

**Ford Motor Company**

**February 26, 2020  
08:00 AM EST**

Rod: We're ready to kick off our first presentation of the day. Mayer, if you don't mind, leave Jim Farley alone.

Our first speaker of the day from Ford Motor Company may be the most highly anticipated of this conference. And to introduce this I think I should just state the obvious. It's no secret that Ford has experienced a number of challenges over the past few years. Challenges that have resulted in disappointing profitability and free cash flow.

And those challenges ultimately led to management changes. They've led to strategy changes. But what's intriguing about this company from an investor perspective is that embedded inside the company there should be a strong profitable and cash generative core.

And to illustrate that, I snipped from one of Ford's presentations. Something that they showed in early 2019. That the company's global truck and van business at that point was delivering \$10 billion of EBIT. And of course, you know that Ford credit has been in the zone of contributing something between \$2.5 billion and \$3 billion of EBIT. Even after we subtract about \$1.5 billion of corporate overhead and spending on mobility, maybe \$1.7 billion in 2020, Ford should have a core business here that is in the zone of around \$10.5 billion of EBIT.

What we've seen, however, is a company that did \$6.4 billion in 2019. So, the simple math is that there may be a \$4 billion problem here. But there may also be a \$4 billion opportunity here. The good news for us is that we have access to the person who's been tasked to fix it.

I've known Jim Farley for almost 20 years now. And I view him as one of the most thoughtful and one of the most lucid executives in this industry. So, we're very pleased to welcome him here.

Before I invite him onto the stage, let me just summarize a few of the points that we think investors, that you guys really want to see. This is more of a message to Ford than a

message to you. The points are, first of all we're hoping that Ford provides a candid assessment about the status of their turnaround. And more transparency into why they expect only nominal improvement this year.

And number two, and more importantly, if these problems are fixable, talk to us about why, how and the magnitude of the opportunity, how soon. And what we should be looking for to build confidence in that.

And with that, I'm going to pass it along to Jim.

Jim Farley:

Good morning, everyone. That's usually like a two-way thing. Looking for some feedback there. I know it's early. Despite all our challenges in the industry and at Ford, it's good to start the day with a smile.

Thank you, Rod. I would have the same list of complimentary things to say about Rod. It's a real honor to be with you. And the timing is pretty good.

I'm very honored to serve as the COO for Ford. It's a kind of different company for me. My grandfather started in 1913. And I spent 20 years at Toyota, but my whole family owes everything to Ford. So, it's a really huge and humbling honor to serve the company at this time.

All of you know the theme of the conference is about disruption. I had the opportunity for about eight months to step aside from the day to day auto business, build my contacts at the technology companies, and really view our industry from a distance. And I have to say the transformation, sorry, the disruption is in full swing at the consumer level. All you have to do is look at the T&C and micro-mobility miles and trips per day and that's a great signal for people making different decisions with their pocketbook on how they get around.

And so, Ford's transformation is really a double transformation. It's a transformation, as Rod said, about our core business to get back to that profitable business that we owe our shareholders. But it's also an equally exciting transformation on new opportunities that are not on Rod's page.

And so, I want to be really clear, go to the next slide. I got this job on the 7th of February. I put my team together immediately. And we came up with a very simple frame of the work we need to do, which is a concrete plan that every employee and stakeholder can measure us against. And in that plan we have to fix a number of things. You can see the list.

We need to accelerate our work on a few things. And we need to have a more compelling growth story and plan. We have a great near-term growth plan with some new products that I'll talk about. But that should be just the beginning of our growth plan.

So, I'd like to spend more time, especially given the intro, on the fix part. So, let's talk about that.

My team was really clear. The four things that we need to fix to deliver on our potential

this year and next year, especially with the new products that are coming in North America and China, is we need to lower our warranty spending. We spend about \$5 billion. It's up \$1.5 billion. Our quality is actually improving if you look at long-term JD Power's 2017, I think we're the fifth brand in the US industry now. Our short-term quality has been improving for several years. It's not where we want it to be, but our warranty spending is a big opportunity for us. And it's one of the big uncertainties that we have to risk adjust, Rod, in our guidance. This is not on your chart.

We have a very concrete plan now to work the warranty opportunity. And it's not just the numbers, it's actually how we work. And it's not depending on new capabilities like connectivity which will be enormously important for us on warranty spending, it's actually good old fashioned problem resolution quickly. And there are about four or five big areas where we're focusing.

