

JOHNSON & JOHNSON
Form S-4
February 16, 2005

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As filed with the Securities and Exchange Commission on February 16, 2005

Registration No. []

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Johnson & Johnson

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

2834
(Primary Standard Industrial
Classification Code Number)

22-1024240
(I.R.S. Employer
Identification No.)

One Johnson & Johnson Plaza

New Brunswick, New Jersey 08933
Telephone: (732) 524-0400

(Address, including ZIP Code, and telephone number, including area code, of registrant's principal executive offices)

James R. Hilton, Esq.
Steven M. Rosenberg, Esq.
Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
Telephone: (732) 524-0400

(Name, address, including ZIP Code, and telephone number, including area code, of agent for service)

Copies to:

Robert I. Townsend, III, Esq.
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
Telephone: (212) 474-1000

Bernard E. Kury, Esq.
David P. Scharf, Esq.
Guidant Corporation
111 Monument Circle, 29th Floor
Indianapolis, Indiana 46204
Telephone: (317) 971-2000

Charles W. Mulaney, Jr., Esq.
Skadden, Arps, Slate,
Meagher & Flom LLP
333 West Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 407-0700

Approximate date of commencement of proposed sale of the securities to the public: Upon consummation of the merger.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Amount to be registered(2)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(3)	Amount of registration fee(4)
Common Stock, par value \$1.00 per share	292,297,359	N/A	\$15,137,335,245	\$1,781,664

- (1) This Registration Statement relates to securities of the registrant issuable to holders of common stock, without par value (Guidant common stock), of Guidant Corporation, an Indiana corporation (Guidant), in the proposed merger of Shelby Merger Sub, Inc., an Indiana corporation and a wholly owned subsidiary of the registrant (Shelby Merger Sub), with and into Guidant.
- (2) Based on the maximum number of shares to be issued in connection with the merger, calculated as the product of (a) 355,419,940, the aggregate number of shares of Guidant common stock outstanding as of February 9, 2005 (other than shares owned by Guidant, Shelby Merger Sub or the registrant) or issuable pursuant to the exercise of outstanding options prior to the date the merger is expected to be completed and (b) an exchange ratio of 0.8224 shares of the registrant s common stock for each share of Guidant common stock, representing the cap on the share consideration issuable in the merger.
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rule 457(f) under the Securities Act. Pursuant to Rule 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price of the registrant s common stock was calculated based upon the market value of shares of Guidant common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (a) \$72.99, the average of the high and low prices per share of Guidant common stock on February 9, 2005, as reported on the New York Stock Exchange Composite Transactions Tape, multiplied by (b) 355,419,940, the aggregate number of shares of Guidant common stock outstanding as of February 9, 2005 (other than shares owned by Guidant, Shelby Merger Sub or the registrant) or issuable pursuant to the exercise of outstanding options prior to the date the merger is expected to be completed, less (c) the minimum amount of cash to be paid by registrant in exchange for shares of Guidant common stock (which equals \$30.40 times 355,419,940, the aggregate number of shares of Guidant common stock outstanding as of February 9, 2005 (other than shares owned by Guidant, Shelby Merger Sub or the registrant) or issuable pursuant to the exercise of outstanding options prior to the date the merger is expected to be completed).
- (4) Calculated by multiplying the proposed maximum aggregate offering price for all securities by 0.00011770.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. Johnson & Johnson may not distribute or issue the shares of Johnson & Johnson common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to distribute these securities and Johnson & Johnson is not soliciting offers to receive these securities in any state where such offer or distribution is not permitted.

SUBJECT TO COMPLETION DATED FEBRUARY 16, 2005

111 Monument Circle, 29th Floor
Indianapolis, Indiana 46204-5129

[], 2005

Dear Shareholder:

We cordially invite you to attend a special meeting of Guidant shareholders to be held on [], 2005 at [], at [] ([]). At the special meeting, we will ask you to consider and vote on a proposal to approve the Agreement and Plan of Merger we entered into as of December 15, 2004 with Johnson & Johnson and its wholly owned subsidiary, Shelby Merger Sub, Inc., pursuant to which Shelby Merger Sub will merge with and into Guidant. As a result of the merger, Guidant will become a wholly owned subsidiary of Johnson & Johnson.

Upon completion of the merger, each share of Guidant common stock you hold will be converted into the right to receive a combination of (i) \$30.40 in cash and (ii) shares of Johnson & Johnson common stock. The number of shares of Johnson & Johnson common stock you receive will depend on the volume weighted average trading price of Johnson & Johnson common stock during the 15 trading days ending three trading days prior to the completion of the merger. If the volume weighted average trading price of Johnson & Johnson's stock during this period is between \$55.45 and \$67.09, then you will receive a number of shares of Johnson & Johnson common stock having a value of \$45.60 in exchange for each of your shares of Guidant common stock. If the volume weighted average trading price of Johnson & Johnson's common stock during this period is \$55.45 or less, then you will receive 0.8224 shares of Johnson & Johnson stock in exchange for each of your shares of Guidant common stock. If the volume weighted average trading price of Johnson & Johnson's common stock during this period is \$67.09 or more, then you will receive 0.6797 shares of Johnson & Johnson common stock in exchange for each of your shares of Guidant common stock.

