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COLLECTIVE BARGAINING AGREEMENT

Article IX, Section 4 (contd)

(d) Amount of Allowance (contd)

(3) In determining the Three-Month Average Index for a specified period, the computed average shall be rounded to the nearest 0.01 index point.

(4) In no event will a decline in the Three-Month Average Index below ~~174.12~~ 197.23 provide the basis for a reduction in the wage scale by job classification.

~~(5) For each adjustment during the fifteen three-month periods beginning on December 1, 2003, and ending on June 4, 2007, in which an increase in the cost-of-living allowance shall be required according to the above table, the amount of increase so required each three-month period shall be reduced by two cents (2¢), or by the amount of the increase, whichever is less.~~

- (5) (i) For each increase to the cost-of-living allowance beginning on December 3, 2007 and continuing until the remainder of the seventeen (17¢) COLA deferral required under the conditions of the settlement agreement in the Hardwick case has been recovered, the amount of increase payable to employees shall be reduced by five cents (5¢) per three-month period, or by the amount of the increase whichever is less. Thereafter, for each increase to the cost-of-living allowance, the amount of increase to employees will be reduced by two cents (2¢) per three-month-period, or by the amount of the increase whichever is less and continue into perpetuity.
- (ii) For each increase to the cost-of-living allowance during the fifteen three-month periods beginning December 3, 2007 and ending June 6, 2011, the amount of increase payable to employees shall be reduced by four cents (4¢), or by the amount of the increase whichever is less. The sum of the diversions during this period will continue into perpetuity.
- (iii) For each increase to the cost-of-living allowance during the fifteen three-month periods beginning December 3, 2007 and ending June 6, 2011, the amount of increase payable to employees shall be reduced by four cents (4¢), or by the amount of the increase whichever is less.
- (iv) In addition, in the quarter after the seventeen cent (17¢) COLA deferral as referenced in (i) above is completed, the amount of increase payable to employees shall be reduced until parity with GM is achieved prior to any other diversions being taken. Once parity is achieved, this diversion will continue into perpetuity.

The diversions referenced herein will be applied in the order as referenced above.



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\* COLLECTIVE BARGAINING AGREEMENT

Article IX, Section 4 (contd)

Following the adjustment for the three-month period beginning June 4, 2007, 2011, the sum reduced during the fifteen periods shall be subtracted from the cost-of-living allowance table and the table shall be adjusted so that the actual Three Month Average Consumer Price Index equates to the allowance payable during the period beginning June 4, 2007, 2011.

(e) Adjustment Procedure

In the event the Bureau of Labor Statistics does not issue the appropriate Index on or before the beginning of one of the pay periods referred to in Subsection (c), any adjustment in the allowance required by such appropriate Index shall be effective at the beginning of the first pay period after receipt of the Index.

No adjustments retroactive or otherwise shall be made in the amount of the cost-of-living allowance due to any revision which later may be made in the published figures used in the calculation of the Consumer Price Index for any month on the basis of which the allowance shall have been determined.

(f) Transfer of Portion of Cost-of-Living Allowance Into Base

Effective on the Effective Date, Two dollars and three cents (\$2-002.03) shall be added to the base hourly rate for each classification, including minimum and maximum rate for spread rate classifications. An equal amount of Two dollars and three cents (\$2-002.03) shall be deducted from the Two dollars and ~~fivethirteen~~ cents (\$2-052.13) cost-of-living allowance which was in effect immediately prior to that date, and thereafter the cost-of-living allowance shall be computed in accordance with Subsections (b), (c) and (d) of this Section.

Adjustments in the base rate used for the purpose of incentive pay calculation by reason of the portion of the cost-of-living allowance transferred to base hourly rates under this Subsection 4(f) shall be as agreed upon in local negotiations at those Company locations having incentive plans.



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COLLECTIVE BARGAINING AGREEMENT  
APPENDIX K  
MEMORANDUM OF UNDERSTANDING  
TEMPORARY PART-TIME EMPLOYEES

The parties recognize that in certain circumstances, it may be necessary to utilize Temporary Part-Time employees to supplement the work force. Where such employees are required, their rights and benefits shall be as indicated below:

I. The following provisions apply to Temporary Part-Time employees hired or rehired prior to the Effective Date of the Agreement.

1. Temporary part-time employees are employees hired by the Company who shall normally be scheduled to work any two days per week in addition to premium days subject to subparagraph B. below.
  - A. On the days they are scheduled to work, they may be scheduled for all or any part of the hours posted for the department to which they are assigned.
  - B. They may be scheduled to work daily overtime or on days for which full-time employees receive premium pay as such if they do not displace eligible full-time employees.
  - C. The utilization of temporary part-time employees shall not be considered as an infringement of the rights of full-time employees under the Ford-UAW Collective Bargaining Agreement. Seniority employees who are laid off or who are to be laid off may request to displace temporary part-time employees. Seniority employees who are utilized as temporary part-time employees will be required to comply with the work schedule for temporary part-time employees.
  - D. Seniority employees who are utilized as temporary part-time employees shall continue to accumulate seniority and shall be entitled to all the benefits of seniority employees except Supplemental Unemployment Benefits (SUB). Such employees will not be entitled to earn SUB Credit Units on the basis of pay for such work and will not be considered to be on the active employment roll for purposes of crediting Guaranteed Annual Income Credit Units.
2. Temporary part-time employees shall be paid the regular rate for the job to which they are classified subject to the provisions of Article IX, Section 2(e,d) Hiring-In Rates, of the Collective Bargaining Agreement, with the understanding that wage increases pursuant thereto will be based on each five (5) days of actual work counting as one full week of employment, provided, however, that a week in which three or more days are worked will count as a full week (5 days) of employment. Each increase shall be effective at the beginning of the first pay period following the completion of the required number of days of actual work by the temporary part-time employee for the Company.

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COLLECTIVE BARGAINING AGREEMENT  
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3. A temporary part-time employee shall accrue no credit towards acquiring seniority. In the event such employees become full-time employees, they shall be considered as rehires and shall receive no credit towards acquiring seniority for time they were employed as temporary part-time employees.
4. The Company may discharge or terminate a temporary part-time employee, in which case the employee shall have access to the Grievance Procedure in cases of claimed discrimination on account of race, color, national origin, age, sex, or religion.
5. A temporary part-time employee shall be entitled to Union representation, including access to the regular Grievance Procedure, in cases of alleged violation of rights arising out of this Agreement.
6. For purposes of determining Union representation, temporary part-time employees will be counted only on days for which they are scheduled to work. Representation will be determined by accumulating the number of temporary employees utilized each day until the number reaches 200 at which time the Union will be authorized an additional representative for one (1) day.
7. A temporary part-time employee will be subject to the provisions of Article II and III of the Ford-UAW Collective Bargaining Agreement. Monthly dues for temporary part-time employees will be as determined by the National Ford Department, UAW.
8. A temporary part-time employee will not be assigned to an operation expressly for the purpose of establishing a production standard on that operation; nor will his/her performance be considered either in establishing a production standard or in a dispute over the production standard.
9. A temporary part-time employee shall not be covered by the Retirement Plan, the SUB Plan or the Insurance Program, except as provided in Sections 1D, and 11, and 12 of this Agreement.
  - A. Such employees shall have only such rights, privileges, compensation or benefits as are expressly provided by the following provisions of the Ford-UAW Collective Bargaining Agreements:

Article IX, Section 4 -- Cost-of-Living Allowance  
Article IX, Section 5 -- Call-In Pay  
Article IX, Section 6 -- Shift Premiums  
Article IX, Section 7 -- Daily Overtime Premium  
Article IX, Section 9 -- Saturday Premium (Subject to the conditions of Appendix H, Part A, Sec. 13(a))  
Article IX, Section 10 -- Sunday Premium (Subject to the conditions of Appendix H, Part A, Sec. 13(a))

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COLLECTIVE BARGAINING AGREEMENT  
Appendix K (contd.)

Article IX, Section 11 -- Holiday Premium  
Article IX, Section 15 -- Medical Treatment During Working  
Hours -- Time Allowance  
Article X, Section 6 -- Lunch Periods

- B. A seniority employee who is affected by a reduction in force and becomes a temporary part-time employee will be eligible for a scheduled vacation and paid excused absence with respect to any unused vacation/excused absence hours at the time of the reduction in force. Further, in computing the number of weeks of enrollment and absences for purposes of determining vacation eligibility for the succeeding year, the period of employment as a temporary part-time employee will be counted.
- C. A seniority employee who becomes a temporary part-time employee will be entitled, if otherwise eligible, to receive payment for the wage benefit payments in the following provisions of the Ford-UAW Collective Bargaining Agreement for days the employee would have been scheduled to work:

Article IX, Section 18 -- Jury Duty Pay  
Article IX, Section 19 -- Bereavement Pay  
Article IX, Section 20 -- Short-term Military Duty Pay

10. Holiday Pay

- A. A temporary part-time employee will be eligible for holiday pay as set forth in Article IX, Section 22(a) of the Ford-UAW Collective Bargaining Agreement provided:
- (1) The employee has actually worked at least 90 days prior to the holiday(s);
  - (2) The employee worked the same day(s) as the holiday in the week prior to the week in which the holiday(s) falls and the employee would otherwise have been scheduled to work on such day if it had not been observed as a holiday; and
  - (3) The employee has worked the last scheduled working day prior to and the next scheduled working day after such holiday(s) within the employee's scheduled workweek. In the case of the Christmas holiday period, as defined in Article IX, Section 22(a) (3) (i) of the Ford-UAW Collective Bargaining Agreement, a temporary part-time employee absent without excuse on both the last scheduled working day prior to and the next scheduled working day after such Christmas holiday period shall be ineligible for pay for all of the holidays falling on Monday or Friday within the Christmas holiday period. An otherwise eligible temporary part-time employee absent without excuse on either the last scheduled

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working day prior to or the next scheduled working day after a Christmas holiday period shall be eligible to receive holiday pay for only two (2) of the holidays for which he would otherwise be eligible in the Christmas holiday period.

- B. A seniority employee who is laid off in a reduction in force and becomes a temporary part-time employee will be entitled to holiday pay provided the employee meets the eligibility requirements outlined in A (2) and (3) of this paragraph; except that, if the employee is eligible for holiday pay under Article IX, Section 22 of the Ford-UAW Collective Bargaining Agreement the eligibility rules in Subparagraph A of this paragraph shall not apply. However, should the employee qualify for Christmas holiday pay as provided in this Memorandum and Article IX, Section 22(d), the employee will be provided the greater of the two Christmas holiday pay entitlements but not both.

C. A temporary employee who is laid off in a reduction in force and is utilized as a temporary part-time employee will be considered for holiday pay purposes as though hired originally as a temporary part-time employee with the number of days actually worked as a full-time employee counted toward the 90 days required for holiday pay eligibility in Subparagraph A of this paragraph.

11. Insurance and H-S-M-D

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- A. Temporary part-time employees shall be provided life insurance coverage in the amount of \$3,000 and accidental death and dismemberment insurance coverage in the amount of \$1,500. An employee shall become eligible for such coverages commencing as of the first of the month following the month of hire or rehire. The Company shall pay the full premium for these coverages for any month in which an eligible employee receives pay from the Company for any time during such month. These coverages shall cease, if otherwise in effect, as of the day employment is terminated.
- B. Temporary part-time employees shall be provided hospital-surgical-medical-drug coverages as specified in Section 1 of the H-S-M-D-D-V Program, except that such employees hired or rehired on or after March 1, 1982, shall be provided such hospital-surgical-medical coverages (but not drug coverage). An employee hired or rehired on or after March 1, 1982, and before October 4, 1993, shall become eligible for such coverages commencing as of the first day of the sixth month following the month of hire or rehire. An employee hired or rehired on or after October 4, 1993, shall become eligible for such coverages commencing as of the first day of the eighth month following the month of hire or
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rehire. The Company shall pay the full amount of the monthly premium for the following month's coverages for each month an eligible employee receives pay from the Company for any time during such month. These coverages shall cease, if otherwise in effect, as of the last day of the month in which employment is terminated. It is understood there shall be no duplication of benefits because of coverages provided under Company hospital-surgical-medical-drug programs.

12. Retirement Plan

A temporary part-time employee may become eligible for a normal retirement benefit or a deferred vested pension benefit based on his years of creditable service during years in which he has accumulated ERISA Service Credits under Article III, Section 8, of the Ford-UAW Retirement Plan (the "Plan") if on or after January 1, 1976 he shall become eligible to accumulate ERISA Service Credits thereunder. Any such person shall, with respect to any calendar year beginning on or after January 1, 1976 in which he accumulates an ERISA Service Credit, receive future service under the Plan for the sole purpose of determining the amount of and eligibility for any such normal or deferred vested pension benefit. Any such future service shall be based on the number of hours for which the temporary part-time employee receives pay from the Company in a calendar year.

II. The provisions of Section I above (with the modifications to I.2, I.9A and I.11B below) shall apply for employees hired or rehired as Temporary Part-Time employees on or after the Effective Date of the Agreement.

2. Temporary Part-Time employees shall be paid the Entry Level rate identified in Appendix V, Article I, IV, a,b&c "Wages and Other Economic Matters" with progression.

9. A. Article IX, Section 4 -- Cost-of-Living Allowance, does not apply.

11. B. Temporary employees will not be able to enroll sponsored dependents.

H-S-M enrollment is limited to the National Preferred Provider Organization (NPPO) Option, modified to include the cost-sharing requirements shown in the table below:

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<u>Annual Deductible</u>	
<u>In-Network</u>	
Single	\$300
Family	\$600
<u>Out-of-Network</u>	
Single	\$1,200
Family	\$2,100
<u>Co-Insurance</u>	
In-Network	10%
Out-of-Network	35%
<u>Out-of-Pocket Maximum</u>	
<u>In-Network</u>	
Single	\$1,000
Family	\$2,000
<u>Out-of-Network</u>	
Single	No Limit
Family	No Limit
<u>Office Visit Co-Insurance</u>	100%

The opportunity for survivors to continue coverage, or for the subject employees to continue coverage post-employment or for periods not in active service will be limited to self-pay continuation that may be available under federal law.

Temporary employees are not eligible for Company-provided health care coverage in retirement. They also are not eligible for the Company contribution of an amount equal to \$1.00 for every compensated hour into the employee's Tax-Efficient Savings Plan for Hourly Employees (TESPHE) in lieu of Company contributions for health care coverage in retirement.

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D A. Excluded Events

No JSP eligible employee will be laid off during the term of this Agreement except for the following reasons:

- Volume-related declines attributable to market-related conditions as described in the attached letter, Job Security Program-GEN JSP -- Volume Related Layoffs, not to exceed forty-eight (48) weeks (inclusive of vacation shut-down weeks) over the life of the Agreement;
- Acts of God and other reasons beyond the control of the Company;
- Sale of a part of the Company operations as an ongoing business;
- Layoffs of employees recalled or reassigned to fill openings known in advance to be temporary;
- Model change or plant rearrangement.

