

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE) THURSDAY, THE 21st
JUSTICE E.M. MORGAN) DAY OF MARCH, 2019

**REBECCA ROMEO, JOE ROMEO, DIANE BÉLAND,
ELYSE CHOINIERE, LINDA GOODMAN, and TRACY CORSI**

Plaintiffs

- and -

**FORD MOTOR COMPANY and
FORD MOTOR COMPANY OF CANADA, LIMITED**

Defendants

Proceeding under the *Class Proceedings Act, 1992*

ORDER

THIS MOTION made by the plaintiffs for an Order approving the proposed settlement, approving a notice of settlement approval to the class, approving the method of dissemination of the notice of settlement approval to the class, and approving class counsel fees and disbursements, was heard on March 18, 2019 at Toronto, Ontario.

ON BEING ADVISED of the defendants' consent,

AND ON READING the materials filed, including the motion record of the plaintiffs,

AND ON HEARING the submissions of counsel for the plaintiffs and counsel for the defendants, and on reading the objections of those class members who submitted objections in writing, and for reasons issued this day:



1. **THIS COURT ORDERS** that this Order incorporates herein, and makes a part hereof, the Settlement Agreement attached hereto as Schedule "1" (the "Settlement Agreement"). Unless otherwise provided herein, the definitions set out in the Settlement Agreement apply to this Order.

Settlement approval

2. **THIS COURT ORDERS AND DECLARES** that the settlement of this class proceeding in accordance with the Settlement Agreement is fair, reasonable, and in the best interests of the Class and is hereby approved.

3. **THIS COURT ORDERS** that RicePoint Administration Inc. is appointed as the Claims Administrator, with the duties and responsibilities as set out in the Settlement Agreement and in this Order.

4. **THIS COURT ORDERS AND DECLARES** that, if a Class Member does not submit a valid Claim Form to the Claims Administrator on or before the deadline(s) stipulated to in the Settlement Agreement, the Class Member, and each of their respective heirs, administrators, agents, successors, and assigns shall be forever barred from participating in the Distribution Plan but shall, in all other respects, be bound by the terms of this Order.

5. **THIS COURT ORDERS AND DECLARES** that each Class Member who did not opt out of this Action and each of their respective heirs, administrators, agents, successors, and assigns:

- a. fully and finally release the Released Parties from the Released Claims;
- b. shall not commence or continue against any Released Party any action or take any proceeding in any way relating to or arising from the Released Claims except to the extent contemplated in the Settlement Agreement; and

- c. shall not commence, or continue against any person, any action or take any proceeding relating in any way to or arising from the Released Claims, who will or could, in connection with any such action or proceeding, bring or commence or continue any claim, crossclaim, claim over or any claim for contribution, indemnity or any other relief against any Released Party.

Notice

6. **THIS COURT ORDERS** that the Notice, attached hereto as Schedule “2” is hereby approved.

7. **THIS COURT ORDERS AND DECLARES** that, within 45 days of the date of this Order, the Class Members be given notice of settlement approval in the following manner:

- a. the Claims Administrator shall cause the Notice to be published as a quarter-page advertisement, in an area of high visibility and not within the classifieds section, in English in the *Globe and Mail* (national edition) and shall cause the Notice to be published in French in the on-line edition of *La Presse*;
- b. the Claims Administrator shall send the Notice in English and in French to each Class Member’s email address, according to the Class List previously delivered to the Administrator pursuant to the Order of Justice Morgan dated November 13, 2018;
- c. the Claims Administrator shall post the Notice in English and in French on the website www.fordtransmissionclassaction.com;
- d. Class Counsel shall post the Notice in English and in French on its website www.charneylawyers.com; and

e. Class Counsel, the defendants or the Claims Administrator will deliver the Notice to any person who requests the Notice from any one of them.

8. **THIS COURT ORDERS** that the Notice Program provided for in paragraph 7 of this Order, above, satisfies the requirements of ss. 17 and 19 of the Class Proceedings Act, 1992 (the "CPA").

9. **THIS COURT ORDERS** that the defendants will pay the costs of administering the Notice Plan and the Distribution Plan.

Fee and honoraria approval

10. **THIS COURT ORDERS AND DECLARES** that the agreements as to fees, disbursements and taxes between the representative plaintiffs and Charney Lawyers PC, are fair, reasonable, and in the best interests of the Class Members, and that their terms are hereby approved.

11. **THIS COURT ORDERS AND DECLARES** that Class Counsel Fees to be paid by Ford are fixed as follows:

ITEM	AMOUNT
Fee payment of \$2,000,000 from Ford	\$2,000,000
HST (13%)	\$260,000
Advance Payment from Ford	\$1,000,000
Disbursements	\$265,944.03
Total	\$3,525,944.03

12. **THIS COURT ORDERS AND DECLARES** that Class Counsel Fees as awarded in paragraph 11 of this Order, above, are a first charge on the Settlement Funds in favour of Class Counsel.

13. **THIS COURT ORDERS AND DECLARES** that, in the event that there are no appeals taken from this Order, then Class Counsel Fees as awarded in paragraph 11 of this Order, above, are to be distributed to Class Counsel by Ford upon the expiry of the appeal period, being thirty (30) days from the date of this Order.

14. **THIS COURT ORDERS AND DECLARES** that, in addition to the fees set out above, ten per cent (10%) of the benefits/monies awarded to Class Members will be payable to Class Counsel as fees, inclusive of HST. Should the benefits/monies paid to Class Members reach 50 million dollars, then Class Counsel shall apply for directions on the fees, if any, to be paid to Class Counsel for benefits/monies paid to the Class Members above 50 million. Ford shall recover up to the first \$1,000,000 of the fees in satisfaction of Ford's advance payment to Class Counsel.

15. **THIS COURT ORDERS AND DECLARES** that ten per cent (10%) of the benefits/monies awarded to Class Members, net of legal fees and HST, will be payable as a levy to the Law Foundation of Ontario.

16. **THIS COURT DECLARES** that, for clarity, there will be no fee payable to Class Counsel as fees and to the Law Foundation of Ontario on Owner Appreciation Certificates that Class Members can select in lieu of cash payments under section II.C of the Settlement Agreement and the benefits/monies awarded to Class Members as referred to in paragraphs 14 and 15 above shall exclude Owner Appreciation Certificates in the calculation of Class Counsel fees and payments to the Law Foundation of Ontario.

17. **THIS COURT DECLARES** that, for further clarity, where a Class Member elects to accept an offer from Ford to repurchase a Class Vehicle, in lieu of receiving an Alternative Cash Payment award:

- a. legal fees, inclusive of HST, shall be calculated in the amount of ten per cent (10%) of the Alternative Cash Payment amount that would otherwise have been awarded to the Class Member, to be collected from the repurchase amount owing to the Class Member; and
- b. a Law Foundation of Ontario levy in the amount of ten per cent (10%) of the Alternative Cash Payment amount that would otherwise have been awarded to the Class Member, net of legal fees and HST, shall also be collected from the repurchase amount owing to the Class Member.

Other matters

18. **THIS COURT ORDERS AND DECLARES** that the representative plaintiffs shall each be paid an honorarium by Ford, fixed as follows:

- a. Rebecca Romeo - \$7,500;
- b. Joseph Romeo - \$5,000;
- c. Diane Béland - \$5,000;
- d. Elyse Choiniere - \$5,000;
- e. Linda Goodman - \$5,000; and
- f. Tracy Parks - \$5,000.

19. **THIS COURT ORDERS AND DECLARES** that, in the event that there are no appeals taken from this Order, the honoraria are to be distributed to the representative plaintiffs by Ford upon the expiry of the appeal period, being thirty (30) days from the date of this Order.

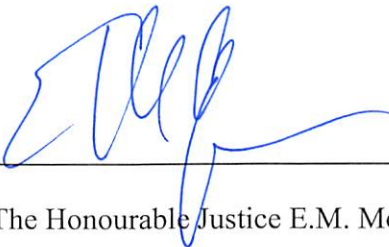
20. **THIS COURT ORDERS AND DECLARES** that the Claims Administration Commencement Date shall be May 21, 2019, being sixty days from the date of this Order.

21. **THIS COURT ORDERS** that Class Counsel, the defendants and/or the Claims Administrator may make a motion to the Court for directions necessary to administer the settlement of this action.

22. **THIS COURT ORDERS AND DECLARES** that no person may bring any action or take any proceeding against the Claims Administrator or any of its employees, agents, partners, associates, representatives, successors or assigns for any matter in any way relating to the Settlement Agreement, the implementation of this Order or the administration of the Settlement Agreement, except with leave of this Court.

23. **THIS COURT ORDERS** that any information received by the Claims Administrator in connection with the Settlement Agreement that pertains to a particular Class Member shall be confidential and shall not be disclosed by the Claims Administrator to any other Class Member.

24. **THIS COURT ORDERS AND DECLARES** that, save as aforesaid, this action be and is hereby dismissed, with prejudice and without further costs.



ENTERED AT / INSCRIPT A TORONTO The Honourable Justice E.M. Morgan
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 21 2019

PER/PAR



Schedule 1

Court File No. CV-15-539855-00-CP

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

REBECCA ROMEO, JOSEPH ROMEO, DIANE BELAND, ELYSE CHOINIÈRE, LINDA GOODMAN AND
TRACY CORSI

Plaintiffs

-and-

FORD MOTOR COMPANY AND FORD MOTOR COMPANY OF CANADA, LIMITED

Defendants

Proceeding under the *Class Proceedings Act, 1992*

SETTLEMENT AGREEMENT

This Settlement Agreement (the "**Settlement Agreement**") is entered into in the Romeo Action by and among the named Plaintiffs: Rebecca Romeo, Joseph Romeo, Diane Beland, Elyse Choiniere, Linda Goodman and Tracy Parks (formerly Tracy Corsi) (together, the "**Named Plaintiffs**" or "**Plaintiffs**") and the Defendants, Ford Motor Company and Ford Motor Company of Canada, Limited (together, "**Ford**"), by and through their respective counsel.

BACKGROUND

- A. On or about November 4, 2015, a Notice of Action with respect to an action entitled *Rebecca Romeo and Joe Romeo –and- Ford Motor Company and Ford Motor Company of Canada, Limited* was issued by the Ontario Superior Court of Justice at Toronto with court file number CV-15-539855-00-CP (the "**Romeo Action**").
- B. The Romeo Action alleged broadly that the DPS6 PowerShift Transmission ("**DPS6**", "**Transmission**" or "**Powershift Transmission**") installed in the 2011-2016 Ford Fiesta and the 2012-2016 Ford Focus was dangerously defective.

- C. Counsel for the Plaintiffs and Ford conducted extensive arm's-length negotiations, including two sessions in which Eric D. Green, Esquire, who mediated settlement of the parallel action in the United States, participated as a mediator, regarding the substance and procedure of a possible national class settlement prior to entering into this Settlement Agreement.
- D. On or about November 5, 2018, the Settling Parties agreed to settlement terms which were set out in a Term Sheet.
- E. On or around November 13, 2018, the Ontario Superior Court of Justice (the "Court") ordered that the Romeo Action be certified as a class proceeding, on a preliminary basis, for settlement purposes only, subject to the terms of the Term Sheet and the conditions set out in such order (the "**November 13, 2018 Order**").
- F. 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.
- G. Ford denies any liability to the Plaintiffs and the Class. Ford 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.

AGREED TERMS

IT IS HEREBY 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 Settlement Agreement, the following words and terms shall have the definitions stated in this Section I.

A. "Dollars", "\$" or "CAD"

"Dollars", "\$" or "CAD" means Canadian dollars, being the lawful currency of Canada.

