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Joseph Spak:

All right, good morning everyone. Welcome back. Very pleased to move on to the next presentation. With us from the Ford Motor Company, we have Sherry House, CFO. Sherry, thanks again for joining us this year.

Sherry House:

Yeah, Joe, great to be here.

Joseph Spak:

A lot of topics to get to, so we're going to try to be pretty orderly here. Let's start with '26 because it is a pretty noisy year. I think one of the key swing factors here is really Novelis, your aluminum supplier, and them coming back online. A couple weeks ago the CEO mentioned they fired up the plant again. Maybe you could just talk about what you are seeing from them, what you're hearing from them, and how you expect that ramp to proceed over the balance of the year.

Sherry House:

Yeah, sure. So from our perspective at Ford, I would say Novelis is largely on track. So when we talked about Novelis in the past at Q1 earnings, we talked about having a one billion tailwind this year as a result of being able to make up a lot of our volume. So we do have, just to maybe break down that one billion tailwind for everybody and to give everybody a reminder of it, what we're expecting is that we are going to have an additional one and a half to $2 billion of cost this year associated with having alternative supply of aluminum until that plant gets fully up and ramped. And then what you're going to have as a counter to that is you have a non-recurrence of the 100K loss of vehicles that we had last year. And we're also doing a partial makeup from last year of around 50,000 vehicles.

But at this point, in terms of communications with the Novellas facility, I would say that we would say it's largely tracking as planned, and we're going to be expecting to be in this 10 to 12 week period where you're in the process of ramping up. So that's going to consist of validation of the material. That's going to consist of making sure that it can get successfully through all the parts of the supply chain. And if there are any hiccups along the way, we have secured contingency material as well.

Joseph Spak:

So with that 12 week period, does that effectively mean that in your guidance as you get into the fall, September, October, you think that plant is running at pretty high utilization? Or how should we think about when you can get solid outputs?

Sherry House:

I would say that it's going to continue to be back half weighted as you're going through the second half. And we would say that it'll be a little uneven. That's how these things go, but we would expect that you would start seeing something that's approximating full pace, full capacity as we're in Q4.

Joseph Spak:

Okay, perfect. And then on the headwind, you talked about that billion and a half to two from tariff and logistics, it was only, I think you said about $300 million in the first quarter.

Sherry House:

That's correct.

Joseph Spak:

So is it fair that we see that stepping up here in the second quarter into the third quarter before starting to phase back down? Is that the right shape of that cost?

Sherry House:

Yeah, I would say you're going to see it stepping up in Q2 and Q3, and we'll see how this all plays out in terms of the production because a lot of it'll be matched to the production as you're using the material.

Joseph Spak:

Okay. Other parts of the '26 guidance and maybe thinking about first half or second half, you mentioned a billion dollar investment for energy storage systems, which I know we'll get to in a minute, and UEV, which we'll also get to. I think $600 million was for the UEV.

Sherry House:

That's right. $400 million for BESS.

Joseph Spak:

It seemed like a pretty de minimis number, quite frankly, and maybe earlier on in the year, which maybe led to some of the better than expected first quarter performance. So how should we think about that ramping through the year? Is it really more backend of the year loaded as well, or do we start to see some of that creep in in the second quarter?

Sherry House:

So you are going to see both BESS as well as the UEV, some in Q2 and then it's going to continue to accelerate into Q3 and Q4.

Joseph Spak:

Okay.

Sherry House:

That's right. Because yes, you're getting closer to your launch. And we'll continue into 2027 too.

Joseph Spak:

Yep. Commodities, another bucket that people focus on here. And I know you raised your headwind to two billion year over year. I guess maybe the pace of the price of aluminum has slowed a little bit, but

you still seem to have creeped a little bit higher from first quarter. But how are you thinking about that in terms of your outlook for the year? Because I know you also started to put in some more hedging involved as well. So any maybe just level of comfort with where we see current pricing?

Sherry House:

I would say we're very comfortable suggesting that it's going to be a $2 billion year over year impact with commodities, in that range. And our guidance, which was the eight and a half to 10 and a half billion fully comprehends that two billion of commodities, potential headwinds.

