Agenda

Strategy Highlights and Corporate Overview 3
Ford Credit 11
Retail Securitization 24
FordREV Securitization 40
Lease Securitization 52
Floorplan Securitization 68
Appendix 87

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Strategy Highlights and Corporate Overview
Creating Tomorrow, Together

Our Belief

Freedom of movement drives human progress.

Our Aspiration

To become the world’s most trusted company, designing smart vehicles for a smart world.

Our Plan for Value Creation

Passion for Product & Deep Customer Insight

- Winning Portfolio
- Propulsion Choices
- Autonomous Technology
- Mobility Experiences

Fitness

- Operating Leverage
- Build, Partner, Buy
- Capital Efficiency
- Strong Balance Sheet

Metrics

- Growth
- EBIT Margin
- ROIC
- Cash Flow

Our People

Culture & Values

Passion for Product & Deep Customer Insight

Our Aspiration

Our Belief
• Roadmap for potential EBIT charges of $11B with cash-related effects of $7B over the next 3 to 5 years
  – North America strong – accounts for essentially all of Company EBIT; ROIC well above cost of capital
  – Europe and Asia Pacific profitable with relatively weak margins; ROIC below cost of capital
  – South America – highly dilutive margin and ROIC
  – MEA low performing, but with credible plan to generate appropriate returns

Note: All references to EBIT and EBIT Margin are on an adjusted basis, include regional Ford Credit EBT and exclude Corporate Other
### Company Key Metrics Summary

#### COMPANY KEY METRICS SUMMARY

**SECOND QUARTER**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesales (000)</td>
<td>1,651</td>
<td>1,493</td>
<td>(10) %</td>
</tr>
<tr>
<td>Market share (Pct)</td>
<td>7.3 %</td>
<td>6.7 %</td>
<td>(0.6) pts</td>
</tr>
</tbody>
</table>

**YEAR TO DATE**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesales (000)</td>
<td>3,354</td>
<td>3,155</td>
<td>(6) %</td>
</tr>
<tr>
<td>Market share (Pct)</td>
<td>7.2 %</td>
<td>6.6 %</td>
<td>(0.6) pts</td>
</tr>
</tbody>
</table>

**GAAP**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (Bils)</td>
<td>$39.9</td>
<td>$38.9</td>
<td>(2) %</td>
</tr>
<tr>
<td>Net Income (Bils)</td>
<td>2.0</td>
<td>1.1</td>
<td>$(0.9)</td>
</tr>
<tr>
<td>Net Income Margin (Pct)</td>
<td>5.1 %</td>
<td>2.7 %</td>
<td>(2.4) pts</td>
</tr>
<tr>
<td>EPS (Diluted)</td>
<td>$0.51</td>
<td>$0.27</td>
<td>$(0.24)</td>
</tr>
<tr>
<td>Cash Flows From Op. Activities (Bils)</td>
<td>$5.7</td>
<td>$5.0</td>
<td>$(0.7)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (Bils)</td>
<td>$79.0</td>
<td>$80.9</td>
<td>2 %</td>
</tr>
<tr>
<td>Net Income (Bils)</td>
<td>3.6</td>
<td>2.8</td>
<td>$(0.8)</td>
</tr>
<tr>
<td>Net Income Margin (Pct)</td>
<td>4.6 %</td>
<td>3.5 %</td>
<td>(1.1) pts</td>
</tr>
<tr>
<td>EPS (Diluted)</td>
<td>$0.91</td>
<td>$0.70</td>
<td>$(0.21)</td>
</tr>
<tr>
<td>Cash Flows From Op. Activities (Bils)</td>
<td>10.0</td>
<td>8.5</td>
<td>$(1.5)</td>
</tr>
</tbody>
</table>

**Non-GAAP**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Adj. EBIT* (Bils)</td>
<td>$2.8</td>
<td>$1.7</td>
<td>$(1.1)</td>
</tr>
<tr>
<td>Company Adj. EBIT Margin* (Pct)</td>
<td>7.0 %</td>
<td>4.3 %</td>
<td>(2.7) pts</td>
</tr>
<tr>
<td>Adjusted EPS* (Diluted)</td>
<td>$0.56</td>
<td>$0.27</td>
<td>$(0.29)</td>
</tr>
<tr>
<td>Company Adj. Op. Cash Flow* (Bils)</td>
<td>1.3</td>
<td>(1.8)</td>
<td>(3.1)</td>
</tr>
<tr>
<td>ROIC (Trailing Four Qtrs)</td>
<td>10.9 %</td>
<td>8.7 %</td>
<td>(2.2) pts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Adj. EBIT* (Bils)</td>
<td>$5.3</td>
<td>$3.9</td>
<td>$(1.4)</td>
</tr>
<tr>
<td>Company Adj. EBIT Margin* (Pct)</td>
<td>6.7 %</td>
<td>4.8 %</td>
<td>(1.9) pts</td>
</tr>
<tr>
<td>Adjusted EPS* (Diluted)</td>
<td>$0.96</td>
<td>$0.70</td>
<td>$(0.26)</td>
</tr>
<tr>
<td>Company Adj. Op. Cash Flow* (Bils)</td>
<td>3.3</td>
<td>1.2</td>
<td>(2.1)</td>
</tr>
</tbody>
</table>

* See Appendix for reconciliation to GAAP and definitions

- **2Q top line lower YoY due to lower volume, mainly Meridian fire disruption in NA and China performance**
- **Net income at $1.1B, down $0.9B**
- **Company adjusted EBIT at $1.7B, down $1.1B, driven by Meridian fire disruption and China performance**
- **Company adjusted EPS at $0.27, down $0.29; adjusted effective tax rate of 21%**
- **Company adjusted EBIT margin at 4.3%, down 2.7 pts; mainly AP, principally China, and NA**
- **Company adjusted operating cash flow at negative $1.8B, $3.1B lower; primarily driven by lower EBIT, working capital and timing differences**
2Q 2018 Company Results (Mils)

- Auto and Ford Credit results drove Company adjusted EBIT
- Mobility results include strategic investments in autonomous vehicle development
- Corporate Other includes gains on marketable securities, including Pivotal
- Taxes higher YoY; reflects non-repeat of foreign tax credit benefits

* See Appendix for reconciliation to GAAP and definitions
• Automotive EBIT driven by NA
• Operations outside NA at an EBIT loss in total, down $659M YoY, driven by AP (China) and Europe
• NA EBIT YoY decline caused by Meridian disruption
• MEA delivers record 2Q EBIT

### 2Q 2018 Automotive EBIT By Region (Mils)

<table>
<thead>
<tr>
<th>Region</th>
<th>2Q 2018 EBIT</th>
<th>2Q 2017 EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>$1,157</td>
<td>$(1,238)</td>
</tr>
<tr>
<td>North America</td>
<td>$1,753</td>
<td>$(579)</td>
</tr>
<tr>
<td>South America</td>
<td>$(178)</td>
<td>$(1)</td>
</tr>
<tr>
<td>Europe</td>
<td>$(73)</td>
<td>$(195)</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>$(49)</td>
<td>$98</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>$(394)</td>
<td>$(561)</td>
</tr>
</tbody>
</table>
## Company Balance Sheet And Liquidity (Bils)

<table>
<thead>
<tr>
<th></th>
<th>2017 Dec 31</th>
<th>2018 Jun 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company excl. Ford Credit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Cash*</td>
<td>$26.5</td>
<td>$25.2</td>
</tr>
<tr>
<td>Liquidity</td>
<td>$37.4</td>
<td>$36.1</td>
</tr>
<tr>
<td>Debt</td>
<td>$16.5</td>
<td>$16.2</td>
</tr>
<tr>
<td>Cash Net of Debt</td>
<td>10.0</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Company Balance Sheet Underfunded Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Pension</td>
<td>$2.2</td>
<td>$1.6</td>
</tr>
<tr>
<td>Non-U.S. Pension</td>
<td>4.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Total Global Pension</td>
<td>$6.6</td>
<td>$5.7</td>
</tr>
<tr>
<td>Total Unfunded OPEB</td>
<td>$6.2</td>
<td>$6.0</td>
</tr>
</tbody>
</table>

- Company cash and liquidity balances remain strong
- Extended maturity dates of corporate credit facility with terms and conditions unchanged

*See Appendix for definition

**Balances at June 30, 2018 reflect net underfunded status at December 31, 2017, updated for service and interest costs, expected return on assets, separation expense, interim remeasurement expense, actual benefit payments and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year end 2017.
Capital Strategy Framework

Investment Grade Balance Sheet
- Liquidity At Target
- Investment Grade Credit Rating Through A Cycle; Debt Capacity Maintained
- Funded Pensions Fully Funded & De-Risked

Fund The Plan / Value Creation
- Product Renewal
- Profitable Growth (ROIC > WACC)
- EV, AV, Mobility
- Infrastructure
- Restructuring
- Sustainable Regular Dividend
- Anti-Dilutive Share Repurchase
- Shareholder Distributions Consistent With Strategy
- Self-Funded Ford Credit

Incremental Opportunities
- Additional Growth Opportunities
- Further Balance Sheet Improvements
- Additional Shareholder Actions

Key Focus
Continue to prioritize balance sheet while plans for fitness progress

Rapidly improve fitness to lower costs, release capital and finance growth. Allocate capital to areas we can win

To be considered longer term, once fitness actions have taken hold

Capital Strategy Framework Unchanged; Focus On Investment Grade Balance Sheet, Fitness And Capital Allocation To Drive Value Creation
Over The Last 20 Years, Ford Credit Generated
$42 Billion In Earnings Before Taxes And $26 Billion In Distributions
Ford Credit Strategy

**ORIGINATE**
- Support Ford and Lincoln sales
- Strong dealer relationships
- Full spread of business
- Consistent underwriting
- Robust credit evaluation and verification
- Efficient use of capital

**SERVICE**
- High customer and dealer satisfaction
- World-class servicing
- Credit losses within expectations
- Operationally fit with lean cost structure

**FUND**
- Strong liquidity
- Diverse sources and channels
- Cost effective
- Credit availability through economic cycles
## Key Metrics

### SECOND QUARTER

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Receivables (Bils)</td>
<td>$135</td>
<td>$143</td>
<td>6%</td>
</tr>
<tr>
<td>Managed Receivables* (Bils)</td>
<td>$142</td>
<td>$151</td>
<td>7%</td>
</tr>
<tr>
<td>Loss-to-Receivables** (LTR)</td>
<td>46 bps</td>
<td>36 bps</td>
<td>(10) bps</td>
</tr>
<tr>
<td>Auction Values***</td>
<td>$17,440</td>
<td>$18,190</td>
<td>4%</td>
</tr>
<tr>
<td>Earnings Before Taxes (EBT) (Mils)</td>
<td>$619</td>
<td>$645</td>
<td>$26</td>
</tr>
<tr>
<td>ROE (Pct)</td>
<td>13%</td>
<td>12%</td>
<td>(1) ppts</td>
</tr>
</tbody>
</table>

