

MEMORANDUM OF UNDERSTANDING
RE: LONG TERM CARE FACILITY EXPENSE BENEFITS
October __, 2009

The parties agree to amend Appendix R of the 2008 Ford-CAW Agreement as follows:

- For covered persons who commence residence in a Long Term Care Facility between January 1, 2009 and December 31, 2010, the benefit payment will be the difference between the daily allowance paid to the Long Term Care Facility by the Province of Ontario for a standard ward room and the Long Term Care Facility's daily charge to a maximum of \$1,543.95 per month regardless of the type of accommodation occupied.

- For covered persons who commence residence in a Long Term Care Facility on or after January 1, 2011, the benefit payable will be the difference between the daily allowance paid to the Long Term Care Facility by the Province of Ontario for a standard ward room and the Long Term Care Facility's daily charge to a maximum of \$1,200.00 per month regardless of the type of accommodation occupied.

For the Union, CAW

For Ford Motor Company of Canada, Limited

**Agreement Between
Ford Motor Company of Canada, Limited
and
National Union, C.A.W.**

Dated October ____, 2009

The Company and the Union have agreed to the terms set forth in this Agreement (including its attachments). This Agreement shall constitute an Addendum to the 2008 Ford-CAW Agreement.

With respect to the terms of the attached Memoranda of Understanding calling for suspensions/eliminations of compensation or benefits, or other amendments to existing contractual provisions, the amendments and/or suspensions/eliminations will last until the expiration of the 2008 Ford-CAW Agreement or unless otherwise modified or terminated by mutual agreement of the parties.

The parties have agreed that the current 2008 Ford-CAW Agreement and all attached Supplemental Agreements will be extended one (1) year from the expiration date of September 14, 2011 to September 17, 2012.

This addendum shall become effective at the beginning of the first pay period following receipt of notice of ratification by the Company from the Union

Subject to Ratification

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Tuition Assistance**

October ____, 2009

The parties agree to eliminate the Tuition Refund Program outlined on page 505 of the 2008 Ford-CAW Agreement for courses commencing on or after January 1, 2010.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: 2012 Holiday Schedule**

October ____, 2009

With the extension of the current 2008 Ford-CAW Agreement, Article 25, Holiday Pay Plan, shall be amended to include the following:

October 10, 2011	Thanksgiving Day
December 26, 2011	Christmas Holiday Period
December 27, 2011	
December 28, 2011	
December 29, 2011	
December 30, 2011	
January 2, 2012	
April 6, 2012	Good Friday
April 9, 2012	Monday after Easter
May 18, 2012	Friday before Victoria Day
May 21, 2012	Victoria Day
July 2, 2012	Canada Day observance
August 6, 2012	Civic Holiday
August 31, 2012	Friday before Labour Day
September 3, 2012	Labour Day

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Article 25.01 (b) (ii)**

October ____, 2009

With the extension of the current 2008 Ford-CAW Agreement, Article 25.01 (b) (ii) is amended to include the following dates:

Saturday, December 24, 2011
Sunday, December 25, 2011
Saturday, December 31, 2011
Sunday, January 1, 2012

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Special Payment**

October ____, 2009

As part of an effort to offset the cost of retiree health care, the parties agree to eliminate the Special Payment (\$1,700) in Article 26.09(e) of the Ford-CAW Agreement effective January 1, 2010.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Global Purchasing Competitiveness Review**

October ____, 2009

To further align our mutual interest of ensuring the Company's competitiveness, the parties have agreed that the National President, CAW-Canada, Vice-President Human Resources and the Executive Director – Purchasing, or their respective designates, will meet annually for a high level Competitiveness Review. The Competitiveness Review will include subjects such as sourcing, improved commonality, competitive cost structures and leading edge technologies.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: PEL and SJF Contribution Schedules**

October ____, 2009

With the extension of the current 2008 Ford-CAW Agreement, the contribution tables for the Leadership Training Program and the Social Justice Fund will be amended as follows:

Hours Worked	Payment Date
09/26/11 – 12/25/11	01/31/12
12/26/11 – 03/25/12	04/30/12
03/26/12 – 06/24/12	07/31/12
06/25/12 – 09/23/12	10/31/12

