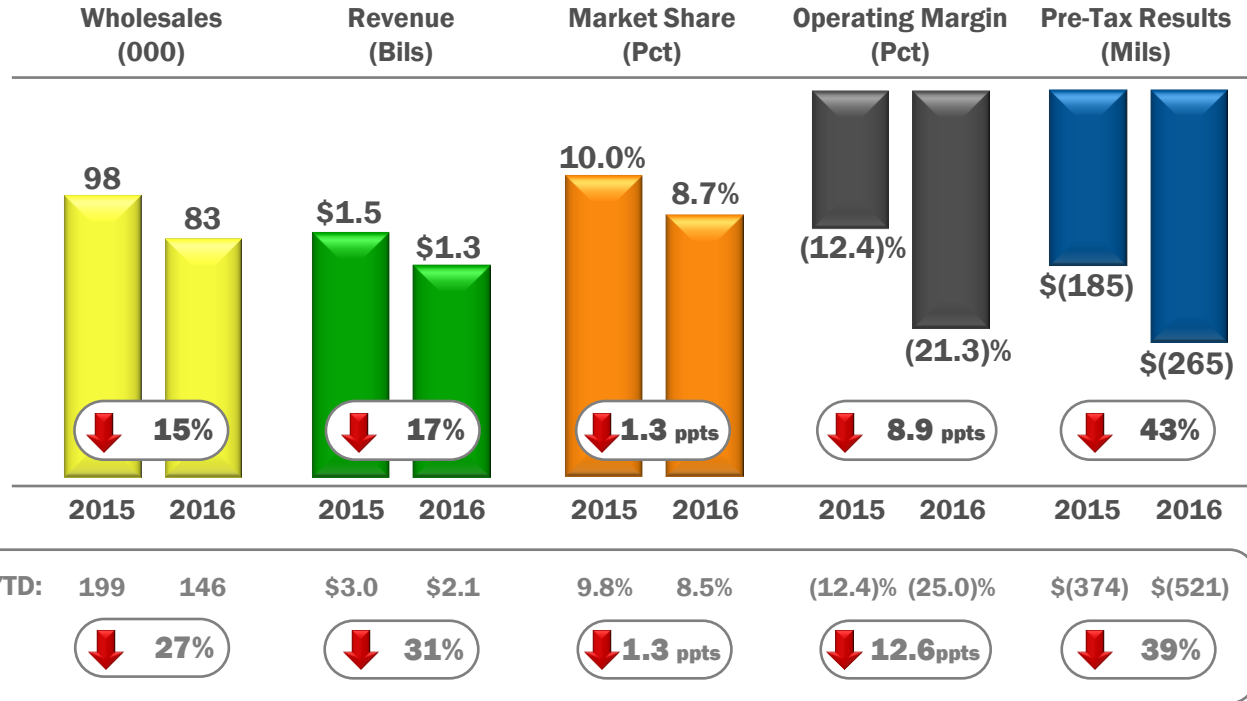
**Favorable cost performance – material cost reductions offset product adds**

**Higher warranty included Takata airbag recall**

**Other includes sale of majority of Ford's stake in OEConnection LLC**

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 2Q 2016 KEY METRICS



**Metrics declined as external conditions remain challenging**

**Top line lower due to industry and exchange**

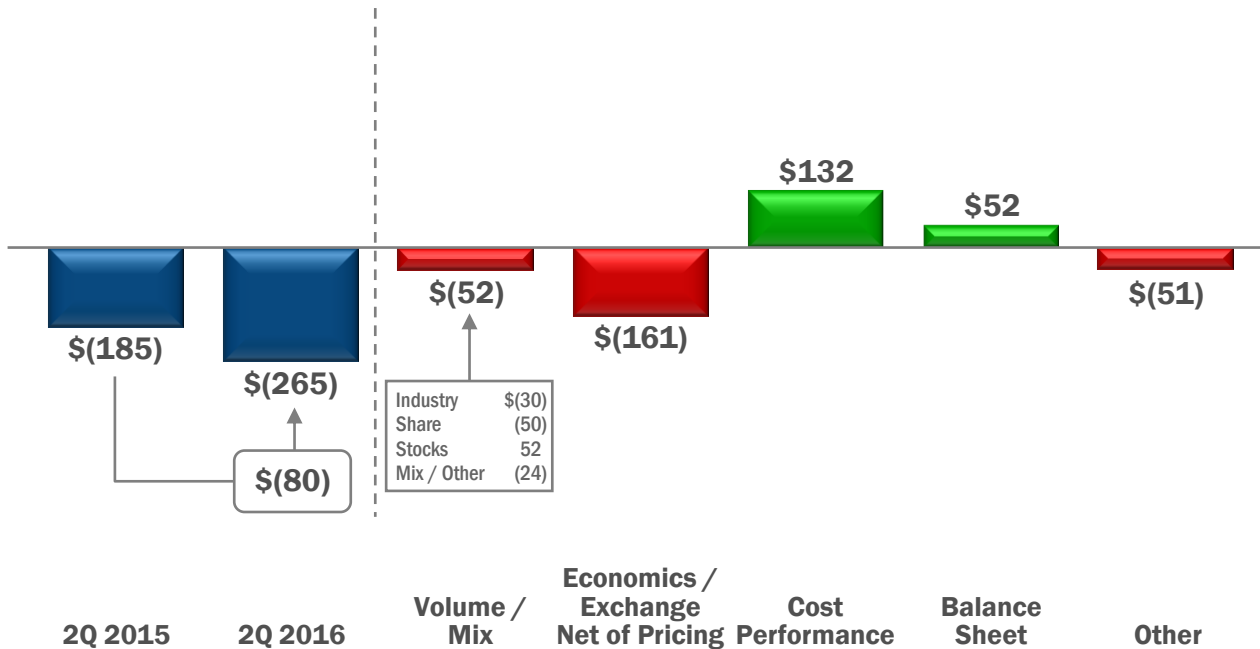
**Market share down – focused on profitable share amid higher industry discounts**

**SA and Brazil SAARs continued to decline**

**YTD metrics lower**

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 2Q 2016 PRE-TAX RESULTS (MILS)