Number two is launch. For us to get to the opportunity that Rod mentioned, we have to get our launches right. And this not just about the Explorer launch. We have literally more than 10 global enormously important launches that will drive our business results this year and next. And they have to land well. And it's not just the industrial launch. It's the demand creation.

Now back in '08, we used all of our Ford products to rejuvenate our brand. We didn't take the money, but it was more than that. Quality, green, safe and smart. We have the exact same opportunity to rejuvenate the Ford brand with these launches. So, it's about demand creation as well.

Third thing is cost. We're especially interested in our industrial manufacturing cost, our material cost, and our logistics cost. We have dedicated teams now working on each of those three areas. Material cost is especially important because our average price now is approaching \$40,000 in the US. We are launching really nice and expensive product. We have a huge opportunity on material costs in North America.

And sales and marketing. Improving the brands. Ford is an iconic company, even outside of the US. When you rejuvenate the product, you have a once in a decade chance to improve the favorability of the brand. And that will drive revenue for us. And there are a lot of new tactics. A reservation system we're using on Mach E that really can help us a lot.

Reservation system, the genius of that is not knowing, not getting, measuring the demand creation before you launch. The genius is for the industrial system. You know exactly what you have to build. It de-risks the launches.

The second area I want to touch on quickly is connectivity. We've invested a lot and you can see what connectivity has done for companies like Tesla. Tesla scales, what, about a half a million units. We've upgraded electric architecture and have a high-speed modem in the F-150 we launch later this year. We sell 600,000 plus F-150s.

Can you imagine the value creation by using that data to catch quality issues quicker? To do reductive design and actually have people use our DAT safety and security systems.

So, the internal value creation, we think, is the number one opportunity to monetize our investment in connectivity. But we have to accelerate our work as a team. It's a completely new muscle. From data formatting to getting self-serve tools in engineer's hands so they can de-content vehicles or catch quality problems in hours instead of months. You really have to wire up the company differently. So, connectivity, internal value creation is a big area where I will, we will, accelerate the company quickly.

The second area is consumer experience. We spend billions and billions discounting our product and promoting it. Creating customer experiences you don't charge for that are based on connectivity is a very different marketing model that is much more powerful. And building that loyalty circle, especially with our commercial customers, who really will use that connected data to run their business is a tremendous opportunity that we need to accelerate at Ford.

And yes, we have Ford commercial solutions. Telematics business we're just starting now. We're selling data to some of the rent-a-car companies on fuel level. There's a monetized data business out there that is starting to emerge at Ford. But I would say the first two are the most important for our investors and our financial performance.

I wanted to talk about what I consider the one thing that makes Ford different. And that is what Rod touched on. Our global prominence as a commercial vehicle brand. It's very natural for us.

We have excellence, not just in the US, but around the world on commercial vehicles. You can see the growth rates over the last couple of years. They're far in excess of the market. And frankly, our products didn't change much during that period.

The way customers buy the brand and see Ford is different. And to me this is one of the single most marquee execution issues for us as a company. And the biggest growth areas as a company. As these customers, for example, electrify. What will Ford's strategy be?

We've had 20%, 30% growth in Western Europe and the US in our commercial business for the last couple of years. If you go to the next slide, I want to really tell you about how we're thinking of treating the commercial vehicle business differently at Ford and accelerating the work this year.

Just to use an example of a van, we have great vans. And customers make that decision based on cost of ownership, outfitting capability, all those things. But what we haven't added is the digital services, the in-person service like 24/7 maintenance across the country in Western Europe. Physical distribution, repairability of the vehicle 24/7 to eliminate any downtime for our customers. And ultimately, the transition to electrification for these customers.

For me this is the signature execution opportunity for Ford. And growth opportunity for Ford in the coming years. We can go into that in more detail. I'll give you an example. We won last year International Van of the Year in the UK. So, what's a small award, right? It was for our PHEV transit. So, it didn't change. The product didn't change. Why did it win International Van of the Year? Because we electrified transit. And we used the electrical architecture and the modem to turn on and off pure electric in the city

of London so that our customers could save thousands and thousands on the cost of operating the vehicle. By combining electrification and connectivity, we were able to really differentiate ourselves in the market. And we won International Van of the Year. Not because of the product, but because of the data.

This is a kind of opportunity that really presents itself now that we've never had as a brand, but it requires investment and new capabilities within the company.

I did want to talk about the grow area because beyond commercial our electrification strategy at Ford is different. We're electrifying performance in large SUVs as well as our commercial line up. And we're really excited about this transition as a company.

