## Airgas

October 6, 2003

Director, TA&I-FSP Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

RE: Proposed FASB Staff Position No. FIN 46-e Effective Date of FASB Interpretation No. 46, Consolidation of Variable Interest Entities, for Certain Interests Held by a Public Entity

Thank you for the opportunity to comment on the proposed staff position above. We support the Board's decision to defer the application of FIN 46 for certain public entities until additional guidance applicable to those entities can be issued. However, we would like to express our views on two points:

- The proposed application date of December 31, 2003 is very appropriate for calendar year end companies. We, however, have a fiscal year end and would potentially be applying FIN 46 for a VIE at the end of our fiscal third quarter. We believe that future comparability of our financial position and results of operations would be enhanced if we, like calendar year end companies, would apply the provisions of FIN 46 as of the end of our fiscal year.
- We understand that, in the Purchase Method Procedures phase of the Business Combinations project, the FASB decided to amend the definition of a business combination in Statement 141 to include events and circumstances in which an entity obtains control over a business through means other than a transaction involving an acquisition of the net assets or equity interests in that business. Also, the FASB decided to amend Interpretation 46 so that an event resulting in obtaining control of a VIE would be included in the scope of the Business Combinations project. Therefore, we encourage the Board to address the need for additional guidance with respect to transition accounting for VIEs that meet the definition of a business under EITF 98-03 within the scope of this proposed staff position. We believe the Board should broaden the scope of the deferred application of FIN 46 to all VIEs that meet the definition of a business under EITF 98-03. We also believe application should be deferred until the transition accounting issues are resolved even if that is beyond December 2003.

Specifically, we are concerned with the treatment of existing goodwill in an equity affiliate determined to be a VIE. It is our understanding that FIN 46, as currently drafted, requires existing goodwill to be written-off as the cumulative effect of a change in an accounting principle. Our view is that the requirement in FIN 46 to write-off goodwill as part of the consolidation of a former equity method investment is inconsistent with accounting principles outlined in APB 18 and FAS 141. We believe that goodwill associated with businesses determined to be VIEs should be tested for impairment under FAS 142 rather than written-off as the cumulative affect of a change in accounting principle. We also think it will be confusing to investors and difficult to explain why a long term investment, with significant value, has to be written down as a result of the consolidation requirement of FIN 46. We have further concerns that in the event of acquiring the remaining interest in our VIE, GAAP would require us to once again recognize goodwill, which further illustrates the inconsistency in the transition guidance of FIN 46.

We believe the Board should defer the application of FIN 46 for VIEs that meet the definition of a business under EITF 98-03 until the Board can deliberate on the treatment of existing equity method goodwill. We further believe that the transition guidance that precludes the recognition of goodwill should exempt VIEs that meet the definition of a business under EITF 98-03.

If you would like to discuss the contents of this letter in more detail, I can be reached at (610)-902-6031 and Dan can be reached at (610) 902-6267.

Sincerely,

Robert McLaughlin, Vice President and Controller Airgas, Inc.

Dan Moriarty, Director Financial Reporting Airgas, Inc.