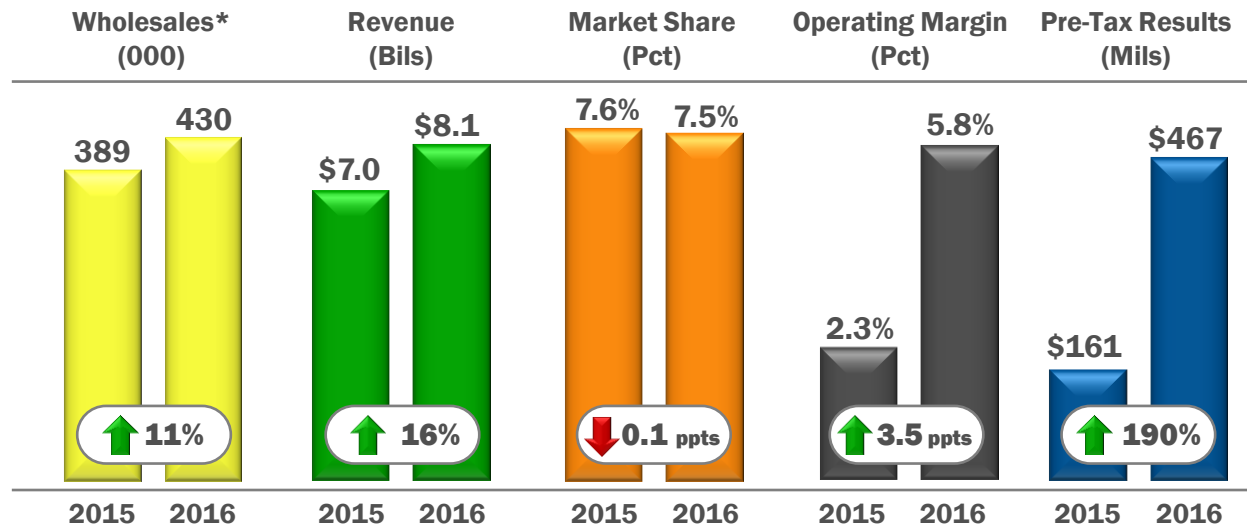


**Higher loss mainly due to inflation and weaker local currencies net of pricing plus lower volume**

**Cost performance continued to be favorable**

# AUTOMOTIVE SEGMENT – EUROPE

## 2Q 2016 KEY METRICS



**Strong performance in most key metrics**

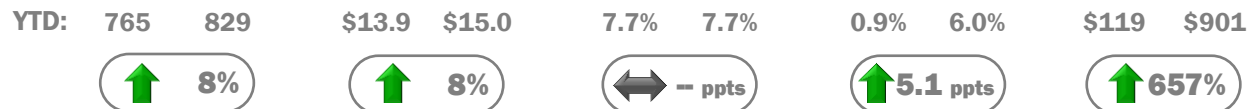
**Top line improved by double digits**

**Europe SAAR higher**

**Market share down slightly**

**Operating margin at 5.8% and record 2Q profit**

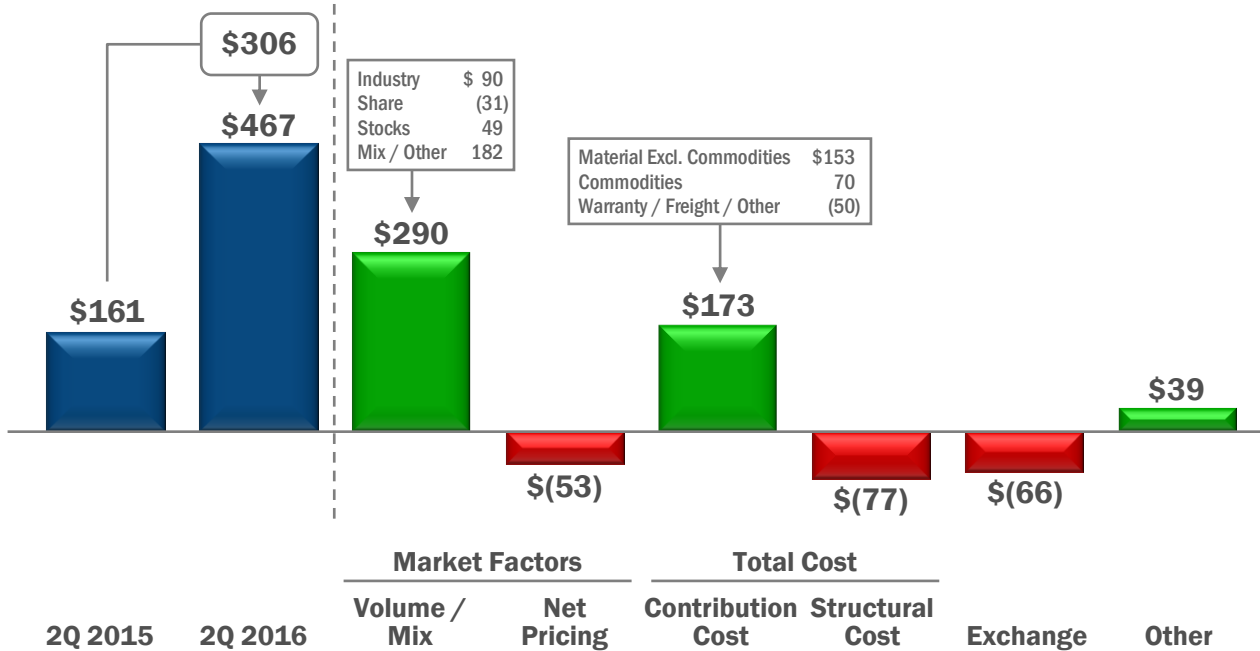
**Most metrics strong YTD**



\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 19,000 units in 2Q 2015 and 21,000 units in 2Q 2016). 2015 FY includes about 5,000 Ford brand vehicles produced and sold by our previously unconsolidated affiliate in Russia. Revenue does not include these sales

# AUTOMOTIVE SEGMENT – EUROPE

## 2Q 2016 PRE-TAX RESULTS (MILS)

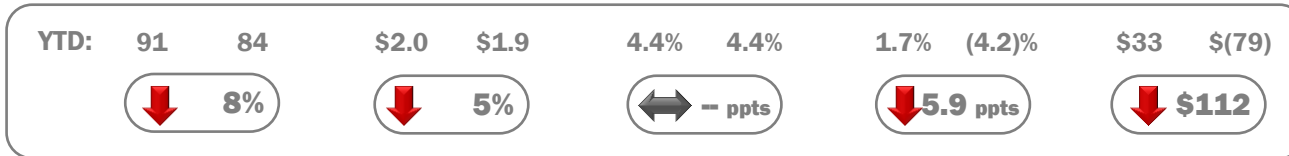
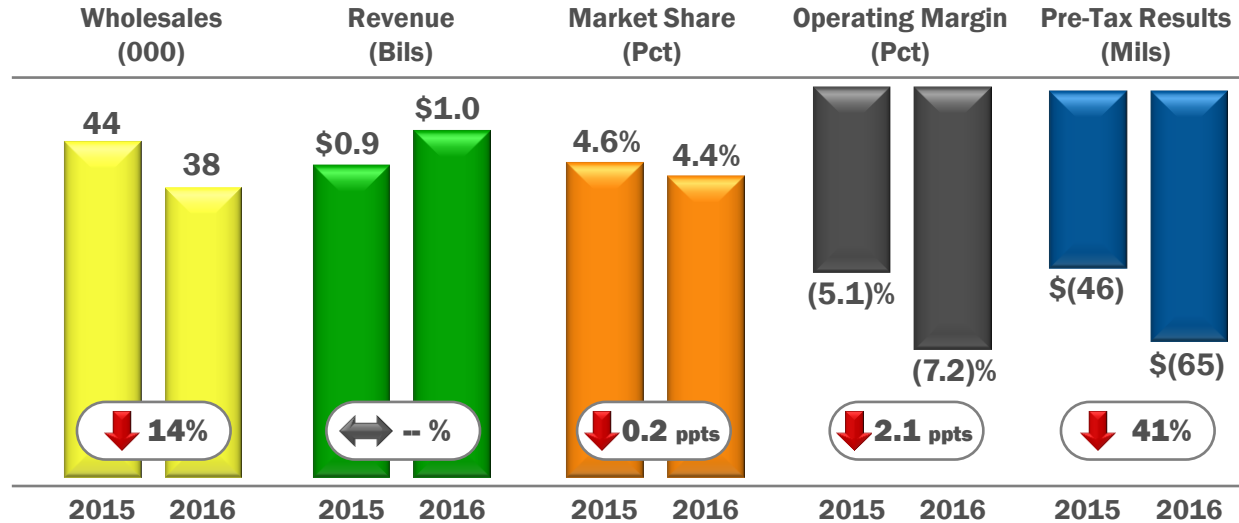