Johnson & Johnson common stock is listed on the New York Stock Exchange under the trading symbol JNJ and on [], 2005, its closing price was \$[] per share.

The Guidant board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, the Guidant board of directors, with one director absent because of a pre-existing commitment, unanimously determined that the merger is in the best interests of Guidant and its shareholders, adopted the merger agreement and recommends that you vote FOR approval of the merger agreement.

Your vote is very important. We cannot complete the merger unless the merger agreement is approved by the affirmative vote of the holders of a majority of the outstanding shares of Guidant common stock entitled to vote at the special meeting. Only shareholders who owned shares of Guidant common stock at the close of business on [], 2005, the record date for the special meeting, will be entitled to vote at the special meeting. Please complete and return the enclosed request for admittance card as soon as possible if you plan to attend the special meeting. If you return the request card, Guidant will send you an admittance card. **Whether or not you plan to be present at the special meeting, please complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or on the Internet as soon as possible.** If you hold your shares in street name, you should instruct your broker how to vote in accordance with your voting instruction form. If you do not submit your proxy, instruct your broker how to vote your shares, or vote in person at the special meeting, it will have the same effect as a vote against approval of the merger agreement. If you hold your shares under Guidant's employee stock ownership plan you may instruct the plan trustee as to how to vote your shares. If you do not instruct the plan trustee as to how to vote your shares, the plan trustee may vote those shares at its discretion.

The accompanying proxy statement/prospectus explains the merger and merger agreement and provides specific information concerning the special meeting. Please review this document carefully. You should consider the matters discussed under **Risk Factors Relating to the Merger on page 11 of the accompanying proxy statement/prospectus before voting.**

On behalf of the Guidant board of directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

Ronald W. Dollens
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Johnson & Johnson common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2005,

and is first being mailed to shareholders on or about [], 2005.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Johnson & Johnson and Guidant from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

JOHNSON & JOHNSON	GUIDANT CORPORATION
One Johnson & Johnson Plaza	111 Monument Circle, 29th Floor
New Brunswick, NJ 08933	Indianapolis, IN 46204-5129
Attention: Office of Corporate Secretary	Attention: Secretary
Telephone: (732) 524-2455	Telephone: (317) 971-2000

If you would like to request documents, please do so by [], 2005 in order to receive them before the special meeting.

See **Where You Can Find More Information** on page 89.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What am I being asked to vote on?

A: You are being asked to vote to approve the merger agreement entered into among Johnson & Johnson, Shelby Merger Sub, a wholly owned subsidiary of Johnson & Johnson, and Guidant. In the merger, Shelby Merger Sub will be merged with and into Guidant.

Q: What will happen to Guidant as a result of the merger?

A: If the merger is completed, Guidant will become a wholly owned subsidiary of Johnson & Johnson.

Q: What will I receive in the merger?

A: Upon completion of the merger, you will receive a combination of (i) \$30.40 in cash and (ii) shares of Johnson & Johnson common stock. The number of shares of Johnson & Johnson common stock you receive will depend on the volume weighted average trading price of Johnson & Johnson common stock during the 15 trading days ending three trading days prior to the completion of the merger:

You will receive \$45.60 in shares of Johnson & Johnson common stock in exchange for each share of Guidant common stock that you own if the volume weighted average trading price of Johnson & Johnson common stock during this period is between \$55.45 and \$67.09 per share.

You will receive 0.8224 shares of Johnson & Johnson common stock in exchange for each share of Guidant common stock that you own if the volume weighted average trading price of Johnson & Johnson common stock during this period is \$55.45 or below.

You will receive 0.6797 shares of Johnson & Johnson common stock in exchange for each share of Guidant common stock that you own if the volume weighted average trading price of Johnson & Johnson common stock during this period is \$67.09 or above.

Q: Does the Guidant board of directors support the merger?

A: Yes. The Guidant board of directors believes that the merger and the other transactions contemplated by the merger agreement are in the best interests of Guidant and its shareholders, and unanimously, with one director absent because of a pre-existing commitment, adopted the merger agreement and recommends that Guidant shareholders vote **FOR** approval of the merger agreement.

Q: Where and when is the special meeting of shareholders?

A: The Guidant special meeting will be held on [], 2005 at [], at [] ([]). You may attend the special meeting and vote your shares in person, rather than completing, signing, dating and returning your proxy. However, you must have an admittance card to attend the special meeting. To obtain an admittance card, please return the enclosed request for admittance card.

Q: Who can vote at the special meeting?

A: You can vote at the special meeting if you owned shares of Guidant common stock at the close of business on [], 2005, the record date for the special meeting. As of the close of business on that day, [] shares of Guidant common stock were outstanding.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please complete, sign and date your proxy and return it in the enclosed postage-paid return envelope or submit your proxy by telephone or on the Internet as soon as possible, so that your shares may be represented at the special meeting. If you sign and send in your proxy and do not indicate how you want to vote, we will count your proxy as a vote in favor of approval of the merger agreement. Because the required vote of Guidant shareholders is based upon the number of outstanding shares of Guidant common stock, rather than upon the shares actually voted, the failure by the holder of any such shares to submit a proxy or to vote in person at the special meeting, including

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abstentions and broker non-votes, will have the same effect as a vote against approval of the merger agreement.