II. JOB SECURITY ADJUSTMENTS TO THE GEN ELIGIBILITY

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- A. All seniority non-Entry Level employees as of the Effective Date of the 2007 Ford-UAW National Agreement are covered by this Memorandum.

A plant by plant listing of the number of skilled and non-skilled employees covered by this Memorandum will be provided to the NJSOESC and LJSOESC. This report will be updated monthly.

- B. Discharged employees who are JSP eligible will maintain their eligibility upon reinstatement.

C. When a seniority employee quits, dies, retires, or is placed on Salary, the seniority employee will be replaced one for one as soon as possible, but within 30 days, as follows:

Non-Skilled

- (1) Recall a seniority employee first from layoff/in plant protected status from the facility, then from the preferential placement list or from employees otherwise available through the placement hierarchy;
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Skilled

(1) Recall a skilled seniority employee from layoff/in plant protected status from the facility, then from the preferential placement list or otherwise available through the placement hierarchy;

(2) Either (a) transfer a skilled trades employee working in a non-skilled job into the trade, or (b) place an Apprentice, or (c) place a retrained journey person;

(3) Hire a new skilled trades employee

Issues arising from implementation of this Section II (C) will be referred to the National Parties for resolution. The NJSOESC is responsible for tracking attrition separately for non-skilled and skilled employees.

D. The number of jobs outsourced minus the number of jobs insourced (as defined in Appendix P) will be treated as attrition.

E. Attrition replacement will be delayed during a market driven related layoff.

F. Attrition replacement when a facility has employees on Protected Status will be handled in accordance with the "National Job Security Committee - Unique Attrition Credit" Letter of Understanding.

A. An employee shall become GEN eligible for any of the following reasons, at which point the Unit GEN will be increased by one position for each such employee when: (1) an employee on roll who had less than one year of seniority on the Effective Date, subsequently attains one year of seniority; (2) an employee with one or more years of seniority is recalled (unless recalled to satisfy a GEN) and is actively at work or receives pay (counting pay for holidays, vacations and other paid time off) in at least twenty six (26) weeks during any consecutive 52 week period ending after the Effective Date; an employee who had less than one year of seniority at the time of recall (unless recalled to satisfy a GEN) attains one year of seniority and is actively at work or receives pay (counting pay for holidays, vacations and other paid time off) in at least twenty six (26) weeks during any consecutive 52 week period ending after the Effective Date; (4) an employee hired/rehired after the Effective Date attains thirty six (36) months of seniority; or (5) an employee deemed to be eligible by being recalled or newly hired in order to satisfy a GEN Benchmark Minimum. Notwithstanding the above, the National Committee (Section IV, D., below) is authorized to establish special mechanisms, including GEN eligibility provisions, for the purpose of attracting new work.

B. The Unit GEN will be reduced for the attrition of eligible employees who quit, die or retire.

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6. ~~Employees recalled, hired, or rehired to fulfill the above obligations may be assigned within the Unit at Management's discretion, subject to applicable seniority provisions of the Agreement.~~

~~If the GEN number results in less than a whole number, the Engineering Method of Rounding will be used to determine the GEN.~~

### III. ~~PROTECTED~~ EMPLOYEES

A. The parties recognize that ~~covered events~~ actions may occur during the course of this Agreement that will cause the number of GEN JSP eligible employees to exceed the Company's production requirements. The parties recognize further that the scope of this Program requires flexibility with regard to the assignment of such Protected employees. The following provisions shall apply:

- In no event will a Protected employee remain on Protected Status more than two years, unless he or she has not received at least two job offers during the two-year period.
- A Protected employee who has not received two job offers during the two-year Protected Status period will remain in Protected Status until he or she receives a job offer. A Protected employee who declines this job offer will be placed on inactive status with no Company-provided income or benefits.
- A Protected employee who, during his or her two-year Protected Status time period, declines his or her first job offer will remain in Protected Status until he or she receives an additional job offer. A Protected employee who declines this additional job offer will be placed on inactive status with no Company-provided income or benefits.
- A Protected employee who declines two job offers during their two year Protected Status period will, upon declining the second offer, be placed on inactive status with no Company-provided income or benefits.

B. ~~In~~ this regard, the Local Job Security, Operational Effectiveness and Sourcing Committee (described in Section IV, below) will ensure that assignments are made on a basis consistent with the seniority provisions of the Collective Bargaining Agreement and local seniority agreement, while also meeting plant needs, minimizing workforce disruption and enhancing the personal growth and development of employees. After a decision by the Local Committee, an available Protected employee will ~~may~~ be (1) placed in a training program, (2) used as a replacement to facilitate the training of another employee, (3) given a mandatory job assignment within or outside the bargaining Unit which may be non-traditional, (4) placed in an existing opening, (5) placed in a job opening at another Ford plant provided there is no employee on layoff from that plant with seniority recall rights or CBA1/0246/7 d 11/02/07

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Preferential Placement applicant who has not been offered a job at that plant as determined by the National Committee, or (6) given other assignments consistent with the purposes of this Memorandum of Understanding.

C. In-Zone/Out-of-Zone Placements

1. Placement of Protected Status employees will be in accordance with the provisions of Appendix N and associated Letters of Understanding.
2. Notwithstanding the above, ~~an~~ available Protected Status employees ~~may~~ will be placed on a combined list of Protected Status employees and Indefinitely Laid-Off Employees Preferential Placement employees in the same zone (the in-zone list). The number of such Protected employees made available for placement cannot exceed the number of employees who have been laid off for the duration of the 48-week volume-related layoff limit. Protected employees will be made available for in-zone placement in inverse seniority order.
3. For placement purposes, employees on the combined in-zone list will be offered, ~~in seniority order,~~ the opportunity to volunteer for openings; volunteers will be placed in seniority order. Absent volunteers, the junior employee on the combined in-zone Preferential Placement list must transfer to the new location. The Unit GEN will be reduced by one at the location from which the employee is transferred and increased by one at the location to which the employee is transferred, unless the transfer satisfied the GEN, in which case the GEN will remain the same at both locations.

An available Protected employee transferred permanently to another location may remain at the secondary location until afforded an opportunity to "return home" in accordance with Appendix O or until the employee is laid off from that location, at which time the employee may elect options available under Article VIII, Section 1(b) of the Collective Bargaining Agreement.

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43. Available Protected Status and employees on Indefinite Layoff will be offered the opportunity to volunteer for out-of-zone opportunities. ~~If the opportunity is refused, the employee will remain at his/her facility.~~
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D. In the event there is an opening due to a volume increase, the available Protected employee with the highest seniority will be placed in this opening, unless the Local Committee determines the employee should first complete the employee's current assignment. If seniority employees are on layoff from that Unit, a number of such employees, equivalent to the number of Protected employees placed in openings due to volume increases, will be recalled from layoff. A Protected employee transferred to another Ford Unit due to a volume increase who is subsequently laid off from the secondary Unit due to a volume decrease may elect, pursuant to Article VIII, Section 1(b) of the Collective Bargaining Agreement, to return to available openings at the employee's home Unit, seniority permitting.

E. A layoff caused by an event described in Section I., D A., above will have no impact on the number of Protected employees except for an employee who is protected from a layoff attributable to a market-related volume decline in excess of 48 weeks (inclusive of vacation shutdown weeks). In such instances, those Protected employees having the least seniority will be laid off and replaced by an equivalent number of greater seniority employees who would otherwise have insufficient seniority to remain in the Unit.

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F. ~~A Protected employee will continue to receive his/her regular straight-time hourly rate of pay, absent any placement opportunities, may remain in Protected Status for a period not to exceed twenty-four months. An employee being placed in Protected Status will have a choice of one of two options: a) report to the work facility, for a mandatory work assignment consistent with Section III (B) above, and receive 100% of his or her regular straight-time hourly rate of pay (exclusive of any premiums) for a 40-hour week, or b) do not report to work, but receive 85% of his or her regular straight-time hourly rate of pay (exclusive of any premiums) for a 40-hour week. Under either of the above options, the employee in Protected Status will continue to earn pension credits on the basis of 40 hours per week, and will continue to receive all active employee benefits and provisions. A Protected Status employee who initially elects to report to the work facility may subsequently elect, on a one-time basis, to change to the alternative option of not reporting to work and receiving the 85% pay rate. However, a Protected Status employee who initially elects the option of not reporting to work may not subsequently change his or her election. Notwithstanding the above provisions, a Protected Status employee whose work facility is closed or idled, at present or in the future, will not report to work and will receive the 85% pay rate. Moreover, in certain other circumstances, the NJSOESC may agree that placement in Protected Status at 85% pay rate is mandatory. The regular rate of pay for an employee under an incentive plan will be the employee's average straight-time hourly earnings for the hours worked during the last four pay periods immediately preceding the pay period during which he/she was determined to be protected. In the event a Protected employee is assigned to another classification, the employee will receive the rate of pay as provided by the Local Wage Agreement.~~

G. Protected employees assignments will be considered temporary and not subject to provisions governing permanent filling of vacancies or the application of shift preference, except for assignments to fill openings resulting from volume increases. Experience gained from these temporary assignments will not be used to advantage such employees over other employees for selection to fill permanent vacancies, nor will such employees gain seniority under the provisions of Article VIII, Section 23(b) of the Collective Bargaining Agreement from such assignments.

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APPENDIX N  
MEMORANDUM OF UNDERSTANDING  
PREFERENTIAL PLACEMENT ARRANGEMENTS

This memorandum explains arrangements under which employees laid off on or after October 22, 1979 as a result of a permanent discontinuance of operations or other reduction in force where the Company and the Union agree there is no reasonable likelihood of recall will be eligible for preferential placement opportunities. Otherwise eligible skilled tradespersons ~~journeymen/journeywomen~~ laid off from their trade, but employed by the Company on production work, may apply for preferential placement opportunities in their trade.

1. After being placed on the preferential placement list(s) in accordance with procedures established by the Company, those employees retaining seniority recall rights shall be given preference for placement on available work, or if none is available, the opportunity to displace probationary employees, on jobs for which they are qualified or could qualify within a reasonable period of time in other plants covered by the Agreement in the same zone, as defined by the parties, or in plants covered by the Agreement in different zones as might be specified by mutual agreement between the Company's Union Labor Affairs Office and the UAW's National Ford Department. An in-zone area is comprised of all plants listed under a specified zone number as described in Appendix N, Attachment A within a 50 mile radius of a given plant or larger as may be agreed upon by the Company's Union Affairs Office and the UAW's National Ford Department. Attachment A includes zone definitions for all Company locations. It is understood that these zone definitions may be modified by mutual agreement between the Company's Union Labor Affairs Office and the UAW's National Ford Department.
2. Eligible employees who, on or after the Effective Date of the Agreement, are in Protected Status or on Indefinite Layoff currently on the in-area preferential placement list and eligible employees laid off after October 25, 1999 will be placed automatically on the in-zone preferential placement list for placement at a plant within the same zone as their home plant. In-zone employees who are on Indefinite Layoff or in Protected Status will be advised of available in-zone opportunities via posting for voluntary transfer. Prior to in-zone placement, the Local Hourly Personnel Offices at those in-zone locations with employees on Indefinite Layoff or in Protected Status will post a notice of such job opportunities for volunteers from Indefinite Layoff and Protected Status, and for volunteers from the active working employee population. If the number of in-zone volunteers is insufficient to fill the available job openings, these openings then will be filled through mandatory transfer of in-zone employees who are on Indefinite Layoff or in Protected Status. Mandatory placement of these employees will be accomplished according to lowest-to-highest seniority order.

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MEMORANDUM OF UNDERSTANDING  
PREFERENTIAL PLACEMENT ARRANGEMENTS (CONT'D.)

3. ~~After the Effective Date of the Agreement, eligible laid off employees may apply for out of zone opportunities, which will be made available to employees prior to applying for transfer. In order to conduct proper surveys and to place employees in a timely manner in available openings, the parties recognize that a sign up/application deadline may be necessary.~~
3. Out-of-zone employees who are on Indefinite Layoff or in Protected Status will be advised of available out-of-zone opportunities via posting for voluntary transfer. Prior to out-of-zone placement, the Local Hourly Personnel Offices at those locations with employees on Indefinite Layoff or in Protected Status will post a notice of such out-of-zone job opportunities for volunteers from Indefinite Layoff and Protected Status, and for volunteers from the active working employee population.
4. If the number of out-of-zone volunteers from locations with employees who are on Indefinite Layoff or in Protected Status is insufficient to fill the available job openings, Ford employees working at ACH-LLC locations will be advised of available out-of-zone opportunities via posting for voluntary transfer.
5. If the number of out-of-zone Ford volunteers from ACH-LLC locations is insufficient to fill the available job openings, the Local Hourly Personnel Offices at all locations in-zone to a plant with employees on Indefinite Layoff or in Protected Status will post a notice of such out-of-zone job opportunities for volunteers from Indefinite Layoff and Protected Status, and for volunteers from the active working employee population.
6. If the number of out-of-zone Ford volunteers from ACH-LLC locations is insufficient to fill the available job openings, skilled tradespersons with or without production service may volunteer for the available openings.
7. If the number of volunteers from items 3, 4, 5, and 6 above is insufficient to fill the available job openings, the employees in Protected Status and on Indefinite Layoff will be extended a job offer according to the provisions of the November xx, 2007 Letters of Understanding entitled "Job Placement and Transitional Opportunities for Non-Skilled Employees at Closed/Idled Facilities" and "Job Placement and Transitional Opportunities for Surplus Employees".
4. ~~Employees who apply for out of zone consideration, subsequent to the 30 day period immediately following their layoff, will be ineligible to displace probationary employees who have been hired or rehired prior to their name being placed on the out of zone list. Placement on the out of zone list will be made as soon as possible but not later than two (2) weeks following the date of application.~~

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MEMORANDUM OF UNDERSTANDING  
PREFERENTIAL PLACEMENT ARRANGEMENTS (CONT'D.)

