FORD MOTOR CO
Form 10-Q
November 08, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number: 1-3950

FORD MOTOR COMPANY
(Exact name of registrant as specified in its charter)

Delaware	38-0549190
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

One American Road, Dearborn, Michigan	48126
(Address of principal executive offices)	(Zip Code)

(313) 322-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). [X] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 29, 2004 the Registrant had outstanding 1,758,815,803 shares of Common Stock and 70,852,076 shares of Class B Stock.

Exhibit index located on sequential page number 34

Part I. Financial Information

Item 1. Financial Statements

Ford Motor Company and Subsidiaries
SECTOR STATEMENT OF INCOME
For the Periods Ended September 30, 2004 and 2003
(in millions, except per share amounts)

	Third Quar	
	2004	
	(unaudited	
AUTOMOTIVE		
Sales	$32,798	$3
Costs and expenses		
Cost of sales	30,957	2
Selling, administrative and other expenses	2,557	
Total costs and expenses	33,514	3
Operating income/(loss)	(716)	
Interest expense	397	
Interest income and other non-operating income/(expense), net	383	
Equity in net income/(loss) of affiliated companies	57	
Income/(loss) before income taxes - Automotive	(673)	
FINANCIAL SERVICES		
Revenues	6,198	
Costs and expenses		
Interest expense	1,470	
Depreciation	1,570	
Operating and other expenses	1,394	
Provision for credit and insurance losses	339	
Total costs and expenses	4,773	
Income/(loss) before income taxes - Financial Services	1,425	
TOTAL COMPANY		
Income/(loss) before income taxes	752	
Provision for/(benefit from) income taxes	210	

Income/(loss) before minority interests	542	
Minority interests in net income/(loss) of subsidiaries	62	
Income/(loss) from continuing operations	480	
Income/(loss) from discontinued/held-for-sale operations	(214)	
Cumulative effect of change in accounting principle	-	
Net income/(loss)	$ 266	$
Average number of shares of Common and Class B Stock outstanding	1,829	
AMOUNTS PER SHARE OF COMMON AND CLASS B STOCK (Note 7)		
Basic income/(loss)		
Income/(loss) from continuing operations	$ 0.26	$
Income/(loss) from discontinued/held-for-sale operations	(0.11)	
Cumulative effect of change in accounting principle	-	
Net income/(loss)	$ 0.15	$
Diluted income/(loss)		
Income/(loss) from continuing operations	$ 0.25	$
Income/(loss) from discontinued/held-for-sale operations	(0.10)	
Cumulative effect of change in accounting principle	-	
Net income/(loss)	$ 0.15	$
Cash dividends	$ 0.10	$

The accompanying notes are part of the financial statements.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
For the Periods Ended September 30, 2004 and 2003
(in millions, except per share amounts)

	Third Quarter	
	2004	2003
	(unaudited)	
Sales and revenues		
Automotive sales	$32,798	$30,243
Financial Services revenues	6,198	6,499
Total sales and revenues	38,996	36,742
Costs and expenses		

Cost of sales	30,957	28,381
Selling, administrative and other expenses	5,521	5,901
Interest expense	1,867	1,914
Provision for credit and insurance losses	339	529
Total costs and expenses	38,684	36,725
Automotive interest income and other non-operating income/(expense), net	383	455
Automotive equity in net income/(loss) of affiliated companies	57	(45)
Income/(loss) before income taxes	752	427
Provision for/(benefit from) income taxes	210	140
Income/(loss) before minority interests	542	287
Minority interests in net income/(loss) of subsidiaries	62	45
Income/(loss) from continuing operations	480	242
Income/(loss) from discontinued/held-for-sale operations	(214)	(3)
Cumulative effect of change in accounting principle	-	(264)
Net income/(loss)	$ 266	$ (25)
Average number of shares of Common and Class B Stock outstanding	1,829	1,831
AMOUNTS PER SHARE OF COMMON AND CLASS B STOCK		
Basic income/(loss)		
Income/(loss) from continuing operations	$ 0.26	$ 0.13
Income/(loss) from discontinued/held-for-sale operations	(0.11)	-
Cumulative effect of change in accounting principle	-	(0.14)
Net income/(loss)	$ 0.15	$ (0.01)
Diluted income/(loss)		
Income/(loss) from continuing operations	$ 0.25	$ 0.13
Income/(loss) from discontinued/held-for-sale operations	(0.10)	-
Cumulative effect of change in accounting principle	-	(0.14)
Net income/(loss)	$ 0.15	$ (0.01)
Cash dividends	$ 0.10	$ 0.10

The accompanying notes are part of the financial statements.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
SECTOR BALANCE SHEET
(in millions)

Septe

	20
	(unau
ASSETS	
Automotive	
Cash and cash equivalents	$ 6,
Marketable securities	10,
Loaned securities	2,
Total cash, marketable and loaned securities	19,
Receivables, net	3,
Inventories (Note 3)	10,
Deferred income taxes	3,
Other current assets	8,
Total current assets	45,
Equity in net assets of affiliated companies	1,
Net property	41,
Deferred income taxes	11,
Goodwill and other intangible assets (Note 4)	6,
Assets of discontinued/held-for-sale operations	
Other assets	15,
Total Automotive assets	121,
Financial Services	
Cash and cash equivalents	10,
Investments in securities	1,
Finance receivables, net	112,
Net investment in operating leases	31,
Retained interest in sold receivables	9,
Goodwill and other intangible assets (Note 4)	
Assets of discontinued/held-for-sale operations	
Other assets	12,
Receivable from Automotive	2,
Total Financial Services assets	180,
Total assets	$302,
LIABILITIES AND STOCKHOLDERS' EQUITY	
Automotive	
Trade payables	$ 16,
Other payables	3,
Accrued liabilities	34,
Debt payable within one year	1,
Current payable to Financial Services	
Total current liabilities	55,
Senior debt	12,
Subordinated debt	5,
Total long-term debt	17,
Other liabilities	41,
Deferred income taxes	3,
Liabilities of discontinued/held-for-sale operations	
Payable to Financial Services	2,
Total Automotive liabilities	120,

Financial Services	
Payables	2,
Debt	145,
Deferred income taxes	11,
Other liabilities and deferred income	8,
Liabilities of discontinued/held-for-sale operations	
Total Financial Services liabilities	167,
Minority interests	
Stockholders' equity	
Capital stock	
Common Stock, par value $0.01 per share (1,837 million shares issued)	
Class B Stock, par value $0.01 per share (71 million shares issued)	
Capital in excess of par value of stock	5,
Accumulated other comprehensive income/(loss)	(
Treasury stock	(1,
Earnings retained for use in business	11,
Total stockholders' equity	14,
Total liabilities and stockholders' equity	$302,

The accompanying notes are part of the financial statements.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
CONSOLIDATED BALANCE SHEET
(in millions)

	Septe 20 (una
ASSETS	
Cash and cash equivalents	$ 17,
Marketable securities	11,
Loaned securities	2,
Receivables, net	3,
Finance receivables, net	112,
Net investment in operating leases	31,
Retained interest in sold receivables	9,
Inventories	10,
Equity in net assets of affiliated companies	2,
Net property	42,
Deferred income taxes	3,
Goodwill and other intangible assets	7,
Assets of discontinued/held-for-sale operations	
Other assets	33,

Total assets	$288,
LIABILITIES AND STOCKHOLDERS' EQUITY	
Payables	$ 22,
Accrued liabilities	31,
Debt	164,
Other liabilities and deferred income	49,
Deferred income taxes	5,
Liabilities of discontinued/held-for-sale operations	
Total liabilities	273,
Minority interests	
Stockholders' equity	
Capital stock	
Common Stock, par value $0.01 per share (1,837 million shares issued)	
Class B Stock, par value $0.01 per share (71 million shares issued)	
Capital in excess of par value of stock	5,
Accumulated other comprehensive income/(loss)	(
Treasury stock	(1,
Earnings retained for use in business	11,
Total stockholders' equity	14,
Total liabilities and stockholders' equity	$288,

The accompanying notes are part of the financial statements.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
CONDENSED SECTOR STATEMENT OF CASH FLOWS
For the Periods Ended September 30, 2004 and 2003
(in millions)

	Nine Months 2004	
	Automotive	Financial Services
	(unaudited)	
Cash and cash equivalents at January 1	$ 5,423	$ 16,343
Cash flows from operating activities before securities trading	1,371	12,622
Net sales/(purchases) of trading securities	3,911	59
Net cash flows from operating activities	5,282	12,681

Cash flows from investing activities		
Capital expenditures	(4,603)	(299)
Acquisitions of receivables and lease investments	-	(47,338)
Collections of receivables and lease investments	-	37,035
Net acquisitions of daily rental vehicles	-	(2,739)
Purchases of securities	(6,811)	(786)
Sales and maturities of securities	6,635	650
Proceeds from sales of receivables and lease investments	-	9,265
Proceeds from sale of businesses	125	412
Net investing activity with Financial Services	3,277	-
Cash paid for acquisitions	(30)	-
Cash recognized on consolidation of joint ventures	-	-
Other	10	100
Net cash (used in)/provided by investing activities	(1,397)	(3,700)
Cash flows from financing activities		
Cash dividends	(549)	-
Net sales/(purchases) of Common Stock	(127)	-
Changes in short-term debt	(279)	8,979
Proceeds from issuance of other debt	406	12,138
Principal payments on other debt	(2,112)	(32,378)
Net financing activity with Automotive	-	(3,277)
Other	(17)	6
Net cash (used in)/provided by financing activities	(2,678)	(14,532)
Effect of exchange rate changes on cash	(9)	3
Net transactions with Automotive/Financial Services	92	(92)
Net increase/(decrease) in cash and cash equivalents	1,290	(5,640)
Cash and cash equivalents at September 30	$ 6,713	$ 10,703

The accompanying notes are part of the financial statements.

