

## OFFERING CIRCULAR

€10,000,000,000

**Ford Motor Credit Company**  
**Ford Credit Canada Limited**  
**Ford Credit Australia Limited**  
ABN 77 004 915 100  
**PRIMUS Financial Services, Inc.**  
**Euro Medium-Term Notes**

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Ford Motor Credit Company ("Ford Credit"), Ford Credit Canada Limited ("FC Canada"), Ford Credit Australia Limited ("FC Australia") and PRIMUS Financial Services, Inc. ("PRIMUS Japan" and, together with Ford Credit, FC Canada and FC Australia, the "Issuers") each, subject to compliance with all relevant laws, regulations and directives, may offer from time to time their Euro Medium-Term Notes (the "Notes") in an aggregate principal amount not to exceed €10,000,000,000 (or the equivalent in other currencies). Ford Credit will unconditionally guarantee (as the "Guarantor") Notes issued by each of FC Canada, FC Australia and PRIMUS Japan (each a "Subsidiary" and, together, the "Subsidiaries"). The Notes will bear interest at either fixed or floating rates. Notes issued by FC Canada will mature at least five years and one day after the date of issue. The currency of denomination, maturity date and issue price of a Note, together with the interest rate (if such Note is a Fixed Rate Note), or the interest rate formula, as adjusted by any Spread and/or Spread Multiplier (if such Note is a Floating Rate Note), will be established by the Issuer of the Note and set forth in the applicable Pricing Supplement.

Interest on each Fixed Rate Note and Floating Rate Note will be payable on the dates set forth in the applicable Pricing Supplement and at maturity.

The Notes have not been and will not be registered under the United States Securities Act of 1933. The Notes will be issued only in bearer form and are therefore subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to United States persons. The Definitive Notes may not be offered or sold, directly or indirectly, in the Commonwealth of Australia, its territories or possessions or to residents thereof, or to non-residents thereof who have engaged in carrying on business in Australia at or through a permanent establishment within Australia (including corporations or other entities organized under the laws thereof). An interest in a Global Note may not be offered or sold, directly or indirectly, in Australia unless the offer or invitation does not require disclosure to investors in accordance with the Corporations Act 2001 of Australia. No Notes may be offered or sold, directly or indirectly, to an associate of FC Australia. The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, where the Issuer is PRIMUS Japan, are subject to the Special Taxation Measures Law of Japan. Notes will be represented initially by interests in Temporary Global Notes to be delivered to a common depository outside the United States for Euroclear and Clearstream Luxembourg. Interests in such a Temporary Global Note will be exchangeable for interests in a Permanent Global Note no earlier than the 40th day after the completion of the distribution of Notes of the series to which such Temporary Global Note relates upon certification in the form required by United States tax laws and, where the Issuer is FC Canada, upon certification that such Notes are not beneficially owned by residents of Canada in contravention of the securities laws of Canada or the applicable province or territory thereof. Interests in a Permanent Global Note will be exchangeable upon 45 days' notice for Definitive Notes with coupons attached. See "Description of Notes and Guarantees".

Payments on the Notes will be made without deduction for withholding taxes to the extent described herein. The Notes may be redeemed if, at any time, certain withholding taxes are payable. In addition, the Notes may be redeemed or may be required to be redeemed or purchased by the Guarantor (where applicable) if, at any time, certain certification, identification or information reporting requirements are imposed. See "Description of Notes and Guarantees".

Application has been made to list the Notes issued under the program offered by this Offering Circular on the Luxembourg Stock Exchange. However, the Issuers (other than FC Australia) may from time to time elect to issue Notes which will not be listed on the Luxembourg Stock Exchange or any other exchange.

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The Notes are being offered on a continuing basis by the Issuers through the Agents, who have agreed to use their best efforts to solicit purchases of such Notes. The Notes may also be sold to an Agent or other person, as principal, for resale or other distribution. The Issuers reserve the right to sell the Notes directly to investors on their own behalf. There can be no assurance that the Notes offered hereby will be sold or that there will be a secondary market for the Notes. The Issuers reserve the right to withdraw, cancel or modify the offer made hereby without notice. Any Issuer or any Agent may reject any order in whole or in part.

This Offering Circular supersedes and replaces the Offering Circular dated October 24, 2001. Any Notes originally issued pursuant to Pricing Supplements dated on or after the date of this Offering Circular will be subject to the provisions described herein.

**Merrill Lynch International**  
Arranger

**BNP PARIBAS**  
**Daiwa Securities SMBC Europe**  
**Goldman Sachs International**  
**JPMorgan**  
**RBC Capital Markets**  
**TD Securities**

**Commerzbank Securities**  
**Deutsche Bank**  
**HSBC**  
**Mizuho International plc**  
**Schroder Salomon Smith Barney**  
**Tokyo-Mitsubishi International plc**

**UBS Warburg**

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The date of this Offering Circular is October 7, 2002.

No person is authorized to give any information or to make any representations other than those contained in this Offering Circular and such information or representations, if given or made, must not be relied upon as having been authorized by or on behalf of any Issuer or any Agent named on the cover (the “Agents”). This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered by this Offering Circular or an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of any of the Issuers or Ford Motor Company (“Ford”) since the date of this Offering Circular, or that the information herein is correct as of any time since its date. Each of the Issuers accepts responsibility for the information relating to it contained in this Offering Circular. Accounting information for each of the Issuers is prepared using generally accepted accounting practices for the country in which the reporting Issuer is located.

Only Notes issued within one year from the date of this Offering Circular may be listed on the Luxembourg Stock Exchange. Thereafter this Offering Circular must be updated to permit listing of additional Notes issued more than one year from the date of this Offering Circular.

In connection with each series of Notes, one of the Agents may act as a stabilizing agent (the “Stabilizing Agent”). The identity of the Stabilizing Agent will be disclosed in the relevant Pricing Supplement. In connection with each series of Notes, the Stabilizing Agent or any person acting for it may over-allot or effect transactions with a view to supporting the market price of such series of Notes at a level higher than that which might otherwise prevail for a limited period. However, there is no obligation on the part of the Stabilizing Agent or any person acting for it to do so. Such stabilizing, if commenced, shall be conducted in accordance with all applicable laws and rules and may be discontinued at any time, and must be brought to an end after a limited period.

Notes have not been and will not be qualified for sale under the securities laws of Canada or any province or territory thereof and may not be offered or sold, directly or indirectly, in Canada or any province or territory thereof.

Neither FC Australia nor its controlled entities, including Ford Credit Wholesale, Primus Automotive, FC Australia Management and (where appropriate) the interest of FC Australia and/or its controlled entities in other investments, is authorized under the Banking Act 1959 (Cth) (the “Banking Act”) nor supervised by the Australian Prudential Regulation Authority under the Banking Act. Any investment of funds in the Notes will not be covered by the depositor protection provisions in section 13A of the Banking Act and holders of the Notes will not have the right to priority of payments that is conferred on depositors by that section.

For a more complete description of certain restrictions on offering and sales of Notes and on distribution of this Offering Circular, see “Plan of Distribution”.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “dollars”, “U.S. dollars”, “\$” and “U.S. \$” are to United States dollars, references to “€” and “euro” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union, references to “Cdn \$” are to Canadian dollars, references to “A\$” are to Australian dollars and references to “¥” are to Japanese yen.

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## INFORMATION CONCERNING FORD CREDIT

Ford Credit was incorporated in Delaware in 1959 and is an indirect wholly-owned subsidiary of Ford. As used herein "Ford Credit" refers to Ford Motor Credit Company and its subsidiaries unless the context otherwise requires.

Ford Credit is the world's largest automotive finance company based on the dollar value of the portfolio of finance receivables that it owns and manages. It provides vehicle and dealer financing in 36 countries to more than 11 million customers and more than 12,500 automotive dealers.

Ford Credit offers a wide variety of automotive financial services to and through automotive dealers throughout the world. Under the Ford Credit brand name, it provides financial services to and through dealers of Ford, Lincoln and Mercury brand vehicles and their affiliated dealers. Its PRIMUS division offers financial services to and through dealers of Jaguar, Land Rover, Aston Martin and Mazda brand vehicles and non-Ford dealers. Ford Credit's Volvo finance subsidiaries provide financing to and through Volvo dealers. Its Fairlane and Triad subsidiaries offer non-prime financing through dealers, mainly for used vehicles. Ford Credit also offers financial services to vehicle leasing companies and fleet purchasers.

The company's primary financial services fall into three categories:

- Retail financing — purchasing retail installment sale contracts and retail leases from dealers.
- Wholesale financing — making loans to dealers to finance the purchase of vehicle inventory, also known as floorplan financing.
- Other financing — making loans to dealers for working capital, improvements to dealership facilities, and acquisition of real estate.

Ford Credit also services the finance receivables it originates and purchases; makes loans to Ford affiliates; finances receivables of Ford and its subsidiaries; and provides insurance services related to its financing programs. Ford Credit earns its revenue primarily from retail installment sale contracts and leases and interest supplement and other support payments received from Ford on special-rate retail financing programs.

The mailing address of Ford Credit's executive offices is One American Road, Dearborn, Michigan 48126, United States of America. The telephone number of such offices is (313) 322-3000.

At December 31, 2001, Ford Credit and its subsidiaries had about 22,000 employees.

**DIRECTORS AND PRINCIPAL EXECUTIVE OFFICERS OF FORD CREDIT**

B. Boerio,  
Director, Executive Vice President,  
Chief Financial Officer  
and Treasurer

G. C. Smith,  
Director, Chairman of the Board,  
President and Chief  
Executive Officer

T. D. Chenault,  
Director and  
Executive Vice President

R. C. VanLeeuwen,  
Executive Vice President

M. E. Bannister,  
Director and  
Executive Vice President

A. J. Wagner,  
Executive Vice President

M. S. Macdonald,  
Director

D. L. Korman,  
Executive Vice President  
and General Counsel

J. T. Noone,  
Executive Vice President

A. D. Gilmour,  
Director

P. Horlock,  
Executive Vice President

R. D. Charles,  
Executive Vice President

Each of the above-named persons is a full-time employee of Ford or Ford Credit.

**CAPITALIZATION OF FORD CREDIT  
AND ITS CONSOLIDATED SUBSIDIARIES**

The capitalization of Ford Credit and its subsidiaries at June 30, 2002 is as follows (in millions of U.S. dollars):

	<u>Outstanding June 30, 2002</u> (unaudited)
<b>Senior Indebtedness, Unsecured</b>	
Short-term	
Commercial paper .....	\$ 8,328.0
Other short-term debt .....	<u>7,367.7</u>
Total short-term debt .....	15,695.7
Long-term debt payable within one year .....	26,870.2
Long-term notes and debentures .....	<u>100,101.0</u>
Total debt .....	<u>\$142,666.9</u>
<b>Stockholder's Equity</b>	
Capital stock, par value \$100 a share (250,000 common shares authorized, issued, and outstanding) .....	25.0
Paid-in surplus (contributions by stockholder) .....	5,156.8
Accumulated other comprehensive loss .....	(778.1)
Earnings retained for use in the business .....	<u>9,296.7</u>
Total stockholder's equity .....	<u>\$ 13,700.4</u>
<b>Total Capitalization .....</b>	<u><u>\$156,367.3</u></u>

Except as set forth herein, there has been no material change in the capitalization of Ford Credit since June 30, 2002 to the date of this Offering Circular. See "Ford Motor Credit Company and Consolidated Subsidiaries — Selected Financial Data — Recent Development."

## INFORMATION CONCERNING FC CANADA

FC Canada was incorporated on July 23, 1962 under the laws of Canada and was continued under the Canada Business Corporations Act by Articles of Continuance effective December 5, 1980, as amended by Articles of Amendment effective July 9, 1981, and Articles of Amendment effective July 24, 2001, which changed the company's capital structure. FC Canada refers to Ford Credit Canada Limited and its subsidiaries unless the context otherwise requires. FC Canada is an indirect wholly owned subsidiary of Ford Credit. The results of operations of FC Canada are consolidated in the financial reports of Ford Credit. FC Canada has four wholly-owned subsidiaries, Ford Credit Canada Leasing Company ("FCC Leasing"), Canadian Road Credit Company, Limited ("Canadian Road Credit"), Primus Automotive Financial Services Canada Inc. ("Primus Canada") and Mazda Canada Credit Inc. ("Mazda Canada Credit"). Primus Canada and Mazda Canada Credit are incorporated under the laws of Canada, Canadian Road Credit is incorporated under the laws of the Province of Ontario and FCC Leasing is continued under the laws of the Province of Nova Scotia.

FC Canada provides wholesale financing and capital loans to franchised vehicle dealers of Ford Motor Company of Canada, Limited ("Ford of Canada") and purchases retail installment sale contracts and retail leases from them. FC Canada also makes loans to vehicle leasing companies, the majority of which are affiliated with such dealers. Primus Canada and Mazda Canada Credit provide these financing services in Canada to other vehicle dealers. Vehicle financing accounted for 99.7%, 98.7% and 98.6% of the dollar volume of financing done by FC Canada in 2001, 2000 and 1999 respectively. More than 66%, 76% and 84% of all new cars and trucks financed by FC Canada in 2001, 2000 and 1999, respectively were manufactured or sold by Ford of Canada, a wholly-owned subsidiary of Ford. FC Canada also finances used vehicles built by Ford of Canada and other manufacturers, which accounted for 6.3% of the dollar volume of vehicle financing done by FC Canada in 2001, 5.4% in 2000 and 7.5% in 1999.

FC Canada's registered office is located at Suite 3600, Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario M5K 1N6, Canada and its principal office is located at The Canadian Road, Oakville, Ontario L6J 5C7, Canada. The telephone number of such offices is (905) 845-2511.

At December 31, 2001, FC Canada had approximately 720 employees.

**DIRECTORS AND PRINCIPAL EXECUTIVE OFFICERS OF FC CANADA**

B. Boerio,  
Executive Vice President-Treasurer  
and Chief Financial Officer

A. B. DiLeonardi,  
Secretary and  
Vice President — Legal

R. Girard,  
Director

D. L. Korman,  
Executive Vice President —  
General Counsel

T. A. Micallef,  
Director

T. J. Kuehn,  
Vice President

A. J. Wagner,  
Director and Vice Chairman

D. P. Cospers,  
Vice President

P. F. Nussbaum,  
Vice President

P. T. Sinuita,  
Director and President

G. C. Smith,  
Director and Chairman of the Board

N. J. Stewart,  
Director

R. C. VanLeeuwen,  
Vice President

P. Pandos,  
Director

A. M. Petach,  
Vice President — Funding and  
Assistant Treasurer

N. M. Schloss,  
Vice President

Each of the above-named persons is a full-time employee of FC Canada, FCC Leasing, Ford Credit or Ford of Canada or a retired employee of FC Canada or Ford of Canada.

**CAPITALIZATION OF FC CANADA  
AND ITS CONSOLIDATED SUBSIDIARIES**

The capitalization of FC Canada and its consolidated subsidiaries at June 30, 2002, is as follows (in millions of Canadian dollars):

	<u>Outstanding June 30, 2002</u> (unaudited)
<b>Senior Indebtedness, Unsecured</b>	
Commercial paper .....	Cdn \$1,922.8
Long-term debt payable within one year .....	2,241.2
Long-term debt payable after one year .....	<u>6,847.9</u>
Total senior indebtedness, unsecured .....	<u><u>11,011.9</u></u>
<b>Stockholder's Equity</b>	
Non-cumulative redeemable Class A special stock, without par value, 410,630 shares authorized, issued and outstanding .....	41.1
Non-cumulative redeemable Class B special stock, without par value, 2,400 shares authorized, issued and outstanding .....	18.0
Common stock, without par value, unlimited authorization, 20,000 shares issued and outstanding .....	2.0
Paid-in surplus (contributions by stockholder) .....	394.8
Earnings retained for use in the business .....	<u>342.7</u>
Total stockholder's equity .....	<u><u>798.6</u></u>
<b>Total Capitalization</b> .....	<u><u>Cdn \$11,810.5</u></u>

FC Canada has issued 1,170,000 shares of non-cumulative voting Class C special shares for which it received payment of \$1,000 per share. These shares are redeemable in whole or in part at the option of either FC Canada or the holder. The shares are owned indirectly by Ford Credit, are entitled to non-cumulative dividends not exceeding in aggregate 10% per annum of the stated capital of the shares from time to time and, as a class, have 10% of the voting rights of the outstanding shares of FC Canada. Because these shares are redeemable at the option of the holder they are classified as a liability of FC Canada for financial reporting purposes.

There has been no material change in the capitalization of FC Canada and its consolidated subsidiaries since June 30, 2002 to the date of this Offering Circular.

## **INFORMATION CONCERNING FC AUSTRALIA**

FC Australia, incorporated in Victoria, Australia in 1971, is a wholly-owned subsidiary of Ford Credit. Ford Credit Australia Wholesale Limited (“Ford Credit Wholesale”) and Primus Automotive Financial Services Australia Limited (“Primus Automotive”), both incorporated in Victoria, and Ford Credit Australia Management Limited (“FC Australia Management”), incorporated in the Australian Capital Territory, are wholly-owned consolidated subsidiaries of FC Australia.

The principal business of FC Australia is providing financing facilities for a number of authorized Ford Motor Company of Australia Limited (“Ford Australia”) dealers and other dealers, providing retail purchase and lease financing for customers of such dealers and providing financing to fleet users for the lease or purchase of vehicles. Primus Automotive’s principal business is providing financing for a number of Volvo, Land Rover, Jaguar, Mazda and other dealers and their customers. At present, Ford Credit Wholesale and FC Australia Management are non-operating companies.

The mailing address of FC Australia’s executive office is Level 4, 457 St. Kilda Road, Melbourne, Victoria, Australia 3004. The telephone number of such office is (613) 9868-8400.

As of December 31, 2001, FC Australia had approximately 350 employees.

### **DIRECTORS OF FC AUSTRALIA**

G.E. Green,  
Managing Director

R.M. Blanden,  
Director of Finance

L.M. Jordan,  
Director, Operations

R.L. Khazanchi,  
Director

J.M. Bayly,  
Director, Sales and Marketing

Each of the above-named persons is a full-time employee of FC Australia.

**CAPITALIZATION OF FC AUSTRALIA  
AND ITS CONSOLIDATED SUBSIDIARIES**

The capitalization of FC Australia and its consolidated subsidiaries at June 30, 2002 is as follows (in thousands of Australian dollars):

	<u>Outstanding June 30, 2002</u> (unaudited)
<b>Senior Indebtedness, Unsecured</b>	
Short-term	
Commercial paper (net of unamortized discount of A\$74) .....	A\$ 97,482
Other short-term debt .....	<u>320,227</u>
Total short-term debt, unsecured .....	417,709
Long-term debt payable within one year (net of unamortized discount of	
A\$(35)) .....	961,547
Long-term debt (net of unamortized discount of A\$(988)) .....	<u>1,736,027</u>
Total long-term debt, unsecured .....	<u>2,697,574</u>
Total senior indebtedness, unsecured .....	<u>3,115,283</u>
<b>Stockholders' Equity</b>	
Share capital — 114 million ordinary shares authorized and issued .....	114,000
Capital reserve .....	10
Earnings retained for use in the business .....	<u>90,765</u>
Total stockholders' equity .....	<u>204,775</u>
<b>Total Capitalization</b> .....	<u><u>A\$3,320,058</u></u>

There has been no material change in the capitalization of FC Australia and its consolidated subsidiaries since June 30, 2002 to the date of this Offering Circular.

## INFORMATION CONCERNING PRIMUS JAPAN

PRIMUS Japan was incorporated in Tokyo, Japan in 1993. All of its authorized and outstanding shares are owned by Ford Credit International, Inc. ("Ford Credit International"), a wholly-owned subsidiary of Ford Credit. On August 31, 1999 PRIMUS Japan completed the acquisition of all outstanding shares of Mazda Credit Corporation ("Mazda Credit"). Mazda Credit was merged into PRIMUS Japan on December 1, 1999.

PRIMUS Japan provides retail financing for new and used vehicles, and provides wholesale financing to authorized Ford Japan Limited ("Ford Japan") dealers. Retail financing involves offering installment purchase arrangements for purchasers of new vehicles distributed by Ford Japan, Mazda Motor Corporation ("Mazda") and PAG Import, Inc. ("PAGI"), which distributes Volvo, Jaguar and Land Rover vehicles. PRIMUS Japan also finances used vehicles of all makes and provides equipment operating lease programs to selected authorized Ford Japan, Mazda and PAGI dealers, and lease factoring to Mazda dealers. PRIMUS Japan also offers a dealer receivables financing program for Ford Japan, Mazda and PAGI.

The address of the executive offices of PRIMUS Japan is 4-1-2, Minamikyuhouji-machi, Chuou-ku, Osaka, Japan. The telephone number of such offices is (81) 6-6253-3639.

As of June 30, 2002, PRIMUS Japan had approximately 185 employees.

### DIRECTORS OF PRIMUS JAPAN

M.E. Bannister	J. Hu	S. Bridgman	T. Nakazono
J. Nakazato	J. Tuulik	D. G. Thomas	M. S. Kozel

Each of the above-named persons is a full-time employee of PRIMUS Japan, Ford Credit or Ford.

