

# Exhibit 1

**In the United States District Court  
for the Central District of California**

*Vargas v. Ford Motor Co*

**Case No. 2:12-cv-08388-AB-FFM**

**STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement (“Settlement Agreement” or “Settlement”) is entered into this \_\_\_th day of March, 2017 by and among the named Plaintiffs: Omar Vargas, Robert Bertone, Michelle Harris, Sharon Heberling, Kevin Klipfel, Andrea Klipfel, Maureen Cusick, Eric Dufour, Abigail Fisher, Christi Groshong, Virginia Otte, Tonya Patze, Lindsay Schmidt, Patricia Schwenker, and Patricia Soltesiz, Joshua Bruno, Jason Porterfield, and Jamie Porterfield (collectively, the “Named Plaintiffs” or “Class Representatives” or “Plaintiffs”) and Defendant, Ford Motor Company (“Ford”), by and through their respective counsel.

**RECITALS**

WHEREAS, on or about September 28, 2012, an action entitled *Omar Vargas v. Ford Motor Company* was filed in the United States District Court for the Central District of California (“*Vargas*”). The case was initially assigned to the Honorable Audrey B. Collins, given the case number 2:12-cv-08388, and subsequently transferred to the calendar of the Honorable André Birotte Jr.;

WHEREAS, the *Vargas* complaint alleged causes of action against Ford for violating California’s and Florida’s consumer protection laws, breach of express warranty, and breach of implied warranty under the Song-Beverly Consumer Warranty Act. The complaint alleged that the PowerShift Transmission (“Transmission” or “DPS6”) installed in the 2011-2013 Ford Fiesta and the 2012-2013 Ford Focus is dangerously defective. Plaintiffs allege that the Transmission slips, bucks, kicks, and jerks, resulting in sudden or delayed acceleration of the vehicle. In the

Complaint, Plaintiffs sought certification of a nationwide class of current and former owners and lessees of vehicles equipped with such transmissions;

WHEREAS, another suit, entitled *Klipfel v. Ford Motor Co.*, No. 2:15-cv-02140-AB (FFMx) (“*Klipfel*”), was filed in the San Luis Obispo Superior Court and removed by Ford to the Central District of California and alleged similar claims to *Vargas* but expanded the scope of the class to include additional model year vehicles with the PowerShift Transmission (“Class Vehicles”). The operative First Amended Complaint in *Klipfel*, which was filed on May 20, 2015;

WHEREAS, additional actions alleging similar claims and a common nucleus of facts also have been filed in the Central; District of California and in other districts around the country, including *Cusick, et al v. Ford Motor Company*, No. 2:15-cv-08831-AB-FFM (C.D. Cal.) (“*Cusick*”) and *Anderson v. Ford Motor Company*, No. 1:16-cv-01632 (N.D. Ill.) (collectively, the “Actions”);

WHEREAS, pursuant to the parties’ stipulation, on December 12, 2015, the Court consolidated the *Vargas* and *Klipfel* actions, with *Vargas* designated as the surviving action;

WHEREAS, pursuant to the parties’ stipulation, on February 22, 2017, the Court consolidated *Cusick* with *Vargas* for settlement purposes, with *Vargas* designated as the surviving action. The First Amended Complaint in *Cusick*, filed on February 22, 2016, was deemed the “Operative Complaint” for settlement purposes.

WHEREAS, the Settling Parties participated in significant discovery, including review of voluminous documents and related databases produced by Ford; numerous written discovery requests; discovery from various third parties in response to Plaintiffs’ subpoenas; the depositions of two (2) Ford personnel; the deposition of third party Getrag Transmission Corp. and the depositions of approximately four (4) of the Named Plaintiffs;

WHEREAS, Class Counsel conducted a thorough investigation and evaluation of the facts and law relating to the claims asserted to determine how best to serve the interests of the Named Plaintiffs and the Class;

WHEREAS, counsel for the Settling Parties conducted extensive arm's-length negotiations, including four (4) sessions in which Eric D. Green, Esquire participated as a mediator regarding the substance and procedure of a possible class settlement prior to entering into this Settlement Agreement;

WHEREAS, the Plaintiffs, as well as Class Counsel, believe the Released Claims have merit. The Plaintiffs and Class Counsel, however, recognize and acknowledge the expense and length of continued proceedings that would be necessary to prosecute the Released Claims against Ford through trial and appeals, and the importance of providing timely relief to Class Members whose vehicles are aging. The Plaintiffs and Class Counsel also have taken into account the uncertain outcome and risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. The Plaintiffs and Class Counsel are mindful of the inherent problems of proof under, and possible defenses to, the Released Claims. The Plaintiffs and Class Counsel believe that the proposed Settlement confers substantial benefits upon the Class. Based on their evaluation of all of these factors, the Plaintiffs and Class Counsel have determined that the Settlement is in the best interests of the Class and represents a fair, reasonable, and adequate resolution of the Litigation; and

WHEREAS, Ford denies any liability to the Plaintiffs and the Class. Ford has taken thorough discovery concerning the claims asserted by the Plaintiffs and believes it has meritorious defenses to all of the claims raised in this Litigation. Nevertheless, Ford recognizes and acknowledges the expense and length of continued proceedings that would be necessary to defend the Litigation through trial and appeals. In agreeing to enter into this Settlement, Ford also has taken into account the uncertain outcome and risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Settling Parties that, subject to approval of the Court, the Litigation and the Released Claims shall be fully and finally compromised, settled, and released, and that the Litigation will be dismissed with prejudice subject to and upon the terms and conditions described below.

**I. DEFINITIONS.**

In addition to words and terms defined elsewhere in this Stipulation and Agreement of Settlement, the following words and terms shall have the definitions stated in this Article I.

**A. “Action” or “Litigation.”**

“Action,” “Actions” or “Litigation” means *Vargas v. Ford Motor Company*, No. 2:12-cv-08388-AB (FFMx) (C.D. Cal.); *Klipfel v. Ford Motor Co.*, No. 2:15-cv-02140-AB (FFMx); *Cusick, et al v. Ford Motor Company*, No. 2:15-cv-08831-AB-FFM (C.D. Cal.); and *Anderson v. Ford Motor Company*, No. 1:16-cv-01632 (N.D. Ill.).

**B. “Approval Date.”**

“Approval Date” means the date on which the Court issues the Final Order and Judgment described in Section III.F. below.

**C. “Arbitration Claimant.”**

“Arbitration Claimant” refers to any Class Member who has filed a claim with the Arbitrator as part of the Arbitration Program provided by this Settlement.

**D. “Arbitration Administrator” and “Appellate Arbitration Administrator.”**

“Arbitration Administrator” means the company retained by Ford and approved by Class Counsel to administer the Arbitration Program established by this Settlement. “Appellate Arbitration Administrator” means the company retained by Ford and approved by Class Counsel to administer the Appellate Arbitration Program established by this Settlement. Initially, the Arbitration Administrator shall be DeMars & Associates and the Appellate Arbitration Administrator shall be JAMS. Ford may retain other companies to perform the services initially provided by DeMars & Associates or by JAMS with the agreement of Lead Class Counsel, or, absent agreement, with the approval of the Court upon a showing of good cause.

**E. “Arbitration Program” and “Appellate Arbitration Program.”**

“Arbitration Program” means the arbitration program created by this Settlement and operated by the Arbitration Administrator. “Appellate Arbitration Program” means the appellate arbitration program created by this Settlement and presided over by arbitrators affiliated with the Appellate Arbitration Administrator.

**F. “Arbitrator” and “Appellate Arbitrator.”**

“Arbitrator” means an arbitrator affiliated with the Arbitration Administrator that presides over an arbitration under the Arbitration Program. “Appellate Arbitrator” means an arbitrator affiliated with the Appellate Arbitration Administrator that presides over an appeal of an arbitration award relating to a Vehicle Repurchase.

**G. “Claim Form.”**

“Claim Form” means the document a Class Member may submit to the Claims Administrator to seek relief under Sections II.B, II.C., or II.G. of this Settlement Agreement.

**H. “Claimant.”**

“Claimant” means a Class Member who has completed and submitted a Claim Form.

**I. “Claims Administrator.”**

“Claims Administrator” shall mean KCC, except that after the Effective Date Ford may retain a different Claims Administrator with the agreement of Lead Class Counsel or, absent agreement, with the approval of the Court on a showing of good cause.

**J. “Class Counsel.”**

“Class Counsel” means Lead Class Counsel Capstone Law APC (“Capstone”), and Co-Class Counsel Berger & Montague, P.C. (“B&M”) and Zimmerman Law Offices, P.C. (“Zimmerman”).

**K. “Class Notice,” “Short Form Class Notice,” “Long Form Class Notice,”  
“Publication Notice.”**

“Short Form Class Notice” means the notice of Settlement that will be mailed to the “Settlement Class Members,” as defined herein, in substantially the same form as Exhibit A.

“Long Form Class Notice” means the notice of Settlement that will be posted on the Settlement Website in substantially the same form as Exhibit B. “Class Notice” means the Short Form Class Notice and the Long Form Class Notice, separately or collectively. “Publication Notice” means a 1/8 page ad in the Marketplace/Legal Notice Section of USA Today that will be in substantially the same form as Exhibit C.

**L. “Class,” “Class Members,” or “Settlement Class Members.”**

“Class,” “Class Members” or “Settlement Class Members” means, for purposes of the Settlement only, a nationwide class of all current residents of the United States (including territories of the United States) who, prior to the Order Granting Preliminary Approval, purchased or leased new or used Class Vehicles that (1) were originally sold in the United States (including territories of the United States) and (2) were equipped with the PowerShift Transmission. Except as to the named plaintiffs in this Agreement and the *Anderson* plaintiffs, the class definition expressly excludes all owners or lessees of Class Vehicles who have filed and served litigation against Ford alleging problems with the PowerShift Transmission in Class Vehicles that was pending as of the Notice Date and who do not dismiss their actions before final judgment and affirmatively elect to opt-in to the Settlement. Owners or lessees of Class Vehicles who dismiss such litigation and affirmatively opt-in to the Settlement shall be members of the Class for all purposes. The class definition also expressly excludes (1) Ford’s officers, directors, employees, affiliates and affiliates’ officers, directors and employees; their distributors and distributors’ officers, directors, and employees; and Ford Dealers and Ford Dealers’ officers and directors; (2) judicial officers assigned to the Actions and their immediate family members, and any judicial officers who may hear an appeal on this matter; (3) all entities and natural persons who have previously executed and delivered to Ford releases of their claims based on the PowerShift Transmission; (4) all parties to litigation against Ford alleging problems with the PowerShift Transmission in Class Vehicles in which final judgment has been entered; and (5) all those otherwise in the Class who timely and properly exclude themselves from the Class as provided in this Settlement.