Joseph Spak:

Okay. Maybe just one more on the near term on '26, and we could talk a bigger picture about '27, but we had May sales come out. Demand, I think at an industry level, still looks pretty good. Maybe what are you seeing specifically at Ford from a demand perspective, from a consumer perspective in the face of higher gasoline prices? And how do you see pricing holding up as well?

Sherry House:

Yeah, I would say industry numbers for May looked pretty much as expected in terms of where the industry shook out. I would say that, for us, we had some expected reductions with the focus and the escape that we were going away because we've been moving more into more high margin vehicles, higher mix here currently. So I would say that the industry is largely as we would have expected. And you had a second part to that question as well.

Joseph Spak:

Just how you're seeing pricing holding up for Ford.

Sherry House:

Yeah, that was one of the reasons why we updated our guidance is that we saw strong net pricing in blue in Q1. We also saw great software and physical services as well. And at this point, we are not seeing fracturing in terms of the demand. And we think part of that is because our products have such more powerful powertrains than we had in the past, they're much more fuel efficient than they were. If you go back just a few years, you've got 20% improvement in fuel efficiency. And so this is playing out into the consumers. And then also when you look at the demographics of who is buying our vehicles, particularly when you're getting into some of those high trucks, you have a richer customer, a wealthier customer, that is able to be able to purchase those vehicles.

Also, you also find that a lot of the vehicles are purchased for vocation, they're purchased for lifestyle. There's people, particularly commercial customers, that need it for towing, they need it for the payload. And so as a result, even though the fuel prices have been going up and we know that we need to continue to offer a wide range of products that are going to enable our customers to be able to adapt, we're not seeing a lot of changes as of this point in time.

Joseph Spak:

Yeah. Maybe to bridge this conversation to how investors should think about 2027 and beyond for Ford Motor Company, I think post the first quarter, a lot of investors said, "Oh, we're looking at the guidance for the year. We look at what you did in the first quarter. It assumes about a $2 billion pace for the

balance of the year." I know that's not how you view it internally, and I'm not expecting to give 2027 guidance here today, but if you want to, feel free, but maybe we can just talk about some of the larger building blocks, the puts and takes you see for '27 relative to what is transpiring over the balance of the year.

Sherry House:

Sure, sure. Well, thank you for acknowledging that it's early to be talking about 2027, but let me give you a few puts and takes as you suggested. So first off, from a tailwind perspective, you wouldn't have the one and a half to $2 billion of the aluminum supply alternative supply costs that we had. So you start with taking that away. As you look at the core business, I think what's important is you are going to continue to see a fitter business and one that is really focused on being more durable for the long term.

And so that breaks into us continuing to work on warranty and our material costs and a lot of our structural costs, we're continuing to do that, but we are going to continue to have launch costs as well as we're getting closer to unlock those investments are going to make for the BESS, the Battery Energy Storage business, as well as the universal EV platform both launching in 2027. So you're going to have, I would expect continued savings, you're going to have the continued investment there. Now we also have been seeing-

Joseph Spak:

But sorry to interrupt, but more than the incremental billion dollars you're seeing today, or is that the right level?

Sherry House:

Yeah, I think that you should think about it as comparable.

Joseph Spak:

Okay.

Sherry House:

Yeah. Yeah. So think about that comparable as you're... The composition might change a little bit as to what's in it because now you're starting to get more labor that you're hiring as you're getting ready to launch, and you're backing off some of those other costs. But think about that as being roughly comparable, but you're also going to have software, you're going to have physical services. We've seen years now of improvement there. We're continuing to expect to see software and physical services improving. And also remember that we've got a pathway laid out in order to get Model E profitable by 2029. And so a lot of that is getting the BESS and the UEV, continued to, in its launch, curve through 2027, which will give you that further unlock as you go forward.

And then in terms of the headwinds, I would say one would be the non-recurrence of the IEEPA receivable, so that would be one. And then I think we're going to have to see what happens with commodities. But is that going to continue at its current pace as you move into next year? So I would say those are the couple of things I'd be thinking about.

Joseph Spak:

And what about the additional super duty capacity that comes on?