## CAPITALIZATION OF PRIMUS JAPAN

The capitalization of PRIMUS Japan at June 30, 2002 is as follows (in millions of Japanese yen):

	<u>Outstanding June 30, 2002</u> (unaudited)
<b>Senior Indebtedness, Unsecured</b>	
Short-term	
Loans (bank and intercompany) .....	¥ 96,480
Total short-term debt, unsecured .....	96,480
Long-term debt payable within one year .....	54,709
Long-term debt .....	<u>110,550</u>
Total long-term debt, unsecured .....	165,259
Total senior indebtedness, unsecured .....	<u>261,739</u>
<b>Other Non-Current Liability</b> .....	7,895
<b>Stockholder's Equity</b>	
Share capital — 120,000 shares of common stock authorized of which 52,000 are issued .....	
Earnings retained for use in the business .....	2,600
Total stockholder's equity .....	<u>516</u>
Total stockholder's equity .....	<u>2,084</u>
<b>Total Capitalization</b> .....	<u><u>¥271,718</u></u>

There has been no material change in the capitalization of PRIMUS Japan since June 30, 2002 to the date of this Offering Circular.

## DESCRIPTION OF NOTES AND GUARANTEES

The Notes will be entitled to the benefits of a Fiscal Agency Agreement, dated as of October 7, 2002 (the “Fiscal Agency Agreement”), among Ford Credit, as an Issuer and as Guarantor of certain Notes and FC Canada, FC Australia and PRIMUS Japan, as Issuers of Notes, and JPMorgan Chase Bank, as Fiscal Agent (the “Fiscal Agent”) and Principal Paying Agent (the “Paying Agent”). The Notes offered hereby will be limited to €10,000,000,000 aggregate principal amount. The following statements under this heading are summaries of certain of the provisions of the Fiscal Agency Agreement, the Notes and the Guarantees (as defined below), copies of which will be available for inspection at the office of the Fiscal Agent. Such statements do not purport to be complete and are qualified in their entirety by reference to the Fiscal Agency Agreement, the Notes and the Guarantees. Holders of the Notes will be bound by, and be deemed to have notice of, all the provisions contained in the Fiscal Agency Agreement, the Notes and the Guarantees.

### General

Each series of Notes will be direct, unsecured obligations of the Issuer of that series and will rank equally with all of the unsecured senior debt of such Issuer. Notes issued by FC Canada, FC Australia or PRIMUS Japan will be guaranteed by Ford Credit (the “Guarantees”).

Each issue of Notes will be described in a Pricing Supplement substantially in the form below.

Notes may be sold at a substantial discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below market rates.

Notes may be denominated in euro or in other currencies as designated by the Issuers from time to time as set forth in the applicable Pricing Supplement.

The Notes offered hereby will be limited to an amount of up to €10,000,000,000 aggregate principal amount (or the equivalent thereof in other currencies of issue).

The Notes will be offered on a continuing basis in bearer form only and will mature more than 9 months from their respective dates of issue, except that Notes issued by FC Canada will mature at least five years and one day after the date of issue and will not be extendable. Fixed Rate Notes (as defined below) will mature on any day selected by the initial purchaser and agreed to by the Issuer. Unless otherwise indicated in the applicable Pricing Supplement, the Notes will be redeemed at 100% of their principal amount at maturity. Notes issued by FC Canada will be non-amortizing and will not have the benefit of any sinking fund or right of repurchase at the option of the holder.

Unless otherwise indicated in the applicable Pricing Supplement, Notes denominated in euro will be issued in increments of €1,000. Notes denominated in currencies other than euro (the “Non-Euro Notes”) will be issued in the denomination or denominations set forth in the applicable Pricing Supplement.

Payments on the Notes will be made without deduction for withholding taxes to the extent described under “Payment of Additional Amounts” below. An Issuer may redeem Notes issued by it at any time, at their principal amount (or, in the case of Notes with original issue discount, at their accreted value) in the event of certain changes in the tax laws or regulations of the United States, Canada, Australia or Japan, as applicable, or the imposition of certain information reporting requirements. Unless such redemption is provided for in the applicable Pricing Supplement, such Notes will not otherwise be redeemable prior to maturity. See “— Redemption” and “— Special Redemption or Purchase” below.

Unless defined otherwise in the applicable Pricing Supplement, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that, with respect to Notes denominated in a currency other than U.S. dollars, such day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as defined below) of the

country issuing the specified currency (or, if the specified currency is the euro, such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open); provided, further, that, with respect to Notes as to which LIBOR is an applicable interest rate basis, such day also is a London Business Day.

“London Business Day” means a day on which commercial banks are open for business (including dealings in the designated LIBOR Currency) in London.

Unless otherwise specified in the applicable Pricing Supplement, “Principal Financial Center” means (1) the capital city of the country issuing the specified currency or (2) the capital city of the country to which the designated LIBOR Currency relates, as applicable, except, in the case of (1) or (2) above, that with respect to United States dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, the “Principal Financial Center” shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

Each Note will provide that the obligation to pay the principal thereof and interest thereon in the currency in which such Note is denominated is of the essence. The obligation of the Issuer or the Guarantor (where applicable) to make payments in the currency in which a Note is denominated shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the currency in which such Note is denominated that the holder of such Note may purchase with the amount paid in such other currency. If the amount in the currency in which such Note is denominated that may be so purchased is for any reason less than the amount originally due, the Issuer or the Guarantor (where applicable) shall pay such additional amounts in the currency in which such Note is denominated as may be necessary to compensate for any such shortfall.

Notes (including Notes denominated in Sterling) with a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

### **Payment Currency**

If the currency in which a Note is denominated is not available for the payment of principal or interest with respect to a Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer or the Guarantor (where applicable), the Issuer or the Guarantor (where applicable) will be entitled to satisfy its obligations to holders of such Notes by making such payment (a) in U.S. dollars on the basis of the noon buying rate in The City of New York for cable transfers of the specified currency as certified for customs purposes by the Federal Reserve Bank of New York (the “Market Exchange Rate”) on the basis of the most recently available Market Exchange Rate, or (b) as otherwise indicated in an applicable Pricing Supplement. Any payment made under such circumstances in U.S. dollars where the required payment is in a specified currency will not constitute a default under the Fiscal Agency Agreement. See “Currency Risks.”

**Form of Pricing Supplement**

Each series of Notes will be described in a Pricing Supplement prepared by the Issuer of such series substantially in the following form:

Pricing Supplement No. [ ] Dated [ ]  
 (To Offering Circular Dated October 7, 2002)

**€10,000,000,000**  
**Euro Medium-Term Notes**

Issuer (checked below):

Ford Motor Credit Company  <input type="checkbox"/>	Ford Credit Canada Limited  <input type="checkbox"/>	Ford Credit Australia Limited  <input type="checkbox"/>	PRIMUS Financial Services, Inc.  <input type="checkbox"/>
Unconditionally Guaranteed as to Payment of Principal and Interest by Ford Motor Credit Company			

The Issuer has designated [currency; principal amount] as a series of its Euro Medium-Term Notes having the terms set forth below. After the initial offering, the offering price may be changed. This Pricing Supplement is to be read in conjunction with, and forms part of, the Offering Circular with respect to the Notes. The terms of the Offering Circular under the headings “Interest and Interest Rates”, “Fixed Rate Notes” and “Floating Rate Notes” are incorporated by reference herein.

- |  |  |
|--|--|
| Title of the Notes:<br>Issue Date:<br>Maturity Date:<br>Interest Payment Dates:<br>ISIN:<br>Common Code:<br>Issue Price:<br>If LIBOR: <input type="checkbox"/> LIBOR Telerate<br><input type="checkbox"/> LIBOR Reuters<br><input type="checkbox"/> Other:<br>Designated LIBOR Currency:<br>Minimum Denomination: <input type="checkbox"/> €1,000<br><input type="checkbox"/> Other:<br>Definitive Note<br>Denominations, if issued: <input type="checkbox"/> Euro:<br><input type="checkbox"/> Other:<br>Specified Currency:<br>Spread Multiplier:<br>Calculation Date:<br>Minimum Interest Rate:<br>Other /Different Provisions:<br>Interest Payment Period:<br>Settlement Procedures: | Day Count Fraction:<br>Interest Accrual Commencement<br>Date (if other than the Issue Date):<br>Principal Amount:<br>Fixed Interest Rate:<br>Listing:<br>Base Rate:<br>Designated LIBOR Page:<br>Index Maturity:<br>Initial Interest Rate:<br>Spread (plus or minus):<br><br>Other Currency:<br><br>Calculation Agent:<br>Maximum Interest Rate:<br>Interest Determination Date:<br>Interest Reset Dates:<br>Optional Interest Rate Reset Dates:<br>Stabilization Agent:<br>Business Days:<br>Business Day Convention: |
|--|--|

Any of the following additional terms which may apply: (a) terms for redemption, extension or early repayment of the Notes; (b) provisions for a sinking fund; and (c) any other term or provision not inconsistent with provisions of the Fiscal Agency Agreement. Portions of this form of Pricing

Supplement not applicable to a series of Notes may be omitted from the Pricing Supplement relating to such series.

### **Foreign Currency Judgments**

The Fiscal Agency Agreement, the Notes and the Guarantees, except to the extent specified otherwise in a Pricing Supplement, will be governed by, and construed in accordance with, the laws of the State of New York. A holder of Notes may bring an action based upon an obligation payable in a currency other than U.S. dollars in courts in the United States. However, courts in the United States have not customarily rendered judgments for money damages denominated in euro or any other currency other than U.S. dollars. In addition, it is not clear whether in granting such judgment, the rate of conversion would be determined with reference to the date of default, the date judgment is rendered or any other date. The Judiciary Law of the State of New York provides, however, that an action based upon an obligation payable in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at a rate of exchange prevailing on the date the judgment or decree is entered. In these cases, holders of foreign currency Notes would bear the risk of exchange rate fluctuations between the time the dollar amount of this judgment is calculated and the time U.S. dollars were paid to the holders. The Fiscal Agency Agreement provides that to the extent permitted by law, the exchange rate for such judgment will be based on the exchange rate on the business day immediately preceding the day on which such judgment is rendered.

### **Interest and Interest Rates**

Each interest bearing Note will bear interest at either (a) a fixed rate (the “Fixed Rate Notes”) or (b) a floating rate determined by reference to an interest rate formula (the “Floating Rate Notes”), which may be adjusted by a Spread and/or Spread Multiplier.

Any Floating Rate Note may also have any or all of the following: (i) a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any interest period; (ii) a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any interest period; and (iii) a fixed rate (determined without reference to the floating rate index) applicable to one or more interest periods. With respect to Floating Rate Notes listed on the Luxembourg Stock Exchange, the Issuer will notify such stock exchange and Kredietbank S.A. Luxembourg, 43 Boulevard Royal, L-2955 Luxembourg, of the rate and amount of interest for each interest period, where such information shall be available upon request.

Each Note will bear interest from its date of issue at the annual rate, or at a rate determined pursuant to an interest rate formula, stated in the Note and in the applicable Pricing Supplement. Interest will be payable on each Interest Payment Date (as defined below) and at maturity. Interest rates and interest rate formulas are subject to change by the Issuers from time to time, but no such change will affect any Note then outstanding or that any of the Issuers have agreed to sell.

### **Fixed Rate Notes**

For Fixed Rate Notes, the Issuer will specify a fixed interest rate and interest will be paid annually in arrears (unless otherwise specified) in accordance with the method and on the date specified in the applicable Pricing Supplement (each such date on which payment of interest is to be made being referred to herein as an “Interest Payment Date”). Each interest payment on a Fixed Rate Note will include interest accrued from, and including, the issue date or the last Interest Payment Date, as the case may be, to, but excluding, the following Interest Payment Date or the maturity date, redemption date or repurchase date, as the case may be. Unless specified otherwise in the applicable Pricing Supplement, interest on Fixed Rate Notes will be computed and paid on the basis of a 360-day year of twelve 30-day months. Unless specified otherwise in the applicable Pricing Supplement, if the maturity date or an Interest Payment Date for any Fixed Rate Note is not a Business Day, then the principal, premium, if any, and interest for that Note will be paid on the next

Business Day, and no interest will accrue from and after the maturity date or on the interest payment being made on such day.

### **Floating Rate Notes**

Each Floating Rate Note will have an interest rate basis or formula. The Issuer may base that formula on LIBOR or another interest rate basis or formula. The interest rate basis or formula for Floating Rate Notes issued by FC Canada will not be contingent or dependent on the use of or production from property in Canada or be computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion, or by reference to dividends paid or payable to shareholders of a corporation.

The applicable Pricing Supplement also will indicate any Spread and/or Spread Multiplier, which will be applied to the interest rate formula to determine the interest rate. Any Floating Rate Note may have a maximum or minimum interest rate limitation. In addition to any maximum interest rate limitation, the interest rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law for general application.

The Issuers will appoint a calculation agent to calculate interest rates on the Floating Rate Notes. Unless a different party is identified in the Pricing Supplement, the Fiscal Agent will be the calculation agent. In most cases, a Floating Rate Note will have a specified “Interest Reset Date”, “Interest Determination Date” and “Calculation Date” associated with it. An Interest Reset Date is the date on which the interest rate on the Note is subject to change. An Interest Determination Date is the date as of which the new interest rate is determined for a particular Interest Reset Date, based on the applicable interest rate basis or formula as of that Interest Determination Date. The Calculation Date is the date by which the calculation agent will determine the new interest rate that became effective on a particular Interest Reset Date based on the applicable interest rate basis or formula on the Interest Determination Date.

The Issuer may reset the interest rate on each Floating Rate Note daily, weekly, monthly, quarterly, semi-annually, annually or on some other basis specified in the applicable Pricing Supplement.

The applicable Pricing Supplement will describe the initial interest rate or interest rate formula for each Note. That rate is effective until the following Interest Reset Date. Thereafter, the interest rate will be the rate determined as of each Interest Determination Date. Each time a new interest rate is determined, it becomes effective on the next Interest Reset Date. If any Interest Reset Date is not a Business Day, then the Interest Reset Date is postponed to the next Business Day, except, in the case of a LIBOR Note, if the next Business Day is in the next calendar month, the Interest Reset Date is the immediately preceding Business Day. Unless specified otherwise in the applicable Pricing Supplement, if the maturity date or an Interest Payment Date for any Floating Rate Note is not a Business Day, then the principal, premium, if any, and interest for that Note will be paid on the next Business Day, and no interest will accrue from and after the maturity date or on the interest payment being made on such day.

Upon the request of the beneficial holder of any Floating Rate Note, the Issuer will provide the interest rate then in effect for any Floating Rate Note.

### *Payment of Interest*

Payments of interest on Floating Rate Notes will be paid on the Interest Payment Dates specified in the applicable Pricing Supplement and on the day of maturity, redemption or repurchase.

Each interest payment on a Floating Rate Note will include interest accrued from, and including, the issue date or the last Interest Payment Date, as the case may be, to, but excluding, the following

Interest Payment Date or the maturity date, redemption date or repurchase date, as the case may be.

The Issuer will pay interest on a series of Floating Rate Notes beginning on the first Interest Payment Date after the issue date of such series. Unless otherwise specified in the applicable Pricing Supplement, the interest will be calculated by multiplying the principal amount of a Note by an accrued interest factor. The accrued interest factor is the sum of the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor for each day will be computed by dividing the interest rate in effect on that day by 360. All percentages resulting from any calculation are rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward. For example, 9.876545% (or .09876545) will be rounded to 9.87655% (or .0987655). Currency amounts used in the calculation will be rounded to the nearest sub-unit of the relevant currency. "Sub-unit" means, with respect to any currency other than the euro, the lowest amount of such currency that is legal tender in the country issuing such currency and, with respect to the euro, means one cent.

#### *Calculation of LIBOR*

With respect to Floating Rate Notes using LIBOR to determine the interest rate, the calculation agent will determine LIBOR on each Interest Determination Date as follows:

- If the applicable Pricing Supplement specifies "LIBOR Telerate", LIBOR on any Interest Determination Date will be the rate for deposits in the LIBOR Currency having the Index Maturity described in such Pricing Supplement on the applicable Interest Reset Date, as such rate appears on the Designated LIBOR Page as of 11:00 a.m., London time, on that Interest Determination Date.
- If the applicable Pricing Supplement specifies "LIBOR Reuters", LIBOR on any Interest Determination Date will be the average of the offered rates for deposits in the LIBOR Currency having the Index Maturity described in such Pricing Supplement on the applicable Interest Reset Date, as such rates appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that Interest Determination Date, if at least two such offered rates appear on the Designated LIBOR Page.
- If the applicable Pricing Supplement does not specify "LIBOR Telerate" or "LIBOR Reuters," the LIBOR Rate will be LIBOR Telerate. In addition, if the Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used regardless of the foregoing provisions requiring more than one rate.

On any Interest Determination Date on which fewer than the required number of applicable rates appear or no rate appears on the applicable Designated LIBOR Page, the calculation agent will determine LIBOR as follows:

- LIBOR will be determined on the basis of the offered rates at which deposits in the LIBOR Currency having the Index Maturity described in the applicable Pricing Supplement on the Interest Determination Date and in a principal amount that is representative of a single transaction in that market at that time are offered by four major banks in the London interbank market at approximately 11:00 a.m., London time, on the Interest Determination Date to prime banks in the London interbank market. The calculation agent will select the four banks and request the principal London office of each of those banks to provide a quotation of its rate for deposits in the LIBOR Currency. If at least two quotations are provided, LIBOR for that Interest Determination Date will be the average of those quotations.
- If fewer than two quotations are provided as mentioned above, LIBOR will be the average of the rates quoted by three major banks in the Principal Financial Center selected by the calculation agent as of approximately 11:00 a.m. in the Principal Financial Center, on the Interest Determination Date for loans to leading European banks in the LIBOR Currency

having the Index Maturity designated in the applicable Pricing Supplement and in a principal amount that is representative for a single transaction in the LIBOR Currency in that market at that time. The calculation agent will select the three banks referred to above.

- If fewer than three banks selected by the calculation agent are quoting as mentioned above, LIBOR will remain LIBOR then in effect on that Interest Determination Date.

“LIBOR Currency” means the currency specified in the applicable Pricing Supplement as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Supplement, euro.

“Designated LIBOR Page” means:

- if the applicable Pricing Supplement specifies “LIBOR Reuters”, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified in such Pricing Supplement (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency; or
- if the applicable Pricing Supplement specifies “LIBOR Telerate”, or neither “LIBOR Reuters” nor “LIBOR Telerate” is specified in the applicable Pricing Supplement as the method of calculating LIBOR, the display on Bridge Telerate, Inc. (or any successor service, “Telerate”) on the page specified in such Pricing Supplement (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency.

#### **Form, Denomination and Transfer**

The Notes will be offered only in bearer form.

The Notes will be issued in series (each referred to as a “series”). The Issuer, the Agents or any other persons that purchase with a view to distribution or sell Notes in a series shall certify in the form described below to the Fiscal Agent when the distribution of the Notes in such series has been completed. All Notes originally issued on the same day by the same Issuer, being denominated in the same currency and having the same interest rate (or, in the case of Floating Rate Notes, the same interest rate formula) and maturity date, will be deemed to constitute a single series, and will be represented initially by a temporary note in global form (a “Temporary Global Note”, or a “Global Note”, which term includes a Permanent Global Note (as defined below) unless otherwise stated), which will be deposited with a common depository outside of the United States for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), and Clearstream Banking, société anonyme, Luxembourg (“Clearstream Luxembourg”). Additional Notes of a previously issued series may be issued under certain circumstances. See “— Further Issues.” Unless otherwise specified in the applicable Pricing Supplement, the Fiscal Agent shall be the common depository. Upon receipt of the Temporary Global Note, the common depository will credit the respective principal amounts of the Notes represented by such Temporary Global Note to the accounts of Euroclear and Clearstream Luxembourg. Ownership of beneficial interests in a Global Note may be held only through Euroclear or Clearstream Luxembourg. Ownership of beneficial interests in a Global Note will be shown on and the transfer of that ownership will be effected only through records maintained by Euroclear and Clearstream Luxembourg.

If so specified in the applicable Pricing Supplement, beneficial interests in a Temporary Global Note will be exchangeable for Definitive Notes (as defined below) on or after the applicable Exchange Date (as defined below) upon the certification described below.

Each beneficial interest in a Temporary Global Note will be exchangeable for an equivalent beneficial interest in a permanent note in global form (a “Permanent Global Note”) (or Definitive Notes, if so specified in the applicable Pricing Supplement), no earlier than the 40th day after the completion of the distribution of Notes of the series to which such Temporary Global Note relates

(the “Exchange Date”), upon written certification, in the form set forth in the Fiscal Agency Agreement, by or on behalf of the person owning the beneficial interest in the Temporary Global Note that such person is either:

(i) a person that is not a United States person,

(ii) a United States person that is (A) a foreign branch of a United States financial institution (as defined in United States Treasury Regulations Section 1.165-12(c)(1)(v)) purchasing for its own account or for resale or (B) a United States person who acquired Notes through a foreign branch of a United States financial institution and who holds the Notes through such financial institution on the date of such certification (provided in either case that the financial institution furnishes certification to the Issuer or the Agent selling the Notes to it that such financial institution agrees to comply with Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code and the United States Treasury Regulations issued thereunder),

(iii) a financial institution that acquired Notes for purposes of resale during the restricted period (as defined below under “— Tax Restrictions”), and such financial institution certifies that it has not acquired the Notes for purposes of resale directly or indirectly within the United States or to a United States person, or

(iv) in the case of Notes issued by FC Canada, a person who is not located in Canada or a resident of Canada to whom such Notes have been sold or a person who is located in Canada or a resident of Canada and who has acquired such Notes in compliance with the securities laws of Canada and of the applicable province or territory thereof.

