

DELPHI

Letter of Comment No: 22
File Reference: 1101-001
Date Received: 11/1/02

October 25, 2002

Director of Major Projects and Technical Activities
- File Reference 1101-001
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear MP&T Director:

Delphi Corporation respectfully submits our comments communicating our position on the Proposed Statement of Financial Accounting Standards – Accounting for Stock-Based Compensation – Transition and Disclosure.

We support the Board's proposal to provide additional transition guidance to companies. We believe that improved transition guidance with enhance the comparability between companies following the fair-value based approach to stock-based compensation. We do, however, encourage the Board to select one method of transition, and require that all companies follow that methodology in transitioning to the fair-value method. We believe that one method would make it less complex for the reader to understand the accounting change made by the company.

We also endorse the Board's proposal to require quarterly reporting of the pro forma effects of stock-based compensation for companies electing to remain under APB 25. This additional disclosure helps to improve comparability on an interim basis between companies.

We do not believe that identification within the income statement of the classification of stock-based employee costs would enhance the other disclosures currently contemplated under SFAS 123, as we believe that most companies would have portions of the cost within several different line items of the income statement. In addition, there are a variety of other compensation costs incurred by companies, which are not separately disclosed, doing so for the stock-based portion of compensation would unduly highlight that component of compensation.

Finally, we strongly encourage the Board to address the fundamentals of "how to fair value" stock based compensation within any new guidance. For example, as we have evaluated a potential change to the fair-value accounting, we have found a broad range of acceptable assumptions may be used in completing the calculations, all of which may result in significantly different income statement consequences. We believe that additional precise guidance on assumptions and models to utilize would be extremely valuable in permitting investors to compare one company to another company.

Please contact us if you desire further input or clarification at (248) 813-2605.

Sincerely,



John D. Sheehan
Chief Accounting Officer and Controller