**Record profit driven by favorable market factors, including strongly favorable mix and improved cost performance**

**Exchange reflects balance sheet impact from weak sterling due to Brexit**

# AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

## 2Q 2016 KEY METRICS



**Weaker external environment – low oil prices, weak currencies, political strife – drove key metrics lower**

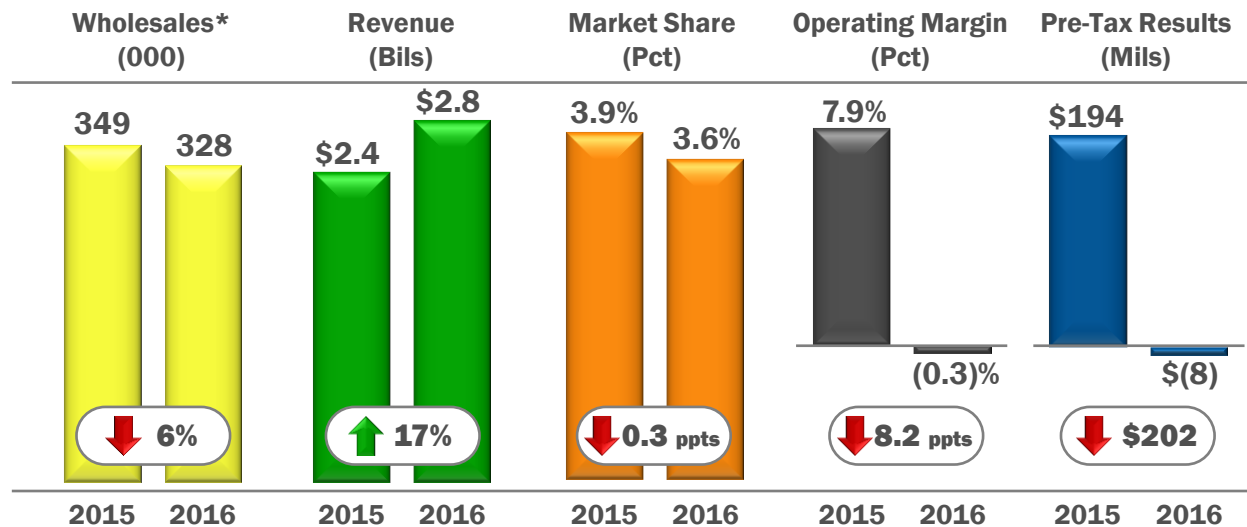
**Share decline due to market mix; no Ford presence in Iran industry**

**Lower operating margin and profit due to lower industry volume and unfavorable exchange**

**Most YTD metrics worse**

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 2Q 2016 KEY METRICS



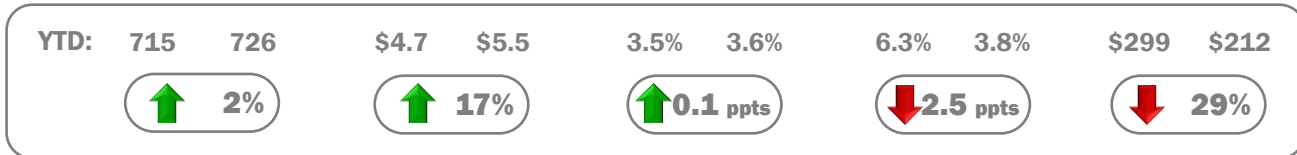
**Loss due to lower China market performance, higher cost and weaker yuan**

**Wholesales lower due to planned 8 week shutdown of Chongqing #1; revenue up 17%**

**Market share lower, driven by China; AP and China SAARs up**

**China JVs at \$296M, down 28%; margin at 16.1%**

**YTD metrics mixed**

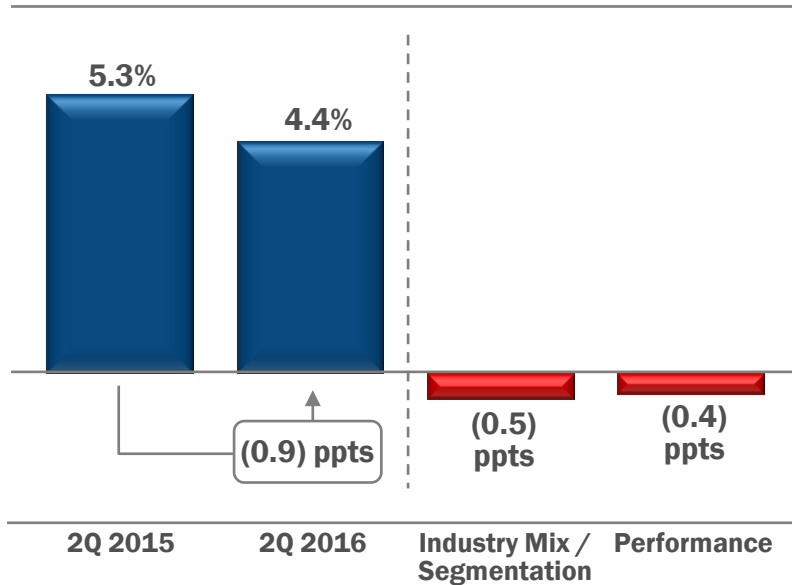


\* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 273,000 units in 2Q 2015 and 231,000 units in 2Q 2016); revenue does not include these sales