58. An applicant availability list shall continue to be maintained monthly for each plant. A plant after exhausting its recall list (or in the case of a multi-plant location, a common recall list if one exists) shall fill its hiring requirements as determined by the National Job Security, Operational Effectiveness and Sourcing Committee.
69. It is recognized that the Company has to maintain ability to promptly fill employment requirements and assure that personnel are capable of performing jobs. Accordingly, the Company shall endeavor to place applicants in seniority order, consistent with their prior job experience. It is understood that placement on the basis of seniority will not be feasible in every instance. However, where deviations are contemplated, particularly with respect to evaluation of employment records, the circumstances shall be discussed in advance with the Local Union and disputes shall be subject to immediate appeal to the Company's Union Labor Affairs Office and the UAW's National Ford Department for resolution. In those instances where preferential placement applicants are not offered employment opportunities, in line with their seniority, based on an evaluation of their employment records, the parties have agreed to a process which provides for a joint review of such cases, by representatives of the Company's Union Labor Affairs Office and the UAW's National Ford Department, to determine the appropriate remedial action. This process is intended to provide a fair evaluation to employees, while concurrently recognizing the parties' joint commitment to quality and efficiency of operations. It is further understood that when preferential placement applicants are available for placement, the Company will not hire new employees for either temporary or permanent positions, without the approval of the UAW's National Ford Department.
710. If employees, who are selected for preferential placement opportunities outside of their zone, are given a re-employment physical examination, such examination shall be given at the plant in which they have basic Unit seniority or if such plant is closed, at another designated plant within the same zone. In cases where this procedure is impractical because of unusual circumstances, alternative procedures may be established to cover such cases by mutual agreement between the Company's Union Labor Affairs Office and the UAW's National Ford Department.
811. Employees placed in a new plant shall have seniority in that plant in accordance with Article VIII, Section 1(c) of the Agreement. In the event of a subsequent layoff, such employees shall be covered by the terms of Article VIII, Section 1(b) of the Agreement.
912. Eligible skilled tradespersons who apply for placement opportunities in production (not skilled trades) jobs will be considered for such opportunities based on their Company seniority.

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MEMORANDUM OF UNDERSTANDING  
PREFERENTIAL PLACEMENT ARRANGEMENTS (CONT'D.)

9. ~~Employees who, pursuant to preferential placement arrangements, are placed at a new plant in a different zone and at least fifty (50) miles distant from their original plant, may elect to return, or be returned at Company discretion, to layoff status at their original plant within a mutual evaluation period of twenty five (25) working days from the date of employment at the new plant. Employees who elect to return shall be ineligible to re-apply for out of zone consideration. Employees who are returned at Company discretion will remain on the out of zone preferential placement list. Employees returning to layoff status at their original plant prior to completion of their evaluation period at the new plant shall retain no seniority at the new plant.~~
10. ~~Consistent with the intent of applicable benefit plans or programs, it also is understood that any employees so placed who, either voluntarily or at Company discretion, are returned to layoff status within the evaluation period shall not as a result of such placement be considered to have had any employment status for purposes of these benefit plans or programs (except for those benefits directly related to time worked) but shall be regarded as having continued on layoff from their original plant. This means that such employees by reason of employment during the evaluation period shall not become eligible for Guaranteed Income Stream benefits, nor shall they be considered as having returned to the active employment roll for purposes of the Vacation Plan or as having a new layoff for purposes of the Paid Holiday Plan, the Automatic Short Week Benefit provisions of the SUB Plan, the Retirement Plan, the Layoff continuation provisions of the Insurance Program, or Article VIII, Section 5(7).~~
13. Employees that voluntarily apply for available in-zone or out-of-zone opportunities will be considered in seniority order.
14. Ford Service Date will be used to determine placement for employees in production classifications. In the case of a tie, the employee whose last four digits of their social security number is the greatest will be determined to have the greater seniority.
15. Date of Entry Service will be used to determine placement for employees in skilled trade classifications. In the case of a tie, the employee with the highest Ford Service Date will be determined to have the greater seniority. If the Service Date is the same, the employee whose last four digits of their social security number is the greatest will be determined to have the greater seniority.
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116. In instances where it is determined that these arrangements are subject to being utilized for purposes beyond the intent of the parties, modifications may be made by mutual agreement between the Company's Union Labor Affairs Office and the UAW's National Ford Department.
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127. The preferential placement arrangements covered by this appendix have potentially complex administrative implications. The Company at times may not be able to fully conform with these provisions, and accordingly, shall not be liable for back pay on any claims arising from their administration with the remedy for any violation limited to future placement opportunities for aggrieved employees. It is understood that if the aggrieved employee is adjudged by the Committee to have a valid claim for in-zone consideration, he/she will be offered an available opening within two weeks of such decision; if no such opening develops, he/she will be offered the opportunity to bump a junior employee in-zone, as determined by the Committee.

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APPENDIX N

ATTACHMENT A

PREFERENTIAL PLACEMENT  
ZONE ALIGNMENT

Zone 1

Michigan - West Side

- AAI
- Brownstown
- Dearborn Engine (Rouge Site)
- Dearborn Stamping (Rouge Site)
- Dearborn Diversified Mfg. (Rouge Site)
- Dearborn Truck Plant (Rouge Site)
- Dearborn M&C Unit (Rouge Site)
- Dearborn T&D Unit (Rouge Site)
- Dearborn Transportation Unit (Rouge Site)
- Dearborn Research & Engineering (R&E)
- Detroit Parts / HVC
- Livonia Transmission
- Maumee Stamping
- Michigan Truck
- Milan
- Monroe
- National Parts
- Pilot Plant
- Rawsonville
- Saline
- Sheldon Road
- Wayne Assembly
- Wayne ISA
- Wixom
- Woodhaven Forge
- Woodhaven Stamping
- Ypsilanti

Zone 2

Michigan - East Side

- Chesterfield
- Highland Park
- Michigan Proving Grounds
- Romeo Engine
- Sterling
- Utica
- Van Dyke Transmission

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PREFERENTIAL PLACEMENT  
ZONE ALIGNMENT

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- AAI
- Belleville<sup>2</sup>
- Brownstown
- Carlite Dist. Ctr. Romulus
- Dearborn Area<sup>2</sup>
- Detroit Parts
- Detroit Supply<sup>2</sup>
- Highland Park
- Livonia Transmission
- Maumee Stamping
- Michigan Casting Ctr.<sup>2</sup>
- Michigan Truck
- Milan
- Monroe Stamping
- National Parts
- Northville<sup>2</sup>
- Rawsonville
- Saline
- Sheldon Road
- Sterling
- Utica Trim
- Van Dyke
- Wayne ISA
- Wixom Assembly
- Woodhaven Forge
- Woodhaven Stamping

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PREFERENTIAL PLACEMENT  
ZONE ALIGNMENT

Zone 3	New York <ul style="list-style-type: none"><li>• Edison</li><li>• New York HVC</li></ul>
Zone 4	Ohio - Cleveland Area <ul style="list-style-type: none"><li>• Cleveland Engine #1</li><li>• Cleveland Engine #2</li><li>• Cleveland Casting</li><li>• Ohio Assembly</li><li>• Sandusky</li><li>• Walton Hills Stamping</li></ul>
Zone 5	Illinois <ul style="list-style-type: none"><li>• Chicago Assembly</li><li>• Chicago HVC</li><li>• Chicago Stamping</li></ul>
Zone 6	Missouri <ul style="list-style-type: none"><li>• Kansas City Assembly</li><li>• Kansas City HVC</li></ul>
Zone 7	Louisville Area <ul style="list-style-type: none"><li>• Louisville Assembly</li><li>• Kentucky Truck</li></ul>
Zone 8	Minnesota <ul style="list-style-type: none"><li>• Twin Cities</li><li>• Twin Cities HVC</li></ul>
Zone 9	Atlanta <ul style="list-style-type: none"><li>• Atlanta Assembly</li><li>• Atlanta HVC</li></ul>
Zone 10	Ohio-Sharonville <ul style="list-style-type: none"><li>• Sharonville</li><li>• Batavia</li></ul>
Zone 11	Ohio - Lima Engine
Zone 12	St. Louis
Zone 13	Norfolk
Zone 14	Buffalo Stamping

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PREFERENTIAL PLACEMENT  
ZONE ALIGNMENT

Zone 15	Denver HVC
Zone 16	Evansville HVC
Zone 17	Fort Worth HVC
Zone 18	Greensboro HVC
Zone 19	Hartford HVC
Zone 20	Houston HVC
Zone 21	Lakeland HVC
Zone 22	Memphis HVC
Zone 23	Ontario HVC
Zone 24	Phoenix HVC
Zone 25	Portland HVC
Zone 26	Sacramento HVC
Zone 27	Washington DC HVC
Zone 28	Indianapolis
Zone 29	Nashville
Zone 30	Tulsa

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APPENDIX N

ATTACHMENT B

MULTI-PLANT EMPLOYMENT LOCATIONS

Employment Location

Facilities Covered

Rouge Area Units

Advanced Manufacturing  
 Technical Development Ctr.  
 Central Lab  
 Dearborn Assembly  
 Dearborn Engine  
 Dearborn Diversified Manufacturing  
 Dearborn Glass3  
 Dearborn Stamping  
 Dearborn Tool & Die  
 Dearborn Truck  
 Glass Tech Center3  
 Power Utility & Central  
 Maint. Opns.  
 Quality, Manufacturing  
 & Purchasing Building3  
 Rouge Plant-Wide Units  
 Tech. & Transportation Services  
 World Headquarters

Cleveland Engine &  
 Casting

Cleveland Engine No. 1  
 Cleveland Engine No. 2  
 Cleveland Casting Center

Research & Engineering Center

Eng. Mfg. Devel.  
 NMPDC (Local 245)  
 NMPDC (Local 931)  
 R&E Admin. Garage  
 R&E Central Staff  
 Scientific Research Lab  
 Site Management Opns.

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APPENDIX N  
MEMORANDUM OF UNDERSTANDING

PREFERENTIAL PLACEMENT ARRANGEMENTS

ATTACHMENT C  
PLACEMENT HIERARCHY

ADMINISTERED BY THE HIRING LOCATION:

STEP 1 ~~IN-PLANT PROTECTED EMPLOYEES~~

STEP 21 IN-PLANT RECALL LIST

- A combined seniority list of Plant Protected Status employees, preferentially placed employees with recall, eligible laid-off, Return to Basic Unit and Article VIII, Section 1(b) rights to that location is maintained by the Hourly Personnel Office of the hiring location, but will be approved by the NJSOESC.

ADMINISTERED BY EMPLOYMENT SECURITY PROGRAMS, UNION AFFAIRS OFFICE:

STEP 3 ~~GUARANTEED INCOME STREAM RECIPIENTS~~

STEP 24 COMBINED IN-ZONE PREFERENTIAL PLACEMENT LIST

~~Combined Seniority List~~

- In-Zone Posting Process

- o Protected Status Employees (Including those who have exhausted 48 weeks of layoff are now back in Protected status under the code VRLP)
- o Employees on Indefinite Layoff
- o Active Employees at locations with employees in Protected Status or on Indefinite Layoff

- Closed Plant Return To Area

- Mandatory Placement

• In-Zone Preferential Placement

• In-Zone Protected Employees (at Management's discretion) these are employees who have exhausted 48 weeks of layoff and are now back in Protected status under the code VRLP

STEP 45 ~~IN ZONE COVERED EVENTS PROTECTED EMPLOYEES (Mandatory Voluntary Placement, National Job Security, Operational Effectiveness and Sourcing Committee may transfer employees to other locations.~~

STEP 36 COMBINED OUT-OF-ZONE PREFERENTIAL PLACEMENT LIST

~~Combined Seniority List~~

- Out-of-Zone Posting Process

- o Protected Status Employees (Including those who have exhausted 48 weeks of layoff are now back in Protected status under the code VRLP)
- o Employees on Indefinite Layoff
- o Active Employees at locations with employees in Protected Status or on Indefinite Layoff

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~~STEP 67~~ ~~OUT OF ZONE PREFERENTIAL PLACEMENT PROTECTED EMPLOYEES (Combined Seniority List, Mandatory Voluntary Placement Volume Related and Covered Events)~~

~~STEP 48~~ ~~CLOSED PLANT RETURN TO AREA POSTING PROCESS FOR FORD EMPLOYEES WORKING AT ACH-LLC LOCATIONS~~

~~STEP 5~~ ~~POSTING PROCESS FOR VOLUNTEERS AT ALL PLANTS IN-ZONE TO A PLANT WITH EMPLOYEES IN PROTECTED STATUS OR ON INDEFINITE LAYOFF~~

~~STEP 6~~ ~~SKILLED TRADES VOLUNTEERS FOR NON-SKILLED (PRODUCTION) OPENINGS~~

~~STEP 7~~ ~~COMBINED LIST OF ENTRY LEVEL EMPLOYEES~~

STEP 89 REHIRE-NEW HIRE  
- Rehires are considered before hiring new employees

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APPENDIX O

MEMORANDUM OF UNDERSTANDING  
RETURN TO BASIC UNIT

The parties recognize that some employees placed in a plant may have the desire to return to their "home" plant or Basic Unit or, in the case of employees from closed locations, to return to other plants in the same zone as their Basic Unit. The parties recognize also that, in affording such employees the opportunity to return, it is necessary to do so in a manner consistent with the maintenance of quality and efficiency in both the releasing and accepting plants. Accordingly, the purpose of this Agreement is to provide methods and procedures and to detail the circumstance whereby eligible employees will be offered the opportunity to return to their Basic Unit or, in the case of employees from closed locations, to return to other plants in the same zone as their Basic Unit.

1. Eligible employees are those active employees who have been assigned, subsequent to February 13, 1982, to a plant other than their Basic Unit pursuant to the provisions of Appendix N, ~~and/or the GIS Program~~ or other special placement programs. Employees who have transferred among plants where local agreements allow employees to be placed in a plant other than their Basic Unit are not eligible for transfer under this provision.
2. Eligible employees will automatically be considered ~~may apply at the employment office of the plant to which they are assigned (on a form to be provided)~~ to return to the plant which is their Basic Unit or, in the case of employees from closed locations, to return to other plants in the same zone as their Basic Unit. ~~Employees will be provided a copy of their application. Within ninety (90) days following the Effective Date of the Agreement, Eligible employees, including those employees who previously were ineligible because of (1) a failure to make a timely application, or (2) a refusal of an opportunity, may make application for return to their Basic Unit.~~ Local management is responsible for communicating this process ~~90-day open window~~ to employees. Copies of acceptances and declines will be forwarded to the National Ford Department.

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APPENDIX V

MEMORANDUM OF UNDERSTANDING  
UAW-FORD ENTRY LEVEL WAGE & BENEFIT AGREEMENT

During 2007 negotiations the parties discussed the economic realities associated with the global automotive industry. The parties are acutely aware of the unrelenting competitive pressures that face the U.S. automotive industry and have consistently sought to jointly identify courses of action that would respond to these competitive pressures and help secure the long term viability of the Company for all employees.

Together the parties have recognized through several negotiations and agreements, as well as during the present negotiations, that competitiveness, increasing market share and job security go hand in hand. In addition, the parties discussed obstacles the Company must overcome to close the competitive gap to best-in-class competitors and the need to pursue appropriate adjustments that allow Ford to close the competitive gap and to retain present business.

