



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

VIA E-MAIL



LETTER OF COMMENT NO. 16

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
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director@fasb.org

Re: File Reference No. 1520-100

Dear Madam:

PPG Industries, Inc. (PPG) is pleased to submit its comments on the Financial Accounting Standards Board's ("FASB") Invitation to Comment, "Valuation Guidance for Financial Reporting." PPG is a Fortune 500 company and a leading global producer of coatings, chemicals and glass products. PPG employs approximately 34,000 employees, worldwide.

PPG is supportive of the FASB's objective of determining whether there is a need to codify valuation guidance and, if so, whether the Board should be responsible for providing such guidance and what the process should be for issuing valuation guidance. Our comments to the Board's questions are provided below.

Question 1: Is there a need for valuation guidance specifically for financial reporting?

PPG has employed the services of valuation professionals for various business purposes, including significant business acquisitions. We understand from our experiences that there are established practices and protocols employed by these valuation professionals. We also understand that there are currently multiple professional groups granting valuation credentials and that each of these groups have issued valuation "guidance" that does not agree in all respects. Accordingly, we believe that a financial reporting valuation standard would be beneficial for improving consistency in reporting fair values of assets and liabilities.

Question 1(a): Should valuation guidance include conceptual valuation guidance, detailed implementation guidance, or a combination of both?

We believe that conceptual guidance, rather than detailed guidance, should be provided by the FASB to assist preparers of financial statements. This belief is based on the view that determining fair value is an estimation process that requires the application of management judgment within a framework of conceptual valuation guidance.

Furthermore, when we consider the prescriptive guidance provided by SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and the related Derivative Implementation Group guidance, we are not convinced that such extensive and complicated "guidance" has led to more consistent or higher quality financial reporting and disclosures of derivatives and hedging activities than conceptual guidance would otherwise have generated. Accordingly, we do not recommend that the Board provide detailed implementation guidance on valuation.

Question 1(b): What should be the duration of any valuation-guidance-setting activities?

The duration of valuation guidance should not be limited. If the guidance is principle based, it should transcend changes in the structure of transactions, the creation of new financial instruments, and situations that require the use of valuation techniques.

Question 2: What level of participation should existing appraisal organizations have in establishing valuation guidance for financial reporting?

Valuation guidance should be established by the FASB to ensure that it is able to be understood and applied by financial accountants, not just by valuation specialists, because all transactions are not of the magnitude or complexity that should require the services of valuation experts. Therefore, we recommend that existing appraisal organizations serve as advisors to the FASB for this potential project and not as the party principally responsible for establishing the guidance.

Question 3: What process should be used for issuing valuation guidance for financial reporting?

Consistent with our response to Question 2 above, the FASB should issue valuation guidance with the assistance from professional valuation organizations or other appropriate resource groups.

The FASB should not follow the pattern of using implementation groups, such as the Derivatives Implementation Group, in order to avoid the risk of generating volumes of prescriptive implementation guidance which would overcome the benefits of issuing principle-based, conceptual guidance.

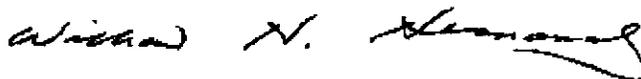
In addition, we are not supportive of creating a separate permanent standard setter for issuing valuation guidance under the oversight of the FASB and the SEC. We believe that such a standard setter creates an immediate conflict of interest that, over time, could lead to standards that are too technical for financial accountants to apply and, thus, could lead to requiring the use of the services of the valuation professionals that are credentialed by the standard setting body or a related organization at a cost that is not warranted by the complexity of the underlying transaction.

Question 4: Should the process of valuation guidance be on an international or national level?

We recommend that the effort be a joint project of the FASB and International Accounting Standards Board, because a combined effort would continue the progression toward attaining convergence of international accounting standards. We also recommend that the valuation guidance be incorporated into U.S. accounting standards as a FASB Concept Statement and into international accounting standards as an International Financial Reporting Standard.

Thank you for the opportunity to express our comments. Should you have any questions regarding these comments, please contact David Navikas, Vice President and Controller, at 412-434-3812.

Sincerely,



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cc: C. A. Ihrig
D. B. Navikas