

EXHIBIT FOUR

Amended Complaint doc. #15 pgs. 3-3-6

Master Answer 21 &22 Doc. # 100 pgs. 21-22

THE PARTIES AND THEIR EXPERIENCES

1. Plaintiff, Carrol Duhon, is a citizen of Louisiana and is the owner of a 2004 F-350 Super Duty, Lariat Edition truck that is equipped with Ford's 6.0 L diesel engine. Mr. Duhon is the first owner of the truck, having purchased it new on November 14, 2003. The vehicle has experienced significant, persistent, and costly breakdowns, beginning with the failure of the turbo system. In addition, the EGR valves have broken and the computer system has failed.

2. Defendant Ford Motor Company is a Delaware Corporation, having its principal place of business at One American Road in Dearborn, Michigan. Ford is one of the world's largest automobile manufacturers boasting annual revenues in the billions of dollars. Ford's F-Super Duty truck line has been one of Ford's best-selling vehicle lines over the years, and Ford has boasted about and touted the supposedly first rate quality, superiority, and toughness of these vehicles in its widespread advertisements across various media. Yet, as detailed more fully below, while Ford publicly was making such representations to consumers, Ford internally recognized that the Ford 6.0L diesel engine powering its F-Super Duty Diesel trucks was plagued by significant quality, design manufacture and reliability issues. So serious were Ford's concerns over the quality, design, and manufacture of the 6.0L diesel engine, that on or about January 11, 2007, Ford filed suit in Michigan state court against Navistar International Transportation Corporation and International Truck and Engine Corporation (the former name of Navistar, Inc.), the manufacturer of the 6.0 L Diesel engine powering Ford's F Super Duty diesel trucks. Ford's lawsuit complained, *inter alia*, that Navistar was not living up to its obligation to contribute its share of the significant warranty costs that Ford was incurring in having to repair, replace, or repurchase significant numbers of Ford trucks equipped with the diesel engine. In

Ford's lawsuit against Navistar, Ford represented through sworn affidavits and in legal memoranda filed before the Michigan state court that:

- “The 6.0L engine has experienced quality problems from the time of its November 2002 launch. It has the highest rates of any engine Ford has put into widespread distribution. As a result warranty ONP [“Owner Notification Programs”], and RAV [“Reacquiring A Vehicle”] spending have been enormous, and Ford ultimately was forced to dedicate a team of 70 engineers to assist Navistar on ways to fix the 6.0L engines already on the road and to improve the quality of the 6.0L engines still to be produced”;
- “Ford has still incurred and \$887 million warranty bill for 6.0L repairs”;
- “ONP and RAV costs have also been substantial. Ford has spent more than \$88 million in ONP directly related to the 6.0L engine, and \$84 million on vehicle buy back due to problems with Navistar's 6.0L engine”;
- “Navistar's 6.0 L Engine Experienced Immediate, Unprecedented Problems”;
- “Ford has spent \$227 million addressing injector problems with 6.0L”;
- “Navistar used a new, non-industry standard fuel injector system for the 6.0L, which has resulted in a large numbers of warranty claims”;
- “86% of the injectors [in the 6.0L diesel engine] replaced by dealers were confirmed to be problematic”;
- “Navistar also used a new turbocharger on the 6.0L that is more complex than the turbochargers that Navistar had previously used in engines supplied to Ford. Ford received numerous warranty claims related to the turbocharger”;

- “Ford has spent \$182 million in warranty expenses for required turbocharger replacements in Ford vehicles equipped with the 6.0L diesel engine”;
- “Ford has experienced unprecedented repair rates with the 6.0L engines. The 6.0L has had the largest R/1000 (repairs per thousand) rate ever experienced by Ford for and engine volume, accounts for approximately 80% of all Ford’s warranty spending on engines. Additionally, warranty spending on the 6.0L accounts for approximately 25% of Ford’s overall warranty spending”; and
- “Ford and Navistar participated in more than 1000 joint projects that focused on identifying and resolving specific issues with the 6.0L engine parts. For many of the engine parts, Ford Navistar, and/or Navistar suppliers, has identified specific design and manufacturing issues that are Navistar’s responsibility and that have caused the parts to fail.”

DEFENDANTS’ OMISSIONS, FAILURE TO DISCLOSE, AND AFFIRMATIVE MISREPRESENTATIONS CONCERNING THE 6.0 L DIESEL ENGINE AND THE VEHICLES IT POWERED

3. As the forgoing allegations demonstrate, Ford knew from the outset that there were severe and pervasive design, manufacturing and quality issues plaguing the Ford 6.0L diesel engine powering Ford’s trucks. Yet, despite this knowledge, neither Defendant disclosed any of these issues to consumers.

