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June 1, 2010



The Tax-Efficient Savings Plan for Hourly Employees

(“TESPHE” or the “Plan”)

Summary Plan Description (SPD)



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Overview

The Tax-Efficient Savings Plan for Hourly Employees (TESPHE) is a supplemental savings plan that provides you with a convenient way to save and invest money to help you achieve your long-term financial goals. The TESPHE offers several advantages:

- **A systematic savings and investment program.** You can save up to 50% of eligible pay from each paycheck. You also can allocate all or part of any Profit Sharing payment to the TESPHE as a pre-tax contribution.
- A choice of pre-tax, or after-tax contributions, or both.
- For employees age 50+, an opportunity to make additional pre-tax contributions in the form of catch-up contributions.
- **Unique tax advantages.** Your pre-tax contributions are deducted from your eligible pay before federal income tax and most state and local income taxes are withheld. Also, earnings on your contributions are sheltered from taxes while they're in the TESPHE. Other tax advantages also may be available at distribution.

Assets attributable to pre-tax contributions cannot be withdrawn prior to age 59½ or termination of employment, except for financial hardship or through a Plan loan. Further, a taxable withdrawal of savings from the TESPHE prior to age 59½ may be subject to certain tax penalties. For more information, refer to "What are the Tax Consequences of my withdrawal or distribution?" section of this booklet.

- **Investment opportunities.** You may choose among investment options that offer a wide range of risk/return preferences and that will allow you to accommodate different investment goals. They include: equity and fixed income funds, target date retirement funds, a stable value fund and a company stock fund.
- **Daily transactions.** You may make exchanges between most investment options, make withdrawals or initiate loans on any business day. Generally, transaction requests confirmed before 4:00 p.m. Eastern time will be effective at the close of the business day. From time to time, there may be limits imposed on exchanges into investment options. See additional information in the "How can you exchange (or transfer) assets?" section.
- **Daily account valuation.** Your account will be valued each business day to provide up-to-date account information when you need it.
- **Deferred Distribution.** In most cases, you may elect to leave your assets in the TESPHE after you leave Ford Motor Company (the "Company" or "Ford").

The Tax-Efficient Savings Plan for Hourly Employees is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended, and Title 29 of the Code of Federal Regulations Section 2550.404c-1. The fiduciaries of the TESPHE may be relieved of the liability for any losses, which are the direct and necessary result of investment instructions given by a member or beneficiary.

Account statements

Account statements are provided as soon as practicable after the end of each quarter. They are also available online at www.myfordbenefits.com. Click on the *Savings* tab; then click on the *Tax-Efficient Savings Plan for Hourly Employees* link. Click on the *Account Snapshot* link; then click on the *Online Statement* link to view your quarterly statements, or click on the *Dynamic Statement* link to generate a statement covering any time period. You may always request a statement whenever you want one from the National Employee Services Center (NESC).

The statement shows your savings and investments, transactions during the statement period, any fees deducted from your account, the value of your account, and other information regarding your account. If you think that there is an error in your quarterly statement, you should notify the NESC in writing within 30 days after you receive it. If you do not notify the NESC of errors, we will assume that your statement is correct.

Performance History Sheet

If you are a participant in the TESPHE, you will be provided with the Performance History Sheet with your quarterly account statement. Members who receive mailed statements will receive this document with the quarterly statements. The Performance History Sheet may also be requested by calling the NESC.

You can always obtain quarterly performance on all of the available investment options through the myfordbenefits.com Web site. Click on the Savings tab; select *Fund Information* from the left-hand menu and click on the *Fund Performance* link. Select any investment option to obtain fund fact sheets and mutual fund prospectuses. If you do not have web access, call the NESC for a copy of this information.

When do you contact the National Employee Services Center (NESC)?

The NESC helps you manage your TESPHE account over the phone.

How to access your account

You can manage your TESPHE account almost entirely over the phone through the NESC or through www.myfordbenefits.com Web site. NESC Personal Benefit Representatives are available Monday through Friday, 9:00 a.m. to 9:00 p.m., Eastern time (except holidays). Most transactions, including exchanges (transfers), loans, and withdrawals may be initiated online and do not require paper forms.

To access your TESPHE account through the Web site at, you will need to enter your User ID and your PIN. To avoid unauthorized access to your TESPE account, it's very important to keep your PIN confidential at all times.

You may obtain your account balance, verify your contribution percentage election or determine the amount available for a loan through the IVR (Interactive Voice Response) system.

Conversations with a Personal Benefits Representative, initiated by calling the NESC, are recorded.

- To speak with a Personal Benefits Representative or to use the IVR call: 1-800-248-4444
- TDD phone line for the hearing impaired: 1-888-833-8334
- From overseas, follow these instructions:
Dial your country's AT&T Access Number, and then enter 800-248-4444 (do not dial the leading "1"). From the U.S., access numbers are available by calling 1-800-331-1140. From anywhere in the world, access numbers are available online at <http://www.att.com/traveler>. If you are calling from an area not supported by AT&T Direct, please use the following international phone number: 313-248-4444.

Establishing your User ID and Personal Identification Number (PIN)

A User ID and Personal Identification Number (PIN) are required to access the www.myfordbenefits.com Web site or a Personal Benefits Representative.

The first time you log on or call, you will use your Social Security Number (SSN) as your initial User ID and your six-digit birth date (MMDDYY) as your initial PIN.

- On the Web site, you will be prompted to change both your initial User ID and PIN to those of your own choosing. You may not retain your SSN as your User ID for Web access.
- When calling the NESC, you will continue to use your SSN as your User ID. You may not use an alternative User ID for phone access.
- You will use the same PIN you selected to access both the Web site or when calling the NESC. You can change your PIN at any time.

Transaction deadlines

Changes in investment elections for your contributions, exchanges, loans for one to five years, and withdrawals through www.myfordbenefits.com or the NESC. Your transaction will be effective as of the close of business on any business day if your request is made and confirmed prior to the close of the market (usually 4:00 p.m. Eastern time) on that day. If your request is made or confirmed after this time or on non-business days such as weekends or holidays, your transaction will be effective as of the close of business on the next business day. A business day is any day that the New York Stock Exchange is open. If you complete your transaction through the NESC, you should be aware that call volume may be high near the close of the market. Consider calling early to be sure your request is made by the deadline.

Electing or changing your savings contributions. Your contribution election or change may take up to two pay periods before it becomes effective. *Be sure to notify the NESC if your contributions are not being deducted from your paycheck after this time.*

If you have any questions about TESPHE after reading the information in this Summary Plan Description, please contact the NESC.

Do I need to designate a beneficiary for my TESPHE account?

You should designate who you want to receive your TESPHE account balance to avoid issues after your death. Make sure you update your beneficiary designations as your family status changes.

Naming a beneficiary

If you die before assets in your account are distributed to you, your beneficiary will be entitled to your benefit as follows:

- If you're married at the time of your death, your surviving spouse will be entitled to the assets in your account, unless you designate someone else as your beneficiary. Your spouse must consent to this alternative beneficiary designation in writing, as required by law, and your spouse's consent must be witnessed by a notary public.
- If you're not married and you're covered under the Company-paid life insurance plan at the time of your death, assets in your TESPHE account will be distributed to the person(s) entitled to receive your benefits under such plan, unless you designate someone else. You may designate a beneficiary for the TESPHE through myfordbenefits.com or by requesting a beneficiary designation form from the NESC.

- If you're not married and you're not covered under the Company-paid life insurance plan at the time of your death, assets in your account will be distributed to your estate, unless you designate a beneficiary. You may name a beneficiary for your TESPHE account through myfordbenefits.com or by requesting a beneficiary designation form from the NESC.

You may designate a beneficiary for your TESPHE account through the myfordbenefits.com Web site. Click on the *Personal Data* tab; then click on the *Beneficiaries* link. **When entering your beneficiaries, be sure you assign your designated TESPHE beneficiaries to the TESPHE to complete the process.** Otherwise, your TESPHE beneficiary designation will not be complete, resulting in an invalid designation.

You also may request a beneficiary designation form by calling the NESC. As long as you have assets in the TESPHE, be sure that your beneficiary elections are current. You may change or revoke your beneficiary designation at any time.

If you or your beneficiary is incapacitated

Any payments from your account may be deferred until a legal representative (e.g., guardian or conservator) is appointed if you or your beneficiary becomes legally incapacitated or incompetent. The Plan does not accept any type of power of attorney to act on behalf of your beneficiary or you.

Note to Members Who Are Not Active Employees

As you review this document, keep in mind that some of the TESPHE features, such as making contributions and requesting loans, do not apply to retirees, terminated employees, alternate payees and beneficiaries, and certain other members who are not active employees.

Who can participate in TESPHE?

TESPHE participation is voluntary. You can enroll upon becoming eligible.

Eligibility

You're eligible to participate in TESPHE three months after your initial date of hire if:

- You're an hourly employee of Ford Motor Company ("Ford" or the "Company") or a participating subsidiary, and
- You're on the active employment roll as a full-time or part-time employee.

If you leave Ford and later return, your eligibility continues to be based on your original date of hire.

How to enroll or re-enroll

Participation in TESPHE is voluntary. If you want to participate, you must elect to make contributions.

- To have a portion of your weekly eligible pay contributed to TESPHE, you may enroll by accessing the Web site at www.myfordbenefits.com or by calling the NESC. You may select your contribution rate any time after your hire date; however, contributions will not be deducted from your paycheck until you are eligible. It could take up to two pay periods before your elections become effective after you enroll following your eligibility date. **Be sure to look at your paycheck to confirm deductions have started. Notify the NESC if deductions do not commence within two pay periods (after your eligibility date) if you have enrolled.**
- When you elect to participate, you must indicate the percentage of your eligible pay to be contributed to the TESPHE. You also must choose how your savings will be invested among the

available investment options. If you do not make an investment option election, your contributions will be invested in the TESPHE's designated default investment option. For additional information, see the "Plan Designated Default Investment Option" section located in the Appendix.

- You may also participate by electing to have all or a portion of any Profit Sharing payment allocated to the TESPHE during the special open enrollment period as announced by the NESC. If you have not otherwise enrolled, your participation would begin on Profit Sharing Day, which will be announced in any year a Profit Sharing payment is made. Remember that a Profit Sharing contribution to the TESPHE is a one-time, annual election. To continue payroll deductions, you must enroll in the TESPHE and indicate the percentage of your eligible pay to be deducted and contributed to the Plan. (Please note that if you are already enrolled in the TESPHE, you must make a separate election to contribute any Profit Sharing payments.) All Profit Sharing payments are considered pre-tax contributions.

How are contributions made to your account?

You can choose to save a portion of your eligible pay and certain other compensation. Subject to legal limits, you can elect to have up to 50% of your eligible pay and all or part of any Profit Sharing payment contributed to the TESPHE.

There are three ways money can be contributed to your TESPHE account:

- Automatic payroll contributions (deducted directly from your eligible pay)
- Contribution of all or a portion of any Profit Sharing payment, and
- Rollover from prior employer's plan

When you enroll in the TESPHE, you decide how much to save and whether you will save through pre-tax contributions or after-tax contributions. You can save from 1% to 50% of your eligible pay in any combination of pre-tax contributions and after-tax contributions, in whole percentages. Members at least age 50 (or who will reach age 50 by December 31) can make additional pre-tax catch-up contributions from 1% to 50% of eligible pay. However, there are limitations on how much you can contribute to the TESPHE.

Contributions are subject to annual limits imposed under the Internal Revenue Code of 1986, as amended. These limits are listed in the TESPHE Plan Guidelines located on the myfordbenefits.com Web site. Select the Savings tab; click on *Resource Material>Plan Guidelines>Key Benefit Limits*. The annual limits may be adjusted for inflation and will be updated annually, as required.

Pre-Tax contributions (including pre-tax catch-up contributions) from eligible pay

Your pre-tax contributions are deducted from your eligible pay **before** federal and most state and local income taxes are withheld. In effect, your taxable pay for current federal income tax purposes is lowered by the amount of your pre-tax contributions. However, your pre-tax contributions are subject to social security tax.

You eventually will pay income taxes on the value of your pre-tax contribution assets, including any related earnings, when they are withdrawn or distributed from your TESPHE account. For more information on tax treatment at the time of withdrawal or distribution, see the "**Special Tax**" section.

After-Tax Contributions from eligible pay

After-tax contributions are determined after federal income taxes, social security taxes, and state or local income taxes are withheld from your base salary. Any taxes on investment earnings are deferred until the earnings are paid to you. However, you won't pay taxes again on the amount of your after-tax contributions when you receive them from the Plan. For more information on tax treatment at the time of withdrawal or distribution, see the "**Special Tax Notice**" section.

Contribution Spillover election

The contribution spillover election is provided so that you may preserve your rate of savings should you reach the annual limit on pre-tax contributions before the end of the year. When activated, this election authorizes the Company to automatically deduct up to 10% of your base pay as after-tax contributions instead of pre-tax contributions, after you reach the annual pre-tax dollar limit. Generally, you do not need to activate the spillover election if you have made a separate after-tax election. If the spillover election is activated *and* you have made a separate after-tax election, an amount equal to your pre-tax deduction (up to 10%) will be added to your separate after-tax deduction percentage after you reach the annual pre-tax limit. For example, if you elect a 15% pre-tax deduction, a 15% after-tax deduction and activate the spillover election, a total of 25% will be deducted from your paycheck in after-tax contributions after you reach the annual pre-tax limit.