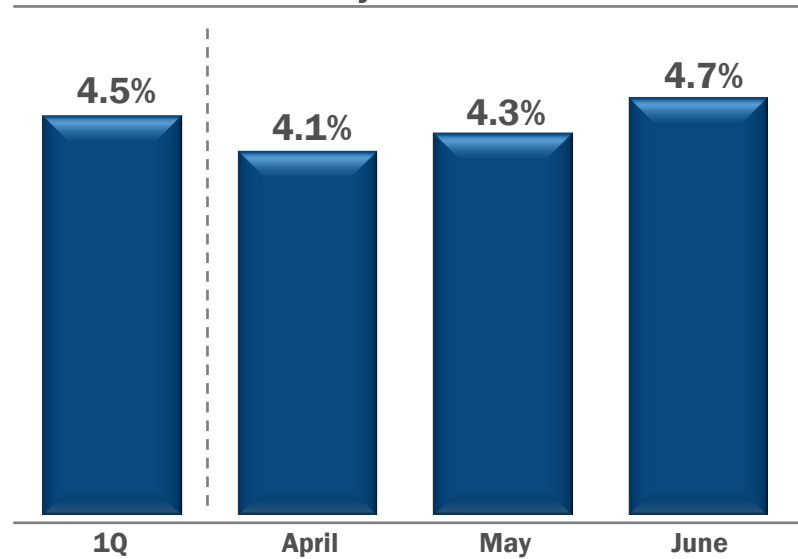
# 2Q 2016 CHINA MARKET SHARE\*



Year over Year



By Month



Memo: YoY Pricing

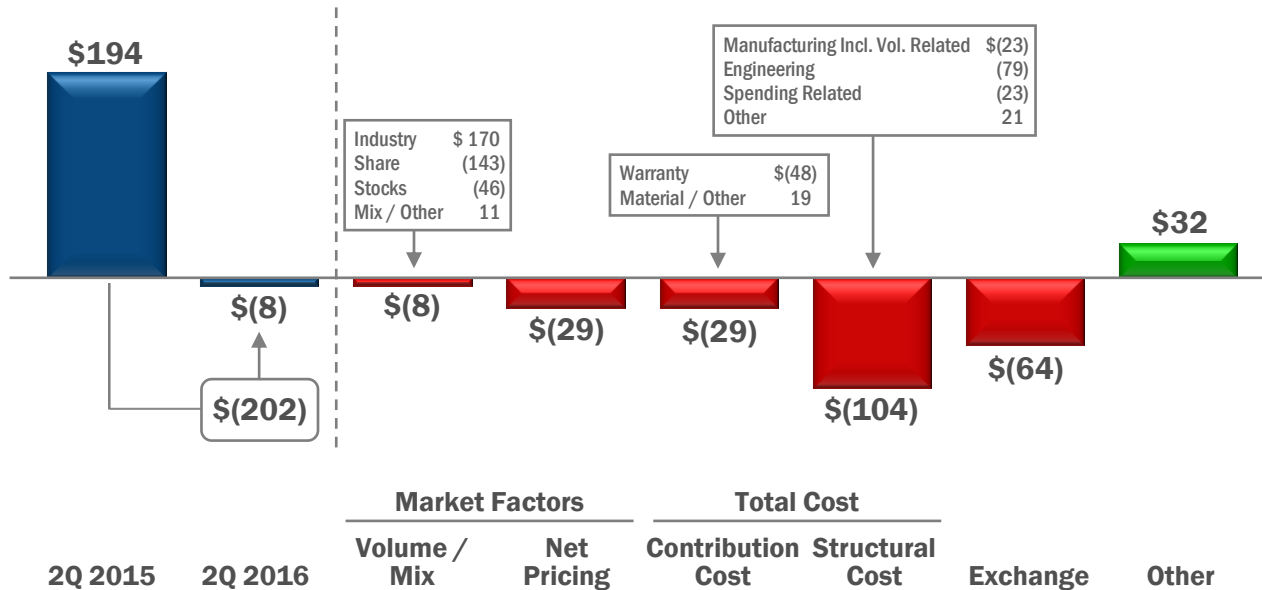
Ford	(7.9)%	(6.5)%	(5.3)%
Industry	(7.1)	(6.1)	(5.2)

\* Present quarter is estimated pending audit by Chinese Security Bureau

**Lower China Share Due To Industry Mix / Segmentation And Performance; Share Improved Through The Second Quarter Due To Recovery Actions**

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 2Q 2016 PRE-TAX RESULTS (MILS)



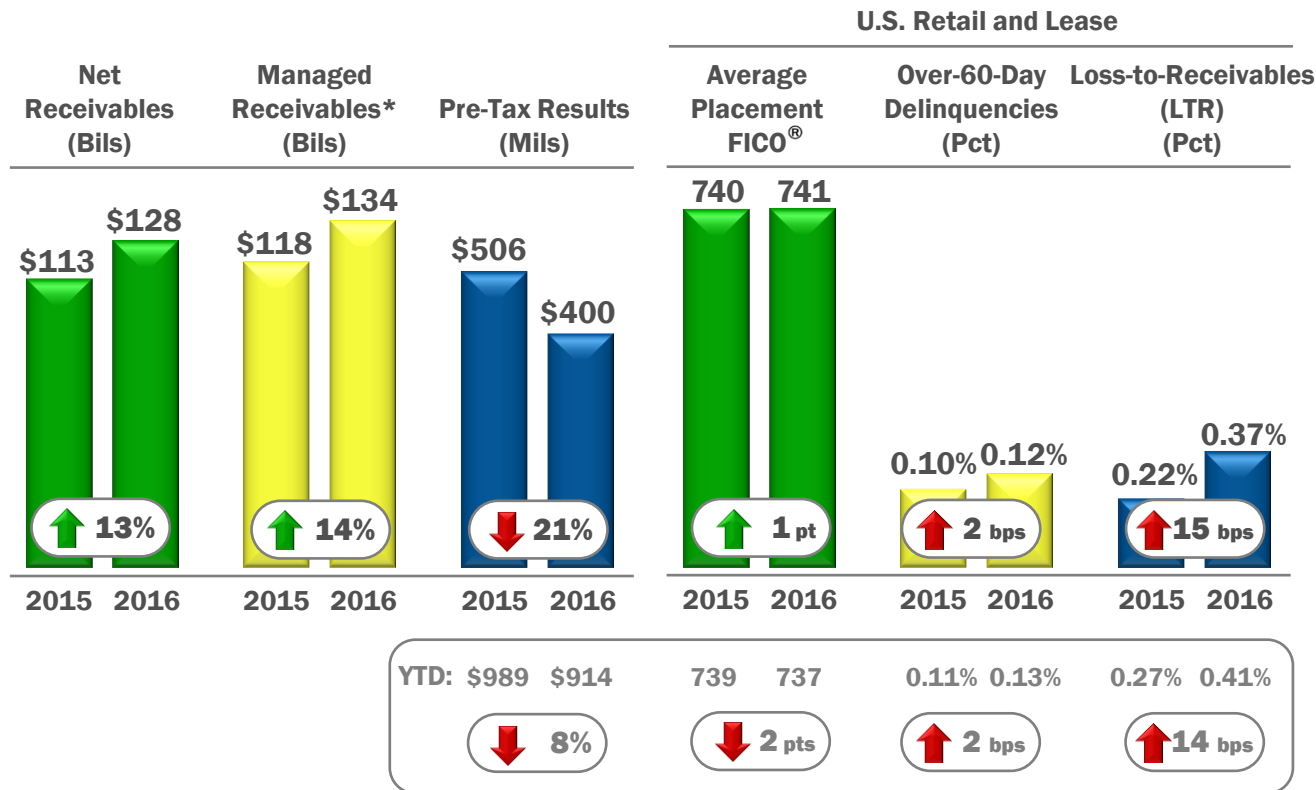
**Most factors unfavorable YOY**

**Total cost increase due to investments for future growth**

**Adverse exchange due to weaker yuan**

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 2Q 2016 KEY METRICS



**Receivables growth as expected**

**2Q profit solid, but lower YOY; 1H profit of \$914M lower by \$75M**

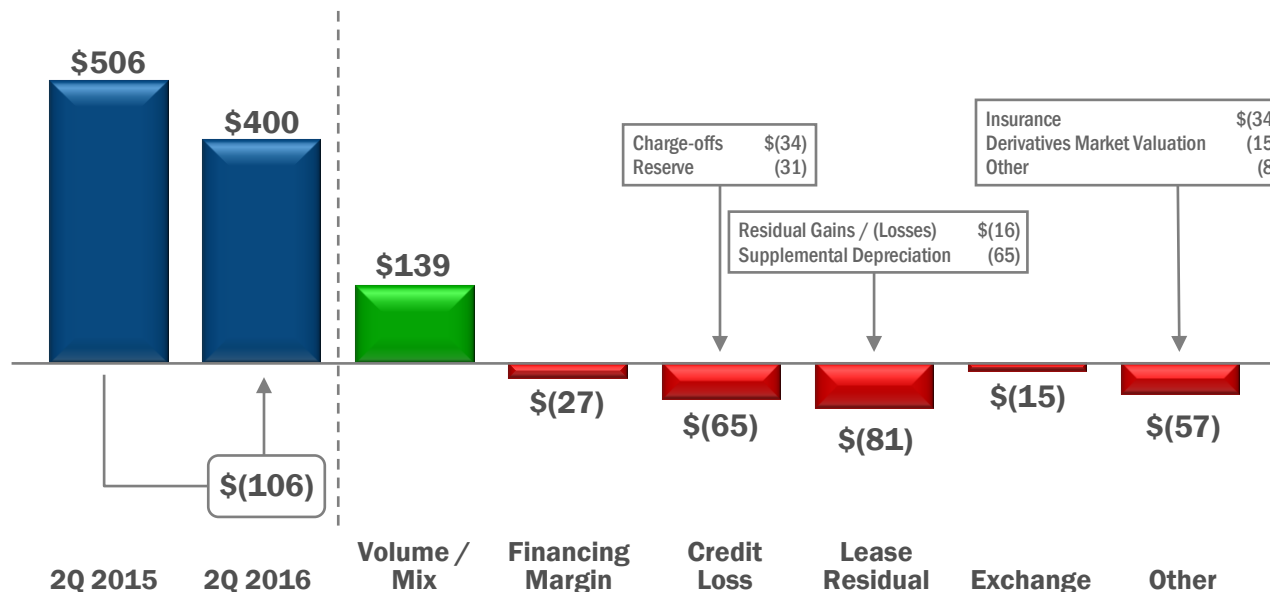
**Portfolio performance robust despite higher LTRs**