The parties acknowledged the importance of factors such as cost, quality, and productivity in sustaining and promoting profitable business opportunities at Ford that employ UAW-represented employees. The application and implementation of this Memorandum of Understanding will impact the blended labor cost at all U.S. Ford Motor Company facilities. By taking an Enterprise Wide perspective, the parties can maximize the competitiveness of all functions and facilities while maintaining seniority rights and all current contract provisions for current employees in order to leverage the subsequent positive impact on job security.

Therefore, in accordance with and as part of the 2007 (UAW-Ford National Agreement between the International Union, UAW (hereinafter referred to as UAW) and Ford Motor Company (hereinafter referred to as Ford), the UAW and Ford agree as follows regarding competitive wage and benefit levels, and other matters applicable to certain employees hired or rehired on or after the Effective Date of the 2007 UAW-Ford National Agreement. Except as otherwise specified in this Memorandum, employees hired or rehired on or after the Effective Date of this Memorandum will be covered in all respects by the UAW-Ford 2007 National Agreement.

Notwithstanding the foregoing, or anything else to the contrary, this Memorandum applies to all UAW-represented Ford facilities covered by the 2007 UAW-Ford National Agreement.

Article 1

I. Duration

This Memorandum shall take effect on the Effective Date of the 2007 UAW-Ford National Agreement ("Effective Date") and continue until 11:59 p.m. (Detroit time) on XXXXXX, 2011, subject to the modification and termination provisions of the 2007 UAW-Ford National Agreement.

II. Applicability

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The terms of this Memorandum apply to all Entry Level employees at all Ford Motor Company facilities covered by the UAW-Ford National Agreement. "Entry Level employees" means regular full time employees hired or rehired on or after the date of this Memorandum. The entry level wage rate identified in this Memorandum shall apply to any such Entry Level employees until such employee becomes a regular, non-Entry Level employee.

### III. Seniority and Transfers

Employees hired or rehired under this Memorandum will be eligible to transfer within classifications in accordance with applicable National or Local Agreement provisions, and may apply and be transferred, if qualified, to the skilled trades, or apprentice classifications. Notwithstanding any such transfer, these employees will continue to be covered in all respects by this Memorandum.

### IV. Wages and Other Economic Matters

Employees covered by this Memorandum will receive the following rates of pay:

Production Rate - \$15.34

Starting Rate - \$14.20

A Performance Bonus equal to three percent (3%) of Qualified Earnings will be paid in 2008, 2009, 2010 and 2011 to employees covered by this Memorandum in accordance with the following table, provided the employee has seniority as of the designated eligibility date:

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Eligibility Date	Amount	Payable During Week Ending
April 28, 2008	3% of qualified earnings	May 25, 2008
April 27, 2009	3% of qualified earnings	May 24, 2009
April 26, 2010	3% of qualified earnings	May 23, 2010
April 25, 2011	3% of qualified earnings	May 22, 2011

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An employee's Performance Bonus will be based on the qualified earnings during the 52 consecutive pay periods immediately preceding the pay period in which each designated eligibility date falls. Qualified Earnings for this purpose shall be calculated on the same basis and on the same compensation as performance bonuses are calculated in the UAW-Ford National Agreement. Employees covered by this Memorandum will not be eligible for the Performance Bonus Payments in Article IX, Section 2 (b) of the UAW-Ford National Agreement.

#### a. Non-Appendix F Employee New Hire and Rehire Rates

For all non-Appendix F employees hired or rehired on or after the Effective Date of this Memorandum, new hire and rehire rates shall be established at the greater of (a) \$14.20 per hour, or (b) 90% of the prevailing Production Rate. Employees hired or rehired at the 90% level

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will receive four wage progression increases, one every 26 weeks in an amount equal to 2.5% of the then-prevailing Production Rate, until reaching the full Production Rate over the course of 104 weeks. Employees hired at the \$14.20 rate will receive four wage progression increases, one every 26 weeks, in the amount necessary to achieve the then-prevailing Production Rate over the course of 104 weeks in four proportional increases. These proportional increases shall be equal to the difference between the then-prevailing Production Rate and the employee's then-current rate multiplied by 25% for the first progression increase, 33% for the second; 50% for the third; and 100% for the fourth and final progression increase. All new hires or rehires will also receive the wage increases described in Section I.b below.

b. Wage Formula Increases

Effective with the Monday of the week that includes the first scheduled workday of 2008 (12/31/2007), 2009 (1/5/2009), 2010 (1/4/2010) and 2011 (1/3/2011), the hourly wage rate for each production employee will be increased by a percentage equal to the greater of: (1) the annual percentage increase in average hourly earnings, excluding overtime, of employees in the Manufacturing sector (BLS Series CEU3000000033); or, (2) the annual percentage increase in the All Items, Less Medical, CPI-W Index (1982-84=100), both as calculated for the 12 month period ending with the month of August prior to the respective increase date. In the event a calculated increase exceeds 3.75%, wages will be increased by 3.75% and the parties will determine a mutually acceptable disposition of the excess, guided by the twin goals of enhancing UAW members' job and income security and the company's competitiveness. In the event the wage formula generates a negative result, wages will not be reduced. Instead, the negative result, up to a negative 3.75%, would be used as a direct offset to the next subsequent formula increase (and subsequent increases after that, if necessary, until fully offset). For example, if the formula produced a negative result of 1.34% in one year followed by a 2.45% increase in the next year, the adjusted increase in the second year would be a net 1.11%. The engineering method of rounding will be adopted for all Wage Formula calculations: to three decimal places for the Manufacturing sector average hourly earnings component; to four decimal places for the annual inflation component; to four decimal places for year-to-year percentage changes for each of these components; and to two decimal places for new base hourly wage rates following application of a four decimal Wage Formula increase.

c. Wage Formula Basis

In the event that either of the BLS Series data as referenced above is eliminated, the parties will adopt a mutually agreeable successor or replacement Series for use in future calculations. When calculating a Wage Formula result for a current year, BLS data from the preceding year's calculation will become the basis for the current year formula and will not be changed to reflect subsequent revisions in the published data, nor will a Wage Formula adjustment for a prior year be changed as a result of subsequent revisions in the underlying data.

The wage rates for Appendix F skilled trades employees provided in the UAW-Ford National Agreement will continue to cover Appendix F skilled trades employees, including journeymen/women hired or rehired on or after the Effective Date, new apprentices hired directly into an apprentice

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classification on or after the Effective Date, and non-Appendix F employees hired under this Memorandum who are subsequently promoted to a journeyman/woman classification, or indentured as an apprentice.

V. Vacation Entitlement

The maximum annual vacation entitlement for employees covered by this Memorandum shall be 160 hours.

VI. Christmas Bonus

The Letter of Understanding titled Christmas Bonus will apply to employees covered by this Memorandum.

VII. Memorandum of Joint Activities and Legal Services

The funding provisions of the Education, Development and Training Program will be applicable for Entry Level employees. Such employees will be covered by the Education, Development and Training Program, Health & Safety Program, "Best in Class" Quality Program, the administration of the Dependent Care Assistance Plan, the Diversity Program, Employee Support Services Program, and the Behavioral Emergency/Critical Incident Stress De-Briefing Procedures provided for in Appendices Q, S, and T of the 2007 UAW-Ford National Agreement. These programs, services and related activities will continue to be jointly administered, developed and implemented. In addition, Entry Level employees covered by this Memorandum will be included within the scope of the UAW-Ford Group Legal Services Plan provided in the UAW-Ford 2007 National Agreement.

Retiree Tuition Assistance Plan, UAW-Ford Scholarship Program for Dependent Children, the Tuition Assistance Program, and Child and Elder Care referral services will not be provided for employees covered by this Memorandum.

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Such programs or services will be offered if the parties are able to develop a process for making such programs or services available to employees covered by this Memorandum on a space-available basis without cost.

VIII. New Employee Orientation Program

The New Employee Orientation Program will incorporate a thorough understanding of the industry's need to transform to meet the challenges of the marketplace. The program will include the role of the parties in preserving jobs while still maintaining the core values historically provided in the parties' bargaining agreements.

IX. Benefit Plans

Except as set forth in this Appendix V Memorandum and it's Attachment A, employees covered by this Memorandum will be covered by the benefit plans set forth in the UAW-Ford National Agreement.

X. Appendices M, N, & O

Appendices M, N, and O of the 2007 UAW-Ford National Agreement are not applicable to employees covered by this Memorandum.

XI. Scope

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Except as specifically provided in this Memorandum, all provisions of the 2007 UAW-Ford National Agreement, Supplementary Agreements and understandings, and local agreements existing as of the Effective Date shall apply to employees covered by this Memorandum.

Any future changes to the UAW-Ford National Agreement, Supplementary Agreements and understandings, and local agreements will apply to employees covered by this Memorandum only by express agreement between the National Parties.

**XII. Compliance - Administration and Dispute Resolution**

The parties believe that these actions will increase the potential for growth as all locations become better positioned to meet future competitive challenges and for the long-term job and income security that employee's value. It is recognized that these efforts may require change or waiver of certain agreements or practices beyond those identified in this Memorandum. In such cases, proposed changes to agreements or practices must be communicated to and approved by the Labor Affairs Office of the Company and the National Ford Department of the Union. The Labor Affairs Office and the National Ford Department will meet, as required, to review proposed changes in this regard and to develop and implement processes to assist and support locations introducing these provisions.

Disputes, local and national, involving the application or interpretation of this Memorandum, including but not limited to the commitments set forth in Article I above, will be reviewed by a Joint Committee consisting of three (3) members appointed by the UAW Vice President and Director of the UAW-Ford Department and three (3) members appointed by the Vice President, Labor Affairs, Ford Motor Company.

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The Joint Committee shall meet on an ongoing basis. Ford and the UAW shall advise the Joint Committee at each meeting of any issues surrounding the administration and implementation of this Memorandum. Ford will provide information such as but not limited to seniority lists of both Entry Level and non-Entry Level employees, of work being insourced and jobs associated with that work, any increase in volumes and new programs as necessary on any issues raised for discussion or resolution. The parties commit to the thorough investigation of and the prompt resolution of all issues discussed relative to this Memorandum.

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The Joint Committee will have full authority to settle all matters that are properly before it, recognizing that disputes governed by appeal procedures of the respective Benefit Plans, and other issues consistent with applicable law, are outside the scope of the Committee's authority. If the Joint Committee is unable to resolve a matter properly before it, the matter will be referred directly to arbitration, using the arbitration provisions, including the restrictions on the powers of the Umpire, contained in the UAW-Ford National Agreement (Article VII). Such matters will immediately move to the top of the arbitration docket.

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Attachment A

Benefit Plans Agreement

The 2007 Benefit Plans and Agreements between the UAW and Ford are applicable with the following exceptions:

SECTION I: Hospital-Surgical-Medical-Drug-Dental-Vision Program (H-S-M-D-D-V Program)

For purposes of the H-S-M-D-D-V Program, any person hired or rehired as an "Entry Level Employee" as defined in this Memorandum will not be eligible for retirement health care coverage from the Company, or for Company-provided coverage for their survivors. They will be eligible for contributions to a fund discussed in subsection 7., below.

Additionally, "Entry Level Employees" will be subject to the adjustments to the H-S-M-D-D-V Program as discussed in subsections 1. through 6., below.

1. They will become eligible for hospital-surgical-medical-drug and hearing aid expense coverages as provided in Section 5 of the H-S-M-D-D-V Program.
2. They will become eligible for coverage under Exhibit I (Dental Expense Benefits Program) and for annual eye exams under Exhibit IV (Vision Expense Benefits Program), on the first day of the month next following the month in which the employee is actively at work (or on disability leave) after acquiring three (3) years of seniority. Eyeglass frames and lenses may be obtained at discount through Vision network providers.
3. They will become eligible for full coverage under Exhibit IV (Vision Expense Benefits Program) on the first day of the month next following the month in which the employee is actively at work (or on disability leave) after acquiring five (5) years of seniority.
4. They will not be able to enroll Sponsored Dependents.
5. They will have their Hospital-Surgical-Medical-Drug Plan enrollment limited to the National Preferred Provider Organization (NPPPO) option, modified to include the cost-sharing requirements shown in the table below:

<u>Annual Deductible</u>	
<u>In-Network</u>	
<u>Single</u>	\$300
<u>Family</u>	\$600
<u>Out-of-Network</u>	
<u>Single</u>	\$1,200
<u>Family</u>	\$2,100
<u>Co-Insurance</u>	
<u>In-Network</u>	10%
<u>Out-of-Network</u>	35%
<u>Out-Of-Pocket Maximum</u>	
<u>In-Network</u>	
<u>Single</u>	\$1,000
<u>Family</u>	\$2,000

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Out-of-Network	
Single	No Limit
Family	No Limit
Prescription Drugs (Retail and Mail Order)	
Generic	\$7.50/script
Brand	\$15.00/script

6. During the term of the 2007 Agreement, the Company will provide annual credits to Health Care Flexible Spending Accounts for them (See Attachment B-I).
7. Upon retirement or death, Program coverage will cease at the end of the month last in active service. In lieu of Company contributions for health care coverage in retirement (or for surviving spouse health care coverage), and continuing during the working career of all new hires or rehires, the Company will contribute an amount equal to \$1.00 for every compensated hour into the employee's Tax-Efficient Savings Plan for Hourly Employees (TESPHE). The parties have agreed to continue to study more efficient methods for delivering this benefit.

## SECTION II: Pensions

The Ford-UAW Retirement Plan will be amended to establish the Personal Retirement Plan (PRP) as provided below:

### A. PERSONAL RETIREMENT PLAN:

- Entry Level wage employees shall participate in the PRP.
- Entry Level wage employees who subsequently transfer to a non-Entry Level job will remain in the Personal Retirement Plan.
- Eligible to participate upon attainment of seniority.
- The Company will provide annual contributions equal to 6.4% of the employee's base hourly wage rate, multiplied by the number of straight-time hours worked from the initial date of employment as an Entry Level employee, to each employee's PRP.
- Accounts will accrue with interest credited annually at the 30 year U.S. Treasury Bond rate until September 30, 2008; thereafter at the rate specified under Section 417(e) of the Internal Revenue Code (Pension Protection Act).
- Plan assets will be retained in the Ford-UAW Retirement Plan trust subject to three-year cliff vesting and portability provisions.
- There will be no provisions for supplements, temporary benefits, or 30 and out retirement.
- Annuities with lump sum and rollover option(s) will be available upon separation, if account balance is vested.
- Automatic Joint and Survivor benefit annuity provided using the Contingent Annuitant 75% rate.

### SECTION III: Tax Efficient Savings Plan for Hourly Employees (TESPHE)

- Eligibility based on current Plan provisions.

### SECTION IV: Group Life and Disability Insurance Program

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Except as specifically modified herein, all benefits shall be governed by the provisions of the Program.

**A. BASIC LIFE INSURANCE:**

- Coverage will be based on wages in accordance with the Schedule of Benefit found in the Group Life and Disability Insurance Program.