Electing or Changing Your Savings Contributions

You may elect, change or stop the percentage of base pay you contribute to the TESPHE by accessing www.myfordbenefits.com. Click on the *Savings* tab; then click on the *Tax-Efficient Savings Plan for Hourly Employees* link. Choose the *Actions* category from the left-hand menu; then, click on the *Change Contributions Rate* link. You may also call the NESC. Your new contribution elections or changes will be effective as soon as administratively feasible following your election. It could take up to two pay periods before your contribution election or change becomes effective.

Eligible pay for payroll contribution deductions

Under TESPHE, your "eligible pay" is generally your regular base pay for straight-time hours. "Eligible pay" cannot exceed 40 hours per week and includes:

- Straight-time hours
- Straight-time portion of overtime hours
- Holiday and vacation pay (including the related excused absence allowance)
- Incentive pay
- Bereavement pay
- Jury duty pay
- Short-term military duty pay
- Cost-of-living allowance applicable to eligible pay listed above

Your eligible pay under the TESPHE does *not* include overtime premium pay, Christmas bonus, shift differential, or weekend premiums, or other special payments.

The Performance Bonus payments are issued to you in a separate check. TESPHE contributions are automatically deducted at the same payroll deduction percentage as your weekly payroll contributions, and will be invested in the same investment options as your payroll deductions.

Profit Sharing Payments

If you're eligible to contribute to TESPHE, you also may elect to have all or a portion of any Profit Sharing payments allocated to the TESPHE as pre-tax contributions, whether or not you make weekly payroll contributions. Any contributions allocated to your TESPHE account from Profit Sharing payments will be invested in accordance with your pre-tax investment elections.

Rollovers

You may arrange for a rollover of the taxable portion of a cash distribution from an eligible tax-qualified plan of your last employer. Eligible tax-qualified plans include 401(k) plans like the TESPHE, defined benefit plans like the Ford UAW Retirement Plan, or a conduit IRA. (A conduit IRA is one that holds nothing more than the distribution from your prior employer's plan, plus earnings, and is not mixed with other IRA assets.)

Beginning January 1, 2002, you may also roll over distributions from 403(b) arrangements (tax-free annuities), 457 plans (governmental plans), traditional IRAs, and after-tax amounts from eligible tax-qualified plans. The after-tax contributions from another tax-qualified plan must be made in a trustee-to-trustee transfer (e.g., a direct rollover between your prior employer plan and TESPHE). The TESPHE may not accept after-tax monies from an IRA.

Beginning March 1, 2008, employees who retire from the Company under the Ford-UAW Retirement Plan or the General Retirement Plan as a result of a separation program may roll over to the TESPHE the lump-sum enhancement retirement plan incentive payments from the respective retirement plans.

You may also roll over an eligible distribution from your deceased spouse or former spouse (as a result of a Qualified Domestic Relations Order) from the eligible plans listed above.

You may:

- Have the cash assets transferred from the plan of your prior employer directly to TESPHE (direct rollover); or
- Contribute to TESPHE all or a portion of the cash assets distributed to you from your prior employer's plan, provided you make the contribution within 60 days after you receive the distribution (60-day rollover)

You should be aware that once your assets are transferred into the TESPHE, they are subject to TESPHE withdrawal and distribution rules.

You may make a rollover to TESPHE without waiting the normal three months for eligibility. Contact the NESC for more information if you would like to arrange a rollover and to obtain the necessary form.

Company contribution for certain employees hired or rehired beginning November 19, 2007

The Company agreed during 2007 Negotiations to provide certain employees with a Company contribution of \$1 per compensated hour in lieu of post-retirement health care. Details on this Company contribution are in the Appendix section of this booklet.

Contributions following qualified military service

A member of the TESPHE, who is reinstated following qualified military service, as defined in the Uniformed Services Employment and Reemployment Rights Act, may elect to have contributions made to the TESPHE from such member's wages paid following such qualified military service that will be attributable to the period contributions were not otherwise possible due to military service. Such additional contributions will be based on

the amount of wages and Profit Sharing payments that the member would have received, but for military service, and will be subject to the provisions of the TESPHE in effect during the applicable period of military service. After you are reemployed, you will have until the lesser of (i) five years or (ii) the period of your military service multiplied by three to make up contributions. The additional contributions will not be taken into account in the year in which they are made for purposes of any limitation or requirement generally imposed on contributions by the Internal Revenue Code. However, when added to contributions previously made, they will not exceed the applicable limits in effect during the period of military service if the member had continued to be employed by the Company during such period. Any contributions to the Thrift Savings Plan (TSP), the defined contribution plan for U.S. government employees and members of the military, will count toward the annual limit.

Payments on any loan(s) outstanding during the period of military service will be extended for a period of time equal to the period of qualified military service. However, you may still elect to continue payments via a coupon book that will be sent to you automatically by the NESC or through direct debit to your banking account. Upon your return, your loans will be re-amortized and extended for a period of time equal to the period of qualified military service.

Limits on TESPHE contributions and eligible pay

Complex tax rules govern contribution levels to plans like TESPHE. The following addresses certain Plan provisions and regulatory limits related to savings rates of employees at different pay levels, maximum total contributions to the TESPHE, and the maximum amount of eligible pay that can be considered. These regulatory limits may be adjusted for inflation each year. To view current regulatory limits, select the Savings tab on myfordbenefits.com; click on *Resource Material*>*Plan Guidelines*>*Key Benefit Limits*.

- The tax law tries to encourage fair rates of savings among employees at all pay levels. If the savings rates among all TESPHE members do not meet certain Internal Revenue Code requirements, the Company may need to adjust individual savings rates of highly compensated employees to comply with these requirements. The Internal Revenue Code defines highly compensated employees (HCEs) as those who received compensation from the Company in the prior year in excess of the regulatory limit for HCEs in that year.

Whether or not contributions for highly compensated participants will be limited depends on the amount of contributions made by or on behalf of non-highly compensated participants, as determined through regulatory testing. If, as a result of such testing, contributions for highly compensated participants are limited, you may not be able to save the maximum otherwise allowed under the TESPHE. You will be notified if contributions for highly compensated participants are required to be limited for the current tax year.

- The sum of all contributions to the TESPHE (e.g., pre-tax contributions (excluding any catch-up contributions), after-tax contributions, and Company contributions to the TESPHE for eligible employees) cannot exceed the lesser of the Internal Revenue Code annual additions limit or 100% of your compensation. For this purpose, compensation is your gross earnings from April 1 through March 31.

Generally, the annual additions limit is prorated by the number of annual weekly pay periods. Your weekly contributions may not exceed this prorated amount on a cumulative basis. You may be affected by this weekly limit if you are contributing on a weekly basis at or near the maximum TESPHE contribution rate of 50%. If so, your requested pre-tax deferrals from Profit Sharing would be reduced, and any reduction will be paid by check. Contributions will be adjusted to comply with these limits.

- There is also an annual limit on the amount of eligible pay that can be considered for the purpose of determining your TESPHE contributions. This limit is prorated each pay period and your contribution percentage is applied to this prorated amount.

Investing your contributions

You must invest your contributions in increments of 1% for each investment option you select. Your contributions will be deducted from your weekly paychecks and will be invested in the options you have elected as soon as possible, usually within two business days after pay day.

You may change your investment elections at any time through myfordbenefits.com or by calling the NESC. After logging on to the Web site, click on the *Savings* tab; then click on the *Tax-Efficient Savings Plan for Hourly Employees* link. Choose the *Actions* category from the left-hand menu; then, click on the *Change Future Investments Elections* link.

Your new investment elections will be effective as of the close of business on any business day if your request is made and confirmed prior to the close of the New York Stock Exchange (usually 4:00 p.m. Eastern Time) on that day. If your request is made or confirmed after this time or on non-business days such as weekends or holidays, your new investment elections will be effective as of the close of business on the next business day.

What are the investment options?

You can invest in any of the available investment options.

The TESPHE offers a diversified line-up of passively managed, actively managed and life stage (or target-date retirement) investment options from which you may choose. These options provide a range of risk/return preferences. Your new investment elections will be effective as of the close of business on any business day if your request is confirmed prior to the close of the New York Stock Exchange (usually 4:00 p.m., Eastern time) on that day. If your request is confirmed after this time, or on non-business days, such as weekends or holidays, your new investment elections will be effective as of the close of business on the next business day.

Designated Default Investment Option

Effective March 19, 2008, the TESPHE designated default investment option is a target date retirement fund, presently, the BlackRock (previously BGI) LifePath[®] Index NL Funds. (See the Appendix for the default schedule.)

Under the TESPHE, any contributions for which you do not provide investment direction are automatically invested in the TESPHE's designated default investment option. If your contributions default to a target-date retirement fund, you have the right to direct the investment of your existing balances and future contributions to any investment options available under the TESPHE, subject to any restrictions imposed by the funds.

Making Your Future Contribution Investment Elections

You must invest your contributions in increments of one percent (1%) for each investment option you select. Your contributions will be deducted from your paycheck, and will be invested (along with any Company matching contributions) in the options you have elected as soon as possible, usually within two business days after pay day.

You may change your investment elections at any time through myfordbenefits.com or by calling the NESC. After logging on to the Web site, click on the *Savings* tab; then click on the *Tax-Efficient Savings Plan for Hourly Employees* link. Choose the *Actions* category from the left-hand menu; then, click on the *Change Future Investments Elections* link.

Responsibility of members

Under the TESPHE, you are solely responsible for the selection of your investment options. Ford Motor Company, the trustee, any appointed Fiduciary, the Plan Administrator, the NESC, the Union, and employees and agents of the Company are not empowered to provide investment advice. The fact that an investment option is available for investment under the TESPHE should not be construed as a recommendation for investment in that option. It should be noted that the market price and the rate of return on each investment option may fluctuate over time and in varying degrees. Accordingly, the proceeds realized from such investments, if any, will depend on the prevailing market price of the investments at a particular time, which may be more or less than the amount expended initially. There is no guarantee that the investment options will achieve their objectives.

The TESPHE is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended, and Title 29 of the *Code of Federal Regulations* Section 2550.404c-1. The fiduciaries of the TESPHE may be relieved of liability for any losses which are the direct and necessary result of investment instructions given by a member or beneficiary.

Before you select any of the investment options, be sure to request a prospectus for the mutual funds offered under the TESPHE through myfordbenefits.com or from the NESC. Fund fact sheets are available for the non-mutual funds. From the myfordbenefits.com Web site, select the Savings tab. Click on Fund Information>Fund Performance>specific fund name on which you want information. Complete descriptions of certain funds that are only available through Ford savings plans (and that are not publicly traded) are also included in the Your Guide to the Tax-Efficient Savings Plan for Hourly Employees booklet. Brief descriptions of the remaining investment options and general investment information are also included in the booklet. You may view or print a copy of the booklet from www.myfordbenefits.com by selecting the Savings tab. Click on Resource Materials>Documents and Forms. Or, you may contact the NESC to obtain a copy.

Available Investment Options

Target-Date Retirement Funds

BlackRock LifePath[®] Index Retirement NL Fund
BlackRock LifePath[®] Index 2015 NL Fund
BlackRock LifePath[®] Index 2020 NL Fund
BlackRock LifePath[®] Index 2025 NL Fund
BlackRock LifePath[®] Index 2030 NL Fund
BlackRock LifePath[®] Index 2035 NL Fund
BlackRock LifePath[®] Index 2040 NL Fund
BlackRock LifePath[®] Index 2045 NL Fund
BlackRock LifePath[®] Index 2050 NL Fund

Equity Funds - Large Cap

Vanguard Institutional Index Trust - Institutional Plus Shares
Fidelity Contrafund[®]
Fidelity Growth Company Fund

Equity Funds – Mid Cap

Vanguard[®] Extended Market Index Fund – Institutional Shares

Equity Funds – Small Cap

Neuberger Berman Genesis Fund – Institutional Class
Royce Low-Priced Stock Fund – Institutional Class

Real Estate Investment Trust

ING Clarion Global Real Estate Securities Fund- Class A

Equity Funds - International

BlackRock EAFE Equity Index Fund – Class T
T. Rowe Price International Discovery Fund

Equity Funds - Global

SSgA Global Equity Index Fund - Class A

Fixed Income Funds – Intermediate Term

Bond Index Fund
PIMCO Total Return Fund - Institutional Class

Fixed Income Funds – Treasury Inflation Protected Securities (TIPS)

SSgA U.S. Inflation Protected Bond Index Fund – Class A

Fixed Income Funds – Stable Value

Interest Income Fund

Company Stock Fund

Ford Stock Fund

Independent Fiduciary and Investment Manager for the Ford Stock Fund

Effective April 19, 2006, Ford Motor Company ("Ford") appointed U.S. Trust Company, N.A. (later Bank of America, N.A.) as the independent fiduciary and investment manager for the Ford Stock Fund, an investment option available under the TESPHE. Effective May 1, 2009, Evercore Trust Company, N.A. ("Evercore Trust Company") succeeded to the role of independent fiduciary and investment manager previously held by Bank of America, N.A., acting through U.S. Trust, Bank of America, Private Wealth Management. Evercore Trust Company has no responsibility for any investment fund under the TESPHE other than the Ford Stock Fund.