**M. “Court.”**

“Court” means the United States District Court for the Central District of California.

**N. “Class Vehicles.”**

“Class Vehicles” or a “Class Vehicle” means all 2012-2016 Ford Focus and 2011-2016 Ford Fiesta vehicles that (1) were originally sold in the United States (including United States territories) and (2) were equipped with a PowerShift Transmission.

**O. “Customer Campaign 14M01.”**

“Customer Campaign 14M01” means Ford’s Customer Satisfaction Campaign Program Number 14M01 that extended the limited warranty on the clutch, the transmission input shaft seals, and the transmission software calibration installed in certain Class Vehicles to a total of seven (7) years or 100,000 from the warranty start date, whichever occurs first, and provided a refund for owners who paid out-of-pocket expenses for fixes on the above Transmission parts.

**P. “Customer Campaign 14M02.”**

“Customer Campaign 14M02” means Ford’s Customer Satisfaction Campaign Program Number 14M02 that extended the warranty on the transmission control module installed in certain Class Vehicles to a total of ten (10) years or 150,000 from the warranty start date, whichever occurs first, and provided a refund for owners who paid out-of-pocket expenses for fixes to the transmission control module.

**Q. “Defendant” or “Ford.”**

“Defendant” or “Ford” means Ford Motor Company.

**R. “Effective Date of Settlement” or “Effective Date.”**

“Effective Date of Settlement” or “Effective Date” means the first business day after: (1) the Court enters the Final Order and Judgment, in all material respects similar to the form attached hereto as Exhibit F; and (2) all appellate rights with respect to the Final Order and Judgment have expired or have been exhausted in such a manner as to affirm the Final Order and Judgment. If any appeal has been taken from the Final Approval Order, the “Effective Date” means the date on which all appeals therefrom, including petitions for rehearing or reargument,



petitions for rehearing en banc and petitions for a writ of certiorari or any other form of review, have been fully disposed of in a manner that affirms the Final Approval Order. An appeal that challenges only attorneys fees, costs, or service awards shall extend the Effective Date only with respect to such attorneys fees, costs, or service awards.

**S. “Fairness Hearing.”**

The “Fairness Hearing” means the final hearing, held after the Preliminary Approval Order is issued, in which the Court will determine whether this Settlement Agreement should be finally approved as fair, reasonable, and adequate, and whether the proposed Final Order and Judgment should be entered, and if so, to determine the amount of attorneys’ fees and costs to be awarded to Class Counsel.

**T. “Ford Dealer” or “Dealer.”**

“Ford Dealer” or “Dealer” means any dealer authorized by Ford to sell, lease, and/or service Ford vehicles located in the United States (including territories of the United States).

**U. “Lead Class Counsel.”**

“Lead Class Counsel” means Capstone Law APC.

**V. “Named Plaintiffs.”**

“Named Plaintiffs” means the individuals who are identified as plaintiffs in the Actions.

**W. “Notice Date.”**

“Notice Date” means seven calendar days after the date on which the initial mailing of the Short Form Class Notice to all Class Members is complete.

**X. “Operative Complaint.”**

The “Operative Complaint” means the First Amended Complaint filed on May 20, 2016 in *Cusick v. Ford*.

**Y. “PowerShift Transmission” or “Transmission.”**

“PowerShift Transmission” or “Transmission” means the DPS6 PowerShift Dual-Clutch Transmission that Ford provided as an option for the Class Vehicles.

**Z. “Preliminary Approval Date.”**

“Preliminary Approval Date” means the date on which the Court issues the Preliminary Approval Order described in Section III.A. below in a form substantially the same as Exhibit E.

**AA. “Proof of Ownership.”**

“Proof of Ownership” means documentation establishing that the Class Member owned or leased the Class Vehicle at the time of each repair forming the basis for a claim under Sections II.B, II.C, or II.G. “Proof of Ownership” shall be established through one of the following three methods:

1. All repair records submitted in support of the claim identify the same Class Member as the person requesting the repairs; OR
2. Submission of a (a) vehicle title, vehicle purchase agreement, or vehicle lease agreement that identifies the Class Member as the vehicle owner, purchaser, or lessee at the time of the first repair that forms the basis of the claim, AND (b) vehicle registration identifying the same Class Member as the vehicle owner as of the date of the latest repair that forms the basis of the claim (or as of a later date); OR
3. For each repair that forms the basis for the claim, submission of either (a) a repair record that identifies the same Class Member as the person who requested the repair, OR (b) a vehicle registration that identifies the same Class Member as the vehicle owner as of the date of each repair.

**BB. “Recall Program.”**

“Recall Program” means a program initiated by Ford by which Ford offers to repair or replace, at no cost to vehicle owners, vehicle components in all vehicles covered by the program without regard to whether the vehicle has experienced a failure or malfunction. “Recall Program” does not include Technical Service Bulletins (“TSBs”), Special Service Messages (“SSMs”), or programs in which Ford extends the duration of vehicle warranties.

**CC. “Released Claims.”**

“Released Claims” means any and all claims, demands, actions, causes of action, and suits based in whole or in part on alleged defects in the PowerShift Transmission, including express and implied warranty, consumer protection, unjust enrichment, and lemon law claims, excluding personal injury and wrongful death claims, and excluding claims for damage to property other than Class Vehicles. “Released Claims” also includes all other claims, demands, actions, causes of action of any nature whatsoever, including, but not limited to, any claim for violations of federal, state, or other law (whether in contract, tort, or otherwise, including statutory and injunctive relief, common law, property, warranty and equitable claims), and also including Unknown Claims (as defined below) that could be asserted by the Class Members against the Released Parties in the Litigation, or in any other complaint, action, or litigation in any other court or forum, based upon an alleged defect of the PowerShift Transmission, excluding personal injury and wrongful death claims and claims for damage to property other than Class Vehicles.

**DD. “Released Parties.”**

“Released Parties” means Ford, Ford Dealers, their past or present directors, officers, employees, partners, principals, agents, heirs, executors, administrators, successors, reorganized successors, subsidiaries, divisions, parents, related or affiliated entities, underwriters, insurers, coinsurers, re-insurers, licensees, divisions, joint ventures, assigns, associates, attorneys, and controlling shareholders.

**EE. “Service Visit.”**

“Service Visit” means a trip taken by a Class Member to a Ford Dealer within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first, to inspect and/or repair a problem related to the PowerShift Transmission in a Class Vehicle. If a Class Member makes more than one trip to the Ford Dealer to address the same complained-about problem, each trip will count as a separate Service Visit. However, if the subsequent trips are to install components that were ordered during the initial visit, all trips will count as a single Service Visit.

**FF. “Settlement” or “Class Action Settlement.”**

“Settlement” means the settlement contemplated by this Stipulation and Agreement of Settlement.

**GG. “Settlement Agreement.”**

“Settlement Agreement” means this Stipulation and Agreement of Settlement.

**HH. “Settlement Website.”**

“Settlement Website” means the public website that will provide information and key filings regarding the Class Action Settlement, including FAQs and other materials educating Class Members on the content of the settlement and the approval process, and that will, after the Approval Date, allow a Class Member to complete and submit an online Claim Form to the Claims Administrator and to obtain a description of the remedies available to the Class.

**II. “Settling Parties.”**

“Settling Parties” means Named Plaintiffs and Ford.

**JJ. “Software Flash.”**

“Software Flash” includes software flashes, software reflashes, software updates, software resets and software calibrations made by a Ford Dealer to the PowerShift Transmission in a Class Vehicle within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first, that was not performed as part of a safety or non-safety Recall Program. The Software Flash must be evidenced by a receipt or invoice from a Ford dealer showing that procedures with one or more of the following labor codes were performed on the Class Vehicle:

110333A	131102A	150090M	160109C	14M01DD
110405A	131104A	150090N	160109D	14M01E
110513A	131108A	150090P	160129A	14M01EE
110524A	131109A	150090Q	MT131102	14M01GG
110902A	131110A	150120H	R08101	14M01H

120104A	140131A	150120L	R08102	14M01L
130405A	140131B	150120M	R11021	14M01M
130405B	140131C	150120N	14M01A	14M01N
130405C	140131D	150120P	14M01AA	14M01P
130406A	140131E	150120Q	14M01BB	14M01Q
130904A	150017A	160044A	14M01C	14M02B
130904B	150090H	160109A	14M01CC	14M02C
130904C	150090L	160109B	14M01D	14M02D

Ford may supplement this labor code list as necessary. If more than one Software Flash occurs during the same Service Visit, it shall be counted as a single Software Flash.

**KK. “Transmission Hardware Replacement.”**

“Transmission Hardware Replacement” means a replacement performed by a Ford Dealer of any of the following parts of the PowerShift Transmission: (1) 7B546 Disc Asy-Clutch; (2) 7Z369 Control Mod Trans (TCM); (3) 7052 Oil Seal-Trans Rear; (4) 7000 Transmission Asy-Out; (5) 7C604 Motor-Frt Clutch; (6) 7A508 Rod-Cl/Slave Cyl Pus; (7) 6K301 Seal/RetC/Shft Oil; (8) 7060 Shaft/Bshg Asy-Out; (9) 7048 Seal-Input Shaft Oil; and/or (10) 7515 Lever Asy-Clutch Rel. A “Transmission Hardware Replacement” must have been performed on a Class Vehicle within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first, and cannot have been performed as part of any safety or non-safety Recall Program. If more than one Transmission Hardware Replacement occurs during the same Service Visit, it shall be counted as a single Transmission Hardware Replacement.

**LL. “Unknown Claims.”**

“Unknown Claims” means any and all Released Claims that any Class Member does not know to exist against any of the Released Parties and that, if known, might have affected his or her decision to enter into or to be bound by the terms of this Settlement. The Plaintiffs and Class

Members acknowledge that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this release, but nevertheless fully, finally, and forever settle and release any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, that may exist now, which may have already existed, or which may hereafter exist, based upon the alleged defect in the PowerShift Transmission in the Class Vehicles as described in Operative Complaint, without regard to subsequent discovery or existence of such different or additional facts concerning each of the Released Parties. The foregoing waiver includes, without limitation, an express waiver to the fullest extent permitted by law by the Plaintiffs and the Class Members of any and all rights under California Civil Code § 1542 or any similar law of any other state or of the United States, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MIGHT HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

**MM. “Vehicle Repurchase.”**

“Vehicle Repurchase” means the repurchase or replacement by Ford of a Class Vehicle owned or leased by a Class Member.

**NN. “Vehicle Discount Certificate.”**

“Vehicle Discount Certificate” means a non-transferable discount certificate which may be issued electronically and will be valid for a period of twelve months after it is issued.