### YEAR TO DATE

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Receivables (Bils)</td>
<td>$135</td>
<td>$143</td>
<td>6%</td>
</tr>
<tr>
<td>Managed Receivables* (Bils)</td>
<td>$142</td>
<td>$151</td>
<td>7%</td>
</tr>
<tr>
<td>Loss-to-Receivables** (LTR)</td>
<td>50 bps</td>
<td>43 bps</td>
<td>(7) bps</td>
</tr>
<tr>
<td>Auction Values***</td>
<td>$17,285</td>
<td>$17,770</td>
<td>3%</td>
</tr>
<tr>
<td>Earnings Before Taxes (EBT) (Mils)</td>
<td>$1,100</td>
<td>$1,286</td>
<td>$186</td>
</tr>
<tr>
<td>ROE (Pct)</td>
<td>12%</td>
<td>15%</td>
<td>3 ppts</td>
</tr>
</tbody>
</table>

### Other Balance Sheet Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>H / (L)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt (Bils)</td>
<td>$129</td>
<td>$137</td>
<td>6%</td>
</tr>
<tr>
<td>Liquidity (Bils)</td>
<td>$29</td>
<td>$27</td>
<td>(4.0) %</td>
</tr>
<tr>
<td>Financial Statement Leverage (to 1)</td>
<td>9.3</td>
<td>8.9</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Managed Leverage* (to 1)</td>
<td>8.8</td>
<td>8.3</td>
<td>(0.5)</td>
</tr>
</tbody>
</table>

- Strong 2Q EBT
- Receivables up globally YoY led by retail financing
- Continuing to maintain receivables around present level and deliver strong distributions to Ford
- U.S. consumer credit metrics healthy with improved LTR
- Balance sheet and liquidity strong; managed leverage within target range of 8:1 to 9:1

* See Appendix for reconciliation to GAAP and definitions
** U.S. retail and lease
*** U.S. 36-month off-lease at 2Q 2018 mix
2Q 2018 Net Receivables Mix (Bils)

- Prudent management of lease mix
- Operating lease portfolio was 19% of total net receivables
- U.S. and Canada represent 98% of operating lease portfolio
U.S. Origination Metrics

- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and steady risk mix
- Extended-term contracts relatively small part of our business
Delinquencies and repossessions remained low.

Severity trended favorably YoY reflecting increased time to repossession.

Strong loss metrics reflect healthy consumer credit conditions.
U.S. Lease Origination Metrics

Lease Placement Volume (000)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>24-Month</th>
<th>39-Month / Other</th>
<th>36-Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q17</td>
<td>98</td>
<td>10</td>
<td>77</td>
</tr>
<tr>
<td>2Q17</td>
<td>97</td>
<td>10</td>
<td>76</td>
</tr>
<tr>
<td>3Q17</td>
<td>91</td>
<td>10</td>
<td>72</td>
</tr>
<tr>
<td>4Q17</td>
<td>82</td>
<td>9</td>
<td>65</td>
</tr>
<tr>
<td>1Q18</td>
<td>93</td>
<td>12</td>
<td>58</td>
</tr>
<tr>
<td>2Q18</td>
<td>104</td>
<td>12</td>
<td>75</td>
</tr>
</tbody>
</table>

Lease Share of Retail Sales (Pct)

- **Ford Credit**
- **Industry**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Ford Credit</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q17</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>2Q17</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>3Q17</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>4Q17</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>1Q18</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>2Q18</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

*Source: JD Power PIN

- Lease share about the same as prior year and below industry reflecting Ford sales mix.
U.S. Lease Residual Performance

- Healthy used car market supporting lease residual and credit loss performance
- Auction values stronger than expected and higher YoY
- Now expect 2018 FY average auction values to be 1% to 2% higher at constant mix
Funding Structure – Managed Receivables*  
(Bils)

<table>
<thead>
<tr>
<th></th>
<th>2016 Dec 31</th>
<th>2017 Dec 31</th>
<th>2018 Jun 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Debt (incl. Bank Borrowings)</td>
<td>$66</td>
<td>$75</td>
<td>$72</td>
</tr>
<tr>
<td>Term Asset-Backed Securities</td>
<td>50</td>
<td>53</td>
<td>55</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Ford Interest Advantage / Deposits</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Equity</td>
<td>13</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Adjustments For Cash</td>
<td>(11)</td>
<td>(12)</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>Total Managed Receivables</strong></td>
<td><strong>$137</strong></td>
<td><strong>$151</strong></td>
<td><strong>$151</strong></td>
</tr>
</tbody>
</table>

Securitized Funding as Pct of Managed Receivables  
37% 35% 36%

* See Appendix for definitions and reconciliation to GAAP

- Funding is diversified across platforms and markets
- Well capitalized with strong investment grade balance sheet profile
## Public Term Funding Plan* (Bils)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>$ 9</td>
<td>$ 10</td>
<td>$ 5 - 7</td>
<td>$ 5</td>
<td></td>
</tr>
<tr>
<td>CAD</td>
<td>1</td>
<td>2</td>
<td>1 - 2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>EUR / GBP</td>
<td>3</td>
<td>3</td>
<td>5 - 6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total unsecured</strong></td>
<td><strong>$ 14</strong></td>
<td><strong>$ 16</strong></td>
<td><strong>$ 13 - 16</strong></td>
<td><strong>$ 12</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Securitizations</strong></td>
<td><strong>$ 13</strong></td>
<td><strong>$ 15</strong></td>
<td><strong>$ 13 - 15</strong></td>
<td><strong>$ 10</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total public</strong></td>
<td><strong>$ 28</strong></td>
<td><strong>$ 32</strong></td>
<td><strong>$ 26 - 30</strong></td>
<td><strong>$ 22</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Numbers may not sum due to rounding; see Appendix for definitions
Ford Credit’s Syndicate 2.0 Process

Developed in 2012 based on the idea that the syndication process for benchmark ABS transactions should be practical and efficient

**Value Proposition For Investors**
- Authentic price indications (e.g., no whispers, less frequent testing)
- Transparency on size
- Books go subject earlier
- Subject to credit orders protected in allocations

**How It Works**
- On Thursday, investors are notified that the deal is coming and are provided with the offering documents and marketing materials as well as an overview of the syndicate process
- Deal announces 8:00 am Monday without whisper pricing; orders taken once books open with price guidance at 11:00 am
- Each class is taken subject 15-30 minutes after it is 1x subscribed with firm orders (due to STC* and after subject message orders, classes could finish over 1x)
- Favorable allocations go to investors placing orders (both firm and STC*) prior to the subject message
- It is less common to “test” classes tighter because guidance is set at pricing expectations
- For FordREV and FORDF, Ford occasionally soft sounds key investors to assess interest

*STC = Subject to credit

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Source: IFR Markets as of July 31, 2018
Cautionary Note On Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford’s long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor disputes, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.
Retail Securitization
Retail Securitization

Free Writing Prospectus

Registration Statement No. 333-225949
Ford Credit Auto Receivables Two LLC (the “depositor”)
Ford Credit Auto Owner Trusts (the “issuer”)

This document constitutes a free writing prospectus for purposes of the Securities Act of 1933. The depositor has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the depositor has filed with the SEC for more complete information about the depositor, the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, you may request that a copy of the prospectus be sent to you by calling 1-888-603-5847.
Overview

- Ford Credit has been originating retail installment sales contracts since 1959 and has been securitizing its retail contracts since 1988.
- Ford Credit has had an active publicly registered securitization program for retail contracts since 1989 and has issued asset-backed securities in more than 75 transactions under this program.
- Ford Credit offers retail asset-backed securities through various channels:
  - Public transactions
  - Rule 144A transactions
  - Other private transactions
- Collateral composition has trended in line with the industry and Ford Credit’s strategy – we securitize what we originate.
- Structural elements have remained consistent – similar structure in place for over 15 years.
Retail Securitization
Business Update

Number of Receivables Originated (000)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2Q17 YTD</th>
<th>2Q18 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>765</td>
<td>839</td>
<td>899</td>
<td>719</td>
<td>705</td>
<td>305</td>
<td>360</td>
</tr>
</tbody>
</table>

Avg. # of Contracts Outstanding (000)

- 2013: 1,866
- 2014: 1,896
- 2015: 2,005
- 2016: 2,106
- 2017: 2,145
- 2Q17 YTD: 2,136
- 2Q18 YTD: 2,186

Financing Share* Retail Installment and Lease

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2Q17 YTD</th>
<th>2Q18 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>56%</td>
<td>63%</td>
<td>65%</td>
<td>56%</td>
<td>55%</td>
<td>54%</td>
<td>59%</td>
</tr>
</tbody>
</table>

* Retail installment and lease share of Ford retail sales (excludes fleet sales)

- Financing practices have been prudent and consistent for many years, ensuring reliable support for Ford dealers and customers through all cycles.
- Changes in origination volumes generally reflect the changes in Ford’s sales and Ford Credit’s financing share.
- Changes in financing share are primarily driven by the availability and type of Ford-sponsored marketing programs.
Retail Securitization

Portfolio Credit Metrics

Weighted Average FICO at Origination

<table>
<thead>
<tr>
<th>Year</th>
<th>FICO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>734</td>
</tr>
<tr>
<td>2014</td>
<td>736</td>
</tr>
<tr>
<td>2015</td>
<td>736</td>
</tr>
<tr>
<td>2016</td>
<td>741</td>
</tr>
<tr>
<td>2017</td>
<td>734</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>734</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>739</td>
</tr>
</tbody>
</table>

Based on year of origination

Average Net Loss on Charged-Off Contracts*

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Net Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$2,798</td>
</tr>
<tr>
<td>2014</td>
<td>$3,292</td>
</tr>
<tr>
<td>2015</td>
<td>$4,445</td>
</tr>
<tr>
<td>2016</td>
<td>$6,245</td>
</tr>
<tr>
<td>2017</td>
<td>$6,640</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>$6,294</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>$5,716</td>
</tr>
</tbody>
</table>

Repossessions as a % of the Average Number of Contracts Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>Repossessions %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.37%</td>
</tr>
<tr>
<td>2014</td>
<td>1.22%</td>
</tr>
<tr>
<td>2015</td>
<td>1.12%</td>
</tr>
<tr>
<td>2016</td>
<td>1.21%</td>
</tr>
<tr>
<td>2017</td>
<td>1.29%</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>1.26%</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>1.29%</td>
</tr>
</tbody>
</table>

Net Losses as a % of the Average Portfolio Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Loss %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.33%</td>
</tr>
<tr>
<td>2014</td>
<td>0.33%</td>
</tr>
<tr>
<td>2015</td>
<td>0.38%</td>
</tr>
<tr>
<td>2016</td>
<td>0.54%</td>
</tr>
<tr>
<td>2017</td>
<td>0.61%</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>0.56%</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

* Net losses consider losses incurred after the unit has been sold at auction and all legal collection efforts have been completed.
Retail Securitization

Securitization Pool Metrics

- **Weighted Average FICO**
  - 710
  - 715
  - 720
  - 725
  - 730
  - 735
  - 740
  - 745

- **Weighted Average Payment-to-Income**
  - 7.5%
  - 7.7%
  - 7.9%
  - 8.1%
  - 8.3%
  - 8.5%
  - 8.7%
  - 8.9%
  - 9.1%

- **New / Used**
  - New
  - Used

- **Car / Light Truck / Utility**
  - Car
  - Light Truck
  - Utility
  - Other*

* Primarily non-Ford, Lincoln and Mercury vehicles, which Ford Credit does not categorize
Retail Securitization

Securitization Pool Metrics

% Subvened-APR Receivables

% of Contracts > 60 Month Original Term

Weighted Average Loan-to-Value (LTV)