Q: Can I change my vote after I have mailed my signed proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new valid proxy bearing a later date by Internet, telephone or mail. If you choose to send a written notice or to mail your new proxy, you must submit your notice of revocation or your new proxy to Guidant Corporation at 111 Monument Circle, 29th Floor, Indianapolis, Indiana 46204-5129, Attention: Secretary. Third, you can attend the special meeting and vote in person. Attendance at the special meeting will not in and of itself constitute revocation of a proxy.

Q: If my Guidant shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your Guidant shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted, which will have the effect of a vote against the approval of the merger agreement.

Q: If my Guidant shares are held under Guidant's employee stock ownership plan, will the plan trustee vote my shares for me?

A: If you are a participant in Guidant's employee stock ownership plan and wish to instruct the plan trustee how to vote your shares, you should follow the instructions provided by the plan trustee. The plan trustee under Guidant's employee stock ownership plan may vote shares at its discretion for which timely instructions are not received.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will receive a transmittal form with instructions for the surrender of Guidant common stock certificates. Please do not send in your stock certificates with your proxy.

Q: Is the merger expected to be taxable to me?

A: Generally, yes. The receipt of the merger consideration for Guidant common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. For United States federal income tax purposes, generally you will recognize gain or loss as a result of the merger measured by the difference, if any, between (i) the fair market value of the Johnson & Johnson common stock as of the effective time of the merger and the cash received and (ii) your adjusted tax basis in the Guidant common stock exchanged therefor in the merger.

You should read "The Merger - Material United States Federal Income Tax Consequences of the Merger" beginning on page 44 for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the merger to you.**

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible. If approved by the Guidant shareholders, we hope to complete the merger as early as the third quarter of 2005. However, it is possible that factors outside our control could require us to complete the merger at a later time or not complete it at all.

Q: Can I dissent and require appraisal of my shares?

A: No. Guidant shareholders have no dissenters' rights under Indiana law in connection with the merger.

Q: Who can help answer my questions?

A: If you have any questions about the merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy, you should contact:

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Georgeson Shareholder Communications, Inc.
17 State Street
New York, New York 10004

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SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should carefully read this entire proxy statement/prospectus and the other documents to which we refer you, including in particular the copies of the merger agreement and the opinions of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated that are attached to this proxy statement/prospectus as Annexes 1, 2 and 3, respectively. See also *Where You Can Find More Information* on page 89. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.*

General

What Guidant Shareholders Will Receive in the Merger (page 18)

In the merger, holders of Guidant common stock will receive, for each share of Guidant common stock they own, a combination of (i) \$30.40 in cash and (ii) a number of shares of Johnson & Johnson common stock with a value, based upon the volume weighted average trading price of Johnson & Johnson common stock for the 15 trading days ending three trading days prior to the closing of the merger, of \$45.60, so long as the volume weighted average trading price per share of Johnson & Johnson's common stock during this period is within the range of \$55.45 to \$67.09. Outside of this range, each share of Guidant common stock will be converted into the right to receive a combination of (i) \$30.40 in cash and (ii) a fixed number of shares of Johnson & Johnson common stock equal to 0.6797, if the volume weighted average trading price is above the range, and 0.8224, if the volume weighted average trading price is below the range. Holders of Guidant common stock will receive cash for any fractional shares of Johnson & Johnson common stock they otherwise would have received in the merger. The amount of cash for any fractional shares each holder of Guidant common stock will receive will be calculated by multiplying the fractional share interest to which that shareholder is entitled by the closing price of Johnson & Johnson common stock on the date on which the merger is completed, as reported on the New York Stock Exchange Composite Transactions Tape.

The \$30.40 in cash, the Johnson & Johnson common stock and any additional cash received by Guidant shareholders in lieu of any fractional shares of Johnson & Johnson common stock that they otherwise would have received, is referred to collectively as the merger consideration in this proxy statement/prospectus.

The exchange ratio will be determined shortly before we complete the merger. On [], 2005, the latest practicable date before the date of this proxy statement/prospectus, Johnson & Johnson common stock closed at \$[] per share on the New York Stock Exchange. If this were the volume weighted average trading price per share of Johnson & Johnson common stock used to calculate the exchange ratio, the exchange ratio would be []. The actual exchange ratio and, accordingly, the actual number of shares of Johnson & Johnson common stock issued in respect of each share of Guidant common stock in the merger, may differ from this example and will not be known at the special meeting because the merger will not be completed until after the special meeting.

Outstanding Guidant stock options at the time of the closing will be converted into options to purchase Johnson & Johnson common stock, with appropriate adjustments made to the number of shares and the exercise price under such options based on the value of the merger consideration. For a more complete description of the treatment of Guidant stock options, see *The Merger Effect on Awards Outstanding Under Guidant Stock Incentive Plans* .