I'm sure glad we bet on the Mach E and not in the center of the market. The response has been overwhelming, frankly. And I think we're really well-positioned, especially in the electrification transition for commercial customers very well at the company. We'll have lots of choices between the F-150 and the transit pure electric and we're launching more upgraded electric architectures of those vehicles, plus high-speed connectivity, and a whole services business on top of it.

The last thing I want to talk about quickly in the last minute or so I have is AV. I think AV is quite important. Our bet is a bit different. And all I would say is the ground operations in the city and the customer facing business is the most important. Our approach is partnering. Not to spin up a customer facing business on our own.

On the global redesign, all I would say is we're making good progress in Europe, China, South America and our smaller markets. I would say the two signature bets for us is the profit opportunity in North America in the next two years. If you want to talk about Ford's financial performance, it's all about North America and the recovery of China, as well as the bigger strategic bet with Mahindra, not just on India but for export in emerging and mature markets.

We have a very interesting partnering strategy. I think you're well aware of that. From Rivian, you heard from RJ I think yesterday. Mahindra. We're going to JV our business in India. Our entry product in the US, our most important market, is built in India. Customers love it. Quality is great. It's a profitable product for us. Just imagine more of those. So, we have a great opportunity with Mahindra.

But I guess what's not on the page which is really important to me is our relationship with the technology companies. We're not going to stop with these three partners. There's a lot more we can do with partners beyond these three.

Okay, with that I'd like to end my presentation and we'll go into Q&A. Thanks.

Rod:

So, we've been doing this as sort of a fireside format. So, if you don't mind, I will join you.

I'd like to just start with just kind of high level, if you can talk a little bit about what your top three priorities are for the next 60 days. If you could talk a little bit about this experience over the past couple of years, what you've observed and what you would have

done differently. And I'd also like to weave into that, during, you were involved in this turnaround during the financial crisis, and during certain times it seemed like things were kind of bleak. And the company actually accomplished a lot in a shorter than expected timeframe. And if you have anything you can share with us about the ability to make some real tangible changes and impacts relatively near-term.

Jim Farley: So, top three priorities pretty clear. We need to immediately fix the reliability of our cost performance and especially our launches. Warranty cost and opportunity certainly. Material costs we talked about in North America, that's a drag on our business. Because we're launching very, very expensive products.

So, the first one is to really fix our execution capability around launches, warranty cost and delivery and revenue. I would say that's number one.

The second would be we need to accelerate the commercial vehicle work in the near-term. Run it like a business, a P&L. It's a collection of nameplates today. That's a big transition for us. As well, as accelerate connectivity. That's kind of my second big priority.

We're connecting the F-150 and the Mach E. Two different products. Mach E connectivity is basic requirement for charging. Finding charging stations. Charging it for, paying for the charging. Those are basic requirements for a BEV.

But the F-150, connecting it with an upgraded electric architecture and using that inside the company is a game changer for Ford because of the scale. So that would be our, as a team, our second priority.

The third one is, after we have passed all these great new launches, a whole family of Broncos and the new F-150, and a whole new generation of SUVs in China and the US, great story just like it was in '08, '09. I believe there are new opportunities for growth that we haven't pursued. And some of those we'll be able to talk about and some we won't.

I think, to answer your last question next, when I see Ford as best is in '08, coronavirus, Thai floods, earthquake in Japan. When there's a threat, the team comes together. Decisions get made quickly at the right level. It's very natural. Everyone at Ford Motor Company knows the situation we're in.

Rod: So, there is sense of urgency and crisis within the organization.

Jim Farley: Yeah. And I would say I can see it on the face of my colleagues and it takes me back to about 10 years ago. And it's too early for me to share with you how I would handicap the output of that. But I have seen the look before.

Rod: Some of the things that you're talking about fixing, things like warranty and launches, we all know what the cycle is in this industry with products that you're launching now that have been in development for three or four years. Does that mean that it's just going to be really hard? That this is going to take a while to start to tackle \$1.5 billion higher warranty or launch issues or the cost of content that's coming into new vehicles?

Jim Farley: It's too early for me to handicap it. But certainly we've risk adjusted our guidance this year for some kind of handicapping or judging that. I would say the launches are just a tremendous opportunity. Some of it will take time, but the launches are here.

They're here in China and the US. They're big. They're huge levers on our profitability, especially in North America. And it worked really well in 2010.

