

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 18. LEASE COMMITMENTS (Continued)

Supplemental cash flow information related to leases for the years ended December 31 was as follows (in millions):

	2020	2021	2022
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 434	\$ 424	\$ 459
Operating cash flows from finance leases	15	14	22
Financing cash flows from finance leases	105	52	83
Right-of-use assets obtained in exchange for lease liabilities			
Operating leases	\$ 304	\$ 441	\$ 528
Finance leases	306	192	95

The components of lease expense for the years ended December 31 were as follows (in millions):

	2020	2021	2022
Operating lease expense	\$ 463	\$ 444	\$ 463
Variable lease expense	57	49	62
Sublease income	(14)	(16)	(15)
Finance lease expense			
Amortization of right-of-use assets	27	34	60
Interest on lease liabilities	15	14	22
Total lease expense	\$ 548	\$ 525	\$ 592

The weighted-average remaining lease term and weighted-average discount rate at December 31 were as follows:

	2020	2021	2022
Weighted-average remaining lease term (in years)			
Operating leases	6.3	6.0	5.5
Finance leases	14.8	12.1	12.2
Weighted-average discount rate			
Operating leases	3.8 %	3.3 %	3.7 %
Finance leases	3.5	3.3	3.9

NOTE 19. DEBT AND COMMITMENTS

Our debt consists of short-term and long-term secured and unsecured debt securities, and secured and unsecured borrowings from banks and other lenders. Debt issuances are placed directly by us or through securities dealers or underwriters and are held by institutional and retail investors. In addition, Ford Credit sponsors securitization programs that provide short-term and long-term asset-backed financing through institutional investors in the U.S. and international capital markets.

Debt is reported on our consolidated balance sheets at par value adjusted for unamortized discount or premium, unamortized issuance costs, and adjustments related to designated fair value hedging (see Note 20). Discounts, premiums, and costs directly related to the issuance of debt are capitalized and amortized over the life of the debt or to the put date and are recorded in interest expense using the effective interest method. Gains and losses on the extinguishment of debt are recorded in *Other income/(loss), net*.