B. "Action" or "Litigation"

"Action" or "Litigation" means the Romeo Action.

C. "Alternative Benefits"

"Alternative Benefits" are those cash payments available to Eligible Alternative Benefits Claimants who meet all of the requirements and conditions of Section II.H (Alternative Benefits). Alternative Cash Payment (Lessee), Alternative Cash Payment (Original Owner) and Alternative Cash Payment (Subsequent Owner) are all Alternative Benefits.

D. "Alternative Benefits Claimant"

"Alternative Benefits Claimant" is a Class Member who currently owns or leases a Class Vehicle, who meets any of the five (5) eligibility criteria set out in Section II.H (Alternative Benefits), being Alternative Benefits Eligibility Criteria 1, Alternative Benefits Eligibility Criteria 2, Alternative Benefits Eligibility Criteria 3, Alternative Benefits Eligibility Criteria 4 and Alternative Benefits Eligibility Criteria 5, and who elects to apply for Alternative Benefits on the terms of this Settlement Agreement.

E. "Alternative Benefits Eligibility Criteria 1"

"Alternative Benefits Eligibility Criteria 1" has the meaning given to that term in Section II.H.1.b. (Alternative Benefits Eligibility Criteria).

F. "Alternative Benefits Eligibility Criteria 2"

"Alternative Benefits Eligibility Criteria 2" has the meaning given to that term in Section II.H.1.b. (Alternative Benefits Eligibility Criteria).

G. "Alternative Benefits Eligibility Criteria 3"

"Alternative Benefits Eligibility Criteria 3" has the meaning given to that term in Section II.H.1.b. (Alternative Benefits Eligibility Criteria).

H. "Alternative Benefits Eligibility Criteria 4"

"Alternative Benefits Eligibility Criteria 4" has the meaning given to that term in Section II.H.1.b. (Alternative Benefits Eligibility Criteria).

I. "Alternative Benefits Eligibility Criteria 5"

"Alternative Benefits Eligibility Criteria 5" has the meaning given to that term in Section II.H.1.b. (Alternative Benefits Eligibility Criteria).

J. Alternative Cash Payment (Lessee)

"Alternative Cash Payment (Lessee)" is an Alternative Benefit available to Eligible Alternative Benefit Claimants who are current lessees of a Class Vehicle and is calculated using the formula for such Eligible Alternative Benefit Claimants set out in Section II.H.2 (Alternative Benefits Determination).

K. "Alternative Cash Payment (Original Owner)"

"Alternative Cash Payment (Original Owner)" is an Alternative Benefit available to Eligible Alternative Benefit Claimants who are current and original owners of a Class Vehicle and is calculated using the formula for such Eligible Alternative Benefit Claimants set out in Section II.H.2 (Alternative Benefits Determination).

L. “Alternative Cash Payment (Subsequent Owner)”

Alternative Cash Payment (Subsequent Owner)” is an Alternative Benefit available to Eligible Alternative Benefit Claimants who are current but not original (i.e. subsequent) owners of a Class Vehicle and is calculated using the formula for such Eligible Alternative Benefit Claimants set out in Section II.H.2 (Alternative Benefits Determination).

M. “Approval Date.”

“Approval Date” means the date on which the Court issues the Approval Order.

N. “Approval Hearing”

“Approval Hearing” means the hearing to be held by the Court on March 18, 2019, at 10:00 am at Osgoode Hall, 130 Queen Street West, Toronto, Ontario, to decide whether to approve the Settlement, whether to approve the fee request of Class Counsel, and any other matters as the court may deem appropriate.

O. “Approval Order”

“Approval Order” means the order of the Court approving the Settlement Agreement and the Settlement contemplated hereunder.

P. “Benefit”

“Benefit” means one of the benefits set out under Sections II.B (Cash Payments For Three or More Software Flashes), II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements), II.G (Clutch Replacement And Extended Warranty For Vehicles Manufactured After June 5, 2013) or II.H (Alternative Benefits) of this Settlement Agreement.

Q. “Claim Form”

“Claim Form” means the document a Class Member must submit to the Claims Administrator to seek relief under Sections II.B (Cash Payments For Three or More Software Flashes), II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements), II.G (Clutch Replacement And Extended Warranty For Vehicles Manufactured After June 5, 2013) or II.H (Alternative Benefits) of this Settlement Agreement.

R. "Claims Administration Commencement Date"

"Claims Administration Commencement Date" means the day that Class Members can begin to submit claims to the Claims Administrator and, unless otherwise agreed between the Settling Parties, shall be the Effective Date.

S. "Claims Administrator"

"Claims Administrator" shall mean RicePoint Administration Inc., except that, after the Effective Date, Ford may retain a different claims administrator with the agreement of Class Counsel or, absent agreement, with the approval of the Court on a showing of good cause.

T. "Claims Program"

"Claims Program" means the claims program set out at Section III.P of this Settlement Agreement (Administration of the Settlement – Claims Program).

U. "Class Counsel"

"Class Counsel" means Charney Lawyers PC, 151 Bloor Street West, Suite 602, Toronto, Ontario, M5S 1S4.

V. "Class", "Class Members", or "Settlement Class Members"

"Class," "Class Members" or "Settlement Class Members" means a member of the Settlement Class.

W. "Court"

"Court" means the Ontario Superior Court of Justice.

X. "Class Vehicles"

"Class Vehicles" or a "Class Vehicle" means all 2011-2016 model year Ford Fiesta and 2012-2016 model year Ford Focus vehicles that were (1) originally sold or leased in Canada and (2) equipped with a PowerShift Transmission.

Y. "Customer Campaign 14M01"

"Customer Campaign 14M01" means Ford's Customer Satisfaction Program that provided additional limited warranty coverage on the DPS6 Transmission input shaft seals, clutch and transmission

software calibration to seven (7) years of service or 160,000 kilometres from the Warranty Start Date of the vehicle, whichever occurs first, and provided a refund for owners who paid out-of-pocket expenses for fixes on the above DPS6 Transmission parts.

Z. “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 240,000 kilometres from the Warranty Start Date of the vehicle, whichever occurs first, and provided a refund for owners who paid out-of-pocket expenses for fixes to the transmission control module.

AA. “Defendants” or “Ford”

“Defendants” or “Ford” means Ford Motor Company and Ford Motor Company of Canada, Limited (“Ford of Canada”).

BB. “DPS6”, “Transmission” or “PowerShift Transmission”

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

CC. “Effective Date”

“Effective Date” means means thirty (30) days after the Approval Date, unless any appeals are taken from the Approval Order, in which case it is the date upon which all appeals have been fully disposed of on the merits in a manner that affirms the subject Approval Order, or a date after the Approval Date that is agreed to in writing by Ford and Class Counsel.

DD. “Eligible Alternative Benefits Claimant”

“Eligible Alternative Benefits Claimant” is an Alternative Benefits Claimant who meets all of the criteria of Alternative Benefits Eligibility Criteria 1, 2, 3, 4 or 5, including being the current owner or lessee of a Class Vehicle, and is therefore eligible to apply for Alternative Benefits on the terms of this Settlement Agreement. An Eligible Alternative Benefits Claimant must provide all required supporting documentation for Alternative Benefits set out in this Settlement Agreement to the Claims Administrator and claim within the applicable time limits to receive payment of Alternative Benefits.

EE. “Erbe Action”

“Erbe Action” means the action entitled *Michael Edwin Erbe and Dennis Joseph Sutton* issued in the Supreme Court of British Columbia at the New Westminster Registry with court file number 185531.

FF. “Failed Transmission Diagnostic Test”

“Failed Transmission Diagnostic Test” means, with respect to Alternative Benefits, a Class Vehicle undergoes a Transmission Diagnostic Test and the Transmission Diagnostic Test identifies fluid contamination of a clutch, rpm fluctuations on either clutch in excess of 250 rpm, or Transmission Control Module error codes.

GG. “Ford Dealer” or “Dealer”

“Ford Dealer” or “Dealer” means any dealer authorized by Ford to sell, lease, and/or service Ford vehicles located in Canada.

HH. “Lease Payments”

“Lease Payments” means lease payments (inclusive of taxes) paid by the Class Member with respect to a Class Vehicle to the lessor of the Class Vehicle pursuant to a lease agreement (and including any down payment made by the Class Member at the time of entering into the lease and the value of any trade-in at the time of entering into the lease).

II. “Named Plaintiffs”

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

JJ. “Notice Date”

“Notice Date” means January 4, 2019.

KK. “November 13, 2018 Order”

The order of the Court dated November 13, 2018, ordering that the Romeo Action be certified as a class proceeding, on a preliminary basis, for settlement purposes only, subject to the terms of the Term Sheet and the conditions set out in such order.

LL. “Opt-Out Deadline”

"Opt-Out Deadline" means March 5, 2019, the date by which a Class Member's valid opt-out form must be received in hard copy or electronic copy by the Claims Administrator if such Class Member wishes to opt out of the Settlement.

MM. "Outerbridge Action"

"Outerbridge Action" means the action entitled *Mallory Dawn Outerbridge and Ashley Anne Wilke –and- Ford Motor Company and Ford Motor Company of Canada, Limited* issued by the Court of Queen's Bench for Saskatchewan at Regina with court file number QBG 2940 of 2015.

NN. "Owner Appreciation Certificate" or "OAC"

"Owner Appreciation Certificate" or "OAC" means a non-transferable discount certificate issued by Ford of Canada that may be applied towards the purchase of a new Ford or Lincoln vehicle, each of which has an expiry date of 12 months from the date of issuance.

OO. "Picotte Action"

"Picotte Action" means the proceeding entitled *Nathalie Picotte -vs- Ford Motor Company and Ford Motor Company of Canada, Limited* in the Superior Court in the Province of Quebec in the District of Montreal with court file number 500-06-000799-169.

PP. "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 (Cash Payments For Three or More Software Flashes), II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements), II.G (Clutch Replacement And Extended Warranty For Vehicles Manufactured After June 5, 2013) or II.H (Alternative Benefits) of this Settlement Agreement. 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) 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.

In addition, to claim Alternative Benefits, Proof of Ownership must include vehicle registration documentation that identifies the Class Member as the owner or lessee of the Class Vehicle at the date the claim is made.

QQ. "Purchase Price"

"Purchase Price" means the total vehicle price set out in the agreement for purchase for a Class Vehicle (including the value of a trade-in; applicable taxes; all finance charges specific to the cost of purchasing the vehicle (as described below); and (if applicable) OMVIC fee, freight fee, Federal Air Conditioning Tax, Quebec environmental levy, administration fees, dealer preparation fees and other fees payable at the time of purchase. Purchase price does not include the costs of any modifications or additions after the vehicle's purchase or the costs of any Ford Extended Service Plan or non-Ford service plan.

If a Class Vehicle was financed by a Class Member, Purchase Price includes the pre-arranged interest and finance charges paid by the Class Member, capped at a maximum of \$1,000 for Fiesta Class Vehicles and \$1,200 for Focus Class Vehicles, but not any charges imposed by the finance source due to failure to make lease payments when due.

If a Class Vehicle was purchased by a Class Member pursuant to the right to do so under a lease agreement, Purchase Price shall include Lease Payments made by the Class Member with respect to that Class Vehicle.

For Eligible Alternative Benefits Claimants who are current and original owners of a Class Vehicle, "Purchase Price" shall mean the Total Vehicle Purchase Price (Current and Original Owner); for Eligible Alternative Benefits Claimants who are current but not original owners (i.e. subsequent owners) of a Class Vehicle, "Purchase Price" shall mean the Total Vehicle Purchase Price (Subsequent Owner); for Eligible Alternative Benefits Claimants who are current lessees of a Class Vehicle, "Purchase Price" shall mean the Lease Payments.

