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Leslie Seidman, Chairman
Financial Accounting Standards Board
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Mr. Hans Hoogervorst, Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M6xh
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Submitted via electronic mail to director@fasb.org and bdavidson@ifrs.org

Re: Accounting Standards Update No. 2011-11, *Disclosures About Offsetting Assets and Liabilities*

Dear Madam and Sir:

Thank you for taking the time to read an unsolicited letter regarding Accounting Standards Update No. 2011-11, *Disclosures About Offsetting Assets and Liabilities* (the "ASU"). General Motors Company (GM) is a global leader in the automotive industry. GM designs, builds and sells cars, trucks and parts and, with its partners, produces vehicles in 30 countries. GM has extensive relationships with its dealer network in multiple jurisdictions. GM's brands include Chevrolet and Cadillac, as well as Baojun, Buick, GMC, Holden, Isuzu, Jiefang, Opel, Vauxhall and Wuling. More information on GM and its subsidiaries can be found at <http://www.gm.com>.

On behalf of GM, we request that the Boards' reconsider the disclosure requirements of the ASU to exclude short-term amounts due to and from customers or suppliers arising in the normal course of business, often referred to as trade receivables and payables, where a legal right of offset exists. We believe the disclosures of trade receivables and payables that are net on the balance sheet at any given point would not provide useful information because the balances are generally short-term in nature and are often not fundamentally linked in terms of origination (other than being with the same counterparty), timing or amounts. Furthermore, providing disclosures relative to trade accounts payables and receivables would not be consistent with the objectives of the ASU because the balances are often presented net under US GAAP and are required to be presented net under IFRS such that differences between US GAAP and IFRS in the presentation of these amounts would not be typically expected to exist. Finally, the disclosure requirements will require costly system changes and workarounds to produce.

Background

GM has many arrangements with customers and suppliers subject to agreements that provide for a legal right of offset. It's our understanding that these types of arrangements are not unique to GM. In order to better understand the issues, we've provided brief overviews of two GM arrangements as follows:

Dealer Net Account

Contractual agreements provide for net settlement of receivables and payables related to most transactions between GM and individual dealers, and these agreements provide a legal right of offset. These transactions include amounts receivable from the dealer related to the sale of a vehicle, amounts payable to the dealer related to advertising arrangements, amounts payable to the dealer related to sales incentives offered to both the dealer and the dealer's customer (the retail consumer), amounts due to the dealer for warranty work performed on GM's behalf, and amounts due GM for parts purchased by the dealer for service work. These arrangements can be further complicated for other reasons; for example, the dealer net account can contain a receivable due from the dealer for spare parts sold to the dealer and an amount payable to the dealer resulting from a "charge back" when that part is utilized by the dealer for services covered by GM's warranty. Transactions with a dealer are net settled, and once such transactions are processed within the receivable and payables cycles, the net amount is presented on GM's balance sheet.

Consignment/Bailment Arrangements

Contractual arrangements with suppliers provide for net settlement under arrangements where GM purchases raw materials or other parts that are "sold" or transferred to suppliers for further processing or for use in producing parts or materials that are ultimately purchased and used by GM in the production of vehicles or replacement parts to be sold. Upon transfer, the supplier is billed for the material. Once processed, the supplier bills GM for the full amount of the processed part, which includes a "return" of the amount billed to the supplier upon sale or transfer of the material or other parts, plus a fee for the value added services performed by the supplier. These arrangements are typically net settled and presented net on GM's balance sheet, and the contracts provide a legal right of offset.

It is our understanding that trade receivables and payables or other short-term receivables and payables, including those in the examples we've provided above, are financial instruments that are 1) offset in accordance with either Section 210-20-45 or Section 815-10-45, or 2) are subject to an enforceable master netting arrangement and therefore fall within the scope of the ASU.

Reconsider the Scope of the ASU/Communicate Position

As previously noted, we believe many ongoing operating activities that generate trade receivables and payables fall within the scope of the ASU as currently written. However, based on informal networking, we understand some constituents may not recognize such transactions are in fact captured by the scope of the ASU, and as a result, may not appropriately be planning to produce the information necessary for these disclosures. As such, we believe the Boards should reconsider whether the amounts should be included in the scope of the ASU. Regardless

of the ultimate decision of the Boards, communication as to how trade accounts receivable and payable should be viewed in applying the ASU would provide useful information to financial statements users and preparers.

