UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☑ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2023

or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________
Commission file number 1-3950

Ford Motor Company

(Exact name of Registrant as specified in its charter)

Delaware	**38-0549190**
(State of incorporation)	*(I.R.S. Employer Identification No.)*
One American Road **Dearborn, Michigan**	**48126**
(Address of principal executive offices)	*(Zip code)*

313-322-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common Stock, par value $.01 per share	F	New York Stock Exchange
6.200% Notes due June 1, 2059	FPRB	New York Stock Exchange
6.000% Notes due December 1, 2059	FPRC	New York Stock Exchange
6.500% Notes due August 15, 2062	FPRD	New York Stock Exchange

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of October 23, 2023, Ford had outstanding 3,932,102,361 shares of Common Stock and 70,852,076 shares of Class B Stock.

Exhibit Index begins on page 70

FORD MOTOR COMPANY
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended September 30, 2023

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. *Financial Statements.*

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	For the periods ended September 30,	
	2022	**2023**
	First Nine Months	
	(unaudited)	
Cash flows from operating activities		
Net income/(loss)	$ (3,411)	**$ 4,852**
Depreciation and tooling amortization	5,669	**5,678**
Other amortization	(876)	**(853)**
(Gain)/Losses on extinguishment of debt (Note 4)	121	**—**
Held-for-sale impairment charges	32	**—**
Provision for/(Benefit from) credit and insurance losses	(70)	**349**
Pension and other postretirement employee benefits (“OPEB”) expense/(income) (Note 13)	(595)	**1,026**
Equity method investment dividends received in excess of (earnings)/losses and impairments	2,975	**(71)**
Foreign currency adjustments	(71)	**(99)**
Net realized and unrealized (gains)/losses on cash equivalents, marketable securities, and other investments (Note 4)	7,365	**187**
Net (gain)/loss on changes in investments in affiliates (Note 4)	137	**(19)**
Stock compensation	277	**350**
Provision for/(Benefit from) deferred income taxes	(1,557)	**(45)**
Decrease/(Increase) in finance receivables (wholesale and other)	(6,601)	**(1,234)**
Decrease/(Increase) in accounts receivable and other assets	(2,370)	**(2,965)**
Decrease/(Increase) in inventory	(4,160)	**(4,229)**
Increase/(Decrease) in accounts payable and accrued and other liabilities	8,453	**9,195**
Other	357	**304**
Net cash provided by/(used in) operating activities	5,675	**12,426**
Cash flows from investing activities		
Capital spending	(4,801)	**(5,941)**
Acquisitions of finance receivables and operating leases	(32,988)	**(40,162)**
Collections of finance receivables and operating leases	35,676	**33,726**
Proceeds from sale of business (Note 17)	435	**—**
Purchases of marketable securities and other investments	(14,115)	**(5,899)**
Sales and maturities of marketable securities and other investments	16,208	**10,384**
Settlements of derivatives	233	**(207)**
Capital contributions to equity method investments	(349)	**(1,615)**
Other	326	**(505)**
Net cash provided by/(used in) investing activities	625	**(10,219)**
Cash flows from financing activities		
Cash payments for dividends and dividend equivalents	(1,410)	**(4,394)**
Purchases of common stock	—	**—**
Net changes in short-term debt	1,650	**(942)**
Proceeds from issuance of long-term debt	32,855	**36,582**
Payments of long-term debt	(37,395)	**(31,819)**
Other	(244)	**(226)**
Net cash provided by/(used in) financing activities	(4,544)	**(799)**
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(772)	**(114)**
Net increase/(decrease) in cash, cash equivalents, and restricted cash	$ 984	**$ 1,294**
Cash, cash equivalents, and restricted cash at beginning of period (Note 7)	$ 20,737	**$ 25,340**
Net increase/(decrease) in cash, cash equivalents, and restricted cash	984	**1,294**
Cash, cash equivalents, and restricted cash at end of period (Note 7)	$ 21,721	**$ 26,634**

The accompanying notes are part of the consolidated financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(in millions, except per share amounts)

	For the periods ended September 30,			
	2022	**2023**	2022	**2023**
	Third Quarter		First Nine Months	
	(unaudited)			
Revenues				
Company excluding Ford Credit	$ 37,205	**$ 41,176**	$ 107,334	**$ 122,688**
Ford Credit	2,187	**2,625**	6,724	**7,541**
Total revenues (Note 3)	39,392	**43,801**	114,058	**130,229**
Costs and expenses				
Cost of sales	34,354	**37,548**	96,581	**109,688**
Selling, administrative, and other expenses	2,847	**2,671**	8,346	**7,927**
Ford Credit interest, operating, and other expenses	1,687	**2,453**	4,416	**6,911**
Total costs and expenses	38,888	**42,672**	109,343	**124,526**
Operating income/(loss)	504	**1,129**	4,715	**5,703**
Interest expense on Company debt excluding Ford Credit	321	**324**	941	**936**
Other income/(loss), net (Note 4)	1,318	**319**	(5,355)	**798**
Equity in net income/(loss) of affiliated companies (Note 17)	(2,626)	**263**	(2,601)	**269**
Income/(Loss) before income taxes	(1,125)	**1,387**	(4,182)	**5,834**
Provision for/(Benefit from) income taxes	(195)	**214**	(771)	**982**
Net income/(loss)	(930)	**1,173**	(3,411)	**4,852**
Less: Income/(Loss) attributable to noncontrolling interests	(103)	**(26)**	(141)	**(21)**
Net income/(loss) attributable to Ford Motor Company	$ (827)	**$ 1,199**	$ (3,270)	**$ 4,873**
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO FORD MOTOR COMPANY COMMON AND CLASS B STOCK (Note 6)				
Basic income/(loss)	$ (0.21)	**$ 0.30**	$ (0.81)	**$ 1.22**
Diluted income/(loss)	(0.21)	**0.30**	(0.81)	**1.21**
Weighted-average shares used in computation of earnings/(loss) per share				
Basic shares	4,021	**4,004**	4,017	**3,999**
Diluted shares	4,021	**4,050**	4,017	**4,040**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	For the periods ended September 30,			
	2022	**2023**	2022	**2023**
	Third Quarter		First Nine Months	
	(unaudited)			
Net income/(loss)	$ (930)	**$ 1,173**	$ (3,411)	**$ 4,852**
Other comprehensive income/(loss), net of tax (Note 18)				
Foreign currency translation	(949)	**(371)**	(1,821)	**400**
Marketable securities	(148)	**28**	(484)	**94**
Derivative instruments	367	**325**	417	**(99)**
Pension and other postretirement benefits	13	**7**	33	**13**
Total other comprehensive income/(loss), net of tax	(717)	**(11)**	(1,855)	**408**
Comprehensive income/(loss)	(1,647)	**1,162**	(5,266)	**5,260**
Less: Comprehensive income/(loss) attributable to noncontrolling interests	(100)	**(28)**	(142)	**(19)**
Comprehensive income/(loss) attributable to Ford Motor Company	$ (1,547)	**$ 1,190**	$ (5,124)	**$ 5,279**

The accompanying notes are part of the consolidated financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions)

	December 31, 2022	September 30, 2023
		(unaudited)
ASSETS		
Cash and cash equivalents (Note 7)	$ 25,134	**$ 26,427**
Marketable securities (Note 7)	18,936	**14,688**
Ford Credit finance receivables, net of allowance for credit losses of $255 and $257 (Note 8)	38,720	**42,572**
Trade and other receivables, less allowances of $105 and $149	15,729	**15,129**
Inventories (Note 9)	14,080	**18,326**
Other assets	3,877	**4,219**
Total current assets	116,476	**121,361**
Ford Credit finance receivables, net of allowance for credit losses of $590 and $619 (Note 8)	49,903	**53,434**
Net investment in operating leases	22,772	**21,415**
Net property	37,265	**39,370**
Equity in net assets of affiliated companies	2,798	**4,403**
Deferred income taxes	15,552	**15,662**
Other assets	11,118	**12,428**
Total assets	$ 255,884	**$ 268,073**
LIABILITIES		
Payables	$ 25,605	**$ 27,813**
Other liabilities and deferred revenue (Note 12 and Note 20)	21,097	**23,817**
Debt payable within one year (Note 14)		
Company excluding Ford Credit	730	**437**
Ford Credit	49,434	**48,201**
Total current liabilities	96,866	**100,268**
Other liabilities and deferred revenue (Note 12 and Note 20)	25,497	**27,851**
Long-term debt (Note 14)		
Company excluding Ford Credit	19,200	**19,333**
Ford Credit	69,605	**74,691**
Deferred income taxes	1,549	**1,654**
Total liabilities	212,717	**223,797**
EQUITY		
Common Stock, par value $0.01 per share (4,084 million shares issued of 6 billion authorized)	41	**41**
Class B Stock, par value $0.01 per share (71 million shares issued of 530 million authorized)	1	**1**
Capital in excess of par value of stock	22,832	**23,032**
Retained earnings	31,754	**32,169**
Accumulated other comprehensive income/(loss) (Note 18)	(9,339)	**(8,933)**
Treasury stock	(2,047)	**(2,047)**
Total equity attributable to Ford Motor Company	43,242	**44,263**
Equity attributable to noncontrolling interests	(75)	**13**
Total equity	43,167	**44,276**
Total liabilities and equity	$ 255,884	**$ 268,073**

The following table includes assets to be used to settle liabilities of the consolidated variable interest entities ("VIEs"). These assets and liabilities are included in the consolidated balance sheets above.

	December 31, 2022	September 30, 2023
		(unaudited)
ASSETS		
Cash and cash equivalents	$ 2,274	**$ 2,348**
Ford Credit finance receivables, net	49,142	**51,805**
Net investment in operating leases	12,545	**10,563**
Other assets	264	**215**
LIABILITIES		
Other liabilities and deferred revenue	$ 2	**$ —**
Debt	45,451	**46,664**

The accompanying notes are part of the consolidated financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(in millions, unaudited)

	Equity Attributable to Ford Motor Company							
	Capital Stock	Cap. in Excess of Par Value of Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss) (Note 18)	Treasury Stock	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at December 31, 2021	$ 41	$ 22,611	$ 35,769	$ (8,339)	$ (1,563)	$ 48,519	$ 103	$ 48,622
Net income/(loss)	—	—	(3,110)	—	—	(3,110)	(9)	(3,119)
Other comprehensive income/(loss), net	—	—	—	45	—	45	—	45
Common Stock issued (a)	1	(61)	—	—	—	(60)	—	(60)
Treasury stock/other	—	—	—	—	(1)	(1)	5	4
Dividends and dividend equivalents declared ($0.10 per share) (b)	—	—	(408)	—	—	(408)	—	(408)
Balance at March 31, 2022	$ 42	$ 22,550	$ 32,251	$ (8,294)	$ (1,564)	$ 44,985	$ 99	$ 45,084
Net income/(loss)	—	—	667	—	—	667	(29)	638
Other comprehensive income/(loss), net	—	—	—	(1,179)	—	(1,179)	(4)	(1,183)
Common Stock issued (a)	—	103	—	—	—	103	—	103
Treasury stock/other	—	—	—	—	—	—	2	2
Dividends and dividend equivalents declared ($0.10 per share) (b)	—	—	(407)	—	—	(407)	—	(407)
Balance at June 30, 2022	$ 42	$ 22,653	$ 32,511	$ (9,473)	$ (1,564)	$ 44,169	$ 68	$ 44,237
Net income/(loss)	—	—	(827)	—	—	(827)	(103)	(930)
Other comprehensive income/(loss), net	—	—	—	(720)	—	(720)	3	(717)
Common stock issued (a)	—	115	—	—	—	115	—	115
Treasury stock/other	—	—	—	—	—	—	(4)	(4)
Dividends and dividend equivalents declared ($0.15 per share) (b)	—	—	(612)	—	—	(612)	—	(612)
Balance at September 30, 2022	$ 42	$ 22,768	$ 31,072	$ (10,193)	$ (1,564)	$ 42,125	$ (36)	$ 42,089
Balance at December 31, 2022	$ 42	$ 22,832	$ 31,754	$ (9,339)	$ (2,047)	$ 43,242	$ (75)	$ 43,167
Net income/(loss)	—	—	1,757	—	—	1,757	(94)	1,663
Other comprehensive income/(loss), net	—	—	—	551	—	551	—	551
Common Stock issued (a)	—	57	—	—	—	57	—	57
Treasury stock/other	—	—	—	—	—	—	—	—
Dividends and dividend equivalents declared ($0.80 per share) (b)	—	—	(3,241)	—	—	(3,241)	—	(3,241)
Balance at March 31, 2023	$ 42	$ 22,889	$ 30,270	$ (8,788)	$ (2,047)	$ 42,366	$ (169)	$ 42,197
Net income/(loss)	—	—	1,917	—	—	1,917	99	2,016
Other comprehensive income/(loss), net	—	—	—	(136)	—	(136)	4	(132)
Common Stock issued (a)	—	140	—	—	—	140	—	140
Treasury stock/other	—	—	—	—	—	—	(5)	(5)
Dividends and dividend equivalents declared ($0.15 per share) (b)	—	—	(610)	—	—	(610)	—	(610)
Balance at June 30, 2023	$ 42	$ 23,029	$ 31,577	$ (8,924)	$ (2,047)	$ 43,677	$ (71)	$ 43,606
Net income/(loss)	**—**	**—**	**1,199**	**—**	**—**	**1,199**	**(26)**	**1,173**
Other comprehensive income/(loss), net	**—**	**—**	**—**	**(9)**	**—**	**(9)**	**(2)**	**(11)**
Common stock issued (a)	**—**	**115**	**—**	**—**	**—**	**115**	**—**	**115**
Treasury stock/other	**—**	**(112)**	**—**	**—**	**—**	**(112)**	**112**	**—**
Dividends and dividend equivalents declared ($0.15 per share) (b)	**—**	**—**	**(607)**	**—**	**—**	**(607)**	**—**	**(607)**
Balance at September 30, 2023	**$ 42**	**$ 23,032**	**$ 32,169**	**$ (8,933)**	**$ (2,047)**	**$ 44,263**	**$ 13**	**$ 44,276**

____
(a) Includes impact of share-based compensation.
(b) Dividends and dividend equivalents declared for Common and Class B Stock. In the first quarter of 2023, in addition to a regular dividend of $0.15 per share, we declared a supplemental dividend of $0.65 per share.

The accompanying notes are part of the consolidated financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

Table of Contents

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. PRESENTATION

For purposes of this report, “Ford,” the “Company,” “we,” “our,” “us,” or similar references mean Ford Motor Company, our consolidated subsidiaries, and our consolidated VIEs of which we are the primary beneficiary, unless the context requires otherwise. We also make reference to Ford Motor Credit Company LLC, herein referenced to as Ford Credit. Our consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information, instructions to the Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X. We reclassified certain prior year amounts in our consolidated financial statements to conform to the current year presentation.

In the opinion of management, these unaudited financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of our results of operations and financial condition for the periods, and at the dates, presented. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. Reference should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022 (“2022 Form 10-K Report”).

NOTE 2. NEW ACCOUNTING STANDARDS

Adoption of New Accounting Standards

Accounting Standards Update (“ASU”) 2022-02, Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosures. Effective January 1, 2023, we adopted the new standard, which eliminates the troubled debt recognition and measurement guidance and requires disclosure of current period gross charge-offs by year of origination (vintage disclosure). Adoption of the new standard did not have a material impact to our consolidated financial statements or financial statement disclosures.

ASU 2022-04, Liabilities – Supplier Finance Programs, Disclosure of Supplier Finance Program Obligations. Effective January 1, 2023, we adopted the new standard, which requires that entities that use supplier finance programs disclose information about the nature and potential magnitude of the programs, activity during the period, and changes from period to period.

Financial institutions participate in a supply chain finance (“SCF”) program that enables our suppliers, at their sole discretion, to sell their Ford receivables (i.e., our payment obligations to the suppliers) to the financial institutions on a non-recourse basis in order to be paid earlier than our payment terms provide. Our suppliers’ voluntary inclusion of invoices in the SCF program has no bearing on our payment terms, the amounts we pay, or our liquidity. We have no economic interest in a supplier’s decision to participate in the SCF program, and we do not provide any guarantees in connection with it. The outstanding amount of Ford receivables that suppliers elected to sell to the SCF financial institutions, reported in *Payables*, was $253 million and $236 million at December 31, 2022 and September 30, 2023, respectively. The amount settled through the SCF program during the third quarter and first nine months of 2023 was $465 million and $1.4 billion, respectively.

We also adopted the following ASUs during 2023, none of which had a material impact to our consolidated financial statements or financial statement disclosures:

ASU		Effective Date
2022-01	Derivatives and Hedging – Fair Value Hedging – Portfolio Layer Hedging	January 1, 2023
2022-03	Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	January 1, 2023
2018-12	Targeted Improvements to the Accounting for Long Duration Contracts (and related amendments)	January 1, 2023
2023-03	Amendments to SEC Paragraphs Pursuant to SEC Bulletins & Announcements	July 14, 2023
2023-04	Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 121	August 3, 2023

Accounting Standards Issued But Not Yet Adopted

ASUs issued but not yet adopted were assessed and determined to be not applicable or are not expected to have a material impact on our consolidated financial statements or financial statement disclosures.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. REVENUE

The following tables disaggregate our revenue by major source for the periods ended September 30 (in millions):

	Third Quarter 2022		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	$ 36,111	$ —	$ 36,111
Used vehicles	378	—	378
Services and other revenue (a)	664	13	677
Revenues from sales and services	37,153	13	37,166
Leasing income	52	1,123	1,175
Financing income	—	1,037	1,037
Insurance income	—	14	14
Total revenues	$ 37,205	$ 2,187	$ 39,392

	Third Quarter 2023		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	$ 39,916	$ —	$ 39,916
Used vehicles	482	—	482
Services and other revenue (a)	733	20	753
Revenues from sales and services	41,131	20	41,151
Leasing income	45	1,017	1,062
Financing income	—	1,563	1,563
Insurance income	—	25	25
Total revenues	$ 41,176	$ 2,625	$ 43,801

	First Nine Months 2022		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	$ 103,933	$ —	$ 103,933
Used vehicles	1,180	—	1,180
Services and other revenue (a)	2,063	84	2,147
Revenues from sales and services	107,176	84	107,260
Leasing income	158	3,500	3,658
Financing income	—	3,103	3,103
Insurance income	—	37	37
Total revenues	$ 107,334	$ 6,724	$ 114,058

	First Nine Months 2023		
	Company excluding Ford Credit	Ford Credit	Consolidated
Vehicles, parts, and accessories	$ 119,084	$ —	$ 119,084
Used vehicles	1,408	—	1,408
Services and other revenue (a)	2,061	86	2,147
Revenues from sales and services	122,553	86	122,639
Leasing income	135	3,095	3,230
Financing income	—	4,290	4,290
Insurance income	—	70	70
Total revenues	$ 122,688	$ 7,541	$ 130,229

____

(a) Includes extended service contract revenue.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. REVENUE (Continued)

The amount of consideration we receive and revenue we recognize on our vehicles, parts, and accessories varies with changes in return rights and marketing incentives we offer to our customers and their customers. Estimates of marketing incentives are based on expected retail and fleet sales volumes, mix of products to be sold, and incentive programs to be offered. Customer acceptance of products and programs, as well as other market conditions, will impact these estimates. As a result of changes in our estimate of marketing incentives, we recorded a de minimis adjustment related to revenue recognized in prior periods during both the third quarter of 2022 and 2023.

We had a balance of $4.4 billion and $4.7 billion of unearned revenue associated primarily with outstanding extended service contracts reported in *Other liabilities and deferred revenue* at December 31, 2022 and September 30, 2023, respectively. We expect to recognize approximately $400 million of the unearned amount in the remainder of 2023, $1.4 billion in 2024, and $2.9 billion thereafter. We recognized $343 million and $385 million of unearned amounts from prior years as revenue during the third quarter of 2022 and 2023, respectively, and $1.1 billion during both the first nine months of 2022 and 2023.

