

FORD MOTOR CO
Form 8-K
July 16, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report July 16, 2003
(Date of earliest event reported)

FORD MOTOR COMPANY

(Exact name of registrant as specified in its charter)
Delaware

(State or other jurisdiction of incorporation)

1-3950

(Commission File Number)

One American Road, Dearborn, Michigan

(Address of principal executive offices)

38-0549190

(IRS Employer Identification No.)

48126

(Zip Code)

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

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Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

EXHIBITS

<u>Designation</u>	<u>Description</u>	<u>Method of Filing</u>
Exhibit 99.1	News Release dated July 16, 2003	Filed with this Report
Exhibit 99.2	Sector Statement of Income	Filed with this Report
Exhibit 99.3	Consolidated Statement of Income	Filed with this Report
Exhibit 99.4	Sector Balance Sheet	Filed with this Report
Exhibit 99.5	Consolidated Balance Sheet	Filed with this Report
Exhibit 99.6	Condensed Sector Statement of Cash Flows	Filed with this Report
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Exhibit 99.8	Investor Presentation	Filed with this Report
Exhibit 99.9	Fixed Income Presentation	Filed with this Report

Item 9. Information Furnished Under Item 12. (Results of Operations and Financial Condition).

Our news release dated July 16, 2003 and supplemental financial information, concerning second quarter 2003 financial results, filed as Exhibits 99.1 through 99.9, respectively, to this report, are incorporated by reference herein.

Ford Motor Company will conduct two conference calls on July 16, 2003 to review second quarter results.

Allan Gilmour, Ford's Vice Chairman, and Don Leclair, Ford's newly appointed Chief Financial Officer, will host a conference call with investors and the news media to review our second quarter results that will begin at 8:30 a.m. Investors can hear this conference call by dialing 800-299-0148 (617-801-9711 for international dial-in) or on the Internet at www.shareholder.ford.com.

Malcolm Macdonald, Ford's Vice President and Treasurer, Don Leclair, and David Cospers, Ford Motor Credit Company's Chief Financial Officer, will host a second conference call with fixed income investors beginning at 11:00 a.m. Investors can access this conference call by dialing 800-299-0148 (617-801-9711 for international dial-in). The passcode for both numbers is a verbal response of "Ford Fixed Income".

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Investors can access replays of these calls by visiting one of the following web sites: www.shareholder.ford.com or www.streetevents.com or by dialing 888-286-8010 (617-801-6888 for international dial-in), passcode 71437872 for the Mr. Gilmour call and passcode 61496761 for the Mr. Macdonald call. The times referenced above are Eastern Daylight Saving Time.

Exhibits 99.1, 99.8 and 99.9 to this report contain certain non-GAAP financial measures as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended. The non-GAAP financial measures cover cost performance, net pricing, operating cash flows, and managed leverage and credit loss ratios at our Ford Motor Credit Company (Ford Credit) subsidiary. Each of these non-GAAP financial measures is discussed below, including the most directly comparable financial measure calculated and presented in accordance with Generally Accepted Accounting Principles in the United States (GAAP) and the reasons why we believe the presentation of the non-GAAP financial measure provides useful information to our investors.

Cost Performance. Slides 1 and 4 of Exhibit 99.8 indicate that we have achieved \$1.3 billion in cost performance improvement for the second quarter of 2003. Exhibit 99.1, slides 15 and 16 of Exhibit 99.8 and slide 2 of Exhibit 99.9 indicate that we have achieved \$1.9 billion in cost performance improvement for the first half of 2003. Slides 15 through 17 of Exhibit 99.8 indicate that we expect to achieve \$2.5 billion in cost performance improvement for the full year 2003. Slide 15 of Exhibit 99.8 and slide 2 of Exhibit 99.9 indicate that we have a milestone to improve automotive cost performance by at least \$500 million in 2003 over 2002. The most directly comparable financial measure calculated and presented in accordance with GAAP to this cost performance measure is Cost of Sales and Selling, Administrative and Other Expense. The appendix (page 7 of 12) to Exhibit 99.8 contains a reconciliation of our non-GAAP cost performance financial measure to changes in Cost of Sales and Selling, Administrative and Other Expense. Cost of Sales and Selling, Administrative and Other Expense decreased by \$0.4 billion in the second quarter of 2003, compared with the first quarter of 2002 and increased \$0.8 billion in the first half of 2003, compared with the first half of 2002. We believe that the use of the non-GAAP cost performance measure is useful to investors because it shows changes in our costs excluding the effects of changes that we do not directly control, such as our production volume, mix of products produced or foreign currency exchange rates. On this basis, we and our investors are able to determine whether or not our underlying cost structure is improving.

Net Pricing. Slide 15 of Exhibit 99.8 and slide 2 of Exhibit 99.9 state that our milestones are based, in part, on net pricing planning assumptions for 2003 of zero (base) and less than zero (full year outlook) in the United States (for Ford, Lincoln and Mercury brand vehicles) and 1% (base) and less than zero (full year outlook) in Europe (for Ford brand vehicles), in each case at constant volume, mix and foreign currency exchange rates, compared to 2002. These slides further indicate changes in net pricing of negative 1.2% and negative 2.0% in the United States and Europe, respectively, in the first half of 2003. The most directly comparable financial measure calculated and presented in accordance with GAAP to this net pricing measure is the period-over-period change in Automotive Sales. The period-over-period change in Automotive Sales is affected by changes in unit sales volume, product mix, foreign currency exchange rates, wholesale prices

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for vehicles sold and marketing incentives. The net pricing measure (which measures the combined effect of changes in wholesale prices and marketing incentives, while excluding the effects of changes in unit sales volumes, product mix, and foreign currency exchange rates) is useful to investors because it provides an indication of the underlying direction of changes in revenue in one performance measure. The change in Automotive Sales on a per unit basis in the first half of 2003 compared with the first half of 2002 was an increase of 3.3% for the United States and an increase of 7.5% for Europe. The appendix (page 5 of 12) to Exhibit 99.8 contains a reconciliation of the change in net pricing in the first half of 2003 compared with the first half of 2002 to the change in Automotive Sales for the same periods.

