

Howard et al.)
v.)
Ford Motor Company)

Action # 763785-2

Supplemental Notice of Class Action Settlement

To: Persons who have purchased or leased a 1983-1995 Model Year Ford, Lincoln, or Mercury vehicle with a DISTRIBUTOR-MOUNTED THICK FILM IGNITION MODULE

Si usted desea obtener una copia de este documento legal en Español, favor de actuar inmediatamente y escribir a: TFI Settlement Administrator, P.O. Box 6175, Novato, CA 94948-6175.

This is a supplemental notice of the settlement of a class action litigation that may affect your rights. Please read this notice carefully. It describes the settlement and those who may be entitled to benefits of the settlement. A court has approved the following settlement to resolve litigation related to vehicles equipped with a distributor-mounted TFI module. You may have the right to file for a reimbursement of costs for replacement of your TFI module or to receive extended warranty service on the module, if you and your vehicle meet the requirements set forth below.

This supplemental notice does not apply to you if you already received notice of the settlement or if you are not the addressee to whom this notice was mailed.

You may have received notice of this same settlement in publications, or via the Internet or other sources, in 2002. Notice was provided by mail to owners of vehicles identified at that time, and to all owners through an extensive program of publication of notices in newspapers and magazines approved by the Court. In addition, the Court ordered that a website be posted at www.TFISettlement.com, which has been in place since 2002. The parties to the settlement recently obtained your mailing address and are therefore sending this supplemental notice to confirm that you were informed of the terms and benefits of the settlement and the rights you may have under the settlement to receive warranty service or reimbursement of costs you paid to replace your TFI module.

THE LITIGATION

A class action lawsuit was filed in the Superior Court of the State of California in and for the County of Alameda entitled *Howard et al. v. Ford Motor Company*. It is action number 763785-2. Certain individuals who owned vehicles with the distributor-mounted TFI module brought the case for themselves, and asked the Court to allow the case to apply to other owners of vehicles with the module. After motions on this issue, the Court agreed, and thus the case went forward as a “class action,” for all those vehicle owners. The class included California residents who are current owners and lessees, and certain former owners and lessees, of certain Ford, Lincoln, and Mercury vehicles, as described more fully below. Similar actions proposing classes that include owners of the same vehicles in the other 49 states were filed in other courts: *Bainbridge v. Ford Motor Company*, King County, Washington, Case No. 96-2-15959-0SEA; *Buchanan v. Ford Motor Company*, Prince George’s County, Maryland, Case No. Cal 96-13683; *Cobb v. Ford Motor Company*, Cook County, Illinois, Case No. 96-CH6397; *Smith v. Ford Motor Company*, Mobile County, Alabama, Case No. CV 96-001726; and *Sweet v. Ford Motor Company*, Blount County, Tennessee, Case No. C-10463. (Collectively, these lawsuits, including *Howard*, are referred to as the “Related Actions.”) The settlement applied to all the cases and thus all owners of the vehicles at issue throughout the United States are affected by and receive the benefits of the settlement.

DEFINITION OF THE CLASS MEMBERS

The Court in the Howard case, for purposes of resolving the claims in all the Related Actions, certified a Settlement Class that INCLUDES all persons residing in the United States who (1) currently own or lease a 1983 through 1995 model-year Ford, Lincoln, or Mercury vehicle with a distributor-mounted thick film ignition (“TFI”) module (“class vehicles”); (2) have owned or leased a 1983 through 1995 model-year Ford, Lincoln, or Mercury vehicle with a distributor-mounted TFI module and paid or were charged for the cost of replacing a TFI module in such vehicle; or (3) purchased or leased a 1983 through 1995 model-year Ford, Lincoln, or Mercury vehicle with a distributor-mounted TFI module when that vehicle was new. These are the “Settlement Class Members” for the case, and if you meet these definitions you have rights under the settlement.

The Settlement Class EXCLUDES the following entities and persons: (a) Ford Motor Company, its subsidiaries and affiliates, officers, directors, and employees; (b) persons who have suffered physical injury as a result of a malfunctioning distributor-mounted TFI module installed in a class vehicle, as well as the legal representatives, heirs, successors or assigns of any excluded class member; (c) persons who have filed separate non-class legal actions against Ford asserting claims substantially similar to those alleged in the Related Actions; (d) persons who have settled with and validly released Ford from individual claims substantially similar to those alleged in the Related Actions; and (e) persons who have previously timely and validly requested exclusion from the class certified in *Howard v. Ford Motor Company*.