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Automotive Discount Program**

October ____, 2009

The parties agree to eliminate the Automotive Discount Program letter found on page 245 of the 2008 Ford-CAW Agreement effective for vehicles purchased on or after January 1, 2010.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Scheduled Paid Absence**

October ____, 2009

The parties agree to eliminate Scheduled Paid Absence (SPA) in article 26.13 of the 2008 Ford-CAW Agreement effective January 1, 2010. In addition, the parties agree to eliminate all references to Scheduled Paid Absence and/or SPA found in the 2008 Ford – CAW Agreement.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Unpublished Memorandum
Re: Restructuring Events and Incentives**

October ____, 2009

The parties have agreed to modifications to the letters found on pages 375 and 393 of the 2008 Ford-CAW Agreement.

This memorandum confirms that previously negotiated language applying to restructuring events discussed during 2008 negotiations is protected, and those existing agreed terms will continue to apply to those events. For Ford of Canada, those discussed events include:

- The closure of the St. Thomas Assembly Plant in the third quarter of 2011.
- The potential closure of the Windsor Aluminum Plant during the term of the 2008 Ford-CAW Agreement.
- The sourcing of non-skilled production work and the elimination of skilled trades classifications and assignments at Oakville Assembly Complex as discussed in 2008 negotiations.

For any future restructuring events, as defined in the letters on pages 375 and 393, that have not already been announced, the retirement incentive will consist of a lump sum payment of \$50,000 for production employees and \$60,000 for skilled trades employees. In addition, the vehicle voucher will be reduced to \$20,000.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Appendix U – Special Contingency Fund**

October ____, 2009

The parties have agreed to reduce the expenses associated with the funds covered by the Special Contingency Fund (SCF) through the following actions:

1. Effective September 17, 2009, the Training Fund as described on page 499 of the 2008 Ford-CAW Agreement, shall be restructured to fund a total of 28 hours per active employee over the balance of this agreement that will consist of 24 hours of training and 4 hours of administration. Funding for the program shall be reduced proportionately to a total of \$13,226,783 over the remaining three years of the 2008 Ford-CAW Agreement.
2. Effective September 17, 2009, the funding for the balance of the programs supported by the SCF (as outlined in Appendix U and wellness, childcare facility subsidy and national coordinators) shall be reduced on a negotiated timetable and restructuring over the balance of this agreement. The combined savings must equal an average of \$750,000 per year over the remaining three years of the 2008 Ford-CAW Agreement.
3. Within 90 days of the effective date of this agreement, the parties will negotiate a timetable specifying the precise measures that will be implemented to achieve the commitments specified in (b) above.
4. Should the hours worked by active employees fall significantly below the hours forecasted by the Company to be worked during 2009 through 2011, the cost savings target specified in (b) above will be proportionately reduced.
5. Within 90 days of the implementation of this agreement, the parties will convene a joint committee to review the legal services plan to address its funding status, structure, benefit coverage, financial sustainability and tax status, with the goal of implementing measures to reduce the cost of its services.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Vacation Pay**

October ____, 2009

As a result of the elimination of SPA, the vacation pay table in Section 26.06 will be amended as follows commencing January 1, 2010 (for vacation pay payable in 2010);

Seniority	Total Number of Hours of Vacation Pay at hourly wage rates
1 year but less than 2 years	80 hours
2 years but less than 3 years	88 hours
3 years but less than 5 years	140 hours
5 years but less than 10 years	160 hours
10 years but less than 15 years	180 hours
15 years but less than 20 years	200 hours
20 or more years	240 hours

For CAW-Canada

For Ford Motor Company of Canada, Limited

Memorandum of Understanding
Re: Employment Insurance Benefit Reimbursement

October ____, 2009

Effective with the 2009 income tax year, the parties agree to eliminate reimbursements made to employees who are required to rebate Employment Insurance Benefits otherwise known as EI Clawback. The company agreed that for the 2009 taxation year only this would not apply to any employee whose layoff is the result of an application of inverse seniority as provided for in Article 15 of the 2008 Ford – CAW Agreement.

