UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☑ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2017

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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 July 19, 2017, Ford had outstanding 3,900,903,065 shares of Common Stock and 70,852,076 shares of Class B Stock.

Exhibit Index begins on page 77

FORD MOTOR COMPANY
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended June 30, 2017

PART I. FINANCIAL INFORMATION

ITEM 1. *Financial Statements.*

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

	For the periods ended June 30,			
	2016	**2017**	2016	**2017**
	Second Quarter		First Half	
	(unaudited)			
Revenues				
Automotive	$ 36,932	**$ 37,113**	$ 72,189	**$ 73,588**
Financial Services	2,553	**2,738**	5,014	**5,407**
Other	—	**2**	—	**4**
Total revenues (Note 3)	39,485	**39,853**	77,203	**78,999**
Costs and expenses				
Cost of sales	32,522	**33,349**	63,039	**66,057**
Selling, administrative, and other expenses	2,784	**2,756**	5,474	**5,520**
Financial Services interest, operating, and other expenses	2,258	**2,217**	4,318	**4,449**
Total costs and expenses	37,564	**38,322**	72,831	**76,026**
Interest expense on Automotive debt	212	**277**	412	**556**
Non-Financial Services other income/(loss), net (Note 4)	686	**658**	1,454	**1,370**
Financial Services other income/(loss), net (Note 4)	82	**74**	173	**96**
Equity in net income of affiliated companies	398	**273**	939	**619**
Income before income taxes	2,875	**2,259**	6,526	**4,502**
Provision for/(Benefit from) income taxes	903	**209**	2,099	**858**
Net income	1,972	**2,050**	4,427	**3,644**
Less: Income/(Loss) attributable to noncontrolling interests	2	**8**	5	**15**
Net income attributable to Ford Motor Company	$ 1,970	**$ 2,042**	$ 4,422	**$ 3,629**
EARNINGS PER SHARE ATTRIBUTABLE TO FORD MOTOR COMPANY COMMON AND CLASS B STOCK (Note 6)				
Basic income	$ 0.50	**$ 0.51**	$ 1.11	**$ 0.91**
Diluted income	0.49	**0.51**	1.11	**0.91**
Cash dividends declared	0.15	**0.15**	0.55	**0.35**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	For the periods ended June 30,			
	2016	**2017**	2016	**2017**
	Second Quarter		First Half	
	(unaudited)			
Net income	$ 1,972	**$ 2,050**	$ 4,427	**$ 3,644**
Other comprehensive income/(loss), net of tax (Note 15)				
Foreign currency translation	(58)	**84**	(122)	**326**
Marketable securities	—	**4**	6	**3**
Derivative instruments	111	**137**	357	**(31)**
Pension and other postretirement benefits	17	**(12)**	39	**(3)**
Total other comprehensive income/(loss), net of tax	70	**213**	280	**295**
Comprehensive income	2,042	**2,263**	4,707	**3,939**
Less: Comprehensive income/(loss) attributable to noncontrolling interests	2	**8**	4	**13**
Comprehensive income attributable to Ford Motor Company	$ 2,040	**$ 2,255**	$ 4,703	**$ 3,926**

The accompanying notes are part of the financial statements.

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

	December 31, 2016	June 30, 2017
		(unaudited)
ASSETS		
Cash and cash equivalents (Note 7)	$ 15,905	**$ 16,223**
Marketable securities (Note 7)	22,922	**22,886**
Financial Services finance receivables, net (Note 8)	46,266	**49,888**
Trade and other receivables, less allowances of $392 and $416	11,102	**10,159**
Inventories (Note 10)	8,898	**11,092**
Other assets	3,368	**3,291**
Total current assets	108,461	**113,539**
Financial Services finance receivables, net (Note 8)	49,924	**51,551**
Net investment in operating leases	28,829	**28,597**
Net property	32,072	**33,794**
Equity in net assets of affiliated companies	3,304	**3,241**
Deferred income taxes	9,705	**10,145**
Other assets	5,656	**6,602**
Total assets	$ 237,951	**$ 247,469**
LIABILITIES		
Payables	$ 21,296	**$ 23,568**
Other liabilities and deferred revenue (Note 11)	19,316	**19,958**
Automotive debt payable within one year (Note 13)	2,685	**2,911**
Financial Services debt payable within one year (Note 13)	46,984	**47,862**
Total current liabilities	90,281	**94,299**
Other liabilities and deferred revenue (Note 11)	24,395	**24,840**
Automotive long-term debt (Note 13)	13,222	**13,277**
Financial Services long-term debt (Note 13)	80,079	**81,959**
Deferred income taxes	691	**735**
Total liabilities	208,668	**215,110**
Redeemable noncontrolling interest	96	**97**
EQUITY		
Common Stock, par value $.01 per share (3,986 million shares issued of 6 billion authorized)	40	**40**
Class B Stock, par value $.01 per share (71 million shares issued of 530 million authorized)	1	**1**
Capital in excess of par value of stock	21,630	**21,735**
Retained earnings	15,634	**18,437**
Accumulated other comprehensive income/(loss) (Note 15)	(7,013)	**(6,716)**
Treasury stock	(1,122)	**(1,253)**
Total equity attributable to Ford Motor Company	29,170	**32,244**
Equity attributable to noncontrolling interests	17	**18**
Total equity	29,187	**32,262**
Total liabilities and equity	$ 237,951	**$ 247,469**

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 sheet above.

	December 31, 2016	June 30, 2017
		(unaudited)
ASSETS		
Cash and cash equivalents	$ 3,047	**$ 2,608**
Financial Services finance receivables, net	50,857	**53,359**
Net investment in operating leases	11,761	**11,003**
Other assets	25	**39**
LIABILITIES		
Other liabilities and deferred revenue	$ 5	**$ 2**
Debt	43,730	**43,051**

The accompanying notes are part of the financial statements.

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

	For the periods ended June 30,	
	2016	**2017**
	First Half	
	(unaudited)	
Cash flows from operating activities		
Net cash provided by/(used in) operating activities	$ 11,891	**$ 9,951**
Cash flows from investing activities		
Capital spending	(3,206)	**(3,264)**
Acquisitions of finance receivables and operating leases	(27,501)	**(27,379)**
Collections of finance receivables and operating leases	19,732	**21,636**
Purchases of equity and debt securities	(16,757)	**(16,931)**
Sales and maturities of equity and debt securities	15,491	**16,906**
Settlements of derivatives	111	**154**
Other	21	**16**
Net cash provided by/(used in) investing activities	(12,109)	**(8,862)**
Cash flows from financing activities		
Cash dividends	(2,184)	**(1,392)**
Purchases of common stock	(145)	**(131)**
Net changes in short-term debt	934	**72**
Proceeds from issuance of other debt	25,574	**20,467**
Principal payments on other debt	(21,104)	**(19,952)**
Other	(87)	**(102)**
Net cash provided by/(used in) financing activities	2,988	**(1,038)**
Effect of exchange rate changes on cash and cash equivalents	21	**267**
Net increase/(decrease) in cash and cash equivalents	$ 2,791	**$ 318**
Cash and cash equivalents at January 1	$ 14,272	**$ 15,905**
Net increase/(decrease) in cash and cash equivalents	2,791	**318**
Cash and cash equivalents at June 30	$ 17,063	**$ 16,223**

The accompanying notes are part of the financial statements.

FORD MOTOR COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT 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 15)	Treasury Stock	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at December 31, 2015	$ 41	$ 21,421	$ 14,414	$ (6,257)	$ (977)	$ 28,642	$ 15	$ 28,657
Net income	—	—	4,422	—	—	4,422	5	4,427
Other comprehensive income/(loss), net of tax	—	—	—	281	—	281	(1)	280
Common stock issued (including share-based compensation impacts)	—	125	—	—	—	125	—	125
Treasury stock/other	—	—	—	—	(145)	(145)	(1)	(146)
Cash dividends declared	—	—	(2,184)	—	—	(2,184)	(5)	(2,189)
Balance at June 30, 2016	$ 41	$ 21,546	$ 16,652	$ (5,976)	$ (1,122)	$ 31,141	$ 13	$ 31,154
Balance at December 31, 2016	**$ 41**	**$ 21,630**	**$ 15,634**	**$ (7,013)**	**$ (1,122)**	**$ 29,170**	**$ 17**	**$ 29,187**
Adoption of accounting standards (Note 2)	**—**	**6**	**566**	**—**	**—**	**572**	**—**	**572**
Net income	**—**	**—**	**3,629**	**—**	**—**	**3,629**	**15**	**3,644**
Other comprehensive income/(loss), net of tax	**—**	**—**	**—**	**297**	**—**	**297**	**(2)**	**295**
Common stock issued (including share-based compensation impacts)	**—**	**99**	**—**	**—**	**—**	**99**	**—**	**99**
Treasury stock/other	**—**	**—**	**—**	**—**	**(131)**	**(131)**	**(1)**	**(132)**
Cash dividends declared	**—**	**—**	**(1,392)**	**—**	**—**	**(1,392)**	**(11)**	**(1,403)**
Balance at June 30, 2017	**$ 41**	**$ 21,735**	**$ 18,437**	**$ (6,716)**	**$ (1,253)**	**$ 32,244**	**$ 18**	**$ 32,262**

The accompanying notes are part of the 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. Our financial statements are presented in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information, instructions to Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X.

In the opinion of management, these unaudited financial statements reflect 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, 2016 (“2016 Form 10-K Report”). We reclassified certain prior year amounts in our consolidated financial statements to conform to the current year presentation.

NOTE 2. NEW ACCOUNTING STANDARDS

Adoption of New Accounting Standards

Accounting Standards Update (“ASU”) 2016-09, Stock Compensation - Improvements to Employee Share-Based Payment Accounting. On January 1, 2017, we adopted the amendments to accounting standards codification (“ASC”) 718 which simplify accounting for share-based payment transactions. Prior to this amendment, excess tax benefits resulting from the difference between the deduction for tax purposes and the compensation costs recognized for financial reporting were not recognized until the deduction reduced taxes payable. Under the new method, we will recognize excess tax benefits in the current accounting period. In addition, prior to January 1, 2017, the employee share-based compensation expense was recorded net of estimated forfeiture rates and subsequently adjusted at the vesting date, as appropriate. As part of the amendment, we have elected to recognize the actual forfeitures by reducing the employee share-based compensation expense in the same period as the forfeitures occur. We have adopted these changes in accounting method using the modified retrospective method by recognizing one-time adjustments to retained earnings for excess tax benefits previously unrecognized and the change in accounting for forfeited awards.

ASU 2014-09, Revenue - Revenue from Contracts with Customers. On January 1, 2017, we adopted the new accounting standard ASC 606, Revenue from Contracts with Customers and all the related amendments (“new revenue standard”) to all contracts using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We expect the impact of the adoption of the new revenue standard to be immaterial to our net income on an ongoing basis.

A majority of our sales revenue continues to be recognized when products are shipped from our manufacturing facilities. For certain vehicle sales where revenue was previously deferred, such as vehicles subject to a guaranteed resale value recognized as a lease and transactions in which a Ford-owned entity delivered vehicles, we now recognize revenue when vehicles are shipped in accordance with the new revenue standard.

The new revenue standard also provided additional clarity that resulted in reclassifications to or from *Revenue*, *Cost of sales*, and *Financial Services other income/(loss), net*.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS *(Continued)*

The cumulative effect of the changes made to our consolidated January 1, 2017 balance sheet for the adoption of *ASU 2016-09, Stock Compensation - Improvements to Employee Share-Based Payment Accounting* and *ASU 2014-09, Revenue - Revenue from Contracts with Customers* were as follows (in millions):

	Balance at December 31, 2016	Adjustments Due to ASU 2016-09	Adjustments Due to ASU 2014-09	Balance at January 1, 2017
Balance Sheet				
Assets				
Trade and other receivables	$ 11,102	$ —	$ (17)	$ 11,085
Inventories	8,898	—	(9)	8,889
Other assets, current	3,368	—	307	3,675
Net investment in operating leases	28,829	—	(1,078)	27,751
Deferred income taxes	9,705	536	(13)	10,228
Liabilities				
Payables	21,296	—	262	21,558
Other liabilities and deferred revenue, current	19,316	—	(1,429)	17,887
Automotive debt payable within one year	2,685	—	326	3,011
Other liabilities and deferred revenue, non-current	24,395	—	(5)	24,390
Equity				
Capital in excess of par value of stock	21,630	6	—	21,636
Retained earnings	15,634	530	36	16,200

As part of ASU 2016-09, we retrospectively reclassified cash paid to taxing authorities related to shares withheld for tax purposes from operating activities to financing activities on our consolidated statement of cash flows. Cash paid to taxing authorities related to shares withheld for tax purposes was about $57 million and $56 million for the first half of 2016 and 2017, respectively. This standard did not have a material impact on our second quarter and first half 2017 consolidated income statement or June 30, 2017 consolidated balance sheet.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS *(Continued)*

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on our consolidated income statement and balance sheet for the periods ended June 30, 2017 was as follows (in millions):

	Second Quarter			First Half		
	As Reported	**Balances Without Adoption of ASC 606**	**Effect of Change** Higher/(Lower)	**As Reported**	**Balances Without Adoption of ASC 606**	**Effect of Change** Higher/(Lower)
Income statement						
Revenues						
Automotive	$ 37,113	$ 36,898	$ 215	$ 73,588	$ 73,040	$ 548
Financial Services	2,738	2,641	97	5,407	5,221	186
Costs and expenses						
Cost of sales	33,349	33,184	165	66,057	65,630	427
Interest expense on Automotive debt	277	266	11	556	528	28
Non-Financial Services other income/(loss), net	658	679	(21)	1,370	1,411	(41)
Financial Services other income/(loss), net	74	171	(97)	96	282	(186)
Provision for/(Benefit from) income taxes	209	204	5	858	846	12
Net income	2,050	2,037	13	3,644	3,604	40

	June 30, 2017		
	As Reported	**Balances Without Adoption of ASC 606**	**Effect of Change** Higher/(Lower)
Balance Sheet			
Assets			
Trade and other receivables	$ 10,159	$ 10,199	$ (40)
Other assets, current	3,291	2,951	340
Net investment in operating leases	28,597	29,553	(956)
Deferred income taxes	10,145	10,170	(25)
Liabilities			
Payables	23,568	23,285	283
Other liabilities and deferred revenue, current	19,958	21,393	(1,435)
Automotive debt payable within one year	2,911	2,511	400
Other liabilities and deferred revenue, non-current	24,840	24,845	(5)
Deferred income taxes	735	735	—
Equity			
Retained earnings	18,437	18,361	76

NOTE 2. NEW ACCOUNTING STANDARDS *(Continued)*

ASU 2017-07, Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. On January 1, 2017, we adopted the amendments to ASC 715 that improve the presentation of net periodic pension and postretirement benefit costs. We retrospectively adopted the presentation of service cost separate from the other components of net periodic costs. The interest cost, expected return on assets, amortization of prior service costs, net remeasurement, and other costs have been reclassified from *Cost of Sales* and *Selling, administrative, and other expenses* to *Non-Financial Services other income/(loss), net.* We elected to apply the practical expedient which allows us to reclassify amounts disclosed previously in the retirement benefits note as the basis for applying retrospective presentation for comparative periods as it is impracticable to determine the disaggregation of the cost components for amounts capitalized and amortized in those periods. On a prospective basis, the other components of net periodic benefit costs will not be included in amounts capitalized in inventory or property, plant, and equipment.

The effect of the retrospective presentation change related to the net periodic cost of our defined benefit pension and other postretirement employee benefits ("OPEB") plans on our consolidated income statement for the periods ended June 30, 2016 was as follows (in millions):

	Second Quarter			First Half		
	As Revised	**Previously Reported**	**Effect of Change** Higher/ (Lower)	**As Revised**	**Previously Reported**	**Effect of Change** Higher/ (Lower)
Income statement						
Cost of sales	$ 32,522	$ 32,348	$ 174	$ 63,039	$ 62,629	$ 410
Selling, administrative, and other expenses	2,784	2,661	123	5,474	5,223	251
Non-Financial Services other income/(loss), net	686	389	297	1,454	793	661

We also adopted the following standards during 2017, none of which had a material impact to our financial statements or financial statement disclosures:

Standard		**Effective Date**
2017-05	Gains and Losses from the Derecognition of Nonfinancial Assets - Clarifying the Scope of Asset Derecognition Guidance	January 1, 2017
2017-04	Goodwill and Other - Simplifying the Test for Goodwill Impairment	January 1, 2017
2017-03	Accounting Changes and Error Corrections and Investments - Equity Method and Joint Ventures	January 1, 2017
2017-01	Business Combinations - Clarifying the Definition of a Business	January 1, 2017
2016-17	Consolidation - Interests Held through Related Parties That Are under Common Control	January 1, 2017
2016-07	Equity Method and Joint Ventures - Simplifying the Transition to the Equity Method of Accounting	January 1, 2017
2016-06	Derivatives and Hedging - Contingent Put and Call Options in Debt Instruments	January 1, 2017
2016-05	Derivatives and Hedging - Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships	January 1, 2017
2016-04	Extinguishments of Liabilities - Recognition of Breakage for Certain Prepaid Stored-Value Products	January 1, 2017
2017-09	Stock Compensation - Scope of Modification Accounting	April 1, 2017

Accounting Standards Issued But Not Yet Adopted

The following represent the standards that will, or are expected to, result in a significant change in practice and/or have a significant financial impact to Ford.

ASU 2016-13, Credit Losses - Measurement of Credit Losses on Financial Instruments. In June 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard which replaces the current incurred loss impairment method with a method that reflects expected credit losses. The new standard is effective as of January 1, 2020, and early adoption is permitted as of January 1, 2019. We will adopt the new credit loss guidance by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance of retained earnings. We are assessing the potential impact to our financial statements and disclosures.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. NEW ACCOUNTING STANDARDS *(Continued)*

ASU 2016-02, Leases. In February 2016, the FASB issued a new accounting standard which provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard supersedes the present U.S. GAAP standard on leases and requires substantially all leases to be reported on the balance sheet as right-of-use assets and lease obligations. We plan to adopt the new standard at its effective date of January 1, 2019. We anticipate adoption of the standard will add between $1.5 billion and $2 billion in right-of-use assets and lease obligations to our balance sheet and will not significantly impact pre-tax profit. We are in the early stages of implementation.

NOTE 3. REVENUE

The following table disaggregates our revenue by major source for the periods ended June 30, 2017 (in millions):

	Second Quarter			
	Automotive	Financial Services	All Other	Consolidated
Vehicles, parts, and accessories	$ 35,746	$ —	$ —	$ 35,746
Sale of used vehicles	708	—	—	708
Extended service contracts	332	—	—	332
Other (a)	202	55	2	259
Revenues from sales and services	36,988	55	2	37,045
Leasing income	125	1,381	—	1,506
Financing income	—	1,260	—	1,260
Insurance income	—	42	—	42
Total revenues	$ 37,113	$ 2,738	$ 2	$ 39,853

	First Half			
	Automotive	Financial Services	All Other	Consolidated
Vehicles, parts, and accessories	$ 70,742	$ —	$ —	$ 70,742
Sale of used vehicles	1,581	—	—	1,581
Extended service contracts	607	—	—	607
Other (a)	426	104	4	534
Revenues from sales and services	73,356	104	4	73,464
Leasing income	232	2,747	—	2,979
Financing income	—	2,474	—	2,474
Insurance income	—	82	—	82
Total revenues	$ 73,588	$ 5,407	$ 4	$ 78,999

____
(a) Primarily includes commissions and vehicle-related design and testing services.

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our vehicles, parts, accessories, or services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The expected costs associated with our base warranties and field service actions continue to be recognized as expense when the products are sold (see Note 16). We recognize revenue for vehicle service contracts that extend mechanical and maintenance beyond our base warranties over the life of the contract.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. REVENUE *(Continued)*

Automotive Segment

Vehicles, Parts, and Accessories. For the majority of vehicles, parts, and accessories, we transfer control and recognize a sale when we ship the product from our manufacturing facility to our customer (dealers and distributors). The amount of consideration we receive and revenue we recognize varies with changes in marketing incentives and returns we offer to our customers and their customers. When we give our dealers the right to return eligible parts and accessories, we estimate the expected returns based on an analysis of historical experience. We adjust our estimate of revenue at the earlier of when the most likely amount of consideration we expect to receive changes or when the consideration becomes fixed. As a result we recognized a decrease to revenue from prior periods in the second quarter of 2017 of $259 million.

Depending on the terms of the arrangement, we may also defer the recognition of a portion of the consideration received because we have to satisfy a future obligation (e.g., free extended service contracts). We use an observable price to determine the stand-alone selling price for separate performance obligations or a cost plus margin approach when one is not available. We have elected to recognize the cost for freight and shipping when control over vehicles, parts, or accessories have transferred to the customer as an expense in *Cost of sales*.

We sell vehicles to daily rental companies and guarantee that we will pay them the difference between an agreed amount and the value they are able to realize upon resale. At the time of transfer of vehicles to the daily rental companies, we record the probable amount we will pay under the guarantee to *Other liabilities and deferred revenue.*

Sale of Used Vehicles. We sell used vehicles both at auction and through our consolidated dealerships. Proceeds from the sale of these vehicles are recognized in *Automotive revenues* upon transfer of control of the vehicle to the customer and the related vehicle carrying value is recognized in *Cost of sales*.

Extended Service Contracts. We sell separately-priced service contracts that extend mechanical and maintenance coverages beyond our base warranty agreements to vehicle owners. The separately priced service contracts range from 12 months to 120 months. We receive payment at the inception of the contract and recognize revenue over the term of the agreement in proportion to the costs expected to be incurred in satisfying the obligations under the contract. At January 1, 2017, $3.5 billion of unearned revenue associated with outstanding contracts was reported in *Other Liabilities and deferred revenue,* $271 million and $541 million of this was recognized as revenue during the second quarter and first half of 2017, respectively. At June 30, 2017, the unearned amount was $3.7 billion. We expect to recognize approximately $550 million of the unearned amount in 2017, $950 million in 2018, and $2.2 billion thereafter. We record a premium deficiency reserve to the extent we estimate the future costs associated with these contracts exceed the unrecognized revenue. Amounts paid to dealers to obtain these contracts are deferred and recorded as *Other assets*. These costs are amortized to expense consistent with how the related revenue is recognized. We had a balance of $239 million in deferred costs as of June 30, 2017 and recognized $14 million and $29 million of amortization during the second quarter and first half of 2017, respectively.

Other Revenue. Other revenue consists primarily of net commissions received for serving as the agent in facilitating the sale of a third party's products or services to our customers and payments for vehicle-related design and testing services we perform for others. We have applied the practical expedient to recognize *Automotive revenues* for vehicle-related design and testing services over the two to three year term of these agreements in proportion to the amount we have the right to invoice.

Leasing Income. We sell vehicles to daily rental companies with an obligation to repurchase the vehicles for a guaranteed amount, exercisable at the option of the customer. The transactions are accounted for as operating leases. Upon the transfer of vehicles to the daily rental companies, we record proceeds received in *Other liabilities and deferred revenue.* The difference between the proceeds received and the guaranteed repurchase amount is recorded in *Automotive revenues* over the term of the lease using a straight-line method. The cost of the vehicle is recorded in *Net investment in operating leases* on our consolidated balance sheet and the difference between the cost of the vehicle and the estimated auction value is depreciated in *Cost of sales* over the term of the lease.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. REVENUE *(Continued)*

Financial Services Segment

Leasing Income. Ford Credit offers leasing plans to retail consumers through Ford and Lincoln brand dealers who originate the leases. Upon the purchase of a lease from the dealer, Ford Credit takes ownership of the vehicle and records an operating lease. The retail consumer makes lease payments representing the difference between Ford Credit's purchase price of the vehicle and the contractual residual value of the vehicle, plus lease fees that we recognize on a straight-line basis over the term of the lease agreement. Depreciation and the gain or loss upon disposition of the vehicle is recorded in *Financial Services interest, operating, and other expenses*.

Financing Income. Ford Credit originates and purchases finance installment contracts. Financing income represents interest earned on the finance receivables (including direct financing leases). Interest is recognized using the interest method, and includes the amortization of certain direct origination costs.

Insurance Income. Income from insurance contracts is recognized evenly over the term of the agreement. Insurance commission revenue is recognized on a net basis at the time of sale of the third party's product or service to our customer.

NOTE 4. OTHER INCOME/(LOSS)

Non-Financial Services

The amounts included in *Non-Financial Services other income/(loss), net* for the periods ended June 30 were as follows (in millions):

	Second Quarter		First Half	
	2016	2017	2016	2017
Net periodic pension and OPEB income/(cost), excluding service cost	$ 297	$ 389	$ 661	$ 779
Investment-related interest income	52	85	113	156
Interest income/(expense) on income taxes	1	(1)	(1)	2
Realized and unrealized gains/(losses) on cash equivalents and marketable securities	(7)	(24)	65	25
Gains/(Losses) on changes in investments in affiliates	147	(1)	181	(2)
Royalty income	137	150	320	304
Other	59	60	115	106
Total	$ 686	$ 658	$ 1,454	$ 1,370

Financial Services

The amounts included in *Financial Services other income/(loss), net* for the periods ended June 30 were as follows (in millions):

	Second Quarter		First Half	
	2016	2017	2016	2017
Investment-related interest income	$ 20	$ 24	$ 39	$ 45
Interest income/(expense) on income taxes	15	1	13	(1)
Insurance premiums earned	41	—	80	—
Other	6	49	41	52
Total	$ 82	$ 74	$ 173	$ 96

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

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.