Sherry House:

That is a great point. So Oakville is ramping really well. And our thesis all along is that we have not been able to supply the amount of demand that we've had for that product. And so we do believe that there's going to continue

Sherry House:

... continue to be increased demand. How much? It's probably a little bit early in the year to make that call, but that is going to be there. It's going to give us the upside opportunity.

Joseph Spak:

Okay. And the capacity there's about 100,000 units?

Sherry House:

Mm-hmm.

Joseph Spak:

All right. Let's move on to BESS, which I think is probably what a lot of people have been waiting for. So late last year you talked about this $2 billion investment to convert one of your facilities in Kentucky, 20 gigawatt hours, I think five megawatt hour plus systems. As we, and I think everyone sort of continues to do a little bit more work on this area, especially coming from the auto side, you see it's a pretty somewhat fragmented value chain. You've got the cell provider, you've got the pack and sort of container provider to the integrator, if you will, and you've got install service. So if I go back to your original release, you sort of talk about almost cell-to-service, but I want to maybe try to touch on each one of those parts of the value chain to see where you think Ford fits in and what the core competencies are.

So if we start with the cell, you have the CATL license. I think they are widely viewed as one of the leaders in LFP. So that's a good thing to have, I would say. And I think it's, I would say very unlikely anyone else would be able to get the setup that you have right now. I think where we get some questions for investors, and maybe hopefully you could help clarify or maybe even debunk some concerns, is I think you've made clear that you're PTC eligible. I think people look at some of the language, the FEOC language around licensing and everything. And so I know this is probably a very nuanced answer, but maybe at a high level, maybe you could clarify for people why you are PTC compliant.

Sherry House:

Yeah, sure. So this is drawing upon the same licensing agreement that we already have in our Marshall facility. We went through great lengths to make sure that this was going to be eligible for the current language of the production tax credit. And we believe that that is going to hold as we move into this additional factory that's making the same type of cells that we were making before. We're also making electrode coils, as you were talking about, the value chain. So we don't see any issues there. The other thing that's really important is that we believe this is going to be ITC eligible as well. And so that is really

important for the customers to be able to have a US domiciled product be able to get the eligibility of that ITC.

Joseph Spak:

Yeah. Oh, you front ran one of my questions there, so we're going to get to that too. But maybe just a little bit on the cell. So to the extent you're able to comment on this, some of those components, or the materials, if you will, needed to make the cell clearly are not yet available in the United States. Now, you can get them from Asia, whether that's Korea, Japan, China, of course.

Sherry House:

That's right.

Joseph Spak:

Given that it is, let's say a CATL licensed technology, does that mean you piggyback off their supply chain or do you have leeway to source as you see fit for your business?

Sherry House:

Yeah. So we're in the process of setting up the supply chain today. We do have a level of flexibility there, I would say. And given what we know today with the way all of these regs are written, we don't see any concerns with respect to eligibility of what we're sourcing.

Joseph Spak:

Okay.

Sherry House:

Yeah.

Joseph Spak:

Perfect. So if we move from the cell now to the module, the pack, the container, I think it's easy to maybe think of this as somewhat simple, like you're just shoving it all in and packing it. I think in reality it's much more complex than that. So you're really acting as, I would say the storage system integrator here and that's where I think some of your board's manufacturing capabilities really play in. And I know Tesla does this, although they're sourcing their cells from overseas. I guess Fluence is another one that's sort of acting as an integrator. How would you assess that part of the market and why you think Ford has an ability to compete and win in that integration area?

Sherry House:

Yeah. So what I would say is it's very similar to the way that we create battery packs today. The container is different. But we're already creating battery packs today.

So you start with the cell. The cell then goes into a module that we are creating and building. And then it's going to go into a container that we're buying. We're also going to have in there liquid cooling thermal regulation components, and you're also going to have battery management infrastructure that's going to be resident within that container as well. Our rule today extends for the entirety of the

container. So everything that goes in the container we're going to bring in, we're going to manufacture. These are not incredibly complex units to create, especially when you compare it to something like a vehicle or a truck. So we're going to be building those. We're also going to be providing service on that as well. And so that's largely where we're..

