FORD MOTOR CO
Form DEF 14A
April 01, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Ford Motor Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

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Ford Motor Company

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 13, 2010

Notice of 2010 Annual Meeting of Shareholders and Proxy Statement

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Ford Motor Company
One American Road
Dearborn, Michigan 48126-2798

April 1, 2010

Dear Shareholders:

Our 2010 annual meeting of shareholders will be held at the Hotel du Pont, 11th and Market Streets, Wilmington, Delaware, on Thursday, May 13, 2010. The annual meeting will begin promptly at 8:30 a.m., Eastern Time. If you plan to attend the meeting, please see the instructions on page 4.

Please read these materials so that you ll know what we plan to do at the meeting. Also, please either sign and return the accompanying proxy card in the postage-paid envelope or instruct us by telephone or via the Internet as to how you would like your shares voted. This way, your shares will be voted as you direct even if you can t attend the meeting. Instructions on how to vote your shares by telephone or via the Internet are on the proxy card enclosed with this proxy statement.

William Clay Ford, Jr.
Chairman of the Board

Whether or not you plan to attend the meeting, please provide your proxy by calling the toll-free telephone number, using the Internet, or filling in, signing, dating, and promptly mailing the accompanying proxy card in the enclosed envelope.

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Notice of Annual Meeting of Shareholders
of Ford Motor Company

Time:	8:30 a.m., Eastern Time, Thursday, May 13, 2010
Place:	Hotel du Pont 11th and Market Streets Wilmington, Delaware
Proposals:	**1.** The election of directors. **2.** The ratification of the selection of PricewaterhouseCoopers LLP as Ford s independent registered public accounting firm for 2010. **3.** Approval of Tax Benefit Preservation Plan. **4.** A shareholder proposal related to disclosing any prior governmental affiliation of directors, officers, and consultants. **5.** A shareholder proposal related to consideration of a recapitalization plan to provide that all of the Company s outstanding stock have one vote per share. **6.** A shareholder proposal requesting the Company to issue a report disclosing policies and procedures related to political contributions. **7.** A shareholder proposal requesting the Board to adopt a policy that provides shareholders the opportunity to cast an advisory vote to ratify the compensation of the Named Executives. **8.** A shareholder proposal requesting that the Company not fund any energy savings projects that are solely concerned with CO_2 reduction.
Who Can Vote:	You can vote if you were a shareholder of record at the close of business on March 17, 2010.
Date of Notification:	Shareholders are being notified of this proxy statement and the form of proxy beginning April 1, 2010.

Peter J. Sherry, Jr.
Secretary

April 1, 2010

Defined Terms

Annual Incentive Compensation Plan or ***Incentive Bonus Plan*** means Ford s Annual Incentive Compensation Plan.

Class B Stock means Ford s Class B Stock.

Deferred Compensation Plan means Ford s Deferred Compensation Plan.

Dividend Equivalent means cash or shares of common stock (or common stock units) equal in value to dividends, if any, paid on shares of common stock.

Final Award means shares of common stock, Restricted Stock Units, and/or cash awarded by the Compensation Committee under a Performance Unit.

Ford or ***we*** or ***Company*** means Ford Motor Company.

Long-Term Incentive Plan means Ford s 1998 or 2008 Long-Term Incentive Plan.

Named Executives means the executives named in the Summary Compensation Table on p. 53.

NYSE means the New York Stock Exchange, Inc.

Performance Unit means, under the Long-Term Incentive Plan, an award of the right to earn up to a certain number of shares of common stock, Restricted Stock Units, or cash, or a combination of cash and shares of common stock or Restricted Stock Units, based on performance against specified goals established by the Compensation Committee.

Restricted Stock Equivalent or ***Restricted Stock Unit*** means, under the Long-Term Incentive Plan, the right to receive a share of common stock, or cash equivalent to the value of a share of common stock, when the restriction period ends, as determined by the Compensation Committee.

SEC means the United States Securities and Exchange Commission.

Senior Convertible Notes means the Ford Motor Company 4.25% Senior Convertible Notes due 2036 and the Ford Motor Company 4.25% Senior Convertible Notes due 2016.

Trust Preferred Securities means the Ford Motor Company Capital Trust II 6.50% Cumulative Convertible Trust Preferred Securities.

1998 Plan means Ford s 1998 Long-Term Incentive Plan.

2008 Plan means Ford s 2008 Long-Term Incentive Plan.

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Ford Motor Company

Proxy Statement

The Board of Directors is soliciting proxies to be used at the annual meeting of shareholders to be held on Thursday, May 13, 2010, beginning at 8:30 a.m., Eastern Time, at the Hotel du Pont, 11th and Market Streets, Wilmington, Delaware. This proxy statement and the enclosed form of proxy are being made available to shareholders beginning April 1, 2010.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

What is a proxy?

A proxy is another person that you legally designate to vote your stock. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

What is a proxy statement?

It is a document that SEC regulations require that we make available to you when we ask you to vote your stock at the annual meeting.

What is the purpose of the annual meeting?

At our annual meeting, shareholders will act upon the matters outlined in the notice of meeting, including the election of directors, ratification of the selection of the Company s independent registered public accounting firm, approval of the Tax Benefit Preservation Plan, and consideration of five shareholder proposals, if presented at the meeting. Also, management will report on the state of the Company and respond to questions from shareholders.

What is the record date and what does it mean?

The record date for the annual meeting is March 17, 2010. The record date is established by the Board of Directors as required by Delaware law. Holders of common stock and holders of Class B Stock at the close of business on the record date are entitled to receive notice of the meeting and to vote at the meeting and any adjournments or postponements of the meeting.

Who is entitled to vote at the annual meeting?

Holders of common stock and holders of Class B Stock at the close of business on the record date may vote at the meeting. Holders of Trust Preferred Securities and Senior Convertible Notes cannot vote at this meeting.

On March 17, 2010, 3,324,319,603 shares of common stock and 70,852,076 shares of Class B Stock were outstanding and, thus, are eligible to be voted.

What are the voting rights of the holders of common stock and Class B Stock?

Holders of common stock and holders of Class B Stock will vote together without regard to class on the matters to be voted upon at the meeting. Holders of common stock have 60% of the general voting power. Holders of Class B Stock have the remaining 40% of the general voting power.

Each outstanding share of common stock will be entitled to one vote on each matter to be voted upon.

The number of votes for each share of Class B Stock is calculated each year in accordance with the Company s Restated Certificate of Incorporation. At this year s meeting, each outstanding share of Class B Stock will be entitled to 31.279 votes on each matter to be voted upon.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name with Computershare Trust Company, N.A., the Company s stock transfer agent, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of these shares, and your shares are held in street name.

How do I vote my shares?

If you are a shareholder of record, you can give a proxy to be voted at the meeting:

- over the telephone by calling a toll-free number;
- electronically, using the Internet; or
- by mailing in a proxy card.

The telephone and Internet voting procedures have been set up for your convenience and have been designed to authenticate your identity, to allow you to give voting instructions, and to confirm that those instructions have been recorded properly. If you are a shareholder of record and you would like to vote by telephone or by using the Internet, please refer to the specific instructions set forth on the enclosed proxy card. If you wish to vote using a paper format and you return your signed proxy to us before the annual meeting, we will vote your shares as you direct.

If you are a Company employee or retiree participating in either of the Company s Savings and Stock Investment Plan for Salaried Employees or Tax-Efficient Savings Plan for Hourly Employees, then you may be receiving this material because of shares held for you in those plans. In that case, you may use a proxy card to instruct the plan trustee how to vote those shares. The trustee will vote the shares in accordance with your instructions and the terms of the plan. If you hold shares in any of these plans, the trustee may vote the shares held for you even if you do not direct the trustee how to vote. In these cases, the trustee will vote any shares for which the trustee does not receive instructions in the same proportion as the trustee votes the shares for which the trustee does receive instructions.

If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or nominee. Your broker or nominee has enclosed, or explained how you can access, a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

Are votes confidential? Who counts the votes?

The votes of all shareholders will be held in confidence from directors, officers and employees of the Company except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or against the Company; (b) in case of a contested proxy solicitation; (c) if a shareholder makes a written comment on the proxy card or otherwise communicates his or her vote to management; or (d) to allow the independent inspectors of election to certify the results of the vote. We will also continue, as we have for many years, to retain an independent tabulator to receive and tabulate the proxies and independent inspectors of election to certify the results.

Can I vote my shares in person at the annual meeting?

Yes. If you are a shareholder of record, you may vote your shares at the meeting by completing a ballot at the meeting.

However, if you are a street name holder, you may vote your shares in person only if you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

Even if you currently plan to attend the meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

What are my choices when voting?

In the election of directors, you may vote for all nominees, or you may vote against one or more nominees. The proposal related to the election of directors is described in this proxy statement beginning at p. 5.

For each of the other proposals, you may vote for the proposal, against the proposal, or abstain from voting on the proposal. These proposals are described in this proxy statement beginning at p. 73.

Proposals 1, 2, and 3 will be presented at the meeting by management, and the rest are expected to be presented by shareholders.

What are the Board s recommendations?

The Board of Directors recommends a vote **FOR** all of the nominees for director (Proposal 1), **FOR** ratifying the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2010 (Proposal 2), **FOR** approval of the Tax Benefit Preservation Plan (Proposal 3), and **AGAINST** the shareholder proposals (Proposals 4 through 8).

What if I do not specify how I want my shares voted?

If you do not specify on your proxy card (or when giving your proxy by telephone or over the Internet) how you want to vote your shares, we will vote them **FOR** all of the nominees for director (Proposal 1), **FOR** ratifying the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2010 (Proposal 2), **FOR** approval of the Tax Benefit Preservation Plan (Proposal 3), and **AGAINST** the shareholder proposals (Proposals 4 through 8).

Can I change my vote?

Yes. You can revoke your proxy at any time before it is exercised in any of three ways:

- by submitting written notice of revocation to the Secretary of the Company;
- by submitting another proxy by telephone, via the Internet or by mail that is later dated and, if by mail, that is properly signed; or
- by voting in person at the meeting.

What percentage of the vote is required for a proposal to be approved?

A majority of the votes that could be cast by shareholders who are either present in person or represented by proxy at the meeting is required to elect the nominees for director and to approve each proposal. The votes are computed for each share as described on p. 2.

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The total number of votes that could be cast at the meeting is the number of votes actually cast plus the number of abstentions. Abstentions are counted as shares present at the meeting for purposes of determining whether a quorum exists and have the effect of a vote against any matter as to which they are specified.

Proxies submitted by brokers that do not indicate a vote for some or all of the proposals because they don t have discretionary voting authority and haven t received instructions as to how to vote on those proposals (so-called broker non-votes) are not considered shares present and will not affect the outcome of the vote.

How can I attend the annual meeting?

If you are a shareholder of record and you plan to attend the annual meeting, please let us know by indicating in the appropriate place when you return your proxy. Please tear off the top portion of your proxy card where indicated and bring it with you to the meeting. This portion of the card will serve as your ticket *and will admit you and one guest.*

If you are a street name shareholder, tell your broker or nominee that you re planning to attend the meeting and would like a legal proxy. Then simply bring that form to the meeting and we ll give you a *ticket at the door that will admit you and one guest*. If you can t get a legal proxy in time, we can still give you a ticket at the door if you bring a copy of your brokerage account statement showing that you owned Ford stock as of the record date, March 17, 2010.

Are there any rules regarding admission?

Each shareholder and guest will be asked to present valid government-issued picture identification, such as a driver s license or passport, before being admitted to the meeting. Cameras (including cell phones with built-in cameras), recording devices, and other electronic devices will not be permitted at the meeting and attendees will be subject to security inspections. We encourage you to leave any such items at home. We will not be responsible for any items checked at the door.

Are there any other matters to be acted upon at the annual meeting?

We do not know of any other matters to be presented or acted upon at the meeting. Under our By-Laws, no business besides that stated in the meeting notice may be transacted at any meeting of shareholders. If any other matter is presented at the meeting on which a vote may properly be taken, the shares represented by proxies will be voted in accordance with the judgment of the person or persons voting those shares.

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Election of Directors
(Proposal 1 on the Proxy Card)

Thirteen directors will be elected at this year s annual meeting. Each director will serve until the next annual meeting or until he or she is succeeded by another qualified director who has been elected.

William Clay Ford, who had been a member of the Board of Directors since 1948, retired from the Board effective May 12, 2005. As with previous years, the Board of Directors has again requested that Mr. Ford serve as Director Emeritus so that the Board can continue to avail itself of his wisdom, judgment and experience, and Mr. Ford has agreed to so serve. Mr. Ford is entitled to attend Board and committee meetings and participate in discussion of matters that come before the Board or its committees, although he is not entitled to vote upon any such matters and no longer receives compensation as a non-employee Board member.

We will vote your shares as you specify when providing your proxy. If you do not specify how you want your shares voted when you provide your proxy, we will vote them *for the election of all of the nominees listed below*. If unforeseen circumstances (such as death or disability) make it necessary for the Board of Directors to substitute another person for any of the nominees, we will vote your shares for that other person.

Qualifications Considered for Nominees

Because Ford is a large and complex company, the Committee considers numerous qualifications when considering candidates for the Board. Among the most important qualities directors should possess are the highest personal and professional ethical standards, integrity, and values. They should be committed to representing the long-term interests of all of the shareholders. Directors must also have practical wisdom and mature judgment. Directors must be objective and inquisitive. Ford recognizes the value of diversity and we endeavor to have a diverse Board, with experience in business, government, education and technology, and in areas that are relevant to the Company s global activities. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors should also be prepared to offer their resignation in the event of any significant change in their personal circumstances that could affect the discharge of their responsibilities as directors of the Company, including a change in their principal job responsibilities.

Each of the nominees for director is now a member of the Board of Directors, which met fifteen times during 2009. Each of the nominees for director attended at least 75% of the combined Board of Director and committee meetings held during the periods served by such nominee in 2009. The nominees provided the following information about themselves as of February 1, 2010. Additionally, for each director-nominee we have disclosed the particular experience, qualifications, attributes, or skills that led the Board to conclude that the nominee should serve as a director.

Nominees

Stephen G. Butler
Age: 62 *Director Since:* 2004

Principal Occupation: Retired Chairman and Chief Executive Officer, KPMG, LLP

Recent Business Experience: Mr. Butler served as Chairman and CEO of KPMG, LLP from 1996 until his retirement on June 30, 2002. Mr. Butler held a variety of management positions, both in the United States and internationally, during his 33-year career at KPMG.

Current Directorships: Cooper Industries, PLC; ConAgra Foods, Inc.

Reasons for Nomination: The Board believes Mr. Butler s extensive experience in the accounting profession, both in the United States and internationally, as well as his executive experience as Chairman and CEO of KPMG for several years, provides Ford with financial expertise that has been instrumental in guiding the Company through its restructuring. As Chair of the Audit Committee and its designated financial expert, Mr. Butler continues to add significant value to the goal of improving our balance sheet while fulfilling our financial reporting obligations accurately and transparently.

Kimberly A. Casiano
Age: 52 *Director Since:* 2003

Principal Occupation: President, Kimberly Casiano & Associates Inc., San Juan, Puerto Rico

Recent Business Experience: On January 1, 2010, Ms. Casiano established Kimberly Casiano & Associates Inc., where she is President. The firm provides advisory services in marketing, communications, public affairs, advocacy, and diversity to target the U.S. Hispanic market. From 1994 until December 31, 2009, Ms. Casiano was President and Chief Operating Officer of Casiano Communications, a publishing and direct marketing company. From 1987 to 1994, she held a number of management positions within Casiano Communications in the periodicals and magazines and the bilingual direct marketing and call center divisions of the company. Ms. Casiano is a member of the Board of Directors of Mutual of America, the Board of Trustees of the Hispanic College Fund, and the Board of Advisors of the Moffitt Cancer Center.

Reasons for Nomination: The Board believes that Ms. Casiano s experience as President and COO of Casiano Communications provides the Company with unique insight into marketing and sales, particularly regarding the Hispanic community. This skill is important to Ford s attempt to grow our market share profitably.

Anthony F. Earley, Jr.
Age: 60 *Director Since:* 2009

Principal Occupation: Chairman and Chief Executive Officer, DTE Energy, Detroit, Michigan

Recent Business Experience: Mr. Earley has been Chairman and Chief Executive Officer of DTE Energy since 1998. Mr. Earley joined DTE Energy in 1994 as President and Chief Operating Officer. Prior to that time, Mr. Earley served as President and Chief Operating Officer of the Long Island Lighting Company, an electric and gas utility in New York. Mr. Earley is a director of the Nuclear Energy Institute and the Edison Electric Institute. Mr. Earley also serves as a director for several charitable organizations including Cornerstone Schools, Detroit Zoological Society, Business Leaders for Michigan, and United Way for Southeastern Michigan. Mr. Earley has sat on advisory boards of the New York Stock Exchange and the University of Notre Dame. Mr. Earley also served as an officer in the United States Navy nuclear submarine program where he was qualified as a chief engineer officer. Within the past five years, Mr. Earley served on the board of Comerica, Inc.

Current Directorships: DTE Energy; Masco Corporation

Reasons for Nomination: The Board believes that, as Ford continues to develop hybrid and electric vehicles, Mr. Earley s experience as Chairman and CEO of DTE Energy, his leadership positions in the electric and nuclear industries, and his qualifications as a U.S. Navy officer, provide Ford with a uniquely qualified individual who can assist in the development of vehicles our customers want and value. In addition, Mr. Earley is able to provide valuable advice regarding the development of the electrical infrastructure needed to assist in the widespread acceptance of electric vehicles. As CEO of DTE Energy, Mr. Earley also possesses significant leadership and general management expertise.

Edsel B. Ford II
Age: 61 *Director Since:* 1988

Principal Occupation: Director and Consultant, Ford Motor Company

Recent Business Experience: Mr. Ford is a retired Vice President of Ford Motor Company and former President and Chief Operating Officer of Ford Motor Credit Company. He presently serves as a consultant to the Company.

