

Romeo –v- Ford
Settlement Term Sheet
November 5, 2018

A. DEFINED TERMS

Alternative Benefits	“Alternative Benefits” means those benefits set out in section B.4.
Alternative Benefits Claimant	“Alternative Benefits Claimant” refers to any Class Member who has filed a claim with the Claims Administrator for Alternative Benefits as provided by this Settlement.
Alternative Benefits Limitation Period	“Alternative Benefits Limitation Period” means six (6) years after delivery of the Class Vehicle to the first retail purchaser, or 180 days after the Claims Administration Commencement Date, whichever is later.
Arbitrator	“Arbitrator” means the bi-lingual arbitrator or arbitrators agreed upon by Class Counsel and Ford’s Counsel to resolve appeals by Class Members of a decision made by the Claims Administrator as set out in Section G.
Claims Administration Commencement Date	“Claims Administration Commencement Date” means the day that Class Members can begin to submit claims to the Claims Administrator as provided by this Settlement.
Class Counsel	“Class Counsel” means Charney Lawyers.
Class Member	“Class Member” means a member of the Settlement Class.
Class Vehicles	“Class Vehicles” 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.
Ford	“Ford” means Ford Motor Company and Ford of Canada.
Ford Dealer	“Ford Dealer” means an independent franchised dealer of Ford of Canada who has entered into a Dealer Sales and Service Agreement with Ford of Canada and who is authorized by Ford of Canada to sell and service Ford vehicles in Canada.
Ford of Canada	“Ford of Canada” means Ford Motor Company of Canada, Limited.
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 downpayment 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).

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.
PowerShift Transmission or DPS6 Transmission	"PowerShift Transmission" or "DPS6 Transmission" means the DPS6 PowerShift Dual-Clutch Transmission that Ford provided as an option for the Class Vehicles.
Program 14M01	"Program 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.
Purchase Price (for the purpose of the Alternative Benefits Determination for owners)	<p>"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.</p> <p>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 Fiesa 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.</p> <p>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.</p>
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.
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, consumer protection legislation, Quebec Civil

	Code 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.										
Released Parties	"Released Parties" means Ford Motor Company and Ford of Canada, all dealers authorized by Ford Motor Company and Ford of Canada to sell, lease, and/or service Ford vehicles located in Canada.										
Residual Value (for the purpose of the Alternative Benefits Determination for Owners)	"Residual Value" for a Class Vehicles will be the Canadian Black Book (CBB) 'trade-in rough' value for that Class Vehicle at the Claims Administration Commencement Date except for those vehicles which would be classified as CBB trade in 'beyond rough' or 'equivalent rough with mileage adjustment' at the Claims Administration Commencement Date. For these vehicles, the residual value would equate to trade in 'beyond rough' or equivalent rough with mileage adjustment. .										
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.										
Software Flash	<p>"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:</p> <table border="1"> <tr> <td>110333A</td> <td>131102A</td> <td>150090M</td> <td>160109C</td> <td>14Mo1DD</td> </tr> <tr> <td>110405A</td> <td>131104A</td> <td>150090N</td> <td>160109D</td> <td>14M01E</td> </tr> </table>	110333A	131102A	150090M	160109C	14Mo1DD	110405A	131104A	150090N	160109D	14M01E
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	<table border="1"> <tr><td>110513A</td><td>131108A</td><td>150090P</td><td>160129A</td><td>14M01EE</td></tr> <tr><td>110524A</td><td>131109A</td><td>150090Q</td><td>MT131102</td><td>14Mo1GG</td></tr> <tr><td>110902A</td><td>131110A</td><td>150120H</td><td>R08101</td><td>14M01H</td></tr> <tr><td>120104A</td><td>140131A</td><td>150120L</td><td>R08102</td><td>14M01L</td></tr> <tr><td>130405A</td><td>140131B</td><td>150120M</td><td>R11021</td><td>14M01M</td></tr> <tr><td>130405B</td><td>140131C</td><td>150120N</td><td>14M01A</td><td>14M01N</td></tr> <tr><td>130405C</td><td>140131D</td><td>150120P</td><td>14M01AA</td><td>14M01P</td></tr> <tr><td>130406A</td><td>140131E</td><td>150120Q</td><td>14M01BB</td><td>14M01Q</td></tr> <tr><td>130904A</td><td>150017A</td><td>150044A</td><td>14M01C</td><td>14M02B</td></tr> <tr><td>130904B</td><td>150090H</td><td>160109A</td><td>14M01CC</td><td>14M02C</td></tr> <tr><td>130904C</td><td>150090L</td><td>160109B</td><td>14M01D</td><td>14M02D</td></tr> </table> <p>Ford may supplement this labour 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.</p>	110513A	131108A	150090P	160129A	14M01EE	110524A	131109A	150090Q	MT131102	14Mo1GG	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	150044A	14M01C	14M02B	130904B	150090H	160109A	14M01CC	14M02C	130904C	150090L	160109B	14M01D	14M02D
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Transmission Diagnostic Test	<p>“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.</p>																																																							
Transmission Diagnostic Test Form	<p>“Transmission Diagnostic Test Form” means the form in an agreed upon format to be used by a Ford Dealer to document the results of a Transmission Diagnostic Test.</p>																																																							
Transmission Hardware Replacement	<p>“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.</p>																																																							
Unknown Claims	<p>“Unknown Claims” means any and all Released Claims that any Class Member does not know to exist against any of the Released Parties and that, if known, might have affected his or her decision to enter into or to be bound by the terms of this Settlement. The Plaintiffs and Class Members acknowledge that they may hereafter discover facts in addition to or different from those that they 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, without regard to subsequent</p>																																																							