Ownership of Johnson & Johnson Following the Merger (page 43)

Based on the number of outstanding shares of Guidant common stock on the record date and the number of outstanding shares of Johnson & Johnson common stock on [], 2005, we anticipate that Guidant shareholders will own between approximately []% and []% of the outstanding shares of Johnson & Johnson common stock following the merger.

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Dissenters Rights (page 46)

Under Indiana law, Guidant shareholders will not have dissenters rights in connection with the merger.

Material United States Federal Income Tax Consequences of the Merger (page 44)

The receipt of the merger consideration in exchange for Guidant common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. For United States federal income tax purposes, generally you will recognize gain or loss as a result of the merger measured by the difference, if any, between (i) the fair market value of the Johnson & Johnson common stock as of the effective time of the merger and the cash received and (ii) your adjusted tax basis in the Guidant common stock exchanged therefor in the merger.

You should read The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page 44 for a more complete discussion of the United States federal income tax consequences of the merger. **Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We urge you to consult your tax advisor to determine the tax consequences of the merger to you.**

Recommendation of the Guidant Board of Directors (page 21)

The Guidant board of directors believes that the merger and the other transactions contemplated by the merger agreement are in the best interests of Guidant and its shareholders and unanimously, with one director absent because of a pre-existing commitment, adopted the merger agreement and recommends that the shareholders vote **FOR** the approval of the merger agreement.

To review the background of and reasons for the merger, as well as certain risks related to the merger, see pages 11 through 12 and pages 18 through 21.

Opinions of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated (page 24)

In deciding to approve the merger, the Guidant board of directors considered the separate opinions of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, its financial advisors in connection with the merger, that, as of December 15, 2004, the date of the merger agreement, and based upon and subject to certain matters described in their respective opinions, the merger consideration was fair, from a financial point of view, to Guidant shareholders. The opinions address only the fairness of the merger consideration to Guidant shareholders from a financial point of view, do not address the merits of the underlying decision by Guidant to engage in the merger and do not constitute a recommendation to any Guidant shareholder as to how to vote on the proposal to approve the merger agreement. The full text of the written opinions of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, which set forth the assumptions made, matters considered and limitations on the review undertaken in connection with each of the opinions, are attached to this proxy statement/prospectus as Annexes 2 and 3, respectively. You are urged to read each of the opinions carefully and in its entirety.

Interests of Guidant Directors and Executive Officers in the Merger (page 37)

In considering the recommendation of the Guidant board of directors in favor of the approval of the merger agreement, Guidant shareholders should be aware that the members of the Guidant board of directors and Guidant's executive officers have personal interests in the merger that are different from, or in addition to, the interests of other Guidant shareholders. These interests include the following:

all outstanding options to purchase Guidant common stock issued prior to the date of the merger agreement under Guidant's stock incentive plans, including those held by Guidant executive officers and directors, would become fully exercisable upon receipt of shareholder approval of the merger. Based upon options outstanding as of [], 2005, options held by Guidant's executive officers and directors relating to [] shares of Guidant common stock would be subject to accelerated vesting if Guidant shareholders approve the merger

all outstanding options to purchase Guidant common stock existing at the time of the

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completion of the merger, including those held by Guidant executive officers and directors, will be assumed by Johnson & Johnson and will become options to purchase Johnson & Johnson common stock with appropriate adjustments made to the number of shares and the exercise price under such options based on the value of the merger consideration at the time of the completion of the merger

all restrictions imposed on restricted stock granted prior to the date of the merger agreement under Guidant's stock incentive plans, including restricted stock held by Guidant executive officers and directors, would immediately lapse upon receipt of shareholder approval of the merger. Based upon grants outstanding as of [], 2005, restricted stock grants held by Guidant's executive officers and directors relating to [] shares of Guidant common stock would be subject to accelerated vesting if Guidant shareholders approve the merger

Guidant's entering into the merger agreement constituted a change in control under its change in control plan, which generally entitles the executive officers of Guidant to certain severance payments and other benefits if any such executive officer's employment is terminated during the period ending two years after consummation of the merger either by Guidant without cause or by the executive officer for good reason (as such terms are defined in the plan)

shareholder approval of the merger, as well as completion of the merger, will constitute a change in control for purposes of establishing a 30-day period beginning on the one year anniversary of the change in control during which an executive officer may terminate his or her employment for any reason and receive severance benefits and

Johnson & Johnson and Guidant entered into letter agreements with certain Guidant executive officers that modify such executive officers' rights and obligations under Guidant's change in control plan. Pursuant to the letter agreements, the consummation of the merger (but not the execution of the merger agreement or shareholder approval of the merger agreement) will constitute a change in control under the plan, and the executive officers will forgo their right to benefits under the plan if they terminate employment without good reason (as such term is defined in the plan and as modified by the letter agreements) either during the 30-day period beginning on the one year anniversaries of shareholder approval or consummation of the merger. The letter agreements provide further that these executive officers will be entitled to retention bonus payments based upon their continued employment with Guidant and that Guidant will not terminate such executive officers' employment prior to completion of the merger other than for cause (as such term is defined in the plan and as modified by the letter agreements).

