

**FORD MOTOR COMPANY AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 20. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

*Normal Purchases and Normal Sales Classification.* We have elected to apply the normal purchases and normal sales classification for physical supply contracts that are entered into for the purpose of procuring commodities to be used in production over a reasonable period in the normal course of our business.

**Income Effect of Derivative Financial Instruments**

The gains/(losses), by hedge designation, reported in income for the years ended December 31 were as follows (in millions):

	2020	2021	2022
<b>Cash flow hedges</b>			
<b>Reclassified from AOCI to Cost of sales</b>			
Foreign currency exchange contracts (a)	\$ ( 11 )	\$ ( 412 )	\$ ( 213 )
Commodity contracts (b)	( 55 )	132	133
<b>Fair value hedges</b>			
<b>Interest rate contracts</b>			
Net interest settlements and accruals on hedging instruments	290	393	( 45 )
Fair value changes on hedging instruments	986	( 1,001 )	( 1,875 )
Fair value changes on hedged debt	( 985 )	957	1,893
<b>Cross-currency interest rate swap contracts</b>			
Net interest settlements and accruals on hedging instruments	( 2 )	( 8 )	( 27 )
Fair value changes on hedging instruments	38	( 93 )	( 111 )
Fair value changes on hedged debt	( 37 )	82	113
<b>Derivatives not designated as hedging instruments</b>			
Foreign currency exchange contracts (c)	( 310 )	375	( 3 )
Cross-currency interest rate swap contracts	486	( 507 )	( 780 )
Interest rate contracts	( 100 )	( 3 )	390
Commodity contracts	47	170	( 51 )
<b>Total</b>	<b>\$ 347</b>	<b>\$ 85</b>	<b>\$ ( 576 )</b>

(a) For 2020, 2021, and 2022, a \$ 198 million gain, a \$ 453 million loss, and a \$ 448 million gain, respectively, were reported in *Other comprehensive income/(loss), net of tax*.

(b) For 2020, 2021, and 2022, a \$ 9 million gain, a \$ 284 million gain, and a \$ 102 million loss, respectively, were reported in *Other comprehensive income/(loss), net of tax*.

(c) For 2020, 2021, and 2022, a \$ 228 million loss, a \$ 230 million gain, and a \$ 53 million loss, respectively, were reported in *Cost of sales* and a \$ 82 million loss, an \$ 145 million gain, and a \$ 50 million gain were reported in *Other income/(loss), net*, respectively.