**Disciplined and consistent originations, servicing and collections**

\* See Appendix for reconciliation to GAAP

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 2Q 2016 PRE-TAX RESULTS (MILS)



**Receivables growth drove volume and mix**

**Credit losses normalizing with higher charge-offs; reserve increased**

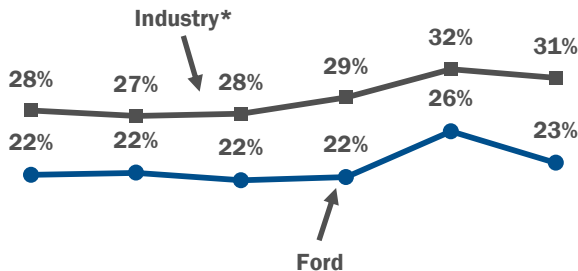
**Auction values outlook on smaller vehicles drove unfavorable lease residual performance**

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## U.S. AUTOMOTIVE FINANCING TRENDS

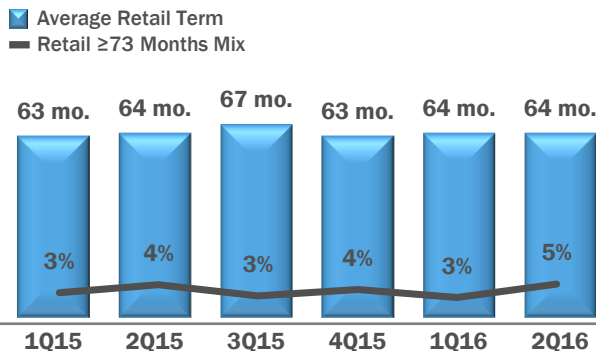


### Lease Share of Retail Sales

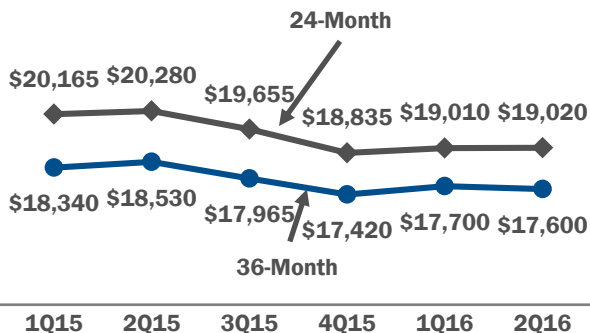


\* Source: JD Power PIN

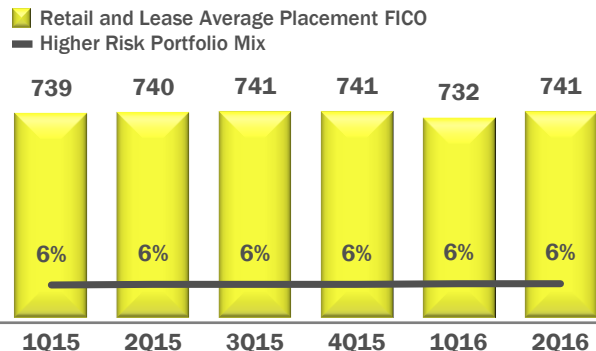
### Retail Contract Placement Terms



### Off-Lease Auction Values (At 2Q 2016 Mix)



### FICO and Higher Risk Mix



**FMCC lease share declined, more than industry**

**Longer-term financing remained a small part of business**

**Lower auction values reflect relative performance of smaller vehicles**

**Consistent FICOs and higher-risk mix**

# AUTOMOTIVE SEGMENT CASH FLOW



<i>(Bils)</i>	<u>2Q 2016</u>	<u>YTD 2016</u>
Cash at end of period	\$ 27.2	\$ 27.2
Cash at beginning of period	24.3	23.6
Change in Cash	<u>\$ 2.9</u>	<u>\$ 3.6</u>
Automotive Segment pre-tax profits	\$ 2.8	\$ 6.3
Capital spending	(1.7)	(3.2)
Depreciation and tooling amortization	1.1	2.2
Changes in working capital	1.3	1.3
All Other and timing differences	0.7	0.3
Automotive operating cash flow	<u>\$ 4.2</u>	<u>\$ 6.9</u>
Separation payments	(0.2)	(0.2)
Net receipts from other segments	-	-
Other, including acquisitions and divestitures	(0.2)	-
Cash flow before other actions	<u>\$ 3.8</u>	<u>\$ 6.7</u>
Changes in debt	(0.1)	(0.2)
Funded pension contributions	(0.2)	(0.6)
Dividends / Other items	(0.6)	(2.3)
Change in Cash	<u>\$ 2.9</u>	<u>\$ 3.6</u>

**Record quarterly and 1H  
operating cash flow**

**Full year capital spending  
now projected at about  
\$7 billion**

**Dividend payments of  
\$600M in the quarter**

# BALANCE SHEET SUMMARY

(Bils)

	2016 June 30	2015 Dec. 31
<b>Automotive Segment</b>		
Total cash, cash equivalents and marketable securities	\$ 27.2	\$ 23.6
Available credit lines*	11.0	10.9
Total liquidity	<u>\$ 38.2</u>	<u>\$ 34.5</u>
Debt	\$ 13.1	\$ 12.8
Cash net of debt	14.1	10.8
<b>Ford Credit</b>		
Managed Receivables**	\$ 134	\$ 127
Debt	126	120
Liquidity	34	24
Managed Leverage** (to 1)	9.4	9.5
<b>Total Company Period End Balance Sheet Underfunded Status***</b>		
U.S. pension	\$ 3.3	\$ 3.7
Non-U.S. pension	4.1	4.5
Total global pension	<u>\$ 7.4</u>	<u>\$ 8.2</u>
<b>Total unfunded OPEB</b>	<b>\$ 5.8</b>	<b>\$ 5.7</b>

**Auto cash and liquidity  
balances strong**

**Ford Credit well  
capitalized with strong  
liquidity; balance sheet  
self liquidating**

**Funded pensions largely  
funded and de-risked by  
year end**

\* Total available committed Automotive credit lines (including local lines available to foreign affiliates)

\*\* See Appendix for detail, reconciliation to GAAP, and definitions

\*\*\* Balances at June 30, 2016 reflect net underfunded status at December 31, 2015, updated for service and interest cost, expected return on assets, separation expense, actual benefit payments, and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2015.