Amounts paid to dealers to obtain extended service contracts are deferred and recorded as *Other assets*. We had a balance of $315 million and $317 million in deferred costs as of December 31, 2022 and September 30, 2023, respectively. We recognized $22 million and $26 million of amortization during the third quarter of 2022 and 2023, respectively, and $66 million and $77 million in the first nine months of 2022 and 2023, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. OTHER INCOME/(LOSS)

The amounts included in *Other income/(loss), net* for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Net periodic pension and OPEB income/(cost), excluding service cost (Note 13)	$ 431	$ (273)	$ 1,320	$ (605)
Investment-related interest income	181	414	331	1,134
Interest income/(expense) on income taxes	1	(6)	8	(12)
Realized and unrealized gains/(losses) on cash equivalents, marketable securities, and other investments (a)	609	(24)	(7,365)	(187)
Gains/(Losses) on changes in investments in affiliates	9	2	(137)	19
Gains/(Losses) on extinguishment of debt	(135)	—	(121)	—
Royalty income	118	124	373	354
Other	104	82	236	95
Total	$ 1,318	$ 319	$ (5,355)	$ 798

____
(a) Includes a $646 million gain on our Rivian investment in the third quarter of 2022 and a $7.3 billion loss and a $31 million loss in the first nine months of 2022 and 2023, respectively.

NOTE 5. INCOME TAXES

For interim tax reporting, we estimate one single effective tax rate for tax jurisdictions not subject to a valuation allowance, which is applied to the year-to-date ordinary income/(loss). Tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

NOTE 6. CAPITAL STOCK AND EARNINGS/(LOSS) PER SHARE

Earnings/(Loss) Per Share Attributable to Ford Motor Company Common and Class B Stock

Basic and diluted earnings/(loss) per share were calculated using the following (in millions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Net income/(loss) attributable to Ford Motor Company	$ (827)	$ 1,199	$ (3,270)	$ 4,873
Basic and Diluted Shares				
Basic shares (average shares outstanding)	4,021	4,004	4,017	3,999
Net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt (a)	—	46	—	41
Diluted shares	4,021	4,050	4,017	4,040

____
(a) In the third quarter and first nine months of 2022, there were 38 million and 42 million shares, respectively, excluded from the calculation of diluted earnings/(loss) per share, due to their anti-dilutive effect.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES

The fair values of cash, cash equivalents, and marketable securities measured at fair value on a recurring basis were as follows (in millions):

		December 31, 2022		
	Fair Value Level	Company excluding Ford Credit	Ford Credit	Consolidated
Cash and cash equivalents				
U.S. government	1	$ 3,295	$ 1,045	$ 4,340
U.S. government agencies	2	2,245	150	2,395
Non-U.S. government and agencies	2	1,048	199	1,247
Other cash equivalents	2	10	—	10
Corporate debt	2	593	792	1,385
Total marketable securities classified as cash equivalents		7,191	2,186	9,377
Cash, time deposits, and money market funds		7,550	8,207	15,757
Total cash and cash equivalents		$ 14,741	$ 10,393	$ 25,134
Marketable securities				
U.S. government	1	$ 4,947	$ 187	$ 5,134
U.S. government agencies	2	2,641	221	2,862
Non-U.S. government and agencies	2	2,625	658	3,283
Corporate debt	2	6,755	266	7,021
Equities (a)	1	223	—	223
Other marketable securities	2	252	161	413
Total marketable securities		$ 17,443	$ 1,493	$ 18,936
Restricted cash		$ 79	$ 127	$ 206

		September 30, 2023		
	Fair Value Level	Company excluding Ford Credit	Ford Credit	Consolidated
Cash and cash equivalents				
U.S. government	1	$ 3,019	$ 2,111	$ 5,130
U.S. government agencies	2	3,148	100	3,248
Non-U.S. government and agencies	2	673	280	953
Corporate debt	2	889	659	1,548
Total marketable securities classified as cash equivalents		7,729	3,150	10,879
Cash, time deposits, and money market funds		8,047	7,501	15,548
Total cash and cash equivalents		$ 15,776	$ 10,651	$ 26,427
Marketable securities				
U.S. government	1	$ 4,022	$ 274	$ 4,296
U.S. government agencies	2	1,645	223	1,868
Non-U.S. government and agencies	2	2,242	549	2,791
Corporate debt	2	4,951	269	5,220
Equities (a)	1	23	—	23
Other marketable securities	2	341	149	490
Total marketable securities		$ 13,224	$ 1,464	$ 14,688
Restricted cash		$ 83	$ 124	$ 207

____
(a) Net unrealized gains/losses recognized during full year 2022 and the first nine months of 2023 on all equity securities held at December 31, 2022 and September 30, 2023 were a $968 million loss and a $6 million loss, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES (Continued)

The cash equivalents and marketable securities accounted for as available-for-sale ("AFS") securities were as follows (in millions):

	December 31, 2022						
					Fair Value of Securities with Contractual Maturities		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Within 1 Year	After 1 Year through 5 Years	After 5 Years
Company excluding Ford Credit							
U.S. government	$ 4,797	$ 1	$ (145)	$ 4,653	$ 1,008	$ 3,645	$ —
U.S. government agencies	2,508	—	(119)	2,389	1,244	1,109	36
Non-U.S. government and agencies	2,248	—	(132)	2,116	294	1,810	12
Corporate debt	7,511	6	(197)	7,320	3,117	4,195	8
Other marketable securities	246	—	(9)	237	—	181	56
Total	$ 17,310	$ 7	$ (602)	$ 16,715	$ 5,663	$ 10,940	$ 112

	September 30, 2023						
					Fair Value of Securities with Contractual Maturities		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Within 1 Year	After 1 Year through 5 Years	After 5 Years
Company excluding Ford Credit							
U.S. government	$ 4,073	$ —	$ (119)	$ 3,954	$ 1,787	$ 2,158	$ 9
U.S. government agencies	1,728	—	(90)	1,638	511	1,108	19
Non-U.S. government and agencies	2,173	—	(108)	2,065	762	1,291	12
Corporate debt	5,958	1	(149)	5,810	1,536	4,257	17
Other marketable securities	314	—	(6)	308	—	247	61
Total	$ 14,246	$ 1	$ (472)	$ 13,775	$ 4,596	$ 9,061	$ 118

Sales proceeds and gross realized gains/losses from the sale of AFS securities for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Company excluding Ford Credit				
Sales proceeds	$ 692	$ 506	$ 5,814	$ 2,384
Gross realized gains	—	—	7	1
Gross realized losses	5	6	20	27

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CASH, CASH EQUIVALENTS, AND MARKETABLE SECURITIES (Continued)

The present fair values and gross unrealized losses for cash equivalents and marketable securities accounted for as AFS securities that were in an unrealized loss position, aggregated by investment category and the length of time that individual securities have been in a continuous loss position, were as follows (in millions):

	December 31, 2022					
	Less than 1 Year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Company excluding Ford Credit						
U.S. government	$ 2,860	$ (52)	$ 1,570	$ (93)	$ 4,430	$ (145)
U.S. government agencies	707	(14)	1,658	(105)	2,365	(119)
Non-U.S. government and agencies	751	(23)	1,271	(109)	2,022	(132)
Corporate debt	4,571	(79)	1,737	(118)	6,308	(197)
Other marketable securities	123	(4)	108	(5)	231	(9)
Total	$ 9,012	$ (172)	$ 6,344	$ (430)	$ 15,356	$ (602)

	September 30, 2023					
	Less than 1 Year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Company excluding Ford Credit						
U.S. government	$ 1,014	$ (19)	$ 2,939	$ (100)	$ 3,953	$ (119)
U.S. government agencies	290	(3)	1,348	(87)	1,638	(90)
Non-U.S. government and agencies	304	(4)	1,760	(104)	2,064	(108)
Corporate debt	3,000	(31)	2,644	(118)	5,644	(149)
Other marketable securities	161	(1)	140	(5)	301	(6)
Total	$ 4,769	$ (58)	$ 8,831	$ (414)	$ 13,600	$ (472)

We determine credit losses on AFS debt securities using the specific identification method. During the first nine months of 2023, we did not recognize any credit loss. The unrealized losses on securities are due to changes in interest rates and market liquidity.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash, as reported in the consolidated statements of cash flows, were as follows (in millions):

	December 31, 2022	September 30, 2023
Cash and cash equivalents	$ 25,134	$ 26,427
Restricted cash (a)	206	207
Total cash, cash equivalents, and restricted cash	$ 25,340	$ 26,634

____
(a) Included in *Other assets* in the non-current assets section of our consolidated balance sheets.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

Ford Credit manages finance receivables as “consumer” and “non-consumer” portfolios. The receivables are generally secured by the vehicles, inventory, or other property being financed.

Finance receivables are recorded at the time of origination or purchase at fair value and are subsequently reported at amortized cost, net of any allowance for credit losses.

For all finance receivables, Ford Credit defines “past due” as any payment, including principal and interest, that is at least 31 days past the contractual due date.

Ford Credit finance receivables, net were as follows (in millions):

	December 31, 2022	September 30, 2023
Consumer		
Retail installment contracts, gross	$ 66,954	$ 71,134
Finance leases, gross	6,765	7,339
Retail financing, gross	73,719	78,473
Unearned interest supplements	(2,305)	(2,967)
Consumer finance receivables	71,414	75,506
Non-Consumer		
Dealer financing	18,054	21,376
Non-Consumer finance receivables	18,054	21,376
Total recorded investment	$ 89,468	$ 96,882
Recorded investment in finance receivables	$ 89,468	$ 96,882
Allowance for credit losses	(845)	(876)
Total finance receivables, net	$ 88,623	$ 96,006
Current portion	$ 38,720	$ 42,572
Non-current portion	49,903	53,434
Total finance receivables, net	$ 88,623	$ 96,006
Net finance receivables subject to fair value (a)	$ 82,200	$ 89,078
Fair value (b)	79,521	86,812

____
(a) Net finance receivables subject to fair value exclude finance leases.
(b) The fair value of finance receivables is categorized within Level 3 of the fair value hierarchy.

Ford Credit’s finance leases are comprised of sales-type and direct financing leases. Financing revenue from finance leases for the third quarter of 2022 and 2023 was $73 million and $102 million, respectively, and for the first nine months of 2022 and 2023 was $223 million and $276 million, respectively, and is included in *Ford Credit revenues* on our consolidated income statements.

At December 31, 2022 and September 30, 2023, accrued interest was $187 million and $245 million, respectively, which we report in *Other assets* in the current assets section of our consolidated balance sheets.

Included in the recorded investment in finance receivables at December 31, 2022 and September 30, 2023, were consumer receivables of $43.9 billion and $45.2 billion, respectively, and non-consumer receivables of $18.2 billion and $17.7 billion, respectively, (including Ford Blue, Ford Model e, and Ford Pro receivables sold to Ford Credit, which we report in *Trade and other receivables*) that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. The receivables 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 or the claims of Ford Credit’s other creditors. 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.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Credit Quality

Consumer Portfolio. Credit quality ratings for consumer receivables are based on Ford Credit's aging analysis. Consumer receivables credit quality ratings are as follows:

- *Pass* – current to 60 days past due;
- *Special Mention* – 61 to 120 days past due and in intensified collection status; and
- *Substandard* – greater than 120 days past due and for which the uncollectible portion of the receivables has already been charged off, as measured using the fair value of collateral less costs to sell.

The credit quality analysis of consumer receivables at December 31, 2022 was as follows (in millions):

	Amortized Cost Basis by Origination Year							
	Prior to 2018	2018	2019	2020	2021	2022	Total	Percent
Consumer								
31 - 60 days past due	$ 41	$ 60	$ 91	$ 181	$ 150	$ 126	$ 649	0.9%
61 - 120 days past due	9	12	20	39	40	29	149	0.2
Greater than 120 days past due	9	4	5	7	7	6	38	0.1
Total past due	59	76	116	227	197	161	836	1.2
Current	883	2,563	6,137	13,844	18,357	28,794	70,578	98.8
Total	$ 942	$ 2,639	$ 6,253	$ 14,071	$ 18,554	$ 28,955	$ 71,414	100.0%

The credit quality analysis of consumer receivables at September 30, 2023 was as follows (in millions):

	Amortized Cost Basis by Origination Year							
	Prior to 2019	2019	2020	2021	2022	2023	Total	Percent
Consumer								
31 - 60 days past due	$ 50	$ 58	$ 140	$ 129	$ 172	$ 96	$ 645	0.9%
61 - 120 days past due	9	12	30	35	50	28	164	0.2
Greater than 120 days past due	8	4	6	10	10	3	41	—
Total past due	67	74	176	174	232	127	850	1.1
Current	1,296	3,090	8,787	12,867	22,254	26,362	74,656	98.9
Total	$ 1,363	$ 3,164	$ 8,963	$ 13,041	$ 22,486	$ 26,489	$ 75,506	100.0%
Gross charge-offs	$ 38	$ 30	$ 55	$ 61	$ 81	$ 14	$ 279	

Non-Consumer Portfolio. The credit quality of dealer financing receivables is evaluated based on Ford Credit's internal dealer risk rating analysis. Ford Credit uses a proprietary model to assign each dealer a risk rating. This model uses historical dealer performance data to identify key factors about a dealer that are considered most significant in predicting a dealer's ability to meet its financial obligations. Ford Credit also considers numerous other financial and qualitative factors of the dealer's operations, including capitalization and leverage, liquidity and cash flow, profitability, and credit history with Ford Credit and other creditors.

Dealers are assigned to one of four groups according to risk ratings as follows:

- *Group I* – strong to superior financial metrics;
- *Group II* – fair to favorable financial metrics;
- *Group III* – marginal to weak financial metrics; and
- *Group IV* – poor financial metrics, including dealers classified as uncollectible.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)

The credit quality analysis of dealer financing receivables at December 31, 2022 was as follows (in millions):

	Amortized Cost Basis by Origination Year									
	Dealer Loans									
	Prior to 2018	2018	2019	2020	2021	2022	Total	Wholesale Loans	Total	Percent
Group I	$ 402	$ 148	$ 35	$ 67	$ 185	$ 224	$ 1,061	$ 13,888	$ 14,949	82.8%
Group II	2	21	—	5	2	42	72	2,751	2,823	15.6
Group III	—	—	—	—	—	10	10	233	243	1.4
Group IV	—	—	1	—	—	3	4	35	39	0.2
Total (a)	$ 404	$ 169	$ 36	$ 72	$ 187	$ 279	$ 1,147	$ 16,907	$ 18,054	100.0%

____
(a) Total past due dealer financing receivables at December 31, 2022 were $9 million.

The credit quality analysis of dealer financing receivables at September 30, 2023 was as follows (in millions):

	Amortized Cost Basis by Origination Year									
	Dealer Loans									
	Prior to 2019	2019	2020	2021	2022	2023	Total	Wholesale Loans	Total	Percent
Group I	$ 491	$ 31	$ 66	$ 159	$ 62	$ 285	$ 1,094	$ 17,393	$ 18,487	86.5%
Group II	2	—	2	4	2	50	60	2,384	2,444	11.4
Group III	—	—	—	—	1	6	7	386	393	1.8
Group IV	—	1	—	—	—	2	3	49	52	0.3
Total (a)	$ 493	$ 32	$ 68	$ 163	$ 65	$ 343	$ 1,164	$ 20,212	$ 21,376	100.0%
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	

____
(a) Total past due dealer financing receivables at September 30, 2023 were $4 million.

Non-Accrual of Revenue. The accrual of financing revenue is discontinued at the time a receivable is determined to be uncollectible or when it is 90 days past due. Accounts may be restored to accrual status only when a customer settles all past-due deficiency balances and future payments are reasonably assured. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

Loan Modifications. Consumer and non-consumer receivables that have a modified interest rate and/or a term extension (including receivables that were modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code) are typically considered to be loan modifications. Ford Credit does not grant modifications to the principal balance of the receivables. If a receivable is modified in a reorganization proceeding, all payment requirements of the reorganization plan need to be met before remaining balances are forgiven.

The use of interest rate modifications and term extensions helps Ford Credit mitigate financial loss. Term extensions may assist in cases where Ford Credit believes the customer will recover from short-term financial difficulty and resume regularly scheduled payments. The effect of most loan modifications made to borrowers experiencing financial difficulty is included in the historical trends used to measure the allowance for credit losses. A loan modification that improves the delinquency status of a borrower reduces the probability of default, which results in a lower allowance for credit losses. At September 30, 2023, an insignificant portion of Ford Credit's total finance receivables portfolio had been granted a loan modification, and these modifications are generally treated as a continuation of the existing loan.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FORD CREDIT FINANCE RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES (Continued)

Allowance for Credit Losses

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in finance receivables as of the balance sheet date. The adequacy of the allowance for credit losses is assessed quarterly.

Adjustments to the allowance for credit losses are made by recording charges to *Ford Credit interest, operating, and other expenses* on our consolidated income statements. The uncollectible portion of a finance receivable is charged to the allowance for credit losses at the earlier of when an account is deemed to be uncollectible or when an account is 120 days delinquent, taking into consideration the financial condition of the customer or borrower, the value of the collateral, recourse to guarantors, and other factors.

Charge-offs on finance receivables include uncollected amounts related to principal, interest, late fees, and other allowable charges. Recoveries on finance receivables previously charged off as uncollectible are credited to the allowance for credit losses. In the event Ford Credit repossesses the collateral, the receivable is charged off and the collateral is recorded at its estimated fair value less costs to sell and reported in *Other assets* on our consolidated balance sheets.

An analysis of the allowance for credit losses related to finance receivables for the periods ended September 30 was as follows (in millions):

	Third Quarter 2022			First Nine Months 2022		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
Allowance for credit losses						
Beginning balance	$ 754	$ 9	$ 763	$ 903	$ 22	$ 925
Charge-offs	(73)	—	(73)	(196)	(1)	(197)
Recoveries	39	1	40	126	3	129
Provision for/(Benefit from) credit losses	40	(1)	39	(67)	(14)	(81)
Other (a)	(9)	—	(9)	(15)	(1)	(16)
Ending balance	$ 751	$ 9	$ 760	$ 751	$ 9	$ 760

	Third Quarter 2023			First Nine Months 2023		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
Allowance for credit losses						
Beginning balance	$ 866	$ 7	$ 873	$ 838	$ 7	$ 845
Charge-offs	(105)	—	(105)	(279)	—	(279)
Recoveries	37	—	37	113	1	114
Provision for/(Benefit from) credit losses	75	(1)	74	193	(2)	191
Other (a)	(3)	—	(3)	5	—	5
Ending balance	$ 870	$ 6	$ 876	$ 870	$ 6	$ 876

____
(a) Primarily represents amounts related to translation adjustments.

During the third quarter and first nine months of 2023, the allowance for credit losses increased $3 million and $31 million, respectively, driven by an increase in Ford Credit finance receivables. Net charge-offs increased from a year ago reflecting normalization from extraordinarily low levels. The impact of higher inflation and higher interest rates on future credit losses remains uncertain. Ford Credit will continue to monitor economic trends and conditions and portfolio performance and will adjust the reserve accordingly.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INVENTORIES

Inventories were as follows (in millions):

	December 31, 2022	September 30, 2023
Raw materials, work-in-process, and supplies	$ 5,997	$ 6,408
Finished products	8,083	11,918
Total inventories	$ 14,080	$ 18,326

Our finished product inventory at September 30, 2023 was higher than at December 31, 2022. The increase primarily reflects higher in-plant and in-transit inventory, both of which include vehicles on hold for quality control.

NOTE 10. OTHER INVESTMENTS

We have investments in entities not accounted for under the equity method for which fair values are not readily available. We record these investments at cost (less impairment, if any), adjusted for observable price changes in orderly transactions for the identical or a similar investment of the same issuer. We report the carrying value of these investments in *Other assets* in the non-current assets section of our consolidated balance sheets. These investments were $384 million and $252 million at December 31, 2022 and September 30, 2023, respectively. The cumulative net unrealized gain from adjustments related to Other Investments held at September 30, 2023 was $13 million.