**II. SETTLEMENT CONSIDERATION.**

In consideration for the Release provided for by the Settlement and for the dismissal of the Litigation with prejudice, under the terms of this Settlement Agreement, Ford agrees to provide consideration to the Class Members as follows.

**A. Notice of Class Settlement.**

Ford agrees to pay all expenses in connection with a notice program on the terms provided in Section III.

**B. Cash Payments For Three or More Software Flashes.**

Class Members with three or more Software Flashes performed while they owned or leased their Class Vehicle are eligible to receive a cash payment of \$50 for the third Software Flash and for each subsequent Software Flash performed while they owned or leased their Class Vehicle. Payments made under this section shall not exceed a total cumulative payment of \$600 per Class Member. Class Members who have previously received, or are at the time of the claim eligible for, a cash payment or Vehicle Discount Certificate pursuant to Section II.C are not eligible for a cash payment under this section with respect to the same Class Vehicle.

**C. Cash Payments or Vehicle Discount Certificates For Three or More Transmission Hardware Replacements.**

1. Cash Payment and Discount Certificate Value.

A Class Member who owns or leases a Class Vehicle that had three or more Transmission Hardware Replacements while that Class Member owned or leased the Class Vehicle is eligible to receive, at the Class Member's option, either (1) a cash payment from Ford, or (2) a Vehicle Discount Certificate, according to the following schedule based on the number of those Transmission Hardware Replacements performed on the Class Vehicle while the Vehicle was owned by that Class Member:

<b>Number of Transmission Hardware Replacement</b>	<b>Cash Payment</b>	<b>Discount Certificate Value</b>
For the 3 <sup>rd</sup> Replacement	\$200	\$400
For the 4 <sup>th</sup> Replacement	\$275	\$550
For the 5 <sup>th</sup> Replacement	\$350	\$700
For the 6 <sup>th</sup> Replacement	\$425	\$850

For the 7 <sup>th</sup> Replacement	\$500	\$1000
For the 8 <sup>th</sup> Replacement	\$575	\$1150

2. Multiple Transmission Hardware Repairs During Same Service Visit.

If more than one Transmission Hardware Replacement occurs during the same Service Visit, it shall be counted as a single Transmission Hardware Replacement.

3. Deduction for Prior Cash Payments Pursuant to Section II.B.

Class Members who have not previously received, and are not eligible for, cash payments under Section II.C may make claims for cash payments under Section II.B based on one or more Service Visits at which both a Software Flash and a Transmission Hardware Replacement were performed. However, a single Service Visit cannot be used to support both a claim for a cash payment under Section II.B. and a claim for a cash payment or Vehicle Discount Certificate under Section II.C. The Claims Administrator, in processing claims submitted pursuant to Section II.C., shall make whatever deductions are necessary to ensure that Service Visits are not double counted. See Sections II.F.6 and 7 below for examples of the intended application of this Section.

4. Unused and Expired Vehicle Discount Certificates.

Vehicle Discount Certificates expire twelve months after they are issued. However, the amount of any Vehicle Discount Certificate issued pursuant to Section II.C.1 shall be increased by the amount of any unused and expired vehicle discount certificates previously issued to the same Class Member for the same Class Vehicle.

5. Maximum Cash Payment and Discount Amounts.

Payments to Class Members under Section II.C.1 are capped at a cumulative total of \$2,325, which means that Class Members shall not receive any further cash payments beyond the eighth Transmission Hardware Replacement. Vehicle Discount Certificates are capped at a cumulative total of \$4,650, which means that a Class Member shall not receive a Vehicle Discount Certificate beyond the eighth Transmission Hardware Replacement. Class Members



may apply more than one valid Vehicle Discount Certificate toward the purchase or lease of a new Ford Vehicle from a Ford Dealer, but the maximum discount shall be \$4,650. However, a Class Member may use other valid discount offers from Ford or a Ford Dealer for an additional discount on top of the discount value of the Vehicle Discount Certificate(s).

6. Deduction from Vehicle Repurchase Award for Cash Payments or Vehicle Discount Certificates.

Class Members who receive a cash payment or a Vehicle Discount Certificate under II.B or II.C may still pursue claims in the Arbitration Program. However, any amount awarded by the Arbitrator for a Vehicle Repurchase shall be reduced by any cash payments made to the claimant pursuant to Sections II.B or II.C, or by the value of any used Vehicle Discount Certificates issued pursuant to Section II.C. Any amount awarded by the Arbitrator for a Vehicle Repurchase shall also be reduced by the value of any unused and unexpired Vehicle Discount Certificates, unless the Certificate is voided by the Arbitrator.

**D. Timing and Submission of Claims Under Sections II.B and II.C.**

1. To obtain a cash payment or Vehicle Discount Certificate as set forth in Sections II.B or II.C, a Class Member must submit a claim, via a Claim Form, to the Claims Administrator. Ford shall pay all claims that the Claims Administrator approves and finds to be timely submitted. In addition to email copies of Claim Forms and hardcopy Claim Forms, which may be submitted by mail to the Claims Administrator, the Settlement Website shall be designed to permit the submission of claims electronically. The electronic claim submission process shall include the use of a unique claim number for each Class Member to whom notice is mailed. Once the unique claim number is entered by a Class Member via the electronic claim submission process, portions of the electronic Claim Form shall be automatically

completed with the Class Member's name and Vehicle Identification Number ("VIN") based upon information previously obtained by the Claims Administrator from Ford and/or R.L. Polk & Co. (nka IHS Automotive).

2. Claims for cash payments under Sections II.B and II.C cannot be submitted prior to the Approval Date. Claim forms will not be made available until the Approval Date.
3. Claims for cash payments under Sections II.B and II.C based on three or more Software Flashes or Transmission Hardware Replacements performed prior to or on the Approval Date, along with supporting documentation, must be submitted online or postmarked within 180 days of the Approval Date. Other claims for cash payments under Sections II.B and II.C must be submitted online or postmarked within 180 days of the Software Flash or Transmission Hardware Replacement for which a cash payment is sought. Neither the Claims Administrator nor Ford shall have any obligation to pay any claims pursuant to Section II.B or II.C. that are not timely submitted.

**E. Content of and Support for Claims Submitted Pursuant to Section II.B and II.C.**

1. Claims for benefits under Section II.B or II.C must include repair orders, receipts, other documentation from a Ford Dealership, or state vehicle inspection reports (or some combination thereof) sufficient to establish for each Transmission Hardware Replacement or Software Flash on which the claim is based all of the following information:
  - a. The Vehicle Identification Number ("VIN") of the vehicle on which the Transmission Hardware Replacement or Software Flash repairs were performed;

- b. The name and address of the Ford Dealer that performed the Transmission Hardware Replacement or Software Flash repairs;
  - c. Whether the Transmission Hardware Replacement or Software Flash repairs were performed on the Class Vehicle within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first; and
  - d. A description of the services rendered and parts provided.
2. Claims must also include documentation demonstrating the Class Member's Proof of Ownership at the time of each Transmission Hardware Replacement or Software Flash on which the claim is based.
  3. Claims must also include a declaration signed under penalty of perjury by the Class Member that attests to and affirms the authenticity of the documentation provided to support the claim and states that the Class Member actually owned or leased the Class Vehicle at the time of each Transmission Hardware Replacement or Software Flash on which the claim is based.
  4. Once a Class Member has submitted a claim pursuant to Section II.B or II.C. that was approved by the Claims Administrator, the Class Member may submit claims for subsequent Transmission Hardware Replacements or Software Flashes for the same Class Vehicle that are supported with the following documentation:
    - a. Repair orders, receipts, other documentation from a Ford Dealership, or state vehicle inspection reports (or some combination thereof) sufficient to establish for each subsequent Transmission Hardware Replacement or Software Flash all of the information set forth in Sections II.E.1.a.-d. above;

- b. Documentation establishing the Class Member's Proof of Ownership of the Class Vehicle at the time of the subsequent Transmission Hardware Replacement or Software Flash; and
- c. A declaration signed under penalty of perjury by the Class Member that attests to and affirms the authenticity of the documentation provided to support the claim and stating that the Class Member actually owned or leased the Class Vehicle at the time of each Transmission Hardware Replacement or Software Flash on which the claim is based.

**F. Examples.**

The following are examples of how the parties intend Sections II.B and II.C to be interpreted.

1. Class Member A experiences two Transmission Hardware Replacements and two Software Flashes while she owns a Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer and then sells the Class Vehicle to Class Member Z. Class Member Z experiences two Transmission Hardware Replacements and two Software Flashes while he owns the Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Neither Class Member A nor Class Member Z is entitled to any benefits under Sections II.B or II.C. Class Member Z later experiences a third Transmission Hardware Replacement and a Third Software Flash while he owns the Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Pursuant to Section II.C, Class Member Z is entitled to a cash payment of \$200, or a \$400 Vehicle Discount Certificate, provided he submits a claim and the required

documentation within 180 days of the third replacement. Class Member Z is not entitled to benefits under Section II.B, because he is eligible to seek a cash payment under Section II.C.

2. Class Member B experiences four Transmission Hardware Replacements while she owns a Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Class Member B submits a claim with the required documentation within 180 days of the Third Transmission Hardware Replacement. Class Member B is entitled to a cash payment of \$475 (\$200 for the third Transmission Hardware Replacement and \$275 for the fourth) or a Vehicle Discount Certificate in the amount of \$950 (\$400 for the third Transmission Hardware Replacement plus \$550 for the fourth). Class Member B elects the cash payment. Less than one year later, Class Member B experiences a fifth Transmission Hardware Replacement within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. She submits a timely claim with the required documentation. She is entitled to an additional cash payment of \$350 or a Vehicle Discount Certificate in the amount of \$700.
3. Class Member C experiences four Transmission Hardware Replacements while she owns a Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Class Member C would, upon timely submission of a claim and supporting documentation, be entitled to a cash payment of \$475 or a Vehicle Discount Certificate in the amount of \$950. However, Class Member C fails to submit a timely claim and is not entitled to either a cash payment or a Vehicle Discount Certificate. One year

later, Class Member C still owns the Class Vehicle and experiences a fifth Transmission Hardware Replacement within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Class Member C submits a timely claim with supporting documentation. She is entitled to a cash payment of \$350 or a Vehicle Discount Certificate in the amount of \$700.