Current Directorships: International Speedway Corporation

Reasons for Nomination: The Board believes that Mr. Ford s experience as President and COO of Ford Motor Credit Company, as well as his role as consultant to the Company, brings a deep knowledge of Ford s business to Board deliberations. Mr. Ford also adds significant value in various stakeholder relationships, including relationships with dealers, non-government organizations, employees, and the communities in which Ford has a significant presence. Mr. Ford s life-long affiliation with the Company provides the Board with a unique historical perspective and a focus on the long-term interests of the Company.

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William Clay Ford, Jr.
Age: 52 *Director Since:* 1988

Principal Occupation: Executive Chairman and Chairman of the Board of Directors, Ford Motor Company

Recent Business Experience: Mr. Ford has held a number of management positions within Ford, including Vice President Commercial Truck Vehicle Center. From 1995 until October 30, 2001, Mr. Ford was Chair of the Finance Committee. Effective January 1, 1999, he was elected Chairman of the Board of Directors and effective October 30, 2001, he was elected Chief Executive Officer of the Company. Mr. Ford became Executive Chairman of the Company on September 1, 2006 and is the current Chair of the Finance Committee. Mr. Ford also is Vice Chairman of The Detroit Lions, Inc., Chairman of the Detroit Economic Club, and Trustee of The Henry Ford. He also is a Vice Chairman of Business Leaders for Michigan.

Current Directorships: eBay Inc.

Reasons for Nomination: The Board believes that Mr. Ford s extensive experience in various executive positions, service as CEO, and present service as Executive Chairman, provides the Board with unique insight regarding Company-wide issues. This experience, as well as in his role as Chairman of the Board, assist the Board in developing its long-term strategy, while his life-long affiliation with the Company reinforces the long-term interests of Ford and it shareholders. Mr. Ford s knowledge and experience also add significant value to the Company s relationship with its various stakeholders.

Richard A. Gephardt
Age: 69 *Director Since:* 2009

Principal Occupation: President and Chief Executive Officer, Gephardt Group, Atlanta, Georgia

Recent Business Experience: Mr. Gephardt has been President and Chief Executive Officer since 2005 of Gephardt Group, LLC, a multi-disciplined consulting firm. He also serves as Strategic Advisor since June 2005 for the Government Affairs practice group of DLA Piper, one of the world s largest legal services providers, and as a consultant to Goldman, Sachs & Co. since January 2005. Mr. Gephardt is the former Majority Leader of the U.S. House of Representatives and served 14 terms in Congress from 1976 until January 2005. He is also a member of the Professional Advisory Board of St. Jude Children s Research Hospital. Within the past five years, Mr. Gephardt served on the board of Dana Holding Corporation.

Current Directorships: Centene Corporation; CenturyLink; Spirit Aerosystems Holding, Incorporated; United States Steel Corporation

Reasons for Nomination: The Board believes that Mr. Gephardt s distinguished career in public service provides the Board with important insight into the many government relations and international issues affecting Ford. Additionally, Mr. Gephardt s experience in business consulting provides Ford with unique knowledge of business challenges across a broad spectrum of industries.

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Irvine O. Hockaday, Jr.
Age: 73 *Director Since:* 1987

Principal Occupation: Retired President and Chief Executive Officer, Hallmark Cards, Inc., Kansas City, Missouri

Recent Business Experience: Mr. Hockaday was President and CEO of Hallmark Cards, Inc. since January 1, 1986, and a director since 1978. He retired in December 2001. Within the past five years, Mr. Hockaday served on the Boards of Aquila, Inc.; Dow Jones & Company; and Sprint Corp.

Current Directorships: Crown Media Holdings, Inc.; The Estee Lauder Companies, Inc.

Reasons for Nomination: The Board believes that Mr. Hockaday s experience as President and CEO of Hallmark Cards provides Ford with marketing and general management expertise. Mr. Hockaday s management of the Hallmark brand provides the Board with expertise in effective marketing strategies as Ford continues to implement its objective of growing market share profitably.

Richard A. Manoogian
Age: 73 *Director Since:* 2001

Principal Occupation: Chairman of the Board, Masco Corporation, Taylor, Michigan

Recent Business Experience: Mr. Manoogian has been with Masco since 1958, became Vice President and a member of the Board in 1964, President in 1968 and Chairman in 1985. Mr. Manoogian served as Chief Executive Officer of Masco from 1985 until he transitioned to Executive Chairman in July 2007. Effective June 30, 2009, Mr. Manoogian retired from the position of Executive Chairman of Masco. Mr. Manoogian is a member of the Board of Business Leaders for Michigan, The Henry Ford, and the Detroit Economic Club. Within the past five years, Mr. Manoogian served on the Boards of Metaldyne Corporation and JPMorgan Chase & Co.

Current Directorships: Masco Corporation

Reasons for Nomination: The Board believes that Mr. Manoogian s experience as Chairman and CEO of Masco provides the Board with overall general management expertise as well as experience in the successful development of multiple brands. Additionally, as an experienced CEO of a S&P 500 company, Mr. Manoogian brings a wealth of knowledge on executive compensation matters to his position as Chair of the Compensation Committee.

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Ellen R. Marram
Age: 62 *Director Since:* 1988

Principal Occupation: President, The Barnegat Group, LLC

Recent Business Experience: Ms. Marram is President of the Barnegat Group, LLC, a business advisory firm. From September 2000 through December 2005, Ms. Marram was Managing Director of North Castle Partners, LLC, a private equity firm. Ms. Marram served as President and CEO of efdex inc. from August 1999 to May 2000. (efdex, a privately-held start-up Internet-based commodities exchange, never became fully operational and in September 2000 commenced liquidation in the U.K. due to its insolvency.) She previously served as President and CEO of Tropicana Beverage Group from September 1997 until November 1998, and had previously served as President of the Group, as well as Executive Vice President of The Seagram Company Ltd. and Joseph E. Seagram & Sons, Inc. Before joining Seagram in 1993, she served as President and CEO of Nabisco Biscuit Company and Senior Vice President of the Nabisco Foods Group from June 1988 until April 1993. Within the past five years, Ms. Marram served on the board of Cadbury Schweppes plc.

Current Directorships: The New York Times Company; Eli Lilly and Company

Reasons for Nomination: The Board believes that Ms. Marram s general management and marketing experience in managing well-known consumer brands adds significant expertise to Ford s focus on strengthening our core brands. Additionally, Ms. Marram s experience in advising companies provides her with multiple perspectives on successful strategies across a variety of businesses. Ms. Marram also brings a keen understanding of corporate governance matters to her position as Chair of the Nominating and Governance Committee.

Alan Mulally
Age: 64 *Director Since:* 2006

Principal Occupation: President and Chief Executive Officer, Ford Motor Company

Recent Business Experience: Mr. Mulally was elected President and Chief Executive Officer of Ford effective September 1, 2006. Since March 2001, Mr. Mulally had been Executive Vice President of the Boeing Company and President and Chief Executive Officer of Boeing Commercial Airplanes. He also was a member of the Boeing Executive Council. Prior to that time, Mr. Mulally served as President and Chief Executive Officer of Boeing s space and defense businesses. Mr. Mulally has served as co-chair of the Washington Competitive Council, and has sat on the advisory boards of NASA, the University of Washington, the University of Kansas, the Massachusetts Institute of Technology, and the U.S. Air Force Scientific Advisory Board. He is a member of the U.S. National Academy of Engineering and a fellow of England s Royal Academy of Engineering.

Reasons for Nomination: As Ford s President and CEO, the Board believes that Mr. Mulally continues to provide the strategic and management leadership necessary to guide Ford through its turnaround and create an exciting viable Ford delivering profitable growth for all.

Mr. Mulally s experience at Boeing after September 11, 2001, evidenced his expertise in managing a company in the midst of a crisis by focusing its management on important business priorities. Mr. Mulally continues to use these skills to lead Ford in executing our ONE Ford Plan.

Homer A. Neal
Age: 67 *Director Since:* 1997

Principal Occupation: Director, ATLAS Project, Professor of Physics, Interim President Emeritus, and Vice President for Research Emeritus, University of Michigan, Ann Arbor, Michigan

Recent Business Experience: Dr. Neal is director, University of Michigan ATLAS Project, Samuel A. Goudsmit Distinguished Professor of Physics, Interim President Emeritus and Vice President for Research Emeritus at the University of Michigan. He joined the University as Chairman of its Physics Department in 1987 and in 1993 was named Vice President of Research. Dr. Neal served as Interim President of the University of Michigan from July 1, 1996 to February 1, 1997. He has served as a member of the U.S. National Science Board, the Advisory Board of the Oak Ridge National Laboratory, as a Trustee of the Center for Strategic and International Studies and as a member of the Board of Regents of the Smithsonian Institution. Dr. Neal currently is a member of the Board of Trustees of the Richard Lounsbery Foundation and a member of the Advisory Board for the Lawrence Berkeley National Laboratory. He is also a member of the Board of Physics and Astronomy of the National Academy of Sciences and a member of the Council of the Smithsonian National Museum of African American History and Culture.

Reasons for Nomination: The Board believes that Dr. Neal s vast experience and knowledge in the field of science brings a unique skill to the Board. Dr. Neal s expertise has assisted our intellectual property management process through his presence on the Ford Board of Directors and on the board of managers of Ford Global Technologies, LLC. Additionally, as Chair of the Sustainability Committee, he continues to apply his unique scientific knowledge to the development and implementation of Ford s long-term sustainability strategy.

Gerald L. Shaheen
Age: 65 *Director Since:* 2007

Principal Occupation: Retired Group President, Caterpillar, Inc., Peoria, Illinois

Recent Business Experience: Mr. Shaheen was appointed Group President of Caterpillar in November 1998 and had responsibility for the design, development and production of the company s large construction and mining equipment, as well as marketing and sales operations in North America, Caterpillar s components business, and its research and development division. Mr. Shaheen joined Caterpillar in 1967 and held a variety of management positions. Mr. Shaheen retired from Caterpillar effective February 1, 2008. Mr. Shaheen is a board member and past chairman of the U.S. Chamber of Commerce, a board member of the National Chamber Foundation, and Chairman of the Board of Trustees of Bradley University. Within the past five years, Mr. Shaheen served on the board of National City Corporation.

Current Directorships: AGCO Corporation

Reasons for Nomination: The Board believes that Mr. Shaheen s extensive experience as a Group President at Caterpillar adds a depth of manufacturing and general management knowledge that is beneficial for an automobile manufacturer. His knowledge of marketing and sales, as well as experience in research and development, of manufacturing and selling products in a capital and labor intensive industry, provides valuable insight into Ford s efforts to build products our customers want and value.

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John L. Thornton
Age: 56 *Director Since:* 1996

Principal Occupation: Professor and Director, Global Leadership Program, Tsinghua University, Beijing, China

Recent Business Experience: Mr. Thornton retired as President and Co-Chief Operating Officer of The Goldman Sachs Group, Inc. on June 30, 2003. Mr. Thornton was appointed to that post in 1999 and formerly served as Chairman of Goldman Sachs Asia from 1996 to 1998. He was previously Co-Chief Executive of Goldman Sachs International, the firm s business in Europe, the Middle East, and Africa. Mr. Thornton was elected non-executive chairman of HSBC North America Holdings, Inc. in December 2008. He also is the Chairman of the Board of Trustees of the Brookings Institution. Within the past five years, Mr. Thornton served on the Boards of China Netcom Group Corp. and Industrial Commercial Bank of China Limited.

Current Directorships: News Corporation; Intel, Inc.; China Unicom Limited; HSBC Holdings, plc; HSBC North America Holdings Inc.

Reasons for Nomination: The Board believes that Mr. Thornton s extensive experience in corporate finance matters is critical to achieving the ONE Ford goal of financing our plan and improving our balance sheet. Also, Mr. Thornton s extensive knowledge of China brings to the Board valuable insight into what has become one of the world s most important automotive growth markets.

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Committees of the Board of Directors

Audit Committee

Number of Members: 4 ***Members:*** Stephen G. Butler *(Chair)* Kimberly A. Casiano Irvine O. Hockaday, Jr. Gerald L. Shaheen ***Number of Meetings in 2009:*** 12	***Functions:*** Selects the independent registered public accounting firm to audit Ford s books and records, subject to shareholder ratification, and determines the compensation of the independent registered public accounting firm. At least annually, reviews a report by the independent registered public accounting firm describing: internal quality control procedures, any issues raised by an internal or peer quality control review, any issues raised by a governmental or professional authority investigation in the past five years and any steps taken to deal with such issues, and (to assess the independence of the independent registered public accounting firm) all relationships between the independent registered public accounting firm and the Company. Consults with the independent registered public accounting firm, reviews and approves the scope of their audit, and reviews their independence and performance. Also, annually approves of categories of services to be performed by the independent registered public accounting firm and reviews and, if appropriate, approves in advance any new proposed engagement greater than $250,000. Reviews internal controls, accounting practices, and financial reporting, including the results of the annual audit and the review of the interim financial statements with management and the independent registered public accounting firm. Reviews activities, organization structure, and qualifications of the General Auditor s Office, and participates in the appointment, dismissal, evaluation, and the determination of the compensation of the General Auditor. Discusses earnings releases and guidance provided to the public and rating agencies. Reviews, with the Office of the General Counsel, any legal or regulatory matter that could have a significant impact on the financial statements. As appropriate, obtains advice and assistance from outside legal, accounting or other advisors. Prepares an annual report of the Audit Committee to be included in the Company s proxy statement. Assesses annually the adequacy of the Audit Committee Charter. Reports to the Board of Directors about these matters.

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Compensation Committee

Number of Members: 4
Members:
Richard A. Manoogian *(Chair)*
Anthony F. Earley, Jr.
Ellen R. Marram
John L. Thornton

Number of Meetings in 2009: 9

Functions:
Establishes and reviews the overall executive compensation philosophy and strategy of the Company.

Reviews and approves Company goals and objectives relevant to the Executive Chairman and the President and CEO and other executive officer compensation, including annual performance objectives.

Evaluates the performance of the Executive Chairman and the President and CEO and other executive officers in light of established goals and objectives and, based on such evaluation, reviews and approves the annual salary, bonus, stock options, other incentive awards and other benefits, direct and indirect, of the Executive Chairman and the President and CEO and other executive officers.

Considers and makes recommendations on Ford s executive compensation plans and programs.

Reviews the Compensation Discussion and Analysis to be included in the Company s proxy statement.

Prepares an annual report of the Compensation Committee to be included in the Company s proxy statement.

Assesses annually the adequacy of the Compensation Committee Charter. Reports to the Board of Directors about these matters.

Finance Committee

Number of Members: 5
Members:
William Clay Ford, Jr. *(Chair)*
Edsel B. Ford II
Alan Mulally
Homer A. Neal
John L. Thornton

Number of Meetings in 2009: 3

Functions:
Reviews all aspects of the Company s policies and practices that relate to the management of the Company s financial affairs, not inconsistent, however, with law or with specific instructions given by the Board of Directors relating to such matters.

Reviews with management, at least annually, the Annual Report from the Treasurer of the Company s cash and funding plans and other Treasury matters, the Company s health care costs and plans for funding such costs, and the Company s policies with respect to financial risk assessment and financial risk management.

Reviews the Company s cash strategy.

Reviews the strategy and performance of the Company s pension and other retirement and savings plans. Performs such other functions and exercises such other powers as may be delegated to it by the Board of Directors from time to time.

Assesses annually the adequacy of the Finance Committee Charter.

Reports to the Board of Directors about these matters.

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Nominating and Governance Committee

Number of Members: 10

Members:

- Ellen R. Marram *(Chair)*
- Stephen G. Butler
- Kimberly A. Casiano
- Anthony F. Earley, Jr.
- Richard A. Gephardt
- Irvine O. Hockaday, Jr.
- Richard A. Manoogian
- Homer A. Neal
- Gerald L. Shaheen
- John L. Thornton

Number of Meetings in 2009: 6

Functions:

Makes recommendations on:

- the nominations or elections of directors; and
- the size, composition, and compensation of the Board.

Establishes criteria for selecting new directors and the evaluation of the Board. Develops and recommends to the Board corporate governance principles and guidelines. Reviews the charter and composition of each committee of the Board and makes recommendations to the Board for the adoption of or revisions to the committee charters, the creation of additional committees, or the elimination of committees.

Considers the adequacy of the By-Laws and the Restated Certificate of Incorporation of the Company and recommends to the Board, as appropriate, that the Board: (i) adopt amendments to the By-Laws, and (ii) propose, for consideration by the shareholders, amendments to the Restated Certificate of Incorporation.

Considers shareholder suggestions for nominees for director (other than self-nominations). See Corporate Governance on p. 18.

Assesses annually the adequacy of the Nominating and Governance Committee Charter.

Reports to the Board of Directors about these matters.

Sustainability Committee

Number of Members: 7

Members:

- Homer A. Neal *(Chair)*
- Kimberly A. Casiano
- Anthony F. Earley, Jr.
- Edsel B. Ford II
- William Clay Ford, Jr.
- Richard A. Gephardt
- Ellen R. Marram

Number of Meetings in 2009: 3

Functions:

Reviews environmental, public policy, and corporate citizenship issues facing the Company around the world.

Reviews annually with management the Company s performance for the immediately preceding year regarding stakeholder relationships, product performance, sustainability, and public policy.

Reviews with management the Company s annual Sustainability Report.

Assesses annually the adequacy of the Sustainability Committee Charter.

Reports to the Board of Directors about these matters.

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Audit Committee Report

The Audit Committee is composed of four directors, all of whom meet the independence standards contained in the NYSE Listed Company rules, SEC rules and Ford s Corporate Governance Principles, and operates under a written charter adopted by the Board of Directors. A copy of the Audit Committee Charter may be found on the Company s website, www.ford.com. The Audit Committee selects, subject to shareholder ratification, the Company s independent registered public accounting firm.