For CAW-Canada:

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Dependent Children Scholarship Program**

October ____, 2009

The parties agree to reduce the Dependent Children Scholarship to eligible dependent children provided for in the letter found on page 508 of the 2008 Ford-CAW Agreement from \$1,500 to \$1,300 per year.

This reduction in payment will be effective for courses commencing on or after January 1, 2010.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: SUB Credit Unit Exception**

October ____, 2009

During 2009 negotiations the company advised the union of the increased cost of Supplemental Unemployment Benefits (SUB) paid out to employees that are recalled from layoff to cover vacation leaves during summer months. Accordingly the parties agree that full-time employees recalled from layoff on or after May 1 and subsequently laid off prior to September 1 will not accrue SUB credits based on those hours worked.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: New Entry Level Employees**

October ____, 2009

The parties have agreed that new entry level employees hired on or after the date of this agreement will be subject to the wage, benefit and pension provisions outlined below notwithstanding all other provisions specified in the 2008 Agreements.

Wage Progression

- Hired at 70% of the full base rate of the applicable job classification
- 1st year anniversary date – increase to 75% of the full base rate
- 2nd year anniversary date – increase to 80% of the full base rate
- 3rd year anniversary date – increase to 85% of the full base rate
- 4th year anniversary date – increase to 90% of the full base rate
- 5th year anniversary date – increase to 95% of the full base rate
- 6th year anniversary date – increase to 100% of the full base rate

Cost of Living Allowance (COLA)

- Not eligible for COLA until 3rd year anniversary date

Supplemental Unemployment Benefit (SUB)

- Not eligible for SUB until 3rd year anniversary date
- SUB credit unit accrual begins after 1st year anniversary date at ¼ credit unit per week worked for the subsequent 18 months, then ½ credit unit per week worked thereafter
- Employees with at least three (3) years of seniority but less than ten (10) years or seniority shall be eligible to receive SUB benefits for a maximum of 26 weeks at the current 65% of weekly straight-time pay. For up to the next 26 weeks the SUB benefit will be calculated at 50% of weekly straight-time pay.
- Employees with at least ten (10) but less than twenty (20) years of seniority shall be eligible to receive SUB benefits for a maximum of 39 weeks at the current 65% of weekly straight-time pay. For up to the next 39 weeks the SUB benefit will be calculated at 50% of weekly straight-time pay.
- Employees with twenty (20) or more years of seniority shall be eligible to receive SUB benefits for a maximum of 52 weeks at the current 65% of weekly straight-time pay. For up to the next 52 weeks the SUB benefit will be calculated at 50% of weekly straight-time pay.

Short Work Week (SWW)

- Not eligible for short work week payments until 5th anniversary date.

Retiree Health Care

- Coverage will be subject to the provisions of the 2008 Ford-CAW Agreement unless altered by a Health Care Trust (HCT).

Pension

- Any employee hired on or after the effective date of this agreement will contribute one dollar (\$1.00) per hour worked toward the existing defined benefit plan in which they participate effective January 1, 2010.
- Pension credited service is capped at a maximum of 30 years for employees hired on or after the effective date of this agreement.

All other contractual rights and benefit entitlement will be consistent with the 2008 Ford-CAW Agreement.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: COLA Adjustment**

October ____, 2009

With the extension of the 2008 Ford-CAW Agreement, the following represents changes to Section 21.03.

21.03 (b) Effective with the adjustment scheduled for June 4, 2012, the cost-of-living-allowance shall be determined in accordance with changes in the Consumer Price Index published by Statistics Canada (2002=100).

21.03 (c) Adjustment during the period of this agreement shall be made at the following time:

<i>Effective Date of Adjustment</i>	<i>Based Upon Three-Month Average of the Consumer Price Indexes for</i>
June 4, 2012	February, March and April 2012

21.03 (d) (i) Effective September 17, 2008 and until June 3, 2012 the amount of the cost-of-living-allowance shall be \$0.05 per hour.

