DELPHI

Letter of Comment No: 34
File Reference: 1200-400
Date Received: 4/7/04

April 7, 2004

Director of Projects and Technical Activities
File Reference 1200-400
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Director of Projects and Technical Activities:

Delphi Corporation respectfully submits our comments and suggestions on the Proposed Statement of Financial Accounting Standards, "Accounting Changes and Error Corrections".

We believe that comparability of financial results benefits users of financial statements and therefore, retrospective application of certain accounting changes and error corrections in order to enable meaningful period to period comparisons could be an improvement to current financial reporting practices. However, requiring retrospective application of <u>all</u> accounting changes and error corrections, including application of newly issued accounting standards may in fact make the statements less meaningful.

Under the proposed guidance, historically reported financial results could be restated multiple times as new accounting pronouncements are issued and as a result, could lead to lack of credibility of the reported results at a time when the accounting profession needs credibility. In light of the increasing pace of issuing new accounting pronouncements, including FASB Staff Interpretations, we are concerned that the practical application of this proposed guidance could result in significantly increased cost to the financial statement preparer community while potentially creating confusion and skepticism in the financial statement user community.

Although we support the retrospective application methodology for accounting changes and error corrections initiated by the financial statement preparer, we would ask that the FASB keep in mind the cost/benefit trade-off associated with retrospective application of new pronouncements and issue alternative transition guidelines when the costs of retrospective application outweigh the benefits to the financial statement user.

Overall, we believe that the proposed standard could lead to improved financial reporting of accounting changes and error corrections initiated by financial statement preparers and in limited circumstances to the application of newly issued accounting guidance, when the benefit to the financial statement user outweighs the cost to the financial statement preparer.

Please contact me at (248) 813-2605 if you have any questions.

Sincerely,

John D. Sheehan

John D. Sheehan
Chief Accounting Officer and Controller