Ford management is responsible for the Company s internal controls and the financial reporting process. The independent registered public accounting firm, PricewaterhouseCoopers LLP (PricewaterhouseCoopers), is responsible for performing independent audits of the Company s consolidated financial statements and internal control over financial reporting and issuing an opinion on the conformity of those audited financial statements with United States generally accepted accounting principles and on the effectiveness of the Company s internal control over financial reporting. The Audit Committee monitors the Company s financial reporting process and reports to the Board of Directors on its findings.

Audit Fees

PricewaterhouseCoopers served as the Company s independent registered public accounting firm in 2009 and 2008. The Company paid PricewaterhouseCoopers $42.7 million and $43.7 million for audit services for the years ended December 31, 2009 and 2008, respectively. Audit services consisted of the audit of the financial statements included in the Company s Annual Report on Form 10-K, reviews of the financial statements included in the Company s Quarterly Reports on Form 10-Q, attestation of the effectiveness of the Company s internal controls over financial reporting, preparation of statutory audit reports, and providing comfort letters in connection with Ford and Ford Motor Credit Company funding transactions.

Audit-Related Fees

The Company paid PricewaterhouseCoopers $4.4 million and $7.7 million for audit-related services for the years ended December 31, 2009 and 2008, respectively. Audit-related services included support of funding transactions, due diligence for mergers, acquisitions and divestitures, employee benefit plan audits, attestation services, internal control reviews, and assistance with interpretation of accounting standards.

Tax Fees

The Company paid PricewaterhouseCoopers $4.1 million and $5.7 million for tax services for the years ended December 31, 2009 and 2008, respectively. The types of tax services provided included assistance with tax compliance and the preparation of tax returns, tax consultation, planning and implementation services, assistance in connection with tax audits, tax advice related to mergers, acquisitions and divestitures, and tax return preparation services provided to international service employees (ISEs) to minimize the cost to the Company of these assignments. In 2005, the Company began the transition to a new service provider for tax return preparation services to ISEs. Of the fees paid for tax services, the Company paid 59% and 57% for tax compliance and the preparation of Company tax returns in 2009 and 2008, respectively.

All Other Fees

The Company did not engage PricewaterhouseCoopers for any other services for the years ended December 31, 2009 and 2008.

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Total Fees

The Company paid PricewaterhouseCoopers a total of $51.2 and $57.1 million in fees for the years ended December 31, 2009 and 2008, respectively.

Auditor Independence

During the last year, the Audit Committee met and held discussions with management and PricewaterhouseCoopers. The Audit Committee reviewed and discussed with Ford management and PricewaterhouseCoopers the audited financial statements and the assessment of the effectiveness of internal controls over financial reporting, contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2009. The Audit Committee also discussed with PricewaterhouseCoopers the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, as well as by SEC regulations.

PricewaterhouseCoopers submitted to the Audit Committee the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm s communications with the audit committee concerning independence. The Audit Committee discussed with PricewaterhouseCoopers such firm s independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC.

The Audit Committee also considered whether the provision of other non-audit services by PricewaterhouseCoopers to the Company is compatible with maintaining the independence of PricewaterhouseCoopers and concluded that the independence of PricewaterhouseCoopers is not compromised by the provision of such services.

Annually, the Audit Committee pre-approves categories of services to be performed (rather than individual engagements) by PricewaterhouseCoopers. As part of this approval, an amount is established for each category of services (Audit, Audit-Related, and Tax Services). In the event the pre-approved amounts prove to be insufficient, a request for incremental funding will be submitted to the Audit Committee for approval during the next regularly scheduled meeting. In addition, all new engagements greater than $250,000 will be presented in advance to the Audit Committee for approval. A regular report is prepared for each regular Audit Committee meeting outlining actual fees and expenses paid or committed against approved fees.

Audit Committee

Stephen G. Butler (Chair)
Kimberly A. Casiano
Irvine O. Hockaday, Jr.
Gerald L. Shaheen

Corporate Governance

Ford has operated under sound corporate governance practices for many years. We believe it is important to disclose to you a summary of our major corporate governance practices. Some of these practices have been in place for many years. Others have been adopted in response to regulatory and legislative changes. We will continue to assess and refine our corporate governance practices and share them with you.

Nominating and Governance Committee

The Nominating and Governance Committee is composed of ten directors, all of whom are considered independent under the NYSE Listed Company rules and Ford s Corporate Governance Principles. The Committee operates under a written charter adopted by the Board of Directors. A copy of the charter may be found on Ford s website at www.ford.com.

Composition of Board of Directors/Nominees

The Nominating and Governance Committee recommends to the Board the nominees for all directorships to be filled by the Board or by you. The Committee also reviews and makes recommendations to the Board on matters such as the size and composition of the Board in order to ensure the Board has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds. Between annual shareholder meetings, the Board may elect directors to vacant Board positions to serve until the next annual meeting.

The Board proposes to you a slate of nominees for election to the Board at the annual meeting. You may propose nominees (other than self-nominations) for consideration by the Committee by submitting the names, qualifications and other supporting information to: Secretary, Ford Motor Company, One American Road, Dearborn, MI 48126. Properly submitted recommendations must be received no later than December 2, 2010 to be considered by the Committee for inclusion in the following year s nominations for election to the Board. Your properly submitted candidates are evaluated in the same manner as those candidates recommended by other sources. All candidates are considered in light of the needs of the Board with due consideration given to the qualifications described on p. 5 under Election of Directors.

Identification of Directors

The Charter of the Nominating and Governance Committee provides that the Committee conducts all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates as directors. It has the sole authority to retain and terminate any search firm to be used to assist it in identifying and evaluating candidates to serve as directors of the Company.

The Committee identifies candidates through a variety of means, including search firms, recommendations from members of the Committee and the Board, including the Executive Chairman and the President and CEO, and suggestions from Company management. The Company on behalf of the Committee has paid fees to third-party firms to assist the Committee in the identification and evaluation of potential Board members.

Director Independence

A majority of the directors must be independent directors under the NYSE Listed Company rules. The NYSE rules provide that no director can qualify as independent unless the Board affirmatively determines that the director has no material relationship with the listed company. The Board has adopted the following standards in determining whether or not a director has a material relationship with the Company and these standards are contained in Ford s Corporate Governance Principles and may be found at the Company s website, www.ford.com.

No director who is an employee or a former employee of the Company can be independent until three years after termination of such employment.

No director who is, or in the past three years has been, affiliated with or employed by the Company s present or former independent auditor can be independent until three years after the end of the affiliation, employment or auditing relationship.

No director can be independent if he or she is, or in the past three years has been, part of an interlocking directorship in which an executive officer of the Company serves on the compensation committee of another company that employs the director.

No director can be independent if he or she is receiving, or in the last three years has received, more than $100,000 during any 12-month period in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

Directors with immediate family members in the foregoing categories are subject to the same three-year restriction.

The following commercial, charitable and educational relationships will not be considered to be material relationships that would impair a director s independence:

(i) if within the preceding three years a Ford director was an executive officer or employee of another company (or an immediate family member of the director was an executive officer of such company) that did business with Ford and either: (a) the annual sales to Ford were less than the greater of $1 million or two percent of the total annual revenues of such company, or (b) the annual purchases from Ford were less than the greater of $1 million or two percent of the total annual revenues of Ford, in each case for any of the three most recently completed fiscal years;

(ii) if within the preceding three years a Ford director was an executive officer of another company which was indebted to Ford, or to which Ford was indebted, and either: (a) the total amount of such other company s indebtedness to Ford was less than two percent of the total consolidated assets of Ford, or (b) the total amount of Ford s indebtedness to such other company was less than two percent of the total consolidated assets of such other company, in each case for any of the three most recently completed fiscal years; and

(iii) if within the preceding three years a Ford director served as an executive officer, director or trustee of a charitable or educational organization, and Ford s discretionary contributions to the organization were less than the greater of $1 million or two percent of that organization s total annual discretionary receipts for any of the three most recently completed fiscal years. (Any matching of charitable contributions will not be included in the amount of Ford s contributions for this purpose.)

Based on these independence standards and all of the relevant facts and circumstances, the Board determined that none of the following directors had any material relationship with the Company and, thus, are independent: Stephen G. Butler, Kimberly A. Casiano, Anthony F. Earley, Jr., Richard A. Gephardt, Irvine O. Hockaday, Jr., Richard A. Manoogian, Ellen R. Marram, Homer A. Neal, Gerald L. Shaheen, and John L. Thornton.

Disclosure of Relevant Facts and Circumstances

With respect to the independent directors listed above, the Board considered the following relevant facts and circumstances in making the independence determinations:

From time to time during the past three years, Ford purchased goods and services from, or financing arrangements were provided by, various companies with which certain directors were or are affiliated either as members of such companies boards of directors or, in the case of Ms. Casiano and Mr. Earley, as officers. In addition to Ms. Casiano and Mr. Earley, these directors included Mr. Gephardt, Mr. Hockaday, Mr. Manoogian, Ms. Marram, and Mr. Shaheen. The Company also made donations to certain institutions with which certain directors are affiliated. These included Dr. Neal and Ms. Casiano. Additionally, companies with which Mr. Manoogian and Mr. Earley are affiliated purchased

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products from Ford. None of the relationships described above were material under the independence standards contained in our Corporate Governance Principles.

In addition, Richard A. Manoogian is a member of the Board of Trustees of The Henry Ford, Mr. Earley is a member of the board of United Way for Southeastern Michigan, and both Messrs. Manoogian and Earley are members of the Board of Directors of Business Leaders for Michigan, formerly known as Detroit Renaissance. The Company and its affiliates contributed to The Henry Ford and the United Way for Southeastern Michigan amounts that exceeded the greater of $1 million or two percent of those entities total annual discretionary receipts during its three most recently completed fiscal years. It was further noted that in February 2008, Ford, with the approval of the Board, decided to invest up to $10 million over the next two to four years in the Business Leaders for Michigan s Venture Capital Fund I. Other large companies in Southeastern Michigan have also made monetary commitments to the fund in order to support local venture capital firms in Southeast Michigan. Pursuant to the Company s Corporate Governance Principles, the independent directors listed above (excluding Mr. Earley and Mr. Manoogian), considering all of the relevant facts and circumstances, determined that the Company s contributions to The Henry Ford, the United Way for Southeastern Michigan, and Business Leaders for Michigan and the presence of Mr. Earley and Mr. Manoogian on those Boards did not constitute a material relationship between Ford and Messrs. Earley and Manoogian. Consequently, these independent directors determined Messrs. Earley and Manoogian to be independent. With respect to The Henry Ford, the directors gave due consideration to the composition of the Board of Trustees of The Henry Ford, which includes Edsel B. Ford II, William Clay Ford and William Clay Ford, Jr., and the Company s history of support for The Henry Ford, which predated Mr. Manoogian s service. Likewise, with respect to the United Way for Southeastern Michigan and Business Leaders for Michigan, the directors gave due consideration to the composition of the Board of Directors of Business Leaders for Michigan, which includes William Clay Ford, Jr., and Mr. James Vella, President of the Ford Fund, as well as those entities mission to promote the welfare and economic development of Michigan, and the Company s history of contributions to those organizations and to the development of Michigan. In each case, the directors determined that the Company was not unduly influenced to make contributions to The Henry Ford, the United Way for Southeastern Michigan, or Business Leaders for Michigan because of Mr. Earley s or Mr. Manoogian s presence on those boards, nor was Mr. Earley or Mr. Manoogian unduly influenced by the contributions made by the Company to those organizations.

Corporate Governance Principles

The Nominating and Governance Committee developed and recommended to the Board a set of corporate governance principles, which the Board adopted. Ford s Corporate Governance Principles may be found on its website at www.ford.com. These principles include: a limitation on the number of boards on which a director may serve, qualifications for directors (including a director retirement age and a requirement that directors be prepared to resign from the Board in the event of any significant change in their personal circumstances that could affect the discharge of their responsibilities), director orientation, continuing education and a requirement that the Board and each of its Committees perform an annual self-evaluation. Although Messrs. Hockaday and Manoogian have reached the normal retirement age of 72 years, the Board has waived the retirement age for them as permitted under our Corporate Governance Principles. Shareholders may obtain a printed copy of the Company s Corporate Governance Principles by writing to our Shareholder Relations Department, Ford Motor Company, One American Road, Suite 1026, Dearborn, Michigan 48126-2798.

Leadership Structure

The Board of Directors has chosen to separate the roles of CEO and Chairman of the Board of Directors. Alan Mulally is our President and CEO and William Clay Ford, Jr., is Chairman of the Board of Directors as well as our Executive Chairman. We believe this structure is optimal for Ford because it allows Mr. Mulally to focus on the day-to-day operation of the business, in particular the implementation of our ONE Ford Plan, while allowing Mr. Ford to focus on leadership of the Board of Directors in addition to providing the Company with direction on

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Company-wide issues such as sustainability and stakeholder relationships. Furthermore, the Board has appointed Irvine O. Hockaday, Jr., as our Presiding Independent Director. We believe this to be an important governance practice given that the Chairman of the Board, Mr. Ford, is not an independent director under our Corporate Governance Principles. Mr. Hockaday chairs the executive sessions of our independent directors and works with Mr. Ford and Mr. Mulally to ensure management is adequately addressing the matters identified by the Board. This structure optimizes the roles of CEO, Chairman, and Presiding Independent Director and provides Ford with sound corporate governance practices in the management of its business.

Board s Role in Risk Management

The Board of Directors of the Company has overall responsibility for the oversight of risk management at Ford. Day to day risk management is the responsibility of management, which has implemented Enterprise Risk Management processes to identify, manage and monitor risks that face the Company.

The oversight responsibility of the Board and its Committees is supported by Company management and the risk management processes that are currently in place. Ford has extensive and effective risk management processes, relating specifically to compliance, reporting, operating and strategic risks. Compliance risk encompasses matters such as legal and regulatory compliance (e.g., Foreign Corrupt Practices Act, environmental, OSHA/safety, etc.). Reporting risk covers Sarbanes-Oxley compliance, disclosure controls and procedures, and accounting compliance. Operating risk addresses the myriad of matters related to the operation of a complex company such as Ford (e.g., quality, supply chain, sales and service, financing and liquidity, product development and engineering, labor, etc.). Strategic risk encompasses somewhat broader and longer-term matters, including, but not limited to, technology development, sustainability, capital allocation, management development, retention and compensation, competitive developments and geopolitical developments.

We believe that key success factors in the risk management at Ford include strong Board and senior management commitment, effective top-down and bottom-up communication (including communication between management and the Board and Committees), and active cross-functional participation among the Business Groups and Functional Skill Teams. More specifically, our Chief Executive Officer, Alan Mulally, has institutionalized a Business Plan Review and Special Attention Review process where, on a weekly basis (and more often where circumstances dictate), the senior leadership of the Company from each of the Business Groups and the Functional Skill Teams, reviews the status of the business, the risks presented to the business, (once again in the areas of compliance, reporting, operating and strategic risks), and develops specific plans to address those risks.

As noted above, the full Board of Directors has overall responsibility for the oversight of risk management at Ford and the Board of Directors itself oversees operating risk management, with reviews at each of its regular Board meetings. The Board of Directors has delegated responsibility for the oversight of specific areas of risk management to certain Committees of the Board, with each Board Committee reporting to the full Board following each Committee meeting. The Audit Committee assists the Board of Directors in overseeing compliance and reporting risk. The Board, the Sustainability Committee, the Compensation Committee and the Finance Committee all play a role in overseeing strategic risk management.

Risk Assessment Regarding Compensation Policies and Practices

We recently conducted an assessment of our compensation policies and practices, including our executive compensation programs, to evaluate the potential risks associated with these policies and practices. We reviewed and discussed the findings of the assessment with the Compensation Committee and concluded that our compensation programs are designed with an appropriate balance of risk and reward in relation to our ONE Ford Plan and do not encourage excessive or unnecessary risk-taking behavior. As a result, we do not believe that risks relating to our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on the Company.

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In conducting this review, we considered the following attributes of our programs:

- Mix of base salary, annual bonus opportunities, and long-term equity compensation, with performance-based equity compensation opportunities for officers;
- Balance between annual and longer-term performance opportunities;
- Capped payout levels for both annual bonuses and performance-based stock awards for Named Executives the Committee has negative discretion over incentive program payouts;
- Alignment of annual and long-term incentives to ensure that the awards encourage consistent behaviors and achievable performance results;
- Inclusion of non-financial metrics, such as quality and market share metrics, and other quantitative and qualitative performance factors in determining actual compensation payouts;
- Use of 10-year stock options and equity awards that vest over time;
- Generally providing senior executives with long-term equity-based compensation on an annual basis. We believe that accumulating equity over a period of time encourages executives to take actions that promote the long-term sustainability of our business; and
- Stock ownership guidelines that are reasonable and align the interests of the executive officers with those of our shareholders. This discourages executive officers from focusing on short-term results without regard for longer-term consequences.

Our Compensation Committee considered compensation risk implications during its deliberations on the design of our 2010 executive compensation programs with the goal of appropriately balancing short-term incentives and long-term performance. In addition to the above, on March 26, 2010, the Committee formally adopted a policy of recoupment of compensation in certain circumstances. The purpose of this policy is to help ensure executives act in the best interests of the Company. The policy requires all Company officers to repay or return cash bonuses and/or equity awards in the event: (i) the Company issues a material restatement of its financial statements and where the restatement was caused by an employee s intentional misconduct; (ii) the employee was found to be in violation of non-compete provisions of any plan or agreement; or (iii) the employee has committed ethical or criminal violations. The Committee will consider all relevant factors and exercise business judgment in determining any appropriate amounts to recoup and has the discretion to determine the timing and form of recoupment. The policy will apply to the Incentive Bonus Plan beginning with the 2010 performance period and equity awards beginning with grants made in 2011.