**B. WORK RELATED DEATH BENEFIT:**

- Coverage will be based on wages in accordance with the Schedule of Benefit found in the Group Life and Disability Insurance Program.

**C. ACCIDENT and SICKNESS BENEFITS:**

- Eligibility
  - Accident and Sickness Benefits and Extended Disability Benefits coverage under the Group Life and Disability Insurance Program will apply on the date following the date an employee acquires one year of seniority.
- Duration:
  - 1 year seniority but less than 3 years seniority -- 26 weeks.
  - 3 or more years seniority -- 52 weeks.

**D. EXTENDED DISABILITY BENEFITS:**

- Eligibility and Duration:
  - 1 year seniority but less than 3 years seniority -- 13 weeks.
  - 3 years seniority but less than 5 years seniority -- 26 weeks.
  - 5 or more years seniority -- the same duration as provided in the Group Life and Disability Insurance Program.

**SECTION V: Supplemental Unemployment Benefit Plan (SUB)**

Except as specifically modified herein, all benefits shall be governed by the provisions of the Plan.

**A. ELIGIBILITY AND DURATION:**

- 1 year seniority but less than 3 years seniority ---- 26 weeks.
- 3 or more years seniority ---52 weeks. At the point 52 weeks is exhausted, the Company will provide up to an additional 104 weeks.
- Work related expenses are \$15.00.

**SECTION VI: Profit Sharing Plan**

- Eligibility based on current Plan provisions.

**SECTION VII: Dependent Care Assistance Plan**

- Eligibility based on current Plan provisions.

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ATTACHMENT A-1

Flexible Spending Account

Entry Level employees will be eligible for a credit to a Flexible Spending Account in the amount of \$300.00 for an employee with individual health care coverage, or \$600.00 for an individual with family coverage, at the time they first become eligible for health care coverages. In subsequent years, they will be eligible for Company credits to such Flexible Spending Accounts in any year (or portion thereof) in which they are eligible for health care coverages.

Entry Level employees who are not eligible for health care coverages at the beginning of any year, will not be eligible for Company credits to the Flexible Spending Account. However, if coverage commences or is reinstated during the year, the individual immediately will become eligible for the Account.

Subject to changes in federal tax law, almost any health care expense that is eligible for a deduction for federal income tax purposes may be eligible for reimbursement from the Flexible Spending Account. However, a new hire or rehire may not deduct an eligible expense on his/her federal income tax return and receive reimbursement for that same expense. In addition, expenses eligible for reimbursement from a Flexible Spending Account include deductibles and co-payments, but not contributions paid for health care coverage continued through Ford or premiums paid for non-Ford coverage.

The entire amount of the Flexible Spending Account is available to be paid for eligible expenses at any time, as long as the expense is incurred while covered by the Account. If an Entry Level employee's health care coverages are terminated during the year, the individual will still be able to file claims for services rendered during that year.

Claims may be filed for services received in any year for which a Flexible Spending Account is established. Claims for services incurred in a calendar year may be submitted for reimbursement through March 31 of the following year. Entry Level employees have until March 31 of the following year to submit expenses for services rendered during the prior plan year. Claims that are submitted after that time for a prior year cannot be reimbursed.

If an individual submits a reimbursement claim form and is reimbursed for expenses that are not covered, or for more than should be allowed, federal law requires that such reimbursement is taxable income to claimant. The claimant will be responsible for paying any tax required on such amounts.

Flexible Spending Account credits may be used only for eligible expenses. However unused amounts at the end of each calendar year will be forfeited (the "Use it or lose it" rule).

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Administration of Appendix V - Rawsonville and Sterling Axle Plants

During these negotiations, the parties discussed at length the significant global and domestic competitive pressures facing the Rawsonville and Sterling Axle Plants. The Parties recognized these unrelenting challenges with the 2005 UAW-Visteon-Ford, Visteon Restructuring Memorandum of Agreement. This Agreement resulted in the return of these plants to Ford Motor Company and retained the Visteon Supplemental Agreement through the term of the 2007 Collective Bargaining Agreement, including Supplemental Wages and Benefits, for future hires at this plant.

The Parties addressed the need for these plants to remain competitive relative to wage rates and cost factors in line with their competitors. As a result of these discussions, the parties agree to the following:

- The UAW-Visteon Supplemental Agreement will no longer be applicable to UAW-represented employees at these plants.
- All provisions of the 2007 UAW-Ford Memorandum of Understanding entitled "UAW-Ford Entry Level Wage And Benefit Agreement", also referred to as Appendix V, will apply to employees hired or rehired on or after the Effective Date of the Agreement at these plants with the following exceptions:
  - (1) The Starting Rate for Entry Level employees will be \$14.61.
  - (2) The Production Rate for Entry Level employees will be \$16.23.
  - (3) Entry Level employees will not be eligible to become a regular non-Entry Level employee at these plants with the exception of Entry Level employees who are transferred to the skilled trades or apprentice classifications at either of these plants.
  - (4) When Entry Level employees at these plants become eligible to transition to regular non-Entry Level status, this will occur only upon application and transfer to another facility as openings become available. Employees transferring to an out-of-zone facility will be eligible for Moving Allowance Benefits.

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~~September 15, 2003~~ October , 2007

~~Mr. Gerald D. Bantom  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214~~

~~Dear Mr. Bantom:~~

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Christmas Bonus

During the present negotiations, the parties agreed to provide each eligible employee with a Christmas Bonus as outlined below:

A. In ~~2003, 2004, 2005~~ 2007, 2008, 2009, and ~~2006~~ 2010, a Christmas Bonus payment, in the amounts defined in item C. below, will be included with other earnings received for the pay period in which December 1st falls.

B. An eligible employee is defined as:

1. one who has seniority as of the following eligibility dates:

Monday, November ~~17, 2003~~ 19, 2007,  
Monday, November ~~15, 2004~~ 17, 2008,  
Monday, November ~~14, 2005~~ 16, 2009,  
Monday, November ~~13, 2006~~ 15, 2010, respectively, and

2. who has worked at least thirteen (13) pay periods in the fifty-two (52) pay periods immediately preceding the pay period in which each eligibility date falls (the Christmas Bonus eligibility year).

C. Each eligible employee will receive a Christmas Bonus payment in the amount reflected in the following schedule:

Pay Periods Worked	Christmas Bonus Amount
26 or More	\$600
20 through 25	\$450
13 through 19	\$300

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Fulfillment of Qualified Attrition Replacement Obligations  
Through Hiring and Conversion of Entry Level Employees

During these negotiations, the parties discussed the methods by which the Company can fulfill qualified attrition replacement obligations, as described in Section II C of Appendix M, Memorandum of Understanding, Job Security Program. Based on these discussions, the parties agreed that, in addition to the methods noted in Appendix M, the following three types of actions also will fulfill qualified attrition replacement obligations on a one-for-one basis:

- hiring an Entry Level employee;
- converting an on-roll Entry Level employee to New Traditional employee status;
- hiring a New Traditional employee.

Furthermore, the parties recognized and also agreed that because the fulfillment of all qualified attrition replacement obligations will be accomplished and accounted on a Company-wide basis, effective with the 2007 Agreement, an attrition replacement action at one location will fulfill a qualified attrition replacement obligation incurred at a different location, i.e., the replacement need not take place at the same location at which the obligation was incurred.

The National Job Security, Operational Effectiveness, and Sourcing Committee (NJSOESC) shall have responsibility for the Company-wide monitoring and reporting of qualified attrition replacement obligations and replacement actions. The NJSOESC also shall have responsibility for interpretation of agreements and understandings related to these practices, and for resolution of issues arising from these practices.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs Office

Concur:

Bob King

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Dear Mr. King:

It is agreed that the Vice President UAW-National Ford Department will serve on the Ford Motor Company Transformational Council.

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Definition and Administration of Entry Level Employees

During the course of these negotiations, the parties had considerable discussion around increasing jobs in UAW facilities, maintaining seniority provisions and creating future employment opportunities. A competitive business case must exist for insourcing new work or expanding existing work. The Company and the Union mutually agree that the first priority is placing all employees covered under the Job Security provisions, including those hourly Ford employees currently working at Automotive Components Holding LLC (ACH) locations.

As outlined in the Memorandum of Understanding entitled, "UAW-Ford Entry Level Wage & Benefit Agreement", Entry Level employment has been established to ensure a competitive blended labor rate across the enterprise. 7,027 Entry Level opportunities have been identified based on the current employment level Company-wide, excluding Sterling Axle Plant, Rawsonville, ACH, and previously negotiated COA outsourcing actions. In conjunction with 7,027 Entry Level opportunities identified, a total of 1229 previously negotiated COA outsourcing actions will be retained in-house at traditional classifications and rates. The combination of these two actions represents 20% of the total number of seniority employees covered by the UAW-Ford National Agreement. The number of Entry Level opportunities will be adjusted to maintain this percentage, based on changes in future population size.

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In evaluating new work that will be considered for future employment, two definitions were determined;

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- o Work that is presently being performed by a third party that the parties agree can be done competitively by Ford employees. Examples may include kitting, sequencing, instrument panel assembly, stamping sub-assembly, etc. This work, if insourced, will be tracked separately and not included in the 20% entry level employment opportunities outlined above.
  - o Work that is associated with new programs, new models or increased volume of existing work. This work would be tracked in line with the proportionate model.

Recognizing the necessity for swift implementation of this future staffing model, the parties agree that new employees will be hired as Entry Level. Career progression into regular, non-entry level employment will be managed Corporate-wide, converting the highest seniority Entry Level employee(s) to

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regular, non-entry level employment once the proportional model is reached in order to maintain the appropriate percentage.

The oversight and ongoing maintenance of this transformation will be monitored and discussed between the National Ford Department and Ford Labor Affairs on an ongoing basis. Ford Motor Company and the UAW are both committed to the full implementation of this Agreement on the basis that the business will prosper, thus enhancing the employment security of current employees while providing opportunities for prospective new employees.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur:

Bob King

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Date

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Elimination of the Guaranteed Income Stream Benefit (GIS) Program

This letter confirms our understanding reached during these negotiations regarding the elimination of the Guaranteed Income Stream Benefit (GIS) Program. The Company and the Union have agreed that the GIS Program will be eliminated with the effective date of this Agreement. Should the Job Security Program (JSP), provided for under Appendix M, be eliminated prior to the expiration of the 2011 Agreement, the parties have agreed to reinstate the GIS Program immediately under the terms and conditions of the 2003 Guaranteed Income Stream Benefit Agreement and Program.

Very truly yours,

LEE MEZZA, Director  
Employee Benefits  
Human Resources

Concur:

Bob King

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November 02, 2007

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Future Plans for Cleveland Engine Plant 2

During these negotiations, Ford and the UAW discussed the future of the Cleveland Engine Plant 2 and the parties' mutual interest in identifying potential future product for the plant. The Union expressed a strong desire to review future diesel engines for passenger vehicles, vans and/or small trucks. The UAW and Ford agree to work aggressively together to identify possible future product opportunities for the plant.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Hiring Obligations

During these negotiations, the parties discussed the resolution of Ford deferred hiring obligations generated under the 1999 and 2003 Agreements. The parties recognized the intense competitive pressures and economic difficulties that challenge the Company. Moreover, the Company acknowledged the significant and continued sacrifices made by employees in an effort to help enhance the Company's competitive position.

The parties noted two significant workforce accession actions during the term of the 2003 Collective Bargaining Agreement:

- the hiring of full-time and temporary part-time employees as necessary to meet operating requirements;
- the conversion of Visteon hourly employees at former Ford locations to Ford full-time hourly employment status.

Additionally, the Sterling and Rawsonville plants were returned to Ford, and two separate "flowback" actions provided eligible Ford hourly employees at Visteon/ACH locations opportunities to return to Ford locations.

Furthermore, the Company affirms its commitment to facilitate the following actions during the term of the 2007 Collective Bargaining Agreement:

- placement of interested Ford hourly employees remaining at closed/idled locations into available jobs at Ford locations, as opportunities arise;
- placement of interested Ford hourly employees working at ACH locations into available jobs at Ford locations, as opportunities arise;
- preferential hiring of temporary hourly employees into full-time jobs, as warranted by operating requirements;
- hiring of new Entry Level hourly employees, as warranted by operating requirements;
- introduction of new work into Ford facilities, as practicable, which will aid in creating new job and hiring opportunities to support the above actions.

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In recognition of these job creation and employee hiring, conversion, and placement efforts, the parties agree that all open hiring obligations resulting from the 1999 and 2003 Collective Bargaining Agreements have been fulfilled.

Very truly yours,

BILL DIRKSEN, Executive Director  
U.S. Union Affairs  
Labor Affairs

Concur:

Bob King

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Housekeeping

During 2007 negotiations, the parties held extensive discussions regarding the unprecedented competitive pressures that have required the parties to focus on the performance of housekeeping functions and their impact on Ford's overall competitiveness. It was recognized that these housekeeping functions detract from the overall competitive position of the Company and must be addressed. Therefore, the parties have agreed to exit the following functions in their entirety, as expeditiously as possible, but no later than January 2009:

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- Cardboard Disposal/Trash Handling
- Environmental Cleaning
- Janitorial/Laborers; all functions performed
- Power Sweeper Operators
- Roads, Grounds Maintenance, and Snow Removal <sup>a/</sup>
- Booth Cleaning
- Chip Handlers/Foundry Cleanup

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The local parties will develop and implement redeployment plans for impacted employees that may include transfer to other operations within the existing plant, transfer to another location, normal attrition and/or a targeted Special Attrition Program as this work is being transitioned.

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In the event issues exist that the local parties are unable to resolve,  
either party may refer the matter to the National Parties for resolution.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur: \_\_\_\_\_  
Bob King

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Job Placement and Transitional Opportunities for Non-Skilled  
Employees at Closed/Idled Facilities

During the 2007 Negotiations, the parties expressed a mutual desire to  
provide return-to-work opportunities for employees presently in, or  
subsequently placed in Protected Status in the following locations: Edison  
Assembly Plant, Chesterfield Trim, Maumee Stamping, St Louis Assembly Plant,  
Norfolk Assembly Plant, and Atlanta Assembly Plant.

In addition, within three months of ratification of the Agreement, employees  
will be presented one final placement opportunity and a choice of one of the  
Special Retirement/Separation Program for which he or she is eligible.

Any employee who fails to accept either a placement opportunity or a Special  
Retirement/Separation Program will be placed on inactive employment status,  
with an immediate cessation of all Company-provided income and benefits,  
including healthcare.

Bill Dirksen  
Executive Director  
U.S. Labor Affairs

Concur: \_\_\_\_\_

Bob King

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November xx, 2007

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Job Placement and Transitional Opportunities  
for Surplus Employees

During the 2007 Negotiations, the parties explored various options for managing and accommodating certain groups of employees.