RR. "Recall Program"

"Recall Program" means a program initiated by Ford under 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 programs in which Ford extends the duration of vehicle warranties.

SS. "Release"

"Release" means the release, waiver and discharge of the Released Parties by the Plaintiffs and each Class Member from their or its Released Claims as set out in this Settlement Agreement.

TT. "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 breach of express and implied warranty, negligence, breach of consumer protection legislation, *Civil Code of Québec* claims, unjust enrichment, waiver of tort, 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 claims for violation of federal, provincial, territorial, 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 that could be asserted by 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 or any parts thereof, excluding personal injury and wrongful death claims and damages to property other than Class Vehicles.

UU. “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.

VV. “Residual Value”

“Residual Value” means the Canadian Black Book (CBB) value for ‘trade-in rough with the exception of those vehicles that would be classified as CBB value for trade –in “beyond rough” or “equivalent rough with mileage adjustment”’ to be determined as of the date of the Subsequent Repair Failed Test for Alternative Benefits Eligibility Criteria 1, 2, 3 and 4, or the Failed Transmission Diagnostic Test for Alternative Benefits Eligibility Criteria 5.

WW. “Romeo Action”

“Romeo Action” means the action entitled *Rebecca Romeo and Joe Romeo –and- Ford Motor Company and Ford Motor Company of Canada, Limited*, issued by the Ontario Superior Court of Justice at Toronto with court file number CV-15-539855-00-CP.

XX. “Second Opinion Test”

“Second Opinion Test” means a second Transmission Diagnostic Test on the Class Vehicle performed by a second Ford Dealer within 30 days of the Class Vehicle passed the first Transmission Diagnostic Test.

YY. “Service Visit”

“Service Visit” means, with respect to a specific Benefit, a trip taken by a Class Member to a Ford Dealer within the applicable time and distance limitations set out at Sections II.B (Cash Payments For Three or More Software Flashes), II.C (Cash Payments or Owner Appreciation Certificates For Three or

More Transmission Hardware Replacements) or II.H (Alternative Benefits) of this Settlement Agreement for such Benefit 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.

ZZ. "Settlement" or "Class Action Settlement"

"Settlement" means the settlement contemplated by this Settlement Agreement.

AAA. "Settlement Agreement"

"Settlement Agreement" means this Settlement Agreement.

BBB. "Settlement Class"

"Settlement Class" means all entities and natural persons in Canada who currently own or lease, or who in the past owned or leased, a Class Vehicle. Excluded from the Settlement Class are: (1) Ford's employees, officers, directors, agents, and representatives, and their family members; (2) presiding judges and Class Counsel; (3) persons who have sued Ford Motor Company or Ford of Canada in a court or who commenced a proceeding under CAMVAP in relation to the Powershift Transmission or the DPS6 Transmission in a Class Vehicle; and (4) all those otherwise in the Settlement Class that properly opt out of the Settlement Class.

CCC. "Settlement Website"

"Settlement Website" means the public website that will provide information and key filings regarding the Settlement, including FAQs and other materials educating Class Members on the content of the Settlement and the approval process.

DDD. "Settling Parties"

"Settling Parties" means the Named Plaintiffs and Ford.

EEE. "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

seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first, that was not performed as part of a 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 labour 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. If multiple trips are made to the Ford Dealer to perform repairs identified at a previous visit, all trips will count as a single Software Flash.

FFF. "Subsequent Repair"

"Subsequent Repair" means a subsequent repair of a Class Vehicle by a Ford Dealer as set out in Alternative Benefits Eligibility Criteria 1, 2, 3 and 4.

GGG. "Subsequent Repair Failed Test"

"Subsequent Repair Failed Test" means a failure of the Transmission Diagnostic Test by a Class Vehicle following a Subsequent Repair as set out in Alternative Benefits Eligibility Criteria 1, 2, 3 and 4.

HHH. "Term Sheet"

"Term Sheet" means the term sheet executed by Class Counsel and the lawyers for Ford on or around November 5, 2018 and incorporated into the November 13, 2018 Order.

III. "Total Vehicle Purchase Price (Current and Original Owner)"

"Total Vehicle Purchase Price (Current and Original Owner)" is the total vehicle purchase price of a Class Vehicle paid by a current and original owner of a Class Vehicle to a Ford Dealer and includes the value of any trade in; applicable taxes; all finance charges specific to the cost of purchasing the vehicle (as described below); and (if applicable) OMVIC fee, freight fee, Federal Air Conditioning Tax, Québec environmental levy, administration fees, dealer preparation fees and other fees payable at the time of purchase. Where pre-arranged interest and finance charges are included in the total vehicle purchase price, such amounts are capped at the following maximum amounts:

- (i) \$1,000 for Fiesta Class Vehicles; and
- (ii) \$1,200 for Focus Class Vehicles.

Charges imposed by the finance source due to failure to make payments when due are not included in the Total Vehicle Purchase Price (Current and Original Owner). Total Vehicle Purchase Price (Current and Original Owner) does not include the costs of any modifications or additions after the vehicle's purchase or the costs of any Ford Extended Service Plan or non-Ford service plan.

JJJ. "Total Vehicle Purchase Price (Subsequent Owner)"

"Total Vehicle Purchase Price (Subsequent Owner)" is the total vehicle purchase price of a Class Vehicle paid by a subsequent owner of a Class Vehicle to the seller of such Class Vehicle and includes the value of any trade in; applicable taxes; all finance charges specific to the cost of purchasing the vehicle (as described below); and (if applicable) OMVIC fee, freight fee, Federal Air Conditioning Tax, Quebec environmental levy, administration fees, dealer preparation fees and other fees payable at the

time of purchase. If the subsequent owner of the Class Vehicle purchased the vehicle in a private sale, the various dealer fees will not apply. Where pre-arranged interest and finance charges are included in the total vehicle purchase price, such amounts are capped at the following maximum amounts:

- (iii) \$1,000 for Fiesta Class Vehicles; and
- (iv) \$1,200 for Focus Class Vehicles.

Charges imposed by the finance source due to failure to make payments when due are not to be included in the Total Vehicle Purchase Price (Subsequent Owner). Total Vehicle Purchase Price (Subsequent Owner) does not include the costs of any modifications or additions after the vehicle's purchase or the costs of any Ford Extended Service Plan or non-Ford service plan. If the subsequent owner purchased the vehicle in a private sale, service plans are not applicable.

KKK. "Transmission Diagnostic Test"

"Transmission Diagnostic Test" means the diagnostic tests set out in Ford Technical Service Bulletins with respect to the DPS6 Transmission to diagnose (i) fluid leaks contaminating the clutches, (ii) excessive rpm fluctuations on each clutch and (iii) Transmission Control Module error codes.

LLL. "Transmission Diagnostic Test Form"

"Transmission Diagnostic Test Form" means the form provided by Ford to be used by a Ford Dealer to document the results of the Transmission Diagnostic Test.

MMM. "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-Aut; (5) 7C604 Motor-Frt Clutch; (6) 7A508 Rod-CI/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 and not performed as part of any Recall Program. A Transmission Hardware Replacement must have been performed on a Class Vehicle within the applicable time and distance limitations set out at Sections II.C (Cash Payments or Owner

Appreciation Certificates For Three or More Transmission Hardware Replacements) or II.H (Alternative Benefits) of this Settlement Agreement for such Benefit, 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. If multiple trips are made to the Ford Dealer to perform repairs identified at a previous visit, all trips will count as a single Transmission Hardware Replacement.

NNN. "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 their 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 the Actions, 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.

OOO. "VIN"

"VIN" means the Vehicle Identification Number of a vehicle.

PPP. "Warranty Start Date"

"Warranty Start Date" means the original retail delivery date or date of first use of a vehicle, whichever occurs first. Throughout this Settlement Agreement, whenever alternative time and distance criteria are provided relative to the Warranty Start Date (e.g. 7 years / 160,000 kilometres), the time or distance criteria to be used shall be that which occurs first following the Warranty Start Date.

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.A (Settlement Approval Process – The November 13, 2018 Order – Certification and Notices).

B. Cash Payments For Three or More Software Flashes.

Class Members who are not eligible for cash payments or Owner Appreciation Certificates for Three or More Transmission Hardware Replacements under Section II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements) and whose Class Vehicle has received three (3) or more Software Flashes within seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first, while that Class Member owned or leased the Class Vehicle, are eligible to receive a cash payment of \$65 CAD for the third and each subsequent Software Flash performed while they owned or leased the Class Vehicle up to a maximum total payment of \$780 CAD. Class Members who have previously received, or are at the time of the claim eligible for, a cash payment or Owner Appreciation Certificate pursuant to Section II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements) or have previously received or are at the time of the claim eligible to claim for Alternative Benefits are not eligible for a cash payment under this section with respect to the same Class Vehicle.

C. Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements.

1. Cash Payment and Owner Appreciation Certificate Value.

A Class Member who owns or leases a Class Vehicle that had three (3) or more Transmission Hardware Replacements within seven (7) years or 160,000 km of the Warranty Start Date, whichever occurs first, 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) an Owner Appreciation Certificate, according to the following schedule based on the number of Transmission Hardware Replacements performed on the Class Vehicle while the Vehicle was owned by that Class Member:

Number of Transmission Hardware Replacement	Cash Payment (\$ CAD)	OAC Value (\$ CAD)
For the 3 rd Replacement	252	504
For the 4 th Replacement	347	694
For the 5 th Replacement	441	882
For the 6 th Replacement	536	1,072
For the 7 th Replacement	631	1,262
For the 8 th Replacement	725	1,450

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. Transmission Hardware Replacements for Parts Identified at a Previous Service Visit.

If multiple trips are made to the Ford Dealer to perform repairs identified at a previous visit, all trips will count as a single Transmission Hardware Replacement.

4. 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 this 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 Owner Appreciation 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. For greater certainty, a Service Visit that has previously formed part of a claim under Section II.B (Cash Payments For Three or More Software Flashes) shall not be counted as a Transmission Hardware Replacement under this Section II.C. Furthermore, any cash payments previously made to a Class Member with respect to a Class Vehicle pursuant to Section II.B shall be deducted from any cash payments or the value of any Owner Appreciation Certificate paid or awarded under this Section II.C for the same Class Vehicle. See Section II.F.7 below for examples of the intended application of this Section.

5. Unused and Expired Owner Appreciation Certificates.

Owner Appreciation Certificates expire twelve (12) months after they are issued. However, the amount of any OAC issued pursuant to Section II.C.1 (Cash Payment and OAC Value) 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.

6. Maximum Cash Payment and OAC Amounts.

Payments to Class Members under Section II.C.1 (Cash Payment and OAC Value) are capped at a cumulative total of \$2,935 CAD, which means that Class Members shall not receive any further cash payments beyond the eighth Transmission Hardware Replacement. OACs are capped at a cumulative total of \$5,870 CAD, which means that a Class Member shall not receive an OAC beyond the eighth Transmission Hardware Replacement. Class Members may apply more than one valid Owner Appreciation Certificate toward the purchase or lease of a new Ford Vehicle from a Ford Dealer, but the maximum discount shall be \$5,870 CAD. However, a Class Member may use other valid discount offers unrelated to the Settlement from Ford or a Ford Dealer for an additional discount in addition to the discount value of the OAC(s).

D. Timing and Submission of Claims Under Sections II.B (Cash Payments For Three or More Software Flashes) and II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements).