A financial institution, whether or not described in (i) or (ii) above, that purchases Notes for purposes of resale during the restricted period may only give the certification described in (iii) above. Each Permanent Global Note will be deposited with a common depository outside the United States for Euroclear and Clearstream Luxembourg for the accounts of holders whose Notes are represented by interests in such Permanent Global Note.

Holders of interests in a Permanent Global Note may request, on 45 days’ notice to the Fiscal Agent, Notes in definitive bearer form (“Definitive Notes”). If any holder of an interest in a Permanent Global Note of a series of Notes makes such a request, all holders of that series will receive Definitive Notes with terms identical to those of the Permanent Global Note (except as to the right of exchange) in exchange for each holder’s respective interest in the Permanent Global Note. If Definitive Notes are issued, they will be in the denomination or denominations set forth in the applicable Pricing Supplement.

### **Tax Restrictions**

In compliance with United States tax laws and regulations, Notes may not be offered, sold or delivered within the United States or to a United States person, except in certain transactions permitted by United States tax regulations. Each Agent has agreed (i) that it will not, (x) at any time in connection with the original issuance of any Note or (y) otherwise until 40 days after the date of issue of any Note (the “restricted period”), offer or sell any Note to a person who is within the United States or to a United States person except as permitted by United States tax regulations and (ii) that it will not deliver any Note sold during the restricted period in definitive form within the United States. No Note (other than the Temporary Global Note) may be delivered, and no interest may be paid until the person entitled to receive such Note or such interest furnishes the written certification described under “— Form, Denomination and Transfer” above.

The following legend will appear on all Global Notes, Definitive Notes and coupons appertaining thereto: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections referred to in such legend provide that, with certain exceptions, a United States person will not be permitted to deduct any loss, and will not be eligible

for capital gain treatment with respect to any gain, realized on the sale, exchange or redemption of such Note or coupon.

The following legend will appear on all Global Notes and coupons appertaining thereto issued by FC Australia:

“No associate (as defined in section 318 of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the “Assessment Act”) (but on the basis that subparagraphs 318(1)(b), (2)(a) and (4)(a) of the Assessment Act do not apply) of Ford Credit Australia Limited (“Associate”)), may (directly or indirectly) acquire this obligation or any interest in or right in respect of this obligation (other than such a person who acquires this obligation or such interest or right in the capacity of a dealer or manager in relation to the placement of the obligation, interest or right).

“Each person who so acquires this obligation or such interest or right is taken to have warranted in favor of Ford Credit Australia Limited that the person is not an Associate.

“Any Associate who so acquires this obligation or any interest in or right in respect of this obligation may be subject to Australian tax and, if so, will not be entitled to receive any payment of additional amounts from Ford Credit Australia Limited in respect of any amount deducted by Ford Credit Australia Limited on account of such tax from amounts payable under or in respect of this obligation.”

The following legend will appear on all Definitive Notes appertaining thereto issued by FC Australia:

“No associate (as defined in section 318 of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the “Assessment Act”) (but on the basis that subparagraphs 318(1)(b), (2)(a) and (4)(a) of the Assessment Act do not apply) of Ford Credit Australia Limited (“Associate”)), resident of Australia or non-resident of Australia who has engaged in carrying on business in Australia may (directly or indirectly) acquire this obligation or any interest in or right in respect of this obligation (other than such a person who acquires this obligation or such interest or right in the capacity of a dealer or manager in relation to the placement of the obligation, interest or right).

“Each person who so acquires this obligation or such interest or right is taken to have warranted in favor of Ford Credit Australia Limited that the person is not an Associate, resident of Australia or non-resident of Australia who has engaged in carrying on business in Australia at or through a permanent establishment within Australia.

“Any Associate, resident of Australia or non-resident of Australia who has engaged in carrying on business in Australia at or through a permanent establishment within Australia who so acquires this obligation or any interest in or right in respect of this obligation may be subject to Australian tax and, if so, will not be entitled to receive any payment of additional amounts from Ford Credit Australia Limited in respect of any amount deducted by Ford Credit Australia Limited on account of such tax from amounts payable under or in respect of this obligation.”

The following legend will appear on all Global Notes and Definitive Notes issued by PRIMUS Japan:

“Interest payments on this obligation will be subject to Japanese withholding tax unless the holder establishes that this obligation is held by or for the account of a holder that is not an individual resident of Japan or a Japanese corporation for Japanese tax purposes or is a designated Japanese financial institution described in Article 6 of the Special Taxation Measures Law of Japan.

“Interest payments on this obligation to an individual resident of Japan or a Japanese corporation not described in the preceding paragraph will be subject to deduction in respect of Japanese income tax at a rate of 15 percent of the amount specified in subparagraph (a) or (b) below as applicable:

(a) if interest is paid to an individual resident of Japan or to a Japanese corporation (except as provided in subparagraph (b) below), the amount of such interest; or

(b) if interest is paid to a public corporation, a financial institution or a securities company through a Japanese payment handling agent, as provided in Article 3-3, Paragraph 6 of the Special Taxation Measures Law of Japan, the amount of such interest minus the amount provided in the Cabinet Order relating to said Paragraph 6.”

### **Payment and Paying Agents**

A beneficial interest in a Temporary Global Note must be exchanged for a beneficial interest in a Permanent Global Note or Definitive Notes, as the case may be, before interest payments can be received, except as provided in this paragraph. Interest payable in respect of a beneficial interest in a Temporary Global Note on an Interest Payment Date occurring prior to the Exchange Date will be paid only upon certification, in the form set forth in the Fiscal Agency Agreement and to the effect set forth above under “— Form, Denomination and Transfer”, by or on behalf of the person owning such beneficial interest in such Temporary Global Note on such Interest Payment Date.

Payments of interest in respect of each Temporary Global Note, under the circumstance set forth in the preceding paragraph and payments of principal and interest in respect of each Permanent Global Note or Definitive Notes, as the case may be, will be made to each of Euroclear and Clearstream Luxembourg with respect to that portion of any such Temporary Global Note or Permanent Global Note or Definitive Notes, as the case may be, held for its account. Each of Euroclear and Clearstream Luxembourg will undertake in such circumstances to credit the payments received by it to the accounts of the holders whose Notes are represented by beneficial interests in such Temporary Global Note or Permanent Global Note or Definitive Notes, as the case may be. None of the Issuers, the Guarantor, the Fiscal Agent or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments in respect of Notes and coupons, if any, will be made only at the offices of such paying agents located outside the United States and Japan (where the Issuer is PRIMUS Japan) as the Issuers may from time to time appoint, upon presentation and surrender of the Notes or appropriate coupons, if any, as the case may be. At the direction of the holder of any Definitive Note or coupon, and subject to applicable laws and regulations, payment on such Note or coupon will be made by check drawn on a bank in a city in the country issuing the currency in which a Note is denominated or by wire transfer to an account denominated in such currency maintained by such holder with a bank located outside the United States and Japan. With respect to Notes denominated in U.S. dollars, if payment in U.S. dollars at the offices of all paying agents outside the United States becomes illegal or is effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. dollars, the Issuer will appoint an office or agent in the United States at which such payment may be made. Except as described in the preceding sentence, no payment on the Notes will be made by mail to an address in the United States or Japan or by transfer to an account maintained by the holder in the United States or Japan.

The Issuers have initially appointed as paying agents for payments on the Notes and coupons, if any, the principal offices of JPMorgan Chase Bank in London and J.P. Morgan Bank Luxembourg S.A. in Luxembourg. The Issuers may vary or terminate the appointment of any paying agent, but as long as any Note remains outstanding, the Issuers will maintain a paying agent in London and, so long as any series of Notes is listed on the Luxembourg Stock Exchange and the rules of the

Luxembourg Stock Exchange so require, a paying agent in Luxembourg for such series. The Issuers covenant that, if any European Union Directive on the taxation of savings income relating to the proposal for a directive on the taxation of savings income published by the ECOFIN Council on December 13, 2001 or otherwise implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, any such directive is introduced, they will, to the extent permitted by law, maintain a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any such directive or any such law.

All money paid by any Issuer or the Guarantor to the Fiscal Agent or a paying agent for the payment of principal of or interest on any Note that remains unclaimed at the end of two years after such principal or interest shall have become due and payable will be repaid to the Issuer or the Guarantor, as the case may be, of such Note and the holder of such Note or any coupon appertaining thereto will thereafter look only to the Issuer or the Guarantor, as the case may be, for payment thereof, which payments will be made outside of the United States and Japan (where the Issuer is PRIMUS Japan).

### **Redemption**

Except as set forth here and under “Special Redemption or Purchase” or specified in the applicable Pricing Supplement, the Notes may not be redeemed prior to maturity.

If (a) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (with respect to Notes of which Ford Credit is Issuer or Guarantor) or the country of domicile of any of the Subsidiaries (or, in either case, any political subdivision or taxing authority thereof or therein), or any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of this Offering Circular, the Issuer or the Guarantor (where applicable) of any Note becomes or will become obligated to pay additional amounts as described herein under the heading “— Payment of Additional Amounts” or (b) any act is taken by a taxing authority of the United States or the country of domicile of any of the Subsidiaries (or, in each case, any political subdivision or taxing authority thereof or therein) on or after the date of this Offering Circular, whether or not such act is taken with respect to an Issuer, the Guarantor (where applicable) or any affiliate of either, that results in a substantial probability that the Issuer or the Guarantor (where applicable) will or may be required to pay such additional amounts, then the Issuer or the Guarantor (where applicable) (in the event the Guarantor is obligated to make payment in respect of the Notes), as the case may be, may, at its option, redeem the Issuer’s Notes, as a whole but not in part, upon not less than 35 days’ nor more than 60 days’ published notice in accordance with “— Notices” below at 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption (or, in the case of Notes with original issue discount, at their accreted value); *provided* that the Issuer or (where applicable) the Guarantor, as the case may be, determines, in its business judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor (where applicable), as the case may be, not including substitution of the obligor under the Issuer’s Notes.

No redemption pursuant to (b) above may be made unless the Issuer or the Guarantor (where applicable), as the case may be, shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States or the country of domicile of the relevant Subsidiary results in a substantial probability that it will or may be required to pay the additional amounts described herein under the heading “— Payment of Additional Amounts” and the Issuer or the Guarantor (where applicable) shall have delivered to the Fiscal Agent a certificate, signed by a duly authorized officer, stating that based on such opinion the Issuer or the Guarantor (where applicable) is entitled to redeem the Issuer’s Notes pursuant to their terms.

## Special Redemption or Purchase

A Subsidiary may redeem and Ford Credit shall redeem a series of Notes issued by it as a whole but not in part, upon not less than 60 nor more than 90 days' published notice in accordance with "— Notices" below at 100% of their principal amount, together with interest accrued to the date fixed for redemption (or, in the case of Notes with original issue discount, at their accreted value) after determination by the Issuer or the Guarantor (where applicable) as soon as practicable, based on a written opinion of independent counsel, and prompt notice thereof to the Fiscal Agent, that any certification, identification or information reporting requirements of United States law or regulation with regard to the nationality, residence or identity of a beneficial owner of such series of Notes or coupons appertaining thereto would be applicable to a payment of principal of or interest on such series of Notes or coupons appertaining thereto made outside the United States by the Issuer, the Guarantor (where applicable), or a paying agent as agent for the Issuer or the Guarantor (where applicable) and not as agent for the beneficial owner (other than a requirement that would not be applicable to a payment made to a custodian, nominee or other agent of the beneficial owner, or which could be satisfied by the holder, custodian, nominee or other agent certifying that the beneficial owner is not a United States person; *provided, however*, in each case that payment by a custodian, nominee or agent (who is not under law in effect as of the date of issuance of the series of Notes subject to information reporting requirements) to the beneficial owner is not otherwise subject to any certification, identification or information reporting requirement referred to in this sentence). The Fiscal Agent shall, as soon as practicable after receipt of notice of such determination by the Issuer or the Guarantor (where applicable), give prompt notice thereof in accordance with "Notices" below, stating in the notice the effective date of such certification, identification or information reporting requirements and the dates within which the redemption by the Issuer (or the purchase by the Guarantor as provided in the second succeeding paragraph) shall occur. The redemption by the Issuer (or the purchase by the Guarantor) of such series of Notes must take place on such date, not later than one year after the publication of notice by the Fiscal Agent of the determination by the Issuer as provided in the next preceding sentence, as the Issuer (or the Guarantor, as the case may be) shall determine by notice to the Fiscal Agent at least 75 days before the redemption or purchase date, unless notice within a shorter period is acceptable to the Fiscal Agent. The Issuer shall not so redeem (and the Guarantor shall not so purchase) such series of Notes, however, if the Issuer (or the Guarantor, as the case may be) shall, based on a subsequent event, determine, based on a written opinion of independent counsel, not less than 30 days prior to the date fixed for redemption or purchase, that no payment would be subject to any requirement described above, in which case the Fiscal Agent shall give prompt notice of that determination in accordance with "Notices" below and any earlier redemption or purchase notice shall be deemed revoked and of no further effect.

Notwithstanding the preceding paragraph, if and so long as the certification, identification or information reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of United States withholding, backup withholding or a similar tax, the Issuer or the Guarantor (where applicable) may elect, prior to publication of the notice of redemption or purchase contemplated in the preceding paragraph to pay as additional interest such additional amounts as are necessary in order that, following the effective date of such requirements, every net payment made outside the United States by the Issuer or a paying agent of the principal of and interest on a Note or coupon of any of the series eligible to be redeemed or purchased, to a holder who is not a United States person as defined under "— Payment of Additional Amounts" (but without any requirement that the nationality, residence or identity of such holder be disclosed to the Issuer or the Guarantor (where applicable), a paying agent acting as agent of the Issuer or the Guarantor (where applicable) or any governmental authority), after deduction for United States withholding, backup withholding or a similar tax (other than a withholding, backup withholding or similar tax which (i) would not be applicable in the circumstances referred to in the parenthetical clause pertaining to payments to a custodian, nominee or other agent of the first sentence of the preceding paragraph, (ii) is imposed as a result of the fact that the Issuer, the Guarantor (where

applicable), or a paying agent acting as agent of the Issuer or the Guarantor (where applicable) has actual knowledge that the beneficial owner of the Note or coupon is within the category of persons (where applicable) described in clause 1 of “— Payment of Additional Amounts”, or (iii) is imposed as a result of presentation of the Note or coupon for payment more than 15 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later), will not be less than the amount provided in the Note or the coupon to be then due and payable.

If a Subsidiary does not elect to redeem such series of Notes or pay additional amounts in accordance with the two preceding paragraphs, then the Guarantor shall purchase all outstanding Notes of such series from the holders thereof upon not less than 60 nor more than 90 days’ published notice in accordance with “— Notices” below at 100% of their principal amount, together with interest accrued to the date fixed for purchase (or, in the case of Notes with original issue discount, at their accreted value) (the “Guarantor’s Purchase Price”). Payment for Notes to be purchased by the Guarantor will be made by the Guarantor depositing with the Fiscal Agent on the date fixed for purchase an amount equal to the Guarantor’s Purchase Price. Upon the deposit of the Guarantor’s Purchase Price with the Fiscal Agent, holders of Notes and coupons to be purchased shall not have any rights thereunder or in respect thereof except to receive their ratable share of the Guarantor’s Purchase Price, upon presentation and surrender of such Notes and all unredeemed coupons, if any, appertaining thereto at those paying agencies designated by the Guarantor, provided that the holders shall be entitled to any additional interest to which they would be entitled in the case of payments on the Notes and coupons by the Issuer as provided under “— Payment of Additional Amounts”.

If, as a result of its Guarantees or an assumption of the obligations of a Subsidiary under the Notes issued by such Subsidiary, the Guarantor shall be obligated to make payments in respect of such Notes, the Guarantor shall be obligated either to purchase such Notes or to pay additional amounts under the circumstances set forth in the first and second paragraphs under this heading (with appropriate modifications to reflect the fact that the Guarantor is obligated to make payments in respect of such Notes), which obligation shall be mandatory.

### **Events of Default**

The following events will be defined in the Notes of each series as “Events of Default”: failure to pay interest for 30 calendar days after becoming due; failure to pay principal for five Business Days after becoming due, whether at maturity, upon redemption, declaration or otherwise; failure by the Issuer, or if guaranteed, by the Guarantor, to perform any other covenants for 90 days after notice by the holders of at least 25% in aggregate principal amount of the Notes of the series; and certain events of bankruptcy, insolvency or reorganization with respect to the Issuer, or if guaranteed, by the Guarantor. If an Event of Default occurs with respect to the Notes of any series, the holder of a Note of such series may declare the principal of and interest on such Note due and payable and, if guaranteed, may proceed directly against the Guarantor without first proceeding against the Issuer.

### **Further Issues**

The Issuer of a series of Notes may without the consent of the holders of such series of Notes create and issue additional notes ranking *pari passu* with the Notes of such series in all respects (or in all respects except for the issue date and the first payment of interest thereon), so that such further notes would be consolidated with and form a single series with the Notes of such series and would have the same terms as to status, redemption or otherwise as the Notes of such series. In the event that additional notes are issued during the 40-day restricted period for such series of Notes, the 40-day restricted period may be extended as described herein under “Plan of Distribution”. In addition, if additional notes are issued after the expiration of the 40-day restricted period for such series of Notes, a new 40-day restricted period will be applied to each such further issue of notes without applying to the previous issue of such series Notes. After the expiration of such new 40-day

restricted period or periods, such notes will be consolidated with and form a single series with such series of Notes. Further Notes of a series issued by FC Canada may not be issued if any portion of such series would as a result be outstanding for a period of less than five years and one day.

### **Replacement of Notes and Coupons**

If a Note or coupon is mutilated, destroyed, lost or stolen, it may be replaced at the main office of the Fiscal Agent in London on payment of such expenses as may be incurred in connection therewith and the furnishing of such evidence of destruction, loss or theft and such indemnity as the Issuer and the Fiscal Agent may require. Mutilated Notes or coupons must be surrendered before new ones will be issued.

### **Applicable Law and Service of Process**

The Notes, the Guarantees, and the Fiscal Agency Agreement will be governed by and construed in accordance with the laws of the State of New York. Each of the Issuers has designated CT Corporation System in New York City as its authorized agent to receive service of process in the State of New York.

### **Notices**

Notices to holders of the Notes will be given by publication in Authorized Newspapers (daily publications) in New York City, in London and in Luxembourg (so long as the Notes are listed on the Luxembourg Stock Exchange). It is expected that publication in New York City will be made in *The Wall Street Journal*, in London in the *Financial Times* and in Luxembourg in the *Luxemburger Wort*. So long as Notes of a series are in global form and any relevant stock exchange permits, notices may be delivered to Euroclear and Clearstream Luxembourg for communication by Euroclear and Clearstream Luxembourg to the holders of the Notes in lieu of publication in such newspapers. Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and Clearstream Luxembourg.

### **Payment of Additional Amounts**

The Issuer of a series of Notes will, subject to the exceptions and limitations set forth below, pay as additional interest on such Notes such additional amounts as are necessary in order that the net payment by the Issuer (or where applicable, the Guarantor) or a paying agent of the principal of and interest on the Notes or the coupons, if any, appertaining thereto after deduction for any present or future tax, assessment or governmental charge, in the case of a payment to a holder who is not a United States person, of the United States or a political subdivision or taxing authority thereof or therein or, in the case of a payment to a holder who is not a resident of Canada (where the Issuer is FC Canada), Australia (where the Issuer is FC Australia) or Japan (where the Issuer is PRIMUS Japan), of such country or a political subdivision or taxing authority thereof or therein, as applicable, imposed with respect to the payment, will not be less than the amount provided in the relevant series of Notes or any coupons to be then due and payable; *provided, however*, that the foregoing obligation to pay additional amounts shall *not* apply:

(1) to a tax, assessment or governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been present or engaged in trade or business in the United States or the country of domicile of an Issuer other than Ford Credit or having or having had a permanent establishment in the United States or such other country;

(b) having a current or former relationship with the United States or such other country, including a relationship as a citizen or resident of either;

(c) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid United States federal income tax; or

(d) being or having been a “10-percent shareholder” of the obligor under the Notes as defined in section 871(h)(3) of the United States Internal Revenue Code or any successor provisions;

(2) to a holder that is not the sole beneficial owner of the Note or any coupon appertaining thereto, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to a tax, assessment or governmental charge that is imposed or withheld solely by reason of the failure to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Note or any coupon appertaining thereto, if compliance is required by statute or by regulation of the United States Treasury Department as a precondition to exemption from such tax, assessment or governmental charge;

(4) to a tax, assessment or governmental charge that is imposed otherwise than by withholding by an Issuer or, where applicable, the Guarantor;

(5) to a tax, assessment or governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or any similar tax, assessment or governmental charge;

(7) to a holder who is liable to such a tax, assessment or governmental charge in respect of a Note or a coupon by reason of the holder having some connection with Canada, Australia (including, without limitation, being a resident of Australia or non-resident of Australia who has engaged in carrying on business in Australia at or through a permanent establishment within Australia) or Japan other than, with the exception of Australia in the case where the holder (of the Definitive Note) is a resident of Australia or a non-resident who has engaged in carrying on a business at or through a permanent establishment within Australia, the mere holding of such Note or coupon or the mere receipt of the payment;

(8) to any tax, assessment or governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent;

(9) to any withholdings or deductions on account of any tax, assessment or governmental charge which is imposed by the Commonwealth of Australia on or in respect of any amount payable to, or to a third party on behalf of, the bearer of the Note or any entity which has an interest in or right in respect of the Note where, under the tax laws of the Commonwealth of Australia:

(a) the bearer or such entity (as applicable) is taken to be an associate of the Issuer if, and to the extent that, those laws require withholding tax to be paid in respect of any amount payable to the bearer or such entity (as applicable) which would otherwise not be

payable were the bearer or such entity (as applicable) not so taken to be an associate of the Issuer; or

(b) a determination has been made by the Australian Commissioner of Taxation that withholding tax is payable in respect of the amount in circumstances where the bearer or such entity, or a person on behalf of the bearer or such entity, is party to or participated in a scheme to avoid withholding tax.