(ii) Effective June 4, 2012, the cost-of-living-allowance shall be adjusted as follows:
(a) The COLA base is the average of the November, December 2011 and January 2012 Canadian Consumer Price Index (2002=100)
(b) There will be a \$0.01 adjustment for each .038 change in the Average Index from the COLA base until August 31, 2012. All adjustments will be calculated in accordance with the Letter of Understanding on page 527 of the 2008 Ford-CAW Agreement.

For CAW-Canada

For Ford Motor Company of Canada, Limited

**Memorandum of Understanding
Re: Relief Time**

October ____, 2009

Notwithstanding the provisions of Article 20 the parties agreed that, effective January 1, 2010, the total amount of relief time made available to employees will not exceed forty (40) minutes per eight (8) hour shift. This total amount of relief time is inclusive of the rest periods outlined in Section 20.04 and of the allowance for lunch in 20.06. Those employees who are not entitled to relief in addition to the rest periods outlined in Section 20.04 are not affected by this agreement. The schedules for lunches and relief will be determined locally.

For CAW-Canada

For Ford Motor Company of Canada, Limited

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Place Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During 2009 negotiations, the company agreed that the elimination of SPA replacements would be administered in accordance with the provisions of the letter on page 393 of the 2008 Ford – CAW agreement.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Place Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During the course of 2009 negotiations, the parties had extensive discussions regarding the future of the St. Thomas Assembly Plant. The company shared the union's concern for the impact of the current cycle plan on employees and their families and on the surrounding community.

Although the plant was scheduled for closure in 2010, the company agreed in 2008 to extend the plant to the 3rd quarter of 2011 and to work with the CAW to investigate potential alternatives for its future. However, economic and competitive circumstances are such that a viable alternative has not been identified. The company assured the union that if business conditions require additional volume beyond the 3rd quarter of 2011, production would be maintained at St. Thomas Assembly Plant.

The company continues to be committed to working with the union and other interested stakeholders to re-purpose the facility with a future owner after production of the current products ends in August 2011. The company will work with both provincial and federal governments to create a business case for a future owner of the St. Thomas Assembly Plant site. The company cited the recent developments at Ford's U.S. Wixom location as an example of success.

In addition, and in response to the CAW's concerns regarding the unique economic circumstances found in the St. Thomas – London region, the company agreed to the following:

- For employees of the St. Thomas Assembly Plant who are not retirement eligible (ie. are not eligible for Normal, Regular or Special Early Retirement under the pension plan, or are not eligible for an immediate PRIMP benefit)

- Consistent with recent restructuring events, employees with between 28.1 and 29.9 years of pension service as of the date of termination will be eligible to retire and receive a prorated special allowance, a retirement allowance of \$75,000 (\$90,000 for skilled trades) and a \$35,000 vehicle voucher (or a \$25,000 lump sum, both of which are before applicable taxes).
- Employees who have between 26 and 28.1 years of pension service and who are less than 48.1 years of age as of the date of termination shall have the option of electing to be laid off (with negotiated SUB and IMP benefits) and at the earlier of 28.1 years of service or age 50, receive payments under PRIMP.
- In early 2011, a retirement and separation canvass will be conducted at Oakville Assembly Complex and at the National Parts Distribution Center in Bramalea in an effort to create openings for those employees from St. Thomas Assembly Plant who have agreed to relocate. The parties agreed that this action would not create a need for hiring new employees and that incentives would be provided only to those Oakville and Bramalea employees for whom a St. Thomas replacement has been identified. These actions will be completed concurrent with the closing of the St. Thomas plant and will be based on the provisions of the 2008 Ford – CAW collective agreement. In order to receive a retirement incentive, employees must be eligible to for a Normal or Regular Early retirement.
- The company also referenced its commitment to the letter found on page 419 of the 2008 Ford – CAW agreement regarding adjusted seniority dates to be used in the event of a stand-alone plant closure.