Rod: From an external perspective, just because we all deal with relatively sparse information, we make judgments on things that may or may not be accurate from where you sit within the company. But I want to just pass along and get your feedback on this.

The sense of the investment community is that there are new problems coming to light within the organization and maybe the company hasn't gotten its arms around the magnitude of it. And I'll give you sort of a high level explanation for why. You're talking about nominal earnings improvements this year. We know that last year the Explorer launch didn't go well. We know how many units you missed. And that could be almost \$1 billion hit that wouldn't recur. We know that last year there was a \$600 million UAW and PAC that won't recur. We see average transaction prices actually going up nicely for Ford in the US more than anyone else, actually right now.

There's the 12,000 people headcount reduction in Europe. There's one of the three plants in South America. There's a number that begins with a B on the upside. Maybe more than one B. Give us a sense of what are the mitigating factors that you see coming in that could actually rival the tailwinds so that the net improvement is sort of just nominal.

Jim Farley: I expected that question. I was going to answer it with a very pithy list of headwinds that you may or may not have considered. But I think I'm going to answer that question a little differently.

I think we're at the moment in time at Ford where delivery matters. Where our performance in the market matters, our profitability. I don't want to give you a long list of mitigating factors to those one timers. Like the new launches are more expensive products or Ford Credit may not have the year that it did last year.

I think the most important thing, Rod, is that the Ford team needs to have a very concrete plan that we share with the investment community, with milestones so you know if we're on track or not. And that transparency is actually a big commitment for me. And I think that will help a lot.

Number two. The launches are late this year. And so our profit leverage is really centered around those launches. And right now we want to be thoughtful in setting expectations so the team spends time on the right things, which is to launch those products correctly. Is there opportunity? Absolutely. I am so confident and so excited to come into work because I feel the same sense of opportunity as a company that I did 10 years ago when I joined.

Because we have this great new line-up. But it is execution. And I can't handicap that right now because it's something you have to just go do.

Rod: Is it your sense that maybe just on that topic are there new problems kind of coming to light or do you have a pretty good scope of what the issues are?

Jim Farley: It was really interesting. I literally got my team together for six hours the second day I was appointed. And the list was like that and crystal clear and across all the functions. Those four areas.

Rod: Was that list something that was visible for quite a while? Or did that list of issues sort of materialize over the course of maybe the back half?

Jim Farley: I would characterize it more the latter. Again, for the last eight months I've been really focused on the future. So, I can't say I'm in all the meetings, but the real delivery issues, the vulnerability, the execution issues, that's tricky stuff in a big company, the transparency around that.

But I would say certainly in the last, I mean, we had a great first-quarter last year. We had a great first-quarter. The stock got a big bump. I wouldn't say it's great, it was a really good solid quarter. But we started to see these issues, warranty costs, the quality of the launches, the cost as the transaction price has gone up. What are we doing?

We did a great job and the people execution in North American last year as far as redesign. But it's really material costs, logistics costs. Those things became I think quite clear to the team the second half of last year.

Rod: Sounds like more variable costs than fixed costs. The structural costs are under control. It's the warranty, material, logistics.

Jim Farley: I think when you look around the world, I mean, Europe, South America, people in the US, we've been after engineering costs for a while in the company, for the last couple of years. It's really the cost of products, moving them around. The manufacturing costs. Those are the areas where we're really focused. Where it's clear we have opportunity clear.

Rod: Does the pace of restructuring need to accelerate within the company?

Jim Farley: I don't think so actually. No. In fact, it's interesting. Europe has done its business very efficiently. Restructuring Europe has gone well. It's cost less. What's more important than the restructuring right now, we're not a brand that's betting on leaving a bunch of markets. We're betting on a brand shrinking our profile in the markets we are in to profitable business.

What's really important is the next cycle of product beyond these launches in the big two markets of China and North America. What does that future look like in South America, Europe? There's a lot of optionality too. But that second cycle of product that we're now working on that you guys don't have visibility on is I think the most important bet. Not the restructuring and shrinking.

Now it may feel in a down market with where we are as a stock right now, why is Farley

talking about growth? And I've got to tell you it's probably as a leader one of my regrets. When I took step back over the last year or so in the business, I realized that we were doing a good job shrinking our business and we had a good near-term product portfolio coming out which I hope to get to. But there's so many other exciting opportunities. Like the move to battery electric in commercial. If the profit pool for battery electric retail is as big as a this stage, the profit pool for battery electric commercial is as big as this room. So, I think that's a quite important part of our plan, not just restructuring.

