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## NEWS RELEASE

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### **Environmental Group Depicts Ford's Chief as Pinocchio**

NY Times --- Stung by the depiction of its chairman and chief executive as Pinocchio in an advertisement, the Ford Motor Company has sent a cease-and-desist letter to an environmental group responsible for the ad.

Ford is demanding that the group, Bluewater Network, which is based in San Francisco, stop "unlawful conduct" in a print and Internet campaign that attacks Ford's environmental policies.

Bluewater began running an ad in national and college publication earlier this month that said William Clay Ford Jr., the company's chairman and chief executive, had failed to make good on a promise the company made in 2000 to increase the fuel efficiency of its sport utility vehicles 25 percent by 2005.

The ad features a line drawing of Mr. Ford with an extra-long nose and the words: "Bill Ford Jr. or Pinocchio? Don't buy his environmental rhetoric. Don't buy his cars."

Ford's letter, sent by the law firm Kirkland & Ellis in Washington, says that Bluewater Network's campaign violates several laws.

The company contends that Bluewater is unlawfully using Ford's blue oval trademark on its Web site and that Bluewater has orchestrated a telephone call-in campaign to Mr. Ford's office that could be considered harassment.

The director of Bluewater, Russell Long, said that the group had provided Mr. Ford's number to its organizers on college campuses but that it was given only to individuals who wanted to express their opinions and was never printed or posted on the group's Web site.

The letter does not demand that the group stop its campaign, and a Ford spokesman, Jim Vella, said the company understood the right of groups to make their opinions known.

But the letter does make clear what the company's position is on the caricature of Mr. Ford. "Your personal attacks on Mr. Ford are gratuitous and offensive, well beyond the scope of responsible and civil public dialogue, and strong evidence that you made the misrepresentations

with malice," the letter reads. "We know you understand the seriousness of falsely and maliciously maligning the men and women of Ford Motor Company."

Mr. Long said that he had discussed the letter with his lawyers and would continue with the campaign despite what he called "Ford's intimidation tactics."

This recent dispute highlights the divide between environmental groups and Mr. Ford, whom they once considered an ally. It also reflects a growing difference of opinion among environmental groups on what tactics will work to force the industry to build cleaner and more fuel efficient vehicles.

In 2000, Mr. Ford pledged that the company, which was founded by his great-grandfather, would increase the fuel economy of its sport utility vehicles by 25 percent over five years. General Motors and DaimlerChrysler made the same pledge soon afterward. "When Bill Ford made his announcement, it was a golden moment," Mr. Long said. "We had found a single company willing to be a change agent."

But Mr. Long said that after three years Mr. Ford had done little to make good on his promise and had undermined legislation drafted by Senators John McCain, Republican of Arizona, and John Kerry, Democrat of Massachusetts, that would have doubled the industry's overall fuel economy to 36 miles a gallon by 2015.

Federal regulations require the auto industry to meet a corporate average fuel economy of 27.5 miles a gallon for its cars and 20.7 miles a gallon for its light trucks. Under revised regulations, light trucks must meet a standard of 22.2 miles a gallon by the 2007 model year.

Ford acknowledged in its corporate citizenship report last July that it had not met its promise to increase the fuel efficiency of its S.U.V.'s by 25 percent. In a letter included in the report, Mr. Ford wrote that the company was unable to make the investments in technologies needed to meet his goal. Since he became both chairman and chief executive in 2001, the company has grappled with declining revenue and market share.

But the company did note that the fuel efficiency of its S.U.V. fleet increased 5.2 percent in 2003; in 2002, its sport utilities were 8.4 percent more efficient than those in 2000. The company also points to the introduction of a hybrid electric version of the Ford Escape, a small S.U.V., as a sign that it continues to work on environmental initiatives.

Despite those explanations, several environmental groups have become disenchanted with the man and company they once thought would help compel Congress to increase fuel-economy regulations, which remained virtually unchanged through the 1990's.

They are, however, taking different, less adversarial tactics than Bluewater Network.

Last year, the Sierra Club ran ads during Ford's 100th anniversary celebrations depicting the company as a laggard in innovation. The ads featured innovations like the iPod music player

that have replaced old technologies like the wind-up phonograph. Then it showed a Ford Model T, which got 25 miles a gallon, compared with the Ford Explorer, which gets 16 miles a gallon.

But the Sierra Club declined to sign on to Bluewater's Pinocchio ad, which was supported by Greenpeace and Public Citizen of California, among other groups.

"It wasn't our message," said Dan Becker, a global warming expert with the Sierra Club, which has 700,000 members. "We didn't want to be associated with it."

Mr. Long, a former America's Cup skipper, founded Bluewater Network eight years ago. It now has about 20,000 members and "e-activists," or people who have signed up online, and a budget of about \$1 million, he said.

The group has been active in the battles to ban snowmobiles and personal water craft from national parks. It also sponsored legislation in California to reduce carbon dioxide emissions from cars and trucks by 2009. The legislation was passed in 2002, but regulations on how to achieve the reductions will not be settled until 2005.

Although Mr. Long said he respected the tactics of other groups, he said environmental advocates had to take some responsibility for the lack of progress in increasing the auto industry's fuel efficiency.

"Environmental groups have been ineffective," he said. "Despite spending millions of dollars in this battle, we've failed."

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