Policy and Procedure for Review and Approval of Related Party Transactions

Business transactions between Ford and its officers or directors, including companies in which a director or officer (or an immediate family member) has a substantial ownership interest or a company where such director or officer (or an immediate family member) serves as an executive officer (related party transactions), are not prohibited. In fact, certain related party transactions can be beneficial to the Company and its shareholders.

It is important, however, to ensure that any related party transactions are beneficial to the Company. Accordingly, any related party transaction, regardless of amount, is submitted to the Nominating and Governance Committee in advance for review and approval. All existing related party transactions are reviewed at least annually by the Nominating and Governance Committee. The Office of the General Counsel reviews all such related party transactions, existing or proposed, prior to submission to the Nominating and Governance Committee, and our General Counsel opines on the appropriateness of each related party transaction. The Nominating and Governance Committee may, at its discretion, consult with outside legal counsel.

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Any director or officer with an interest in a related party transaction is expected to recuse himself or herself from any consideration of the matter.

The Nominating and Governance Committee s approval of a related party transaction may encompass a series of subsequent transactions contemplated by the original approval, i.e., transactions contemplated by an ongoing business relationship occurring over a period of time. Examples include transactions in the normal course between the Company and a dealership owned by a director or an executive officer (or an immediate family member thereof), transactions in the normal course between the Company and financial institutions with which a director or officer may be associated, and the ongoing issuances of purchase orders or releases against a blanket purchase order made in the normal course by the Company to a business with which a director or officer may be associated. In such instances, any such approval shall require that the Company make all decisions with respect to such ongoing business relationship in accordance with existing policies and procedures applicable to non-related party transactions (e.g., Company purchasing policies governing awards of business to suppliers, etc.).

In all cases, a director or officer with an interest in a related party transaction may not attempt to influence Company personnel in making any decision with respect to the transaction.

Committee Charters/Codes of Ethics

The Company has published on its website (www.ford.com) the charter of each of the Audit, Compensation, Finance, Nominating and Governance, and Sustainability Committees of the Board, as well as its Code of Conduct Handbook, which applies to all officers and employees, a code of ethics for directors, and a code of ethics for the Company s chief executive officer as well as senior financial and accounting personnel. Any waiver of, or amendments to, the codes of ethics for directors or executive officers, including the chief executive officer, the chief financial officer and the principal accounting officer, may be approved only by the Nominating and Governance Committee and any such waivers or amendments will be disclosed promptly by the Company by posting such waivers or amendments to its website. The Committee also reviews management s monitoring of compliance with the Company s Code of Conduct. Printed copies of each of the committee charters and the codes of ethics referred to above are also available by writing to our Shareholder Relations Department, Ford Motor Company, One American Road, Suite 1026, Dearborn, Michigan 48126-2798.

Executive Sessions of Non-Employee Directors

Non-employee directors ordinarily meet in executive session without management present at regularly scheduled Board meetings and may meet at other times at the discretion of the presiding independent director or at the request of any non-employee director. Currently, Irvine O. Hockaday, Jr., is the presiding independent director for the executive sessions of non-management directors. Additionally, all of the independent directors meet periodically (but not less than annually) without management or non-independent directors present.

Audit Committee

The Charter of the Audit Committee provides that a member of the Audit Committee generally may not serve on the audit committee of more than two other public companies. The Board has designated Stephen G. Butler as an Audit Committee financial expert. Mr. Butler meets the independence standards for audit committee members under the NYSE Listed Company and SEC rules. The lead partner of the Company s independent registered public accounting firm is rotated at least every five years.

Compensation Committee Operations

The Compensation Committee establishes and reviews our overall executive compensation philosophy and strategy and oversees our various executive compensation programs. The Committee is responsible for evaluating the performance of and determining the compensation for our Executive Chairman, the President and CEO, and other executive officers, and approving the compensation structure for senior management, including officers. The Committee is composed of four directors who are considered independent under the NYSE Listed Company rules and our Corporate Governance Principles. The Committee s membership is determined by our Board of Directors. The Committee operates under a written charter adopted by our Board of Directors. The Committee annually reviews the charter. A copy of the charter may be found on our website at www.ford.com.

The Committee makes decisions regarding the compensation of our officers that are Vice Presidents and above, including the Named Executives. The Committee has delegated authority, within prescribed share limits, to a Long-Term Incentive Compensation Award Committee (comprised of William Clay Ford, Jr., Alan Mulally, and L. W. K. Booth) to approve grants of options, Performance Units, Restricted Stock Units and other stock-based awards, and to the Annual Incentive Compensation Award Committee to determine bonuses, for other employees.

The Board of Directors makes decisions relating to non-employee director compensation. Any proposed changes are reviewed in advance and recommended to the Board by the Nominating and Governance Committee.

The Compensation Committee considers recommendations from Mr. Ford, Mr. Mulally, and the Group Vice President Human Resources and Corporate Services, in developing compensation plans and evaluating performance of other executive officers. The Committee s consultant also provides advice and analysis on the structure and level of executive compensation. Final decisions on any major element of compensation, however, as well as total compensation for executive officers, are made by the Compensation Committee.

In 2009, the Committee engaged Semler Brossy Consulting Group, LLC, an independent compensation consulting firm, to advise the Committee on executive compensation and benefits matters. Semler Brossy is retained directly by the Committee and it has the sole authority to review and approve of the budget of the independent consultant. Semler Brossy does not advise our management and receives no other compensation from us. The same Semler Brossy principal attended all nine of the Committee meetings in 2009. In addition, the Committee relied on survey data provided by the Towers Perrin Executive Compensation Database. See How We Determine Compensation C. Competitive Survey in the Compensation Discussion and Analysis on pp. 35-37. Towers Perrin does not assist the Compensation Committee in determining or recommending compensation of executive officers. Towers Perrin is retained by Ford management, not the Committee.

The Committee met nine times during 2009. Committee meetings typically occur prior to the meetings of the full Board of Directors. Bonus target grants, bonus awards, stock option grants, Performance Unit grants, final stock awards, and Final Awards of Restricted Stock Units typically are decided at the February or March Committee meeting (see Compensation Discussion and Analysis Equity-Based Compensation D. Timing of Awards on p. 47). Officer salaries are reviewed in December each year. Beginning in 2010, the Committee will review officer salaries in March of each year, consistent with the review of other salaried employees. The Company decided that there would be no annual merit increases to salary for salaried employees for 2009.

See the Compensation Discussion and Analysis on pp. 32-51 for more detail on the factors considered by the Committee in making executive compensation decisions.

The Committee reviews our talent and executive development program with senior management. These reviews are conducted periodically and focus on executive development and succession planning throughout the organization, at the Vice President level and above.

Our policy, approved by the Compensation Committee, to limit outside board participation by our officers, is shown below:

No more than 15% of the officers should be on for-profit boards at any given point in time.

No officer should be a member of more than one for-profit board.

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Board Committees

Only independent directors serve on the Audit, Compensation and Nominating and Governance Committees, in accordance with the independence standards of the NYSE Listed Company rules and the Company s Corporate Governance Principles. The Board, and each committee of the Board, has the authority to engage independent consultants and advisors at the Company s expense.

Communications with the Board/Annual Meeting Attendance

The Board has established a process by which you may send communications to the Board. You may send communications to our Directors, including any concerns regarding Ford s accounting, internal controls, auditing, or other matters, to the following address: Board of Directors, Ford Motor Company, P.O. Box 685, Dearborn, MI 48126-0685 U.S.A. You may submit your concern anonymously or confidentially. You may also indicate whether you are a shareholder, customer, supplier, or other interested party. Communications relating to the Company s accounting, internal controls, or auditing matters will be relayed to the Audit Committee. A summary of the other communications will be relayed to the Nominating and Governance Committee. Communications will be referred to other areas of the Company for handling as appropriate under the facts and circumstances outlined in the communications. Ford will acknowledge receipt of all communications sent to the address above that disclose a return address. You may also find a description of the manner in which you can send communications to the Board on the Company s website (www.ford.com).

All members of the Board are expected to attend the annual meeting, unless unusual circumstances would prevent such attendance. Last year, eleven of the thirteen nominated directors attended the annual meeting.

Management Stock Ownership

Pursuant to SEC filings, the Company was notified that as of December 31, 2009, the entities included in the table below had more than a 5% ownership interest of Ford common stock, or owned securities convertible into more than 5% ownership of Ford common stock, or owned a combination of Ford common stock and securities convertible into Ford common stock that could result in more than 5% ownership of Ford common stock.

Name of Beneficial Owner	Address of Beneficial Owner	Ford Common Stock	Percent of Outstanding Ford Common Stock
Black Rock, Inc. through certain of its affiliates	40 East 52nd Street New York, New York 10022	168,514,166	5.19%
UAW Retiree Medical Benefits Trust as sole shareholder of VEBA-F Holdings LLC, a Delaware Limited Liability Company which directly owns warrants to purchase shares of Ford common stock.*	200 Walker Street Detroit, MI 48207	362,391,305	10.1%
		139,702,629	5.33%

Wellington Management Company, LLP	75 State Street Boston, Massachusetts 02109

* In addition, Independent Fiduciary Services, Inc., 805 15th Street, NW, Suite 1120, Washington, D.C. 20005, is the investment advisor to UAW Retiree Medical Benefits Trust.

The following table shows how much Ford stock each director, nominee, and Named Executive beneficially owned as of February 1, 2010. No director, nominee or executive officer, including Named Executives, beneficially owned more than 0.50% of Ford s total outstanding common stock nor did any such person beneficially own more than 0.01% of Ford common stock units as of February 1, 2010. These persons held options exercisable on or within

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60 days after February 1, 2010 to buy, and/or beneficially owned as of February 1, 2010 Trust Preferred Securities convertible into, 30,731,409 shares of Ford common stock.

Name	Ford Common Stock(1)(2)	Ford Common Stock Units(3)	Ford Class B Stock	Percent of Outstanding Ford Class B Stock
L. W. K. Booth	2,130,671	114,271	0	0
Stephen G. Butler*	6,000	65,131	0	0
Kimberly A. Casiano*	6,927	65,465	0	0
Anthony F. Earley, Jr.*	11,000	6,047	0	0
Mark Fields	2,759,603	7,640	0	0
John Fleming	1,167,819	2,878	0	0
Edsel B. Ford II*	4,039,587	75,587	4,620,149	6.52
William Clay Ford, Jr.*	16,485,204	2,568	4,138,033	5.84
Richard A. Gephardt*	0	6,047	0	0
Irvine O. Hockaday, Jr.*	21,878	132,263	0	0
Richard A. Manoogian*	259,994	73,769	0	0
Ellen R. Marram*	20,296	132,301	0	0
Alan Mulally*	9,532,347	0	0	0
Homer A. Neal*	10,588	76,919	0	0
Gerald L. Shaheen*	0	40,919	0	0
John L. Thornton*	33,820	152,486	0	0
All Directors and Executive Officers as a group (including Named Executives) (29 persons) beneficially owned 1.45% of Ford common stock or securities convertible into Ford common stock as of February 1, 2010	47,890,118	995,669	8,758,182	12.36

* Indicates Directors

Notes

(1)For executive officers, included in the amounts for All Directors and Executive Officers as a group are Restricted Stock Equivalents and/or Restricted Stock Units issued under the 1998 Plan and the 2008 Plan as long-term incentive grants in 2009 and prior years for retention and other incentive purposes.

Also, amounts shown include restricted shares of common stock issued under the 2008 Plan as follows: 97,958 shares for Edsel B. Ford II as payment for his services pursuant to a consulting agreement with the Company (see pp. 28-29). In addition, amounts shown include Restricted Stock Equivalents and/or Restricted Stock Units issued under the 1998 Plan and the 2008 Plan as follows: 851,235 units for Mr. Mulally, 236,219 units for L. W. K. Booth, 305,492 units for Mr. Fields, and 447,839 units for Mr. Fleming.

(2)Included in the stock ownership shown in the table above: Edsel B. Ford II has disclaimed beneficial ownership of 24,321 shares of common stock and 55,028 shares of Class B Stock that are either held directly by his immediate family, by charitable funds which he controls or by members of his immediate family in custodial or conservatorship accounts for the benefit of other members of his immediate family. William Clay Ford, Jr., has disclaimed beneficial ownership of 57,279 shares of common stock and 98,670 shares of Class B Stock that are either held directly by members of his immediate family or by members of his immediate family in custodial accounts for the benefit of other members of his immediate family. Present directors and executive officers as a group have disclaimed beneficial ownership of a total of 81,600 shares of common stock and 153,698 shares of Class B Stock.

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Also, on February 1, 2010 (or within 60 days after that date), the Named Executives and directors listed below have rights to acquire shares of common stock through the exercise of stock options under Ford s stock option plans and/or through conversion of Trust Preferred Securities, as follows:

Person	Number of Shares
L. W. K. Booth	1,706,683
Mark Fields	2,307,460
John Fleming	629,547
William Clay Ford, Jr.	9,290,778
Richard A. Manoogian	56,498
Alan Mulally	8,681,112

The amounts of common stock shown above for Mr. Manoogian are a result of his ownership of Trust Preferred Securities, which are convertible into Ford common stock. In Mr. Manoogian s case, he is deemed to be the beneficial owner of certain Trust Preferred Securities as a result of his being a trustee of a charitable foundation that owns the Trust Preferred Securities. Additionally, Mr. Manoogian pledged as security 200,000 shares of common stock held in a trust of which he is a trustee. Mr. Ford has pledged 2,199,501 shares of common stock.

(3)In general, these are common stock units credited under a deferred compensation plan and payable in cash.

As of February 1, 2010, the persons included in the table below owned more than 5% of the outstanding Class B Stock.

Name	Address	Ford Class B Stock	Percent of Outstanding Ford Class B Stock
Lynn F. Alandt	Ford Estates, 2000 Brush, Detroit, MI 48226	7,310,679	10.32%
Benson Ford, Jr.	Ford Estates, 2000 Brush, Detroit, MI 48226	4,072,354	5.75%
Eleanor F. Sullivan	Ford Estates, 2000 Brush, Detroit, MI 48226	5,583,442	7.88%
Josephine F. Ingle	Ford Estates, 2000 Brush, Detroit, MI 48226	4,486,869	6.33%
Alfred B. Ford	Ford Estates, 2000 Brush, Detroit, MI 48226	3,636,009	5.13%
William Clay Ford	Ford Estates, 2000 Brush, Detroit, MI 48226	9,451,941	13.34%

Sheila F. Hamp	Ford Estates, 2000 Brush, Detroit, MI 48226	3,722,437	5.25%
David M. Hempstead, as Trustee of various trusts*	Ford Estates, 2000 Brush, Detroit, MI 48226	6,120,945	8.64%
Voting Trust**	Ford Estates, 2000 Brush, Detroit, MI 48226	52,680,603	74.35%

* Mr. Hempstead disclaims beneficial ownership of these shares.

** These Class B Stock shares are held in a voting trust of which Edsel B. Ford II, William Clay Ford, William Clay Ford, Jr., Benson Ford, Jr., and Alfred B. Ford are the trustees. The trust is of perpetual duration until terminated by the vote of shares representing over 50% of the participants and requires the trustees to vote the shares as directed by a plurality of the shares in the trust.

Impact Resulting From Spin-off of Visteon Corporation and Implementation of the Value Enhancement Plan

The value of the Company s common stock changed as a result of:

the spin-off of the Company s interest in Visteon Corporation on June 28, 2000; and

the Company s recapitalization and merger (also known as the Value Enhancement Plan) on August 2, 2000.

To account for these changes in value, the following items held by officers or directors of the Company as of June 28, 2000 and August 2, 2000, respectively, were adjusted in each case to ensure that the aggregate value of the item before and after each of these events would be approximately equal: common stock units, deferred contingent credits, Performance Stock Rights, Restricted Stock Equivalents, and stock options. (References in this proxy statement to any of these items that were issued before August 2, 2000 are to the adjusted amounts.)

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Section 16(a)
Beneficial Ownership Reporting Compliance

Based on Company records and other information, Ford believes that all SEC filing requirements applicable to its directors and executive officers were complied with for 2009 and prior years.

Director Compensation[1]

(a) Name	(b) Fees Earned or Paid in Cash[1] ($)	(c) Stock Awards[2] ($)	(d) All Other Compensation[3] ($)	(e) Total ($)
Stephen G. Butler	60,000	0	38,998	98,998
Kimberly A. Casiano	60,000	0	34,816	94,816
Anthony F. Earley, Jr.	45,000	0	158	45,158
Edsel B. Ford II	60,000	500,001	14,268	574,269
Richard A. Gephardt	45,000	0	158	45,158
Irvine O. Hockaday, Jr.	60,000	0	24,132	84,132
Richard A. Manoogian	60,000	0	30,992	90,992
Ellen R. Marram	60,000	0	33,738	93,738
Homer A. Neal	60,000	0	51,173	111,173
Gerald L. Shaheen	60,000	0	33,768	93,768
John L. Thornton	60,000	0	50,524	110,524

[1]**Standard Compensation Arrangements**

Fees. On July 13, 2006, the Board of Directors voluntarily reduced Board fees payable to non-employee directors by half resulting in the following fee structure:

Annual Board membership fee	$ 100,000
Annual Committee chair fee	$ 2,500
Annual Presiding Director fee	$ 5,000

For 2009, the Board voluntarily agreed to forgo the cash portion of the annual fees. Consequently, $60,000 (60% of the Annual Board membership fee) was credited to the directors accounts under the Deferred Compensation Plan for Non-Employee Directors (see below). Directors did not receive any other cash payments relative to board fees during 2009.