The schedule below is a list of those Ford, Lincoln, or Mercury vehicle lines in which at least some of the vehicles were equipped with DISTRIBUTOR-MOUNTED TFI MODULES.

TFI-IV CLASS LIST: 1983-1995 Model Years

* For those model years designated with an asterisk, some vehicles were equipped WITH distributor-mounted TFI-IV modules and some vehicles were NOT equipped with distributor-mounted TFI-IV modules. Only those vehicles that were equipped with a distributor-mounted TFI-IV module are part of the class. Models without an asterisk indicate that all vehicles of that model in that model year were equipped with distributor-mounted TFI-IV modules. If you have any question whether a particular Ford, Lincoln, or Mercury vehicle is a class vehicle, you may receive a complete list of class vehicles by visiting www.TFISettlementSupplemental.com or by sending a self-addressed stamped envelope to: TFI Settlement Administrator, P.O. Box 6175, Novato, CA 94948-6175.

| <u>Model Year</u> | <u>Models</u> |
|-------------------|---|
| <u>1983:</u> | *Capri, *Escort, *EXP, *Lynx/LN7, *Mustang, *Ranger, *Thunderbird |
| <u>1984:</u> | *Bronco, Bronco II, *Capri, *Continental, *Cougar, *Crown Victoria, *E-Series, *Escort, *EXP, *F-Series, Grand Marquis, *LTD, *Lynx, *Mark, *Marquis, *Mustang, *Ranger, Tempo, *Thunderbird, Topaz, Town Car |
| <u>1985:</u> | *Bronco, Bronco II, Capri, Continental, Cougar, *Crown Victoria, *E-Series, *Escort, *EXP, *F-Series, Grand Marquis, LTD, Mark, Marquis, Mustang, *Ranger, Tempo, Thunderbird, Topaz, Town Car, XR4Ti |
| <u>1986:</u> | Aerostar, *Bronco, Bronco II, Capri, Continental, Cougar, *Crown Victoria, *E-Series, *Escort, *EXP, *F-Series, Grand Marquis, LTD, *Lynx/XR3, Mark, Marquis, Mustang, *Ranger, Sable, Taurus, Tempo, Thunderbird, Topaz, Town Car, XR4Ti |
| <u>1987:</u> | Aerostar, *Bronco, Bronco II, Continental, Cougar, *Crown Victoria, *E-Series, Escort, EXP, *F-Series, Grand Marquis, Lynx, Mark, Mustang, *Ranger, Sable, Taurus, Tempo, Thunderbird, Topaz, Town Car, XR4Ti |

- 1988: Aerostar, Bronco, Bronco II, *Cougar, *Crown Victoria, E-Series, Escort, EXP, F-Series, Grand Marquis, Mark, Mustang, *Ranger, *Sable, Scorpio, *Taurus, Tempo, *Thunderbird, Topaz, Town Car, XR4Ti
- 1989: Aerostar, Bronco, Bronco II, *Crown Victoria, E-Series, Escort, F-Series, Grand Marquis, Mark, Mustang, *Ranger, *Sable, Scorpio, *Taurus, Tempo, Topaz, Town Car, XR4Ti
- 1990: *Aerostar, Bronco, Bronco II, *Crown Victoria, *E-Series, Escort, *F-Series, Grand Marquis, Mark, Mustang, *Probe, *Ranger, *Sable, *Taurus, Tempo, Topaz, Town Car
- 1991: Bronco, *Crown Victoria, *E-Series, *F-Series, Grand Marquis, Mark, *Mustang, *Probe, *Ranger, *Sable, *Taurus, Tempo, Topaz
- 1992: Mark, *Mustang, *Probe, *Ranger, *Sable, *Taurus, Tempo, Topaz
- 1993: *Mustang, *Sable, *Taurus, Tempo, Topaz
- 1994: *Sable, *Taurus, Tempo, Topaz
- 1995: *Sable, *Taurus