	discovery or existence of such different or additional facts concerning each of the Released Parties.
Warranty Start Date	"Warranty Start Date" means the original retail delivery date or date of first use of the vehicle, whichever occurs first.

B. SETTLEMENT BENEFITS

1. 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 paragraph B.2 below and whose Class Vehicle has received three (3) or more Software Flashes while that Class Member owned or leased the Class Vehicle is eligible to receive a cash payment of \$65 CAD for the third and subsequent Software Flash up to a maximum total payment of \$780 CAD.

2. Cash Payments or Owner Appreciation Certificates for Three or More Transmission Hardware Replacements within Seven (7) Years or 160,000km of the Warranty Start Date

A Class Member whose Class Vehicle has received three (3) or more Transmission Hardware Replacements within seven (7) years or 160,000km 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 (OAC), according to the following schedule, where cash payments to individual Class Members are capped at a total of \$2,935 CAD and OAC values are capped at a total of \$5,870 CAD:

Number of Transmission Hardware Replacement	Cash Payment (Canadian Dollars)	Owner Appreciation Certificate Value
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

Class Members shall not be entitled to cash payments or OACs for ninth (9th) or subsequent Transmission Hardware Replacements.

3. 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 Program 14M01, if (1) the clutch has been replaced by a Ford Dealer twice within the Class Vehicle's five (5) year / 100,000 kilometre powertrain warranty and (2) outside of the Class Vehicle's five (5) year / 100,000 kilometre powertrain warranty, a Ford Dealer performs the appropriate Ford-approved diagnostic procedures and determines, based on these procedures, that a third clutch replacement is required, the Class Member may claim reimbursement for the third clutch replacement provided that all three clutch replacements were

performed: (a) by a Ford Dealer; (b) while the Class Vehicle is owned by the Class Member; and (c) within seven (7) years or 160,000 kilometres of the Warranty Start Date, whichever occurs first.

4. Alternative Benefits

a. Alternative Benefits Eligibility:

Subject always to the limitation period for making claims for Alternative Benefits set out at below, a Class Member that currently owns or leases a Class Vehicle and that meets any of the four eligibility criteria set out in this paragraph B.4 may elect to apply for Alternative Benefits in lieu of either of the benefits set out at paragraphs B.1 and B.2.

The four 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 Alternative Benefits if:

- (1) the Class Member has had two or three Transmission Hardware Replacements while he or she 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; 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 Alternative Benefits if:

- (1) the Class Member has had two or three Transmission Hardware Replacements while he or she 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 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 (the “Subsequent Repair Failed Test”);

Note: 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 Transmission Diagnostic Tests and the Subsequent Repair.

Note: if the Class Vehicle passes the Transmission Diagnostic 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 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 Alternative Benefits if:

- (1) the Class Member has had three or more Transmission Hardware Replacements while he or she 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; 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”).

Note: if the Class Member has had the third Transmission Hardware Replacement within seven (7) years or 100,000 kilometres of the Warranty Start Date, but after the expiry of the limitation period (being within six (6) years of the Warranty Start Date, or 180 days after the Claims Administration

Commencement Date), then the Class Member remains eligible for Alternative Benefits under Alternative Benefits Eligibility Criteria 3 if all the other criteria are met.

("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 Alternative Benefits if:

- (1) the Class Member has had three or more Transmission Hardware Replacements while he or she 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 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 (the "Subsequent Repair Failed Test").

Note: 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 Transmission Diagnostic Tests and the Subsequent Repair.

Note: if the Class Vehicle passes the Transmission Diagnostic 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 Transmission Diagnostic Tests or the Subsequent Repair.

