Ford Motor Company,

Allan D. Gilmour Vice Chairman and Chief Financial Officer

July 23, 2003

Mr. Robert H. Herz Chairman Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Letter of Comment No: 344 File Reference: 1082-200 Date Received: 8-1-03

Dear Mr. Herz:

We have been working over the last several months on implementing FASB Interpretation No. 46 (Consolidation of Variable Interest Entities). I would like to share our experience and a serious concern with you.

We began our study of the new Interpretation when the exposure draft was published in June 2002. Because the scope of the draft was primarily non-qualifying special purpose entities, we spent substantial time understanding the exposure draft and its implications to our securitization-based business at Ford Credit. As you know, we participated during the comment letter period, and Mac Macdonald, our Vice President-Finance and Treasurer, attended the FASB Roundtable on September 30, 2002. A major concern expressed by all participants during that process was the need for additional time to implement the exposure-draft principles in the securitization industry.

In its draft form, FIN 46 explicitly prohibited a primary beneficiary from consolidating an entity if the entity was consolidated by another substantive operating enterprise. When the final Interpretation was published on January 17, 2003, it had broadened its scope by including these entities. We immediately put a dedicated team to work to interpret how FIN 46 affects the manner in which we report the results of our many operating joint ventures. Over the last six months, we have developed a revised consolidation policy, agreed to by our auditors, PricewaterhouseCoopers. To develop a revised accounting policy during this period has been very challenging; inclusion of operational business entities has entailed a fundamental shift in approach, which was not anticipated by us (or, based on discussion with our colleagues and auditors, by others). Our work has necessitated a detailed review of complex contractual and business relationships for variable interests.

To date, we have been able to review approximately twenty of our joint venture relationships. We have identified six entities that we expect to consolidate, primarily because of pricing and volume arrangements that, under certain circumstances, shift a disproportionate share of the risk of the venture to Ford. However, we do not control the entities or have contractual rights regarding sharing of detailed accounting data. We now face the implementation of full consolidation with a very short time horizon. The following example may be helpful to illustrate the difficulties we have encountered.

We have a venture in Turkey, Ford Otomotive Sanayi, A.S. (Ototsan), in which we have had an ownership interest since 1997. Key facts:

- Ford owns 41% of its equity. A private investor group owns 41%, and the remainder is traded on the Turkish exchange.
- Our share of the venture's assets and liabilities represent less than 0.3% and 0.08% of our automotive assets and liabilities, respectively.
- The pricing arrangement for Otosan's production is a "variable interest" that, under certain circumstances, could shift a disproportionate amount of risk to Ford.

The dilemma we face is as follows:

- In order to consolidate the venture, we need extensive financial data -- for a minimum of roughly 100 financial accounts. Until we have access to data, we are unable to dimension the appropriate level of detail that will be necessary to conform Otosan's financial reporting to Ford's.
- Our closing period for our affiliates is four work days. In order to meet our timing, Otosan will need changes to its financial systems.
- The consolidation process is complicated by the fact that Otosan is presently consolidated with the other 41% shareholder under International Accounting Standards. It also issues Turkish GAAP financials for the benefit of its debt holders and publicly traded shareholders.
- Further complexities arise as we begin to understand Otosan's relationships with other joint ventures that we may have to consolidate under FIN 46. Correctly eliminating all transactions produced by this web of inter-relationships will require extensive cooperation from the ventures and their partners.
- Because we own a minority share, we have relatively little leverage in requesting additional financial information or requiring additional investment in systems and resources that are necessary for a quality consolidation.
- Frankly, our venture partners are confused by FIN 46 and unconvinced of our need to consolidate the entity.

We understand the Board's desire for a consolidation model that is more economics-based, and we have developed a policy to meet fully the principles of FIN 46. However, we are concerned about our ability to implement it in a high-quality manner in the time allowed. We are concerned that a poor implementation will, aside from the obvious risk to ourselves, highlight issues with principles-based standards that have been quickly promulgated with short implementation timeframes. Ideally, we believe implementation should be deferred for existing ventures until First Quarter 2005. We are requesting of our partners the opportunity to restructure business agreements that provide for the systems, the additional data requirements, and the operational changes we need. This added time will allow us to consolidate these entities with a robust process consistent with our own expectations as well as those of our Audit Committee, our auditors, and the public.

Sincerely,

cc: Mr. Scott Taub

Deputy Chief Accountant

U. S. Securities & Exchange Commission