4. Class Member D experiences three Transmission Hardware Replacements while she owns a Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Class Member D timely submits a claim with supporting documentation and elects to receive a Vehicle Discount Certificate in the amount of \$400. Class Member D fails to redeem the Vehicle Discount Certificate within twelve months. At that time, the Certificate expires and cannot be reissued. However, Class Member D still owns the Class Vehicle and then experiences a fourth Transmission Hardware Replacement within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer. Class Member D submits a claim with supporting documentation within 180 days of the fourth Transmission Hardware Replacement. She is entitled to a cash payment of \$275. Alternatively, she may elect a Vehicle Discount Certificate in the amount of \$950 (\$550 for the fourth Transmission Hardware Repair plus the amount of the unused and expired certificate).
5. Class Member E makes a trip to a Ford Dealer seeking repairs of a PowerShift Transmission problem. The Ford Dealer replaces “Part 7B546 Disc Asy-Clutch” and “Part 7Z396 Control Mod Trans (TCM)”. The Dealer orders “Part 7000 Transmission Asy-Aut,”

which is out of stock. Class Member E returns to the Dealer two weeks later to have “Part 7000 Transmission Asy-Aut” installed. The two trips to the Dealer are counted as one Service Visit, and all three Transmission Hardware Replacements are counted as a single Transmission Hardware Replacement. Therefore, Class Member E is not entitled to a cash payment.

6. Class Member F brings her Class Vehicle to a Dealer at 10,000 miles and within a year of delivery, complaining of transmission problems. The Dealer performs a Software Flash and replaces the clutch (Part 7B546 Disc Asy-Clutch). Three months later, Class Member F brings her vehicle back to the Dealer complaining of continuing transmission problems. Once again, the Dealer performs a software flash and replaces the clutch (Part 7B546 Disc Asy-Clutch). One year later, at 24,000 miles, the Dealer performs another Software Flash in an attempt to resolve Class Member F’s continuing concerns. Class Member F is entitled to \$50 under Section II.B. She makes a properly documented claim within 180 days of the third Software Flash and is paid \$50. A year later, at 50,000 miles, while Class Member F still owns the Class Vehicle, the Ford Dealer once again replaces the clutch (Part 7B546 Disc Asy-Clutch). Class Member F is now entitled to \$200 under Section II.C , but that payment must be reduced by the \$50 previously paid pursuant to Section II.B, because that payment was based in part on Service Visits at which both a Software Flash and a Transmission Hardware Replacement were performed. Class Member F makes a timely and properly documented claim and is paid \$150. Class Member F is no longer eligible for any cash payments under Section II.B, but she can make future claims under Section II.C if

additional Transmission Hardware Replacements are performed while she owns the Class Vehicle and within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer.

7. Prior to the Approval Date, Class Member G experienced five Software Flashes during five Service Visits, within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer and while Class Member G still owns the vehicle. No Transmission Hardware Replacements were performed during three of these Service Visits. However, on the fourth and fifth Service Visits, the Ford Dealer both performed a Software Flash and replaced her clutch (“Part 7B546 Disc Asy-Clutch”). As of the Approval Date, Class Member G is entitled to nothing pursuant to Section II.C, but she is entitled to \$150 pursuant to Section II.B (\$50 for the Software Flash performed on the third Service Visit, \$50 for the Software Flash performed on the fourth Service Visit, and \$50 for the Software Flash performed on the fifth Service Visit). She must make a claim for this payment within 180 days of the Approval Date. A year after the Effective Date, within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer and while Class Member G still owns the vehicle, a Ford Dealer once again replaces the clutch (“Part 7B546 Disc Asy-Clutch”). If Class Member G makes a claim within 180 days of this Service Visit, she is entitled to a cash payment of \$100 under Section II.C (\$200 less \$100 attributable to the portion of the payment she previously received under Section II.B. that was based in part on Service Visits that involved both Software Flashes and Transmission Hardware Replacements). The net effect is that Class Member G collects \$50 for the three Software Flashes that were performed



independently of the Transmission Hardware Replacements, and \$200 for the three Transmission Hardware Replacements that were accompanied by Software Flashes. Class Member G is not eligible for any further payments under Section II.B, but she is eligible for additional payments under Section II.C if she has additional Transmission Hardware Replacements within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer and while Class Member G still owns the vehicle.

**G. Clutch Replacement And Extended Warranty For Vehicles Manufactured After June 5, 2013.**

For Class Vehicles manufactured after June 5, 2013, which are not covered by Customer Campaign 14M01, if (1) the Class Member has replaced the clutch twice within the 5-year/60,000 mile powertrain warranty, and (2) a Ford Dealer performs the appropriate diagnostic procedures and determines based on these procedures that a third clutch replacement is necessary, the Class Member may claim reimbursement for the cost of the additional clutch replacement if all three replacements were performed by a Ford Dealer while the Class Member owned or leased the Class Vehicle and the third replacement is performed by a Ford Dealer within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first. This replacement clutch itself shall be warranted for 2 years from the date of the clutch installation. Claims for reimbursement under this section must be submitted to the Claims Administrator, along with supporting documentation, within 180 days of the additional clutch replacement. Claims for reimbursement under this section cannot be submitted prior to the Approval Date, however, and all claims for reimbursement for additional clutch replacements under this Section that were performed prior to or on the Approval Date must be submitted within 180 days of the Approval Date. The supporting documentation for claims for reimbursement under this section must include all of the following:

1. Repair orders, receipts, other documentation from a Ford Dealer, or state vehicle inspection reports (or some combination thereof) sufficient to establish for at least two replacements of the clutch (part number 7B546 Disc Asy-Clutch), all of the following information:
  - a. The Vehicle Identification Number (“VIN”) of the vehicle on which the clutch replacement was performed;
  - b. The name and address of the Ford Dealer(s) that replaced the clutch on each occasion;
  - c. Whether the clutch replacement was performed on the Class Vehicle within 5 years/60,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first; and
  - d. A description of the services rendered and parts provided in connection with each clutch replacement.
  
2. Repair orders, receipts, other documentation from a Ford Dealer, or state vehicle inspection reports (or some combination thereof) sufficient to establish for an additional replacement of the clutch (part number 7B546 Disc Asy-Clutch), all of the following information:
  - a. The Vehicle Identification Number (“VIN”) of the vehicle on which the clutch replacement was performed;
  - b. The name and address of the Ford Dealer that replaced the clutch;
  - c. Whether the clutch replacement was performed on the Class Vehicle within 7 years/100,000 miles of delivery of the Class Vehicle to the first retail customer, whichever occurs first;
  - d. A description of the services rendered and parts provided in connection with the clutch replacement;
  - e. Information sufficient to establish that the appropriate diagnostic procedures specified in Ford’s Service Manual or in applicable

Technical Service Bulletins were performed and that based on the results the Ford Dealer determined that a clutch replacement was necessary; and

- f. The documented and unreimbursed amounts paid by the Class Member to a Ford Dealer for the parts and labor for the clutch replacement. Class Members shall not be reimbursed for consequential damages such as lost revenue/profits, lost employee time from loss of use of the Class Vehicle, or towing charges or other costs of transporting the vehicle to or from the place of repair.
3. Documentation demonstrating the Class Member's Proof of Ownership of the Class Vehicle at the time of each clutch replacement on which the claim is based.
  4. A declaration signed under penalty of perjury by the Class Member that attests to and affirms the authenticity of the documentation provided to support the claim and stating that the Class Member actually owned or leased the Class Vehicle at the time of each clutch replacement on which the claim is based.

**H. Submission of Documentation in Support of Claims.**

For each claim for cash payments, Vehicle Discount Certificates, or reimbursement submitted pursuant to Section II.B., II.C., or II.G., Class Members must submit a hard copy or a scanned copy of all required documents to the Claims Administrator by mail, through the Settlement Website, or via email, and these documents shall be retained by the Claims Administrator until the end of the claims administration period.

**I. Rejected Claims and Claim Investigation.**

The Claims Administrator may reject any claim submitted pursuant to Section II.B., II.C or II.G. that does not include the required information and documentation specified above. The Claims Administrator may investigate any claim, including by requesting further documentation

when necessary, in order to determine whether the claim should be approved. If the Claims Administrator rejects the claim, it will advise the Class Member of the reason for the rejection (e.g., missing information, ineligibility for a payment or discount certificate, etc.). If the claim is rejected due to missing information and the original claim was submitted by the applicable deadline noted above, the Claims Administrator will give the Class Member one opportunity to resubmit the claim within 30 days with additional information.

**J. Inadvertent Submissions.**

In the event a Class Member inadvertently submits a claim to the Claims Administrator that pursuant to this agreement is within the jurisdiction of the Arbitration Administrator, the Claims Administrator shall provide notice to the Claimant of the inadvertent submission and provide the claim directly to the Arbitration Administrator on the Class Member's behalf, as long as the claim was timely submitted to the Claims Administrator and the Class Member complied with the notice requirements set forth in section II.N.4, below. Any inadvertent submission made within the applicable arbitration deadlines shall be considered timely submitted.

**K. Approved Claims.**

Approved claims for cash payments will be paid by prepaid card, which will be issued subject to Terms and Conditions substantially similar to those attached as Exhibit G. Any unused balance on a prepaid card will expire six months after the card is issued.

**L. Pre-Sale Disclosure Statement.**

Ford shall provide Ford Dealers with the following language that Dealers may use to inform prospective purchasers of DPS6 transmission-equipped vehicles of the characteristics of the DPS6 transmission:

The PowerShift 6-Speed, dual-clutch automatic transmission is designed to offer drivers both enhanced fuel efficiency and fun to drive performance. This transmission's dual-clutch technology uses electronically shifted clutches to operate two separate transmissions all in a small lightweight package. Since the clutch and gear operation is derived from a manual transmission, the

PowerShift automatic transmission will drive, sound, and feel similar to a manual transmission minus the required user-inputs. For example, the transmission may exhibit mechanical noises, firm gear shifts and/or light clutch vibrations when accelerating slowly as the clutches automatically engage. These are all considered to be normal and expected driving characteristics.

**M. Clarifications to Customer Campaign 14M01.**

Ford shall clarify to Ford Dealers that Customer Campaign 14M01 does not require a seal leak for repairs to be performed for excessive shudder at light acceleration.

**N. The Arbitration Program.**

Class Members may pursue binding arbitration for claims seeking a Vehicle Repurchase based in whole or in part on alleged defects in the PowerShift Transmission under the terms described below. The arbitrator shall follow the rules of arbitration attached as Exhibit H. Except as specifically noted below, Ford shall bear all costs and fees associated with the Arbitration program, irrespective of whether the Arbitration Claimant prevails in the Arbitration. No appeals from the Arbitrator's decisions and no requests for judicial review shall be allowed except as permitted by this Settlement.

1. Claims for Vehicle Repurchase.

Class members are entitled to binding arbitration of claims for Vehicle Repurchases based in whole or in part on alleged defects in the PowerShift Transmission, subject to the following terms and conditions.

a. Applicable Law.