1. To obtain a cash payment or OAC 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 together with all required supporting documentation as set out in Section II.E of this Settlement Agreement (Content of and Support for Claims, etc.). Ford shall pay all claims that the Claims Administrator approves and finds to be submitted within the limitation periods set out in Sections II.B and II.C and this Section II.D (Timing and Submission of Claims, etc.).
2. Claims for cash payments or OACs under Sections II.B (Cash Payments For Three or More Software Flashes) and II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements) cannot be submitted prior to the Claims Administration Commencement Date. Claim Forms will not be made available until the Claims Administration Commencement Date.
3. Claims for cash payments or OACs (as applicable) under Sections II.B and II.C based on three or more Software Flashes or Transmission Hardware Replacements performed prior to or on the Claims Administration Commencement Date, along with supporting documentation, must be submitted online or postmarked within 180 days of the Claims Administration Commencement 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 or OAC 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 submitted within the limitation periods set out in this Section II.D.3. For greater certainty, claims for Software Flashes or Transmission Hardware Replacements under Sections II.B or II.C that were performed outside of

seven (7) years or 160,000 km of the Warranty Start Date, whichever occurs first, are ineligible for payment.

E. Content of and Support for Claims Submitted Pursuant to Sections II.B (Cash Payments For Three or More Software Flashes) and II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements).

1. Claims for benefits under Section II.B or II.C must include documentation from the Class Member or a Ford Dealer such as service records, repair orders, receipts and/or other documentation sufficient to establish for each Transmission Hardware Replacement or Software Flash on which the claim is based the following information:
 - a. the 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 or 160,000 kilometres of the Warranty Start Date, 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. In the event a Ford Dealership refuses to cooperate in providing the requisite documentation, Ford will, on request from the Claims Administrator, search its records and produce the requisite documentation to the extent it possesses such documentation and/or contact the Ford Dealership to request its cooperation.

4. Claims must also include a declaration under oath signed 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.
5. Once a Class Member has submitted a claim pursuant to Section II.B (Cash Payments For Three or More Software Flashes) or II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements) that is 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 Dealer 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 under oath signed 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 (Cash Payments For Three or More Software Flashes) and II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements) to be interpreted.

EXAMPLE 1

1. Class Member A experiences two Transmission Hardware Replacements and two Software Flashes while she owns a Class Vehicle and within 7 years/160,000 kilometres of the Warranty Start Date and then sells the Class Vehicle to Class Member Z. Class Member A is not entitled to any benefits under Section II.B or II.C because at least three Software Flashes or three Transmission Hardware Replacements are required while the Class member owns the vehicle.
2. Class Member Z who purchased the vehicle from Class Member A then experiences two Transmission Hardware Replacements and two Software Flashes while he owns the Class Vehicle and within 7 years/160,000 kilometres of the Warranty Start Date. Class Member Z is not entitled to any benefits under Sections II.B or II.C at this time because the vehicle must undergo three Software Flashes or three Transmission Hardware Replacements while the Class Member owns the vehicle.
3. 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/160,000 kilometres of the Warranty Start Date. Pursuant to Section II.C, Class Member Z is entitled to a cash payment of \$252, or a \$504 Owner Appreciation 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.

EXAMPLE 2

4. Class Member B experiences four Transmission Hardware Replacements while she owns a Class Vehicle and within 7 years/160,000 kilometres of the Warranty Start Date. 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 \$599 (\$252 for the third Transmission Hardware Replacement and \$347 for the fourth) or an Owner Appreciation Certificate in the amount of \$1,198 (\$504 for the third Transmission Hardware Replacement plus \$694 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/160,000 kilometres of the Warranty Start Date. She submits a timely claim with the required documentation. She is entitled to an additional cash payment of \$441 or an Owner Appreciation Certificate in the amount of \$882.

EXAMPLE 3

5. Class Member C experiences four Transmission Hardware Replacements while she owns a Class Vehicle and within 7 years/160,000 kilometres of the Warranty Start Date. Class Member C would, upon timely submission of a claim and supporting documentation, be entitled to a cash payment of \$599 or an OAC in the amount of \$1,198. However, Class Member C fails to submit a timely claim and is not entitled to either a cash payment or an OAC. One year later, Class Member C still owns the Class Vehicle and experiences a fifth Transmission Hardware Replacement within 7 years/160,000 kilometres of the Warranty Start Date. Class Member C submits a timely claim with supporting documentation. She is entitled to a cash payment of \$441 or an OAC in the amount of \$882.

EXAMPLE 4

6. Class Member D experiences three Transmission Hardware Replacements while she owns a Class Vehicle and within 7 years/160,000 kilometres of the Warranty Start Date. Class Member D submits a timely claim with supporting documentation and elects to receive an OAC in the amount of \$504. Class Member D fails to redeem the OAC 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/160,000 kilometres of the Warranty Start Date. 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 \$347. Alternatively, she may elect to receive an OAC in the amount of \$1,198 (\$694 for the fourth Transmission Hardware Repair plus the amount of the unused and expired certificate).

EXAMPLE 5

7. 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.

EXAMPLE 6

8. Class Member F brings her Class Vehicle to a Dealer at 10,000 kilometres and within a year of the Warranty Start Date, 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 kilometres, the Dealer performs another Software Flash in an attempt to resolve Class Member F's continuing concerns. Class Member F is entitled to \$65 under Section II.B. She makes a properly documented claim within 180 days of the third Software Flash and is paid \$65. A year later, at 50,000 kilometres, 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 \$252 under Section II.C , but that payment must be reduced by the \$65 previously paid pursuant to Section II.B, because that \$65 payment was based in part on Service Visits at which both a Software Flash and a Transmission Hardware Replacement were performed and because payments made under Section II.B must be deducted from payments made under Section II.C. Class Member F makes a timely and properly documented claim and is paid \$187. 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/160,000 kilometres of the Warranty Start Date.

EXAMPLE 7

9. Prior to the Claims Administration Commencement Date, Class Member G experienced five Software Flashes during five Service Visits, within 7

years/160,000 kilometres of the Warranty Start Date 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 Claims Administration Commencement Date, Class Member G is entitled to nothing pursuant to Section II.C, but she is entitled to \$195 pursuant to Section II.B (\$65 for the Software Flash performed on the third Service Visit, \$65 for the Software Flash performed on the fourth Service Visit, and \$65 for the Software Flash performed on the fifth Service Visit). She must make a claim for this payment within 180 days of the Claims Administration Commencement Date. A year after the Claims Administration Commencement Date, within 7 years/160,000 kilometres of the Warranty Start Date and while Class Member G still owns the vehicle, a Ford Dealer replaces the clutch for a third time ("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 \$57 under Section II.C (\$252 less \$195 paid under Section II.B. 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/160,000 kilometres of the Warranty Start Date and while Class Member G still owns the vehicle.

G. Clutch Replacement And Extended Warranty For Class 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/100,000 kilometre 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/160,000 kilometres of the Warranty Start Date, 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 Claims Administration Commencement Date, however, and all claims for reimbursement for additional clutch replacements under this Section that were performed prior to or on the Claims Administration Commencement Date must be submitted within 180 days of the Claims Administration Commencement Date. The supporting documentation for claims for reimbursement under this section must include the following:

1. Documentation from the Class Member or a Ford Dealer such as service records, repair records, receipts and/or other documentation sufficient to establish for at least two replacements of the clutch (part number 7B546 Disc Asy-Clutch), the following information:
 - a. the 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/100,000 kilometres of the Warranty Start Date, whichever occurs first; and
 - d. a description of the services rendered and parts provided in connection with each clutch replacement.
2. Documentation from the Class Member or a Ford Dealer such as service records, repair records, receipts and/or other documentation sufficient to establish for an

additional replacement of the clutch (part number 7B546 Disc Asy-Clutch), the following information:

- a. the 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/160,000 kilometres of the Warranty Start Date, 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. In the event a Ford Dealership refuses to cooperate in providing the requisite documentation, Ford will, on request from the Claims Administrator, search its records and produce the requisite documentation to the extent it possesses such documentation and/or contact the Ford Dealership to request its cooperation.
 5. A declaration under oath signed 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. Alternative Benefits

1. Alternative Benefits Eligibility:

a. Subject always to the limitation periods for making claims for Alternative Benefits set out below, a Class Member that currently owns or leases a Class Vehicle and that meets any of the five (5) eligibility criteria set out in this Section II.H may elect to apply for Alternative Benefits and if they do so, such Class Member is an Alternative Benefits Claimant. Former owners or lessees are not eligible to apply for Alternative Benefits and cannot be an Alternative Benefits Claimant.

b. The five (5) criteria for eligibility for Alternative Benefits are as follows:

Alternative Benefits Eligibility Criteria 1: A Class Member who currently owns or leases a Class Vehicle is entitled to apply for Alternative Benefits and is eligible if:

- (1) the Class Member has had two or three Transmission Hardware Replacements while they owned or leased the Class Vehicle within five (5) years or 100,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (2) the Class Member submits a claim to the Claims Administrator for Alternative Benefits within seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (3) a Transmission Diagnostic Test is performed on the Class Vehicle after the Class Member submits a claim and the Class Vehicle fails the Transmission Diagnostic Test or the Second Opinion Test; and
- (4) Ford has been given a further opportunity to have a Ford Dealer repair the Class Vehicle following the submission of the claim for Alternative Benefits and the failed Transmission Diagnostic Test (a "**Subsequent Repair**"), at no charge to the Class Member; and
- (5) following the Subsequent Repair, the Class Vehicle again fails the Transmission Diagnostic Test (the "**Subsequent Repair Failed Test**")

(**Alternative Benefits Eligibility Criteria 1**).

OR

Alternative Benefits Eligibility Criteria 2: A Class Member who currently owns or leases a Class Vehicle is entitled to apply for Alternative Benefits and is eligible if:

- (1) the Class Member has had two or three Transmission Hardware Replacements while they owned or leased the Class Vehicle within five (5) years or 100,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (2) the Class Member submits a claim to the Claims Administrator for Alternative Benefits within 180 days of the Claims Administration Commencement Date but after seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (3) after the Class Member submits a claim, the Class Member elects to pay a Ford Dealer to perform a Transmission Diagnostic Test and, if desired, a Second Opinion Test on the Class Vehicle and the Class Vehicle fails the Transmission Diagnostic Test or Second Opinion Test; and
- (4) Ford has been given a further opportunity to have a Ford Dealer repair the Class Vehicle following the submission of the claim for Alternative Benefits and the failed Transmission Diagnostic Test (a "**Subsequent Repair**"), the cost of which shall be borne by the Class Member; and
- (5) following the Subsequent Repair, the Class Member elects to pay a Ford Dealer to perform a Transmission Diagnostic Test on the Class Vehicle and the Class Vehicle again fails the Transmission Diagnostic Test (the "**Subsequent Repair Failed Test**").

If the Class Vehicle again fails the Transmission Diagnostic Test following the Subsequent Repair, then Ford will reimburse all payments made by the Class Member for the two or three Transmission Diagnostic Tests and the Subsequent Repair.

If the Class Vehicle does not fail the Transmission Diagnostic Test following the Subsequent Repair, then the Class Member is not eligible for Alternative Benefits and Ford is not obliged to reimburse the

Class Member for any payments the Class Member made for the two or three Transmission Diagnostic Tests or the Subsequent Repair.

("Alternative Benefits Eligibility Criteria 2").