NOTE 11. GOODWILL

The net carrying amount of goodwill was $603 million and $597 million at December 31, 2022 and September 30, 2023, respectively, and is reported in *Other assets* in the non-current assets section of our consolidated balance sheets.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. OTHER LIABILITIES AND DEFERRED REVENUE

Other liabilities and deferred revenue were as follows (in millions):

	December 31, 2022	September 30, 2023
Current		
Dealer and dealers' customer allowances and claims	$ 9,219	$ 10,636
Deferred revenue	2,404	2,754
Employee benefit plans	2,020	1,725
Accrued interest	935	1,100
Operating lease liabilities	404	473
OPEB (a)	329	329
Pension (a)	196	197
Other (b)	5,590	6,603
Total current other liabilities and deferred revenue	$ 21,097	$ 23,817
Non-current		
Dealer and dealers' customer allowances and claims	$ 6,095	$ 7,767
Pension (a)	5,673	5,967
OPEB (a)	4,130	4,055
Deferred revenue	4,883	4,938
Operating lease liabilities	1,101	1,407
Employee benefit plans	834	825
Other (b)	2,781	2,892
Total non-current other liabilities and deferred revenue	$ 25,497	$ 27,851

____

(a) Balances at September 30, 2023 reflect pension and OPEB liabilities at December 31, 2022, updated for: service and interest cost; expected return on assets; curtailments, settlements, and associated interim remeasurement (where applicable); separation expense; actual benefit payments; and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2022. Included in *Other assets* are pension assets of $5.7 billion and $5.9 billion at December 31, 2022 and September 30, 2023, respectively.

(b) Includes current derivative liabilities of $1.3 billion and $1.4 billion at December 31, 2022 and September 30, 2023, respectively. Includes non-current derivative liabilities of $1.7 billion and $1.5 billion at December 31, 2022 and September 30, 2023, respectively (see Note 15).

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. RETIREMENT BENEFITS

Defined Benefit Plans - Expense

The pre-tax net periodic benefit cost/(income) for our defined benefit pension and OPEB plans for the periods ended September 30 were as follows (in millions):

	Third Quarter					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2022	2023	2022	2023	2022	2023
Service cost	$ 125	$ 74	$ 101	$ 62	$ 10	$ 5
Interest cost	263	413	123	245	36	58
Expected return on assets	(642)	(474)	(245)	(227)	—	—
Amortization of prior service costs/(credits)	—	—	6	7	(1)	1
Net remeasurement (gain)/loss	7	176	—	(7)	—	—
Separation programs/other	9	3	11	57	1	—
Settlements and curtailments	1	20	—	1	—	—
Net periodic benefit cost/(income)	$ (237)	$ 212	$ (4)	$ 138	$ 46	$ 64

	First Nine Months					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2022	2023	2022	2023	2022	2023
Service cost	$ 375	$ 221	$ 319	$ 184	$ 31	$ 16
Interest cost	790	1,226	390	724	110	173
Expected return on assets	(1,927)	(1,440)	(772)	(669)	—	—
Amortization of prior service costs/(credits)	1	—	18	17	(2)	3
Net remeasurement (gain)/loss	7	370	16	1	—	—
Separation programs/other	20	15	28	118	—	—
Settlements and curtailments	1	65	—	2	—	—
Net periodic benefit cost/(income)	$ (733)	$ 457	$ (1)	$ 377	$ 139	$ 192

The service cost component is included in *Cost of sales* and *Selling, administrative, and other expenses*. Other components of net periodic benefit cost/(income) are included in *Other income/(loss), net* on our consolidated income statements.

In the third quarter and first nine months of 2023, we paid lump sums for two of our pension plans, which resulted in remeasurement losses of $169 million and $371 million, respectively, and settlement expenses of $21 million and $67 million, respectively.

Pension Plan Contributions

During 2023, we continue to expect to contribute between $500 million and $600 million of cash to our global funded pension plans. We also expect to make about $400 million of benefit payments to participants in unfunded plans. In the first nine months of 2023, we contributed $424 million to our global funded pension plans and made $301 million of benefit payments to participants in unfunded plans.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. DEBT

The carrying value of Company debt excluding Ford Credit and Ford Credit debt was as follows (in millions):

	December 31, 2022	September 30, 2023
Company excluding Ford Credit		
Debt payable within one year		
Short-term	$ 359	$ 284
Long-term payable within one year		
Other debt (including finance leases)	372	154
Unamortized (discount)/premium	(1)	(1)
Total debt payable within one year	730	437
Long-term debt payable after one year		
Public unsecured debt securities	14,935	14,935
Convertible notes (a)	2,300	2,300
U.K. Export Finance Program	1,654	1,684
Other debt (including finance leases)	682	751
Unamortized (discount)/premium	(180)	(160)
Unamortized issuance costs	(191)	(177)
Total long-term debt payable after one year	19,200	19,333
Total Company excluding Ford Credit	$ 19,930	$ 19,770
Fair value of Company debt excluding Ford Credit (b)	$ 18,557	$ 18,582
Ford Credit		
Debt payable within one year		
Short-term	$ 19,624	$ 18,811
Long-term payable within one year		
Unsecured debt	7,980	10,664
Asset-backed debt	21,839	18,756
Unamortized (discount)/premium	—	—
Unamortized issuance costs	(13)	(14)
Fair value adjustments (c)	4	(16)
Total debt payable within one year	49,434	48,201
Long-term debt payable after one year		
Unsecured debt	39,620	42,700
Asset-backed debt	31,840	34,046
Unamortized (discount)/premium	23	13
Unamortized issuance costs	(184)	(219)
Fair value adjustments (c)	(1,694)	(1,849)
Total long-term debt payable after one year	69,605	74,691
Total Ford Credit	$ 119,039	$ 122,892
Fair value of Ford Credit debt (b)	$ 117,214	$ 122,386

____

(a) As of September 30, 2023, each $1,000 principal amount of the notes will be convertible into 64.5755 shares of our Common Stock, which is equivalent to a conversion price of approximately $15.49 per share. We recognized issuance cost amortization of $2 million and $5 million during the third quarter and first nine months of 2022, respectively, and $2 million and $5 million during the third quarter and first nine months of 2023, respectively.

(b) At December 31, 2022 and September 30, 2023, the fair value of debt includes $359 million and $284 million of Company excluding Ford Credit short-term debt, respectively, and $16.9 billion and $15.7 billion of Ford Credit short-term debt, respectively, carried at cost, which approximates fair value. All other debt is categorized within Level 2 of the fair value hierarchy.

(c) These adjustments are related to hedging activity and include discontinued hedging relationship adjustments of $31 million and $(320) million at December 31, 2022 and September 30, 2023, respectively. The carrying value of hedged debt was $33.3 billion and $37.3 billion at December 31, 2022 and September 30, 2023, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, our operations are exposed to global market risks, including the effect of changes in foreign currency exchange rates, certain commodity prices, and interest rates. To manage these risks, we enter into highly effective derivative contracts. We have elected to apply hedge accounting to certain derivatives. Derivatives that are designated in hedging relationships are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period. Some derivatives do not qualify for hedge accounting; for others, we elect not to apply hedge accounting.

Income Effect of Derivative Financial Instruments

The gains/(losses), by hedge designation, reported in income for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
Cash flow hedges	**2022**	**2023**	**2022**	**2023**
Reclassified from AOCI to Cost of sales				
Foreign currency exchange contracts (a)	$ (44)	$ 21	$ (224)	$ 111
Commodity contracts (b)	9	(18)	151	(42)
Fair value hedges				
Interest rate contracts				
Net interest settlements and accruals on hedging instruments	(39)	(137)	62	(407)
Fair value changes on hedging instruments	(600)	(219)	(1,922)	(285)
Fair value changes on hedged debt	615	210	1,991	223
Cross-currency interest rate swap contracts				
Net interest settlements and accruals on hedging instruments	(8)	(23)	(17)	(56)
Fair value changes on hedging instruments	(66)	(46)	(164)	(48)
Fair value changes on hedged debt	67	44	173	47
Derivatives not designated as hedging instruments				
Foreign currency exchange contracts (c)	44	22	125	44
Cross-currency interest rate swap contracts	(494)	(137)	(1,164)	(112)
Interest rate contracts	130	28	342	125
Commodity contracts	(41)	(4)	(72)	(60)
Total	$ (427)	$ (259)	$ (719)	$ (460)

____

(a) For the third quarter and first nine months of 2022, a $535 million gain and a $641 million gain, respectively, were reported in *Other comprehensive income/(loss), net of tax*. For the third quarter and first nine months of 2023, a $372 million gain and a $19 million loss, respectively, were reported in *Other comprehensive income/(loss), net of tax*.

(b) For the third quarter and first nine months of 2022, a $90 million loss and a $166 million loss, respectively, were reported in *Other comprehensive income/(loss), net of tax*. For the third quarter and first nine months of 2023, a $58 million gain and a $42 million loss, respectively, were reported in *Other comprehensive income/(loss), net of tax*.

(c) For the third quarter and first nine months of 2022, a $68 million loss and a $12 million loss, respectively, were reported in *Cost of sales*, and a $112 million gain and a $137 million gain, respectively, were reported in *Other income/(loss), net*. For the third quarter and first nine months of 2023, a $37 million loss and a $14 million gain, respectively, were reported in *Cost of sales*, and a $59 million gain and a $30 million gain, respectively, were reported in *Other income/(loss), net*.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Balance Sheet Effect of Derivative Financial Instruments

Derivative assets and liabilities are reported on our consolidated balance sheets at fair value and are presented on a gross basis. The notional amounts of the derivative instruments do not necessarily represent amounts exchanged by the parties and are not a direct measure of our financial exposure. We also enter into master agreements with counterparties that may allow for netting of exposures in the event of default or breach of the counterparty agreement. Collateral represents cash received or paid under reciprocal arrangements that we have entered into with our derivative counterparties, which we do not use to offset our derivative assets and liabilities.

The fair value of our derivative instruments and the associated notional amounts were as follows (in millions):

	December 31, 2022			September 30, 2023		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
Cash flow hedges						
Foreign currency exchange contracts	$ 11,536	$ 376	$ 52	$ 17,139	$ 218	$ 42
Commodity contracts	990	16	56	1,007	12	48
Fair value hedges						
Interest rate contracts	16,883	—	1,653	16,821	—	1,439
Cross-currency interest rate swap contracts	885	—	161	2,078	—	202
Derivatives not designated as hedging instruments						
Foreign currency exchange contracts	20,851	162	285	20,654	181	115
Cross-currency interest rate swap contracts	6,635	15	653	6,396	55	515
Interest rate contracts	63,210	931	483	59,155	830	720
Commodity contracts	841	26	35	1,015	13	49
Total derivative financial instruments, gross (a) (b)	$ 121,831	$ 1,526	$ 3,378	$ 124,265	$ 1,309	$ 3,130
Current portion		$ 1,101	$ 1,656		$ 981	$ 1,650
Non-current portion		425	1,722		328	1,480
Total derivative financial instruments, gross		$ 1,526	$ 3,378		$ 1,309	$ 3,130

____
(a) At December 31, 2022 and September 30, 2023, we held collateral of $210 million and $128 million, respectively, and we posted collateral of $201 million and $203 million, respectively.
(b) At December 31, 2022 and September 30, 2023, the fair value of assets and liabilities available for counterparty netting was $451 million and $512 million, respectively. All derivatives are categorized within Level 2 of the fair value hierarchy.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. EMPLOYEE SEPARATION ACTIONS AND EXIT AND DISPOSAL ACTIVITIES

We generally record costs associated with voluntary separations at the time of employee acceptance. We record costs associated with involuntary separation programs when management has approved the plan for separation, the affected employees are identified, and it is unlikely that actions required to complete the separation plan will change significantly. Costs associated with benefits that are contingent on the employee continuing to provide service are accrued over the required service period.

Company Excluding Ford Credit

Employee separation actions and exit and disposal activities include employee separation costs, facility and other asset-related charges (e.g., impairment, accelerated depreciation), dealer and supplier payments, other statutory and contractual obligations, and other expenses, which are recorded in *Cost of sales* and *Selling, administrative, and other expenses.* Below are actions that have been initiated:

- *Brazil.* Exited manufacturing operations in 2021 resulting in the closure of facilities in Camaçari, Taubaté, and Troller. A sale of the Taubaté plant was completed in the second quarter of 2023
- *India.* Ceased vehicle manufacturing in Sanand in the fourth quarter of 2021 and ceased manufacturing in Chennai in the third quarter of 2022. A sale of the Sanand vehicle assembly and powertrain plants was completed in the first quarter of 2023 (see Note 17)
- *Spain.* Ceased production of the Mondeo at the Valencia plant in the first quarter of 2022
- *China.* Ceased development of certain product programs in the first half of 2023

In addition, we are continuing to reduce our global workforce and take other restructuring actions, including the separation of salaried workers as announced during 2023.

The following table summarizes the activities for the periods ended September 30, which are recorded in *Other liabilities and deferred revenue* (in millions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Beginning balance	$ 691	$ 1,277	$ 950	$ 588
Changes in accruals (a)	329	148	445	1,067
Payments	(188)	(298)	(539)	(493)
Foreign currency translation and other	(21)	(54)	(45)	(89)
Ending balance	$ 811	$ 1,073	$ 811	$ 1,073

____
(a) Excludes pension costs of $11 million and $58 million in the third quarter of 2022 and 2023, respectively, and $27 million and $117 million in the first nine months of 2022 and 2023, respectively.

We recorded $35 million and $101 million in the third quarter and first nine months of 2022, respectively, for accelerated depreciation, impairment of our India assets, and other non-cash items and recognized a $38 million pre-tax net gain on sale of assets during the first nine months of 2022. We recorded $0 and $50 million in the third quarter and first nine months of 2023, respectively, for accelerated depreciation and other non-cash items. In addition, we recognized a $4 million and $23 million pre-tax net gain on sale of assets in the third quarter and first nine months of 2023, respectively.

We recorded costs of $535 million and $1.2 billion in the first nine months of 2022 and 2023, respectively, related to the actions above. We estimate that we will incur about $1.5 billion in total charges in 2023 related to such actions, primarily attributable to employee separations and supplier settlements. In October 2023, we announced that 1,000 positions will be retained as part of a planned new technology center at our Saarlouis facility in Germany after 2025. Accordingly, we will engage in discussions with our Social Partners related to the remaining affected positions at the Saarlouis Body and Assembly Plant. Our plans for the site beyond the 1,000 positions are uncertain, and there are no existing employee benefit programs covering non-voluntary separations. Therefore, potential future charges are not included in the estimate of total charges to be incurred in 2023 but could be significant once decisions are made. In addition, we continue to review our global businesses and may take additional restructuring actions where a path to sustained profitability is not feasible when considering the capital allocation required for those businesses.

NOTE 16. EMPLOYEE SEPARATION ACTIONS AND EXIT AND DISPOSAL ACTIVITIES *(Continued)*

Ford Credit

Accumulated foreign currency translation losses included in *Accumulated other comprehensive income/(loss)* at September 30, 2023 of $223 million are associated with Ford Credit's investments in Brazil and Argentina that have ceased operations. We expect to reclassify these losses to income upon substantially complete liquidation of Ford Credit's investments, which may occur over multiple reporting periods. In the first nine months of 2022, we reclassified losses of $155 million to *Other income/(loss), net*, upon the liquidation of three investments in Brazil.

NOTE 17. ACQUISITIONS AND DIVESTITURES

Company Excluding Ford Credit

Argo AI, LLC ("Argo AI"). In the third quarter of 2022, Ford made the strategic decision to shift our capital spending from L4 technology being developed by Argo AI to advanced L2/L3 systems, which we believe will ultimately be essential to achieve profitable commercialization of L4 autonomy at scale in the future. We determined that Argo AI no longer had value as a going concern, and as a result, we reassessed the carrying value of our investment as of September 30, 2022. Our valuation assumed an orderly conclusion of operations at Argo AI, in which the cash required to satisfy the remaining obligations would consume all of Argo AI's remaining capital. In addition, we assessed whether Argo AI's technology components have value in isolation, and we concluded that the cost to integrate into currently anticipated technology ecosystems would be prohibitive. Accordingly, we recorded a $2.7 billion pre-tax impairment in the third quarter of 2022. The non-cash charge was reported in *Equity in net income/(loss) of affiliated companies*.

In the fourth quarter of 2022, Ford and Volkswagen AG, who held equal interests that together comprised a majority ownership of Argo AI, initiated the process of exiting the joint development of highly automated driving technology (L4) through Argo AI. At December 31, 2022, the carrying value of our equity method investment in Argo AI was $0, and we had $65 million in *Other liabilities and deferred revenue* related to our funding commitment for our share of Argo AI's expenses previously incurred. Argo AI is in the process of winding down operations, and in the second quarter of 2023, we settled our expected funding commitment.

Sanand, India ("Sanand") Plants. In the third quarter of 2022, we entered into an agreement to sell our Sanand vehicle assembly and powertrain plants to Tata Passenger Electric Mobility Limited ("Tata"), a subsidiary of Tata Motors Limited. The sale transaction included the land, buildings, and other fixed assets (excluding the powertrain machinery and equipment) for the plants. We recognized, in *Cost of sales*, pre-tax impairment charges of $32 million in the third quarter of 2022 to adjust the carrying value of the assets to fair value less costs to sell. We determined fair value using the market approach, based on the negotiated value of the assets. Accordingly, we reported $88 million of fixed assets for this operation as held for sale for the period ended December 31, 2022, which we report in *Other assets* in the current assets section of our consolidated balance sheets.

On January 10, 2023, we completed the sale of the plants to Tata. Ford continues to operate the powertrain facility by leasing back the associated land and building. As a result of the sale transaction, we derecognized the fixed assets and recognized the powertrain facility operating lease right-of-use asset and related lease liability in the first quarter of 2023. The fair value of the cash consideration received approximated the carrying value of the fixed assets at the time of sale.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. ACQUISITIONS AND DIVESTITURES *(Continued)*

Ford Romania S.R.L. ("Ford Romania"). On July 1, 2022, we completed the sale of Ford Romania, our wholly-owned Romanian manufacturing subsidiary, to Ford Otosan, a joint venture in which Ford has a 41% ownership share. The transaction resulted in deconsolidation of our Ford Romania subsidiary in the third quarter of 2022. The fair value of consideration received, consisting of cash and a note receivable, approximated the carrying value of Ford Romania at the time of sale. The Ford Romania plant in Craiova, Romania continues to manufacture Ford-branded vehicles for Ford and Ford Otosan. Ford's portion of the output is expected to be significant; as a result, at the time of the sale there were about $100 million of assets, such as embedded leases, and related liabilities that continue to be reported as part of our financial statements.