Based on these discussions, the parties developed and agreed on the following provisions for surplus employees. The parties' have agreed to provide equitable and affordable options for affected employees as follows:

- o Employees placed on indefinite lay off will be eligible for up to two placement offers to Ford facilities. If the 48 week period of indefinite layoff expires, and two placement opportunities have not been offered, the employee will be placed on protected status for a maximum of two years, and will remain eligible for a total of two placement offers.
- o Prior to being placed on protected status or indefinite layoff, surplus employees will be offered a package.
- o An employee placed in Protected Status may remain for a maximum of two years. Employees in Protected Status will have a choice of one of two options:
  - a) report to his or her work facility, for assignment to non-traditional work that may arise, and receive 100% of his or her regular straight-time hourly rate of pay (exclusive of any premiums) for a 40-hour week, or
  - b) do not report to work, but receive 85% of his or her regular straight-time hourly rate of pay (exclusive of any premiums) for a 40-hour week.

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- o If an employee placed in Protected Status, receives less than two (2) placement offers during the two year period, the two year period will be extended until a job offer is made. If the employee elects to decline the placement offer, he or she will be placed on inactive status, with an immediate cessation of all Company provided income and benefits, and will remain eligible for placement offers not to extend beyond the employee's seniority or 18 months, whichever is greater.
  - o If an employee placed in Protected Status receives two placement offers within the two year period, and the employee elects to decline the second placement offer, he or she will be placed on inactive status, with an immediate cessation of all Company provided income and benefits, and will continue to remain eligible for a placement offer not to extend beyond the employee's seniority or 18 months, whichever is greater.

The National Job Security, Operational Effectiveness, and Sourcing Committee (NJSOESC) will provide oversight for this process, and will jointly coordinate and implement the offerings of job placement opportunities, based on business operating requirements.

Very truly yours,

Bill Dirksen  
Executive Director  
U.S Labor Affairs

Concur:

Bob King

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Long-Term Supplemental Employees

During these negotiations the parties discussed the need for employees to be hired or rehired on a long-term supplemental basis (e.g., new product launch, attrition program transition or other similar supplemental manpower needs).

Long-Term Supplemental Employees shall be employed in accordance with the following:

- A. Long-Term Supplemental employees are employees hired by the Company who normally shall work any five (5) days per week in addition to premium days, for a period not to exceed twelve (12) calendar months.
- B. The Company shall review with the National Ford Department situations requiring Long-Term Supplemental employees.
- C. Requests for Long-Term Supplemental employees shall be made in writing to the National Parties for mutual agreement.
- D. Upon mutual agreement, the Company may hire or rehire Long-Term Supplemental employees for a period up to one (1) year. If a Supplemental employee works for a continuous period of more than one (1) year, they will gain seniority as an Entry Level employee.
- E. Long-Term Supplemental employees shall accrue no credit towards acquiring seniority.
- F. Long-Term Supplemental employees will be considered for Entry Level job opportunities in a fair and equitable manner, giving due consideration to the length of employment with the Company.
- G. The Company reaffirms that these Long-Term Supplemental employees are not to be employed to avoid hiring to fill permanent positions. The National Parties will continue to review the use of Long-Term Supplemental employees on an on-going basis; the UAW-National Ford Department may cancel the use of Long-Term Supplemental employees pending two weeks advanced written notice of termination to the Company.
- H. Long-Term Supplemental employees shall be governed by the terms and conditions of Appendix K, Section II, with the exception of wages and benefits. Wages are determined in accordance with Appendix V, Memorandum of Understanding, UAW-Ford Entry Level Wage and Benefit Agreement, Article I, 4, (a), (b), & (c). Benefits are established as listed in Attachment A.

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ATTACHMENT A  
LONG-TERM SUPPLEMENTAL-EMPLOYEES

Long-Term Supplemental employees will be eligible for the following wages and benefits:

Wages are determined in accordance with Appendix V, Memorandum of Understanding, UAW-Ford Entry Level Wages and Benefit Agreement, Article I, 4, (a), (b), & (c).

Hospital-Surgical-Medical-Drug coverage as of the first day of the eighth month following date of hire and their enrollment is limited to the National Preferred Provider Organization (NPPO), modified to include the cost-sharing requirements shown in the table below:

<u>Annual Deductible</u>	
<u>In-Network</u>	
Single	\$300
Family	\$600
<u>Out-of-Network</u>	
Single	\$1,200
Family	\$2,100
<u>Co-Insurance</u>	
In-Network	10%
Out-of-Network	35%
<u>Out-of-Pocket Maximum</u>	
<u>In-Network</u>	
Single	\$1,000
Family	\$2,000
<u>Out-of-Network</u>	
Single	No Limit
Family	No Limit
<u>Prescription Drugs (Retail and Mail Order)</u>	
Generic	\$7.50/script
Brand	\$15.00/script
<u>Office Visit Co-Insurance</u>	100%

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Additionally, the maximum aggregate annual prescription drug benefits available for an individual employee and all eligible and enrolled dependent(s) will be \$1,000.

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The opportunity for survivors to continue coverage, or for the subject employees to continue coverage post-employment or for periods not in active service will be limited to self-pay continuation that may be available under federal law.

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DA

Long-Term Supplemental employees will be eligible to participate in the Dependent Care Assistance Plan described in the Dependent Care Assistance Plan Letter of Understanding.

Long-Term Supplemental employees are eligible to participate in the Tax-Efficient Savings Plan for Hourly Employees (TESPHE); however, they are not eligible for the Company contribution of an amount equal to \$1.00 for every

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compensated hour into the TESPHE in lieu of Company contributions for health care coverage in retirement.

Long-Term Supplemental employees shall not accrue benefits under any Company-sponsored qualified defined benefit pension plan. In the event a Long-Term Supplemental employee becomes an Entry Level employee as defined in Appendix V, service earned from date of hire by such employee shall be recognized for:

Eligibility and vesting purposes under the Personal Retirement Plan (Appendix V, Attachment A, Section II A)

Eligibility for purposes of participation in Company-sponsored benefit plans.

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Mr. Bob King  
Vice President and Director  
UAW-Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: MODAPTS Training

During these 2007 negotiations, there were numerous discussions regarding production standards. We agreed MODAPTS is one of several tools to promote the building of quality vehicles in a competitive environment.

As a result of these discussions, the Company agreed with the value of providing MODAPTS training for UAW Job Security Representatives. Accordingly, it was agreed that within 90 days of ratification, a training and delivery plan will be developed for, and delivered to these UAW Job Security Representatives.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur:

Bob King

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Handwritten signatures and initials in the bottom left corner, including "CBA", "JW", "TR", "BR", "WOB", "CC", and "MB".





October 9, 2007

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Mr. Bob King  
Vice President and Director  
UAW-Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: National Attendance Program

During the 2007 negotiations, the excessive cost associated with absenteeism was discussed. Absenteeism adversely affects employee morale, product quality and plant efficiency. The parties agree that it is essential for everyone to contribute in order to ensure future competitive viability and job security. The negative impact that absenteeism has on our business detracts from these mutual goals.

There is a small portion of the workforce that is abusively absent and misses a disproportionate number of work days. Corrective actions must be taken to address the concern while ensuring an attendance program provides a means of administering fair, consistent and progressive discipline for absenteeism. It is understood that all absences cannot be eliminated, as there are situations from time to time which prevent employees from coming to work. Overall, it was agreed that a new National Attendance Program will be a part of the Collective Bargaining Agreement and consistently applied at all locations. This program is outlined below.

#### Responsibility of the Employee

It is the responsibility of each employee to report for work when scheduled within the confines of the Collective Bargaining Agreement. Employees who have reported properly shall then be considered to be available for work and be compensated beginning with the start of their respective shift.

All employees are expected to call-in all unplanned absences at least 15 minutes prior to the start of the shift.

Employees returning from a medical leave of absence will be required to report to the designated medical facility or equivalent in advance of their return to work to ensure they are available for work at the start of their respective shift.

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## Excused Absence Allowance

The Union expressed concern that unanticipated emergencies may occasionally arise beyond the control of employees. The Company agreed to allow employees to use their EAA days after-the-fact, provided the following conditions are met:

- o The employee has the Excused Absence Allowance time available.
- o The Excused Absence Allowance time is taken in increments of eight (8) hours. At Alternative Work Schedule locations, the Excused Absence Allowance time is taken in increments of one regular shift equivalent.
- o The employee has no discipline for absenteeism on record at the time of absence.
- o There was no adverse effect to production or related operations due to the collective level of unplanned employee absences on the specific absence day. Identifying potential days in advance which are historically known to be high absence days and mutually discussing planned absences, for example, Super Bowl Monday, can be beneficial to avoid adverse effects. Although an adverse effect absence day may be unforeseen, the local parties should, to the extent possible, identify specific days unique to their location.

Separate and apart from this conditional granting of EAA time after-the-fact discussed above, employees may continue to schedule EAA days in advance with their respective supervisor. Furthermore, employees who do not meet the condition of a clear absenteeism discipline record may seek approval for possible EAA time from their supervisors on an after-the-fact basis.

The holiday pay qualifying provision pursuant to Article IX, Section 22(a) (3) will remain in effect and requests for EAA may be approved in line with Article IX, Section 25(c) of the UAW-Ford Collective Bargaining Agreement.

## Measurement Period

The measurement period is defined as eighteen (18) months (extended by personal medical leaves of absence that occur during the measurement period). This extension is defined as the time between the employee's last day of work and his/her effective return to work from each leave. The measurement period will be administered as follows:

### Initial Measurement Period

The initial measurement period is defined as a period of eighteen (18) months beginning with the effective date of this Agreement (extended by personal medical leaves).

### Rolling Measurement Period

Discipline under the rolling measurement period depends on how many chargeable absences the employee had within the most recent eighteen (18) months. Thus, if an employee has a chargeable absence on July 25<sup>th</sup> of one year, the eighteen (18) month period would extend back to January 26<sup>th</sup> of the preceding year. Any discipline would depend on how many chargeable absences the employee had during this eighteen (18) month period. Each day the eighteen (18) month period rolls forward one day. The new day becomes part of the period - and one day of the preceding period drops off. The rolling measurement period begins once the initial measurement period has ended.

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Chargeable Absences

Chargeable absences will include each day the employees' absence is coded AWOL ('A' Code) or Temporary Illness/Injury ('T' Code). Employees' absences of three or more consecutive days coded Unpaid Medical Days ('M' Code), except FMLA or Workers' Compensation approved absences, will result in two (2) chargeable absences. If Unicare provides Accident & Sickness Benefits and the Company approves a personal medical leave of absence, any unpaid M code days within the medical leave will not be counted as chargeable absences.

Each chargeable absence counts toward the accumulation of chargeable absences within the measurement period as defined below. Partial absence days will not be counted.

Disciplinary Progression for Chargeable Absenteeism

The accumulation of chargeable absences within an employee's established measurement period will be addressed through the appropriate progressive disciplinary process outlined in Table 1 or Table 2. The four Employee Absences cited in Table 1 & 2 are considered non-discipline.

Table 1: Absence Progression

Employee Absence	Action
1 <sup>st</sup> Absence	Employee Absence
2 <sup>nd</sup> Absence	Employee Absence
3 <sup>rd</sup> Absence	Employee Absence
4 <sup>th</sup> Absence	Employee Absence
5 <sup>th</sup> Absence	R & W
6 <sup>th</sup> Absence	R & W + 1 Day
7 <sup>th</sup> Absence	R & W + 1 Week
8 <sup>th</sup> Absence	R & W + 2 Weeks
9 <sup>th</sup> Absence	R & W + 1 Month
10 <sup>th</sup> Absence	Termination

Initial Measurement Period - Employees with No Discipline for Absenteeism (Table 1):

Examples

(Example 1) An employee has the first chargeable absence two months after the effective date of this Program. A review of his/her record reveals no additional chargeable absences. The absence will be considered the 1st Employee Absence under the Program per Table 1.

(Example 2) The same employee in Example 1 has two (2) subsequent chargeable absences (total of 3). These two chargeable absences will be considered the employee's second and third Employee Absences under the Program per Table 1.

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Rolling Measurement Period - All Employees (Table 1):

Examples

(Example 1) An employee has one (1) chargeable absence two (2) months after the start of the rolling measurement period. A review of his/her record reveals no additional chargeable absences within the rolling measurement period. The absence will be considered the employee's 1st Employee Absence under the Program per Table 1.

(Example 2) An employee incurs three (3) consecutive unpaid medical days (M code) after the start of the rolling measurement period. A review of his/her record reveals four (4) additional chargeable absences within the rolling measurement period. These three (3) unpaid medical days will be considered two (2) chargeable absences (total of 6). The employee will be assessed a penalty of R&W + 1 Day per Table 1.

Initial Measurement Period - Employees with Discipline for Absenteeism (Table 2):

At the start of the initial measurement period, an employee who has disciplinary action on record for absenteeism will be placed in a Modified Absence Progression outlined in Table 2. An employee will have chargeable absences addressed under Table 1 when all discipline for absenteeism drops off the record. However, chargeable absences incurred during the measurement period will transfer to Table 1.

Table 2: Modified Absence Progression w/ Discipline

<u>Current Penalty</u>	<u>Employee Absences</u>	<u>5<sup>th</sup> Chg Absence*</u>	<u>6<sup>th</sup> Chg Absence*</u>	<u>7<sup>th</sup> Chg Absence*</u>	<u>8<sup>th</sup> Chg Absence*</u>	<u>9<sup>th</sup> Chg Absence*</u>
<u>R&amp;W or LTOJ</u>	<u>4</u>	<u>R&amp;W + 1 Day</u>	<u>R&amp;W + 1 Week</u>	<u>R&amp;W + 2 Weeks</u>	<u>R&amp;W + 1 Month</u>	<u>Termination</u>
<u>R&amp;W + BOS or R&amp;W + 1 Day</u>	<u>4</u>	<u>R&amp;W + 1 Week</u>	<u>R&amp;W + 2 Weeks</u>	<u>R&amp;W + 1 Month</u>	<u>Termination</u>	
<u>R&amp;W + 3 days or R&amp;W + 1 Week</u>	<u>4</u>	<u>R&amp;W + 2 Weeks</u>	<u>R&amp;W + 1 Month</u>	<u>Termination</u>		
<u>R&amp;W + 2 Weeks</u>	<u>4</u>	<u>R&amp;W + 1 Month</u>	<u>Termination</u>			
<u>R&amp;W + 1 Month</u>	<u>4</u>	<u>Termination</u>				

\* Chg Absence = Chargeable Absence

Examples

(Example 1) An employee has an R&W + 2 Week penalty on record issued December 1, 2006 and expiring June 1, 2008. The employee incurs four (4) chargeable absences between the implementation of the Program and April 5, 2008. On August 1, 2008, the employee incurs his 5<sup>th</sup> chargeable absence. A review of the employee's record shows that the employee's R&W + 2 Week penalty dropped off. Consequently, the five (5) chargeable absences

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transfer to Table 1 and the August 1, 2008 chargeable absence is assessed as an R&W Absence per Table 1.

