



PPG Industries, Inc.
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William H. Hernandez
Sr. Vice President, Finance

August 8, 2003

VIA E-MAIL

Lawrence W. Smith
Director, Technical Application & Implementation - FSP
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
director@fasb.org

Re: Proposed FSP

Dear Mr. Smith:

PPG Industries, Inc. (PPG) is pleased to submit its comments on the exposure draft, "Proposed FASB Staff Position (FSP) on the Applicability of FASB Statement No. 143, *Accounting for Asset Retirement Obligations*, to Legislative Requirements on Property Owners to Remove and Dispose of Asbestos or Asbestos-Containing Materials." PPG is a Fortune 500 company and a leading global producer of coatings, glass and chemical products. The company employs approximately 33,000 employees, worldwide.

The exposure draft would require the owners of buildings that contain regulated asbestos containing material (RACM) to recognize a liability in accordance with FASB Statement No. 143, *Accounting for Asset Retirement Obligations* (FAS 143 or Standard), regardless of whether the owner has any plans to demolish or renovate a building. We strongly urge the Board not to adopt the provisions of the exposure draft for the following reasons:

Existence of a Liability

We do not agree with the Board's conclusion that the mere presence of RACM in a building constitutes a legal obligation that is required to be recognized under the provisions of FAS 143. No legal obligation exists until the RACM is disturbed and such disturbance would only occur following a decision by management to renovate or demolish the asset containing the RACM.

The Standard provides several examples of legal obligations that give rise to the need to record an asset retirement obligation. None of these examples include addressing RACM. A common attribute of the examples is the fact that there is an obligation to incur future costs that is unavoidable and would exist in all circumstances. However, the laws and practice surrounding the management and removal of RACM are specifically aimed at preventing disturbance of asbestos fibers because of the harm that can be caused through disruption. Therefore, active maintenance of RACM, through techniques such as encapsulation, will allow RACM to be maintained for an extended period of time.

Further, it is our position that there is no legal requirement to demolish a building no longer in use. The abandonment in place of a building is a viable retirement option and one that does not require RACM to be addressed. Until and unless a building owner is compelled or chooses to perform demolition activities, we believe an asset retirement obligation does not exist.

Under Concepts Statement 6, "liabilities are **probable** future sacrifices of economic benefits arising from **present** obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of **past transactions or events**". Until RACM can no longer be maintained or is disturbed in some manner, we do not believe there is a present obligation to remove RACM. Further, based on the ability to avoid removal for an extended period of time through active maintenance; the retirement option of abandoning a building in place; and the lack of a legal requirement to perform demolition activities, we do not believe there is a probable future sacrifice of economic benefits. Based on this, we strongly encourage the Board to adopt PPG's position on this matter.

Additionally, the fact that a building containing RACM may be disposed of by sale at a lower price than if the building did not contain RACM, should have no bearing on whether a liability should be established today; especially since we do not account for fixed assets based on their fair value.

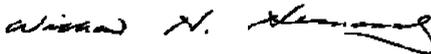
Standards Setting Process

We understand the Board's need to occasionally add clarification to existing standards through the issuance of FSP's. However, we are concerned that a standard that has just recently become effective is already being broadened in its scope within six months through the issuance of this FSP. Considering the attention that asbestos-related matters have received in the business community, we expect that the Board would have discussed whether RACM was included or excluded from the scope of FAS 143 before it was issued. We considered whether addressing RACM was an asset retirement obligation when we adopted FAS 143 and concluded that no asset retirement obligation existed. Based on our reading of the disclosures of other companies concerning adoption of the Standard, we find no indication that others concluded that RACM was an ARO. We believe we reached the proper conclusion at adoption and we still believe it.

If the Board decides to approve the FSP as exposed, we ask that specific guidance be included providing that companies that have already adopted the Standard be allowed to account for the impact of adopting the FSP as a cumulative effect accounting change in accordance with APB Opinion No. 20.

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

Sincerely,



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cc: K. Edvardsson
D. B. Navikas