The decision of how to invest your TESPHE account is yours to make, but we would like to remind you that the best way to reduce market risk is to diversify your investments. (Although diversification does not guarantee market gains or protect against market losses.) The TESPHE offers numerous investment choices with a wide range of risk and return that allow you to construct a diversified portfolio tailored to your own investment goals. You may transfer the portion of your TESPHE account that is invested in the Ford Stock Fund into other investment funds under the TESPHE at any time. You should periodically review your asset allocation strategy and consider whether the level of your investment in the Ford Stock Fund is appropriate in light of your own situation and your personal retirement goals.

The Ford Stock Fund is invested exclusively in shares of Ford common stock, other than a small portion is invested in short-term securities to provide liquidity for daily transaction activity. Evercore Trust Company has the authority to restrict investments in the Ford Stock Fund, or to sell or otherwise dispose of all or any portion of the Ford common stock held in the Ford Stock Fund. In such event, Evercore Trust Company would designate an alternate investment fund under the TESPHE for the temporary investment of any proceeds from such sale. Evercore Trust Company is required under the terms of the TESPHE to consider the sale of the Ford common stock held in the Ford Stock Fund only if it determines, on the basis of reliable public information, that there is a serious question as to the short-term viability of Ford as a going concern.

Evercore Trust Company will not be in possession of any inside information concerning Ford or its financial condition. Also, Evercore Trust Company will not take any action with respect to the Ford Stock Fund simply because of fluctuations in the market price of Ford common stock, even if a substantial or prolonged decline in the market price of Ford common stock occurs as a result of adverse disclosures concerning Ford or its businesses or for any other reason, unless the situation calls into serious question the short-term viability of Ford as a going concern. While Evercore Trust Company intends to communicate to members any significant action it takes with respect to the Ford Stock Fund, circumstances may require Evercore Trust Company to act prior to doing so.

If you have any questions regarding matters such as fund transfers, distributions, loans and account balance information should contact the NESC. Please check the Evercore Trust Company Web site established for TESPHE members at www.evercoretrustcompany.com/fordplans periodically for communications from Evercore Trust Company concerning the Ford Stock Fund.

If you have questions or comments about the Ford Stock Fund, please contact Evercore Trust Company at fordmotorco@evercore.com or at 1-800-573-4395. You may also contact Evercore Trust Company by mail at:

Ford Participant Inquiry
c/o Evercore Trust Company, N.A.
601 S. Figueroa Street; 44th Floor
Los Angeles, CA 90017

What are the Fees and Expenses?

This explanation is intended to provide you with important information regarding how plan administrative expenses and investment fees affect your savings plan account. You should not base your investment decisions on expense and fee information alone. There are many other features that may make a particular option an appropriate choice for you; expenses and fees are only one component.

Plan Administrative Expenses

Plan administrative expenses are the separately stated costs of maintaining the TESPHE's day-to-day operations. These expenses include the cost of all basic services that are necessary for administering the TESPHE as a whole, as well as for additional services such as recordkeeping fees, annual maintenance fees, electronic services, statements, education, transactional services, etc.

Generally, administrative costs incurred by the TESPHE are paid by the Company or from non-participant TESPHE assets. These costs may be offset as described below under the *Expense ratio* section below. Your TESPHE account is not assessed fees for transactional services (e.g., loans, withdrawals, Domestic Relation Order processing, etc.). However, your account is charged if you request expedited mail delivery. Before requesting this service, be sure you understand the specific cost.

Investment Fees

Sales charges. Also known as loads or commissions, sales charges are waived for any fund offered under the TESPHE.

Redemption fees. A fee (expressed as a percentage) imposed on fund shares sold if the transaction is processed within a specified period of time after the purchase of such assets. Any redemption fees are deducted from your account when you sell your shares.

Expense ratio. The percentage of the fund's assets used to pay for the fund's total operating expenses (management fees, 12b-1 fees and other expenses).

- **Management fees** (the largest component of the expense ratio) are paid to the fund's investment manager or advisor for overseeing the portfolio.
- **12b-1 fees** (sometimes called a distribution fee) are used to cover marketing and advertising costs for the fund.
- **Other expenses** include the costs for operating the fund (administrative services, transfer agent fees, shareholder reports, auditing and financial statement preparation fees, participant recordkeeping, preparing and distributing prospectuses, custodial fees, etc.).

Mutual fund expense ratios are reported in "basis points". A basis point is 1/100th of one percent.

Hypothetical Example: If a fund charges an expense ratio fee of 55 basis points, the fund's return is reduced by 55/100ths of one percent (.0055) annually to cover total operating expenses. For each \$10,000 invested in that hypothetical fund, \$55 annually (\$10,000 X .0055) is deducted from that fund.

Expense ratio fees accrue daily on the average daily fund balance and are paid monthly. The total is deducted from the fund's assets and they are realized through reduced returns. These fees are factored into the daily share price, or net asset value ("NAV"), and are not charged directly to your account.

In some instances, mutual fund companies, their investment advisor or an affiliate will make payments to the recordkeeper or to the Plan to offset the costs of various recordkeeping and administrative services with respect to the underlying accounts held by Plan participants who invest in these mutual funds. Such administrative offset payments may be paid directly by the fund company or the fund company may share a portion of the investment revenue generated by the fund's expense ratio fees.

Ford Motor Company - Specific Funds

Ford Motor Company pays:

- All fees and expenses (including brokerage commissions) for the Ford Stock Fund.
- The management fees of the SSgA Global Equity Fund – Class A and the Bond Index Fund. Any brokerage fees and other expenses of these funds are paid from the fund assets and reduce the value of your investment in the funds.

Summary

Higher investment management fees do not necessarily mean better performance, nor is cheaper necessarily better. Fees are only one factor to consider when selecting an investment. The bigger picture includes investment risk, investment returns, diversity of portfolio, cost averaging by making regular contributions, and the extent and quality of the services the TESPHE provides.

Where to get Information on investment fees

The *Fees and Expenses Information* brochure and the *Performance History* sheet provide fee information. Presently, the *Fees and Expense Information* brochure is updated and distributed annually. The *Performance History* sheet is distributed each quarter with your TESPHE account statement if you elect to receive your statement via mail. Otherwise, both documents are available through the www.myfordbenefits.com Web site under Documents and Forms. Expense ratio information is also available on Web site. Select the Savings tab; then click on *Fund Information>Fund Fees*.

For each mutual fund, fees are included in the fund's prospectus. For the most recent expense ratio and more detailed information, review the mutual fund prospectus. You may request a mutual fund prospectus free of charge from the NESC or through www.myfordbenefits.com. Additional mutual fund financial information may be obtained from a mutual fund's Summary of Additional Information ("SAI"). This is a separate document and must be specifically requested from the mutual fund company. Generally, the SAI is available online through the mutual fund's web site.

How can you exchange (or transfer) assets?

You can exchange assets between investment options daily.

Exchanging assets between investment options

Assets may be exchanged (or transferred) from any one investment option directly to any other investment option, subject to certain fund exchange restrictions. You may initiate one or more exchanges daily. For example, on any day, you could exchange the value of a portion of your Interest Income Fund assets and reinvest the value of those assets in the Bond Index Fund and then request a second exchange from the Interest Income Fund and reinvest the value of those assets in the Neuberger Berman Genesis Fund – Institutional Class.

Making an exchange

You may request an exchange through www.myfordbenefits.com or by calling the NESC. Your exchange will be effective as of the close of business on any business day if your request is confirmed prior to the close of the New York Stock Exchange (usually 4:00 p.m., Eastern Time) on that day. If your request is confirmed after this time, or on a non-business day such as a weekend or holiday, your exchange will be effective as of the close of business on the next business day. Because of high volumes near the close of the market at times, you may wish

to call early to be sure your request is confirmed before the deadline. A business day is any day that the New York Stock Exchange is open for trading.

You may request an exchange by:

- dollar amount; or
- percentage of current fund balance in increments of 1%.

Short-term redemption fees

Several mutual funds in the TESPHE impose a short-term redemption fee which is charged to discourage short-term buying and selling of fund shares. These fees are paid to the fund and are disclosed in each mutual fund's prospectus. Since these fees are subject to change at any time by the fund, you should always consult the fund's most recent prospectus or summary prospectus, or contact the NESC for current short-term redemption fee information. This information is also found in Plan Guidelines accessed through myfordbenefits.com. Select the *Savings* tab; then click on *Resource Material >Plan Guidelines>Mutual Fund Redemption Fees>Funds Affected*.

Trading restrictions or purchase blocks

The investment options in the TESPHE may impose limits on how frequently you may trade into and/or out of the investment option. For example, a fund may not allow you to exchange back into the fund if you exchange out of the fund within the previous 60 days. You may contact the NESC for up-to-date information on a fund's trading restrictions, if any. This information is also available through myfordbenefits.com under Plan Guidelines. Click on *Resource Material >Plan Guidelines>Trading Frequency Restrictions>Funds Affected*.

Exchange privileges

The investment options available through the TESPHE reserve the right to modify or withdraw exchange privileges at any time, including rejecting any transactions deemed to be disruptive to the fund manager's ability to manage the fund's portfolio. This may include, but is not limited to substantive dollar amounts and/or frequent "round-trip" transactions. (Generally, a "round-trip" is defined as an exchange into and out of, or out of and into, the same fund.) You are able to make exchanges out of a fund at any time.

If your transaction is rejected by the fund, Affiliated Computer Services, Inc (ACS), as the provider of recordkeeping services for the TESPHE, is not notified until the following business day. At that time, the transaction is reversed (monies are reinvested into the fund(s) from which the exchange was originally processed) at the current fund price. Fund managers may also instruct ACS to disallow investment of contributions in their fund if they determine you have engaged in marketing timing. If this occurs, your contributions will be invested in the TESPHE's default investment option and you will be notified so that you can elect another investment option(s) for your contributions, if desired. Please note that neither Ford nor ACS has the ability to influence the fund's decision with respect to modifying or withdrawing exchange privileges.

Exchange privileges regarding the Ford Stock Fund

Effective April 18, 2007, there are no restrictions on the number of times members may exchange into the Ford Stock Fund. You may continue to exchange out of the Ford Stock Fund at any time. As with other investment options, be sure to confirm trading restrictions on the Ford Stock Fund through myfordbenefits.com or the NESC prior to investing in this Fund.

How can you borrow from the TESPHE?

Loans may give you access to your account while you're still working at Ford.

You may borrow from the value of your TESPHE assets, if you're an active employee, either full-time or part-time. Employees on leave of absence from the Company may initiate loans while on leave, unless they have a history of loan default.

Your assets will be sold proportionately from each investment option to finance your loans; however, you have the option of excluding the Ford Stock Fund. You then repay the amount you borrowed (with interest) to your account over time. You may repay the total outstanding loan amount at any time without penalty.

Know the facts before you act!

The more you borrow, the less money you have to potentially grow for your retirement or other long-term savings goals.

Leave your money untouched and you could be looking at a better retirement lifestyle or an earlier retirement.

Your loan money misses out on growth opportunities in a rising market.

You want your money invested when the market is rising. After all, that's how money invested in your TESPHE account grows. But if you take out any of your TESPHE assets for a loan, that money is not invested and, therefore, is missing an opportunity for growth.

If your loan defaults, the IRS considers the outstanding balance (including accrued interest) a distribution.

The distribution will be subject to ordinary income taxes, and possibly a 10% early withdrawal penalty if you're younger than age 59½.

The interest and principal you repay to your account may be subject to double taxation.

One of the benefits of participating in the TESPHE is that you are able to make pre-tax contributions. Your pre-tax contributions are not subject to taxes until you withdraw them at retirement, or for some other reason. The repayments and interest you pay back on a loan are made on an after-tax basis and added to either your pre-tax, after-tax source, and/or roll over sources based on how the monies were deducted from your account to provide loan proceeds. The interest and principal that goes back into your pre-tax account (and in some cases, your rollover account) may be subject to taxes a second time when you eventually withdraw them, depending on your individual circumstance. You are encouraged to speak with your financial advisor regarding your personal tax situation.

Eligible assets

In general, eligible assets are pre-tax contribution, after-tax contribution, and any rollover contribution assets that have been credited to your account. You may not borrow from Company contributions (for eligible employees).

Loan limits

The maximum amount you may borrow is the lesser of:

- 50% of the aggregate value of your account (generally excluding certain money types from which you may not borrow)
- \$50,000 reduced by the highest loan balance under all Ford plans during the previous 12 months (ending on the day before the effective date of your loan from the TESPHE)

Applying for a loan

You can apply for one loan each calendar year, and you may have up to four loans outstanding at any time. All repayment periods are in one-year increments. Pre-approved, general loans have a loan repayment period of up to five years. If the loan is being used to buy or construct your principal (or primary) residence, you may select a repayment period of up to ten years. A primary residence loan may not be taken to refinance an existing residence, make a balloon payment on an existing mortgage, or purchase a second home or land. The minimum loan amount is \$1,000. Loan amounts over this minimum may be requested in \$100 increments.

