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December 15, 2004

To: All Ford Dealers in the State of Arkansas

Subject: Crown Victoria Police Interceptor *No Sale Policy* to Government Accounts in the State of Arkansas

Purpose

The purpose of letter is to inform you effective immediately that Ford Motor Company has initiated a *No Sale Policy* for the CVPI to government accounts in the State of Arkansas.

Immediate Action Requested – until further notice for all government accounts in the State of Arkansas

1. Ford dealers are not to sell CVPIs
2. Ford dealers should not submit any CVPI orders
3. Ford dealers must not deliver any stock or scheduled, produced or released CVPIs

Reasons for this Action

1. The Arkansas Attorney General, Public Protection Department, opened an investigation into Ford's advertising claims associated with the 1994 – 2005 MY CVPI.
2. The Arkansas Deputy Attorney General, Jim DePriest, has solicited the other states' attorneys general to form a multi-state attorney general group to investigate Ford.
3. Jim DePriest has notified other states' attorneys general that,

"we believe some of the representations made by Ford regarding the CVPI are false...We examined approximately 20 systems identified in Ford's marketing materials as CVPI features. Based upon our examination of the 2000 model, some of the features are present, others are not. For example, while Ford represents the CVPI as featuring a "heavy-duty" frame, "heavy-duty" suspension, "heavy-duty" wheels, "police level" cooling system, and "police level" 4-wheel disc brakes, our examination shows that each of these systems are identical to the civilian CV."
4. Ford disputes this conclusion:
 - a. While the Arkansas Attorney General claims that the suspension on the 2000 model year Police Interceptor is identical to the civilian Crown Victoria, it actually has heavier springs, shocks and front stabilizer bar, as well as an additional rear stabilizer bar.
 - b. The Attorney General claims that the frame on the Police Interceptor is identical to the frame on the civilian version, the facts are that there are internal frame reinforcements and heavier gauge frame material on the Police Interceptor.
 - c. Although the Attorney General claims that the brake system on the Police Interceptor is identical to that on the civilian model, it actually has different rear

- brake linings and rear brake pistons that provide additional braking capacity and fade resistance as compared to the civilian Crown Victoria.
- d. In contrast to the Attorney General's claims, the steel wheel, found on all Police Interceptor vehicles, is heavy duty. While that feature is standard equipment on civilian Crown Victoria vehicles, a lighter aluminum wheel is an option on the civilian vehicle.
 - e. Finally, the Police Interceptor has an engine oil cooler and a higher idle speed, which promotes greater coolant circulation speed during police duty extended idle. In short, the Arkansas Attorney General's findings are without merit.
 - f. Ford requested that the Arkansas Attorney General provide a waiver for future sales of Police Interceptors so that the Company could continue to sell Police Interceptors to law enforcement departments in Arkansas without the threat of this litigation. The State refused.
5. Ford dealers will not deliver vehicles, regardless of order date, because the State's top law enforcement department is incorrectly contending that the vehicle does not possess the attributes as advertised. While Ford is confident in its position, the State's claims and attempts to create a multi-state claim against Ford creates litigation risk and expense. Indeed, the State's unfounded and premature claims have already resulted in the filing of a class action.
 6. Ford has offered to conduct a hoist review comparison of the Police Interceptor and the civilian Crown Victoria for the Arkansas Attorney General, so that we can educate the Attorney General as to the basis behind our advertising claims that the vehicle is "heavy duty."
 7. While we are confident in the merits of the Company's position and hopeful that the hoist review will convince the Attorney General to drop this matter, we cannot predict the reaction by the Attorney General.
 8. If the State either provides a waiver for future sales or drops the investigation, then Ford will resume sales of CVPIs to government accounts in Arkansas.

Send your comments to the State of Arkansas Attorney General:

The Arkansas consumer hotline for complaints and inquiries is 800-482-8982.

If you have any questions for Ford Fleet Sales

Please contact the Fleet Customer Information Center at 1-800-34-FLEET, Option #2.

Thank you for your understanding.

Sincerely,

Tony Gratson