

## **Charter of the Nominating and Governance Committee of the Board of Directors**

### **I. Purpose**

The Nominating and Governance Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders by:

- Identifying individuals qualified to become directors, consistent with criteria approved by the Board, and recommending to the Board for selection the candidates for all directorships to be filled by the Board or by the shareholders;
- Developing and recommending to the Board a set of corporate governance principles applicable to the Company; and
- Evaluating, monitoring and making recommendations to the Board with respect to the corporate governance policies and procedures of the Company.

### **II. Structure and Operations**

#### *Composition and Qualifications*

The Nominating and Governance Committee shall be comprised of two or more members of the Board, each of whom is determined by the Board to be "independent" in accordance with the rules of the New York Stock Exchange and any other applicable legal or regulatory requirement.

#### *Appointment and Removal*

The members of the Nominating and Governance Committee shall be designated by the Board annually and shall serve until such member's successor is duly designated or until such member's earlier resignation or removal. Any member of the Nominating and Governance Committee may be removed from the Committee, with or without cause, by a majority vote of the Board.

Unless a Chair is designated by the Board, the members of the Nominating and Governance Committee shall designate a Chair by majority vote of the full Nominating and Governance Committee membership. The Chair will chair all regular sessions of the Nominating and Governance Committee and set the agendas for Nominating and Governance Committee meetings.

#### *Delegation to Subcommittees*

In fulfilling its responsibilities, the Nominating and Governance Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Nominating and Governance Committee and, to the extent not expressly reserved to the Nominating and Governance Committee by the Board or by applicable law, rule or regulation, to any other committee of directors of the Company appointed by it, which may or may not be composed of members of the Nominating and Governance Committee.

### **III. Meetings**

The Nominating and Governance Committee shall ordinarily meet at least four times annually, or more frequently as circumstances dictate. Any member of the Nominating and Governance Committee may call meetings of the Nominating and Governance Committee.

Any director of the Company who is not a member of the Nominating and Governance Committee may attend meetings of the Nominating and Governance Committee; provided, however, that any director who is not a member of the Nominating and Governance Committee may not vote on any matter coming before the Nominating and Governance Committee for a vote. The Nominating and Governance Committee also may invite to its meetings any member of management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Nominating and Governance Committee may meet in executive session, as the Nominating and Governance Committee deems necessary or appropriate.

#### **IV. Responsibilities and Duties**

The following functions shall be the common recurring activities of the Nominating and Governance Committee in carrying out its purpose set forth in Section I of this Charter. These functions should serve as a guide with the understanding that the Nominating and Governance Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Nominating and Governance Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purpose of the Nominating and Governance Committee outlined in Section I of this Charter.

The Nominating and Governance Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern within the purpose of the Nominating and Governance Committee that the Nominating and Governance Committee deems appropriate or necessary and shall have the sole authority to retain and terminate outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of retention.

To fulfill its responsibilities and duties, the Nominating and Governance Committee shall:

##### *Board Composition, Evaluation and Compensation*

- (1) Recommend to the Board criteria for the selection of new directors to serve on the Board.
- (2) Identify individuals believed to be qualified as candidates to serve on the Board, consistent with criteria approved by the Board, and recommend that the Board select the candidates for all directorships to be filled by the Board or by the shareholders at an annual or special meeting. In identifying candidates for membership on the Board, the Nominating and Governance Committee shall take into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity and the extent to which the candidate would fill a present need on the Board. In addition, the Nominating and Governance Committee shall review and make recommendations to the Board whether members of the Board should stand for re-election. It shall consider matters relating to the retirement of Board members.
- (3) Conduct all necessary and appropriate inquiries into the backgrounds and qualifications of possible candidates as directors. In that connection, the Nominating and Governance Committee shall have sole authority to retain and to terminate any search firm to be used to assist it in

identifying candidates to serve as directors of the Company, including sole authority to approve the fees payable to such search firm and any other terms of retention.

- (4) Review and make recommendations, as the Nominating and Governance Committee deems appropriate, regarding the composition and size of the Board in order to ensure the Board has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds.
- (5) Recommend to the Board compensation for non-employee directors. In discharging this duty, the Nominating and Governance Committee shall be guided by the following: (i) compensation should be competitive and fairly compensate directors for the time and effort required of Board and Committee members in a company of Ford's considerable size and scope; (ii) compensation should align directors' interests with the long-term interests of shareholders; and (iii) the structure of the compensation should be simple, transparent and easy for shareholders to understand. Each year, the Nominating and Governance Committee shall review non-employee director compensation.
- (6) At least annually, and as circumstances otherwise dictate, oversee evaluation of the Board of Directors.

#### *Committee Selection and Composition*

- (7) Recommend members of the Board to serve on the committees of the Board, giving consideration to the criteria for service on each committee as set forth in the charter for such committee, as well as to any factors the Nominating and Governance Committee deems relevant, and where appropriate, make recommendations regarding the removal of any member of any committee.

#### *Corporate Governance*

- (8) Periodically review the charter and composition of each committee of the Board and make recommendations to the Board for the adoption of or revisions to the committee charters, the creation of additional committees or the elimination of Board committees.
- (9) Consider the adequacy of the By-Laws and Certificate of Incorporation of the Company and recommend to the Board, as conditions dictate, that it adopt amendments to the By-Laws and that it propose amendments to the Certificate of Incorporation for consideration by the shareholders.
- (10) Develop and recommend to the Board a set of corporate governance principles and guidelines and keep abreast of developments with regard to corporate governance to enable the Nominating and Governance Committee to make recommendations to the Board in light of such developments as may be appropriate.
- (11) Review management's monitoring of compliance with the Company's Standards of Corporate Conduct, consider any requests for waivers of the Company's codes of ethics by directors or executive officers and review any proposed transactions between the Company and its directors or executive officers.
- (12) Consider policies relating to meetings of the Board. This may include meeting schedules and locations, meeting agendas and procedures for delivery of materials in advance of meetings.

*Reports*

- (13) Report regularly to the Board (i) following meetings of the Nominating and Governance Committee, (ii) with respect to such other matters as are relevant to the Nominating and Governance Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Nominating and Governance Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Nominating and Governance Committee designated by the Nominating and Governance Committee to make such report.
- (14) Prepare an annual report on corporate governance matters for inclusion in the proxy statement.
- (15) Maintain minutes and other records of meetings and activities of the Nominating and Governance Committee, as appropriate under Delaware law.

**V. Annual Performance Evaluation**

The Nominating and Governance Committee shall perform a review and evaluation, at least annually, of the performance of the Nominating and Governance Committee and its members, including a review of adherence of the Nominating and Governance Committee to this Charter. In addition, the Nominating and Governance Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Nominating and Governance Committee considers necessary or appropriate. The Nominating and Governance Committee shall conduct such evaluation and reviews in such manner as it deems appropriate.

March 2004