For the purpose of (9) above, “associate” has the meaning given in section 318 of the Income Tax Assessment Act 1936 of the Commonwealth of Australia, but on the basis that subparagraphs 318(1)(b), 2(a) and (4)(a) of that Act do not apply. Without limitation to that definition, an associate of a company includes a person who holds a majority voting interest in that company;

(10) to a holder of a Note issued by FC Canada in respect of whom such taxes, assessments or governmental charges are required to be withheld or deducted by reason of the holder being a person with whom FC Canada is not dealing at arm’s length within the meaning of the Income Tax Act (Canada);

(11) to a holder of a Note issued by FC Canada who is subject to such taxes, assessments or governmental charges otherwise than merely by the holding or use or deemed holding or use of such Note outside Canada or ownership of such Note as a non-resident;

(12) to any Note issued by FC Canada or PRIMUS Japan or coupon appertaining thereto presented for payment more than 30 days after the Operative Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting such Note or coupon for payment on the last day of such period of 30 days. As used above, the term “Operative Date” means the later of (a) the date on which payment in respect of the Note or coupon becomes due and payable and (b) if the full amount of the moneys payable on such date has not been received by the Fiscal Agent on or prior to such date, the date on which notice that such moneys have been so received is duly published in Authorized Newspapers as described in “Notices” above;

(13) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings income relating to the proposal for a directive on the taxation of savings income published by the ECOFIN Council on December 13, 2001 or otherwise implementing the conclusions of the ECOFIN Council meeting of November 26 - 27, 2000, or any law implementing or complying with, or introduced in order to conform to, any such Directive or any such law;

(14) to a Note or coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or coupon to another paying agent in a member state of the European Union.

(15) in the case of any combination of items (1) through (14).

Provided further that, where the Issuer is PRIMUS Japan, no such additional amounts shall be payable with respect to any Note or coupon presented for payment:–

(a) by or on behalf of a holder of Notes or coupons who would otherwise be exempt from any such withholding or deduction but who fails to comply with any applicable requirement to provide Exemption Information (as defined below) or to submit a Claim for Exemption (as defined below) to the paying agent to whom the relevant Note or Coupon is presented, or whose Exemption Information is not duly communicated through the Participant (as defined below) and the relevant international clearing organization to such paying agent; or

(b) by or on behalf of a holder who is for Japanese tax purposes treated as a resident of Japan or a Japanese corporation (except for (i) a Designated Financial Institution (as defined below) who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption and (ii) a resident of Japan or a Japanese corporation who

duly notifies (directly or through the Participant (as defined below) or otherwise) the relevant paying agent of its status as exempt from a tax, assessment or governmental charge to be withheld or deducted by the Issuer by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Note through a payment handling agent in Japan appointed by it).

Where a Note or coupon is held through a certain participant of an international clearing organisation or a certain financial intermediary (each, a “Participant”) in order to receive payments free of withholding or deduction by the Issuer for, or on account of a tax, assessment or governmental charge, if the relevant holder of the Note or coupons is (i) a non-resident of Japan or a non-Japanese corporation or (ii) a Japanese financial institution falling under certain categories prescribed by the Special Taxation Measures Law (Law No. 26 of 1957) and the cabinet order (No. 43 of 1957) thereunder, as amended (together with the ministerial ordinance and other regulation thereunder, the “Law”) (a “Designated Financial Institution”), all in accordance with the Law, such holder shall, at the time of entrusting a Participant with the custody of the relevant Note or coupon, provide certain information prescribed by the Law to enable the Participant to establish that such holder is exempted from the requirement for taxes, assessments or governmental charges to be withheld or deducted (the “Exemption Information”) and advise the Participant if the holder ceases to be so exempted.

When a Note or coupon is not held by a Participant, in order to receive payments free of withholding or deduction by the Issuer for, or on account of a tax, assessment or governmental charge, if the relevant holder of the Note or coupons is (i) a non-resident of Japan or a non-Japanese corporation or (ii) a Designated Financial Institution, all in accordance with the Law, such holder shall on or prior to each time on which it receives interest, submit to the relevant paying agent a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a “Claim for Exemption”) in the form obtainable from the paying agent stating, *inter alia*, the name and address of the holder, the title of the Notes, the relevant Interest Payment Date, the interest amount and the fact that the holder is qualified to submit the Claim for Exemption, together with documentary evidence regarding its identity and residence.

The Notes and any coupons appertaining thereto are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. Except as specifically provided under this heading “— Payment of Additional Amounts” and under the heading “— Special Redemption or Purchase”, neither the Issuer nor, where applicable, the Guarantor shall be required to make any payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

As used under this heading “— Payment of Additional Amounts” and below under the heading “Taxation”, “United States” means the United States of America (including the States and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction and “United States person” means any individual who is a citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States, any estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under the applicable United States Treasury regulations to be treated as a United States person; *provided, however*, that elsewhere in this Offering Circular such terms shall have the meanings given to them by the United States Internal Revenue Code or Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”), as applicable.

## **Guarantees**

The Notes issued by the Subsidiaries will bear Guarantees by which Ford Credit (referred to in its capacity as guarantor as the “Guarantor”) will guarantee the due and punctual payment of the principal of and interest on the Notes (and the payments of additional interest described under “— Payment of Additional Amounts”) when and as they become due and payable, whether by declaration of acceleration or otherwise.

The Guarantees will rank equally with all of Ford Credit’s unsecured senior debt (parent company only). The obligation of Ford Credit under the Guarantees will be unconditional regardless of the enforceability of the Notes, coupons or the Fiscal Agency Agreement and will not be discharged until all obligations contained in the Notes and the Guarantees are satisfied. Holders of Notes guaranteed by Ford Credit may proceed directly against Ford Credit in the event of a default under the Notes without first proceeding against the Issuer of such Notes.

## **Assumption of Notes**

With the consent of the relevant Subsidiary, Ford Credit or any subsidiary of Ford Credit may assume the obligations of such Subsidiary under the Fiscal Agency Agreement and such Subsidiary’s Notes without the consent of the holders of such Notes, provided that certain conditions are met. In the event a subsidiary of Ford Credit shall assume such obligations, the Guarantees will remain in effect with respect to such obligations during the period of such assumption.

## **Limitation on Liens**

If (i) any of the Subsidiaries or (ii) Ford Credit or any Restricted Subsidiary of Ford Credit (which term as defined in the Fiscal Agency Agreement does not include any of the Subsidiaries) shall pledge or otherwise subject to any lien (such a pledge or lien is defined as a “Mortgage”) any of its property or assets, the Subsidiary will secure the Notes issued by such Subsidiary, or Ford Credit will secure, or cause such Restricted Subsidiary to secure, as the case may be, the Notes equally and ratably with (or prior to) the indebtedness secured by such Mortgage. This restriction does not apply to Mortgages securing such indebtedness which shall not exceed \$5 million in the case of Ford Credit or any Restricted Subsidiary of Ford Credit, Cdn\$5 million in the case of FC Canada, A\$5 million in the case of FC Australia, or ¥200,000,000 in the case of PRIMUS Japan, in the aggregate at any one time outstanding and does not apply to (a) certain Mortgages created or incurred to secure financing of the export or marketing of goods outside the United States in the case of Ford Credit or any Restricted Subsidiary of Ford Credit and outside the country of domicile in the case of each of the Subsidiaries, (b) Mortgages on accounts receivable payable in foreign currencies securing indebtedness incurred and payable outside the United States in the case of Ford Credit or any Restricted Subsidiary of Ford Credit, and outside the country of domicile in the case of each of the Subsidiaries, (c) Mortgages in favor of any of the Subsidiaries, Ford Credit or any Restricted Subsidiary of Ford Credit, (d) Mortgages in favor of governmental bodies to secure progress, advance or other payments, or deposits with any governmental body required in connection with the business of any of the Subsidiaries, Ford Credit or a Restricted Subsidiary of Ford Credit, (e) deposits made in connection with pending litigation, (f) Mortgages existing at the time of acquisition of the assets secured thereby (including acquisition through merger or consolidation) and certain purchase money Mortgages, and (g) any extension, renewal or replacement of any Mortgage or Mortgages referred to in the foregoing clauses (a) through (f), inclusive.

## TAXATION

*United States.* In the opinion of Shearman & Sterling, special United States tax counsel for the Issuers, under present United States federal tax law (1) subject to the discussion of backup withholding below, a person who is not a United States person will not be subject to United States federal income tax with respect to payments on a Note or a coupon appertaining thereto (whether paid by (or by a paying agent of) either one of the Subsidiaries or by Ford Credit), or on gain from a sale or redemption of a Note or a coupon appertaining thereto, provided that the Note or coupon is not held in connection with a United States trade or business, the holder is not a “10-percent shareholder” of Ford Credit as defined in Section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended, and, further, in the case of capital gains recognized by an individual, such individual is not present in the United States for 183 days or more during the taxable year in which the sale or redemption occurs; and (2) a Note or a coupon appertaining thereto held at the time of death by an individual who is not a citizen or resident of the United States as defined for United States federal estate tax purposes will not be subject to United States federal estate tax, provided that the Note or coupon has not been held in connection with a United States trade or business and the individual has not been a “10-percent shareholder” of Ford Credit as defined in Section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended.

Such counsel have advised that, under present United States federal tax law, unless one of the Subsidiaries, Ford Credit or a paying agent has actual knowledge that the holder of a Note or a coupon appertaining thereto is a United States person, a payment on a Note by (or by a paying agent of) either one of the Subsidiaries or by Ford Credit made outside the United States generally will not be subject to United States certification, identification or information reporting requirements or backup withholding tax. In the event of a change in United States law which results in the applicability of United States certification, identification or information reporting requirements with respect to the Notes as described under “Description of Notes and Guarantees — Special Redemption or Purchase”, Ford Credit would be required, or a Subsidiary may elect, to redeem the Notes, as a whole but not in part, or, under the circumstances described under “Description of Notes and Guarantees — Special Redemption or Purchase”, to withhold any applicable United States tax and to pay additional amounts with respect thereto as described under such caption. If a Subsidiary or Ford Credit shall so redeem the Notes or the Guarantor, if applicable, shall purchase the Notes, the Subsidiary or Ford Credit would not be obligated to pay additional amounts with respect to any United States tax withheld from the redemption proceeds or purchase price. In addition, if payments are collected outside the United States by a foreign office of a custodian, nominee or other agent acting on behalf of a beneficial owner of a Note or coupon, payments made to such owner generally will not be subject to certification, identification or information reporting requirements or backup withholding tax. However, if the custodian, nominee or other agent is a United States person, a controlled foreign corporation for United States tax purposes, a foreign person 50% or more of whose gross income is effectively connected with the conduct of a trade or business within the United States for a specified three-year period, a foreign partnership with specific connections to the United States, or, a United States branch of a foreign bank or foreign insurance company, then information reporting will be required with respect to payments made to such owner, unless such custodian, nominee or other agent has documentary evidence in its files of the owner’s foreign status and has no actual knowledge to the contrary, or the owner otherwise establishes an exemption.

Such counsel have advised that payment of the proceeds from the sale of a Note to or through a foreign office of a broker will not be subject to United States certification, identification or information reporting requirements or backup withholding, except that if the broker is a United States person, a controlled foreign corporation for United States tax purposes, a foreign person 50% or more of whose gross income is effectively connected with the conduct of a trade or business within the United States for a specified three-year period, a foreign partnership with specific connections to the United States, or, a United States branch of a foreign bank or foreign insurance

company, then information reporting will apply to such payments unless such broker has documentary evidence in its files of the owner's foreign status and has no actual knowledge to the contrary, or the owner otherwise establishes an exemption. Payment of the proceeds from a sale of a Note to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its non-United States status or otherwise establishes an exemption from information reporting and backup withholding.

Such counsel have advised that, under provisions of present United States federal tax law relating to the ownership of bearer form debt obligations, a holder of a Note who is a United States person will be subject to the following special rules unless an exception applies: If a Note is paid, sold or otherwise disposed of in a transaction that results in a taxable gain or a loss for United States federal income tax purposes, the gain will be treated as ordinary income and not as capital gain, and no deduction will be allowable in respect of the loss.

*Canada.* In the opinion of Fasken Martineau DuMoulin LLP, special Canadian counsel for FC Canada and Ford Credit:

(1) Under existing Canadian federal income tax laws, interest payable on Notes issued by FC Canada to non-residents of Canada with whom FC Canada is dealing at arm's length will be exempt from non-resident withholding tax.

(2) Under existing federal laws of Canada and the laws of the Province of Ontario, there are no other taxes on income (including taxable capital gains) payable in respect of Notes issued by FC Canada or the interest thereon by holders who are neither residents nor deemed to be residents of Canada, and who do not use or hold such Notes in carrying on business in Canada. However, in certain situations, holders who are non-resident insurers carrying on an insurance business in Canada and elsewhere may be subject to such taxes.

(3) There are no estate taxes or succession duties imposed under the federal laws of Canada or the laws of the Province of Ontario.

*Australia.* In the opinion of Allens Arthur Robinson, special Australian counsel for FC Australia and the Guarantor, FC Australia will not be liable to deduct any Australian duties or taxes in respect of interest derived on the Notes if a withholding tax exemption under section 128F of the Income Tax Assessment Act 1936 is applicable and the holder of the Notes is not a resident of Australia and is a non-resident of Australia who during the taxable year has not engaged in carrying on business in Australia at or through a permanent establishment within Australia. FC Australia has no reason to believe that an exemption under Section 128F of the Income Tax Assessment Act of 1936 would not apply to the interest paid on the Notes it issues to persons who are not associates of FC Australia.

Allens Arthur Robinson has also advised that under Australian law as presently in effect, (a) a holder of a Note or coupon issued by FC Australia who is a non-resident of Australia and who during the taxable year has not engaged in carrying on business in Australia at or through a permanent establishment within Australia will not be subject to Australian income tax on gains realized during that year on the sale or redemption of such Notes; and (b) such Notes will not be subject to death, estate or succession duties imposed by Australia or by any instrumentality thereof or therein, if held at the time of death.

*Japan.* In the opinion of Nagashima Ohno & Tsunematsu, special Japanese counsel for PRIMUS Japan and the Guarantor, the following summarizes the material Japanese tax consequences of investment in the Notes. The payments of principal and interest in respect of the Notes issued by any Issuer other than PRIMUS Japan to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws in effect as of the date of this Offering Circular, not be subject to any Japanese income tax or corporate tax.

Gains derived from the sale outside Japan of Notes (whether issued by PRIMUS Japan or any other Issuer) by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporate taxes. Gains derived from the sale in Japan of Notes by a

non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan are in general not subject to Japanese income or corporate taxes. Japanese inheritance and gift taxes at progressive rates may be payable by an individual, wherever resident, who has acquired Notes issued by PRIMUS Japan as legatee, heir or donee. A non-resident of Japan who has acquired Notes issued by any Issuer other than PRIMUS Japan is in general not subject to Japanese inheritance or gift taxes.

No stamp, issue, registration or similar taxes or duties will, under Japanese law, as of the date of this Offering Circular, be payable in Japan by holders in connection with the issue of the Notes, nor will such taxes be payable by the holders in connection with their transfer.

*The following description of Japanese taxation (limited to national taxes) applies exclusively to interest with respect to Notes issued by PRIMUS Japan outside Japan and payable outside Japan. It is not intended to be exhaustive and it is recommended that holders consult their tax advisers as to their exact tax position.*

1. If the recipient of interest on the Notes is a non-resident of Japan or a non-Japanese corporation with no permanent establishment within Japan or with a permanent establishment within Japan but where the receipt of the interest under the Notes is not attributable to the business carried on within Japan by the recipient through such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding or otherwise, if such recipient complies with certain requirements, *inter alia*:

(i) if the relevant Notes or coupons are held through a certain participant in an international clearing organization such as Euroclear and Clearstream Luxembourg or a certain financial intermediary prescribed by the Special Taxation Measures Law of Japan (Law No. 26 of 1957) (as amended) (the “Special Taxation Measures Law”) and the relevant cabinet order thereunder (together with the ministerial ordinance and other regulation thereunder, the “Law”) (each, a “Participant”), the requirement to provide certain information prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted (the “Exemption Information”); and

(ii) if the relevant Notes or coupons are not held by a Participant, the requirement to submit to the relevant paying agent a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (the “Claim for Exemption”), together with certain documentary evidence.

Failure to comply with such requirements described above will result in the withholding by PRIMUS Japan of income tax at the rate of 15 percent unless any lower rate is applicable under the relevant tax treaty between Japan and another country. Japan has income tax treaties, conventions or agreements whereby the above-mentioned withholding tax rate is reduced, generally to 10 percent, with, *inter alia*, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America. In order to avail themselves of such reduced rate of withholding tax, non-residents of Japan or non-Japanese corporations are required to submit an Application Form for Income Tax Convention regarding Relief from Japanese Income Tax on Interest in advance through PRIMUS Japan to the relevant tax authority before payment of interest.

If the recipient of interest on the Notes is a Japanese bank, Japanese insurance company, Japanese securities company or other Japanese financial institution falling under certain categories prescribed by the relevant Cabinet Order under Article 6, Paragraph 8 of the Special Taxation Measures Law (each a “Designated Financial Institution”) and such recipient complies with the requirement, *inter alia*, to provide the Exemption Information or to submit the Claim for Exemption, no income tax will be imposed, either by way of withholding or otherwise, but the recipient will be subject to regular corporate tax with respect to such interest.

2. If the recipient of interest on the Notes is a non-resident of Japan or a non-Japanese corporation with a permanent establishment within Japan and the receipt of interest is attributable to

the business of such non-resident or non-Japanese corporation carried on within Japan through such permanent establishment, such interest will not be subject to a 15 percent withholding tax by PRIMUS Japan, provided the recipient complies with the requirement, *inter alia*, to provide the Exemption Information or to submit the Claim for Exemption as set out in 1. above. Failure to comply with such requirement will result in the withholding by PRIMUS Japan of income tax at the rate of 15 percent. The amount of such interest will then be included in the recipient's other Japanese source income which is subject to Japanese taxation and will be subject to normal income tax or corporate tax, as appropriate.

3. If any recipient of interest on the Notes who is a resident of Japan or a Japanese corporation (other than Japanese banks, Japanese insurance companies, Japanese securities companies or other Japanese financial institutions falling under certain categories prescribed by the relevant Cabinet Order under Article 3-3, Paragraph 6 of the Special Taxation Measures Law (each a "Specified Financial Institution") or a Japanese public corporation (a "Public Corporation") designated by the relevant law who complies with the requirement as referred to in the next paragraph) receives payments of interest through certain Japanese handling agents (each a "Japanese Payment Handling Agent"), income tax at the rate of 15 percent will be withheld by the Japanese Payment Handling Agent rather than PRIMUS Japan. As PRIMUS Japan is not in a position to know in advance the recipient's status, the recipient of interest falling within this category should inform PRIMUS Japan through a paying agent of its status in a timely manner. Failure to so inform may result in double withholding. Any individual holder of a Note or coupon who receives interest through a Japanese Payment Handling Agent will be subject only to the foregoing 15 percent withholding tax. In all other cases, the amount of interest will be included in the recipient's gross income and subject to normal income tax or corporate tax, as appropriate.

If the recipient of interest on the Notes is a Public Corporation or Specified Financial Institution that keeps its Notes deposited with, and receives the interest through, a Payment Handling Agent with custody of the Notes (the "Japanese Custodian") and such recipient submits through such Japanese Custodian to the competent tax authority the report prescribed by the Law, no income tax is levied, by way of withholding, on such portion of interest as is prescribed by the relevant Cabinet Order as that which is corresponding to the period the Notes were held by such recipient. However, since PRIMUS Japan is not in a position to know in advance such recipient's tax exemption status, the recipient of interest falling within this category should inform PRIMUS Japan through a paying agent of its status in a timely manner. Failure to so notify PRIMUS Japan may result in the withholding by PRIMUS Japan of a 15 percent income tax. Any amount of interest received by such Public Corporation or Specified Financial Institution in excess of the non-taxable portion described above is subject to a 15 percent income tax to be withheld by the Japanese custodian.