Operating Cash Flows. Slides 2 and 14 of Exhibit 99.8 discuss our operating-related cash flows for the second quarter and first half of 2003, and slide 15 of Exhibit 99.8 and slide 2 of Exhibit 99.9 discuss our milestone for operating-related cash flow for 2003. Slides 2 and 14 of Exhibit 99.8 indicate that we had positive operating cash flow of \$1.6 billion for the second quarter 2003. Slides 2, 14 and 15 of Exhibit 99.8 and slide 2 of Exhibit 99.9 indicate that we had positive operating cash flow of \$2.2 billion (\$3.1 billion including tax refunds) for the first half of 2003. The most directly comparable financial measure calculated and presented in accordance with GAAP to this cash flow measure is Cash Flows from Operating Activities Before Securities Trading. The appendix (page 12 of 12) to Exhibit 99.8 contains a reconciliation of our non-GAAP operating cash flow measure and Cash Flows from Operating Activities Before Securities Trading. Cash Flows from Operating Activities Before Securities Trading was \$2.7 billion for second quarter 2003 and \$5.7 billion for the first half of 2003. We believe the non-GAAP operating cash flow measure is useful to investors because it includes cash flow elements not included in Cash Flows from Operating Activities Before Securities Trading that we consider to be related to our operating activities (for example, capital spending). As a result, our operating cash flow measure provides investors with a more relevant measure of the net cash generated by our operations.

Managed Leverage. Slides 13 and 15 of Exhibit 99.8 and slides 2, 4 and 14 of Exhibit 99.9 discuss Ford Credit's leverage (i.e., debt-to-equity ratio) on both a financial statement and managed basis. Financial statement leverage is the most directly comparable financial measure calculated and presented in accordance with GAAP to our non-GAAP managed leverage financial measure. The appendix (pages 8 through 10 of 12) to Exhibit 99.8 contains a reconciliation of Ford Credit's non-GAAP managed leverage measure to its financial statement leverage. These slides indicate that Ford Credit's financial statement and managed leverage at June 30, 2003 were 11.3 and 12.9 to 1, respectively. Slide 15 of Exhibit 99.8 and slide 2 of Exhibit 99.9 indicate that Ford Credit has a milestone to maintain managed leverage in the low end of 13-14 to 1 range. We believe that the use of the non-GAAP managed leverage measure, which is the result of several adjustments to Ford Credit's financial statement leverage, is useful to our investors because it reflects the way Ford Credit manages its business. Ford Credit retains interests in receivables sold in securitization transactions, and, with respect to subordinated retained interests, has credit risk. Accordingly, it considers securitization as an alternative source of funding and evaluates credit losses, receivables and leverage on a managed as well as a financial statement basis. As a result, the managed leverage measure provides our investors with meaningful information regarding management's decision-making processes.

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In calculating its managed leverage ratio, Ford Credit adds the total amount of receivables sold in securitizations, net of retained interests, to its debt. It also deducts cash and cash equivalents because these generally correspond to excess debt beyond the amount required to support Ford Credit's financing operations. It adds minority interests to equity because all of the debt of such consolidated entities is included in total debt. It excludes the impact of Statement of Financial Accounting Standards No. 133 in both the numerator and the denominator in order to exclude the interim effects in changes in market rates because Ford Credit generally repays its debt funding obligations as they mature.

Loss-to-Receivables Ratio. Slide 13 of Exhibit 99.8 and slides 4 and 5 of Exhibit 99.9 discuss Ford Credit's loss to receivables ratios on an on-balance sheet and a managed basis. Slide 13 of Exhibit 99.8 and slides 4 and 5 of Exhibit 99.9 indicate that Ford Credit's total on-balance sheet credit loss ratio was 1.50% (including credit losses on reacquired receivables) and was 1.44% (excluding credit losses on reacquired receivables) for the second quarter 2003. Slide 5 of Exhibit 99.9 indicates that Ford Credit's on-balance sheet credit loss ratio for its U.S. retail and lease segment was 1.82% (including credit losses on reacquired receivables) and was 1.70% (excluding credit losses on reacquired receivables) for the same period. A loss-to-receivables ratio equals net credit losses divided by the average amount of net receivables outstanding for the period. The receivables that were reacquired in the second quarter of 2003 are those of FCAR Owner Trust (FCAR), an entity integral to a Ford Credit asset-backed commercial paper program. FCAR was consolidated for financial statement purposes with Ford Credit in the second quarter of 2003. The financial measure that is most directly comparable to these loss-to-receivables ratios and that is calculated and presented in accordance with GAAP is the on-balance sheet credit loss ratio excluding losses on the reacquired FCAR receivables, which GAAP-based ratio is disclosed in a footnote to the slides referred to above. We believe that the use of the non-GAAP on-balance sheet credit loss ratio is useful to our investors because it provides a more complete representation of our actual on-balance sheet loss performance.

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 on the date indicated.

FORD MOTOR COMPANY

(Registrant)

Date: July 16, 2003

By: /s/Kathryn S. Lamping

Kathryn S. Lamping
Assistant Secretary

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EXHIBIT INDEX

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