Rod: On that point, on battery electric, it's really encouraging to see what you guys are doing in the commercial vehicle space, in the Mach E and new architectures. The cost of these things are quite high. And especially in Europe where you've got this compliance issue that everybody needs to deal with.

Is it realistic that we would see progress in a market like Europe despite those kinds of things?

Jim Farley: That's a really good question. So, '20 and '21, as you said, you captured it just right. The CO2 change year-over-year for both years in a row is enormous. We have to have very large adoption of our MHEVs. We have to have large adoption of our HEVs for our larger vehicles. Like the Edges and the S-Maxes and the Galaxies. We have to launch Mach E, which is, by the way going much better than I expected, real interest in electrified commercials.

And all of that has to come home. The good news is that the early indications, we just launched Puma, the MHEV mix is like 50%. We're just launching the new Cougar, the Escape here, the MHEV orders are very high for that. So far it looks like customers are going there. The PHEV demand is building, especially in our commercial vehicles. I would say the signal on electrification for commercial in Europe is much higher than I expected. The orders are far in excess of what we expected for commercial electrified, even partial electrified like PHEV.

But I can't tell you how it's going to go other than we have a great offer. We will have to mix into those products to be compliant. The Mach E is an incredibly important launch for Europe. We talked a lot about the US. That product launch in Europe is critical for this year and next year.

The good thing is we have a very profitable commercial vehicle business. But is it a headwind for profits over the next two years?

Rod: But the vision, well, it wasn't really the way you guys articulated it. But you've got this core commercial vehicle that's very profitable in Europe. There was some hope within the market that basically the company would consolidate to that and become profitable based on that. And maybe to some extent in South America as well based on the ranges. Is that, there seems to be a lot of others things that you're working on --

Jim Farley: It's really the truth of our business. I mean, that's where the capital is going. That's where the excellence of our people is spending time on.

Rod: The commercial side?

Jim Farley: Yes. We have a dedicated, two years ago we didn't have a dedicated commercial team. And we have hundreds and hundreds of people dedicated to our commercial business, as a business now. And it is paying healthy dividends.

We have not had any new product in Europe and we have 20%, 30% growth in revenue. Our share keeps going up in commercial. Because we have a dedicated team who's sweating, for example, the RV business. We used to be very poor in the RV business in Europe. It was dominated by Aveco and Fiat. We're now really successful. Ambulances, we're really successful now. It requires work with outfitters and a different distribution model and it's hard work. But if you treat it like a business you can grow those kind of businesses really quickly.

I would say our plan is still the same. Commercial vehicles, both in South America but especially in Europe, is the center of our operation. That's where we put our capital and our people. Will we import iconic vehicles like Mustang and Edge? You betcha. Why shouldn't we? They're profitable. Will we have thoughtful products that are Europe specific that are profitable like Puma? Sure.

What's the future of a Focus and Fiesta? That's for another day.

Rod: Let's see if there are any questions from the audience.

Unidentified Audience Member: You talked a little bit earlier about delivering, becoming a little bit more nimble. How do you change the culture of Ford? From what you've seen in the last eight months. Where you are and where you'd like to go?

Jim Farley: That's a good question. I think we made really good progress on evolution. But there's actually a lot we shouldn't change. Most people at Ford come into work for more fundamental reasons than just making money. Like a lot of big companies, for Ford is really a family company. Ellen's here, you can ask a lot of the alumni, they'll tell you it's a different company.

We have to reawaken the purpose of our work. So, back in, 10 years ago when we were on the team that was part of that transformation, we weren't just saving Ford. We really wanted to protect the future of the company. And the purpose of our work had great meaning. And this double transformation of our company, as leaders we have to reawaken that greater purpose. That's number one.

Number two, we have to accelerate the sense of urgency. I think it's there for natural reasons because of the stock price and our financial performance. The personnel moves we made maybe are just on the other side of the invisible line of Oh Boy! But it's not enough.

And the only way to change the sense of urgency is to change the way you work. In '08 it was the BPR. Over the last couple weeks, working with my team, it became very clear that we have to change the way we work. More agile. All in. Together. Not delegating people, for launch meetings to other people, like the leaders in the room create a problem solving together. We do it in the coronavirus. We just now have to apply it to

opportunities like our launch. So, sense of urgency, second thing.

Third thing is that we need some new talent for things like connectivity. Software is a different business and we have some great people at Ford. But we need more dedicated teams like we did with Team Edison. We would not have Mach E and F-150 battery electric without Team Edison. It was very important to create a group. We need to do more of that at Ford. I think that will change the culture.

