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GM to Tap AT&T Ex-Controller As Its Top Accounting Executive

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General Motors Corp. today will name a former AT&T executive as its top accounting official, completing a search launched in May after a series of accounting issues led to an earnings restatement and an investigation by the Securities and Exchange Commission.

Nicholas Cyprus, 53 years old, will hold both the titles of controller and chief accounting officer -- jobs that had previously been separate at GM -- and is expected to join the company before the end of the year. He will report to Chief Financial Officer Frederick "Fritz" Henderson.

In an interview yesterday, Mr. Henderson said he wants Mr. Cyprus to strengthen the auditing and accounting process that produces filings to the SEC.

In the wake of multiple accounting scandals, and under regulations of the Sarbanes-Oxley corporate-reform law, "the environment [around financial filings] has changed," Mr. Henderson said. "It's more complicated and complex."

He declined to comment on the SEC's still-open investigation of GM.

The probe stems from accounting irregularities that first surfaced at Delphi Corp., GM's former parts division. Accounting mistakes that cropped up this year at GM forced the company to restate its earnings from 2000 to 2005. In May, GM said its controller was retiring and its chief accounting officer, Peter Bible, had resigned.

The SEC last month filed civil-fraud charges against Delphi and 13 individuals, including former Delphi Chief Executive Officer J.T. Battenberg III.

Mr. Battenberg has vowed to fight the charges and plans to claim that GM suggested one of the accounting moves the government says was illegal. Delphi and several other defendants settled with the SEC.

Mr. Henderson declined to say if GM would settle if it, too, is charged with any violations.

A person familiar with Mr. Cyprus's thinking said the new GM controller and chief accounting officer believes in settling pending probes quickly when a company does something wrong. To

have good relations with the agency, this individual said, you also must avoid seeking "the minimum you can get away with." The incoming GM executive got to know a number of players in the SEC's corporate-finance division during his 22-year career at AT&T.

The search for GM's highest accounting job was handled by Crist Associates, an executive-recruiting firm in Hinsdale, Ill.

Mr. Cyprus resigned this past spring as controller and chief accounting officer of Interpublic Group of Cos. He joined the New York advertising and marketing conglomerate in May 2004 from AT&T, where he had been controller and a vice president. Interpublic lured Mr. Cyprus with a \$1.83 million signing bonus. He became its highest-paid executive in 2004, when his salary and bonus totaled about \$2.3 million.

Talks between GM and Mr. Cyprus dragged on for weeks. The biggest stumbling block: whether he also would be a corporate vice president, people close to the situation said. Prior accounting chiefs lacked that additional title. Some GM officials feared they might stir internal resentment for elevating the position.

"It was a very challenging negotiation," one acquaintance of Mr. Cyprus said. Mr. Cyprus backed down after GM assured him his authority and budget resources would provide him with "equivalent status," the acquaintance added.

The auto maker is expected to pay Mr. Cyprus a starting salary of about \$550,000.

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