If the recipient of interest who is a resident of Japan or a Japanese corporation receives interest not through a Japanese Payment Handling Agent, income tax at the rate of 15 percent will be withheld by PRIMUS Japan.

### **The Federal Republic of Germany**

In the Federal Republic of Germany, interest payments in respect of Notes paid to persons who are tax residents of Germany (or non-residents provided that the interest income falls in a category of income from German sources, such as income effectively connected with a German permanent establishment or income arising from OTC transactions carried out by a German financial institution as described below) are subject to income tax.

Payments of interest to a holder of Notes tax-resident in Germany (or to non-residents provided that the interest income is subject to income tax in Germany due to an effective connection with a German permanent establishment) are subject to German withholding tax at a regular rate of 30% (plus a surcharge currently of 5.5% (*Solidaritätszuschlag*) on the tax withheld, thus resulting in an aggregate tax rate currently of 31.65%) if the Notes are held in custody with a German financial

institution (including a German branch of a foreign financial institution, but excluding a foreign branch of a German financial institution), and the interest is paid by such German financial institution. If the Notes or the coupons are presented and surrendered to a German financial institution “over-the-counter”, the tax to be withheld amounts to 35% (plus a surcharge currently of 5.5% on the tax so withheld, thus resulting in an aggregate tax rate of 36.925%).

For persons tax-resident in Germany, the tax withheld may, in the course of the income tax assessment, be credited as a prepayment on income tax. Excess tax withheld can be refunded. Accrued interest for the time of ownership of the Notes is also subject to this withholding tax (plus *Solidarit tszuschlag*).

### **United Kingdom**

The United Kingdom Inland Revenue have information powers under which they can oblige United Kingdom paying and collecting agents to provide them with details about interest payments.

### **European Union Directive on Taxation of Savings**

On December 13, 2001 the Council of the European Union published a revised draft directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that member states will be required to provide to the tax authorities of another member state details of payments of interest and other similar savings income paid by a person within its jurisdiction to or for the benefit of an individual resident in another member state, except that Austria, Belgium and Luxembourg will instead operate a withholding system for a transitional period of seven years in relation to such payments. The proposal, which is under consideration by the European Union, is not yet final and may be subject to revision.

## **CURRENCY RISKS**

An investment in Notes not denominated in the currency of the country in which a purchaser is resident or the currency in which a purchaser conducts its business (“home currency”) entails significant risks (over which the Issuers have no control) that are not associated with a similar investment in a security denominated in the home currency. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the home currency and the currency in which the Notes are denominated and the possibility of the imposition or modification of foreign exchange controls by relevant governments, which risks generally depend on economic and political events. In recent years, certain rates of exchange have been volatile and such volatility may occur in the future. The exchange rate between two currencies is at any moment a result of the supply and demand for such currencies, and changes in the rate result over time from the interaction of many factors, among which are rates of inflation, interest rate levels, balances of payments and the extent of governmental surpluses or deficits in the countries of such currencies. These factors are in turn sensitive to the monetary, fiscal and trade policies pursued by such governments and those of other countries important to international trade and finance. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Note. Depreciation of the currency applicable to a Note against a home currency would result in a decrease in the effective yield of such Note below its coupon rate, and in certain circumstances could result in a loss to the investor on a home currency basis.

Foreign exchange rates can either float or be fixed by sovereign governments. Governments, however, rarely voluntarily allow their currencies to float freely in response to economic forces. Instead, governments use a variety of techniques, such as intervention by that country’s central bank, or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Governments also may issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, an

important risk in purchasing Notes is that their home currency-equivalent yields could be affected by governmental actions that could change or interfere with currency valuation that was previously freely determined, fluctuations in response to other market forces and the movement of currencies across borders. No Issuer may make an adjustment or change in the terms of the Notes issued by them if exchange rates become fixed, or if any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes occurs, or in the event of other developments affecting any applicable currency or currency unit.

**This Offering Circular does not describe all risks that result from the notes being denominated in a currency other than the purchaser's home currency either as such risks exist at the date of this Offering Circular or as such risks may change from time to time. Prospective purchasers should consult their own financial and legal advisors as to the risks entailed by an investment in the Notes. Notes may not be an appropriate investment for prospective purchasers who are unsophisticated with respect to currency transactions.**

### PLAN OF DISTRIBUTION

The Notes are offered on a continuing basis in series by the Issuers through the Agents, who have agreed to use their best efforts to solicit purchases of the Notes. An Issuer also may sell Notes issued by it to an Agent or other person, as principal, for resale or other distribution by such Agent or person at such prices as will be determined by such Agent or person at the time of such resale or other distribution, which prices may be higher or lower than the issue price determined as set forth herein. Each Issuer reserves the right to sell the Notes issued by it directly to investors on its own behalf. Unless otherwise agreed by the Issuers and the Agents, the Issuer of each series will have the sole right to accept offers to purchase Notes of such series and may reject any proposed purchase of such Notes in whole or in part. Each Agent will have the right, in its discretion reasonably exercised, to reject any proposed purchase of Notes in whole or in part. The Issuer of each series will pay each Agent a commission of from .075% to .600% of the principal amount of Notes, depending on the maturity of such Notes. Notes sold to an Agent or other person, as principal, will be sold to such Agent or person at prices to be determined at the time of sale and set forth in a Pricing Supplement.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes will be issued only in bearer form and are therefore subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by United States tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Agent has agreed that, except as may be permitted by any applicable agreement with Ford Credit, it will not offer, sell or deliver Notes within the United States or to, or for the account or benefit of, United States persons, (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes of the series as determined and certified by the Agent selling Notes in such series, and that it will send to each agent or dealer to which it sells such Notes during the restricted period a written confirmation or other notice setting forth the restrictions on offers and sales thereof within the United States or to, or for the account or benefit of, United States persons. In the event that additional notes are issued as provided herein under "Description of Notes and Guarantees — Further Issues" during such 40-day period, then such 40-day period with respect to such Notes will be extended until 40 days after the later of the

commencement of the offering and the closing date with respect to the additional Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of Notes described in any Pricing Supplement, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Notes have not been and will not be qualified for sale under the securities laws of any province or territory of Canada. Each Agent has agreed that it will not offer or sell any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof, in contravention of the securities laws of any such province or territory, and that it will not take any action that could reasonably be expected to have the effect of preparing the market or creating a demand for the Notes in any such province or territory. Each Agent has further agreed that it will deliver to any dealer who purchases from it any Notes a confirmation stating in substance that, by purchasing such Notes, such dealer represents and agrees that (i) it has not offered or sold and will not offer or sell, directly or indirectly, any such Notes in Canada or to, or for the benefit of, any resident thereof, in contravention of the securities laws of any province or territory of Canada, (ii) it has not taken, and will not take, any action that could reasonably be expected to have the effect of preparing the market or creating a demand for the Notes in any such province or territory, and (iii) it will deliver to any other dealer to whom it sells any such Notes, a confirmation containing substantially the same statements as in this sentence. Each Agent has agreed not to distribute this Offering Circular, or any other offering material relating to the Notes, in Canada. Each Agent and each dealer may be required to furnish a certificate to the effect that it has complied with the restrictions described in this paragraph.

Each Agent has also agreed that:

(a) in connection with the initial distribution of Global Notes, it has not offered, sold or invited applications, and will not offer, sell or invite applications, for the issue, sale or purchase of any such Notes or interests or securities represented by them, and has not distributed and will not distribute the Offering Circular or any advertisement or other offering material, in the Commonwealth of Australia, its territories and possessions unless:

(i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001; and

(ii) such action complies with all applicable laws and regulations;

(b) in connection with the initial distribution of Definitive Notes, it has not offered, sold or invited applications, and will not offer, sell or invite applications, for the issue, sale or purchase of any such Notes or interests or securities represented by them, and has not distributed and will not distribute the Offering Circular or any advertisement or other offering material, in the Commonwealth of Australia, its territories and possessions or to residents thereof or to non-residents thereof who during the taxable year have engaged in carrying on business in Australia at or through a permanent establishment within Australia (including corporations or other entities organized under the laws thereof); and

(c) it will not sell any Notes in circumstances where it knows or has reasonable grounds to suspect that the Notes or an interest in or right in respect of the Notes, was being, or would be, acquired either directly or indirectly by an associate of FC Australia. For these purposes, "associate" has the meaning given in section 318 of the Income Tax Assessment Act 1936 of the Commonwealth of Australia, but on the basis that sub-paragraphs 318(1)(b), (2)(a) and (4)(a) of that Act do not apply. Without limitation to that definition, an associate of a company includes a person who holds a majority voting interest in that company.

(Where the relevant Issuer is PRIMUS Japan) The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and are subject to the Special Taxation Measures Law. Each Agent has represented and agreed and each Agent further appointed will be required to represent and agree that (i) it has not, directly or indirectly, offered or sold and it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this item (i) means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and guidelines of Japan; and (ii) it has not, directly or indirectly, offered or sold and will not, (a) as part of its distribution hereunder at any time and (b) otherwise until 40 days after the date of issue of Notes described in any Pricing Supplement, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this item (ii) means any person resident in Japan, including any corporation or other entity organised under the laws of Japan but excluding certain financial institutions defined in Article 6, paragraph 8 of the Special Taxation Measures Law and any other excluded category of persons, corporations or other entities under the Special Taxation Measures Law) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, in compliance with Article 6 of the Special Taxation Measures Law and any other applicable laws, regulations and guidelines of Japan.

In relation to each series of Notes, each Agent subscribing for or purchasing such Notes represents, warrants and undertakes to the Issuer, the Guarantor and each other Agent (if any) that:

(a) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended).

(b) in relation to any Notes which have a maturity of less than one year from the date of their issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of Notes otherwise constitutes a contravention of section 19 of the FSMA by the Issuer;

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and

(d) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or Guarantor.

Each Agent has acknowledged that offers and sales of the Notes in Germany are subject to the restrictions provided in the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*); in particular, the Notes may not be offered in Germany by way of public promotion.

Each Agent has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions from or an exception to the prohibition contained in article 3 of the Dutch Securities Transactions Supervision Act 1995 (“Wet toezicht effecten verkeer 1995”) is applicable or the Netherlands Authority for the Financial Markets has granted a dispensation and the conditions attached to such exemption, exception or dispensation are complied with.

Each Agent has agreed that it will not offer, sell or deliver Notes in any jurisdiction except under circumstances that will result in compliance with the laws thereof. No action has been taken to permit a public offering in any jurisdiction where action would be required for such purpose.

Payment of the purchase price of the Notes is required to be made in immediately available funds. Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth in each Pricing Supplement.

The Issuers have agreed to indemnify the Agents against certain liabilities.

The Issuers have been advised by the Agents that they may from time to time make a market in the Notes, but they are not obligated to do so and may discontinue such market-making at any time without notice. Further, each of the Agents may from time to time purchase and sell Notes in the secondary market, but is not obligated to do so. No assurance can be given as to the liquidity of the trading market for the Notes.

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## **LEGAL OPINIONS**

The legality of the Notes and of the Guarantees is being passed upon for Ford Credit by S.J. Thomas, Esq., Secretary of Ford Credit and Counsel — Corporate, Financing Operations of Ford. The legality of Notes to be issued by FC Canada is being passed upon for FC Canada by Fasken Martineau DuMoulin LLP, Toronto, Canada. The legality of the Notes to be issued by FC Australia is being passed upon for FC Australia by Allens Arthur Robinson, Melbourne, Australia. The legality of the Notes to be issued by PRIMUS Japan is being passed upon for PRIMUS Japan by Nagashima Ohno & Tsunematsu, Tokyo, Japan. The legality of the Notes and of the Guarantees is being passed upon for the Agents by Shearman & Sterling, New York, New York. Ms. Thomas and Shearman & Sterling may rely as to matters of Canadian, Australian and Japanese law on the opinions of the law firms named above. Ms. Thomas is a full-time employee of Ford and owns and holds options to purchase shares of Common Stock of Ford. Shearman & Sterling have in the past provided, and may continue to provide, legal services to Ford and its subsidiaries, including Ford Credit.

## ACCOUNTANTS

The Ford Credit financial statements for the years ended December 31, 2001 and 2000, which are incorporated in this Offering Circular by reference to Ford Credit's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 10-K Report"), have been audited by PricewaterhouseCoopers LLP ("PwC"), 400 Renaissance Center, Detroit, Michigan 48243, operating in the United States as independent certified public accountants, to the extent and for the periods indicated in their report therein, and have been so incorporated in this Offering Circular.

With respect to the unaudited interim financial information of Ford Credit for the periods ended March 31, 2002 and 2001 and June 30, 2002 and 2001 included in Ford Credit's Quarterly Report on Form 10-Q for the period ended March 31, 2002 (the "First Quarter 10-Q Report") and Ford Credit's Quarterly Report on Form 10-Q for the period ended June 30, 2002 (the "Second Quarter 10-Q Report") incorporated by reference in this Offering Circular, PwC have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their reports included in the First Quarter 10-Q Report and the Second Quarter 10-Q Report state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports or such information should be restricted in light of the limited nature of the review procedures applied.

The audited consolidated financial statements of FC Canada for the years ended December 31, 2001 and 2000 have been audited by PricewaterhouseCoopers LLP, operating in Canada as chartered accountants, the independent auditors of FC Canada, to the extent and for the periods indicated in their reports therein, and have been so incorporated by reference in this Offering Circular.

The financial statements of FC Australia for the years ended December 31, 2001 and 2000 have been audited by PricewaterhouseCoopers, operating in Australia as chartered accountants, to the extent and for the periods indicated in their report therein, and have been so incorporated by reference in this Offering Circular.

The financial statements of PRIMUS Japan for the year ended December 31, 2001 and 2000 have been audited by Chuo Aoyama Audit Corporation, and have been incorporated by reference in this Offering Circular.

Unaudited interim financial reports are prepared quarterly for FC Canada and semi-annually for FC Australia, and copies of such interim reports will be available as described under "General Information" below. PRIMUS Japan does not publish interim financial reports.

## GENERAL INFORMATION

Application has been made to list the Notes issued under the program on the Luxembourg Stock Exchange. In connection with the listing application to the Luxembourg Stock Exchange, copies of the Certificate of Incorporation and the By-Laws of Ford Credit; the Articles of Continuance, as amended, and By-Laws of FC Canada; the Constitution of FC Australia; and the Articles of Incorporation of PRIMUS Japan; and a legal notice relating to the issuance of the Notes, have been deposited prior to listing with *Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*, where copies thereof may be obtained upon request. Copies of the above documents together with the Fiscal Agency Agreement (which includes the form of the Guarantees), and resolutions adopted by the Boards of Directors of the various companies authorizing the issue and sale of the Notes and the Guarantees are available for inspection at the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg. Copies of the Annual Reports and Quarterly Reports of Ford Credit, FC Canada's Annual Financial Statements, FC Australia's Annual Financial Statements and Semi-Annual Financial Statements and PRIMUS Japan's Annual Financial Statements may be obtained free of charge at the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg.

Neither the Issuers nor any of their subsidiaries is involved in litigation, arbitration, or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes and are not aware of any such litigation, arbitration, or administrative proceedings pending or threatened. Other than as disclosed or contemplated herein or in the documents incorporated herein by reference, there has been no material adverse change in the financial position of the Issuers since December 31, 2001 (with respect to PRIMUS Japan), or June 30, 2002 (with respect to FC Canada, FC Australia and Ford Credit).

Resolutions relating to the proposed execution of the Fiscal Agency Agreement, the issue and sale of the Notes and the Guarantees of Ford Credit were adopted by the Board of Directors of Ford Credit on May 1, 2002, the Board of Directors of FC Canada on October 1, 1991, the Board of Directors of FC Australia on October 30, 2000 and October 9, 2001 and the Board of Directors of PRIMUS Japan on October 1, 2002 (with such resolutions for PRIMUS Japan to be renewed from time to time as required).

The Notes have been accepted for clearance through Clearstream Luxembourg and Euroclear. For listing purposes, the Luxembourg Stock Exchange has assigned number 12277 to Notes issued under the program.

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#### **DOCUMENTS INCORPORATED BY REFERENCE**

Ford Credit is subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the United States Securities and Exchange Commission (the "Commission"). Such reports and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, certain of Ford Credit's securities are listed on the New York Stock Exchange, and the aforementioned material may also be inspected at the offices of such exchange.

Ford Credit's 2001 10-K Report, First Quarter 10-Q Report and Second Quarter 10-Q Report have been filed with the Commission and are incorporated by reference in and made a part of this Offering Circular. In addition, all reports filed by Ford Credit pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Offering Circular and prior to the termination of the offering of the Notes shall be deemed to be incorporated by reference into this Offering Circular and to be a part hereof from the date of filing of such documents.

FC Canada's Audited Consolidated Financial Statements for the year ended December 31, 2001, and Annual Information Form for the year ended December 31, 2001 and three-month and six-month unaudited financial statements for the periods ended March 31, 2002 and June 30, 2002, filed with the Ontario Securities Commission and other Canadian securities regulatory authorities, and all such annual and interim financial statements published subsequent to the date of this Offering Circular and prior to the termination of the offering of the Notes, are also incorporated herein by reference.

FC Australia's financial statements for the years ended December 31, 2001 and 2000 and half-year unaudited financial statements for the period ended June 30, 2002, and all such annual and interim financial statements published subsequent to the date of this Offering Circular and prior to the termination of the offering of the Notes, are also incorporated herein by reference. The Constitution of FC Australia is also incorporated herein by reference.

PRIMUS Japan's Audited Financial Statements for the years ended December 31, 2001 and December 31, 2000, and all such annual financial statements published subsequent to the date of this Offering Circular and prior to the termination of the offering of the Notes, are also incorporated herein by reference. Half-year financial information for PRIMUS Japan contained herein has been

specially prepared for this Offering Circular. Financial results for PRIMUS Japan will be reported annually in future years as stated above.

Any statement contained in a document which is incorporated by reference in this Offering Circular shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in this Offering Circular (or in any subsequently filed document which is also incorporated by reference in this Offering Circular) modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Issuers will provide, on written or oral request, a copy (without exhibits) of any or all of the documents incorporated by reference in this Offering Circular. Copies of such documents may be obtained free of charge from Susan J. Thomas, Secretary, Ford Credit and Assistant Secretary, FC Canada, One American Road, Dearborn, Michigan 48126; S.A. Morris, Secretary, FC Australia, Level 4, 457 St. Kilda Road, Melbourne, Victoria 3004; Toshiyuki Hamada, Secretary, PRIMUS Japan, 4-1-2, Minamikyuhouji-machi, Chuou-ku, Osaka 541-0058, Japan and the Listing Agent at the address shown on the back cover of this Offering Circular.

**FORD MOTOR CREDIT COMPANY AND CONSOLIDATED SUBSIDIARIES**

**SELECTED FINANCIAL DATA**  
(dollar amounts in millions)

	Six Months Ended or at June 30		Years Ended or at December 31		
	2002	2001	2001	2000	1999
	(unaudited)				
<b>Income Statement Data</b>					
Total revenue .....	\$ 12,002.2	\$ 12,844.0	\$ 25,450.5	\$ 23,605.7	\$ 20,359.7
Interest expense .....	3,630.3	4,773.7	8,951.2	8,970.1	7,193.4
Provision for credit losses .....	1,551.7	1,103.3	3,355.3	1,670.8	1,166.4
Income before income taxes .....	932.3	1,210.0	1,507.5	2,495.0	2,103.8
Net income .....	585.9	760.2	838.5	1,536.5	1,261.1
Cash dividends .....	—	(250.0)	(400.0)	(119.7)	(2,317.0)
Memo:					
Net credit losses amount .....	\$ 1,134.0	\$ 811.0	\$ 2,111.2	\$ 1,297.2	\$ 999.7
As percentage of average net finance receivables outstanding* (annualized) .....	1.61%	1.01%	1.35%	0.84%	0.74%
<b>Balance Sheet Data</b>					
Net investment, operating leases .....	<u>\$ 37,635.6</u>	<u>\$ 39,627.1</u>	<u>\$ 39,334.9</u>	<u>\$ 38,457.0</u>	<u>\$ 32,838.2</u>
Finance receivables, net .....	<u>\$106,297.4</u>	<u>\$124,588.2</u>	<u>\$108,133.1</u>	<u>\$122,138.4</u>	<u>\$108,753.8</u>
Capital					
Short-term debt .....	\$ 15,695.7	\$ 41,128.7	\$ 22,717.7	\$ 50,129.9	\$ 49,847.7
Long-term debt (including current portion) .....	126,971.2	112,727.4	123,626.0	96,164.8	83,226.0
Stockholder's equity .....	<u>13,700.4</u>	<u>11,981.5</u>	<u>11,983.8</u>	<u>12,186.6</u>	<u>10,924.1</u>
Total capital .....	<u>\$156,367.3</u>	<u>\$165,837.6</u>	<u>\$158,327.5</u>	<u>\$158,481.3</u>	<u>\$143,997.8</u>

\* Includes net investment in operating leases.

**Second Quarter 2002 Compared with Second Quarter 2001**

*Net Income.* Ford Credit earned \$330 million in the second quarter of 2002, down \$37 million or 10% compared with earnings of \$367 million a year ago. Excluding adjustments related to Statement of Financial Accounting Standards No. 133 (SFAS No. 133), *Accounting for Derivative Instruments and Hedging Activities*, Ford Credit's net operating income in the second quarter of 2002 was \$343 million, down \$56 million or 14% from a year ago.