For the second quarter of 2016 and 2017, our effective tax rates were 31.4% and 9.3%, respectively. During the second quarter of 2017, we recognized a $421 million benefit for foreign tax credits expected to be realized in the foreseeable future. The tax benefit relates to investments in certain non-U.S. subsidiaries previously determined to be indefinitely reinvested in operations outside the United States. Our change in assertion for these investments is related to planned distributions in anticipation of potential U.S. corporate tax reform.

NOTE 6. CAPITAL STOCK AND EARNINGS PER SHARE

Earnings Per Share Attributable to Ford Motor Company Common and Class B Stock

Basic and diluted income per share were calculated using the following (in millions):

	Second Quarter		First Half	
	2016	2017	2016	2017
Basic and Diluted Income Attributable to Ford Motor Company				
Basic income	$ 1,970	$ 2,042	$ 4,422	$ 3,629
Diluted income	1,970	2,042	4,422	3,629
Basic and Diluted Shares				
Basic shares (average shares outstanding)	3,973	3,977	3,972	3,977
Net dilutive options and unvested restricted stock units	24	19	24	21
Diluted shares	3,997	3,996	3,996	3,998

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 on our balance sheet were as follows (in millions):

		December 31, 2016			
	Fair Value Level	Automotive	Financial Services	All Other	Consolidated
Cash and cash equivalents					
U.S. government	1	$ 888	$ 924	$ —	$ 1,812
U.S. government agencies	2	—	—	—	—
Non-U.S. government and agencies	2	200	142	—	342
Corporate debt	2	100	—	—	100
Total marketable securities classified as cash equivalents		1,188	1,066	—	2,254
Cash, time deposits, and money market funds		6,632	7,011	8	13,651
Total cash and cash equivalents		$ 7,820	$ 8,077	$ 8	$ 15,905
Marketable securities					
U.S. government	1	$ 8,099	$ 1,634	$ —	$ 9,733
U.S. government agencies	2	2,244	505	—	2,749
Non-U.S. government and agencies	2	4,751	632	—	5,383
Corporate debt	2	4,329	475	—	4,804
Equities	1	165	—	—	165
Other marketable securities	2	54	34	—	88
Total marketable securities		$ 19,642	$ 3,280	$ —	$ 22,922

		June 30, 2017			
	Fair Value Level	Automotive	Financial Services	All Other	Consolidated
Cash and cash equivalents					
U.S. government	1	$ 300	$ 182	$ —	$ 482
U.S. government agencies	2	624	100	—	724
Non-U.S. government and agencies	2	270	342	—	612
Corporate debt	2	—	75	—	75
Total marketable securities classified as cash equivalents		1,194	699	—	1,893
Cash, time deposits, and money market funds		7,659	6,667	4	14,330
Total cash and cash equivalents		$ 8,853	$ 7,366	$ 4	$ 16,223
Marketable securities					
U.S. government	1	$ 5,365	$ 977	$ —	$ 6,342
U.S. government agencies	2	3,677	663	—	4,340
Non-U.S. government and agencies	2	6,036	790	—	6,826
Corporate debt	2	4,284	854	—	5,138
Equities	1	177		—	177
Other marketable securities	2	36	27	—	63
Total marketable securities		$ 19,575	$ 3,311	$ —	$ 22,886

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 on our balance sheet were as follows (in millions):

	December 31, 2016						
					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 through 10 Years
Automotive							
U.S. government	$ 3,703	$ 2	$ (14)	$ 3,691	$ 727	$ 2,776	$ 188
U.S. government agencies	308	—	(2)	306	—	306	—
Non-U.S. government and agencies	1,443	1	(11)	1,433	148	1,285	—
Corporate debt	1,079	—	—	1,079	1,031	48	—
Total	$ 6,533	$ 3	$ (27)	$ 6,509	$ 1,906	$ 4,415	$ 188

	June 30, 2017						
					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 through 10 Years
Automotive							
U.S. government	$ 2,587	$ —	$ (7)	$ 2,580	$ 524	$ 2,056	$ —
U.S. government agencies	1,982	1	(4)	1,979	677	1,237	65
Non-U.S. government and agencies	2,961	5	(5)	2,961	248	2,688	25
Corporate debt	1,398	—	(2)	1,396	756	633	7
Total	$ 8,928	$ 6	$ (18)	$ 8,916	$ 2,205	$ 6,614	$ 97

Sales proceeds from investments classified as AFS and sold prior to maturity were $0 and $1.3 billion in the second quarter of 2016 and 2017, respectively, and $69 million and $2.6 billion in the first half of 2016 and 2017, respectively. The gross realized gains from the sale of AFS securities were $0 and $2 million in the second quarter of 2016 and 2017, respectively, and $1 million and $3 million in the first half of 2016 and 2017, respectively. Gross realized losses from the sale of AFS securities were $0 and $6 million in the second quarter of 2016 and 2017, respectively, and $0 and $8 million in the first half of 2016 and 2017, respectively.

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, 2016					
	Less than 1 year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Automotive						
U.S. government	$ 1,474	$ (14)	$ —	$ —	$ 1,474	$ (14)
U.S. government agencies	261	(2)	—	—	261	(2)
Non-U.S. government and agencies	1,137	(11)	—	—	1,137	(11)
Corporate debt	—	—	—	—	—	—
Total	$ 2,872	$ (27)	$ —	$ —	$ 2,872	$ (27)

	June 30, 2017					
	Less than 1 year		1 Year or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Automotive						
U.S. government	$ 2,580	$ (7)	$ —	$ —	$ 2,580	$ (7)
U.S. government agencies	1,172	(4)	—	—	1,172	(4)
Non-U.S. government and agencies	1,555	(5)	—	—	1,555	(5)
Corporate debt	517	(2)	—	—	517	(2)
Total	$ 5,824	$ (18)	$ —	$ —	$ 5,824	$ (18)

We determine other-than-temporary impairments on cash equivalents and marketable securities using a specific identification method. During the six months ended June 30, 2016 and 2017, we did not recognize any other-than-temporary impairment loss.

Other Securities

Investments in entities that we do not control and over which we do not have the ability to exercise significant influence are recorded at cost and reported in *Other assets* in the non-current assets section of our consolidated balance sheet. These cost method investments were $219 million and $221 million at December 31, 2016 and June 30, 2017, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FINANCIAL SERVICES FINANCE RECEIVABLES

Our Financial Services segment, primarily 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, net were as follows (in millions):

	December 31, 2016	June 30, 2017
Consumer		
Retail financing, gross	$ 68,121	$ 71,079
Unearned interest supplements	(2,783)	(2,926)
Consumer finance receivables	65,338	68,153
Non-Consumer		
Dealer financing	31,336	33,808
Non-Consumer finance receivables	31,336	33,808
Total recorded investment	$ 96,674	$ 101,961
Recorded investment in finance receivables	$ 96,674	$ 101,961
Allowance for credit losses	(484)	(522)
Finance receivables, net	$ 96,190	$ 101,439
Current portion	$ 46,266	$ 49,888
Non-current portion	49,924	51,551
Finance receivables, net	$ 96,190	$ 101,439
Net finance receivables subject to fair value (a)	$ 94,066	$ 98,916
Fair value	94,785	98,872

____

(a) At December 31, 2016 and June 30, 2017, *Finance receivables, net* includes $2.1 billion and $2.5 billion, respectively, of direct financing leases that are not subject to fair value disclosure requirements. The fair value of finance receivables is categorized within Level 3 of the fair value hierarchy.

Excluded from finance receivables at both December 31, 2016 and June 30, 2017, was $223 million of accrued uncollected interest, which is reported as *Other assets* in the current assets section of our consolidated balance sheet.

Included in the recorded investment in finance receivables at December 31, 2016 and June 30, 2017 were consumer receivables of $32.5 billion and $33.1 billion, respectively, and non-consumer receivables of $26 billion and $26.1 billion, respectively, 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. FINANCIAL SERVICES FINANCE RECEIVABLES *(Continued)*

Aging

For all finance receivables, we define "past due" as any payment, including principal and interest, that is at least 31 days past the contractual due date. The recorded investment of consumer receivables greater than 90 days past due and still accruing interest was $21 million and $23 million at December 31, 2016 and June 30, 2017, respectively. The recorded investment of non-consumer receivables greater than 90 days past due and still accruing interest was de minimis at December 31, 2016 and $1 million at June 30, 2017.

The aging analysis of our finance receivables balances were as follows (in millions):

	December 31, 2016	June 30, 2017
Consumer		
31-60 days past due	$ 760	$ 643
61-90 days past due	114	106
91-120 days past due	34	36
Greater than 120 days past due	39	36
Total past due	947	821
Current	64,391	67,332
Consumer finance receivables	65,338	68,153
Non-Consumer		
Total past due	107	133
Current	31,229	33,675
Non-Consumer finance receivables	31,336	33,808
Total recorded investment	$ 96,674	$ 101,961

Credit Quality

Consumer Portfolio. Credit quality ratings for consumer receivables are based on aging. Refer to the aging table above.

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
- *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

Non-Consumer Portfolio. 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
- *Group IV* – poor financial metrics, including dealers classified as uncollectible

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. FINANCIAL SERVICES FINANCE RECEIVABLES *(Continued)*

The credit quality analysis of our dealer financing receivables was as follows (in millions):

	December 31, 2016	June 30, 2017
Dealer Financing		
Group I	$ 24,315	$ 26,688
Group II	5,552	5,589
Group III	1,376	1,364
Group IV	93	167
Total recorded investment	$ 31,336	$ 33,808

Impaired Receivables. Impaired consumer receivables include accounts that have been rewritten or modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code that are considered to be Troubled Debt Restructurings ("TDRs"), as well as all accounts greater than 120 days past due. Impaired non-consumer receivables represent accounts with dealers that have weak or poor financial metrics or dealer financing that has been modified in TDRs. The recorded investment of consumer receivables that were impaired at December 31, 2016 and June 30, 2017 was $367 million, or 0.6% of consumer receivables, and $381 million, or 0.6% of consumer receivables, respectively. The recorded investment of non-consumer receivables that were impaired at December 31, 2016 and June 30, 2017 was $107 million, or 0.3% of non-consumer receivables, and $181 million, or 0.5% of non-consumer receivables, respectively. Impaired finance receivables are evaluated both collectively and specifically.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. FINANCIAL SERVICES ALLOWANCE FOR CREDIT LOSSES

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

	Second Quarter 2016			First Half 2016		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
Allowance for credit losses						
Beginning balance	$ 390	$ 20	$ 410	$ 357	$ 16	$ 373
Charge-offs	(94)	(3)	(97)	(196)	(2)	(198)
Recoveries	31	2	33	60	3	63
Provision for credit losses	109	(1)	108	211	—	211
Other (a)	(4)	(1)	(5)	—	—	—
Ending balance (b)	$ 432	$ 17	$ 449	$ 432	$ 17	$ 449
Analysis of ending balance of allowance for credit losses						
Collective impairment allowance				$ 414	$ 13	$ 427
Specific impairment allowance				18	4	22
Ending balance (b)				432	17	449
Analysis of ending balance of finance receivables						
Collectively evaluated for impairment				61,819	33,425	95,244
Specifically evaluated for impairment				366	126	492
Recorded investment				62,185	33,551	95,736
Ending balance, net of allowance for credit losses				$ 61,753	$ 33,534	$ 95,287

____
(a) Primarily represents amounts related to translation adjustments.
(b) Total allowance, including reserves for operating leases, was $512 million.

	Second Quarter 2017			First Half 2017		
	Consumer	Non-Consumer	Total	Consumer	Non-Consumer	Total
Allowance for credit losses						
Beginning balance	$ 504	$ 13	$ 517	$ 469	$ 15	$ 484
Charge-offs	(110)	(2)	(112)	(233)	(4)	(237)
Recoveries	35	3	38	69	3	72
Provision for credit losses	73	—	73	194	—	194
Other (a)	5	1	6	8	1	9
Ending balance (b)	$ 507	$ 15	$ 522	$ 507	$ 15	$ 522
Analysis of ending balance of allowance for credit losses						
Collective impairment allowance				$ 487	$ 13	$ 500
Specific impairment allowance				20	2	22
Ending balance (b)				507	15	522
Analysis of ending balance of finance receivables						
Collectively evaluated for impairment				67,772	33,627	101,399
Specifically evaluated for impairment				381	181	562
Recorded investment				68,153	33,808	101,961
Ending balance, net of allowance for credit losses				$ 67,646	$ 33,793	$ 101,439

____
(a) Primarily represents amounts related to translation adjustments.
(b) Total allowance, including reserves for operating leases, was $588 million.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INVENTORIES

All inventories are stated at the lower of cost and net realizable value. Cost for a substantial portion of U.S. inventories is determined on a last-in, first-out ("LIFO") basis. LIFO was used for 30% and 34% of total inventories at December 31, 2016 and June 30, 2017, respectively. Cost of other inventories is determined by costing methods that approximate a first-in, first-out ("FIFO") basis.

Inventories were as follows (in millions):

	December 31, 2016	June 30, 2017
Raw materials, work-in-process, and supplies	$ 3,843	$ 4,090
Finished products	5,943	7,904
Total inventories under FIFO	9,786	11,994
LIFO adjustment	(888)	(902)
Total inventories	$ 8,898	$ 11,092

NOTE 11. OTHER LIABILITIES AND DEFERRED REVENUE

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

	December 31, 2016	June 30, 2017
Current		
Dealer and dealers' customer allowances and claims	$ 9,542	$ 11,034
Deferred revenue	3,866	2,443
Employee benefit plans	1,469	1,436
Accrued interest	974	1,034
OPEB (a)	349	351
Pension (a)	247	252
Other	2,869	3,408
Total current other liabilities and deferred revenue	$ 19,316	$ 19,958
Non-current		
Pension (a)	$ 10,150	$ 10,218
OPEB (a)	5,516	5,526
Dealer and dealers' customer allowances and claims	2,564	2,806
Deferred revenue	3,687	3,832
Employee benefit plans	1,063	1,105
Other	1,415	1,353
Total non-current other liabilities and deferred revenue	$ 24,395	$ 24,840

____

(a) Balances at June 30, 2017 reflect pension and OPEB liabilities at December 31, 2016, updated (where applicable) for service and interest cost, expected return on assets, separation expense, actual benefit payments, and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2016. Included in *Other assets* are pension assets of $1.5 billion and $2.1 billion at December 31, 2016 and June 30, 2017, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. RETIREMENT BENEFITS

Defined Benefit Plans - Expense

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

	Second Quarter					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2016	2017	2016	2017	2016	2017
Service cost	$ 127	$ 134	$ 124	$ 125	$ 12	$ 12
Interest cost	381	381	202	173	49	49
Expected return on assets	(674)	(684)	(350)	(335)	—	—
Amortization of prior service costs/(credits)	43	35	9	9	(36)	(29)
Net remeasurement (gain)/loss	—	—	11	—	—	—
Separation programs/other	3	9	65	3	—	—
Net periodic benefit cost/(income)	$ (120)	$ (125)	$ 61	$ (25)	$ 25	$ 32

	First Half					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Worldwide OPEB	
	2016	2017	2016	2017	2016	2017
Service cost	$ 255	$ 267	$ 242	$ 259	$ 24	$ 24
Interest cost	762	762	397	332	97	98
Expected return on assets	(1,347)	(1,367)	(689)	(665)	—	—
Amortization of prior service costs/(credits)	85	71	19	18	(71)	(59)
Net remeasurement (gain)/loss	—	—	11	—	—	—
Separation programs/other	3	12	72	19	—	—
Net periodic benefit cost/(income)	$ (242)	$ (255)	$ 52	$ (37)	$ 50	$ 63

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 *Non-Financial Services other income/(loss), net* of our consolidated income statement.

Pension Plan Contributions

During 2017, we expect contributions to be about $1 billion (most of which are mandatory) from cash and cash equivalents to our worldwide funded pension plans, and to make about $300 million of benefit payments to participants in unfunded plans, for a total of about $1.3 billion. In the first half of 2017, we contributed about $500 million to our worldwide funded pension plans and made about $150 million of benefit payments to participants in unfunded plans.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. DEBT

The carrying value of Automotive and Financial Services debt was as follows (in millions):

Automotive Segment	December 31, 2016	June 30, 2017
Debt payable within one year		
Short-term	$ 1,324	$ 1,516
Long-term payable within one year		
U.S. Department of Energy Advanced Technology Vehicles Manufacturing Incentive Program	591	591
Other debt	827	853
Unamortized (discount)/premium	(57)	(49)
Total debt payable within one year	2,685	2,911
Long-term debt payable after one year		
Public unsecured debt securities	9,394	9,394
DOE ATVM Incentive Program	2,651	2,356
Other debt	1,573	1,904
Adjustments		
Unamortized (discount)/premium	(320)	(299)
Unamortized issuance costs	(76)	(78)
Total long-term debt payable after one year	13,222	13,277
Total Automotive Segment	$ 15,907	$ 16,188
Fair value of Automotive Segment debt (a)	$ 17,433	$ 17,873
Financial Services Segment		
Debt payable within one year		
Short-term	$ 15,330	$ 15,429
Long-term payable within one year		
Unsecured debt	12,369	14,409
Asset-backed debt	19,286	18,018
Adjustments		
Unamortized (discount)/premium	(2)	(1)
Unamortized issuance costs	(16)	(18)
Fair value adjustments (b)	17	25
Total debt payable within one year	46,984	47,862
Long-term debt payable after one year		
Unsecured debt	49,912	52,579
Asset-backed debt	30,112	29,409
Adjustments		
Unamortized (discount)/premium	(9)	(8)
Unamortized issuance costs	(197)	(205)
Fair value adjustments (b)	261	184
Total long-term debt payable after one year	80,079	81,959
Total Financial Services Segment	$ 127,063	$ 129,821
Fair value of Financial Services Segment debt (a)	$ 128,777	$ 131,913

____
(a) The fair value of debt includes $1.1 billion and $1.2 billion of Automotive segment short-term debt and $14.3 billion and $14.7 billion of Financial Services segment short-term debt at December 31, 2016 and June 30, 2017, respectively, carried at cost, which approximates fair value. All other debt is categorized within Level 2 of the fair value hierarchy.
(b) Adjustments related to designated fair value hedges of unsecured debt.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. 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, recorded in income for the periods ended June 30 were as follows (in millions):

	Second Quarter		First Half	
	2016	**2017**	**2016**	**2017**
Cash flow hedges (a)				
Reclassified from AOCI to net income	$ 46	$ 124	$ 133	$ 242
Fair value hedges				
Interest rate contracts				
Net interest settlements and accruals excluded from the assessment of hedge effectiveness	98	62	197	132
Ineffectiveness (b)	5	4	22	—
Derivatives not designated as hedging instruments				
Foreign currency exchange contracts	171	(218)	32	(426)
Cross-currency interest rate swap contracts	140	16	335	74
Interest rate contracts	(43)	30	(91)	37
Commodity contracts	9	(10)	4	32
Total	$ 426	$ 8	$ 632	$ 91

(a) For the second quarter and first half of 2016, a $184 million gain and a $547 million gain, respectively, were recorded in *Other comprehensive income*. For the second quarter and first half of 2017, a $318 million gain and a $206 million gain, respectively, were recorded in *Other comprehensive income.*

(b) For the second quarter and first half of 2016, hedge ineffectiveness reflects the net change in fair value on derivatives of $273 million gain and $883 million gain, respectively, and a change in value on hedged debt attributable to the change in benchmark interest rates of $268 million loss and $861 million loss, respectively. For the second quarter and first half of 2017, hedge ineffectiveness reflects the net change in fair value on derivatives of $34 million gain and $55 million loss, respectively, and a change in value on hedged debt attributable to the change in benchmark interest rates of $30 million loss and $55 million gain, respectively.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES *(Continued)*

Balance Sheet Effect of Derivative Financial Instruments

Derivative assets and liabilities are recorded on the balance sheet 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, presented gross, were as follows (in millions):

	December 31, 2016			June 30, 2017		
	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	$ 19,091	$ 620	$ 257	$ 17,926	$ 504	$ 179
Fair value hedges						
Interest rate contracts	33,175	487	80	34,958	429	83
Derivatives not designated as hedging instruments						
Foreign currency exchange contracts	17,227	379	194	21,221	208	346
Cross-currency interest rate swap contracts	3,201	242	8	3,918	338	6
Interest rate contracts	61,689	156	74	53,968	180	55
Commodity contracts	531	11	6	550	14	5
Total derivative financial instruments, gross (a) (b)	$ 134,914	$ 1,895	$ 619	$ 132,541	$ 1,673	$ 674
Current portion		$ 1,108	$ 371		$ 870	$ 473
Non-current portion		787	248		803	201
Total derivative financial instruments, gross		$ 1,895	$ 619		$ 1,673	$ 674

____
(a) At December 31, 2016 and June 30, 2017, we held collateral of $15 million and $10 million, and we posted collateral of $12 million and $16 million, respectively.
(b) At December 31, 2016 and June 30, 2017, the fair value of assets and liabilities available for counterparty netting was $554 million and $477 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 15. 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 June 30 were as follows (in millions):

	Second Quarter		First Half	
	2016	2017	2016	2017
Foreign currency translation				
Beginning balance	$ (3,633)	$ (4,350)	$ (3,570)	$ (4,593)
Gains/(Losses) on foreign currency translation	(58)	(39)	(88)	150
Less: Tax/(Tax benefit)	—	(123)	—	(177)
Net gains/(losses) on foreign currency translation	(58)	84	(88)	327
(Gains)/Losses reclassified from AOCI to net income (a)	—	—	(33)	—
Other comprehensive income/(loss), net of tax	(58)	84	(121)	327
Ending balance	$ (3,691)	$ (4,266)	$ (3,691)	$ (4,266)
Marketable securities				
Beginning balance	$ —	$ (15)	$ (6)	$ (14)
Gains/(Losses) on available for sale securities	—	2	11	3
Less: Tax/(Tax benefit)	—	2	—	5
Net gains/(losses) on available for sale securities	—	—	11	(2)
(Gains)/Losses reclassified from AOCI to net income	—	4	(1)	5
Less: Tax/(Tax benefit)	—	—	4	—
Net (gains)/losses reclassified from AOCI to net income	—	4	(5)	5
Other comprehensive income/(loss), net of tax	—	4	6	3
Ending balance	$ —	$ (11)	$ —	$ (11)
Derivative instruments				
Beginning balance	$ 310	$ 116	$ 64	$ 283
Gains/(Losses) on derivative instruments	184	318	547	206
Less: Tax/(Tax benefit)	35	85	94	51
Net gains/(losses) on derivative instruments	149	233	453	155
(Gains)/Losses reclassified from AOCI to net income	(46)	(124)	(133)	(242)
Less: Tax/(Tax benefit)	(8)	(28)	(37)	(57)
Net (gains)/losses reclassified from AOCI to net income (b)	(38)	(96)	(96)	(185)
Other comprehensive income/(loss), net of tax	111	137	357	(30)
Ending balance	$ 421	$ 253	$ 421	$ 253
Pension and other postretirement benefits				
Beginning balance	$ (2,723)	$ (2,680)	$ (2,745)	$ (2,689)
Amortization and recognition of prior service costs/(credits)	16	15	33	30
Less: Tax/(Tax benefit)	7	23	10	28
Net prior service costs/(credits) reclassified from AOCI to net income	9	(8)	23	2
Translation impact on non-U.S. plans	8	(4)	16	(5)
Other comprehensive income/(loss), net of tax	17	(12)	39	(3)
Ending balance	$ (2,706)	$ (2,692)	$ (2,706)	$ (2,692)
Total AOCI ending balance at June 30	$ (5,976)	$ (6,716)	$ (5,976)	$ (6,716)

____
(a) Reclassified to *Non-Financial Services other income/(loss), net.*
(b) Reclassified to *Cost of sales*. During the next twelve months we expect to reclassify existing net losses on cash flow hedges of $270 million. See Note 14 for additional information.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. COMMITMENTS AND CONTINGENCIES

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

Guarantees and Indemnifications

The maximum potential payments and the carrying value of recorded liabilities related to guarantees and limited indemnities were as follows (in millions):

	December 31, 2016	June 30, 2017
Maximum potential payments	$ 177	$ 1,613
Carrying value of recorded liabilities related to guarantees and limited indemnities	23	481

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 guarantee or indemnity, the amount of probable payment is recorded.

We guarantee the resale value of vehicles sold in certain arrangements to daily rental companies. The maximum potential payment of $1.5 billion as of June 30, 2017 included in the table above represents the total proceeds we guarantee the rental company will receive on re-sale. Reflecting our present estimate of proceeds the rental companies will receive on resale from third parties, we have recorded $459 million as our best estimate of the amount we will have to pay under the guarantee. See Note 2 for additional information on the adoption of the new revenue standard.

We also guarantee 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 2033, 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. However, our ability to enforce these rights is sometimes stayed until the guaranteed party is paid in full, and may be limited in the event of insolvency of the third party or other circumstances.

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 terms of the contract or by 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.

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; 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.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. COMMITMENTS AND CONTINGENCIES *(Continued)*

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 $2.8 billion.

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.

