MODIFICATIONS TO 2007 UAW-FORD U.S. HOURLY LABOR AGREEMENT & ADDENDUM TO VEBA AGREEMENT

March 11, 2009

AGENDA

- **Overview**
- **Operating Agreement**
  - **Wages and Benefits**
  - **Productivity**
  - **Job Security Program**
  - **Capacity Actions**
- **VEBA**
- **Summary**

OVERVIEW

- Our plan remains the same:
  - Aggressively restructure to operate profitably at the current demand and changing model mix
  - Accelerate development of new products our customers want and value
  - Finance our plan and improve our balance sheet
  - Work together effectively as one team, leveraging our global assets
- Collaboration with UAW leadership brought solutions to address deteriorating economic conditions
- Modifications to the 2007 Collective Bargaining Agreement will help the Company achieve parity with transplant automakers, resulting in incremental annual savings and efficiencies
- Revisions to funding of VEBA trust will yield cash savings and improve liquidity
- Working with all stakeholders to restructure our business and deliver profitable growth for all

OPERATING AGREEMENT – WAGES & BENEFITS

- **COLA – suspended for the term of the Operating Agreement**
- **Performance Bonus – suspended lump sum payments of 4% and 3% of base earnings in 2009 and 2010**
- **Christmas Bonus – suspended $600 Christmas bonus payments for the term of the Operating Agreement**
- **Paid Holidays – "Easter Monday" is discontinued as a paid holiday for the term of the Operating Agreement**
- **Incentives for employees to participate in a Wellness Program**

OPERATING AGREEMENT - PRODUCTIVITY

- **Relief Time -- Relief allowance for on line operations will be a total of 40 minutes per 8 hour shift**

- **Alternative Work Schedules (AWS) -- Increased utilization of AWS to allow for flexible work patterns**

- **Improved Skilled Trades flexibility**

- **Overtime is limited to time worked over 40 compensated hours per week**

OPERATING AGREEMENT -- JOB SECURITY PROGRAM

2007 Agreement

- Surplus employees were paid through Unemployment Compensation (UC) and Supplemental Unemployment Benefits (SUB) and then through Jobs Bank for a total of two years or until the employee received:
  - One in-zone job offer, or
  - Two out-of-zone job offers
- After two years, employees are paid until they received one job offer
- No time limit on benefits if no job offers received

2009 Agreement

- Jobs Bank eliminated (announced January 2009) and employees transferred to Indefinite Layoff
- Surplus employees paid through UC and SUB (at approx. 72% of the gross pre-tax pay), then paid a reduced cost Transition Assistance Plan (TAP) (at approx. 50% of the gross pre-tax pay) until:
  - One job offer is received, or
  - Benefits are exhausted after the following number of weeks:

Seniority	SUB	TAP
1 but less than 10 Yrs.	26	26
10 but less than 20 Yrs.	39	39
20 Yrs. or more	52	52

- Revised buyout program to be offered

Financial liability capped with or without a job offer, depending on employee's years of service

CAPACITY ACTIONS

- **The savings from this agreement help us to continue to invest in our ONE FORD product-led transformation**

- **Reaffirmed product commitments for:**
  - **Chicago Assembly Plant**
  - **Kansas City Assembly Plant**
  - **Louisville Assembly Plant**
  - **Michigan Assembly Plant**
  - **Ohio Assembly Plant**

- **As previously announced, one ACH plant is closing this year, and another in 2011. The four remaining ACH plants will continue to be restructured or sold during the term of this Operating Agreement**

- **Twin Cities Assembly and Cleveland Casting will close as previously announced**

VEBA

- Agreement in principle reached with UAW to modify 2007 MOU / 2008 Settlement Agreement, consistent with requirements applicable to domestic competitors under their government-funded restructuring actions
  - At least 50% of future payments may be paid in form of stock
  - Total value of all payments must not exceed original 2007 agreement
  - Meaningful debt reduction over time consistent with our announced debt restructuring
- UAW VEBA-related debt obligations and future cash flows as of December 31, 2009 total $13.1 billion, which excludes existing internal VEBA (with assets valued at $2.7 billion at December 31, 2008) and interest and benefit payments prior to December 31, 2009
- Existing debt obligations (Temporary Asset Account note, convertible note, second lien note, and base payments) will be restructured into two new notes – $6.6 billion Note A (payable in cash) and $6.5 billion Note B (payable in cash or stock at our option)
- Principal, interest, and base payments smoothed between 2009 and 2018
- On each payment date, Ford has the option to settle 100% of Note B payments with shares of Ford common stock of equal value based on the then-present stock price, with fixed prices of $2.00, $2.10 and $2.20 for payments in 2009, 2010 and 2011, respectively

VEBA (CONT'D.)