Connectivity is a really big bet for the company. It's a buzzword sure. But I can tell you as an old school car guy, I'm more excited about connectivity than the next design trend because data should drive our business for our commercial customers. But we need new talent who knows how to build software platforms that are open.

So, I would say it's down to those kinds of things. Working together. All hands on deck. Pure transparency of the problems. Ford's at its best when we give the team those tools. And I think that's more of a reawakening, a reawakening of the purpose of our work together. And then we need some new talent.

Unidentified Audience Member: You said your team pretty quickly came together to identify these problems. In my mind it sort of suggests these weren't unknown problems. If you didn't have to go through some exhaustive due diligence to locate them. Does it suggest that the root causes were misunderstood and that it might require you rethinking what's actually going on underneath those issues?

Jim Farley: No. Thank you for your question. I'm trying to portray what the team would say. I would say that the root causes, it was a bit of a discovery process. But for the leadership team to come around to those root causes, like the warranty opportunities, it's taken a little work. But I don't think it was a total mystery.

There are issues that people knew about that just weren't being resolved. I don't think it's any more complicated than that. I wish I could take you in the room, but I think if you walked away you'd go, Okay. The team kind of knows what those are and we know what we need to do.

Rod: Any other questions from the audience?

Unidentified Audience Member: One of the things that I think distinguishes you from your peers across town is the use of data analytics. And all of the data analytics projects that you're running I know are generating savings far beyond the cost of those people. Can you give us an idea of sort of the magnitude of the number of people you've got doing that? And how material is that going to be to some of the cost savings you talked about?

Jim Farley: Our data analytics group actually started almost 10 years ago when we had to come up with a sales operating system. And we, when I came from Toyota, I wanted a real clear transparent dashboard of our competitor's prices, segment shares, all the market dynamics. And we hired some wonderful PhDs to build that and it's continued to build throughout the company. With connectivity this team is literally the engine room of the company.

When you look at the coal face of the financial opportunity of connectivity it's the data formats. It's the AI, ML application of large data sets. It's the self-serve tools on engineers' desks for the data. It's not IT, although they're a key part of it. It's actually the data analytics team.

We have several thousand people now in our data analytics group. And it will continue to grow. It grew despite the rationalization of our headcount in North America, expands layers and it will continue to grow. It has to.

I would characterize the opportunity for large scale application of AI and ML in the industrial system or large scale application of connectivity to an F-150 as billions. I don't think I need to be any more specific than that.

But I also don't want to understate the work statement. We have 70 modules in most of our cars. Most of them were developed by our supply base. The software is owned by them. The data formats were created to run the car, not to catch quality problems. We need to add date stamps, time stamps to a lot of the data. The format is not right. The best AI models in the world are not going to work unless you have the data format right.

The self-service tool for the frontline engineer, that's a new tool. They're used to the warranty report, call center reports from our dealers and our call centers to get them to work on data coming right off the vehicles in a 24 hour turnaround. It's a different way of wiring the company.

We're not selling 300,000 or 400,000 units. We're selling 6 million. So, to do that in large scale is a big work statement and it's not just the GDI&A group, it's actually the business customers that have to change as much.

So, to get that value out, that's a big work statement. That's why I'm saying this is one of the areas I want to accelerate in the company.

Rod:

I'm going to ask one last question and we probably only have a minute or two.

High level, as we see all these new entrants coming into the market, a lot of external observers really question whether a traditional auto maker can really keep up with the pace of innovation that you see outside, in a lot of different things, but we don't need to get into that.

But it's down to like that's something that's an area focus for you with Team Edison. And maybe bringing in some outside talent to further augment that. What should we be looking for from Ford that we would all be able to see that makes us start to see that there are some changes that are occurring here that makes you competitive in that regard?

Jim Farley:

So, you have two kinds of things, strategic bets and capabilities. I think you should watch our commercial vehicle space, as a business. It's what makes Ford different. We have very good relationships with our customers. And we learned and watched many competitors.

My personal engagement with the technology companies has been a lightbulb. And I

think we all see at Ford an opportunity there that the wiring will be different. And the talent will be different.

So, I think what you should watch for is what does Ford do in the commercial vehicle space to use both as assets and these new capabilities, then you can handicap how successful we'll be. I would give us very good chances.

Rod: Great. With that, I think we're out of time. I want to thank Jim Farley from Ford.

Jim Farley: Thank you.