Warranty and Field Service Actions

We accrue obligations for warranty costs and field service actions (i.e., safety recalls, emission recalls, and other product campaigns) at the time of sale using a patterned estimation model that includes historical information regarding the nature, frequency, and average cost of claims for each vehicle line by model year. 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 the recovery is virtually certain. Recoveries are reported in *Trade and other receivables* and *Other assets.*

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

	First Half	
	2016	**2017**
Beginning balance	$ 4,558	$ 4,960
Payments made during the period	(1,593)	(1,710)
Changes in accrual related to warranties issued during the period	1,179	1,272
Changes in accrual related to pre-existing warranties	279	582
Foreign currency translation and other	45	71
Ending balance	$ 4,468	$ 5,175

Revisions to our estimated costs are reported as changes in accrual related to pre-existing warranties in the table above.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SEGMENT INFORMATION

Below is a description of our reportable segments and the business activities included in All Other.

Automotive Segment

Our Automotive segment primarily includes the sale of Ford and Lincoln brand vehicles, service parts, and accessories worldwide, together with the associated costs to develop, manufacture, distribute, and service the vehicles, parts, and accessories. The segment includes five regional business units: North America, South America, Europe, Middle East & Africa, and Asia Pacific.

Financial Services Segment

The Financial Services segment primarily includes our vehicle-related financing and leasing activities at Ford Credit.

All Other

All Other is a combination of two operating segments that did not meet the quantitative thresholds in this reporting period to qualify as reportable segments. All Other consists of our Central Treasury Operations and Ford Smart Mobility LLC. The Central Treasury Operations segment is primarily engaged in decision making for investments, risk management activities, and providing financing for the Automotive segment. Interest income (excluding interest earned on our extended service contract portfolio that is included in our Automotive segment), interest expense, gains and losses on cash equivalents and marketable securities, and foreign exchange derivatives associated with intercompany lending, are included in the results of Central Treasury Operations. The underlying assets and liabilities, primarily cash and cash equivalents, marketable securities, debt, and derivatives, remain with the Automotive segment.

Ford Smart Mobility LLC is a subsidiary formed to design, build, grow, and invest in emerging mobility services. Designed to compete like a start-up company, Ford Smart Mobility LLC designs and builds mobility services on its own, and collaborates with start-ups and tech companies.

Special Items

Our results include Special items that consist of (i) pension and OPEB remeasurement gains and losses, (ii) significant personnel and dealer-related costs stemming from our efforts to match production capacity and cost structure to market demand and changing model mix, and (iii) certain infrequent significant items that we generally do not consider to be indicative of our ongoing operating activities. Our management excludes these items from its review of the results of the operating segments for purposes of measuring segment profitability and allocating resources. Special items are presented as a separate reconciling item.

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. SEGMENT INFORMATION *(Continued)*

Key operating data for the periods ended or at June 30 were as follows (in millions):

	Automotive	Financial Services	All Other	Special Items	Adjustments	Total
Second Quarter 2016						
Revenues	$ 36,932	$ 2,553	$ —	$ —	$ —	$ 39,485
Pre-tax results - income/(loss)	2,832	385	(224)	(118)	—	2,875
Equity in net income/(loss) of affiliated companies	390	8	—	—	—	398
Cash, cash equivalents, and marketable securities	27,210	12,087	—	—	—	39,297
Total assets	99,272	145,303	6	—	(4,903) (a)	239,678
Debt	13,071	126,843	—	—	—	139,914
Operating cash flows	4,144	2,283	—	—	1,315 (b)	7,742
Second Quarter 2017						
Revenues	$ 37,113	$ 2,738	$ 2	$ —	$ —	$ 39,853
Pre-tax results - income/(loss)	2,191	603	(287)	(248)	—	2,259
Equity in net income/(loss) of affiliated companies	266	8	(1)	—	—	273
Cash, cash equivalents, and marketable securities	28,428	10,677	4	—	—	39,109
Total assets	103,583	150,793	83	—	(6,990) (a)	247,469
Debt	16,188	129,821	—	—	—	146,009
Operating cash flows	1,270	3,152	(23)	—	1,216 (b)	5,615

	Automotive	Financial Services	All Other	Special Items	Adjustments	Total
First Half 2016						
Revenues	$ 72,189	$ 5,014	$ —	$ —	$ —	$ 77,203
Pre-tax results - income/(loss)	6,296	884	(350)	(304)	—	6,526
Equity in net income/(loss) of affiliated companies	924	15	—	—	—	939
Operating cash flows	6,871	2,808	—	—	2,212 (b)	11,891
First Half 2017						
Revenues	$ 73,588	$ 5,407	$ 4	$ —	$ —	$ 78,999
Pre-tax results - income/(loss)	4,156	1,069	(499)	(224)	—	4,502
Equity in net income/(loss) of affiliated companies	605	15	(1)	—	—	619
Operating cash flows	3,286	4,236	(33)	—	2,462 (b)	9,951

____
(a) Includes eliminations of intersegment transactions occurring in the ordinary course of business and deferred tax netting.
(b) We measure and evaluate our Automotive segment operating cash flow on a different basis than *Net cash provided by/(used in) operating activities* in our consolidated statement of cash flows. Automotive segment operating cash flow includes additional elements management considers to be related to our Automotive operating activities, primarily capital spending and non-designated derivatives, and excludes outflows for funded pension contributions, separation payments, and other items that are considered operating cash flows under U.S. GAAP. The table below quantifies these reconciling adjustments to *Net cash provided by/(used in) operating activities* for the periods ended June 30 (in millions):

	Second Quarter		First Half	
	2016	2017	2016	2017
Automotive capital spending	$ 1,686	$ 1,547	$ 3,183	$ 3,242
Net cash flows from non-designated derivatives	41	(66)	(76)	(200)
Funded pension contributions	(221)	(221)	(589)	(456)
Separation payments	(148)	(31)	(158)	(59)
Other	(43)	(13)	(148)	(65)
Total operating cash flow adjustments	$ 1,315	$ 1,216	$ 2,212	$ 2,462

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Ford Motor Company

We have reviewed the accompanying consolidated balance sheet of Ford Motor Company and its subsidiaries as of June 30, 2017, and the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2017 and 2016 and the consolidated statement of equity and the condensed consolidated statement of cash flows for the six-month periods ended June 30, 2017 and 2016. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of income, comprehensive income, equity, and cash flows for the year then ended (not presented herein), and in our report dated February 9, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2016, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, Michigan
July 26, 2017

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

OVERVIEW

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 business results and trends, and a means to assess 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.

- *Total Company Adjusted Pre-tax Profit (Most Comparable GAAP Measure: Net Income Attributable to Ford)* – The non-GAAP measure is useful to management and investors because it allows users to evaluate our pre-tax results excluding pre-tax special items. Pre-tax special items consist of (i) pension and other postretirement employee benefits ("OPEB") remeasurement gains and losses that are not reflective of our underlying business results, (ii) significant restructuring actions related to our efforts to match production capacity and cost structure to market demand and changing model mix, and (iii) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. When we provide guidance for adjusted pre-tax profit, 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 prior to year-end, including pension and OPEB remeasurement gains and losses.

- *Adjusted Earnings Per Share (Most Comparable GAAP Measure: Earnings Per Share)* – Measure of Company's diluted net earnings per share adjusted for impact of pre-tax special items (described above) and tax special items. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of the underlying run rate of our business. When we provide guidance for adjusted earnings per share, we do not provide guidance on an earnings 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.

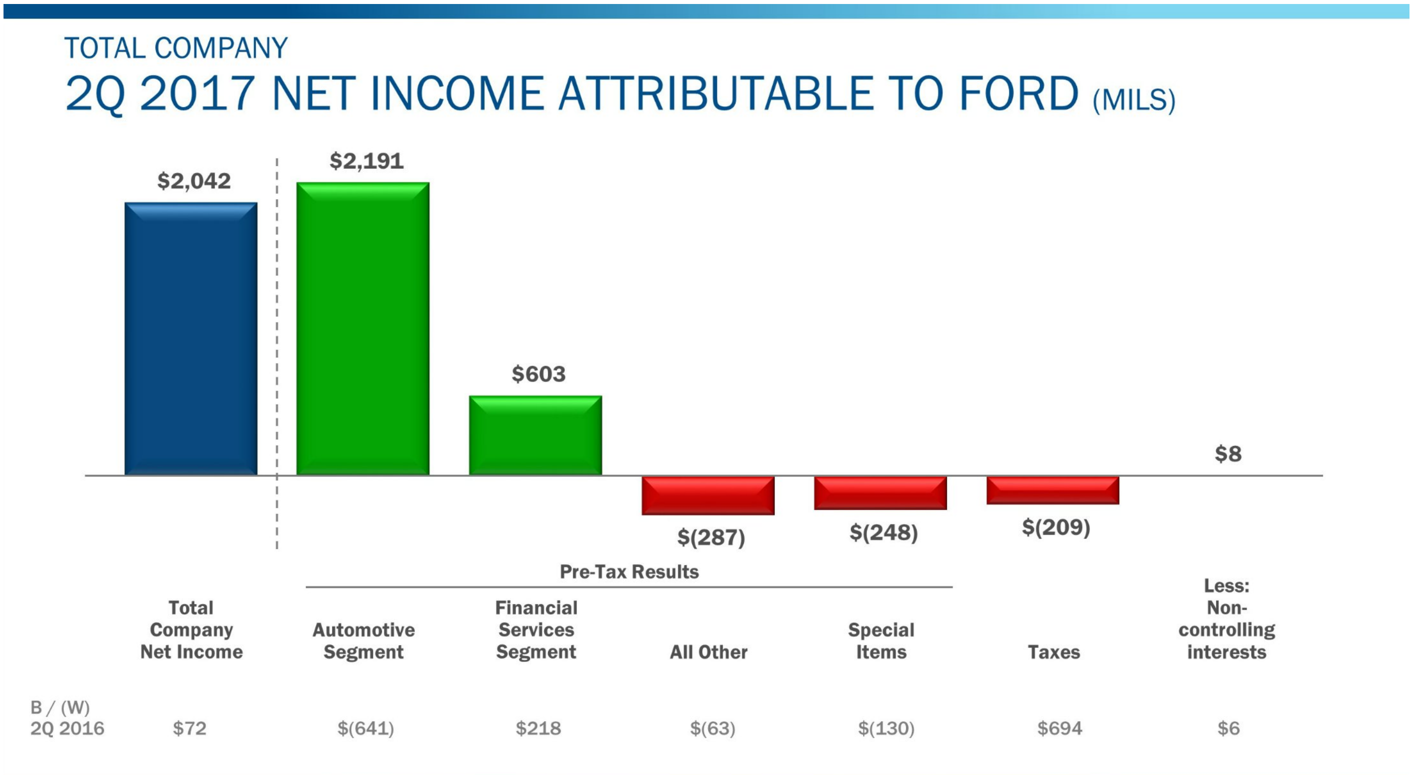
- *Ford Credit Managed Receivables (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases)* – Measure of Ford Credit's total net receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer's outstanding balance on the receivables, which is the basis for earning revenue.

- *Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage)* – Ford Credit's debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit's term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

RESULTS OF OPERATIONS

Total Company

Net income attributable to Ford. The chart below shows our second quarter 2017 net income attributable to Ford.



Net income attributable to Ford in the second quarter of 2017 was $2 billion or $0.51 diluted earnings per share of Common and Class B Stock, an increase of $72 million or $0.02 per share compared with the second quarter of 2016. Second quarter 2017 pre-tax results of our Automotive segment, Financial Services segment, All Other, and Special Items, as well as Taxes are discussed in the following sections in "Results of Operations."

Revenue. Company revenue in the second quarter of 2017 was $39.9 billion, $368 million higher than a year ago.

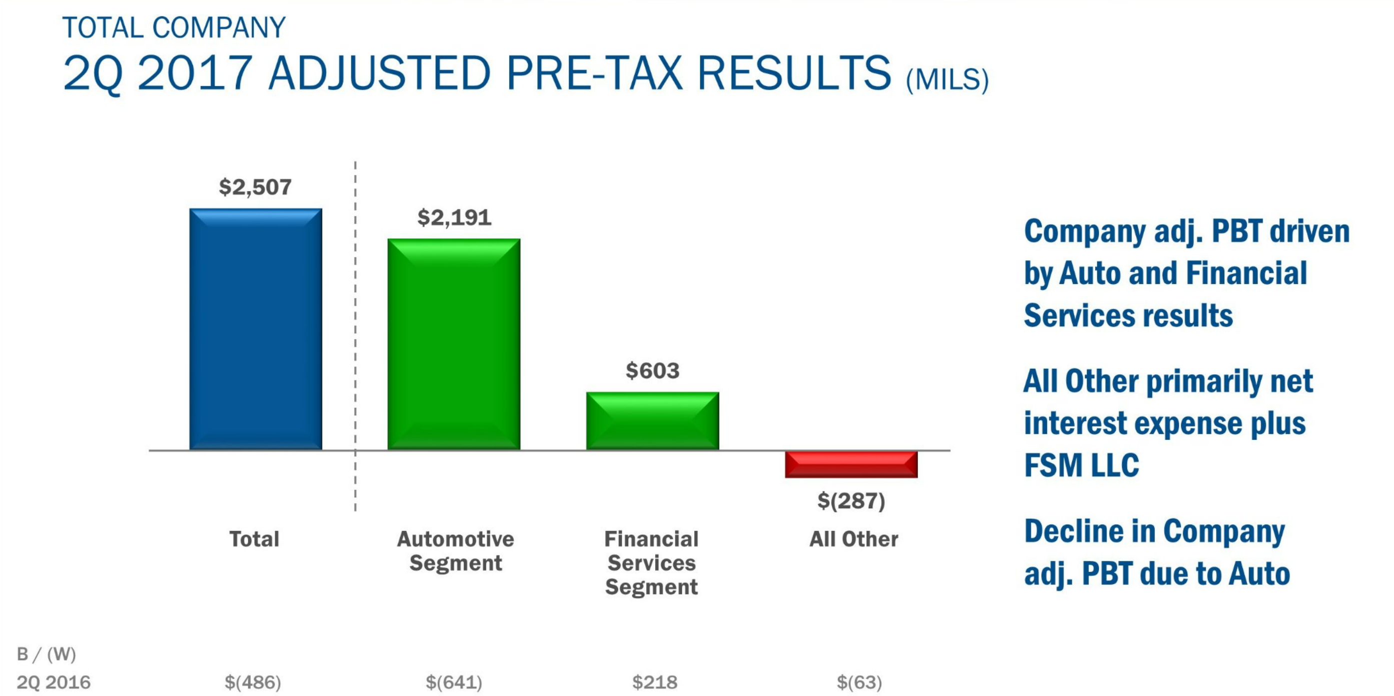
Cost of sales and *Selling, administrative, and other expenses* for the second quarter of 2017 were $36.1 billion, an increase of $0.8 billion. *Cost of sales* and *Selling, administrative, and other expenses* for the first half of 2017 was $71.6 billion, an increase of $3.1 billion. The detail for the second quarter and first half of 2017 change compared with 2016 is shown below (in billions):

	2017 Lower/(Higher) 2016	
	Second Quarter	First Half
Volume and mix, exchange, and other	$ (0.3)	$ (1.5)
Contribution costs		
Material excluding commodities	—	(0.3)
Commodities	(0.4)	(0.6)
Freight and other	0.1	(0.3)
Structural costs	(0.1)	(0.5)
Special items	(0.1)	0.1
Total	$ (0.8)	$ (3.1)

Equity. At June 30, 2017, total equity attributable to Ford was $32.2 billion, an increase of $3.1 billion compared with December 31, 2016. The detail for this change is shown below (in billions):

	Increase/ (Decrease)
Net income	$ 3.6
Shareholder distributions	(1.5)
Other comprehensive income	0.3
Adoption of accounting standards	0.6
Common Stock issued (including share-based compensation impacts)	0.1
Total	$ 3.1

The chart below shows our second quarter 2017 total Company adjusted pre-tax results and the pre-tax results of our Automotive segment, our Financial Services segment, and All Other, which is mainly net interest expense and the results of Ford Smart Mobility LLC.



Our total Company adjusted pre-tax profit for the second quarter of 2017 was $2.5 billion, $486 million lower than a year ago. Adjusted earnings per share of Common and Class B stock was $0.56, up $0.04 per share compared with the second quarter of 2016.

Our total Company adjusted pre-tax profit of $2.5 billion consisted of: Automotive segment profit of about $2.2 billion, a profit of $603 million in the Financial Services segment, and a loss of $287 million in All Other, largely net interest expense.

As shown below the chart, the Automotive segment profit decline from a year ago drove the lower total Company adjusted pre-tax profit.

AUTOMOTIVE SEGMENT

In general, we measure year-over-year change in Automotive segment pre-tax results using the causal factors listed below, with net pricing and cost variances calculated at present-year volume and mix and exchange:

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

- *Contribution Costs* – primarily measures profit 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 profit 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* – consists primarily of costs for engineering personnel, prototype materials, testing, and outside engineering services
  - *Spending-Related* – consists primarily of depreciation and amortization of our manufacturing and engineering assets, 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 and Selling* – includes primarily costs for salaried personnel and purchased services related to our staff activities and selling functions, as well as associated information technology costs
  - *Pension and OPEB* – consists primarily of past service pension costs and other postretirement employee benefit costs

- *Exchange* – primarily measures profit 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 profits, 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, 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. 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

- *Automotive Segment Operating Margin* – defined as Automotive segment pre-tax profit divided by Automotive segment revenue

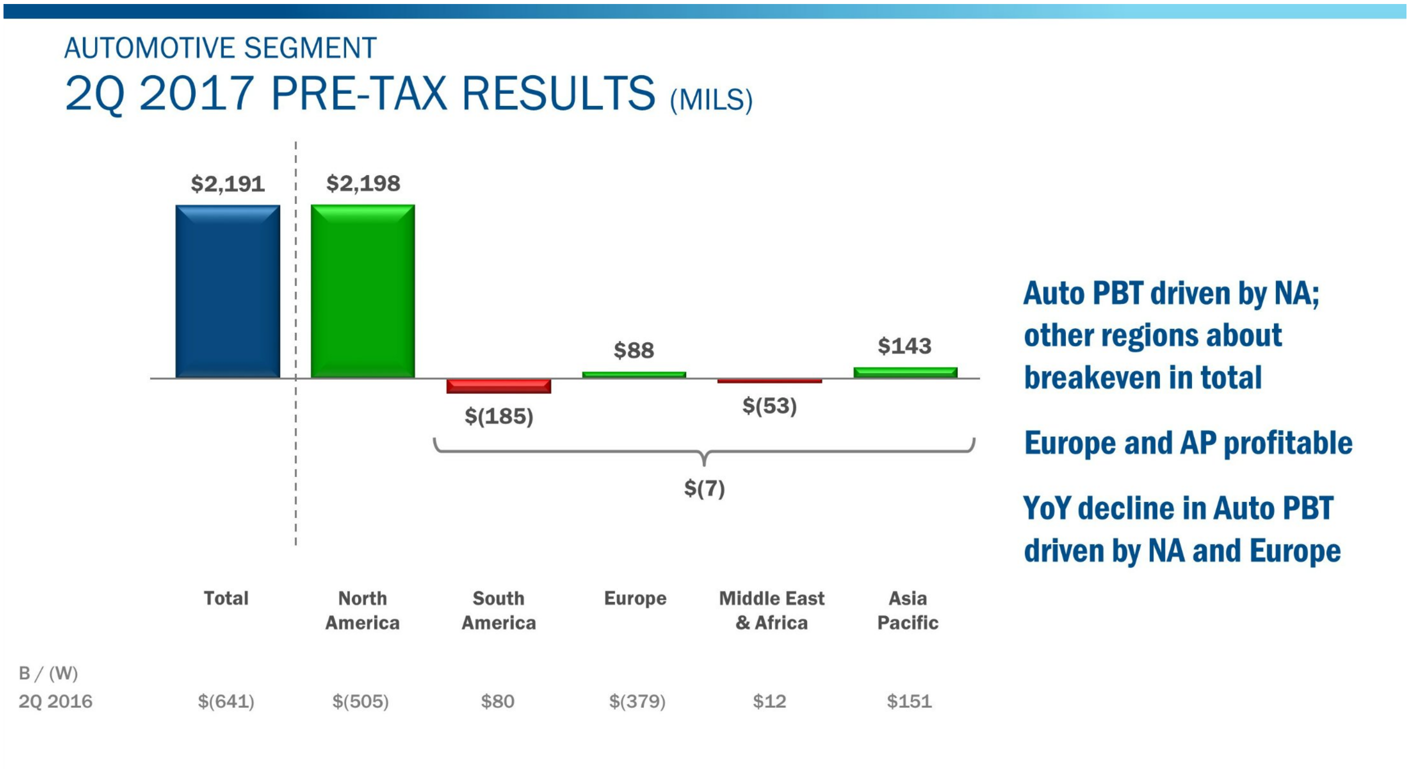
- *Industry Volume and Market Share* – based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks

- *Automotive Cash* – includes cash, cash equivalents, and marketable securities

- *SAAR* – seasonally adjusted annual rate

References to Automotive records for operating cash flow, operating margin, and business units are since at least 2000.

The charts on the following pages detail second quarter 2017 key metrics and the change in second quarter 2017 pre-tax results compared with second quarter 2016 by causal factor for our Automotive segment and its business units — North America, South America, Europe, Middle East & Africa, and Asia Pacific.

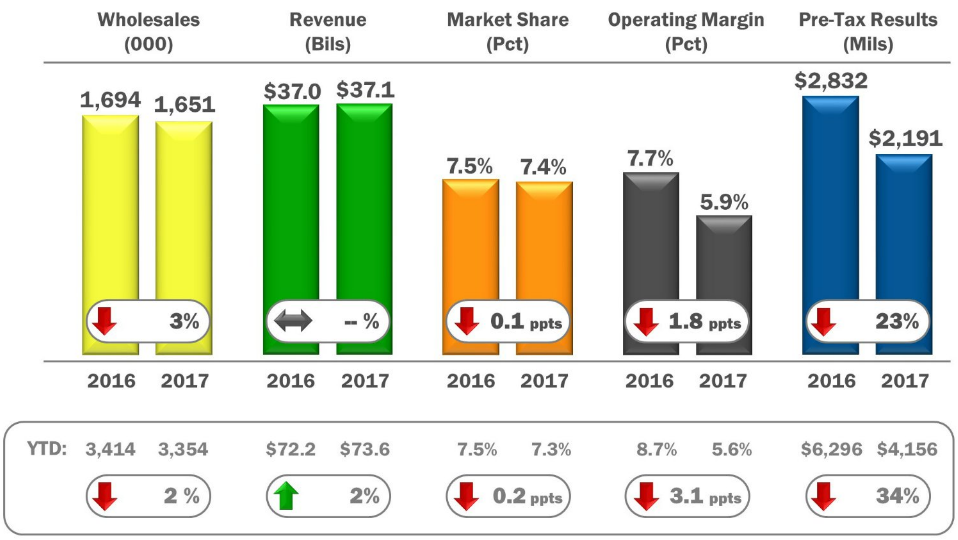


Our second quarter 2017 Automotive pre-tax results by business unit are shown above. Automotive profit was driven by North America with Europe and Asia Pacific also profitable. Outside North America, other regions were about breakeven in total.

As shown below the chart, the decline in Automotive profit versus last year was due to North America and Europe; results improved in Asia Pacific, South America, and Middle East & Africa.

AUTOMOTIVE SEGMENT

2Q 2017 KEY METRICS



Auto top-line metrics mixed YoY; financial metrics lower

Global SAAR up 4% due to AP, Europe and SA

Global market share lower due to NA, Europe and MEA; share up in AP and SA

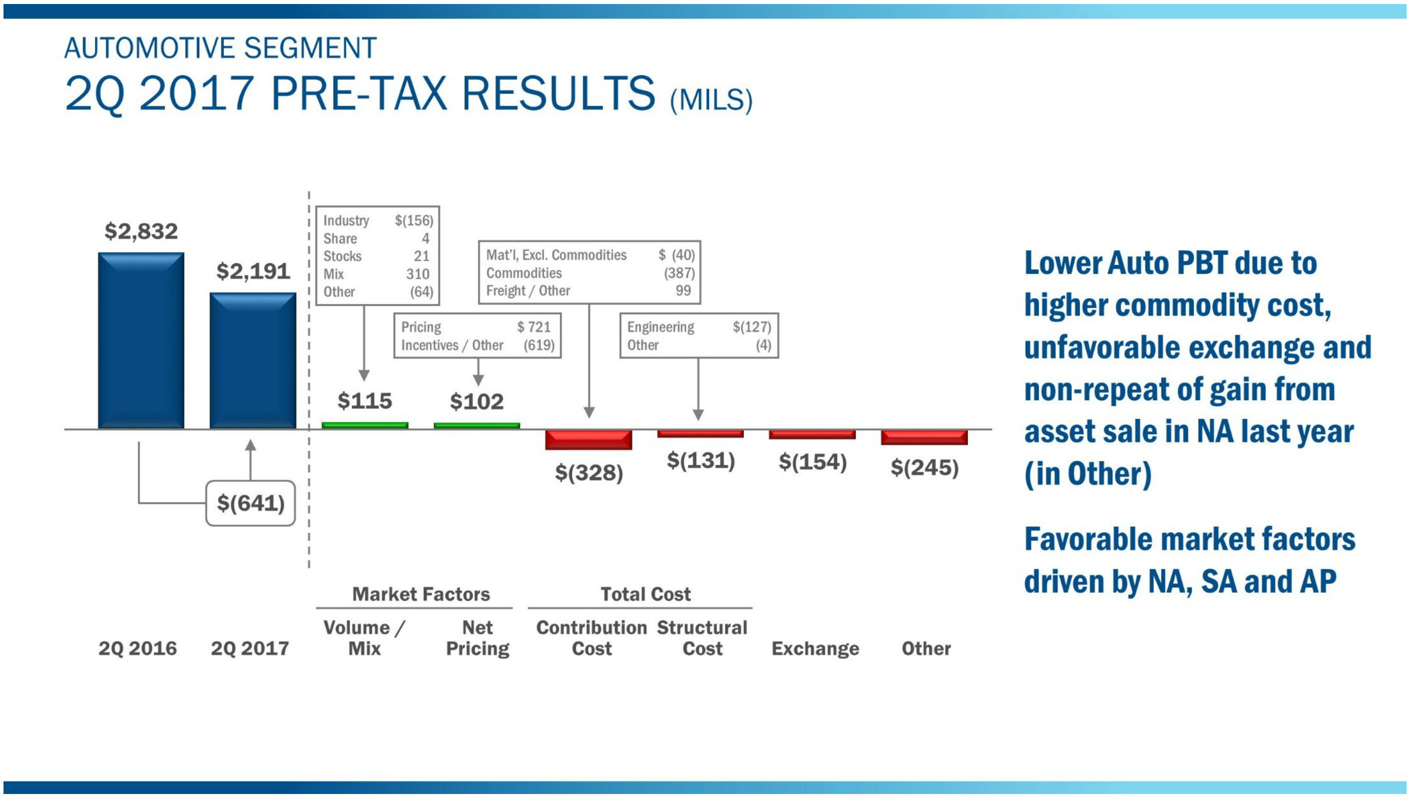
Shown above are the second quarter 2017 key metrics for our Automotive segment. Wholesale volume was down 3% from a year ago, while Automotive revenue was about flat.

