FSPSOP907A

LETTER OF COMMENT NO. 2

DELPHI

March 18, 2008

Via electronic delivery to: director@fasb.org

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Proposed FASB Staff Position (FSP) SOP 90-7-a, *An Amendment of AICPA Statement of Position 90-7*

Dear Mr. Golden:

Delphi Corporation ("Delphi" or "the Company") is a leading global supplier of mobile electronics and transportation systems, including powertrain, safety, thermal, controls and security systems, electrical/electronic architecture, and in-car entertainment technologies. The Company supplies products to nearly every major global automotive original equipment manufacturer, and has revenues in excess of $22 billion and total assets of over $13 billion.

We appreciate the opportunity to comment on the abovementioned Proposed FASB Staff Position (FSP) No. SOP 90-7-a, *An Amendment of AICPA Statement of Position 90-7* ("Proposed FSP").

In October 2005, Delphi and certain of its U.S. subsidiaries filed voluntary petitions for reorganization relief under chapter 11 of the United States Bankruptcy Code. Currently, Delphi continues to operate as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code.

American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 90-7, *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code*, is applicable to companies in chapter 11 of the Bankruptcy Code, and generally does not change the manner in which financial statements are prepared, but does require the adoption at emergence of newly issued accounting principles required to be adopted within the twelve months following emergence. Delphi adopted SOP 90-7 in October 2005.

Delphi anticipates emerging from bankruptcy in the near future and will be required to apply fresh-start accounting as required by SOP 90-7 upon emergence. Accordingly, Delphi believes that the Proposed FSP will directly impact the accounting for our emergence.

We strongly agree with the Staff 's recommendation of View C of the Proposed FSP to remove the guidance in paragraph 38 of SOP 90-7 requiring early adoption of changes in accounting principles that will be required in the emerging entity's financial statements within 12 months following emergence.

The current requirements of paragraph 38 of SOP 90-7 are unclear with respect to accounting literature for which early adoption is prohibited, and whether such adoption would be required at emergence from bankruptcy. The more significant literature for which this apparent conflict exists currently includes

SFAS No. 141(R), *Business Combinations, a replacement of FASB Statement No. 141* and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51*, and may include future promulgated literature if issued prior to Delphi's emergence from bankruptcy. Although we believe that the U.S. GAAP hierarchy would indicate that the FASB Statements prohibiting early adoption are higher level literature than AICPA Statements of Position, thus precluding the early adoption of this literature at emergence, the dichotomy in the literature nonetheless is significant, resulting in substantial uncertainty which ultimately could lead to diversity in practice.

In addition to the complexities of managing the emergence process of the largest industrial bankruptcy in U.S. history, we believe that if Delphi were required to adopt the provisions of SFAS No. 141(R) and SFAS No. 160 upon emergence, as expressed by View A, a substantial risk exists related to improper adoption of these standards. Given that the FASB has determined that no early adoption is allowed, it is inherent in this preclusion that the FASB believes these statements to be significantly different than the current practice and likely difficult to implement without sufficient time to allow for appropriate constituent review and understanding. Additionally, because of the complexities of these new standards, there will likely be the need for additional implementation guidance to be developed and disseminated throughout the adoption preclusion period. Requiring early adoption of a standard, notwithstanding the added complexities of emergence and fresh-start accounting requirements, would result in substantial incremental cost while increasing the risk of improper application of the new standard.

Lastly, we believe that the adoption of View C will also allow Delphi and others in chapter 11 bankruptcy to assess and adopt new accounting standards that allow for earlier adoption at our own discretion consistent with other entities that are not emerging from bankruptcy. We believe there is no substantive basis as to why entities, merely by the fact that they are emerging from chapter 11 bankruptcy protection, should be required to absorb the punitive impacts of early adoption of standards that the FASB has deemed should be precluded from early adoption.

Accordingly, as stated earlier, we firmly concur with the FASB Staff's recommendation in the Proposed FSP to remove the guidance of paragraph 38 of SOP 90-7, thereby allowing entities emerging from chapter 11 bankruptcy protection to be on an "equal footing" with other entities as to the adoption of new accounting standards.

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We appreciate the opportunity to provide you with our comments. If you have any questions or wish to discuss these matters further, please do not hesitate to contact me directly at 248-813-2605.

Sincerely,

Thomas S. Timko
Chief Accounting Officer and Controller