

MEGA TAX CREDIT AGREEMENT

Ford Motor Company

This Agreement between the Michigan Economic Growth Authority ("MEGA"), whose address is 300 N. Washington Square, Lansing, Michigan 48913 and Ford Motor Company, (the "Company") a Delaware corporation, whose address is One American Road, Dearborn, Michigan 48126, and whose Employer Identification Number is [REDACTED]

RECITALS

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No. 24 of Public Acts of 1995, as amended (the "Act"), with the power to provide tax credits to businesses involved in manufacturing, mining, research and development, wholesale and trade, or office operations.

WHEREAS, the Legislature has determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for the residents of the State of Michigan.

WHEREAS, the MEGA has determined that providing tax credits to the Company for retention will promote and serve the purposes of the Act.

WHEREAS, the MEGA and the Company desire to set forth the terms and conditions of the MEGA Tax Credit that the MEGA has authorized to the Company.

NOW, THEREFORE, the parties agree as follows:

1.0 DEFINITIONS

- (a) "Act" means Public Act 24 of 1995, as amended.

- (b) "Agreement" means this written agreement.
- (c) "Application" means any information submitted to the MEGA in support of the Company's request for a Tax Credit.
- (d) "Anniversary Date" means December 31, 2007.
- (e) "Authority" or "MEGA" means the Michigan Economic Growth Authority created by the Act.
- (f) "Average Weekly Wage" means the total Salaries and Wages paid during the applicable tax year to employees performing Retained Jobs at the Project, divided by 52, divided by the number of Retained Jobs at the Project.
- (g) "Certificate" or "Tax Credit Certificate" means the certificate required to be issued by the Act which states that the Company is an authorized business, the amount of the Tax Credit authorized for a tax year, and the Company's federal employer identification number or Michigan Treasury number.
- (h) "Certificate Application" or "Application for a MEGA Tax Credit Certificate" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate.
- (i) "Facility" means one or more of the following Company sites at which the Company will maintain retained jobs:

Facility Name	Location
Dearborn Diversified	Dearborn, MI
Livonia Transmission	Livonia, MI
Michigan Proving Ground	Bruce Township, MI
Michigan Truck	Wayne, MI
Romeo Engine	Romeo, MI
Sterling Axle	Sterling Heights, MI
Sustained Mobility Laboratory	Dearborn, MI
Van Dyke Transmission	Sterling Heights, MI
Woodhaven Stamping Operations	Woodhaven, MI

(j) "Full-time Job" means a job performed by an individual who is employed for consideration for 35 hours or more each week and for which the employer withholds income and social security taxes.

(k) "MEGA Employment Credit" or "Employment Credit" means a credit against the Single Business Tax authorized by Section 38g(20)(b) of Public Act 726 of 2002.

(l) "MEGA Tax Credit" or "Tax Credit" means a MEGA Employment Credit.

(m) "Other Company and Company Related Facilities" means the following sites where additional New Capital Investment may be made:

Facility Name	Location
Auto Alliance International	Flat Rock, MI
Dearborn Truck	Dearborn, MI
Wayne Assembly	Wayne, MI

(n) "Person" means an individual, proprietorship, joint venture, partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company or any other organization.

(o) "Project" means the investment of capital and maintenance of Retained Jobs as described under Project Description.

(p) "Retained Job" means a Full-Time Job held by a Michigan resident employed by the Company that is maintained at a Facility site after the date of execution of this Agreement. A Retained Job does not include a job transferred from a Michigan location of a business that on or after August 9, 2006, acquires or otherwise gains control of the Company, is acquired or controlled by the Company or a subsidiary company, or comes under common control with the Company or a subsidiary company.

(q) "Salaries and Wages" means wages, tips and other compensation reported in Box 1 of the employees' W-2 forms.

(r) "Statement of Eligibility" or "Statement" means the certified statement required by Section 4.2 of this Agreement.

2.0 REPRESENTATIONS

2.1 Representations by the MEGA. With respect to the Agreement, the MEGA makes the following representations and warranties as of the date of execution of this Agreement:

(a) The MEGA is a public body established and acting pursuant to the Act.

(b) The MEGA has the necessary power under the Act to grant MEGA Tax Credits and has duly taken all action on its part required to authorize, execute and deliver this Agreement. This Agreement, when executed, will be valid, binding and enforceable in accordance with its terms.

(c) Upon execution of this Agreement, the MEGA will issue the Company's Initial Tax Credit Certificate in the form attached to this Agreement.