# INDUSTRY AND GDP PLANNING ASSUMPTIONS

	GDP Growth (Pct)			Industry (Mils)		
	2015	2016	H / (L) Prior	2015	2016	H / (L) Prior
Global	3.0%*	2.9 – 3.3%*	↓	88.2	90.0 – 92.0	↑
U.S.	2.4%	1.9 – 2.3%	↓	17.8	17.4 – 17.9	↓
Brazil	(3.8)%	(3.0) – (4.0)%	↔	2.6	1.9 – 2.3	↓
Europe	1.0%	1.0 – 1.5%	↓	19.2	19.4 – 19.9	↑
China	6.9%	6.5 – 7.0%	↔	23.5	25.0 – 26.0	↑

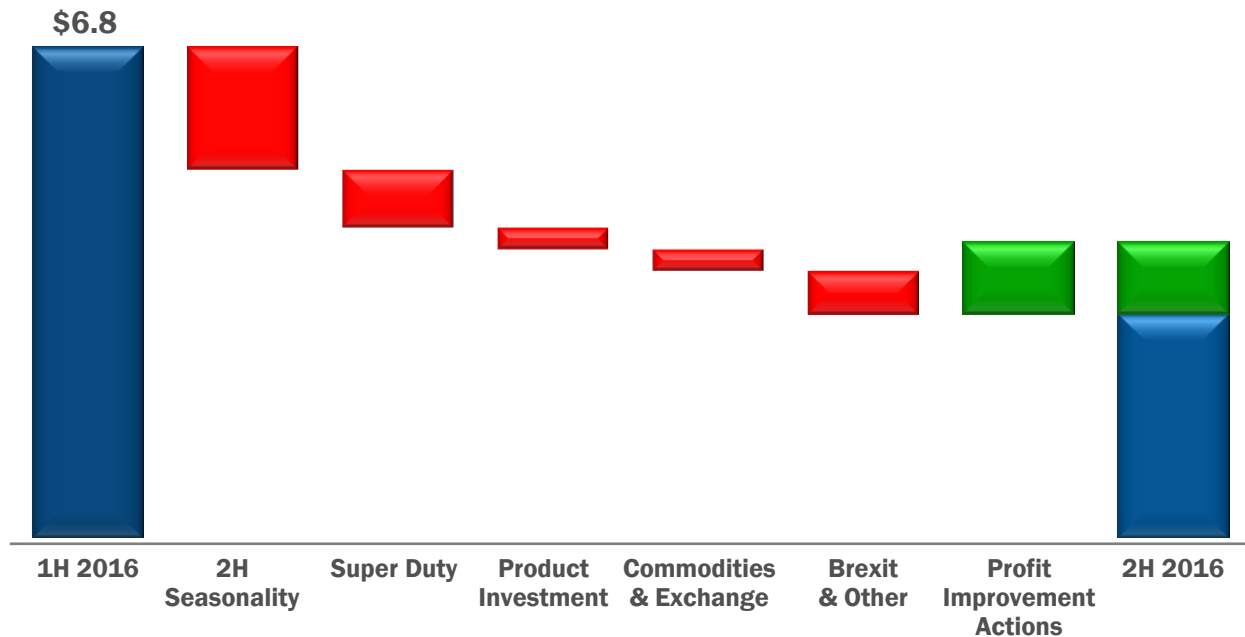
**Global industry volume gains in 2016 driven by China and Europe**

**Outlook for industry volume revised from prior guidance in all major markets**

**Global GDP updated for U.S. and Europe**

# FIRST HALF VS. SECOND HALF

Total Company Adjusted Pre-Tax Results (Bils)









**2H seasonally weaker than 1H. Factors driving further weakness this year:**

- Super Duty launch – major impact in 3Q
- Higher commodities / exchange headwinds
- Brexit risks
- Non-repeat for 1H favorable one-timers

**Profit improvement actions in progress**

# FULL YEAR OUTLOOK

Business Unit	Outlook	Comments
North America		Higher Ford and industry incentives; lower U.S. retail industry
South America		On track
Europe		Improved cost performance net of Brexit
Middle East & Africa		Lower industry volume and related stock changes
Asia Pacific		Lower net pricing and weaker exchange
Ford Credit		Weaker U.S. auction values

**Risks Vs. Expectations Generally Reflect Lower Net Pricing, External Factors – U.S. Retail Industry Volume, Exchange And Brexit – And Lower U.S. Auction Values**

# 2016 COMPANY GUIDANCE

	2015 FY	2016 FY		Memo:
	Results	Guidance	Status	2016 1H Results
<b>Total Company Adjusted Pre-Tax Results*</b>	<b>\$10.8B</b>	<b>≥ 2015</b>	↑ Net Risks	<b>\$6.8B</b>
<b>Adjusted EPS*</b>	<b>\$1.93</b>	<b>≥ 2015</b>		<b>\$1.20</b>
<b>Automotive Segment Revenue</b>	<b>\$140.6B</b>	<b>≥ 2015</b>	↓	<b>\$72.2B</b>
<b>Automotive Segment Operating Margin</b>	<b>6.8%</b>	<b>≥ 2015</b>		<b>8.7%</b>
<b>Automotive Segment Operating Cash Flow</b>	<b>\$7.3B</b>	<b>Strong, but &lt; 2015</b>	<b>On Track</b>	<b>\$6.9B</b>
<b>Adjusted Effective Tax Rate* (Pct)</b>	<b>28.6%</b>	<b>Low 30s</b>	<b>On Track</b>	<b>29.8%</b>

\* Excluding special items; see Appendix for detail, reconciliation to GAAP, and definitions

**Committed To 2016 Guidance But With Net Risks; Working To Mitigate Risks**

# PROFIT IMPROVEMENT ACTIONS

- Matching production to demand, which will reduce manufacturing costs
- Accelerating company-wide cost-attack plan – building on \$1.6 billion improvement already delivered vs. 1H plan
- Implementing improved go-to-market plans in U.S. and China – which will deliver revenue and cost opportunities
- Further optimizing volume, mix and pricing across all markets through analytics – which will deliver revenue opportunities
- Maximizing major product launches in balance of the year – which will deliver revenue and cost opportunities

Ford Team Working To Mitigate Risks

## KEY TAKEAWAYS

1. Achieved strong results for 2Q, including best-ever 2Q pre-tax profit in Europe
2. Increased revenue; wholesale volume flat and global market share lower
3. Delivered best-ever quarterly Auto operating cash flow
4. Continued strong cash and liquidity; distributed \$600 million of dividends
5. Achieved 1H records for profits and operating margins for Company and North America
6. Expect weaker than normal 2H, and particularly 3Q, due to Super Duty launch and risks – U.S. and China market factors, Brexit, exchange and U.S. auction values; profit improvement recovery actions under way
7. Expect strong FY results; Ford team committed to delivering Company financial guidance and mitigating risks

# Q&A

July 28, 2016

Ford



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# RISK FACTORS

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:

- Decline in industry sales volume, particularly in the United States, Europe, or China due to financial crisis, recession, geopolitical events, or other factors;
- Decline in Ford's market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of Ford's new or existing products or services;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- An increase in or continued volatility of fuel prices, or reduced availability of fuel;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase costs, affect liquidity, or cause production constraints or disruptions;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change";
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and / or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- A change in requirements under long-term supply arrangements committing Ford to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Inherent limitations of internal controls impacting financial statements and safeguarding of assets;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit regulations, consumer or data protection regulations, or other regulations resulting in higher costs and / or additional financing restrictions.

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, 2015, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# APPENDIX

# 2016 BUSINESS UNIT GUIDANCE

	2015 FY	2016 FY		Memo: 2016 1H Results
	Results	Guidance	Status	
<b>Automotive</b>				
North America	\$9,345M	≈ 2015	Risk	\$5,783M
Operating Margin	10.2%	9.5% or Higher	Risk	12.1%
South America	\$(832)M	Loss > 2015	On Track	\$(521)M
Europe	259M	> 2015	Opportunity	901M
Middle East & Africa	31M	≥ 2015	Risk	(79)M
Asia Pacific	765M	> 2015	Risk	212M
Ford Credit	2,086M	≥ 2015	Lower	914M
All Other	(796)M	≈ \$(800)M	On Track	(350)M

**Business Unit Outlook Mixed**

# 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.

Total Company Adjusted Pre-tax Profit (Most Comparable GAAP Measure: Net income attributable to Ford) – The non-GAAP measure is useful to management and investors because it allows users to evaluate our pre-tax results excluding pre-tax special items. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses that are not reflective of our underlying business results, (ii) significant restructuring actions related to 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.