Except as modified by Sections II.N.1.b-h, and by Sections II.N.2 and II.N.3, the Arbitrator shall apply the lemon law of the state where the Arbitration Claimant took delivery of the vehicle and shall award a Vehicle Repurchase if, considering Transmission and non-Transmission defects, a Vehicle Repurchase is required by applicable lemon law.

b. Final Repair Attempt.

If the Class Member has had no more than three (3) transmission repair attempts, Ford must be given a final opportunity to repair the Class Vehicle, free of charge to the Class Member. If the Class Member has had four (4) or more transmission repair attempts, or if the Class Member has sold or returned the Class Vehicle prior to filing the request for Arbitration, the Class Member has no obligation to provide Ford with any additional repair attempts.

c. Requests for Arbitration By Class Members Who Have Sold Class Vehicles or Returned Leased Class Vehicles.

Class Members who, prior to the Approval Date, have sold their Class Vehicles or returned leased Class Vehicles will only be entitled to arbitration of claims for Vehicle Repurchases based in whole or in part on alleged defects in the PowerShift Transmission in those Class Vehicles if (1) the lemon law of the state where the Arbitration Claimant took delivery of the vehicle allows vehicle owners or lessees to pursue Vehicle Repurchase claims after they have sold or returned their vehicles; and (2) the request for Arbitration is filed before the expiration of the applicable state statute of limitations for such a claim or 180 days after the Approval Date, whichever is earlier.

Class Members who sell Class Vehicles or return leased Class Vehicles on or after the Approval Date will only be entitled to arbitration of claims for Vehicle Repurchases based in whole or in part on alleged defects in the PowerShift Transmission in those Class Vehicles if (1) the lemon law of the state where the Arbitration Claimant took delivery of the vehicle allows vehicle owners or lessees to pursue Vehicle Repurchase claims after they have sold or returned their vehicles; and (2) the request for Arbitration is filed before the expiration of the applicable state statute of limitations for such a claim or 180 days after the date on which the Class Member sold or returned the Class Vehicle, whichever is earlier.

d. Extension of Statute of Limitations For Class Members Who Still Own or Lease Class Vehicles At The Time Of An Arbitration Hearing.

Regardless of the applicable state law governing the claims of an Arbitration Claimant who still owns or leases a Class Vehicle as of the time of an Arbitration Hearing, the Statute of Limitations for a Vehicle Repurchase claim brought by such a Claimant that is based in whole or in part on alleged defects in the PowerShift Transmission shall be six (6) years after delivery of the Class Vehicle to the first retail purchaser, or 180 days after the Approval Date, whichever is later.

- e. Vehicle Repurchase Permitted For Class Members Who Still Own or Lease Class Vehicles At The Time of an Arbitration Hearing, Even When Not Available Under State Law.

Even if an Arbitration Claimant who still owns or leases a Class Vehicle at the time of an Arbitration Hearing is not entitled to a Vehicle Repurchase under the applicable lemon law, the Arbitrator may award a Vehicle Repurchase if the notice requirements and statute of limitations conditions established by this Agreement are satisfied and the following conditions are met:

- i. During the period when the Class Vehicle was owned or leased by the Arbitration Claimant and within 5 years or 60,000 miles of delivery of the vehicle to the first retail customer (whichever occurs first), the Class Vehicle was repaired on four (4) separate Service Visits and on each Service Visit the Claimant received a Transmission Hardware Replacement, and:
- ii. The transmission continues to malfunction.

The requisite four Transmission Hardware Replacements may be for unrelated conditions or malfunctions.

- f. Repurchase Amount.

If the Arbitrator determines that a Vehicle Repurchase is required by the applicable lemon law, the Arbitrator shall award repurchase or replacement according to the terms of state law. If the Arbitrator determines that a Vehicle Repurchase is not required by the applicable lemon law, but is required under Section II.N.1.d, the Arbitrator shall award a repurchase on the

terms set forth in the rules of arbitration attached as Exhibit H. In either case, any amount awarded by the arbitrator shall be reduced by any cash payments made to the claimant pursuant to Sections II.B or II.C, or by the value of any used Vehicle Discount Certificates issued pursuant to Section II.C. Any amount awarded by the Arbitrator for a Vehicle Repurchase shall also be reduced by the value of any unused and unexpired Vehicle Discount Certificates, unless the Certificate is voided by the Arbitrator.

g. Arbitration Appeal.

The Arbitrator's decision with respect to a Vehicle Repurchase shall be final and binding with no right of appeal by Ford. However, Arbitration Claimants who do not prevail on a claim for a Vehicle Repurchase are entitled to appeal the Arbitrator's award to an Appellate Arbitrator. The Arbitration Claimant seeking appeal must advance the entire cost of the appeal proceeding as set by the Appellate Arbitration Administrator. If the Arbitration Claimant prevails on appeal, Ford shall reimburse all fees and costs charged by the Appellate Arbitration Administrator. The Arbitration Claimant shall not be entitled to reimbursement of fees and costs if Ford prevails on appeal. No other appeals or requests for judicial review shall be allowed.

h. Attorney Fees.

An Arbitrator may award reasonable attorneys' fees incurred in pursuing a claim for a Vehicle Repurchase to an Arbitration Claimant who prevails on such a claim. Fees awarded shall be reasonable and shall not exceed \$6,000 total, including any attorneys' fees incurred during the initial arbitration and any Arbitration Appeal. No fees may be awarded for pursuing or prevailing on any claims other than Vehicle Repurchase claims.

i. Prior BBB Arbitration and Second Arbitration.

Class Members who were denied a Vehicle Repurchase by the BBB Auto Line before the Effective Date may still submit Vehicle Repurchase claims to the Arbitration Program, provided no lawsuit has been filed. All Class Members may resubmit denied Vehicle Repurchase claims for a second arbitration if a subsequent Transmission Hardware Replacement has been performed



at a Ford Dealer, subject to the applicable statute of limitations established by this Settlement Agreement.

2. Claims Alleging Breach of New Vehicle Limited Warranty, or Extensions Thereof.

Class Members who do not qualify for a Vehicle Repurchase but claim a breach of Ford's New Vehicle Limited Warranty, or any extensions of that warranty, based in whole or in part on Transmission defects may submit these claims to the Arbitrator. If a breach is established, the Arbitrator may, as appropriate, order a repair, or reimbursement for any amounts paid by the Class Member for a repair, or may order Ford to provide a Ford extended service plan for the Class Vehicle. No other relief may be awarded under this section. Such claims must be filed within the statute of limitations for express warranty claims established by the law of the state where Class Members purchased their vehicles. The Arbitrator may not award attorney fees for pursuing a claim for breach of Ford's New Vehicle Limited Warranty or any extension of that warranty.

3. Civil Penalties and Punitive Damages.

Notwithstanding any provision of state law to the contrary, the Arbitrator may not award civil penalties or punitive damages to any Arbitration Claimant.

4. Notice.

To file any arbitration claim, Class Members must first give direct notice to Ford of their intent to proceed to arbitration and the nature of the claim(s) they intend to pursue in arbitration. This notice must be given at least ten days before the filing of an arbitration claim. Notice may be given via telephone at 1-888-260-4563 or through the Settlement website. During this ten-day period, Ford may contact the Class Member or, if the Class Member is represented, the Class Member's counsel, in an attempt to resolve the matter. If a Class Member accepts monetary compensation offered by Ford in an attempt to resolve the matter, the amount of that compensation shall be deducted from any award later ordered by the Arbitrator.

**O. Administration of the Settlement.**

Ford will retain the Claims Administrator to administer the program described above and will bear all costs and expenses related to the administration of the Settlement.

Promptly after the Preliminary Approval Date and prior to mailing the Short Form Class Notice, the Claims Administrator will establish a Settlement Website and a toll-free telephone number to provide information to Class Members concerning the Settlement, including, but not limited to, relevant Settlement deadlines and dates, the Long Form Class Notice, Claim Forms (when available), administration of the claim process, the status of the Settlement approval process, and applicable Settlement deadlines. The Settlement Website shall permit Class Members to submit their claims electronically beginning shortly after the Approval Date, although the Claims Administrator will not begin reviewing and processing claims until after the Effective Date. The Claims Administrator shall also establish a toll-free telephone number that Class Members may call for information and a mailing address to which Class Members can send Claim Forms. The Claims Administrator shall also make arrangements for the Publication Notice.

The Claims Administrator shall provide regular updates to Class Counsel and Ford concerning the number of claims received by the Claims Administrator, the number of claims reviewed by the Claims Administrator, the number of approval letters sent and the value of each approved claim, the total dollar amount of claims approved, the number of denial letters sent and the basis for each rejected claim, and the number of additional claims still undergoing processing. Class Counsel or Ford may request information specific to one or more claims processed by the Claims Administrator to evaluate and assess the claim administration process or any concerns raised by a specific Class Member. The Claims Administrator shall provide Class Counsel and Ford with the e-mail addresses and other contact information for Class Members who submit claims.

**P. Attorneys' Fees and Expenses.**

Ford will pay Plaintiffs' counsel reasonable attorneys' fees, costs and expenses as approved by the Court, separate and apart from the consideration flowing to the Class, not to

exceed a total of \$8,856,500. Lead Class Counsel will apply on behalf of all counsel for Plaintiffs to the Court for an award of attorneys' fees and expenses to be paid by Ford of no more than this amount, covering all legal services provided by Plaintiffs' counsel in the past and future to Plaintiffs and the Class Members in connection with the Litigation, the Settlement of the Litigation, any appeal in connection with the Settlement, and implementation of the Settlement Agreement (the "Fee and Expense Application"), except for any fees awarded by Arbitrators pursuant to the Arbitration Program, which is separate from the requested attorneys' fees and expenses identified here. The Court will determine what amount of fees and expenses shall be awarded and issue an Order stating the amount of fees and expenses to be awarded. The amount of fees to be awarded shall be determined by California law in effect on the date this agreement is executed. The parties expressly agree that any change in the law regarding attorneys' fees, including entitlement to fees or timing of payment, shall not affect application of this provision.

Lead Class Counsel shall make all determinations regarding the allocation of fees and expenses among Plaintiffs' counsel. Should any counsel other than Lead Class Counsel petition the Court for an award of attorneys' fees, costs, or expenses, Lead Class Counsel will oppose such petition. Ford shall not be required to pay any amounts of money to such counsel. Any appeal of only the award of attorneys' fees and costs will not affect the Parties and Claims Administrator's obligations under the Order Granting Final Approval. This means that an appeal of only the attorneys' fees and costs will not extend the Effective Date or otherwise delay implementation of any Settlement benefits.