Compared with the second quarter of 2001, Ford Credit's lower earnings reflected higher actual credit losses and the unfavorable impact of securitizations, offset partially by higher earnings in international markets, primarily the impact of currency, and higher amounts of managed receivables. Higher actual credit losses reflected higher levels of unemployment and bankruptcies in the United States. Over the past 12 months, Ford Credit's increased securitizations have resulted in lower

owned receivables and related revenue, offset partially by higher income from assets retained in securitizations, which includes primarily excess spread and interest income related to retained securities, and servicing fees.

*Business Segments.* Results of Ford Credit's operations by business segment for the second quarter of 2002 and 2001 are shown below:

			Second Quarter	
	2002	2001	2002 Over/ (Under) 2001	
			Amounts	Percentage
	(in millions)			
Ford Credit North America .....	\$235	\$337	\$(102)	(30)%
Ford Credit International .....	103	61	42	69
Eliminations/reclassifications .....	<u>5</u>	<u>1</u>	<u>4</u>	
Total Net Operating Income .....	\$343	\$399	\$ (56)	(14)%
SFAS No. 133 .....	<u>(13)</u>	<u>(32)</u>	<u>19</u>	
Net Income .....	<u>\$330</u>	<u>\$367</u>	<u>\$ (37)</u>	(10)%

Ford Credit North America earnings were \$235 million in the second quarter of 2002, down \$102 million or 30% compared with earnings of \$337 million a year ago. This decline reflected primarily higher actual credit losses and the net unfavorable impact of securitizations.

Ford Credit International earnings were \$103 million in the second quarter of 2002, up \$42 million or 69% compared with earnings of \$61 million a year ago. This increase reflected primarily the impact of currency (as a result of the settlements of U.S. dollar-denominated debt in South America at exchange rates more favorable than those assumed for year-end 2001 accruals), higher amounts of managed receivables in Europe, and improved operating profits in Latin America.

#### **First Half 2002 Compared with First Half 2001**

*Net Income.* Ford Credit earned \$586 million in the first half of 2002, down \$174 million or 23% compared with earnings of \$760 million a year ago. Excluding adjustments related to SFAS No. 133, Ford Credit's net operating income in the first half of 2002 was \$585 million, down \$220 million or 27% from a year ago.

Compared with the first half of 2001, Ford Credit's lower earnings reflected the unfavorable impact of securitizations and higher actual credit losses, offset partially by a higher amount of managed receivables and higher net financing margins. Over the past 12 months, Ford Credit's increased securitizations have resulted in lower owned receivables and related revenue, offset partially by higher income from assets retained in securitizations, which includes primarily excess spread and interest income related to retained securities, and servicing fees. Higher actual credit losses reflected higher levels of unemployment and bankruptcies in the United States.

*Business Segments.* Results of Ford Credit's operations by business segment for the first half of 2002 and 2001 are shown below:

	First Half			
	2002	2001	2002 Over / (Under) 2001	
	(in millions)		Amounts	Percentage
Ford Credit North America .....	\$411	\$687	\$(276)	(40)%
Ford Credit International .....	168	119	49	41
Eliminations/reclassifications .....	6	(1)	7	—
Total Net Operating Income .....	\$585	\$805	\$(220)	(27)%
SFAS No. 133 .....	1	(45)	46	—
Net Income .....	<u>\$586</u>	<u>\$760</u>	<u>\$(174)</u>	<u>(23)%</u>

Ford Credit North America earnings were \$411 million in the first half of 2002, down \$276 million or 40% compared with earnings of \$687 million a year ago. This decline reflected primarily higher actual credit losses and the net unfavorable impact of securitizations.

Ford Credit International earnings were \$168 million for the first half of 2002, up \$49 million or 41% compared with earnings of \$119 million a year ago. This increase reflected primarily the impact of currency (as a result of the settlements of U.S. dollar-denominated debt in South America at exchange rates more favorable than those assumed for year-end 2001 accruals), non-recurrence of one-time losses in Brazil, and higher amounts of managed receivables in Europe.

### Financial Condition

#### *Placement Volume and Financing Share*

Ford Credit's worldwide financing contract volumes for new and used vehicles are shown below:

	Second Quarter		First Half			Full Year		
	2002	2001	2002	2001	2001	2000	1999	1998
	(in thousands)							
Installment sales and finance lease ...	821	1,089	1,675	2,092	4,495	3,777	3,428	3,030
Operating lease .....	245	306	444	565	1,050	1,228	1,065	1,138
Total financing volume .....	<u>1,066</u>	<u>1,395</u>	<u>2,119</u>	<u>2,657</u>	<u>5,545</u>	<u>5,005</u>	<u>4,493</u>	<u>4,168</u>
United States .....	631	945	1,294	1,798	3,819	3,525	3,139	2,794
Europe .....	246	261	484	490	988	795	829	800
Other international .....	189	189	341	369	738	685	525	574
Total financing volume .....	<u>1,066</u>	<u>1,395</u>	<u>2,119</u>	<u>2,657</u>	<u>5,545</u>	<u>5,005</u>	<u>4,493</u>	<u>4,168</u>

Shown below are Ford Credit's financing shares of new Ford, Lincoln and Mercury brand vehicles sold by dealers in the United States and Ford brand vehicles sold by dealers in Europe. Also shown below are Ford Credit's wholesale financing shares of Ford, Lincoln and Mercury brand

vehicles acquired by dealers in the United States and of Ford brand vehicles acquired by dealers in Europe:

	Second Quarter		First Half		Full Year			
	2002	2001	2002	2001	2001	2000	1999	1998
United States								
Financing share — Ford, Lincoln and Mercury								
Retail installment and lease .....	37%	47%	40%	48%	54%	51%	47%	42%
Wholesale .....	85	86	85	86	84	84	84	83
Europe								
Financing share — Ford								
Retail installment and lease .....	35%	38%	34%	34%	37%	32%	33%	33%
Wholesale .....	96	98	96	97	97	97	96	95

*Worldwide.* Ford Credit's financing contract volumes were about 1.1 million in the second quarter of 2002, down 329,000 contracts or 24% compared with a year ago. In the first half of 2002, financing contract volumes were about 2.1 million, down 538,000 contracts or 20% compared with a year ago.

*United States.* Ford Credit's total financing contract volumes in the United States were 631,000 in the second quarter of 2002, down 314,000 contracts or 33% compared with a year ago. This decline resulted primarily from lower Ford vehicle sales, lower financing share of these sales, and lower used (primarily non-prime) retail installment financing. In addition, lower operating lease contracts reflected primarily the increased use of Ford-sponsored low-rate financing, which made retail installment sale financing more attractive compared with leasing. Financing share of new Ford, Lincoln and Mercury brand cars and light trucks sold by dealers in the United States was 37% in the second quarter of 2002 compared with 47% a year ago. Ford Credit's lower financing share reflected primarily changes in Ford-sponsored incentive programs.

In the first half of 2002, Ford Credit's total financing contract volumes were about 1.3 million, down 504,000 contracts or 28% compared with a year ago. Ford Credit's financing share in the first half of 2002 was 40% compared with 48% a year ago. This overall decrease resulted from the same factors discussed above.

*Europe.* Ford Credit's total financing contract volumes in Europe were 246,000 in the second quarter of 2002, down 15,000 contracts or 6% compared with a year ago. The decrease in contract volumes reflected lower operating lease contract volume resulting from lower industry and Ford brand sales, offset partially by higher installment sales contracts. Ford Credit's financing share of all new Ford brand vehicles sold by dealers in Europe was 35% in the second quarter of 2002 compared with 38% in the prior year.

In the first half of 2002, Ford Credit's financing contract volumes were 484,000, down 6,000 contracts or 1% compared with a year ago. Ford Credit's financing share in the first half of 2002 was 34%, unchanged from a year ago.

*Finance Receivables and Operating Leases*

Ford Credit's worldwide owned and managed finance receivables, net of allowance for credit losses, and net investment in operating leases are shown below:

	June 30,		December 31,			
	<u>2002</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
	(in billions)					
<b>Outstanding Receivables — Owned</b>						
Finance receivables						
Retail installment .....	\$ 78.9	\$ 79.6	\$ 83.4	\$ 79.9	\$ 75.4	\$ 66.7
Wholesale .....	16.5	36.0	15.4	33.7	26.1	22.4
Other .....	<u>10.9</u>	<u>9.0</u>	<u>9.3</u>	<u>8.5</u>	<u>7.2</u>	<u>6.8</u>
Total finance receivables, net .....	\$106.3	\$124.6	\$108.1	\$122.1	\$108.7	\$ 95.9
Net investment in operating leases .....	<u>37.6</u>	<u>39.6</u>	<u>39.3</u>	<u>38.5</u>	<u>32.9</u>	<u>34.6</u>
Total owned .....	<u>\$143.9</u>	<u>\$164.2</u>	<u>\$147.4</u>	<u>\$160.6</u>	<u>\$141.6</u>	<u>\$130.5</u>
Memo: Allowance for credit losses						
included above .....	\$ 3.1	\$ 1.7	\$ 2.8	\$ 1.6	\$ 1.5	\$ 1.5
<b>Outstanding Receivables — Managed</b>						
Finance receivables						
Retail installment .....	\$123.5	\$111.8	\$124.8	\$105.9	\$ 89.9	\$ 74.5
Wholesale .....	37.6	37.3	32.8	36.1	31.1	28.1
Other .....	<u>10.9</u>	<u>9.0</u>	<u>9.3</u>	<u>8.5</u>	<u>7.2</u>	<u>6.8</u>
Total finance receivables, net .....	\$172.0	\$158.1	\$166.9	\$150.5	\$128.2	\$109.4
Net investment in operating leases .....	<u>37.6</u>	<u>39.8</u>	<u>39.4</u>	<u>38.6</u>	<u>33.0</u>	<u>34.6</u>
Total managed .....	<u>\$209.6</u>	<u>\$197.9</u>	<u>\$206.3</u>	<u>\$189.1</u>	<u>\$161.2</u>	<u>\$144.0</u>
Memo: Allowance for credit losses						
included above .....	\$ 3.7	\$ 2.2	\$ 3.3	\$ 2.1	\$ 1.7	\$ 1.7

*Owned Receivables.* On an owned basis, finance receivables, net of allowances for credit losses, and net investment in operating leases at June 30, 2002 were \$143.9 billion, \$20.3 billion lower than June 30, 2001 and \$3.5 billion lower than December 31, 2001. These decreases resulted primarily from higher sales of U.S. retail and wholesale receivables in securitizations over the last 12 months.

*Managed Receivables.* Total managed receivables at June 30, 2002 were \$209.6 billion, up \$11.7 billion from June 30, 2001. This increase compared with a year ago reflected primarily higher contract volumes of retail receivables, mainly in the second half of 2001, resulting from Ford-sponsored low-rate financing programs.

### Credit Loss Experience

The following table shows Ford Credit's net credit losses and loss-to-receivables ratios for its worldwide owned and managed portfolios:

	Second Quarter		First Half			Full Year		
	2002	2001	2002	2001	2001	2000	1999	1998
	(in millions)							
<b>Owned</b>								
<b>Net Credit Losses</b>								
Retail installment and lease ...	\$527	\$383	\$1,097	\$ 803	\$2,055	\$1,283	\$ 995	\$1,031
Wholesale .....	7	5	16	8	32	14	3	9
Other .....	14	0	21	0	24	0	2	(1)
Total .....	<u>\$548</u>	<u>\$388</u>	<u>\$1,134</u>	<u>\$ 811</u>	<u>\$2,111</u>	<u>\$1,297</u>	<u>\$1,000</u>	<u>\$1,039</u>
<b>Loss-to-receivables</b>								
Retail installment and lease ...	1.84%	1.30%	1.90%	1.38%	1.71%	1.09%	0.95%	1.08%
Wholesale .....	0.19	0.06	0.21	0.05	0.13	0.05	0.01	0.04
Total including other .....	1.56%	0.95%	1.61%	1.01%	1.35%	0.84%	0.74%	0.85%
<b>Managed</b>								
<b>Net Credit Losses</b>								
Retail installment and lease ...	\$617	\$511	\$1,284	\$ 993	\$2,272	\$1,410	\$1,164	\$1,166
Wholesale .....	7	5	16	8	34	15	3	11
Other .....	14	0	21	0	24	0	2	(1)
Total .....	<u>\$638</u>	<u>\$516</u>	<u>\$1,321</u>	<u>\$1,001</u>	<u>\$2,330</u>	<u>\$1,425</u>	<u>\$1,169</u>	<u>\$1,176</u>
<b>Loss-to-receivables</b>								
Retail installment and lease ...	1.54%	1.34%	1.60%	1.32%	1.45%	1.00%	0.97%	1.07%
Wholesale .....	0.09	0.05	0.10	0.05	0.10	0.05	0.01	0.04
Total including other .....	1.24%	1.06%	1.29%	1.05%	1.20%	0.81%	0.78%	0.86%

*Overview.* The majority of Ford Credit's credit losses are related to retail installment sale and lease contracts. These credit losses depend primarily on the number of vehicle repossessions, the unpaid balance at the time of repossession, and the net resale value at auction of the repossessed vehicles. Ford Credit also incurs credit losses on wholesale loans, but default rates for these receivables historically have been substantially lower than those for retail installment sale and lease contracts. Other credit losses reflect mainly charge-offs for non-performing dealer capital loans.

*Credit Losses.* In the second quarter of 2002, credit losses for owned portfolio were \$548 million, \$160 million higher than a year ago. Higher credit losses reflected higher levels of unemployment and bankruptcies in the United States. These weaker economic conditions resulted in both a higher frequency and a higher severity of defaults.

Credit losses for Ford Credit's managed portfolio were \$638 million, \$122 million higher than a year ago for the same reasons identified for the owned portfolio. For the United States Ford brand portfolio, the over 60-day delinquency ratio was 0.29% in the second quarter of 2002, down from 0.31% a year ago. Including accounts where the borrower has filed for bankruptcy, the over 60-day delinquency ratio was 0.57% in the second quarter of 2002, up from 0.55% in the second quarter of 2001.

In the first half of 2002, credit losses for Ford Credit's owned portfolio were \$1,134 million, \$323 million higher than a year ago. Credit losses for the managed portfolio were \$1,321 million, \$320 million higher than a year ago. These increases reflected the same factors that caused the increase in the second quarter of 2002.

*Loss-To-Receivables — Owned Portfolio.* In the second quarter of 2002, the loss-to-receivables ratio for Ford Credit's owned portfolio was 1.56% compared with 0.95% a year ago. In the first half of 2002, the loss-to-receivables ratio for the owned portfolio was 1.61% compared with 1.01% a year ago. These increases reflected primarily higher net credit losses resulting from higher levels of unemployment and bankruptcies in the United States, and higher sales of wholesale receivables in securitizations. Excluding the impact of securitizing wholesale receivables, the loss-to-receivables ratio for Ford Credit's owned portfolio would have been 1.36% for the second quarter of 2002 and 1.42% for the first half of 2002.

*Loss-To-Receivables — Managed Portfolio.* In the second quarter of 2002, the loss-to-receivable ratio for Ford Credit's managed portfolio was 1.24% compared with 1.06% a year ago. In the first half of 2002, the loss-to-receivables ratio for the managed portfolio was 1.29% compared with 1.05% a year ago. These increases reflected primarily higher net credit losses resulting from higher levels of unemployment and bankruptcies in the United States.

#### *Allowance for Credit Losses*

Ford Credit's allowance for credit losses, and its allowance for credit losses as a percentage of end-of-period net receivables, for the worldwide owned and managed portfolios are shown below:

	June 30,		December 31,			
	<u>2002</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
	(in billions)					
<b>Owned</b>						
Allowance for Credit Losses.....	\$3.1	\$1.7	\$2.8	\$1.6	\$1.5	\$1.5
As a percentage of net receivables .....	2.16%	1.03%	1.86%	1.02%	1.04%	1.19%
<b>Managed*</b>						
Allowance for Credit Losses.....	\$3.7	\$2.2	\$3.3	\$2.1	\$1.7	\$1.7
As a percentage of net receivables .....	1.77%	1.11%	1.60%	1.10%	1.04%	1.17%

\* The allowance for credit losses for sold receivables is a component of the managed allowance for credit losses. The allowance for credit losses on sold receivables is accounted for in determining the recorded amount of interest-only strip assets, which are included in retained interest in securitized assets. This allowance may be used to absorb credit losses related to sold receivables only.

#### *Lease Termination Volumes and Return Rates*

Ford Credit's worldwide net investment in operating leases at June 30, 2002 was \$37.6 billion, down \$2 billion from a year ago. The Ford Credit North America net investment in operating leases was \$33.2 billion, or 88% of Ford Credit's worldwide total. Termination volumes and return rates for Ford Credit North America are shown below:

	Second Quarter		First Half		Full Year		
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Termination volumes (000) .....	218	182	397	339	631	629	864
Return rates .....	61%	61%	61%	60%	62%	63%	70%

In the second quarter of 2002, termination volumes were 218,000, up 20% from a year ago, reflecting the high volume of lease contracts originated in 1999 and 2000 that terminated during the second quarter. Return rates were unchanged from a year ago.

## Funding and Liquidity

*Cash and Cash Equivalents.* At June 30, 2002, Ford Credit's cash and cash equivalents totaled \$4.3 billion. In the normal course of funding activities, Ford Credit may generate more proceeds than are necessary for its immediate funding needs. This excess funding is referred to as "overborrowings". Of the \$4.3 billion of cash and cash equivalents, \$3.3 billion represented these overborrowings.

*Debt and Securitized Funding.* Ford Credit's funding strategy continues to be focused on improving liquidity and sustaining diverse and competitive funding sources. Outstanding debt and securitized funding were as follows on the dates indicated:

	June 30,		December 31,			
	2002	2001	2001	2000	1999	1998
	(in billions)					
<b>Debt</b>						
Commercial paper .....	\$ 8.3	\$ 33.7	\$ 15.7	\$ 42.3	\$ 43.1	\$ 46.2
Ford Money Market Account .....	4.7	4.3	4.0	3.7	2.8	2.6
Other short-term debt .....	2.7	3.2	3.0	4.1	4.0	4.9
Short-term debt .....	15.7	41.2	22.7	50.1	49.9	53.7
Long-term debt (including notes payable within one year) .....	127.0	112.7	123.6	96.2	83.2	61.3
Total debt .....	<u>\$142.7</u>	<u>\$153.9</u>	<u>\$146.3</u>	<u>\$146.3</u>	<u>\$133.1</u>	<u>\$115.0</u>
<b>Securitized funding</b>						
Servicing portfolio .....	\$ 65.7	\$ 33.5	\$ 58.7	\$ 28.4	\$ 19.5	\$ 13.5
Retained interest in securitized assets ..	(11.5)	(7.0)	(12.5)	(3.7)	(3.5)	(1.3)
Total securitized funding .....	<u>54.2</u>	<u>26.5</u>	<u>46.2</u>	<u>24.7</u>	<u>16.0</u>	<u>12.2</u>
Total debt plus securitized funding .....	<u>\$196.9</u>	<u>\$180.4</u>	<u>\$192.5</u>	<u>\$171.0</u>	<u>\$149.1</u>	<u>\$127.2</u>
<b>Back-up credit facilities</b>						
Ford Credit (including non-global lines)	\$ 8.5	\$ 17.1	\$ 9.5	\$ 20.4	\$ 19.3	\$ 21.2
Ford Credit Europe .....	4.8	4.3	4.5	4.6	4.6	4.7
Bank lines shared with Ford .....	7.3	8.0	8.0	8.1	8.3	8.3
Asset-backed commercial paper lines ..	12.8	5.0	12.5	1.4	1.4	1.5
Total back-up facilities .....	33.4	34.4	34.5	34.5	33.6	35.7
Drawn amounts .....	(1.0)	(1.1)	(1.0)	(1.1)	(0.9)	(2.2)
Total available back-up facilities .....	<u>\$ 32.4</u>	<u>\$ 33.3</u>	<u>\$ 33.5</u>	<u>\$ 33.4</u>	<u>\$ 32.7</u>	<u>\$ 33.5</u>
Memo:						
Available funding through bank-sponsored asset-backed commercial paper issuers .....	\$ 7.4	\$ 2.1	\$ 6.8	\$ —	\$ —	\$ —
<b>Ratios</b>						
Commercial paper coverage .....	>100%	76%	>100%	73%	69%	64%
Short-term debt and notes payable within one year to total debt .....	30	39	30	43	52	55
Short-term debt and notes payable within one year to total capitalization	27	36	28	40	48	50

At June 30, 2002, Ford Credit debt was \$142.7 billion compared with \$146.3 billion at December 31, 2001. Debt plus securitized funding totaled \$196.9 billion at June 30, up \$4.4 billion from December 31, 2001, and up \$16.5 billion from a year ago. At June 30, 2002, the commercial paper balance was \$8.3 billion (\$5.0 billion net of overborrowings), down \$7.4 billion from

December 31, 2001, and down \$25.4 billion from a year ago. Ford Credit continues to maintain commercial paper balances at levels around \$5 billion to \$7 billion, net of overborrowings. The average maturity of commercial paper outstanding on June 30, 2002 was 42 days.