BACKGROUND AND ALLEGATIONS OF THE LITIGATIONS

In the Related Actions, the plaintiffs alleged that Ford knew, but concealed from the public and from government officials, information that its TFI-IV module—which is an ignition-system component that Ford installed on the distributors of class vehicles—had an inordinately high propensity for failure due to overheating. The plaintiffs alleged that TFI module failure is more likely to occur in conditions that cause the TFI module to become overheated, such as in hot weather and while the vehicle’s engine is under load (such as while towing or while driving up a grade) or while idling for extended periods. The plaintiffs also alleged that TFI module failure frequently occurs on an intermittent basis; that is, the module will fail while hot, and then recover and continue functioning after it cools. In addition, the plaintiffs alleged that if a TFI-IV module fails, the engine of the vehicle can stall suddenly and unexpectedly, even while traveling on the roadway, thereby creating an unreasonable risk to motor vehicle safety.

Ford denied all of the material allegations made by the plaintiffs in the Related Actions and denied and continues to deny wrongdoing or liability of any kind. Ford contended that its TFI modules are as good as or better than the ignition modules produced by its competitors and it denied the existence of any defect in the class vehicles. It also disagreed with plaintiffs’ contentions about the likelihood of module failure and supposed intermittent failures and believed that any failures would most likely manifest themselves as an inability to start the vehicle. Ford also believed it complied with all applicable federal and state laws. Accordingly, neither this notice nor the settlement reflect any concession by Ford that there is a defect in the class vehicles or that Ford violated any law or the rights of Settlement Class Members.

The Parties litigated the Related Actions vigorously through the Howard action for nearly six years. That case was the largest class action of its type to proceed to a jury trial, which ended in a mistrial in November 1999. The trial proceeded to a second phase, in which certain equitable claims were tried to the Court. No judgment was entered at that time. The remaining legal claims were to have proceeded to a second jury trial in September 2001. The claims made by the plaintiffs in the Related Actions pending outside of California would have been litigated thereafter, if the case had not settled.

After protracted negotiations, the Parties entered into a Settlement Agreement dated October 8, 2001. The settlement terms are briefly summarized below. The following description does not supersede the terms of the Settlement Agreement and related documents and exhibits, which are

available for public inspection in the office of the Clerk of the Court. The settlement was approved by the Court in June 2002 as fair and reasonable for the Settlement Class Members. At that hearing, the Court considered numerous different comments and objections about the settlement and found the objections to be without merit.

Counsel for the plaintiffs believed and continue to believe that the settlement was and is a fair and reasonable resolution of the Related Actions. In making this determination, they considered the substantial benefits from the settlement that have been and will be given to Settlement Class Members, when these benefits were balanced with the risk that another jury trial could have ended in a verdict for Ford, and (even if the plaintiffs were successful at trial) the long delays that will occur before the Howard case and all appeals were completed (and this was expected to take several years). Thereafter, each of the remaining Related Actions could have been litigated through trial, appeal, and final resolution (adding more years of delay to the resolution).

TERMS OF THE SETTLEMENT

Ford agrees that Settlement Class Members who currently own a class vehicle will receive an extension of new vehicle warranty coverage for Ford-manufactured (i.e., Motorcraft® brand) distributor-mounted TFI-IV modules to the first 100,000 miles of vehicle operation. This warranty extension significantly expands the coverage of TFI modules under the original warranty on class vehicles (which was typically 5-years/50,000-miles, whichever came first). The warranty extension is already in effect. Thus, if your vehicle is a class vehicle and you have a Ford-manufactured TFI module that fails in the future but before your vehicle has been driven more than 100,000 miles, you can obtain a cost-free replacement of the TFI module by taking the vehicle to a Ford dealer.