OR

Alternative Benefits Eligibility Criteria 3: A Class Member who currently owns or leases a 2011 or 2012 model year Class Vehicle is entitled to apply for Alternative Benefits and is eligible if:

- (1) the Class Member has had three or more Transmission Hardware Replacements while they owned and/or leased the Class Vehicle within seven (7) years or 100,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (2) the Class Member submits a claim to the Claims Administrator for Alternative Benefits within seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (3) a Transmission Diagnostic Test is performed on the Class Vehicle after the Class Member submits a claim and the Class Vehicle fails the Transmission Diagnostic Test or Second Opinion Test; and
- (4) Ford has been given a further opportunity to have a Ford Dealer repair the Class Vehicle following the submission of the claim for Alternative Benefits and the failed Transmission Diagnostic Test (a "**Subsequent Repair**"), at no charge to the Class Member; and
- (5) following the Subsequent Repair, the Class Vehicle again fails the Transmission Diagnostic Test (the "**Subsequent Repair Failed Test**").

("Alternative Benefits Eligibility Criteria 3").

OR

Alternative Benefits Eligibility Criteria 4: A Class Member who currently owns or leases a 2011 or 2012 model year Class Vehicle is entitled to apply for Alternative Benefits and is eligible if:

- (1) the Class Member has had three or more Transmission Hardware Replacements while they owned and/or leased the Class Vehicle within seven (7) years or 100,000 kilometres of the Warranty Start Date, whichever occurs first; and

- (2) the Class Member submits a claim to the Claims Administrator for Alternative Benefits within 180 days of the Claims Administration Commencement Date but after seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first; and
- (3) after the Class Member submits a claim, the Class Member elects to pay a Ford Dealer to perform a Transmission Diagnostic Test and, if desired, a Second Opinion Test on the Class Vehicle and the Class Vehicle fails the Transmission Diagnostic Test; and
- (4) Ford has been given a further opportunity to have a Ford Dealer repair the Class Vehicle following the submission of the claim for Alternative Benefits and the failed Transmission Diagnostic Test (a "**Subsequent Repair**"), the cost of which shall be borne by the Class Member; and
- (5) following the Subsequent Repair, the Class Member elects to pay a Ford Dealer to perform a Transmission Diagnostic Test on the Class Vehicle and the Class Vehicle again fails the Transmission Diagnostic Test.

If the Class Vehicle again fails the Transmission Diagnostic Test following the Subsequent Repair, then Ford will reimburse all payments made by the Class Member for the two or three Transmission Diagnostic Tests and the Subsequent Repair.

If the Class Vehicle does not fail the Subsequent Repair Test, then the Class Member is not eligible for Alternative Benefits and Ford is not obliged to reimburse the Class Member for any payments the Class Member made for the two or three Transmission Diagnostic Tests or the Subsequent Repair.

("Alternative Benefits Eligibility Criteria 4").

OR

Alternative Benefits Eligibility Criteria 5: A Class Member who currently owns or leases a Class Vehicle is entitled to apply for Alternative Benefits and is eligible if:

- (1) the Class Member has had four or more Transmission Hardware Replacements while they owned or leased the Class Vehicle within five (5) years or 100,000 kilometres of the Warranty Start Date, whichever occurs first; and

- (2) the Class Member submits a claim to the Claims Administrator for Alternative Benefits within six (6) years after the Warranty Start Date, or 180 days after the Claims Administration Commencement Date, whichever is later; and
- (3) the Class Vehicle fails the Transmission Diagnostic Test or the Second Opinion Test. ("Alternative Benefits Eligibility Criteria 5").

2. Alternative Benefits Determination:

- (1) If an Alternative Benefits Claimant is a current and original owner of the Class Vehicle and makes a claim within the time limits set out in Section II.H, then Ford of Canada will, subject to Ford's right to make an offer to repurchase the Class Vehicle from the Class Member and the Alternative Benefit Claimant's obligation to provide the supporting documentation set out at Section II.J (Content Of and Support for Claims Submitted Pursuant to Section II.H), make an Alternative Cash Payment (Original Owner) to the eligible Alternative Benefits Claimant based on the following formula:

Alternative Eligibility Criteria 1-4

Alternative Cash Payment (Original Owner) = Purchase Price – ((mileage (in km) on the vehicle's odometer at the time of the Subsequent Repair Failed Test /193,000) x Purchase Price) – Residual Value of vehicle at the time of the Subsequent Repair Failed Test.

Alternative Eligibility Criteria 5

Alternative Cash Payment (Original Owner) = Purchase Price – ((mileage (in km) on the vehicle's odometer at the time of the Failed Transmission Diagnostic Test /193,000) x Purchase Price) – Residual Value of vehicle at the time of the Failed Transmission Diagnostic Test/Second Opinion Test.

- (2) If an Alternative Benefits Claimant is a current but not the original owner (i.e. a subsequent owner) of the Class Vehicle and makes a claim within the time limits set out in Section II.H, then Ford of Canada will, subject to Ford's right to make an offer to repurchase the Class Vehicle from the Class Member and the Alternative Benefit Claimant's obligation to provide the supporting documentation set out at Section II.J (Content Of and Support for Claims Submitted Pursuant to Section II.H), make an

Alternative Cash Payment (Subsequent Owner) to the eligible Alternative Benefits Claimant based on the following formula:

Alternative Eligibility Criteria 1-4

Alternative Cash Payment (Subsequent Owner) = Purchase Price – ((mileage (in km) on the vehicle's odometer from the date of the Subsequent Owner's Purchase of the Class Vehicle to the time of the Subsequent Repair Failed Test /193,000) x Purchase Price) – Residual Value of vehicle at the time of the Subsequent Repair Failed Test.

Alternative Eligibility Criteria 5

Alternative Cash Payment (Subsequent Owner) = Purchase Price – ((mileage (in km) on the vehicle's odometer from the date of the Subsequent Owner's Purchase of the Class Vehicle to the time of the Failed Transmission Diagnostic Test /193,000) x Purchase Price) – Residual Value of vehicle at the time of the Failed Transmission Diagnostic Test/Second Opinion test.

(3) If an Alternative Benefits Claimant is a current lessee of the Class Vehicle and makes a claim within the time limits set out in Section II.H, then Ford of Canada will repurchase the Class Vehicle from the lessor, pay off the amount to the lessor in accordance with the lease agreement and make an Alternative Cash Payment (Lessee) to the eligible Alternative Benefits Claimant based on the following formula:

Alternative Eligibility Criteria 1-4

Alternative Cash Payment (Lessee) = Lease Payments – ((mileage (in km) on the vehicle's odometer at the time of the Subsequent Repair Failed Test /193,000) x Lease Payments).

Alternative Eligibility Criteria 5

Alternative Cash Payment (Lessee) = Lease Payments – ((mileage (in km) on the vehicle's odometer at the time of the Failed Transmission Diagnostic Test /193,000) x Lease Payments).

3. Ford's Right to Repurchase

In all cases Ford may, in its sole discretion, elect to offer to repurchase the Class Vehicle from an Alternative Benefits Claimant on terms set by Ford. The Class

Member may then elect to either accept such offer or demand the Alternative Benefits. In the event that the Alternative Benefits Claimant accepts Ford's offer to repurchase the Class Vehicle, the Alternative Benefits Claimant shall not be entitled to any other relief or benefits.

4. **Alternative Benefits are Reduced by Previous Cash Payments or Owner Appreciation Certificates**

Any amount payable by Ford of Canada by way of Alternative Benefit shall be reduced by any cash payments made to the Alternative Benefits Claimant pursuant to Section II.B (Cash Payments For Three or More Software Flashes) or II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements) or by the value of any OACs issued pursuant to Section II.B or II.C.

For greater certainty, any amount payable by Ford of Canada by way of Alternative Benefit shall be reduced by the value of any unused OACs issued pursuant to Section II.B or II.C, unless the OAC(s) is/are voided by the Claims Administrator.

5. **Transmission Diagnostic Test**

The Transmission Diagnostic Test shall be performed by a Ford Dealer with the Alternative Benefits Claimant having the option of choosing which Ford Dealer will perform the Transmission Diagnostic Test.

The Alternative Benefits Claimant shall notify the Claims Administrator of the Ford Dealer where the Alternative Benefits Claimant chooses to have the Transmission Diagnostic Test performed. The Claims Administrator will provide a Transmission Diagnostic Test Form to the Alternative Benefits Claimant, which will stipulate which Ford Dealer will perform the Transmission Diagnostic Test. The Ford Dealer will complete the Transmission Diagnostic Test Form.

Scheduling of the Transmission Diagnostic Test shall be agreed between the Alternative Benefits Claimant and the Ford Dealer they choose to perform the Transmission Diagnostic Test. Ford shall not be responsible for scheduling the Transmission Diagnostic Test.

If the Transmission Diagnostic Test does not identify any fluid contamination of either clutch, does not measure the rpm fluctuations on either clutch in excess of 250 rpm, or does not identify any Transmission Control Module error codes, the Class Vehicle shall have passed the Transmission Diagnostic Test. If the Transmission Diagnostic Test identifies any fluid contamination of a clutch, rpm fluctuations on either clutch in excess of 250 rpm, or Transmission Control Module error codes, the Class Vehicle shall have failed the Transmission Diagnostic Test.

The Ford Dealer who performs the Transmission Diagnostic Test shall provide a copy of the completed Transmission Diagnostic Test Form to the Alternative Benefits Claimant, to Ford and to the Claims Administrator. The Claims Administrator shall determine whether the Class Vehicle has passed or failed the Transmission Diagnostic Test. The Ford Dealer shall certify that the Transmission Diagnostic Test was properly performed according to Ford's Technical Service Bulletins and shall provide the Claims Administrator with verification of the results of the Transmission Diagnostic Test (e.g. photographic evidence of fluid contamination, print-out of the rpm fluctuations as measured by the Ford-approved diagnostic equipment and/or print-out of the Transmission Control Module error codes as measured by the Ford-approved diagnostic equipment).

If the Class Vehicle passes the Transmission Diagnostic Test but the Alternative Benefits Claimant believes that they are still experiencing a transmission issue with their Class Vehicle, then the Alternative Benefits

Claimant may elect to have a second Ford Dealer perform the Transmission Diagnostic Test on the Class Vehicle (the "**Second Opinion Test**") within 30 days of receiving the result of the first Transmission Diagnostic Test. The Alternative Benefits Claimant must follow the same procedure as they had with respect to the first Transmission Diagnostic Test of notifying the Claims Administrator and receiving the Transmission Diagnostic Test Form.

If the Class Vehicle is within seven (7) years or 160,000km of the Warranty Start Date (whichever occurs first), Ford shall pay for the Transmission Diagnostic Test and the Second Opinion Test. If the Class Vehicle is outside seven (7) years or 160,000km of the Warranty Start Date (whichever occurs first), the Alternative Benefits Claimant shall pay for the Transmission Diagnostic Test and the Second Opinion Test if one is requested.

6. How the Subsequent Repair will work

Pursuant to Alternative Benefits Eligibility Criteria 1, 2, 3 and 4, Ford shall be entitled to arrange for a Subsequent Repair if a Class Vehicle fails a Transmission Diagnostic Test (including a Second Opinion Test). If a Class Vehicle fails a Transmission Diagnostic Test and Ford elects to perform a Subsequent Repair, then the Alternative Benefits Claimant will notify the Claims Administrator of the Ford Dealer that the Alternative Benefits Claimant chooses to perform the Subsequent Repair. The Alternative Benefits Claimant must book an appointment and make the Class Vehicle available to the Ford Dealer to have the Subsequent Repair performed by the Ford Dealer.

Ford shall deliver the necessary service parts to the applicable Ford Dealer within 30 days of the Ford Dealer ordering such service parts, provided such Ford Dealer has not exceeded its weekly order quantity limit.