Global industry SAAR is estimated at 93.2 million units, up 4%; this was driven by Asia Pacific, Europe, and South America.

Global market share, at 7.4%, was down one-tenth of a percentage point, reflecting lower share in North America, Europe, and Middle East & Africa. Market share improved in Asia Pacific and South America.

Automotive operating margin and pre-tax profit, at 5.9% and $2.2 billion, respectively, were both lower than a year ago.

As shown below the chart, first half 2017 Automotive revenue was up 2% year over year, while all other key metrics were lower.

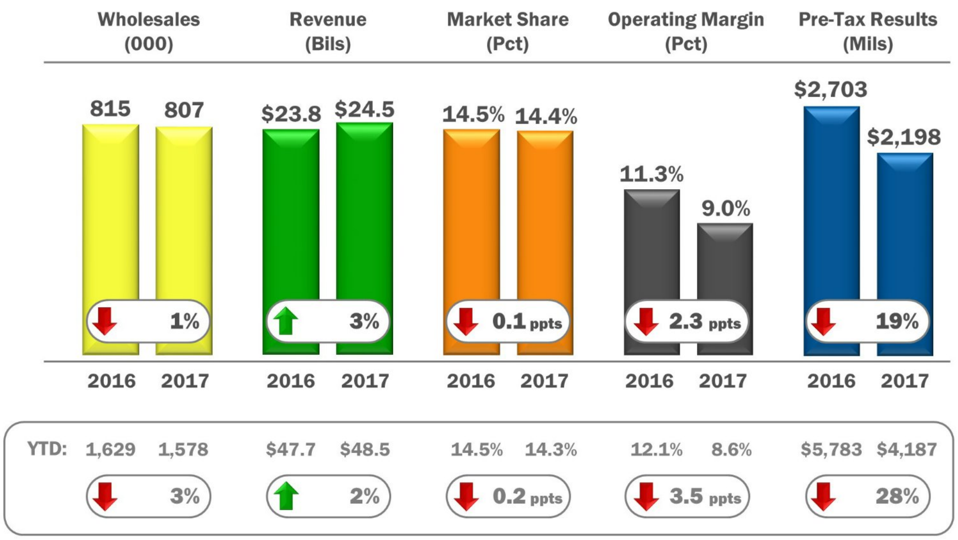


Shown above are the factors that contributed to the $641 million decline in second quarter 2017 Automotive segment pre-tax profit. The lower profit is explained by higher commodity cost, with steel the largest factor, unfavorable exchange, and the non-repeat of a gain from an asset sale in North America last year.

Market factors were positive, driven by favorable mix and higher net pricing.

AUTOMOTIVE SEGMENT – NORTH AMERICA

2Q 2017 KEY METRICS



NA top-line metrics mixed; financial metrics lower

NA and U.S. SAARs each down 0.5M units

NA market share lower due to U.S. fleet sales

Shown above are the second quarter 2017 key metrics for North America. Revenue was up 3%, driven by the continued strong mix and higher net pricing. All other key metrics were flat to lower than a year ago.

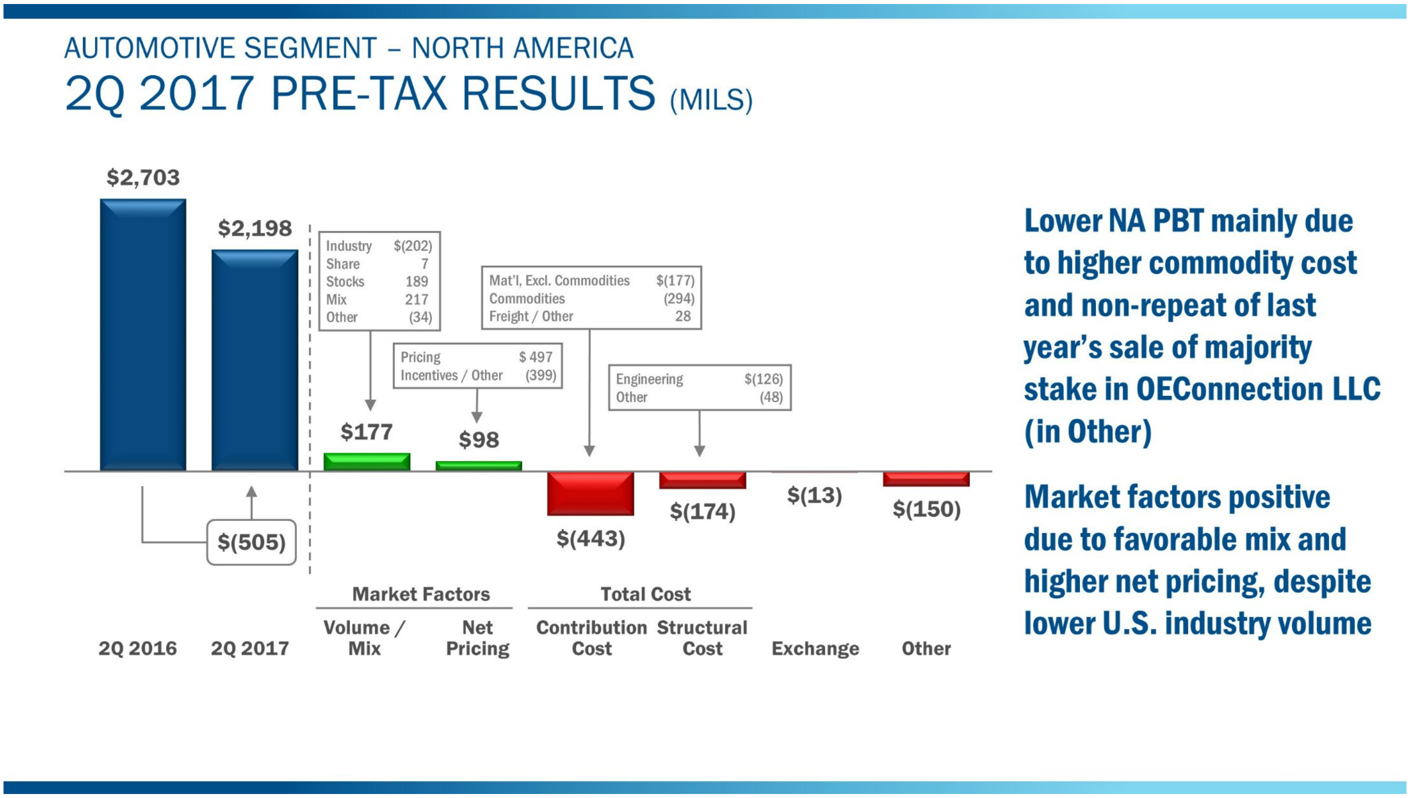
North America SAAR, at 21 million units, and U.S. SAAR, at 17 million units, were both down 500,000 units from a year ago.

North America market share was down one-tenth of a percentage point, with U.S. share also down one-tenth of a point to 15.2%. This was driven by lower U.S. fleet sales. We gained share in the growing utilities and truck segments.

In the quarter, F-Series sales improved 7.4% compared to a year ago and gained share, reflecting our best second quarter sales performance since 2001. Ford-brand SUVs also had outstanding results, achieving record sales for the quarter. Lincoln continued to grow, up 3% with retail sales up 8%, delivering the brand's best sales performance in a decade.

Operating margin was 9% and pre-tax profit was $2.2 billion, both lower than a year ago.

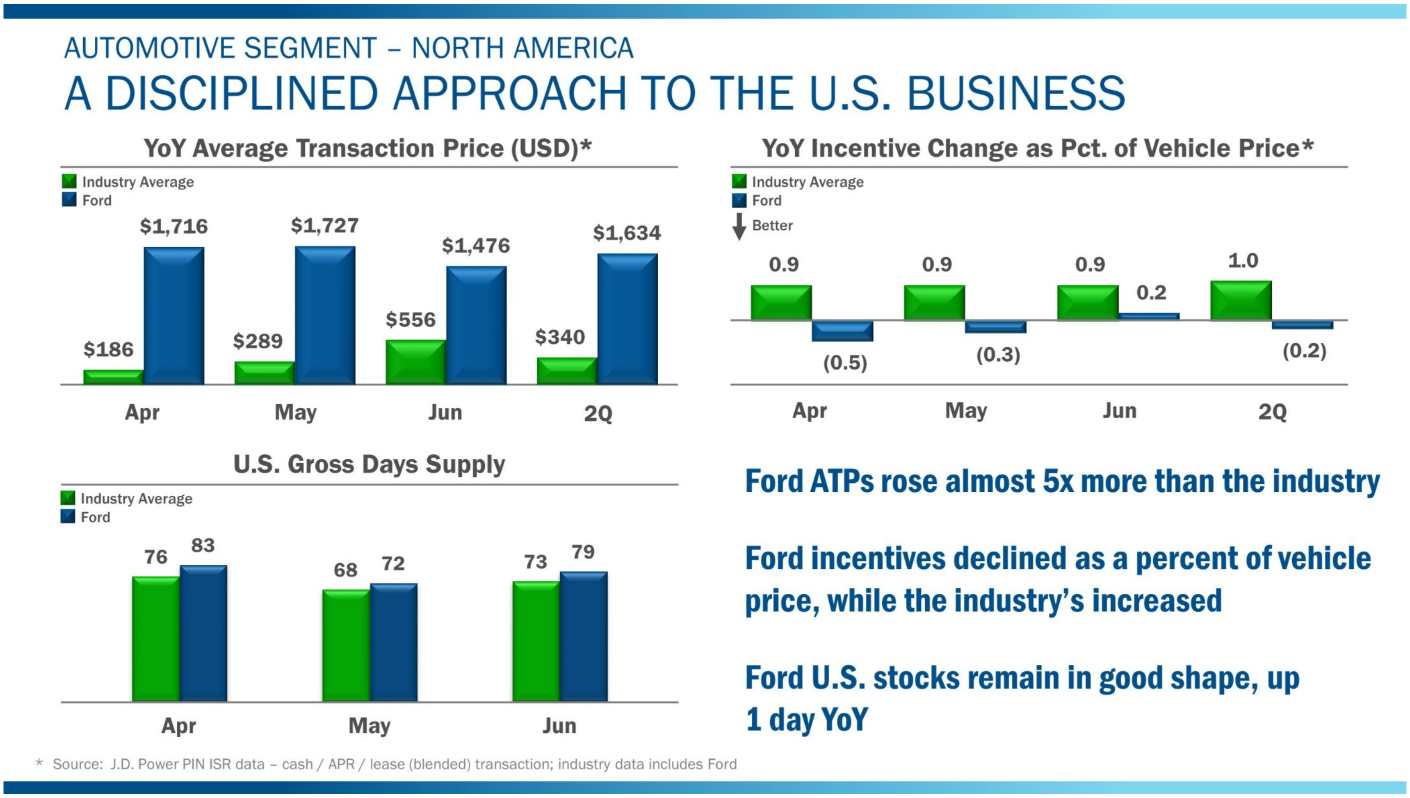
As shown below the chart, each of North America's first half key metrics, except for revenue, was lower than a year ago.



As shown above, North America's pre-tax profit was $505 million lower than a year ago, reflecting mainly higher commodity cost and the non-repeat of last year's gain on the sale of a majority of our stake in OEConnection LLC.

Market factors were positive due to favorable mix and higher net pricing. The mix reflects primarily the continued strength of F-Series.

For 2017, we continue to expect North America operating margin and profit to be lower than 2016, mainly due to higher commodity cost and increased engineering expense, mainly for utility and autonomous vehicles. Exchange is also expected to be unfavorable.



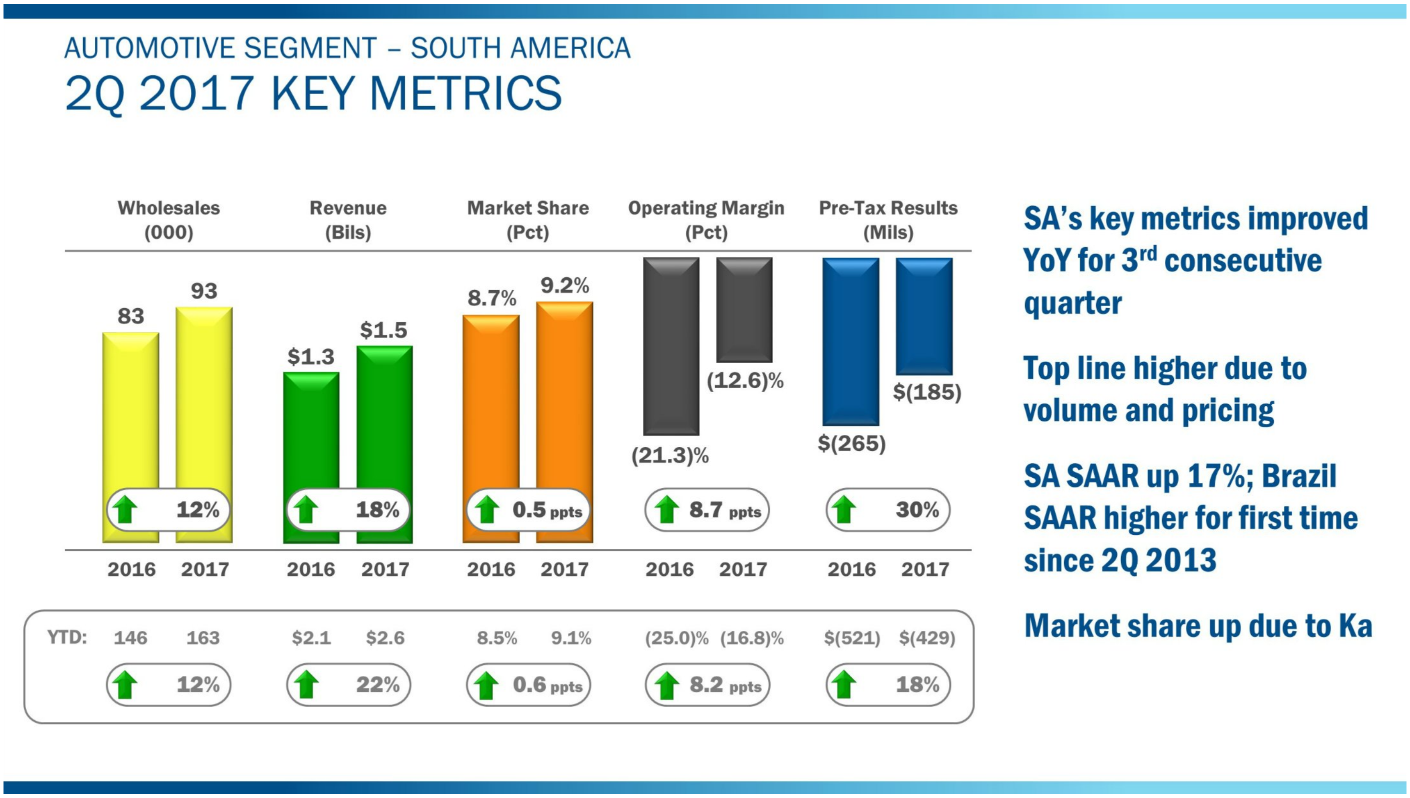
As shown above, the metrics continue to demonstrate the disciplined approach we take to our business. This is true everywhere we operate, but highlighted here for North America.

Our year-over-year average transaction price in the U.S. in the second quarter of 2017 grew nearly five times faster than the industry due to the strength of F-Series. In the quarter, F-Series transaction prices were up over $3,100 per unit compared to a year ago, outpacing the overall segment increase of $1,400 per unit, reflecting strong customer demand for high-level trim series on both Super Duty and F-150, including the Raptor.

We also continued our disciplined approach to incentives. While industry incentives as a percent of vehicle price were up in the second quarter, our levels were slightly lower as we managed supply and demand well and benefited from the strength of our products.

Our U.S. stocks remain in good shape and we continue to take a disciplined approach to match supply to demand.

Ford's days supply tend to be slightly higher than industry average because of our stronger position in trucks and the associated larger number of product configurations we offer, a Ford strength.



All key metrics for South America in the second quarter of 2017 improved from a year ago -- our third consecutive quarter of improvement across the board.

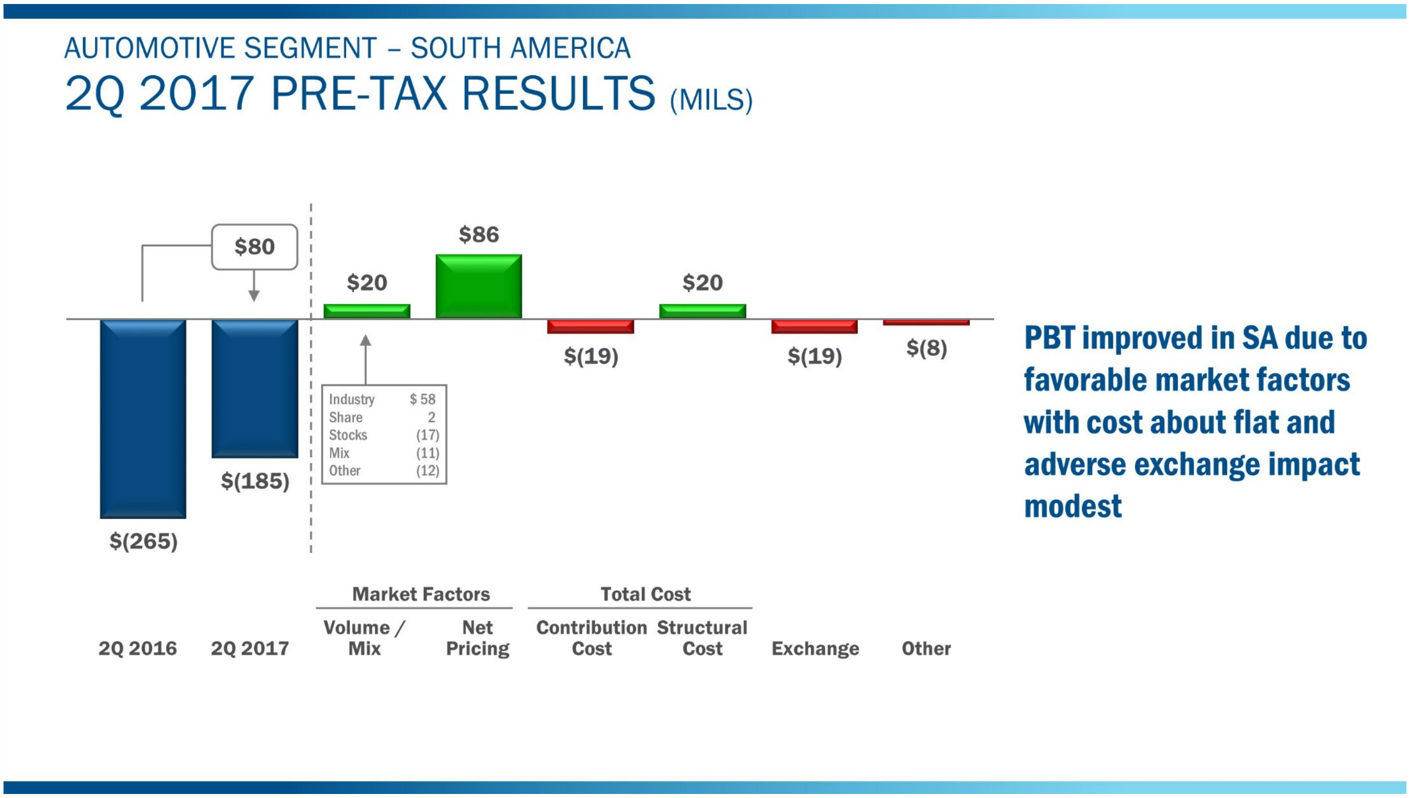
The top-line improved with wholesale volume up 12% and revenue up 18%. The higher volume was driven by higher industry and improved market share, while the higher revenue was due to the volume increase and higher pricing.

Industry SAAR for the region, at 4.2 million units, was up 17%, or 600,000 units. Brazil SAAR, at 2.3 million units, was up 15%, or 300,000 units. The increase was the first quarterly year-over-year improvement in Brazil in four years.

Our market share for the region, at 9.2%, was up five-tenths of a percentage point due to strong sales of Ka.

Operating margin and pre-tax results for the region both improved sharply from a year ago.

As shown below the chart, each of South America's key metrics improved significantly in the first half from a year ago.



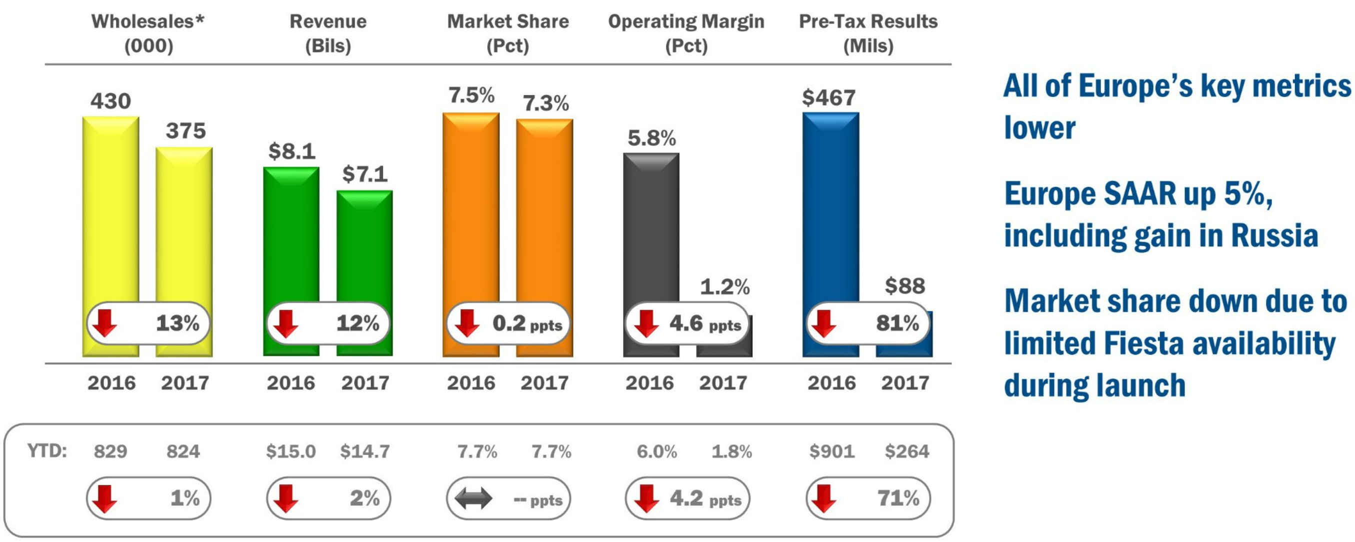
As shown above, South America's second quarter 2017 pre-tax result improved $80 million compared to a year ago due to higher net pricing and volume.

Total cost was about flat as we continued to improve the fitness of our business while inflation and exchange effects moderated.

For 2017, we continue to expect South America's loss to improve from last year as a result of favorable market factors as the economy continues to recover. We expect most of the full year improvement to occur in the second half as the economy gains momentum.

AUTOMOTIVE SEGMENT – EUROPE

2Q 2017 KEY METRICS



* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 21,000 units in 2Q 2016 and 19,000 units in 2Q 2017). Revenue does not include these sales

Shown above are the second quarter 2017 key metrics for Europe. We delivered our ninth consecutive quarterly profit, but all key metrics were lower.