Commentary

- Ford marketing programs, with subvened rates as low as 0% for 72 months, have influenced the composition of the most recent pools
  - Subvened APR receivables increased through 2016 but have fallen since 2017
  - Increased mix of contracts with original term > 60 months
  - Higher LTV, reflecting higher mix of subvened APR receivables in 2016 and began to decrease in 2017
Retail Securitization

Structure Overview

Credit enhancement in our retail securitization programs includes:

- Subordination of junior notes
- Cash reserve
- Excess spread (used to build target overcollateralization)

Senior / subordinate, sequential pay structure

Target OC = Sum of:
1. YSOC
2. 2.0% of initial adjusted pool balance
3. 1.5% of current pool balance less reserve
Retail Securitization

U.S. Retail Pool Performance: Cumulative Net Losses

16 Years Of Consistent Performance Through Multiple Cycles
Retail Origination and Servicing Strategies
Originations Strategy

Origination Process

- Ford Credit's origination process is judgment-based, using well-established purchase guidelines and control processes – not governed by strict limits
- Ford Credit's origination process is supported by a proprietary system
  - Analyzes a number of factors for each credit application
  - Produces a proprietary risk score that is updated in real time throughout the evaluation process as inputs change
- Credit application process
  - Dealers submit credit applications and proposed financing terms electronically to Ford Credit
  - Ford Credit obtains a credit report for the applicant and any co-applicant
    - Ford Credit uses its proprietary origination system to complete compliance and other checks, including fraud alerts, ID variation, or to identify if the applicant is a current or former customer
- Ford Credit’s origination process is supported by a proprietary scoring model and electronic decisioning
- Ford Credit communicates credit decisions electronically to dealers
Originations Strategy

**Origination Scoring Models**

- Ford Credit classifies credit applications to determine which origination scoring model will be used. Classifications are:
  - Applicant type (individual, business entity)
  - Credit profile (high FICO®, low FICO)
  - Vehicle type (new vehicle, used vehicle)

- Ford Credit's proprietary origination scoring models assess the creditworthiness of the applicant using the information in the credit application, information in the credit bureau report and other information. Examples include:
  - Financing product (retail, lease)
  - Contract characteristics (loan-to-value, lease-to-value, term, payment)
  - Other factors (payment-to-income, employment history, capacity to pay, financial stability)

- Output of the origination scoring models is a proprietary risk score referred to as Probability of Payment
  - The origination scoring models build on the predictive power of credit bureau, credit application data and contract characteristics
  - Updated in real time throughout the evaluation process as inputs change
Originations Strategy

Scoring Models Development and Maintenance

- Origination scoring models are developed internally by Ford Credit’s analytics team using statistical analysis of contract characteristics and performance of Ford Credit’s retail and lease portfolio database and other automotive-specific data to identify key variables that predict an applicant’s probability of fully paying the amount due under the contract.

- Ford Credit regularly reviews its origination scoring models to confirm the business significance and statistical predictability of the variables:
  - Origination scoring model performance review
  - Scorecard Cycle Plan Committee review

- Ford Credit develops new origination scoring models on a regular cycle plan.

- Ford Credit may make adjustments to improve the performance of the origination scoring models between development cycles to react quickly to portfolio performance shifts and macroeconomic conditions. Adjustments may include:
  - Uniformly changing the overall credit risk scores
  - Modifying the weight of selected variables

- Launch dates for most recent redeveloped origination scoring models:

<table>
<thead>
<tr>
<th>Scoring Models</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>January 2018</td>
</tr>
<tr>
<td>Commercial</td>
<td>April 2015</td>
</tr>
<tr>
<td>Commercial Line of Credit</td>
<td>May 2017</td>
</tr>
</tbody>
</table>
Originations Strategy

Purchasing Guidelines and Control Processes

• Ford Credit establishes purchasing standards and procedures to support consistent credit and purchase decisions
  – Portfolio Level – Purchase quality guidelines set portfolio targets for the purchase of lower and marginal quality contracts and to manage the overall quality of the portfolio
  – Credit Application Level – Risk factor guidelines provide a framework for credit application evaluation criteria for specific attributes of an application including affordability measures like payment-to-income and debt-to-income ratios, FICO score and contract term
    ➢ For less creditworthy applicants, or if there is a discrepancy in the information provided by the applicant, the credit analyst may verify the identity, employment, income, residency and other applicant information using Ford Credit's established procedures before the decision is made

• Ford Credit reviews credit analysts decisions regularly to ensure they are consistent with origination standards and credit approval authority

• Quarterly risk management portfolio performance analysis is performed

Effective Guidelines And Processes Enable Early Detection Of Portfolio Performance
Servicing Strategy

Behavioral Scoring Models

- Ford Credit uses proprietary behavioral scoring models to assess the probability of payment default for each receivable on its payment due date.
- These models assess the risk of a customer defaulting using a number of variables including origination characteristics, customer account history, payment patterns, expected loss or severity and periodically updated credit bureau information.*
- Output of the behavioral scoring models is a proprietary risk rating referred to as Probability of Default (POD).
  - Contracts are scored monthly on their due date to get an updated POD.
- Before a behavioral scoring model is applied, Ford Credit classifies each customer account to determine which model to use. Classifications include:
  - Financing Product (retail, lease)
  - Consumer (individual, business entity)
  - Delinquency level (current, due date delinquent, 30 days past due)

* Updated credit bureau data is obtained for U.S. accounts only.
Servicing Strategy

**Scoring Models Development and Maintenance**

- Behavioral scoring models are developed internally by Ford Credit’s analytics team using statistical analysis of the contract characteristics and performance of Ford Credit’s retail and lease portfolio and other external automotive-specific data to identify key variables that predict a customer’s probability of default in the near term.

- Ford Credit regularly reviews the behavioral scoring models to confirm the continued business significance and statistical predictability of the variables:
  - Behavioral scoring model performance review
  - Scorecard Cycle Plan Committee review

- Ford Credit develops new behavioral scoring models on a regular cycle plan.

- Ford Credit may make adjustments to improve the performance of the behavioral scoring models between development cycles by uniformly changing the overall scores or modifying the weighting of selected variables.

- Launch dates for most recent redeveloped behavioral scoring models:

<table>
<thead>
<tr>
<th>Scoring Models</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>February 2018</td>
</tr>
<tr>
<td>Commercial</td>
<td>February 2016</td>
</tr>
</tbody>
</table>
Revolving Extended Variable-Utilization Program (FordREV)
FordREV

Program Overview

• Ford Credit has offered ten transactions from its Ford Credit Revolving Extended Variable-Utilization or “FordREV” securitization program that launched in May 2014

• 2018 issuances: 2018-REV2 - $1.2 billion, 5-year notes, 2018-REV1 - $2.2 billion, 7-year notes

• Notes are backed by U.S. retail auto receivables originated by Ford Credit -- comparable to its U.S. public retail securitization program FORDO

• FordREV features a 5 or 7-year revolving period and subsequent soft-bullet maturity

• Unlike a standard revolving structure, FordREV notes may be backed by a combination of receivables and cash collateral

• The revolving period provides Ford Credit with a source of term liquidity

• FordREV is a core part of Ford Credit’s ABS platforms with regular issuance and ~$13 billion in outstanding notes
  – Ford Credit’s first REV transaction (2014-REV1) is expected to be repaid in Q2 of 2019
FordREV

Program Overview (Cont.)

Program Rationale
- Expands and further diversifies Ford Credit’s funding and liquidity
- Extends the duration of Ford Credit’s securitization funding
- Complements Ford Credit’s U.S. public retail ABS program, offering a longer tenor with comparable collateral
- Aligns with Ford Credit’s commitment to a strong balance sheet

Investor Perspective
- Provides retail auto receivables exposure in unique long-duration format
- Backed by Ford Credit’s U.S. retail auto receivables -- ideally suited for a revolving structure
- Structural protections include collateral composition tests and performance triggers
- Soft-bullet maturity, with step-up coupon and make-whole payments to protect against extension and reinvestment risks
Ford Credit’s U.S. Retail Auto Receivables

Ford Credit’s U.S. retail auto receivables are ideally suited for securitization

- Consistent origination and servicing practices
- Consistent collateral composition
- Consistent loss performance

Historical Cumulative Net Loss Ratio – 44 Transactions From 2003 To Present

Weighted Average FICO – 44 U.S. Public Retail Transactions From 2003 to Present
FordREV

Pool Comparison

- 2018-REV2 pool composition is consistent with Ford Credit’s recent FordREV and FORDO transactions
- Ford Credit selects FordREV pools using the same eligibility criteria and selection procedures as for FORDO

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Pool Balance</td>
<td>$1.3bn</td>
<td>$1.7bn</td>
<td>$2.5bn</td>
<td>$2.0bn</td>
<td>$1.5bn</td>
<td>$1.4bn</td>
<td>$1.5bn</td>
<td>$1.7bn</td>
</tr>
<tr>
<td>Number of Receivables</td>
<td>50,063</td>
<td>64,956</td>
<td>90,622</td>
<td>78,146</td>
<td>60,184</td>
<td>56,385</td>
<td>58,484</td>
<td>66,537</td>
</tr>
<tr>
<td>Average Principal Balance</td>
<td>$26,837</td>
<td>$26,603</td>
<td>$27,034</td>
<td>$25,559</td>
<td>$24,940</td>
<td>$25,465</td>
<td>$26,007</td>
<td>$25,821</td>
</tr>
<tr>
<td>WA FICO Score</td>
<td>737</td>
<td>737</td>
<td>740</td>
<td>739</td>
<td>736</td>
<td>734</td>
<td>736</td>
<td>736</td>
</tr>
<tr>
<td>WA Loan to value (LTV)</td>
<td>97.07%</td>
<td>96.78%</td>
<td>96.96%</td>
<td>97.32%</td>
<td>98.15%</td>
<td>98.56%</td>
<td>98.16%</td>
<td>98.16%</td>
</tr>
<tr>
<td>WA Payment-to-income (PTI)</td>
<td>8.63%</td>
<td>8.62%</td>
<td>8.63%</td>
<td>8.63%</td>
<td>8.69%</td>
<td>8.67%</td>
<td>8.72%</td>
<td>8.64%</td>
</tr>
<tr>
<td>Commercial Use</td>
<td>22.45%</td>
<td>22.24%</td>
<td>20.02%</td>
<td>19.58%</td>
<td>21.99%</td>
<td>20.05%</td>
<td>20.29%</td>
<td>19.54%</td>
</tr>
<tr>
<td>% Original Term &gt; 60m</td>
<td>56.86%</td>
<td>57.59%</td>
<td>60.27%</td>
<td>58.15%</td>
<td>56.14%</td>
<td>56.98%</td>
<td>54.37%</td>
<td>55.08%</td>
</tr>
<tr>
<td>WA APR</td>
<td>3.63%</td>
<td>3.55%</td>
<td>3.20%</td>
<td>3.06%</td>
<td>2.84%</td>
<td>2.71%</td>
<td>2.66%</td>
<td>2.61%</td>
</tr>
<tr>
<td>Subvened-APR Receivables</td>
<td>55.09%</td>
<td>54.84%</td>
<td>57.51%</td>
<td>59.89%</td>
<td>63.86%</td>
<td>65.54%</td>
<td>65.36%</td>
<td>66.33%</td>
</tr>
<tr>
<td>WA Original Term</td>
<td>65.2 months</td>
<td>65.2 months</td>
<td>65.6 months</td>
<td>65.3 months</td>
<td>65.0 months</td>
<td>65.2 months</td>
<td>64.8 months</td>
<td>64.9 months</td>
</tr>
<tr>
<td>WA Remaining Term</td>
<td>56.3 months</td>
<td>57.0 months</td>
<td>57.6 months</td>
<td>56.2 months</td>
<td>54.7 months</td>
<td>55.9 months</td>
<td>56.3 months</td>
<td>56.5 months</td>
</tr>
<tr>
<td>WA Seasoning</td>
<td>8.9 months</td>
<td>8.2 months</td>
<td>8.1 months</td>
<td>9.1 months</td>
<td>10.3 months</td>
<td>9.3 months</td>
<td>8.5 months</td>
<td>8.4 months</td>
</tr>
<tr>
<td>% New</td>
<td>87.98%</td>
<td>88.34%</td>
<td>90.44%</td>
<td>89.73%</td>
<td>89.38%</td>
<td>89.69%</td>
<td>90.96%</td>
<td>90.68%</td>
</tr>
<tr>
<td>% Car</td>
<td>16.14%</td>
<td>16.34%</td>
<td>18.27%</td>
<td>19.76%</td>
<td>21.99%</td>
<td>22.10%</td>
<td>22.02%</td>
<td>22.71%</td>
</tr>
<tr>
<td>% Light Truck</td>
<td>49.47%</td>
<td>49.84%</td>
<td>48.17%</td>
<td>46.70%</td>
<td>44.76%</td>
<td>44.17%</td>
<td>44.44%</td>
<td>43.68%</td>
</tr>
<tr>
<td>% Utility</td>
<td>34.39%</td>
<td>33.83%</td>
<td>33.50%</td>
<td>33.54%</td>
<td>33.25%</td>
<td>33.73%</td>
<td>33.54%</td>
<td>33.61%</td>
</tr>
<tr>
<td>Top 3 States</td>
<td>16.97% - Texas</td>
<td>17.09% - Texas</td>
<td>15.91% - Texas</td>
<td>16.53% - Texas</td>
<td>11.53% - Texas</td>
<td>15.22% - Texas</td>
<td>14.57% - Texas</td>
<td>15.20% - Texas</td>
</tr>
<tr>
<td></td>
<td>10.21% - California</td>
<td>10.43% - California</td>
<td>10.39% - California</td>
<td>9.91% - California</td>
<td>11.35% - California</td>
<td>10.91% - California</td>
<td>9.93% - California</td>
<td>9.64% - California</td>
</tr>
<tr>
<td></td>
<td>7.79% - Florida</td>
<td>7.85% - Florida</td>
<td>8.06% - Florida</td>
<td>4.02% Illinois</td>
<td>8.31% - Florida</td>
<td>7.86% - Florida</td>
<td>7.42% - Florida</td>
<td>7.57% - Florida</td>
</tr>
</tbody>
</table>
2018-REV2 Notes

