Ford Motor Company of Canada, Limited
Ford du Canada Limitée

The Canadian Road
P.O. Box 2000
Oakville, Ontario
L6J 5E4

May 2014

Dear Pension Plan Participant:

Subject: PENSION PLAN FUNDING RELIEF PROGRESS REPORT

You may recall that in 2009 we wrote to you to inform you of Ford Motor Company of Canada, Limited's ("Ford") implementation of pension funding relief measures. The purpose of this letter is to provide the annual Progress Report as required and in accordance with the Solvency Funding Relief Regulations.

Please rest assured that these solvency relief measures do not affect current pension benefits accrued by active employees or paid to retirees or their beneficiaries. Ford is required by the Regulations to send you this annual Progress Report. No action is required by you.

Sincerely,

Kathy Belleghem-Grima, CHRP
HR Manager, Total Rewards

Jeffrey Snyder
Director, Financial Services

FORD MOTOR COMPANY OF CANADA, LIMITED
CAW RETIREMENT PENSION PLAN NO. 1 (THE "PLAN")
(Registration #0337709)

Pension Plan Funding Relief Progress Report

Funded Status of the Plan

Periodic valuations of the Plan are conducted by Towers Watson, an independent firm of pension actuaries. In accordance with regulations made under the Ontario Pension Benefits Act (the "Regulations"), valuations were conducted as of December 31, 2008 (the "solvency relief report"), December 31, 2009, December 31, 2010, December 31, 2011, and December 31, 2012 (the "most recent report"). These valuations were performed on two bases:

1. on an ongoing basis, which determines the position of the Plan assuming normal ongoing operation of the Plan, and
2. on a wind-up basis, which determines the position of the Plan assuming the Plan is immediately terminated.

On an ongoing basis, the December 31, 2012 valuation showed that the plan has a funded ratio of 99.8%. On a wind-up basis, on the December 31, 2012 valuation date, the Plan had a transfer ratio of 61.9%, which means that in the event the Plan had been terminated on that date, the assets of the Plan would have been equal to 61.9% of the liabilities. On the December 31, 2008 valuation date, the Plan had a transfer ratio of 62.2%.

Solvency Funding Relief Elections

As you know, in accordance with the Regulations, Ford Motor Company of Canada, Limited ("Ford"), the administrator of the Plan, elected in conjunction with the December 31, 2008 valuation report to: (i) defer the start of special payments required to liquidate any new solvency deficiency determined in the solvency relief report for up to 12 months; (ii) consolidate special payments for pre-existing solvency deficiencies into a new five-year payment schedule that commenced on December 31, 2008, the date of the solvency relief report; and (iii) extend the five-year period to liquidate any new solvency deficiency determined in the solvency relief report to a ten-year period.

Plan Contributions

Under the most recent report, the annual normal cost of the Plan was determined to be $5,522 per active member in that year. Based on the plan membership in the most recent report, the annual normal cost was estimated to be $28.6 million. In addition, the estimated minimum employer contributions required to fund all special payments was scheduled to be $326.1 million in 2013, $297.0 million in 2014, $232.3 million in 2015, $195.4 million annually during 2016 to 2017, $87.8 million in 2018, and $6.9 million in 2019. In addition, estimated minimum employer contributions required to fund the ongoing deficit was scheduled to be $0.6 million annually during 2020 to 2028.

Impact of Funding Relief Elections on Security of Benefits

Implementation of the Solvency Funding Relief measures identified above defers the timing of contributions made to fund the Plan's solvency deficiencies as disclosed in the solvency relief report. This deficit is scheduled to be eliminated by 2019. In the unlikely event that the Plan is terminated, benefits under the Plan may be prorated if the Plan is in a deficit at that time. However, the funded status of the Plan is dependent on many factors, including interest and discount rates, market fluctuations and cash contributions made by the company. Ford will fund any new deficit that may arise in the future over five years in accordance with Ontario pension regulations. There are also government pension guarantee programs that may cover all or part of the shortfall if the Plan were to be terminated. As we expect the Plan to continue into the future, the wind-up deficit is considered to be a short-term occurrence in the life of an ongoing pension plan and will be eliminated in due course.

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Ford is the administrator of your pension plan. If you have any questions about the information provided above, please contact the Pension Benefit Representative for your location. For your convenience, here is the contact information:

Location	Pension Benefit Representative	Phone Number
Canadian Headquarters	Chantal Provencher	905-845-2511 x 1127
Oakville Assembly Complex	Mary Steenkist Phyllis Spagnuolo	905-845-2511 x 3630
St Thomas Assembly	Chantal Provencher	905-845-2511 x 1127
Windsor Operations	Kathy Morand	519-257-4218
Parts Depots	Chantal Provencher	905-845-2511 x 1127