Deferred Compensation Plan. Under this plan, 60% of a director s annual Board membership fee must be deferred in common stock units. Directors also can choose to have the payment of all or some of the remainder of their fees deferred in the form of cash and/or common stock units. Each common stock unit is equal in value to a share of common stock and is ultimately paid in cash. These common stock units generate Dividend Equivalents in the form of additional common stock units (if dividends are paid on common stock). These units are credited to the directors accounts on the date common stock cash dividends are paid. Any fees deferred in cash are held in the general funds of the Company. Interest on fees deferred in cash is credited semi-annually to the directors accounts at the then-current U.S. Treasury Bill rate plus 0.75%. In general, deferred amounts are not paid until after the director retires from the Board. The amounts are then paid, at the director s option, either in a lump sum or in annual installments over a period of up to ten years. In light of the requirement that 60% of annual director fees are deferred into common stock units, and that directors do not realize the cash value of such units until after they leave the Board, there is no minimum share ownership requirement for members of the Board.

Insurance. Ford provides non-employee directors with $200,000 of life insurance. Effective December 31, 2008, the Board amended this plan so that life insurance coverage ends for all currently retired directors and directors who retire in the future, except for those currently retired directors who had previously elected a reduction in life insurance and the $15,000 annuity discussed below, in which case only the annuity would continue. A director who retired from the Board after age 70 or, after age 55 with Board approval, and who had served for at least five years, may have elected to have the life insurance reduced to $100,000 and receive $15,000 a year for life.

Evaluation Vehicle Program. We provide non-employee directors with the use of up to two Company vehicles free of charge. Directors are expected to provide evaluations of the vehicles to the Company.

(2)The amount shown for Edsel B. Ford II reflects the FASB ASC Topic 718 grant date fair value resulting from grants of restricted shares of common stock awarded under the 2008 Plan pursuant to a January 1999 consulting agreement between the Company and Mr. Ford. Under the agreement, the consulting fee is $125,000 per calendar quarter, payable in restricted shares of common stock. The restrictions on the shares lapse one year from the date of grant and are subject to the conditions of the 2008 Plan. Mr. Ford is available for consultation, representation, and other duties under the agreement. Additionally, the Company provides facilities (including office space), an administrative assistant, and security arrangements. This agreement will continue until either party ends it with 30 days notice.

(3)The following table summarizes the amounts shown in column (d).

All Other Compensation in 2009

Name	Fees[i] ($)	Perquisites/ Evaluation Vehicles[ii] ($)	Tax Reimbursement ($)	Life Insurance ($)	Total ($)
Stephen G. Butler		20,268	18,519	211	38,998
Kimberly A. Casiano		18,686	15,919	211	34,816
Anthony F. Earley, Jr.		0	0	158	158
Edsel B. Ford II		14,057	0	211	14,268
Richard A. Gephardt		0	0	158	158
Irvine O. Hockaday, Jr.		10,162	13,759	211	24,132
Richard A. Manoogian		16,438	14,343	211	30,992
Ellen R. Marram		19,510	14,017	211	33,738
Homer A. Neal	12,000	23,972	14,990	211	51,173
Gerald L. Shaheen		16,878	16,679	211	33,768
John L. Thornton		30,499	19,814	211	50,524

(i)The amount shown for Dr. Neal reflects fees paid as a member of the board of managers of Ford Global Technologies, LLC, a wholly-owned entity that manages the Company s intellectual property. As a non-employee director of such board, Dr. Neal receives the customary fees paid to non-employee directors. Currently, the fees are: Annual Fee: $10,000, Attendance Fee: $1,000 per meeting. Dr. Neal attended both meetings of the board of managers of Ford Global Technologies, LLC, during 2009.

(ii) All amounts shown in this column reflect the cost of evaluation vehicles provided to Directors (see footnote (1) above) and the actual cost incurred for holiday gifts. We calculate the aggregate incremental costs of providing the evaluation vehicles by estimating the lease fee of a comparable vehicle under our Management Lease Program. The

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lease fee under that program takes into account the cost of using the vehicle, maintenance, license, title and registration fees, and insurance. For Mr. Thornton, the cost of evaluation vehicles was $29,732.

2010 Director Compensation

Ford has made significant progress on its ONE Ford Plan during 2009 and we have announced that we plan to be profitable in 2010 on a pre-tax basis (excluding special items) for North America, our total Automotive sector and for the total Company, with positive Automotive operating-related cash flow, based on our 2010 planning assumptions. These projections are based on the assumptions set forth in the Outlook section of Management s Discussion and Analysis of Financial Condition and Results of Operations, and subject to the risks set forth in the Risk Factors discussion, in our Annual Report on Form 10-K for the year ended December 31, 2009.

In light of this significant progress, and following an analysis of director compensation being paid by peer group companies, including the payment of director compensation at General Motors following its bankruptcy, the Board of Directors of Ford has determined that it is appropriate that compensation to be paid to non-employee directors of the Company return to 2006 levels. Accordingly, effective as of January 1, 2010, the Board of Directors has agreed that the following compensation will be paid to non-employee directors of the Company:

$200,000 per annum

$5,000 Committee chair fee

$10,000 Presiding director fee

The Board of Directors also considered that restoring compensation to competitive levels will permit the Company to attract new directors in an environment where it is increasingly difficult to attract qualified directors.

Moreover, the Board of Directors continues to believe that it is appropriate that a significant portion of non-employee director compensation be tied to shareholders interests and, therefore, has required that 60% ($120,000) of a director s annual Board membership fee be deferred in common stock units under the Deferred Compensation Plan for Non-Employee Directors. All other aspects of Director compensation remain unchanged.

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Certain Relationships and Related Transactions

Since January 1993, Ford has had a consulting agreement with William Clay Ford. Under this agreement, Mr. Ford is available for consultation, representation, and other duties. For these services, Ford pays him $100,000 per year and provides facilities (including office space), an administrative assistant, and security arrangements. This agreement will continue until either party ends it with 30 days notice.

In February 2002, Ford entered into a Stadium Naming and License Agreement with The Detroit Lions, Inc., pursuant to which we acquired for $50 million, paid by us in 2002, the naming rights to a new domed stadium located in downtown Detroit at which the Lions began playing their home games during the 2002 National Football League season. We named the stadium Ford Field. The term of the naming rights agreement is 25 years, which commenced with the 2002 National Football League season. Benefits to Ford under the naming rights agreement include exclusive exterior entrance signage and predominant interior promotional signage. In June 2005, the naming rights agreement was amended to provide for expanded Ford exposure on and around the exterior of the stadium, including the rooftop, in exchange for approximately $6.65 million to be paid in varying installments over the next ten years, of which $564,933 was paid during 2009. Beginning in 2005, the Company also agreed to provide to the Lions, at no cost, eight new model year Ford, Lincoln or Mercury brand vehicles manufactured by Ford in North America for use by the management and staff of Ford Field and the Lions and to replace such vehicles in each second successive year, for the remainder of the naming rights agreement. The cost incurred during 2009 for providing the vehicles for 2009 through 2011 was $244,696. William Clay Ford is the majority owner of the Lions. In addition, William Clay Ford, Jr., is one of five minority owners and is a director and officer of the Lions.

Paul Alandt, Lynn F. Alandt s husband, owns a Ford-franchised dealership and a Lincoln-Mercury-franchised dealership. In 2009, the dealerships paid Ford about $79.6 million for products and services in the ordinary course of business. In turn, Ford paid the dealerships about $17.0 million for services in the ordinary course of business. Also in 2009, Ford Motor Credit Company LLC, a wholly-owned entity of Ford, provided about $115 million of financing to the dealerships and paid $497,950 to them in the ordinary course of business. The dealerships paid Ford Credit about $123.4 million in the ordinary course of business. Additionally, in 2009 Ford Credit purchased retail installment sales contracts and Red Carpet Leases from the dealerships in amounts of about $18.5 million and $31.4 million, respectively.

Mr. Alandt also owns a Volvo franchised dealership. Volvo Cars is a wholly-owned entity of Ford. During 2009 the dealership paid Volvo Cars about $7.4 million for products and services in the ordinary course of business. In turn, Volvo Cars paid the dealership about $2.0 million for services in the ordinary course of business. Also in 2009, Ford Credit provided about $10.3 million of financing to the dealership and paid $11,798 to it in the ordinary course of business. The dealership paid Ford Credit about $10.6 million in the ordinary course of business. Additionally, in 2009 Ford Credit purchased retail installment sales contracts and retail leases from the dealership in amounts of about $370,000 and $559,000, respectively.

Edsel B. Ford II owns Pentastar Aviation, LLC, an aircraft charter, management, maintenance, and catering company. During 2009, the Company paid Pentastar, or its affiliates, $579,720 for services provided to the Company in the ordinary course of business.

In March 2001, Marketing Associates, LLC, an entity in which Edsel B. Ford II has a majority interest, acquired all of the assets of the Marketing Associates Division of Lason Systems, Inc. Before the acquisition, the Marketing Associates Division of Lason Systems, Inc. provided various marketing and related services to the Company and this continued following the acquisition. In 2009, the Company paid Marketing Associates, LLC approximately

$23.7 million for marketing and related services provided in the ordinary course of business.

Pursuant to SEC filings, the Company was notified that as of December 31, 2008, Black Rock, Inc., 40 East 52nd Street, New York, New York 10022, through certain of its affiliates, owned 5.19% of our common stock. During 2009, the Company paid Black Rock approximately $1.1 million in the ordinary course of business.

Pursuant to SEC filings, the Company was notified that as of December 31, 2008, Wellington Management Company, LLP, 75 State Street, Boston, Massachusetts 02109, owned approximately 5.33% of the Company s common stock. During 2009, the Company paid Wellington Management Company approximately $3.8 million in the ordinary course of business.

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Compensation Discussion and Analysis
Executive Summary

2009 saw historic changes and challenges in the domestic automotive industry, as well as the global economy. We took decisive actions to address these challenges and opportunities. As noted in our 2009 Compensation Discussion and Analysis, we are acutely aware that economic conditions have had, and continue to have, a significant adverse impact on our shareholders, customers, suppliers, dealers, employees, and other stakeholders. These conditions include plunging consumer confidence, a severe downturn in auto sales, a significant decrease in home values, and high unemployment. In response to these developments, the Company and the Compensation Committee took the following compensation actions, among others, in order to reduce Company costs and conserve cash:

- Thirty-percent reduction in the salaries of Mr. Mulally and Mr. Ford for 2009 and 2010.
- No annual merit increases to salary for salaried employees, including the Named Executives, for 2009.
- No payout under the Incentive Bonus Plan for 2008 or 2009 performance.
- Suspension of Company matching contributions for employees who contribute to our 401(k) savings plans for 2009.
- Elimination of the cash portion of Board of Director annual fees in 2009.

These actions, combined with other actions taken to conserve cash and reduce costs in our business, contributed to $5.8 billion in improved cost performance (excluding special items) during 2009, reduced our cash-burn rate by $19.2 billion from 2008 to 2009, and contributed to our 2009 full year net income of $2.7 billion.

Given the adverse economic environment, the Committee s goals were to provide executives with longer-term incentives to achieve our business priorities while reducing costs and conserving cash. As detailed below, the Committee decided to emphasize equity-based compensation for the Named Executives, the majority of which were performance-based equity grants. This approach:

- Involved minimal initial cash outlay, thereby conserving cash.
- Aligned executive interests with shareholders interests by allowing executives to benefit from successful performance but also suffer the consequences for poor longer-term performance.
- Provided strong incentive to continue to manage our business without accessing TARP funds.
- Provided a strong retention element to executives during a critical period in executing our ONE Ford Plan.

As discussed in more detail below, our 2009 performance against targets met many of our objectives for the year. This resulted in the Named Executives receiving more than 90% of their target equity incentive grants. Given the challenging economic environment, we believe this performance to be outstanding, and we are gratified that stakeholders have shown renewed confidence in our future.

How We Determine Compensation

The following discussion of our compensation philosophy, strategy, and guiding principles provides you with the framework within which compensation programs are developed at Ford. The discussion of the Company s compensation objectives and business strategy provides you with background of those areas that were determined to be important in moving the Company forward in its goal of executing our ONE Ford Plan.

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A. Compensation Philosophy, Strategy, and Guiding Principles

Our Compensation Committee adopted the following Philosophy Statement with respect to all salaried employees:

Compensation and benefits programs are an important part of the Company s employment relationship, which also includes challenging and rewarding work, growth and career development opportunities, and being part of a leading company with a diverse workforce and great products. Ford is a global company with consistent compensation and benefits practices that are affordable to the business.

Pay for performance is fundamental to our compensation philosophy. We reward individuals for performance and contributions to business success. Our compensation and benefits package in total will be competitive with leading companies in each country.

In addition, the Committee has approved the following Strategy Statement:

Compensation will be used to attract, retain, and motivate employees and to reward the achievement of business results through the delivery of competitive pay and incentive programs. Benefits provide employees with income security and protection from catastrophic loss. The Company will develop benefit programs that meet these objectives while minimizing its long-term liabilities.

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The following Guiding Principles ensure our Philosophy and Strategy statements are applied consistently across the business for our salaried employees. They work together no one principle is more important than any other and management judgment is used to balance them in changing business conditions.

Principle	Overall Objective
Performance Orientation	Compensation programs should support and reinforce a pay-for-performance culture. They should motivate and reward employees for achieving desired business results. Benefit programs should provide income security and support/protect for catastrophic loss.
Competitive Positioning	Competitive compensation and benefit programs are critical to attracting, motivating and retaining a high performing workforce. We target the average competitive level of automotive and other leading companies within the national market, including large auto, leading multinational and other selected companies, as appropriate. Competitiveness will be measured based on program value to employees relative to the comparator group. When business conditions are such that our incentive programs do not provide competitive compensation on a longer-term basis, we will utilize short- and long-term retention programs to ensure the Company retains key employees that enable the Company to respond successfully to financial and operational challenges.
Affordability	Compensation and benefits must be affordable to the Company over the medium- to long-term. To the extent possible, compensation and benefit programs will not fluctuate significantly based on short-term business conditions.
Desired Behaviors	Compensation and benefit programs should support the Company s business performance objectives and promote desired behaviors.
Flexibility	Compensation, benefit, and other related programs should take into account workforce diversity and provide meaningful individual choice where appropriate.
Consistency and Stability	It is a Company objective to provide consistent and stable programs globally (subject to legal, competitive and cultural constraints), particularly for higher level positions. Compensation and benefit programs should have a high degree of consistency within countries (i.e., among various pay levels and employee groups) and should not fluctuate significantly year-over-year. Programs may vary when competitively driven.
Delivery Efficiency	Compensation, benefit, and other related programs should be understandable and easy to administer while leveraging economies of scale and technology. They should be implemented in a consistent, equitable, and efficient manner. Programs will be delivered in a manner that is tax-effective to the Company and employees as far as practicable.

Delivery Effectiveness	Clearly defined metrics should be developed for compensation, benefit and other related programs that are aligned with corporate business performance metrics. Metrics will be designed and utilized to measure and continually improve business results.

The Philosophy and Strategy statements and Guiding Principles are reviewed by the Committee on a regular basis. In 2006, the Committee amended the Strategy Statement to include retention of employees as an objective to emphasize the importance of this goal as we execute our turnaround plan. Attraction and retention of talented executives has proven to be even more challenging as conditions in the economy and our industry have worsened. There were no material changes to the Philosophy and Strategy statements and Guiding Principles in 2009.

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B. ONE Ford

As noted above, one of the primary objectives of our compensation program is to drive executive behavior to accomplish key strategic goals. Our President and Chief Executive Officer, Alan Mulally, further developed the Company s strategic priorities under the strategy of ONE Ford. ONE Ford provides a single definition of not only what we need to accomplish but how we need to deliver those accomplishments to achieve success globally. ONE Ford aligns our efforts toward a common definition of success, which includes One Team executing One Plan to deliver One Goal.

One Team means people working together as a lean, global enterprise for automotive leadership.

One Plan means to:

1. Aggressively restructure our business to operate profitably at current demand and changing model mix.

2. Accelerate the development of new products our customers want and value.

3. Finance our plan and improve our balance sheet.

4. Work together effectively as one team.

One Goal means an exciting, viable Ford delivering profitable growth for all.

The Compensation Committee, in consultation with the Executive Chairman, the President and Chief Executive Officer, and the Group Vice President Human Resources and Corporate Services, determined that emphasizing certain metrics in performance-based incentive plans would best promote our ONE Ford objectives. Given these priorities, the Committee decided to emphasize global and business unit profitability, total Automotive operating-related cash flow and cost performance metrics in our incentive plans for 2009. These metrics support the goals of aggressively restructuring our business to operate profitably, as well as financing our plan and improving our balance sheet. Additionally, the Committee emphasized quality and market share metrics in our incentive programs. These metrics support our goals of accelerating the development and introduction of new products our customers want and value. Furthermore, the performance metric to reduce global platforms for Mr. Ford s and Mr. Mulally s 2009 Incentive Grants (see Equity-Based Compensation A. 2009 Incentive Grants on pp. 41-42) supports the objectives of accelerating the development of new products our customers want and value, as well as restructuring our business to operate profitably at current demand and changing model mix. All of these objectives require effective teamwork.

As discussed in greater detail below, performance in these critical areas drove the compensation decisions related to Performance Units for Named Executives for 2009. For more detail on these metrics and how they were used in our incentive programs, refer to Equity-Based Compensation A. 2009 Incentive Grants, B. Senior Executive Retention Program and C. Annual Performance Unit and Stock Option Grants on pp. 40-46. This compensation structure is consistent with our compensation Philosophy, Strategy, and Guiding Principles of performance orientation, flexibility, competitive positioning, affordability, and reinforcing desired behaviors.

C. Competitive Survey

In December 2009, the Committee reviewed a report on Ford s compensation programs for executives. The Company utilized the Towers Perrin Executive Compensation Database as the data source for the Company s analysis of executive compensation. The compensation data was collected during the second quarter of 2009 and, therefore, included bonuses paid in early 2009 for 2008 performance, as well as equity grants for 2009. The report discussed how our executive compensation program compared with those of peer companies on base salary, bonus, long-term incentives, and total direct compensation.

