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Mr. James L. Kroeker, Chief Accountant
Office of the Chief Accountant
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: File No. 4-600: Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Exploring a Possible Method of Incorporation

Dear Mr. Kroeker,

We appreciate the opportunity to comment on the May 26, 2011 Securities and Exchange Commission ("SEC") Staff Paper, *Work Plan for the Consideration of Incorporating International Financial Reporting Standards into the Financial Reporting System for U.S. Issuers – Exploring a Possible Method of Incorporation* (the "Work Plan"). We commend the SEC for its outreach efforts as the Staff seeks to understand the full implications of incorporating International Financial Reporting Standards ("IFRS") into the U.S. financial reporting system.

We agree with the principal objective underlying the Work Plan, namely, establishing

"...a single set of high-quality, globally accepted accounting standards..."

We strongly believe that adoption of IFRS into the U.S. financial reporting system will best achieve this objective and, for large multi-national companies like ours, will result in significant benefits, including:

- Simplification of business operations by the reduction of systems and process complexity associated with using multiple accounting methods
- Standardization of internal controls
- Elimination of barriers to global transactions or funding opportunities based solely on the inability to produce carve-out financial statements for foreign subsidiaries under a universally accepted set of financial reporting standards
- Enhanced comparability of our results with competitors reporting under IFRS (e.g., VW, Fiat, Peugeot, Renault, Daimler, BMW)

Given the significant nature of these benefits, and the broad spectrum of stakeholders who would benefit (e.g., investors, creditors, regulators, and employees) we believe that the sooner the SEC announces its definitive support for adopting IFRS, along with a specific timetable for adoption, the sooner U.S. registrants will begin earnest preparations for the transition to IFRS and the sooner the above benefits will begin to materialize.

We request the SEC announce in 2011 a date-certain by which U.S. registrants may include IFRS-compliant financial statements in their SEC filings. We further request that the SEC provide a date as early as possible for voluntary filing of IFRS financial statements by U.S. registrants, and that transition timing to IFRS be clearly defined.

As set forth in the Work Plan, the Staff contemplates a framework under which U.S. GAAP would be retained, and the Financial Accounting Standards Board ("FASB") would incorporate IFRS into U.S. GAAP over a defined period of time, perhaps as long as "five to seven years." We support the principle that the SEC and, by extension, the FASB, retain ultimate authority over accounting standards that govern U.S. registrants. As the Staff notes, this would ensure the availability of any "supplemental or interpretative guidance ... needed for the benefit of U.S. constituents." We also emphatically endorse the principle stated in the Work Plan that "the objective would be for U.S. GAAP to remain consistent with IFRS," and that "modifications should be rare and generally avoidable." We also believe that it is most desirable to retain the title "U.S. GAAP" to describe the standards overseen by the SEC, as this is the most efficient means to minimize the significant effort that would be required to change the substantial body of contracts, laws and regulations that presently refer to U.S. GAAP.

We strongly advocate for a shorter time span than five to seven years for actual policy convergence. An extended convergence/endorsement period would require repeated restatements of prior period financial statements to maximize comparability for investors, creditors and analysts, as well as for the registrants themselves. Furthermore, the multi-year period in which major accounting standards would be in a state of flux would extend the period during which operating processes and systems must undergo major revisions, increasing overall transition costs.

Accordingly, we strongly recommend that the FASB endorse existing IFRS (excluding the convergence projects where the standards will, in fact will be converged) prior to the date as of which the SEC requires (or permits) U.S. registrants to adopt. This approach will also facilitate applying the IFRS 1, *"First-time Adoption of International Financial Reporting Standards."*

We disagree with the particular assertion in the Work Plan that "a delay in the incorporation of IAS 38 [*"Intangible Assets"*] would not be expected to have a significant effect on the comparability of accounting for intangible assets." Based on our experience and discussions with other original equipment manufacturers ("OEMs"), IAS 38 has resulted in and will continue to result in significant changes to the accounting for development costs. Our own experience reveals that those changes will have an extensive impact on associated systems and processes as well. Finally, we note that the European automotive OEMs recognized considerable adjustments to capitalize development costs when they adopted IFRS.

We do recognize that for some smaller or primarily U.S.-based companies, the costs of adopting IFRS may, at least in the near-term, outweigh the perceived benefits. We acknowledge that it may therefore be necessary for the SEC to implement a phased adoption for groups of U.S. registrants (for example, based on company size, as indicated in the SEC Roadmap). This view is consistent with those expressed by multiple representatives of smaller public companies who participated in the SEC's July 7, 2011 *Roundtable on International Financial Reporting Standards in the United States*.

Understanding that the ultimate transition plan may be a phased approach, we continue to urge the SEC to announce in 2011 a date-certain as of which it will accept IFRS-prepared financial statements submitted by U.S. registrants wishing to adopt IFRS prior to completion of any proposed phased transition approach. Allowing for voluntary adoption of IFRS would permit companies that are presently undertaking major financial, IT or process transformation efforts to maximize efficiencies by simultaneously incorporating IFRS-compliant contract provisions, systems software and accounting processes.

We again take this opportunity to express our appreciation for the opportunity to comment on the Work Plan and to reiterate our view that:

- Global companies need a global language,
- U.S. registrants need certainty, and
- Registrants need flexibility to manage the change.

If you have any questions, please call (313) 845-2211 or email me at scallaha@ford.com.

Sincerely,



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