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Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Periods Ended September 30, 2004 and 2003
(in millions)

	2004
Cash and cash equivalents at January 1	$ 21,76

Cash flows from operating activities before securities trading	13,99
Net sales/(purchases) of trading securities	3,97
Net cash flows from operating activities	17,96
Cash flows from investing activities	
Capital expenditures	(4,90
Acquisitions of receivables and lease investments	(47,33
Collections of receivables and lease investments	37,03
Net acquisitions of daily rental vehicles	(2,73
Purchases of securities	(7,59
Sales and maturities of securities	7,28
Proceeds from sales of receivables and lease investments	9,26
Proceeds from sale of businesses	53
Cash paid for acquisitions	(3
Cash recognized on consolidation of joint ventures	
Other	11
Net cash (used in)/provided by investing activities	(8,37
Cash flows from financing activities	
Cash dividends	(54
Net sales/(purchases) of Common Stock	(12
Changes in short-term debt	8,70
Proceeds from issuance of other debt	12,54
Principal payments on other debt	(34,49
Other	(1
Net cash (used in)/provided by financing activities	(13,93
Effect of exchange rate changes on cash	(
Net increase/(decrease) in cash and cash equivalents	(4,35
Cash and cash equivalents at September 30	$ 17,41

The accompanying notes are part of the financial statements.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

1. Financial Statements - The financial data presented herein are unaudited, but in the opinion of management reflect those adjustments necessary for a fair presentation of the results of operations and financial condition of Ford Motor Company and its consolidated subsidiaries and consolidated Variable Interest Entities ("VIEs") of which we are the primary beneficiary for the periods and at the dates presented. Results for interim periods should not be considered indicative of results for a full year. Reference

should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2003 (the "10-K Report"). For purposes of this report, "Ford", the "Company", "we", "our", "us" or similar references mean Ford Motor Company and our consolidated subsidiaries and our consolidated VIEs of which we are the primary beneficiary, unless the context requires otherwise. Certain amounts for prior periods were reclassified to conform with current period presentation. Reclassifications include the presentation of discontinued/held-for-sale operations and Interest income and other non-operating income/(expense), net.

2. Discontinued and Held-for-Sale Operations

Automotive Sector

In September 2004, management committed to sell our Formula One racing operations, as these operations are not consistent with our recently announced PAG improvement plan nor our goals to build on the basics and focus on our core business. We expect to sell these operations during the next twelve months and have reported them as held-for-sale under Statement of Financial Accounting Standards ("SFAS") No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets, for all periods shown. In the third quarter of 2004, we recorded a pre-tax charge of $69 million reflected in Income/(loss) from discontinued/held-for-sale operations related to the anticipated loss on the sale of the net assets. The charge represents the difference between the anticipated selling price of the net assets, less costs to sell them, and their recorded book values. Under SFAS No. 142 Goodwill and Other Intangible Assets, we also recorded a pre-tax goodwill impairment of $204 million reflected in Income/(loss) from discontinued/held-for-sale operations related to the disposal of these operations.

Financial Services Sector

In September 2004, the Financial Services sector completed the sale, initiated in 2003, of a U.S. subsidiary that offers full service car and truck leasing.

Total Company

The results of all discontinued/held-for-sale operations are as follows (in millions):

	Third Quart
	2004
Sales and revenues	$ 66
Income/(loss) from discontinued/held-for-sale operations:	
Operating income/(loss)	$ (24)
Goodwill impairment	(204)
Gain/(loss) on discontinued/held-for-sale operations	(69)
Pre-tax total	(297)
Provision for/(benefit from) income taxes	(83)
Total	$(214)

At September 30, 2004, assets of discontinued/held-for-sale operations consisted primarily of net property totaling $72 million.

3. Automotive Inventories are summarized as follows (in millions):

	September 30, 2004
Raw materials, work in process and supplies	$ 3,996
Finished products	7,961
Total inventories at FIFO	11,957
Less LIFO adjustment	(976)
Total inventories	$10,981

Ford Motor Company and Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

4. Goodwill and Other Intangibles - We perform annual testing in the second quarter on goodwill and certain other intangible assets to determine if any impairment has occurred. No impairment resulted from our annual test in the second quarter of 2004.

Changes in the carrying amount of goodwill are as follows (in millions):

	Automotive Sector		
	Americas	Europe/PAG	FAP & Other
Beginning balance, December 31, 2003	$154	$4,951	$ 72
Exchange translation/other	32	(25)	(4)
Ending balance, September 30, 2004	$186	$4,926	$ 68

In addition, included within Equity in net assets of affiliated companies was goodwill of $205 million at September 30, 2004. During the third quarter and first nine months of 2004, we impaired $64 million and $185 million, respectively, of goodwill related to other-than-temporary loss in value for two of our equity investments.

The components of identifiable intangible assets are as follows as of September 30, 2004 (in millions):

	Automotive Sector		Financi
	Amortizable	Non-amortizable	Amortizable
Gross carrying amount	$ 564	$ 452	$ 92
Less: accumulated amortization	(132)	-	(50)
Net intangible assets	$ 432	$ 452	$ 42

Pre-tax amortization expense related to these intangible assets for the nine months ended September 30, 2004 was $28 million. Intangible asset amortization is forecasted to range from $30 to $40 million per year for the next five years.

5. Variable Interest Entities - Effective July 1, 2003, we adopted Financial Accounting Standards Board Interpretation No. 46, Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 ("FIN 46"), for VIEs formed prior to February 1, 2003. As a result of consolidating VIEs of which we are the primary beneficiary, in the third quarter of 2003 we recognized a non-cash charge of $264 million as the Cumulative effect of change in accounting principle in our statement of income. The charge represented the difference between the fair value of the assets, liabilities and minority interests recorded upon consolidation and the carrying value of our investments in these entities. Recorded assets excluded goodwill in accordance with FIN 46.

Reflected in our September 30, 2004 balance sheet are $3.8 billion of VIE assets related to VIEs that were consolidated as a result of the implementation of FIN 46. During the third quarter of 2004, there were no significant changes to VIEs of which we are the primary beneficiary.

VIEs of which we are not the primary beneficiary:

Automotive Sector

Ford has several investments in other joint ventures deemed to be VIEs of which we are not the primary beneficiary. The risks and rewards associated with our interests in these entities are based primarily on ownership percentages. Our maximum exposure (approximately $7 million at September 30, 2004) to any potential losses associated with these VIEs is limited to our equity investments and, where applicable, receivables due from the VIEs.

Financial Services Sector

Ford Credit has investments in certain joint ventures deemed to be VIEs of which it is not the primary beneficiary. The risks and rewards associated with Ford Credit's interests in these entities are based primarily on ownership percentages. Ford Credit's maximum exposure (approximately $137 million at September 30, 2004) to any potential losses associated with these VIEs is limited to its equity investments, and, where applicable, receivables due from the VIEs.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

5. Variable Interest Entities (Continued)

Ford Credit also sells receivables to bank-sponsored asset-backed commercial paper issuers that are special purpose entities ("SPEs") of the sponsor bank and are not consolidated by us. At September 30, 2004, these SPEs held about $4.1 billion of retail installment sale contracts previously owned by Ford Credit.