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.

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.

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 marketable securities 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.

## TOTAL COMPANY

NET INCOME RECONCILIATION TO  
ADJUSTED PRE-TAX PROFIT

<i>(Mils)</i>	2Q		YTD		Memo:
	2015	2016	2015	2016	FY 2015
Net income / (loss) attributable to Ford (GAAP)	\$ 2,160	\$ 1,970	\$ 3,313	\$ 4,422	\$ 7,373
Income / (Loss) attributable to non-controlling interests	1	2	2	5	(2)
Net income	\$ 2,161	\$ 1,972	\$ 3,315	\$ 4,427	\$ 7,371
Less: (Provision for) / Benefit from income taxes	(1,125)	(903)	(1,750)	(2,099)	(2,881)
Income before income taxes	\$ 3,286	\$ 2,875	\$ 5,065	\$ 6,526	\$ 10,252
Less: Special items pre-tax	--	(118)	--	(304)	(548)
Adjusted pre-tax profit / (loss) (Non-GAAP)	\$ 3,286	\$ 2,993	\$ 5,065	\$ 6,830	\$ 10,800

# EFFECTIVE TAX RATE RECONCILIATION TO ADJUSTED EFFECTIVE TAX RATE

	2016		Memo:
	2Q	YTD	FY 2015
<b><u>Pre-Tax Results (Mils)</u></b>			
Pre-tax results (GAAP)	\$ 2,875	\$ 6,526	\$ 10,252
Less: Impact of special items	(118)	(304)	(548)
Adjusted Pre-tax results (Non-GAAP)	<u>\$ 2,993</u>	<u>\$ 6,830</u>	<u>\$ 10,800</u>
<b><u>Taxes (Mils)</u></b>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (903)	\$ (2,099)	\$ (2,881)
Less: Impact of special items	(1)	(67)	205
Adjusted (Provision for) / Benefit from income taxes (Non-GAAP)	<u>\$ (902)</u>	<u>\$ (2,032)</u>	<u>\$ (3,086)</u>
Effective Tax Rate (GAAP)	31.4%	32.2%	28.1%
Adjusted Effective Tax Rate (Non-GAAP)	30.1	29.8	28.6

# TOTAL COMPANY SPECIAL ITEMS



(Mils, except amounts per share data)

	2Q		YTD		Memo:
	2015	2016	2015	2016	FY 2015
<b><u>Pre-tax Special Items</u></b>					
Separation-related actions	\$ --	\$ (102)	\$ --	\$ (276)	\$ --
Japan / Indonesia market closure	--	(5)	--	(17)	--
Nemak IPO	--	--	--	--	150
Pension & OPEB remeasurement gains / (losses)	--	(11)	--	(11)	(698)
<b>Total Pre-tax special items</b>	<b>\$ --</b>	<b>\$ (118)</b>	<b>\$ --</b>	<b>\$ (304)</b>	<b>\$ (548)</b>
<b><u>Tax Special Items</u></b>					
Net tax effect of Pre-tax special items	\$ --	\$ 42	\$ --	\$ 107	\$ 205
Tax expense of entity restructurings	--	(43)	--	(174)	--
<b>Total tax special items</b>	<b>\$ --</b>	<b>\$ (1)</b>	<b>\$ --</b>	<b>\$ (67)</b>	<b>\$ 205</b>
<b><u>Memo:</u></b>					
Special items impact on earnings per share	\$ --	\$ (0.03)	\$ --	\$ (0.09)	\$ (0.09)

# EARNINGS PER SHARE RECONCILIATION TO ADJUSTED EARNINGS PER SHARE

	2016	
	2Q	YTD
<b><u>Diluted After-Tax Results (Mils)</u></b>		
Diluted After-tax results (GAAP)	\$ 1,970	\$ 4,422
Less: Impact of Pre-tax and tax special items	(119)	(371)
Adjusted Net Income (Non-GAAP)	<u>\$ 2,089</u>	<u>\$ 4,793</u>
<b><u>Basic and Diluted Shares (Mils)</u></b>		
Basic shares (Average shares outstanding)	3,973	3,972
Net dilutive options and unvested restricted stock units	24	24
Adjusted Diluted shares	<u>3,997</u>	<u>3,996</u>
<b>Earnings Per Share – Diluted (GAAP)</b>	\$ 0.49	\$ 1.11
Net impact of adjustments	0.03	0.09
Adjusted Earnings Per Share – Diluted (Non-GAAP)	<u>\$ 0.52</u>	<u>\$ 1.20</u>

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

<i>(Bils)</i>	<b>Dec. 31, 2014</b>	<b>Jun. 30, 2015</b>	<b>Dec. 31, 2015</b>	<b>Jun. 30, 2016</b>
<b>Finance receivables, net</b>	<b>\$ 86.9</b>	<b>\$ 89.5</b>	<b>\$ 96.8</b>	<b>\$ 101.3</b>
<b>Net investment in operating leases</b>	<b>21.5</b>	<b>23.4</b>	<b>25.1</b>	<b>26.8</b>
<b>Total net receivables* (GAAP)</b>	<b>\$ 108.4</b>	<b>\$ 112.9</b>	<b>\$ 121.9</b>	<b>\$ 128.1</b>
<b>Unearned interest supplements and residual support</b>	<b>3.9</b>	<b>4.0</b>	<b>4.5</b>	<b>5.0</b>
<b>Allowance for credit losses</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>
<b>Other, primarily accumulated supplemental depreciation</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 112.8</b>	<b>\$ 117.6</b>	<b>\$ 127.2</b>	<b>\$ 134.2</b>

\* 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

# FINANCIAL STATEMENT LEVERAGE RECONCILIATION TO MANAGED LEVERAGE

<i>(Bils)</i>	<b>Dec. 31, 2015</b>	<b>Mar. 31, 2016</b>	<b>Jun. 30, 2016</b>
<b><u>Leverage Calculation</u></b>			
<b>Total debt*</b>	<b>\$ 119.6</b>	<b>\$ 127.4</b>	<b>\$ 126.3</b>
<b>Adjustments for cash**</b>	<b>(11.2)</b>	<b>(14.9)</b>	<b>(11.6)</b>
<b>Adjustments for derivative accounting***</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>(1.3)</b>
<b>Total adjusted debt</b>	<b><u>\$ 107.9</u></b>	<b><u>\$ 111.5</u></b>	<b><u>\$ 113.4</u></b>
<b>Equity****</b>	<b>\$ 11.7</b>	<b>\$ 12.2</b>	<b>\$ 12.4</b>
<b>Adjustments for derivative accounting***</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Total adjusted equity</b>	<b><u>\$ 11.4</u></b>	<b><u>\$ 11.9</u></b>	<b><u>\$ 12.0</u></b>
<b>Financial statement leverage (to 1) (GAAP)</b>	<b>10.2</b>	<b>10.4</b>	<b>10.2</b>
<b>Managed leverage (to 1) (Non-GAAP)</b>	<b>9.5</b>	<b>9.4</b>	<b>9.4</b>

\* 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, cash equivalents, and marketable securities (excludes marketable securities related to insurance activities)