At June 30, 2002, the total outstanding principal amount of receivables sold in securitizations was \$65.7 billion, up \$7 billion from December 31, 2001. Ford Credit's retained interest in securitized assets at June 30, 2002 was \$11.5 billion, down from \$12.5 billion at December 31, 2001. The decline in retained interest reflected primarily the sale of undivided interests in wholesale receivables during the first quarter to support the issuance of additional securities by a securitization special purpose entity.

At June 30, 2002, Ford Credit's ratio of short-term debt and notes payable within one year to capitalization was 27% compared with 28% at December 31, 2001 and 36% a year ago.

*Funding Proceeds.* During the second quarter of 2002, long-term debt proceeds totaled \$2.9 billion, and securitization funding proceeds totaled \$4.1 billion. Long-term debt funding consisted of issuances of \$1.7 billion in the U.S. market to institutional and retail investors, and \$1.2 billion in international markets. Securitization funding included about \$2.6 billion of public retail securitization transactions, about \$700 million issued under the FCAR asset-backed commercial paper program, about \$500 million under the Motown Notes<sup>SM</sup> program, and about \$300 million issued through bank-sponsored commercial paper programs.

Ford Credit continues to project full-year long-term public funding requirements for 2002 to be between \$32 billion and \$37 billion, which includes long-term debt and securitization funding. As of June 30, 2002, Ford Credit had completed \$23 billion or about 65% of planned long-term funding transactions for the year. At present, for the balance of 2002, it is highly unlikely that Ford Credit will issue debt under its GlobLS<sup>TM</sup> program. Ford Credit expects the majority of long-term funding needs will be met through securitizations. Ford Credit is developing a funding plan for 2003 and expects that total long-term public funding requirements for 2003 will be similar to 2002 both in total amount and mix of term debt and securitizations. In addition, Ford Credit will continue using asset-backed commercial paper programs and bank-sponsored commercial paper issuers to the extent they provide added liquidity and cost effective funding. Ford Credit continues to monitor funding needs, and may alter projections of funding requirements based on market conditions and other factors.

*Back-up Credit Facilities and Committed Funding Sources.* At July 1, 2002, Ford Credit had \$33.4 billion of back-up credit facilities, of which \$32.4 billion was available. At December 31, 2001, Ford Credit had \$34.5 billion of back-up credit facilities, of which \$33.5 billion was available. About \$12.8 billion of these back-up credit facilities serve as a liquidity facility for asset-backed commercial paper programs. All global credit facilities are free of material adverse change clauses and restrictive financial covenants (for example, debt-to-equity limitations, minimum net worth requirements and rating triggers that would limit the ability to borrow). In addition, at June 30, 2002, Ford Credit had about \$7.4 billion of available receivables purchase commitments with bank-sponsored asset-backed commercial paper issuers, about \$600 million more than at December 31, 2001. These agreements have varying maturity dates between September 19, 2002 and June 26, 2003. At June 30, 2002, about \$4.8 billion of these commitments were utilized.

### **Debt-to-Equity Ratio**

At June 30, 2002, Ford Credit's debt-to-equity ratio was 13.4 compared with 14.8 at December 31, 2001 and 14.2 at June 30, 2001. In January of 2002, Ford Credit received a capital contribution of \$700 million from Ford. We made no dividend payments in the first half of 2002. Ford Credit will continue to monitor our leverage and we expect to maintain it in the range of 13.0 to 1 to 14.0 to 1. Ford Credit expects to operate in the lower-end of this range through the second half of 2002.

The following table shows Ford Credit's method for calculating debt-to-equity ratios:

	June 30				December 31, 2001	
	2002		2001		Debt	Debt and Securitized Funding
	Debt	Debt and Securitized Funding	Debt	Debt and Securitized Funding		
	(in billions)					
Total debt .....	\$142.7	\$142.7	\$153.9	\$153.9	\$146.3	\$146.3
Gross sold receivables outstanding .....	—	65.7	—	33.5	—	58.7
Retained interest in securitized assets .....	—	(11.5)	—	(7.0)	—	(12.5)
SFAS No. 133 adjustment, over- borrowing and cash .....	(7.6)	(7.6)	(2.6)	(2.6)	(5.0)	(5.0)
Adjusted debt .....	<u>\$135.1</u>	<u>\$189.3</u>	<u>\$151.3</u>	<u>\$177.8</u>	<u>\$141.3</u>	<u>\$187.5</u>
Total stockholder's equity (including minority interest) ....	\$ 13.7	\$ 13.7	\$ 12.0	\$ 12.0	\$ 12.0	\$ 12.0
SFAS No. 133 adjustment .....	0.5	0.5	0.5	0.5	0.6	0.6
Adjusted stockholder's equity	<u>\$ 14.2</u>	<u>\$ 14.2</u>	<u>\$ 12.5</u>	<u>\$ 12.5</u>	<u>\$ 12.6</u>	<u>\$ 12.6</u>
Debt-to-equity ratios including adjustments .....	9.5	13.4	12.1	14.2	11.2	14.8

## Sales of Receivables and Securitization

The following tables illustrate the retail installment sale contracts and wholesale receivables that support securitization programs, and securitization activity in the periods indicated:

	Second Quarter					
	2002			2001		
	Retail	Wholesale	Total	Retail	Wholesale	Total
	(in billions)					
Sales of receivables during the relevant period						
Retail securitization .....	\$ 2.6	\$ —	\$ 2.6	\$ 2.3	\$ —	\$ 2.3
Wholesale securitization .....	—	—	—	—	0.3	0.3
Motown notes program .....	—	0.5	0.5	—	—	—
FCAR .....	0.7	—	0.7	—	—	—
Bank-sponsored commercial paper .....	0.3	—	0.3	0.4	—	0.4
Net proceeds .....	\$ 3.6	\$ 0.5	\$ 4.1	\$ 2.7	\$ 0.3	\$ 3.0
Retained interest in securitized assets .....	0.3	2.1	2.4	3.5	—	3.5
Total sales of receivables in the relevant period .....	\$ 3.9	\$ 2.6	\$ 6.5	\$ 6.2	\$ 0.3	\$ 6.5
Sales of receivables prior to the relevant period and net of paydown activity during the relevant period .....	40.7	18.5	59.2	26.0	1.0	27.0
Total sold receivables outstanding at the end of the relevant period .....	\$44.6	\$21.1	\$65.7	\$32.2	\$1.3	\$33.5

	First Half					
	2002			2001		
	Retail	Wholesale	Total	Retail	Wholesale	Total
	(in billions)					
Sales of receivables during the relevant period						
Retail securitization .....	\$13.1	\$ —	\$13.1	\$ 9.4	\$ —	\$ 9.4
Wholesale securitization .....	—	—	—	—	0.3	0.3
Motown notes program .....	—	4.8	4.8	—	—	—
FCAR .....	1.2	—	1.2	—	—	—
Bank-sponsored commercial paper .....	0.3	—	0.3	0.4	—	0.4
Net proceeds .....	\$14.6	\$ 4.8	\$19.4	\$ 9.8	\$ 0.3	\$10.1
Retained interest in securitized assets .....	0.6	(2.2)	(1.6)	3.9	—	3.9
Total sales of receivables in the relevant period .....	\$15.2	\$ 2.6	\$17.8	\$13.7	\$ 0.3	\$14.0
Sales of receivables prior to the relevant period and net of paydown activity during the relevant period .....	29.4	18.5	47.9	18.5	1.0	19.5
Total sold receivables outstanding at the end of the relevant period .....	\$44.6	\$21.1	\$65.7	\$32.2	\$1.3	\$33.5

### Securitization Earnings Impacts

The following table summarizes the pre-tax profit impact of securitizations reported in investment and other income related to securitizations for the periods indicated:

	Second Quarter		First Half		Full-Year		
	2002	2001	2002	2001	2002	2001	1999
	(in millions)						
Gains on sales of receivables ..	\$ 41	\$ 89	\$ 258	\$ 300	\$ 739	\$ 14	\$ 83
SFAS No. 133 fair value basis adjustment .....	(23)	(40)	(27)	(81)	(327)	—	—
Net gain .....	\$ 18	\$ 49	\$ 231	\$ 219	\$ 412	\$ 14	\$ 83
Servicing fees earned .....	180	100	338	192	456	190	136
Interest income from retained securities .....	148	44	300	85	379	152	173
Excess spread and other .....	173	39	288	53	186	201	41
Total investment and other income related to securitizations .....	<u>\$ 519</u>	<u>\$ 232</u>	<u>\$ 1,157</u>	<u>\$ 549</u>	<u>\$ 1,433</u>	<u>\$ 557</u>	<u>\$ 433</u>

#### Memo:

Total investment and other income related to securitizations excluding SFAS No. 133 .....	\$ 542	\$ 272	\$ 1,184	\$ 630	\$ 1,760	\$ 557	\$ 433
Receivables sold .....	6,494	6,549	17,844	13,959	52,533	21,618	12,910
Servicing portfolio as of period-end .....	65,742	33,515	65,742	33,515	58,748	28,366	19,471
Pre-tax gain per dollar of retail receivables sold (excluding SFAS No. 133) .....	1.1%	2.7%	1.7%	2.8%	2.2%	0.1%	0.6%

In the second quarter of 2002, investment and other income related to securitizations was \$519 million, an increase of \$287 million or 124% compared with a year ago. This increase reflected primarily higher excess spread, interest income from retained securities, and servicing fees resulting from the growth in outstanding sold receivables balance over the last 12 months, offset partially by lower gains on sales of receivables. Lower gains on sales of receivables resulted from lower gains per dollar of retail receivables sold, offset partially by a higher amount of retail receivables sold. In the second quarter of 2002, the gain per dollar of retail receivables sold was about 1.1%, down from 2.7% in the second quarter of 2001. This decrease reflected the relatively stable interest rate environment compared with the declining rate environment a year ago.

In the first half of 2002, the investment and other income related to securitizations was \$1,157 million, an increase of \$608 million or 111% compared with a year ago. This increase reflected primarily higher excess spread, interest income from retained securities, and servicing fees resulting from the growth in our outstanding sold receivables balance.

### The Effect of Securitization Activity on Financial Reporting

The sale of receivables reduces Ford Credit's financing margins in the year the receivables are sold as well as in future years. The following table shows the estimated net after-tax impact of securitizations (excluding SFAS No. 133) on Ford Credit's earnings for the periods indicated:

	Second Quarter		First Half		Full-Year		
	2002	2001	2002	2001	2001	2000	1999
	(in millions)						
Total investment and other income related to securitizations (excluding SFAS No. 133) .....	\$ 542	\$ 272	\$ 1,184	\$ 630	\$ 1,760	\$ 557	\$ 433
Impact on financing margins:							
Relevant period receivable sales .....	(12)	(39)	(244)	(190)	(1,059)	(243)	(218)
Receivable sales prior to the relevant period .....	(633)	(256)	(1,152)	(353)	(611)	(521)	(158)
Total impact on financing margins ..	<u>\$(645)</u>	<u>\$(295)</u>	<u>\$(1,396)</u>	<u>\$(543)</u>	<u>\$(1,670)</u>	<u>\$(764)</u>	<u>\$(376)</u>
Pre-tax impact of securitization .....	\$ (103)	\$ (23)	\$ (212)	\$ 87	\$ 90	\$ (207)	\$ 57
Taxes .....	38	8	78	(32)	(33)	77	(21)
After-tax impact of securitization ...	<u>\$ (65)</u>	<u>\$ (15)</u>	<u>\$ (134)</u>	<u>\$ 55</u>	<u>\$ 57</u>	<u>\$(130)</u>	<u>\$ 36</u>
Memo: Second quarter of 2002 compared with the second quarter of 2001 ..	\$ (50)	—	—	—	—	—	—
First half of 2002 compared with the first half of 2001 .....	—	—	\$ (189)	—	—	—	—

The above table does not reflect the lower cost of secured funding compared with unsecured funding.

### Changes in Accounting Standards

*New Accounting Standards.* On January 1, 2002, Ford Credit adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 142 changes the method of accounting for goodwill and intangible assets. Goodwill and intangible assets that have indefinite useful lives are no longer amortized, but are subject to an annual impairment test. As of June 30, 2002, Ford Credit's net goodwill and intangible assets, having various amortization periods, was about \$200 million. Adoption of this standard did not have a material effect on Ford Credit's financial statements.

The Financial Accounting Standards Board (FASB) issued an exposure draft interpretation of Accounting Research Bulletin No. 51, *Consolidated Financial Statements* that addresses issues related to identifying and accounting for special purpose entities (SPEs). The scope of the interpretation excludes QSPEs as defined in SFAS No. 140. The proposed interpretation introduced a concept that the primary beneficiary of the activities of a SPE would be required to consolidate the SPE unless the SPE meets certain independent economic substance criteria. Ford Credit is continuing to assess the impact the proposed interpretation may have on accounting for SPEs.

Ford Credit adopted SFAS No. 145, *Rescission of FASB Statement Nos. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*, on May 15, 2002. SFAS No. 145 describes the accounting by a lessee for certain lease modifications. Adoption of this standard did not have a material effect on Ford Credit's financial statements.

### Liquidity and Capital Resources

Ford Credit relies heavily on its ability to raise substantial amounts of funds. These funds are obtained primarily by the issuance of term debt, the sale of commercial paper and, in the case of Ford Credit Europe, the issuance of certificates of deposit. Funds also are provided by retained earnings and sales of receivables. The level of funds can be affected by certain transactions with

Ford, such as capital contributions, interest supplements and other support costs from Ford for vehicles financed and leased by Ford Credit under Ford-sponsored special financing and leasing programs, and dividend payments, and the timing of payments for the financing of dealers' wholesale inventories and for income taxes. Ford Credit's ability to obtain funds is affected by its debt ratings, which are closely related to the outlook for, and financial condition of Ford, and the nature and availability of support facilities. For additional information regarding liquidity and capital resources, see "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Funding and Liquidity" in the 2001 10-K Report, and see the First Quarter 10-Q Report and the Second 10-Q Quarter Report. For additional information regarding Ford Credit's association with Ford, see "Item 1 — Our Transactions with Ford and Affiliates" in the 2001 10-K Report incorporated by reference herein.

### **Recent Development**

On September 27, 2002, Ford Credit paid a \$450 million cash dividend to Ford FSG, Inc., its sole shareholder and an indirect wholly owned subsidiary of Ford.

## INFORMATION CONCERNING FORD

Ford was incorporated in Delaware in 1919. Ford acquired the business of a Michigan company, also known as Ford Motor Company, incorporated in 1903 to produce and sell automobiles designed and engineered by Henry Ford. Ford is the world's second-largest producer of cars and trucks combined. Ford and its subsidiaries also engage in other businesses, including financing and renting vehicles and equipment.

Ford's business is divided into two business sectors: the Automotive sector and the Financial Services sector. Ford manages these sectors as three primary operating segments described below.

<u>Business Sectors</u>	<u>Operating Segments</u>	<u>Description</u>
<i>Automotive:</i>	Automotive	design, manufacture, sale and service of cars and trucks
<i>Financial Services:</i>	Ford Motor Credit Company	vehicle-related financing, leasing and insurance
	The Hertz Corporation	renting and leasing of cars and trucks and renting industrial and construction equipment, and other activities

## SELECTED FINANCIAL DATA AND OTHER DATA OF FORD

The following table sets forth selected financial data and other data concerning Ford:

	Six Months Ended or at June 30* (Unaudited)		Years Ended or at December 31*				
	2002	2001	2001	2000	1999	1998	1997
(in millions except per share and unit sales amounts)							
<b>Consolidated Statement of Income Information</b>							
<b>Automotive Sector</b>							
Sales .....	\$ 67,559	\$ 69,202	\$131,528	\$141,230	\$135,073	\$118,017	\$121,976
Operating income .....	436	(103)	(7,568)	5,226	7,214	5,567	6,164
Net income .....	(838)	(505)	(6,267)	3,624	4,986	4,049	4,203
<b>Financial Services Sector</b>							
Revenues .....	14,630	15,558	30,884	28,834	25,585	25,333	30,692
Income before gain on spin-off of The Associates and income taxes .....	960	1,284	1,452	2,967	2,579	2,483	3,857
Gain on spin-off of The Associates .....	—	—	—	—	—	15,955	—
Income before income taxes .....	960	1,284	1,452	2,967	2,579	18,438	3,857
Net income .....	314	812	814	1,786	1,516	17,319	2,206
<b>Discontinued Operations</b>							
Income from Discontinued Operations .....	—	—	—	309	735	703	511
Loss on spin-off of Discontinued Operations .....	—	—	—	(2,252)	—	—	—
<b>Total Company</b>							
Net income / (loss) .....	(524)	307	(5,453)	3,467	7,237	22,071	6,920
<b>Total Company Data Per Share of Common and Class B Stock After Preferred Stock Dividends</b>							
Basic EPS — Continuing Operations .....	0.26	0.16	(3.02)	3.66	5.38	17.59	5.32
Basic EPS — Net Income .....	(0.29)	0.16	(3.02)	2.34	5.99	18.17	5.75
Diluted EPS — Continuing Operations .....	0.26	0.16	(3.02)	3.59	5.26	17.19	5.20
Diluted EPS — Net Income .....	(0.29)	0.16	(3.02)	2.30	5.86	17.76	5.62
<b>Consolidated Balance Sheet Information</b>							
<b>Automotive</b>							
Total assets .....	100,797	88,319	88,319	95,343	99,201	83,911	80,339
Debt Payable within one year .....	241	302	302	277	1,338	1,007	1,026
Long-term debt — noncurrent portion .....	13,809	13,492	13,492	11,769	10,398	8,589	6,964
<b>Financial Services</b>							
Total assets .....	189,494	188,224	188,224	189,078	171,048	148,801	194,018
Debt .....	150,764	153,543	153,543	153,510	139,919	122,324	160,071
<b>Total Ford</b>							
Total assets .....	290,291	276,543	276,543	284,421	270,249	232,712	274,357
Debt .....	164,814	167,337	167,337	165,556	151,655	131,920	168,061
Stockholders' equity .....	9,994	7,786	7,786	18,610	27,604	23,434	30,787
<b>Other Data</b>							
<b>Total Ford</b>							
Cash dividends .....	0.20	0.60	1.05	1.80	1.88	1.72	1.645
Capital expenditures .....	3,238	2,816	7,008	8,348	7,659	7,757	7,800
Depreciation & Amortization .....	—	—	19,750	15,949	14,542	13,903	13,194
Worldwide vehicle unit sales of cars and trucks (in thousands) .....	3,531	3,661	6,991	7,424	7,220	6,823	6,947

\* As a result of the spin-off of Visteon on June 28, 2000, Ford's consolidated balance sheet and consolidated statements of income and cash flows for 1996—2000 were restated to reflect Visteon as a discontinued operation.

## FINANCIAL REVIEW OF FORD

### Second Quarter 2002 Results of Operations

Ford's worldwide net income was \$570 million in the second quarter of 2002, or \$0.29 per diluted share of Ford Common and Class B Stock. In the second quarter of 2001, losses were \$752 million, or \$0.42 per share. Worldwide sales and revenues were \$42.3 billion in the second quarter of 2002, unchanged from a year ago. Unit sales of cars and trucks were 1,854,000 units, down 2,000 units.

Results by business sector for the second quarter of 2002 and 2001 are shown below (in millions):

	Second Quarter Net Income / (Loss)		
	2002	2001	2002 Over / (Under) 2001
Automotive sector .....	\$178	\$(1,194)	\$1,372
Financial Services sector .....	392	442	(50)
Total Ford net income / (loss) .....	<u>\$570</u>	<u>\$ (752)</u>	<u>\$1,322</u>

The following unusual items were included in Ford's second quarter results (in millions):

	Second Quarter Benefit / (Charge)	
	2002	2001
SFAS No. 133 non-cash benefit / (charge) .....	\$ 1	\$ (87)
Non-cash accrual for European end-of-life vehicles directive .....	(41)	—
Mazda restructuring / other actions (Ford share) .....	—	(114)
Total unusual items .....	<u>\$(40)</u>	<u>\$(201)</u>
Memo:		
Automotive sector .....	\$(27)	\$(169)
Financial Services sector .....	(13)	(32)

### Automotive Sector

Worldwide earnings for Ford's Automotive sector were \$178 million in the second quarter of 2002, on sales of \$35.2 billion. Losses in the second quarter of 2001 were \$1,194 million, on sales of \$34.6 billion.

Details of second quarter Automotive sector results are shown below (in millions):

	Second Quarter Net Income / (Loss)		
	2002	2001	2002 Over / (Under) 2001
North American Automotive .....	\$ 59	\$(1,198)	\$1,257
Automotive outside North America			
- Europe .....	114	141	(27)
- South America .....	(96)	(70)	(26)
- Rest of World .....	101	(67)	168
Total Automotive outside North America .....	<u>119</u>	<u>4</u>	<u>115</u>
Total Automotive Sector .....	<u>\$178</u>	<u>\$(1,194)</u>	<u>\$1,372</u>

Automotive sector earnings in North America were \$59 million in the second quarter of 2002, on sales of \$25.1 billion. In the second quarter of 2001, losses were \$1,198 million, on sales of \$24.3 billion. The improvement reflected primarily the non-recurrence of costs associated with the Firestone tire replacement action (about \$2 billion) and pricing improvements, offset partially by higher product costs and increased marketing costs (Ford, Lincoln and Mercury brand U.S. marketing costs as a percentage of their gross revenues were up 1.5 percentage points in the second quarter of 2002 compared with a year ago).