(Example 2) Upon implementation of the initial measurement period, an employee has a penalty of R&W for absenteeism on his/her record. The employee subsequently experiences his/her first two (2) chargeable absences. These two (2) chargeable absences will be considered the 1<sup>st</sup> and 2nd Employee Absences under the Program per Table 2. There will be no discipline assessed for absenteeism.

(Example 3) The same employee in Example 2 subsequently experiences three (3) chargeable absences (total of 5) within the initial measurement period. The employee will be assessed a penalty of R&W + 1 Day, per Table 2.

#### Other Elements

To ensure employees fully understand the seriousness of their absenteeism and its impact on the facility prior to progressing to the final step of termination, the Company shall issue R&W + 1 month disciplinary penalties identified in Table 1 or Table 2, regardless of the number of chargeable absences that progressed the discipline for absenteeism to an R&W + 1 month penalty.

The parties strongly encourage the use of the UAW-Ford ESSP Joint Program if such assistance may improve attendance.

No provisions of this Program are to be construed as limiting the Company's rights as they relate to the handling of Temporary Part-Time employees under Appendix K, the handling of probationary employees under Article VIII, Section 4 or terminations pursuant to Article VIII, Section 5 of the UAW-Ford Collective Bargaining Agreement.

Disputes as to the Company's failure to observe the procedure requirements of these provisions are subject to the regular grievance procedure.

#### Implementation

The National Attendance Program will become effective Monday, January 7, 2008.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Placement Opportunities for Ford Employees Working at ACH-LLC  
Locations

During these negotiations, the parties discussed placement opportunities for Ford employees working at ACH-LLC locations. Based on these discussions, the following agreements were reached:

- Ford employees working at Ford Motor Company locations will not be surveyed for job openings at ACH-LLC locations.
- Ford employees working at ACH-LLC locations may transfer to another ACH-LLC location only if there are no available job openings at Ford Motor Company locations.
- For purposes of preferential placement, Ford employees working at ACH-LLC locations will be administered in accordance with Appendix N and associated letters of understanding.
- Ford Motor Company has no obligation to replace attrition at ACH-LLC locations.

None of the procedures associated with the above agreements are subject to the Grievance Procedure (Article VII of the Collective Bargaining Agreement). The parties will meet periodically to resolve issues arising under the Job Security Program as it relates to Ford employees working at ACH-LLC locations.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur: \_\_\_\_\_

Bob King

This letter replaces the September 15, 2003 Letter of Understanding titled "Job Security- GEN -Understanding Relating to Visteon"

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September 15, 2003 <insert date>

Mr. Gerald D. Bantom  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. Bantom:

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Up Front Lump Sum Payment

During the present negotiations, the parties agreed to provide an up front lump sum payment of \$3,000 to each eligible employee ~~(excluding temporary part-time employees) on the active employment roll on September 29, 2003,~~ in return for the membership ratification thereof.

Eligible employees are defined as those who are represented by the Union and whose status with the Company on the effective date of this Agreement is one of the following:

- Active (including Long-Term Temporary) employees
- In protected status
- On temporary lay-off
- On pre-retirement leave
- On leave pursuant to Family and Medical Leave Act
- On leave of absence beginning not earlier than ninety (90) days prior to the date of this agreement.

In addition, should the UAW-Ford Department raise any questions of equity in application regarding specific employees, the Company agrees to meet with the Union on such cases to review the facts.

Very truly yours,

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## INSURANCE PROGRAM

### HOSPITAL-SURGICAL-MEDICAL-DRUG- DENTAL-VISION EXPENSE COVERAGES

#### Section 4. Company Contributions

##### (a) While Employed

The Company will make monthly contributions for the following month's coverage (unless there is no coverage for that month under Section 5 or 7) on behalf of each subscribing employee while the employee is at work (as defined below) toward the cost of the hospital-surgical-medical-drug-dental-vision-hearing aid coverages described in Section 1 above equal to the full subscription rate or premium charge for the classification of coverage to which the employee shall have subscribed according to his/her enrollment classification.

For purposes of this Section, an employee shall be considered "at work" in any month if the employee receives pay from the Company for any time during such month.

##### (b) While Disabled

During an employee's approved medical leave of absence or absence while disabled so as to be unable to work on his/her customary job or available work or while an employee is receiving Extended Disability Benefits after exhaustion of reinstated Accident and Sickness Benefits under Section 12 of the Group Life and Disability Insurance part of the Program, the Company shall pay the full subscription rate or premium charge of

hospital-surgical-medical-drug-dental-vision-hearing aid coverages (but not dental expense coverage for absences commencing prior to September 17, 1979) under Section 1 above for the employee and eligible dependents for the duration of such absence; but not to exceed the period equal to his/her seniority when the absence commenced or, if greater, the period the employee is receiving such Extended Disability Benefits. Notwithstanding any other provisions of this paragraph (b), if an employee on medical leave of absence who is determined to be "Able" in accordance with Independent Medical Evaluation Process of the Group Life and Disability Program and does not return to work following such determination, H-S-M-D-D-V coverage will be discontinued on the first day of the second month following the month in which such determination is made and not reinstated until the employee returns to work.

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SUB PLAN

PART A  
AGREEMENT CONCERNING  
SUPPLEMENTAL UNEMPLOYMENT  
BENEFIT PLAN

Section 5. Governmental Rulings (contd.)

- (c) The Company shall apply promptly to the appropriate agencies for the rulings described in Subsection (a) of this Section.
- (d) Notwithstanding any other provision of this Agreement or of the Plan, the Company, with the consent of the National Ford Director of the Union, may, during the term of this Agreement, make revisions in the Plan not inconsistent with the purposes, structure, and basic provisions thereof which shall be necessary to obtain or maintain any of the rulings referred to in Subsection (a) of this Section or in Section 2 of Article VIII of the Plan. Any such revisions shall adhere as closely as possible to the language and intent of the provisions outlined in Part B.

Section 6. Entry-Level Employees

Individuals hired on or after September 15, 2007, designated as "Entry Level" employees, as defined in the 2007 UAW-Ford National Agreement, will be eligible for benefits as set forth in the provisions of the Letters of Understanding, UAW-Ford Entry Level Wage & Benefit Agreement, provided in the 2007 National Agreement.

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4. The Deloitte Consulting LLP margin of error corridor brackets provided to the parties in 2005 will be applied to the local Umbrella Rate based on the number of combined employee and retiree/surviving spouse contracts when the local Umbrella Rate is below the alternative plan composite premium (i.e., over 10,000, plus/minus 3% error, 5,000 to 10,000, plus/minus 5%; 2,500 to 5,000, plus/minus 10%; 1,000 to 2,500 plus/minus 20%; 500 to 1,000 plus minus 40%; under 500, can't be measured). The alternative plan will be considered to be under the Umbrella Rate when its composite premium is below the upper limit of the comparator Umbrella Rate's upper margin of error corridor.
5. The local plan Umbrella Rate will be calculated by an independent actuary selected by mutual agreement of the parties and paid by Ford. For the 2008 plan year calculation the independent actuary will be Towers Perrin; however, Towers will use the methodology described in this letter for this purpose.
6. The independent actuary will follow the methodology described in this letter. The actuary will use the Blue Cross Blue Shield geographic discount variations when the local plan is a Blue Cross Blue Shield participating plan. In addition, the actuary will use for the term of this agreement the age/sex adjustment factors attached to this letter. The actuary will also make appropriate adjustments for area cost differences and drug utilization differences for the NPPO.

The independent actuary will determine the trend forecast and other elements to calculate the Umbrella Rate based on at least most recent available rolling two years of actual hospital, surgical, medical and drug claim experience. The parties may provide input to the actuary regarding other relevant economic data.

The method for comparing the local plan Umbrella Rate to the alternative plan composite rate described in the Letter of Understanding Alternative Plan Value will continue to be used. If the alternative plan composite rate is above the comparator plan Umbrella Rate in an area where no other alternative plan is offered the cost of providing five (5) office visits per year with a twenty-five dollar (\$25) co-pay each for employees in the local plan area will be added to the Umbrella Rate [and these five office visits will be a benefit to active NPPO enrollees in the affected service area of any HMO or PPO plan which is dropped, effective with the date the HMO or PPO ceases to be available, when there is no other HMO or PPO plan available in the service area affected. If a portion of the service area has no other PPO or HMO offering and another alternative plan is offered in that market the parties will request the other alternative plan to expand its service area to include the portion of the service area without another alternative plan. If that cannot be accomplished that portion of the service area will be afforded the five office visits if that can be administered by the NPPO. Should the NPPO be unable to administer this provision the equivalent value of the five office visits will be provided for each employee within the affected portion of the service area.]. If the alternative plan composite premium is then below the Umbrella Rate the plan will be offered for the next Plan Year. If the alternative plan composite rate continues to be above the Umbrella Rate the process described below will be applied.

1. The parties will work together to persuade the alternative plan to reduce its composite premium to a level below the Umbrella Rate.

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<Insert Date>

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Method Used for Determining the Company's Contributions for  
Alternative Plans

During these negotiations, the Company and Union discussed the method and process used in determining the Company's monthly contributions as described in the Letter of Understanding, Alternative Plan Value. The parties agreed the present method could be improved and should reflect other measures of plan performance as a means of determining the value of the plan to the member and the Company.

Effective with the 2008 alternative plan contract year (March through, February) the following method will be used for determining the local NPPO plan composite premium (Umbrella Rate):

1. The umbrella rate will be calculated combined for actives and retirees. The cost of H-S-M-D-D-V coverage for employees covered under the Entry Level Employee Agreement will be excluded from this local Umbrella Rate calculation, and they will not be enrolled in HMOs/PPOs.
2. If less than one thousand five hundred (1,500) employees, retirees and surviving spouses are enrolled in the local plan, the local plan will be considered to be a non-credible population. When the local plan has a non-credible population, the Umbrella Rate for the southeast Michigan local plan (710, Detroit/Ann Arbor) adjusted for differences in component premium rates (i.e., single, two-party, family) and for geographic variations in discounts for hospital, medical, surgical costs will be used as a proxy for the local plan Umbrella Rate.
3. The local plan Umbrella Rate will be adjusted to align its age and gender mix to the alternative plan. (See Attachment)

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To be eligible for the Window Program, an employee must meet the following conditions:

- Been transferred from Ford employment to Rouge Steel employment as either a Group III or Group V employee under the terms of the Settlement Agreement between the Company, Rouge Steel Company, Marico Acquisition Corp., and the Union dated November 28, 1989; and,
- Was subsequently transferred back to Ford employment, without a break in employment service, pursuant to the Rouge Transition Program outlined in the Memorandum of Understanding between the Company and the Union, dated March 23, 2004; and,
- Was provided Return to Ford Rights under Letter 9 of the 1989 Rouge Steel Transition Agreement.

Very truly yours,

LEE MEZZA, Director  
Employee Benefits  
Human Resources

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Concur:

Bob King

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<insert date>

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Incentive Retirement Program for Former Rouge Steel Company  
Employees Who Were Classified as Group III and Group V Employees

During these negotiations, the Company and the Union discussed certain employees who were formerly employed by Severstal North America, Inc. ("Severstal") (formerly, Rouge Steel Company), and were classified as Group III or Group V employees when transferred from Ford employment to Severstal. As a result of these discussions, the Company will give consideration to offering to these employees, in 2008, a one-time opportunity (Window Program) to retire with enhanced terms as provided below.

The Company will amend the Ford-UAW Retirement Plan to recognize, during the Window Program, Rouge-UAW Retirement Plan credited service as provided for under Article XVII Section 1 of the Collective Bargaining Agreement entitled "Continuing Rouge Employee Benefits for Pre-Asset Transfer Credited Service." Such additional credited service shall be recognized under the Ford-UAW Retirement Plan solely for purposes of vesting and eligibility, but not for benefit determination purposes.

An employee may elect any regular retirement option for which the employee would otherwise be eligible following the recognition of the additional eligibility and vesting service. Employees who are offered and make an irrevocable election to accept the Window Program offer. As a condition of accepting the Window Program the employee will be required to execute a valid waiver of rights agreement.

Employees retiring under this Window Program shall be eligible for other post-employment benefits in accordance with applicable Company benefit plans on the same basis as other employees retiring at the same time.

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UNPUBLISHED

November 2, 2007

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Sourcing - P150 Ranger Program Outsourcing

During these negotiations, the parties discussed the circumstances involved with the extension of the P150 Ranger Program and the effect upon Appendix P sourcing notices.

Specifically, the P150 Program job last had been scheduled for June 2008, prior to the anticipated closing of the Monroe and Ypsilanti ACH plants. In that the job last date of P150 would have occurred prior to the closing of the plants, there would have been no outsourcing of work, hence, no advance written notification. However, as a result of the extension of the program beyond the plant-closing dates, outsourcing notice is now required.

Accordingly, and due to the unique and unforeseen circumstances involved, the intent of this letter is to notify you, in accordance with the requirements of Appendix P of the UAW-Ford Collective Bargaining Agreement, that the following outsourcing actions will be taken at the aforementioned plants as indicated below:

Monroe Plant

Component:	Catalytic Converters	Stabilizer Bars
Jobs Impact	(24)	(2)
Effective Date	July 2008	July 2008
New Supplier	EmCon (Q1)	Thyssen (Q1)

Ypsilanti Plant

Component:	Series 5 Ignition Coils
Jobs Impact	(8)
Effective Date	July 2008
New Supplier	Marshall Electric (ISO9001)

Eligible employees impacted by these actions will be covered by the applicable provisions of the Job Security Program of the UAW-Ford Collective Bargaining Agreement.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur:

Bob King

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UNPUBLISHED

September 15, 2003

Mr. Gerald D. Bantom  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, MI 48214

Dear Mr. Bantom:  
Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Plant Closing and Sale Moratorium Exceptions

Notwithstanding any sourcing moratorium, during the term of the 20037 Agreement, Ford Motor Company may consider, as exceptions to the Plant Closing and Sale Moratorium letter of understanding: Edison Assembly Plant, Vulcan Forge Plant, Cleveland Aluminum Casting Plant, and Lorain Assembly Plant. Atlanta Assembly Plant, Batavia, Cleveland Casting Plant, Maumee Stamping Plant, Norfolk Assembly Plant, St. Louis Assembly Plant, Twin Cities Assembly Plant, and Wixom Assembly Plant.

In addition, Woodhaven Forging Plant may be considered for sale or close during the term of this Agreement by mutual agreement of the parties.