Joseph Spak:

Service once it's installed, you mean?

Sherry House:

That's right.

Joseph Spak:

Yeah.

Sherry House:

That's right.

Joseph Spak:

So you mentioned some of the other components that get into the container, battery management, some power electronics. You obviously have some of those capabilities from, as you mentioned, your electric vehicle business. I know I was recently out at your formerly known as Skunkworks facility-

Sherry House:

EV Development Center. Yes.

Joseph Spak:

... in California. And look, I think one of my takeaways from that is that there's a big focus not just on hardware, but also software. As the energy business evolves, is there also an opportunity to take some of the software and hardware learnings from that UEV platform and apply it to energy? Or are the requirements different? Do you need to bring in other parts of the value chain or supply chain to make that container?

Sherry House:

Well, certainly as it relates to the container, the battery management system, the thermal cooling, these are our core competencies that our company has today. And so we're going to continue to do that. If you are looking to go even further downstream, then we're building the DC block, the direct current block. From there, a lot of times there's an inverter that would be added to enable you to be able to link up to power sources, whether they be solar or their wind or their otherwise. And that part of the value chain we are not participating in at this point. We'll keep our options open as to whether or not that makes sense, but there'd have to be synergies, it'd have to be profitable. We'd have to make sure that the bringing together of the business components made sense. But at this point we are definitely fully committed to the full container and everything that goes along with that, including service.

Joseph Spak:

But you did design your own inverter for you and other power electrics for your use.

Sherry House:

We have. Yeah. We've got that capacity in house. That's right.

Joseph Spak:

Okay. And then installation, are you partnering there? Do you have any ambitions to get involved in that part of the value chain?

Sherry House:

The customers would be responsible for the installation. Of course, on-site support would be something that we'd be providing as it relates to our container.

Joseph Spak:

One of the things I was thinking a little bit about in Ford's broader capabilities also is you obviously have Ford Credit. It's effectively a bank.

Sherry House:

That's right.

Joseph Spak:

Is there an opportunity for Ford Credit to also help finance customer purchases here on the energy side?

Sherry House:

We haven't really spoken about that at all at this point yet, so nothing to share on that front.

Joseph Spak:

Okay. 20 gigawatt hours and additional capacity.

Sherry House:

At the end of 2027, right?

Joseph Spak:

Right. We know through the old BOSK setup, you have a second facility right nearby that I think is effectively just four walls and a roof maybe at this point and it's empty. So I guess you clearly have capacity. Now I think you would obviously need to make an investment to build out that capacity, but wondering how you think about, if you decided to go down that path, the capital requirements to do so. And also really what signals you're seeing internally for the decision to make further investment? Because I can certainly totally appreciate that you don't want to get too far out of your skis and commit capital before you see the demand signal. On the other hand, like things like the PTC we know start stepping down in terms of expiring. So it does seem like you've got a counterbalance there that would

almost want you to move faster rather than slower to sort of take advantage of some government programs.

Sherry House:

Well, I think you're right in that we want to get our 20 gigawatt hour facility up and running first. We're making terrific progress on that today. And that had a $2 billion investment associated with it and partly that $2 billion investment is not as large as what it would require to build out a second facility because this was already a battery operation. Now, it was producing NMC versus the LFP. So we do have to do some conversion to get there, but it would be a different investment profile to move into that second facility and we think it's just too soon. We're making all the right progress points that we'd want. As you said, the BlueOval SK dissolution occurred, so that JV dissolved in Q2 and so that has now enabled us the unlock to do the factory changeover that we needed to do within the Glendale, Kentucky one facility and the equipment's ordered, we're working on that process.

And we're also in the process of doing all of our contracting. So in terms of levers, let's get our contracts all set for this first 20 gigawatt hours and we'll continue to evaluate if and when it makes sense to expand,

Sherry House:

... Again, but we're certainly not looking to be talking about that today.

Joseph Spak:

Okay. One thing that has come up with a couple of clients, I think if you go back to the original BlueOval SK announcement, there was talk about maybe total ultimate capacity of 60 gigawatt hours with the possibility to expand further. But that's not the right level to think about now because one, again, what you're building has changed plus some of that footprint is being used for containers, et cetera. So is it fair to say that at least if you look at the original BOSK footprint, you can't just say, "Okay, we were going to do 60." We could do up to 60 with what you're doing now on the energy side.