Note: if the Class Member has had the third Transmission Hardware Replacement within seven (7) years or 100,000 kilometres of the Warranty Start Date, but after the expiry of the limitation period (being within six (6) years of the Warranty Start Date, or 180 days after the Claims Administration Commencement Date), then the Class Member remains eligible for Alternative Benefits under Alternative Benefits Eligibility Criteria 4 if all the other criteria are met.

("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 Alternative Benefits if:

- (1) the Class Member has had four or more Transmission Hardware Replacements while he or she 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 has failed the Transmission Diagnostic Test at the time that the claim is made.

("Alternative Benefits Eligibility Criteria 5")

b. Alternative Benefits Limitation Period:

A Class Member shall be eligible to make a claim for Alternative Benefits only if the claim for Alternative Benefits is made to the Claims Administrator within six (6) years of the Warranty Start Date, or 180 days after the Claims Administration Commencement Date, whichever is later.

For clarity, a Class Member who owns or leases a Class Vehicle that is older than five (5) years at the Claims Administration Commencement Date (seven (7) years in the case of Alternative Benefits Eligibility Criteria 3 and 4) or which has an odometer reading of greater than 100,000 kilometres shall not be precluded from making a claim for Alternative Benefits if the Class Member has met either Alternative Benefits Eligibility Criteria 1 or Alternative Benefits Eligibility Criteria 2 or Alternative Benefits Eligibility Criteria 3 or Alternative Benefits Eligibility Criteria 4 or Alternative Benefits Eligibility Criteria 5, so long as the claim is made within the Alternative Benefits Limitation Period.

c. Alternative Benefits Determination:

- (1) If the eligible Alternative Benefits Claimant entitled to Alternative Benefits is a current and original owner of the Class Vehicle, then Ford of Canada will, subject to Ford's right to make an offer to repurchase the Class Vehicle from the Class Member, make an **Alternative Cash Payment (Original Owner)** to the eligible Alternative Benefits Claimant based on the following formula:

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.

- (2) If the eligible Alternative Benefits Claimant entitled to Alternative Benefits is a current but not the original owner of the Class Vehicle, then Ford of Canada will, subject to Ford's right to make an offer to repurchase the Class Vehicle from the Class Member, make an **Alternative Cash Payment (Subsequent Owner)** to the eligible Alternative Benefits Claimant based on the following formula:

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.

Note: In all cases Ford may, in its sole discretion, elect to offer to repurchase the Class Vehicle from an eligible Alternative Benefits Claimant on terms set by Ford. The Class Member may then elect to either accept such offer or demand the Alternative Cash Payment (Owner) or Alternative Cash Payment (Subsequent Owner), as the case may be. In the event that the Alternative Benefits Claimant accepts Ford's offer to repurchase the Class Vehicle, the gross amount (i.e. the amount before deducting the amount payable to Class Counsel and the Law Foundation) of the Alternative Cash Payment (Owner) or Alternative Cash Payment (Subsequent Owner) as the case may be will constitute a part of the repurchase price and Ford will make a direct payment to the eligible Alternative Benefits Claimant outside the claims administration process to make up the balance of the agreed to repurchase price. On payment of the repurchase price, the eligible Alternative Benefits Claimant will deliver up his or her Class Vehicle to Ford. The Alternative Benefits Claimant shall not be entitled to any other relief or benefits.

- (3) If the eligible Alternative Benefits Claimant entitled to Alternative Benefits is a current lessee of the Class Vehicle, 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 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).

d. Alternative Benefits are Reduced by 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 B.1 or B.2 above or by the value of any used OACs issued pursuant to Section B.1 or B.2 above.

Any amount payable by Ford of Canada by way of Alternative Benefit shall also be reduced by the value of any unused OACs issued pursuant to Section B.1 or B.2 above, unless the Certificate(s) are voided by the Claims Administrator.

e. Transmission Diagnostic Test

If an Alternative Benefits Claimant agrees to have a Transmission Diagnostic Test performed on his or her Class Vehicle in order to be eligible for the Alternative Benefits pursuant to either Alternative Benefits Eligibility Criteria 1, 2, 3, 4 or 5 then the Transmission Diagnostic Test shall be performed by a Ford Dealer with the Class Member 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 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 is still experiencing an issue with his or her Class Vehicle, then the Alternative Benefits Claimant may elect to have a second Ford Dealership perform the Transmission Diagnostic Test on the Class Vehicle (the "Second Opinion Test"). The Alternative Benefits Claimant must follow the same procedure as he or she 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. 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.

F. How the Subsequent Repair will work

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 Dealership 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 Dealership to have the Subsequent Repair performed by the Ford Dealership.

Following the Subsequent Repair, the Alternative Benefits Claimant will have 1 year from the date the Class Vehicle was returned by the Ford Dealership to the Alternative Benefits Claimant following the Subsequent Repair 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 Dealership the

Alternative Benefits Claimant chooses to perform the 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 year following the Subsequent Repair that the transmission is continuing to malfunction.