Pool Comparison Tests

• Pool composition tests mitigate the risk of adverse changes in composition
  – Applied to the entire pool when the issuer purchases or sells receivables

• Two levels of pool composition tests, which impact credit enhancement
  – Failure of any of the more stringent “Floor Credit Enhancement Composition Tests” results in an increase in credit enhancement
  – Failure of any of the “Pool Composition Tests” will require the servicer to identify “ineligible receivables” so that the remaining receivables satisfy the tests – providing dollar-for-dollar credit enhancement for ineligible receivables

<table>
<thead>
<tr>
<th>Pool And Floor Credit Enhancement Composition Tests</th>
<th>2018-REV2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Floor Credit Enhancement Composition Tests</td>
</tr>
<tr>
<td>Weighted Average FICO® score at origination</td>
<td>≥ 715</td>
</tr>
<tr>
<td>Receivables with original term &gt; 60m</td>
<td>≤ 70%</td>
</tr>
<tr>
<td>Receivables for used vehicles</td>
<td>≤ 15%</td>
</tr>
<tr>
<td>Receivables for used vehicles with original term &gt; 60m</td>
<td>≤ 9%</td>
</tr>
<tr>
<td>Receivables for new vehicles with original term &gt; 60m and obligors with no FICO® score</td>
<td>≤ 4%</td>
</tr>
<tr>
<td>Receivables with consumer obligors with no FICO® score</td>
<td>not applicable</td>
</tr>
<tr>
<td>Receivables with commercial obligors with no FICO® score</td>
<td>not applicable</td>
</tr>
<tr>
<td>Receivables for used vehicles with obligors with FICO® score &lt; 625</td>
<td>≤ 3%</td>
</tr>
</tbody>
</table>
Credit Enhancement Levels

- Upon each receivables purchase, one of three levels of credit enhancement is established based upon the entire pool's composition and compliance with a Net Loss Test
  - Achieved by varying the discount rate for yield supplement overcollateralization
  - Total hard enhancement is consistent with previous 5-year REV transactions with slightly lower excess spread

<table>
<thead>
<tr>
<th>Enhancement Scenario</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>Memo: FORDO 2018-A</th>
</tr>
</thead>
<tbody>
<tr>
<td>More stringent Floor CE Composition Test</td>
<td>Met</td>
<td>Failed</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Base Pool Composition Test</td>
<td>Met</td>
<td>Met</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Net Loss Test</td>
<td>Met</td>
<td>Met</td>
<td>Failed</td>
<td>N/A</td>
</tr>
<tr>
<td>Yield Supplement Discount Rate</td>
<td>8.30%</td>
<td>9.00%</td>
<td>12.00%</td>
<td>7.40%</td>
</tr>
</tbody>
</table>
2018-REV2 Notes

Senior Note Break-Even Analysis

Approximate Break-Even Losses Compared With Historical Pool Losses

Break-Even Analysis Assumptions
(1) Default timing curve of 30% / 40% / 20% / 10% per year
(2) 1.40% ABS
(3) 3-month recovery delay and 50% loss severity
FordREV

Note Redemption, Step-Up, And Make-Whole

Note Redemption and Step-up Amounts

- Note redemption achieved through sale of trust assets to the depositor, another Ford Credit special purpose entity, or a third party if sale proceeds are sufficient to fully repay the notes
- If notes are not paid in full by the expected final payment date, step-up amounts will be payable
- Step-up amounts will accrue on each class of notes at a rate equal to the interest rate for the class less 0.01%

Make-whole Payments

- Make-whole payments will be payable on each principal payment made prior to the note redemption period due to:
  - an amortization event resulting from the failure to fund the negative carry account to the required amount or the adjusted pool balance declining to less than 50% of note balance, or
  - the trust’s exercise of its option to redeem the notes prior to the note redemption period
- Make-whole payments will be equal the excess of (a) the present value of (i) the amount of all future interest payments that would otherwise accrue on the principal payment until the sixth payment date prior to the expected final payment date and (ii) the principal payment, discounted from the sixth payment date prior to the expected final payment date to the payment date monthly on a 30/360 basis at 0.25% plus the higher of (1) zero and (2) the current maturity matched U.S. Treasury rate over (b) the principal payment
Amortization Events

- Amortization period (full turbo) will begin if any of the following events occur:
  - On any payment date during the revolving period (a) the trust fails to pay interest due on the notes within five days of the payment date, (b) the required amount is not in the reserve account, (c) required amount is not in the negative carry account, or (d) required amount is not in the accumulation account
  - Notes are not paid in full on the expected final payment date
  - Three-month rolling average annualized net losses as a percentage of aggregate principal balance of receivables exceeds 3.50%
  - Three-month rolling average percentage of aggregate principal balance of receivables that are 61 days or more delinquent exceeds 1.50%
  - Adjusted pool balance is less than 50% of the principal amount of the notes
  - A servicer termination event occurs and is continuing
  - An event of default occurs and is continuing
FordREV

Net Loss To Receivables Ratio

Total Ford Credit Retail Receivables Portfolio
Net Losses as % of Average Portfolio Outstanding*

Memo: FordREV Amortization Trigger (3.5%)**

Memo: FordREV Net Losses Test (2.5%)**

* Portfolio net losses: Net losses of the portfolio as a percentage of average portfolio outstanding (see Sponsor and Servicer – Delinquency, Repossession and Credit Loss Information section of the Offering Memorandum)

** FordREV pool loss threshold: 3-month rolling average annualized net losses of the pool as a percentage of pool balance at the end of each month

*** 2018 values representative of Q1 and Q2 only
FordREV
Collateral Performance Reporting

- Summary pool stratifications on the entire pool after giving effect to purchases or sales
- Receivables purchase / sale date and balance
- Collateral composition test results and amortization event compliance
- Updated yield supplement overcollateralization schedule

- Summary stratification for each quarterly vintage of additional receivables sold to the issuer
- Static pool performance consistent with FORDO program
- For the initial pool and separately for each quarterly vintage of additional receivables sold to the issuer

Monthly Investor Report

- New % / Used % 89.2% new / 10.8% used 89.5% new / 10.5% used 90.2% new / 9.8% used 89.9% new / 10.1% used 89.3% new / 10.7% used 87.9% new / 12.1% used 89.0% new / 10.5% used 87.5% new / 12.5% used
- Car % 24.10% 24.97% 22.49% 23.04% 20.91% 20.86% 19.17% 16.89%
- Light Truck % 41.79% 41.14% 44.33% 42.37% 43.87% 44.58% 46.76% 49.04% 48.72%
- UTILITY% 33.48% 33.38% 32.61% 33.95% 34.46% 33.99% 33.29% 33.46% 33.73%
- WA FICO® at Origination 732 734 729 729 744 733 737 727 738
- WA FICO® w/ Original Term > 60 mo. 709 712 713 715 710 714 719 722 719

Quarterly Supplement

- Example: 2016-REV2

- Existing Transactions Demonstrate Receivable Additions’ Consistency With Initial Pool

Program Reporting Available at:
http://credit.ford.com/investor-center/institutional-investments

*2016-REV2 receivables are purchased monthly, information reflected quarterly for formatting reasons
Lease Securitization
This document constitutes a free writing prospectus for purposes of the Securities Act of 1933. The depositor has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the depositor has filed with the SEC for more complete information about the depositor, the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, you may request that a copy of the prospectus be sent to you by calling toll-free 1-888-603-5847.
Lease Securitization

Overview

• Ford Credit has been in the business of leasing vehicles since 1975 and has been securitizing its lease contracts since 1995

• Ford Credit’s current lease securitization platform was established in 2006, and more than 30 lease securitization transactions have been completed

• Ford Credit offers lease asset-backed securities through various channels:
  – Public transactions
  – Rule 144A transactions
  – Other private transactions

• Structural elements, such as priority of payments, have remained consistent over time
Lease Securitization
Business Update

Ford Credit leasing, as a share of retail sales, remains below the industry.
Ford Credit works with Ford and Lincoln to set guidelines around leasing share, term, model mix and other factors to support brand value and sales.
Auction values stronger than expected and higher YoY.
Lease Securitization

Portfolio Credit Metrics

Weighted Average FICO at Origination*

<table>
<thead>
<tr>
<th>Year</th>
<th>FICO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>740</td>
</tr>
<tr>
<td>2014</td>
<td>743</td>
</tr>
<tr>
<td>2015</td>
<td>741</td>
</tr>
<tr>
<td>2016</td>
<td>747</td>
</tr>
<tr>
<td>2017</td>
<td>753</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>753</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>749</td>
</tr>
</tbody>
</table>