4. To the contrary, at the same time that Ford and Navistar were internally battling over the quality issues and defects plaguing the Ford 6.0 L diesel engine, Ford was making the opposite representations to consumers as to the quality of the engine and the vehicles it powered. For example, in its sales brochure for the 2005 Ford F-250 and F-350 truck, Ford touted to consumers that:

- The 2005 Ford-250 and Ford F-350 trucks had the “Best Power,” explicitly referencing the “6.0L 32 Valve Power Stroke® V8 Turbo Diesel”;
- The Ford F-250 and F-350 were equipped with a “Best in Class” and “Longest Lasting Diesel Engine”;
- “Longest-Lasting Diesel: Cast Iron Block Head- This proven architecture withstands the higher combustion pressure of peak diesel operation. The stiff bedplate provides rigidity. Electro-Hydraulic Direct Injection (EDHI), 4-valve induction, and electronic engine control promote efficient combustion for optimized horsepower and torque. All together the 6.0L Power Stroke® is the longest-lasting diesel in its class”;
- “Power Stroke V8 Turbo Diesel – F Series Super Duty out pulls the competition from a dead stop, in a 0-60 mph tow off. It’s done through careful power train management from engine to gearing to wheels and tire. The result is more capable trucks”; and
- Throughout the brochure, as in all Ford marketing materials about the subject trucks, Ford highlighted as its advertising slogan and sales pitch that the trucks were “Built Ford Tough.”

5. The website launched by Ford specifically to advertise the supposed merits of the Power Stroke diesel engine was just one discrete piece of a widespread and pervasive advertising campaign that Ford implemented to provide consumers, like Plaintiff and the members of the putative class, with the impression that Ford trucks equipped with the 6.0L diesel engine were of superior quality, reliability and durability, when in fact, Ford knew that the precise opposite was true.

[REDACTED]

[REDACTED]

[REDACTED]

D. Ford Sued Navistar Concerning the Defect

44. Ultimately, Ford sued Navistar in Michigan state court in March 2007, seeking \$493 million in damages for warranty costs, including a portion of some \$84 million spent buying back vehicles specifically attributable to 6.0L issues.¹⁶ It was in that context that Bob Fascetti, Ford's Director of Diesel Engineering, attested to the following:

Ford has experienced unprecedented repair rates with the 6.0L engines. The 6.0L has had the largest R/1000 (repairs per thousand) rate ever experienced by Ford for an engine in widespread production. In fact, the 6.0L, which represents only 10% of Ford's total engine volume, accounts for approximately 80% of all of Ford's warranty spending on engines. Additionally, warranty spending on the 6.0L accounts for approximately 25% of Ford's overall warranty spending."¹⁷

ANSWER: Ford admits that it brought suit against Navistar in March 2007 in *Ford Motor Co. v. Navistar Int'l Transp. Corp., et al.*, Case No. 07-080067-CK, before the Circuit Court of Oakland County, Michigan. Ford denies that its complaint in that lawsuit requested \$493 million. Ford admits that Ford Motor Company's Brief in Support of Its Motion for Temporary Restraining Order and Preliminary Injunction in that lawsuit stated that Navistar owed Ford over \$400 million. Ford further admits that the same brief and an attached affidavit by Jim Glass stated that Ford had spent over \$84 million in reacquiring vehicles attributable specifically to issues with the 6.0-liter engine. Ford further admits that Paragraph 44 accurately quotes language from an affidavit prepared in the course of that litigation by Robert Fascetti, then Director of V-Engine and Diesel Engineering for the North American Engine Organization

¹⁶ Ford Motor Company's Brief in Support of Its Motion For Temporary Restraining Order and Preliminary Injunction, *Ford v. Navistar*, CA07-080067-CK, Circuit Court of the County of Oakland, Michigan, at 5-6 and attached Aff. of Jim Glass, Reacquired Vehicle Operations Supervisor, Ford Motor Company, Feb. 28, 2007.

¹⁷ Fascetti Aff., Feb. 28, 2007.

of Ford Motor Company, dated February 28, 2007. Ford further admits that Mr. Fascetti's affidavit was true.

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47. Similarly, Ford found problems in 86% of the 6.0L's injectors and 95% of its turbochargers returned under warranty when tested under "real world" conditions, refuting Navistar's claim that there were no problems in these same parts.

ANSWER: Ford admits that in an affidavit dated February 28, 2007, Mina Shams stated that Navistar refused to pay warranty costs on 6.0-liter fuel injectors, "citing the results of certain tests that Navistar claims failed to identify problems in many injectors that were returned under warranty. However, when the injectors were re-tested under conditions that more closely approximated real-world 'cold-start' conditions, 86% of injectors were found to have problems." Ford further admits that Ms. Shams stated in the same affidavit that Navistar also refused to pay warranty costs on 6.0-liter turbochargers, "again citing the results of post-repair testing. Once again, when more accurate tests were run, the tests found problems in more than 95% of turbochargers returned under warranty." Ford admits that Ms. Shams' statements were true.

48. The pleadings in *Navistar* demonstrate that the problems Ford's customers have experienced with the 6.0L Engines are due to a defectively designed and manufactured engine.

ANSWER: Ford denies each and every allegation contained in Paragraph 48. Ford specifically denies that it ever admitted, in *Ford v. Navistar* or elsewhere, that the 6.0-liter Power Stroke engine or any of its components were defective.

E. **Ford Failed to Disclose the 6.0L Engine's Defects While Touting the Engine's Supposedly Superior Attributes.**

49. As the foregoing allegations demonstrate, Ford knew from the outset that there were severe and pervasive design, manufacturing, and quality issues plaguing the Ford 6.0L Engines. Yet, despite this knowledge, Ford never disclosed any of these issues to consumers.

ANSWER: Ford denies each and every allegation in Paragraph 49.