2.2 Representations by the Company. With respect to the Agreement, the Company makes the following representations and warranties as of the date of execution of this Agreement:

(a) Existence and Power. The Company is validly existing and is in good standing under the laws of the State of Delaware, and is duly qualified to transact business in Michigan.

(b) Corporate Authority. The Company has taken the necessary steps to obtain corporate approval. This Agreement is duly authorized by an officer of the

Company and does not violate any provision of law or the Company's articles of incorporation or bylaws.

(c) Full Disclosure. Neither this Agreement, the Company's Application, nor any written statements furnished by the Company to the MEGA in connection with the authorization of a MEGA Tax Credit contain any untrue statement of a material fact or omit a material fact.

(d) Eligibility. The Company will maintain Retained Jobs at the Project generally classified under SIC Code 3711.

(e) Project Description. To qualify for a MEGA Tax Credit for Retained Jobs, the Company will make New Capital Investment, as defined in the Act, at the Facility as defined in Schedule A and will result in the maintenance by the Company of the minimum of 6,000 Retained Jobs at the Facility no later than December 31, 2007. The Retained Jobs maintained will pay an Average Weekly Wage of at least \$960 and at no time will the average wage paid for the Retained Jobs be less than 150 percent of the federal minimum wage. Additionally, the Company will contribute New Capital Investment to Other Company and Company Related Facilities in the amounts defined in Schedule A.

The Project is economically sound and the investment capital and/or financing needed to complete the Project is now committed or will soon be available to the Company.

(f) Need for MEGA Tax Credits. The Tax Credits authorized by this Agreement address the competitive disadvantages of remaining in Michigan instead of

a site outside this State. The Project will not occur in Michigan without the tax credits offered by this Agreement and the Act.

(g) Site Reuse. The Company has considered the reuse or redevelopment of property previously used for an industrial or commercial purpose and the company has determined the use of such property is feasible in locating the Project.

(h) Certification. The Company has made the certifications required by Section 8(3)(f) of the Act, which are attached to this Agreement as Schedule B.

(i) Binding Agreement. When executed by both parties, this agreement will be a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

3.0 MEGA TAX CREDIT

Based upon the Application and the Company's representations and warranties in this Agreement, the Authority authorizes the following tax credits subject to the conditions in Section 4.0 of this Agreement.

3.1 Employment Credit

(a) An Employment Credit of up to 30 percent of the state's personal income tax rate, as it exists at the beginning of the Company's tax year for which the credit is being sought, multiplied by the total Salaries and Wages, before deducting any personal or dependency exemptions of employees performing Retained Jobs. The Employment Credit is authorized for twenty consecutive tax years beginning with the Company's tax year ending December 31, 2007.

(b) If the average number of Retained Jobs is 10,000 to 13,740, the percentage of the Employment Credit claimed in that tax year shall be 30 percent.

(c) If the average number of Retained Jobs is 9,000 to 9,999, the percentage of the Employment Credit claimed in that tax year shall be 20 percent.

(d) If the average number of Retained Jobs is 8,000 to 8,999, the percentage of the Employment Credit claimed in that tax year shall be 15 percent.

(e) If the average number of Retained Jobs is 7,000 to 7,999, the percentage of the Employment Credit claimed in that tax year shall be 12 percent.

(f) If the average number of Retained Jobs is 6,000 to 6,999, the percentage of the Employment Credit claimed in that tax year shall be 10 percent.

(g) If the average number of Retained Jobs is less than 6,000, no credit shall be earned for that tax year.

(h) No more than 13,740 Retained Jobs may be used in calculating the Employment Credit as provided in Section 38g(20)(b) of Public Act 726 of 2002.

4.0 CONDITIONS OF THE MEGA TAX CREDITS

4.1 Eligibility, Retained Jobs. The Company shall not be eligible for the Tax Credit on Retained Jobs as provided in Section 3.0 of this Agreement unless:

(a) The statutory minimum of 150 Retained Jobs are maintained at the Project, no later than the Anniversary Date.

(b) The statutory minimum of 1,000 Retained Jobs are maintained in the State, no later than the Anniversary Date.

(c) The Average Weekly Wage paid to all employees with Retained Jobs is at least \$960.

(d) The Company has made New Capital Investment as defined in the Act, at the Project and contributed New Capital Investment at Other Company and Company Related Facilities as defined in Schedule A.

(e) In any given tax year, the Company may receive a Tax Credit for Retained Jobs only if the minimum number of Retained Jobs required by Schedule A has been maintained.