Very truly yours,

Rick E. Poynter, Director  
U.S. Union Affairs  
Labor Affairs  
Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

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Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Outside Contracting Van Dyke Transmission Plant

Recently, concerns were raised regarding the utilization of the skilled trades workforce at the Van Dyke Transmission Plant. The parties agree that the manner in which the skilled trades workforce is utilized substantially impacts the viability and profitability of the plant. In order to improve the plant's competitive position through a more efficient use of skilled trades, the parties agree utilization of skilled trades will include a focus on support of the manufacturing process including maintaining and troubleshooting process equipment, as well as project/contract work.

Additionally, the parties agree that project/contract work will follow the outside contracting procedure as defined in Article IV, Section 8 of the UAW-Ford Collective Bargaining Agreement. If the work can be performed competitively while meeting the cost, quality and timing requirements the work will be performed by the UAW-Ford skilled trades.

Very truly yours,

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur: \_\_\_\_\_

Bob King

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- ## Casting & Forging Operations

- Product Allocation & Work Retention

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- Product Allocation & Work Retention

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Rawsonville

- Product Allocation & Work Retention
  - The production of Air Intake Systems, Coil on Plug, Carbon Cannisters, and Starters will continue through the life of the agreement.
  - The production of remaining components will balance out in 2008 or by 2010.
  - Rawsonville Trucking Services will continue through the term of this agreement.
  - The National Parties agree to work together to identify potential future work opportunities for the plant.

Transmission & Driveline Operations

Batavia Transmission

- Product Allocation & Work Retention
  - CD4E transmission production continues through the product lifecycle, ending production in 2008.
  - Batavia Transmission Plant will close in 2008.
  - The National Parties will jointly explore opportunities for current Batavia Transmission Plant seniority employees.

Livonia Transmission

- Product Allocation & Work Retention
  - 4R75 transmission production continues through the product lifecycle.
  - 6R transmission production continues through the product life cycle.
  - Major investments will be made to expand the 6R transmission capacity during the life of this Agreement.

Sharonville Transmission

- Product Allocation & Work Retention
  - 5R110 transmission production continues through the product lifecycle.
  - 6R/6F, 6F Mid Range, and FN gear manufacturing will continue through the product lifecycle.
  - Next generation product will be allocated to the plant to replace the 5R110 during the life of this Agreement.

Van Dyke Transmission

- Product Allocation & Work Retention
  - FN transmission production continues through the product lifecycle
  - 6F50 and 6F55 transmission production continues through the product lifecycle.
  - The new 6F Mid Range transmission will launch in 2008 CY and continue through the product lifecycle.

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- Product Allocation & Work Retention
  - o 2.0L / 2.3L I4 engine production (non VCT) continues through the product lifecycle.
  - o Fuel Tank production will be discontinued by 2010.
  - o A substantial investment and a new product based on the current engine architecture will be allocated to the plant during the life of this Agreement.

- Product Allocation & Work Retention
  - o Launch D35 in 2008 and continue production through the product lifecycle.
  - o New product based on the current engine architecture will be allocated to the plant during the life of this Agreement.
  - o The plant will receive an additional increment of D35 engine capacity during the life of the Agreement.

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- Product Allocation & Work Retention
  - o Duratec 30 engine production continues through the product lifecycle.
  - o Duratec 30 engine receives an engineering upgrade in 2008.
  - o The National Parties agree to work together to identify potential future work opportunities for the plant.

*[Handwritten signature]*

- Product Allocation & Work Retention
  - o D35 engine production continues through the product lifecycle.
  - o New product based on the current engine architecture will be allocated to the plant during the life of this Agreement.

- Product Allocation & Work Retention
  - o 4.6L and 5.4L engine production will continue through the product lifecycle.
  - o A new engine program will be allocated to the plant during the life of this Agreement.

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Chicago Stamping Plant

- Product Allocation & Work Retention
  - Products currently allocated will continue to be produced through the current vehicle program lifecycle.
  - Major stampings for new product for Chicago Assembly Plant will be allocated to the plant.

Dearborn Stamping Plant

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Dearborn Diversified Manufacturing Plant

- [Signature]*

Walton Hills Stamping Plant

- Product Allocation & Work Retention
  - Products currently allocated will continue to be produced through the current vehicle program lifecycle.
  - Major stampings for new product for Ohio Assembly Plant will be allocated to the plant.

Woodhaven Stamping Plant

- DR



Ohio Assembly Plant

- Product Allocation & Work Retention
  - o The E-Series continues through the current product lifecycle.
  - o New product will be allocated to the plant during the life of this Agreement.
  - o The plant will receive a new, flexible body shop.

Kansas City Assembly Plant

- Product Allocation & Work Retention
  - o 2008 CY launch of the new F-150 Truck replacement product for the current model will be allocated to the plant and continue through the product lifecycle.
  - o The Escape, Escape Hybrid, Mariner, Mariner Hybrid, and Tribute continue through the current product lifecycle.
  - o New product will be allocated to the plant during the life of this Agreement.
  - o The plant will receive a new, flexible body shop.

Kentucky Truck Plant

- Product Allocation & Work Retention
  - o The Super Duty Truck continues through the current product lifecycle.
  - o Substantial investment will be put into the Super Duty product during the life of this Agreement.
  - o The Integrated Stamping Operations will get major new stampings associated with new assembly products at Kentucky Truck Plant.
  - o The plant will receive a new, flexible body shop.

Twin Cities Assembly Plant

- Product Allocation & Work Retention
  - o The Ranger production is extended into the 2009 Calendar year.
  - o No future product has been identified beyond the current product lifecycle. The plant will close in 2009.
  - o The National Parties will jointly explore opportunities for current Twin Cities Assembly Plant seniority employees.

Wayne Integrated Stamping & Assembly Plants

- Product Allocation & Work Retention
  - o The Focus continues through the current product lifecycle.
  - o New product will be allocated to the plant during the life of this Agreement.
  - o The Integrated Stamping Operations will get major new stampings associated with new assembly products at Wayne Assembly Plant.
  - o The plant will receive a new, flexible body shop.



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Current And Future Product Commitment & Future Insourcing Opportunities  
In conjunction with the actions outlined in the preceding paragraphs, the  
Company has committed to the following:

## VEHICLE OPERATIONS

### Assembly Plants

#### Auto Alliance Plant

- Product Allocation & Work Retention
  - o Mustang and Mazda 6 continue through the current product lifecycle.
  - o Substantial investment will be put into the Mustang and Mazda 6 during the life of this Agreement.
  - o The Integrated Stamping Operations will get major new stampings associated with new assembly products at AutoAlliance.

#### Chicago Assembly Plant

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- Product Allocation & Work Retention
    - o Taurus, Taurus X and Sable continue through the current product lifecycle.
    - o 2008 CY launch of the new Lincoln MKS will be allocated to the plant and continue through the product lifecycle.
    - o New product will be allocated during the life of this Agreement.

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#### Dearborn Truck Plant

- CMLG
- Product Allocation & Work Retention
    - o 2008 CY launch of the new F-150 Truck replacement product for the current model will be allocated to the plant and continue through the product lifecycle.
    - o Mark LT will continue through the current product lifecycle.

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#### Louisville Assembly Plant

- DR
- Product Allocation & Work Retention
    - o Explorer, Mountaineer and SportTrac continue through the current product lifecycle.
    - o New product will be allocated to the plant during the life of this Agreement.
    - o The plant will receive a new, flexible body shop.

DR

#### Michigan Truck Plant

- CV
- Product Allocation & Work Retention
    - o Expedition, Expedition EL, Navigator and Navigator L continue through the current product lifecycle.
    - o Substantial investment will be put into the Expedition, Expedition EL, Navigator, and Navigator L products during the life of this Agreement.
    - o New product will be allocated during the life of this Agreement.

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is dependent upon a favorable business case, which may include market demand, available floor space, proprietary rights, and cancellation costs. This work will be retained for the term of the 2007 National Agreement or for the lifecycle of the product, whichever is longer. The Company agrees that insourcing actions are intended to be complete no later than the fourth year of the Agreement.

4. In conjunction with number 3 above, the Parties will identify work totaling 1,700 potential future jobs that will be evaluated for insourcing in conjunction with the processes noted above. If insourced, this work will be retained through the term of the 2007 National Agreement or for the lifecycle of the product.
5. It is understood that the work described in the preceding paragraphs will be implemented consistent with the Letter of Understanding: "Understandings Regarding Transition to Entry Level Workforce".
6. Beyond those exceptions already identified, a moratorium on outsourcing for the current product will be implemented through the term of the National Agreement.
7. Any issues that arise relative to the interpretation of this Agreement or the implementation of the commitments contained herein will be discussed and resolved by the Company and the UAW, National Ford Department.

Bill Dirksen,  
Executive Director  
U.S. Labor Affairs

Concur:

Bob King



UNPUBLISHED

11/1/07  
November 2, 2007

Mr. Bob King  
Vice President and Director  
UAW, National Ford Department  
8000 East Jefferson Avenue  
Detroit, Michigan 48214

Dear Mr. King:

Subject: Current And Future Product Commitment & Future Insourcing Opportunities

During the 2007 Negotiations, the Company and the Union held extensive discussions on the economic realities associated with the global auto industry. Together, the parties have recognized through several negotiations and agreements that competitiveness, quality, and job security go hand in hand.

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The Union has called upon the Company to commit to greater levels of investment within the U.S. and to secure UAW jobs. The Company shares the Union's concern regarding long-term stability for its employees. It is mutually understood that viability for the Company and job security for its employees can only be forged in the production of profitable vehicles. To that end, Ford has worked with the Union to pursue methods that improve the viability of our operations. The parties realize that Ford's ability to maintain its manufacturing presence in the U.S. with the commitment of future investment is predicated on market demand to support volume, favorable business cases (including factors such as local government incentives, etc.) profitable vehicles, and stable market segments.

Ford has maintained a long history of producing cars and trucks in the U.S. for sale here and abroad, and the Company is committed to maintaining this heritage. The following will apply to UAW-represented operations covered by the 2007 UAW-Ford National Collective Bargaining Agreement (excluding Automotive Components Holding LLC (ACH) operations):

1. The Company and the Union, within 120 days of the Effective Date of the National Agreement, will begin meeting to make the necessary business decisions for product insourcing. These meetings will include appropriate members of the International Union and the Company necessary to make sound and prompt business decisions.
  2. The parties have identified 7027 Entry Level opportunities based on the current employment level Company-wide, excluding ACH and Sterling and Rawsonville consistent with the Letter of Understanding entitled "Administration of Appendix V - Rawsonville and Sterling Axle Plants."
  3. The Company agrees that work totaling 1559 jobs to be performed by employees represented by the UAW will be insourced during the life of the Agreement. It is understood by the parties that insourcing of work
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2. The parties may change the alternative plan design by mutual agreement and request a new bid from the alternative plan based on the new plan design.
3. If the alternative plan composite premium continues to be above the Umbrella Rate after the parties have implemented items 1 and 2 above, the parties will issue a joint letter to the alternative plan by the December 1 (or as soon as practicable thereafter) preceding the new Plan Year requiring the alternative plan to reduce its composite premium to a level below the Umbrella Rate.
4. If the alternative plan does not reduce its composite premium below the Umbrella Rate after step 3 above, the employee and/or retiree monthly contribution will be calculated as defined in the Letter of Understanding Alternative Plan Value. The parties may mutually agree to require the monthly contribution from the alternative plan enrollees and in that case the alternative plan will be offered in the upcoming Plan Year.
5. If the parties do not agree to require monthly contributions from the alternative plan enrollees the alternative plan will be sent a termination letter no later than the last work day of the year preceding the upcoming alternative plan contract year.

In the case of Blue Care Network and Health Alliance Plan, the parties agree that these plans would continued to be offered but frozen to new enrollments should their composite premium be above the Umbrella Rate for either the employees or the retiree and surviving spouses.

Employee HMO benefits including office visit and emergency room co-pay and other covered benefits are listed in the Letter of Understanding Criteria for Reviewing HMOs. Employee PPO benefits are described in R-S-M-D-D-V Program, Exhibit VI. The parties agree to offer Blue Preferred Plus PPO during the term of the 2007 agreement.

Very truly yours,

Lee Mezza, Director  
Employee Benefits  
Human Resources

Attachment

Concur:

Bob King

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OUT-PATIENT SERVICES

Outpatient Surgery

No charge - covered in full.

Hospital Services

No charge - covered in full.

Diagnostic Laboratory and  
X-Ray

No charge - covered in full.

Routine Office Visits

~~No charge - covered in full.~~ \$25 Co-payment  
per visit.

Doctor's Home Visit

No charge - covered in full when  
medically indicated.

Physical Exams

~~No charge - covered in full.~~ \$25 office  
visit co-pay.

Pediatric Exams

~~No charge - covered in full.~~ \$25 office  
visit co-pay.

Allergy Testing and Injections

~~No charge - covered in full including  
serum.~~ \$25 office visit co-pay (if involves  
an office visit).

Other Injections and  
Immunizations

~~No charge - covered in full.~~ \$25 office  
visit co-pay (if involves an office visit).

Pap Smears (Annually)

No charge - covered in full.

Physical Therapy

No charge - up to 60 visits per  
condition per year.

EXTENDED CARE FACILITY

Benefit Period

No charge - covered in full. Unlimited  
number of days.  
Custodial care not covered.

Physician Services

No charge. Unlimited number of visits.

Consultation

No charge - covered in full.

EMERGENCY

In-Area

~~No charge - covered in full.~~ \$100 co-  
payment (waived if admitted).

Authorization must be obtained as soon as  
possible either before or after treatment.

Out-of-Area

~~No charge - covered in full.~~ \$100 co-  
Payment (waived if admitted).

Authorization must be obtained as soon as  
possible either before or after

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SCHEDULE OF BENEFITS FOR EVALUATING  
HMOs TO BE OFFERED TO  
FORD HOURLY EMPLOYEES REPRESENTED BY THE UAW

<u>Benefit</u>	<u>HMO</u>
INPATIENT-HOSPITAL	All services must be provided, ordered, prescribed, or recommended by the HMO or plan physician except in the case of emergencies where the HMO rules of reporting shall apply.
Room and Board	Semi-Private room covered in full. Private room covered, if medically indicated.
Benefit Period	Unlimited.
Maternity Admission	Unlimited.
Surgery (includes plastic, cosmetic, and reconstructive surgery for congenital anomalies, correction of conditions resulting from accidental injuries or traumatic scars, and correction of deformities resulting from cancer surgery, such as following medically necessary mastectomies).	No charge - covered in full.
Hospital Physician Service	No charge - covered in full.
Surgical Assistance	No charge - covered in full, when medically necessary.
Ancillary Services	No charge - covered in full.
Physical Therapy	No charge - covered in full.
Consultations	No charge - covered in full.
Pulmonary Tuberculosis	No charge - covered in full.
Affiliated Hospitals	No charge - covered in full.
Non-Participating Hospitals	No charge if admitted by a plan doctor, or for an emergency.

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