6. Derivative Financial Instruments

Income Statement Impact: The ineffective portion of designated hedges, amortization of mark-to-market adjustments associated with hedging relationships that have been terminated, and mark-to-market adjustments that reflect changes in interest rates for non-designated hedging activity are recognized in Cost of sales for the Automotive sector and in Revenues for the Financial Services sector and are shown in the table below (in millions):

	Income/(Loss) Be	
	Third Quarter	
	2004	2003
Automotive Sector	$ 43	$ 132
Financial Services Sector	99	58
Total	$ 142	$ 190

Fair Value of Derivative Instruments: The fair value of derivatives reflects the price that a third party would be willing to pay or receive in arm's length transactions for assuming our position in the derivatives transaction and includes mark-to-market adjustments to reflect the effects of changes in the related index. The following tables summarize the estimated fair value of our derivative financial instruments, taking into consideration the effects of legally enforceable netting agreements, (in billions):

	September 30, 2004	
	Fair Value	Fair Value

	Assets	Liabilitie
Automotive Sector		
Total derivative financial instruments	$ 1.9	$ 0.4
Financial Services Sector		
Foreign currency swaps, forwards and options	$ 3.0	$ 1.1
Interest rate swaps	3.1	0.2
Impact of netting agreements	(0.3)	(0.3)
Total derivative financial instruments	$ 5.8	$ 1.0

7. Amounts Per Share of Common and Class B Stock - The calculation of diluted income/(loss) per share of Common and Class B Stock takes into account the effect of rights to acquire our Common Stock, such as convertible securities and stock options, considered to be potentially dilutive. Basic and diluted income/(loss) per share were calculated using the following (in millions):

	Third Quarter	
	2004	2003
Diluted Income		
Income/(loss) from continuing operations attributable to Common and Class B Stock	$ 480	$ 242
Income impact of assumed conversion of convertible preferred securities	50	-
Diluted income/(loss) from continuing operations	$ 530	$ 242
Diluted Shares		
Average shares outstanding	1,829	1,831
Issuable/(returnable) and uncommitted ESOP shares	(4)	(2)
Basic shares	1,825	1,829
Employee compensation-related shares, primarily stock options	19	14
Convertible preferred securities	282	-*
Diluted shares	2,126	1,843

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Not included in calculation of diluted earnings per share due to their antidilutive effect:

* 282 million shares related to convertible preferred securities.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

8. Comprehensive Income - Other comprehensive income/(loss) primarily reflected adjustments for foreign currency translation, SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and minimum pension liability. Total comprehensive income/(loss) is summarized as follows (in millions):

	Third Quarter	
	2004	2003
Net income/(loss)	$ 266	$ (25)
Other comprehensive income/(loss)	415	309
Total comprehensive income/(loss)	$ 681	$ 284

9. Retirement Benefits - Pension, postretirement health care and life insurance benefit expense is summarized as follows (in millions):

	Third Quarter			
	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2004	2003	2004	2003
Service cost	$ 159	$ 148	$ 138	$ 123
Interest cost	614	605	330	293
Expected return on assets	(803)	(808)	(411)	(345)
Amortization of:				
Prior service cost	125	109	26	34
(Gains)/losses and other	6	20	45	44
Separation programs	-	-	6	34
Allocated costs to Visteon	(27)	(22)	-	-
Net expense/(income)	$ 74	$ 52	$ 134	$ 183

	Nine Months			
	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2004	2003	2004	2003

Service cost	$ 477	$ 444	$ 414	$ 369
Interest cost	1,834	1,815	998	877
Expected return on assets	(2,409)	(2,388)	(1,231)	(1,036)
Amortization of:				
Prior service cost	375	327	82	101
(Gains)/losses and other	17	7	137	120
Separation programs	1	-	36	56
Allocated costs to Visteon	(79)	(66)	-	-
Net expense/(income)	$ 216	$ 139	$ 436	$ 487

Company Contributions: Our policy for funded defined benefit pension plans is to contribute, at a minimum, amounts required by applicable laws, regulations, and union agreements. We from time to time make contributions beyond those legally required. During the first nine months of 2004, we made $1.8 billion of contributions to our funded pension funds and benefit payments for our unfunded pension plans. We contributed an additional $300 million on October 6, 2004 to our U.S. pension funds.

We contributed $1.5 billion to our previously established long-term Voluntary Employees Beneficiary Association trust ("VEBA") for U.S. hourly retiree healthcare and life insurance benefits during the first nine months of 2004. We contributed an additional $300 million on October 6, 2004 to the long-term VEBA.

We continue to consider further contributions to our pension funds and to the VEBA.

10. Guarantees - The fair values of guarantees and indemnifications issued since December 31, 2002 are recorded in the financial statements and are de minimis.

At September 30, 2004, the following guarantees were issued and outstanding:

Guarantees related to affiliates and third parties: We guarantee debt and lease obligations of certain joint ventures as well as certain financial obligations of outside third parties to support business and economic growth. Expiration dates vary, and guarantees will terminate on payment and/or cancellation of the obligation. A payment would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. In some circumstances, we are entitled to recover from the third party amounts paid by us under the guarantee. However, our ability to enforce these rights is sometimes stayed until the guaranteed party is paid in full. The maximum potential payments

10. Guarantees (Continued)

under these guarantees total approximately $524 million, the majority of which relates to the Automotive sector.

In 1992, we issued $500 million of 7.25% Notes due October 1, 2008 ("Notes"). In 1999, the bondholders agreed to relieve us as the primary obligor with respect to the principal of these Notes. As part of this transaction, Ford placed certain financial assets into an escrow trust for the benefit of the bondholders. Ford is still the primary obligor with respect to the interest on these obligations. The trust became the primary obligor with respect to the principal (Ford became secondarily liable for the entire principal amount).

We also have guarantees outstanding associated with a subsidiary trust, Ford Motor Company Capital Trust II ("Trust II"). For further discussions of Trust II, refer to Notes 12 and 14 of the Notes to the Financial Statements in the 10-K Report.

Indemnifications: We regularly evaluate the probability of having to incur costs associated with indemnifications contained in contracts that we are a party to and have accrued for expected losses that are probable and for which a loss can be estimated. During the third quarter there were no significant changes to our indemnifications.

Product Performance:
Warranty: Estimated warranty costs and additional service actions are accrued for at the time a vehicle is sold to a dealer. Included in the warranty cost accruals are costs for basic warranty coverages on vehicles sold. Estimates for warranty costs are made based primarily on historical warranty claim experience. Product recalls and other customer service actions are not included in the warranty reconciliation below but are also accrued for at the time of sale. The following is a tabular reconciliation of the product warranty accrual (in millions):

	Ni
	2004
Beginning balance	$ 5,443
Payments made during the period	(2,701)
Changes in accrual related to warranties issued during the period	2,586
Changes in accrual related to pre-existing warranties	21
Foreign currency translation/other	25
Ending balance	$ 5,374

11. Segment Information - The Company's operating activity consists of two operating sectors, Automotive and Financial Services.

Segment selection is based upon the organizational structure that we use to evaluate performance and make decisions on resource allocation, as well as availability and materiality of separate financial results consistent with that structure.

Beginning with the second quarter of 2004, we changed the reporting of our Automotive sector to show three primary segments, Americas, Ford Europe and

PAG, and Ford Asia Pacific and Africa/Mazda. Automotive sector prior period information reflects the three primary segments in the table below.

Item 1. Financial Statements (Continued)

Ford Motor Company and Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

11. Segment Information (Continued)

(in millions)

	Automotive Sector					Financial Services		
	Americas	Ford Europe and PAG	Ford Asia Pacific & Africa /Mazda	Other	Total	Ford Credit	Hertz	El Ot
THIRD QUARTER 2004								
Revenues								
External customer	$18,905	$12,012	$ 1,881	$ -	$ 32,798	$ 4,391	$ 1,664	$
Intersegment	451	409	45	-	905	115	4	
Income								
Income/(loss) before income taxes	(463)	(227)	48	(31)	(673)	1,167	249	
THIRD QUARTER 2003								
Revenues								
External customer	$18,365	$10,258	$ 1,620	$ -	$ 30,243	$ 4,868	$ 1,489	$
Intersegment	544	451	69	-	1,064	75	5	
Income								
Income/(loss) before income taxes	(134)	(480)	8	2	(604)	808	186	
NINE MONTHS 2004								
Revenues								
External customer	$63,974	$38,891	$ 5,397	$ -	$108,262	$ 13,414	$ 4,388	$
Intersegment	2,646	1,943	77	-	4,666	365	15	
Income								
Income/(loss) before income taxes	1,871	(374)	185	(578)	1,104	3,676	386	
Other Disclosures								
Total assets at September 30					121,784	164,139	14,804	1
NINE MONTHS 2003								
Revenues								
External customer	$62,043	$32,119	$ 4,291	$ -	$ 98,453	$ 15,370	$ 3,899	$
Intersegment	2,671	1,138	92	-	3,901	233	21	

Income								
Income/(loss) before income taxes	1,463	(1,168)	42	(253)	84	2,196	184	
Other Disclosures								
Total assets at September 30					119,159	178,829	13,249	3

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a/ Financial Services sector's interest income is recorded as Revenues.

b/ Includes intersector transactions occurring in the ordinary course of business.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Ford Motor Company:

We have reviewed the accompanying consolidated balance sheet of Ford Motor Company and its subsidiaries as of September 30, 2004, and the related consolidated statement of income for each of the three and nine-month periods ended September 30, 2004 and 2003, and the consolidated statement of cash flows for each of the nine-month periods ended September 30, 2004 and 2003. In addition, we have reviewed the accompanying interim sector balance sheet and the related sector statements of income and of cash flows, presented for purposes of additional analysis. The interim consolidated and sector financial statements (collectively, the "interim financial statements") are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the interim financial statements, on July 1, 2003, the Company adopted Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51."

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated and sector balance sheets as of December 31, 2003, and the related consolidated and sector statements of income and of cash flows (not presented herein), and consolidated statement of stockholders' equity for the year then ended (not presented herein), and in our report dated March 10, 2004, we expressed an unqualified opinion on those consolidated and sector financial statements. In our opinion, the information set forth in the accompanying consolidated and sector balance sheet information as of December 31, 2003, is fairly stated in all material respects in relation to the consolidated and sector balance sheets from which it has been derived.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Detroit, MI
November 8, 2004

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain amounts were reclassified to conform to current period presentation. Reclassifications include profit and loss related to discontinued/held-for-sale operations.

THIRD QUARTER RESULTS OF OPERATIONS

Our worldwide net income was $266 million in the third quarter of 2004, or $0.15 per diluted share of Common and Class B Stock. In the third quarter of 2003, net loss was $25 million, or $0.01 per share.

Results by business sector for the third quarter of 2004 and 2003 are shown below (in millions):

	Third Qua Net Income/	
	2004	2003
Income/(loss) before income taxes		
Automotive sector	$ (673)	$ (604)
Financial Services sector	1,425	1,031
Total Company	752	427
Provision for/(benefit from) income taxes	210	140
Minority interests in net income/(loss) of subsidiaries a/	62	45
Income/(loss) from continuing operations	480	242
Income/(loss) from discontinued/held-for-sale operations b/	(214)	(3)
Cumulative effect of change in accounting principle	-	(264)
Net income/(loss)	$ 266	$ (25)

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a/ Minority interests in net income/(loss) of subsidiaries primarily related to Ford Europe's consolidated less-than-100%-owned affiliates.

b/ See Note 2 of the Notes to the Financial Statements for discussion of Income/(loss) from discontinued/held-for-sale operations.

Automotive Sector

Details of Automotive sector results for the third quarter of 2004 and 2003 are shown below (in millions):

	Third Quarter			
				In
	Income/(Loss) Before Taxes			
	2004	2003	2004 Over/ (Under) 2003	200
Americas				
Ford North America	$(522)	$(108)	$(414)	$(48
Ford South America	59	(26)	85	5
Total Americas	(463)	(134)	(329)	(42
Ford Europe and PAG				
Ford Europe	(33)	(456)	423	(3
PAG	(194)	(24)	(170)	(17
Total Ford Europe and PAG	(227)	(480)	253	(20
Ford Asia Pacific and Africa/Mazda				
Ford Asia Pacific and Africa	35	3	32	3
Mazda and Associated Operations	13	5	8	1
Total Ford Asia Pacific and Africa/Mazda	48	8	40	4
Other Automotive	(31)	2	(33)	(3
Total, excluding special items				(60
Special items *				(6
Total Automotive	$(673)	$(604)	$ (69)	$(67

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* 2004 special items included charges of $(41) million for our investment in Ballard Power Systems Inc. and $(23) million related to our PAG improvement plan. 2003 special items included a charge of $(56) million for our Ford Europe improvement plan.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Details of Automotive sector sales and vehicle unit sales for the third quarter 2004 and 2003 are shown below:

	Sales (in billions)				Veh
	2004	2003	2004 Over/(Under) 2003		2004
Americas					
Ford North America	$18.1	$17.9	$ 0.2	1%	780
Ford South America	0.8	0.5	0.3	60	76
Total Americas	18.9	18.4	0.5	3	856
Ford Europe and PAG					
Ford Europe	5.9	4.6	1.3	28	372
PAG	6.1	5.6	0.5	9	169
Total Ford Europe and PAG	12.0	10.2	1.8	18	541
Ford Asia Pacific and Africa	1.9	1.6	0.3	19	111
Total Automotive	$32.8	$30.2	$ 2.6	9%	1,508

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* Included in vehicle unit sales of Ford Asia Pacific and Africa are Ford-badged vehicles sold in China and Malaysia by our unconsolidated affiliates totaling 16,000 and 11,000 units in 2004 and 2003, respectively. The revenue from these units is not reflected in the dollar sales reported above.

Details of Automotive sector market share for selected markets for the third quarter 2004 and 2003 are shown below:

	2004	2003	2004 Over/(Under) 2003	Mar
Americas				
Ford North America	17.3%	18.6%	(1.3)pts.	U.S. b/
Ford South America	11.4	12.1	(0.7)	Brazil
Ford Europe and PAG a/				
Ford Europe	8.8	8.6	0.2	Europe
PAG	1.2/2.2	1.3/2.0	(0.1)/0.2	U.S./Eu
Ford Asia Pacific and Africa	15.1	14.7	0.4	Austral

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a/ 2004 European market share for Ford Europe and PAG are based, in part, on estimated vehicle registrations for our 19 major markets.

b/ Excludes market share of our Premier Automotive Group brand vehicles (i.e. Volvo, Jaguar, Land Rover and Aston Martin).

The following discussion, except where noted, is based on Income/(Loss)

Before Taxes Excluding Special Items. We believe this measure to be useful to investors because it excludes elements that we do not consider to be indicative of earnings from our on-going operating activities. As a result, it provides investors with a more relevant measure of the results generated by our operations.

Compared with the third quarter of 2003, the increase in loss by $61 million for the Automotive sector primarily reflected unfavorable changes in exchange rates (about $300 million) and higher net interest (about $100 million -- discussed below under "Other Automotive"), offset partially by improved cost performance (about $200 million -- measured at constant volume, mix and exchange) and higher vehicle unit sales (about $100 million).

Americas

Ford North America. The decline in results for Ford North America primarily reflected unfavorable changes in exchange rates and lower production volumes, partially offset by improved product mix. Unfavorable changes in exchange rates reflected continued weakening of the U.S. dollar compared with the Canadian dollar and Euro, net of hedging.

Although vehicle unit sales were about the same as the third quarter 2003, production was down 39,000 units. The difference between sales and production volumes primarily reflected the fact that we had more units being returned to us from daily rental car companies and sold at auction than we delivered to those companies.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Profits on these units are recognized over the term of the lease and vehicle unit sales are recognized when the vehicles are sold at auction.

The decline in market share is the result of pressure on our retail market share, particularly with respect to cars, as we balanced out 2004 model year vehicles and changed over to 2005 model year vehicles, as well as our on-going strategy to reduce vehicle sales to daily rental car companies.

Ford South America. The improvement in profit and sales for Ford South America primarily reflected positive net pricing and higher vehicle unit sales, partially offset by higher material costs.

Ford Europe and PAG

Ford Europe. The improvement for Ford Europe primarily reflected higher vehicle unit sales and favorable cost performance. The increase in vehicle unit sales primarily reflected higher sales (primarily the Ford Focus C-Max model) in the major western European markets and in Turkey and Russia.

PAG. The decline in results for PAG primarily reflected the cost of launching new vehicles, particularly at Land Rover, and unfavorable changes in exchange rates, net of hedging, partially offset by higher vehicle unit sales.

The $23 million charge for PAG improvement actions reported as a special item in the third quarter of 2004 reflected costs associated with hourly and salaried employee voluntary separation programs at the Halewood and Browns Lane facilities. As previously announced, we expect further charges in the fourth quarter of 2004 and in 2005 related to the planned voluntary separation of employees. We presently estimate these charges to be $75 million in the fourth quarter of 2004 and $75 million in 2005.

Ford Asia Pacific and Africa/Mazda

Ford Asia Pacific and Africa. The improvement for Ford Asia Pacific and Africa primarily reflected favorable changes in exchange rates, improved cost performance, and higher vehicle unit sales, partially offset by unfavorable net pricing. The increase in vehicle unit sales reflected higher industry volumes in China, Australia and Taiwan, as well as improved market share in Australia and South Africa.

Mazda and Associated Operations. The change primarily reflected improvements in our Mazda-related investments.

Other Automotive

The decline in results for Other Automotive reflected lower interest income on tax refunds.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Financial Services Sector

Our Financial Services sector includes two primary segments, Ford Credit and Hertz. Details of Financial Services sector income/(loss) before income taxes for the third quarter of 2004 and 2003 are shown below (in millions):

	Third Quarter Income/(Loss) Before Income T		
	2004	2003	20 Over 20
Ford Credit	$1,167	$ 808	$359
Hertz*	249	186	63
Other Financial Services	9	37	(28
Total Financial Services sector	$1,425	$1,031	$394

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* Includes amortization expense related to intangibles recognized upon consolidation of Hertz.

Ford Credit

The improvement in earnings primarily resulted from improved credit loss performance ($182 million) and leasing results ($180 million), offset partially by the impact of lower receivables ($87 million). The improvement in leasing results primarily reflected higher used vehicle prices and a reduction in the percentage of vehicles returned to Ford Credit at lease termination.

Details of actual credit losses net of recoveries ("charge-offs") and loss-to-receivables ratios (annualized charge-offs during a period as a percentage of average net receivables for that period) for the third quarter of 2004 and 2003 are shown below:

	Third Quart	
	2004	2003
Charge-offs (in millions)		
On-balance sheet	$ 349	$ 466
Managed	458	668
Loss-to-receivables ratio		
On-balance sheet	1.07%	1.40%
On-balance sheet (including charge-offs associated with reacquired receivables)*	1.13%	1.52%

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* Ford Credit believes that the use of the on-balance sheet loss-to-receivables ratio that includes the charge-offs on reacquired receivables is useful to investors because it provides a more complete presentation of Ford Credit's on-balance sheet credit loss performance.

The decrease of $117 million in charge-offs for the on-balance sheet portfolio primarily reflected lower repossessions and a lower average loss per repossession in the U.S. retail installment and operating lease portfolio.

Ford Credit's net finance receivables and net investment in operating leases for on-balance sheet, securitized off-balance sheet, managed and serviced portfolios are shown below (in billions):

	September 30, 2004	December 2003
On-balance sheet (including on-balance sheet securitizations)	$132.0	$132.1
Securitized off-balance sheet	38.7	49.4
Managed	$170.7	$181.5
Serviced	$175.4	$188.8

The decrease in securitized off-balance sheet receivables of $10.7 billion primarily reflected lower funding requirements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Shown below is Ford Credit's allowance for credit losses related to finance receivables and operating leases for the periods specified:

	September 30, 2004	December 31 2003
Allowance for credit losses (in billions)	$2.6	$3.0
Allowance as a percentage of end-of-period net receivables	1.95%	2.28%

The decrease in the allowance for credit losses of about $400 million primarily reflected improved portfolio performance in the United States.

Hertz

The improvement at Hertz was primarily due to higher rental volume in the leisure and commercial car rental market segments, offset partially by lower pricing due to a highly competitive environment. Earnings were also favorably impacted by lower fleet costs, higher net proceeds received in excess of book value on the disposal of used vehicles and equipment, and improved conditions in North America equipment rental operations.

FIRST NINE MONTHS RESULTS OF OPERATIONS

Our worldwide net income was $3.4 billion in the first nine months of 2004, or $1.66 per diluted share of Common and Class B Stock. In the first nine months of 2003, net income was $1.3 billion, or $0.68 per share.

Results by business sector for the first nine months of 2004 and 2003 are shown below (in millions):

	First Net I	
	2004	
Income/(loss) before income taxes		
Automotive sector	$1,104	$
Financial Services sector	4,067	
Total Company	5,171	
Provision for/(benefit from) income taxes	1,317	
Minority interests in net income/(loss) of subsidiaries a/	219	
Income/(loss) from continuing operations	3,635	

Income/(loss) from discontinued/held-for-sale operations b/	(252)	
Cumulative effect of change in accounting principle	-	
Net income/(loss)	$3,383	$

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a/ In 2004, Minority interests in net income/(loss) of subsidiaries primarily related to Ford Europe's consolidated less-than-100%-owned affiliates. In 2003, the amount primarily related to interest expense on Trust II obligations (for additional discussion of this interest expense, see "First Nine Months Results of Operations - Other Automotive" below).

b/ See Note 2 of the Notes to the Financial Statements for further discussion of Income/(loss) from discontinued/held-for-sale operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Automotive Sector

Details of Automotive sector results for the first nine months of 2004 and 2003 are shown below (in millions):

	First Nine Month			
	Income/(Loss) Before Taxes			In E
	2004	2003	2004 Over/ (Under) 2003	2004
Americas				
Ford North America	$1,775	$ 1,588	$ 187	$ 1,93
Ford South America	96	(125)	221	9
Total Americas	1,871	1,463	408	2,03
Ford Europe and PAG				
Ford Europe	134	(1,225)	1,359	18
PAG	(508)	57	(565)	(48
Total Ford Europe and PAG	(374)	(1,168)	794	(30
Ford Asia Pacific and Africa/Mazda				
Ford Asia Pacific and Africa	58	(49)	107	5
Mazda and Associated Operations	127	91	36	12
Total Ford Asia Pacific and Africa/ Mazda	185	42	143	18
Other Automotive	(578)	(253)	(325)	(59

Total, excluding special items				1,32
Special items *				(21
Total Automotive	$1,104	$ 84	$1,020	$ 1,10

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*   2004 special items include charges of $(161) million for our investment in Ballard Power Systems Inc., $(49) million for our Ford Europe improvement plan, and $(23) million for our PAG improvement plan, offset partially by $17 million related to a prior divestiture. 2003 special items include a charge of $(56) million for our Ford Europe improvement plan.

Details of Automotive sector sales and vehicle unit sales for the first nine months of 2004 and 2003 are shown below:

	Sales (in billions)				Vehi (
			2004 Over/(Under) 2003		
	2004	2003			2004
Americas					
Ford North America	$ 61.9	$60.8	$1.1	2%	2,710
Ford South America	2.1	1.2	0.9	75	209
Total Americas	64.0	62.0	2.0	3	2,919
Ford Europe and PAG					
Ford Europe	19.1	14.8	4.3	29	1,253
PAG	19.8	17.4	2.4	14	559
Total Ford Europe and PAG	38.9	32.2	6.7	21	1,812
Ford Asia Pacific and Africa	5.4	4.3	1.1	26	315
Total Automotive	$108.3	$98.5	$9.8	10%	5,046

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*   Included in vehicle unit sales of Ford Asia Pacific and Africa are Ford-badged vehicles sold in China and Malaysia by our unconsolidated affiliates totaling 51,000 and 24,000 in 2004 and 2003, respectively. The revenue from these units is not reflected in the dollar sales reported above.

Details of Automotive sector market share for selected markets for the first nine months of 2004 and 2003 are shown below:

	2004	2003	2004 Over/(Under) 2003	Market
Americas				
Ford North America	18.0%	19.3%	(1.3)pts.	U.S. b/
Ford South America	11.3	11.4	(0.1)	Brazil b/
Ford Europe and PAG a/				
Ford Europe	8.9	8.8	0.1	Europe b/
PAG	1.3/2.3	1.3/2.1	0/0.2	U.S./Europ
Ford Asia Pacific	14.1	14.2	(0.1)	Australia

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a/ 2004 European market share for Ford Europe and PAG are based, in part, on estimated vehicle registrations for our 19 major markets.

b/ Excludes market share of our Premier Automotive Group brand vehicles (i.e. Volvo, Jaguar, Land Rover and Aston Martin).

The following discussion is based on Income/(Loss) Before Taxes Excluding Special Items. We believe this measure to be useful to investors because it excludes elements that we do not consider to be indicative of earnings from our on-going operating activities. As a result, it provides investors with a more relevant measure of the results generated by our operations.

Compared with the first nine months of 2003, the improvement in profit of $1.2 billion for the Automotive sector primarily reflected favorable cost performance (measured at constant volume, mix, and exchange), improved vehicle unit sales, and positive net pricing, partially offset by unfavorable changes in exchange rates.

The improved cost performance resulted from the following factors:

- manufacturing and engineering costs decreased by about $900 million, primarily as a result of lower employment levels and the non-recurrence of the UAW contract settlements incurred last year;
- overhead costs, which include administrative and staff support, decreased by about $400 million, primarily as a result of lower employment levels (excluding the impact of FIN 46 consolidations);
- net product costs decreased by about $200 million, primarily as a result of design efficiencies and supplier negotiations;
- depreciation and amortization costs increased by about $600 million, primarily as a result of new product programs;
- quality-related costs increased by about $100 million, primarily reflecting the non-recurrence of favorable reserve adjustments for warranty and additional service action costs in the year-ago period; and
- pension and retiree health care expenses were unchanged.

Americas

Ford North America. The improvement in profit for Ford North America primarily reflected improved product mix, positive net pricing, and favorable cost performance, partially offset by lower vehicle unit sales and unfavorable changes in exchange rates. Lower vehicle unit sales primarily reflected lower market share, partially offset by increased dealer stock levels and higher industry volumes.

Ford South America. The improvement in profit for Ford South America primarily reflected positive net pricing and higher industry volumes, partially offset by higher material cost.

Ford Europe and PAG

Ford Europe. The improvement in profit for Ford Europe primarily reflected favorable cost performance, and higher vehicle unit sales. The increase in vehicle unit sales primarily reflected the strength of the Ford Focus C-Max model and higher sales in Turkey and Russia.

PAG. The decline in results for PAG primarily reflected unfavorable changes in exchange rates, unfavorable product mix, and the cost of launching new vehicles, offset partially by higher vehicle unit sales.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Ford Asia Pacific and Africa/Mazda

Ford Asia Pacific and Africa. The improvement in profit for Ford Asia Pacific and Africa primarily reflected favorable changes in exchange rates and higher vehicle unit sales, offset partially by negative net pricing.

Mazda and Associated Operations. The change primarily reflected improvements in our Mazda-related investments.

Other Automotive

The increase in loss before income taxes for Other Automotive primarily reflected the reclassification of interest expense on our 6.50% Junior Subordinated Debentures due 2032 held by a subsidiary trust, Ford Motor Company Capital Trust II (prior to July 1, 2003, this interest expense was included in Minority interests in net income/(loss) of subsidiaries), lower interest income on tax refunds, and lower earnings on our cash and cash-like investments.

Financial Services Sector

Details of Financial Services sector income before income taxes for the first nine months of 2004 and 2003 are shown below (in millions):

	First Nine Months Income/(Loss) Before Income T		
	2004	2003	20 Over/ 20
Ford Credit	$3,676	$2,196	$1,4
Hertz*	386	184	2
Other Financial Services	5	44	(

Total Financial Services sector	$4,067	$2,424	$1,6
	======	======	====

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* Includes amortization expense related to intangibles recognized upon consolidation of Hertz.

Ford Credit

The improvement in earnings primarily resulted from improved credit loss performance and leasing results, offset partially by the impact of lower income related to sales of receivables. The improvement in leasing results primarily reflected higher used vehicle prices and a reduction in the percentage of vehicles returned to Ford Credit at lease termination.

Details of charge-offs and loss-to-receivables ratios for the first nine months of 2004 and 2003 are shown below:

	First Nine Mon	
	2004	2003
Charge-offs (in millions)		
On-balance sheet	$1,016	$1,410
Managed	1,397	1,977
Loss-to-receivables ratio		
On-balance sheet	1.05%	1.49%
On-balance sheet (including charge-offs associated with reacquired receivables)*	1.10%	1.54%

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* Ford Credit believes that the use of the on-balance sheet loss-to-receivables ratio that includes the charge-offs on reacquired receivables is useful to investors because it provides a more complete presentation of Ford Credit's on-balance sheet credit loss performance.

The decrease of $394 million in charge-offs for the on-balance sheet portfolio primarily reflected lower repossessions and a lower average loss per repossession in the U.S. retail installment and operating lease portfolio.

The following table summarizes the activity related to the off-balance sheet sales of receivables reported as revenues for the periods indicated (in millions):

First Nin

	2004	2003
Net gain on sales of receivables	$ 150	$ 32
Interest income on sold wholesale receivables and retained securities	467	54
Servicing fees	329	52
Excess spread and other	690	73
Investment and other income related to sales of receivables	1,636	2,13
Less: Whole-loan income	(71)	(14
Income related to off-balance sheet securitizations	$ 1,565	$ 1,99
Memo:		
Finance receivables sold	$ 5,687	$15,64
Servicing portfolio as of period-end	43,400	55,02
Pre-tax gain per dollar of retail receivables sold	2.6%	2.

Investment and other income related to sales of receivables decreased $503 million. This decline primarily resulted from lower off-balance sheet retail receivables sales in 2004 and lower levels of outstanding sold receivables. Excluding the effects of whole-loan sale transactions, which totaled $10.4 billion in the 2002-2004 period, off-balance sheet securitization income declined $430 million.

The net impact of off-balance sheet securitizations on earnings in a given period will vary depending on the amount and type of receivables sold and the timing of the transactions in the current period and the preceding two-to-three year period, as well as the interest rate environment at the time the finance receivables were originated and securitized.

The following table shows, on an analytical basis, the earnings impact of off-balance sheet securitizations as if Ford Credit had reported them on-balance sheet and funded them through asset-backed financings for the periods indicated (in millions):

	First Nine	
	2004	2003
Financing revenue		
Retail revenue	$ 1,889	$ 2,779
Wholesale revenue	817	832
Total financing revenue	2,706	3,611
Borrowing cost	(714)	(1,198)
Net financing margin	1,992	2,413
Net credit losses	(324)	(511)
Income before income taxes	$ 1,668	$ 1,902
Memo:		
Income related to off-balance sheet securitizations	$ 1,565	$ 1,995

Recalendarization impact of off-balance sheet securitizations	(103)	93

In the first nine months of 2004, the impact to earnings of off-balance sheet securitizations was $103 million lower than had these transactions been structured as on-balance sheet securitizations. This difference results from recalendarization effects caused by gain-on-sale accounting requirements. This effect will fluctuate as the amount of receivables sold in off-balance sheet securitizations increases or decreases over time and with changes in market conditions.

Hertz

The improvement was primarily due to higher rental volume in the leisure and commercial car rental market segments, offset partially by lower pricing due to a highly competitive environment. Earnings were also favorably impacted by lower fleet costs, higher net proceeds received in excess of book value on the disposal of used vehicles and equipment and improved conditions in North America equipment rental operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

LIQUIDITY AND CAPITAL RESOURCES

Automotive Sector

For the Automotive sector, liquidity and capital resources include gross cash balances, cash generated by operations, funds raised in capital markets and committed credit lines.

Gross Cash. Automotive gross cash includes cash and cash equivalents, marketable and loaned securities and assets contained in a short-term Voluntary Employee Beneficiary Association trust ("VEBA") as detailed below (in billions):

	2004		
	September 30	January 1	Septe
Cash and cash equivalents	$ 6.7	$ 5.4	$ 6.8
Marketable securities	10.3	10.8	12.2
Loaned securities	2.3	5.7	7.0
Total cash, marketable and Loaned securities	19.3	21.9	26.0
Short-term VEBA assets	4.1	4.0	0.9
Gross cash	$23.4	$25.9	$26.9

In managing our business, we classify changes in gross cash into four categories: operating-related (both including and excluding funded pension plan and long-term VEBA contributions and tax refunds), capital transactions with the Financial Services sector, acquisitions and divestitures and other (primarily financing related). Our key metric for operating-related cash flows is cash flows before funded pension plan and long-term VEBA contributions and tax refunds. This metric best represents the ability of our Automotive operations to generate cash. We believe the cash flows analysis reflected in the table below, which differs from a cash flows statement presented in accordance with GAAP, is useful to investors because it includes cash flows elements that we consider to be related to our operating activities (e.g., capital spending) that are not included in Cash flows from operating activities before securities trading, the most directly comparable GAAP financial measure.

Changes in Automotive gross cash for the third quarter and first nine months of 2004 and 2003 are summarized below (in billions):

	Third Quarter	
	2004	2003
Gross cash at end of period	$23.4	$26.9
Gross cash at beginning of period	26.8	28.7
Total change in gross cash	$(3.4)	$(1.8)
Operating-related cash flows		
Automotive income/(loss) before income taxes, excluding special items	$(0.6)	$(0.6)
Capital expenditures	(2.0)	(2.2)
Depreciation and special tools amortization	1.6	1.3
Changes in receivables, inventory and trade payables	0.1	(0.9)
Other	(2.0)	(1.0)
Total operating-related cash flows before pension/ long-term VEBA contributions and tax refunds	(2.9)	(3.4)
Funded pension plans/long-term VEBA contributions a/	(1.5)	(0.2)
Tax refunds	-	0.6
Total operating-related cash flows	(4.4)	(3.0)
Capital transactions with Financial Services sector b/	1.5	1.2
Divestitures and acquisitions	-	0.1
Other		
Dividends paid to shareholders	(0.2)	(0.2)
Changes in total Automotive sector debt	(0.3)	(0.1)
Other	-	(0.1)
Cash from FIN 46 consolidation	-	0.3
Total change in gross cash	$(3.4)	$(1.8)

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a/ See Note 9 of the Notes to the Financial Statements.
b/ Primarily dividends, capital contributions, loans and loan repayments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Shown in the table below is a reconciliation between Cash flows from operating activities before securities trading and operating-related cash flows, calculated as shown in the table above, for the third quarter and first nine months of 2004 and 2003 (in billions):

	Third Quarter	
	2004	2003
Cash flows from operating activities before securities trading	$(2.2)	$(0.9)
Items included in operating-related cash flows		
Capital expenditures	(2.0)	(2.2)
Net transactions between Automotive and Financial Services sectors	(0.4)	0.7
Other	0.2	(0.6)
Total operating-related cash flows	$(4.4)	$(3.0)

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a/ As shown in our condensed sector statement of cash flows for the Automotive sector.

b/ Primarily payables and receivables between the sectors in the normal course of business, as shown in our condensed sector statement of cash flows.

Automotive operating-related cash flows, excluding contributions to our funded pension plans and long-term VEBA and excluding tax refunds, were negative $2.9 billion for the third quarter of 2004. This reflected the Automotive pre-tax loss excluding special items (about $600 million), capital spending net of depreciation and amortization (about $400 million), and other operating-related changes. The other operating-related changes were an outflow of $2 billion in the third quarter of 2004 due to the effects of seasonally lower vehicle production on marketing and warranty accruals compared with payments, the higher use of cash marketing incentives in lieu of interest rate incentives, and tax payments. These changes were offset partially by changes in receivables, inventory, and trade payables (positive cash flows of about $100 million).

Capital transactions with the Financial Services sector, primarily dividends received from Ford Credit, totaled $1.5 billion and $3.4 billion in the third quarter and first nine months of 2004, respectively.

Cash flows related to changes in Automotive sector debt in the third quarter of 2004 were an outflow of about $300 million, representing primarily the repurchase of senior debt in the open market. Through the first nine months of 2004, cash flows related to changes in Automotive sector debt were an outflow of $2 billion, which primarily represented the repurchase of $1.3 billion of senior debt (the majority of our purchases have been among four large issues, which have maturities between 2028 and 2032) and the redemption of our 9% Trust Originated Preferred Securities, which had the effect of reducing our subordinated debt by about $700 million.

Debt. At September 30, 2004, our Automotive sector had total senior debt of $13.6 billion, compared with $15.0 billion at December 31, 2003. The debt decrease primarily reflected the senior debt repurchases described above.

Ford Motor Company Capital Trust II ("Trust II") had outstanding $5.0

billion of trust preferred securities at September 30, 2004. The dividend and liquidation preferences on these securities are paid from interest and principal payments on our junior subordinated debentures held by Trust II in a principal amount of $5.2 billion.

Credit Facilities. At September 30, 2004, the Automotive sector had $7.2 billion of contractually committed credit agreements with various banks, of which $7.1 billion were available for use. 79% of the total facilities are committed through June 30, 2009. Of the $7.2 billion, $6.9 billion constitute global credit facilities and may be used, at our option, by any of our direct or indirect majority-owned subsidiaries on a guaranteed basis. We also have the ability to transfer, on a non-guaranteed basis, $2.5 billion of such global credit facilities to Ford Credit and $518 million to FCE Bank plc ("FCE"), Ford Credit's European operation. All of the global credit facilities are free of material adverse change clauses and restrictive financial covenants (e.g. debt-to-equity limitations, minimum net worth requirements and credit rating triggers that would limit our ability to borrow).

Financial Services Sector

Ford Credit

Debt. Ford Credit's total debt was $135.3 billion at September 30, 2004, down $14.4 billion compared with December 31, 2003. This decrease primarily reflected repayment of maturing debt and lower asset levels, which reduced Ford Credit's funding needs. Ford Credit's unsecured commercial paper outstanding at September 30, 2004 totaled $8.5 billion, up $2.4 billion compared with December 31, 2003.

Funding. During the third quarter of 2004, Ford Credit issued $3.4 billion of long-term debt with maturities of one to 10 years, including about $2.5 billion of unsecured institutional funding and about $900 million of unsecured retail bonds. In addition, Ford Credit realized proceeds of $3.8 billion from sales of receivables in off-balance sheet securitizations.

Ford Credit expects its full-year 2004 public term funding requirements to be between $13 billion and $18 billion. In the first nine months of 2004, it completed about $13 billion of public term funding transactions. Because of significant available liquidity and Ford Credit's relatively smaller balance sheet size, during the third quarter Ford Credit purchased in open market transactions a small portion of its outstanding debt securities. Depending on market conditions, Ford Credit may continue repurchasing a portion of its outstanding debt securities during the remainder of 2004.

Leverage. Ford Credit uses leverage, or the debt-to-equity ratio, to make various business decisions, including establishing pricing for retail, wholesale, and lease financing, and assessing its capital structure. Ford Credit calculates leverage on a financial statement basis and on a managed basis.

Ford Credit's financial statement leverage is calculated from the components shown in the following table:

	September 30, 2004	December 31, 2003
Total debt (in billions)	$135.3	$149.7
Total stockholder's equity (in billions)	11.4	12.5
Financial statement leverage (to 1)	11.8	12.0

The decrease in the financial statement leverage resulted primarily from lower funding requirements.

Ford Credit's managed leverage is calculated from the components shown in the following table (in billions, except ratios):

	September 30, 2004	Dece 2
Total debt	$135.3	$14
Securitized off-balance sheet receivables outstanding	38.7	4
Retained interest in securitized off-balance sheet receivables	(9.5)	(1
Adjustments for cash and cash equivalents	(10.1)	(1
Adjustments for SFAS No. 133	(3.6)	(
Adjusted debt	$150.8	$16
Total stockholder's equity (including minority interest)	$ 11.4	$ 1
Adjustment for SFAS No. 133	-	
Adjusted equity	$ 11.4	$ 1
Managed leverage (to 1)	13.2	1

Ford Credit's dividend policy is based in part on its strategy to maintain managed leverage in the lower end of the 13 - 14 to 1 range. Based on Ford Credit's profitability and managed receivable levels, it paid dividends of $3.4 billion in the first nine months of 2004.

Credit Facilities. For additional funding and to maintain liquidity, Ford Credit and its majority-owned subsidiaries, including FCE, have contractually committed credit facilities with financial institutions that totaled approximately $7.3 billion at September 30, 2004. This includes $4.4 billion of Ford Credit facilities ($3.9 billion global and $0.5 billion non-global) and $2.9 billion of FCE facilities ($2.7 billion global and $0.2 billion non-global).

Approximately $0.7 billion of the total facilities were in use at September 30,

2004. Of the $7.3 billion, about 38% of these facilities are committed through June 30, 2009. The global credit facilities may be used, at Ford Credit's or FCE's option, by any of their direct or indirect majority-owned subsidiaries. Ford Credit or FCE, as the case may be, will guarantee any such borrowings. All of the global credit facilities are free of material adverse change clauses and restrictive financial covenants (for example, debt-to-equity limitations, minimum net worth requirements and credit rating triggers) that would limit Ford Credit's ability to borrow.

Additionally, at September 30, 2004, banks provided $18.9 billion of contractually committed liquidity facilities supporting two asset-backed commercial paper programs; $18.5 billion supported Ford Credit's FCAR program and $425 million supported Ford Credit's Motown NotesSM Program.

In addition, as of October 31, 2004, Ford Credit had entered into agreements with several bank-sponsored commercial paper issuers ("conduits") under which such conduits are contractually committed to purchase from Ford Credit, at Ford Credit's option, up to an aggregate of approximately $12.8 billion of receivables. The agreements have varying maturity dates between November 30, 2004 and October 13, 2005. As of October 31, 2004, approximately $3.6 billion of these conduit commitments have been utilized.

Hertz

Debt and Cash. At September 30, 2004, Hertz had total debt of $8.9 billion, up $1.3 billion from December 31, 2003, reflecting seasonal rental fleet demand. During the first nine months of 2004, Hertz issued $1.9 billion of medium and long-term debt with maturities of three to 10 years. At September 30, 2004 and at December 31, 2003 commercial paper outstanding was $2.2 billion. At September 30, 2004, Hertz had cash and cash equivalents of $536 million, down from $610 million at December 31, 2003.

Hertz has an asset-backed securitization ("ABS") program for its domestic car rental fleet to reduce its borrowing costs and enhance its financing resources. As of September 30, 2004, $1.1 billion was outstanding under the ABS program consisting of $460 million of commercial paper and $600 million of medium-term notes.

Total Company

Stockholders' Equity. Our stockholders' equity was $14.1 billion at September 30, 2004, up $2.4 billion from December 31, 2003. The increase primarily reflected net income of $3.4 billion less dividends of $549 million and other comprehensive loss of $380 million. See Note 8 of the Notes to the Financial Statements for further discussion of other comprehensive income/(loss).

Debt Ratings. In October 2004, Dominion Bond Rating Service Limited ("DBRS"), Fitch, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc. ("S&P"), each affirmed the long and short-term debt ratings of, and their outlook or trend for, Ford and Ford Credit. Also in October 2004, Fitch and Moody's affirmed the long and short-term ratings of, and their outlook or trend for, Hertz. In July 2004, DBRS affirmed the long and short-term debt ratings of Hertz and revised its trend to stable from negative. The ratings as of October 15, 2004 were as follows:

	DBRS	Fitch	Moody's

	Long-Term	Short-Term	Trend	Long-Term	Short-Term	Outlook	Long-Term	Short-Term	Outlook
Ford	BBB (high)	R-1 (low)	Stable	BBB+	F2	Stable	Baa1	P-2	Negative
Ford Credit	BBB (high)	R-1 (low)	Stable	BBB+	F2	Stable	A3	P-2	Negative
Hertz	BBB (high)	R-1 (low)	Stable	BBB+	F2	Stable	Baa2	P-2	Negative

OFF-BALANCE SHEET ARRANGEMENTS

Special Purpose Entities. At September 30, 2004, the total outstanding principal amount of receivables sold by Ford Credit and held by off-balance sheet securitization entities was $38.7 billion, down $10.7 billion from December 31, 2003. Ford Credit's retained interests in such sold receivables at September 30, 2004 were $9.5 billion, down $3.5 billion from December 31, 2003. The decrease in receivables held by off-balance sheet securitization entities primarily reflected Ford Credit's lower funding requirements. The decrease in retained interests primarily reflected a

seasonal decline in dealer stocks, which lowered the amount of wholesale receivables held in the trust for future sale, and lower retained retail securities, reflecting lower levels of outstanding sold receivables.

OUTLOOK

Shown below are our 2004 planning assumptions and our milestones for operational metrics and financial results, as well as our outlook for achieving these milestones:

	Milestone
Planning Assumptions	
Industry volume (SAAR) - U.S.	17.0 million units
Europe	16.9 million units
Operation Metrics	
Quality	Improve in all regions
Market share	Flat or improve in all regions
Automotive cost performance a/	Improve by at least $500 million
Capital spending	$7 billion

Operating-related cash flows b/	$1.2 billion positive

Financial Results	Pre-tax income c/ (in billions)
Automotive	
Americas	
Ford North America	$ 1.5 - $ 1.7
Ford South America	(0.1) - 0
Ford Europe/PAG	
Ford Europe	(0.2) - (0.1)
PAG	0.5 - 0.6
Ford Asia Pacific and Africa /Mazda	0 - 0.1
Total Automotive	0.9 - 1.1
Financial Services	2.6 - 2.7
Total Company	$ 3.5 - $ 3.8

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a/ At constant volume, mix and exchange; excluding special items.
b/ Excluding pension/long-term VEBA contributions and tax refunds.
c/ Excluding special items.

We continue to expect the Automotive sector to achieve about $1 billion of pre-tax income from continuing operations, excluding special items, in 2004. We expect to meet the milestone for Ford North America and to exceed the milestones for Ford Europe, Ford South America and Ford Asia Pacific and Africa/Mazda. We expect PAG to continue to improve from the third quarter to the fourth, but full-year results will be a loss. Because of Ford Credit's continued better-than-expected performance, we expect to exceed significantly the Financial Services sector milestone. Overall, we expect to exceed significantly our total company milestone for pre-tax income. Special items, including costs related to our investment in Ballard Power Systems Inc. and improvement actions in our Ford Europe and PAG business units, are presently estimated to reduce full-year earnings by $0.13 per share.

Visteon Corporation is our largest supplier, and it also utilizes about 18,000 Ford employees in its U.S. hourly workforce as of September 30, 2004. We continue to work with Visteon to identify changes that would improve the efficiency and operating results of both companies. Significant changes in Visteon's business inevitably have an impact on us.

On October 4, 2004, President Bush signed the "Working Families Tax Relief Act of 2004", which retroactively reinstated the research tax credit to the June 30, 2004 expiration date. The reinstatement of the research tax credit will be reflected in our fourth quarter results and will reduce the reported fourth quarter effective tax rate. As a result, we anticipate our full-year effective tax rate to be about 25%.

Based on the foregoing and subject to the risks described under "Risk Factors" below, we expect full-year per share earnings to be in the range of $2.00 to $2.05 per share from continuing operations, excluding special items.

RISK FACTORS

Statements included or incorporated by reference herein may constitute "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- greater price competition resulting from currency fluctuations, industry overcapacity or other factors;
- a significant decline in industry sales, particularly in the U.S. or Europe, resulting from slowing economic growth, geo-political events or other factors;
- lower-than-anticipated market acceptance of new or existing products;
- economic distress of suppliers that may require us to provide financial support or take other measures to ensure supplies of materials;
- work stoppages at Ford or supplier facilities or other interruptions of supplies;
- the discovery of defects in vehicles resulting in delays in new model launches, recall campaigns or increased warranty costs;
- increased safety, emissions, fuel economy or other regulation resulting in higher costs and/or sales restrictions;
- unusual or significant litigation or governmental investigations arising out of alleged defects in our products or otherwise;
- worse-than-assumed economic and demographic experience for our postretirement benefit plans (e.g., investment returns, interest rates, health care cost trends, benefit improvements);
- currency or commodity price fluctuations, including rising steel prices;
- changes in interest rates;
- a market shift from truck sales in the U.S.;
- economic difficulties in any significant market;
- higher prices for or reduced availability of fuel;
- labor or other constraints on our ability to restructure our business;
- a change in our requirements under long-term supply arrangements under which we are obligated to purchase minimum quantities or pay minimum amounts;
- credit rating downgrades;
- inability to access debt or securitization markets around the world at competitive rates or in sufficient amounts;
- higher-than-expected credit losses;
- lower-than-anticipated residual values for leased vehicles;
- increased price competition in the rental car industry and/or a general decline in business or leisure travel due to terrorist attacks, acts of war, epidemic disease or measures taken by governments in response thereto that negatively affect the travel industry; and
- our inability to implement the Revitalization Plan.

OTHER FINANCIAL INFORMATION

The interim financial information included in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 has not been audited by PricewaterhouseCoopers LLP ("PwC"). In reviewing such information, PwC has applied limited procedures in accordance with professional standards for reviews of interim financial information. Accordingly, you should restrict your reliance on their reports on such information. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the interim financial information because such reports do not constitute "reports" or "parts" of the registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

Item 3. Quantitative and Qualitative Discussion about Market Risks

There is no material change in the information reported under Part II, Item 7A of our 10-K Report.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. William Clay Ford, Jr., our Chief Executive Officer, and Donat R. Leclair, our Chief Financial Officer, have performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15 (e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2004 and each has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and regulations.

Change in internal controls. No changes in the Company's internal controls over financial reporting occurred during the quarter ended September 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Product Liability Matters

Buell-Wilson v. Ford. (Previously discussed on page 31 of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 ("Second Quarter 10-Q Report")) On August 19, 2004, the trial court granted Ford's post-trial motions in part, reducing the compensatory verdicts to a total of $75 million, and reducing the punitive verdict to $75 million, for a total of $150 million in damages. We have filed a notice of appeal with the California Court of Appeals.

Crown Victoria Police Interceptor Class Actions. (Previously discussed on page 29 of the 10-K Report) The jury phase of the trial in the Crown Victoria Police Interceptor class action in Illinois state court resulted in a defense verdict; three counts remain for resolution by the judge.

Environmental Matters

Wixom Assembly Plant Notice of Violation Regarding Air Emissions (Previously discussed on page 27 of the 10-K Report) In August 2004, Ford agreed to an Administrative Consent Order with the Michigan Department of Environmental Quality ("DEQ") that will resolve the notice of violation. Under the Order, Ford will pay the DEQ $55,000, which includes DEQ's costs for the investigation and enforcement action, and the Wixom Plant will implement a Malfunction Abatement Plan to address abatement equipment malfunctions.

Chicago Assembly Plant Notice of Violation Regarding Waste Handling On August 23, 2004, the United States Environmental Protection Agency ("EPA"), Region Five, issued a letter notifying Ford of its intent to file an administrative complaint for civil penalties based on an initial determination that Ford's Chicago Assembly Plant violated certain requirements of the Resource Conservation and Recovery Act. The EPA's allegations arise out of an EPA inspection of the Chicago Assembly Plant conducted in November 2002. The violations alleged by EPA include: improper hazardous waste handling and storage, improper waste characterizations and manifesting, and failure to conduct and record certain tank and storage area inspections. Ford and the EPA will likely meet prior to the end of the year to discuss this matter.

Other Matters

Securities and Exchange Commission Inquiry On October 14, 2004, the Enforcement Division of the Securities and Exchange Commission ("SEC") notified Ford that it was conducting an inquiry into the methodology used to account for pensions and other post-employment benefits. The SEC informed us that we were one of several issuers to receive a request for information as part of this inquiry.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the third quarter of 2004, we purchased shares of our Common Stock as follows:

Period	Total Number of Shares Purchased a/	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	A
July 1, 2004 through July 31, 2004	1,448,176	$14.92	0	N r
August 1, 2004 through August 31, 2004	1,646,590	$14.19	0	N r
September 1, 2004 through September 30, 2004	1,593,016	$14.05	0	N r
Total	4,687,782	$14.37	0	N r

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a/ We currently do not have a publicly announced repurchase program in place. Of the 4,687,782 shares purchased, 4,683,100 shares were purchased from the Ford Motor Company Savings and Stock Investment Plan for Salaried Employees ("SSIP") and the Tax Efficient Savings Plan for Hourly Employees ("TESPHE"). Shares are generally purchased from the SSIP and TESPHE when participants in those plans elect to sell units in the Ford Stock Fund upon retirement, upon termination of employment with the Company, related to an in-service distribution, or to fund a loan against an existing account balance in the Ford Stock Fund. Shares are not purchased from these plans when a participant transfers account balances out of the Ford Stock Fund and into another investment option under the plans. The remaining shares were acquired from our employees in accordance with our various compensation plans as a result of required share withholdings to pay income taxes with respect to (i) the lapse of restrictions on restricted stock, (ii) the issuance of stock as a result of the conversion of restricted stock equivalents awarded to our executives or directors, or to pay the exercise price and related income taxes with respect to the exercise of a stock option.

Item 5. Other Information.

Governmental Standards

Motor Vehicle Fuel Economy - U.S. Requirements (Previously discussed on page 17 of the 10-K Report and page 32 of the Second Quarter 10-Q Report) In September 2004, the California Air Resources Board ("CARB") passed a resolution approving a plan to issue regulations by the end of the year aimed at controlling greenhouse gas emissions from motor vehicles. This resolution paves the way for rules that would take effect beginning in the 2009 model year and impose standards that could be equivalent to a Corporate Average Fuel Economy ("CAFE") standard of more than 43 miles per gallon for passenger cars, and approximately 27 miles per gallon for light trucks by model year 2016. The Alliance of Automobile Manufacturers and individual companies, including Ford, have submitted extensive comments opposing the rules and addressing errors in CARB's underlying economic and technical analyses. CARB is in the process of completing additional procedural requirements necessary to finalize the rules. The industry is continuing to participate in the administrative process while evaluating its options for responding to the rules.

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Item 6. Exhibits.

Please refer to the Exhibit Index on Page 34.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FORD MOTOR COMPANY

(Registrant)

Date: November 8, 2004

By: /s/James C. Gouin

James C. Gouin
Vice President and Controller

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EXHIBIT INDEX

Designation	Description	Method
Exhibit 10	Amendment to Ford Motor Company Restricted Stock Plan for Non-Employee Directors	Filed with
Exhibit 12	Ford Motor Company and Subsidiaries Calculation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	Filed with
Exhibit 15	Letter of PricewaterhouseCoopers LLP, Independent Accountants, dated November 8, 2004, relating to Financial Information	Filed with
Exhibit 31.1	Rule 15d-14(a) Certification of CEO	Filed with
Exhibit 31.2	Rule 15d-14(a) Certification of CFO	Filed with
Exhibit 32.1	Section 1350 Certification of CEO	Furnished wi
Exhibit 32.2	Section 1350 Certification of CFO	Furnished wi

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