SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the National Highway Traffic Safety Administration ("NHTSA") and Ford Motor Company ("Ford") through their respective undersigned counsel for the purpose of resolving issues related to civil penalties for alleged violations of various provisions of a law commonly known as the National Traffic and Motor Vehicle Safety Act, 49 U.S.C. Chapter 301 ("Safety Act"), arising out of Ford's responses to information requests issued by NHTSA during its investigations of vehicles manufactured by Ford for steering column fires and underdash fires, denominated as PE 92-069, PE 94-034, PE 94-078, and EA 95-002 (collectively "subject investigations"), and arising out of Ford's alleged failure to provide NHTSA and vehicle owners with a timely notification of and a remedy for an alleged safety-related defect in certain of its vehicles.

Whereas, between 1992 and 1996, NHTSA conducted the subject investigations into steering column fires and under dash fires of certain vehicles manufactured by Ford.

Whereas, in April, 1996, Ford announced a recall of approximately 7.8 million vehicles, manufactured between 1988 and 1992, to replace the vehicles' ignition switches (collectively, "subject vehicles").

Whereas, NHTSA alleges that Ford, in its response to various NHTSA information requests issued between 1992 and 1996 in the subject investigations, provided responses that in some respects were not accurate or complete, and did not provide all responsive documents to NHTSA, as required by 49 U.S.C. § 30166.
Whereas, NHTSA alleges that Ford did not timely notify NHTSA and the owners of the subject vehicles of an alleged safety-related defect in such vehicles and did not provide a timely remedy, as required by 49 U.S.C. §§ 30118(c), 30119(c) and 30120.

Whereas, Ford acknowledges that in its responses to some of the information requests in the subject investigations, it did not provide to NHTSA some documents covered by these requests which, Ford contends, was inadvertent, but Ford denies that its answers to information requests were not accurate or complete.

Whereas, Ford denies that there was or is a safety-related defect in the subject vehicles involving the ignition switch and allegedly associated fires.

Whereas, Ford denies that it violated the Safety Act in any respect.

Whereas, it is the mutual desire of NHTSA and Ford to resolve these issues by agreement in order to avoid a protracted dispute and possible litigation.

Now, therefore, the parties, by their respective undersigned counsel, agree as follows:

1. The Secretary of Transportation has the authority to compromise the amount of any potential civil penalties under the Safety Act, 49 U.S.C. § 30165. The Secretary's authority has been delegated to the Administrator of NHTSA. 49 CFR 1.50.

2. Ford is, and at all times relevant to this action has been, a manufacturer of motor vehicles within the meaning of the Safety Act, 49 U.S.C. § 30101(a)(3).

3. Without any admissions being made by Ford and without any findings being made by NHTSA with respect to the above-referenced allegations, Ford shall pay to the United States a civil penalty in the sum of $425,000 pursuant to the Safety Act, 49 U.S.C. § 30165. Ford shall pay this penalty no later than thirty days after the execution of this agreement.

Payment shall be made by wire transfer of funds to the U.S. Treasury.

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4. Upon receipt of the aforementioned payment, the Secretary of Transportation, by and through the Administrator of NHTSA, releases Ford, its officers, and employees, from liability with respect to any and all potential claims for civil penalties arising out of alleged violations of 49 U.S.C. §§ 30118, 30119, 30120, and 30166 related to the subject investigations.

5. This Agreement represents the entire understanding and agreement of the parties. There are no oral or other understandings between the parties with respect to any matter or claim that is the subject of this Settlement Agreement.

6. The parties to this Agreement have the legal authority to enter into this Agreement, and each party has authorized its undersigned counsel to execute this Settlement Agreement on its behalf.

Dated as of March 11, 1999

National Highway Traffic Safety Administration

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