You may request a loan by calling the NESC or through www.myfordbenefits.com. A pre-approved loan does not require documentation. When you request a primary residence loan through www.myfordbenefits.com or through the NESC, an application will be mailed to your address of record. Return the completed application and documentation requested to the address on the application. Your primary residence loan must be issued before the closing on the purchase of your primary residence.

Your loan will be effective as of the close of business on any business day if your request is made and confirmed prior to the close of the New York Stock Exchange (usually 4:00 p.m. Eastern time) on that day. If your request is made and confirmed after this time or on non-business days such as weekends or holidays, your loan will be effective as of the close of business on the next business day. A business day is any day that the New York Stock Exchange is open. Because of high call volume near the close of the market at times, you may wish to call early to be sure your transaction is confirmed before the deadline.

Your loan check will be mailed to you within three to five business days after your request is effective. Interest on your loan begins accruing on the first day following the day the loan is effective. When you receive the check, you will be provided Truth-in-Lending information. Your endorsement on the back of the check indicates your agreement to the promissory note's repayment conditions.

Interest charges

Loan interest rates are set monthly but will not change during the term of the loan. The interest rate will be the prime rate as quoted in The Wall Street Journal under "Money Rates" located in the *Money & Investing* section of the paper as of the last business day of the month preceding the month in which the loan is taken. If more than one rate is quoted in The Wall Street Journal on the day the loan rate is set, the lowest rate will be used.

Interest you pay on your loan will be credited to your account. Under current tax laws, you may not deduct your interest payments for loans obtained after 1986 on your tax return.

Loan repayments

Effective January 1, 2004, you can accelerate the payoff of your loan by making additional payments above your scheduled payments. These payments must be made in the form of a cashiers or certified check or a money order. Call the NESC for details to request a Partial Loan Prepayment Request Form used to make the additional loan payments.

Loan repayments are generally deducted from your paycheck. The information below describes how these payments are made depending on your employment status.

- **Active full-time hourly employees.** Your loan repayments will be payroll-deducted from your weekly paychecks. Normally, loan repayment information is transmitted to Ford from the NESC each Friday. If your loan is effective on or before Thursday, payroll deductions will begin the next payday following the Friday transmission; otherwise, the following payday. Be sure to contact the NESC if loan payments are not deducted from your check.

Note: Be sure you confirm your take-home pay from your regular paycheck is sufficient to cover the total repayment amounts for all outstanding loans for which deductions are required. If your take-home pay is not sufficient, Ford Payroll will not remit any loan repayments, resulting in delinquent loan payments and possible loan default if the delinquent amounts are not paid in full within the timeframe required.

- **Transfers to a non-participating subsidiary.** You will be sent a coupon book for your use in making loan repayments directly to the NESC.
- **Layoffs (except temporary layoffs), leaves, transfers to salaried.** You will be sent a coupon book for your use in making loan repayments directly to the NESC. Generally, when you return to work from leave or layoff, or if you return to work as a full-time hourly employee, loan repayments through payroll deductions will begin automatically. To avoid missed payments in the event loan deductions do not begin upon return to the active hourly rolls, be sure to contact the NESC if the loan deduction is not reflected on your first paycheck. Note: Until you have been on medical leave for 90 days and are removed from the active roll under a medical leave expired status, you will not receive a coupon book. However, you are still required to make loan repayments during that 90-day period. **Contact the NESC to obtain a Partial Loan Prepayment Request Form that must be used to remit your loan repayments to ensure your payments are applied appropriately.** Acceptable forms of payment include: cashiers or certified check or money order. For loans initiated **while on leave**, you must contact the NESC upon your return to work and request that they make the necessary arrangements for loan payments through payroll deduction.

Note: Loan payments may be suspended while you are on military leave for more than thirty-one days. However, if you choose, you may continue to repay your loans using the coupon book that will be sent to you once the NESC is notified of your military leave status.

- **Temporary layoffs.** You will not receive a coupon book while you are on a temporary layoff. Unless you send in payments, your loan may default. **Contact the NESC to obtain a Partial Loan Prepayment Request Form that must be used to remit your loan repayments to ensure your payments are applied appropriately.** The payment must be in the form of a cashier's check, certified check, or a money order. Generally, when you return to work from a temporary layoff and your paychecks resume, loan repayments through payroll deduction will begin automatically. Contact the NESC if your loan repayments do not resume.
- **Retirement/termination.** Generally, if you do not repay your loans in full at retirement or termination, you may request a coupon book to continue loan repayments (unless you have a history of loan default), or your loans will default. You must contact the NESC to request coupons. Coupons are not automatically provided to terminated or retired members. You may also set up loan repayments through direct debit to your banking account.

If you are required to make loan payments via coupons, the NESC will mail the coupon book within 15 days of either notification of your change in status (e.g., leave or layoff other than temporary layoff) or your request. If you do not receive the coupon book within this timeframe, contact the NESC immediately so that they can take corrective action. Note: If you are on a coupon eligible status, you can also establish loan repayments through direct debit to your bank account (ACH payments).

Loans Initiated Beginning January 1, 2004

Internal Revenue Code (IRC) regulations provide that Plan participants who:

- have a history of a loan default (now or in the future); and
- initiate a SSIP loan beginning January 1, 2004 or later; and
- cannot continue loan repayment via payroll deduction due to retirement, separation from active employment (including leaves of absence), or otherwise become payroll ineligible

will not be allowed to continue repayment of loan via coupons or direct debit to your banking accounts.

Participants must pay off any loans taken out beginning January 1, 2004 in full or they will default, and the principal and any accrued interest will be subject to income taxes and, if applicable, the penalty for early withdrawal.

Loans taken out prior to January 1, 2004 are not subject to this IRC regulation and members may continue to make repayments on these loans via a coupon book or through direct debit to their bank accounts if they become ineligible for repayment via payroll deduction.

Examples:

- Susan Jones defaulted on a TESPHE loan in 2003. In February 2004, Susan takes out a new loan and she is subsequently laid off in May 2004. Under IRC regulations governing TESPHE loans, Susan will not be permitted to continue repayment of the February 2004 loan via a coupon book while on layoff. She must either pay the loan off in full or the loan will default.
- John Smith has no history of a loan default. He takes out a loan in 2004. John, like Susan above, is laid off in May 2004. Because he does not have a history of any prior loan default, he may continue loan repayments via coupon book or through direct debit to his bank account while on layoff.

Ultimately, YOU are responsible for loan repayments. If loan payments are not being deducted from your paycheck (active employees), or if you have not received coupons to make loan payments (employees on leave, layoff employees, or transfer to salaried status), you must contact the NESC immediately.

If you are on a temporary layoff or on a medical leave for less than 90 days, you must send in payments or your loan(s) will default. Request a *Partial Loan Prepayment Request Form* through the NESC to make your payments.

Loan default process

If you do not comply with the TESPHE loan repayment provisions (e.g., failure to make payments on time), the delinquent loan payments will subject your loan to default. Under the loan default process, a warning letter reflecting the delinquent payments and the due date will be mailed to you. The letter will be sent to your address of record under the TESPHE. If you fail to remit the total delinquent payments by the due date and in the form of payment required as stated in the warning letter, your loan will default. The outstanding loan balance (principal and accrued interest) will be treated as a distribution of assets in the year of default and will be subject to income taxes and early withdrawal penalties. The taxable amount of this distribution will be reported to the IRS and you will be sent a Form 1099-R. Please note that you may elect to pay off your defaulted loan but you are not required to do so. Interest continues to accrue on defaulted loans. The outstanding balance of defaulted loans (including accrued interest on such loans) is considered in determining the amount you have available for future loans.

Investment of loan repayments

Loan repayments, including interest, will be invested in accordance with your most recent investment elections. If you take a loan and you have not made an investment election for your contributions, your loan repayments, including interest, will be invested in the TESPHE designated default investment option. You may exchange your assets out of the designated default investment option at any time. See the Plan's exchange rules described in the "How can you exchange assets?" section of this booklet.

What are the withdrawal and distribution provisions of the TESPHE?

Generally, assets must stay in your TESPHE account until you retire or terminate employment from the Company or attain age 59½. Withdrawals from your account may be available under certain conditions.

TESPHE is intended to help you save for the long term. You have access to your TESPHE account with some restrictions. However, your pre-tax contributions (including pre-tax rollover assets) cannot be withdrawn while you're still working (including leaves of absence) for the Company unless you are at least age 59½ or have a financial hardship. For information on the tax implications of withdrawals including penalty for certain withdrawals before age 59½, see the "What are the tax consequences of my withdrawal or distribution?" section.

After-tax contributions

You may withdraw all or a portion of your after-tax assets (and effective January 1, 2008, any after-tax rollover assets) at any time.

Pre-tax contributions

Under current tax law, you may withdraw all or a portion of your assets after you reach age 59½, terminate employment, or have an approved financial hardship (if you are still employed). You may also withdraw your account balance if you have a "severance from employment", an event that occurs if you transfer to an unrelated employer as a result of a corporate action (e.g., sale, disposition or reorganization of one of the Company's businesses).

Withdrawals after you reach age 59½

You may make a withdrawal of all or a portion of your account balance at any time after you reach age 59½. If you make a withdrawal at age 59½, or later, your contributions will continue unless you request a cancellation through the NESC or through the Web site at www.myfordbenefits.com. You may continue to have contributions made to your TESPHE account as long as you work for the Company.

Hardship withdrawals

Under Internal Revenue Code regulations, before you can take a hardship withdrawal, you must use all other withdrawal options under the TESPHE (e.g., loan, withdrawal of after-tax monies, and age 59½ withdrawal).

To qualify for a financial hardship:

- You must have an immediate and heavy financial need;
- The withdrawal must be necessary to satisfy such financial need; and
- The amount of the hardship withdrawal cannot be in excess of the heavy financial need

Generally, a hardship withdrawal will provide you with monies attributable to your pre-tax contributions and pre-tax monies rolled over from another plan described in the "Rollovers from prior employer's plan" section. The NESC can advise you of that portion of your account available for a hardship withdrawal. A hardship withdrawal cannot be rolled over to another eligible plan or IRA.

Since hardship withdrawals may not be rolled over to an eligible retirement plan, they are not subject to the mandatory 20% withholding requirement. However, such withdrawals are subject to income taxes and the 10% early withdrawal penalty. (*Note:* the 10% penalty does not apply to hardship distributions for the purpose of satisfying certain medical expenses.) You should confer with a tax professional and/or review IRS Publication 575, "Pension and Annuity Income" and 502, "Medical and Dental Expenses" for more information.

You may elect to defer applicable taxes until you complete your tax return or voluntarily have the taxes withheld from the hardship distribution. If you want taxes withheld at the time of distribution, your hardship withdrawal amount may be increased to cover applicable taxes.

If your hardship withdrawal is approved, you will be **suspended** from making pre-tax, after-tax, or catch-up contributions to the savings plans of the Company or its subsidiaries for six (6) months for hardship withdrawals made beginning January 1, 2010, or twelve (12) months for hardship withdrawals made through December 31, 2009. Contributions will resume after the suspension period expires unless you request a cancellation through the NESC or through www.myfordbenefits.com. You may contact the NESC to initiate a hardship withdrawal and to obtain more information.

How withdrawals are paid

With the exception of the Ford Stock Fund, assets sold from your investment options will be paid in cash. You may request that whole shares of Ford common stock represented by your units in the Ford Stock Fund be issued "in-kind" (a distribution in Ford common stock). Any fractional shares will be paid in cash.

If you separate from the Company, reach age 59 ½ (while still employed), or effective January 1, 2008, had a "severance from employment" (as a result of a corporate action involving a sale, disposition or reorganization of one of the Company's businesses), the following withdrawal options are available under the TESPHE:

- Lump sum and partial withdrawals
- Systematic withdrawals with a series of payments

You may elect to receive payment of your TESPHE account in monthly, quarterly, semi-annual or annual installments over a period of time you specify. You may choose any period of time in whole years over which you would like payments to be made. That period must be at least one year, and no greater than a number of years approximately equal to your life expectancy at the time you make the election, or a number of years approximately equal to your joint life expectancy with your spouse or other beneficiary. The NESC will be able to tell you from IRS tables what the average life expectancy is, based on your age and information on the age of your beneficiary that you provide.

Regardless of how you choose the number of years over which you want systematic payments to be made, the manner of determining the amount of each payment will be the same and will be based on the value of your account at the effective date of payment of each installment and the number of installments remaining to be paid. For example, if you specify a period of ten years and monthly payments, the number of installments would be 120. The amount of the first payment will be equal to the value of your account on the effective date of payment divided by the total number of installments; that is, 120. The amount of the next installment would be based on the value of your account at the time of the next installment payment divided by the number of installments remaining; that is, 119. For the last installment, the entire value of your account would be paid to you. The amount for each installment will be withdrawn proportionally from each investment election in which you have assets on the effective date of each installment.

Members who are not active employees

If you are on a leave of absence or layoff, or transfer to salaried roll or to a non-participating subsidiary, you are subject to the same withdrawal provisions as an active employee.

