



PPG Industries, Inc.
One PPG Place Pittsburgh, Pennsylvania 15272

Letter of Comment No: 103
File Reference: 1082-200
Date Received: 09/03/02

William H. Hernandez
Sr. Vice President, Finance

September 3, 2002
Sent by e-mail

Ms. Suzanne Q. Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
director@fasb.org

Re: File Reference No. 1082-200

Dear Ms. Bielstein:

PPG Industries, Inc. (PPG) is pleased to submit its comments on the exposure draft, "Consolidation of Certain Special-Purpose Entities, an interpretation of ARB No. 51." PPG is a Fortune 500 company and a leading global producer of coatings, glass and chemical products. The company employs approximately 34,000 employees, worldwide.

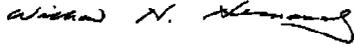
We agree with the Board's objectives to codify the accounting and reporting for special purpose entities (SPEs) and to require evaluation of other financial interests (i.e., variable interests as defined in the interpretation) in determining whether an entity has control of the SPE and should, therefore, consolidate it. Since this is an important accounting matter that requires consistent and reliable reporting, we request the following modifications to be made.

- ❖ We recommend that the document include an explicit definition of what an SPE is, as well as provide the pertinent attributes that distinguish an SPE from other entities (such as joint ventures, equity affiliates, etc.). The Interpretation defines an SPE as an entity that is not a Substantive Operating Entity, which is insufficient.
- ❖ We believe that the first sentence of paragraph 9b is intended to be read with the phrase "who are not also equity owners" inserted at the end. Only in that way do you achieve consistent treatment for both an SOE (paragraph 7A) and an SPE being evaluated for consolidation based on voting interests (paragraph 9b) in terms of allowing financial support from both entities' owners. We encourage the Board to add the missing phrase at the end of this sentence in the interest of clarity.
- ❖ The Interpretation does not address the accounting for minority shareholders' interests when an SPE with equity securities outstanding is consolidated based on an evaluation of its variable interests. We recommend that the final document provide guidance concerning how to report minority interests based on the legal rights and obligations of the owners of the entity.

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Thank you for the opportunity to express our views. Should you have any questions regarding our responses, please contact Kim Edvardsson, Director, Financial Accounting, at 412-434-3238.

Sincerely,

A handwritten signature in black ink, appearing to read "W. H. Hernandez", with a stylized flourish at the end.

KS

W. H. Hernandez

cc: K. Edvardsson
D. B. Navikas