

Report on Lobbying Efforts and Expenditures Related to Federal Fuel Economy Standards

WHEREAS: Ford's lobbying efforts help to prevent an increase in federal Corporate Average Fuel Economy (CAFE) standards. These efforts stand in stark contrast to CEO Bill Ford, Jr.'s attempts to present Ford as an environmentally responsible company, and therefore are potentially damaging to the company and may diminish consumer confidence.

WHEREAS: Ford's U.S. fleet has had the lowest fuel economy among the top seven automakers, for five years running, according to the EPA. Ford's poor fuel economy has exacerbated global warming pollution levels and risked harm to the company's reputation as a responsible corporate citizen.

WHEREAS: In 2000, Ford pledged to increase the fuel economy of its SUV fleet by 25 percent by 2005 but recanted in 2003, and further lobbied the National Highway Traffic and Safety Administration advocating for outdated vehicle classifications and exemptions that result in lower overall fuel economy.

RESOLVED: that the shareholders request that the Board of Directors prepare a report for shareholders, at reasonable cost and omitting proprietary information, on all of Ford's lobbying efforts and financial expenditures, the result of which would indirectly or directly prevent an increase in federal CAFE standards. The report should also present the business case for spending shareholder funds to block CAFE improvements in light of Ford's new policy of increasing fuel economy by 80 percent in the long term.

Supporting Statement

Consumers are paying high prices at the gasoline pump because of record-breaking gasoline prices and poor miles per gallon vehicles.

Presumably to overcome Ford's last place ranking in fuel economy and recover consumer trust, Ford has made commitments to "green" its vehicles. Yet, Ford continues to spend millions of dollars to lobby Congress and the Bush Administration contributing to the prevention of the true solutions consumers seek while potentially compromising consumer confidence and damaging Ford's reputation.

Ford's monetary contributions and actions are perpetuating Ford's carbon burden. Ford's vehicles release more carbon dioxide than the entire country of Mexico. In 2003, Ford spent \$5,250,000 to lobby Congress and the Bush administration on a range of consumer and environmental issues, including fuel economy.

A recent World Resources Institute report noted that Ford is poorly positioned to respond to likely carbon restraints in both international and North American markets compared to its main competitors due to the company's failure to aggressively pursue fuel economy technology. Ford is not prepared for the future carbon constraints. This future exposure may compound Ford's current loss of market share. During the first nine months of 2004, Ford's market share in the United States declined to 18.4 percent from 19.5 percent – a level not seen since the 1930's.

Undermining federal efforts to protect consumers from global warming pollution may destroy consumer confidence in Ford's vehicles and the competitive positioning of Ford's vehicles within U.S. markets and exports to climate-conscious economies.

The report requested by this resolution will allow shareholders to determine if Ford's current lobbying efforts are consistent with the company's strategies, as well as whether such strategies are in the shareholders' best interests.

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