Skinny Labs Inc., dba Spin ("Spin"). On April 1, 2022, we completed the sale of Spin, our wholly-owned micro-mobility provider, to TIER Mobility SE, a German-based micro-mobility provider, which resulted in the deconsolidation of our Spin subsidiary in the second quarter of 2022. In exchange for our shares of Spin, we received preferred equity in TIER Mobility SE.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 18. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The changes in the balances for each component of accumulated other comprehensive income/(loss) attributable to Ford Motor Company for the periods ended September 30 were as follows (in millions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Foreign currency translation				
Beginning balance	$ (6,355)	$ (5,649)	$ (5,487)	$ (6,416)
Gains/(Losses) on foreign currency translation	(996)	(368)	(2,063)	393
Less: Tax/(Tax benefit) (a)	36	(1)	5	(11)
Net gains/(losses) on foreign currency translation	(1,032)	(367)	(2,068)	404
(Gains)/Losses reclassified from AOCI to net income (b)	80	(2)	248	(6)
Other comprehensive income/(loss), net of tax (c)	(952)	(369)	(1,820)	398
Ending balance	$ (7,307)	$ (6,018)	$ (7,307)	$ (6,018)
Marketable securities				
Beginning balance	$ (355)	$ (376)	$ (19)	$ (442)
Gains/(Losses) on available for sale securities	(199)	30	(647)	98
Less: Tax/(Tax benefit)	(47)	7	(153)	24
Net gains/(losses) on available for sale securities	(152)	23	(494)	74
(Gains)/Losses reclassified from AOCI to net income	5	6	13	26
Less: Tax/(Tax benefit)	1	1	3	6
Net (gains)/losses reclassified from AOCI to net income (b)	4	5	10	20
Other comprehensive income/(loss), net of tax	(148)	28	(484)	94
Ending balance	$ (503)	$ (348)	$ (503)	$ (348)
Derivative instruments				
Beginning balance	$ (143)	$ (295)	$ (193)	$ 129
Gains/(Losses) on derivative instruments	445	430	475	(61)
Less: Tax/(Tax benefit)	105	111	112	(16)
Net gains/(losses) on derivative instruments	340	319	363	(45)
(Gains)/Losses reclassified from AOCI to net income	35	(3)	73	(69)
Less: Tax/(Tax benefit)	8	(9)	19	(15)
Net (gains)/losses reclassified from AOCI to net income (d)	27	6	54	(54)
Other comprehensive income/(loss), net of tax	367	325	417	(99)
Ending balance	$ 224	$ 30	$ 224	$ 30
Pension and other postretirement benefits				
Beginning balance	$ (2,620)	$ (2,604)	$ (2,640)	$ (2,610)
Amortization and recognition of prior service costs/(credits)	5	8	17	20
Less: Tax/(Tax benefit)	1	2	4	5
Net prior service costs/(credits) reclassified from AOCI to net income	4	6	13	15
Translation impact on non-U.S. plans	9	1	20	(2)
Other comprehensive income/(loss), net of tax	13	7	33	13
Ending balance	$ (2,607)	$ (2,597)	$ (2,607)	$ (2,597)
Total AOCI ending balance at September 30	$ (10,193)	$ (8,933)	$ (10,193)	$ (8,933)

____
(a) We do not recognize deferred taxes for a majority of the foreign currency translation gains and losses because we do not anticipate reversal in the foreseeable future. However, we have made elections to tax certain non-U.S. operations simultaneously in U.S. tax returns, and have recorded deferred taxes for temporary differences that will reverse, independent of repatriation plans, in U.S. tax returns. Taxes or tax benefits resulting from foreign currency translation of the temporary differences are recorded in *Other comprehensive income/(loss), net of tax*.
(b) Reclassified to *Other income/(loss), net*.
(c) Excludes a $3 million gain and a $1 million loss in the third quarter and first nine months of 2022, respectively, and a $2 million loss and $2 million gain in the third quarter and first nine months of 2023, respectively, related to noncontrolling interest.
(d) Reclassified to *Cost of sales*. During the next twelve months, we expect to reclassify existing net gains on cash flow hedges of $97 million (see Note 15).

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 19. VARIABLE INTEREST ENTITIES

Certain of our affiliates are variable interest entities in which we are not the primary beneficiary. Our maximum exposure to any potential losses associated with these unconsolidated affiliates is limited to our equity investments, accounts receivable, loans, and guarantees and was $1.0 billion and $3.0 billion at December 31, 2022 and September 30, 2023, respectively. Of these amounts, guarantees of $113 million at both December 31, 2022 and September 30, 2023 related to certain obligations of our VIEs also are included in Note 20.

On July 13, 2022, Ford, SK On Co., Ltd., and SK Battery America, Inc. (a wholly owned subsidiary of SK On) completed the creation of BlueOval SK, LLC (“BOSK”), a 50/50 joint venture that will build and operate electric vehicle battery plants in Tennessee and Kentucky to supply batteries to Ford and Ford affiliates. BOSK is a variable interest entity of which we are not the primary beneficiary, and we use the equity method of accounting for our investment. As of September 30, 2023, Ford has contributed to BOSK $2.2 billion of its agreed capital contribution of up to $6.6 billion through 2026, subject to any adjustments agreed to by the parties.

NOTE 20. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies primarily consist of guarantees and indemnifications, litigation and claims, and warranty and field service actions.

Guarantees and Indemnifications

Financial Guarantees. Financial guarantees and indemnifications are recorded at fair value at their inception. Subsequent to initial recognition, the guarantee liability is adjusted at each reporting period to reflect the current estimate of expected payments resulting from possible default events over the remaining life of the guarantee. The maximum potential payments for financial guarantees were $518 million and $561 million at December 31, 2022 and September 30, 2023, respectively. The carrying value of recorded liabilities related to financial guarantees was $31 million and $39 million at December 31, 2022 and September 30, 2023, respectively.

Our financial guarantees consist of debt and lease obligations of certain joint ventures, as well as certain financial obligations of outside third parties, including suppliers, to support our business and economic growth. Expiration dates vary through 2037, and guarantees will terminate on payment and/or cancellation of the underlying obligation. A payment by us would be triggered by failure of the joint venture or other third party to fulfill its obligation covered by the guarantee. In some circumstances, we are entitled to recover from a third party amounts paid by us under the guarantee.

Non-Financial Guarantees. Non-financial guarantees and indemnifications are recorded at fair value at their inception. We regularly review our performance risk under these arrangements, and in the event it becomes probable we will be required to perform under a guarantee or indemnity, the amount of probable payment is recorded. The maximum potential payments for non-financial guarantees were $273 million and $8 million at December 31, 2022 and September 30, 2023, respectively. The carrying value of recorded liabilities related to non-financial guarantees was $0 at both December 31, 2022 and September 30, 2023.

Included in the $8 million of maximum potential payments at September 30, 2023 are guarantees for the resale value of vehicles sold in certain arrangements to daily rental companies. The maximum potential payment of $2 million as of September 30, 2023 represents the total proceeds we guarantee the rental company will receive on resale. Reflecting our present estimate of proceeds the rental companies will receive on resale from third parties, we do not expect we will have to pay under the guarantee.

In the ordinary course of business, we execute contracts involving indemnifications standard in the industry and indemnifications specific to a transaction, such as the sale of a business. These indemnifications might include and are not limited to claims relating to any of the following: environmental, tax, and shareholder matters; intellectual property rights; power generation contracts; governmental regulations and employment-related matters; dealer, supplier, and other commercial contractual relationships; and financial matters, such as securitizations. Performance under these indemnities generally would be triggered by a breach of contract claim brought by a counterparty, including a joint venture or alliance partner, or a third-party claim. While some of these indemnifications are limited in nature, many of them do not limit potential payment. Therefore, we are unable to estimate a maximum amount of future payments that could result from claims made under these unlimited indemnities.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. COMMITMENTS AND CONTINGENCIES (Continued)

Litigation and Claims

Various legal actions, proceedings, and claims (generally, "matters") are pending or may be instituted or asserted against us. These include, but are not limited to, matters arising out of alleged defects in our products; product warranties; governmental regulations relating to safety, emissions, and fuel economy or other matters; government incentives; tax matters, including trade and customs; alleged illegal acts resulting in fines or penalties; financial services; employment-related matters; dealer, supplier, and other contractual relationships; intellectual property rights; environmental matters; shareholder or investor matters; and financial reporting matters. Certain of the pending legal actions are, or purport to be, class actions. Some of the matters involve or may involve claims for compensatory, punitive, or antitrust or other treble damages in very large amounts, or demands for field service actions, environmental remediation programs, sanctions, loss of government incentives, assessments, or other relief, which, if granted, would require very large expenditures.

The extent of our financial exposure to these matters is difficult to estimate. Many matters do not specify a dollar amount for damages, and many others specify only a jurisdictional minimum. To the extent an amount is asserted, our historical experience suggests that in most instances the amount asserted is not a reliable indicator of the ultimate outcome.

We accrue for matters when losses are deemed probable and reasonably estimable. In evaluating matters for accrual and disclosure purposes, we take into consideration factors such as our historical experience with matters of a similar nature, the specific facts and circumstances asserted, the likelihood that we will prevail, and the severity of any potential loss. We reevaluate and update our accruals as matters progress over time.

For the majority of matters, which generally arise out of alleged defects in our products, we establish an accrual based on our extensive historical experience with similar matters. We do not believe there is a reasonably possible outcome materially in excess of our accrual for these matters.

For the remaining matters, where our historical experience with similar matters is of more limited value (i.e., "non-pattern matters"), we evaluate the matters primarily based on the individual facts and circumstances. For non-pattern matters, we evaluate whether there is a reasonable possibility of a material loss in excess of any accrual that can be estimated. Our estimate of reasonably possible loss in excess of our accruals for all material matters currently reflects indirect tax and customs matters, for which we estimate the aggregate risk to be a range of up to about $1.4 billion. In addition, we have a reasonably possible risk of loss related to supplier claims for an EV program in Europe. Because the matter is preliminary, we cannot estimate the amount of the potential loss or predict the outcome and cannot provide reasonable assurance that it will not have a material adverse effect on us.

As noted, the litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Our assessments are based on our knowledge and experience, but the ultimate outcome of any matter could require payment substantially in excess of the amount that we have accrued and/or disclosed.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. COMMITMENTS AND CONTINGENCIES (Continued)

Warranty and Field Service Actions

We accrue the estimated cost of both base warranty coverages and field service actions at the time of sale. We establish our estimate of base warranty obligations using a patterned estimation model, using historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. We establish our estimates of field service action obligations using a patterned estimation model, using historical information regarding the nature, frequency, severity, and average cost of claims for each model year. In addition, from time to time, we issue extended warranties at our expense, the estimated cost of which is accrued at the time of issuance. Warranty and field service action obligations are reported in *Other liabilities and deferred revenue*. We reevaluate the adequacy of our accruals on a regular basis.

We recognize the benefit from a recovery of the costs associated with our warranty and field service actions when specifics of the recovery have been agreed with our supplier and the amount of recovery is virtually certain. Recoveries are reported in *Trade and other receivables, net* and *Other assets.*

The estimate of our future warranty and field service action costs, net of estimated supplier recoveries, for the periods ended September 30 was as follows (in millions):

	First Nine Months	
	2022	2023
Beginning balance	$ 8,451	$ 9,193
Payments made during the period	(3,063)	(3,481)
Changes in accrual related to warranties issued during the period	2,806	3,331
Changes in accrual related to pre-existing warranties	449	2,016
Foreign currency translation and other	(241)	(274)
Ending balance	$ 8,402	$ 10,785

Changes to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above. Our estimate of reasonably possible costs in excess of our accruals for material field service actions and customer satisfaction actions is a range of up to about $1.5 billion in the aggregate.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. SEGMENT INFORMATION

We report segment information consistent with the way our chief operating decision maker ("CODM") evaluates the operating results and performance of the Company.

On January 1, 2023, we implemented a new operating model and reporting structure. As a result of this change, we analyze the results of our business through the following segments: Ford Blue, Ford Model e, and Ford Pro (combined, replacing the previous Automotive segment), Ford Next (previously the Mobility segment), and Ford Credit. Company adjusted earnings before interest and taxes ("EBIT") include the financial results of these five reportable segments and Corporate Other, and net income comprises the financial results of the five reportable segments and Corporate Other, as well as Interest on Debt, Special Items, and Taxes.

Additionally, past service pension and OPEB income and expense plus related assets, previously reported in the Automotive segment, have been realigned to Corporate Other.

Prior period amounts were adjusted retrospectively to reflect each of the above changes.

Below is a description of our reportable segments and other activities.

Ford Blue Segment

Ford Blue primarily includes the sale of Ford and Lincoln internal combustion engine ("ICE") and hybrid vehicles, service parts, accessories, and digital services for retail customers, together with the associated costs of development, manufacture, and distribution of the vehicles, parts, accessories, and services. This segment focuses on developing Ford and Lincoln ICE and hybrid vehicles. Additionally, this segment provides hardware engineering and manufacturing capabilities to Ford Model e and manufactures vehicles on behalf of Ford Pro and, in certain cases, Ford Model e. Ford Blue also includes:

- All sales for markets not presently in scope for Ford Model e or Ford Pro (as further described below)
- In markets outside of the United States and Canada, sales to commercial, government, and rental customers of ICE and hybrid vehicles not considered core to Ford Pro
- Sales of electric vehicles ("EVs") by our unconsolidated affiliates in China
- All sales of vehicles manufactured and sold to other OEMs

Ford Model e Segment

Ford Model e primarily includes the sale of our electric vehicles, service parts, accessories, and digital services for retail customers, together with the associated costs of development, manufacture, and distribution of the vehicles, parts, accessories, and services. This segment focuses on developing EV and digital vehicle technologies, as well as software development. Additionally, Ford Model e provides software and connected vehicle technologies on behalf of the enterprise, and manufactures certain EVs, including for Ford Pro. Ford Model e operates in North America, Europe, and China. Ford Model e also includes EV and related sales not considered core to Ford Pro to commercial, government, and rental customers in Europe, China, and Mexico.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. SEGMENT INFORMATION (Continued)

Ford Pro Segment

Ford Pro primarily includes the sale of Ford and Lincoln vehicles, service parts, accessories, and services for commercial, government, and rental customers. Included in this segment are sales of all core Ford Pro vehicles, such as Super Duty and the Transit range of vans in North America and Europe and all sales of Ranger in Europe. In the United States and Canada, Ford Pro also includes all vehicle sales to commercial, government, and rental customers. This segment focuses on selling ICE, hybrid, and electric vehicles, and providing digital and physical services to optimize and maintain fleets, including telematics and EV charging solutions. This segment reflects external sales of vehicles produced by Ford Blue and Ford Model e, and the costs (including intersegment markup) associated with acquiring vehicles for sale and providing services are reflected in this segment. Ford Pro operates in North America and Europe.

Ford Next Segment

The Ford Next segment (formerly the Mobility segment) primarily includes expenses and investments for emerging business initiatives aimed at creating value for Ford in vehicle-adjacent market segments.

Ford Credit Segment

The Ford Credit segment is comprised of the Ford Credit business on a consolidated basis, which is primarily vehicle-related financing and leasing activities.

Corporate Other

Corporate Other primarily includes corporate governance expenses, past service pension and OPEB income and expense, interest income (excluding Ford Credit interest income and interest earned on our extended service contract portfolio) and gains and losses from our cash, cash equivalents, and marketable securities (excluding gains and losses on investments in equity securities), and foreign exchange derivatives gains and losses associated with intercompany lending. Corporate governance expenses are primarily administrative, delivering benefit on behalf of the global enterprise, that are not allocated to operating segments. These include expenses related to setting and directing global policy, providing oversight and stewardship, and promoting the Company's interests. Corporate Other assets include: cash, cash equivalents and marketable securities, tax related assets, defined benefit pension plan net assets, and other assets managed centrally.

Interest on Debt

Interest on Debt is presented as a separate reconciling item and consists of interest expense on Company debt excluding Ford Credit.

Special Items

Special Items are presented as a separate reconciling item. They consist of (i) pension and OPEB remeasurement gains and losses, (ii) gains and losses on investments in equity securities, (iii) significant personnel expenses, supplier- and dealer-related costs, and facility-related charges stemming from our efforts to match production capacity and cost structure to market demand and changing model mix, and (iv) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. Our management ordinarily excludes these items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. We also report these special items separately to help investors track amounts related to these activities and to allow investors analyzing our results to identify certain infrequent significant items that they may wish to exclude when considering the trend of ongoing operating results.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. SEGMENT INFORMATION (Continued)

Segment Revenue, Cost, and Asset Principles for Ford Blue, Ford Model e, and Ford Pro

External vehicle and digital services revenue is generally vehicle-specific and included in the segment responsible for the external vehicle sale. A majority of parts and accessories revenue and cost is attributed to customer sales channels or vehicle lines based on recent end customer sales and is included in the respective segment.

In the normal course of business, Ford Blue, Ford Model e, and Ford Pro transact between segments and cooperate to leverage synergies, including developing and manufacturing vehicles on behalf of another segment. When one segment produces a vehicle that is sold externally by another segment, an intersegment transaction occurs. The producing segment will report intersegment revenue to recoup the costs associated with the unit produced. This includes material cost, labor and overhead (including depreciation and amortization), inbound freight, and an intersegment markup. The intersegment markup amount is set to deliver a competitive return to the producing segment for its manufacturing and distribution service. Costs are reflected in the associated segment externally reporting the vehicle sale, as detailed in the table below:

Income Statement Elements	Examples	Segment Reporting
Costs specific to a particular vehicle	Bill of material cost and initial warranty accrual	Reported in the segment externally selling the vehicle
Costs identifiable by product line	Manufacturing and logistics costs, depreciation & amortization expense, direct research & development costs	Typically identifiable to the product line or production location. Reported in the segment externally selling the vehicle, based on relative volume
Shared costs	Selling, general & administrative expense, and indirect/cross product line research & development costs	Typically shared across all segments, generally based on relative volume. Certain costs clearly linked to a segment are reported in the specific segment
Intersegment markup costs for intersegment vehicle transactions	Contract manufacturing and distribution fees	Reported in the segment externally selling the vehicle, for each applicable vehicle transaction

Assets are reported in each segment, aligned to the appropriate operational responsibility. Manufacturing assets, e.g., our plants and the machinery and equipment therein, are included in our Ford Blue and Ford Model e segments. Manufacturing assets producing only, or primarily, EVs and related components are reflected in Ford Model e. Manufacturing assets that support the production of ICE and hybrid vehicles, including those producing ICE and electric in the same facility, are included in Ford Blue. Vendor tooling dedicated to producing EV parts is reported in Ford Model e. There are no Ford manufacturing or vendor tooling assets reported in Ford Pro. Regardless of the segment reporting the asset, depreciation and amortization expense is reflected on the basis of production volume and reported in the segment that reports the external vehicle sale.

Equity in net income/(loss) of affiliated companies is included in *Income/(Loss) before income taxes*, based primarily on which segment the entity supports or has the majority of the entity's purchases or sales. The table below shows the segment reporting for our most significant unconsolidated entities:

Ford Blue
- Changan Ford Automobile Corporation, Ltd. ("CAF")
- Jiangling Motors Corporation, Ltd. ("JMC")
- AutoAlliance (Thailand) Co., Ltd. ("AAT")

Ford Model e
- BlueOval SK, LLC

Ford Pro
- Ford Otomotiv Sanayi Anonim Sirketi ("Ford Otosan")

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21. SEGMENT INFORMATION (Continued)

Key financial information for the periods ended or at September 30 was as follows (in millions):

	Ford Blue	Ford Model e	Ford Pro	Ford Next	Ford Credit	Corporate Other	Interest on Debt	Special Items	Eliminations/ Adjustments	Total
Third Quarter 2022										
External revenues	$ 23,824	$ 1,401	$ 11,961	$ 11	$ 2,187	$ 8	$ —	$ —	$ —	$ 39,392
Intersegment revenues (a)	8,923	16	—	—	—	—	—	—	(8,939)	—
Total revenues	$ 32,747	$ 1,417	$ 11,961	$ 11	$ 2,187	$ 8	$ —	$ —	$ (8,939)	$ 39,392
Income/(Loss) before income taxes	$ 1,466	$ (612)	$ 402	$ (244)	$ 599	$ 192	$ (321)	$ (2,607) (b)	$ —	$ (1,125)
Equity in net income/(loss) of affiliated companies	80	(4)	109	(87)	8	—	—	(2,732) (c)	—	(2,626)
Total assets	55,897	4,407	2,139	415	127,088	57,972	—	—	(999) (d)	246,919
Third Quarter 2023										
External revenues	$ 25,587	$ 1,758	$ 13,829	$ 1	$ 2,625	$ 1	$ —	$ —	$ —	$ 43,801
Intersegment revenues (a)	8,925	241	—	—	—	—	—	—	(9,166)	—
Total revenues	$ 34,512	$ 1,999	$ 13,829	$ 1	$ 2,625	$ 1	$ —	$ —	$ (9,166)	$ 43,801
Income/(loss) before income taxes	$ 1,718	$ (1,329)	$ 1,654	$ (17)	$ 358	$ (186)	$ (324)	$ (487) (e)	$ —	$ 1,387
Equity in net income/(loss) of affiliated companies	90	(9)	179	(5)	9	—	—	(1)	—	263
Total assets	60,282	10,966	3,137	235	142,615	53,097	—	—	(2,259) (d)	268,073

	Ford Blue	Ford Model e	Ford Pro	Ford Next	Ford Credit	Corporate Other	Interest on Debt	Special Items	Eliminations/ Adjustments	Total
First Nine Months 2022										
External revenues	$ 68,468	$ 3,693	$ 35,033	$ 120	$ 6,724	$ 20	$ —	$ —	$ —	$ 114,058
Intersegment revenues (a)	25,879	93	—	—	—	—	—	—	(25,972)	—
Total revenues	$ 94,347	$ 3,786	$ 35,033	$ 120	$ 6,724	$ 20	$ —	$ —	$ (25,972)	$ 114,058
Income/(Loss) before income taxes	$ 5,298	$ (1,502)	$ 1,772	$ (707)	$ 2,466	$ 524	$ (941)	$ (11,092) (b)	$ —	$ (4,182)
Equity in net income/(loss) of affiliated companies	212	(9)	278	(245)	18	1	—	(2,856) (c)	—	(2,601)
First Nine Months 2023										
External revenues	$ 75,713	$ 4,299	$ 42,667	$ 2	$ 7,541	$ 7	$ —	$ —	$ —	$ 130,229
Intersegment revenues (a)	28,308	422	—	—	—	—	—	—	(28,730)	—
Total revenues	$ 104,021	$ 4,721	$ 42,667	$ 2	$ 7,541	$ 7	$ —	$ —	$ (28,730)	$ 130,229
Income/(loss) before income taxes	$ 6,649	$ (3,131)	$ 5,411	$ (87)	$ 1,051	$ (530)	$ (936)	$ (2,593) (e)	$ —	$ 5,834
Equity in net income/(loss) of affiliated companies	249	(15)	456	(23)	23	1	—	(422) (f)	—	269

____

(a) Intersegment revenues only reflect finished vehicle transactions between Ford Blue, Ford Model e, and Ford Pro where there is an intersegment markup and are recognized at the time of the intersegment transaction.
(b) Primarily reflects gains/(losses) on our Rivian investment and the impairment of our Argo AI equity method investment.
(c) Primarily reflects the impairment of our Argo AI equity method investment.
(d) Primarily includes eliminations of intersegment transactions occurring in the ordinary course of business.
(e) Primarily reflects restructuring actions, mark-to-market adjustments for our global pension and OPEB plans, and an accrual for the Transit Connect customs matter.
(f) Primarily reflects our share of charges from an equity method investment resulting from Ford's ongoing restructuring actions in China.