Ford shall not be responsible for scheduling the service appointment between the Ford Dealer and the Alternative Benefits Claimant. Ford shall not be in breach of its obligation to deliver necessary service parts if parts are not available due to a lack of available parts from its suppliers, union actions or failures by Ford's logistics suppliers to meet agreed upon service levels.

Following the Subsequent Repair, the Alternative Benefits Claimant will have one (1) year from the date the Class Vehicle was returned by the Ford Dealer to the Alternative Benefits Claimant to notify the Claims Administrator that the transmission is continuing to malfunction. At the same time of notifying the Claims Administrator that the transmission is continuing to malfunction, the Alternative Benefits Claimant must notify the Claims Administrator of which Ford Dealer the Alternative Benefits Claimant chooses to perform a Transmission Diagnostic Test to confirm if the transmission continues to malfunction following the Subsequent Repair.

The Alternative Benefits Claimant may only inform the Claims Administrator on one (1) occasion within the one (1) year following the return of the Class Vehicle after the Subsequent Repair that the transmission is continuing to malfunction and only one further Transmission Diagnostic Test will be administered following the Subsequent Repair.

7. Transmission Diagnostic Test – Passing and Failing

No Alternative Benefits Claimant shall be eligible to receive Alternative Benefits unless such Alternative Benefits Claimant's Class Vehicle has failed the Transmission Diagnostic Test. In the case of Alternative Benefits Claimants meeting Alternative Benefits Eligibility Criteria 1, 2, 3 and 4, to be entitled to Alternative Benefits, the Class Vehicles of such Alternative Benefits Claimants must fail a Transmission Diagnostic Test after such

Alternative Benefits Claimants make a claim and also fail a subsequent Transmission Diagnostic Test after Ford has performed a Subsequent Repair. In the case of Alternative Benefits Claimants meeting Alternative Benefits Eligibility Criteria 5, to be entitled to Alternative Benefits, the Class Vehicles of such Alternative Benefits Claimants must fail a Transmission Diagnostic Test after such Alternative Benefits Claimants make a claim. Ford shall not have the opportunity to perform a Subsequent Repair of Class Vehicles of Alternative Benefits Claimants meeting Alternative Benefits Eligibility Criteria 5.

Submitting Claims For Alternative Benefits/ The Transmission Diagnostic Test

When a Class Member submits a claim for Alternative Benefits, the Class Vehicle must undergo a Transmission Diagnostic Test. If the Class Vehicle passes the Transmission Diagnostic Test, meaning that the Transmission Diagnostic Test does not identify fluid contamination of a clutch, rpm fluctuations in either clutch in excess of 250 rpm or a Transmission Control Module error code, then the Alternative Benefits Claimant is not eligible for Alternative Benefits at that time. The claim shall be denied unless the Class Member opts for a Second Opinion Test and the Class Vehicle fails the Second Opinion Test.

Second Opinion Test Pass Conclusive

If the Class Vehicle also passes the Second Opinion Test, such result shall be conclusive and the Alternative Benefits Claimant's claim for Alternative Benefits shall be denied at that time.

Subsequent Claims for Alternative Benefits Within One (1) Year

A Class Member whose first claim for Alternative Benefits is denied is not precluded from submitting one (1) further claim for Alternative Benefits in respect of the same Class Vehicle within one (1) year of the date that Class Vehicle passes the first Transmission Diagnostic Test or, if completed, the Second Opinion Test, so long as the Class Member is within the limitation period set out in each eligibility criterion.

For example, if a Class Member makes a claim for Alternative Benefits and meets all the criteria but the Class Vehicle passes the first Transmission Diagnostic Test and Second Opinion Test, the Class Member can submit one (1) further claim for Alternative Benefits in respect of the same Class Vehicle should the transmission malfunction in the future, so long as the claim is submitted within one (1) year of the date their Class Vehicle passes the first Transmission Diagnostic Test or, if completed, passes the Second Opinion Test, and within the limitation period set out in each eligibility criterion.

Alternative Benefits Eligibility Criteria 1, 2, 3 and 4 – Subsequent Repair Attempt

If the Class Vehicle Fails the Transmission Diagnostic Test or Second Opinion Test, an Alternative Benefits Claimant qualifying under Alternative Benefits Eligibility Criteria 1, 2, 3 or 4 must allow Ford to perform a Subsequent Repair in accordance with section II.H.6. The Alternative Benefits Claimant may choose which Ford Dealer will perform the Subsequent Repair.

Transmission Diagnostic Test After Subsequent Repair

Following the Subsequent Repair, the Alternative Benefits Claimant will have one (1) year from the date the Class Vehicle was returned by the Ford Dealer to the Alternative Benefits Claimant to notify the Claims Administrator that the transmission is continuing to malfunction. At the same time of notifying the Claims Administrator that the transmission is continuing to malfunction, the Alternative Benefits Claimant must notify the Claims Administrator of which Ford Dealer the Alternative Benefits Claimant chooses to perform a Transmission Diagnostic Test to confirm if the transmission continues to malfunction following the Subsequent Repair.

The Alternative Benefits Claimant may only inform the Claims Administrator on one (1) occasion within the one (1) year following the return of the Class Vehicle after the Subsequent Repair that the

transmission is continuing to malfunction and only one further Transmission Diagnostic Test will be administered following the Subsequent Repair.

If the Class Vehicle fails the Transmission Diagnostic Test performed after the Subsequent Repair at some point within one (1) year from the date the Class Vehicle is returned by the Ford Dealership the Alternative Benefits Claimant shall be eligible for Alternative Benefits.

Alternative Benefits Eligibility Criteria 5

With respect to an Alternative Benefits Claimant claiming under Alternative Benefits Eligibility Criteria 5, if the Class Vehicle fails the Transmission Diagnostic Test or Second Opinion Test, such Alternative Benefits Claimant shall be Eligible for Alternative Benefits.

8. Award of Alternative Benefits is a Final Resolution of Claims

An award of Alternative Benefits is a final resolution of a Class Member's claims. A Class Member who has been paid for an Alternative Benefit is not entitled to any further benefit under this Settlement.

I. Content of and Support for Claims Submitted Pursuant to Section II.H.

Basic Eligibility

1. Only current owners and lessees of Class Vehicles are eligible to make a claim for Alternative Benefits. Alternative Benefits are not available to former owners or lessees. All claims for Alternative Benefits must include supporting documentation evidencing the Alternative Benefits Claimant's Proof of Ownership at the time the claim is made and at the time of each Transmission Hardware Replacement on which the claim is based.
2. Claims for Alternative Benefits under Section II.H must include repair orders, receipts, and other documentation from the Class Member or a Ford Dealer sufficient to establish for each Transmission Hardware Replacement on which the claim is based all of the following information:

- a. the VIN of the vehicle on which the Transmission Hardware Replacement repairs were performed;
 - b. the name and address of the Ford Dealer that performed the Transmission Hardware Replacement;
 - c. whether the Transmission Hardware Replacement was performed on the Class Vehicle within the following time and distance limitations, whichever occurs first:
 - i. if claiming under Alternative Benefits Eligibility Criteria 1, 2 or 5, five (5) years or 100,000 kilometres of the Warranty Start Date;
 - ii. if claiming under Alternative Benefits Eligibility Criteria 3 or 4 (applicable to 2011 and 2012 model year Class Vehicles only), seven (7) years or 100,000 kilometres of the Warranty Start Date;
 - d. A description of the services rendered and parts provided.
3. Claims must also include documentation demonstrating the Class Member's Proof of Ownership at the time of each Transmission Hardware Replacement on which the claim is based.
 4. Claims must also include a declaration under oath signed 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 on which the claim is based and that the Class Member owns or leases the Class Vehicle at the time the claim is submitted to the Claims Administrator.

Eligibility for Payment of Alternative Benefits

5. In addition to the supporting documentation set out above for basic eligibility to Alternative Benefits, Alternative Benefits Claimants must provide supporting documentation confirming: (1) the Purchase Price of, or Lease Payments made for, the Class Vehicle; and (2) the mileage on the odometer of the Class Vehicle at the time of the Failed Transmission Diagnostic Test or Subsequent Repair Failed Test. If an otherwise eligible Alternative Benefits Claimant does not provide the required supporting documentation, such Alternative Benefits Claimant is not an Eligible Alternative Benefits Claimant and is not be entitled to the payment of Alternative Benefits. The additional supporting documentation required for each category of Alternative Benefits Claimant is as follows:

(a) Supporting Documentation – Current and Original Owner

If the Alternative Benefits Claimant is a current and original owner of the Class Vehicle, the person must provide the following documentation:

- (i) a vehicle purchase agreement between the selling Dealer and the Alternative Benefits Claimant showing the Class Vehicle's VIN and the Total Vehicle Purchase Price (Current and Original Owner);
- (ii) a copy of the Class Vehicle's registration document evidencing the Alternative Benefits Claimant's Proof of Ownership at the time the claim is made; and
- (iii) a Transmission Diagnostic Test Form showing a Failed Transmission Diagnostic Test and the odometer reading

on the Class Vehicle at the time of such Failed Transmission Diagnostic Test.

(b) Supporting Documentation – Current but not Original Owner

If the Eligible Alternative Benefits Claimant is a current but not original owner of the Class Vehicle (i.e. a subsequent owner), the person must provide the following documentation:

- (i) vehicle purchase agreement between previous owner of the Class Vehicle and the Alternative Benefits Claimant showing VIN, mileage and Total Vehicle Purchase Price (Subsequent Owner);
- (ii) a copy of the Class Vehicle's registration document evidencing the Alternative Benefits Claimant's Proof of Ownership at the time the claim is made;
- (iii) evidence of the odometer reading on the Class Vehicle at the time it was purchased by the Alternative Benefits Claimant; and
- (iv) a Transmission Diagnostic Test Form showing a Failed Transmission Diagnostic Test and the odometer reading on the Class Vehicle at the time of such Failed Transmission Diagnostic Test.

(c) Supporting Documentation for Purchase Price – Current Lessee

If the Eligible Alternative Benefits Claimant is a current lessee of the Class Vehicle, the person must provide the following documentation:

- (i) the lease agreement for the Class Vehicle showing VIN, any down payment and the monthly lease payments;
- (ii) evidence of the lease payments actually paid by the Alternative Benefits Claimant under the lease agreement. Regardless of what the monthly or bi-weekly payments are on the lease agreement, the Alternative Benefits Claimant must provide evidence of such amounts having been paid; and
- (iii) a copy of the Class Vehicle's registration document evidencing the Alternative Benefits Claimant's Proof of Ownership at the time the claim is made;
- (iv) a Transmission Diagnostic Test Form showing a Failed Transmission Diagnostic Test and the odometer reading on the Class Vehicle at the time of such Failed Transmission Diagnostic Test.

J. Submission of Documentation in Support of Claims.

For each claim for cash payments, OACs or reimbursement submitted pursuant to Sections II.B (Cash Payments For Three or More Software Flashes), II.C (Cash Payments or Owner Appreciation Certificates For Three or More Transmission Hardware Replacements), II.G (Clutch Replacement And Extended Warranty For Vehicles Manufactured After June 5, 2013) or II.H (Alternative Benefits) of this Settlement Agreement, Class Members must submit a hard copy or a scanned copy of all required documents to the Claims Administrator by mail or via email, and these documents shall be retained by the Claims Administrator until the end of the claims administration period.

K. Rejected Claims and Claim Investigation.

The Claims Administrator may reject any claim submitted pursuant to the Settlement that does not include the required information and documentation specified in this Settlement Agreement. 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 OAC, etc.). If the claim is rejected due to missing information and the original claim was submitted within the applicable deadlines noted above, the Claims Administrator will indicate the missing information and give the Class Member one opportunity to resubmit the claim within 60 days with additional information.

