

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table shows actual credit losses net of recoveries, which are referred to as charge-offs, for Ford Credit's worldwide on-balance sheet, reacquired, securitized off-balance sheet and managed receivables, for the various categories of financing during the periods indicated. Reacquired receivables reflect the amount of receivables that resulted from the accounting consolidation of FCAR Owner Trust ("FCAR") in the second quarter of 2003. The loss-to-receivables ratios, which equal charge-offs divided by the average amount of net receivables outstanding for the period, are shown for the on-balance sheet and managed portfolios.

	2004	2003	2004 Over/(Under) 2003
Charge-offs (in millions)			
On-Balance Sheet			
Retail installment and lease	\$ 1,281	\$ 1,737	\$ (456)
Wholesale	43	148	(105)
Other	3	6	(3)
Total on-balance sheet (excluding reacquired receivables)	1,327	1,891	(564)
Reacquired Receivables (retail)	74	92	(18)
Total on-balance sheet (including reacquired receivables)	\$ 1,401	\$ 1,983	\$ (582)
Securitized Off-Balance Sheet			
Retail installment and lease	\$ 244	\$ 551	\$ (307)
Wholesale	-	-	-
Other	-	-	-
Total securitized off-balance sheet	\$ 244	\$ 551	\$ (307)
Managed			
Retail installment and lease	\$ 1,599	\$ 2,380	\$ (781)
Wholesale	43	148	(105)
Other	3	6	(3)
Total managed	\$ 1,645	\$ 2,534	\$ (889)
Loss-to-Receivables Ratios			
On-Balance Sheet (including reacquired receivables)*			
Retail installment and lease	1.36%	1.86%	(0.50) pts.
Wholesale	0.20	0.79	(0.59)
Total including other	1.10%	1.60%	(0.50) pts.
Memo: On-Balance Sheet (excluding reacquired receivables)	1.04%	1.52%	(0.48) pts.
Managed			
Retail installment and lease	1.32%	1.77%	(0.45) pts.
Wholesale	0.10	0.37	(0.27)
Total including other	0.97%	1.40%	(0.43) pts.

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

In 2004, charge-offs for Ford Credit's on-balance sheet and its securitized off-balance sheet receivables declined from a year ago primarily reflecting fewer repossessions and a lower average loss per repossession in its U.S. retail installment and operating lease portfolio. These improvements resulted from Ford Credit's emphasis on purchasing higher quality retail installment and lease contracts and enhancements to its collection practices. The on-balance sheet loss-to-receivables ratio decreased primarily reflecting improvements in charge-offs as described above.