In September 2009, we reviewed the companies included in our executive compensation survey in order to ensure appropriate comparisons. Although we have performed peer group analysis in the past, this year s review held

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additional significance due to: (i) the impact of the global economic downturn on many peer group companies; (ii) on-going public and governmental scrutiny of executive compensation; and (iii) additional regulatory requirements associated with proxy disclosures. Although stability of the peer group has been a high priority for several years and has provided useful year-over-year data comparison, the realities of today s marketplace and prior inclusion of certain financial services firms required a re-evaluation of the peer group companies.

In consultation with the Committee s independent consultant, the following criteria were used in the selection of the recommended peer group companies:

Member of the 2009 *Fortune 100* (with preference to the largest companies meeting the other criteria because of Ford s relative size at #7 on the *Fortune 100* list).

Similar primary business to Ford and/or similar business model (e.g., engineering, manufacturing, sales, financial services, job matches).

Particular line of business will comprise no more than 20% of the total peer group.

Must participate in the Towers Perrin survey process.

The above criteria ensure that the chosen executive compensation peer group will be representative of Ford s market for talent. Based on these criteria, for the 2009 survey we removed AT&T, Altria Group, BP, Citigroup, Coca-Cola and Merck and added Lockheed Martin, General Dynamics, Valero, United Technologies, PepsiCo, Pfizer and Honeywell.

The compensation of executives of General Motors and Chrysler has been regulated due to those companies participation in TARP. We continue to believe, however, it is appropriate to include them in our comparator survey group because they are our closest domestic competitors. Our non-U.S. based competitors, such as Nissan, Toyota, and Honda, do not participate in the Towers Perrin survey process. In addition to General Motors and Chrysler, our peer group also included 21 leading companies in other industries:

3M	Conoco Phillips	General Electric	Lockheed Martin
Alcoa	Dow Chemical	Hewlett-Packard	PepsiCo
Boeing	DuPont	Honeywell	Pfizer
Caterpillar	ExxonMobil	IBM	Procter & Gamble
Chevron Texaco	General Dynamics	Johnson & Johnson	United Technologies
			Valero

While the Committee uses the survey as a reference point, it is not, and was not in 2009, the sole determining factor in executive compensation decisions. The survey group data is used primarily to ensure that our executive compensation program as a whole is competitive when the Company achieves targeted performance levels. We generally seek to provide total compensation opportunities, which include salary, annual bonus and long-term incentives, at or around the survey group s median total compensation. We do not establish rigid targets for total compensation, or any individual element of compensation, relative to the survey group. Rather, consistent with our compensation Guiding Principles discussed above, we incorporate flexibility into our compensation programs and in the executive assessment process to respond to, and adjust for, changes in the business/economic environment and individual accomplishments, performance and circumstances. This flexibility was evident in 2009 when we canceled the Incentive Bonus Plan for 2009, as well as annual merit increases to salary, and instead emphasized performance-based equity compensation.

Although we discuss how the total direct compensation of our Named Executives compares to that of the survey group, Mr. Ford did not have an exact comparable position within the survey group and, consequently, his compensation was excluded from our analysis. The 2009 survey results indicated that the total direct compensation for our other Named Executives as a group was at the median, except for Mr. Mulally whose compensation was above the median. In general, 2009 cash compensation for the Named Executives was significantly below the median of the survey group, and equity-based compensation was slightly above the median on average, except for

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Mr. Mulally, whose equity-based compensation was significantly above the median (see Equity-Based Compensation on pp. 40-41 for an analysis of how equity compensation affected the compensation of the Named Executives). The Committee s emphasis on performance-based equity compensation reinforces the Committee s pay for performance compensation philosophy (see How We Determine Compensation A. Compensation Philosophy, Strategy, and Guiding Principles on pp. 33-34).

An analysis of how each element of compensation listed below compared to the survey data for 2009, as well as how the factors described above, including the competitive survey data review, affected Named Executive compensation decisions during 2009, is included in the discussion of each element.

D. Internal Pay Equity and Equity-Value Accumulation Analyses

Each year, the Committee reviews all components of compensation, both recent historical and prospective, of our executive officers, including the Named Executives. This review includes data on salary, annual bonuses, and equity-based awards, as well as qualitative data on perquisites, and is prepared by the Company s Human Resources department. The Committee also takes into account relative pay considerations within the officer group and data covering individual performance. The Committee considered internal pay equity in deciding that those executives who participated in the Senior Executive Retention Program would not also participate in the 2009 Incentive Grants (see Equity-Based Compensation A. 2009 Incentive Grants and B. Senior Executive Retention Program on pp. 41-42).

The Committee also considers analyses of the potential value of outstanding equity grants. For instance, the Committee reviewed the value of equity-based awards at certain price levels of Ford stock. The analysis included the following:

- in-the-money stock options;
- unvested Restricted Stock Units;
- 2009 Performance Unit and final tranche of Senior Executive Retention Grant assumed a 50% payout; and
- 2009 Incentive Grants for Messrs. Mulally and Ford assumed a 100% payout.

In light of our stock price and our desire to conserve cash, the Committee believes our equity-based compensation programs are appropriate to attract, motivate and retain executives.

E. Management Recommendations

The Committee considers recommendations from William Clay Ford, Jr., Mr. Mulally, and the Group Vice President Human Resources and Corporate Services, in developing compensation plans and evaluating performance of other executive officers. The Committee s consultant also provides advice and analyses on the structure and level of executive compensation (see Compensation Committee Operations on pp. 23-24). As noted in How We Determine Compensation B. ONE Ford above, Mr. Mulally established the ONE Ford corporate priorities and, subsequently, our incentive plan metrics were developed in consultation with our Human Resources and Finance departments to support these priorities. In addition, these metrics and related targets were developed from our 2009 business plan. Final decisions on any major element of compensation, however, as well as total compensation for each executive officer, are made by the Compensation Committee.

Named Executive Officers

The Named Executives are:

Alan Mulally	President and Chief Executive Officer
L. W. K. Booth	Executive Vice President and Chief Financial Officer
William Clay Ford, Jr.*	Executive Chairman

Mark Fields Executive Vice President and President The Americas

John Fleming Executive Vice President Global Manufacturing & Labor Affairs and Chairman Ford of Europe

*As previously described, since 2005 Mr. Ford has foregone all compensation (including salary, bonus or other awards) until such time as the Compensation Committee determines that the Company s global Automotive sector has achieved full-year profitability, excluding special items. It was further agreed that the compensation Mr. Ford would have received beginning in 2008 and future years, but for the agreement to continue to forego new compensation, will be earned and paid when the Committee determines that the Company s global Automotive sector has achieved full-year profitability, excluding special items. In order to determine the compensation Mr. Ford could earn if the Company returns to full-year global Automotive profitability, excluding special items, the Committee approved a compensation plan for him for the years 2008 and 2009, including salary, bonus, and equity awards. As discussed under Equity-Based Compensation on pp. 40-47, Mr. Ford was granted Performance Units that will be earned and paid based on Company performance against metrics, as well as when the Company achieves full-year global Automotive profitability, excluding special items. In 2009, Mr. Ford was also granted stock options that will vest upon the later of the normal three-year vesting schedule and the Company achieving full-year global Automotive profitability, excluding special items. According to FASB ASC Topic 718, these Performance Units and stock options have grant date values (see columns (e) and (f) of Summary Compensation Table on p. 53). Consequently, Mr. Ford is included as a Named Executive pursuant to the SEC proxy rules even though he did not, and will not, receive salary, bonus, or equity awards until such time as the Committee determines the Company s global Automotive sector has achieved full-year profitability, excluding special items.

Elements of Compensation

The table below lists the elements of our total compensation program and why we provide these elements:

Elements of Compensation	Why We Provide
Salaries	attract, retain and motivate executives to achieve key business priorities and objectives provide income certainty
Incentive Bonuses	attract, retain and motivate executives to achieve key business priorities and objectives hold executives accountable for performance against near-term business objectives
Annual Performance Unit and Stock Option Grants	attract, retain and motivate executives to achieve key business priorities and objectives encourage executive stock ownership hold executives accountable for performance against targets focus executive behavior on Ford s long-term success

	align executive interests with shareholder interests
Perquisites and Other Benefits	attract, retain and motivate executives
	enhance executive productivity
	support development of our products (evaluation vehicles)
Retirement Plans	provide income security for retirement
	retain executives

Each compensation element is supported by the Philosophy, Strategy and Guiding Principles discussed in the How We Determine Compensation on pp. 33-34.

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To achieve our objectives and to support our business strategy, compensation paid to our executives is structured to ensure that there is an appropriate balance among the various forms of compensation. The charts below show the various balances we achieved (with and without the 2009 Incentive Grants) compared to the balances achieved by the survey group:

Ford	**Comparator Group Median**

As the charts indicate, cash compensation makes up a higher percentage of our executives compensation than that of the comparator group s median when excluding the 2009 Incentive Grants (see Equity-Based Compensation A. 2009 Incentive Grants on pp. 41-42). Furthermore, without the 2009 Incentive Grants, equity-based compensation makes up a lower percentage of our executives compensation than that of the comparator group. When including the 2009 Incentive Grants, the balance among the forms of compensation is approximately equal to the comparator group.

The Committee attempts to strike appropriate balances by analyzing the competitive market for executive talent, our business results and forecasts, and our key strategic goals for the year. As noted in the Executive Summary on p. 32, in order to conserve cash, the Committee emphasized performance-based equity compensation in 2009 to keep us on track on our restructuring plan. Given the persistent adverse economic conditions that occurred during 2009, we accelerated our turnaround plans. As a result of these efforts, we were able to announce that we plan to be profitable in 2010 on a pre-tax basis (excluding special items) for North America, our total Automotive sector and for the total Company, with positive Automotive operating-related cash flow, based on our 2010 planning assumptions. These projections are based on the assumptions set forth in the Outlook section of Management s Discussion and Analysis of Financial Condition and Results of Operations, and subject to the risks set forth in the Risk Factors discussion, in our Annual Report on Form 10-K for the year ended December 31, 2009.

Annual Compensation

Annual compensation for our executives includes salary and incentive bonus, if earned, paid in cash.

A. Salaries

When considering increases to base salaries, the Compensation Committee takes into account the following factors:

- the individual s job duties, performance and achievements;
- similar positions of responsibility within the Company (internal pay equity);
- job tenure, time since last salary increase, retention concerns and critical skills; and
- level of pay compared to comparable positions at companies in the survey group.

The Compensation Committee reviews salaries of the Named Executives annually and at the time of a promotion or other major change in responsibilities. As part of our objective to control costs, there were no increases to salaries (annual merit or otherwise) for any of the Named Executives in 2009.

Throughout 2009, the salaries for the Named Executives were above the median of the survey group. We believe that paying base salaries at the high end of the competitive survey is appropriate to retain executives throughout the business cycle because cash compensation and/or total compensation may be much lower than competitive levels while we restructure (see How We Determine Compensation C. Competitive Survey on pp. 35-37). The relative salary level is also explained by the fact that Ford is generally larger and more complex than many of the companies in the survey group, with world-wide operations, a capital intensive business involving complex products with long product development timelines.

B. Incentive Bonuses

In the first quarter of 2009, in response to adverse economic conditions and in order to conserve cash and reduce expense, management recommended and the Committee decided that the 2009 Incentive Bonus Plan would be cancelled and therefore no payout would be made in March 2010 under the Incentive Bonus Plan for the 2009 performance period. Although performance against the metrics would have resulted in a significant payout, the Committee determined that the business need to conserve cash and reduce expense outweighed other considerations. This resulted in the total cash compensation of the Named Executives being significantly below the median of the comparator group. Based on performance to metrics for the 2009 performance year, we saved approximately $300 million by cancelling the company-wide 2009 Incentive Bonus Plan.

The metrics, weightings, and performance targets for the 2009 Incentive Bonus Plan, if it had not been cancelled, would have been identical to those used for the 2009 Performance Unit program (see Equity-Based Compensation C. Annual Performance Unit and Stock Option Grants on pp. 42-46). Since the decision to cancel the Incentive Bonus Plan for the 2009 performance period was made in the first quarter of 2009, no threshold, target, and maximum payouts were applicable for the Named Executives (see the Grants of Plan-Based Awards in 2009 Table and footnote 1 on p. 57).

Equity-Based Compensation

Our equity-based incentive awards are tied to our performance and the future value of our common stock. These awards are intended to focus executive behavior on our longer-term interests, because today s business decisions affect Ford over a number of years. For 2009, our equity-based compensation consisted of new grants of Performance Units, stock options, and incentive grants to certain Named Executives, as explained in more detail below.

As discussed above, the competitive survey indicates that equity-based compensation for the Named Executives is approximately at the median of the comparator group on average when including the 2009 Incentive Grants (see

Equity-Based Compensation A. 2009 Incentive Grants below). For Mr. Mulally, the survey showed that his total equity-based compensation was significantly above the median of the survey group. This positioning reinforces our desire to, in general, pay at or near the median of equity compensation compared to the survey group as well as demonstrates flexibility in our compensation practices to reward superior performance and to respond to changing business and economic conditions.

As noted under Equity-Based Compensation D. Timing of Awards on p. 47, the Committee determined 2009 equity awards at a meeting on February 25, 2009. At that time, the economy and the automotive industry were in the midst of a severe economic crisis. Speculation was increasing that our two main domestic competitors were preparing for bankruptcy, and it was unclear how that would affect Ford. As noted in the Executive Summary on p. 32, the Company needed to conserve cash and yet provide executives with a strong retention incentive to accelerate our ONE Ford Plan. The Committee decided to emphasize equity-based compensation in order accomplish these goals.

In granting stock awards, the Committee determines a dollar value of equity awards for each recipient. For officers, this dollar value is translated into a number of stock options, Performance Units, and time-based Restricted Stock Units based on the fair market value of Ford common stock on the date of grant. Non-officer recipients are granted stock options and/or time-based Restricted Stock Units depending on their leadership level. Because of the significant decrease in Ford s stock price in late 2008 and early 2009, it became evident that there would not be enough shares available under the 2008 Plan to provide recipients with the full value of the planned equity awards. Under our 2008 Plan, the number of shares of common stock available for stock awards in any year is equal to 2% of the total number of issued shares of common stock as of December 31 of the prior year (the 2% Limit). The 2% Limit may be increased up to 3% in any year, with a corresponding reduction in the number of shares available in later years. The Committee elected to increase the shares available for equity awards during 2009 to 3% of the number of issued shares as of December 31, 2008 in order to accommodate the planned awards, for the reasons noted above.

Even after increasing the 2% Limit to 3%, however, there were still not enough shares available under the 2008 Plan to provide recipients with the full value of the annual equity compensation awards and the 2009 Incentive Grants. Consequently, the annual Performance Unit and stock option grants were reduced by 24% and the planned 2009 Incentive Grants were reduced by varying amounts. The equity-based awards for Messrs. Mulally and Ford were not similarly reduced. The Committee made this decision for several reasons, including:

All of the annual Performance Unit grants and the 2009 Incentive Grants for Messrs. Ford and Mulally are performance-based meaning that a significant amount of their 2009 equity-based compensation is at risk. Consequently, the Committee believed it appropriate that they have more upside reward if performance metrics are met or exceeded. In contrast, the 2009 Incentive Grants for other officers consisted of time-based Restricted Stock Units.

Messrs. Ford and Mulally each took a 30% reduction is salary.

In Mr. Ford s case, he has not received any salary, bonus, or other awards since May 2005 (see Named Executive Officers on pp. 37-38).

A. 2009 Incentive Grants

As noted in the Executive Summary on p. 32, we took several compensation actions to reduce costs and conserve cash during 2009 in response to economic and industry conditions, including emphasizing equity compensation. In addition to the annual grants of Performance Units and stock options discussed below, the Committee granted incentive equity awards in March 2009 to certain executives, including Messrs. Mulally, Ford and Fleming (see Grants of Plan-Based Awards in 2009 Table on p. 57). In structuring the grants, the Committee gave due consideration to the reduction of cash compensation with the cancellation of merit increases to salary and the Incentive Bonus Plan for 2009. Messrs. Booth and Fields did not participate in the 2009 Incentive Grants because of their participation in the Senior Executive Retention Program (see Equity-Based Compensation B. Senior Executive Retention Program below).

Mr. Fleming received a time-based Restricted Stock Unit grant that has a two year restriction period. Messrs. Mulally and Ford received grants of Performance Units that have a two year performance period. The performance metric is an acceleration of the ONE Ford Plan to restructure our business as measured by a reduction in global Ford brand platforms in 2009 and 2010 from 25 platforms to 23 platforms. At the conclusion of the two-year performance period, the Committee will assess performance against this metric and will grant Final Awards, if any, in unrestricted common stock. As noted, Mr. Ford will receive the Final Award, if earned, only at such time as the Committee determines that the Company has achieved full-year global Automotive profitability, excluding special items.

B. Senior Executive Retention Program

In response to Mr. Mulally s strategic priority of working together effectively as one team working toward one goal, the Committee decided to settle an equity incentive program initiated for certain executives in March 2006 and replace it with a new program emphasizing teamwork and the accomplishment of strategic goals. The consideration for settling the program was a cash payment made to participants based on actual and expected achievement of certain goals during the 2006-2008 performance period. Messrs. Booth and Fields received such payouts for 2006 performance.

To continue to provide a significant retention element and incentive to work together effectively as one team to accomplish key initiatives, the Committee decided to grant to certain senior executives, including Messrs. Booth and Fields, additional stock options as well as Performance Units in March 2007. The award opportunity for each participant was valued at eight times base salary and reinforces the importance of accomplishing our key strategic goals. In addition, the Committee believes an opportunity of this size serves as a strong retention incentive for key executives that have been identified as critical in the drive to accomplish our ONE Ford objectives.

