S. C. Johnson & Son, Inc. 1525 Howe Street Racine, WI 53403-2236

W. Lee McCollum Executive Vice President and Chief Financial Officer

May 23, 2006



LETTER OF COMMENT NO.

Ms. Suzanne Q. Bielstein Director - Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 Norwalk, Connecticut 06856

Dear Ms. Bielstein:

RE: FILE REFERENCE NO. 1025-300

As its Chief Financial Officer I write on behalf of S. C. Johnson & Son, Inc., a \$6.5 billion US based, privately held, multi-national consumer products company, in response to the FASB Exposure Draft (No. 1025-300), Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R). As a global consumer packaged goods marketer, SC Johnson has direct operations in more than 70 countries and our products, whose brand names include Glade, Raid, Windex, Baygon, Ziploc, and Off!, among many others, are sold in over 110 countries worldwide.

SC Johnson supports the Board's effort to improve the usefulness of, and transparency to, reporting pension and other postretirement benefit plans in the financial statements of U.S. companies. We are, however, very concerned about the lack of any transition process for the implementation of the proposed new rules. The lack of an adequate transition process is a hardship to our company as the company manages and maintains multiple defined benefit plans in many jurisdictions throughout the world, including the United States, Canada, France. Germany, Netherlands, United Kingdom, Japan, Philippines, South Africa, and Mexico. These plans cover approximately half of our global workforce.

In the past the Board has indicated that transition is a practical matter, with an objective of minimizing both disruption and cost. Given the scope, complexity, and magnitude of our retirement benefit plans, the implementation of the proposed accounting rules under the proposed timetable is both highly disruptive as well as costly for SC Johnson. I would like to address several issues and questions raised in your exposure draft.

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Issue 1 - Costs of Implementing the Proposed Statement

With respect to the cost of implementing the proposed statement, we are largely in agreement that the necessary information is readily available and of minimal direct cost. We do believe, however, there are many indirect costs and SC Johnson is prepared to absorb this indirect burden. Of higher priority to us are Issues 2 and 3.

Issue 2 - Employer's Measurement Date

The FASB proposal calls for the elimination of the early measurement date provisions of FASB Statements 87 and 106. SC Johnson utilizes an early measurement date, and given our experience, I believe there are valid and practical reasons that the early measurement date option should be retained.

On a practical basis, we have developed an effective process to manage our global retirement plans with the early measurement date being an integral component. The use of an early measurement date allows SC Johnson to 1) ensure complete and timely reporting of pension financial information for inclusion in the company's annual report and 2) facilitate the inclusion of pension and other postretirement benefit financial information into our annual planning and budgeting process:

While the elimination of the early measurement date can be readily accommodated, we believe it would be undesirable from a financial governance perspective. Early measurement permits a more detailed review, analysis and control of pension plan financial condition and reporting because the pension review does not have to compete for time and attention with the other annual year-end closing processes. We believe our early measurement date process is consistent with and supportive of our Sarbanes-Oxley corporate governance practices. Although a privately held company, SC Johnson is in the process of implementing Section 404.

Pension obligations, as a long term liability, exhibit low volatility from quarter to quarter. Therefore, taking the measurement of the pension liability one calendar quarter prior to the fiscal year end does not, in our opinion, cause the financial statements to materially misrepresent the financial condition of the company. Further, the early measurement date does not add complexity to the preparation of the financial statements, but rather, as explained above, facilitates timely financial reporting. And finally, an early measurement date does not detract from understandability of the financial statements because, given the long-term nature of the obligations as well as the investment strategy, very few events could occur that would create a significant change that would not otherwise require disclosure or be apparent based on the information presented.

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Issue 3 - Effective Date and Transition

Transition is our principal concern with the proposed changes. This issue specifically relates to contractual arrangements, other than debt covenants, that reference other metrics based on the financial statements. In SC Johnson's situation, the metric is financial statement net equity or book value.

As a private company, a formula based substantially on book value is our primary metric for value creation for both our long-term shareholders as well as participants in our management compensation programs. SC Johnson seeks to ensure that business results are the primary driver of changes to book value, as opposed to accounting changes. An example of this principle is SC Johnson's election of the 20-year transition period for the adoption of FASB Statement 106, where 7 years amortization remains on the initial transition obligation. As an aside it is difficult to see the justification for changing prior transition rules and accelerate the remaining amortization.

Our initial analysis of the proposed accounting changes indicates that the <u>immediate</u> recognition of the funded status of our pension and postretirement benefit plans in the adoption year will result in a 10% reduction in SC Johnson book value. Unlike public companies, this will have a direct economic impact on the company, our employees, and shareholders. This amount is significant and disruptive. Participants in our compensation programs stand to lose tens of millions of dollars in incentive compensation as a result of the new accounting rules. More importantly, it undermines the motivational intent of our management compensation programs. It will also affect various shareholders differently and, often capriciously, depending on their personal circumstances. Further and assuming no change to the implementation timing of the proposed accounting rule changes, there could be significant incremental costs if the company tries to mitigate the impact on our employees.

Other Issues

Issues 4 and 5 of the exposure do not pertain to SC Johnson and, therefore, we have no comment.

Considerations for the Board

I strongly urge that the Board reconsider the transition process related to the implementation of the proposed accounting rule changes for postretirement pension and welfare programs. As mentioned in my opening paragraphs, we support the ultimate intent of the standard; we are mainly concerned with the proposed immediate implementation. The FASB has previously viewed transition as one with practical considerations, as noted in Paragraph 250 in FAS 106:

"The Board concluded that transition is, to a significant extent, a practical matter. A major objective of transition is to minimize implementation costs and to mitigate disruption to the extent possible without unduly compromising the ability of financial statements to provide useful information. ..."

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Recognition of the projected benefit obligation from the accumulated benefit obligation is a similar transition question. Therefore I would encourage you to consider the following:

- Consider the inclusion of a phase-in type transition period, preferably 10 years, which
 would allow privately held companies to better plan for, and absorb, the expected
 impact.
- Consider retaining the early measurement date option. This is an extremely useful tool
 that provides many benefits, including the ability to better manage the financial condition
 of our pension plans around the world. I believe other companies that utilize this option
 find it equally valuable.

In closing I believe the proposed accounting rules and their suggested implementation should, in the long-term, benefit readers of financial statements. Conversely, the transition process, if left unchanged, could be significantly disruptive and costly to many privately held companies. I encourage the Board to find a solution that balances the interests of all parties affected by the proposed accounting rules.

Respectfully yours,

W. Lee McCollum

Executive Vice President and Chief Financial Officer

S. C. Johnson & Son, Inc.

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