Sherry House:

I would say that probably the most available capacity would be actually in our Marshall facility that's already making LFP batteries as well. We do have a little bit of capacity there, but that's not something that we're talking about at this point. We're still talking about the 20 gigawatt hours. But there are other alternatives for expansion that we could look at. We just think that we want to really focus on landing successfully what we have right now.

Joseph Spak:

And I know you had the initial EDF Power Solutions agreement.

Sherry House:

Yes, that's right.

Joseph Spak:

And I'm sure Lisa Drake and her team are working to sign up as many customers as possible. So is that really what you internally and what you advise investors as well to look for as confidence and demand signals before you start thinking about ... You said you're not ready to have that conversation today, but presumably that is what you're looking for as signals to sort of be able to make a go or no-go decision on additional-

Sherry House:

... It's one of many. I mean, you would look at what is the profitability of expanding? How are we seeing the industry demand signals play out? Are we seeing any type of commoditization that's occurring? How does our right to win continue to play out? We feel very strongly about it, but we will be watching all of those items.

Joseph Spak:

Yeah.

Sherry House:

Is the early investment that we made on target? So watching all of those, the progress points. And then the EDF contract that you mentioned, yes, that's for 20 gigawatt hours over 5 years. It is a framework agreement and then it has the ability to get up to four each of five years, but it does importantly have a minimum purchase commitment that's part of it as well, which some of these agreements don't always have that clause, but ours does.

Joseph Spak:

Okay. And what's that level?

Sherry House:

Well, we haven't shared that.

Joseph Spak:

But is the best way to think about that as sort of mostly, so it's like an off-take agreement in the simplest terms is the way to think about that?

Sherry House:

That's right.

Joseph Spak:

Okay. Let's move on to UEV. As I mentioned earlier, I got a chance to explore that facility and I know start of production's scheduled for next year. The EV market, I think in the U.S. generously, I think you could sort of say is a little bit at a crossroads. So I guess internally as a management team and working with Alan and the other constituents within Ford, because you have made this comment about like you won't launch a vehicle unless you're comfortable that it can be profitable within 12 months. So how do you get comfortable with that framework given what we're seeing from a demand side?

Sherry House:

Yeah. So we haven't really talked about that kind of framework in a couple of years that you're referring to right now. The way we look at this product is it's a platform and the more that you utilize the platform, the more the economies of scale will come into play and the more profitable it will get over time. So we are excited about this product. It's going to be very feature-rich. It's going to be very tech-forward. It's going to be affordable. And we think that it's affordable to the point that it's not just competing against EVs, it's also competing against gas powered vehicles as well.

And so that starts to open up a larger total addressable market, which helps with the point that you were making about where is EV today? We see the market opening up when you're starting in the price point range of $30,000. And so at this point the project is going really well. We are on plan for our 2027 launch. We are making prototype vehicles in Michigan. We're testing those already on the road. We're testing our mega-castings, which is a new product, we're doing supplier readiness assessments. So all those things that you'd expect us to be doing as we're kind of preparing for launch are in full force today.

Joseph Spak:

On the supplier readiness, I'm glad you sort of brought that up because I know in talking to Jim, you mentioned the unique process, you went out to suppliers to sort of try to source content for this vehicle. And I forget the exact number, but he mentioned that I think it's, I want to say it was 80%, but there's a lot of new suppliers to Ford, I think, through this program. So maybe you could sort of talk about that process, some of the benefits, but also maybe some of the risks it presents, because it sounds like that's what you're sort of going through now in terms of assessing their readiness.

Sherry House:

That's right. Well, we have a standard protocol that we take all of our suppliers through. They have to run the product at rate, at high quality, there's a production approval process that they go through. What's really important about the way we did this product is it started with the design. We decided to design the most complex items in-house and we took a very physics-based approach to the cost because we looked at what should it cost and we know because we designed it. So that puts you at a very competitive advantage as you're going out to then source it and it allows us to then take that knowledge and we chose to not just go to the suppliers that we've always had, but to open the aperture a little bit wider to see what other opportunities were there. And so that process where we have full design control, we know intimately what it should cost. We also know where you can make adjustments to the design to potentially improve the cost we believe as part of what is making this so successful.