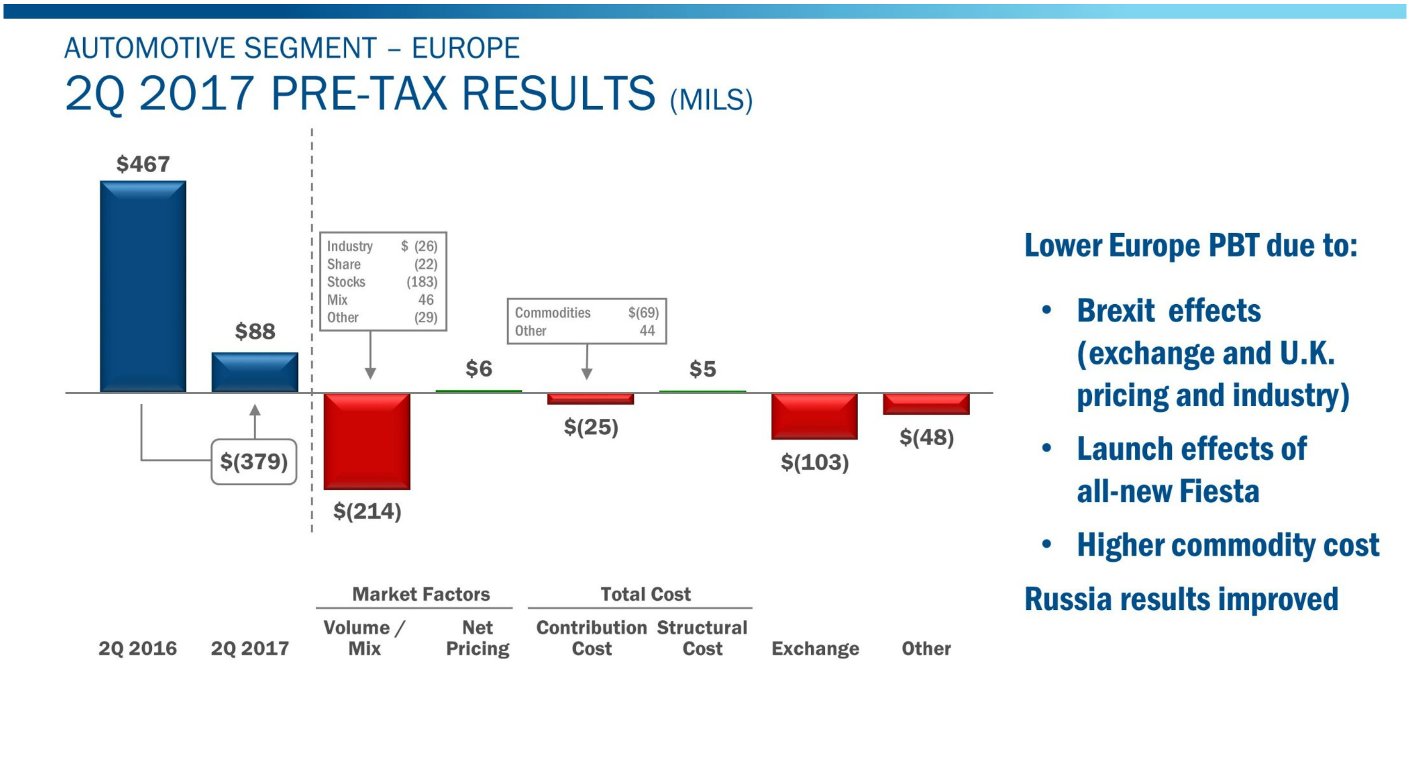
The top line declined with wholesale volume down 13% and revenue down 12% from a year ago. The lower wholesales were driven by a decrease in dealer stocks this quarter compared to an increase a year ago. This reflects the launch effect of the all-new Fiesta. The lower revenue was driven by the lower volume and adverse exchange.

Europe SAAR, at 20.7 million units, was 5% higher than a year ago, including the first quarterly year-over-year improvement in Russia since fourth quarter of 2012.

Market share, at 7.3%, was down two-tenths of a percentage point, driven by Fiesta. Commercial vehicle share improved, and Ford remained Europe's best-selling commercial vehicle brand in the second quarter.

Europe's operating margin was 1.2% and pre-tax profit was $88 million, both lower than a year ago.

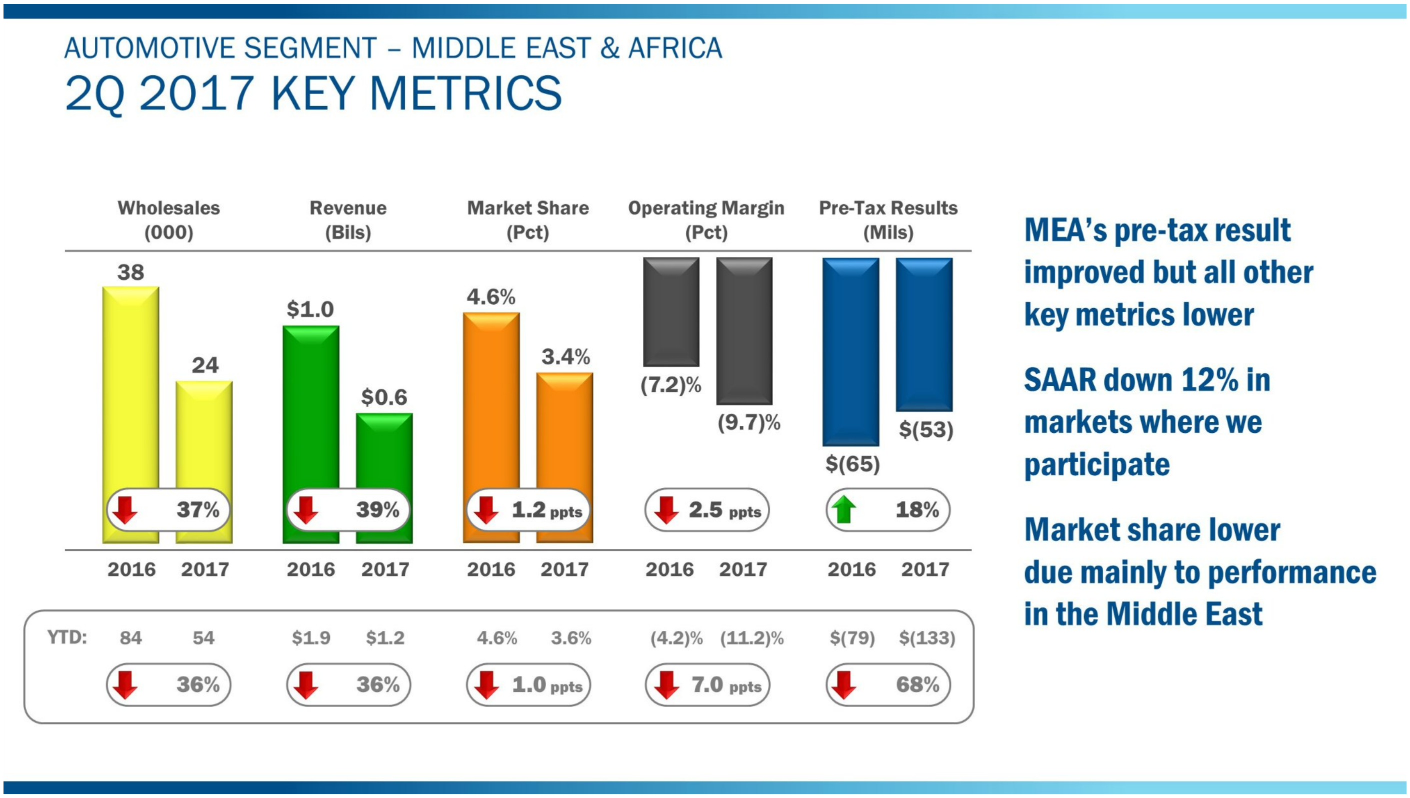
As shown below the chart, our year-to-date market share was flat compared to a year ago. Top line metrics were down modestly, while operating margin and profit were down more sharply.



Europe's second quarter 2017 pre-tax profit was $379 million lower than a year ago, reflecting the weaker sterling and lower U.K. industry resulting from Brexit, the launch effects of the all-new Fiesta, and higher commodity cost.

Although not shown, results in Russia continued to improve.

For 2017, we continue to expect Europe to remain profitable, although at levels below 2016. This is due mainly to Brexit effects and higher commodity cost. Favorable market factors and continued improvement in Russia will be a partial offset.



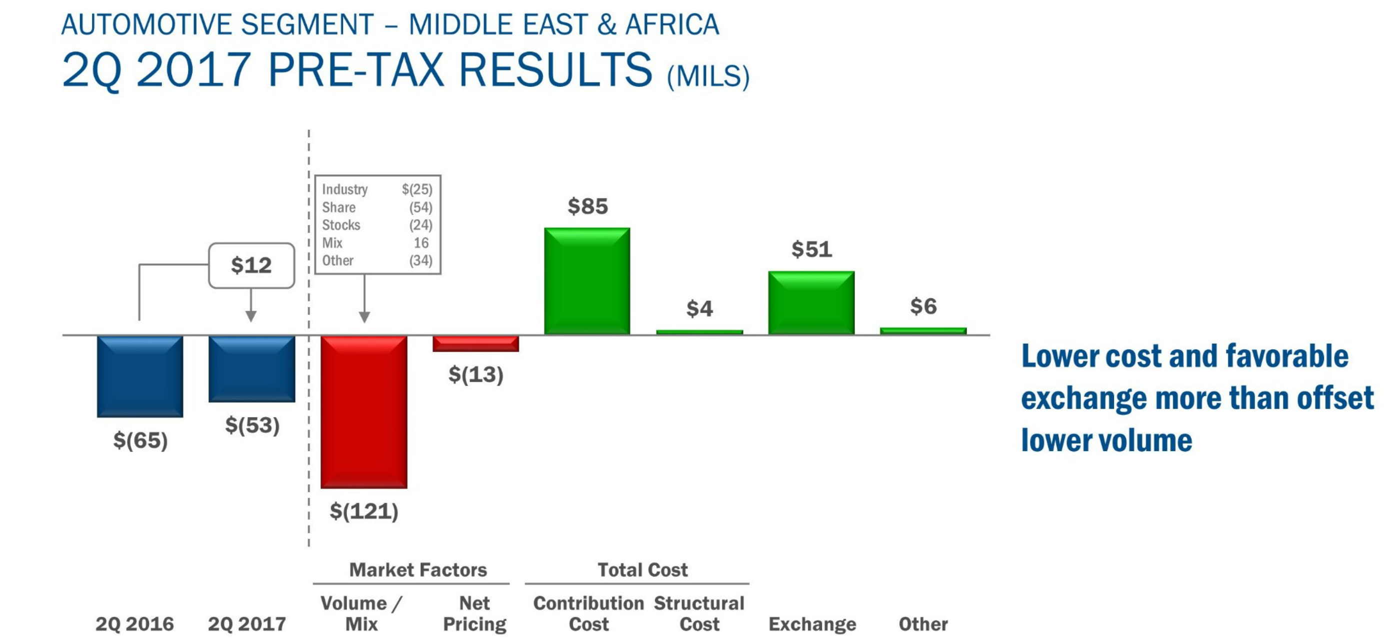
Shown above are the key metrics for Middle East & Africa for the second quarter of 2017, where our pre-tax result improved from a year ago despite declines in all other key metrics.

The top line was down due to lower wholesale volume, largely reflecting lower share and lower industry in the Middle East.

Industry SAAR for the region, at 3.7 million units, was down 100,000 units from 2016. Within this, the markets where we participate declined 300,000 units.

Our market share was 3.4%, down 1.2 percentage points, mostly reflecting performance in the Middle East.

As shown below chart, each of the key metrics in the first half was lower compared with a year ago because of volume declines as a result of lower industry volume and market performance in the Middle East.



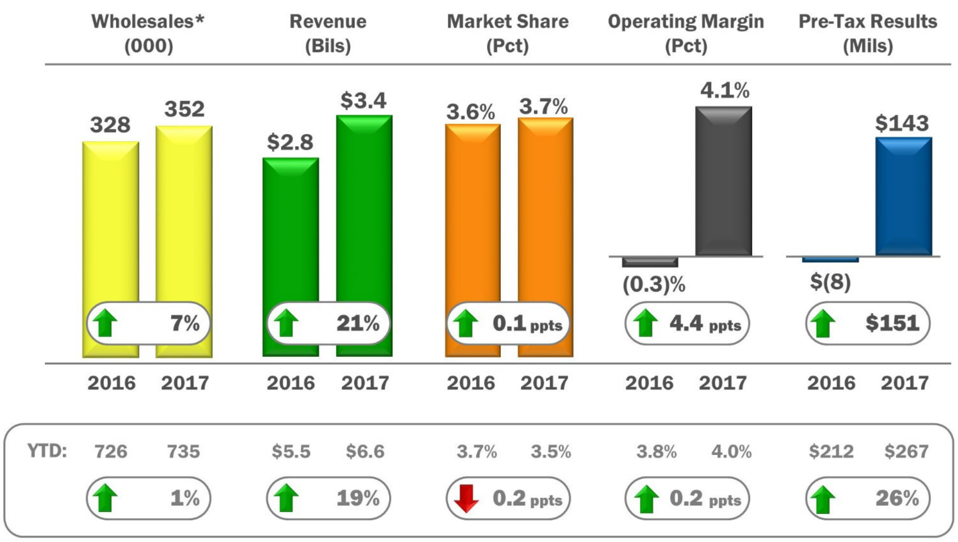
As shown above, Middle East & Africa's second quarter 2017 pre-tax result improved $12 million from a year ago.

The better result was due to favorable cost performance, reflecting mainly lower material and freight and distribution costs, and favorable exchange. This was partially offset by lower volume driven by market performance and lower industry volume in the Middle East, along with related dealer stock adjustments.

For 2017, we continue to expect results in Middle East & Africa to improve compared to 2016 due to lower cost and favorable exchange with lower volume a partial offset.

AUTOMOTIVE SEGMENT – ASIA PACIFIC

2Q 2017 KEY METRICS



AP's key metrics improved

Wholesales and revenue up due mainly to China

AP SAAR up 2.3M units, mainly China

Market share up due to China

China JVs at $195M net income; margin at 10.7%

* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 231,000 units in 2Q 2016 and 246,000 units in 2Q 2017). Revenue does not include these sales

Asia Pacific's second quarter 2017 key metrics are shown above, where we delivered a pre-tax profit of $143 million with all key metrics improving from a year ago.

Wholesale volume increased by 7% and revenue from consolidated operations increased by 21%, reflecting the strength of our full line up of SUVs and continued growth of Lincoln in China.

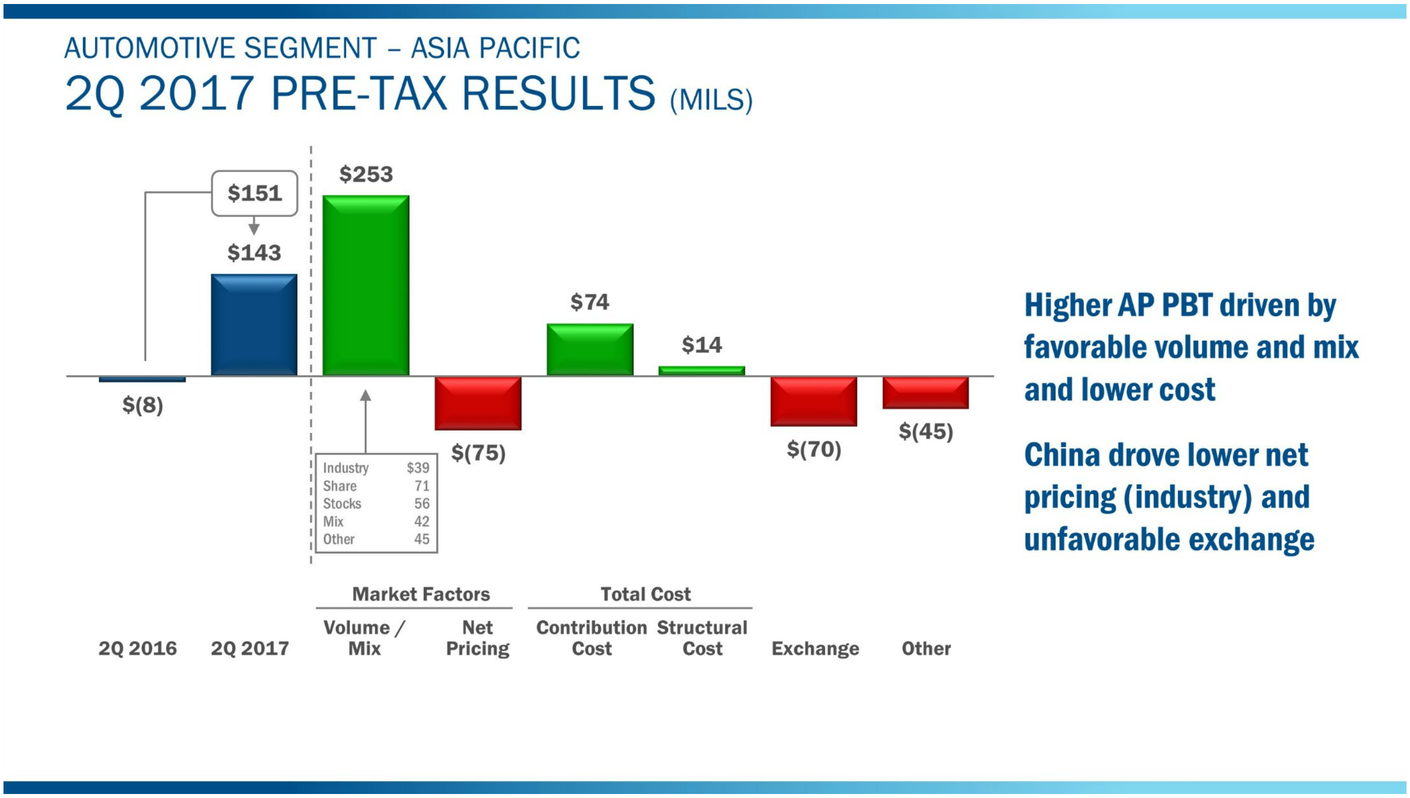
Asia Pacific SAAR was 43.7 million units, up 2.3 million units, driven by a 1.9 million unit increase in China SAAR, estimated at 27.2 million units.

Asia Pacific market share was 3.7%, up one-tenth of a percentage point due to higher share in China because of strong JMC commercial vehicle gains and Lincoln performance.

Asia Pacific's operating margin and pre-tax profit both increased significantly from a year ago.

In the quarter, our China joint ventures contributed $195 million to pre-tax profit, reflecting our equity share of the JVs' after-tax earnings. This was $101 million lower than last year due mainly to lower investment incentives and unfavorable exchange. Net income margin was 10.7%, down 5.4 percentage points.

As shown below the chart, all key metrics except market share improved in the first half versus a year ago.



As shown above, Asia Pacific's second quarter 2017 pre-tax profit was $151 million higher than a year ago, driven by higher volume and mix. This reflects higher share and industry volume in China, favorable stock adjustments for Ford brand imports to China, and favorable mix in Australia.

China drove lower net industry pricing and unfavorable exchange.

Our results in markets outside of China improved compared to a year ago, particularly in Australia and India.

For 2017, we continue to expect Asia Pacific's pre-tax profit to improve from 2016 due to favorable volume and mix and lower cost. Partial offsets will be lower net industry pricing in China and unfavorable exchange because of a weaker RMB.

FINANCIAL SERVICES SEGMENT

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

- *Volume and Mix:*
  - Volume primarily measures changes in net financing margin driven by changes in average managed receivables 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 vehicle sales and leases, the extent to which Ford Credit purchases retail installment sale and 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 for the purchase of retail installment sale and lease contracts and to provide wholesale financing
  - Mix primarily measures changes in net financing margin driven by period over period changes in the composition of Ford Credit's average managed receivables by product and by country or region

- *Financing Margin:*
  - Financing margin variance is the period-to-period change in financing margin yield multiplied by the present period average managed receivables 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 managed receivables 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 economic conditions. For additional information on the allowance for credit losses, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2016 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 the estimate of the number of vehicles that will be returned to it and sold. For additional information on accumulated supplemental depreciation, refer to the "Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases" section of Item 7 of Part II of our 2016 Form 10-K Report

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

- *Other:*
  - Primarily includes operating expenses, other revenue, and insurance expenses 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 revenue 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:

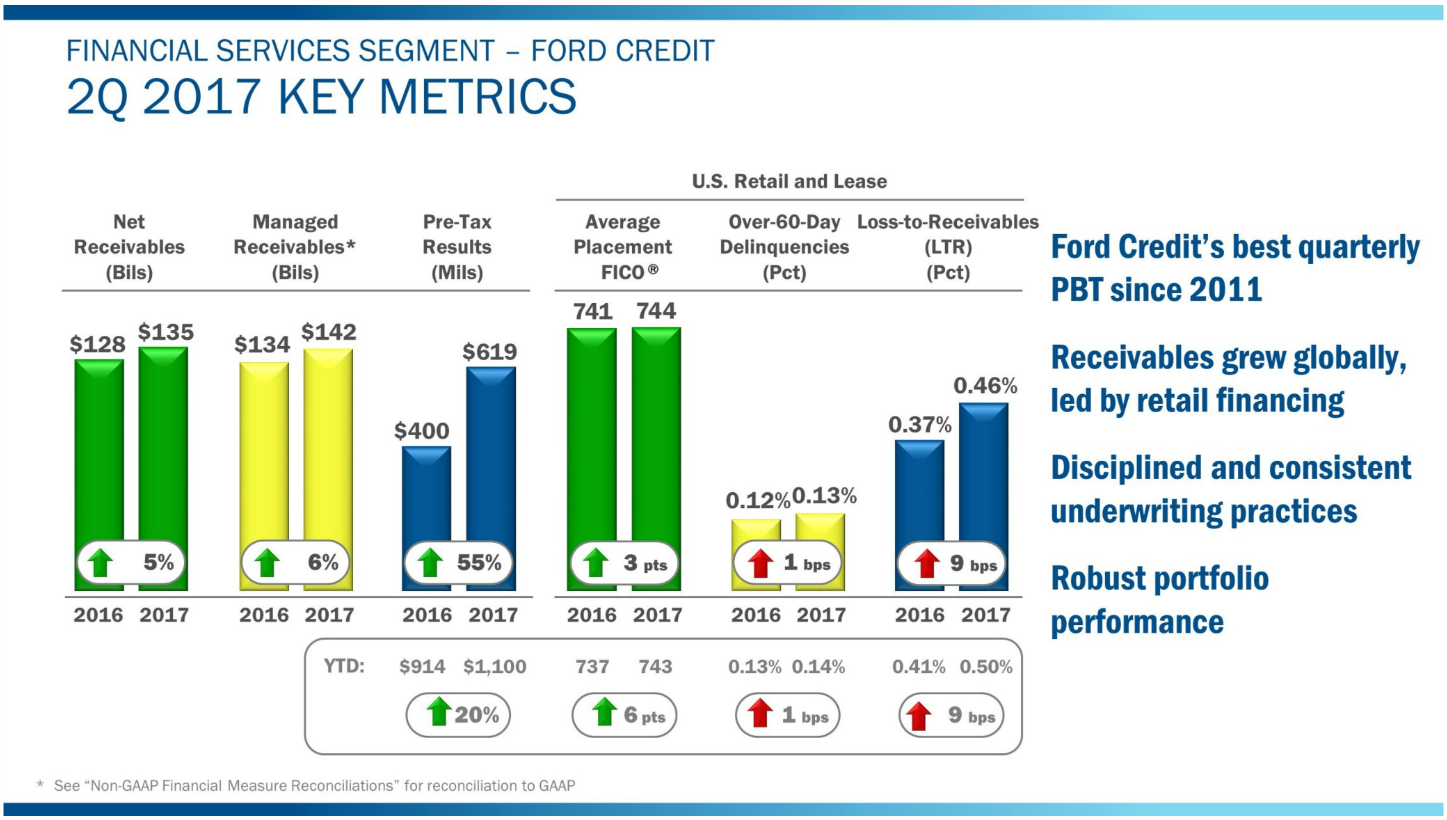
- *Cash* (as shown on the Funding Structure, Liquidity Sources, and Leverage charts) – Cash, cash equivalents, and marketable securities, excluding amounts related to insurance activities

- *Securitizations* (as shown on the Public Term Funding Plan chart) – Public securitizations, Rule 144A offerings sponsored by Ford Motor Credit, and widely distributed offerings by Ford Credit Canada

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

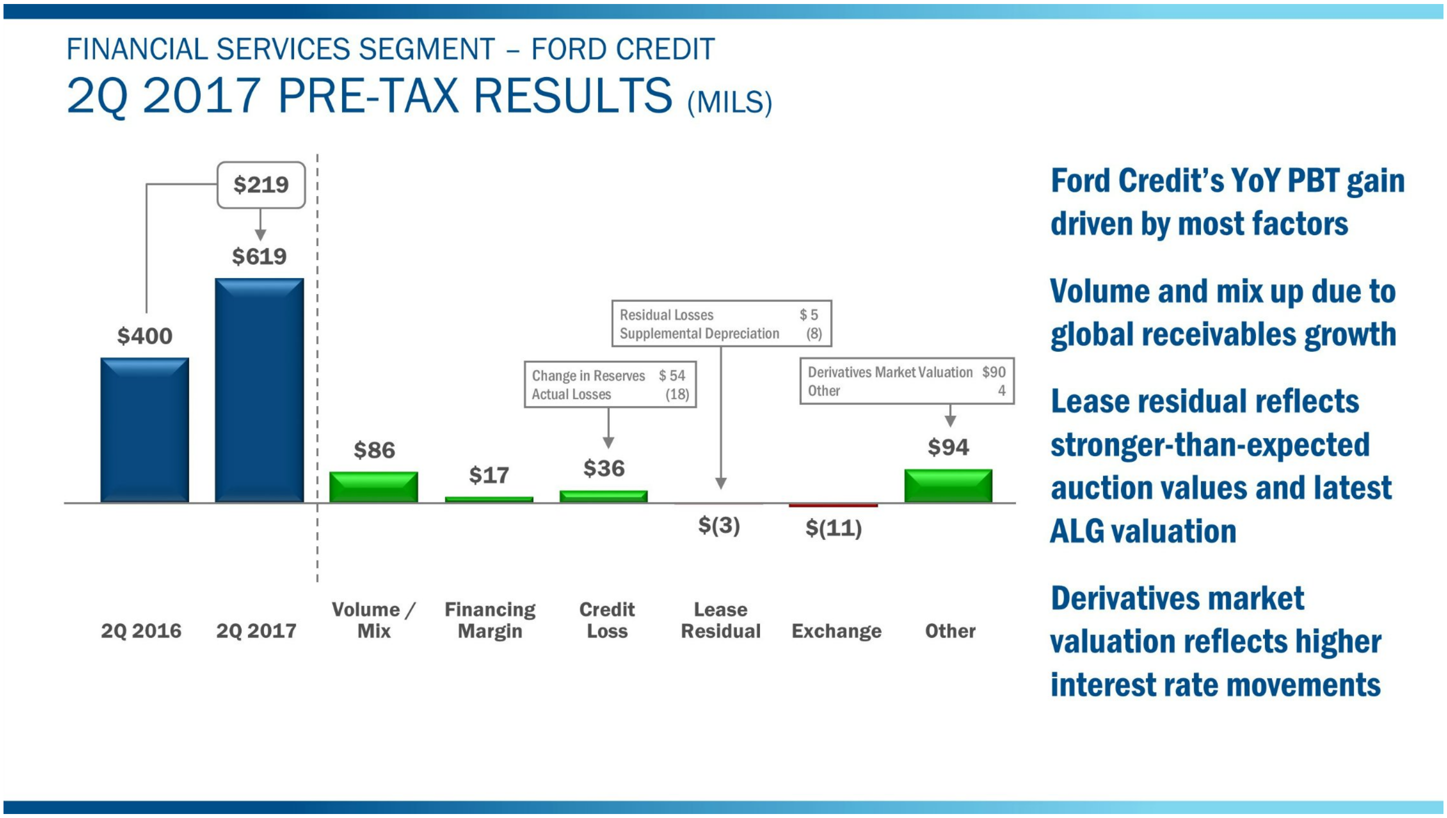
- *Total Debt* (as shown on the Leverage chart) – Debt on Ford Credit's balance sheet. Includes debt issued in securitizations and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions

The charts on the following pages detail second quarter 2017 key metrics and the change in second quarter 2017 pre-tax results compared with second quarter 2016 by causal factor for Ford Credit.



