



DIVISION OF CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549



03017066

NO ACT  
P.E 3.14.03  
1-143

March 20, 2003

Bartlett Naylor  
1255 North Buchanan  
Arlington, VA 22205

Re: General Motors Corporation  
Incoming letter dated March 14, 2003

Dear Mr. Naylor:

Act 1034  
Section \_\_\_\_\_  
Rule 14A-8  
Public Availability 3/20/2003

This is in response to your letter dated March 14, 2003 concerning the shareholder proposal submitted to General Motors by Bartlett Naylor. On March 14, 2003, we issued our response expressing our informal view that General Motors could exclude the proposal from its proxy materials for its upcoming annual meeting.

We received your letter after we issued our response. After reviewing the information contained in your letter, we find no basis to reconsider our position.

Sincerely,

Martin P. Dunn  
Deputy Director

cc: Anne T. Larin  
Attorney and Assistant Secretary  
General Motors Corporation  
Legal Staff  
MC 482-C23-D24  
300 Renaissance Center  
P.O. Box 300  
Detroit, MI 48265-3000

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THOMSON  
FINANCIAL

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## CFLETTERS

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**From:** Bartnaylor@aol.com  
**Sent:** Friday, March 14, 2003 8:55 AM  
**To:** cfletters@sec.gov  
**Subject:** GM shareholder resolution/Naylor

March 14, 2003

Office of Chief Counsel  
Division of Corporate Finance  
Securities and Exchange Commission  
450 Fifth St, NW  
Washington, D.C. 20549

Re: Naylor resolution at GM regarding pension accounting

Dear staff,

1. GM claims that this shareholder resolution deals with "ordinary business."

In fact, pension accounting has become recognized as one of the more significant financial problems demanding reform.

FINANCIAL MEDIA

In the financial media, this issue commands great attention. The term

"pension accounting" generates 635,000 "hits" on "Google." One of the first

hits is from CFO magazine, including a Jan. 3, 2003 article. "I don't think

companies have come clean yet," said analyst Robert Friedman of Standard

&

Poor's, which now evaluates corporate earnings by stripping out pension

income and other items." (In Reuters, Feb 3, 2003)

Reuters emphasized the importance among issues facing corporations:

"Forget

war fears, a sagging stock market and a host of other worries.

When it

comes

to pension accounting, many companies just refuse to take off

their  
rose-colored glasses." (Feb 3, 2003)  
Observed Elizabeth MacDonald of Forbes, "One of the biggest  
items  
spooking  
Wall Street today is pension accounting . . . ." ("Pension  
Panic,"  
Forbes,  
Dec. 10, 2002 )  
When GM itself lowered it's expected return, this generated  
headlines:  
"General Motors to Lower Pension Fund Return Projections," (   
Detroit  
Free  
Press, Jan. 8, 2003);GM was one of the companies mentioned in  
New York  
Times  
reporter Floyd Norris's appearance on Street Sweep. (Oct. 4,  
2002) . He  
said,  
"GM has a huge pension plan problem. And they've made it look  
better in  
the  
past by using very aggressive assumptions." GM's pension  
accounting  
problems  
are also mentioned in the LA Business Journal (Evans, David,  
"Accounting  
Rules Keeping Pension Fund Losses Hidden," Los Angeles Business  
Journal,  
Jan.  
6, 2003); the Boston Globe (Kirchhoff, Sue, "Pension Squeeze;  
Shortfalls  
in  
Plans Threaten Companies' Earnings; Market Fall, Lax Accounting  
Cited in  
Pension Plan Shortfalls," Boston Globe, Oct. 27, 2002)  
GM's pension fund issues are extraordinary. As noted by the New  
York  
Times,  
"Many companies are also considering ways to reduce their  
pension  
obligations  
to workers, possibly undermining benefits for millions. The  
biggest

pension

shortfall belongs to General Motors. (New York Times, Jan 13, 2003.)

WALL STREET, FINANCIAL ORGANIZATION ANALYSTS

Wall Street analysts commonly address the problem

UBS Warburg: "Over the past three years, most companies have allowed their

pension fund losses to grow-out of the sight of balance sheets and

investors-without addressing the problem, says David Bianco, who headed

research into the issue for UBS Warburg."