L. Method of Payment – Cash Payments

Approved claims for cash payments will be paid by cheque by the Claims Administrator to the identified Class Member making the claim.

M. 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.

N. Clarifications to Customer Campaign 14M01.

Ford shall (if it has not already done so) 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.

O. Administration of the Settlement – Claims Program

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.

Claims Program

Ford's obligation to implement the Claims Program in accordance with this Settlement Agreement is and shall be contingent on (1) entry of the Approval Order; (2) the occurrence of the Effective Date; and (3) the satisfaction of any other conditions set forth in this Settlement Agreement. Ford shall have the option to withdraw from this Settlement Agreement, and to render it null and void, if Class Members collectively owning or leasing 7,500 or more Class Vehicles exclude themselves from the Settlement by opting-out before the Opt-Out Deadline.

The Claims Administrator shall be responsible for the following:

Case Setup:

- Draft a claim form with instructions for filing.
- Draft Frequently Asked Questions ("FAQ's") in consultation with Counsel – French/English versions.
- Design and program a bilingual website.
- Prepare and distribute notice to all potential Class Members
- Establish and maintain a bilingual toll free "800" number and email address for persons seeking information on the Settlement Agreement, the claims process, or to request that a copy of the Claim Package be sent to them directly.
- Create a Claimant database for all Claims received.
- Claim processing training/setup.

Escrow Agent (If applicable)

- Establish an escrow account in a Schedule I chartered Canadian Bank for the Settlement Payment transferred by the Defendants.
- Receive settlement monies into escrow account.
- Reconcile settlement balance on a monthly basis.
- Summarize activity in the settlement account.
- Prepare and file all necessary tax forms and returns for the Settlement Payment.
- Respond to any communication from the taxing authorities, if applicable

Claim Processing:

- Pickup mail at Post Office.
- Sort mail into returned mail, requests for Notices, general correspondence and claim packages.
- Determine timeliness of submission.
- Send confirmation letter - including claim ID - to Claimants.
- Post the contents of the claim package on the website.

- Answer all general correspondence
- Review each claim to ensure there is appropriate documentation and verify whether the Claimant meets the criteria for inclusion within the Class.
- Review each claim and assign to the respective claim type.
- Cross reference Claims against list of Opt Outs.
- Locate and eliminate all duplicative claim filings.
- Send 60 day letters to Claimants whose claims have technical deficiencies.
- Process responses to deficiency letters.
- Send claim determination letters to Claimants advising them of the disposition of their claim and the points for which the Claimant is eligible.
- Forward Appeals to the Arbitrator for review, if necessary.
- After processing all claims, provide to Counsel a final, complete list, of each Approved Claimant

Distribution:

- Compile and reconcile information regarding all claims against the net settlement amount.
- Set up distribution chequing account.
- Prepare and print a letter/cheque stub to accompany the distribution.
- Print and mail the distribution cheques and any approved letter or attachment to all Approved Claimants.
- Prepare an alphabetical printout and/or electronic file of the cheque register listing the payee's names, cheque numbers and cheque amounts.
- Respond to inquiries from Claimants.
- Collect in an interest bearing account and on a quarterly basis report to and forward funds owing to Class Counsel ,the Law Foundation and Ford.

Post-Distribution:

- Reissue distribution cheques, when necessary.
- Process all correspondence and telephone calls following distribution.
- Reconcile chequing account statements until the conclusion of the Administration.
- Provide a final report concerning the disposition of Approved Claims and the payments made.
- At the one (1) year anniversary of the last payout, dispose of the submissions by shredding or such other means as will render the materials permanently illegible.
- If after x days from the date of distribution \$x remains in the Escrow Account donate the funds per the terms of the Settlement Agreement.

Reporting:

- 12 months after the Claim Deadline, provide a written report to Class Counsel and the Defendant's Counsel indicating the total number of Approved Claimants in each category.

Promptly after the Effective Date, Ford will direct the Claims Administrator to open a "Ford Claim Centre" to receive and appropriately respond to all claims submitted by Class

Members. The Ford Claim Centre will include: (1) Bilingual Claims Administrator personnel assigned to manage the Settlement implementation process; and respond to Class Member inquiries; (2) a telephone number that Class Members can call for information on the Settlement and the Claims Process; (3) a mailing address and e-mail address to which Class Members shall send all claims for Benefits under the Settlement; and (4) the Settlement Website, which will be bilingual in all respects and include a Claim Form that can be downloaded and submitted by mail. Ford will bear all costs of administering the Claims Program.

The Claims Administrator shall be responsible for processing claims made in accordance with the provisions of this Settlement Agreement including, without limitation, approving and paying claims that meet the criteria set out in this Settlement Agreement and rejecting claims that do not (including, without limitation, claims that are not supported with the required supporting documentation, claims that are not made within the time periods set out in this Settlement Agreement and claims that do not meet other criteria set out in this Settlement Agreement). The Claims Administrator shall have the right to investigate any claim, including by requesting from the Class Member additional documentation to determine whether they have a claim and / or whether they are eligible for the receipt of Benefits. If the Claims Administrator rejects a claim, it will advise the Class Member who submitted it of the reason(s) for the rejection (e.g., missing information or documentation, ineligibility to submit a claim). If a claim is rejected due to missing information or documentation, the Claims Administrator will give the Settlement Class Member sixty (60) days to resubmit that claim along with additional information, so long as the claim was originally submitted by the deadline to submit that claim.

The Settlement Administrator will prepare periodic reports on the progress and status of the Claims Program that will be provided to Ford and Class Counsel. These reports will include information sufficient to allow Ford and Class Counsel to assess the Claims Program's progress.

If a Class Member disputes either the Claims Administrator's rejection of their claim or the amount to be reimbursed pursuant to a claim, the Class Member (or their representative if acting on behalf of the Class Member) may appeal the Claims Administrator's decision by submitting to

the Claims Administrator the claim, the Claims Administrator's decision on the claim, and an explanation, in writing, of the Claims Administrator's alleged error within one month of the postmark date on the envelope or e-mail in which the Claims Administrator mailed its decision to the Class Member.

Appeals will be subject to an arbitration procedure suitable for a consumer redress matter involving less than \$5,000. Appeals received by the Claims Administrator shall be transmitted by the Claims Administrator to a single arbitrator to be agreed on by Ford and Class Counsel to receive such appeals, who shall make a final, binding determination of the appeal in writing within 60 days following receipt of Ford's response to the appeal which response shall be delivered within 60 days of receipt of the appeal. There shall be no right of further appeal from the arbitrator's decision.

The Arbitrators shall be selected by agreement of Ford and Class Counsel, and in the absence of such agreement, shall be appointed by the Courts. There shall be no in person hearings. The appeals shall be conducted in writing. The arbitrator may in their absolute discretion convene a telephone case conference, to discuss procedure and/or to hear submissions. There shall be no testimony on the appeal. The record is limited to the documents filed with the claims administrator or such additional documents the arbitrator allows. The Arbitrator may in their discretion conduct all or part of the appeal by video conference (including Skype and/or Facetime) or such other means of communication as the Arbitrator elects. The arbitrator may in their discretion award costs to the successful party in the appeal, at the rates consistent with claims involving less than \$5000 including, should Ford be successful on the appeal, a reimbursement to Ford by the Class Member of the Arbitrator's fees and reasonable disbursements paid by Ford. Ford shall pay the Arbitrator fees and the expenses of the appeal.

At least one of the Arbitrators must be available in both official languages. A Class Member will select the official language for the appeal.

P. Ford's Contribution to Class Counsel Fees and Disbursements

Upon Court approval of the settlement and the expiration of the appeal period being 30 days from the date of the Approval Order, Ford will pay to Class Counsel:

- a. \$2,000,000 plus HST of \$260,000 as its contribution to class counsel fees;
- b. class counsel disbursements as set out in the Approval Order; and
- c. a \$1,000,000 advance payment to Class Counsel, which may be recovered by Ford. Ford of Canada will retain/be reimbursed for its advance payment up to the first \$1,000,000 deducted from class fees that would be otherwise owing to Class Counsel in the Claims Program to offset the advance payment of \$1,000,000 (i.e. \$1 million on the first \$10 million in approved claims). If less than \$1,000,000 is deducted from approved claims for counsel fees from the Claims Program (i.e. if less than \$10,000,000 is recovered by the Settlement Class in the Claims Program), then the balance of Ford's advance would be non-refundable.

CLASS MEMBERS' CONTRIBUTION TO CLASS COUNSEL FEES AND THE LAW FOUNDATION

In addition to Ford of Canada's contribution to class counsel fees, Class Counsel will seek in its fee approval materials a fee of 10% of the monetary benefits payable to Class Members from the Claims Administration process to be paid out of the benefits payable to Class Members. This is inclusive of HST. Class Counsel agree to seek no more than 10% of the monetary benefits payable to Class Members from the Claims Administration process. Class Counsel will not seek a fee on the Owner Appreciation Certificates that Class Members can select in lieu of cash payments under section II.C of the Settlement Agreement.

The Notice to the Settlement Class of the proposed settlement will state that it is proposed that 10% of Class benefits from the Claims Administration process will be paid to Class Counsel subject to court approval at the settlement approval hearing, and that 10% of Class benefits, net of Class Counsel fees and HST, will be payable to the Law Foundation. Accordingly, Class Members may recover only 81% of the monetary Class benefits.

The amounts owing to Class Counsel and the Law Foundation from the Benefits awarded to Class Members will be held back by the Claims Administrator from all payments to Class Members for distribution to Class Counsel and the Law Foundation, and with respect to the first \$1,000,000 in fees to Ford of Canada, pursuant to the terms above. The Claims Administrator will report quarterly on the holdback and

distribute the holdback quarterly. The holdback shall be deposited into an interest bearing account with a chartered Canadian bank at reasonable commercial rates. Interest shall be distributed with the holdback to each recipient in proportion to the amount of the holdback received by each recipient.

Q. Service Award for Named Plaintiffs.

As part of their motion seeking final approval of the Settlement at the Approval Hearing (Ontario), Plaintiffs intend to seek service awards for the Named Plaintiffs in the following amounts, subject to Court approval:

- (i) Rebecca Romeo - \$7,500;
- (ii) Joseph Romeo - \$5,000;
- (iii) Diane Béland - \$5,000;
- (iv) Elyse Choiniere - \$5,000;
- (v) Linda Goodman - \$5,000; and
- (vi) Tracy Parks (formerly Tracy Corsi) - \$5,000.