In the second quarter of 2017, Ford Credit's pre-tax profit was $619 million, its best quarterly pre-tax profit since 2011. Receivables were higher than a year ago with growth globally led by retail receivables.

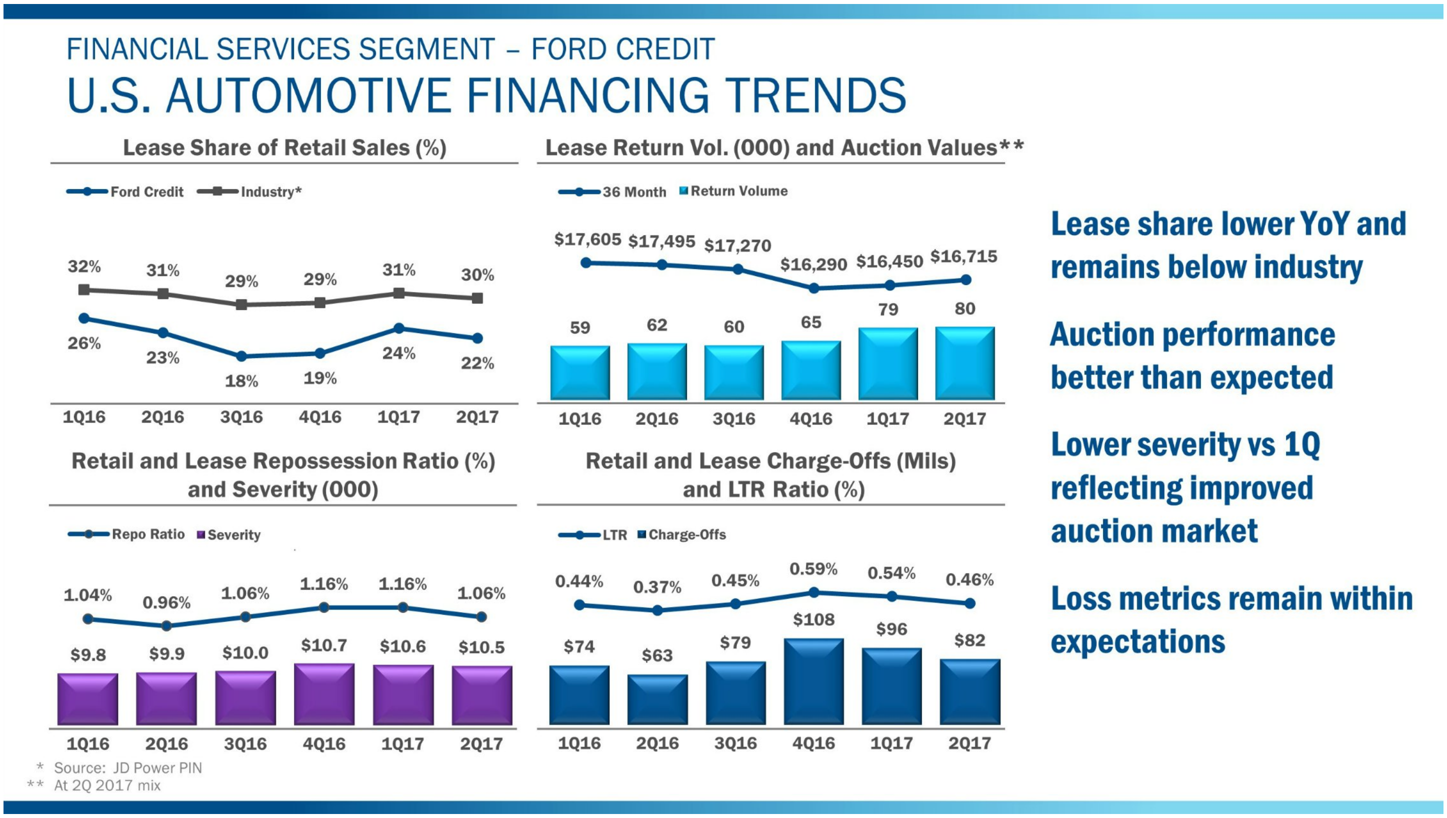
FICO scores remain strong, and origination, servicing, and collection practices continue to be disciplined and consistent. Portfolio performance was robust. The loss-to-receivables ratio of 46 basis points was up 9 basis points and within expectations.



As shown above, Ford Credit's second quarter 2017 pre-tax profit improvement of $219 million from a year ago was driven by most factors. The favorable volume and mix reflects primarily growth in retail receivables globally. Improved credit loss performance is due to a smaller increase in reserves, offset partially by higher losses.

Recent auction value performance has been better than expected. As a result, Ford Credit's year-over-year lease residual performance was flat. Derivatives market valuation was favorable, reflecting primarily higher interest rates in Canada and the United Kingdom in the second quarter of 2017, versus the Brexit effect of lower rates globally in the second quarter of 2016.

For the remainder of 2017, Ford Credit continues to plan for lower auction values; however, Ford Credit's outlook for full-year supplemental depreciation has improved, reflecting the latest third party valuations. Ford Credit's full-year pre-tax profit is now expected to be higher than $1.5 billion, reflecting an improved lease residual outlook, along with higher volume, financing margin, and a strong cost focus. Ford Credit's pre-tax profit in the second half of 2017 is expected to be lower than in the first half of the year due to seasonally higher credit losses and operating costs, along with adverse lease residual performance.



In the second quarter of 2017, lease share was lower compared to a year ago and remains below the industry average. In addition, Ford Credit's lease portfolio continues to be smaller than major competitors.

Ford Credit's off-lease auction values in the second quarter were lower than a year ago, but higher than the prior quarter. Three-year auction values in the quarter were down less than 5% year-over-year.

Ford Credit is encouraged by the relative strength of the used vehicle market given the increase in off-lease volume; however, it continues to plan for three-year full year auction values to be down about 6% at constant mix.

The second quarter repossession ratio was higher than last year but down seasonally from first quarter and remains within expectations. Severity is higher than last year but lower than first quarter, reflecting primarily improvements in auction values.

Charge-offs and LTR were higher than last year but seasonally lower than first quarter.

Credit quality remains strong reflecting a strong business environment and healthy consumer credit conditions.

ALL OTHER

All Other is a combination of Central Treasury Operations and Ford Smart Mobility LLC, two operating segments that did not meet the quantitative thresholds in this reporting period to qualify as reportable segments.

The Central Treasury Operations segment is primarily engaged in decision making for investments, risk management activities, and providing financing for the Automotive segment. Interest income (excluding interest earned on our extended service contract portfolio that is included in our Automotive segment), interest expense, gains and losses on cash equivalents and marketable securities, and foreign exchange derivatives associated with intercompany lending are included in the results of Central Treasury Operations. The underlying assets and liabilities, primarily cash and cash equivalents, marketable securities, debt, and derivatives, remain with the Automotive segment.

Ford Smart Mobility LLC is a subsidiary formed to design, build, grow, and invest in emerging mobility services. Designed to compete like a start-up company, Ford Smart Mobility LLC designs and builds mobility services on its own, and collaborates with start-ups and tech companies.

Our second quarter 2017 All Other pre-tax results were a loss of $287 million, a $63 million greater loss compared with a year ago. This increase is more than explained by higher net interest expense, higher net losses on cash equivalents and marketable securities, and Ford Smart Mobility LLC's results.

SPECIAL ITEMS

In Note 17 of the Notes to the Financial Statements, special items are reflected as a separate reconciling item, as opposed to being allocated among the Automotive segment, Financial Services segment, and All Other. 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.

Our pre-tax and tax special items were as follows:

TOTAL COMPANY

SPECIAL ITEMS

(Mils)	2Q		YTD		Memo:
	2016	2017	2016	2017	FY 2016
Pension and OPEB remeasurement gain / (loss)	$ (11)	$ -	$ (11)	$ -	$ (2,996)
Separation-related actions	$ (102)	$ (7)	$ (276)	$ (29)	$ (304)
Other Items					
San Luis Potosi plant cancellation	$ -	$ 7	$ -	$ 53	$ (199)
Japan, Indonesia market closure	(5)	-	(17)	-	(80)
Next-generation Focus footprint change	-	(248)	-	(248)	-
Total other items	$ (5)	$ (241)	$ (17)	$ (195)	$ (279)
Total pre-tax special items	$ (118)	$ (248)	$ (304)	$ (224)	$ (3,579)
Tax special items	$ (1)	$ 46	$ (67)	$ 31	$ 1,121
Memo:					
Special items impact on earnings per share*	$ (0.03)	$ (0.05)	$ (0.09)	$ (0.05)	$ (0.61)

* Includes related tax effect on special items and tax special items

TAXES

Our tax provisions for the second quarter and first six months of 2017 were $209 million and $858 million, respectively, resulting in GAAP effective tax rates of 9.3% and 19.1%, respectively.

Our second quarter and first six months 2017 non-GAAP adjusted effective tax rates, which exclude special items, were 10.2% and 18.8%, respectively, 19.9 and 10.2 percentage points lower than a year ago, reflecting the realization of benefits from foreign tax credits in the second quarter of 2017.

LIQUIDITY AND CAPITAL RESOURCES

BALANCE SHEET SUMMARY

(Bils)	2016 Dec 31	2017 Jun 30
Automotive Segment		
Cash, cash equivalents and marketable securities	$ 27.5	$ 28.4
Available credit lines*	10.8	10.9
Total liquidity	$ 38.3	$ 39.3
Debt	$ 15.9	$ 16.2
Cash net of debt	11.6	12.2
Ford Credit		
Managed receivables**	$ 137	$ 142
Debt	126	129
Liquidity	27	29
Managed leverage** (to 1)	9.2	8.8
Total Company Period End Balance Sheet Underfunded Status* **		
U.S. pension	$ 3.8	$ 3.4
Non-U.S. pension	5.1	4.9
Total global pension	$ 8.9	$ 8.3
Total unfunded OPEB	$ 5.9	$ 5.9

Auto cash and liquidity balances strong

Ford Credit well capitalized with strong liquidity

* Total available committed Automotive credit lines (including local lines available to foreign affiliates)
** See "Non-GAAP Financial Measure Reconciliations" for Managed Receivables GAAP reconciliation and "Liquidity and Capital Resources" for Managed Leverage GAAP reconciliation
*** Balances at June 30, 2017 reflect net underfunded status at December 31, 2016, updated for service and interest cost, expected return on assets, separation expense, actual benefit payments and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year end 2016

Automotive Segment

Liquidity. One of our key priorities is to maintain a strong balance sheet, while at the same time having resources available to invest in and grow our business. Based on our planning assumptions, we believe we have sufficient liquidity and capital resources to continue to invest in new products and services that customers want and value, transform and grow our business, pay our debts and obligations as and when they come due, pay a sustainable regular dividend at the current level, and provide protection within an uncertain global economic environment.

Our key balance sheet metrics include total cash, cash equivalents, and marketable securities (collectively "Automotive cash"), Automotive liquidity, which includes Automotive cash and total available committed credit lines, and cash net of debt.

At June 30, 2017, we had $28.4 billion of Automotive cash, of which 82% was held by consolidated entities domiciled in the United States. We target to have an average ongoing Automotive cash balance of about $20 billion. We expect to have periods when we will be above or below this amount due to: (i) future cash flow expectations, such as for pension contributions, debt maturities, capital investments, investments in future opportunities, or restructuring requirements, (ii) short-term timing differences, and (iii) changes in the global economic environment.

Our Automotive cash investments primarily include U.S. Department of Treasury obligations, federal agency securities, bank time deposits with investment-grade institutions, corporate investment-grade securities, commercial paper rated A-1/P-1 or higher, 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 is adjusted based on market conditions and liquidity needs. We monitor our Automotive cash levels and average maturity on a daily basis.

In addition to our target Automotive cash balance, we also target to maintain a corporate credit facility, discussed below, for our Automotive business of about $10 billion to protect against exogenous shocks. We assess the appropriate long-term target for total Automotive liquidity, which includes Automotive cash and the corporate credit facility, to be about $30 billion, which is an amount we believe is sufficient to support our business priorities and to protect our business. At June 30, 2017, we had $39.3 billion of Automotive liquidity. Our Automotive cash and Automotive liquidity targets could be reduced over time based on improved operating performance and changes in our risk profile.

Changes in Automotive Cash. Changes in Automotive cash are summarized below (in billions):

AUTOMOTIVE SEGMENT

CASH FLOW

(Bils)	2Q 2017	YTD 2017
Cash at end of period	$ 28.4	$ 28.4
Cash at beginning of period	28.0	27.5
Change in cash	$ 0.4	$ 0.9
Automotive segment pre-tax profits	$ 2.2	$ 4.2
Capital spending	(1.5)	(3.2)
Depreciation and tooling amortization	1.2	2.4
Changes in working capital	(0.9)	(0.2)
All other and timing differences	0.3	0.1
Automotive operating cash flow	$ 1.3	$ 3.3
Separation payments	(0.1)	(0.1)
Transactions with other segments	-	-
Other, including acquisitions and divestitures	0.1	(0.2)
Cash flow before other actions	$ 1.3	$ 3.0
Changes in debt	0.1	(0.1)
Funded pension contributions	(0.3)	(0.5)
Shareholder distributions	(0.7)	(1.5)
Change in cash	$ 0.4	$ 0.9

2Q operating cash flow of $1.3B

Capital spending on track for FY outlook of $7B

Pension contributions in line with FY plan of $1B

Still expect FY shareholder distributions of about $2.7B

In managing our Automotive business, we classify changes in Automotive cash into operating and other items. Operating items include: Automotive segment pre-tax profits, capital spending, depreciation and tooling amortization, changes in working capital, and All other and timing differences. Non-operating items include: separation payments, transactions with other segments, acquisitions and divestitures, changes in Automotive debt, contributions to funded pension plans, and shareholder distributions.

Automotive operating cash flow was $1.3 billion in the second quarter of 2017, more than explained by Automotive segment pre-tax profit and timing differences, offset partially by unfavorable working capital changes and net spending.

Capital spending was $1.5 billion in the second quarter of 2017, and our outlook for capital spending remains at about $7 billion for the full year. Based on expected cash flows and the identification of additional opportunities for profitable growth, the ongoing amount of capital spending to support product development, growth, restructuring, and infrastructure is now expected to be about $8 billion annually through 2020.

Shareholder distributions, including anti-dilutive share repurchases, were about $700 million in the second quarter of 2017. For the full year, we expect distributions to be about $2.7 billion.

With respect to "Changes in working capital," in general we carry relatively low Automotive segment trade receivables compared with our trade payables because the majority of our Automotive wholesales are financed (primarily by Ford Credit) immediately upon sale of vehicles to dealers, which generally occurs at the time the vehicles are gate-released shortly after being produced. In addition, our inventories are lean because we build to order, not for inventory. In contrast, our Automotive trade payables are based primarily on industry-standard production supplier payment terms generally ranging between 30 days to 45 days. As a result, our cash flow tends to improve as wholesale volumes increase, but can deteriorate significantly when wholesale volumes drop sharply. 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 summer and December 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.

Available Credit Lines. Total committed Automotive credit lines at June 30, 2017 were $11.9 billion, consisting of $10.4 billion of our corporate credit facility and $1.5 billion of local credit facilities for use by our non-U.S. Automotive affiliates. At June 30, 2017, the utilized portion of the corporate credit facility was about $35 million, representing amounts utilized for letters of credit. At June 30, 2017, the utilized portion of the local credit facilities was about $980 million.

Our corporate credit facility was amended as of April 28, 2017 to extend the maturities by one year. Lenders under our corporate credit facility have commitments to us totaling $13.4 billion, with 75% of the commitments maturing on April 30, 2022 and 25% of the commitments maturing on April 30, 2020. We have allocated $3 billion of commitments to Ford Credit on an irrevocable and exclusive basis to support its growth and liquidity. Any borrowings by Ford Credit under the corporate credit facility would be guaranteed by us.

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. 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 facility. If our senior, unsecured, long-term debt does not maintain at least two investment grade ratings from Fitch, Moody's, and S&P (each as defined under "Credit Ratings" below), the guarantees of certain subsidiaries will be required.

Debt. Total Automotive debt at June 30, 2017 was $16.2 billion, which is $280 million higher than at December 31, 2016. The increase is more than explained by an increase in local debt in international markets (including the impact of the adoption of ASC 606, Revenue from Contracts with Customers) and foreign currency exchange effects, partially offset by debt repayments.

Leverage. We manage Automotive debt levels with a leverage framework to maintain strong, investment grade credit ratings through a normal business cycle. The leverage framework includes a ratio of Automotive debt, underfunded pension liabilities, operating leases, and other adjustments, divided by Automotive income before income tax, adjusted for depreciation, amortization, interest expense on Automotive debt, and other adjustments. Ford Credit's leverage is calculated as a separate business as described in the Liquidity - Financial Services section of Item 2. Ford Credit is self-funding and its debt, which is used to fund its operations, is separate from our Automotive debt.

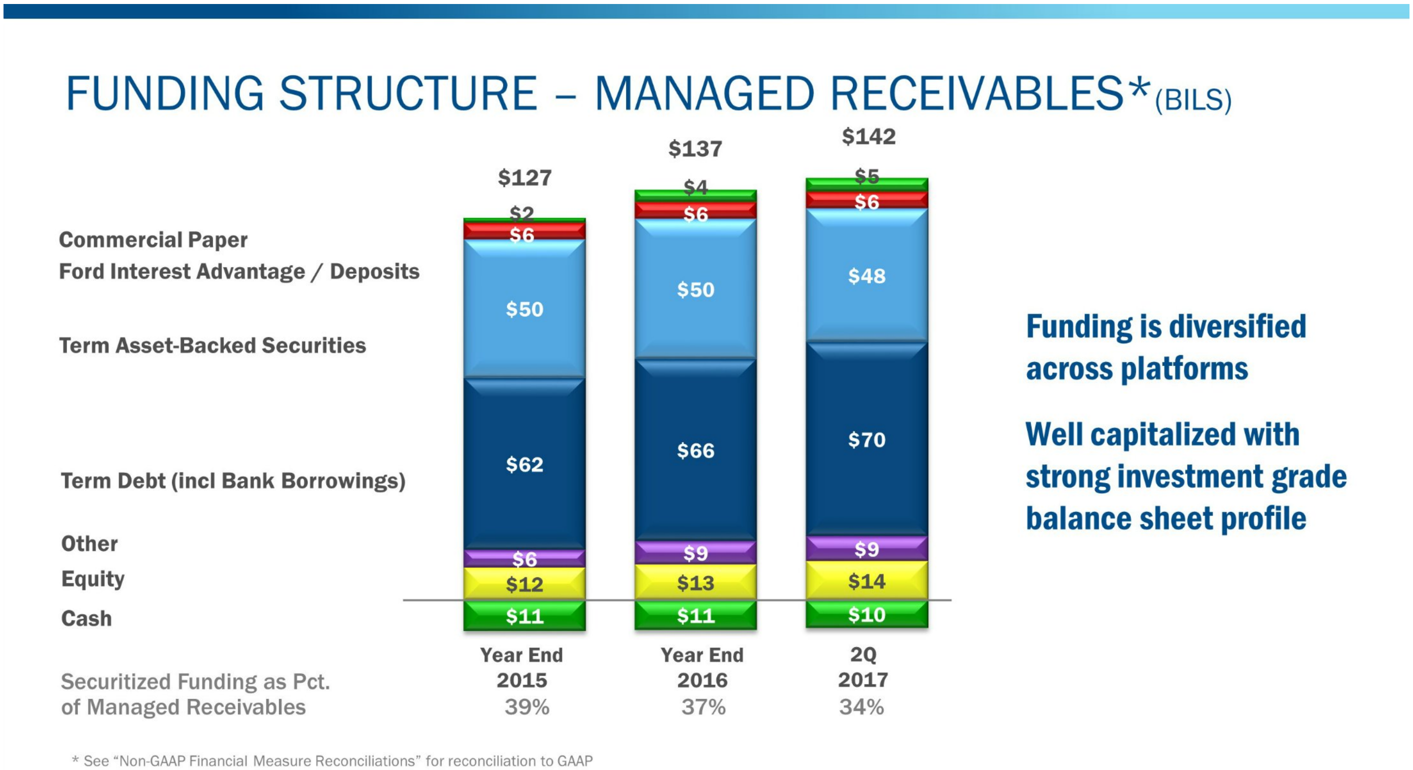
Financial Services Segment

Ford Credit

Funding Overview. Ford Credit's primary funding and liquidity objective is to be well capitalized with a strong investment grade balance sheet and ample liquidity to support its financing activities and growth under a variety of market conditions, including short-term and long-term market disruptions. Ford Credit's funding strategy remains focused on diversification, and it plans to continue accessing a variety of markets, channels, and investors.

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 annually stress tests its balance sheet and liquidity to ensure that it continues to meet its financial obligations through economic cycles.

Funding Portfolio. The chart below shows the trends in funding for Ford Credit's managed receivables:



Managed receivables of $142 billion as of June 30, 2017, were funded primarily with term debt and term asset-backed securities. Securitized funding as a percent of managed receivables was 34%.

Ford Credit expects the mix of securitized funding to remain around 35%. The calendarization of the funding plan will result in quarterly fluctuations of the securitized funding percentage.

In April 2017, FCE Bank plc launched retail deposits in the United Kingdom backed by the U.K. Financial Service Compensation Scheme, which further diversifies its funding. As of June 30, 2017, retail deposits represented about $100 million of funding.

Public Term Funding Plan. The following chart shows Ford Credit's issuances for full-year 2015 and 2016, planned issuances for full-year 2017, and its global public term funding issuances through July 25, 2017, excluding short-term funding programs:

PUBLIC TERM FUNDING PLAN* (BILS)

	2015 Actual	2016 Actual	2017 Forecast	2017 Through July 25
Unsecured				
Ford Motor Credit	$ 11	$ 10	$ 9 - 10	$ 6
Ford Credit Canada	1	1	1 - 2	1
FCE Bank	4	3	2 - 3	2
Rest of World	-	-	1	-
Total Unsecured	$ 17	$ 14	$ 13 - 16	$ 9
Securitizations	$ 13	$ 13	$ 13 - 15	$ 8
Total Public	$ 30	$ 28	$ 26 - 31	$ 17

Issuance plans consistent with prior years

Issuance remains diversified across platforms and markets

* Numbers may not sum due to rounding; see "Financial Services Segment" section for definitions

For 2017, Ford Credit's full-year forecast for public term funding is in the range of $26 billion to $31 billion. Through July 25, 2017, Ford Credit has completed over $17 billion of public term issuance.