The Guidant board of directors was aware of these interests and considered them, among other matters, when adopting the merger agreement.

For a more complete description, see The Merger Interests of Guidant Directors and Executive Officers in the Merger .

Comparison of Rights of Common Shareholders of Johnson & Johnson and Guidant (page 76)

Guidant shareholders, whose rights are currently governed by the Guidant amended articles of incorporation, the Guidant by-laws and Indiana law, will, upon completion of the merger, become shareholders of Johnson & Johnson and their rights will be governed by the Johnson & Johnson certificate of incorporation, the Johnson & Johnson by-laws and New Jersey law.

The Special Meeting (page 13)

The special meeting of Guidant shareholders will be held at [], located at [], at [] a.m., local time, on []. At the special meeting, Guidant shareholders will be asked to approve the merger agreement.

Record Date; Voting Power (page 13)

Guidant shareholders are entitled to vote at the special meeting if they owned shares of

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Guidant common stock as of the close of business on [], the record date.

On the record date, there were [] shares of Guidant common stock entitled to vote at the special meeting. Shareholders will have one vote at the special meeting for each share of Guidant common stock that they owned on the record date.

Vote Required (page 13)

Approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares Guidant common stock entitled to vote on the record date.

Shares Owned by Guidant Directors and Executive Officers and their Affiliates (page 13)

On the record date, directors and executive officers of Guidant and their affiliates beneficially owned and were entitled to vote [] shares of Guidant common stock, which represented approximately []% of the shares of Guidant common stock outstanding on that date.

The Merger (page 52)

The merger agreement is attached as Annex 1 to this proxy statement/prospectus. We encourage you to read the merger agreement because it is the principal document governing the merger.

Conditions to the Completion of the Merger (page 52)

Johnson & Johnson and Guidant are obligated to complete the merger only if they satisfy, or in some cases, waive, several conditions, including the following:

the merger agreement has been approved by the affirmative vote of shareholders of Guidant representing a majority of the shares of Guidant common stock outstanding and entitled to vote at the special meeting

the shares of Johnson & Johnson common stock to be issued to Guidant shareholders upon completion of the merger have been approved for listing on the New York Stock Exchange

the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 has expired or has been terminated

the European Commission has issued, or has been deemed to have issued, a decision under Article 6(1)(b), 8(1) or 8(2) of the EC Merger Regulation declaring the merger compatible with the Common Market (and/or, as may be the case, any national competition authority in the European Community to which all or part of the case may have been transferred has issued, or has been deemed to have issued, a decision with similar effect)

no temporary restraining order, injunction or other court order or statute, law, rule, legal restraint or prohibition is in effect that prevents the completion of the merger

the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, has been declared effective by the Securities and Exchange Commission and is not the subject of any stop order or proceedings seeking a stop order and

other customary contractual conditions set forth in the merger agreement.

In addition, Johnson & Johnson is obligated to complete the merger only if there is no pending suit, action or proceeding by any governmental entity:

seeking to restrain or prohibit the consummation of the merger

seeking to impose limitations on the ownership of shares of Guidant common stock by Johnson & Johnson

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seeking to prohibit Johnson & Johnson from effectively controlling in any material respect the business or operations of Guidant
seeking any divestiture that is not required to be effected pursuant to the merger agreement or
that has had, or would reasonably be expected to have, a material adverse effect on Guidant.

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Further, Johnson & Johnson is obligated to complete the merger only if there is no temporary restraining order, injunction or other court order or statute, law, rule, legal restraint or prohibition that is in effect that would reasonably be expected to result in any of the effects referred to in the immediately preceding paragraph.

For a more complete description of the conditions to completion of the merger, see [The Merger Agreement](#) [Conditions to the Completion of the Merger](#) .

Termination of the Merger Agreement; Termination Fee (pages 57 and 58)

The merger agreement contains provisions addressing the circumstances under which Johnson & Johnson or Guidant may terminate the merger agreement. In addition, the merger agreement provides that, in several circumstances, Guidant may be required to pay Johnson & Johnson a termination fee of \$750 million and Johnson & Johnson may be required to pay Guidant a termination fee of \$700 million. For a more complete description, see [The Merger Agreement](#) [Termination of the Merger Agreement](#) and [Fees and Expenses](#) .

Additional Terms (pages 60)

Subject to the terms and conditions of the merger agreement, Johnson & Johnson and Guidant have agreed to use all reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary to consummate and make effective, in the most expeditious manner practicable, the merger and the other transactions contemplated by the merger agreement, including using reasonable best efforts to accomplish the following:

the taking of all acts necessary to cause the conditions to closing to be satisfied as promptly as practicable

the obtaining of all necessary actions or nonactions, waivers, consents and approvals from governmental entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity

the avoidance of each and every impediment under any antitrust, merger control, competition or trade regulation law that may be asserted by any governmental entity with respect to the merger and

the obtaining of all necessary consents, approvals or waivers from third parties, including any such consents, approvals or waivers required in connection with any divestiture.

As a result of these requirements, Johnson & Johnson and Guidant may be required, conditional upon closing, to divest certain assets.