- In exchange for fixed pricing, Ford agreed to provide VEBA risk protection up to a maximum of $150 million ($50 million a year) for any losses incurred for the shares delivered in 2009, 2010 and 2011 (approximately 15¢ per share). Ford will also pay $25 million per year in 2012-18 to cover transaction costs
- Would give up option to pay in stock if our stock price falls below $1.00 or we receive a going concern audit qualification, but we have the right to defer payment over five years and pay in stock on deferred dates if these conditions are eliminated
- Agreed to issue warrants to VEBA entitling it to purchase 362 million shares at $9.20 per share to mirror economic value in the existing VEBA convertible note
- These modifications are subject to:
  - Court approval;
  - SEC approval of accounting treatment acceptable to Ford; and
  - Department of Labor "prohibited transaction" exemption

SUMMARY

- The modifications to the 2007 UAW-Ford contract are key enablers to deliver our product-led transformation
- Significantly improves our competitiveness and helps us accomplish our restructuring efforts
- Operational improvements will allow us to increase manufacturing efficiency and flexibility
- Changes to the VEBA agreement provide for near-term deferral of payments and the option to make up to $6.5 billion of payments in stock, improving our liquidity
- Continuing evidence of the ability of the UAW and Ford to work together to address challenges
- Working with all stakeholders to restructure our business to deliver profitable growth for all
- In summary, these modifications will help us remain on track to deliver our key business and financial goals over the next few years

RISK FACTORS

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

- Continued or worsening financial crisis;
- Further declines in industry sales volume, particularly in the United States or Europe, due to financial crisis, deepening recessions, geo-political events, or other factors;
- Decline in market share;
- Continued or increased price competition resulting from industry overcapacity, currency fluctuations, or other factors;
- A further increase in or acceleration of market shift away from sales of trucks, SUVs, or other more profitable vehicles, particularly in the United States;
- A return to elevated gasoline prices, as well as the potential for volatile prices or reduced availability;
- Lower-than-anticipated market acceptance of new or existing products;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects from the bankruptcy, insolvency, or government-funded restructuring of, change in ownership or control of, or alliances entered into by a major competitor;
- Restriction on use of tax attributes from tax law "ownership change";
- Economic distress of suppliers that may require us to provide financial support or take other measures to ensure supplies of components or materials and could increase our costs, affect our liquidity, or cause production disruptions;
- Single-source supply of components or materials;
- Labor or other constraints on our ability to restructure our business;
- Work stoppages at Ford or supplier facilities or other interruptions of supplies;
- Pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Inability to implement the Retiree Health Care Settlement Agreement regarding UAW hourly retiree health care;
- Worse-than-assumed economic and demographic experience for our postretirement benefit plans (e.g., discount rates or investment returns);
- Discovery of defects in vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulation resulting in higher costs, cash expenditures, or sales restrictions;
- Unusual or significant litigation or governmental investigations arising out of alleged defects in our products or otherwise;
- A change in our requirements for parts or materials subject to long-term supply arrangements that commit us to purchase minimum or fixed quantities of parts or materials, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on our results from a decrease in or cessation of government incentives;
- Adverse effects on our operations resulting from certain geo-political or other events;
- Substantial negative Automotive operating-related cash flows for the near- to medium-term affecting our ability to meet our obligations, invest in our business, or refinance our debt;
- Substantial levels of Automotive indebtedness adversely affecting our financial condition or preventing us from fulfilling our debt obligations (which may grow because we are able to incur substantially more debt, including secured debt);
- Failure of financial institutions to fulfill commitments under committed credit facilities;
- Ford Credit's need for substantial liquidity to finance its business;
- Inability of Ford Credit to obtain an industrial bank charter or otherwise obtain competitive funding;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts due to additional credit rating downgrades, market volatility, market disruption, or other factors;
- A prolonged disruption of the debt and securitization markets;
- Higher-than-expected credit losses;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles;
- Collection and servicing problems related to finance receivables and net investment in operating leases;
- Lower-than-anticipated residual values or higher-than-expected return volumes for leased vehicles;
- New or increased credit, consumer, data protection, or other regulation resulting in greater costs or financing restrictions;
- Inability to implement our plans to further reduce structural costs and increase liquidity.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or Otherwise. For additional discussion of these risks, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008.