ITEM 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

RECENT DEVELOPMENTS

UAW and Unifor

On September 14, 2023, our collective bargaining agreement with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") in the United States expired. Following the expiration of the agreement, negotiations with the UAW continued; however, UAW strikes at our Michigan Assembly Plant (where we produce the Ranger and Bronco), Chicago Assembly Plant (where we produce the Explorer and Aviator), and Kentucky Truck Plant (where we produce the Super Duty, Expedition, and Navigator) led to the cessation of production at those facilities and impacted operations at additional Ford plants that support or rely on the production operations at the three strike locations. In the third quarter of 2023, the UAW strike had an adjusted EBIT impact of about $100 million.

Although a tentative agreement has been reached with the UAW, it is still subject to union ratification. As a result, the ultimate impact on our business, including our suppliers, remains uncertain and could have a substantial adverse effect on our financial results for full-year 2023. Overall, we expect the unit impact from the strike for Ford as of October 26, 2023 to be around 80,000 units, which would reduce 2023 adjusted EBIT by about $1.3 billion. See Item 1A. Risk Factors in our 2022 Form 10-K Report and as updated by our subsequent filings with the SEC for additional discussion of the risks related to production disruptions.

In addition, based on the tentative agreement that has been reached with the UAW, we expect to have a significant increase in labor costs through the life of the contract.

On September 24, 2023, Unifor-represented employees in Canada ratified a new three-year collective bargaining agreement with Ford.

Electric Vehicle Market

Although we continue to invest significant capital in our electric vehicle strategy, we have observed lower-than-anticipated industrywide electric vehicle adoption rates and near-term pricing pressures, which may lead us to adjust our spending and/or production to better match the pace of electric vehicle adoption. As a result of the lower-than-anticipated adoption rates, we accrued about $0.2 billion of charges in the third quarter of 2023 and may continue to incur charges, which could be substantial, for payments to our electric vehicle-related suppliers (battery, raw material, and otherwise). Typically, our supplier contracts are annual commitments; however, in certain instances, we have entered into long-term offtake agreements and other purchase contracts to acquire materials necessary for the production of our electric vehicles. In instances where a contract is unable to be restructured or an alternate purchaser is unable to be found, Ford, rather than our suppliers, bears the risks associated with lower-than-expected electric vehicle production volumes that reduce the need for those materials. For additional information on our offtake agreements, see the Liquidity and Capital Resources section below.

In addition, slower-than-anticipated development of the electric vehicle market may impact our strategy to comply with regulatory standards, and, in some cases, we plan to utilize credits purchased from third parties to demonstrate regulatory compliance or we may need to modify our product offerings.

See Item 1A. Risk Factors in our 2022 Form 10-K Report and as updated by our subsequent filings with the SEC for a discussion of the risks related to lower-than-anticipated electric vehicle volumes and our planned transition to a greater mix of electric vehicles.

Supply Chain

We have received and continue to receive claims from our supply base related to inflationary pressure and production disruption. Upon receipt, we evaluate those claims, and, in certain circumstances, in order to ensure continuity of supply and mitigate the impact on our production, have made payments to our suppliers, sometimes under duress. We continue to reevaluate our supply base and sourcing decisions and may in the future incur charges to improve flexibility and cost competitiveness.

RESULTS OF OPERATIONS

In the third quarter of 2023, the net income attributable to Ford Motor Company was $1,199 million, and Company adjusted EBIT was $2,198 million.

Net income/(loss) includes certain items ("special items") that are excluded from Company adjusted EBIT. These items are discussed in more detail in Note 21 of the Notes to the Financial Statements. We report special items separately to allow investors analyzing our results to identify certain infrequent significant items that they may wish to exclude when considering the trend of ongoing operating results. Our pre-tax and tax special items were as follows (in millions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Restructuring (by Geography)				
China	$ (17)	$ (126)	$ (37)	$ (881)
Europe	(12)	(42)	(61)	(463)
Ford Credit - Brazil	—	—	(155)	—
Other (a)	(362)	33	(466)	(114)
Subtotal Restructuring	$ (391)	$ (135)	$ (719)	$ (1,458)
Pension and OPEB Gain/(Loss)				
Pension and OPEB remeasurement	$ (7)	$ (169)	$ (23)	$ (371)
Pension settlements and curtailments	—	(79)	—	(184)
Subtotal Pension and OPEB Gain/(Loss)	$ (7)	$ (248)	$ (23)	$ (555)
Other Items				
Gain/(loss) on Rivian investment	$ 646	$ —	$ (7,250)	$ (31)
AV strategy including Argo impairment	(2,708)	—	(2,708)	—
Transit Connect customs matter	—	(96)	—	(396)
Russia suspension of operations/asset write-off	2	—	(130)	—
Patent matters related to prior calendar years	—	—	(121)	8
Other (including gains/(losses) on investments)	(149)	(8)	(141)	(161)
Subtotal Other Items	$ (2,209)	$ (104)	$ (10,350)	$ (580)
Total EBIT Special Items	$ (2,607)	$ (487)	$ (11,092)	$ (2,593)
Provision for/(Benefit from) tax special items (b)	$ (544)	$ (87)	$ (2,273)	$ (408)

____
(a) Includes $180 million and $175 million in the third quarter of 2022 and $210 million and $250 million in the first nine months of 2022 of North America and India restructuring charges, respectively.
(b) Includes related tax effect on special items and tax special items.

We recorded $487 million of pre-tax special item charges in the third quarter of 2023, driven primarily by pension and OPEB remeasurement, restructuring actions in China, and the Transit Connect customs matter.

In Note 21 of the Notes to the Financial Statements, special items are reflected as a separate reconciling item, as opposed to being allocated among our segments. This reflects the fact that management excludes these items from its review of operating segment results for purposes of measuring segment profitability and allocating resources.

COMPANY KEY METRICS

The table below shows our third quarter and first nine months 2023 key metrics for the Company, compared to a year ago.

	Third Quarter			First Nine Months		
	2022	2023	H / (L)	2022	2023	H / (L)
GAAP Financial Measures						
Cash Flows from Operating Activities ($B)	$ 3.8	$ 4.6	$ 0.8	$ 5.7	$ 12.4	$ 6.8
Revenue ($M)	39,392	43,801	11 %	114,058	130,229	14 %
Net Income/(Loss) ($M)	(827)	1,199	$ 2,026	(3,270)	4,873	$ 8,143
Net Income/(Loss) Margin (%)	(2.1)%	2.7 %	4.8 ppts	(2.9)%	3.7 %	6.6 ppts
EPS (Diluted)	$ (0.21)	$ 0.30	$ 0.51	$ (0.81)	$ 1.21	$ 2.02
Non-GAAP Financial Measures (a)						
Company Adj. Free Cash Flow ($B)	$ 3.6	$ 1.2	$ (2.4)	$ 6.6	$ 4.8	$ (1.8)
Company Adj. EBIT ($M)	1,803	2,198	395	7,851	9,363	1,512
Company Adj. EBIT Margin (%)	4.6 %	5.0 %	0.4 ppts	6.9 %	7.2 %	0.3 ppts
Adjusted EPS (Diluted)	$ 0.30	$ 0.39	$ 0.09	$ 1.37	$ 1.73	$ 0.36
Adjusted ROIC (Trailing Four Quarters)	10.7 %	15.1 %	4.4 ppts			

____
(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

In the third quarter of 2023, our diluted earnings per share of Common and Class B Stock was $0.30, and our diluted adjusted earnings per share was $0.39.

Net income/(loss) margin was 2.7% in the third quarter of 2023, up 4.8 percentage points from a year ago. Company adjusted EBIT margin was 5.0% in the third quarter of 2023, up 0.4 percentage points from a year ago.

The year-over-year increase of $2.0 billion in net income in the third quarter of 2023 was primarily driven by the non-recurrence of an impairment on our Argo investment (included in special items in the third quarter of 2022) and higher adjusted EBIT, offset partially by the non-recurrence of a mark-to-market gain on our Rivian investment (also included in special items in the third quarter of 2022).

The year-over-year increase of $395 million in Company adjusted EBIT was driven by higher Ford Pro and Ford Blue EBIT and a lower EBIT loss in Ford Next. Partial offsets included higher EBIT losses in Ford Model e, lower past service pension and OPEB income in Corporate Other, and lower Ford Credit EBT.

The table below shows our third quarter and first nine months 2023 net income/(loss) attributable to Ford and Company adjusted EBIT by segment.

	Third Quarter			First Nine Months		
	2022	2023	H / (L)	2022	2023	H / (L)
Ford Blue	$ 1,466	$ 1,718	$ 252	$ 5,298	$ 6,649	$ 1,351
Ford Model e	(612)	(1,329)	(717)	(1,502)	(3,131)	(1,629)
Ford Pro	402	1,654	1,252	1,772	5,411	3,639
Ford Next	(244)	(17)	227	(707)	(87)	620
Ford Credit	599	358	(241)	2,466	1,051	(1,415)
Corporate Other	192	(186)	(378)	524	(530)	(1,054)
Company Adjusted EBIT (a)	1,803	2,198	395	7,851	9,363	1,512
Interest on Debt	(321)	(324)	3	(941)	(936)	(5)
Special Items	(2,607)	(487)	(2,120)	(11,092)	(2,593)	(8,499)
Taxes / Noncontrolling Interests	298	(188)	486	912	(961)	1,873
Net Income/(Loss)	$ (827)	$ 1,199	$ 2,026	$ (3,270)	$ 4,873	$ 8,143

____
(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.

The tables below and on the following pages provide third quarter and first nine months 2023 key metrics and the change in third quarter 2023 EBIT compared with third quarter 2022 by causal factor for each of our segments. For a description of these causal factors, see *Definitions and Information Regarding Ford Blue, Ford Model e, Ford Pro Causal Factors.*

Ford Blue Segment

	Third Quarter			First Nine Months		
Key Metrics	**2022**	**2023**	**H / (L)**	**2022**	**2023**	**H / (L)**
Wholesale Units (000) (a)	741	736	(5)	2,074	2,162	88
Revenue ($M)	$ 23,824	$ 25,587	$ 1,763	$ 68,468	$ 75,713	$ 7,245
EBIT ($M)	1,466	1,718	252	5,298	6,649	1,351
EBIT Margin (%)	6.2%	6.7%	0.6 ppts	7.7%	8.8%	1.0 ppts

____
(a) Includes Ford and Lincoln brand and JMC brand vehicles produced and sold in China by our unconsolidated affiliates (about 134,000 units in Q3 2022 and 124,000 units in Q3 2023).

Change in EBIT by Causal Factor (in millions)	
Third Quarter 2022 EBIT	$ 1,466
Volume / Mix	34
Net Pricing	418
Cost	(317)
Exchange	(138)
Other	255
Third Quarter 2023 EBIT	**$ 1,718**

In the third quarter of 2023, Ford Blue's wholesales decreased 0.6% from a year ago. Third quarter 2023 revenue increased 7%, driven by favorable mix and higher net pricing.

Ford Blue's third quarter 2023 EBIT was $1.7 billion, an increase of $252 million from a year ago, with an EBIT margin of 6.7%. The higher EBIT was driven by lower commodity costs and higher net pricing, offset partially by higher warranty costs (reflecting an increase for field service actions and inflationary cost pressures) and higher material costs for new products.

Ford Model e Segment

	Third Quarter			First Nine Months		
Key Metrics	**2022**	**2023**	**H / (L)**	**2022**	**2023**	**H / (L)**
Wholesale Units (000)	25	36	11	67	82	16
Revenue ($M)	$ 1,401	$ 1,758	$ 357	$ 3,693	$ 4,299	$ 606
EBIT ($M)	(612)	(1,329)	(717)	(1,502)	(3,131)	(1,629)
EBIT Margin (%)	(43.7)%	(75.6)%	(31.9) ppts	(40.7)%	(72.8)%	(32.1) ppts

Change in EBIT by Causal Factor (in millions)	
Third Quarter 2022 EBIT	$ (612)
Volume / Mix	(44)
Net Pricing	(208)
Cost	(464)
Exchange	(19)
Other	18
Third Quarter 2023 EBIT	**$ (1,329)**

In the third quarter of 2023, Ford Model e's wholesales increased 44% from a year ago, reflecting increased production capacity for Mustang Mach-E. Third quarter 2023 revenue increased 26%, primarily driven by higher wholesales, offset partially by lower net pricing and unfavorable mix.

Ford Model e's third quarter 2023 EBIT loss was $1.3 billion, a $717 million higher loss than a year ago, with an EBIT margin of negative 75.6%. The lower EBIT was primarily driven by higher material costs (including about $160 million of volume related obligations for batteries and certain other commodities), lower net pricing, higher field service action warranty costs, and higher volume/capacity-related manufacturing costs, offset partially by lower commodity costs.

Ford Pro Segment

	Third Quarter			First Nine Months		
Key Metrics	**2022**	**2023**	**H / (L)**	**2022**	**2023**	**H / (L)**
Wholesale Units (000) (a)	321	314	(6)	943	1,016	73
Revenue ($M)	$ 11,961	$ 13,829	$ 1,868	$ 35,033	$ 42,667	$ 7,634
EBIT ($M)	402	1,654	1,252	1,772	5,411	3,639
EBIT Margin (%)	3.4%	12.0%	8.6 ppts	5.1%	12.7%	7.6 ppts

____
(a) Includes Ford brand vehicles produced and sold by our unconsolidated affiliate Ford Otosan in Türkiye (about 18,000 units in Q3 2022 and 24,000 units in Q3 2023).

Change in EBIT by Causal Factor (in millions)	
Third Quarter 2022 EBIT	$ 402
Volume / Mix	(352)
Net Pricing	1,874
Cost	(268)
Exchange	1
Other	(3)
Third Quarter 2023 EBIT	**$ 1,654**

In the third quarter of 2023, Ford Pro's wholesales decreased 2% from a year ago, driven by new product launch changeover and production-related supply constraints. Third quarter 2023 revenue increased 16%, driven by higher net pricing, partially offset by lower volume.

Ford Pro's third quarter 2023 EBIT was $1.7 billion, an increase of $1.3 billion from a year ago, with an EBIT margin of 12.0%. The improvement in EBIT was driven by higher net pricing and lower commodity costs. Partial offsets included lower wholesales and higher costs, including warranty (reflecting inflationary cost increases on repairs and for field service actions), higher material costs for new products, as well as volume related obligations for batteries and certain other commodities (about $60 million).

Definitions and Information Regarding Ford Blue, Ford Model e, Ford Pro Causal Factors

In general, we measure year-over-year change in Ford Blue, Ford Model e, and Ford Pro EBIT using the causal factors listed below, with net pricing and cost variances calculated at present-period volume and mix and exchange:

- *Market Factors* (exclude the impact of unconsolidated affiliate wholesale units):
  - *Volume and Mix* – primarily measures EBIT variance from changes in wholesale unit volumes (at prior-year average contribution margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the EBIT 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 EBIT variance driven by changes in wholesale unit prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, special lease offers, and stock adjustments on dealer inventory

- *Cost:*
  - *Contribution Costs* – primarily measures EBIT variance driven by per-unit changes in cost categories that typically vary with volume, such as material costs (including commodity and component costs), warranty expense, and freight and duty costs
  - *Structural Costs* – primarily measures EBIT variance driven by absolute change in cost categories that typically do not have a directly proportionate relationship to production volume. Structural costs include the following cost categories:
    - *Manufacturing, Including Volume-Related* – consists primarily of costs for hourly and salaried manufacturing personnel, plant overhead (such as utilities and taxes), and new product launch expense. These costs could be affected by volume for operating pattern actions such as overtime, line-speed, and shift schedules
    - *Engineering and Connectivity* – consists primarily of costs for vehicle and software engineering personnel, prototype materials, testing, and outside engineering and software services
    - *Spending-Related* – consists primarily of depreciation and amortization of our manufacturing and engineering assets and capital project expense, but also includes asset retirements and operating leases
    - *Advertising and Sales Promotions* – includes costs for advertising, marketing programs, brand promotions, customer mailings and promotional events, and auto shows
    - *Administrative, Information Technology, and Selling* – includes primarily costs for salaried personnel and purchased services related to our staff activities, information technology, and selling functions

- *Exchange* – primarily measures EBIT variance driven by one or more of the following: (i) transactions denominated in currencies other than the functional currencies of the relevant entities, (ii) effects of converting functional currency income to U.S. dollars, (iii) effects of remeasuring monetary assets and liabilities of the relevant entities in currencies other than their functional currency, or (iv) results of our foreign currency hedging

- *Other* – includes a variety of items, such as parts and services earnings, royalties, government incentives, and compensation-related changes

In addition, definitions and calculations used in this report include:

- *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 or others, 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 or others. 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. Excludes transactions between Ford Blue, Ford Model e, and Ford Pro segments

- *Industry Volume and Market Share* – based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks

- *SAAR* – seasonally adjusted annual rate

Ford Next Segment

The Ford Next segment (formerly Mobility) primarily includes expenses and investments for emerging business initiatives aimed at creating value for Ford in vehicle-adjacent market segments.

In this segment, our third quarter 2023 EBIT loss was $17 million, a $227 million improvement from a year ago. Ford Next has evolved from primarily investing in the development of autonomous vehicle capabilities to focus exclusively on incubating and launching new businesses creating strategic value for Ford.

Ford Credit Segment

Ford Credit files periodic reports with the SEC that contain additional information regarding Ford Credit. The reports are available through Ford Credit's website located at www.fordcredit.com/investor-center and can also be found on the SEC's website located at www.sec.gov. The foregoing information regarding Ford Credit's website and its content is for convenience only and not deemed to be incorporated by reference into this Report nor filed with the SEC.