If you are an alternate payee because you were awarded assets under a Qualified Domestic Relations Orders (QDRO), you will be treated in accordance with the terms stated in the court order. For more information, see the "What circumstances might affect TESPHE benefits?" section of this booklet.

If you are a spousal beneficiary, you are subject to the same withdrawal provisions as a terminated employee.

Making a withdrawal

You may request a withdrawal of your vested assets by calling the NESC or through the Web site at www.myfordbenefits.com.

Your withdrawal will be effective as of the close of business on any business day if your request is made and confirmed prior to the close of the New York Stock Exchange (usually 4:00 p.m. Eastern Time) on that day. If your request is confirmed after this time or on non-business days such as weekends or holidays, your withdrawal will be effective as of the close of business on the next business day. A business day is any day that the New York Stock Exchange is open.

Because of high call volume near the close of the market at times, you may wish to call early to be sure your transaction is confirmed before the deadline. Withdrawal checks will be mailed to you within three to five business days after your withdrawal has been processed. You may also request that proceeds be transferred to your banking account.

Direct rollover

If you elect to withdraw assets or expect to receive a distribution of assets from TESPHE, you may instruct the NESC to make a direct rollover of eligible assets to:

- qualified plans described under Code Section 401(a), 401(k) plans, profit-sharing plans, stock bonus plans, money purchase plans or 403(a) annuity plans;
- 403(b) tax-sheltered annuity contracts maintained for tax-exempt organizations and educational organizations of state or local governments;
- 457(b) plans maintained for governments and governmental agencies;
- an IRA or annuity described in Code Sections 408(a) or (b);
- an inherited IRA established for the benefit of non-spousal beneficiaries; and
- a Roth IRA (for distributions made after December 31, 2007)

In a direct rollover, you can continue to defer taxes on assets transferred to an IRA or an eligible employer plan. To qualify as a direct rollover, the assets must be transferred from trustee-to-trustee to the receiving eligible plan or IRA. Generally, your assets attributable to pre-tax contributions (including catch-up contributions) and all associated earnings are eligible for direct rollover. After-tax contributions may be rolled over to an IRA or annuity described in Sections 408(a) or (b) of the Internal Revenue Code, or to a qualified plan described in Sections 401(a) or 403(b) of the Internal Revenue Code that agree to account for the transferred after-tax amounts separately. You can arrange for a direct rollover when requesting your withdrawal through myfordbenefits.com or through the NESC.

If you receive a withdrawal or distribution from TESPHE and you do not elect a direct rollover, the taxable portion of the withdrawal or distribution is subject to a mandatory 20% federal income tax withholding from any cash distributed. You may roll over the eligible portion of your withdrawal or distribution within 60 days, but the 20% withholding on the taxable portion of the withdrawal or distribution from TESPHE still applies. Special tax rules apply to a direct rollover of a distribution to a Roth IRA.

See the Special Tax Notice, which was prepared by the Internal Revenue Service and modified for TESPHE. You should consult your a tax professional to ensure that any actions you take are to your best advantage.

When would assets be paid automatically from the TESPHE after termination of employment?

In some circumstances, distributions will be made by TESPHE even if you do not request them.

All or a portion of your TESPHE assets will be distributed to you after termination of employment under certain circumstances even if you do not request them. You will be notified before a distribution is made. You may wish to consult your tax advisor regarding alternative methods of distribution available to you. Distributions are paid in a similar manner as withdrawals, as described in the “How are assets paid from the TESPHE?” section of this booklet.

Accounts valued at \$1,000 or less

Your vested account balance (valued by the end of the quarter following the quarter in which you terminate employment) will be distributed to you, as soon as administratively feasible, if the market value is at the de minimus threshold. Beginning January 1, 2010, that threshold is \$1,000 or less. Prior to January 1, 2010, the threshold was "less than \$3,500". Effective January 1, 2009, rollover amounts are included when determining this threshold.

Vested account balances \$1,000 or less will be distributed in cash, unless instructed otherwise. The NESC will advise if any portion of this distribution is eligible for rollover. The Plan automatically will withhold 20% of the taxable portion of amounts eligible for a rollover.

The only participants excluded from this provision are participants receiving installment payments, or who are subject to minimum required distributions described below.

Note: Effective for de minimus distributions paid after March 28, 2005 and prior to January 1, 2010, if vested account balances were greater than \$1,000 but less than \$3,500 as valued within ninety (90) days after termination, it was automatically liquidated, transferred to a Fidelity Rollover IRA and invested in the Fidelity Cash Reserves Fund, unless instructed otherwise.

Minimum Required Distributions

If you choose to leave your assets in the TESPHE after termination of employment, when you attain age 70½ the Plan is required to begin distributions to you by the required beginning date. These distributions are referred to as minimum required distributions (MRDs). The required beginning date is April 1 of the calendar year following the later of the calendar year in which you attain age 70½, or terminate employment. Thereafter, the MRDs must be distributed by December 31 of each year.

In general, the applicable distribution period is obtained from the Internal Revenue Code Uniform Lifetime Table and is based solely on your age as of your birthday in the relevant distribution calendar year. If the sole beneficiary is your spouse, the distribution period is the longer of the distribution period from the Uniform Lifetime Table, or in the case of a spouse beneficiary who is more than 10 years younger than you, the joint life expectancy of you and your spouse.

Generally, payout under the distribution schedule for mandatory age 70½ payments would permit you to leave your assets in TESPHE for the longest possible period (after you have terminated employment). The amount of any mandatory age 70½ distribution would be reduced by the amount of payments made earlier in the year under any other withdrawal election. For example, assume during any given year you requested a \$1,000 withdrawal from your account. The mandatory 70½ distribution is processed in December and amounts to \$4,000. Only \$3,000 would be distributed to you in that year to satisfy the remaining minimum required distribution payment. While MRD rules require that a minimum amount be distributed to you, you may elect to receive a greater amount under the withdrawal options described in the "How are assets paid from the Plan?" section of this booklet.

Similarly, in the event the payments made under the systematic withdrawal you have elected are less than the minimum required distribution, an additional amount will be distributed to you in December of each year in an amount necessary to satisfy the minimum required distribution for that year.

While MRD rules impose a minimum amount that you must receive, you may elect to receive a greater amount under other withdrawal options available under the Plan.

Timing of your MRD

When you *first* become eligible to receive your MRD, you have the option of receiving your MRD either in the year you attain age 70½, or no later than April 1 of the year following the year in which you attain age 70½. You should be aware that if your MRD is not taken until the following year, you will be required to take an additional MRD distribution by December 31 to satisfy the current year MRD. Since multiple MRD payments in one calendar year could increase your tax liability, you should carefully consider the timing of your MRD.

Example: You attain age 70½ in 2010. You can elect to receive your distribution by December 31, 2010 or by April 1, 2011. If you elect to receive your first MRD payment by April 1, 2011, you are still required to take an additional MRD by December 31, 2011 to cover the 2011 MRD. As a result, you will receive two MRD payments in 2011 and will be taxed upon distribution of each payment.

The NESC will notify newly eligible members in advance to allow you to select your payment date. The default payment date is no later than December 31 in the year in which you attain age 70½. If you do not notify the NESC that you would like to receive your first MRD payment by April 1 in the year following the year in which you attain age 70 ½, the payment will be made by the default date. ***Any withdrawals taken during the year under other payment options will be applied to your MRD requirement during the year regardless of when you elect to receive your initial MRD payment.***

Dividends on stock in the Ford Stock Fund

You may choose to receive a distribution in cash of dividends attributable to your equivalent shares of Ford common stock based on the units held in the Ford Stock Fund, or to reinvest such dividends in your account.

If you enrolled in the TESPHE before January 1, 2002, your proportionate share of any cash dividends will be handled in the same manner as they had been immediately prior to that date (either distributed to you in cash or reinvested in the Ford Stock Fund, depending on your arrangement).

If you enrolled January 1, 2002 or after, your proportionate share of any quarterly cash dividends paid on the Ford Stock Fund will be reinvested in your account in the Ford Stock Fund, unless you elect to have them distributed to you in cash.

The amount of such cash dividend not distributed generally will be used by the trustee to acquire additional shares of Ford common stock. To the extent such dividends remain in the TESPHE, the number of units in your account will be increased to reflect the acquisition by the trustee of those additional shares.

You may change your dividend election at any time by contacting the NESC or by through www.myfordbenefits.com. Click on the *Savings tab*. Select *Actions* from left-hand menu; then click on the *Select Stock Fund Dividend Election* link.

With respect to the Ford Stock Fund, the amount of any such cash payment made directly to you may be reduced to comply with legal restrictions on the amount that may be paid out to all members in total. The amount in total that may be paid out of the Ford Stock Fund is limited to cash dividends received by TESPHE on Ford common stock shares that have not been in TESPHE continuously since January 1, 1989, without regard to Ford common stock shares associated with individual accounts.

Payments of dividends are not subject to the 10% early withdrawal penalty and are generally not subject to the automatic 20% income tax withholding. They are considered taxable income subject to ordinary income tax rates and are not eligible for rollover to an IRA or another employer's qualified plan.

Only shares of Ford common stock in your Plan account by 4:00 p.m. Eastern time one day prior to the ex-dividend date are eligible for the dividend payment. Payment will be made as soon as practicable after receipt by the trustee of the dividend.

When you die

When you die, any vested assets in your account will be payable to your beneficiary. If your beneficiary is not your surviving spouse, your assets will be distributed to the non-spousal beneficiary as soon as practicable after such beneficiary account is established following notification of your death. If your beneficiary is your surviving spouse, special rules apply:

- If you elected a distribution schedule, which commences before your death, your account will continue to be paid to your surviving spouse according to your schedule. At any time, your surviving spouse can elect a lump sum distribution.
- If distribution has not commenced at the time of your death, your surviving spouse will be considered a participant for purposes of distribution under the TESPHE. Your surviving spouse will be deemed to attain age 70½ on the date you would have attained 70½ and may elect the 'life expectancy' method for distribution.
- While your surviving spouse retains your account in the TESPHE, he or she will be able to exchange among the investment options as any other participant.

It is important that you keep your beneficiary designation up to date and your current address on file at your hourly personnel department. For information on beneficiaries, see the "Surviving spouses, alternate payees, and other beneficiaries" section.

What are the tax consequences of my withdrawal or distribution?

You may owe taxes after all or a portion of your account is paid to you.

Special Tax Notice

This notice explains how you can continue to defer federal income tax on your retirement savings in the Ford Motor Company Tax Efficient Savings Plan for Hourly Employees (TESPHE) and contains important information you will need before you decide how to receive your TESPHE benefits. Regulatory changes affecting this notice may not be updated immediately in this section. As a result, the following information may not always be current. However, The NESC will send you the most recent notice prior to processing a distribution or withdrawal.

This notice is provided to you by Ford Motor Company (your "Plan Administrator") because all or part of payments you receive from the TESPHE may be eligible for rollover by you or, at your direction, by the Plan to an IRA or to an eligible employer tax-qualified plan. It is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information about Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your

rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from another employer plan or an IRA that accepts your rollover may also be subject to different tax treatment than distributions from the TESPHE. Check with the administrator of the other employer plan or the trustee of the IRA that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact the NESC.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not roll over your Plan distribution, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you roll over your Plan distribution to other than a Roth IRA, you will not have to pay taxes until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover of all or a part of that payment by making a deposit into an IRA or employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the taxable portion of the payment for federal income taxes (up to the amount of cash received other than Ford common stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire taxable portion of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends, or in the case of the TESPHE, after your employment ends if you are eligible to continue loan repayments)
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment

The NESC can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax for early distributions on any taxable portion of the payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does **not** apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
Note: You are responsible for providing any proof of disability to the IRS when you file taxes to avoid the 10% penalty. See IRS Form 5329, Additional Taxes on Qualified Plans and Other Tax Favored Accounts, for more information on the additional 10% tax.
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments made after separation from service in a year in which you are at least age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If your payment includes Ford common stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of Ford common stock after it was acquired by the Plan. If you do a rollover for a payment that includes Ford common stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The NESC can tell you the amount of any net unrealized appreciation.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends and you do not continue your loan repayments as allowed under the Plan. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after a participant's death and you do not do a rollover, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions will not apply. The special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of a participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of a participant and you receive a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from the TESPHE. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575, Pension and Annuity Income and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office or the IRS's web site at www.irs.gov or by calling 1-800-TAX-FORMS.

What circumstances might affect TESPHE benefits?

You should be aware of circumstances that might affect your benefits and your account.

Changes in laws and regulations

TESPHE is subject to approval by the Internal Revenue Service and other governmental bodies. As laws and regulations change, the TESPHE may require amendment as well. If changes affect your benefits, you will be notified.

Assignment of benefits; liens

Benefits under qualified retirement plans like the TESPHE generally may not be assigned or alienated except in accordance with a judgment, decree, or order that is issued under state domestic relations law that relates to the provision of child support, alimony, or marital property rights to a spouse, former spouse, child, or other dependent of a plan participant. Such an order must meet the requirements of a Qualified Domestic Relations Order (QDRO) as defined in Section 206(d) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, as determined by the Company. No benefits under the TESPHE are subject to legal process or attachment for the payment of any claim except as described above.

