

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 19. DEBT AND COMMITMENTS (Continued)

Debt Extinguishment

Pursuant to our November 2021 cash tender offer and December 2021 redemption, we repurchased or redeemed \$ 7.6 billion principal amount of our public unsecured debt securities for an aggregate cost of \$ 9.3 billion (including transaction costs and accrued and unpaid interest payments for such tendered securities). As a result of these transactions, we recorded a pre-tax loss of \$ 1.7 billion (net of unamortized discounts, premiums, and fees) in *Other income/(loss), net* in 2021.

In September 2022, we redeemed approximately \$ 1.1 billion principal amount of our public unsecured debt securities for an aggregate cost of approximately \$ 1.2 billion (including redemption costs and accrued and unpaid interest payments for such redeemed securities). As a result of this transaction, we recorded a pre-tax loss of \$ 135 million (net of unamortized discounts, premiums, and fees) in *Other income/(loss), net* in 2022.

Environmental, Social, Governance ("ESG") Bonds

In November 2021 and August 2022, we issued \$ 2.5 billion and approximately \$ 1.8 billion aggregate principal amount of green bonds, respectively, under our sustainable financing framework. The interest rates of these green bonds are 3.250 % and 6.1 %, respectively. We are allocating the net proceeds from this issuance to the design, development, and manufacturing of our electric vehicle portfolio.

Convertible Debt

In March 2021, we issued \$ 2.3 billion aggregate principal amount of unsecured 0 % Convertible Senior Notes due 2026, including \$ 300 million aggregate principal amount of such notes pursuant to the exercise in full of the overallocation option granted to the initial purchasers. The notes will not bear regular interest and the principal amount of the notes will not accrete. The total net proceeds from the offering, after deducting debt issuance costs, were approximately \$ 2.267 billion.

Each \$ 1,000 principal amount of the notes will be convertible into 59.3505 shares of our Common Stock, which is equivalent to a conversion price of approximately \$ 16.85 per share, subject to adjustment upon the occurrence of specified events. The notes are convertible, at the option of the noteholders, on or after December 15, 2025. Prior to December 15, 2025, the notes are convertible only under the following circumstances:

- During any fiscal quarter commencing after the fiscal quarter ending on September 30, 2021 (and only during such fiscal quarter), if the last reported sale price of our Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130 % of the conversion price of the notes on each applicable trading day;
- During the five business day period after any five consecutive trading day period in which the trading price per \$ 1,000 principal amount of the notes for each day of that five consecutive trading day period was less than 98 % of the product of the last reported sale price of our Common Stock and the conversion rate of the notes on such trading day;
- If we call any or all of the notes for redemption; or
- Upon the occurrence of specific corporate events such as a change in control or certain beneficial distributions to common stockholders (as set forth in the indenture governing the notes).

Upon conversion, we will pay cash up to the aggregate principal amount of the notes to be converted and cash, shares of our Common Stock, or a combination of cash and shares of our Common Stock, at our election for the remainder of our obligation in excess, if any, of the aggregate principal amount of the notes being converted.