

Press Release: December 20, 2002

From: Attorney General of California, Department of Justice

States Alleged Ford Sold SUVs Knowing About Tire Failure and Rollover Dangers

(SACRAMENTO) – Attorney General Bill Lockyer and the Attorneys General of 52 other jurisdictions today announced a \$51.5 million national settlement with Ford Motor Company that resolves allegations the car maker knowingly sold consumers sport utility vehicles (SUV) prone to tire failures and rollovers.

The states will use \$30 million of Ford's settlement payment to mount a nationwide public service, consumer education campaign on SUV safety. Another \$15.9 million will provide payments of \$300,000 each to the 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. The remaining \$5.6 million will be used to pay the costs of the states' investigation. Ford's \$300,000 payment to California will include \$100,000 in civil penalties and \$200,000 for attorney fees and costs. The company already has spent approximately \$2 billion to replace tires in the 53 jurisdictions.

"This investigation was about fair advertising and consumer safety," said Lockyer. "Ford's conduct jeopardized the safety of drivers and their families. I am pleased Ford has resolved this matter and accepted the responsibility of raising consumer awareness about SUV safety."

The states alleged Ford failed to disclose to car buyers that certain Firestone ATX and Wilderness AT tires which came equipped on some Ford SUVs made the vehicles unsafe because the tires had unacceptable failure rates and made the SUVs more prone to roll over. The states alleged Ford continued to use the tires even after the company knew about the defects.

Ford exacerbated the problem, the states alleged, by misleading consumers in advertising about the safe use of Ford SUVs. According to the states, Ford advertisements exaggerated the safe loading capacity and maneuverability of its SUVs. Additionally, Ford falsely told consumers that certain aftermarket tires sold through the company's "Around the Wheel" program were the same as the tires that came equipped on Ford SUVs, the states alleged.

The Ford agreement comes a year after the states entered a \$51.5 million national settlement with Bridgestone/Firestone, Inc., related to the advertising and sale of tires with high rates of tread separation. Bridgestone/Firestone manufactured the tires specifically for use as original equipment on Ford Explorers and Mercury Mountaineers.

Besides funding a national SUV safety campaign, the Ford agreement contains a number of other important provisions to enhance consumer safety:

- The settlement prohibits Ford from misrepresenting the cargo capacity, safety and handling characteristics of its SUVs. Ford specifically is prohibited from using the term "car-like" to describe the steering and handling of its SUVs. Additionally, Ford cannot mislead consumers about the purpose of any recall or recommended inspection.
- The company must have reliable scientific evidence to substantiate any representations about vehicle safety, performance or durability.

- Ford must provide safety information about cargo loading and vehicle handling to each consumer who buys a Ford SUV, and provide Spanish language owners' guides upon request.

In the agreement, Ford spelled out a number of consumer education initiatives it will launch in the coming year. Ford also agreed to abide by all state and federal laws governing SUV safety, including a federal regulation that requires manufacturers of SUVs with a wheelbase under 110 inches to alert purchasers that those vehicles have a higher possibility of rollover than other vehicles. In addition, Ford will advise consumers of steps they can take to reduce the potential for rollover or rollover-related injuries.

The California complaint and judgment were filed today in San Diego Superior Court. The settlement does not preclude an individual's right to assert legal claims against Ford.