## Johnson-Johnson

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Director of Major Projects and Technical Activities Financial Accounting Standards Board 401 Merritt 7 Norwalk, CT 06856-5116

File References: 1200-100; 1200-200; 1200-300; 1200-400

Johnson & Johnson is pleased to comment on the exposure drafts related to Earnings per Share, Inventory Costs, Exchanges of Productive Assets and Accounting Changes and Error Corrections, which are included in the File References mentioned above.

These exposure drafts are part of the convergence project that has been undertaken by the FASB and the IASB to achieve more comparability in cross-border financial reporting. Johnson & Johnson supports the convergence project. We believe a single set of accounting standards will lead to more transparent and comparable financial information in the global market place.

We would like to specifically comment on the exposure draft related to Accounting Changes and Error Corrections [File reference 1200-400]. APB 20 [Accounting Changes] requires that most changes in accounting principle be recognized via the 'cumulative effect' method. The exposure draft requires that most changes in accounting principle, including changes following the issuance of new pronouncements, be restrospectively applied, although the Board has noted that it may require different transition methods for changes in accounting principle required by the issuance of new standards, when appropriate. The exposure draft also contains language addressing situations where it may be impracticable to determine period specific effects of an accounting change on one or more individual prior periods presented.

We believe that the retrospective application for changes in accounting principle might often be impracticable for all periods presented and that, as a result, the implementation of the proposed standard would lead to practical differences across

registrants. This might lead to less comparability for periods presented. We also believe that there is a practical conflict between the principle of retrospective application and the often very tight implementation schedule of new accounting standards. While we can understand that new accounting standards need to be applied as soon as practical, the information gathering for retrospective application is often very difficult and time consuming. A requirement for retrospective application, in our opinion, should be accompanied with extended effective dates, i.e. a minimum of 6 months after issuance of a new accounting standard.

We thank you for taking our comments into consideration and will be pleased to discuss these with you, if necessary.

Sincerely,

Stephen J. Cosgrove Vice President, Corporate Controller