In case of divorce or legal separation

If you are involved in a divorce or legal separation and require information concerning your TESPHE benefits, you should review your quarterly statement or review your account at www.myfordbenefits.com. You may also request an account statement through the NESC.

If further information is required and to obtain a copy of the Plan's QDRO Approval Guidelines and Procedures, contact the Ford QDRO Group at 1-800-722-0387 ext. 33585 or ext. 38969.

Submit your Domestic Relations Order (DRO) for review and approval to:

Ford National Employee Services Center
Attention: Rosemarie Brown, Ford QDRO Consultant
P.O. Box 1045
Totowa, NJ 07511-1045

Overnight Address:
Ford National Employee Services Center
Attention: John Vislocky
150 Clove Road 5th Floor
Attention: Imaging Center
Little Falls, NJ 07424-2138

If the DRO is qualified, you will be notified and the QDRO will be implemented according to its terms. Other forms of DROs may be acceptable if they comply with the legal requirements set forth in Section 206(d) of ERISA and Code Section 414(p), and can be administered in accordance with the guidelines of the TESPHE as determined by the Plan Administrator.

Other forms of marital dissolution documents may be acceptable as DROs if they comply with the legal requirements set forth in Section 206(d) of ERISA and Code Section 414(p) and can be administered in accordance with the guidelines of the TESPHE as determined by the Plan Administrator.

Please submit any of the following documents to Ford National Employee Services Center, Attention: Rosemarie Brown, Ford QDRO Consultant, P.O. Box 1045, Totowa, NJ 07511-1045:

- Domestic Relations Orders (original, true or court certified copies of original Orders filed in a court of competent jurisdiction)
- Proposed DROs
- Decrees of Divorce
- Judgments
- Property Settlement Agreements

In Case of a Federal Garnishment

A Federal writ of garnishment against your TESPHE account may be obtained by the U.S. Government pursuant to the procedures authorized by the Federal Department Collections Procedures Act of 1990 (FDCPA), 28 U.S.C. 88 3001-3308, and the Mandatory Victims Restitution Act, 18 U.S.C. 83614(c). The Federal Garnishment will attach a lien to your TESPHE account. Recovery of the Federal Garnishment will begin once you are eligible to receive any distributions from your TESPHE account.

How do life events affect the TESPHE?

Certain life events will affect your TESPHE account.

Employment status changes

Transfer to salaried rolls or to a non-participating subsidiary. Your contributions cease upon transfer. You may be eligible for a different plan.

When you die

Please refer to “When would assets be paid automatically from the TESPHE?” section of this booklet.

If your employment ends (e.g., retirements, quits, discharges). Your contributions to the TESPHE cease when you separate from the Company and are no longer receiving a paycheck from the Company. Your assets may be exchanged effective any business day among investment elections in accordance with TESPHE provisions. You may initiate partial withdrawals or a total distribution at any time, effective any business day, in accordance with TESPHE provisions.

You cannot initiate new loans. Any outstanding loan balances must be repaid in full at or before separation of employment, or you may elect to make loan repayments by utilizing a coupon book or through direct bank debit. You must request a coupon book if you wish to continue repayments using this method. However, under certain circumstances, loan repayment using a coupon book or direct bank debit is not an option. (See "Loan repayments" under the "How can you borrow from the TESPHE?" section for further information.)

You may leave your assets in the TESPHE in the event your employment with Ford ends as described above. If you choose to have the TESPHE retain your assets, unless you elect an earlier distribution, they will be distributed to you at age 70½. You will also receive a distribution if your account is below a certain amount. For more details, see the "When would assets be paid automatically from the Plan?" section of this booklet. You may, of course, elect to withdraw all or a portion of your assets at any time, effective on any business day.

Family status changes

Marriage. Your spouse will be the beneficiary of your TESPHE assets.

Death of your spouse. Your life insurance beneficiary(ies) will be the beneficiary of your TESPHE assets unless you have designated or designate another beneficiary(ies).

Relocation and address changes

Be sure to change your address on Company records. Once completed, your new address information will be transmitted to the NESC. It is also prudent to verify with the NESC that your address change is updated as a matter of record under the TESPHE.

It is your responsibility to keep your address current with the Company. If you are an active employee (or on leave or layoff), be sure to change your address through your Plant Labor Relations Office. If you are separated from the Company, contact the NESC with any address changes. Notices about the TESPHE will be sent to your address of record under the TESPHE.

Leaves of absence

Medical leave of absence

Your contributions and payroll deductions for loan repayments cease. You may continue to make loan payments on existing loans once you are no longer receiving a paycheck from the Company. If you are on a medical leave for more than 90 days, you will be removed from the active employment rolls. After the ninety-day period, Ford will transmit your updated status to the NESC and you will receive a coupon book with which to make loan payments. Until you receive a coupon book, you may send payments to the NESC directly. To ensure the payment is applied correctly, you must request a Partial Loan Repayment Request Form. Acceptable forms of payment that accompany that form are: cashiers or certified check or money order.

Unpaid leave of absence

Your contributions and payroll deductions for loan repayments cease. You may initiate new loans, unless you have a history of loan default. You must make loan repayments via a coupon book or through direct bank debit.

Layoffs

Your contributions and payroll deductions for loan repayments cease. You may not take out new loans. You must continue to make loan repayments on existing loans once you are no longer receiving a paycheck from the Company or your loan will default. Coupons are automatically provided for individuals on an indefinite layoff.

Coupons are not sent to employees on a temporary layoff (TLO) as this status is not transmitted to the NESC. Regardless, you must continue to make your loan repayments to avoid loan default. To ensure the payment is applied correctly, you must request a Partial Loan Repayment Request Form. Acceptable forms of payment that accompany that form are: cashiers or certified check or money order.)

Return from a leave of absence or layoff

Your contributions and payroll deductions for loan payments will resume automatically. Always check your pay stub to assure deductions resume. If for some reason your loan repayments do not resume, contact the NESC immediately to request that they make the necessary arrangements to resume loan deduction through payroll deduction. Note: Generally, there is a short time delay before your status updates at the NESC since the update is dependent on when Ford transmits your reinstatement. If you elect to make loan repayments via direct debit to your checking account, this time delay could result in a loan payment from both your bank account and your paycheck. Should this occur, all monies will remain in your TESPHE account.

Can the TESPHE provisions change?

It is possible the TESPHE could be changed or could end in the future.

The TESPHE is expected to continue in effect until the end of the 2007 Ford-UAW Collective Bargaining Agreement.

At that time, the TESPHE may be renewed automatically for successive one-year periods, unless Ford or the UAW makes a written request to modify the TESPHE at least 60 days before September 14, 2011, or any subsequent anniversary date. A request to terminate the TESPHE must be made within the same deadlines.

Subject to the 2007 Agreement, the Company Board of Directors may at any time change, suspend or terminate the TESPHE partially or completely. No change may reduce the value of your account, however, from what it was on the day before the change.

Your current account balance also is protected if the TESPHE is merged or consolidated with another plan, or if your account is transferred to another plan. Immediately after the change, your account balance under the new plan would be at least equal to the balance under the TESPHE just before the change.

A change or suspension in the TESPHE may not change your right for the continued investment of your TESPHE account, your right to make approved withdrawals, or your right to a final payout.

The Company may change, suspend or end the TESPHE for employees if the Tax-Efficient Savings Plan Committee finds that the laws of a state or country where they live make the TESPHE disproportionately expensive and inconvenient to administer.

A change, suspension or termination will take effect no sooner than the date the Company notifies the trustee and participating companies. A retroactive change is allowed, however, if it is required to keep the TESPHE or the trust fund in compliance with legal requirements.

If the TESPHE is terminated, the Company may direct the trustee to pay out the assets in all accounts as of the termination date. Any Profit Sharing contribution to the Plan for 2011, however, will be administered as described in the TESPHE even if the TESPHE is terminated that year.

Administration

The following information pertains to the administration of the TESPHE.

The TESPHE is sponsored by Ford Motor Company, and the Company is the Plan Administrator. The Company has been designated “named fiduciary” pursuant to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended and has the power to control and manage the operation and administration of the TESPHE.

TESPHE Administration Committee

The Company has established a Tax-Efficient Savings Plan Committee (the Committee). All of the members and alternate members are employees of the Company. The members of the Committee and the alternate members receive no additional compensation for Committee services as members or as alternate members. Except for non-delegable functions of the trustee, the Committee administers the TESPHE, interprets its provisions and prescribes regulations and forms in connection therewith. Interpretations of the provisions of the TESPHE by the Committee are final and conclusive. The Committee is also authorized to provide rules for the matters not provided for under the Plan.

Investment Process Oversight Committee (IPOC)

The Company, by action of the Board of Directors, created an IPOC. The IPOC is responsible for:

- Reviewing the performance of investment options (based on approved investment guidelines) and fees; and
- Approving any changes to the investments or investment guidelines recommended by the Investment Process Committee.

The IPOC will take action with respect to the Ford Stock Fund, SSgA Global Equity Index Fund-Class A, Bond Index Fund and Interest Income Fund only to the extent required by ERISA.

The IPOC is responsible for maintaining the investment options under the TESPHE solely in the interest of the TESPHE members and their beneficiaries.

Investment Process Committee

The Company, by action of the Chief Financial Officer, the Group Vice President - Human Resources and Corporate Services, and the Group Vice President and General Counsel created an Investment Process Committee (IPC). The IPC recommends investment process guidelines to the IPOC for its approval. Such guidelines will include:

- The types of investment options to be offered under the TESPHE, with due regard to the risk and return characteristics of such options and the need to offer a reasonable array of such risk and return alternatives;
- The individual investment options to be offered under the TESPHE, consistent with the range of risk and return characteristics deemed appropriate;
- Procedures for reviewing the performance of investment options offered under the TESPHE; and
- Criteria mandating the removal of investment options from availability under the TESPHE.

The IPC will review the Investment Policy Statement at least annually and recommend any changes for approval by the IPOC. The IPC will meet at least quarterly to:

- Review the performance and fees of investment options pursuant to the criteria regarding the removal of investment options from availability under the TESPHE; and
- Recommend additional options, the deletion of options, and, if appropriate, the replacement of options to the IPOC for its approval, if changes are required.

The IPC is responsible for maintaining the investment options under the TESPHE solely in the interest of the TESPHE members and their beneficiaries.

Other information

The TESPHE was established pursuant to the Collective Bargaining Agreement dated October 14, 1984, between the Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW (the Union), and was approved by the Board of Directors of the Company on November 8, 1984. The TESPHE was amended and continued pursuant to the Collective Bargaining Agreement dated November 3, 2007, between the Company and the Union. Contributions to the TESPHE commenced in March 1985.

Plan filings

The following documents filed or to be filed with the Securities and Exchange Commission are incorporated herein by reference:

- Ford's, and the TESPHE's latest annual reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "1934 Act") which contain, either directly or by incorporation by reference, certified financial statements for Ford's latest fiscal year for which such statements have been filed;
- All other reports filed pursuant to Section 13(a) or 15(d) of the 1934 Act since the end of the fiscal year covered by the annual reports referred to in the preceding paragraph; and
- The description of Ford's Common Stock contained in Registration Statement No. 333-38352 filed by Ford under the Securities Act of 1933.

All documents subsequently filed by Ford pursuant to Sections 13(a), 13(c), 14 and 15(d) of the 1934 Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated herein by reference and to be a part hereof from the date of filing such documents.

Each person to whom a copy of this material is delivered will be provided without charge, upon written or oral request of such person, a copy of any and all of the information that has been incorporated by reference in this material (not including exhibits to the information that is incorporated by reference unless such exhibits are specifically incorporated by reference into the information that this material incorporates) and any other documents required to be delivered to members. Written or telephone requests for such information related to Ford should be directed to: Ford Investor Relations, P.O. Box 1899, Dearborn, Michigan 48121-1899, telephone: (800) 555-5259 (within the U.S. and Canada or (313) 845-8540 (outside the U.S. and Canada), fax (313) 845-6073.

Written requests for information about the TESPHE directed to the Tax-Efficient Savings Plan for Hourly Employees Committee, which administers the TESPHE, should be directed to Savings Plans Administration, Ford Motor Company, World Headquarters, Room 535, One American Road, Dearborn, MI 48126-2798.

The detailed provisions of the TESPHE, not the summary, govern the actual rights and benefits to which you may be entitled. If there is a conflict between this summary and the TESPHE plan document, the TESPHE plan document will control.

Employee Stock Ownership Plan (ESOP)

A portion of the TESPHE is designated as an Employee Stock Ownership Plan (ESOP). The ESOP was established in the TESPHE effective January 1, 1989 and consists of all the shares of Company Stock in the TESPHE. The trustee shall hold, invest, transfer and distribute shares of Company Stock and all other assets in the ESOP in accordance with the TESPHE document.

Tax Reduction Act Stock Ownership Plan

The Tax Reduction Act Stock Ownership Plan (TRASOP) was terminated on May 31, 1989, and assets in members' accounts were distributed from the trust to members or beneficiaries, or transferred to members' accounts in Company savings plans like the TESPHE in accordance with their elections and provisions established to terminate the plan.