* Based on year of origination

Average Net Loss/(Gain) on Charged-Off Leases*

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Loss/Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$2,787</td>
</tr>
<tr>
<td>2014</td>
<td>$4,421</td>
</tr>
<tr>
<td>2015</td>
<td>$4,308</td>
</tr>
<tr>
<td>2016</td>
<td>$5,081</td>
</tr>
<tr>
<td>2017</td>
<td>$5,707</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>$5,488</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>$4,544</td>
</tr>
</tbody>
</table>

* Net losses consider losses incurred after the unit has been sold at auction and all legal collection efforts have been completed

Repossessions as a % of Average Number of Leases Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>Repossessions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.62%</td>
</tr>
<tr>
<td>2014</td>
<td>0.66%</td>
</tr>
<tr>
<td>2015</td>
<td>0.63%</td>
</tr>
<tr>
<td>2016</td>
<td>0.72%</td>
</tr>
<tr>
<td>2017</td>
<td>0.79%</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>0.80%</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>0.72%</td>
</tr>
</tbody>
</table>

Net Losses as a % of Average Portfolio Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.13%</td>
</tr>
<tr>
<td>2014</td>
<td>0.21%</td>
</tr>
<tr>
<td>2015</td>
<td>0.23%</td>
</tr>
<tr>
<td>2016</td>
<td>0.33%</td>
</tr>
<tr>
<td>2017</td>
<td>0.38%</td>
</tr>
<tr>
<td>2Q17 YTD</td>
<td>0.38%</td>
</tr>
<tr>
<td>2Q18 YTD</td>
<td>0.30%</td>
</tr>
</tbody>
</table>
**Securitization Pool Metrics**

**Weighted Average FICO**

<table>
<thead>
<tr>
<th>Year</th>
<th>FICO</th>
<th>FICO</th>
<th>FICO</th>
<th>FICO</th>
<th>FICO</th>
<th>FICO</th>
<th>FICO</th>
<th>FICO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-A</td>
<td>748</td>
<td>746</td>
<td>745</td>
<td>746</td>
<td>742</td>
<td>741</td>
<td>742</td>
<td>747</td>
</tr>
<tr>
<td>2013-B</td>
<td>754</td>
<td>751</td>
<td>752</td>
<td>751</td>
<td>750</td>
<td>748</td>
<td>748</td>
<td>748</td>
</tr>
</tbody>
</table>

**Memo:**
FICO < 650: 13% 12% 13% 14% 14% 14% 14% 14% 12%

**Maximum 3-Month Residual Concentration**

<table>
<thead>
<tr>
<th>Year</th>
<th>Residual Concentration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-A</td>
<td>21%</td>
</tr>
<tr>
<td>2013-B</td>
<td>18%</td>
</tr>
<tr>
<td>2014-A</td>
<td>18%</td>
</tr>
<tr>
<td>2014-B</td>
<td>20%</td>
</tr>
<tr>
<td>2015-A</td>
<td>19%</td>
</tr>
<tr>
<td>2015-B</td>
<td>19%</td>
</tr>
<tr>
<td>2016-A</td>
<td>16%</td>
</tr>
<tr>
<td>2017-A</td>
<td>17%</td>
</tr>
<tr>
<td>2017-B</td>
<td>17%</td>
</tr>
<tr>
<td>2018-A</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Original Term as % of Securitization Value**

- 2013-A: 13% 12% 13% 14% 14% 14% 14% 14% 12%
- 2013-B: 10% 10% 10% 10% 10% 10% 10% 10% 10%
- 2014-A: 9% 9% 9% 9% 9% 9% 9% 9% 9%
- 2014-B: 9% 9% 9% 9% 9% 9% 9% 9% 9%
- 2015-A: 8% 8% 8% 8% 8% 8% 8% 8% 8%
- 2015-B: 8% 8% 8% 8% 8% 8% 8% 8% 8%
- 2016-A: 7% 7% 7% 7% 7% 7% 7% 7% 7%
- 2017-A: 6% 6% 6% 6% 6% 6% 6% 6% 6%
- 2017-B: 5% 5% 5% 5% 5% 5% 5% 5% 5%
- 2018-A: 4% 4% 4% 4% 4% 4% 4% 4% 4%

**Vehicle Type* as % of Securitization Value**

- 2013-A: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2013-B: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2014-A: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2014-B: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2015-A: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2015-B: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2016-A: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2017-A: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2017-B: Truck 24% SUV 27% CUV 36% Car 39% 48%
- 2018-A: Truck 24% SUV 27% CUV 36% Car 39% 48%

* Reflects classification of 2011 and newer model year Explorers and 2013 and newer model year Escapes as CUVs rather than SUVs
Lease Securitization

Pool Metrics – Model Diversification

**FCALT 2017-B**

- Escape: 19.8%
- Explorer: 18.5%
- F-150: 17.3%
- Fusion: 12.2%
- Edge: 8.5%
- MKZ: 4.6%
- MKX: 4.1%
- MKC: 4.0%
- Focus: 2.6%
- C-Max: 1.5%
- Other: 7.1%

**Model Concentrations**
- Top 1: 20%
- Top 3: 56%
- Top 5: 76%

**FCALT 2018-A**

- Escape: 18.9%
- Explorer: 18.7%
- F-150: 16.1%
- Fusion: 11.9%
- Edge: 8.7%
- MKZ: 4.7%
- MKX: 4.3%
- MKC: 4.5%
- Navigator: 1.6%
- Other: 8.04%

**Model Concentrations**
- Top 1: 19%
- Top 3: 54%
- Top 5: 74%
** Lease Securitization **

**Securitization Pool Performance**

**Cumulative Return Rate**

**Cumulative Residual Loss / (Gain)**

**Cumulative Net Credit Losses**

**Commentary**

- For the pool performance in the periods above (2013 to 2018):
  - Lifetime cumulative return rates typically between 60% and 75%
  - Cumulative residual gains but declining; recently, residual gains on larger vehicles have been partially offset by residual losses on smaller vehicles
  - Consistent credit loss performance.

---

* As a percentage of initial base residual value; includes losses / (gains) on retained and returned vehicles
** Total credit loss as a percent of initial total securitization value
Lease Securitization
Structure Overview

Credit enhancements in lease securitization programs include:

- Subordination of junior notes
- Overcollateralization
- Cash reserve
- Excess spread (used to build to a target OC)

Senior / subordinate, sequential pay structure

Target OC:
13.7% of Initial Total Securitization Value
Residual Maturity by Vehicle Type vs. Hard Credit Enhancement for Class A Notes

(1) Hard credit enhancement consists of overcollateralization, subordination and the reserve account; Assumes zero loss, zero prepay.
Lease Securitization

Significance Of Securitization Value

- For securitization transactions, a “Securitization Value” is calculated for the underlying lease assets.
- Securitization value is calculated using the lower of the contract residual value or the residual value set by ALG.
- Securitization value cash flows are discounted using the higher of the contract lease factor or a minimum discount rate designed to create excess spread.

Sample Calculation:

<table>
<thead>
<tr>
<th></th>
<th>Lease Balance</th>
<th>Securitization Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments Remaining</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Base monthly payment</td>
<td>$200</td>
<td>$200</td>
</tr>
<tr>
<td>Residual Value</td>
<td>$16,000</td>
<td>$13,000</td>
</tr>
<tr>
<td>Discount Rate</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Present Value</td>
<td>$20,049</td>
<td>$16,275</td>
</tr>
</tbody>
</table>

Difference of $3,774

$20,049

$16,275

Lease Balance

Securitization Value
Lease Securitization

Break-Even Analysis*

Break-Even for FCALT 2018-A Compared to Historical Pool Performance

Return Rate

Break-Even = 100% Return Rate Assumed

Memo: Worst Recent 12-Month Portfolio Experience = 82%
(CY 2008)

Cumulative Residual Loss / (Gain)

A-2 Break-Even = 76.3%
A-3 Break-Even = 43.8%
A-4 Break-Even = 34.5%

Memo: Worst Recent 12-Month Portfolio Experience = 18.3%
(CY 2008)

* Assumes cumulative net credit losses stress of 5%; break-evens are specific to FCALT 2018-A
Lease Origination and Servicing Strategies
Residual Values - Models

- Ford Credit sets residual values quarterly for each vehicle line at various lease terms and mileage allowances.
- Ford Credit uses proprietary models and leverages its relationship with Ford to establish residual values based on a number of predictive factors including MSRP, wholesale price, planned production volume, rental and fleet sales, consumer acceptance, life cycle, and recent/seasonal auction trends.
- Ford Credit’s internal review process considers:
  - Current or planned marketing programs
  - Market acceptance of vehicles
  - Competitive actions within the vehicle segment
- Ford Credit reviews residual value performance and compares published residual values to:
  - Historical auction values for returned lease vehicles
  - Residual value forecasts published in independent industry guides such as Automotive Lease Guide (ALG)
Lease

Vehicle Remarketing

- Ford Credit works with Ford’s Vehicle Remarketing Department to efficiently dispose of vehicles returned to dealers at lease end to maximize the net sales proceeds of the vehicle to:
  - Obtain higher sale prices at disposition
  - Minimize remarketing expenses (auction, reconditioning and transportation costs)
- Vehicles returned at lease-end are sold through:
  - **Accelerate**, an online upstream remarketing application
  - Ford-sponsored physical auctions
Lease

Upstream Remarketing

• By selling returned lease vehicles through upstream remarketing, Ford Credit receives a price similar to that expected at a physical auction without incurring transportation, reconditioning and auction expenses

• Prior to transporting to physical auction, vehicles are offered for sale to participating dealerships through an internet application:
  – Ford Credit employs proprietary models to establish a market price for vehicles based on recent auction experience and adjusted for miles / kilometers, condition, any excess wear and use, and option packages
  – Ford incentivizes U.S. Lincoln dealers to purchase returned lease vehicles through Accelerate, certify those vehicles and sell them to customers under a certified pre-owned program

• From July 2017 through June 2018, the average of eligible vehicle disposals sold through Accelerate was 31%
Floorplan Securitization
Floorplan Securitization

Free Writing Prospectus

Registration Statement Nos. 333-206773, 333-206773-01 and 333-206773-02
Ford Credit Floorplan Corporation and Ford Credit Floorplan LLC (the "depositors")
Ford Credit Floorplan Master Owner Trust A (the "issuer")

This document constitutes a free writing prospectus for purposes of the Securities Act of 1933. The depositors have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the depositors have filed with the SEC for more complete information about the depositors, the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, you may request that a copy of the prospectus be sent to you by calling toll-free 1-888-603-5847.
Floorplan Securitization

U.S. Product Overview

- Ford Credit has been financing dealer vehicle inventory since 1959 and has been securitizing floorplan loans since 1991.
- Ford’s dealers represent the face of Ford to our customers and local communities. Ford’s goal is to maintain a profitable dealer network of Ford and Lincoln dealerships that deliver an innovative and engaging sales and service experience for our customers. At year-end 2017 Ford and Lincoln had approximately 3,250 dealers.
- Over the past five years, Ford Credit financed approximately 76% to 78% of all Ford and Lincoln dealer new vehicle inventory.
- Floorplan receivables are secured primarily by the financed vehicles and payment is required when the vehicle is sold.
- Ford Credit’s floorplan portfolio has historically experienced very low losses.
- Low losses are primarily a function of strong risk management practices and servicing:
  - Continuous dealer monitoring of:
    - Financial health
    - Payment performance
    - Vehicle collateral status
    - Risk-based on-site inventory audits
  - Intensification of risk management actions as dealer risk increases
  - Use of proprietary risk rating assessment and behavioral scoring models
  - Leveraging access to dealer information through Ford relationship
Floorplan Securitization