Within 14 business days after the Effective Date of Settlement, Ford shall pay the amount awarded by the Court for attorneys' fees and expenses to Lead Class Counsel who shall distribute the attorneys' fees among all counsel at their discretion.

Lead Class Counsel must provide Ford with a completed W-9 form for the first payee of attorneys' fees and costs. Any order or proceedings relating to the Fee and Expense Application, or any appeal solely from any order related thereto or reversal or modification thereof, will not

operate to terminate or cancel this Settlement Agreement, or affect or delay the finality of the Judgment approving this Settlement Agreement.

**Q. Service Award for Named Plaintiffs.**

As part of their motion seeking final approval of the Settlement at the Fairness Hearing, Plaintiffs intend to seek service awards for the Class Representatives in the following amounts, subject to Court approval:

*A. Vargas Action:*

- a. Omar Vargas - \$10,000
- b. Michelle Harris - \$7,500
- c. Sharon Heberling - \$7,500
- d. Robert Bertone - \$7,500

*B. Klipfel Action:*

- a. Kevin Klipfel - \$5,000 (Fiesta Class Vehicle)
- b. Andrea Klipfel - \$5,000 (Focus Class Vehicle)

*C. Cusick Action:*

- a. Maureen Cusick - \$5,000
- b. Eric Dufour - \$5,000
- c. Abigail Fisher - \$5,000
- d. Christi Groshong - \$5,000
- e. Virginia Otte - \$5,000
- f. Tonya Patze - \$5,000
- g. Lindsay Schmidt - \$5,000
- h. Patricia Schwenker - \$5,000
- i. Patricia Soltesiz - \$5,000
- j. Joshua Bruno - \$5,000
- k. Jason and Jamie Porterfield - \$5,000

*D. Anderson Action:*

- a. Each Named Plaintiff - \$1,000 (\$46,000 total) in consideration for release of their claims and dismissal of their action with prejudice

Ford will pay to the Claims Administrator, promptly after the Effective Date, the total amount of service awards approved by the Court. The Claims Administrator will distribute the amount to each Named Plaintiff in accordance with the Court's order.

### **III. SETTLEMENT APPROVAL PROCESS.**

#### **A. Preliminary Approval of Settlement.**

In a reasonable time after the execution of this Settlement Agreement, counsel for Plaintiffs shall present this Settlement Agreement to the Court, along with a motion requesting that the Court issue a Preliminary Approval Order substantially in the form attached as Exhibit E, which shall include, among other things, the following:

1. Preliminary certification under Federal Rule of Civil Procedure 23, for settlement purposes only, of the Class;
2. Preliminary approval of the Settlement memorialized in this Settlement Agreement as fair, reasonable and adequate;
3. Approval of the Short Form Class Notice, the Long Form Class Notice, and the Publication Notice, containing the language contained in Exhibits A, B and C, respectively, or materially the same language;
4. A direction to Ford to distribute, at its expense, the Short Form Class Notice in the form approved by the Court to Class Members; a direction to Ford to publish, at its expense, the Publication Notice in the form approved by the Court; a direction to Ford to establish the Settlement Website as contemplated by this Settlement Agreement; a direction that each potential Class Member who wishes to be excluded from the Class must respond to the Class Notice in accordance with the instructions set forth in the Class Notice; a direction to each owner or lessee of a Class Vehicle with a pending lawsuit against Ford alleging problems with the PowerShift Transmission in a Class Vehicle in

which final judgment has not yet been entered of the right to opt-in to the Settlement, and a direction that their opt-in forms must be received by the date set forth in the Preliminary Approval Order;

5. A finding that the Short Form Class Notice, the Long Form Class Notice, and the Publication Notice together constitute the best notice practicable under the circumstances, including individual notice to all Class Members who can be identified with reasonable effort, and constitutes valid, due, and sufficient notice to Class Members in full compliance with the requirements of applicable law, including the due process clause of the United States Constitution;
6. A direction that, pending final determination of the joint application for approval of this Settlement Agreement, all proceedings in this Litigation other than settlement approval proceedings shall be stayed;
7. A direction that any Class Member who has not properly and timely requested exclusion from the Class will be bound by the Final Order and Judgment;
8. The scheduling of a final hearing to determine whether this Settlement Agreement should be approved as fair, reasonable, and adequate and whether the proposed Final Order and Judgment should be entered (the “Fairness Hearing”);
9. A direction that Ford shall tabulate communications from prospective Class Members asking to be excluded from the Class and shall report the names and addresses of such entities and natural persons to the Court and to Class Counsel no less than seven days before the Fairness Hearing;
10. A direction that Class Counsel shall file a Fee and Expense Application and Plaintiffs’ Service Award application approximately 14 days prior to the date set forth in the Preliminary Approval Order as the deadline for the objections; and that Class Counsel shall file any supplemental brief in support of final

approval of the Settlement Agreement no later than seven days prior to the Fairness Hearing;

11. A direction that any Class Member who wishes to object to the proposed Settlement Agreement, the proposed Final Order and Judgment, the Fee and Expense Application, and/or Plaintiffs' Service Award must file and serve such objections no later than the date set forth in the Preliminary Approval Order, together with copies of all papers in support of his/her/its position as provided in Section III.D.2 of the Settlement Agreement. The Long Form Class Notice shall state that the Court will not consider the objections of any Class Member who has not properly served copies of his/her/its objections on a timely basis or complied with the requirements of Section III.D.2 of the Settlement Agreement.
12. A provision ordering that all Class Members and their representatives who do not timely exclude themselves from the Settlement are preliminarily enjoined from filing, commencing, prosecuting, maintaining, intervening in, participating in, conducting, or continuing, individually, as class members or otherwise, any lawsuit (including putative class actions), arbitration, remediation, administrative or regulatory proceeding or order in any jurisdiction, asserting any claims based on alleged defects in the PowerShift Transmission or asserting any Released Claims. This preliminary injunction shall not include any claims for non-binding mediation or arbitration filed with the Better Business Bureau pursuant to the provisions in Ford's New Vehicle Limited Warranty.

**B. Notice to Attorneys General.**

In compliance with the attorney general notification provision of the Class Action Fairness Act, 28 U.S.C. § 1715, within ten days after the motion for Preliminary Approval Order is filed, Ford shall provide notice of this proposed Settlement to the Attorney General of the

United States, and the attorneys general of each state or territory in which a Class Member resides. The notice will include: (1) a copy of the Operative Complaint; (2) a copy of this Settlement Agreement and its exhibits; and (3) a reasonable estimate of the number of class members in each state/territory and their percentage representation in the Class. Ford will provide copies of such notifications to Class Counsel at the time of their submission to the attorneys general.

**C. Notice to Class Members.**

The Claims Administrator will mail, by first-class mail at Ford's expense, the Short Form Class Notice containing the language in Exhibit A, and substantially in the same form as in Exhibit A. As soon as is practicable after the preliminary approval of the Settlement, the Claims Administrator will obtain from Ford and HIS Automotive (formerly R.L. Polk) the name and last known address of each potential member of the Class. Lead Class Counsel may request that, to the extent permitted by law, this information also shall be provided to Lead Class Counsel, who agree to use the list for the limited purpose of informing Class members of the Settlement and their rights thereunder and for no other purpose. Ford does not oppose this request. Prior to mailing the Short Form Class Notice, the last known address of potential Class Members will be checked and updated going back four years through the use of the National Change of Address Database. Thereafter, the Claims Administrator shall send a copy of the Short Form Class Notice by first-class mail to each Class Member so identified, and each copy of the Short Form Class Notice shall include a claim number unique to the recipient. The Claims Administrator shall use its best efforts to complete the initial mailing of the Short Form Class Notice to potential Class Members within 75 days after the Preliminary Approval Date.

If any Short Form Class Notice mailed to any potential Class Member is returned to the Claims Administrator as undeliverable, then the Claims Administrator shall perform a reasonable search (e.g., the National Change of Address Database) for a more current name and/or address for the potential Class Member and (provided that a more current name and/or address can be found through such a search) re-send the returned Short Form Class Notice to the potential Class



Member by first-class mail. In the event that any Short Form Class Notice mailed to a potential Class Member is returned as undeliverable a second time, then no further mailing shall be required. The Claims Administrator will promptly log each Short Form Class Notice that is returned as undeliverable and provide copies of the log to Class Counsel. The Claims Administrator shall cause, by the Notice Date, a one-time publication of the Publication Notice, substantially in the form attached as Exhibit C, to appear in the Marketplace/Legal Notice Section of USA Today. Defendant shall bear the cost of the publication of the Publication Notice.

**D. Response to Notice.**

1. Objection to Settlement.

Any Class Member who intends to object to the fairness of the Settlement Agreement must, by the date specified in the Preliminary Approval Order and recited in the Class Notice (which shall be no later than 130 days after the Preliminary Approval Date), file any such objection with the Court and provide copies of the objection to: (1) Jordan Lurie, Tarek Zohdy, Cody Padgett, Karen Wallace, Capstone Law APC, 1875 Century Park East, Suite 1000, Los Angeles, CA, 90067; and (2) Krista L. Lenart, Dykema Gossett PLLC, 2723 South State Street, Suite 400, Ann Arbor, MI 48104. Any objection to the Settlement Agreement must be individually and personally signed by the Class Member (if the Class Member is represented by counsel, the objection additionally must be signed by such counsel), and must include:

- a. The objector's full name, address, and telephone number;
- b. The model, model year, and vehicle identification number of the Class Member's Class Vehicle, along with proof that the objector has owned or leased a Class Vehicle (e.g., a true copy of a vehicle title, registration, or license receipt);
- c. A written statement of all grounds for the objection accompanied by any legal support for such objection;

- d. Copies of any papers, briefs, or other documents upon which the objection is based;
- e. A list of all cases in which the objector and/or his or her counsel has filed or in any way participated in—financially or otherwise—objections to a class action settlement in the preceding five years;
- f. The name, address, email address, and telephone number of all attorneys representing the objector; and
- g. A statement indicating whether the objector and/or his or her counsel intends to appear at the Fairness Hearing, and if so, a list of all persons, if any, who will be called to testify in support of the objection.

Any member of the Class who does not file a timely written objection to the Settlement and notice of his or her intent to appear at the Fairness Hearing or who fails to otherwise comply with the requirements of this section, shall be foreclosed from seeking any adjudication or review of the Settlement by appeal or otherwise.