Liquidity. Ford Credit defines gross liquidity as cash, cash equivalents, and marketable securities (excluding amounts related to insurance activities) and committed capacity (which includes its credit and asset-backed facilities and bank lines), less utilization of liquidity. Utilization of liquidity is the amount funded under Ford Credit's liquidity sources and also includes the cash and cash equivalents required to support securitization transactions. Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund). Net liquidity available for use is defined as gross liquidity less certain adjustments for asset-backed capacity in excess of eligible receivables and cash related to the Ford Credit Revolving Extended Variable-utilization program ("FordREV"), which can be accessed through future sales of receivables. While not included in available liquidity, these adjustments represent additional funding sources for future originations

The following chart shows Ford Credit's liquidity sources and utilization:

LIQUIDITY SOURCES*

(Bils)	2016 Jun 30	2016 Dec 31	2017 Mar 31	2017 Jun 30	
Liquidity Sources					
Cash	$ 11.6	$ 10.8	$ 11.3	$ 10.1	
Committed ABS facilities	36.0	34.6	34.8	32.3	Committed
Other unsecured credit facilities	2.7	2.5	2.6	2.7	Capacity
Ford corporate credit facility allocation	3.0	3.0	3.0	3.0	$38.0 Billion
Total Liquidity Sources	$ 53.3	$ 50.9	$ 51.7	$ 48.1	
Utilization of Liquidity					
Securitization cash	$ (2.7)	$ (3.4)	$ (3.0)	$ (2.9)	
Committed ABS facilities	(16.2)	(19.9)	(18.4)	(16.4)	
Other unsecured credit facilities	(0.7)	(0.7)	(1.3)	(0.5)	
Ford corporate credit facility allocation	-	-	-	-	
Total Utilization of Liquidity	$ (19.6)	$ (24.0)	$ (22.7)	$ (19.8)	
Gross liquidity	$ 33.7	$ 26.9	$ 29.0	$ 28.3	
Adjustments	0.1	0.1	0.3	0.2	
Net Liquidity Available For Use	$ 33.8	$ 27.0	$ 29.3	$ 28.5	

* See "Financial Services Segment" section for definitions

Ford Credit's liquidity available for use will fluctuate quarterly based on factors including near-term debt maturities, receivable growth, and timing of funding transactions. Ford Credit targets liquidity of at least $25 billion. At June 30, 2017, Ford Credit's liquidity available for use was $1.5 billion higher than at year-end 2016 and $0.8 billion lower than at March 31, 2017.

As of June 30, 2017, Ford Credit's liquidity remained strong at $28.5 billion. Ford Credit's sources of liquidity include cash, committed asset-backed facilities, unsecured credit facilities, and the corporate credit facility allocation. As of June 30, 2017, Ford Credit's liquidity sources totaled $48.1 billion, down $2.8 billion from year-end 2016.

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 chart below shows the calculation of Ford Credit's financial statement leverage and managed leverage:

LEVERAGE

(Bils)	2016 Jun 30	2016 Dec 31	2017 Mar 31	2017 Jun 30
Leverage Calculation				
Total debt*	$ 126.3	$ 126.5	$ 129.2	$ 129.3
Adjustments for cash**	(11.6)	(10.8)	(11.3)	(10.1)
Adjustments for derivative accounting***	(1.3)	(0.3)	(0.2)	(0.2)
Total adjusted debt	$ 113.4	$ 115.4	$ 117.7	$ 119.0
Equity****	$ 12.4	$ 12.8	$ 13.2	$ 13.8
Adjustments for derivative accounting***	(0.4)	(0.3)	(0.3)	(0.2)
Total adjusted equity	$ 12.0	$ 12.5	$ 12.9	$ 13.6
Financial statement leverage (to 1) (GAAP)	10.2	9.9	9.8	9.3
Managed leverage (to 1) (Non-GAAP)	9.4	9.2	9.1	8.8

* Includes debt issued in securitization transactions 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

** Cash and cash equivalents, and Marketable securities reported on Ford Credit's balance sheet, excluding amounts related to insurance activities

*** Related primarily to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings

**** Total shareholder's interest reported on Ford Credit's balance sheet

Ford Credit plans its managed leverage by considering prevailing market conditions and the risk characteristics of its business. At June 30, 2017, Ford Credit's financial statement leverage was 9.3:1, and its managed leverage was 8.8:1. Ford Credit targets managed leverage in the range of 8:1 to 9:1.

Total Company

Pension Plans - Underfunded Balances. As of June 30, 2017, our total Company pension underfunded status reported on our balance sheet was $8.3 billion and reflects the net underfunded status at December 31, 2016 updated for service and interest cost, expected return on assets, separation expense, actual benefit payments, and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year-end 2016, and the reported number does not reflect any impact from the changes in interest rates since year-end 2016.

Based on our planning assumptions for asset returns, discount rates, and contributions, we expect our funded status to improve at year-end 2017 compared to the end of last year.

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 Limited ("DBRS");
- Fitch, Inc. ("Fitch");
- Moody's Investors Service, Inc. ("Moody's"); and
- Standard & Poor's Ratings Services, a division of McGraw Hill Financial ("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.

There have been no rating actions taken by these NRSROs since the filing of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

The following chart 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	BBB	Stable	BBB	R-2M	Stable	BBB (low)
Fitch	BBB	BBB	Stable	BBB	F2	Stable	BBB-
Moody's	N/A	Baa2	Stable	Baa2	P-2	Stable	Baa3
S&P	BBB	BBB	Stable	BBB	A-2	Stable	BBB-

GDP AND INDUSTRY PLANNING ASSUMPTIONS

Based on the current environment, our GDP and industry planning assumptions include the following:

GDP AND INDUSTRY PLANNING ASSUMPTIONS

	GDP Growth (Pct)		Industry (Mils)	
	2016	2017	2016	2017
Global*	3.0%	3.5%	92.5	94.6
U.S.	1.6%	2.2%	17.9	17.5
Brazil	(3.6)%	0.5%	2.1	2.3
Europe	1.7%	1.9%	20.1	20.9
China	6.7%	6.7%	27.5	28.0

For 2017, continue to expect growth in global GDP and industry volume

U.S. industry moderation led by lower fleet sales

Europe industry growth supported by firmer and broader economic recovery

China industry growing on stabilizing economy and purchase tax reduction

* Global GDP growth measured at purchasing power parity (PPP) rates using latest World Bank weighting; global industry includes estimated data for some markets not shown

Since the filing of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, we have updated our expectations for full year industry sales for the United States, Brazil, Europe, and China.

We are adjusting our 2017 guidance for the United States down to 17.5 million units, primarily because of a weaker fleet industry during the first half of the year. Retail volume remains slightly below our assumptions.

We have raised our outlook for Brazil to 2.3 million units based on second quarter volume, but we are monitoring the political risks.

In Europe, we expect industry volume to be slightly higher compared to our prior guidance for 2017, reflecting gains across most EU20 markets, with the exception of the United Kingdom.

In China, we expect industry volume at 28 million units in 2017 to be supported by a stabilizing economy and the continued tax incentive for vehicles with small displacement engines.

PRODUCTION VOLUMES

The second quarter 2017 actual and third quarter 2017 forecasted production volumes for our Automotive business units are as follows:

AUTOMOTIVE SEGMENT

PRODUCTION VOLUMES

(000)	2Q 2017 Actual		3Q 2017 Forecast	
	Units	O / (U) 2016	Units	O / (U) 2016
North America	841	(2)	665	(34)
South America	87	8	96	8
Europe	357	(75)	339	50
Middle East & Africa	26	8	30	5
Asia Pacific	396	54	395	(17)
Total	1,707	(7)	1,525	12

Key drivers of 3Q YoY:

- **NA – matching production to demand and Navigator / Expedition launch**
- **EU – matching production to demand**
- **AP – matching production to demand**

Production volumes above include Ford brand and JMC brand vehicles produced by our unconsolidated affiliates.

OUTLOOK

Based on the current economic environment, our Company guidance for 2017 includes the following:

2017 FULL YEAR COMPANY GUIDANCE

	Adjusted EPS*	Adjusted Effective Tax Rate* (Pct)	Automotive Segment Revenue	Automotive Segment Operating Margin	Automotive Segment Operating Cash Flow
2017 FY	**$1.65 - $1.85**	**About 15%**	**About Equal To 2016**	**Lower Than 2016**	**Positive But Lower Than 2016**
2016 FY Result	$1.76	31.9%	$141.5B	6.7%	$6.4B

* See "Non-GAAP Financial Measure Reconciliations" for reconciliation to GAAP

Adjusted EPS Expected To Be $1.65 - $1.85;
Adjusted Effective Tax Rate Now Expected To Be About 15%

Effective this quarter, we are modifying our approach to Company guidance, adopting a range of adjusted earnings per share. For 2017, our full year guidance is for an adjusted EPS range of $1.65 to $1.85. This reflects different potential outcomes for market factors and cost performance, including warranty expense, over the balance of the year. It also reflects an adjusted effective tax rate of about 15%, which is substantially more favorable than prior guidance and reflects 2017 planned actions to bring foreign tax credits onto our balance sheet. We would expect to return to a more normal adjusted effective tax rate, about 30%, after this year.

Our prior guidance implied a full year adjusted EPS of $1.58. The improvement in our range of adjusted EPS versus the implied $1.58 is more than explained by the lower tax rate.

For the second half of the year, we expect total Company adjusted pre-tax profit to be lower than the first half, consistent with historical experience. The third quarter is expected to be the lowest quarterly profit of the year due to seasonal factors and the launch of the Expedition and Lincoln Navigator.

Our business unit guidance for 2017 includes the following:

2017 BUSINESS UNIT FULL YEAR GUIDANCE

	Automotive							
	North America	South America	Europe	Middle East & Africa	Asia Pacific	Total Automotive	Ford Credit	All Other
PBT B / (W) 2016	↓	↑	↓	↑	↑	↓	**Higher Than $1.5B**	↓
	-- Commodities -- Other Cost -- Net Pricing -- Exchange + Mix	+ Net Pricing + Volume -- Cost -- Exchange	-- Exchange (Brexit) -- Other Cost -- Commodities + Volume & Mix	+ Cost + Exchange -- Volume	+ Volume & Mix + Cost -- Net Pricing -- Exchange	-- Commodities -- Exchange -- Other Cost -- Net Pricing + Volume & Mix	-- Residual Values -- Margin -- Credit Losses + Receivables Growth	-- FSM -- Net Interest Expense (↑Auto Debt)
2016 FY Results	$9,001M	$(1,109)M	$1,205M	$(302)M	$627M	$9,422M	$1,879M	$(867)M

The business unit guidance above provides our latest assessment of full year 2017 "puts and takes" for each region or segment compared to results in 2016.

We are reassessing our 2018 guidance and will provide an updated view at a future date.

NON-GAAP FINANCIAL MEASURE RECONCILIATIONS

The following charts show our Non-GAAP financial measure reconciliations for: Adjusted Pre-Tax Profit, Adjusted Earnings Per Share, Adjusted Effective Tax Rate, and Ford Credit Managed Receivables. The GAAP reconciliation for Ford Credit Managed Leverage can be found in the Financial Services Segment section of "Liquidity and Capital Resources."

TOTAL COMPANY

NET INCOME RECONCILIATION TO ADJUSTED PRE-TAX PROFIT

(Mils)	2Q 2016	2Q 2017	YTD 2016	YTD 2017	Memo: FY 2016
Net income / (Loss) attributable to Ford (GAAP)	$ 1,970	$ 2,042	$ 4,422	$ 3,629	$ 4,596
Income / (Loss) attributable to non-controlling interests	2	8	5	15	11
Net income / (Loss)	$ 1,972	$ 2,050	$ 4,427	$ 3,644	$ 4,607
Less: (Provision for) / Benefit from income taxes	(903)	(209)	(2,099)	(858)	(2,189)
Income / (Loss) before income taxes	$ 2,875	$ 2,259	$ 6,526	$ 4,502	$ 6,796
Less: Special items pre-tax	(118)	(248)	(304)	(224)	(3,579)
Adjusted pre-tax profit (Non-GAAP)	$ 2,993	$ 2,507	$ 6,830	$ 4,726	$ 10,375

TOTAL COMPANY

EARNINGS PER SHARE RECONCILIATION TO ADJUSTED EARNINGS PER SHARE

	2017 2Q	2017 YTD
Diluted After-Tax Results (Mils)		
Diluted after-tax results (GAAP)	$ 2,042	$ 3,629
Less: Impact of pre-tax and tax special items	(202)	(193)
Adjusted net income – diluted (Non-GAAP)	$ 2,244	$ 3,822
Basic and Diluted Shares (Mils)		
Basic shares (average shares outstanding)	3,977	3,977
Net dilutive options and unvested restricted stock units	19	21
Diluted shares	3,996	3,998
Earnings per share – diluted (GAAP)	$ 0.51	$ 0.91
Less: Net impact of adjustments	(0.05)	(0.05)
Adjusted earnings per share – diluted (Non-GAAP)	$ 0.56	$ 0.96

TOTAL COMPANY

EFFECTIVE TAX RATE RECONCILIATION TO ADJUSTED EFFECTIVE TAX RATE

	2017		Memo:
	2Q	YTD	FY 2016
Pre-Tax Results (Mils)			
Income / (Loss) before income taxes (GAAP)	$ 2,259	$ 4,502	$ 6,796
Less: Impact of special items	(248)	(224)	(3,579)
Adjusted pre-tax profit (Non-GAAP)	$ 2,507	$ 4,726	$ 10,375
Taxes (Mils)			
(Provision for) / Benefit from income taxes (GAAP)	$ (209)	$ (858)	$ (2,189)
Less: Impact of special items	46	31	1,121
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	$ (255)	$ (889)	$ (3,310)
Tax Rate (Pct)			
Effective tax rate (GAAP)	9.3%	19.1%	32.2%
Adjusted effective tax rate (Non-GAAP)	10.2%	18.8%	31.9%

TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

(Bils)	2015 Dec 31	2016 Jun 30	2016 Dec 31	2017 Jun 30
Financial Services finance receivables, net (GAAP)*	$ 90.7	$ 95.3	$ 96.2	$ 101.4
Net investment in operating leases (GAAP)*	25.1	26.8	27.2	26.7
Consolidating adjustments**	6.1	6.0	6.8	6.9
Ford Credit total net receivables	$ 121.9	$ 128.1	$ 130.2	$ 135.0
Unearned interest supplements and residual support	4.5	5.0	5.3	5.6
Allowance for credit losses	0.4	0.5	0.5	0.6
Other, primarily accumulated supplemental depreciation	0.4	0.6	0.9	1.0
Total managed receivables (Non-GAAP)	$ 127.2	$ 134.2	$ 136.9	$ 142.2

* Includes finance receivables (retail 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 sheet 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

** Primarily includes Automotive segment receivables purchased by Ford Credit which are classified to Trade and other receivables on our consolidated Balance Sheet. Also includes eliminations of intersegment transactions

Supplemental Financial Information

The tables below provide supplemental consolidating financial information. The data is presented by our reportable segments, Automotive and Financial Services. All Other, Special Items, and Adjustments include our operating segments that did not meet the quantitative threshold to qualify as a reportable segment, special items, eliminations of intersegment transactions, and deferred tax netting.

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

	For the period ended June 30, 2017			
	Second Quarter			
	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Revenues	$ 37,113	$ 2,738	$ 2	$ 39,853
Total costs and expenses	35,815	2,217	290	38,322
Interest expense on Automotive debt	—	—	277	277
Other income/(loss), net	627	74	31	732
Equity in net income of affiliated companies	266	8	(1)	273
Income/(loss) before income taxes	2,191	603	(535)	2,259
Provision for/(Benefit from) income taxes	181	174	(146)	209
Net income/(loss)	2,010	429	(389)	2,050
Less: Income/(Loss) attributable to noncontrolling interests	8	—	—	8
Net income attributable to Ford Motor Company	$ 2,002	$ 429	$ (389)	$ 2,042

	For the period ended June 30, 2017			
	First Half			
	Automotive	Financial Services	All Other, Special Items, & Adjustments	Consolidated
Revenues	$ 73,588	$ 5,407	$ 4	$ 78,999
Total costs and expenses	71,295	4,449	282	76,026
Interest expense on Automotive debt	—	—	556	556
Other income/(loss), net	1,258	96	112	1,466
Equity in net income of affiliated companies	605	15	(1)	619
Income/(loss) before income taxes	4,156	1,069	(723)	4,502
Provision for/(Benefit from) income taxes	741	322	(205)	858
Net income/(loss)	3,415	747	(518)	3,644
Less: Income/(Loss) attributable to noncontrolling interests	15	—	—	15
Net income attributable to Ford Motor Company	$ 3,400	$ 747	$ (518)	$ 3,629

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

	June 30, 2017			
Assets	**Automotive**	**Financial Services**	**All Other, Special Items, & Adjustments**	**Consolidated**
Cash and cash equivalents	$ 8,853	$ 7,366	$ 4	$ 16,223
Marketable securities	19,575	3,311	—	22,886
Financial Services finance receivables, net	—	49,888	—	49,888
Trade and other receivables, less allowances	4,274	5,884	1	10,159
Inventories	11,092	—	—	11,092
Other assets	2,317	974	—	3,291
Receivable from other segments	20	1,730	(1,750)	—
Total current assets	46,131	69,153	(1,745)	113,539
Financial Services finance receivables, net	—	51,551	—	51,551
Net investment in operating leases	1,904	26,693	—	28,597
Net property	33,620	166	8	33,794
Equity in net assets of affiliated companies	3,048	180	13	3,241
Deferred income taxes	14,008	218	(4,081)	10,145
Other assets	4,872	1,676	54	6,602
Receivable from other segments	—	1,156	(1,156)	—
Total assets	$ 103,583	$ 150,793	$ (6,907)	$ 247,469

Liabilities	**Automotive**	**Financial Services**	**All Other, Special Items, & Adjustments**	**Consolidated**
Payables	$ 22,441	$ 1,122	$ 5	$ 23,568
Other liabilities and deferred revenue	18,707	1,239	12	19,958
Automotive debt payable within one year	2,911	—	—	2,911
Financial Services debt payable within one year	—	47,862	—	47,862
Payable to other segments	1,730	—	(1,730)	—
Total current liabilities	45,789	50,223	(1,713)	94,299
Other liabilities and deferred revenue	23,858	980	2	24,840
Automotive long-term debt	13,277	—	—	13,277
Financial Services long-term debt	—	81,959	—	81,959
Deferred income taxes	158	4,658	(4,081)	735
Payable to other segments	1,147	—	(1,147)	—
Total liabilities	$ 84,229	$ 137,820	$ (6,939)	$ 215,110

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

	For the period ended June 30, 2017			
	First Half			
Cash flows from operating activities	**Automotive**	**Financial Services**	**All Other, Special Items, & Adjustments**	**Consolidated**
Net cash provided by/(used in) operating activities	$ 5,748	$ 4,236	$ (33)	$ 9,951
*Reconciling Adjustments to Automotive Segment Operating Cash Flows**				
Automotive capital spending	(3,242)			
Net cash flows from non-designated derivatives	200			
Funded pension contributions	456			
Separation payments	59			
Other	65			
Automotive Segment Operating Cash Flows	$ 3,286			

* We measure and evaluate our Automotive segment operating cash flow on a different basis than Net cash provided by/(used in) operating activities in our consolidated statement of cash flows. Automotive segment operating cash flow includes additional elements management considers to be related to our Automotive operating activities, primarily capital spending and non-designated derivatives, and excludes outflows for funded pension contributions, separation payments, and other items that are considered operating cash flows under U.S. GAAP. The table above quantifies the reconciling adjustments to Net cash provided by/(used in) operating activities for the period ended June 30, 2017.

	For the period ended June 30, 2017			
	First Half			
Cash flows from investing activities	**Automotive**	**Financial Services**	**All Other, Special Items, & Adjustments**	**Consolidated**
Capital spending	$ (3,242)	$ (22)	$ —	$ (3,264)
Acquisitions of finance receivables and operating leases	—	(27,379)	—	(27,379)
Collections of finance receivables and operating leases	—	21,636	—	21,636
Purchases of equity and debt securities	(13,578)	(3,351)	(2)	(16,931)
Sales and maturities of equity and debt securities	13,570	3,336	—	16,906
Settlements of derivatives	200	(46)	—	154
Other	10	12	(6)	16
Investing activity (to)/from other segments	(38)	(11)	49	—
Net cash provided by/(used in) investing activities	$ (3,078)	$ (5,825)	$ 41	$ (8,862)

Cash flows from financing activities	**Automotive**	**Financial Services**	**All Other, Special Items, & Adjustments**	**Consolidated**
Cash dividends	$ (1,392)	$ —	$ —	$ (1,392)
Purchases of common stock	(131)	—	—	(131)
Net changes in short-term debt	216	(144)	—	72
Proceeds from issuance of other debt	507	19,960	—	20,467
Principal payments on other debt	(881)	(19,071)	—	(19,952)
Other	(50)	(52)	—	(102)
Financing activity to/(from) other segments	—	12	(12)	—
Net cash provided by/(used in) financing activities	$ (1,731)	$ 705	$ (12)	$ (1,038)
Effect of exchange rate changes on cash and cash equivalents	$ 94	$ 173	$ —	$ 267

Risk Factors

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:

- Decline in industry sales volume, particularly in the United States, Europe, or China, due to financial crisis, recession, geopolitical events, or other factors;
- Lower-than-anticipated market acceptance of Ford's new or existing products or services, or failure to achieve expected growth;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, protectionist trade policies, or other events;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and other postretirement liabilities impairing liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change;"
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and/or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit regulations, consumer or data protection regulations, or other regulations resulting in higher costs and/or additional financing restrictions.

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 2016 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Financial Accounting Standards Board ("FASB") has issued the following standards, which are not expected to have a material impact (with the exception of standards 2016-02 and 2016-13) to our financial statements or financial statement disclosures:

Standard		Effective Date (a)
2016-18	Statement of Cash Flows - Restricted Cash	January 1, 2018
2016-16	Income Taxes - Intra-Entity Transfers of Assets Other Than Inventory	January 1, 2018
2016-15	Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments	January 1, 2018
2016-01	Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities	January 1, 2018
2017-08	Nonrefundable Fees and Other Costs - Premium Amortization on Purchased Callable Debt Securities	January 1, 2019
2016-02	Leases	January 1, 2019 (b)
2016-13	Credit Losses - Measurement of Credit Losses on Financial Instruments	January 1, 2020 (b)

(a) Early adoption for each of the standards, except standard 2016-01, is permitted.
(b) For additional information, see Note 2 of the Notes to the Financial Statements.

OTHER FINANCIAL INFORMATION

The interim financial information included in this Quarterly Report on Form 10-Q for the periods ended June 30, 2017 and 2016 has not been audited by PricewaterhouseCoopers LLP ("PwC"). In reviewing such information, PwC has applied limited procedures in accordance with professional standards for reviews of interim financial information. Readers should restrict reliance on PwC's reports on such information accordingly. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for its reports on interim financial information, because such reports do not constitute "reports" or "parts" of registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

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

Automotive Segment

Foreign Currency Risk. The net fair value of foreign exchange forward contracts (including adjustments for credit risk), as of December 31, 2016, was an asset of $528 million compared with an asset of $227 million as of June 30, 2017. The potential decrease in fair value from a 10% adverse change in the underlying exchange rates, in U.S. dollar terms, was $2.7 billion at both December 31, 2016 and June 30, 2017.

Commodity Price Risk. The net fair value of commodity forward contracts (including adjustments for credit risk) as of December 31, 2016 was an asset of $5 million, compared with an asset of $9 million as of June 30, 2017. The potential decrease in fair value from a 10% adverse change in the underlying commodity prices, in U.S. dollar terms, was $54 million at December 31, 2016, compared with $56 million at June 30, 2017.

Financial Services 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. 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 June 30, 2017, all else constant, such an increase in interest rates would increase its pre-tax cash flow by $5 million over the next 12 months, compared with an increase of $21 million at December 31, 2016. In reality, interest rate changes are rarely instantaneous or parallel and rates could move more or less than 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 P. Hackett, our Chief Executive Officer ("CEO"), and Bob Shanks, 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 June 30, 2017, 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. Mark Fields, President and Chief Executive Officer, retired effective May 22, 2017. He was succeeded by James P. Hackett, formerly chairman of Ford Smart Mobility LLC.

PART II. OTHER INFORMATION

ITEM 1. *Legal Proceedings.*

Notice of Violation to Ford Dearborn Truck Plant. As reported in our 2016 Form 10-K Report, on December 26, 2015, the U.S. Environmental Protection Agency ("EPA") issued a notice of violation to our Dearborn Truck Plant. EPA alleges that the plant violated several requirements related to its air permit. We have reached an agreement with EPA to resolve the matter for $389,000.

ITEM 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

In the second quarter of 2017, we completed a modest anti-dilutive share repurchase program to offset the dilutive effect of share-based compensation granted during 2017. The plan authorized repurchases of up to 11.8 million shares of Ford Common Stock.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
May 1, 2017 through May 31, 2017	11,800,000	$ 11.11	—	—
Total/Average	11,800,000	$ 11.11		

ITEM 6. *Exhibits.*

Please see exhibit index below.

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/ John Lawler
	John Lawler, Vice President and Controller (principal accounting officer)
Date:	July 26, 2017

EXHIBIT INDEX

Designation	**Description**	**Method of Filing**
Exhibit 10	Executive Separation Waiver and Release Agreement between Ford Motor Company and Mark Fields dated May 21, 2017.	Filed with this Report.
Exhibit 12	Calculation of Ratio of Earnings to Fixed Charges.	Filed with this Report.
Exhibit 15	Letter of PricewaterhouseCoopers LLP, dated July 26, 2017, relating to financial information.	Filed with this Report.
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	XBRL Instance Document.	*
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	*
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	*
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	*
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	*
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	*

* Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

Exhibit 10

Executive Separation Waiver and Release Agreement
Mark Fields

1. ***Retirement of Employment***

Ford Motor Company ("Ford") and I have reached a mutual agreement that, pursuant to the below mutually satisfactory terms, as of August 1, 2017, I will retire from my employment with Ford and my employment shall therefore terminate as of that date ("Retirement Date"). By signing this Agreement, I also hereby resign from the Ford Board of Directors and any other board of any related or affiliated entity of Ford immediately.