The Pension Benefit Guaranty Corporation (PBGC)

TESPHE is a defined contribution pension plan. This means that the TESPHE defines the contribution to be made to your account, but it does not mean that you'll receive a specific amount when your account is paid out. Since no benefit is guaranteed, TESPHE accounts are not insured by the PBGC.

Trustee and Recordkeeper

The Plan is an ERISA 404(c) defined contribution plan. Assets are held in a trust and therefore, are not available to the Company or the creditors of the Company. The money in the trust fund is set aside for the exclusive benefit of Plan participants and their beneficiaries.

The Company and State Street Bank and Trust Company ("State Street") have entered into a trust agreement pursuant to which State Street acts as primary trustee under the TESPHE. The Company and State Street may jointly amend the trust agreement and the Company may change the trustee. The trustee has custody of the funds

received and earnings thereon, and makes all purchases, sales, and redemptions of securities in accordance with the provisions of the TESPHE.

Recordkeeping and administrative services are provided by Affiliated Computer Services, Inc. (ACS), a Xerox Company. The addresses are:

State Street Bank and Trust Company
Defined Contribution Services
105 Rosemont Road
Westwood, MA 02090

Affiliated Computer Services, Inc.
P. O. Box 1045
Totowa, NJ 07511-1045

How do you file a claim and an appeal?

A claim for benefits is submitted to the NESC. A claim for breach of fiduciary duty is submitted to the NESC or to directly to Ford Motor Company, Savings Plan Administration.

Claim for benefits

If you have a **Claim for Benefits** under the TESPHE, or if you think there is an error in the administration of your TESPHE account or an error relating to the amount of your TESPHE deduction from your Profit Share or eligible pay, you should contact the NESC. The NESC will attempt to resolve your concerns informally. If that does not prove possible, you should submit your claim to the NESC in writing to: Ford National Employee Services Center, P. O. Box 1045, Totowa, NJ 07511-1045.

Appeal procedure if a claim is denied

If the NESC denies a claim for benefits or participation in whole or in part, you will receive written notification within 90 days from the date the claim for benefits or participation is received. The notice will be deemed given upon mailing, full postage prepaid in the United States mail or on date sent electronically to you. The decision will be in writing and it will include:

- The specific reason or reasons for the denial;
- Reference to the specific plan provision(s) on which the denial is based, along with a copy of the TESPHE provision(s) or a statement that one will be furnished at no charge per your request;
- A description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary; and
- A description of the TESPHE's review procedures and the time limits applicable to such procedures, along with a statement of your right to bring civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, following a claim denial for benefits on review.

If the NESC determines that an extension of time for processing is required, written notice of the extension will be furnished to you prior to the termination of the initial 90-day period. In no event will such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the TESPHE expects to render the determination.

Review of denial of the claim by the Committee

In the event that The NESC denies a claim for benefits or participation, you may:

- Request a review by filing a written appeal to the Committee,
- Review pertinent documents, and
- Submit written comments, documents, records and other information relating to the claim for benefits.

The Committee must take into account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether the information was submitted or considered in the initial benefit determination. You may send your written appeal to:

Ford National Employee Services Center
P. O. Box 1045
Totowa, NJ 07511-1045

You must request a review upon an appeal of the denial of the claim within sixty (60) days after you receive the written notification of denial of the claim. The appeal will be considered at the Committee's next regularly scheduled meeting. If it is filed within thirty (30) days of the next meeting, a decision by the Committee shall be made by the date of the second meeting after receipt of your request for review. Under special circumstances, an extension of time for processing may be required, in which case a decision shall be rendered by the date of the third meeting. If an extension is required because information is incomplete, the review period will be tolled from date the notice was sent to the date information is received. In the event such an extension is needed, written notice of the extension will be provided to you prior to the commencement of the extension.

Written notice of a decision will be made not any later than five (5) days after the Committee has made a decision. The notice will be deemed given upon mailing, full postage pre-paid in the United States mail, or on the date sent electronically to you.

The decision will be in writing in a manner determined to be understood by you, and, if adverse, it will include:

- The specific reason or reasons for the denial;
- Specific reference to pertinent TESPHE provision(s) on which the denial is based, along with a copy of such TESPHE provisions or a statement that one will be furnished at no charge upon your request;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim; and
- A statement of your right to bring an action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) of 1974, as amended.

Claim for breach of fiduciary duty

Effective April 20, 2005, the following procedure should be followed if you have a **Claim for Breach of Fiduciary Duty** under the TESPHE.

A Member alleging breach of fiduciary duty must file a written claim directed to the NESC or to Savings Plan Administration, Ford Motor Company, Savings Plans Administration, Room 535, One American Road, Dearborn, MI 48126-2798.

The claim must:

- Specifically set forth the facts concerning the alleged breach;
- Clearly identify the TESPHE plan fiduciary who you alleges has committed a fiduciary breach;
- Cite the legal basis for the allegation of fiduciary breach; and
- Specifically set forth the remedy that you request on behalf of the TESPHE.

Savings Plan Administration will review the claim and make a determination within ninety (90) days from the date the claim is received. The notice will be deemed given upon mailing, full postage prepaid in the United States mail, or on the date provided electronically to the claimant.

Any actual denial of a claim will be in writing and it will include:

- The specific reason or reasons for the denial;
- Reference to the specific TESPHE provision(s) on which the denial is based along with a copy of the TESPHE provision(s) or a statement that one will be furnished at no charge, per your request;
- A description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary; and
- A description of the TESPHE's review procedures and the time limits applicable to such procedures, along with a statement of your right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, following a denial for benefits on review.

If Savings Plan Administration determines that an extension of time for processing is required, written notice of the extension will be furnished to you prior to the termination of the initial ninety (90) day period. In no event will such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which Savings Plan Administration expects to render the determination.

At the discretion of Savings Plans Administration, the claim may be referred to the Committee or to the Group Vice President and General Counsel for review.

In the event that Savings Plans Administration denies a claim, a claimant may:

- Request a review upon appeal by written application to the Committee;
- Review pertinent TESPHE plan documents; and
- Submit issues and comments in writing.

You must request a review upon appeal of the denial of the claim by Savings Plans Administration under this TESPHE within sixty (60) days after receiving written notification of denial of the claim. The appeal will be considered at the Committee's next regularly scheduled meeting. If the appeal is filed within thirty (30) days of the next meeting, a decision by the Committee, as appropriate, shall be made by the second meeting after receipt of the claimant's request for review.

Under special circumstances, an extension of time for processing may be required, in which case, a decision will be made by the date of the third meeting. If an extension is required because information is incomplete, the review period will be tolled from the date the notice was sent to the date the information is received. In the event such an extension is needed, written notice of the extension will be provided to you prior to the commencement of the extension. In reviewing the claim, the Committee may retain experts or other independent advisors. In such event, an extension of time for processing may be required but a decision on the appeal will be made as soon as is reasonably practicable under the circumstances.

Written notice of the decision will be made to you not any later than five (5) days after the decision has been made by the Committee. At the Committee's discretion, an appeal from a denial of the claim by Savings Plan Administration, or a referral of a claim directly to the Committee by the Savings Plan Administration, may be referred to the Group Vice President and General Counsel for review.

When a claim for breach of fiduciary duty, or an appeal from a denial of a fiduciary duty claim, is referred to the Group Vice President and General Counsel, he/she will have full authority and sole discretion to determine the manner in which to discharge his/her responsibility with respect to the review of the claim or the appeal. This includes, but is not limited to, retaining the responsibility to review the claim or appeal, appointing an independent fiduciary, seeking a declaratory judgment in federal court or seeking review of the claim or appeal by an existing or specially appointed committee of the Board. The Group Vice President and General Counsel, or any person who is responsible for making the decision with respect to the claim or appeal as determined by the Group Vice President and General Counsel as described above ("Appointee"), also may retain experts or other independent advisors in his/her sole discretion with respect to review of the claim or appeal. The claim or appeal will be reviewed on the basis of the written record submitted by you and the record developed by Savings Plans Administration, if any.

A decision will be made as soon as reasonably practicable under the circumstances. Written notice on review of the decision will be made to you not any later than five (5) days after the decision has been made. The notice will be deemed given upon mailing, full postage pre-paid in the United States mail, or on the date sent electronically to you.

The decision on review will include:

- The specific reason or reasons for the denial;
- Specific reference to pertinent TESPHE provisions on which the denial is based, along with a copy of such TESPHE provisions or a statement that one will be furnished at no charge, upon your request;
- A statement that you are entitled to receive, upon request and free of charge, reasonable access to, copies of, all documents, records and other information relevant to your claim; and
- A statement of your right to bring a civil action under Section 502(a) of ERISA following an adverse determination on review.

Savings Plans Administration, the Committee, the Group Vice President and General Counsel or the Appointees each severally will have full power and discretion under the TESPHE to consider member appeals with respect to fiduciary claims.

Decision of the Committee and the Vice President and General Counsel

Decisions of the Committee, the Group Vice President and General Counsel or the Appointees, as the case may be, are final and conclusive and are subject only to the arbitrary and capricious standard of judicial review and will bind and may be relied upon by you, your beneficiaries, or the estate or legal representative thereof, the trustee and all other parties in interest.

Exhaustion requirement limitations on claims

No legal actions may be brought by you, your dependent, beneficiary or the estate or legal representative for entitlement to benefits under the TESPHE or for breach of fiduciary duty until after the claims and appeal procedures have been exhausted. Unless a different period of limitation is specifically provided under the Employee Retirement Income Security Act (ERISA) of 1974, as amended, any claim under the TESPHE must be brought no later than two (2) years after the claim arises in order for the review authorities to conduct a timely and effective investigation of the claim. For matters not specifically addressed, no other actions may be brought against the TESPHE more than six (6) months after the claims arise.

Your rights under the Employee Retirement Income Security Act of 1974 (ERISA), as amended

The TESPHE is designed to meet the requirements established by and is subject to certain provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), including generally, the reporting and disclosure, participation and vesting, fiduciary responsibility, and administration and enforcement provisions in Title I of ERISA. The Plan is also qualified under Sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended. The Plan will be amended to be in compliance with any changes in the law or government regulations.

As a participant in the TESPHE, you're entitled to certain rights and protections under ERISA. Included are the right to receive certain plan information and the right to file a lawsuit if you believe your rights have been violated.

Here is a listing of your rights under ERISA:

- You may visit the NESC, and in some cases Ford World Headquarters, to examine all TESPHE plan documents without charge. Contact the NESC on where you must visit. These include the TESPHE Plan document, the trust agreement for the TESPHE, the annual financial reports, the TESPHE description, and all other official TESPHE plan documents.
- With reasonable written notice, copies of TESPHE plan documents will be made available for review at other locations.
- You may obtain copies of TESPHE plan documents by writing the Plan Administrator at Ford Motor Company, Savings Plan Administrator, World Headquarters, Room 535, One American Road, Dearborn, MI 48126-2798.
- The Company may make a reasonable charge for copies.
- You will receive a written summary of the TESPHE's annual financial report. The Plan Administrator is required by law to furnish you with a copy of this summary annual report.
- You also may obtain a copy of the annual reports and other TESPHE plan documents at the U.S. Department of Labor's Public Disclosure Room at the Pension and Welfare Benefit Administration in Washington, D.C.
- You may not be discharged or discriminated against to prevent you from obtaining a benefit or for exercising your ERISA rights.

If your claim for a benefit is denied in whole or part:

- You will receive a written explanation from the Plan administrator.
- You have the right to have your claim reviewed and reconsidered.

Besides creating rights for TESPHE members, ERISA also spells out certain duties for people who are responsible for operating the TESPHE. These people are called “fiduciaries”. The fiduciaries of a plan have a duty to operate the plan prudently and in the interest of plan members and beneficiaries.

There are steps you can take to enforce your ERISA rights. For example:

- If you request materials from the TESPHE and don’t receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials - unless the materials were not sent because of reasons beyond the control of the administrator.
- If your claim for benefits is denied in whole or in part after a final review, you may file suit in a state or federal court.
- If the fiduciaries misuse the TESPHE's money or if you are discriminated against for asserting your ERISA rights, you may seek help from the U.S. Department of Labor or file suit in a federal court. If you file a suit, the court will decide who should pay costs and legal fees. If you win your suit, the court may order the person you have sued to pay the costs and fees. If you lose your suit, or if the court decides your suit was frivolous, the court may order you to pay the costs and fees.

If you have any questions about the TESPHE, you should contact the NESC. If you have any questions about this statement or your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Securities Administration at 1-866-444-EBSA (3272).

Basic TESPHE Information

Plan Name:	Tax-Efficient Savings Plan for Hourly Employees
Plan Sponsor:	Ford Motor Company Henry Ford II World Center Room 1037 One American Road Dearborn, MI 48126-2748
Employer Identification Number:	38-0549190
Plan Number:	025
Type of Plan:	Defined Contribution Pension Plan (401(k), ESOP)
Plan Administrator:	Ford Motor Company (313) 248-4444 (800) 248-4444
Type of Administration:	Administrative services for the Plan are provided by: Ford Motor Company and State Street Bank and Trust Company under a trust agreement and supplemental contracts, Affiliated Computer Services, Inc. (a Xerox Company) third party plan administrator – under contract.
Trustee:	State Street Bank and Trust Company Defined Contribution Services 105 Rosemont Road Westwood, MA 02090
Agent for Service of Legal Process:	Ford Motor Company One American Road Room 1037 Dearborn, MI 48126-2748
Alternatively, legal process may be served on the Plan trustee.	
Plan Funding:	Company & Employee Funded Assets of the TESPHE are held in trust
Plan Year:	January 1 to December 31

Appendix

How the catch-up contribution feature works and important information to consider

Your catch-up contribution is a separate election. You may elect to contribute up to 50% (in whole percent increments) of your eligible pay each pay period on a pre-tax basis as a catch-up Contribution. This election is in addition to your regular TESPHE payroll deduction of up to 50% and is subject to a regulatory annual limit.

