Letter of Comment No: 16

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DELPHI

December 2, 2002

Director of Major Projects and Technical Activities File Reference 1125-001 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 <u>Proposal for a Principles-Based Approach to U.S. Standard Setting.</u>

We believe that principles-based standards can only be effective in improving the overall quality and transparency of financial accounting and reporting if all the preparers and users involved (e.g., management, lawyers, regulatory agencies, auditors, etc.) are able to apply professional judgment consistently and embrace the spirit and intent of the principles-based approach. This type of consistent application of professional judgment rarely occurs among all parties in today's economic environment and we are concerned as to whether it will develop in the near future. This is particularly true in today's legal and regulatory environments where the appropriateness of financial reporting is often strictly evaluated based on adherence to stated rules. We believe that principles-based standards weighted too heavily on management judgment would expose financial reporting to significant legal and regulatory second-guessing if actual events subsequently differ from well-reasoned conclusions previously reached by management. We also believe that broader principles-based standards could lead to situations in which professional judgments, made in good faith, result in different interpretations for similar transactions and events decreasing the comparability in financial reporting. Lack of such comparability could adversely affect the value of financial reporting to creditors and users of the information. We would encourage the Board to consider the importance to the investor community of forward-looking guidance. We believe disclosures surrounding future expectations are very useful in evaluating company performance. We also would encourage the Board to consider the effect of technological advances, including the improved ability to disseminate and receive guidance regarding complex standards. We believe that these advances will significantly impact the timeliness of reporting requirements.

Generally, we do not believe that the Board should develop an overall reporting framework as in the International Accounting Standard 1 "Presentation of Financial Statements" (IAS 1), because straightforward guidance on issues covered by IAS 1 already exists in current U.S. accounting standards. We do, however, feel that current standards included in the conceptual framework should be amended to incorporate relevant principles-based guidance. Lastly, we do not believe that the Board should develop a true and fair value override because we do not feel that it will function successfully in today's legal and regulatory environment.

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

Sincerely.

John D. Sheehan

PDStock

Chief Accounting Officer and Controller