We reduced the award opportunity for Messrs. Booth and Fields by the amount of their cash payout for the settled program referred to above. In 2007, the value of the net amount of the award opportunity for these executives was awarded 50% in stock options and 50% in Performance Units, consistent with the mix of the annual equity grant. See footnote 2 of the Grants of Plan-Based Awards in 2009 Table on pp. 57-58 for a description of the terms and conditions of the Performance Unit portion of this award opportunity.

For the performance against the 2009 target goals, refer to the 2009 Performance Unit Performance Results Table on p. 46. The extent to which Restricted Stock Units were earned and paid out for each business unit is indicated in the far right hand column of the above referenced table.

C. Annual Performance Unit and Stock Option Grants

As was done in 2008, in 2009, the Committee continued the annual equity-based incentive program for the Named Executives by granting two types of equity-based compensation: stock options and Performance Units (see Grants of Plan-Based Awards in 2009 Table and related footnotes on pp. 57-58). The Committee awarded 50% of the value of each executive s annual equity award in stock options and 50% in Performance Units.

In general, the total value of these grants in 2009 was determined based on the following considerations:

- job responsibilities and expected role in our long-term performance;
- retention needs;

historical share allocations;

the value of equity-based grants granted to the executive in the prior year; and

the total number of equity-based grants awarded to our employees.

The stock options vest over three years, have a ten-year term, and function as our longest-term incentive. The Committee believes this focuses executive behavior and decision making on our long-term interests and aligns the interests of our executives with those of our shareholders. The Performance Units are awarded based on a one-year performance period, but are paid out in service-based Restricted Stock Units, which vest over a two-year period, providing an additional retention incentive. In granting the Performance Units, the Committee chose a one-year performance period in order to focus executive behavior on achieving key short-term business objectives. The two-year restriction period, however, adds an intermediate element that serves to retain executives and focus their behavior beyond the initial one-year performance period. In addition, because executive decisions regarding such matters as product development, marketing, sales, and the like, can affect our performance over several years, the Committee believes it is important to structure equity-based awards so that executives will focus on the long-term consequences of their decisions. This also further aligns executive interests with your interests as shareholders.

The target awards for 2009 Performance Unit grants for the Named Executives are shown in column (h) of the Grants of Plan-Based Awards Table in 2009 on p. 57. These amounts represent the maximum award opportunity. Payouts could range from 0% to 100% of the target award depending on performance. The Committee has discretion to decrease, but not increase, an award for Named Executives.

In 2009, for Named Executives whose primary responsibilities involved a particular business unit, the Committee set a formula that was based on metrics that took into account Company and relevant business unit performance as follows:

- total company pre-tax profits;
- total Automotive operating-related cash flow;*
- relevant business unit pre-tax profits;
- relevant business unit cost performance;
- relevant business unit market share; and
- relevant business unit quality.

The Committee determined that this structure best took into account Company as well as individual performance for those Named Executives responsible for specific business units.

Those Named Executives whose duties are of a global nature were placed in the Corporate business unit. For these executives, the performance metrics used for 2009 were the following:

- total company pre-tax profits;
- total Automotive operating-related cash flow;*
- total cost performance;
- a weighted average of all business unit market share performance; and
- a weighted average of all business unit quality performance.

The Committee chose these metrics because they supported our key 2009 objectives identified as top priorities for the year (see How We Determine Compensation B. ONE Ford on p. 35). The formula has a sliding scale, based on various levels of achievement for each metric. If certain performance levels are not met for all metrics, the payout would be zero.

*We define total Automotive operating-related cash flow as automotive pre-tax profits (excluding special items as detailed in Ford s Annual Report on Form 10-K for the year ended December 31, 2009) adjusted for the following:

less: capital spending (additional cash outflow);

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add back: depreciation and amortization (non-cash expense);

add/deduct: changes in receivables, inventory, and trade payables; and

other primarily expense and timing differences.

The following are excluded in the calculation of total Automotive operating-related cash flow:

pension plan contributions;

employee separation payments; and

tax payments from affiliates.

The Named Executives who participated in the 2009 Performance Unit program and their respective business unit are as follows:

Named Executive	Business Unit
Alan Mulally	Corporate
L. W. K. Booth	Corporate
William Clay Ford, Jr.	Corporate
Mark Fields	The Americas
John Fleming	Ford of Europe (50%) Volvo (50%)

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For the business units in which Named Executives participated, the following table shows the performance metric, weighting, and the target for each metric.

2009 Performance Unit Metrics, Weightings, and Targets

Performance Metric	% Weighting	2009 Target
Global PBT* ($ Millions)		$ (6,300)
Corporate	55%	
The Americas	40%	
Ford of Europe	40%	
Volvo	40%	
Business Unit PBT*		
Corporate	N/A	N/A
The Americas ($ Millions)	15%	$ (3,146)
Ford of Europe ($ Millions)	15%	$ 133
Volvo ($ Millions)	15%	$ (537)
Total Automotive Operating-Related Cash Flow* ($ Billions)	20%	$ (4.621)
Cost Performance*	8.33%	
Corporate ($ Millions)		$ 2,180
The Americas ($ Millions)		$ 636
Ford of Europe ($ Millions)		$ 703
Volvo ($ Millions)		$ 641
Market Share	8.33%	
Corporate		****
The Americas**		**
Ford of Europe		8.8%
Volvo		0.559%
Quality ***	8.33%	
Corporate		
Things-Gone-Wrong % YOY Improvement (50)%		****
Warranty Spending % YOY Improvement (50)%		****
The Americas		
Things-Gone-Wrong % YOY Improvement (50)%		11.0%
Warranty Spending % YOY Improvement (50)%		2.3%
Ford of Europe		
Things-Gone-Wrong % YOY Improvement (50)%		3.9%
Warranty Spending % YOY Improvement (50)%		3.2%
Volvo		
Things-Gone-Wrong % YOY Improvement (50)%		18.0%
Warranty Spending % YOY Improvement (50)%		(6.3)%

* Excludes special items as detailed in Ford s Annual Report on Form 10-K for the year ended December 31, 2009.

** The Market Share metric for the Americas was comprised of the following targets: US (Retail as a percentage of Retail) 12.1%; Canada (Retail & Fleet) 13.3%; Mexico (Retail & Fleet) 11.3%; and South America (Retail & Fleet) 10.6%. The Committee focused the US Market Share metric on the retail percent of the overall retail market because: (i) it was considered the best measurement of the acceptance of our products by US consumers; and (ii) our decision to de-emphasize fleet sales in the US. The weightings for each region within the Americas business unit were based on the planned net revenues of the relevant region. The weightings were as follows: US 65.32%; Canada 8.28%; Mexico 5.74%; and South America 20.66%.

*** The Quality metrics for the relevant business units were developed from our Warranty Spending data and industry survey data that measured Things-Gone-Wrong. To better understand the Quality metrics, we show the targets as the year-over-year improvement to be achieved. The actual targets for the Things-Gone-Wrong metrics were the number of Things-Gone-Wrong for each relevant business unit and, in some cases, sub-business units. The Warranty Spending targets had a similar design. Because showing the actual metrics would be unwieldy and not enhance your understanding of the target to be achieved, we have translated the Things-Gone-Wrong and Warranty Spending targets into year-over-year improvement targets for each relevant business unit.

**** The Corporate business unit did not have a formal target for the Market Share and Quality metrics. Instead, performance for the Corporate Market Share and Quality metrics was a weighted average of the other business units market share and quality performance. The weightings for Corporate Market Share and Quality metrics were as follows: The Americas 47.8%; Ford of Europe 33.4%; Volvo 13.9%; and Asia Pacific and Africa 4.9%. These weightings were based on the planned net revenues of the relevant business units for 2009.

The table below shows the performance results for each metric for each business unit and the total performance results against the metrics for 2009. The Committee reviewed Ford s performance for 2009 against the goals. Based on this performance, the Committee determined the percentage of each of the six performance goals achieved and the percent of the target award earned for each business unit in which a Named Executive participated (see column (h) of Grants of Plan-Based Awards in 2009 Table and footnote 2 on pp. 57-58).

2009 Performance Unit Performance Results
(% of Target Achieved)

Business Unit	Global PBT	Business Unit PBT	Total Auto. Op.-Rel. Cash Flow	Cost Performance	Market Share	Quality*	Performance Results (Total % of Target Achieved)
Corporate	100%	N/A	100%	100%	72%	70%	**95%**
The Americas	100%	100%	100%	100%	79%	86%	**97%**
Europe	100%	100%	100%	100%	100%	50%	**96%**
Volvo	100%	100%	100%	100%	0%	76%	**90%**

*The Performance Results column for the Quality metric shows the combined percent achieved for the Things-Gone-Wrong target and Warranty Spending target, weighted equally as shown in the 2009 Performance Unit

Metrics, Weightings, and Targets Table on p. 45. Although the performance results were less than 100%, our quality improved year-over-year and, in general, indicates industry-leading quality levels.

In its discretion, the Committee determined not to reduce payouts in recognition of the following: (i) the Named Executives made substantial progress in accelerating our ONE Ford Plan; (ii) Final Awards of Restricted Stock Units do not have an adverse impact on our cash flow in the current period; (iii) the two-year restriction period of the Restricted Stock Units serves as a retention tool; (iv) the two-year restriction period focuses executive behavior on our longer-term interests; and (v) Final Awards of Restricted Stock Units align executive interests with yours.

D. Timing of Awards

Annual grants of equity awards are typically determined at a February Compensation Committee meeting. At that time, data for previous performance periods are available to determine the amount of the Final Awards. The Committee also decides the effective date of the annual equity-based grants of options and Performance Units. Due to administrative complexity relating to valuation and notification, the Committee approved the annual 2010 equity-based Final Awards and grants on February 25, 2010, and the Board approved an effective date of March 3, 2010. A similar practice was also followed for the 2009 annual equity-based Final Awards and grants. The release of earnings information for the prior fiscal year is sufficiently in advance of the annual grant date for the public to be aware of the information.

The Committee does not time equity grant dates to affect the value of compensation either positively or negatively. Executive officers did not play a role in the selection of the grant dates. Special grants, whether approved by the Compensation Committee for officers or the Long-Term Incentive Compensation Award Committee for non-officers, are effective either on a specified future date (e.g., a date that coincides with a promotion or hiring date, or quarterly grant date), or the date of approval. In the case of an approval by written consent, the grant date cannot be earlier than the date when the Committee member approvals have been obtained. See Corporate Governance Compensation Committee Operations at pp. 23-24 for more information on the Long-Term Incentive Compensation Award Committee. For exercise prices of the 2009 option grants, see column (l) of the Grants of Plan-Based Awards in 2009 Table on p. 57. Under the 2008 Long-Term Incentive Plan, the terms of which were approved by you at the 2008 Annual Meeting, the exercise price of options will be the closing price on the date of grant.

Stock Ownership Goals

In 1994, the Compensation Committee created stock ownership goals for executives at or above the Vice President level to further align the interests of the executives with those of shareholders. The following table shows the officer level and respective ownership goal.

Officer Level	Ownership Goal (% of salary)
Vice Presidents	100%
Group Vice Presidents	200%
Executive Vice Presidents	300%
Executive Chairman and President & CEO	500%

Executives have five years from taking their position to achieve their goal.

We review progress toward achievement of the ownership goals periodically. All forms of stock ownership including directly and indirectly owned shares of common stock, final awards of stock equivalents or Restricted Stock Units, and units that are based on common stock count toward the goal. As of March 3, 2010, all of the Named Executives comply with the stock ownership goals.

Compensation Programs for 2010

The following changes to our compensation and benefits program were effective January 1, 2010:

Annual merit increases to salary, which will occur in April.

Company matching of employee contributions to 401(k) plans at a rate of 3% of base salary ($0.60 for each dollar contributed, up to 5% of base salary).

Suspension of 2010 enrollment in our Deferred Compensation Plan due to low participation and high administrative complexity.

We believe that the programs mentioned above are reasonable and appropriate given the progress of our ONE Ford Plan. We also announced on March 24, 2010, that the Incentive Bonus Plan will be effective for the 2010 performance period. As noted in the Executive Summary on p. 32, in recent years our employees experienced significant reductions in compensation and benefits. In light of those reductions and our progress during 2009, we believe the business can now better afford these programs, which will assist in incentivizing and retaining our employees.

In Equity Compensation on pp. 40-41, we explained that due to the 2008 Plan s limit on shares available for grant and Ford s stock price on the date of grant, we were not able to provide recipients with the full-value of the equity compensation awards for the 2009 annual equity grants and the 2009 Incentive Grants. In light of our 2009 performance and the rise in our stock price, the shares available under the 2008 Plan are now sufficient to allow us to award supplementary equity compensation grants in March 2010. For current employees, recipients received equity grants that approximated the value by which the recipients 2009 annual equity grants and/or 2009 Incentive Grants were reduced. Messrs. Mulally and Ford did not receive any supplementary grants. In addition to the value of their 2010 annual equity awards, Messrs. Booth, Fields, and Fleming received stock options and Performance Units equal in value to the reduction in value of their 2009 annual stock award grants. Likewise, Mr. Fleming received additional time-based Restricted Stock Units in March 2010 equal in value to the reduction in value of his 2009 Incentive Grant.

In order to further implement our ONE Ford Plan objective of working together effectively as one team, the Committee decided that all officers will be assigned to the Corporate business unit for purposes of the performance metrics under the 2010 annual Performance Unit grants. However, for the 2010 Incentive Bonus Plan, those executives whose duties are primarily related to a specific business unit will be assigned to such business unit. Additionally, the Committee decided to decrease the global PBT metric weighting from 55% to 45% and increase the global Automotive operating-related cash flow metric from 20% to 30% for the 2010 annual Performance Unit program for the Corporate business unit. For other business units, the global PBT metric will be decreased from 40% to 30% and the global Automotive operating-related cash flow metric will be increased from 20% to 30% for the 2010 Incentive Bonus Plan. This change reflects the continued importance and emphasis on managing our cash.

On March 26, 2010, the Committee adopted a policy of recoupment of compensation applicable to our officers under certain circumstances (see Corporate Governance Risk Assessment Regarding Compensation Policies and Practices on pp. 21-22). The Committee decided that such a policy should be adopted to ensure executives act in the best interests of the Company.

Retirement Plans

In general, we believe that the retirement plans described below serve several worthwhile business purposes, including retaining top leadership talent. In addition, they provide income security to long serving executives, and provide flexibility to us in transferring executives among our operations. We believe these programs to be reasonable and appropriate in light of competitive practices and our executives total compensation program. For additional information, see the Pension Benefits in 2009 Table on p. 63 and the Nonqualified Deferred Compensation in 2009 Table on p. 65.

A. Pre-2004 Plans

Our General Retirement Plan (GRP) provides a tax-qualified benefit for each year of non-contributory participation by employees in the United States hired before January 1, 2004, and added benefits for those who make contributions. We also have two other non-qualified retirement plans for certain employees: the Supplemental Executive Retirement Plan (SERP) that provides a supplemental monthly benefit calculated on a percentage of Final Average Pay (0.2%-0.9% depending on executive position) and service, and the Benefit Equalization Plan (GRP-BEP). Under the

GRP-BEP, eligible employees receive benefits substantially equal to those they could have

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received under the GRP but were not able to because of Internal Revenue Code limitations. Messrs. Booth, Ford, Fields, and Fleming are eligible for benefits under the GRP, SERP, and GRP-BEP.

Certain eligible executives who separate from employment after age 55 (age 52 if retiring under our Select Retirement Plan (SRP)) and prior to age 65 may be eligible for monthly benefits under our Executive Separation Allowance Plan (ESAP) that provides a percentage of salary, based on age and service, at time of separation until age 65. The SRP is a voluntary retirement program offered from time-to-time for select U.S. management employees. In 2006 the Committee requested that its consultant, Semler Brossy Consulting Group, LLC, and the Company jointly conduct a review of the SRP as a severance vehicle. The review compared present values of the SRP benefit with traditional severance packages, examined potential changes, and considered benefits to the Company and to executives. The Committee reviewed the report and concluded that the SRP should remain in its current form to facilitate the reduction in work force then being undertaken by the Company and to provide flexibility to accommodate any future reductions.

Benefits under SERP, SRP, ESAP, and GRP-BEP are not funded. In addition, in accordance with Code Section 409A, benefits that accrued or vested on or after January 1, 2005 under these plans may not be paid to certain key executives until at least six months following their separation from employment.

B. Post-January 1, 2004 Plan

Consistent with our Strategy Statement (see Executive Summary A. Compensation Philosophy, Strategy, and Guiding Principles on pp. 33-34) to develop benefit programs that provide employees with income security and protection from catastrophic loss while minimizing our long-term liabilities, Ford adopted a tax qualified retirement plan, the Ford Retirement Plan (FRP), for salaried employees hired or rehired on or after January 1, 2004 in the U.S. The FRP was adopted in order to provide us with more predictable retirement benefit costs and reduced financial statement volatility. These goals are achieved through a stable contribution schedule and the transfer of financial and demographic risks from us to plan participants while still providing employees with the opportunity for adequate income in retirement. Employees who participate in this plan, including Mr. Mulally, are not eligible to participate in the GRP (with respect to future service) GRP-BEP, SERP, or ESAP.

Perquisites and Other Benefits

We provided certain perquisites and other benefits to senior management in 2009, the most significant of which are summarized below. The Committee periodically reviews our policies on perquisites and other benefits. The cost of these perquisites and other benefits, as applicable, are included in column (i) of the Summary Compensation Table on p. 53.

Personal Travel: As part of our efforts to reduce costs and conserve cash, we decided to close our Air Transportation operation in 2008. Company policy does not allow Messrs. Mulally or Ford to fly commercially due to security concerns. Consequently, the Company pays the charter costs of their use of private aircraft for business and personal travel. The families of Messrs. Mulally and Ford are allowed to accompany them on trips when they travel on private aircraft. In addition, the Company will pay the cost of coach-class commercial aircraft flights for Mr. Mulally s family when their travel is at his request.