If your regular TESPHE payroll deductions stop because you have reached certain limits during the year (the IRS pre-tax deferral, the TESPHE contribution limit, the IRS 415 limit), you can continue making catch-up contributions for future payroll periods.

You may make changes to your catch-up contribution deferral percentage at any time. Generally, changes are effective within 1 to 2 pay periods.

Your catch-up contributions will be invested in the same manner as the investment elections you have chosen for your regular TESPHE pre-tax deferrals. Take this opportunity to review all of your contribution investment choices.

When you reach the catch-up contribution limit, your catch-up contributions will stop automatically.

Catch-up contribution elections will carry over from year to year until you change it.

If you would like to take advantage of the catch-up contribution feature:

Log on to the Web site at <http://www.myfordbenefits.com> or contact the NESC.

Frequently Asked Questions

Q: What are catch-up contributions?

A: Catch-up contributions are additional pre-tax elective deferrals above the following limits:

- (a) TESPHE limit of 50% of eligible pay;
- (b) annual IRS pre-tax deferral limit; or
- (c) annual IRS 415 defined contribution limit

Q: How do I know whether I can make catch-up contributions?

A: If you are age 50 or older, or will reach age 50 on or before December 31, you can make a catch-up contribution election for the year. Any catch-up contributions you elect will not affect your regular pre-tax contribution amounts.

Q: I am interested in making a catch-up contribution, but I won't be 50 years old until October. Can I participate beginning in January, or do I need to wait until after my 50th birthday?

A: You can elect to make catch-up contributions beginning in January as long as you will be at least 50 years old on or before December 31.

Q: This year, through my regular TESPHE payroll deductions, I have already reached the IRS pre-tax deferral limit, so my regular TESPHE pre-tax deferrals have stopped for the rest of the year. Can I still make a catch-up contribution election?

A: Yes, even though your regular TESPHE pre-tax deferrals have stopped for the remainder of the year, you can still make catch-up contributions.

Q: Once I elect to make catch-up contributions, what will happen if I stop my regular TESPHE payroll deductions and then restart them at a later time?

A: Your catch-up contributions will not stop automatically if you voluntarily stop your regular TESPHE payroll deductions. However, to the extent you have not reached the annual IRS pre-tax deferral limit or the TESPHE contribution limit of 50% by the end of the calendar year, any catch-up contributions will be re-characterized to regular pre-tax deferral contributions.

Q: Can I make catch-up contributions after I take a hardship withdrawal, which results in suspension of TESPHE payroll deductions?

A: No. In order to make catch-up contributions, you must be eligible to make regular payroll deductions under the TESPHE. If you take a hardship withdrawal, your right to make regular TESPHE payroll deductions is suspended temporarily. If you take a hardship withdrawal and you previously elected to make catch-up contributions, your catch-up contributions will stop automatically. Once the suspension expires, you may elect to resume your catch-up contributions. Your catch-up contributions will automatically resume at the deferral rate in effect prior to the suspension. (Note: Other withdrawals that do *not* result in a suspension of TESPHE payroll deductions will not affect catch-up contributions.)

Q: I know that I want to make catch-up contributions every year. Will my catch-up election carry over from year to year?

A: Yes. Your catch-up contribution deferral percentage will carry over each year until you change it.

Q: Can I choose a dollar amount for my catch-up contribution or does it have to be a percentage?

A: Catch-up contribution elections must be made as a percentage. You may elect to defer up to 50% of your eligible pay as catch-up contributions. You will be notified if additional methods for calculating catch-up contributions become available.

Q: What will happen when I reach the catch-up dollar limit for any given year?

A: Once you reach the catch-up dollar limit for the year, your catch-up contributions automatically stop. Your contributions will automatically resume in January of the following year, unless you cancel your deductions.

Q: Can my catch-up contribution deferral percentage be different than my regular TESPHE pre-tax payroll deduction?

A: Yes, it can be more or less than your regular TESPHE payroll deduction. For example, if your regular payroll pre-tax deduction is 8%, you may elect to defer between as little as 1% or as much as 50% of your eligible pay to catch-up.

Q: I contributed catch-up contributions to another employer's 401(k) plan. Will I be able to contribute the full annual catch-up amount to the TESPHE, too?

A: A catch-up eligible participant cannot make total catch-up contributions that exceed the annual catch-up limit by participating in more than one eligible plan, whether related or unrelated employers sponsor the plans. Members have a duty to monitor whether their catch-up contributions have exceeded the annual limit; however, if this occurs, please contact the NESC at 313-248-4444.

Q: Can I track how much catch-up money I am contributing? Will it appear on my paycheck stub?

A: Your catch-up contribution amounts will not appear on your paycheck stub as a separate line item, but will be included in your pre-tax total. They will also show on your quarterly TESPHE statements. Also, you may track your catch-up contribution dollar amount at anytime by accessing your account online at <http://www.myfordbenefits.com>.

Plan Designated Default Investment Option

The TESPHE designated default investment option is a target date fund, presently the BlackRock LifePath® Index NL Funds. The following is an overview of the BlackRock LifePath® Index NL Funds.

The BlackRock LifePath® Index NL Funds are a type of target date fund designed to provide an investment strategy targeted to when you expect to start withdrawing your money, based on an age 65 retirement date. Each LifePath® NL Fund's investment strategy is based on a particular time horizon and level of risk that investors on average would deem appropriate for that timeframe. The investment strategy evolves as the fund approaches its maturity date. For instance, in the early years, when you have more time to bear short-term fluctuations in the stock market, each fund's asset allocation favors stocks to try to maximize returns. Then, as the fund gets closer to its "target date," a team of investment managers at BlackRock Institutional Trust Company ("BTC" or "BlackRock") gradually moves more money out of stocks and into more conservative investments, like bonds, to try to preserve the accumulated value of your account. No action is required on your part to rebalance your account; everything is done for you.

When each LifePath® Index NL Fund reaches its target year, assets in that fund will automatically move to the LifePath® Retirement Index NL Fund, intended for people who will be retiring soon, or are already retired. Although the LifePath® Index Retirement NL Fund invests in a greater concentration of lower-risk investments, a portion of its assets will continue to be invested in stock funds so that the portfolio has some protection against inflation during your retirement years. The LifePath® Index Retirement NL Fund holds a blend of investments generally appropriate for retirement years--approximately 1/3 in stocks and 2/3 in fixed-income investments. The Fund seeks current income and moderate long-term growth of capital.

BlackRock, a limited purpose national trust bank, manages the LifePath® Index collective investment funds and provides fiduciary and custody services to various institutional investors. Funds custodied with BlackRock are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, and are not guaranteed by BlackRock or its affiliates. A collective investment fund is privately offered; prospectuses are not required or available.

There are risks involved with investing, including possible loss of principal. Risk controls and asset allocation models do not promise any level of performance or guarantee against loss of principal. Each LifePath® Index NL Fund has a different level of risk. An investment in the LifePath® Index NL Funds is subject to stock market risk, which means the price of the stocks in which the underlying funds invest may fluctuate or fall in response to economic events or trends. Risks also include bond investment risks, e.g., interest rate risk, credit risk, and prepayment risk (the risk that borrowers may prepay their mortgages or loans faster than expected, thereby affecting the security's average life and potentially its yield). Investments in foreign securities are subject to certain special risks and considerations, including potentially less liquidity and greater price volatility than securities traded in the U.S. markets. The funds also may be subject to the additional risk associated with investing in high-yield and small cap securities.

The allocation of each LifePath® Index NL Fund's assets is managed using a quantitative model that has been developed based on a number of factors. There is no assurance that the recommended asset allocation will either maximize returns or minimize risk or be the appropriate allocation in all circumstances for every investor with a particular time horizon.

The BlackRock LifePath® Index NL Fund chosen as the investment option default will be based on your age and the assumption that you will "retire" (or start accessing your TESPHE account) at age 65.

BlackRock LifePath[®] Index NL Fund Default Schedule

If Date of Birth Is...

On or after 1983
On or between 1978 and 1982
On or between 1973 and 1977
On or between 1968 and 1972
On or between 1963 and 1967
On or between 1958 and 1962
On or between 1953 and 1957
On or between 1948 and 1952
On or before 1947

The Default BlackRock LifePath[®] Index NL Fund Is...

BlackRock LifePath[®] Index 2050 NL Fund
BlackRock LifePath[®] Index 2045 NL Fund
BlackRock LifePath[®] Index 2040 NL Fund
BlackRock LifePath[®] Index 2035 NL Fund
BlackRock LifePath[®] Index 2030 NL Fund
BlackRock LifePath[®] Index 2025 NL Fund
BlackRock LifePath[®] Index 2020 NL Fund
BlackRock LifePath[®] Index 2015 NL Fund
BlackRock LifePath[®] Index Retirement NL Fund

Company Contributions for Certain Employees

The Company agreed during 2007 Negotiations to provide certain employees with a Company contribution of \$1 per compensated hour in lieu of post-retirement health care.

Eligible Employees

Employees eligible to receive this benefit include entry-level employees (non-skilled) and skilled employees hired or rehired beginning November 19, 2007. Temporary employees and long-term supplemental employees are not eligible for this benefit unless they transfer to an eligible status (e.g., entry-level employee status). (Note: This does not include seniority employees on layoff who elect to work as a temporary employee.)

Company contributions for eligible employees will begin as soon as practicable after the eligible employee acquires seniority (e.g., 90 days from the most recent Ford service date).

Eligible Compensated Hours

- Straight time work hours
- Straight time overtime hours
- Regular vacation hours
- Paid holiday hours
- Paid excused absence hours
- Bereavement hours
- Jury duty hours
- Short-term military hours
- Call-in hours
- Grievance pay

How are Company contributions invested?

Eligible employees decide how to invest these monies. Similar to employee contributions, in the absence of specific investment directions, Company contributions will be invested in the TESPHE default investment option (e.g., a target date retirement fund). For more information, see "Making an investment option selection" and the "Designated default investment option" sections of this booklet.

Vesting

What does "vesting" mean?

"Vesting" is the process through which eligible employees obtain a nonforfeitable interest (or ownership rights) to Company contributions in their TESPHE account. Members are always vested in their contributions deducted from their paycheck.

How does vesting of Company contributions work?

Company contributions vest three years after the eligible employee's original date of hire (if employed on that date). Any Company contributions in the eligible employee's TESPHE account become vested at that time, and any future Company contributions will be vested when credited to the employee's account.

Company contributions also will vest immediately when (as an active employee) the eligible employee reaches age 65 or dies, or if the Plan is terminated.

Forfeitures

If eligible employees terminate employment with the Company before the third anniversary of the initial date of hire, the unvested Company contributions will be forfeited as soon as practicable after the earlier of:

- the last day of the fifth Plan Year after termination; or
- upon distribution of the eligible employee's entire account balance after termination.

The Plan Year begins on January 1 and ends of December 31.

Restoration of Company Contributions

If non-vested Company contributions are forfeited because the eligible employee makes a withdrawal or receives a distribution of his or her entire account balance following termination of employment, the value of the assets forfeited may be restored to the eligible employee's TESPHE account if the employee: (a) is rehired (as either a full-time or part-time employee) before the end of five consecutive Plan years; AND (b) repays to the TESPHE in a lump sum the value of the TESPHE assets received no later than the end of the fifth consecutive Plan Year from the effective date of reemployment. The value restored will be the cash value as of the date of the forfeiture.

Withdrawal of Company Contributions

Company contributions may not be withdrawn until the eligible employee separates from the Company or at age 59½. Company contributions are not accessible for TESPHE loans or hardship withdrawals.

This booklet contains an explanation of your Tax-Efficient Savings Plan for Hourly Employees (TESPHE) benefits based on documents, policies and negotiated collective bargaining agreements by which these benefits are provided. If there is any difference between this material and the TESPHE Plan documents or applicable negotiated agreements, the TESPHE Plan document and negotiated agreements always will govern.

The Company reserves the right to change, suspend, or terminate plans, subject to applicable collective bargaining agreements. Amendments also will be made to comply with applicable law. If changes are made, you will be notified.

The TESPHE is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act, and Title 29 of the Code of Federal Regulations Section 2550.404c-1. The fiduciaries of the Plan may be relieved of the liability for any losses that are the direct and necessary result of investment instructions given by a participant or beneficiary.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4 p.m. Eastern Time, or on weekends or holidays, will receive the next available closing prices.

The investment options available through the Plan reserve the right to modify or withdraw the exchange privilege.

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write the NESC for a free prospectus. Read it carefully before you invest.



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