\*\*\* Primarily related 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

\*\*\*\* Shareholder's interest reported on Ford Credit's balance sheet

# AUTOMOTIVE SEGMENT DEBT



<i>(Bils)</i>	2015	2016	
	Dec. 31	Mar. 31	June 30
<b>Public unsecured debt</b>	\$ 6.4	\$ 6.4	\$ 6.4
<b>U.S. Department of Energy</b>	3.8	3.7	3.5
<b>Other debt (including international)</b>	2.6	2.9	3.2
<b>Total Automotive debt</b>	<u>\$ 12.8</u>	<u>\$ 13.0</u>	<u>\$ 13.1</u>
<b>Memo:</b>			
<b>Automotive debt payable within one year</b>	\$ 1.8	\$ 1.9	\$ 2.4

# CHINA UNCONSOLIDATED AFFILIATES



	2Q		YTD		Memo:
	2015	2016	2015	2016	FY 2015
<b><u>China Unconsolidated Affiliates</u></b>					
<b>Wholesales (000)</b>	<b>273</b>	<b>231</b>	<b>562</b>	<b>541</b>	<b>1,123</b>
<b>Ford Equity Income (Mils)*</b>	<b>\$ 411</b>	<b>\$ 296</b>	<b>\$ 771</b>	<b>\$ 740</b>	<b>\$ 1,515</b>
<b>China JV Net Income Margin</b>	<b>17.3%</b>	<b>16.1%</b>	<b>16.6%</b>	<b>16.3%</b>	<b>15.6%</b>

\* Ford equity share of China joint ventures net income

# AUTOMOTIVE SEGMENT

## 2Q INDUSTRY SAAR



Units (mils)

	2Q			YTD		
	2015	2016	B / (W)	2015	2016	B / (W)
<b>North America</b>	<b>21.1</b>	<b>21.5</b>	<b>0.4</b>	<b>20.9</b>	<b>21.5</b>	<b>0.6</b>
U.S.	17.6	17.5	(0.1)	17.3	17.5	0.2
<b>South America</b>	<b>4.2</b>	<b>3.6</b>	<b>(0.6)</b>	<b>4.4</b>	<b>3.6</b>	<b>(0.8)</b>
Brazil	2.6	2.0	(0.6)	2.8	2.1	(0.7)
<b>Europe</b>	<b>19.0</b>	<b>19.7</b>	<b>0.7</b>	<b>19.0</b>	<b>19.9</b>	<b>0.9</b>
<b>Middle East &amp; Africa</b>	<b>4.2</b>	<b>3.9</b>	<b>(0.3)</b>	<b>4.3</b>	<b>3.9</b>	<b>(0.4)</b>
<b>Asia Pacific</b>	<b>37.2</b>	<b>42.5</b>	<b>5.3</b>	<b>38.1</b>	<b>41.8</b>	<b>3.7</b>
China	22.0	26.6	4.6	23.0	26.4	3.4
<b>Global</b>	<b>85.8</b>	<b>91.2</b>	<b>5.4</b>	<b>86.6</b>	<b>90.7</b>	<b>4.1</b>

# AUTOMOTIVE SEGMENT 2Q MARKET SHARE



(Percent)

	2Q			YTD		
	2015	2016	B / (W)	2015	2016	B / (W)
<b><u>Total Share of Total Industry</u></b>						
<b>North America</b>	<b>14.4%</b>	<b>14.4%</b>	<b>-- ppts</b>	<b>14.2%</b>	<b>14.5%</b>	<b>0.3 ppts</b>
U.S.	15.0	15.3	0.3	14.9	15.4	0.5
<b>South America</b>	<b>10.0</b>	<b>8.7</b>	<b>(1.3)</b>	<b>9.8</b>	<b>8.5</b>	<b>(1.3)</b>
Brazil	10.9	8.5	(2.4)	10.7	8.6	(2.1)
<b>Europe</b>	<b>7.6</b>	<b>7.5</b>	<b>(0.1)</b>	<b>7.7</b>	<b>7.7</b>	<b>--</b>
<b>Middle East &amp; Africa</b>	<b>4.6</b>	<b>4.4</b>	<b>(0.2)</b>	<b>4.4</b>	<b>4.4</b>	<b>--</b>
<b>Asia Pacific</b>	<b>3.9</b>	<b>3.6</b>	<b>(0.3)</b>	<b>3.5</b>	<b>3.6</b>	<b>0.1</b>
China*	5.3	4.4	(0.9)	4.7	4.4	(0.3)
<b>Global</b>	<b>7.8</b>	<b>7.5</b>	<b>(0.3)</b>	<b>7.4</b>	<b>7.3</b>	<b>(0.1)</b>
<b><u>Retail Share of Retail Industry</u></b>						
<b>U.S.**</b>	<b>12.7</b>	<b>12.8</b>	<b>0.1</b>	<b>13.0</b>	<b>12.9</b>	<b>(0.1)</b>
<b>Europe***</b>	<b>7.8</b>	<b>7.4</b>	<b>(0.4)</b>	<b>8.2</b>	<b>7.9</b>	<b>(0.3)</b>

\* Present quarter is estimated pending audit by Chinese Public Security Bureau

\*\* Present quarter is estimated, prior quarters are based on latest Polk data

\*\*\* Europe passenger car retail share of retail industry reflects the five major markets (U.K., Germany, France, Italy, and Spain); present quarter is estimated, prior quarters are based on latest Data Force data

# AUTOMOTIVE SEGMENT PRODUCTION VOLUMES



(000)

	2Q 2016		3Q 2016	
	Units	0 / (U) 2015	Units	0 / (U) 2015
North America	843	28	710	(82)
South America	79	(15)	87	2
Europe	432	29	295	(82)
Middle East & Africa	18	(5)	28	6
Asia Pacific	342	(20)	420	79
<b>Total</b>	<b>1,714</b>	<b>17</b>	<b>1,540</b>	<b>(77)</b>

## Key drivers of 3Q YOY:

- **NA lower – matching production to demand and Super Duty launch**
- **EU lower – matching production to demand and impact of Brexit on industry**
- **AP higher – new products and higher industry**

# DEALER STOCKS



(000)	<u>U.S.</u>	<u>Brazil</u>	<u>Europe 21</u>	<u>MEA</u>	<u>China</u>
<b><u>2Q</u></b>					
<b>June 30, 2016</b>	<b>728</b>	<b>21</b>	<b>247</b>	<b>65</b>	<b>144</b>
<b>March 31, 2016</b>	<b>755</b>	<b>19</b>	<b>230</b>	<b>70</b>	<b>169</b>
<b>Stock Change H / (L)</b>	<b>(27)</b>	<b>2</b>	<b>17</b>	<b>(5)</b>	<b>(25)</b>
<b><u>2Q Prior Year</u></b>					
<b>June 30, 2015</b>	<b>611</b>	<b>29</b>	<b>189</b>	<b>68</b>	<b>163</b>
<b>March 31, 2015</b>	<b>619</b>	<b>35</b>	<b>187</b>	<b>73</b>	<b>155</b>
<b>Stock Change H / (L)</b>	<b>(8)</b>	<b>(6)</b>	<b>2</b>	<b>(5)</b>	<b>8</b>
<b>Year-Over-Year Stock Change</b>	<b>(19)</b>	<b>8</b>	<b>15</b>	<b>0</b>	<b>(33)</b>

# DEFINITIONS AND CALCULATIONS

## Automotive Records

- References to Automotive records for operating cash flow, operating margin and business units are since at least 2000

## 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

## Automotive Segment Operating Margin

- Automotive segment operating margin is defined as Automotive segment pre-tax results divided by Automotive segment 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

## Automotive Cash

- Automotive cash includes cash, cash equivalents, and marketable securities

## Market Factors

- Volume and Mix - primarily measures profit 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 profit 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 profit 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