

April 18, 2005

Letter of Comment No: 2
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Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

File Reference: Proposed FSP FAS 131-a

Johnson & Johnson is pleased to comment on the proposed FSP on Statement 131, Disclosures about Segments of an Enterprise and Related Information, specifically related to Paragraph 17 of that Statement.

Paragraph 17 of FAS 131 permits aggregation of two or more operating segments into a single operating segment only if (all of) certain criteria are met. The Board asked the FASB staff to specifically address on how to determine whether operating segments have similar economic characteristics that would permit aggregation.

Johnson & Johnson strongly supports the staff position that both quantitative and qualitative factors should be considered to determine whether similar economic characteristics exist. We believe that similarity in economic characteristics is inherently a combination of quantitative and qualitative matters. Certain businesses may have very similar quantitative characteristics [such as trends in sales growth], but be very different from a qualitative or risk profile [such as operating risks or degree of compliance requirements]. Thus, both need to be evaluated.

Johnson & Johnson also supports the staff position indicating that the determination should be based on the primary factors that the Chief Operating Decision Maker [CODM] uses in allocating resources to individual segments. The overall objective of segment reporting is to provide a better insight in the enterprise's performance and its prospects for future net cash flows. The resource allocation to individual segments by the CODM is a direct driver of performance and prospects, and, therefore, we believe it is logical that the determination of the economic characteristics of operating segments should be viewed from that perspective.

We thank you for taking our comments into account.

Sincerely,

Steve Cosgrove
S. J. Cosgrove
Corporate Controller