

Ford Motor Company

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July 28, 2003

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth St., N.W.
Washington, DC 20549-0609



RE: Rating Agencies Concept Release (File No. S7-12-03)

Ford Motor Company appreciates the opportunity to respond as part of the Commission's review of the role of credit rating agencies in the operation of the securities markets. We believe that participants in the capital markets want impartial credit evaluation services provided by respected credit rating agencies. As such, we outline below several issues that we believe are important to consider.

NRSRO Designation

Although elimination of the Nationally Recognized Statistical Rating Organization (NRSRO) designation would afford the opportunity for increased competition, it is unclear how many firms would successfully enter the business with any meaningful impact. More competition **does** not necessarily mean more value and may result in overall increased ratings volatility. Moreover, eliminating the NRSRO designation would be disruptive and expensive for market participants.

We believe the present **NRSRO's** are accountable and responsible, **more so** than unregulated agencies (some, in our opinion, **have** not distinguished themselves with recent commentary). **We also** believe that present **NRSRO's are** keenly aware of the responsibility inherent in their mission. Additional regulation and oversight of NRSROs may be beneficial, but there **is no need** for radical change. We recommend keeping the NRSRO designation.

Regulation FD

Credit analysts at **NRSRO's** enjoy an exclusion from Regulation FD, **and** they utilize company-provided confidential information in determining public ratings. However, credit analysts can only utilize publicly available information when commenting on company ratings. In their written rating opinions, the NRSRO's have consistently protected the confidential information provided by companies.

However, these credit analysts also communicate with investors and analysts in public and private forums. These communications **are** not regulated and disclosure is not required. Analysts may be placed in potentially compromising situations since rating agencies cannot disclose non-public information that may **be** a vital component of the rating and their stated opinions. There exists also the potential for inconsistent practices **among** agencies and inconsistent communication even within the **same** firm.

Despite these concerns, we believe the benefits outweigh the **risks** and recommend continuing with **the** Regulation FD exclusion. However, we also **recommend** strengthening **the** governance and regulation of their use of this exclusion from Regulation FD **as** outlined below.

- Recommend creating consistent **rules** for public and private discussions that **address** issuer concerns
- Require **NRSRO's** to file a monthly report with the SEC, listing all public and private contacts with investors – and make that report available to the public



- Recommend requiring **NRSRO's** to notify companies named in their research reports prior to being issued

NRSRO Certification and Compliance

We find the present NRSRO recognition process to be difficult, lengthy, **and** subjective, and the SEC should provide clear, objective criteria for NRSRO designation. A limit on **the** total number of **NRSRO's** is not necessary, **as** the market will continue to dictate the number of credible agencies that are meaningfully used. We believe that investors and issuers would prefer a manageable number of **NRSRO's**, perhaps three to **five** agencies. Issuers would like to minimize the administrative burden and executive management time commitment, and investors presumably want a finite number of reputable subscriptions from which to choose.

NRSRO's should **be** subject to the **same** regulation as the companies they rate. **We** believe the SEC should require NRSRO's to file annual certifications of compliance with select objective criteria. Consistent with the present Sarbanes-Oxley environment, the SEC should **also** require periodic reviews of NRSRO operations. Lastly, the SEC **should** require periodic "re-certification" of NRSRO status.

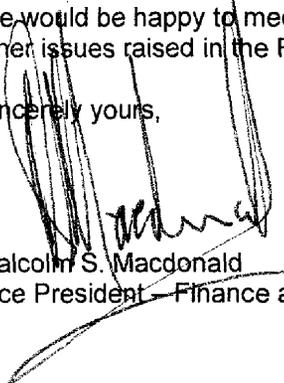
Uniform Ratings

We believe the SEC should create a uniform rating scale and dictate its use **by** NRSRO's. This will help reduce the risk of marketplace confusion, **as** users presently struggle to understand the differences between a "BBB" and "Baa2" rating. Use of the ratings system should be limited to **NRSRO's**.

We **also** do not believe there is sufficient distinction between short-term and long-term credit ratings, **as** the former is often derived by relationship to the latter. A company's short-term credit worthiness is more appropriately measured by its available liquidity sources.

We would be happy to meet in person with the SEC to discuss **any** items contained in this letter, or any other issues raised in the Rating Agencies Concept Release.

Sincerely yours,



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