Regulatory Matters (page 46)

United States antitrust laws prohibit Johnson & Johnson and Guidant from completing the merger until they have furnished certain information and materials to the Antitrust Division of the United States Department of Justice and the Federal Trade Commission and a required waiting period has ended. Johnson & Johnson and Guidant filed the required notification and report forms with the Antitrust Division and the Federal Trade Commission on January 18 and 19, 2005, respectively.

Both Johnson & Johnson and Guidant conduct business in member states of the European Union. Council Regulation No. 139/2004, as amended, and accompanying regulations require notification to and approval by the European Commission of specific mergers or acquisitions involving parties with worldwide sales and individual European Union sales exceeding specified thresholds before these mergers and acquisitions can be implemented. Johnson & Johnson and Guidant intend to seek approval of the European Commission for the merger.

Fees and Expenses (page 58)

Each of Johnson & Johnson and Guidant will pay its own fees and expenses in connection with the merger, except that they will share equally the expenses incurred in connection with the printing and mailing of the registration statement of which this proxy statement/prospectus is a part.

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Johnson & Johnson

One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
Telephone: (732) 524-0400

Johnson & Johnson, with approximately 109,200 employees, is engaged in the manufacture and sale of a broad range of products in the health care field. Johnson & Johnson has more than 200 operating companies in 57 countries, selling products throughout the world.

Guidant Corporation

111 Monument Circle, 29th Floor
Indianapolis, Indiana 46204-5129
Telephone: (317) 971-2000

Guidant is a multinational company that designs, develops, manufactures and markets innovative, high quality, therapeutic medical devices for use in treating cardiac and vascular disease. Approximately 12,000 employees develop, manufacture and market Guidant's medical devices in nearly 100 countries, with key operations in the United States, Europe and Asia.

Market Prices and Dividend Information (page 73)

Shares of Johnson & Johnson common stock and Guidant common stock are listed on the New York Stock Exchange. The following table presents:

the last reported sale price of a share of Johnson & Johnson common stock, as reported by the New York Stock Exchange Composite Transactions Tape

the last reported sale price of a share of Guidant common stock, as reported by the New York Stock Exchange Composite Transactions Tape

the market value of Guidant common stock on an equivalent price per share basis, as determined by reference to the value of the merger consideration to be received in respect of each share of Guidant common stock in the merger, in each case on December 15, 2004, the last full trading day prior to the public announcement of the merger, and on [], the last practicable trading day prior to the date of this proxy statement/prospectus. The equivalent price per share of Guidant common stock is always equal to \$76.00 to the extent that the volume weighted average trading price per share of Johnson & Johnson's common stock during the 15 trading days ending three trading days prior to the closing of the merger is within the range of \$55.45 to \$67.09. Within this range, the \$76.00 equivalent price per share represents the cash consideration of \$30.40 to be paid in respect of each share of Guidant common stock in the merger plus the stock consideration of shares of Johnson & Johnson having a value of \$45.60 to be issued in respect of each share of Guidant common stock in the merger. However, the equivalent price per share of Guidant common stock will be less than \$76.00 to the extent that the volume weighted average trading price of Johnson & Johnson's common stock during such period falls below \$55.45 and will be more than \$76.00 to the extent that the volume weighted average trading price of Johnson & Johnson's common stock during such period rises above \$67.09.

Date	Johnson & Johnson Common Stock	Guidant Common Stock	Equivalent Price per Share of Guidant Common Stock
December 15, 2004 [], 2005	\$60.90	\$72.05	\$76.00

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These prices will fluctuate prior to the special meeting and the consummation of the merger, and shareholders are urged to obtain current market quotations prior to making any decision with respect to the merger.

Johnson & Johnson and Guidant declare and pay regular quarterly dividends. See Comparative Stock Prices and Dividends .

Table of Contents**Comparative Per Share Information**

The following table sets forth for the periods presented certain per share data of Johnson & Johnson and Guidant on a historical basis and on an unaudited pro forma basis after giving effect to the merger under the purchase method of accounting. The historical per share data of Johnson & Johnson and Guidant has been derived from, and should be read in conjunction with, the historical financial statements of Johnson & Johnson and Guidant incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information](#) . The unaudited pro forma per share data has been derived from, and should be read in conjunction with, the unaudited pro forma condensed consolidated financial statements included elsewhere in this proxy statement/prospectus. See [Unaudited Pro Forma Condensed Consolidated Financial Statements](#) .

The Guidant unaudited pro forma equivalent data was calculated by multiplying the corresponding Johnson & Johnson unaudited pro forma consolidated data by an assumed exchange ratio of 0.7480, which was calculated by assuming that the weighted average trading price of Johnson & Johnson common stock utilized to derive the exchange ratio was equal to \$60.96, which is the volume weighted average trading price of Johnson & Johnson common stock for the 15 trading days ending three trading days prior to December 15, 2004, the last trading day prior to announcement of the merger. The exchange ratio does not include the \$30.40 per share cash portion of the merger consideration. The actual exchange ratio may vary as described in this proxy statement/prospectus. This data shows how each share of Guidant common stock would have participated in net income and book value of Johnson & Johnson if the companies had always been consolidated for accounting and financial reporting purposes for all periods presented. These amounts, however, are not intended to reflect future per share levels of net income and book value of Johnson & Johnson.