The tables below provide third quarter and first nine months 2023 key metrics and the change in third quarter 2023 EBT compared with third quarter 2022 by causal factor for the Ford Credit segment. For a description of these causal factors, see *Definitions and Information Regarding Ford Credit Causal Factors.*

	Third Quarter			First Nine Months		
Key Metrics	**2022**	**2023**	**H / (L)**	**2022**	**2023**	**H / (L)**
Total Net Receivables ($B)	$ 116	$ 126	$ 10			
Loss-to-Receivables (bps) (a)	18	38	20	10	32	22
Auction Values (b)	$ 32,010	$ 30,250	(5)%	$ 33,565	$ 31,010	(8)%
EBT ($M)	599	358	$ (241)	2,466	1,051	$ (1,415)
ROE (%)	15 %	8 %	(7) ppts	21 %	8 %	(13) ppts
Other Balance Sheet Metrics						
Debt ($B)	$ 108	$ 123	14 %			
Net Liquidity ($B)	21	27	29 %			
Financial Statement Leverage (to 1)	9.4	9.7	0.3			

____
(a) U.S. retail financing only.
(b) U.S. 36-month off-lease third quarter auction values at Q3 2023 mix and YTD amounts at 2023 YTD mix.

Change in EBT by Causal Factor (in millions)	
Third Quarter 2022 EBT	$ 599
Volume / Mix	50
Financing Margin	(75)
Credit Loss	(36)
Lease Residual	(97)
Exchange	10
Other	(93)
Third Quarter 2023 EBT	**$ 358**

Ford Credit's total net receivables of $126 billion were 9% higher than a year ago, reflecting the impact of increased non-consumer and consumer financing, partially offset by a smaller lease portfolio. The U.S. loss-to-receivables ("LTR") ratio remained at a low level in the third quarter of 2023, at 38 basis points, though higher than a year ago as losses continue to normalize from historic lows. U.S. auction values in the third quarter of 2023 were lower compared to a year ago.

Ford Credit's third quarter 2023 EBT of $358 million was $241 million lower than a year ago, explained primarily by lower lease residual performance, the non-recurrence of derivative market valuation adjustment gains (included in Other), lower financing margin due to higher borrowing costs, and higher credit losses.

Definitions and Information Regarding Ford Credit Causal Factors

In general, we measure year-over-year changes in Ford Credit's EBT using the causal factors listed below:

- *Volume and Mix:*
  - Volume primarily measures changes in net financing margin driven by changes in average net receivables excluding the allowance for credit losses at prior period financing margin yield (defined below in financing margin) at prior period exchange rates. Volume changes are primarily driven by the volume of new and used vehicles sold and leased, the extent to which Ford Credit purchases retail financing and operating lease contracts, the extent to which Ford Credit provides wholesale financing, the sales price of the vehicles financed, the level of dealer inventories, Ford-sponsored special financing programs available exclusively through Ford Credit, and the availability of cost-effective funding
  - Mix primarily measures changes in net financing margin driven by period-over-period changes in the composition of Ford Credit's average net receivables excluding the allowance for credit losses by product within each region

- *Financing Margin:*
  - Financing margin variance is the period-to-period change in financing margin yield multiplied by the present period average net receivables excluding the allowance for credit losses at prior period exchange rates. This calculation is performed at the product and country level and then aggregated. Financing margin yield equals revenue, less interest expense and scheduled depreciation for the period, divided by average net receivables excluding the allowance for credit losses for the same period
  - Financing margin changes are driven by changes in revenue and interest expense. Changes in revenue are primarily driven by the level of market interest rates, cost assumptions in pricing, mix of business, and competitive environment. Changes in interest expense are primarily driven by the level of market interest rates, borrowing spreads, and asset-liability management

- *Credit Loss:*
  - Credit loss is the change in the provision for credit losses at prior period exchange rates. For analysis purposes, management splits the provision for credit losses into net charge-offs and the change in the allowance for credit losses
  - Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries. Changes in the allowance for credit losses are primarily driven by changes in historical trends in credit losses and recoveries, changes in the composition and size of Ford Credit's present portfolio, changes in trends in historical used vehicle values, and changes in forward looking macroeconomic conditions. For additional information, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2022 Form 10-K Report

- *Lease Residual:*
  - Lease residual measures changes to residual performance at prior period exchange rates. For analysis purposes, management splits residual performance primarily into residual gains and losses, and the change in accumulated supplemental depreciation
  - Residual gain and loss changes are primarily driven by the number of vehicles returned to Ford Credit and sold, and the difference between the auction value and the depreciated value (which includes both base and accumulated supplemental depreciation) of the vehicles sold. Changes in accumulated supplemental depreciation are primarily driven by changes in Ford Credit's estimate of the expected auction value at the end of the lease term and changes in Ford Credit's estimate of the number of vehicles that will be returned to it and sold. Depreciation on vehicles subject to operating leases includes early termination losses on operating leases due to customer default events. For additional information, refer to the "Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases" section of Item 7 of Part II of our 2022 Form 10-K Report

- *Exchange:*
  - Reflects changes in EBT driven by the effects of converting functional currency income to U.S. dollars

- *Other:*
  - Primarily includes operating expenses, other revenue, insurance expenses, and other income/(loss) at prior period exchange rates
  - Changes in operating expenses are primarily driven by salaried personnel costs, facilities costs, and costs associated with the origination and servicing of customer contracts
  - In general, other income/(loss) changes are primarily driven by changes in earnings related to market valuation adjustments to derivatives (primarily related to movements in interest rates) and other miscellaneous items

In addition, the following definitions and calculations apply to Ford Credit when used in this Report:

- *Cash* (as shown in the Funding Structure and Liquidity tables) – Cash, cash equivalents, and marketable securities, excluding amounts related to insurance activities

- *Debt* (as shown in the Key Metrics and Leverage tables) – Debt on Ford Credit's balance sheets. Includes debt issued in securitizations 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

- *Earnings Before Taxes ("EBT")* – Reflects Ford Credit's income before income taxes

- *Loss-to-Receivables ("LTR") Ratio* – LTR ratio is calculated using net charge-offs divided by average finance receivables, excluding unearned interest supplements and the allowance for credit losses

- *Return on Equity ("ROE")* (as shown in the Key Metrics table) – Reflects return on equity calculated by annualizing net income for the period and dividing by monthly average equity for the period

- *Securitization and Restricted Cash* (as shown in the Liquidity table) – Securitization cash is held for the benefit of the securitization investors (for example, a reserve fund). Restricted cash primarily includes cash held to meet certain local governmental and regulatory reserve requirements and cash held under the terms of certain contractual agreements

- *Securitizations* (as shown in the Public Term Funding Plan table) – Public securitization transactions, Rule 144A offerings sponsored by Ford Credit, and widely distributed offerings by Ford Credit Canada

- *Term Asset-Backed Securities* (as shown in the Funding Structure table) – Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

- *Total Net Receivables* (as shown in the Key Metrics table) – Includes finance receivables (retail financing 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 sheets 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

Corporate Other

Corporate Other primarily includes corporate governance expenses, past service pension and OPEB income and expense, interest income (excluding Ford Credit interest income and interest earned on our extended service contract portfolio) and gains and losses from our cash, cash equivalents, and marketable securities (excluding gains and losses on investments in equity securities), and foreign exchange derivatives gains and losses associated with intercompany lending. Corporate governance expenses are primarily administrative, delivering benefit on behalf of the global enterprise, that are not allocated to operating segments. These include expenses related to setting and directing global policy, providing oversight and stewardship, and promoting the Company's interests. In the third quarter of 2023, Corporate Other had a $186 million loss, compared with a $192 million profit a year ago. The loss was driven by lower past service pension and OPEB income, which was partially offset by higher Company excluding Ford Credit interest income due to increases in interest rates (primarily Fed Funds).

Interest on Debt

Interest on Debt, which consists of interest expense on Company debt excluding Ford Credit, was $324 million in the third quarter of 2023, $3 million higher than a year ago.

Taxes

Our *Provision for/(Benefit from) income taxes* for the third quarter and first nine months of 2023 was a provision of $214 million and $982 million, respectively. This resulted in effective tax rates of 15.4% and 16.8%, respectively.

Our third quarter and first nine months of 2023 adjusted effective tax rates, which exclude special items, were 16.1% and 16.5%, respectively.

We regularly review our organizational structure and income tax elections for affiliates in non-U.S. and U.S. tax jurisdictions, which may result in changes in affiliates that are included in or excluded from our U.S. tax return. Any future changes to our structure, as well as any changes in income tax laws in the countries that we operate, could cause increases or decreases to our deferred tax balances and related valuation allowances.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2023, total balance sheet cash, cash equivalents, marketable securities, and restricted cash, including Ford Credit and entities held for sale, was $41.3 billion.

We consider our key balance sheet metrics to be: (i) Company cash, which includes cash equivalents, marketable securities, and restricted cash, including cash held for sale, excluding Ford Credit's cash, cash equivalents, marketable securities, and restricted cash; and (ii) Company liquidity, which includes Company cash, less restricted cash, and total available committed credit lines, excluding Ford Credit's total available committed credit lines.

Company excluding Ford Credit

	December 31, 2022	September 30, 2023
Balance Sheets ($B)		
Company Cash	$ 32.3	$ 29.1
Liquidity	48.0	50.6
Debt	(19.9)	(19.8)
Cash Net of Debt	12.3	9.3
Pension Funded Status ($B) (a)		
Funded Plans	$ 4.1	$ 3.9
Unfunded Plans	(4.3)	(4.1)
Total Global Pension	$ (0.2)	$ (0.2)
Total Funded Status OPEB	$ (4.5)	$ (4.4)

____

(a) Balances at September 30, 2023 reflect net funded status at December 31, 2022, updated for service and interest cost; expected return on assets; curtailments, settlements, and associated interim remeasurement (where applicable); separation expense; actual benefit payments; and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2022.

Liquidity. One of our key priorities is to maintain a strong balance sheet to withstand potential stress scenarios, while having resources available to invest in and grow our business. At September 30, 2023, we had Company cash of $29.1 billion and liquidity of $50.6 billion. At September 30, 2023, about 87% of Company cash was held by consolidated entities domiciled in the United States.

To be prepared for an economic downturn and other stress scenarios, including potential labor disruptions, we target an ongoing Company cash balance at or above $20 billion plus significant additional liquidity above our Company cash target. We expect to have periods when we will be above or below this amount due to: (i) future cash flow expectations, such as for investments in future opportunities, capital investments, debt maturities, pension contributions, or restructuring requirements, (ii) short-term timing differences, and (iii) changes in the global economic or operating environment.

Our Company cash investments primarily include U.S. Department of Treasury obligations, federal agency securities, bank time deposits with investment-grade institutions, investment-grade corporate securities, investment-grade commercial paper, and debt obligations of a select group of non-U.S. governments, non-U.S. governmental agencies, and supranational institutions. The average maturity of these investments is approximately one year and adjusted based on market conditions and liquidity needs. We monitor our Company cash levels and average maturity on a daily basis.

Material Cash Requirements. Our material cash requirements include:

- Capital expenditures (for additional information, see the "Changes in Company Cash" section below) and other payments for engineering, software, product development, and implementation of our plans for electric vehicles
- Purchase of raw materials and components to support the manufacturing and sale of vehicles (including electric vehicles), parts, and accessories (for additional information, see the Aggregate Contractual Obligations table and the accompanying description of our "Purchase obligations" in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 of our 2022 Form 10-K Report)
- Marketing incentive payments to dealers
- Payments for warranty and field service actions (for additional information, see Note 20 of the Notes to the Financial Statements herein)
- Debt repayments (for additional information, see the Aggregate Contractual Obligations table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 and Note 19 of the Notes the Financial Statements in our 2022 Form 10-K Report)
- Discretionary and mandatory payments to our global pension plans (for additional information, see the Aggregate Contractual Obligations table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 of our 2022 Form 10-K Report, the "Changes in Company Cash" section below, and Note 13 of the Notes to the Financial Statements herein)
- Employee wages, benefits, and incentives
- Operating lease payments (for additional information, see the Aggregate Contractual Obligations table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 and Note 18 of the Notes to the Financial Statements in our 2022 Form 10-K Report)
- Cash effects related to the restructuring of our business
- Strategic acquisitions and investments to grow our business, including electrification

Subject to approval by our Board of Directors, shareholder distributions in the form of dividend payments and/or a share repurchase program (including share repurchases to offset the anti-dilutive effect of increased shared-based compensation) may require the expenditure of a material amount of cash. Moreover, we may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, e.g., legal contingencies, uncertain tax positions, and other matters.

We plan to utilize our liquidity (as described above) and our cash flows from business operations to fund our material cash requirements.

Changes in Company Cash. In managing our business, we classify changes in Company cash into operating and non-operating items. Operating items include: Company adjusted EBIT excluding Ford Credit EBT, capital spending, depreciation and tooling amortization, changes in working capital, Ford Credit distributions, interest on debt, cash taxes, and all other and timing differences (including timing differences between accrual-based EBIT and associated cash flows). Non-operating items include: restructuring costs, changes in Company debt excluding Ford Credit, contributions to funded pension plans, shareholder distributions, and other items (including gains and losses on investments in equity securities, acquisitions and divestitures, equity investments, and other transactions with Ford Credit).

With respect to "Changes in working capital," in general, the Company excluding Ford Credit carries relatively low trade receivables compared with our trade payables because the majority of our wholesales are financed (primarily by Ford Credit) immediately upon the sale of vehicles to dealers, which generally occurs shortly after being produced. In contrast, our trade payables are based primarily on industry-standard production supplier payment terms of about 45 days. As a result, our cash flow deteriorates if wholesale volumes (and the corresponding revenue) decrease while trade payables continue to become due. Conversely, our cash flow improves if wholesale volumes (and the corresponding revenue) increase while new trade payables are generally not due for about 45 days. For example, the suspension of production at most of our assembly plants and lower industry volumes due to COVID-19 in early 2020 resulted in an initial deterioration of our cash flow, while the subsequent resumption of manufacturing operations and return to pre-COVID-19 production levels at most of our assembly plants resulted in a subsequent improvement of our cash flow. The UAW labor disruption has impacted production at several of our manufacturing facilities and, similar to our experience during COVID-19, could result in a significant deterioration of our cash flow. Even in normal economic conditions, however, these working capital balances generally are subject to seasonal changes that can impact cash flow. For example, we typically experience cash flow timing differences associated with inventories and payables due to our annual shutdown periods when production, and therefore inventories and wholesale volumes, are usually at their lowest levels, while payables continue to come due and be paid. The net impact of this typically results in cash outflows from changes in our working capital balances during these shutdown periods.

Our finished product inventory at September 30, 2023 was higher than at December 31, 2022. The increase primarily reflects higher in-plant and in-transit inventory, both of which include vehicles on hold for quality control.

In response to, or in anticipation of, supplier disruptions, we may stockpile certain components or raw materials to help prevent disruption in our production of vehicles. Such actions could have a short-term adverse impact on our cash and increase our inventory. Moreover, in order to secure critical materials for production of electric vehicles, we have entered into and we may, in the future enter into, offtake agreements with raw material suppliers and make investments in certain raw material and battery suppliers, including contributing up to $6.6 billion in capital to BlueOval SK, LLC over a five-year period ending in 2026. Such investments, which are part of our plan to invest over $50 billion in electric vehicles through 2026, could have an additional adverse impact on our cash in the near-term.

The terms of the offtake agreements we have entered into, and those we may enter into in the future, vary by transaction, though they generally obligate us to purchase a certain percentage or minimum amount of output produced by the counterparty over an agreed upon period of time. The purchase price mechanism included in the offtake agreement is typically based on the market price of the material at the time of delivery. The terms may also include conditions to our obligation to purchase the materials, such as quality or minimum output. Subject to satisfaction of those conditions, we will be obligated to purchase the materials at the cost determined by the purchase price mechanism. As of September 30, 2023, our estimated expenditures for the maximum quantity that we are committed to purchase under these offtake agreements, subject to certain conditions, total about $12 billion through 2035 based on our present pricing forecast; however, our pricing forecast could fluctuate significantly from period to period, which could result in significant increases or decreases in the estimate of our overall purchase commitment. The actual price paid for these materials will be recorded on our balance sheet at the time of purchase. In addition, we may enter into additional offtake agreements with raw material suppliers, the costs under which could be significant. Based on the offtake agreements we have entered into thus far, the earliest date by which we could be obligated to purchase any output, subject to satisfaction of the applicable conditions, will be in 2024. See Item 1A. Risk Factors in our 2022 Form 10-K Report and as updated by our subsequent filings with the SEC for a discussion of the risks related to our offtake agreements and other long-term purchase contracts.

Financial institutions participate in a supply chain finance ("SCF") program that enables our suppliers, at their sole discretion, to sell their Ford receivables (i.e., our payment obligations to the suppliers) to the financial institutions on a non-recourse basis in order to be paid earlier than our payment terms provide. Our suppliers' voluntary inclusion of invoices in the SCF program has no bearing on our payment terms, the amounts we pay, or our liquidity. We have no economic interest in a supplier's decision to participate in the SCF program, and we do not provide any guarantees in connection with it. As of September 30, 2023, the outstanding amount of Ford receivables that suppliers elected to sell to the SCF financial institutions was $236 million. The amount settled through the SCF program during the first nine months of 2023 was $1.4 billion.

Changes in Company cash excluding Ford Credit are summarized below (in billions):

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Company Excluding Ford Credit				
Company Adjusted EBIT excluding Ford Credit (a)	$ 1.2	$ 1.8	$ 5.4	$ 8.3
Capital spending	$ (1.6)	$ (2.2)	$ (4.5)	$ (5.9)
Depreciation and tooling amortization	1.3	1.3	3.9	3.9
Net spending	$ (0.3)	$ (0.9)	$ (0.6)	$ (2.0)
Receivables	$ (0.1)	$ (0.6)	$ (0.6)	$ (0.8)
Inventory	(1.7)	(0.8)	(4.1)	(4.2)
Trade Payables	3.9	0.2	5.9	1.9
Changes in working capital	$ 2.2	$ (1.1)	$ 1.1	$ (3.1)
Ford Credit distributions	$ 0.5	$ —	$ 2.1	$ —
Interest on debt and cash taxes	(0.3)	(0.4)	(1.2)	(1.7)
All other and timing differences	0.3	1.8	(0.2)	3.3
Company adjusted free cash flow (a)	$ 3.6	$ 1.2	$ 6.6	$ 4.8
Restructuring	$ (0.2)	$ (0.3)	$ —	$ (0.4)
Changes in debt	1.0	—	0.1	(0.2)
Funded pension contributions	(0.1)	(0.2)	(0.5)	(0.4)
Shareholder distributions	(0.6)	(0.6)	(1.4)	(4.4)
All other (b)	(0.3)	(0.9)	(9.3)	(2.6)
Change in cash	$ 3.3	$ (0.8)	$ (4.5)	$ (3.2)

____

(a) See *Non-GAAP Financial Measure Reconciliations* section for reconciliation to GAAP.
(b) Includes a $0.6 billion gain and a $7.3 billion loss on our Rivian investment in the third quarter and first nine months of 2022, respectively.
Note: Numbers may not sum due to rounding.

Our third quarter 2023 *Net cash provided by/(used in) operating activities* was positive $4.6 billion, $0.8 billion higher than a year ago (see page 63 for additional information). The increase was driven primarily by higher net income and higher Ford Credit operating cash flow, offset partially by a decrease in working capital. Company adjusted free cash flow was $1.2 billion, $2.4 billion lower than a year ago. The decrease was driven by unfavorable working capital and higher capital spending, offset partially by more favorable timing differences and higher adjusted EBIT excluding Ford Credit.

Capital spending was $2.2 billion in the third quarter of 2023, an increase of $0.6 billion from a year ago. We now expect full year 2023 capital spending to be in the range of $8 billion to $8.5 billion.