4.2 Statement of Eligibility (Retention). Any time after an aggregate of 150 Retained Jobs have been maintained at the Project and a minimum of 1,000 Retained Jobs have been maintained in the state, and New Capital Investment has been made, but in no case later than 30 days after the Anniversary Date, and in all cases prior to or concurrent with the first application for a Tax Credit Certificate, the Company shall file a Certified Statement of Eligibility (Retention) in a form specified by the Authority. The Statement shall contain the following information:

(a) The number of Retained Jobs at the Project.

(b) The Average Weekly Wage paid to employees with Retained Jobs at the Project.

(c) The dollar amount of New Capital Investment at the Project and Other Company and Company Related Facilities in the period beginning on the date of execution of this Agreement, and ending on the date of the Company's most recent fiscal year end.

(d) A certification by an authorized officer of the Company that the information provided in the Statement of Eligibility is true.

4.3 Tax Credit Certificate (Retention). To obtain a Tax Credit Certificate in connection with the tax credits authorized in this Agreement for Retained Jobs in any tax year, the Company shall do all of the following:

(a) Maintain the minimum aggregate number of 6,000 Retained Jobs at the Project, for the applicable tax year. In computing the number of Retained Jobs at the Project in any tax year, the Company shall determine the aggregate number of Retained Jobs at the Project as of the last day of each of the four quarters of the applicable tax year, total the results for the four quarters, and divide the sum by four (4). For purposes of this Agreement, Retained Jobs excludes any Retained Jobs for which the company or its affiliates may receive a tax credit pursuant to another MEGA tax credit agreement.

(b) Pay an Average Weekly Wage in connection with the Retained Jobs of \$960 for the applicable tax year.

(c) Pay an average hourly wage in connection with the Retained Jobs that equals or exceeds 150 percent of the highest hourly federal minimum wage in effect for the applicable tax year.

(d) The Company shall make Application to the MEGA for a Tax Credit Certificate as provided in Section 5.0 of this Agreement.

Provided that the Company has initially satisfied the requirements of Section 4.2, failure of the Company to satisfy the requirements of this Section 4.3 in any given year does not preclude the Company from qualifying for and obtaining a Tax Credit in any other year, if authorized by Section 3.1 of this Agreement.

4.4 Audit and Verification. The information provided in the Application, the Application for a MEGA Tax Credit Certificate, and the Statement of Eligibility

(Retention) are subject to audit and verification by the Authority or its designee. Upon reasonable advance notice to the Company by the Authority, the Company shall permit the Authority or its designee, during normal business hours, to inspect the files of the Company solely for the purpose of verifying eligibility for the Tax Credits authorized by this Agreement. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, job classification, job assignments and employment histories. The audit and verification contemplated under this Section 4.4 shall be completed within twenty-four (24) months (or such longer period as mutually agreed upon by the parties) after the issuance of the Tax Credit Certificate.

The Authority or its designee shall use all information received pursuant to inspection of the Company's files solely for the purpose of verifying eligibility for the Tax Credits authorized by this Agreement. The Company may request confidentiality pursuant to Section 5(3) of the Act on financial or proprietary information retained by the Authority in the course of its inspection of the files.

4.5 Administrative Fee. An Administrative Fee of \$100,000 is due and payable upon submission of the Certified Statement of Eligibility required in Section 4.2. The Administrative Fee is one-half of one percent of the MEGA Cost, as reported in current dollars, in the cost/benefit analysis of the Project, as presented to the MEGA at the time the Tax Credit was authorized, except that in no case shall the Administrative Fee exceed \$100,000.

5.0 ANNUAL APPLICATION FOR TAX CREDIT CERTIFICATE

5.1 For each year that it seeks a Tax Credit under this Agreement, the Company shall complete an Application for a MEGA Tax Credit Certificate.

5.2 The Certificate Application shall be filed with the Authority at least 45 days prior to the day the Company's Single Business Tax return is due. If the Company receives an extension of the deadline to file its Michigan Single Business Tax return, the Company shall notify the MEGA of the extension and the Certificate Application shall be filed with the Authority at least 45 days prior to the extended deadline.

5.3 The form of the Certificate Application shall be as specified by the Authority from time to time. The Certificate Application shall contain the following information:

(a) The number of Retained Jobs at each of the Project sites as of the end of each of the four quarters in the applicable tax year.

(b) The total Salaries and Wages, before deducting any personal or dependency exemptions, paid to employees who performed Retained Jobs at each of the Project sites during the applicable tax year.

(c) Any other information which is reasonably related to determining the applicable Tax Credit.

(d) A certification by an Authorized Officer of the Company that the information provided in a Certificate Application is true.