2. Requests for Exclusion and Opt-ins.

Any Class Member who wishes to be excluded from the Class must submit a request for exclusion (“Request for Exclusion”) to the Claims Administrator at the address specified in the Class Notice by the date specified in the Preliminary Approval Order and recited in the Class Notice (which shall be no later than 130 days after the Preliminary Approval Date). Class Members who wish to be excluded from the Class must do so with respect to all Class Vehicles they own(ed) or lease(d); Class Members may not exclude themselves from the Class with respect to some Class Vehicles and include themselves in the Class with respect to other Class Vehicles. To be effective, the Request for Exclusion must be sent via first-class U.S. mail to the specified address and must:

- a. Include the Class Member’s full name, address, and telephone number;

- b. Identify the model, model year, and vehicle identification number of the Class Member's Class Vehicle(s);
- c. Specifically and unambiguously state his/her/its desire to be excluded from the Class in *Vargas v. Ford Motor Co.*; and
- d. Be individually and personally signed by the Class Member (if the Class Member is represented by counsel, the Request for Exclusion additionally must be signed by such counsel).

Any Class Member who fails to submit a timely and complete Request for Exclusion sent to the proper address, shall be subject to and bound by this Settlement Agreement and every order or judgment entered pursuant to this Settlement Agreement. Any purported Request for Exclusion sent to such address that is ambiguous or internally inconsistent with respect to the Class Member's desire to be excluded from the Class will be deemed invalid unless determined otherwise by the Court. The Claims Administrator will receive purported Requests for Exclusion and will follow guidelines developed jointly by Class Counsel and Ford's counsel for determining whether they meet the requirements of a Request for Exclusion. Any communications from Class Members (whether styled as an exclusion request, an objection, or a comment) as to which it is not readily apparent whether the Class Member meant to exclude himself/herself from the Class will be evaluated jointly by Class Counsel and Ford's counsel, who will make a good faith evaluation, if possible. Any uncertainties about whether a Class Member is requesting exclusion from the Class will be resolved by the Court.

The Claims Administrator will maintain a list of all Requests for Exclusion, and shall report the names and addresses of all such entities and natural persons requesting exclusion to the Court, Ford's counsel, and Class Counsel seven days prior to the Fairness Hearing, and the list of entities and natural persons deemed by the Court to have excluded themselves from the Class will be attached as an exhibit to the Final Order and Judgment.

The Claims Administrator will also maintain a list of all owners or lessees of Class Vehicles with lawsuits against Ford alleging problems with the PowerShift Transmission in

Class Vehicles pending on the Notice Date in which final judgment has not yet been entered who opt in to the Settlement pursuant to Section I.L. above.

**E. Fairness Hearing.**

On the date set forth in the Preliminary Approval Order, which shall be approximately one month after the deadline for submitting objections and Requests for Exclusion, a Fairness Hearing will be held at which the Court will consider: (1) whether to finally certify the Settlement Class; (2) whether to approve the Settlement Agreement as fair, reasonable, and adequate; (3) whether to approve the application for a Service Award for the Named Plaintiffs; and (4) whether to approve Class Counsel's Fee and Expense Application.

**F. Final Order and Judgment.**

If this Settlement Agreement is finally approved by the Court, a Final Order and Judgment directing the entry of judgment pursuant to Fed. R. Civ. P. 54(b) shall be entered substantially in the form attached as Exhibit F, as follows:

1. Certifying the Class solely for purposes of this Settlement Agreement;
2. Approving the Settlement Agreement as fair, reasonable, and adequate as it applies to the Class;
3. Declaring the Settlement Agreement to be binding on Ford and the Plaintiffs, as well as all Members of the Class;
4. Dismissing on the merits and with prejudice the *Vargas*, *Klipfel*, and *Cusick* actions;
5. Forever discharging the Released Parties from all Released Claims;
6. Indicating the amount of the Service Award for the Named Plaintiffs;
7. Indicating the amount of attorneys' fees and expenses to be awarded to Plaintiffs' counsel;
8. Providing that all Class Members who did not request exclusion from the Class shall be permanently enjoined from commencing or prosecuting any

action, suit, proceeding, claim, or cause of action asserting the Released Claims in any court or before any tribunal; and

9. Providing that all Class Members who have not made their objections to the Settlement in the manner provided in the Notice are deemed to have waived any objections by appeal, collateral attack, or otherwise.

**G. Withdrawal from Settlement.**

Either party shall have the option to withdraw from this Settlement Agreement, and to render it null and void, if any of the following occurs:

1. Any objections to the proposed Settlement are sustained and such objection results in changes to the agreement that the withdrawing party deems in good faith to be material (e.g., because it increases the cost of the settlement, or deprives the withdrawing party of a material benefit of the Settlement);
2. Any attorney general is allowed to intervene in the action and such intervention results in changes to the agreement that the withdrawing party deems in good faith to be material (e.g., because it increases the cost of the settlement, or deprives the withdrawing party of a material benefit of the Settlement);
3. The preliminary or final approval of the Settlement Agreement is not obtained without modification and any modification required by the Court for approval (including any modification that increases the attorney fees or service awards agreed to herein) is deemed in good faith to be material and is not agreed to by the withdrawing party (e.g., because it increases the cost of the settlement, or deprives the withdrawing party of a significant benefit of the Settlement); and
4. Entry of the Final Order and Judgment described in this Settlement is reversed or substantially modified by an appellate court. However, a

reversal or modification of an order awarding reasonable attorneys' fees and expenses shall not be a basis for withdrawal, provided that the amount of fees and expenses ultimately awarded does not exceed the amounts set forth in this Agreement.

Ford shall, in addition, have the option to withdraw from this Settlement Agreement, and to render it null and void, if Class Members collectively owning or leasing 75,000 or more Class Vehicles exclude themselves from the Settlement.

If any state or federal trial court sustains a collateral attack on this settlement, Ford and Lead Counsel shall cooperate in attempting to reverse that ruling on appeal. If that ruling is affirmed on appeal by a state appellate court or by a federal Circuit Court of Appeal, either party, at its option, may withdraw from this Agreement.

To withdraw from the Settlement Agreement under this Section, the withdrawing party must provide written notice to the other party's lead counsel and to the Court. In the event either party withdraws from the Settlement, this Settlement Agreement shall be null and void, shall have no further force and effect with respect to any party in the Litigation, and shall not be offered in evidence or used in any litigation for any purpose, including the existence, certification, or maintenance of any purported class. In the event of such withdrawal, this Settlement Agreement and all negotiations, proceedings, documents prepared, and statements made in connection herewith shall be without prejudice to the Settling Parties, and shall not be deemed or construed to be an admission or confession by any party of any fact, matter, or proposition of law, and shall not be used in any manner for any purpose, and all parties to the Litigation shall stand in the same position as if this Settlement Agreement had not been negotiated, made, or filed with the Court. Upon withdrawal, either party may elect to move the Court to vacate any and all orders entered pursuant to the provisions of this Settlement Agreement.

**H. Released Claims.**

1. Class Members' Claims.

Upon the Effective Date of the Settlement, and except for the rights and entitlements created by this Settlement, including those under Section II herein, the Plaintiffs and each Class Member shall be deemed to have, and by operation of the Final Order and Judgment shall have, released, waived, and discharged the Released Parties from his, her, or its Released Claims as defined above, except with respect to claims that qualify for the Arbitration Program. This release, and the rights and entitlements created by this Settlement, including those under Section II herein, will run with the vehicle if the Class Member sells the Class Vehicle.

2. Total Satisfaction of Released Claims.

Any benefits offered or obtained pursuant to the Settlement Agreement are in full, complete, and total satisfaction of all of the Released Claims against the Released Parties, the Benefits are sufficient and adequate consideration for each and every term of this Release, and this Release shall be irrevocably binding upon Class Representatives and Class Members who do not opt out of the Class.

3. Dismissal of *Anderson*.

Within 14 days of the Effective Date, Class Counsel shall secure the dismissal with prejudice of the *Anderson* litigation.

4. Release Not Conditioned on Claim or Payment.

The Release shall be effective with respect to all Class Members, regardless of whether those Class Members ultimately file a Claim or receive compensation under this Settlement Agreement.

5. Basis for Entering Release.

Class Counsel acknowledge that they have conducted sufficient independent investigation and discovery to enter into this Settlement Agreement and that they execute this Settlement Agreement freely, voluntarily, and without being pressured or influenced by, or relying on any statements, representations, promises, or inducements made by the Released Parties or any person or entity representing the Released Parties, other than as set forth in this

Settlement Agreement. Class Representatives acknowledge, agree, and specifically represent and warrant that they have discussed with Class Counsel the terms of this Settlement Agreement and have received legal advice with respect to the advisability of entering into this Settlement Agreement and the Release, and the legal effect of this Settlement Agreement and the Release. The representations and warranties made throughout the Settlement Agreement shall survive the execution of the Settlement Agreement and shall be binding upon the respective heirs, representatives, successors and assigns of the Parties.

**I. Material Term.**

Class Representatives and Class Counsel hereby agree and acknowledge that Section III.H. was separately bargained for and constitutes a key, material term of the Settlement Agreement that shall be reflected in the Final Approval Order.

**J. Agreement to Cooperate to Effectuate Settlement.**

Counsel for all Parties warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement. The persons signing this Settlement Agreement on behalf of each Party warrants that he/she is authorized to sign this Settlement Agreement on behalf of that Party.

The Parties and their respective counsel will cooperate with each other, act in good faith, and use their best efforts to effect the implementation of the Settlement Agreement and advance the Arbitration Program. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Class Action Agreement, the Parties may seek the assistance of the Court to resolve such disagreement.

The Parties further agree to make all reasonable efforts to ensure the timely and expeditious administration and implementation of the Settlement Agreement and to minimize the costs and expenses incurred therein.

**K. Modification of the Agreement.**



The terms and provisions of this Settlement Agreement may be amended, modified, or expanded by written agreement of the Parties and approval of the Court; provided, however, that after entry of the Final Approval Order, the Parties may by written agreement effect such amendments, modifications, or expansions of this Settlement Agreement and its implementing documents (including all exhibits hereto) without further notice to the Class or approval by the Court if such changes are consistent with the Court's Final Approval Order and do not limit the rights of Class Members under this Settlement Agreement.

#### **IV. MISCELLANEOUS PROVISIONS.**

##### **A. Class Certification.**

The Parties agree that for the purposes of this Settlement only, certification of the Class as defined above in Paragraph I.L. is appropriate pursuant to Fed. R. Civ. P. 23(b)(3).

##### **B. Effect of Exhibits.**

The exhibits to this Settlement Agreement are an integral part of the Settlement and are expressly incorporated and made a part of this Settlement Agreement.