Requiring Messrs. Mulally and Ford to use private aircraft for all travel provides several benefits to Ford. First, the policy is intended to ensure the personal safety of our President and CEO and our Executive Chairman, both of whom maintain significant public roles for Ford. Second, use of private aircraft ensures their availability and maximizes the time available for Ford business.

For retention purposes, the Company continues to pay the costs, including first class commercial airfare, for personal travel for Mr. Fields to and from his home in Florida.

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Evaluation Vehicle Program: We maintain a program that provides our officers with the use of two Company vehicles free of charge. This program requires officers to provide written evaluations on a variety of our vehicles, providing important feedback on the design and quality of our products.

Other Services: For certain executive officers, including the Named Executives, we provide a home security evaluation and security system. We also provide an allowance to senior managers for financial counseling services and estate planning. We pay for approximately 75% of the cost of this service up to $7,500. The safety and security (personal and financial) of our executives is critically important. We believe the benefits of providing these programs outweigh the relatively minor costs associated with them.

Tax Reimbursement: During 2009, the Committee reviewed the Company s policy regarding tax gross-ups for executive perquisites. There are only two perquisites for which tax gross-ups are available: (i) personal travel and (ii) temporary living/relocation expenses. The total amount spent on tax gross-ups for 2008 for Named Executives was approximately $460,000, and this amount decreased to $135,883 for 2009 due to less relocation expense. The Committee decided not to change our tax gross-up policy for 2009. The rationale for maintaining the policy was that the majority of the relatively low total amount spent on gross-ups is related to the use of private aircraft for personal travel, which the Company requires for Messrs. Mulally and Ford. We believe that the relatively small cost of providing this benefit is far outweighed by the value of the benefit in helping to attract and retain executive talent in a difficult business environment.

Alan Mulally

Effective September 1, 2006, we entered into an agreement with Mr. Mulally relating to his hiring as President and Chief Executive Officer. That agreement contained a change in control provision that provides that if we terminate Mr. Mulally s employment for reasons other than for cause during the first five years of his employment or if there is a change in control of the Company during the first five years of his employment and he terminates his employment for good reason, he will receive certain payments and benefits (see Potential Payments Upon Termination or Change in Control Alan Mulally on pp. 66-69). If Mr. Mulally leaves us pursuant to these arrangements, he may not work for a competitor for five years after the date of his termination. Mr. Mulally will not be entitled to any severance payment if he is terminated for cause.

The Committee believes these termination provisions are reasonable. The sunset provision of five years is an appropriate length of time to compensate Mr. Mulally to leave his prior position at Boeing and assume a leadership role with a company in the midst of a turnaround. The non-compete clause also protects the Company from competitive harm should Mr. Mulally separate from Ford under these conditions. In addition, under a change in control scenario, Mr. Mulally s employment either must be terminated or he must terminate his employment for good reason in order to receive the termination benefits.

Mr. Mulally also was granted the option to live in temporary housing near the Company s headquarters for the first two years of employment at Company expense. In September 2008, the Committee decided to continue this arrangement indefinitely. The Committee believes the arrangement is beneficial to Mr. Mulally and the Company by allowing him to continue to focus on our ONE Ford Plan. The cost of this benefit is included in column (i) of the Summary Compensation Table on p. 53. He is eligible for relocation assistance pursuant to our relocation program if he chooses to relocate his household.

William Clay Ford, Jr.

In Named Executive Officers on pp. 37-38, we explained the compensation arrangement with Mr. Ford that led to his being a Named Executive this year. Please refer to footnote 1 to the Summary Compensation Table on p. 53 for an explanation of the treatment of each element of Mr. Ford s compensation. The Committee believes this arrangement is fair and reasonable in light of Mr. Ford s leadership of the Company, initially as CEO during the early phases of our turnaround plan. He has continued to provide valuable service in his role as Executive Chairman and Chairman of the Board in partnering with the President and CEO in setting Ford s strategy, and to provide leadership on Company-wide issues of sustainability and stakeholder relationships. The 2008 change to Mr. Ford s compensation arrangement accomplishes the following: (i) provides Mr. Ford reasonable compensation for his efforts, if the Company returns to full-year global Automotive profitability, excluding special items; (ii) preserves Mr. Ford s pledge not to receive new compensation until the Company achieves full-year global Automotive profitability, excluding special items; and (iii) strongly links Mr. Ford s compensation with shareholder interests.

Tax and Other Considerations

A. Internal Revenue Code § 162(m)

Code Section 162(m) generally disallows Federal tax deductions for compensation in excess of $1 million paid to the Chief Executive Officer and the next three highest paid officers (other than the Chief Financial Officer) whose compensation is required to be reported in the Summary Compensation Table of the proxy statement (Covered Executives). Certain performance-based compensation is not subject to this deduction limitation. In our case, this exemption applies to certain awards under the Incentive Bonus Plan, the 1998 Plan, and the 2008 Plan. Specifically, 2009 awards of stock options and Final Awards related to Performance Units were not subject to the deduction limit. However, the amount of the Final Award for Mr. Mulally that exceeded the shareholder approved limit of 2.5 million Restricted Stock Units and therefore are subject to the deduction limit.

In contrast to the 2009 stock option awards and the Final Awards granted under Article 4 of the 2008 Plan, service-based Restricted Stock Units awarded to Covered Executives in prior years are subject to the deduction limit. Additionally, we cannot deduct that portion of any Covered Executive s salary that is in excess of $1 million (see Summary Compensation Table on p. 53), or the cost of any perquisites provided to a Covered Executive whose salary exceeds $1 million.

Generally, we strive to maximize the tax deductibility of our compensation arrangements. In the highly competitive market for talent, however, we believe the Committee needs flexibility in designing compensation that will attract and retain talented executives and provide special incentives to promote various corporate objectives. Furthermore, as noted in Equity-Based Compensation on pp. 40-41, the Committee responded to the adverse economic environment by emphasizing performance-based equity compensation in order to help achieve the 2009 objectives of our ONE Ford Plan. The Committee, therefore, retains discretion to award compensation that is not fully tax deductible.

B. Internal Revenue Code § 409A

Code Section 409A governs the timing for income inclusion of amounts deferred under nonqualified deferred compensation plans. If certain requirements are not met, employees are subject to additional income taxes. Our supplemental retirement plans, severance arrangements, and other nonqualified deferred compensation plans presently meet these requirements. As a result, employees generally will be taxed when deferred compensation is received. We will be entitled to a tax deduction at that time.

C. Internal Revenue Code § 280G

Code Section 280G disallows a company s tax deduction for excess parachute payments. Additionally, Code Section 4999 imposes a 20% excise tax on any person who receives excess parachute payments. Presently, only Mr. Mulally is entitled to payments upon termination of his employment following a change in control of the Company which may qualify as excess parachute payments. Accordingly, our tax deduction for any such excess parachute payments would be disallowed under Code Section 280G. Not all of the payments to which Mr. Mulally may become entitled upon a change in control would be excess parachute payments. None of the other Named Executives has a change-in-control provision.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (CD&A) with management. Based on this review and discussion, the Committee recommended to the Board of Directors that the CD&A be included in this Proxy Statement and incorporated by reference into our annual report on Form 10-K.

Compensation Committee

Richard A. Manoogian (*Chair*)
Anthony F. Earley, Jr.
Ellen R. Marram
John L. Thornton

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised of Anthony F. Earley, Jr., Richard A. Manoogian, Ellen R. Marram, and John L. Thornton, none of whom is an employee or a current or former officer of the Company.

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Compensation of Executive Officers

The table below shows the before-tax compensation for Alan Mulally, who served as President and CEO during 2009, L. W. K. Booth, who served as Executive Vice President and Chief Financial Officer during 2009, and the three most highly compensated executive officers at the end of 2009.

SUMMARY COMPENSATION TABLE

	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Year	Salary ($)	Bonus[2] ($)	Stock Awards[3] ($)	Option Awards[3] ($)	Non-Equity Incentive Plan Compensation[4] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($)	All Other Compensation(($)
	2009	1,400,003	0	10,974,782	5,050,000	0		491,869
	2008	2,000,000	0	4,491,462	9,437,376	0		1,046,390
	2007	2,000,000	4,006,154	5,678,933	5,999,999	2,993,846		1,441,763
	2009	1,200,000	0	345,493	760,000	0	1,382,493	138,201
	2008	1,075,000	0	1,386,994	999,999	0	1,700,527	291,880
	2007	868,133	526,923	1,465,473	3,314,995	1,723,077	1,845,517	329,376
r.[1]	2009	0	0	9,411,533	5,066,200	0	616,374	1,740,167
	2009	1,300,000	0	609,579	760,000	0	1,217,680	93,994
	2008	1,300,000	0	1,649,437	999,999	0	536,070	161,867
	2007	1,255,634	711,538	2,032,894	4,714,496	2,138,462	457,458	439,567
	2009	750,000	0	1,004,842	570,000	0	1,332,269	195,307
dent								
g &								

Notes

(1)As noted in the Compensation Discussion and Analysis Named Executive Officers on pp. 37-38, Mr. Ford has agreed to forego new compensation (including salary, bonus, and other awards) until such time as the Compensation Committee determines that the Company s global Automotive sector has achieved full-year profitability, excluding special items. It was further agreed that the compensation Mr. Ford would have received beginning in 2008 and future years, but for the agreement to continue to forego new compensation, will be earned and paid when the Committee determines that the Company s global Automotive sector has achieved full-year profitability, excluding special items. Beginning in 2008, the following table describes the elements of Mr. Ford s compensation and the expected treatment of each element when the Committee determines the conditions for payment have been met. Amounts will be determined annually and approved by the Committee.

Element	Treatment
Base Salary	Will be paid in a single lump sum payment retroactively to January 1, 2008. Thereafter, would be paid monthly according to usual business/payroll practices.
Incentive Bonus	Actual award will be based on the Committee s determination of Company and individual performance when the Committee determines the conditions for payment have been met.
Stock Option Grant	Starting with the 2009 annual option grant, such grants are made in accordance with the Company s annual option grant process with an exercise price determined as the fair market value on the date of grant as determined by the Committee. The grant will vest upon the occurrence of the later of the normal 3 year vesting schedule and the Committee determining that the Company s global Automotive sector has achieved full-year profitability, excluding special items. The options will have a 10-year term commencing on the grant date, regardless of whether the options ever vest. The annual 2008 option grant will be treated under the previous arrangement outlined below.
Performance Units	Final Award will be based on the Committee-approved performance metrics used for annual Performance Unit grants. The Final Award of Restricted Stock Units will be made when the Committee determines the conditions for payment have been met and be based on the Committee s determination of Company and individual performance. The Final Award will be subject to the normal 2-year restriction period.

In March 2009, the Committee determined the treatment of Mr. Ford s stock option grants. Under the previous arrangement, Mr. Ford would have received stock options with a 10-year term that vested over three years from the date of grant with a strike price equal to the fair market value of Ford common stock on the date of grant. The date of grant would be on, or after, the date the Committee determined that the Company s global Automotive sector achieved full-year profitability, excluding special items. The Committee recognized that this method failed to take into account stock price appreciation that may occur if the Company returns to full-year global Automotive profitability, excluding special items, and, consequently, adopted the method outlined in the above table. This structure incentivizes Mr. Ford to achieve stock price appreciation even though he would not realize the benefits of that appreciation until the full-year profitability metric is achieved.

(2)The amounts shown for 2007 reflect bonus awards paid in 2008 for 2007 performance.

(3)The amounts shown in columns (e) and (f) reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for stock-based and option awards for each of the Named Executives for the years ended

December 31, 2007, 2008, and 2009 (if required to be included in the Summary Compensation Table). The assumptions for the 2009 calculations can be found at footnote 21 to our audited financial statements in Ford s Annual Report on Form 10-K for the year ended December 31, 2009. The assumptions used for the 2008 calculations can be found at footnote 17 to our audited financial statements in Ford s Annual Report on Form 10-K for the year ended December 31, 2008. The assumptions used for the 2007 calculations can be found at footnote 17 to our audited financial statements in Ford s Annual Report on Form 10-K for the year ended December 31, 2007. Pursuant to SEC rules, we disregarded the estimate of forfeitures related to service-based vesting conditions.

Included in the amounts shown in column (e) are the grant date values of certain awards that are subject to performance conditions. Pursuant to SEC rules, the grant date values shown above are reported based upon the probable outcome of such conditions as of the date of grant. The table below shows the value of such awards at the grant date assuming that the highest level of performance is achieved.

Named Executive Officer	Year	Stock Awards ($)
Alan Mulally	2009	21,511,222
	2008	5,204,475
	2007	6,309,926
L. W. K. Booth	2009	1,393,116
	2008	1,607,177
	2007	1,628,303
William Clay Ford, Jr.	2009	13,234,400
Mark Fields	2009	1,539,341
	2008	1,911,282
	2007	2,258,771
John Fleming*	2009	802,652

*The amount shown in column (e) for Mr. Fleming includes an award that did not have a performance condition (see footnote 3 of Grants of Plan-Based Awards in 2009 Table on p. 58).

(4)The amounts shown in column (g) for 2007 reflect awards earned by certain Named Executives under the Incentive Bonus Plan.

(5)The amounts shown reflect the increase in the actuarial present value of accrued pension benefits under various Company plans. For 2009, the accrued pension benefits are measured from December 31, 2008 to December 31, 2009; for 2008, the accrued pension benefits are measured from December 31, 2007 to December 31, 2008; and for 2007 the accrued pension benefits are measured from December 31, 2006 to December 31, 2007. See the Pension Benefits in 2009 Table on p. 63 for additional information, including the present value assumptions used in these calculations. No Named Executive received preferential or above-market earnings on deferred compensation.

(6)The following table summarizes the amounts shown in column (i) for 2009.

All Other Compensation in 2009

Perquisites and Other Personal	Tax	Insurance	Company Contributions to Retirement and

Name	Year	Benefits(i) ($)	Reimbursements ($)	Premiums(ii) ($)	401(k) Plans(iii) ($)	Other(iv) ($)	Total ($)
Alan Mulally	2009	304,756	84,972	24,385	13,475	64,281	491,869
L. W. K. Booth	2009	119,069	0	18,223	0	909	138,201
William Clay Ford, Jr.	2009	1,708,302	25,271	6,594	0	0	1,740,167
Mark Fields	2009	64,957	25,640	3,397	0	0	93,994
John Fleming	2009	149,268	0	5,749	0	40,290	195,307

(i)For a description of perquisites relating to personal use of company aircraft, our evaluation vehicle program, and security and other services for Named Executives, see Compensation Discussion and Analysis Perquisites and Other Benefits on pp. 49-50. Other perquisites and personal benefits whose incremental cost is included in the amounts shown (unless indicated) consist of the following: personal use of Company phone cards and cell phones, personal use of car and driver service, personal use of Company season tickets to athletic events,* personal use of

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Company club memberships,* annual executive health exams, fuel and car washes related to the evaluation vehicles, and temporary housing and relocation expenses.

*Indicates no incremental cost to the Company because these benefits are primarily for business use and when the executive uses such benefit for personal use, the executive pays for any costs other than season ticket and/or annual club membership costs.

Amounts for the Named Executives include the incremental costs to the Company for providing certain perquisites and other benefits during 2009. For Mr. Mulally, the amount shown includes $127,699 for personal use of private aircraft, $43,447 for security, and $94,623 for temporary housing. For Mr. Booth, the amount shown includes $86,497 for costs associated with his international service assignment, including relocation, temporary housing, lodging, and meals during relocation. For Mr. Ford the amount shown includes $438,419 for personal use of private aircraft, and $1,191,457 for security. For Mr. Fields the amount shown includes $27,514 as the actual cost of first class commercial airfare for personal travel to and from his home in Florida. For Mr. Fleming, the amount shown includes $126,010 for costs associated with his international service assignment, including home leave travel, temporary housing, and lodging.

During 2009, for use of private aircraft, we use the actual costs incurred. We calculated the aggregate incremental cost of security, relocation and temporary housing expenses as the actual cost incurred to provide these benefits. We calculated the aggregate incremental cost of providing the evaluation vehicles by estimating the lease fee for a comparable vehicle under our Management Lease Program. The lease fee under that program takes into account the cost of using the vehicle, maintenance, license, title and registration fees, and insurance.

(ii)Amounts shown reflect the dollar value of premiums paid by the Company equal in amount to 3 times an employee s salary. Employees may purchase additional life insurance and these premiums are payroll deducted with no additional Company contributions or cost.

(iii)The amount shown for Mr. Mulally reflects contributions made to his Ford Retirement Plan account (see Compensation Discussion and Analysis Retirement Plans on pp. 48-49). Effective January 2009, the Company suspended matching contributions to employee 401(k) accounts.

(iv)The amount shown for Mr. Mulally primarily reflects Company contributions to a nonqualified benefit equalization plan related to the Ford Retirement Plan (see Nonqualified Deferred Compensation in 2009 Table and footnotes 1 and 2 on pp. 65-66). Furthermore, the amounts for Messrs. Booth and Fleming include various payments related to their international service assignment, such as cost-of-living adjustments, tax preparation, and other payments associated with his international service. These benefits are generally available to any level of employee who is on an international assignment.

Grants of Plan-Based Awards in 2009

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]					
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units #[3]	All Other Option Awards: Number of Securities Underlying Options (#)[4]	Exercise of Base Price of Option Awards Date ($/Sh)[5]
	3/30/2009	2/25/2009					5,076,530				
	3/11/2009	2/25/2009					3,826,530				
	3/11/2009	2/25/2009								5,000,000	1.96
	3/30/2009	2/25/2009					387,755				
	3/30/2009	2/25/2009					116,997				
	3/11/2009	2/25/2009								752,475	1.96
ord, Jr.	3/27/2009	3/26/2009					1,790,000				
	3/27/2009	3/26/2009					2,870,000				
	3/27/2009	3/26/2009								3,470,000	2.84