Joseph Spak:

As you think about UEV and it sort of being more like a next gen platform, maybe something a little bit closer to what Tesla or some of the Chinese have done, where the hardware is sort of mostly fixed, you're able to continually improve the vehicle via software and over your update. But I think when I go back to Tesla's earlier days and visiting their factory in Fremont, they had also mentioned that basically even some of the hardware that you're looking at the vehicle that's coming offline today, there could be dozens of changes versus what was produced maybe a couple of months ago because they sort of found a better way. So how set is some of the hardware and the manufacturing? And do you sort of expect it to be a little bit more iterative relative to how you typically have designed programs?

Sherry House:

We're already looking at the next generation and next elements of savings, cost savings. So this is something that Ford is always doing. You have a product that you launch and then you're looking at how are we going to take cost out over time? How are we going to continue to improve the product over time? So although we're launching in 2027, you can expect that shortly thereafter, we're going to continue to improve that product and that's part of the agile engineering that we're doing. Of course, you're going to make sure that that makes sense from an investment perspective. Are you going to get the payback based on the lifecycle of the vehicle? But importantly this is set up as a platform, the platform is capable of everything from B size vehicles all the way up to commercial vans and it can also adapt to different types of battery chemistry. It was all designed in to enable this to be flexible, to enable us to get economies of scale.

Joseph Spak:

And you mentioned the new suppliers and the supplier readiness that they're going through now. I guess where are they in terms of, for lack of a better term, like setting up shop here in the United States or near Kentucky or wherever they are going, how is that process going? Because as we've seen many times in manufacturing, there's a hiccup somewhere along the way. It obviously can impact your output. So what's their ramp looking like?

Sherry House:

Yeah, I'm not here to maybe talk about the details of that. I guess what I would say is that as we selected these suppliers, we looked at it through the entire lifecycle of what it would take for them to deliver the product operationally. And then we also look at it, what would it take to deliver it financially? So we look at a fully landed cost. We think about the piece price, we think about the investment and we think about the logistics to get it to where it needs to go. So all of that is in the financials and then we look at that entire lifecycle stream as well as it relates operationally. And that goes into the consideration set as to whether to select the supplier or not.

Joseph Spak:

When we were talking about large factors for 27, you mentioned starting that glide path to Model e breakeven in '29 from about 4, 4.5 billion loss this year. And so we know the energy, Ford Energy is a part of that. And since you're sort of really not committing beyond that 20 gigawatts, we could also make reasonable assumptions or how much that contributes to '29.

Sherry House:

Sure.

Joseph Spak:

It still does suggest pretty meaningful improvement in the vehicle making of that business.

Sherry House:

That's right.

Joseph Spak:

I know the mix right now of vehicles from Europe versus the U.S. might help a little bit with that loss, but can you help us understand what type of cost down assumptions on the UEV you're baking in? And also more importantly, obviously what type of volumes? Because clearly you're going to need some sort of scale here in order to get billions of dollars of loss out of that business.

Sherry House:

Yeah. What I've said publicly is that we've got a whole vehicle plant that's dedicated to

Sherry House:

So you can make your own assumptions about what a vehicle plant might be capable of. We also have just said that we are going to be launching additional top hats over time. And so, I think that you're going to continue to see capacity increase. As you know, there's unit step function increases that you can do at key points to increase the number of shifts that you have, which enables you to maximize a first shift before you move to a second. Then you can do different types of labor arbitrage in order to be able to get a little bit more through overtime. And so, we're going to be working all of those mechanics to optimally produce this from a structural cost perspective. You can certainly expect that.