It is anticipated that I will I will assist in the transition of the incoming Chief Executive Officer until June 1, 2017. From June 2, 2017 until the Retirement Date, I will perform duties on an as needed basis and as directed by the Executive Chairman of Ford.

2. ***Separation Benefits***

In exchange for the consideration set forth herein, and subject to my execution of, and continued compliance with, this Agreement:

(a) Upon my retirement from Ford and as of the Retirement Date, I will be eligible to participate in Ford's 2017 Select Retirement Program ("SRP"). I acknowledge and agree that I would not otherwise be entitled to participate in the SRP but for my execution of this Agreement. This Agreement is not a retirement application. To start my SRP benefits, I understand that I must separately submit a completed retirement application 30 days prior to the Retirement Date. If I do not my retirement benefits may be delayed.

(b) I will receive the bonus to which I am entitled under the Annual Incentive Compensation Plan for 2017, prorated through August 1, less federal, state and local withholdings and deductions, which will be paid to me no later than March 31, 2018.

(c) Until the Retirement Date, I may continue to reasonably use Ford's company plane, to the extent such use does not interfere with Ford's reasonable business use of that plane.

(d) I will be allowed to retain the 2017 Time-based Restricted Stock Units and the 2017 Performance-based Restricted Stock Units with a three-year performance period granted on March 2, 2017; however, the Performance-based Restricted Stock Unit grant with a one-year performance period granted on March 2, 2017, is cancelled.

I understand that in order to receive the consideration described herein, I am required to sign this Waiver and Release Agreement (the "Agreement") and return the signed document to Felicia Fields. I have decided to execute this Agreement in exchange for the consideration described herein.

In addition to the separation benefits described above, at the time of my termination, I shall also be entitled to my vested benefits to the extent permitted by the applicable employee benefit plans and additional benefits which shall constitute consideration for this Agreement. A summary of my status under various plans of the Company including such additional benefits is attached hereto as Exhibit A. Notwithstanding the foregoing, unless otherwise expressly stated herein or in Exhibit A, the plan documents for all employee benefit and equity incentive plans shall control my entitlement to any such benefits.

3. ***Release of Claims***

In consideration of the benefits described herein, I unconditionally and irrevocably waive, abandon and release any and all rights or claims of any kind (including all claims that relate to my employment or termination of employment) that I may have, or my heirs, executors, agents or assigns may have, against Ford Motor Company, its affiliates or subsidiaries, respective officers, directors, board members, agents or employees, and the employee benefit plans sponsored by the Company, and their fiduciaries (the "Company"). Furthermore, I represent that (a) I have not sustained any injuries during the time of my employment which are compensable as part of a workers' compensation claim and (b) as of the date of my termination, I am not aware of any non-compliance by Ford with, or its potential violation of, any federal or state statute, regulation, other administrative guidance, or common law doctrine. I understand that the Company has relied on this material representation in determining the amount of the benefits described herein and deciding to enter into this Agreement. Except as provided in Paragraph 4 below, I agree not to start any proceedings of any kind against the Company relating in any way to my employment or the termination of my employment and I agree to terminate any proceedings I may have begun or withdraw from any I may be participating in relating to my employment. This waiver and release includes, but is not limited to, any and all rights or claims, whether known or unknown, I may have under all laws (including statutes, regulations, other administrative guidance, and common law doctrines), such as the following:

- Anti-discrimination statutes, such as the Age Discrimination in Employment Act ("ADEA"), which prohibits age discrimination in employment; ; Title VII of the Civil Rights Act of 1964, Sections 1981 and 1983 of the Civil Rights Act of 1866, and Executive Order 11,246, which prohibit discrimination in employment based on race, color, national origin, religion or sex; the Federal Rehabilitation Act of 1973, which prohibits discrimination in employment on the basis of handicap; the Americans with Disabilities Act, which prohibits discrimination in employment on account of disability; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; or any other federal, state or local laws or regulations prohibiting employment discrimination.

- Federal employment statutes, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which among other things, protects employee benefits; the Fair Labor Standards Act of 1938, which regulates wage and hour matters; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; and any other federal laws relating to employment, such as veterans' reemployment rights laws.

- Any other laws, such as any federal, state or local laws or regulations, or any common law doctrines related in any way to employment, employment discrimination, or workers compensation benefits, any federal, state or local law enforcing employment contracts, either express or implied or requiring an employer to deal with employees fairly and in good faith, and any other federal, state, or local laws providing recourse for alleged defamation, slander, libel, fraud, wrongful discharge, constructive discharge or tort-based claims, including but not limited to, intentional infliction of emotional distress.

The Parties agree that execution of this Agreement, including this Paragraph 3, shall fulfill my obligations to sign a Waiver and Release Agreement as defined in and provided by the SRP in order to receive the benefits set forth in the SRP.

4. ***Rights or Claims That Survive***

I do not waive or release any rights or claims I may have that arise solely from actions taken after this Agreement is signed, any rights or claims that are not permitted by law to be waived or released, such as workers' compensation claims or any rights or claims to the benefits described herein. I do not waive or release any claims I may have against the Company for reimbursement of authorized expenses if the expense was incurred prior to my Retirement Date. I do not waive or release any rights or claims to indemnification, advancement of expenses or directors and officers insurance under Ford's Restated Certificate of Incorporation. Rights or claims that the Company may have against me also survive. Nothing in this Agreement shall be construed to affect the independent right and responsibility of the Equal Employment Opportunity Commission ("EEOC") or a state or local fair employment practices agency acting as an EEOC referral agency. I also understand that nothing in this Agreement or any other agreement or document prohibits me from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation. However, to the extent an action or proceeding may be brought by any federal government agency with respect to any alleged acts or omissions prior to my execution of this Agreement, I expressly acknowledge and agree that I have relinquished any entitlement to, and will not accept, any form of monetary damages or any other form of relief in connection with any such action or proceeding.

5. ***Confidential Information***

In consideration of the benefits described herein, I agree to keep secret and forever hold in strictest confidence, and shall not, furnish, make available or disclose to any third party or use for my benefit or the benefit of any third party, any Confidential Information. Without limiting the foregoing, I understand this agreement to maintain the confidentiality of Confidential Information means I may not divulge such information to any of the Boards of Directors on which I sit now or at any time in the future, except for Ford's Board of Directors.

As used in this Agreement, Confidential Information means any information relating to the business or affairs of the Company, including but not limited to information relating to financial statements, customer identities, potential customers, employees, suppliers, servicing methods, equipment, product or service programs, cycle plans, strategies and information, databases and information systems, analyses, profit margins, comparative or futuring studies or other proprietary information used by the Company, whether or not generated by the Company or purchased by the Company through business consultants. Confidential Information shall not include any information in the public domain or becomes known in the industry through no wrongful act on my part. I acknowledge that the Confidential Information is vital, sensitive, confidential and proprietary to the Company.

I acknowledge and agree that my promise to keep confidential the Confidential Information is reasonable and necessary for the protection of the Company's business interests, that irreparable injury will result to the Company if I break my promise and that the Company may not have an adequate remedy at law if I break or threaten to break my promise. Accordingly, I agree that in such event, the Company will be entitled to immediate temporary injunctive and other equitable relief, without the necessity of showing actual monetary damages, subject to a hearing as soon thereafter as possible in a court of competent jurisdiction. However, nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for failing to keep my promise, including the recovery of any damages which it is able to prove.

Furthermore, I agree to abide by any ongoing duties I owe to the Company which inure to the benefit of the Company, whether legal or contractual in nature, which by their terms extend beyond the duration of my employment (such as ongoing duties to reasonably assist the Company in securing its intellectual property), to the extent they are not inconsistent with the provisions of this Agreement.

With respect to my obligations to maintain in confidence any and all confidential and/or trade secret information of the Company, I understand that the Defend Trade Secrets Act of 2016 (“DTSA”), 18 U.S.C. § 1833(b), provides me with immunity from criminal or civil liability under any federal or state trade secret law for my disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, provided that it is disclosed solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document filed in a lawsuit or other proceeding and the document is filed under seal so that it is not disclosed to the public.

6. Non-Compete and Non-Solicitation Agreement

In consideration of the benefits described herein, I also agree that until my Retirement Date, and for a period of two (2) years immediately following my Retirement Date, I shall not, without written waiver obtained from the Group Vice President, Human Resources and Corporate Services, directly or indirectly, work for or associate with any business that competes in trade or commerce with Ford, its subsidiaries or its affiliates, whether individually or as an owner, partner, agent, employee, consultant, or otherwise. I further agree to refrain until my Retirement Date, and for two (2) years following my Retirement Date, from taking any action that will cause the termination or interference of existing business relationships between or among Ford, its subsidiaries or its affiliates, on the one hand, and any of their customers or suppliers with whom I had direct or indirect contact while working for Ford, on the other. I further agree that Ford and its subsidiaries and affiliates have invested substantial time and effort to identify, recruit, and train their personnel and that, until my Retirement Date and for a period of two (2) years following my Retirement Date ("Restricted Period"), I will not, either directly or indirectly, on my behalf or on behalf of any other person or entity, in any capacity, recruit, solicit for hire, or hire or assist others in recruiting, soliciting for hire or hiring any person who is or during the Restricted Period becomes an employee, agency employee, contract employee or consultant of Ford or any of its subsidiaries or affiliates.

Any claim or judicial proceeding arising from or related to this Paragraph 6 initiated by either party hereto shall be filed in a state or federal court located in Wayne County, Michigan. I expressly consent to the personal jurisdiction of the state and federal courts located in Wayne County, Michigan for any lawsuit filed there against me by the Company arising from or related to this Paragraph 6. Any such proceeding or claim shall be governed by Michigan law, without regard to Michigan choice-of-law principles.

7. Return of Company Materials Upon Termination

I acknowledge that all written and/or electronic materials or documents containing Confidential Information prepared by me or coming into my possession because of my employment with the Company is and shall remain the property of the Company. I agree to make reasonable efforts to identify and locate all such written materials or documents in my possession, custody or control and return to the Company all such items in my possession, together with all copies of such items, no later than the Retirement Date. Notwithstanding the foregoing, I may keep my Company phone, Company iPad, and Company-issued equipment provided for my residences; however, I agree to cooperate with the Company to ensure the removal of all Confidential Information from those devices in advance of my Retirement Date. By my execution of this Agreement, I hereby certify that I have or will have complied with this paragraph.

8. Business Reputation

I acknowledge that the business reputation of the Company is a valuable asset. I agree that I shall take no action in a manner inimical to the best interests of the Company, including but not limited to: publishing material that disparages the Company, participating in interviews disparaging the Company or taking action in any other manner or way disparaging the Company. In the event that I take an action in a manner inimical to the best interests of the Company, any unpaid consideration described herein shall be forfeited. Nothing contained herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for failing to keep my promise, including the recovery of any damages which it is able to prove. Ford agrees that, prior to or promptly after the public release of the press release pertaining to my retirement, it will instruct its Board of Directors and its executive officers that they should not publish material that disparages me, participate in interviews disparaging me or take any action in any other manner or way that disparages me. In addition, Ford agrees that Ford Public Affairs and/or the Ford Media Center shall not publish any material that disparages me. However, Ford and I agree that statements which are consistent with Ford's press release pertaining to my retirement will not violate our respective obligations herein.

9. Legal Proceedings and Cooperation

I agree that I will, to the extent reasonably requested in writing, cooperate with and serve in any capacity requested by the Company in any pending or future litigation or proceedings in which the Company is a party, and regarding which I, by virtue of my employment with the Company, have knowledge or information which the Company deems relevant to said litigation or proceedings including, but not limited to, acting as the Company's representative or on behalf of the Company in any said litigation or proceedings. I further agree that, in any such litigation or proceedings, I will, without the necessity for subpoena, provide in any jurisdiction in which the Company requests, truthful testimony relevant to said litigation or proceedings. The Company shall pay the reasonable costs of my participation, which shall be determined in advance and approved by the Company, in writing, for transportation, meals, lodging or other necessary expense.

I further agree to notify the Company within a reasonable period of time should I learn of a subpoena or other court order requiring my participation in any legal proceeding relating to or stemming from my employment with the Company. "Reasonable period of time" means sufficiently in advance of the date on which I must respond to such subpoena or other court order so that the Company can intervene to challenge or quash such subpoena or other court order.

10. Enforceability and Interpretation

If any provision of this Agreement is found to be unenforceable, all other terms shall be considered separate and independent from the other provisions of this Agreement. The invalidity of any one provision shall not affect any other provision of this Agreement. This Agreement shall be governed by the laws of the State of Michigan, excluding its choice of law provisions. It is expressly understood and agreed that although I consider the restrictions contained in Paragraph 6 to be reasonable, if a final determination is made that the time or scope or any other restriction contained in Paragraph 6 is an unenforceable restriction against me, the provisions of such restriction shall not be rendered void but shall be deemed amended to apply as to such maximum time and scope and to such other extent as is determined or indicated to be reasonable and enforceable. Alternatively, if it is determined that any restriction contained in Paragraph 6 is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein. Furthermore, both parties agree that the provisions of this Agreement are the only provisions governing employee's termination of employment with the Company and waiver and release of any and all claims against the Company and that these provisions of this Agreement can only be modified by a written agreement. This Agreement shall inure to the benefit of and be binding upon the Company and the Company's successors and assigns. This Agreement shall inure to my benefit and be binding upon me. This Agreement shall also inure to the benefit of, and be binding upon, my heirs, executors, agents and assigns.

11. Dispute Resolution

In the event that a dispute arises about the validity, interpretation, effect or alleged violations of this Agreement, or about any matter that may arise between me and the Company in the future, except as set forth in Paragraph 6, the parties agree to submit the dispute to final and binding arbitration in Michigan before an experienced employment arbitrator licensed to practice law in Michigan and selected in accordance with the American Arbitration Association rules applicable to employment disputes. The arbitrator may not modify or change this Agreement in any way. I agree to pay my attorney's fees and the expenses for any witnesses that support my position. I understand that the Company will pay all expenses of the arbitration, including required travel and other expenses of the arbitrator, AAA representatives, and any witness and the costs relating to any proof produced at the direction of the arbitrator, unless the arbitrator directs otherwise in the award as provided for in the Administrative Fee Schedule. Arbitration in this manner shall be the exclusive remedy for any arbitrable dispute. The arbitrator's decision or award shall be fully enforceable and subject to an entry of judgment by a court of competent jurisdiction.

Notwithstanding the agreement to arbitrate as set for in this paragraph, the parties shall have the right, before, during or after any arbitration proceeding, to obtain equitable remedies available in a court of competent jurisdiction under applicable statutes and court rules. Any such claim or judicial proceeding shall be filed in a state or federal court located in Wayne County, Michigan. I expressly consent to the personal jurisdiction of the state and federal courts located in Wayne County, Michigan for any lawsuit filed there against me by the Company arising from or related to this Paragraph 11. Any such proceeding or claim shall be governed by Michigan law, without regard to Michigan choice-of-law principles. The institution of any suit permitted by this paragraph shall not constitute a waiver of the agreement to arbitrate as set forth in this paragraph.

12. Acknowledgments. I acknowledge that:

- I have carefully read this Release, I fully understand what it means, and I am entering into it voluntarily.
- I have been advised in writing to consult with an attorney of my own choice (and not related to the Company) prior to signing this Agreement and the Company strongly recommends I do so;
- I am receiving valuable consideration in exchange for my execution of this Agreement in the form of the consideration described herein that exceed the consideration I would be entitled to if I quit and did not execute this Agreement;
- I must be an employee in good standing as of the date of my termination to receive the benefits described herein; and
- I have not relied on any statements, promises or agreements of any kind made to me in connection with my decision to sign this Agreement except for those terms set forth in the summary and this Agreement.

This offer expires on Sunday, May 21, 2017 at 11:59 p.m. Eastern Daylight Time. Failure to sign and return this agreement to Felicia Fields before it expires shall render this proposed agreement null and void. This Agreement may be executed in one or more counterparts, including by facsimile or .pdf, all of which taken together shall constitute one and the same instrument.

By signing below, I voluntarily agree to the terms and conditions of this Agreement.

/s/ Mark Fields	5/21/2017
Mark Fields	**Date**

Ford Motor Company:

By:	/s/ Felicia J. Fields	5/21/2017
	Felicia J. Fields	**Date**
Title:	**Group Vice President, Human Resources And Corporate Services**	

Exhibit A

Ford Motor Company
Executive Personnel Office

Mark Fields – Retirement Benefits Summary

Effective Dates	**Ford Service Date: July 24, 1989** **Last Day Worked: July 31, 2017** **Retirement Effective Date: August 1, 2017**
Termination Type	**Regular Early Retirement**
Compensation	
AICP Bonus Payment	If a bonus is paid for the 2017 performance year, eligible for a pro-ration (7/12 months); assumes an 8/1/2017 retirement date.
Performance-Based Restricted Stock Units (PB-RSU)	Employee must be active at least 6 months subsequent to grant date in order to retain the grant. 2015 and 2016 PB-RSUs are retained. The Compensation Committee has approved an exception to allow you to retain certain of the 2017 annual LTIP grants. The 2017 Strategic Incentive Grant Opportunity is forfeited. The 2016 Strategic Incentive Grant Opportunity, as it has completed the 2016 performance period, will be retained and vest three years from the March 2016 grant date. Granted PB-RSU awards still within their performance period will be retained and settled on the normal lapse/settlement date. Your awards falling into this category are as follows: **2017 Annual PB-RSU Grant (2017-2019 performance period)** • The final award of your initial grant (631,911 PB-RSUs) will be determined by the Compensation Committee at the end of the performance period. Any final PB-RSU award will settle in March, 2020. **2016 Annual PB-RSU Grant (2016-2018 performance period)** • The final award of your initial grant (590,841 PB-RSUs) will be determined by the Compensation Committee at the end of the performance period. Any final PB-RSU award will settle in March, 2019. **2015 LTIP - PB-RSU (2015-2017 performance period)** • The final award of your initial grant (561,447 PB-RSUs) will be determined by the Compensation Committee at the end of the performance period. Any final PB-RSU award will settle in March, 2018. **2017 LTIP Strategic Incentive PB-RSU (2017 performance period)** • The 2017 Strategic Incentive Grant (197,472 PB-RSUs) will be forfeited.
Time-Based Restricted Stock Units (TB-RSU)	Employee must be active at least 6 months subsequent to grant date in order to retain the grant. The Compensation Committee has approved an exception to allow you to retain your 2017 annual LTIP grant. Granted, unvested TB-RSU awards awarded prior to the separation date will be retained and settled on the normal lapse/settlement date. Your awards falling into this category are as follows: • **2017 LTIP - TB-RSU**: final tranche unrestricts March 2020. • **2016 LTIP - TB-RSU**: final tranche unrestricts March 2019. • **2015 LTIP - TB-RSU**: final tranche unrestricts March 2018.
Stock Options	The following terms apply: • Options granted before retirement continue to vest and may be exercised (subject to waiting period requirements) during the remaining term of the options. • Incentive Stock Options (ISOs) must be exercised within three months of the retirement date to preserve their favorable tax treatment (capital gains taxation upon sale of shares held at least 12 months). ISOs exercised more than three months after retirement date (or those that are not exercisable within those three months) will lose their favorable tax treatment, and the value realized as a result of exercise will be taxed as ordinary income (like non-qualified option exercises).

Mark Fields – Retirement Benefits Summary

Health Care	
Dental Plan	Dental coverage continues. Premium deductions will be made from the pension check until age 65.
Medical Care and Prescription Drug	Medical coverage continues. Premium deductions will be made from the pension check until age 65 when Medicare eligible. Prescription coverage continues with the medical plan until age 65.
Health Reimbursement Arrangement (HRA)	Retiree & spouse will be enrolled in Health Reimbursement Arrangement (HRA) at age 65; Company contributions of $1,800 per person annually (pro-rated first year) will be made available for reimbursement of health-related costs.
Vision Plan	Eligible to sign up during annual open enrollment as a retiree.
Insurances (Other Than Health Care)	
Accidental Death & Dismemberment	Company-paid coverage of $25,000; ceases at age 65.
Basic Life Insurance	Company-paid life insurance will continue at $25,000.
Optional Life Insurance	Current level of coverage (5x base salary) may be continued in retirement.
Disability Plan	Coverage ends.
Optional Accident Insurance	Not currently enrolled.
Spouse Life Insurance	Current level of coverage ($200,000) may be continued in retirement.
Dependent Life Insurance	Current level of coverage ($40,000) may be continued in retirement.
Pension / Savings Plans	
Benefit Equalization Plan (on SSIP match)	BEP accrued prior to 12/31/2004 is distributed as soon as practicable after the separation from employment. The BEP accrued after 12/31/2004 will be distributed no earlier than the first day of the seventh month following separation, due to IRC 409A. • 5/19/17 Balance: $576,069.43
Executive Retirement Benefits (ESAP/SERP/SRP)	Non-qualified benefits will be distributed no earlier than the first day of the seventh month following separation, due to IRC 409A. Please note that non-qualified benefits are subject to FICA/Medicare tax liability. This is a one-time tax that is due in the year of retirement. The tax is paid by the Company and then recovered by withholding the full amount from your 7th month pension check, which contains 6 months of retroactive non-qualified pension payments.
General Retirement Plan (GRP)	See retirement estimate. If electing annuity - first payment occurs approximately 6 weeks after retirement date, then first of month thereafter.
Savings and Stock Investment Plan	For distribution or management of SSIP assets: www.myfordbenefits.com; or call Executive Personnel at (313) 322-9453. • 5/19/17 Balance: $1,903,889
Vehicle Programs	
Vehicles	• You will continue to have two executive vehicles, but will be responsible for fuel. • You are eligible for up to two lease vehicles.
Miscellaneous Items	
Vacation	You will be paid for any earned, unused 2017 vacation.
Financial Planning	Copayment allowance stops upon separation from employment.
Equipment	You may retain the Company-issued equipment provided for your residences. You may also retain your iPhone and iPad.

Waiver: The above terms are conditional upon receipt of signed Executive Separation Waiver and Release Agreement.

This statement is intended to be a convenient summary of your status under various plans of the Company, and is not intended to describe the terms and conditions of the plans, policies or awards. Any benefit calculations are subject to corrections for errors in the record or otherwise. Any discrepancy between this document and the terms and conditions of Company plans, policies or awards will be governed by the terms and conditions of the plans, policies or awards. This document is not a promise or guarantee as to the type or amount of benefit that may be payable in particular circumstances. The Company reserves the right to end, suspend, or amend the Plans at any time, in whole or in part, at its sole discretion. Amendments may also be made to comply with the applicable statutes and regulations. In addition, certain benefits are subject to "earning-out" or performance conditions, as provided in the related plans or award terms and conditions. Determination as to eligibility or benefit amount under the plans, policies or awards is made by the appropriate committee or personnel activity at the time benefits may be payable, and is governed by the detailed provisions of the plans, policies or awards.

Exhibit 12

FORD MOTOR COMPANY AND SUBSIDIARIES
CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES
(in millions)

	First Half 2017
Earnings	
Income before income taxes	$ 4,502
Add/(Deduct):	
Equity in net income of affiliated companies	(619)
Dividends from affiliated companies	803
Fixed charges excluding capitalized interest	2,167
Amortization of capitalized interest	19
Earnings	$ 6,872
Fixed Charges	
Interest expense	$ 2,082
Interest portion of rental expense (a)	85
Capitalized interest	15
Total fixed charges	$ 2,182
Ratios	
Ratio of earnings to fixed charges	3.1

(a) One-third of all rental expense is deemed to be interest.

Exhibit 15

July 26, 2017

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ford Motor Company Registration Statement Nos. 33-62227, 333-02735, 333-20725, 333-31466, 333-47733, 333-56660, 333-57596, 333-65703, 333-71380, 333-74313, 333-85138, 333-87619, 333-104063, 333-113584, 333-123251, 333-138819, 333-138821, 333-149453, 333-149456, 333-153815, 333-153816, 333-156630, 333-156631, 333-157584, 333-162992, 333-162993, 333-165100, 333-172491, 333-179624, 333-186730, 333-193999, 333-194000, 333-203697, 333-210978, and 333-217494 on Form S-8 and 333-216126 on Form S-3.

Commissioners:

We are aware that our report dated July 26, 2017 on our review of interim financial information of Ford Motor Company (the “Company”) for the three and six month periods ended June 30, 2017 and June 30, 2016 included in the Company’s quarterly report on Form 10-Q for the quarter ended June 30, 2017 is incorporated by reference in the aforementioned Registration Statements.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, Michigan

Exhibit 31.1

CERTIFICATION

I, James P. Hackett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2017 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: July 26, 2017

/s/ James P. Hackett

James P. Hackett
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Bob Shanks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2017 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: July 26, 2017

/s/ Bob Shanks

Bob Shanks
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James P. Hackett, 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 June 30, 2017, 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: July 26, 2017

/s/ James P. Hackett
James P. Hackett
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Bob Shanks, Executive Vice President and 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 June 30, 2017, 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: July 26, 2017

/s/ Bob Shanks

Bob Shanks
Executive Vice President and
Chief Financial Officer