Ford also agrees as part of the settlement to reimburse Settlement Class Members who have incurred costs in replacing a Ford-manufactured (i.e., Motorcraft® brand) distributor-mounted TFI-IV module in a class vehicle that had been in operation for 100,000 miles or less at the time of the replacement. The reimbursement benefit applies to costs Settlement Class Members incurred in replacing a Ford-manufactured (Motorcraft® brand) TFI module, even if the replacement TFI module was manufactured by a company other than Ford (such as Napa, Echlin, Dana, Wells Manufacturing, Standard Motor Products, or any other third-party manufacturer of TFI modules). The reimbursement benefit does not apply to costs incurred in replacing a TFI module that was manufactured by another manufacturer of TFI modules; that is, Ford will provide reimbursement for the replacement of a Ford-manufactured (Motorcraft® brand) TFI module, but it will not provide reimbursement for replacing a TFI module that Ford did not manufacture.

Settlement Class Members who wish to claim reimbursement must send in a timely claim form. The claim form must be signed under penalty of perjury (which confirms that you are truthful in completing the form); it does not have to be signed by a notary. The completed claim form and supporting proof-of-purchase documentation, if any, must be submitted no later than May 28, 2005. A claim form and instructions are attached. If you need an additional copy you may copy it, or obtain another by visiting www.TFISettlementSupplemental.com, by sending a request by e-mail to ClaimFormRequest@TFISettlementSupplemental.com, by calling the toll-free number 1-866-285-5100, or by sending a self-addressed stamped envelope addressed as follows: TFI Settlement Administrator, P.O. Box 6175, Novato, CA 94948-6175.

Settlement Class Members who pay to replace a Ford-manufactured (Motorcraft® brand) TFI module (within the first 100,000 miles of vehicle operation) after receiving this notice will not be reimbursed unless permitted for emergency repairs when a Ford dealer was not available.

Ford also agreed as part of the settlement to contribute the amount of \$5 million to various colleges and universities for use in conducting research related to motor vehicle safety. This process has begun and research is being conducted at schools around the United States and in other countries. This research is expected to last several years, and public reports and suggestions on motor vehicle safety will be issued.

The settlement results in a release by all Settlement Class Members (other than those who already requested to be excluded from the Settlement Class) of all claims against Ford Motor Company that were pleaded or could have been pleaded in the Related Actions, and such release was expressly stated in the final judgment. That final judgment was approved by and signed by the Court in June 2002. It does not bar personal injury, property damage, or wrongful death claims against Ford, regardless of whether such claims arose before or after the settlement.

In June 2002, the Court held a hearing and considered objections to various aspects of the settlement. The Court ruled that the objections were without merit and that the settlement was fair, reasonable, and adequate to the class. After approving the settlement, the Court determined that Ford should also pay reasonable attorney fees and expenses to counsel for the plaintiffs and Settlement Class Members. Payment of attorney fees and expenses to Class Counsel did not reduce any funds or benefits being made available to the Settlement Class Members. Thereafter, the objecting Class Members filed appeals; these were resolved in December 2002 and the settlement as approved by the Court became final.

The settlement was and is binding on all members of the Settlement Class. If you come within the Settlement Class definition (set forth above) and if you DO NOT fit the above description of those individuals EXCLUDED from the Settlement Class, you are a member of the Settlement Class and are bound by the settlement approved by the Court. Members of the Settlement Class are precluded from bringing a similar lawsuit.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, YOU DO NOT NEED TO DO ANYTHING AT THIS TIME; YOU ARE, HOWEVER, ENTITLED TO SUBMIT A CLAIM FOR REIMBURSEMENT, OR TO RECEIVE THE EXTENDED WARRANTY SERVICE ON YOUR TFI MODULE AT A FORD DEALER.

Information about the approved settlement, is available at www.TFISettlementSupplemental.com, by calling toll-free 1-866-285-5100, or by writing to the TFI Settlement Administrator at P.O. Box 6175, Novato, CA 94948-6175.

If you have already replaced your TFI module, a copy of the claim form for reimbursement is attached, with its instructions. Additional copies can be obtained by copying the claim form, or by visiting the website, calling the toll-free number, or writing to the TFI Settlement Administrator.

Do not contact Ford Motor Company or its counsel regarding this settlement. In addition, the Court cannot answer questions about the settlement. **DO NOT CALL OR WRITE THE COURT FOR INFORMATION.** For your questions, write to the TFI Settlement Administrator at the website or address set forth above.

By order of Judge Michael E. Ballachey, Judge of the Alameda County Superior Court, assigned, dated June 21, 2004.