The ratings and trend assigned to Ford and Ford Credit by DBRS have been in effect since April 2003 and were confirmed by DBRS in October 2004. DBRS changed the trend of the long-term rating for Hertz to Stable from Negative and confirmed the ratings in July 2004. Fitch changed Ford's rating outlook to Stable from Negative in May 2004, and the outlook was affirmed by Fitch in October 2004. The ratings assigned by Fitch have been in effect since January 2002 and were affirmed by Fitch in October 2004. The ratings and outlook assigned by Moody's have been in effect since January 2002 and were affirmed by Moody's in October 2004. The ratings and outlook assigned by S&P have been in effect since November 2003 and were affirmed by S&P in October 2004.

OUTLOOK

We have set and communicated certain planning assumptions, operational metrics and financial milestones for 2005, shown below:

Industry Volume (incl. heavy trucks)	Planning Assumptions
U.S.	17.2 million units
Europe	17.3 million units

Operation Metrics	2005 Milestones
Quality	Improve in all regions
Market share	Improve in all regions
Automotive cost performance *	Hold costs flat
Capital spending	$7 billion or lower

* At constant volume, mix and exchange; excluding special items and discontinued operations.

Our projection of first quarter 2005 production is as follows:

Business Unit	First Quarter 2005 Vehicle Unit Production	Over/(Under) First Quarter 2004
Ford North America	910,000	(98,000)
Ford Europe	460,000	8,000
PAG	200,000	(12,000)

Our current projection of second quarter 2005 production for Ford North America is 940,000 vehicles (290,000 cars and 650,000 trucks). In the second quarter of 2004, Ford North America produced 951,000 vehicles (252,000 cars and 699,000 trucks).

On October 22, 2004, President Bush signed into law *The American Jobs Creation Act of 2004* (the "Act"). The most significant component of the Act was the repeal of the extraterritorial income ("ETI") exclusion and the replacement of ETI with a domestic deduction for a range of broadly defined domestic production activities. The Act also provides for a one-year period to repatriate certain foreign earnings at a special tax rate. We continue to evaluate the application of the repatriation provisions. If we determine that we will repatriate earnings pursuant to these provisions, a favorable earnings impact would result. We expect to make a determination about the applicability of the repatriation provisions in the last quarter of 2005. The other provisions of the Act are not expected to have a material impact on future earnings. We expect our 2005 full-year effective tax rate to be between 25% and 28%, excluding any potential effect of the repatriation-of-foreign-earnings provisions of the Act.

As disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, we have been in discussions with Visteon regarding changes to improve the efficiency and operating results of both companies, and these discussions are ongoing. Actions that may result from these discussions could include modifications to our existing commercial arrangements with Visteon, including modifications with respect to Visteon's present obligation to reimburse us for the costs of the approximately 17,700 Ford employees assigned to Visteon. These modifications likely would result in a significant charge to earnings in the period in which they occur, but would not be expected to have a material adverse impact on future ongoing results of operations.

In order that Visteon continues to supply certain components without cost surcharges to us, on March 10, 2005, we agreed to provide Visteon with the following financial assistance at least through the end of 2005:

- relieving Visteon of a portion (about $25 million per month) of its obligation to reimburse us for the costs of our employees assigned to Visteon (e.g., wage costs);
- reducing by about one-fourth the number of days within which we are required to make payment to Visteon for materials and components that we purchase from Visteon; and
- acquiring up to about $150 million of new machinery and equipment for use by Visteon necessary for its production of components for us.

Any broader agreement that might result from our ongoing discussions with Visteon could substantially modify this and any other existing Visteon agreements.