Trust Overview

• Ford Credit’s current floorplan securitization trust was established in 2001 as a master trust (similar to a revolving credit card securitization trust) and has issued more than 45 series

• The Trust offers floorplan asset-backed securities though various channels:
  – Public transactions
  – Rule 144A transactions
  – Other private transactions
Floorplan Securitization

Performance Overview

Floorplan Portfolio Net Losses (Recoveries) as a Percent of Average Principal Balance

Highest Net Loss Percentage on Floorplan Portfolio since January 2004 was 0.353% in 2009

Losses

Recoveries

Trust Pool Net Losses (Recoveries) as a Percent of Average Principal Balance

No Trust losses realized since inception because depositors elected to accept reassignment of receivables from “status” accounts

Losses

Recoveries

Trust Pool Three-Month Average of Monthly Principal Payment Rate*

* The three-month average monthly principal payment rate for a month equals the average of the monthly payment rate for that month and the prior two months

Trust Pool Dealer Risk Ratings

** Estimated days supply derived from payment rate

Memo: Days Supply**
Floorplan Securitization

Historical Balance

Historical Trust Balance vs. Required Pool Balance (Bils)

Note: As of June 30, 2018 the Trust balance was $19.0 billion
* Excess funding account (EFA) has been funded periodically when the Trust balance declines below the required pool balance (for example, as a result of plant shutdowns or manufacturer vehicle marketing incentive programs)
Floorplan Securitization

Structure Overview

Credit enhancement in Ford Credit’s floorplan securitization program includes:

- Subordination of junior notes
- Available subordinated amount
- Cash reserve (1% of notes)
- Excess spread

Structure also provides for 1:1 incremental subordination to cover any ineligible receivables and receivables in excess of the specified concentration limits

<table>
<thead>
<tr>
<th>Concentration Limit</th>
<th>Incremental Subordination * ($Mils.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Ineligible receivables</td>
<td>N/A</td>
</tr>
<tr>
<td>- Dealer concentration (5% for AutoNation)</td>
<td>2%</td>
</tr>
<tr>
<td>- Used vehicle concentration</td>
<td>20%</td>
</tr>
<tr>
<td>- Fleet concentration</td>
<td>4%</td>
</tr>
<tr>
<td>- Medium/Heavy truck concentration</td>
<td>2%</td>
</tr>
<tr>
<td>- Manufacturer concentration (2% for lower rated manufacturers)</td>
<td>10%</td>
</tr>
</tbody>
</table>

Total: $178.3

* As of June 30, 2018
Floorplan Securitization

**Key Series Triggers**

- **Enhancement Step-Up Trigger**
  - Subordination or reserve fund increases by four percentage points if average monthly principal payment rate for the three preceding collection periods is less than 25%

- **Amortization Triggers**
  - Average monthly principal payment rate for the three preceding collection periods is less than 21%
  - Cash balance in the excess funding account exceeds 30% of the adjusted invested amount of all series for three consecutive months
  - Available subordinated amount is less than the required subordinated amount
  - Bankruptcy, insolvency, or similar events relating to either depositor, the issuer, Ford Credit, or Ford Motor Company
Floorplan Securitization

**Outstanding Series***

<table>
<thead>
<tr>
<th>Private Variable Funding Notes</th>
<th>144A Term Series</th>
<th>Public Term Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount Outstanding ($Bils)</td>
<td>$1.2</td>
<td>$1.7</td>
</tr>
<tr>
<td>Senior Hard Enhancement (AAA Notes)</td>
<td>25.75%</td>
<td>24.27%</td>
</tr>
<tr>
<td>Maturity Ranges</td>
<td>August 2018 - April 2020</td>
<td>March 2020 - March 2023</td>
</tr>
</tbody>
</table>

Private Variable Funding Notes used to manage seasonal fluctuations of Trust balance and provide an additional source of liquidity

- Capacity $3.7 billion

**Trust Balance ($Bils)**

- Total Funding: $12.5
- Total Assets: 19.0
- Unfunded Assets: 6.5

* As of June 30, 2018
Floorplan Risk Management
Floorplan Risk Management

Underwriting and Credit Review Process

Dealer Structure
- Dealers vary in size and complexity – from single store to multi-point / multi-franchise organizations
- Many dealers use a holding company structure similar to the one shown here

Collateral
- The financed vehicles are the primary collateral for dealer floorplan loans
- For many dealers, Ford Credit also obtains personal guarantees and secondary collateral in the form of additional dealer assets, including dealer-adjusted net worth and real estate equity
- Dealers have significant “skin in the game,” which provides a strong incentive for dealers to repay floorplan loans

Primary Collateral
- Financed new and used vehicles

Secondary Collateral
- Personal guarantees from many dealers

Assets
- Stocks, bonds, cash
- Non-dealer real estate
- Other assets, for example, boat, plane, jewelry and furniture

Dealer
- Borrower

Dealers have significant “skin in the game,” which provides a strong incentive for dealers to repay floorplan loans.
Floorplan Risk Management

Underwriting and Credit Review Process

- A dealership seeking to finance its vehicle inventory with Ford Credit must submit a request for financing along with its financial and other information
- Ford Credit performs a thorough review of the dealer’s:
  - Business, legal and operations structure including number of manufacturer franchise
  - Credit information
  - Financial statements or tax returns
  - Types of vehicles included in the dealer’s inventory and specialty services provided by the dealer for certain vehicles or customers, such as fleet
- Ford Credit evaluates the dealer’s financial resources and the amount and types of financing requested
- The financing extended to a dealer is tailored to suit the business and operational needs of the dealer and depends on the financial strength and nature of the dealer’s business
- Due to ongoing nature of floorplan financing arrangements, Ford Credit periodically performs a credit review of each dealer, at least annually, following the similar process utilized to evaluate new dealer account originations
Dealer Risk Rating Assessment

- Ford Credit evaluates new dealer account originations (using a proprietary scoring model), performs ongoing credit reviews of dealers and assigns risk ratings.
- Consistent with the prospectus, dealer risk ratings are categorized into groups:

<table>
<thead>
<tr>
<th>Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Strong to superior financial metrics</td>
</tr>
<tr>
<td>II</td>
<td>Fair to favorable financial metrics</td>
</tr>
<tr>
<td>III</td>
<td>Marginal to weak financial metrics</td>
</tr>
<tr>
<td>IV</td>
<td>Poor financial metrics, may be uncollectible</td>
</tr>
<tr>
<td>Other</td>
<td>Includes dealers that have no dealer risk rating because Ford Credit only provides in-transit financing or because Ford Credit is in the process of terminating the financing for such dealer.</td>
</tr>
</tbody>
</table>

- Large sample size and significant historical experience have been analyzed to identify key indicators that predict a dealer’s ability to meet financial obligations, including capitalization and leverage, liquidity and cash flow, profitability, credit history and payment performance.
- Ford Credit updated its dealer risk rating model in December 2015. Dealer guarantees are now taken into account when assigning a dealer a risk rating.
- Dealer risk model is validated regularly to ensure the integrity and performance of the model and is updated if necessary.
Floorplan Risk Management
Dealer Monitoring Strategy

Monitor
- Payoffs
- Aged Inventory
- Overline Report
- Financial Statements

Monthly Accounts Review
- Assess dealer risk and determine action plans

Dashboard – Medium to Low Risk
- Trigger based action plans – action plans no longer required effective September 1, 2017

Watch Report – Medium to High Risk
- Formal review of action plans and results presented to senior management (plans may include more frequent physical audits)

Intensive Care Unit (ICU) – High Risk
- More experienced risk team
- Increased intensity surrounding action plans and timelines

Status
- On-site control
- Focus on asset protection

Liquidation
- Focus on loss mitigation
Floorplan Risk Management

Inventory Audits

A dealer’s risk rating determines the scheduled frequency of on-site vehicle inventory audits:

- Ford Credit engages a vendor to perform on-site vehicle inventory audits
  - Size of an audit team varies based on dealer locations and complexity
  - All dealer locations are typically audited same day
- Dealer generally does not receive advance notice of an audit
- Strict controls on how often the same auditor may lead a dealer’s audit
- Ford Credit generally reconciles each audit the same day
- Immediate payment is required for any sold vehicle
- Ford Credit follows a robust quality assurance process to monitor the vendor’s performance
Floorplan Risk Management

**Ford Credit Monitoring Actions**

If Ford Credit discovers any issues when monitoring a dealer, it may:

- Increase frequency of on-site vehicle inventory audits or schedule an immediate on-site vehicle inventory audit
- Review curtailment options and advance rates
- Suspend credit lines
- Verify cash balances and organizational structure
- Assign Ford Credit dealership accounting specialists to perform an in-depth review of the dealership and validate the accuracy and completeness of financial statement(s)
- Meet with owners / guarantors
- Increase risk rating to trigger more extensive monitoring
- Discuss with Ford or Lincoln sales division to ensure an aligned approach
Floorplan Risk Management

Dealer Status Procedures

• A dealer status is declared when:
  – Dealer does not satisfy a sold out-of-trust condition (payment not remitted to Ford Credit upon sale of vehicle) discovered during an audit
  – Dealer fails to pay principal or interest
  – Dealer bankruptcy
  – Other circumstances that warrant immediate action
• Once a status is declared Ford Credit may then:
  – Suspend credit lines
  – Maintain Ford Credit personnel on site
  – Collect titles and keys
  – Secure dealer inventory
  – Issue payment demand letters
  – Obtain liens on property of guarantors
  – Increase the dealer’s floorplan interest rate
  – Initiate legal action to exercise rights under the floorplan financing agreement
Floorplan Risk Management

Dealer Status Procedures (Cont.)