Joseph Spak:

Okay. Let's maybe close, and we have time we'll see if there's anything in the audience, but on USMCA. So there was obviously some news and headlines late last week about the US negotiating for 50% content. I guess maybe to take a step back, a couple questions here. One, I know Ford, and really the entire automotive industry has been in, I think, pretty close contact with this administration and understanding what's going on. So what can you share about what the Ford team is hearing and thinking about how USMCA will evolve and/or change? Maybe you could also help us understand on average what you would put the US content on on a Ford vehicle today. And then maybe finally some comments on work that is already being done to help shift more of that content to US content. Because I think when we talk to suppliers, without mentioning you or any automaker specifically, they do broadly mention that there is an effort to try to bring more of the content to the United States.

Sherry House:

Yeah. So let me just start at the highest level first. Very important issue for us, USMCA. As the company that produces the most vehicles in America, and also the company that exports the most from America, this is a very key issue for us. It's going to be really important that we've got a strong North America agreement that also enables ability for supply chains to thrive as well. And so, as we look at the components of the policy that are important to us, we think that we need to have good clarity around labor. We need to have really good clarity around content, and there needs to be a structure that enables non-compliance to be handled with tariffs. And those tariffs have to be meaningful enough to really encourage the type of behavior that we think the US needs in order to continue to have high scale, high wage jobs within America.

And so, that is going to be the overarching framework in which we talk to Canada about, we talk to Mexico about, we talk to our own US government about. As we have been encountering these content requirements, just even associated with what we're dealing with today, we're constantly looking at where does it make sense to onshore more, maybe to put more within Canada or Mexico. That is

already ongoing. So as you said, if this is what you're hearing from the suppliers, it's true. We're constantly talking to them about that. Not really here to talk about ... I can't really talk at this point about any specifics there on what we might be changing, but I think it's fair to say that of course we're looking at it and we're always going to be trying to profit optimize.

Joseph Spak:

What about just on average across your portfolio, roughly the US content?

Sherry House:

We haven't shared that.

Joseph Spak:

I guess the other thing that's at least unclear to us from the outside is what is the government considering as part of the content? Is it straight physical product? Is it some of the intellectual property and R&D that goes into the vehicle? Do you have any color there?

Sherry House:

It's the concepts, the negotiations are ongoing. There's lots of things that are on the table that come off the table. So I would say that there is not a lot of clarity yet in what this is going to look like.

Joseph Spak:

Okay. Maybe let's see if there's anything in the audience here. We just have a couple minutes left. Okay. If there's nothing there, I guess maybe just to close, I know you gave out these 2029 targets. If we think and fast-forward to 2029 and even beyond, if Ford is successful on some of these initiatives and energy storage system and software and services, how would you say that sets the company up for the future to be a structurally different company going forward than what it's been in the past?

Sherry House:

Yeah. I think that what you are seeing is a company that is becoming fitter through all of the cost and quality efforts that we've been ongoing. Being able to take one and a half billion out on a net basis last year, taking another one billion we're expecting out of cost this year. Now we are reinvesting some of it this year and I expect that we're going to continue that momentum as we go forward. So that's going to be a core part of the foundation lane in order to enable that pathway to 8% in 2029.

Also important is going to be us to continue to successfully launch all of our new profit pillar vehicles like the new F-150, the new Super Duty, and also these new products that have a very important part in our portfolio, like the Universal EV platform, that isn't just going to satisfy an affordable product for the customer, but it's also a hedge on what if regulations change in the future as well.

And now we'll have a product that's going to be a lot more profitable for us to lean into if we need to. So you're going to have all of that happening. Then of course you've got, as you had said, the adjacencies and the diversification that we're doing. So the software and physical services are going to continue to give us uplift and that is anti-cyclical, so now you've got a more durable company as well.

And then the battery energy stationary storage, we're very excited about that. It's an opportunity for us to continue to be in high growth, high margin, anti-cyclical businesses that we think are going to make a

much more sustainable financial picture for Ford and just accrue benefit to all of our shareholders more successfully. So that's what I would say that you can expect to continue to see from us, and we have all the strategic initiatives in place to make that happen.

Joseph Spak:

Great. Well, looking forward to seeing what's next. I think we got through a lot here today in our time, so really appreciate you coming back to the conference here and thanks for joining us.

Sherry House:

Oh, thanks, Joe. It was a pleasure.

Joseph Spak:

Take care.

Sherry House:

Really appreciate it.