5.4 The information in a Certificate Application is subject to audit and verification by the Authority or its designee consistent with Section 4.4 of this Agreement.

5.5 Within 45 days of receiving a complete Certificate Application, the MEGA will review that application to determine whether the requirements of this Agreement have been satisfied and, if so, will calculate the credit authorized under this Agreement and issue a Tax Credit Certificate to the Company.

6.0 ADJUSTMENT, REDUCTION, OR TERMINATION OF CREDITS

6.1 If the Company does not comply with the conditions required in either Section 4.1 or Section 4.2, this Agreement is void, the Company is no longer an authorized business for purposes of the Act and no Tax Credits will be authorized under this Agreement.

6.2 Failure of the Company to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected when it is discovered to be an error, may result in revocation of the Company's designation as an authorized business or the reduction or loss of Tax Credits for which a Certificate has not yet been issued.

6.3 A Tax Credit authorized by the Authority is subject to adjustment in any tax year following the tax year for which a Tax Credit Certificate was issued, if the information on which the tax credit certification was based is found to be incorrect or cannot be verified.

6.4 If the Authority determines that the Company misrepresented material information in order to qualify for, or increase the amount of a Tax Credit, the Authority may revoke the Company's designation as an authorized business and notify the Michigan Department of Treasury of that revocation. Any tax credits that have been received based upon a material misrepresentation may be subject to recovery by the State of Michigan.

6.5 Prior to taking any adverse action against the Company under Sections 6.1, 6.2, 6.3, or 6.4, the Authority shall provide the Company with written notification of its intent to take such action and the basis for that action shall provide the Company with a reasonable opportunity to respond.

7.0 RECOVERY OF CREDIT FOR JOB REDUCTIONS

7.1 Credits collected pursuant to this Agreement are subject to repayment as provided in this Section 7, if the Company fails to maintain a minimum of 6,000 Retained Jobs at the Project, in any two consecutive years of the term of the Agreement.

7.2 The MEGA will request the number of Retained Jobs at the Project as of the last day of each of the four quarters of the applicable tax year, total the results for the four quarters, and divide the sum by four (4). The result must equal or exceed the minimum employment levels as specified in this section.

7.3 Failure to maintain minimum employment levels will result in repayment of prior earned Tax Credits. The repayment amount shall be determined by the Authority, in an amount not to exceed the last annual Tax Credit collected by the Company.

7.4 Notwithstanding any other provision of this Section 7.0, no credits collected based on Retained Jobs are subject to repayment if the Company failed to maintain the minimum employment level because the Company was unable to reach agreement on a new contract or a contract extension with the United Auto Workers Union for the year the minimum employment level was not achieved. This Subsection 7.4 shall not apply if the National Labor Relations Board determines that the Company was engaged in an unlawful lockout at the particular Project Facility or failed to bargain in good faith on the contract or contract extension.

7.5 A Tax Credit required to be repaid pursuant to this section shall be repaid no later than 120 days after the date the Company receives notice from the MEGA of a determination pursuant to Subsection 7.3 or Subsection 7.4. No further Tax Credit

Certificates will be issued pursuant to Section 5.5 of this Agreement until all amounts required to be repaid pursuant to this Section 7 are received by the Michigan Department of Treasury.

7.6 The repayment provisions of this Section shall not apply in the event that any tax credits authorized under this Agreement, become invalid, unavailable, or diminished because of an action by the Legislature or as a result of a court ruling that such tax credits are illegal or unconstitutional.

8.0 **REPORTING**

8.1 **General.** The Company shall provide the MEGA with the information regarding its participation in the Tax Credit Program as the MEGA may reasonably require while this Agreement is effective.

8.2 **WARN Act.** The Company shall provide the MEGA with copies of any notices required pursuant to the federal Worker Adjustment and Retraining Notification Act (Public Law 100-379).

9.0 **MISCELLANEOUS**

9.1 **Assignment of Credits.** The Tax Credits authorized by this Agreement shall not be transferred or assigned to any other Person. In the event a Person acquires all or substantially all of the assets of the Company in Michigan, after the date of this Agreement, the Authority shall authorize the transfer of the company's rights under this Agreement to that Person if:

(a) The Person agrees in writing to assume all of the responsibilities of the Company under this Agreement.

(b) The Authority determines that the transfer would serve the purposes of the Act and this Agreement.

9.2 Sale of Facilities. If the Company should divest of any Company site of the Facility, the Company may request reconsideration of the number of Retained Jobs required for calculation of the credit. Such request will be subject to review and action by the Authority.