- If Ford Credit does not believe that a dealer can resolve a status situation, Ford Credit will:
  - Liquidate vehicles and any available secondary collateral to obtain greatest value
  - Continue collection efforts against personal and corporate guarantors
- Should liquidation be necessary, inventory is disposed through the following channels:
  - Transfer of vehicles to other dealers
  - Repurchase by manufacturer and redistribution to other dealers
  - Sale of vehicles at auction
Floorplan Risk Management
Captive Finance Company Benefits

1. Dealer reports vehicle sale to obtain:
   - Warranty registration
   - Manufacturer incentives

2. Information on sold vehicles reported to Ford Credit and matched to floorplan receivables

3. Dealer pays off floorplan receivables

Ford

North American Vehicle Information System

Ford Credit

Dealer Floorplan Receivables System

• Integrated Systems Enable Real Time Controls
• Other captive finance company benefits:
  – Access to monthly dealer financial statements allows monitoring of dealer financial strength
  – Dealer monitoring by both Ford and Ford Credit
  – Joint Ford and Ford Credit discussions with dealers on various aspects of the business
  – Comparative dealership benchmarking between dealerships of like size or in similar markets
Appendix
• Disciplined and consistent underwriting practices
• Portfolio quality evidenced by FICO scores and steady risk mix
• Extended-term contracts relatively small part of our business
• Delinquencies and repossessions remain low
• Severity increased reflecting longer term financing and lower auction values
• Charge-offs and LTR continue to be within our placement expectations
• Strong loss metrics reflect healthy consumer credit conditions
### U.S. Lease Origination Metrics

#### Lease Placement Volume (000)

<table>
<thead>
<tr>
<th>Year</th>
<th>24-Month</th>
<th>39-Month / Other</th>
<th>36-Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>324</td>
<td>94</td>
<td>189</td>
</tr>
<tr>
<td>2014</td>
<td>357</td>
<td>87</td>
<td>230</td>
</tr>
<tr>
<td>2015</td>
<td>407</td>
<td>92</td>
<td>276</td>
</tr>
<tr>
<td>2016</td>
<td>393</td>
<td>56</td>
<td>298</td>
</tr>
<tr>
<td>2017</td>
<td>368</td>
<td>38</td>
<td>290</td>
</tr>
</tbody>
</table>

#### Lease Share of Retail Sales (Pct)

- **Ford Credit**
- **Industry***

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>24%</td>
<td>18%</td>
<td>20%</td>
<td>22%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>26%</td>
<td>26%</td>
<td>28%</td>
<td>30%</td>
<td>29%</td>
<td></td>
</tr>
</tbody>
</table>

* Source: JD Power PIN

- Lease share continues to be below industry reflecting Ford sales mix
U.S. Lease Residual Performance

Lease Return Volume (000) and Return Rates (Pct)

- Return Rates
- Return Volume

71% 78% 74% 78% 80%

2013 2014 2015 2016 2017

114 189 180 246 290

Off-Lease Auction Values (at incurred Mix)

- 24-Month
- 36-Month

$19,000 $18,765 $19,785 $19,085 $19,535
$17,385 $17,865 $17,975 $17,210 $16,825

2013 2014 2015 2016 2017

- Healthy used car market supporting lease residual and credit loss performance
- Auction values stronger than expected
- Continue to plan for lower auction values – about 4% at constant mix in 2018
# Ford Credit
## Liquidity Sources* (Bils)

<table>
<thead>
<tr>
<th>Liquidity Sources</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jun 30</td>
<td>Dec 31</td>
<td>Mar 31</td>
<td>Jun 30</td>
</tr>
<tr>
<td>Cash</td>
<td>$10.1</td>
<td>$11.8</td>
<td>$11.8</td>
<td>$10.7</td>
</tr>
<tr>
<td>Committed ABS facilities</td>
<td>32.3</td>
<td>33.4</td>
<td>33.9</td>
<td>32.0</td>
</tr>
<tr>
<td>Other unsecured credit facilities</td>
<td>2.7</td>
<td>3.3</td>
<td>3.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Ford corporate credit facility allocation</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Total liquidity sources</strong></td>
<td>$48.1</td>
<td>$51.5</td>
<td>$52.1</td>
<td>$48.5</td>
</tr>
<tr>
<td><strong>Utilization of Liquidity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securitization cash</td>
<td>$(2.9)</td>
<td>$(3.8)</td>
<td>$(3.2)</td>
<td>$(3.3)</td>
</tr>
<tr>
<td>Committed ABS facilities</td>
<td>$(16.4)</td>
<td>$(17.2)</td>
<td>$(19.9)</td>
<td>$(17.7)</td>
</tr>
<tr>
<td>Other unsecured credit facilities</td>
<td>$(0.5)</td>
<td>$(1.1)</td>
<td>$(1.1)</td>
<td>$(0.3)</td>
</tr>
<tr>
<td>Ford corporate credit facility allocation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total utilization of liquidity</strong></td>
<td>$(19.8)</td>
<td>$(22.1)</td>
<td>$(24.2)</td>
<td>$(21.3)</td>
</tr>
<tr>
<td>Gross liquidity</td>
<td>$28.3</td>
<td>$29.4</td>
<td>$27.9</td>
<td>$27.2</td>
</tr>
<tr>
<td>Adjustments</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Net liquidity available for use</strong></td>
<td>$28.5</td>
<td>$29.5</td>
<td>$28.2</td>
<td>$27.4</td>
</tr>
</tbody>
</table>

* See Appendix for definitions
### Ford Credit

**Total Net Receivables Reconciliation To Managed Receivables (Bils)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford Credit finance receivables, net (GAAP)*</td>
<td>$96.2</td>
<td>$101.4</td>
<td>$108.4</td>
<td>$107.7</td>
</tr>
<tr>
<td>Net investment in operating leases (GAAP)*</td>
<td>27.2</td>
<td>26.7</td>
<td>26.7</td>
<td>27.3</td>
</tr>
<tr>
<td>Consolidating adjustments**</td>
<td>6.8</td>
<td>6.9</td>
<td>7.6</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Total net receivables</strong></td>
<td>$130.2</td>
<td>$135.0</td>
<td>$142.7</td>
<td>$143.2</td>
</tr>
<tr>
<td>Ford Credit unearned interest supplements and residual support</td>
<td>5.3</td>
<td>5.6</td>
<td>6.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Allowance for credit losses</td>
<td>0.5</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Other, primarily accumulated supplemental depreciation</td>
<td>0.9</td>
<td>1.0</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total managed receivables (Non-GAAP)</strong></td>
<td>$136.9</td>
<td>$142.2</td>
<td>$150.5</td>
<td>$151.5</td>
</tr>
</tbody>
</table>

* 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.
Ford Credit
Financial Statement Leverage Reconciliation To Managed Leverage (Bils)

<table>
<thead>
<tr>
<th>Leverage Calculation</th>
<th>2017 Jun 30</th>
<th>2017 Dec 31</th>
<th>2018 Jun 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt*</td>
<td>$ 129.3</td>
<td>$ 137.8</td>
<td>$ 136.7</td>
</tr>
<tr>
<td>Adjustments for cash**</td>
<td>(10.1)</td>
<td>(11.8)</td>
<td>(10.7)</td>
</tr>
<tr>
<td>Adjustments for derivative accounting***</td>
<td>(0.2)</td>
<td>-</td>
<td>0.5</td>
</tr>
<tr>
<td>Total adjusted debt</td>
<td>$ 119.0</td>
<td>$ 126.0</td>
<td>$ 126.5</td>
</tr>
<tr>
<td>Equity****</td>
<td>$ 13.8</td>
<td>$ 15.9</td>
<td>$ 15.3</td>
</tr>
<tr>
<td>Adjustments for derivative accounting***</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Total adjusted equity</td>
<td>$ 13.6</td>
<td>$ 15.8</td>
<td>$ 15.1</td>
</tr>
</tbody>
</table>

Financial statement leverage (to 1) (GAAP) 9.3 8.7 8.9
Managed leverage (to 1) (Non-GAAP) 8.8 8.0 8.3

* 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.
# Company Net Income Reconciliation To Adjusted EBIT (Mils)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income / (Loss) attributable to Ford (GAAP)</td>
<td>$2,047</td>
<td>$1,066</td>
<td>$3,639</td>
<td>$2,802</td>
<td>$7,731</td>
</tr>
<tr>
<td>Income / (Loss) attributable to non-controlling interests</td>
<td>8</td>
<td>3</td>
<td>15</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Net income / (Loss)</td>
<td>$2,055</td>
<td>$1,069</td>
<td>$3,654</td>
<td>$2,814</td>
<td>$7,757</td>
</tr>
<tr>
<td>Less: (Provision for) / Benefit from income taxes</td>
<td>(211)</td>
<td>(280)</td>
<td>(863)</td>
<td>(454)</td>
<td>(402)</td>
</tr>
<tr>
<td>Income / (Loss) before income taxes</td>
<td>$2,266</td>
<td>$1,349</td>
<td>$4,517</td>
<td>$3,268</td>
<td>$8,159</td>
</tr>
<tr>
<td>Less: Special items pre-tax</td>
<td>(248)</td>
<td>(42)</td>
<td>(224)</td>
<td>(19)</td>
<td>(289)</td>
</tr>
<tr>
<td>Income / (Loss) before special items pre-tax</td>
<td>$2,514</td>
<td>$1,391</td>
<td>$4,741</td>
<td>$3,287</td>
<td>$8,448</td>
</tr>
<tr>
<td>Less: Interest on debt</td>
<td>(291)</td>
<td>(301)</td>
<td>(584)</td>
<td>(590)</td>
<td>(1,190)</td>
</tr>
<tr>
<td>Adjusted EBIT (Non-GAAP)</td>
<td>$2,805</td>
<td>$1,692</td>
<td>$5,325</td>
<td>$3,877</td>
<td>$9,638</td>
</tr>
<tr>
<td>Memo:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue (Bils)</td>
<td>$39.9</td>
<td>$38.9</td>
<td>$79.0</td>
<td>$80.9</td>
<td>$156.8</td>
</tr>
<tr>
<td>Net income margin (GAAP) (Pct)</td>
<td>5.1%</td>
<td>2.7%</td>
<td>4.6%</td>
<td>3.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Adjusted EBIT margin (Non-GAAP) (Pct)</td>
<td>7.0%</td>
<td>4.3%</td>
<td>6.7%</td>
<td>4.8%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>
## Company Earnings Per Share Reconciliation To Adjusted Earnings Per Share

<table>
<thead>
<tr>
<th></th>
<th>2Q</th>
<th></th>
<th>YTD</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Diluted After-Tax Results (Mils)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted after-tax results (GAAP)</td>
<td>$ 2,047</td>
<td>$ 1,066</td>
<td>$ 3,639</td>
<td>$ 2,802</td>
</tr>
<tr>
<td>Less: Impact of pre-tax and tax special items</td>
<td>(202)</td>
<td>(33)</td>
<td>(193)</td>
<td>(14)</td>
</tr>
<tr>
<td>Adjusted net income – diluted (Non-GAAP)</td>
<td>$ 2,249</td>
<td>$ 1,099</td>
<td>$ 3,832</td>
<td>$ 2,816</td>
</tr>
<tr>
<td><strong>Basic and Diluted Shares (Mils)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic shares (average shares outstanding)</td>
<td>3,977</td>
<td>3,977</td>
<td>3,977</td>
<td>3,976</td>
</tr>
<tr>
<td>Net dilutive options and unvested restricted stock units</td>
<td>19</td>
<td>22</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Diluted shares</td>
<td>3,996</td>
<td>3,999</td>
<td>3,998</td>
<td>3,998</td>
</tr>
<tr>
<td><strong>Earnings per share – diluted (GAAP)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 0.51</td>
<td>$ 0.27</td>
<td>$ 0.91</td>
<td>$ 0.70</td>
<td></td>
</tr>
<tr>
<td>Less: Net impact of adjustments</td>
<td>(0.05)</td>
<td>-</td>
<td>(0.05)</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted earnings per share – diluted (Non-GAAP)</td>
<td>$ 0.56</td>
<td>$ 0.27</td>
<td>$ 0.96</td>
<td>$ 0.70</td>
</tr>
</tbody>
</table>
## Company Net Cash Provided By / (Used in) Operating Activities
### Reconciliation To Adjusted Operating Cash Flow (Mils)