Center for Financial Research & Analysis: "The pension fund time bomb is

coming as a shock to many investors because accounting rules have

allowed the

liabilities to remain virtually incomprehensible in the footnotes of

financial statements, says Howard Schilit, an accountant and president

of the

Center for Financial Research & Analysis. 'There should be better

disclosure,' Schilit said. 'Even our clients, who are sophisticated

investors, don't completely understand.'"

(both from: Evans, David, "Accounting Rules Keeping Pension Fund Losses

Hidden," Los Angeles Business Journal, Jan. 6, 2003)

S&P: "David M. Blitzer, an S&P managing director, says GAAP hides from

investors the true risk and cost to companies of their pension plans.

That's

becoming crystal clear as more companies 'fess up that they need to pump

cash

into the plans to make up for stock market losses." (Henry, David,

"S&P's

'Core Earnings' Figure Shows How Low Profits May Be," Business Week,

Nov. 4,

2002)

Lehman Brothers: Robert Willens is quoted: "Maybe [companies' expectations] ought to come down to 7 percent or 6 percent, but still even that seems high.

For that reason, people feel pension fund accounting is singularly unrealistic and subject to great manipulation." ("Underfunded Pensions

Upset

Earnings; Billions Diverted to Cover Shortfalls," Chicago Tribune, Oct.

19,

2002)

International Accounting Standards Board: "'It's a coming flash point in

accounting,' Thomas E. Jones, the vice chairman of the International

Accounting Standards Board and a retired executive vice president of

Citicorp, said this week. 'We're kidding ourselves' by reporting results

under the American rule, he added." (Norris, Floyd, "The Fiction of

Pension

Accounting," The New York Times, Dec. 7, 2001 )

Other analysts have written extensively on the need for pension accounting

transparency, including:

\* Jack Cielielski, a former Legg Mason mutual fund executive who publishes

"The Analysts Accounting Observer" ...

\* Jane Adams, accounting expert at Credit Suisse First Boston,

\*Analysts at Merrill Lynch. ("Making Sense of Pensions, August 2001)

\* Janet Pegg, Bear Stearns accounting analyst

\* Simon Flannery, Jeffrey Camp, Morgan Stanley Dean Witter

#### POLICY MAKERS

The Financial Accounting Standards Board is soliciting discussions about

pension accounting. This includes meetings with institutional

investors  
and  
other users of financial statements. ( Danielle DiMartino,  
"Standards  
Board  
may Tackle Issue of Pension Accounting," Dallas Morning News,  
Feb. 19,  
2003.  
)  
Congress generally leaves to the SEC and self-regulatory  
organizations  
the  
business of detailing accounting rules. Nevertheless, the Enron  
and  
WorldCom  
bankruptcies prompted numerous hearings and calls by leading  
lawmakers  
to  
strengthen the safeguards, including reporting requirements, to  
protect  
the  
integrity of pension funds. Such moves necessarily impact the  
obligations of  
those pension plans and their relation to shareholders  
evaluation of  
company  
worth.  
Accordingly, the phrase "Congress pension accounting rules"  
generates  
46,500  
"hits" on "Google."  
Sen.Sarbanes led a series of hearings.  
In addition, companies are now lobbying Congress for specific  
changes  
affecting pension fund accounting. Explained the New York Times  
"Allowing  
companies to use a higher interest rate in calculating lump-sum  
distributions  
would also save companies money but would reduce the amounts  
paid out to  
employees. (New York Times, Jan. 13, 2003)

2. GM further states that this proposal addresses tasks that  
cannot, as  
a  
practical matter, be subject to shareholder oversight.

Oversight involves control or management. It is the intention of this resolution only to urge the board to disclose what I believe are key assumptions and figures. The resolution does NOT urge that the board change any of these assumptions or adopt any news standard.

Your consideration is appreciated, and I remain,

Sincerely

Bartlett Naylor  
1255 N. Buchanana  
Arlington, Va.  
703.786.7286