

April 11, 2005

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Subject: File No. 4-497 Feedback on 2005 Implementation of Sarbanes-Oxley Internal Control Provisions

Dear Mr. Katz:

The Lubrizol Corporation is pleased for this opportunity to share with you our feedback regarding the implementation of Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404) and subsequent regulations, standards and guidance issued by the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB). We are encouraged by the SEC's willingness to solicit such feedback.

We are a specialty chemical company that produces and supplies technologies that improve the quality and performance of our customers' products in the global transportation, industrial and consumer markets. We are geographically diverse with operating facilities in over 27 countries through the efforts of approximately 7,800 employees. Our consolidated results for the year ended December 31, 2004 included total revenues of \$3,159.5 million and net income of \$93.5 million.

We continue to support the spirit and intent of the Sarbanes-Oxley Act. There have been several positive impacts with regard to our implementation of Section 404 including the improvement of our documentation of policies and procedures and accountability across the organization relating to the financial reporting process. However, we incurred significant costs, both internal and external, in implementing Section 404 that we believe outweighed the benefits derived in this first year. As a result, we encourage the SEC and PCAOB to consider refinements to existing rules and standards that we believe will alleviate some of the burden and costs on the internal and external resources of registrants without compromising the intended benefits. The following areas are suggested for review by the SEC and PCAOB for potential future enhancement:

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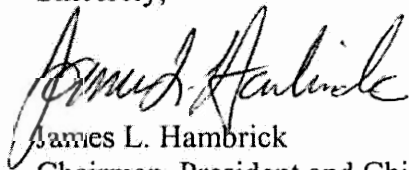
- The PCAOB issued Auditing Standard No. 2, “An Audit of Internal Control Over Financial Reporting Performed With An Audit of Financial Statements” (AS No. 2), to establish the performance requirements auditors must meet in auditing internal controls over financial reporting as part of an integrated audit. However, little guidance currently exists relative to management’s responsibilities in making its assessment of internal controls pursuant to implementing Section 404. We believe that the consistent implementation of Section 404 would be facilitated by the issuance of additional guidance. Matters to consider for additional guidance include:
 - Nature and extent of management’s testing;
 - Timing of management’s testing, including roll-forward considerations;
 - Variability in management’s testing from year to year; and
 - Degree of detail required in management’s documentation.
- AS No. 2 requires scope to include all accounts that could contain material misstatements, individually or when aggregated (paragraphs 60 and 61). The accounting profession has provided quantitative guidance (based on planning materiality) and qualitative guidance (to include any additional accounts based upon risk/judgment) in making this determination. Based on the qualitative guidance, accounts that fall below the quantitative thresholds could be included in scope, yet accounts that exceed quantitative thresholds that are viewed to be low risk may not be considered out of scope. For our company, the resulting exhaustive and detailed process level control testing did not yield substantial new information relating to deficiencies in control. We believe further guidance should be developed that gives greater weight to the use of professional judgment and qualitative considerations, including inherent risks, when identifying significant accounts and disclosures.
- We believe more guidance is needed on how to apply interim and annual materiality thresholds. The materiality guidance that the accounting profession provided in their “Framework for Evaluating Control Exceptions and Deficiencies” issued in December 2004 indicates that materiality should be considered based on a quarterly assessment, even though the attestation is done annually. We believe this is inherently inconsistent. We suggest that materiality be determined on an annual basis consistent with the annual assessment and attestation requirements.
- The definitions of significant deficiency and material weakness in AS No. 2 are based on the likelihood and magnitude of a potential error. The threshold established by AS No. 2 is low, and the internal and external resource implications of such a low threshold in these definitions are magnified by the process for evaluating control deficiencies as potential deficiencies or material weaknesses. The combined effect of the definitions and evaluation process is that both management’s assessment as well as the external audit of internal control are conducted at a low level of materiality, resulting in significant documentation, testing, retesting, remediation, and communication. In some instances too much attention is paid by both management and the external auditors to what may be relatively inconsequential control deficiencies. We believe the definition and evaluation criteria should be reconsidered

so that registrants can avoid spending excessive time and effort on low risk aspects of control that could not reasonably rise to the level of a material weakness.


- AS No. 2 requires that the auditor and management report on the effectiveness of internal control over financial reporting as of a certain date. If testing is performed well prior to year-end, management and the auditor are required to update their testing. This requirement creates a significant burden late in the fiscal year. We recommend that the PCAOB consider allowing for a risk assessment in which external auditors would be allowed to perform testing of controls within lower-risk processes earlier in the fiscal year without the additional burden of year-end updating for processes that have not changed subsequent to their initial testing. We further believe the PCAOB should evaluate the potential for allowing the rotation of control testing over a reasonable period of time for lower-risk areas. If there have been no significant changes to the controls in question and the controls have been previously shown to operate effectively, such controls should be required to be tested only on a periodic basis.
- Lastly, in light of the additional workload arising not only from the first-time implementation of Section 404 but also from the effort required in maintaining ongoing compliance, we believe the SEC should reconsider the acceleration of filing deadlines that will be phased-in in 2006. We believe there will be a significant burden placed on the preparers and reviewers of registrants' financial statements in order to meet these earlier filing requirements. The preparation and review of the financial statements and supporting disclosures is a lengthy process which requires the involvement of many individuals throughout the organization. The process from preparation of the documents, to disclosure committee, to senior management approval, to external auditor sign-off is time consuming when performed properly, and so shortening the period that registrants have to file could diminish the integrity of the financial statements. Accordingly, we recommend maintaining the current filing deadlines at 75 days for the Form 10-K and 40 days for the Form 10-Q.

Thank you for the opportunity to offer our comments regarding our experiences in implementing Section 404. We would be pleased to discuss our comments or answer any questions you may have.

Sincerely,



James L. Hambrick
Chairman, President and Chief Executive Officer



Charles P. Cooley
Senior Vice President and Chief Financial Officer