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.

C. FORD OPTION TO WITHDRAW

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.

D. FORD'S CONTRIBUTION TO CLASS COUNSEL FEES AND DISBURSEMENTS

Ford of Canada will pay:

- a. \$2,000,000 plus HST of \$260,000 as its contribution to class counsel fees; and
- b. reasonable class counsel disbursements.

In addition, Ford of Canada will make a \$1,000,000 recoverable advance payment to Class Counsel, which may be recovered by Ford as set out below.

In addition to Ford of Canada's contribution to class counsel fees, Class Counsel will seek in its fee approval materials a flat fee of 10% of the 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 will agree to seek no more than 10% of the benefits payable to Class Members from the Claims Administration process.

The Notice to the Class of the proposed settlement will state that up to 10% of Class benefits from the Claims Administration process will be paid to Class Counsel subject to court approval at the settlement approval hearing, that 10% of Class benefits will be payable to the Law Foundation and that, accordingly, Class Members may recover only 80% of the Class benefits.

Ford of Canada will retain up to the first \$1,000,000 of counsel fees generated in the claims administration process 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 recovered in counsel fees from the claims administration process (i.e. if less than \$10,000,000 is recovered by the class in the claims administration program), then the balance of Ford's advance would be non-refundable.

The percentage of Class benefits payable as fees to Class Counsel (and reimbursed to Ford of Canada) and the percentage of Class benefits payable to the Law Foundation will be held back by the Claims Administrator from all payments to Class Members for distribution to Ford of Canada, Class Counsel and

the Law Foundation pursuant to the terms above. The Claims Administrator will report on the holdback quarterly and distribute the holdback quarterly.

In the event Ford makes an offer to repurchase the Class Vehicle from an eligible Alternative Benefits Claimant in accordance with sections 4.C.1 and 2 above and the offer is accepted by the eligible Alternative Benefits Claimant, the Claims Administrator will hold back 20% from the portion of the repurchase price that is paid to the eligible Alternative Benefits Claimant by the Claims Administrator to reflect the amount owing to Class Counsel and the Law Foundation . This way, the hold back will be on the Alternative Cash Payment portion of the repurchase price only. There will be no withholding on the additional payment to be made by Ford directly to the eligible Alternative Benefits Claimant to effect the repurchase.

E. ROLE OF THE CLAIMS ADMINISTRATOR

The Claims administrator will receive claims, provide forms, determine eligibility, issue payment (by way of cheque) for Ford of Canada.

F. SUBMISSION OF DOCUMENTATION IN SUPPORT OF CLAIMS

This will be addressed in the drafting of the notices. The intention is that the notices are in simple, plain English and French.

G. ARBITRATOR FOR APPEALS OF DECISIONS MADE BY THE CLAIMS ADMINISTRATOR

If a Class Member disputes either the Claims Administrator's rejection of his or her claim or the amount to be reimbursed pursuant to a claim, the Class Member (or Class Counsel if acting on behalf of the Settlement Class Member) may appeal the Claims Administrator's decision by submitting to 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 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 an arbitrator to be agreed on by Ford and Class Counsel to receive such appeals, which shall make a final, binding determination of the appeal following its receipt of Ford's response to the appeal.

The Arbitrator shall be selected by agreement of Ford and Class Counsel, and in the absence of such agreement, shall be appointed by the Courts. The Arbitrator may award costs of any Appeal to the successful party in the Appeal including, should Ford of Canada be successful on the Appeal, a reimbursement to Ford of Canada by the Class Member of the Arbitrator's fees and reasonable disbursements paid by Ford of Canada.

The Arbitrators must be available in both official languages.

H. HONORARIUM FOR REPRESENTATIVE PLAINTIFFS

The plaintiffs and Ford agree to apply to the court for an honorarium of \$5,000 to be awarded to each of the representative plaintiffs except Rebecca Romeo, for whom the plaintiffs and Ford will apply to the court for an honorarium of \$7,500.

I. NOTICE PROGRAM

Ford Canada will fund the cost of the notice program, including costs of translating the notice into French and the costs of publishing the notice in French with major Quebec media.

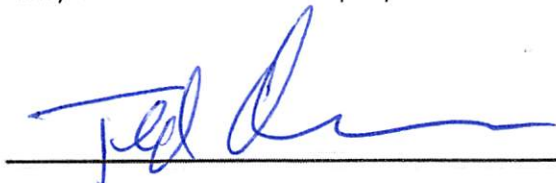
Agreed to this 5th day of November 2018



Hugh DesBrisay

DMG Advocates LLP

Lawyers for Ford Motor Company and Ford Motor Company of Canada, Limited



Theodore P. Charney

Charney Lawyers

Class Counsel