	<u>Year Ended Dec. 28, 2003</u>	<u>Nine Months Ended Sept. 26, 2004</u>
JOHNSON & JOHNSON HISTORICAL		
Per common share data:		
Net earnings:		
Basic	\$ 2.42	\$ 2.46
Diluted	2.40	2.43
Dividends paid per share	0.925	0.81
Unaudited book value per share (basic)	9.05	10.62
GUIDANT HISTORICAL(1)		
Per common share data:		
Income from continuing operations:		
Basic	\$ 1.37	\$ 1.45
Diluted	1.34	1.40
Dividends declared per common share	0.24	0.30
Unaudited book value per share (basic)	8.89	11.09
JOHNSON & JOHNSON UNAUDITED PRO FORMA CONSOLIDATED WITH GUIDANT		
Per common share data:		
Income from continuing operations:		
Basic	\$ 2.20	\$ 2.27
Diluted	2.17	2.24
Dividends paid per share	0.925	0.81
Unaudited book value per share (basic)		14.81
GUIDANT UNAUDITED PRO FORMA EQUIVALENTS		
Per common share data:		
Income from continuing operations:		
Basic	\$ 1.65	\$ 1.70
Diluted	1.62	1.68
Dividends declared per common share	0.69	0.61
Unaudited book value per share (basic)		11.08

- (1) Guidant reports its financial information on a calendar period basis, while Johnson & Johnson reports its financial information on a fiscal year basis. Guidant's financial information is as of and for the year ended December 31, 2003 and as of and for the nine months ended September 30, 2004.

Table of Contents**Selected Historical Consolidated Financial Data of Johnson & Johnson**

The following selected consolidated financial information of Johnson & Johnson as of and for each of the five fiscal years in the period ended December 28, 2003, has been derived from Johnson & Johnson's audited historical financial statements incorporated by reference in this proxy statement/prospectus. The financial statements for those periods were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The financial information for Johnson & Johnson as of and for the nine month periods ended September 28, 2003 and September 26, 2004 has been derived from the unaudited consolidated financial statements contained in Johnson & Johnson's Quarterly Report on Form 10-Q for the nine month period ended September 26, 2004 incorporated by reference in this proxy statement/prospectus and, in the opinion of Johnson & Johnson management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information for the interim periods. The operating results for the nine month period ended September 26, 2004 are not necessarily indicative of results for the full fiscal year ending January 2, 2005. This information should be read in conjunction with management's discussion and analysis of results of operations and financial condition of Johnson & Johnson and the consolidated financial statements and notes thereto of Johnson & Johnson incorporated by reference into this proxy statement/prospectus. While selected consolidated financial information for Guidant as of and for the year ended December 31, 2004 has been included in this proxy statement/prospectus, comparable consolidated financial information for Johnson & Johnson as of and for the fiscal year ended January 2, 2005 is not yet available.

	Fiscal Year Ended					Nine Months Ended	
	Jan. 2, 2000	Dec. 31, 2000	Dec. 30, 2001	Dec. 29, 2002	Dec. 28, 2003	Sept. 28, 2003	Sept. 26, 2004
(in millions, except per share data)							
EARNINGS DATA:							
Sales to customers	\$27,357	\$29,172	\$32,317	\$36,298	\$41,862	\$30,608	\$34,596
Costs and expenses	21,480	22,304	24,419	27,007	31,554	22,674	24,383
Earnings before provisions for taxes on income	5,877	6,868	7,898	9,291	10,308	7,934	10,213
Net earnings	4,273	4,953	5,668	6,597	7,197	5,352	7,292
Diluted net earnings per share	1.39	1.61	1.84	2.16	2.40	1.78	2.43
Dividends paid per share	0.55	0.62	0.70	0.795	0.925	0.685	0.81
BALANCE SHEET DATA (as of period end):							
Total assets	\$31,064	\$34,245	\$38,488	\$40,556	\$48,263	\$46,659	\$52,089
Long-term debt	3,429	3,163	2,217	2,022	2,955	3,149	2,961
Shareholders' equity	16,995	20,395	24,233	22,697	26,869	25,738	31,513

Table of Contents**Selected Historical Consolidated Financial Data of Guidant Corporation**

The following selected consolidated financial information of Guidant as of and for each of the five fiscal years in the period ended December 31, 2004, has been derived from Guidant's historical consolidated financial statements incorporated by reference in this proxy statement/prospectus. The consolidated financial statements for those periods were audited by Ernst & Young LLP, an independent registered public accounting firm. While selected consolidated financial information for Guidant as of and for the year ended December 31, 2004 has been included in this proxy statement/prospectus, comparable consolidated financial information for Johnson & Johnson as of and for the fiscal year ended January 2, 2005 is not yet available. Accordingly, for comparative purposes selected consolidated financial information for Guidant as of and for the nine month periods ended September 30, 2003 and 2004 is included and has been derived from the unaudited consolidated financial statements contained in Guidant's Quarterly Report on Form 10-Q for the nine month period ended September 30, 2004 incorporated by reference in this proxy statement/prospectus and, in the opinion of the Guidant management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of such information for the interim periods. The following information should be read in conjunction with management's discussion and analysis of results of operations and financial condition of Guidant and the consolidated financial statements and notes thereto of Guidant incorporated by reference into this proxy statement/prospectus.