Disclosures Would Not Provide Useful Information

Amounts due to or from customers or suppliers are short-term in nature, in that they are generally netted for collection or payment on a short-term basis, which for GM arrangements occurs within 47 days or less. Furthermore, the receivables and payables that are netted are often not fundamentally linked in a way that makes disclosure of the gross payable and receivable balances meaningful at the end of any particular period. For example, gross amounts due to customers who have provided vehicle service under warranty are not associated in any reasonable way to gross receivables for vehicle sales to that customer or, when combined for disclosure purposes, with receivables from other customers. A direct linkage between many of the amounts does not exist, other than the fact that they happen to be with the same counterparty. When you consider all of the other types of amounts generally included in these balances and consider that they can vary greatly from period to period, the disclosure of these short-term gross receivables and payables would be less than useful. Additionally, these disclosures would likely be grouped by type, as typically no single counterparty would be individually material. For example, all customers and all suppliers might be grouped together for disclosure. This grouping would further obfuscate the disclosure amounts because the timing and nature of cash flows can differ greatly by individual customer or supplier. Given the nature of the balances, we do not believe the resulting disclosures of gross trade receivables and payables at any given period end would provide useful information, especially provided the relatively short time frame in which amounts receivable and payable are settled with the counterparty.

Disclosures Would Not Be Consistent with the Objectives of the ASU

The Board noted in the ASU Summary that the scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, as well as securities borrowing and securities lending arrangements, and noted that the objective of the standard is to facilitate comparison between those entities that prepare financial statements under US GAAP and those that prepare financial statements under IFRS. We understand how the disclosures required in the ASU for the types of arrangements noted in the ASU Summary would meet this objective. However, we are less than certain that such disclosures for trade receivables and payables meet the same objective. In arriving at this conclusion, it is important to note that pursuant to IFRS, trade accounts payables and receivables subject to a legal right of offset that are collected or paid on a net basis are required to be presented net in the financial statements. While US GAAP allows an option to present trade receivable and payable balances either net or gross, we believe it is likely most companies present these amounts net in the financial statements under US GAAP. As such, disclosure of the gross amounts does little to provide any necessary comparative information, but for those few situations where entities have elected to present the amounts on a gross basis under US GAAP.

Disclosures Would Require Costly System Changes and Workarounds

Preparing gross information relative to trade accounts receivables and payables for the disclosure required by the ASU will require costly system changes and workarounds, while the resulting disclosures are of little use as noted above. Preparation of the disclosures may not appear difficult on the surface; however, there are a number of complexities involved in producing the information for both customer and supplier relationships. Customer balances include many types of amounts that would require some kind of workaround to prepare the appropriate gross disclosure. For example, customer balances include receivables from certain part sales that have been charged back to GM for warranty work completed by the customer. The appropriate presentation of such amounts (as balances associated with this activity represents in effect a receivable from ourselves) is less than clear and would be difficult to isolate in our subsidiary ledgers as such amounts are not linked below the customer level. Supplier balances also include a number of complexities. For example, as discussed above under the consignment/bailment arrangements, GM in some cases will sell materials included in inventory to suppliers and agree, explicitly or implicitly, to repurchase the materials after the supplier has provided added value to the materials. In these instances, the "sales" are not recognized for accounting purposes and, as a result, GM has a process in place that reverses the sale and re-recognizes the material as inventory at the end of the period. This process eliminates the related receivable up to the point the cash is collected; however, if the material has not been "repurchased" by GM by the time the receivable is collected, the process of recording the inventory recognizes a supplier deposit rather than eliminating the receivable. The process to eliminate the receivable or reflect the deposit is separate and discrete from the normal processing of payables and receivables. Each of these additional complexities, both for customers and suppliers, can be further exacerbated based on differences resulting from laws or customs by geographic location, use of different processes or systems, etc. We do not believe the cost of addressing these complexities outweighs the decision usefulness of the required disclosures when applied to trade receivables and payables.

Conclusion

Given the required disclosures are less than useful and the cost and time involved in developing the disclosures, we recommend that the Boards' alter the ASU to exclude trade receivables and payables from the scope of the ASU. However, should the Boards believe such transactions should be within the scope of the ASU, we recommend at a minimum the Boards clarify the scope of the ASU to avoid any confusion.

Again, I appreciate the Boards' taking the time to read these unsolicited comments and appreciate the Boards' consideration of the points outlined in the letter. I am available to discuss this letter at the Boards' earliest convenience. Should you have any questions or need to discuss this letter, please contact me at (313) 667-3434.

Sincerely,

/s/ NICK S. CYPRUS

Nick S. Cyprus
Vice President, Controller, and Chief Accounting Officer
General Motors Company