Third quarter 2023 working capital impact was $1.1 billion negative, driven by higher inventory and higher receivables, offset partially by higher trade payables, each compared to June 30, 2023. All other and timing differences were positive $1.8 billion. Timing differences include differences between accrual-based EBIT and the associated cash flows (e.g., pension and OPEB income or expense; compensation payments; marketing incentive and warranty payments to dealers).

In the third quarter of 2023, we contributed $190 million to our global funded pension plans. We continue to expect to contribute between $500 million and $600 million to our global funded pension plans in 2023.

Shareholder distributions were $0.6 billion in the third quarter of 2023, all of which was attributable to our regular dividend.

Available Credit Lines. Total Company committed credit lines, excluding Ford Credit, at September 30, 2023 were $23.3 billion, consisting of $13.5 billion of our corporate credit facility, $2.0 billion of our supplemental revolving credit facility, $1.8 billion of our 364-day revolving credit facility (initially entered into in June 2022 and amended most recently in April 2023), $4.0 billion of our new 364-day revolving credit facility (discussed below), and $2.1 billion of local credit facilities. At September 30, 2023, the utilized portion of the corporate credit facility was $18 million, representing amounts utilized for letters of credit. In addition, $1.7 billion of committed Company credit lines, excluding Ford Credit, was utilized under local credit facilities for our affiliates as of September 30, 2023.

Lenders under our corporate credit facility have $3.4 billion of commitments maturing on April 26, 2026 and $10.1 billion of commitments maturing on April 26, 2028. Lenders under our supplemental revolving credit facility have $0.1 billion of commitments maturing on September 29, 2024 and $1.9 billion of commitments maturing on April 26, 2026. Lenders under our 364-day revolving credit facility initially entered into in 2022 and amended most recently in April 2023 (the "April 2023 364-day revolving credit facility") have $1.8 billion of commitments maturing on April 24, 2024.

On August 17, 2023, we entered into a new 364-day revolving credit facility (the "August 2023 364-day revolving credit facility"), with $4 billion of commitments maturing on August 15, 2024. This new 364-day revolving credit facility provides additional working capital flexibility to manage through uncertainties in the present environment.

The corporate, supplemental, and April 2023 364-day credit agreements include certain sustainability-linked targets, pursuant to which the applicable margin and facility fees may be adjusted if Ford achieves, or fails to achieve, the specified targets related to global manufacturing facility greenhouse gas emissions, renewable electricity consumption, and Ford Europe CO_2 tailpipe emissions. Ford outperformed the 2022 targets for all three of the sustainability-linked metrics, which favorably impacted pricing beginning in the third quarter of 2023.

The corporate credit facility is unsecured and free of material adverse change conditions to borrowing, restrictive financial covenants (for example, interest or fixed-charge coverage ratio, debt-to-equity ratio, and minimum net worth requirements), and credit rating triggers that could limit our ability to obtain funding or trigger early repayment. The corporate credit facility contains a liquidity covenant that requires us to maintain a minimum of $4 billion in aggregate of domestic cash, cash equivalents, and loaned and marketable securities and/or availability under the corporate credit facility, supplemental revolving credit facility, and April 2023 364-day revolving credit facility. The terms and conditions of the supplemental, April 2023 364-day, and August 2023 364-day revolving credit facilities are consistent with our corporate credit facility. Ford Credit has been designated as a subsidiary borrower under the corporate credit facility and the April 2023 364-day revolving credit facility.

Each of the corporate credit facility, supplemental revolving credit facility, April 2023 364-day revolving credit facility, and August 2023 364-day revolving credit facility include a covenant that requires us to provide guarantees from certain of our subsidiaries in the event that our senior, unsecured, long-term debt does not maintain at least two investment grade ratings from Fitch, Moody's, and S&P. The following subsidiaries have provided unsecured guarantees to the lenders under the credit facilities: Ford Component Sales, LLC; Ford European Holdings Inc.; Ford Global Technologies, LLC; Ford Holdings LLC (the parent company of Ford Credit); Ford International Capital LLC; Ford Mexico Holdings LLC; Ford Motor Service Company; Ford Next LLC; Ford Trading Company, LLC; and Ford Van Dyke Investment Fund, Inc.

Debt. As shown in Note 14 of the Notes to the Financial Statements, at September 30, 2023, Company debt excluding Ford Credit was $19.8 billion. This balance is $0.2 billion lower than at December 31, 2022.

Leverage. We manage Company debt (excluding Ford Credit) levels with a leverage framework that targets investment grade credit ratings through a normal business cycle. The leverage framework includes a ratio of total Company debt (excluding Ford Credit), underfunded pension liabilities, operating leases, and other adjustments, divided by Company adjusted EBIT (excluding Ford Credit EBT), and further adjusted to exclude depreciation and tooling amortization (excluding Ford Credit).

Ford Credit's leverage is calculated as a separate business as described in the "Liquidity and Capital Resources - Ford Credit Segment" section of Item 2. Ford Credit is self-funding and its debt, which is used to fund its operations, is separate from our Company debt excluding Ford Credit.

Ford Credit Segment

Ford Credit remains well capitalized with a strong balance sheet and funding diversified across platforms and markets. Ford Credit ended the third quarter of 2023 with $27 billion of liquidity, up $5.9 billion from year-end. Ford Credit continues to have robust access to the capital markets, completing $22 billion of public term issuances through October 25, 2023.

Key elements of Ford Credit's funding strategy include:

- Maintain strong liquidity and funding diversity
- Prudently access public markets
- Continue to leverage retail deposit funding in Europe
- Flexibility to increase ABS mix as needed; preserving assets and committed capacity
- Target financial statement leverage of 9:1 to 10:1
- Maintain self-liquidating balance sheet

Ford Credit's liquidity profile continues to be diverse, robust, and focused on maintaining liquidity levels that meet its business and funding requirements. Ford Credit regularly stress tests its balance sheet and liquidity to ensure that it can continue to meet its financial obligations through economic cycles.

The following table shows funding for Ford Credit's net receivables (in billions):

	September 30, 2022	December 31, 2022	September 30, 2023
Funding Structure			
Term unsecured debt	$ 46.4	$ 48.3	$ 50.7
Term asset-backed securities	48.9	56.4	55.9
Retail Deposits / Ford Interest Advantage	12.7	14.3	16.3
Other	3.6	2.6	2.2
Equity	11.4	11.9	12.6
Adjustments for cash	(7.5)	(11.2)	(11.4)
Total Net Receivables	$ 115.5	$ 122.3	$ 126.3
Securitized Funding as Percent of Total Debt	45.3%	47.4%	45.5%

Net receivables were $126.3 billion at September 30, 2023 and were funded primarily with term unsecured debt and term asset-backed securities. Securitized funding as a percent of total debt was 45.5% as of September 30, 2023.

Public Term Funding Plan. The following table shows Ford Credit's issuances for full year 2021 and 2022, planned issuances for full year 2023, and its global public term funding issuances through October 25, 2023, excluding short-term funding programs (in billions):

	2021 Actual	2022 Actual	2023 Forecast	Through October 25
Unsecured	$ 5	$ 6	$ 10 - 13	$ 10
Securitizations (a)	9	10	13 - 14	12
Total public	$ 14	$ 16	$ 23 - 27	$ 22

____
(a) See *Definitions and Information Regarding Ford Credit Causal Factors* section.

For 2023, Ford Credit now projects full year public term funding in the range of $23 billion to $27 billion.

Liquidity. The following table shows Ford Credit's liquidity sources and utilization (in billions):

	September 30, 2022	December 31, 2022	September 30, 2023
Liquidity Sources (a)			
Cash	$ 7.6	$ 11.3	$ 11.6
Committed asset-backed facilities	34.2	37.4	42.3
Other unsecured credit facilities	2.1	2.3	2.4
Total liquidity sources	$ 43.9	$ 51.0	$ 56.3
Utilization of Liquidity (a)			
Securitization and restricted cash	$ (2.7)	$ (2.9)	$ (2.9)
Committed asset-backed facilities	(20.0)	(26.6)	(25.8)
Other unsecured credit facilities	(0.5)	(0.8)	(0.7)
Total utilization of liquidity	$ (23.2)	$ (30.3)	$ (29.4)
Gross liquidity	$ 20.7	$ 20.7	$ 26.9
Other adjustments	0.3	0.4	0.1
Net liquidity available for use	$ 21.0	$ 21.1	$ 27.0

____
(a) See *Definitions and Information Regarding Ford Credit Causal Factors* section.

Ford Credit's net liquidity available for use will fluctuate quarterly based on factors including near-term debt maturities, receivable growth and decline, and timing of funding transactions. At September 30, 2023, Ford Credit's net liquidity available for use was $27 billion, $5.9 billion higher than year-end 2022, reflecting strong access to public funding markets and the addition of $4.9 billion in committed asset-backed capacity. At September 30, 2023, Ford Credit's liquidity sources, including cash, committed asset-backed facilities, and unsecured credit facilities, totaled $56.3 billion, up $5.3 billion from year-end 2022.

Material Cash Requirements. Ford Credit's material cash requirements include: (1) the purchase of retail financing and operating lease contracts from dealers and providing wholesale financing for dealers to finance new and used vehicles; and (2) debt repayments (for additional information on debt, see the "Aggregate Contractual Obligations" table in the "Liquidity and Capital Resources - Company Excluding Ford Credit" section in Item 7 and Note 19 of the Notes to the Financial Statements in our 2022 Form 10-K Report). In addition, subject to approval by Ford Credit's Board of Directors, shareholder distributions may require the expenditure of a material amount of cash. Moreover, Ford Credit may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, e.g., legal contingencies, uncertain tax positions, and other matters.

Ford Credit plans to utilize its liquidity (as described above) and its cash flows from business operations to fund its material cash requirements.

Funding and Liquidity Risks. Ford Credit's funding plan is subject to risks and uncertainties, many of which are beyond its control, including disruption in the capital markets, that could impact both unsecured debt and asset-backed securities issuance and the effects of regulatory changes on the financial markets. Refer to the "Liquidity - Ford Credit Segment - Funding and Liquidity Risks" section of Item 7 of Part II of our 2022 Form 10-K Report for more information.

Leverage. Ford Credit uses leverage, or the debt-to-equity ratio, to make various business decisions, including evaluating and establishing pricing for finance receivable and operating lease financing, and assessing its capital structure.

The table below shows the calculation of Ford Credit's financial statement leverage (in billions):

	September 30, 2022	December 31, 2022	September 30, 2023
Leverage Calculation			
Debt	$ 108.0	$ 119.0	$ 122.9
Equity (a)	11.4	11.9	12.6
Financial statement leverage (to 1)	9.4	10.0	9.7

____

(a) Total shareholder's interest reported on Ford Credit's balance sheets.

Ford Credit plans its leverage by considering market conditions and the risk characteristics of its business. At September 30, 2023, Ford Credit's financial statement leverage was 9.7:1. Ford Credit targets financial statement leverage in the range of 9:1 to 10:1.

Total Company

Pension Plans - Funded Balances. As of September 30, 2023, our total Company pension underfunded status reported on our consolidated balance sheets was $0.2 billion and reflects the net funded status at December 31, 2022, updated for: service and interest cost; expected return on assets; curtailments, settlements, and associated interim remeasurement (where applicable); separation expense; actual benefit payments; and cash contributions. For plans without interim remeasurement, the discount rate and rate of expected return assumptions are unchanged from year-end 2022.

Return on Invested Capital ("ROIC"). We analyze total Company performance using an adjusted ROIC financial metric based on an after-tax, rolling four-quarter average. The following table contains the calculation of our ROIC for the periods shown (in billions):

	Four Quarters Ending	
	September 30, 2022	**September 30, 2023**
Adjusted Net Operating Profit/(Loss) After Cash Tax		
Net income/(loss) attributable to Ford	$ 9.0	$ 6.2
Add: Noncontrolling interest	0.1	(0.3)
Less: Income tax	1.8	(0.9)
Add: Cash tax	(0.6)	(1.1)
Less: Interest on debt	(1.4)	(1.3)
Less: Total pension/OPEB income/(cost)	4.3	(1.2)
Add: Pension/OPEB service costs	(1.0)	(0.7)
Net operating profit/(loss) after cash tax	$ 2.7	$ 7.5
Less: Special items (excl. pension/OPEB) pre-tax	(4.9)	(2.7)
Adjusted net operating profit/(loss) after cash tax	$ 7.6	$ 10.2
Invested Capital		
Equity	$ 42.1	$ 44.3
Debt (excl. Ford Credit)	20.3	19.8
Net pension and OPEB liability	4.6	4.6
Invested capital (end of period)	$ 66.9	$ 68.6
Average invested capital	$ 71.0	$ 67.5
ROIC (a)	3.8%	11.1%
Adjusted ROIC (Non-GAAP) (b)	10.7%	15.1%

____
(a) Calculated as the sum of net operating profit/(loss) after cash tax from the last four quarters, divided by the average invested capital over the last four quarters.
(b) Calculated as the sum of adjusted net operating profit/(loss) after cash tax from the last four quarters, divided by the average invested capital over the last four quarters.
Note: Numbers may not sum due to rounding.

CREDIT RATINGS

Our short-term and long-term debt is rated by four credit rating agencies designated as nationally recognized statistical rating organizations ("NRSROs") by the U.S. Securities and Exchange Commission: DBRS, Fitch, Moody's, and S&P.

In several markets, locally recognized rating agencies also rate us. A credit rating reflects an assessment by the rating agency of the credit risk associated with a corporate entity or particular securities issued by that entity. Rating agencies' ratings of us are based on information provided by us and other sources. Credit ratings are not recommendations to buy, sell, or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency.

The following rating actions were taken by these NRSROs since the filing of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023:

- On September 6, 2023, Fitch upgraded the credit ratings for Ford and Ford Credit to BBB- from BB+ and revised the outlook to stable from positive.

The following table summarizes certain of the credit ratings and outlook presently assigned by these four NRSROs:

NRSRO RATINGS

	Ford			Ford Credit			NRSROs
	Issuer Default / Corporate / Issuer Rating	**Long-Term Senior Unsecured**	**Outlook / Trend**	**Long-Term Senior Unsecured**	**Short-Term Unsecured**	**Outlook / Trend**	**Minimum Long-Term Investment Grade Rating**
DBRS	BBB (low)	BBB (low)	Stable	BBB (low)	R-2 (low)	Stable	BBB (low)
Fitch	BBB-	BBB-	Stable	BBB-	F3	Stable	BBB-
Moody's	N/A	Ba1	Stable	Ba1	NP	Stable	Baa3
S&P	BB+	BB+	Positive	BB+	B	Positive	BBB-

OUTLOOK

On July 27, 2023, we affirmed an adjusted EBIT range of $11 billion to $12 billion for full-year 2023 with adjusted free cash flow of $6.5 billion to $7 billion. Based on the $9.4 billion in adjusted EBIT we earned through the third quarter, we were on track to deliver our prior guidance. However, the UAW strike created significant uncertainty regarding our full-year results, and, although a tentative agreement has been reached with the UAW, given the impact of the strike and the fact that the agreement is subject to ratification, we are withdrawing our full-year 2023 guidance. This is in part because of the continued disruption in the industry with ongoing strikes and the follow-on impact to our shared supply base, the ramp of production in our plants and at our supplier partners, as well as other additional impacts.

Cautionary Note on Forward-Looking Statements

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:

- Ford and Ford Credit's financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford is highly dependent on its suppliers to deliver components in accordance with Ford's production schedule and specifications, and a shortage of or inability to acquire key components, such as semiconductors, or raw materials, such as lithium, cobalt, nickel, graphite, and manganese, can disrupt Ford's production of vehicles;
- To facilitate access to the raw materials necessary for the production of electric vehicles, Ford has entered into, and expects to continue to enter into, multi-year commitments to raw material suppliers that subject Ford to risks associated with lower future demand for such materials as well as costs that fluctuate and are difficult to accurately forecast;
- Ford's long-term competitiveness depends on the successful execution of Ford+;
- Ford's vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, restructurings, or new business strategies;
- Operational systems, security systems, vehicles, and services could be affected by cyber incidents, ransomware attacks, and other disruptions and impact Ford and Ford Credit as well as their suppliers and dealers;
- Ford's production, as well as Ford's suppliers' production, and/or the ability to deliver products to consumers could be disrupted by labor issues, natural or man-made disasters, adverse effects of climate change, financial distress, production difficulties, capacity limitations, or other factors;
- Ford's ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford's ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford's new and existing products and digital, software, and physical services are subject to market acceptance and face significant competition from existing and new entrants in the automotive and digital and software services industries and its reputation may be harmed if it is unable to achieve the initiatives it has announced;
- Ford's results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford's results could be adversely affected by economic or geopolitical developments, including protectionist trade policies such as tariffs, or other events;
- Industry sales volume can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Inflationary pressure and fluctuations in commodity and energy prices, foreign currency exchange rates, interest rates, and market value of Ford or Ford Credit's investments, including marketable securities, can have a significant effect on results;
- Ford and Ford Credit's access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- The impact of government incentives on Ford's business could be significant, and Ford's receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and OPEB plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- Ford and Ford Credit could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, services, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans and facilities to comply with safety, emissions, fuel economy, autonomous driving technology, environmental, and other regulations;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumers' heightened expectations to safeguard their personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

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 2022 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

NON-GAAP FINANCIAL MEASURES THAT SUPPLEMENT GAAP MEASURES

We use both generally accepted accounting principles ("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 operating results and trends, and a means to compare 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.

- *Company Adjusted EBIT (Most Comparable GAAP Measure: Net Income/(Loss) Attributable to Ford)* – Earnings before interest and taxes (EBIT) excludes interest on debt (excl. Ford Credit Debt), taxes, and pre-tax special items. This non-GAAP measure is useful to management and investors because it focuses on underlying operating results and trends, and improves comparability of our period-over-period results. Our management ordinarily excludes special items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. Our categories of pre-tax special items and the applicable significance guideline for each item (which may consist of a group of items related to a single event or action) are as follows:

Pre-Tax Special Item	Significance Guideline
◦ Pension and OPEB remeasurement gains and losses	◦ No minimum
◦ Gains and losses on investments in equity securities	◦ No minimum
◦ Personnel expenses, supplier- and dealer-related costs, and facility-related charges stemming from our efforts to match production capacity and cost structure to market demand and changing model mix	◦ Generally $100 million or more
◦ Other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities	◦ $500 million or more for individual field service actions; generally $100 million or more for other items

When we provide guidance for adjusted EBIT, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty, including gains and losses on pension and OPEB remeasurements and on investments in equity securities.

- *Company Adjusted EBIT Margin (Most Comparable GAAP Measure: Company Net Income/(Loss) Margin)* – Company Adjusted EBIT margin is Company adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.

- *Adjusted Earnings/(Loss) Per Share (Most Comparable GAAP Measure: Earnings/(Loss) Per Share)* – Measure of Company's diluted net earnings/(loss) per share adjusted for impact of pre-tax special items (described above), tax special items, and restructuring impacts in noncontrolling interests. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of earnings from ongoing operating activities. When we provide guidance for adjusted earnings/(loss) per share, we do not provide guidance on an earnings/(loss) per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.

- *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. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.

- *Company Adjusted Free Cash Flow (Most Comparable GAAP Measure: Net Cash Provided By/(Used In) Operating Activities)* – Measure of Company's operating cash flow excluding Ford Credit's operating cash flows. The measure contains elements management considers operating activities, including Company excluding Ford Credit capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, restructuring actions, and other items that are considered operating cash flows under U.S. GAAP. This measure is useful to management and investors because it is consistent with management's assessment of the Company's operating cash flow performance. When we provide guidance for Company adjusted free cash flow, we do not provide guidance for net cash provided by/(used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company's exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit's operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by/(used in) our operating activities.

- *Adjusted ROIC* – Calculated as the sum of adjusted net operating profit/(loss) after cash tax from the last four quarters, divided by the average invested capital over the last four quarters. Adjusted Return on Invested Capital ("Adjusted ROIC") provides management and investors with useful information to evaluate the Company's after-cash tax operating return on its invested capital for the period presented. Adjusted net operating profit/(loss) after cash tax measures operating results less special items, interest on debt (excl. Ford Credit Debt), and certain pension/OPEB costs. Average invested capital is the sum of average balance sheet equity, debt (excl. Ford Credit Debt), and net pension/OPEB liability.