##### **C. No Admission.**

This Settlement Agreement is for settlement purposes only. Neither the fact of, nor any provision contained in this Settlement Agreement, nor any action taken hereunder, shall constitute, or be construed as, any admission of the validity of any claim or any fact alleged in the Litigation or of any wrongdoing, fault, violation of law, or liability of any kind on the part of Ford or any admissions by Ford of any claim or allegation made in any action or proceeding against Ford. If this Settlement Agreement is terminated and becomes null and void, the class action portions of this Settlement shall have no further force and effect with respect to any party to the Litigation and shall not be offered in evidence or used in the Litigation or any other proceeding. This Settlement Agreement shall not be offered or be admissible in evidence against Ford or cited or referred to in any action or proceeding, except in an action or proceeding brought to enforce its terms. Information provided by Ford to the Plaintiffs and Class Counsel in

connection with settlement negotiations is for settlement purposes only and shall not be used or disclosed for any other purpose whatsoever.

**D. Return of Confidential Documents.**

Upon the Effective Date, all documents and information marked or designated as Confidential and all Protected Documents, as defined in and subject to the Protective Order, signed by Magistrate Judge Frederick F. Mumm on June 14, 2013, or any previous or subsequent protective order entered in this Litigation, shall be returned or disposed of within the time frame and according to the procedures set forth in the Protective Order.

**E. Entire Agreement.**

This Settlement Agreement represents the entire agreement and understanding among the Settling Parties and supersedes all prior proposals, negotiations, agreements, and understandings relating to the subject matter of this Settlement Agreement. The Settling Parties acknowledge, stipulate, and agree that no covenant, obligation, condition, representation, warranty, inducement, negotiation, or understanding concerning any part or all of the subject matter of this Settlement Agreement has been made or relied on except as expressly set forth in this Settlement Agreement. No modification or waiver of any provisions of this Settlement Agreement shall in any event be effective unless the same shall be in writing and signed by the person against whom enforcement of the Settlement Agreement is sought.

**F. Counterparts.**

This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original as against any party who has signed it, and all of which shall be deemed a single agreement.

**G. Arm's-Length Negotiations.**

The Settling Parties have negotiated all of the terms and conditions of this Settlement Agreement at arm's length. All terms, conditions, and exhibits in their exact form are material and necessary to this Settlement Agreement and have been relied upon by the Settling Parties in entering into this Settlement Agreement. All Settling Parties have participated in the drafting of

this agreement and it is not to be construed in favor of or against any of the Settling Parties.

**H. Continuing Jurisdiction.**

The Court shall retain continuing and exclusive jurisdiction over the Parties to this Settlement Agreement, including all Class Members, for the purpose of the administration, interpretation and enforcement of this Settlement Agreement.

**I. Dispute Resolution.**

Any dispute between Lead Counsel and Ford regarding the interpretation of any provision of this agreement (other than those which the Settlement Agreement shall be resolved otherwise) shall be presented to the mediator, Eric D. Green before it is presented to the Court.

**J. Binding Effect of Settlement Agreement.**

This Settlement Agreement shall be binding upon and inure to the benefit of the Settling Parties and their representatives, heirs, successors, and assigns.

**K. Nullification.**

In the event any one or more of the provisions contained in this Settlement Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions if Ford and Class Counsel, on behalf of the Settling Parties, mutually elect to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Settlement Agreement.

**L. Extensions of Time.**

The Settling Parties may agree upon a reasonable extension of time for deadlines and dates reflected in this Settlement Agreement, without further notice (subject to Court approval as to Court dates).

**M. Service or Notice.**

Whenever, under the terms of this Settlement Agreement, a person is required to provide service or written notice to Ford or Class Counsel, such service or notice shall be directed to the individuals and addresses specified below, unless those individuals or their

successors give notice to the other Settling Parties in writing:

As to Plaintiffs:

Jordan L. Lurie  
Tarek H. Zohdy  
Cody R. Padgett  
Karen L. Wallace  
Capstone Law APC  
1875 Century Park East, Suite 1000  
Los Angeles, CA, 90067  
(310) 556-4811

As to Ford:

John M. Thomas  
Krista L. Lenart  
Dykema Gossett PLLC  
2723 South State Street  
Suite 400  
Ann Arbor, MI 48104

**N. Authority to Execute Settlement Agreement.**

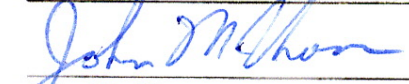
Each counsel or other person executing this Settlement Agreement or any of its exhibits on behalf of any party hereto warrants that such person has the authority to do so.

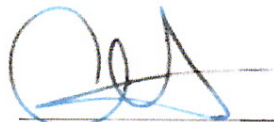
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IN WITNESS HEREOF, the Settling Parties have caused this Settlement Agreement to be executed, by their duly authorized attorneys, as of March 24, 2017.

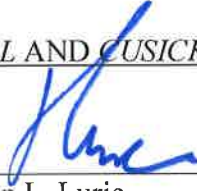
APPROVED AS TO FORM AND CONTENT:

ON BEHALF OF FORD MOTOR COMPANY

  
\_\_\_\_\_  
John M. Thomas  
Attorney for Ford Motor Company  
DYKEMA GOSSETT PLLC  
2723 South State Street  
Ann Arbor, MI 48104  
Date: 3/22/17

  
\_\_\_\_\_  
Ford Motor Company  
By: Craig M. Halseth  
Counsel, Litigation  
Ford Motor Company  
Date: 3/22/17

ON BEHALF OF THE *VARGAS, KLIPFEL AND CUSICK* PLAINTIFFS



---

Jordan L. Lurie  
Tarek H. Zohdy  
Cody R. Padgett  
Karen L. Wallace  
Capstone Law APC  
1875 Century Park East, Suite 1000  
Los Angeles, CA, 90067

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Russell D. Paul  
Eric Lechtzin

Lane L. Vines  
Berger & Montague, P.C.  
1622 Locust Street  
Philadelphia, PA 19103

ON BEHALF OF THE *ANDERSON* PLAINTIFFS

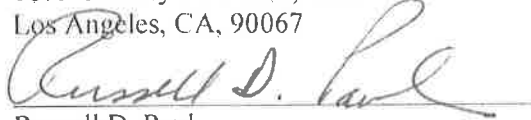
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Thomas Zimmerman  
Zimmerman Law Offices, P.C.  
77 W. Washington Street, Suite 1220  
Chicago, Illinois 60602

ON BEHALF OF THE *FARGAS, KLIPFEL AND CUSICK* PLAINTIFFS

---

Jordan L. Lurie  
Tarek H. Zohdy  
Cody R. Padgett  
Karen L. Wallace  
Capstone Law APC  
1875 Century Park East, Suite 1000  
Los Angeles, CA, 90067



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1622 Locust Street  
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---

Thomas Zimmerman  
Zimmerman Law Offices, P.C.  
77 W. Washington Street, Suite 1220  
Chicago, Illinois 60602

\_\_\_\_\_  
John M. Thomas  
Dykema Gossett PLLC  
333 South Grand Avenue, Suite 2100  
Los Angeles, California 90071


ON BEHALF OF THE VARGAS, KLIPFEL AND CUSICK PLAINTIFFS

\_\_\_\_\_  
Jordan L. Lurie  
Tarek H. Zohdy  
Cody R. Padgett  
Karen L. Wallace  
Capstone Law APC  
1875 Century Park East, Suite 1000  
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1622 Locust Street  
Philadelphia, PA 19103

ON BEHALF OF THE ANDERSON PLAINTIFFS

  
\_\_\_\_\_  
Thomas Zimmerman  
Zimmerman Law Offices, P.C.  
77 W. Washington Street, Suite 1220  
Chicago, Illinois 60602

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_  
For Ford Motor Company

By: <sup>DocuSigned by:</sup> Omar Vargas Date: 3/16/2017  
Omar Vargas 44868E95779C4BF...

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Robert Bertone

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Michelle Harris

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Sharon Heberling

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Kevin Klipfel

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Andrea Klipfel

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Maureen Cusick

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Eric Dufour

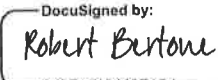
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Abigail Fisher

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Christi Groshong



By: \_\_\_\_\_  
Omar Vargas

Date: \_\_\_\_\_

By:  \_\_\_\_\_  
Robert Bertone

Date: 3/15/2017

By: \_\_\_\_\_  
Michelle Harris

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Sharon Heberling

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Robert Bertone

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*Michelle Harris*  
Michelle Harris

Date: 3/15/2017

By: \_\_\_\_\_  
Sharon Heberling

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Kevin Klipfel

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Robert Bertone

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Michelle Harris

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*Sharon Heberling*  
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Sharon Heberling

Date: 3/23/2017

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Kevin Klipfel

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Andrea Klipfel

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Maureen Cusick

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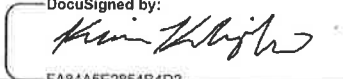
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Michelle Harris

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Sharon Heberling

Date: \_\_\_\_\_

By:  \_\_\_\_\_  
Kevin Klipfel

Date: 3/16/2017

By: \_\_\_\_\_  
Andrea Klipfel

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By: \_\_\_\_\_  
Maureen Cusick

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Sharon Heberling

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Kevin Klipfel

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By: \_\_\_\_\_  
DocuSigned by:  
*Andrea R. Klipfel*  
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Andrea Klipfel

Date: 3/15/2017  
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By: \_\_\_\_\_  
Maureen Cusick

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Eric Dufour

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Abigail Fisher

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Christi Groshong

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By: \_\_\_\_\_  
Omar Vargas

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Robert Bertone

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Michelle Harris

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Sharon Heberling

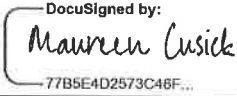
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Kevin Klipfel

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Andrea Klipfel

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Maureen Cusick

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Kevin Klipfel

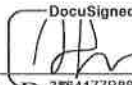
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Abigail Fisher

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*Abigail C. Fisher*  
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Date: 3/20/2017

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Christi Groshong

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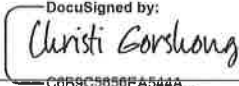
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Christi Groshong

Date: 3/17/2017

By: <sup>DocuSigned by:</sup>  
*Virginia Otte*  
Virginia Otte

Date: 3/16/2017

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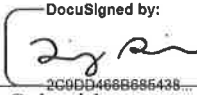
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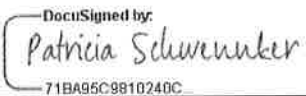
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Patricia Soltész

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*Patricia Soltész*  
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Date: 3/15/2017  
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Joshua Bruno


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Jamie Porterfield

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Joshua Bruno

Date: March 7<sup>th</sup>, 2017

By: \_\_\_\_\_  
Virginia Otte

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Joshua Bruno

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By:   
Jason Porterfield

Date: 3/21/2017

By:   
Jamie Porterfield

Date: 3/21/2017