<table>
<thead>
<tr>
<th></th>
<th>2Q</th>
<th></th>
<th></th>
<th></th>
<th>YTD</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Company net cash provided by / (used in) operating activities (GAAP)</td>
<td>$5,615</td>
<td>$4,972</td>
<td>$9,951</td>
<td>$8,486</td>
<td></td>
<td>$9,951</td>
<td>$8,486</td>
</tr>
<tr>
<td>Less: Items Not Included in Company Adjusted Operating Cash Flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ford Credit operating cash flows</td>
<td>3,152</td>
<td>5,907</td>
<td>4,264</td>
<td>5,592</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funded pension contributions</td>
<td>(220)</td>
<td>(72)</td>
<td>(456)</td>
<td>(160)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Separation payments</td>
<td>(31)</td>
<td>(18)</td>
<td>(59)</td>
<td>(34)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(10)</td>
<td>(112)</td>
<td>(65)</td>
<td>(59)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add: Items Included in Company Adjusted Operating Cash Flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive and Mobility capital spending</td>
<td>(1,546)</td>
<td>(1,898)</td>
<td>(3,242)</td>
<td>(3,667)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ford Credit distributions</td>
<td>-</td>
<td>450</td>
<td>28</td>
<td>1,463</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Settlement of derivatives</td>
<td>66</td>
<td>114</td>
<td>200</td>
<td>(47)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pivotal conversion to a marketable security</td>
<td>-</td>
<td>263</td>
<td></td>
<td>263</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company adjusted operating cash flow (Non-GAAP)</td>
<td>$1,244</td>
<td>$(1,804)</td>
<td>$3,253</td>
<td>$1,159</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Return On Invested Capital Calculation (Bils)

### Net Operating Profit After Tax (NOPAT)

<table>
<thead>
<tr>
<th></th>
<th>Four Quarters Ending 2Q 2017 (Bils.)</th>
<th>Four Quarters Ending 2Q 2018 (Bils.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to Ford</td>
<td>$3.8</td>
<td>$6.9</td>
</tr>
<tr>
<td>Add: Non-controlling interest</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Less: Income tax</td>
<td>(0.9)</td>
<td>0.0</td>
</tr>
<tr>
<td>Add: Cash taxes</td>
<td>(0.7)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Less: Interest on debt</td>
<td>(1.1)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Less: Total pension / OPEB income / (Cost)</td>
<td>(2.6)</td>
<td>0.7</td>
</tr>
<tr>
<td>Add: Pension / OPEB service costs</td>
<td>(1.1)</td>
<td>(1.2)</td>
</tr>
<tr>
<td><strong>Net operating profit after tax</strong></td>
<td><strong>$6.7</strong></td>
<td><strong>$5.6</strong></td>
</tr>
</tbody>
</table>

### Invested Capital

<table>
<thead>
<tr>
<th></th>
<th>Four Quarters Ending 2Q 2017</th>
<th>Four Quarters Ending 2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$32.8</td>
<td>$36.5</td>
</tr>
<tr>
<td>Redeemable non-controlling interest</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Automotive and other debt</td>
<td>16.8</td>
<td>16.2</td>
</tr>
<tr>
<td>Net pension and OPEB liability</td>
<td>14.2</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Invested capital (end of period)</strong></td>
<td><strong>$63.9</strong></td>
<td><strong>$64.5</strong></td>
</tr>
<tr>
<td><strong>Four quarter average invested capital</strong></td>
<td><strong>$60.9</strong></td>
<td><strong>$64.7</strong></td>
</tr>
</tbody>
</table>

### ROIC*

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROIC</strong></td>
<td>10.9%</td>
</tr>
</tbody>
</table>

* Calculated as the sum of Net Operating Profit After Tax from the last four quarters, divided by the average Invested Capital over the last four quarters
## Company Special Items (Mils)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension and OPEB Gain / (Loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year end net pension and OPEB remeasurement loss</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (162)</td>
</tr>
<tr>
<td>Other pension remeasurement gain</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>Pension curtailment gain</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>354</td>
<td></td>
</tr>
<tr>
<td>Separation-Related Actions</td>
<td>(7)</td>
<td>(42)</td>
<td>(29)</td>
<td>(51)</td>
<td>(297)</td>
</tr>
<tr>
<td>Other Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Luis Potosi plant cancellation</td>
<td>7</td>
<td>-</td>
<td>53</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Next-generation Focus footprint change</td>
<td>(248)</td>
<td>-</td>
<td>(248)</td>
<td>(9)</td>
<td>(225)</td>
</tr>
<tr>
<td>Total pre-tax special items</td>
<td>$ (248)</td>
<td>$ (42)</td>
<td>$ (224)</td>
<td>$ (19)</td>
<td>$ (289)</td>
</tr>
<tr>
<td>Tax special items</td>
<td>$ 46</td>
<td>$ 9</td>
<td>$ 31</td>
<td>$ 5</td>
<td>$ 897</td>
</tr>
</tbody>
</table>

**Memo:**
- Special items impact on earnings per share* $ (0.05) $ - $ (0.05) $ - $ 0.15

* Includes related tax effect on special items and tax special items
### Appendix – Floorplan

#### Floorplan Portfolio Performance

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30,</th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average principal balance(^{(1)})</strong></td>
<td>$23,784</td>
<td>$23,234</td>
</tr>
<tr>
<td><strong>Net losses (recoveries)(^{(2)})</strong></td>
<td>$1.5</td>
<td>$0.8</td>
</tr>
<tr>
<td><strong>Net losses (recoveries) / average principal balance(^{(3)})</strong></td>
<td>0.013%</td>
<td>0.007%</td>
</tr>
<tr>
<td><strong>Liquidations(^{(4)})</strong></td>
<td>$58,719</td>
<td>$58,196</td>
</tr>
<tr>
<td><strong>Net losses (recoveries) / liquidations</strong></td>
<td>0.003%</td>
<td>0.001%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Average principal balance is the average of the principal balances of the receivables at the beginning of each month in the period indicated.

\(^{(2)}\) Net losses in any period are gross losses, including actual losses and estimated losses, less any recoveries, including actual recoveries and reductions in the amount of estimated losses, in each case, for the period. This loss experience takes into account financial assistance provided by Ford to dealers in limited instances. If Ford does not provide this assistance in the future, the loss experience of Ford Credit’s dealer floorplan portfolio may be adversely affected. This loss experience also reflects recoveries from dealer assets other than the financed vehicles. However, because the interest of the trust in any other dealer assets will be subordinated to Ford Credit’s interest in those assets, the net losses experienced by the trust may be higher.

\(^{(3)}\) For non-annual periods, the percentages are annualized.

\(^{(4)}\) Liquidations represent payments and net losses that reduce the principal balance of the receivables for the period indicated.

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**Floorplan Losses Show The Positive Effect Of Ford Credit’s Processes**
### Appendix – Floorplan

#### U.S. Product Features

| **Advance Rates** | • New vehicles – 100% of invoice amount, including taxes, destination charges, and dealer holdback  
| | • Auction vehicles – auction price plus auction fee, transportation, and taxes  
| | • Used vehicles – up to 100% of wholesale value (as determined by selected trade publications) |

| **Payment Terms** | • Principal due generally upon sale of related vehicle  
| | • Interest and other administrative charges are billed and payable monthly in arrears |

| **Curtailment Terms** | • Ford Credit requires higher risk dealers to make periodic principal payments, or “curtailments,” prior to the sale or lease of the related vehicle  
| | • The amount of monthly curtailment payments is 10% of the amount financed on a vehicle, starting after a specified period of time after the vehicle is financed, over a year for new and demonstrator vehicles and less than a year for program and used vehicles  
| | • Application of the curtailment policy to a particular dealer may be modified or waived by the appropriate approval authority |

| **Insurance** | • Comprehensive insurance coverage for the financed vehicles is mandatory and generally is included with the financing  
| | • Over half of the dealers purchase collision coverage through Ford Credit from The American Road Insurance Company and the remainder purchase it from other insurance companies  
| | • In-Transit vehicles are also covered by comprehensive insurance arranged by Ford |
### U.S. Product Features (Cont.)

#### Floorplan Interest Rate
- Prime rate plus generally 1.50% for both new and used vehicles
- Floorplan rates are not risk based

#### In-transit Vehicle Adjustment Fee*
- Prime rate plus 0.30%

#### New Vehicle Lines**
- Based on a 60-day vehicle supply
- Not a strict credit limit and Ford Credit typically permits dealers to exceed their new vehicle credit lines for business reasons, including seasonal variations in sales patterns
- Ford Credit generally sets vehicle credit lines below anticipated peak inventory levels

#### Used Vehicle Lines
- Based on a 30-45 day vehicle supply depending on dealer risk rating
- Strictly monitored credit limit and Ford Credit generally does not allow dealers to exceed their used vehicle credit lines without specific approval

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* In-transit floorplan receivable is created at vehicle shipment to dealer
** New floorplan receivable is created on the date the vehicle is delivered to the dealer
* The servicer may terminate the back-up servicer, without being required to appoint a successor back-up servicer, if the long-term debt ratings of Ford Credit are at least "BBB-" from Standard & Poor's and "Baa3" from Moody's.
Non-GAAP Financial Measures That Supplement GAAP Measures

We use both 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.

- **Company Adjusted EBIT (Most Comparable GAAP Measure: Net income attributable to Ford)** – Earnings before interest and taxes (EBIT) includes non-controlling interests and excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting. Pre-tax special items consist of (i) pension and OPEB remeasurement gains and losses, (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 EBIT, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB remeasurement gains and losses.

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

- **Adjusted Earnings 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 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.
Non-GAAP Financial Measures That Supplement GAAP Measures

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

- **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.
Total Company Definitions And Calculations

Automotive Records
- References to Automotive records for EBIT margin and business units are since at least 2009

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.

Industry Volume and Market Share
- Industry volume and market share are based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks

SAAR
- SAAR means seasonally adjusted annual rate

Company Cash
- Company cash includes cash, cash equivalents, marketable securities and restricted cash; excludes Ford Credit’s cash, cash equivalents, marketable securities and restricted cash

Market Factors
- Volume and Mix – primarily measures EBIT 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 EBIT variance resulting from changes in product mix, including mix among vehicle lines and mix of trim levels and options within a vehicle line
- Net Pricing – primarily measures EBIT variance driven by changes in wholesale prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, special lease offers and stock accrual adjustments on dealer inventory
- Market Factors exclude the impact of unconsolidated affiliate wholesales

ROE
- Reflects an annualized return on equity. This metric is calculated by taking net income for the period divided by average equity for the period and annualizing the result by dividing by the number of days in the quarter and multiplying by 365.

Earnings Before Taxes (EBT)
- Reflects income before income taxes
Ford Credit Definitions And Calculations

**Adjustments** (as shown on the Liquidity Sources chart)
- Include 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

**Cash** (as shown on the Funding Structure, Liquidity Sources and Leverage charts)
- Cash and cash equivalents and Marketable securities reported on Ford Credit’s balance sheet, excluding amounts related to insurance activities

**Committed Asset-Backed Security (“ABS”) Facilities** (as shown on the Liquidity Sources chart)
- Committed ABS facilities are subject to availability of sufficient assets, ability to obtain derivatives to manage interest rate risk, and exclude FCE Bank plc (“FCE”) access to the Bank of England’s Discount Window Facility

**Earnings Before Taxes (EBT)**
- Reflects income before income taxes as reported on Ford Credit’s income statement

**ROE** (as shown on the Key Metrics chart)
- Reflects an annualized return on equity. This metric is calculated by taking net income for the period divided by average equity for the period and annualizing the result by dividing by the number of days in the quarter and multiplying by 365

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

**Securitization Cash** (as shown on the Liquidity Sources chart)
- Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund)

**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

**Total Net Receivables** (as shown on the Total Net Receivables Reconciliation To Managed Receivables chart)
- 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

**Unallocated Other** (as shown on the EBT By Segment chart)
- Items excluded in assessing segment performance because they are managed at the corporate level, including market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions