

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. EQUITY IN NET ASSETS OF AFFILIATED COMPANIES

Mazda-related Investments. We have a 33.4% ownership interest in Mazda Motor Corporation ("Mazda") and we account for this investment under the equity method. The carrying value of our investment in Mazda was \$767.8 million and \$655.9 million at December 31, 2004 and 2003, respectively. Included in our investment of Mazda is \$88.4 million of goodwill. Dividends received from Mazda were \$7.8 million, \$6.9 million and \$6.9 million for the years ended December 31, 2004, 2003 and 2002, respectively. The market value of our investment in Mazda as of December 31, 2004 is \$1.5 billion.

Summarized income statement information from the published Mazda's audited financial statements for the twelve months ended September 30, 2004, 2003 and 2002 are as follows (in millions):

	2004	2003	2002
Net sales	\$ 28,015	\$ 20,281	\$ 18,146
Cost and expenses	27,226	24,568	13,177
Income or loss from continuing operations	419	368	163
Net income	384	250	107

Included in our *Equity in net income/(loss) of affiliated companies* was income/(loss) of \$108.2 million, \$73.5 million and \$(3.5) million in 2004, 2003 and 2002, respectively, representing our share of Mazda's results on a U.S. GAAP basis. There have been no events at Mazda subsequent to September 30, 2004 that would materially affect Ford's consolidated financial position or results of operations. Balance sheet information for Mazda is insignificant to our consolidated balance sheet.

Included in our investment in Mazda are convertible bonds issued by Mazda. The bonds are accounted for as an available-for-sale security and as of December 31, 2004 and 2003, these bonds had a fair value of \$219 million and \$210 million, respectively.

Other Investments. During the year we evaluated and impaired three of our equity method investments; Ballard, Inc., Vastera, Inc. and certain Ford Credit unconsolidated investments in the Asia-Pacific region. The impairment tests considered the severity and duration of the decline in the investment's fair value and the forecasted recovery of the investment's fair value. We recorded a charge of \$224 million related to the goodwill associated with these investments.

NOTE 8. NET PROPERTY AND RELATED EXPENSES – AUTOMOTIVE SECTOR

Net property at December 31 was as follows (in millions):

	2004	2003
Land	\$ 727	\$ 675
Buildings and land improvements	12,598	12,204
Machinery, equipment and other	46,387	44,449
Construction in progress	2,089	2,647
Total land, plant and equipment	61,801	59,975
Accumulated depreciation	(31,013)	(30,048)
Net land, plant and equipment	30,788	29,927
Special tools, net of amortization	12,118	11,992
Net property	\$ 42,906	\$ 41,919

Property-related expenses were as follows (in millions):

	2004	2003	2002
Depreciation	\$ 3,242	\$ 2,802	\$ 2,424
Amortization of special tools	3,156	2,658	2,461
Total	\$ 6,398	\$ 5,460	\$ 4,885
Maintenance and rearrangement	\$ 1,971	\$ 1,791	\$ 1,952