The company expressed to the CAW its appreciation for the continued quality, safety and productivity performance and recognized this as a reflection of the ongoing commitment of the employees at St. Thomas assembly Plant.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Placer Court
Toronto, Ontario, M2H 3H9

Dear Mr. Lewenza:

During 2009 negotiations the parties held extensive discussions regarding the closure of St. Thomas Assembly Plant. The company and the union agreed to the following regarding their mutual responsibilities and commitments found on page 367 of the 2008 Ford – CAW Agreement;

- The parties will establish a joint Adjustment Committee no later than 6 months prior to plant closure. The Committee will be provided with 2 days of training and will receive adequate non-premium time to attend to committee business during the transition period.
- The company will contribute up to \$200 per employee at the time of closure to cover the approved expenses of the Adjustment Committee.
- The parties will meet with the Adjustment Advisory Program to secure an adjustment agreement with the Province of Ontario. It is anticipated the government will provide an additional \$300 per employee to provide a total operating budget of \$500 per employee.
- The Action Centre will be located in the CAW Local 1520 hall. The company will help to equip the Centre with furniture.
- The union will identify a full-time coordinator and peer helpers who will be trained to work in the Centre. The coordinator's wages will be paid by the company. Peer helper honorariums will be paid from the Adjustment Committee's budget.
- During the three months prior to plant closure, all employees will be offered 8 hours of paid time for a one day workshop. The workshop will be lead by the union with assistance from government specialists from such organizations as Employment Ontario, EI, etc. and will cover topics such as negotiated benefits, local job market issues, EI entitlements, retraining opportunities, community services, stress, financial planning and an introduction to the Action Centre. The National Training Fund will be used to cover expenses associated with this workshop.
- During the three months prior to plant closure, all employees will be offered one hour of paid time for individual counseling and a needs assessment.
- Employees who do not retire will be entitled to a one time tuition refund of up to \$3250 during the 24 months following the date of separation and in accordance with the provisions of the letter on page 505 of the 2008 Ford – CAW Agreement.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Place Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During 2009 negotiations the parties held extensive discussions regarding the closure of St. Thomas Assembly Plant. During these discussions, the union raised questions regarding employees who may wish to sever their employment sooner than the established plant closure date. A specific example would be individuals who secure other employment which commences in advance of the closure date.

In these situations, the company agreed that to the extent that plant operations are not negatively impacted, these individuals would be released with their applicable incentive. The union committed to developing a plan a replacement plan with the company through the use of options such as other available or temporary employees. The union also acknowledged that a qualified replacement would be required before the company would release an employee.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW - Canada)
205 Placer Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During discussions regarding the closure of St. Thomas Assembly Plant, the company agreed that, to the extent they are able, CAW represented St. Thomas employees would perform the de-commissioning that is required for the facility.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW - Canada)
205 Placer Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During discussions regarding the closure of St. Thomas Assembly Plant, the company committed to working with the local union to address the outstanding grievance agenda.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Placer Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

Subject: Powertrain Annual Executive Cycle Plan Review

During the course of 2009 negotiations, the parties held extensive discussions concerning the dynamic nature of the cycle plan for powertrain operations.

The parties agreed that it would be important to meet to review the approved 5 year global cycle plan for powertrain operations for the Windsor site. In addition, it would be important for the company to review, to the extent possible, future powertrain technology and its potential impact on the Windsor cycle plan. The parties will also review Windsor's key business indicators including competitive data regarding safety, cost, quality, and productivity.

The first meeting, which will involve senior management from Ford's powertrain operations and from the CAW leadership, will be scheduled no later than March 1, 2010 and annually thereafter.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW - Canada)
205 Placer Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During 2009 negotiations and in response to the one year extension of the 2008 Ford-CAW Agreement, the company agreed to increase the Income Security Fund Maximum Company Liability by \$66,305,125.00

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW - Canada)
205 Place Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

During 2009 negotiations, it was agreed that for employees of the Windsor area plants, the company will conduct one additional canvass at the incentive levels found in the 2008 Ford - CAW agreement and the STEP provisions developed for the 2007 Accelerated Way Forward Plan. It is understood that, if an employee is on indefinite layoff at the time the incentive is paid, the applicable amount of incentive will be reduced by any SUB or IMP payments an employee may have received since the date the layoff commenced but no earlier than April 1, 2007. It is the company's intention to complete this action by March 1, 2010.

