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To: The Ford Team
Subject: Performance Awards

In 2007, we made significant progress on our plan to transform Ford Motor Company into a lean, global enterprise poised to become profitable again in 2009. We worked together as never before to deliver results in several key areas despite tough business conditions. None of this could have been accomplished without the hard work, dedication and skill of the entire Ford team.

So today, I want to sincerely thank you. As a result of our accomplishments in 2007, every salaried and hourly employee in the U.S. and Canada, along with our management team around the world, will receive a performance award.

These performance awards are based on the significant and measurable performance we achieved on key business objectives. While we fell short of our market share goals in the Americas and Asia, we fully met or exceeded our objectives in every other category, namely cost performance, quality, automotive cash flow and financial results.

These payments are notable because strictly applying profit sharing and bonus plan formulas would not have resulted in a payout for our hourly employees or our salaried employees at the GSR and LL6 levels. But we recognize that the progress achieved in 2007 was truly a team effort and was only possible because of the tremendous dedication and skill of all employees.

In line with our One Ford philosophy, for the 2008 performance period and beyond, our salaried employees in the U.S. and Canada will be measured by the same set of metrics for future incentive compensation payments. You will be hearing more details about this in the coming weeks.

While 2007 was a year of progress, the economic and business environment will be tougher than ever in 2008. To help meet our cost objectives, we have deemed it necessary to delay the payment of merit raises for salaried employees this year from an effective date of April 1 to July 1. There is no doubt we have a challenging year ahead, so it is critical that we keep a laser focus on our priorities and continue the good work we're doing together in order to remain on track with our turnaround efforts.

Below are some answers to questions you may have about this year's performance awards and merit increase payments.

Please know that you are a valued and appreciated member of the Ford team. I look forward to continuing on our journey together toward reaching our ultimate goal – creating an exciting, viable Ford, delivering profitable growth for all.

One Team. One Plan. One Goal. One Ford.

Alan

Q. How can the company pay bonuses to employees when it lost \$2.7 billion in 2007?

A. Ford is the midst of a multi-year turnaround plan and the management team and the Board of Directors believe it is important to reward employees for delivering significant results and keeping the company on track to become profitable again by 2009. While we fell short of our market share goals in 2007, we made significant improvement in all other areas. We're recognizing these accomplishments with the performance awards announced today and to emphasize the importance of performance against objectives.

Q. Why is the company delaying the payment of merit increases, which were announced with an effective date of April 1?

A. The company will be paying merit increases in 2008 to Ford regular employees in the U.S. and Canada. However, given the business challenges and economic environment the company faces in 2008, delaying the merit-based pay increases is a prudent measure to help Ford continue to deliver on its plan. We announced last year that we planned to give merit increases to salaried employees in U.S. and Canada, effective April 1, assuming business conditions would allow it. Since that time, it has been determined that a delay until July 1 would be in our best interests.

Q. How can the company be paying performance awards/bonuses, but be delaying the payment of merit increases?

A. Performance awards are based on the company's performance during the prior year. They are lump-sum payments to Ford regular employees that are based upon specific metrics that the company either meets or does not meet, and they are budgeted in the prior year's financials. Merit increases, on the other hand, are based upon individual performance and impact the present year's budget and financials. The decision to delay this year's merit increase was driven by our need to reduce expenses in 2008 and deliver on our plan in a difficult business environment.

Q. When will the performance awards be paid?

A. Most employees will receive their awards on March 13, or as part of their scheduled payroll.

Q. How much money will individual employees receive?

A. Hourly represented employees, including UAW-Ford hourly employees at ACH, will receive a lump-sum amount of \$1,000. However, the amount will be subject to deductions for income withholding orders, bankruptcies, healthcare dependent audits and disability audits where applicable. So the individual amount actually received could vary. For salaried workers, the amounts will vary by employee salary grade and leadership level and, where applicable, will include deductions for income withholding orders, bankruptcies, healthcare dependent audits and disability audits. The awards will reflect the key company and business unit performance metrics that were achieved in 2007.

Q. Will hourly employees who took voluntary buyout packages and left the company be

rewarded?

A. Hourly represented employees who worked at least 40 hours and were active employees through the end of last year will receive an award.

Q. Why is the company offering buyouts to the UAW when business has improved enough to pay a performance award?

A. While the company made great strides toward the 2009 plan to profitability last year, business conditions have continued to decline in large part due to economic issues in the U.S. To remain on target to achieve the plan, we have launched a new enterprise-wide buyout and early retirement program for UAW-represented hourly employees in the U.S.

Q. Are 2008 awards being considered?

A. Any potential performance awards for 2008 will be based on the company's actual 2008 performance. However, for the 2008 performance period and beyond, award compensation for salaried employees at all levels in the U.S. and Canada will be based on the same set of metrics, rather than applying different formulas within the salaried ranks.

Q. Where can I get additional information?

A. Additional information about the company's LL6 and GSR incentive programs will be available on HR ONLINE within the "Pay" section in the coming weeks. Hourly employees should contact their local HR Manager or Representative.

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