Non-GAAP Financial Measure Reconciliations

The following tables show our Non-GAAP financial measure reconciliations.

Net Income/(Loss) Reconciliation to Adjusted EBIT ($M)

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Net income/(loss) attributable to Ford (GAAP)	$ (827)	$ 1,199	$ (3,270)	$ 4,873
Income/(Loss) attributable to noncontrolling interests	(103)	(26)	(141)	(21)
Net income/(loss)	$ (930)	$ 1,173	$ (3,411)	$ 4,852
Less: (Provision for)/Benefit from income taxes	195	(214)	771	(982)
Income/(Loss) before income taxes	$ (1,125)	$ 1,387	$ (4,182)	$ 5,834
Less: Special items pre-tax	(2,607)	(487)	(11,092)	(2,593)
Income/(Loss) before special items pre-tax	$ 1,482	$ 1,874	$ 6,910	$ 8,427
Less: Interest on debt	(321)	(324)	(941)	(936)
Adjusted EBIT (Non-GAAP)	$ 1,803	$ 2,198	$ 7,851	$ 9,363
Memo:				
Revenue ($B)	$ 39.4	$ 43.8	$ 114.1	$ 130.2
Net income/(loss) margin (GAAP) (%)	(2.1)%	2.7 %	(2.9)%	3.7 %
Adjusted EBIT margin (Non-GAAP) (%)	4.6 %	5.0 %	6.9 %	7.2 %

Earnings per Share Reconciliation to Adjusted Earnings per Share

	Third Quarter		First Nine Months	
	2022	2023	2022	2023
Diluted After-Tax Results ($M)				
Diluted after-tax results (GAAP)	$ (827)	$ 1,199	$ (3,270)	$ 4,873
Less: Impact of pre-tax and tax special items (a)	(2,063)	(376)	(8,819)	(2,098)
Adjusted net income/(loss) – diluted (Non-GAAP)	$ 1,236	$ 1,575	$ 5,549	$ 6,971
Basic and Diluted Shares (M)				
Basic shares (average shares outstanding)	4,021	4,004	4,017	3,999
Net dilutive options, unvested restricted stock units, unvested restricted stock shares, and convertible debt	38	46	42	41
Diluted shares	4,059	4,050	4,059	4,040
Earnings/(Loss) per share – diluted (GAAP) (b)	$ (0.21)	$ 0.30	$ (0.81)	$ 1.21
Less: Net impact of adjustments	(0.51)	(0.09)	(2.18)	(0.52)
Adjusted earnings/(loss) per share – diluted (Non-GAAP)	$ 0.30	$ 0.39	$ 1.37	$ 1.73

____

(a) Includes adjustment for noncontrolling interest in 2023.

(b) In the third quarter and first nine months of 2022, there were 38 million and 42 million shares, respectively, excluded from the calculation of diluted earnings/(loss) per share, due to their anti-dilutive effect.

Effective Tax Rate Reconciliation to Adjusted Effective Tax Rate

	Third Quarter 2022	Third Quarter 2023	First Nine Months 2022	First Nine Months 2023	Memo: FY 2022
Pre-Tax Results ($M)					
Income/(Loss) before income taxes (GAAP)	$ (1,125)	$ 1,387	$ (4,182)	$ 5,834	$ (3,016)
Less: Impact of special items	(2,607)	(487)	(11,092)	(2,593)	(12,172)
Adjusted earnings before taxes (Non-GAAP)	$ 1,482	$ 1,874	$ 6,910	$ 8,427	$ 9,156
Taxes ($M)					
(Provision for)/Benefit from income taxes (GAAP)	$ 195	$ (214)	$ 771	$ (982)	$ 864
Less: Impact of special items (a)	544	87	2,273	408	2,573
Adjusted (provision for)/benefit from income taxes (Non-GAAP)	$ (349)	$ (301)	$ (1,502)	$ (1,390)	$ (1,709)
Tax Rate (%)					
Effective tax rate (GAAP)	17.3 %	15.4 %	18.4 %	16.8 %	28.6 %
Adjusted effective tax rate (Non-GAAP)	23.5 %	16.1 %	21.7 %	16.5 %	18.7 %

____
(a) The first nine months of 2022 reflects the tax consequences of unrealized losses on marketable securities. Full Year 2022 reflects the tax consequences of unrealized losses on marketable securities and favorable changes in our valuation allowances.

Net Cash Provided by/(Used in) Operating Activities Reconciliation to Company Adjusted Free Cash Flow ($M)

	Third Quarter 2022	Third Quarter 2023	First Nine Months 2022	First Nine Months 2023
Net cash provided by/(used in) operating activities (GAAP)	$ 3,812	$ 4,591	$ 5,675	$ 12,426
Less: Items not included in Company Adjusted Free Cash Flows				
Ford Credit operating cash flows	$ (439)	$ 1,800	$ (2,198)	$ 3,007
Funded pension contributions	(130)	(190)	(458)	(424)
Restructuring (including separations) (a)	(179)	(297)	(492)	(496)
Ford Credit tax payments/(refunds) under tax sharing agreement	22	—	22	(5)
Other, net	(150)	(151)	(150)	(364)
Add: Items included in Company Adjusted Free Cash Flows				
Company excluding Ford Credit capital spending	$ (1,613)	$ (2,191)	$ (4,465)	$ (5,878)
Ford Credit distributions	500	—	2,100	—
Settlement of derivatives	26	(13)	54	7
Company adjusted free cash flow (Non-GAAP)	$ 3,601	$ 1,225	$ 6,640	$ 4,837

____
(a) Restructuring excludes cash flows reported in investing activities.

SUPPLEMENTAL INFORMATION

The tables below provide supplemental consolidating financial information, other financial information, and U.S. sales by type. Company excluding Ford Credit includes our Ford Blue, Ford Model e, Ford Pro, and Ford Next reportable segments, Corporate Other, Interest on Debt, and Special Items. Eliminations, where presented, primarily represent eliminations of intersegment transactions and deferred tax netting.

Selected Cash Flow Information. The following tables provide supplemental cash flow information (in millions):

	For the period ended September 30, 2023			
	First Nine Months			
Cash flows from operating activities	**Company excluding Ford Credit**	**Ford Credit**	**Eliminations**	**Consolidated**
Net income/(loss)	$ 4,078	$ 774	$ —	$ 4,852
Depreciation and tooling amortization	3,956	1,722	—	5,678
Other amortization	4	(857)	—	(853)
Provision for/(Benefit from) credit and insurance losses	104	245	—	349
Pension and OPEB expense/(income)	1,026	—	—	1,026
Equity method investment dividends received in excess of (earnings)/ losses and impairments	(59)	(12)	—	(71)
Foreign currency adjustments	(3)	(96)	—	(99)
Net realized and unrealized (gains)/losses on cash equivalents, marketable securities, and other investments	193	(6)	—	187
Net (gain)/loss on changes in investments in affiliates	(19)	—	—	(19)
Stock compensation	340	10	—	350
Provision for/(Benefit from) deferred income taxes	(43)	(2)	—	(45)
Decrease/(Increase) in finance receivables (wholesale and other)	—	(1,234)	—	(1,234)
Decrease/(Increase) in intersegment receivables/payables	369	(369)	—	—
Decrease/(Increase) in accounts receivable and other assets	(2,876)	(89)	—	(2,965)
Decrease/(Increase) in inventory	(4,229)	—	—	(4,229)
Increase/(Decrease) in accounts payable and accrued and other liabilities	8,967	228	—	9,195
Other	374	(70)	—	304
Interest supplements and residual value support to Ford Credit	(2,763)	2,763	—	—
Net cash provided by/(used in) operating activities	$ 9,419	$ 3,007	$ —	$ 12,426
Cash flows from investing activities				
Capital spending	$ (5,882)	$ (59)	$ —	$ (5,941)
Acquisitions of finance receivables and operating leases	—	(40,162)	—	(40,162)
Collections of finance receivables and operating leases	—	33,726	—	33,726
Purchases of marketable and other investments	(3,981)	(1,918)	—	(5,899)
Sales and maturities of marketable securities and other investments	8,405	1,979	—	10,384
Settlements of derivatives	7	(214)	—	(207)
Capital contributions to equity method investments	(1,615)	—	—	(1,615)
Other	(505)	—	—	(505)
Investing activity (to)/from other segments	—	1	(1)	—
Net cash provided by/(used in) investing activities	$ (3,571)	$ (6,647)	$ (1)	$ (10,219)
Cash flows from financing activities				
Cash payments for dividends and dividend equivalents	$ (4,394)	$ —	$ —	$ (4,394)
Purchases of common stock	—	—	—	—
Net changes in short-term debt	(57)	(885)	—	(942)
Proceeds from issuance of long-term debt	—	36,582	—	36,582
Payments of long-term debt	(156)	(31,663)	—	(31,819)
Other	(117)	(109)	—	(226)
Financing activity to/(from) other segments	(1)	—	1	—
Net cash provided by/(used in) financing activities	$ (4,725)	$ 3,925	$ 1	$ (799)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(84)	(30)	—	(114)

Selected Income Statement Information. The following table provides supplemental income statement information (in millions):

	For the period ended September 30, 2023		
	Third Quarter		
	Company excluding Ford Credit	Ford Credit	Consolidated
Revenues	$ 41,176	$ 2,625	$ 43,801
Total costs and expenses	40,219	2,453	42,672
Operating income/(loss)	957	172	1,129
Interest expense on Company debt excluding Ford Credit	324	—	324
Other income/(loss), net	142	177	319
Equity in net income/(loss) of affiliated companies	254	9	263
Income/(Loss) before income taxes	1,029	358	1,387
Provision for/(Benefit from) income taxes	95	119	214
Net income/(loss)	934	239	1,173
Less: Income/(Loss) attributable to noncontrolling interests	(26)	—	(26)
Net income/(loss) attributable to Ford Motor Company	$ 960	$ 239	$ 1,199

	For the period ended September 30, 2023		
	First Nine Months		
	Company excluding Ford Credit	Ford Credit	Consolidated
Revenues	$ 122,688	$ 7,541	$ 130,229
Total costs and expenses	117,615	6,911	124,526
Operating income/(loss)	5,073	630	5,703
Interest expense on Company debt excluding Ford Credit	936	—	936
Other income/(loss), net	400	398	798
Equity in net income/(loss) of affiliated companies	246	23	269
Income/(Loss) before income taxes	4,783	1,051	5,834
Provision for/(Benefit from) income taxes	705	277	982
Net income/(loss)	4,078	774	4,852
Less: Income/(Loss) attributable to noncontrolling interests	(21)	—	(21)
Net income/(loss) attributable to Ford Motor Company	$ 4,099	$ 774	$ 4,873

Selected Balance Sheet Information. The following tables provide supplemental balance sheet information (in millions):

	September 30, 2023			
Assets	**Company excluding Ford Credit**	**Ford Credit**	**Eliminations**	**Consolidated**
Cash and cash equivalents	$ 15,776	$ 10,651	$ —	$ 26,427
Marketable securities	13,224	1,464	—	14,688
Ford Credit finance receivables, net	—	42,572	—	42,572
Trade and other receivables, net	5,966	9,163	—	15,129
Inventories	18,326	—	—	18,326
Other assets	2,788	1,431	—	4,219
Receivable from other segments	397	1,832	(2,229)	—
Total current assets	56,477	67,113	(2,229)	121,361
Ford Credit finance receivables, net	—	53,434	—	53,434
Net investment in operating leases	1,057	20,358	—	21,415
Net property	39,112	258	—	39,370
Equity in net assets of affiliated companies	4,277	126	—	4,403
Deferred income taxes	15,509	153	—	15,662
Other assets	11,285	1,143	—	12,428
Receivable from other segments	—	30	(30)	—
Total assets	$ 127,717	$ 142,615	$ (2,259)	$ 268,073
Liabilities				
Payables	$ 26,808	$ 1,005	$ —	$ 27,813
Other liabilities and deferred revenue	20,915	2,902	—	23,817
Debt payable within one year	437	48,201	—	48,638
Payable to other segments	2,228	1	(2,229)	—
Total current liabilities	50,388	52,109	(2,229)	100,268
Other liabilities and deferred revenue	25,582	2,269	—	27,851
Long-term debt	19,333	74,691	—	94,024
Deferred income taxes	733	921	—	1,654
Payable to other segments	30	—	(30)	—
Total liabilities	$ 96,066	$ 129,990	$ (2,259)	$ 223,797

Selected Other Information.

Equity. At September 30, 2023, total equity attributable to Ford was $44.3 billion, an increase of $1.0 billion compared with December 31, 2022. The detail for this change is shown below (in billions):

	Increase/ (Decrease)
Net income/(loss)	$ 4.9
Shareholder distributions	(4.5)
Other comprehensive income/(loss), net	0.4
Common stock issued (including share-based compensation impacts)	0.3
Other	(0.1)
Total	$ 1.0

U.S. Sales by Type. The following table shows third quarter 2023 U.S. sales volume and U.S. wholesales segregated by electric, hybrid, and internal combustion vehicles. U.S. sales volume represents primarily sales by dealers, sales to the government, and leases to Ford management, and is based, in part, on estimated vehicle registrations and includes medium and heavy trucks.

	U.S. Sales	U.S. Wholesales
Electric Vehicles	20,962	30,126
Hybrid Vehicles	34,861	37,923
Internal Combustion Vehicles	444,681	434,230
Total Vehicles	500,504	502,279

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

For a discussion of recent accounting standards, see Note 2 of the Notes to the Financial Statements.

ITEM 3. *Quantitative and Qualitative Disclosures About Market Risk.*

Company Excluding Ford Credit

Foreign Currency Risk. The net fair value of foreign exchange forward contracts (including adjustments for credit risk) as of September 30, 2023, was an asset of $189 million, compared with an asset of $236 million as of December 31, 2022. The potential change in the fair value from a 10% change in the underlying exchange rates, in U.S. dollar terms, would have been $2.9 billion at September 30, 2023, compared with $1.9 billion at December 31, 2022.

Commodity Price Risk. The net fair value of commodity forward contracts (including adjustments for credit risk) as of September 30, 2023, was a liability of $72 million, compared with a liability of $49 million at December 31, 2022. The potential change in the fair value from a 10% change in the underlying commodity prices would have been $195 million at September 30, 2023, compared with $178 million at December 31, 2022.

Ford Credit Segment

Interest Rate Risk. To provide a quantitative measure of the sensitivity of its pre-tax cash flow to changes in interest rates, Ford Credit uses interest rate scenarios that assume a hypothetical, instantaneous increase or decrease of one percentage point in all interest rates across all maturities (a "parallel shift"), as well as a base case that assumes that all interest rates remain constant at existing levels. Maturing assets and liabilities are also instantaneously reinvested, capturing 100% of any hypothetical change in interest rates. The differences in pre-tax cash flow between these scenarios and the base case over a 12-month period represent an estimate of the sensitivity of Ford Credit's pre-tax cash flow. Under this model, Ford Credit estimates that at September 30, 2023, all else constant, such an increase in interest rates would increase its pre-tax cash flow by $48 million over the next 12 months, compared with an increase of $127 million at December 31, 2022. In reality, new assets and liabilities may not immediately capture changes in interest rates, and interest rate changes are rarely instantaneous, parallel, or move exactly the one percentage point assumed in Ford Credit's analysis. As a result, the actual impact to pre-tax cash flow could be higher or lower than the results detailed above.

ITEM 4. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures. James D. Farley, Jr., our Chief Executive Officer ("CEO"), and John T. Lawler, our Chief Financial Officer ("CFO"), have performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of September 30, 2023, and each has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by SEC rules and forms, and that such information is accumulated and communicated to the CEO and CFO to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting. There were no changes in internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *Legal Proceedings.*

PRODUCT LIABILITY MATTERS

Hill v. Ford (as previously reported on page 29 of our 2022 Form 10-K Report). Plaintiffs in this product liability action pending in Georgia state court allege that the roof of a 2002 Ford F-250 involved in a rollover accident was defectively designed. During the first trial in 2018, the judge declared a mistrial, ruled that Ford's attorneys had violated pre-trial rulings while presenting evidence, and sanctioned Ford by prohibiting Ford from introducing any evidence at the second trial to show that the roof design of the F-250 was not defective. During the second trial in August 2022, a jury found that Pep Boys (the party that sold the tires on the vehicle involved in the rollover accident) was responsible for 30% of the damages, and Ford, as a direct result of the sanctions order prohibiting Ford from presenting its defense, was responsible for 70% of the damages, resulting in $16.8 million in damages being apportioned to Ford. The jury subsequently awarded punitive damages against Ford in the amount of $1.7 billion. Ford filed post-trial motions seeking a new trial, and on September 14, 2023, the trial court denied Ford's post-trial motions. On October 13, 2023, Ford filed a notice of appeal with the Georgia Court of Appeals. We believe the law supports our position that Ford is entitled to a new trial with the right to present evidence in its defense.

ENVIRONMENTAL MATTERS

Any legal proceeding arising under any federal, state, or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment, in which (i) a governmental authority is a party, and (ii) we believe there is the possibility of monetary sanctions (exclusive of interest and costs) in excess of $1,000,000 is described on page 30 of our 2022 Form 10-K Report and page 64 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.

OTHER MATTERS

Brazilian Tax Matters (as previously reported on page 31 of our 2022 Form 10-K Report, page 64 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, and page 65 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023). One Brazilian state (São Paulo) and the Brazilian federal tax authority currently have outstanding substantial tax assessments against Ford Motor Company Brasil Ltda. ("Ford Brazil") related to state and federal tax incentives Ford Brazil received for its operations in the Brazilian state of Bahia. The São Paulo assessment is part of a broader conflict among various states in Brazil. The federal legislature enacted laws designed to encourage the states to end that conflict, and in 2017 the states reached an agreement on a framework for resolution. Ford Brazil continues to pursue a resolution under the framework and expects the amount of any remaining assessments by the states to be resolved under that framework. The federal assessments are outside the scope of the legislation.

All of the outstanding assessments have been appealed to the relevant administrative court of each jurisdiction. To proceed with an appeal within the judicial court system, an appellant may be required to post collateral. To date, we have not been required to post any collateral. If we are required to post collateral, which could be in excess of $1 billion, we expect it to be in the form of fixed assets, surety bonds, and/or letters of credit, but we may be required to post cash collateral. Although the ultimate resolution of these matters may take many years, we consider our overall risk of loss to be remote.

ITEM 5. *Other Information.*

During the quarter ended September 30, 2023, no director or officer of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. *Exhibits.*

Designation	Description	Method of Filing
Exhibit 31.1	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
Exhibit 31.2	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
Exhibit 32.1	Section 1350 Certification of CEO.	Furnished with this Report.
Exhibit 32.2	Section 1350 Certification of CFO.	Furnished with this Report.
Exhibit 101.INS	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language (“Inline XBRL”).	(a)
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	(a)
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	(a)
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	(a)
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	(a)
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	(a)
Exhibit 104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).	(a)

(a) Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FORD MOTOR COMPANY

By: /s/ Cathy O’Callaghan

Cathy O’Callaghan, Controller
(principal accounting officer)

Date: October 26, 2023

Exhibit 31.1

CERTIFICATION

I, James D. Farley, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Ford Motor Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 26, 2023

/s/ James D. Farley, Jr.

James D. Farley, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John T. Lawler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Ford Motor Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 26, 2023

/s/ John T. Lawler

John T. Lawler
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James D. Farley, Jr., President and Chief Executive Officer of Ford Motor Company (the “Company”), hereby certify pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code that to my knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2023, to which this statement is furnished as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 26, 2023

/s/ James D. Farley, Jr.
James D. Farley, Jr.
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John T. Lawler, Chief Financial Officer of Ford Motor Company (the "Company"), hereby certify pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code that to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 26, 2023

/s/ John T. Lawler
John T. Lawler
Chief Financial Officer