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DENISE L. NAPPIER

NEWS

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Ford Motor Co. to Prepare Climate Risk Report; Connecticut Pension Fund Among Investors in Talks Leading to Landmark Agreement

Ford is First in Auto Industry to Respond to Investor Concerns; Agreement Follows Previous Successful Efforts by Connecticut Pension Fund in Electric Power Industry

As a result of a shareholder resolution filed with the Ford Motor Company, the country's second largest automaker today announced it will issue a comprehensive report later this year examining the business implications of reducing greenhouse gas emissions, including impacts from possible policy and regulatory changes. It will be the first such report in the auto industry.

The primary filers of the shareholder resolution – and central to the negotiations that led to Ford's announcement -- were the Tri-State Coalition for Responsible Investment, a coalition of investors with the Interfaith Center on Corporate Responsibility (ICCR), and the Connecticut Retirement Plans and Trust Funds (CRPTF), which have been encouraging electric power, oil/gas and auto companies to analyze climate change risks. The resolution was withdrawn this week.

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> ***State Treasurer Denise Nappier***

Connecticut Treasurer Denise L. Nappier, the principal fiduciary of the $20 billion CRPTF, said: "With this agreement, we have turned the corner on a pivotal and pressing issue, as more of our nation's leading companies are getting the message that it is in the best interest of investors and the bottom line to consider the financial and business implications of climate change."

Because motor vehicles are the fastest growing source of greenhouse emissions, a growing number of investors are concerned that growing consumer demand for cleaner vehicles, higher gasoline prices, and current and future government policies limiting greenhouse gas emissions from vehicles could put the value of their investments at greater risk.

Building on previous studies to measure greenhouse emissions from its manufacturing facilities, Ford agreed today to examine the strategic and financial implications on the company's business over the next 5 to 10 years of various policy and regulatory scenarios addressing the reduction of greenhouse gas emissions from cars and trucks. The report will focus primarily on the company's core North American market that accounts for nearly two-thirds of its annual sales. The report also will assess the evolving role of new technologies such as hybrid and hydrogen fuel-cell vehicles in light of the climate change issue.

Several shareholder groups have been meeting regularly with the company in recent months to discuss the report requested in the shareholder resolution, including ICCR, the Boston-based Ceres investor coalition and the Connecticut State Treasurer's office. The Connecticut Treasurer's Office is

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co-founder of the Investor Network on Climate Risk (INCR), which represents institutional investors with over $800 billion in assets. Ford said it will consult with all three groups in preparing the climate risk report.

Ford said today that the company agreed to prepare the report because: climate change is a serious environmental issue and shareholders are increasingly asking about the risks as well as the opportunities associated with it; shareholder value and environmental responsibility go hand-in-hand; and planning carefully and exercising leadership now on this important issue will strengthen the company's business in the long-term.

"This report is an important step for the U.S. auto industry," said Sister Patricia Daly, OP, executive director of the Tri-State Coalition for Responsible Investment.

"Climate change is an enormous business challenge for the auto sector, which faces a doubled-edge threat of rising gas prices and a growing worldwide push for greenhouse-friendly vehicles," said Mindy S. Lubber, president of Ceres.

The auto industry accounts for 20 percent of the nation's and 12 percent of the world's greenhouse gas emissions. The industry's emissions are currently on track to rise by over one-third over the next 15 years and double worldwide by 2050.

The shareholder resolution that was withdrawn this month requested that a committee of independent directors of the Ford board assess: how the company planned to ensure its competitive positioning in light of emerging GHG regulatory scenarios at the state, regional, national and international levels; how the company planned to comply with California's greenhouse gas standards; and how the company could significantly reduce greenhouse gas emissions from its national fleet of vehicles, using 2004 as a baseline, by 2014 and 2024. An identical shareholder resolution is still pending before General Motors, the world's largest automaker, and discussions with the automaker are ongoing.

"I congratulate Bill Ford for his recognition that planning for climate change is not merely an environmental issue, but a key business issue. As a long-term investor, I am hopeful that where Ford leads, others will follow," Nappier said.

Nappier also reiterated comments filed with the Connecticut General Assembly last month, urging Connecticut businesses to take steps to analyze the opportunities and risks posed by climate change, saying "climate change presents an historic opportunity for Connecticut to be a solid leader in the advance of technological change in this area, which will benefit our businesses, our economy, and ultimately all of our people."

Ford's decision, making them the first automaker to initiate such reporting, follows similar action a year ago by American Electric Power (AEP), the nation's largest emitter of CO_2, the primary greenhouse gas -- also as the result of negotiations involving the Connecticut pension fund.

Others in that industry followed AEP's lead, including international energy firms Cinergy, TXU and Southern. Shareholder resolutions seeking assessments on climate risk have been filed at a record 31 companies this year, including the resolutions at GM and Ford.

Treasurer Nappier, who co-chaired the first *Institutional Investor Summit on Climate Risk* at the United Nations in November of 2003, will co-chair a second summit at the United Nations this May. The 2003 Summit brought together over 250 investors and other leaders representing over $1 trillion in assets.

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