

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. SHARE-BASED COMPENSATION (Continued)

During 2022, activity for RSUs and RSSs was as follows (in millions, except for weighted-average fair value):

	Shares	Weighted-Average Fair Value
Outstanding, beginning of year	62.5	\$ 10.31
Granted (a)	35.9	15.63
Vested (a)	(25.6)	9.84
Forfeited	(8.9)	12.94
Outstanding, end of year (b)	63.9	12.90

(a) Includes shares awarded to non-employee directors.

(b) Excludes 1,047,856 non-employee director shares that were vested but unissued at December 31, 2022.

Stock Options

Activity related to stock options for 2022 was as follows:

	Shares (millions)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (millions)
Outstanding, beginning of period	11.9	\$ 11.15		
Granted	—	—		
Exercised (a)	(1.8)	12.35		
Forfeited (including expirations)	—	—		
Outstanding, end of period	10.1	10.84		
Exercisable, end of period	7.9	12.10	3.1	\$ 13.4
Options expected to vest	2.2	6.40	7.6	11.7

(a) Exercised at option prices ranging from \$ 6.96 to \$ 15.37 during 2022.

We received approximately \$ 22 million in proceeds with an equivalent of about \$ 36 million in new issues used to settle the exercised options. For options exercised during the year ended December 31, 2022, the difference between the fair value of the Common Stock issued and the respective exercise price was \$ 13 million. Compensation cost for stock options for the year ended December 31, 2022 was \$ 0 . As of December 31, 2022, there was no unrecognized compensation cost related to non-vested stock options. During 2022, no new stock options were granted.

NOTE 7. INCOME TAXES

We recognize income tax-related penalties in *Provision for/(Benefit from) income taxes* on our consolidated income statements. We recognize income tax-related interest income and interest expense in *Other income/(loss), net* on our consolidated income statements.

We account for U.S. tax on global intangible low-taxed income in the period incurred.

Valuation of Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which we expect the temporary differences to be recovered or paid.