In the second quarter of 2002, 4.6 million new cars and trucks were sold in the United States, down 91,000 units from a year ago. Ford's share of those unit sales was 21.3% in the second quarter of 2002, down 1.9 percentage points from a year ago (with trucks down 1.0 percentage points and cars down 0.9 percentage points), reflecting an increasingly competitive market.

Ford's Automotive sector earnings in Europe were \$114 million in the second quarter of 2002, compared with earnings of \$141 million a year ago. Excluding the accrual related to the passage in Germany and The Netherlands of the European Union directive for end-of-life vehicles, profits were largely unchanged.

In the second quarter of 2002, 4.6 million new cars and trucks were sold in Ford's nineteen primary European markets, down 269,000 units from a year ago. Ford's share of those unit sales was 10.8%, up 0.2 percentage points, explained by Jaguar, Land Rover, and Volvo brands.

Ford's Automotive sector in South America had losses of \$96 million in the second quarter of 2002, compared with losses of \$70 million a year ago, primarily due to unfavorable exchange rates, lower industry volumes, and competitive pricing pressures, offset partially by lower costs and improved market share. Economic and industry conditions in the region remain very difficult. In Brazil, 371,000 new cars and trucks were sold in the second quarter 2002, compared with 427,000 a year ago. Ford's share of those unit sales was 9.4%.

Automotive sector earnings outside North America, Europe, and South America ("Rest of World") were \$101 million in the second quarter of 2002, compared with losses of \$67 million in the second quarter of 2001. Excluding Ford's share of Mazda restructuring and other charges of \$114 million, earnings would have been \$47 million in the second quarter of 2001. The improvements in results were primarily the result of improved operating performance at Mazda as well as lower costs and pricing improvements within our Automotive sector in the Asia Pacific region.

#### *Financial Services Sector*

Ford's Financial Services sector consists primarily of two segments, Ford Credit and Hertz. Worldwide earnings of the Financial Services sector were \$392 million in the second quarter of 2002, on sales of \$7.1 billion.

Details of second quarter Financial Services sector results are shown below (in millions):

	Second Quarter Net Income / (Loss)		
	2002	2001	2002 Over / (Under) 2001
Ford Credit .....	\$330	\$367	\$(37)
Hertz .....	53	59	(6)
Minority interests and other .....	9	16	(7)
Total Financial Services sector .....	<u>\$392</u>	<u>\$442</u>	<u>\$(50)</u>

For a discussion of Ford Credit's results in this period, see "Ford Credit and Consolidated Subsidiaries — Selected Financial Data — Second Quarter 2002 Compared with Second Quarter 2001."

Earnings at Hertz were \$53 million, down from last year's \$59 million profit in the second quarter. These results include amortization of intangibles at Ford FSG, Inc., Hertz' parent company, which is not reflected in Hertz' financial statements. Rental volume has started to recover due to a pick up in travel, but still remains lower compared with a year ago.

### First Half 2002 Results of Operations — Ford

Results by major business sector for the first half of 2002 and 2001 are shown below (in millions):

	First Half Net Income / (Loss)		
	2002	2001	2002 O / (U) 2001
Automotive sector .....	\$ (130)	\$ (505)	\$ 375
Financial Services sector .....	608	812	(204)
Income before cumulative effect of change in accounting principle .....	\$ 478	\$ 307	\$ 171
Cumulative effect of change in accounting principle .....	(1,002)	—	(1,002)
Total Company net income / (loss) .....	<u>\$ (524)</u>	<u>\$307</u>	<u>\$ (831)</u>

Net losses in the first half of 2002 were \$524 million, compared with first half 2001 earnings of \$307 million. First half 2002 net income included an after-tax, non-cash charge of \$708 million to the Automotive sector, primarily relating to the impairment of goodwill in Kwik-Fit (Ford's European all-makes vehicle repair business) and \$294 million to the Financial Services sector, related to the impairment of goodwill in Hertz' industrial and construction equipment rental business, each in accordance with SFAS No. 142.

Sales and revenues in the first half of 2002 were \$82.2 billion, down \$2.6 billion from a year ago. Vehicle unit sales were about 3.5 million, down 130,000 units from a year ago.

#### Automotive Sector

Worldwide losses for Ford's Automotive sector were \$838 million in the first half of 2002. Excluding the cumulative effect of the change in accounting principle relating to the impairment of assets in accordance with SFAS No. 142 of \$708 million, Automotive sector losses would have been \$130 million, on sales of \$67.6 billion. Losses in the first half of 2001 were \$505 million, on sales of \$69.2 billion.

Details of first half Automotive sector results before the cumulative effect of the change in accounting principle relating to SFAS No. 142 are shown below (in millions):

	First Half Net Income / (Loss)		
	2002	2001	2002 O / (U) 2001
North American Automotive .....	\$ (369)	\$ (503)	\$134
Automotive outside North America			
— Europe .....	231	229	2
— South America .....	(147)	(123)	(24)
— Rest of World .....	155	(108)	263
Total Automotive outside North America .....	<u>239</u>	<u>(2)</u>	<u>241</u>
Total Automotive sector .....	<u>\$ (130)</u>	<u>\$ (505)</u>	<u>\$375</u>

In North America, losses were \$369 million in the first half of 2002, \$134 million better than the first half of 2001. The improvement reflected primarily the non-recurrence of costs associated with the Firestone tire replacement action and higher pricing, offset largely by higher product and other costs, higher marketing costs and higher net interest expense. In addition, in the first half of 2002, Ford recognized gains of \$132 million from the sale of shares of Anthem, Inc. Ford received as a policyholder in a demutualization transaction. Ford also incurred charges of \$80 million in the second quarter of 2002 for salaried personnel reduction programs.

In the first half of 2002, 8.6 million new cars and trucks were sold in the United States, down from 8.9 million units a year ago. Ford's share of those unit sales was 21.0%, down 2.0 percentage points, reflecting an increasingly competitive market.

In Europe, first half earnings were \$231 million, compared with earnings of \$229 million in the first half of 2001. In the first half of 2002, 9.2 million new cars and trucks were sold in our 19 primary European markets, down 500,000 units from a year ago. Ford's share of those unit sales was 11.1%, up 0.2 percentage points.

In South America, losses were \$147 million in the first half of 2002, compared with a loss of \$123 million a year ago. The deterioration was due to lower industry volumes and unfavorable pricing, offset partially by lower costs and improved market share. In Brazil, 725,000 new cars and trucks were sold, compared with 842,000 a year ago. Ford's share of those unit sales was 9.1%.

In Rest of World, earnings were \$155 million in the first half of 2002, compared with a loss of \$108 million in the first half of 2001. Excluding Ford's share of Mazda restructuring and other charges of \$114 million, earnings were \$6 million in the first half of 2001. The improvement in results was primarily the result of improved operating performance at Mazda, as well as pricing improvements and lower costs within Ford's Automotive sector in the Asia Pacific region.

### *Financial Services Sector*

In the first half of 2002, earnings for Ford's Financial Services sector declined \$498 million from last year.

For a discussion of Ford Credit's results in this period, see "Ford Credit and Consolidated Subsidiaries — Selected Financial Data — First Half 2002 Compared with First Half 2001."

First half 2002 results for Hertz included a \$294 million after-tax, non-cash charge related to the impairment of goodwill in Hertz' industrial and construction equipment rental business in accordance with SFAS No. 142. Details of Financial Services sector earnings in the first half of 2002 and 2001 are shown below (in millions):

	First Half Net Income / (Loss)		
	2002	2001	2002 O / (U) 2001
Ford Credit .....	\$586	\$760	\$(174)
Hertz .....	5	55	(50)
Minority interests and other income / (loss) before cumulative effect of change in accounting principle .....	17	(3)	20
	<u>608</u>	<u>812</u>	<u>(204)</u>
Cumulative effect of change in accounting principle .....	(294)	—	(294)
Total Financial Services sector .....	<u>\$314</u>	<u>\$812</u>	<u>\$(498)</u>

## Liquidity and Capital Resources — Ford

### Automotive Sector

For the Automotive sector, liquidity and capital resources include cash generated from operations, gross cash balances, Ford's ability to raise funds in capital markets and committed credit lines.

At July 1, 2002, the Automotive sector had \$7.9 billion of contractually committed credit agreements with various banks; 88.4% are available through June 30, 2007. Ford also has the ability to transfer, on a non-guaranteed basis, \$7.3 billion of these credit lines to Ford Credit or FCE Bank plc. All of Ford's global credit facilities are free of material adverse change clauses and restrictive financial covenants (for example, debt-to-equity limitations, minimum net worth requirements and rating triggers that would limit Ford's ability to borrow).

Automotive gross cash includes cash, marketable securities and assets contained in a Voluntary Employee Beneficiary Association ("VEBA") trust, which reflect financial assets available to fund the business and pay near-term obligations, as summarized below (in billions):

	<u>2002</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>
	<u>June 30</u>	<u>December 31</u>	<u>June 30</u>	<u>December 31</u>
Cash and cash equivalents .....	\$ 8.5	\$ 4.1	\$ 4.7	\$ 3.4
Marketable securities .....	14.9	10.9	11.5	13.1
VEBA .....	<u>1.5</u>	<u>2.7</u>	<u>2.7</u>	<u>3.7</u>
Gross cash .....	<u>\$24.9</u>	<u>\$17.7</u>	<u>\$18.9</u>	<u>\$20.2</u>

In managing its business, Ford classifies changes in gross cash in three categories: operating related (including capital expenditures and capital transactions with the Financial Services sector),

acquisitions and divestitures, and financing related. Changes for the second quarter of 2002 and 2001 are summarized below (in billions):

	<u>Second Quarter</u>		<u>First Half</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Gross cash at end of period .....	\$24.9	\$18.9	\$24.9	\$18.9
Gross cash at beginning of period .....	21.5	19.1	17.7	20.2
Total change in gross cash .....	<u>\$ 3.4</u>	<u>\$(0.2)</u>	<u>\$ 7.2</u>	<u>\$(1.3)</u>
Operating related cash flows				
Automotive net income / (loss) .....	\$ 0.2	\$(1.2)	\$(0.8)	\$(0.5)
Impairment charges (SFAS No. 142 — Goodwill) .....	0.0	0.0	0.7	0.0
Depreciation and special tools amortization .....	1.3	1.3	2.4	2.7
Changes in receivables, inventory and trade payables .....	0.6	0.9	0.2	2.1
Tax refunds .....	0.8	0.0	0.8	0.0
Other — primarily expense and payment timing differences ....	1.9	2.8	2.6	1.2
Capital transactions with Financial Services sector (a) .....	0.0	0.0	(0.7)	0.4
Capital expenditures .....	<u>(1.4)</u>	<u>(1.2)</u>	<u>(2.9)</u>	<u>(2.6)</u>
Total operating related cash flows .....	\$ 3.4	\$ 2.6	\$ 2.3	\$ 3.3
Divestitures and asset sales .....	0.1	0.0	0.4	0.4
Acquisitions and capital contributions .....	0.0	(1.7)	(0.1)	(2.6)
Financing related cash flows				
Convertible preferred securities .....	\$ 0.0	\$ 0.0	\$ 4.9	\$ 0.0
Dividends to shareholders .....	(0.2)	(0.6)	(0.4)	(1.1)
Net issuance / (purchase) of common stock .....	0.1	(0.5)	0.1	(1.3)
Changes in total Automotive sector debt .....	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total financing related .....	<u>\$(0.1)</u>	<u>\$(1.1)</u>	<u>\$ 4.6</u>	<u>\$(2.4)</u>
Total change in gross cash .....	<u>\$ 3.4</u>	<u>\$(0.2)</u>	<u>\$ 7.2</u>	<u>\$(1.3)</u>

(a) Includes capital contributions, dividends, loans and loan repayments.

In the second quarter of 2002, Ford spent \$1.4 billion for capital goods, such as machinery, equipment, tooling, and facilities, used in its Automotive sector, compared with \$1.2 billion a year ago.

Changes in receivables, inventories and trade payables improved cash by \$600 million in the second quarter of 2002. Other operating changes, primarily related to expense and payment timing differences, improved cash by \$1.9 billion in the second quarter of 2002. These changes reflected primarily seasonal factors.

The net issuance of common stock for the first half of 2002 reflected \$203 million of issuances related to employee savings plans and employee stock option exercises and \$111 million of purchases from employee savings plans.

Shown in the table below is a reconciliation between operating cash flow above and financial statement cash flows from operating activities before securities trading (in billions):

	<u>First Half</u>	
	<u>2002</u>	<u>2001</u>
Operating related cash flows .....	\$2.3	\$ 3.3
Items Ford includes in operating related cash flow		
Capital transactions with Financial Services sector .....	\$0.7	\$(0.4)
Capital expenditures .....	2.9	2.6
Net transactions between Automotive and Financial Services sectors (a) .....	1.0	(0.1)
Other, primarily exclusion of cash in-flows from VEBA draw-down .....	1.2	0.9
Total reconciling items .....	<u>\$5.8</u>	<u>\$ 3.0</u>
Cash flows from operating activities before securities trading .....	<u>\$8.1</u>	<u>\$ 6.3</u>

(a) Primarily payables and receivables between the sectors in the normal course of business.

*Debt and Net Cash* — At June 30, 2002, Ford's Automotive sector had total debt of \$14 billion, up from \$13.8 billion at December 31, 2001. At June 30, 2002, the Automotive sector had net cash (defined as gross cash less total debt) of \$10.9 billion, compared with \$3.9 billion at December 31, 2001. At December 31, 2001, the weighted-average maturity of Automotive debt was approximately 28 years, with \$900 million maturing by December 31, 2006.

*Other Securities* — Ford has outstanding 7.1 million depository shares, each representing 1/2000 of a share of its 8.25% Series B Cumulative Preferred Stock, with an aggregate liquidation value of about \$178 million. Ford Motor Company Capital Trust I and Ford Motor Company Capital Trust II together have outstanding an aggregate \$5.6 billion of trust preferred securities. These securities are not included in the total debt amounts discussed above.

#### *Financial Services Sector*

For a discussion of liquidity of Ford Credit, see "Ford Credit and Consolidated Subsidiaries — Selection Financial Data — Funding and Liquidity."

#### *Hertz*

*Debt and Cash* — Hertz' total debt was \$7.5 billion at June 30, 2002, up \$1.2 billion from December 31, 2001. Outstanding commercial paper at June 30, 2002 totaled \$1.7 billion at Hertz, with an average remaining maturity of 35 days, compared with \$1 billion at December 31, 2001. At June 30, 2002, Hertz had cash and cash equivalents of \$236 million, up from \$120 million at December 31, 2001.

#### *Total Ford*

*Stockholders' Equity* — Ford stockholders' equity was \$10.0 billion at June 30, 2002, up \$2.2 billion compared with December 31, 2001. The increase was more than explained by favorable non-cash equity effects of the weaker dollar, reflecting balance-sheet foreign currency translation adjustments and the effects of SFAS No. 133, offset partially by net losses of \$524 million and dividend payments of \$369 million.

#### **Recent Development — Ford**

On October 6, 2002, the Canadian Auto Workers union announced that its members had ratified a new three-year labor agreement with Ford of Canada. Key elements of the agreement include:

- Closure of Ford of Canada's Ontario Truck Plant in July 2004, which presently produces F-Series pick-up trucks and employs about 1,400 hourly workers;

- Ford of Canada's commitment to proceed with a Cdn \$600 million (about U.S. \$380 million) investment in the Oakville Assembly Plant for the next-generation Ford Windstar and the all-new Mercury Monterey minivans; and
- A commitment by Ford of Canada to add 900 hourly jobs to the 3,200 hourly jobs that presently exist at the Oakville site during the term of the agreement.

### INDUSTRY DATA AND MARKET SHARE OF FORD

The following table shows the U.S. industry retail deliveries of cars and trucks for the periods indicated:

	U.S. Industry Retail Deliveries (millions of units)						
	Six Months Ended June 30*		Years Ended December 31				
	2002	2001	2001	2000	1999	1998	1997
Cars .....	8.0	8.6	8.4	8.8	8.7	8.2	8.3
Trucks .....	8.7	8.8	9.1	9.0	8.7	7.8	7.2

\* Seasonally adjusted rates.

The following table shows Ford's U.S. car and truck market shares for the periods indicated:

	Ford U.S. Car and Truck Market Shares						
	Six Months Ended June 30		Years Ended December 31				
	2002	2001	2001	2000	1999	1998	1997
Cars .....	16.4%	18.1%	17.7%	19.1%	19.6%	19.2%	19.7%
Trucks .....	25.4%	27.7%	27.4%	28.2%	28.2%	30.2%	31.1%

For additional information regarding Ford, see the 2001 10-K Report, the First Quarter 10-Q Report and the Second Quarter 10-Q Report incorporated by reference herein.

### RATIO OF EARNINGS TO FIXED CHARGES

The ratio of "earnings" to "fixed charges" for Ford Credit and Ford were as follows for each of the periods indicated:

	Six Months Ended June 30, 2002	Years Ended December 31				
		2001	2000	1999	1998	1997
Ford Motor Credit Company .....	1.2	1.2	1.3	1.3	1.3	1.3
Ford Motor Company* .....	1.2	**	1.7	2.0	3.7***	1.9

\* Excludes earnings and fixed charges for years ended December 31, 2000, 1999 and 1998, of Visteon Corporation, Fords former automotive components and systems subsidiary, which was spun-off on June 28, 2000 and, for the second quarter of 2000, excludes the \$2,252 million one-time, non-cash charge resulting from the spin-off.

\*\* Earnings were inadequate to cover fixed charges by \$6.7 billion.

\*\*\* Earnings used in calculation of this ratio include the \$15,955 million gain on the spin-off of Ford's interest in Associates First Capital Corporation. Excluding this gain, the ratio would have been 1.9.

For purposes of the Ford Credit ratio:

“earnings” mean the sum of:

- Ford Credit’s pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries, and
- Ford Credit’s fixed charges.

“fixed charges” mean the sum of:

- Interest Ford Credit pays on borrowed funds,
- the amount Ford Credit amortizes for debt discount, premiums and issuance expenses and
- one-third of all rental expenses of Ford Credit (the portion deemed representative of the interest factor).

For purposes of the Ford ratio:

“earnings” mean the sum of:

- Ford’s pre-tax income,
- the pre-tax income of Ford’s majority-owned subsidiaries, whether or not consolidated,
- Ford’s proportionate share of the income of any fifty-percent-owned companies,
- any income Ford received from less-than-fifty-percent-owned companies, and
- Ford’s fixed charges.

“fixed charges” mean the sum of:

- the interest Ford pays on borrowed funds,
- the preferred stock dividend requirements of Ford’s consolidated subsidiaries and trusts,
- the amount Ford amortizes for debt discount, premium, and issuance expense, and
- one-third of all rental expenses of Ford (the proportion deemed representative of the interest factor).

**SELECTED FINANCIAL INFORMATION  
OF FC CANADA, FC AUSTRALIA AND PRIMUS JAPAN**

The following tables show selected financial information for FC Canada, FC Australia and PRIMUS Japan for each of the periods indicated:

**FC CANADA**

**SELECTED FINANCIAL DATA  
(in millions of Canadian dollars)**

	<u>Six Months Ended or at June 30, 2002</u>	<u>December 31, 2001</u>	<u>December 31, 2000</u>
	(unaudited)		
<b>Income Statement Data</b>			
Total revenue .....	Cdn\$ 1,032.0	Cdn\$ 2,124.7	Cdn\$ 2,091.0
Income / (Loss) after taxes.....	81.3	103.8	80.9
<b>Balance Sheet Data</b>			
Total assets .....	14,350.5	13,835.1	12,927.7
Total liabilities.....	13,551.9	13,117.8	12,314.2

**FC AUSTRALIA**  
**SELECTED FINANCIAL DATA**  
(in millions of Australian dollars)

	<u>Six Months Ended or at June 30, 2002</u> (unaudited)	<u>December 31, 2001</u>	<u>December 31, 2000</u>	<u>December 31, 1999</u>
<b>Income Statement Data</b>				
Total revenue .....	A\$ 280.6	A\$ 444.8	A\$ 476.0	A\$ 429.8
Income after taxes .....	11.3	27.1	23.6	13.7
<b>Balance Sheet Data</b>				
Total assets .....	3,511.6	3,521.9	3,408.9	3,003.0
Total liabilities.....	3,306.8	3,328.4	3,242.5	2,860.3

**PRIMUS JAPAN**  
**SELECTED FINANCIAL DATA**  
(in millions of Japanese yen)

	<u>Six Months Ended or at June 30, 2002</u> (unaudited)	<u>December 31, 2001</u>	<u>December 31, 2000</u>	<u>December 31, 1999</u>
<b>Income Statement Data</b>				
Total revenue .....	¥ 5,236.7	¥ 10,746.5	¥ 11,614.7	¥ 2,474.1
(Loss) /income after taxes .....	160.7	293.1	257.5	(695.7)
<b>Balance Sheet Data</b>				
Total assets .....	291,077.0	266,329.4	232,376.8	191,331.8
Total liabilities .....	288,993.0	264,405.7	230,746.2	190,646.6

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