9.3 Severability. If any provision of this Agreement is held illegal or invalid by any court, the invalidity of that provision shall not affect the remainder of this Agreement, and the Agreement shall be construed and enforced as if such illegal or invalid provision had not been in the Agreement.

9.4 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given when delivered, if delivered by registered or certified mail, return receipt requested, or by messenger or professional courier service, addressed as follows:

If to the MEGA: Michigan Economic Growth Authority
MEDC
300 North Washington Square
Lansing, Michigan 48913
Attention: Karen Ammarman

If to the Company: Ford Motor Company
One American Way
Dearborn, MI 48126
Attention: Ms. Gabriella Bruno

9.5 Entire Agreement and Amendment. Subject to the Act, this Agreement and the attached Schedules contain the entire Agreement between the Company and the MEGA with respect to the matters described in the Agreement. This Agreement may not be amended except with the written consent of the Authority and the Company.

9.6 Captions. The captions in this Agreement are for convenience only and in no way limit the intent of any provision of this Agreement.

9.7 Interpretation. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.

9.8 Acceptance. The terms of this Agreement are accepted this 4th day of October, 2006.

Michigan Economic Growth Authority

By Karen Ammarman

Karen Ammarman
Secretary to the MEGA Board

Ford Motor Company

By Joseph Hinrichs

Mr. Joseph Hinrichs
Vice President, NA Manufacturing

Ford Motor Company

Schedule A: Minimum Employment and Investment Levels

to Qualify for Retained Jobs Tax Credits

Year of Credit	Tax Year	Project Minimum Employment Level	Project Minimum Investment Level (Cumulative)	Other Company and Company Related Facilities Minimum Investment Level (Cumulative)
1	2007	6,000	\$200,000,000	\$50,000,000
2	2008	6,000	\$300,000,000	\$100,000,000
3	2009	6,000	\$400,000,000	\$150,000,000
4	2010	6,000	\$500,000,000	\$200,000,000
5	2011	6,000	\$600,000,000	\$250,000,000
6	2012	6,000	\$700,000,000	\$250,000,000
7	2013	6,000	\$750,000,000	\$250,000,000
8	2014	6,000	\$750,000,000	\$250,000,000
9	2015	6,000	\$750,000,000	\$250,000,000
10	2016	6,000	\$750,000,000	\$250,000,000
11	2017	6,000	\$750,000,000	\$250,000,000
12	2018	6,000	\$750,000,000	\$250,000,000
13	2019	6,000	\$750,000,000	\$250,000,000
14	2020	6,000	\$750,000,000	\$250,000,000
15	2021	6,000	\$750,000,000	\$250,000,000
16	2022	6,000	\$750,000,000	\$250,000,000
17	2023	6,000	\$750,000,000	\$250,000,000
18	2024	6,000	\$750,000,000	\$250,000,000
19	2025	6,000	\$750,000,000	\$250,000,000
20	2026	6,000	\$750,000,000	\$250,000,000

Ford Motor Company

Schedule B

Ford Motor Company certifies that:

1. It will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or renovation of the facility, and that it will not discriminate against any contractor on the basis of its affiliation or non-affiliation with any collective bargaining organization.

2. It will make a good faith effort to employ, if qualified, Michigan residents at the facility.

3. It will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

Certified this ^{4th} day of October, 2006

By: _____

Mr. Joseph Hinrichs
Vice President, NA Manufacturing

Certificate Number

00 – 324 -06

Initial Tax Credit Certificate

Issued this 6th day of October, 2006, by the

Michigan Economic Growth Authority

to Ford Motor Company, Employer Identification Number, 38-0549190, which is an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA authorizes to Ford Motor Company, an Employment Credit of up to 30 percent for twenty consecutive tax years, beginning with the Company's tax year ending December 31, 2007 under Section 38g (20)(b) of Public Act 726 of 2002.

The Michigan Legislature encourages recipients of MEGA Tax Credits to make a good faith effort to use Michigan-based suppliers and vendors when purchasing goods and services.

By Karen Annmarino
Secretary to the MEGA Board

October 23, 2006


Ms. Gabriella Bruno
Ford Motor Company
One American Way
Dearborn, Michigan 48126

Dear Ms. Bruno:

Enclosed is a copy of the MEGA Tax Credit Agreement for your records.

Again, thank you for choosing Michigan for Ford Motor Company's retention project. I look forward to working with you in the future.

Sincerely,

A handwritten signature in cursive script that reads "Karen Ammarman".

Karen Ammarman
Secretary to the MEGA Board

Enclosure