The company acknowledged that discussions had taken place prior to 2009 bargaining regarding the potential elimination of a production shift on the High Volume Line at Windsor Engine Plant and agreed that the same incentives would be used if this shift elimination were to occur.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Placer Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

Subject: Future Manufacturing Presence in Canada

During the course of 2009 negotiations, the parties had extensive discussions regarding the importance of a strong manufacturing presence in Canada and the need to secure jobs for CAW members. The Company asserted that becoming competitive in every aspect of our business, including labour cost, is the only sustainable means of securing a strong future for manufacturing in Canada.

During the term of the collective agreement, the following commitments are being made to Canadian operations, which represent 10% of Ford's total North American manufacturing volume:

Oakville Assembly Complex:

- Launch of all new Lincoln MKT in 2009.
- Significant investment in Edge/MKX product freshening.
- Commitment of a new product based on global platform during the business plan period.
- Installed capacity for a third shift of production, if market conditions require additional volume.

Windsor Site:

- Re-open Essex Engine Plant with new engine program in 2010.
- Significant additional volume for Essex Engine Plant due to a second application for the new engine program.
- Maintain current products at Windsor Engine Plant through the planned product lifecycle.

The parties discussed Ford of Canada's long history of manufacturing in Canada and the company's commitment to producing vehicles and powertrain components in the same jurisdiction where we sell our products. In Canada, Ford has consistently produced as many or more vehicles than it sells on an annual basis. In addition, the Windsor site is our largest powertrain centre in North America.

While unprecedented volatility in the industry and the dynamic nature of the economy create substantial challenges in accurately predicting production and sales volumes, the current business and cycle plans forecast that during the term of the collective agreement, Canadian production will continue to match or exceed sales volume. The Company affirmed its commitment to a strong manufacturing presence in Canada and the parties agreed to meet and discuss any changing business conditions impacting the product cycle plan.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Place Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

Subject: Windsor Site

During the course of 2009 bargaining, the parties had extensive discussions regarding the current cycle plan at the Windsor site.

The parties reviewed the current cycle plan and the sourcing strategy associated with the 5.0 litre engine launch at the Essex Engine Plant under forecast volume through the term of the collective agreement. The union brought to the company's attention the underutilization of capacity and equipment at the Windsor site and expressed an interest in ensuring that the company maximizes the opportunities the Windsor site offers to re-use existing equipment and to leverage geography to reduce cost and increase employment in the event that the actual product volumes exceed current planned levels, requiring additional component or machining sourcing.

The company committed to the union that the Essex Engine Plant is the sole source for all 5.0 litre engine assembly, and any potential derivatives from its base design architecture. The company committed that, should actual volume deviate significantly from the current business plan, the parties will meet to discuss the impact on the site and the company and union will work together to develop a business case to support allocating the required incremental component and/or machining to the Windsor site.

The company commits that the Windsor site is the sole source for all 5.4 and 6.8 litre engine production and will discuss with the union opportunities to extend the cycle plan for that product in response to market demand opportunities that may arise as the North American market continues to recover in the years ahead.

Yours Very Truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources

Mr. K. Lewenza
National President
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW – Canada)
205 Place Court
Toronto, Ontario
M2H 3H9

Dear Mr. Lewenza:

Subject: Windsor Site

During the course of 2009 negotiations, the parties had extensive discussions regarding CNC Module capacity at the Windsor site.

The parties discussed the importance of re-using idle equipment as part of the company's strategy to reduce cost and minimize waste in our operations. In addition, the company recognized the union's interest in ensuring that sufficient equipment remains on the site to facilitate capacity expansion and/or competition for future product, should a business case arise.

The company assured the union that it has no plans to move any CNC equipment during the term of the agreement. Should business conditions change, the company will meet with the union in advance and provide the site with adequate time to demonstrate that they could competitively retain the module. Furthermore, the company committed to retaining sufficient CNC capacity to support any unplanned potential for additional volume on the site.

Yours very truly,
FORD MOTOR COMPANY
OF CANADA, Limited
Stacey Allerton Firth
Vice-President,
Human Resources