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. The November 13, 2018 Order – Certification and Notices

The Settling Parties acknowledge and agree that the November 13, 2018 Order provides, *inter alia*, for the following matters with respect to the administration of the Settlement:

- (i) the Romeo Action is certified as a class proceeding, on a preliminary basis, for settlement purposes only, subject to the Term Sheet and the conditions set out in the November 13, 2018 Order;
- (ii) the Court will decide whether to approve the Settlement, whether to approve the fee request of Class Counsel and any other matters as the court may deem appropriate at a hearing to be held on March 18, 2019 at 10am at Osgoode Hall, 130 Queen Street West, Toronto, Ontario (the "Approval Hearing");

- (iii) the Opt-Out Deadline for Class Members shall be 5pm EST on March 5, 2019;
- (iv) the Short Form Class Notice and Long Form Class Notices are approved;
- (v) the Claims Administrator shall cause the Short Form Class Notice to be sent in English and French via regular letter mail to all Class Members who are recorded in the Customer Knowledge System ("CKS") database and the North American Vehicle Information System ("NAVIS") database maintained by Ford;
- (vi) the Claims Administrator shall cause the Short Form Class Notice to be sent in English and French via e-mail to all persons who have provided a valid email address through Class Counsel's registration database for the Romeo Action;
- (vii) the Claims Administrator shall cause the Short Form Class Notice to be published in English as a quarter-page advertisement in certain newspapers (the "**Publication Notice**") on January 4, 2019;
- (viii) the Claims Administrator shall cause the Short Form Class Notice to be published in French (the "**Publication Notice**") as a quarter-page advertisement in certain newspapers on January 4, 2019;
- (ix) Class Counsel shall cause the Short Form Class Notice to be sent in English and French to all persons who contact Class Counsel prior to March 5, 2019 and indicate that they might be members of the Settlement Class;
- (x) the Long Form Class Notice in English and French be posted on the Settlement Website and posted on Class Counsel's website; and
- (xi) responsibilities of the Claims Administrator, including (a) disseminating the Class Notices to the Settlement Class, (b) certifying compliance with its dissemination responsibilities, (c) establishing the Settlement Website, (d) creating an opt-out form, (e) accepting and maintaining documents sent from Class Members, (f) certifying the number of requests to opt-out by March 11, 2019 and (g) all other responsibilities designated to the Claims Administrator in the Term Sheet, including receiving claims, providing forms, determining eligibility, issuing payment (by way of cheque) for Ford of Canada.

B. The Approval Hearing

At the Approval Hearing, the Court will decide whether to approve the Settlement, whether to approve a notice of settlement approval, whether to approve the fee request of Class Counsel and any other matters as the court may deem appropriate.

Notice to the Settlement Class that the settlement has been approved and the claims process has commenced shall be disseminated to the Class by way of e-mail, shall be posted to the settlement website and to Class Counsel's website, and shall be published in the Globe and Mail and in La Presse, all at the expense of Ford.

If the Court approves this Settlement and makes the Approval Order, the Effective Date will take place 30 days after the Approval Date. On the Effective Date or as soon as reasonably practicable thereafter the Settling Parties shall apply to the Superior Court in the Province of Quebec to have the Picotte Action dismissed with prejudice, the Court of Queen's Bench for Saskatchewan to have the Outerbridge Action dismissed with prejudice and the Supreme Court of British Columbia to have the Erbe Action dismissed with prejudice.

C. Released Claims.

1. Class Members' Claims.

Upon the Effective Date, 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 Approval Order shall have, released, waived, and discharged the Released Parties from his, her, or its Released Claims as defined above. 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 Members who do not opt out of the Settlement Class.

3. **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.

4. **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. The Plaintiffs 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.

D. Material Term.

The Plaintiffs and Class Counsel hereby agree and acknowledge that Section III.C (Released Claims) was separately bargained for and constitutes a key, material term of the Settlement Agreement that shall be reflected in the Approval Order.

E. 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. 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 Settlement 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.

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 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 Approval Order and do not limit the rights of Class Members under this Settlement Agreement.

IV. MISCELLANEOUS PROVISIONS.

A. 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.

B. 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.

C. 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.

D. 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.

E. 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 Settlement Agreement and it is not to be construed in favor of or against any of the Settling Parties.

F. 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.

G. Dispute Resolution.

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

H. 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.

I. 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.

J. 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).

K. 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:

Theodore Charney
Charney Lawyers PC
151 Bloor Street West, Suite 602
Toronto, ON M5S 1S4

As to Ford:

Hugh DesBrisay
DMG Advocates LLP
155 University Avenue, Suite 1230

Toronto, ON M5H 3B7


L. 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.

EXECUTION PAGE FOR A SETTLEMENT AGREEMENT BETWEEN REBECCA ROMEO ET AL. AND
FORD MOTOR COMPANY AND FORD MOTOR COMPANY OF CANADA, LIMITED

IN WITNESS HEREOF, the Settling Parties have caused this Settlement Agreement to
be executed, by their duly authorized lawyers, as of November 5, 2018.

ON BEHALF OF FORD MOTOR COMPANY OF CANADA, LIMITED AND FORD MOTOR COMPANY



Hugh DesBrisay
DMG Advocates LLP

ON BEHALF OF THE PLAINTIFFS

Theodore Charney
Charney Lawyers PC

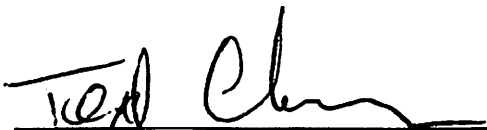
EXECUTION PAGE FOR A SETTLEMENT AGREEMENT BETWEEN REBECCA ROMEO ET AL. AND
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ON BEHALF OF FORD MOTOR COMPANY OF CANADA, LIMITED AND FORD MOTOR COMPANY

Hugh DesBrisay
DMG Advocates LLP

ON BEHALF OF THE PLAINTIFFS



Theodore Charney
Charney Lawyers PC

NOTICE OF SETTLEMENT APPROVAL

IF YOU PURCHASED OR LEASED A FORD FOCUS (2012-2016 MODELS) OR FORD FIESTA (2011-2016 MODELS) EQUIPPED WITH A POWERSHIFT DUAL-CLUTCH TRANSMISSION, YOU MAY BE ELIGIBLE FOR BENEFITS OWED TO YOU FROM A CLASS ACTION SETTLEMENT. VISIT WWW.FORDTRANSMISSIONCLASSACTION.COM.

WHAT IS THIS CLASS ACTION ABOUT?

A class action lawsuit was brought against Ford Motor Company and Ford Motor Company of Canada, Limited (collectively, "Ford"). The lawsuit alleged that certain Ford Focus and Fiesta vehicles are equipped with a defective PowerShift Dual-Clutch Automatic (DPS6) Transmission ("PowerShift Transmission"). Ford denies that it has violated any laws, denies that it has engaged in any wrongdoing, and denies that there is any safety hazard or defect. The parties agreed to resolve these issues before they were decided by the Court and reached a settlement (the "Settlement"). The Court has now approved the Settlement and claims for Settlement benefits can be made.

WHO CAN MAKE A CLAIM?

If you are a current or former owner or lessee of a 2012-2016 Ford Focus or a 2011-2016 Ford Fiesta with a PowerShift Transmission (the "Class Vehicles"), you may be eligible for benefits under the Settlement. If you are eligible for benefits under the Settlement, you must take action to obtain those benefits within the time limits provided by the Settlement and the Orders of the Court.

WHAT BENEFITS DOES THE SETTLEMENT PROVIDE?

- a) If an authorized Ford dealer performed three or more qualifying transmission hardware replacements ("THR"s) on your PowerShift Transmission within seven years or 160,000 km of the warranty start date during your ownership or lease of your Class Vehicle, you may be entitled to cash payments ranging from \$252 to \$2,932 or Owner Appreciation (discount) Certificates ranging in value from \$504 to \$5,864, depending on the number of service visits/THRs.
- b) If you are not eligible for benefits under (a) above, and if an authorized Ford dealer performed three or more transmission software flashes on your Class Vehicle within seven years or 160,000 km of the warranty start date during your ownership or lease of your Class Vehicle, you may be entitled to cash payments ranging from \$65 to \$780, depending on the number of service visits.
- c) If your Class Vehicle was manufactured after June 5, 2013, and if an authorized Ford dealer performed two or more clutch replacements on your Class Vehicle under warranty, and you had to pay for a third clutch replacement out of warranty within seven years or 160,000 km of the warranty start date, you may qualify for reimbursement and a new warranty on the new clutch.
- d) If you currently own or lease a Class Vehicle, you may be entitled to "Alternative Benefits".
 - o For current owners, Alternative Benefits are designed to compensate Class Members with ongoing clutch malfunctions by refunding the entire cost of purchasing the Class Vehicle, less a reduction for the usage of the Class Vehicle and a reduction for the residual value of the Class Vehicle at the time the claim is submitted. You can keep your Class Vehicle or, if you are offered a repurchase by Ford, you can choose to accept the repurchase offer.
 - o For current lessees, Alternative Benefits are designed to compensate Class Members with ongoing clutch malfunctions by refunding the entire cost of the lease and all lease payments, less a reduction for usage of the Class Vehicle. Your lease will be terminated and Ford will retake possession of your Class Vehicle.
 - o Class Members who currently own or lease a 2011-2012 model year Fiesta or a 2012 model year Focus may be eligible for Alternative Benefits if their Class Vehicle has had or will have at least three THRs within seven years or 100,000 km of the warranty start date.
 - o Class Members who currently own or lease a 2013-2016 model year Fiesta or Ford may be eligible for Alternative Benefits if their Class Vehicle has had or will have at least two THRs within seven years or 100,000 km of the warranty start date.

You can apply for cash payments or discount certificates under (a)-(c) above and for Alternative Benefits at the same time, or separately (subject to your eligibility). The denial of an Alternative Benefits claim has no impact on eligibility for cash payments or discount certificates. If you recover Alternative Benefits, the value of any cash payments or discount certificates received are credited against the Alternative Benefits award.

You will recover 81% of the benefits awarded to you. 10% of the benefits amount will be paid to Class Counsel towards their legal fees in this matter. 10% of the benefits amount net of legal fees (*i.e.* 9% of the gross benefits amount) will be paid to the Law Foundation of Ontario as a levy for their funding support in this matter, in accordance with the *Class Proceedings Regulation*, O. Reg. 771/92, s. 10(3), made under the *Law Society Act*, R.S.O. 1990, c. L.8.

For more information about the Settlement, including more details on the available benefits, go to www.fordtransmissionclassaction.com.

HOW DO I MAKE A CLAIM?

The Claim Form is available at www.fordtransmissionclassaction.com or a copy can be obtained by contacting the claims administrator as follows:

Ford Transmission Class Action
c/o RicePoint Administration Inc.
P.O. Box 4454, Toronto Station A
25 The Esplanade
Toronto, ON M5W 4B1
fordtransmission@ricepoint.com
1-866-476-8421

Claim Forms can be submitted online on the www.fordtransmissionclassaction.com website, or mailed to the claims administrator as listed above. It does not cost anything to make a claim.

WHAT IS THE DEADLINE TO MAKE A CLAIM?

To claim cash payments or discount certificates under (a)-(c) in the "What benefits does the Settlement provide?" section above for THRs and software flashes which have already occurred, your claim form must be submitted online or postmarked by [DATE]. For THRs and software flashes which occur in the future (up to seven years or 160,000 kilometres after the warranty start date), your claim form must be submitted online or postmarked within 180 days of the service visit.

To claim for Alternative Benefits:

- if your Class Vehicle has had, or in the future will have, two or three eligible THRs while you continue to own or lease it, your claim form must be submitted online or postmarked by the later of [DATE] or within seven years or 160,000 kilometres of the warranty start date;
- if your Class Vehicle has had, or in the future will have, four or more eligible THRs while you continue to own or lease it, your claim form must be submitted online or postmarked by the later of [DATE] or within six years of the warranty start date.

The Claims Period will begin on May 21, 2019

FOR FURTHER INFORMATION

For questions regarding the Settlement, please refer to the www.fordtransmissionclassaction.com website. You can contact the claims administrator by email at fordtransmission@ricepoint.com or by phone at 1-866-476-8421. For further assistance,

INTERPRETATION

This Notice has been approved by the Court and is a summary of some of the terms of the settlement. If there is a conflict between the provisions of this Notice and the terms of the Settlement Agreement, the Settlement Agreement prevails.

REBECCA ROMEO et al.

-and- FORD MOTOR COMPANY and
FORD MOTOR COMPANY OF CANADA, LIMITED
Defendants

Plaintiffs

Court File No.: CV-15-539855-00-CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced in TORONTO

ORDER

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Lawyers for the Plaintiffs