	Year Ended December 31,					Nine Months Ended September 30,	
	2000	2001	2002	2003	2004	2003	2004
(in millions, except per share data)							
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:							
Net sales	\$2,464.3	\$2,636.8	\$3,120.9	\$3,644.8	\$3,765.6	\$2,704.6	\$2,797.4
Gross profit	1,894.0	2,023.9	2,378.9	2,767.4	2,844.0	2,058.6	2,107.8
Income from continuing operations	397.2	538.5	669.3	419.3	573.0	219.8	449.3
Net income	374.3	484.0	611.8	330.3	524.0	125.4	419.5
Earnings per share - basic:							
Income from continuing operations	\$ 1.32	\$ 1.79	\$ 2.22	\$ 1.37	\$ 1.84	\$ 0.72	\$ 1.45
Loss from discontinued operations, net of income taxes	(0.08)	(0.18)	(0.19)	(0.29)	(0.16)	(0.31)	(0.10)
Net income	\$ 1.24	\$ 1.61	\$ 2.03	\$ 1.08	\$ 1.68	\$ 0.41	\$ 1.35
Earnings per share - diluted:							
Income from continuing operations	\$ 1.28	\$ 1.76	\$ 2.19	\$ 1.34	\$ 1.78	\$ 0.71	\$ 1.40
Loss from discontinued operations, net of income taxes	(0.07)	(0.18)	(0.19)	(0.28)	(0.15)	(0.31)	(0.09)
Net income	\$ 1.21	\$ 1.58	\$ 2.00	\$ 1.06	\$ 1.63	\$ 0.40	\$ 1.31
Dividends declared per common share				\$ 0.24	\$ 0.40	\$ 0.16	\$ 0.30
FINANCIAL POSITION DATA							
(as of period end):							
Total assets	\$2,521.4	\$2,916.8	\$3,716.1	\$4,640.1	\$5,372.2	\$4,425.1	\$5,155.0
Borrowings (long and short term)	808.9	760.0	368.5	948.3	659.2	448.4	776.9
Shareholders' equity	1,183.5	1,545.8	2,321.8	2,713.3	3,742.1	2,629.0	3,445.3

Table of Contents**Selected Unaudited Pro Forma Condensed Consolidated Financial Information**

The following selected unaudited pro forma condensed consolidated financial information of Johnson & Johnson and Guidant combine the consolidated financial information of Johnson & Johnson for the year ended December 28, 2003 and as of and for the nine month period ended September 26, 2004, with the consolidated financial information of Guidant for the year ended December 31, 2003 and as of and for the nine month period ended September 30, 2004. The selected unaudited pro forma condensed consolidated financial information is derived from the unaudited pro forma condensed consolidated financial statements contained elsewhere in this proxy statement/prospectus.

We present the unaudited pro forma condensed consolidated financial information for informational purposes only. The pro forma information is not necessarily indicative of what Johnson & Johnson's financial position or results of operations actually would have been had we completed the merger on the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of the combined company.

We prepared the unaudited pro forma condensed consolidated financial information using the purchase method of accounting with Johnson & Johnson treated as the acquiror. The unaudited pro forma condensed consolidated financial information does not give effect to any potential cost savings or other operating efficiencies that could result from the merger. In addition, Johnson & Johnson's cost to acquire Guidant will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the date of acquisition. The allocation is dependent upon certain valuations and other studies that have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the purchase price allocation pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed consolidated financial information in this proxy statement/prospectus.

	Year Ended December 28, 2003	Nine Months Ended September 26, 2004
(in millions, except per share data)		
EARNINGS DATA:		
Sales to customers	\$45,442	\$37,319
Costs and expenses	35,567	27,241
Earnings before provisions for taxes on income	9,875	10,078
Income from continuing operations	7,026	7,277
Basic earnings per share	2.20	2.27
Diluted net earnings per share	2.17	2.24
Dividends paid per share	0.925	0.81
BALANCE SHEET DATA (as of period end):		
Total assets		\$72,878
Long-term debt		3,488
Shareholders' equity		47,408

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RISK FACTORS RELATING TO THE MERGER

In addition to the other information included and incorporated by reference in this proxy statement/prospectus, Guidant shareholders should consider carefully the matters described below in determining whether to approve the merger agreement.

Holders of Guidant common stock may receive Johnson & Johnson common stock with an initial value of less than \$45.60 as the stock portion of the merger consideration. Each share of Guidant common stock will be converted into the right to receive a combination of (i) \$30.40 in cash and (ii) a number of shares of Johnson & Johnson common stock with a value, based upon the volume weighted average trading price of Johnson & Johnson common stock for the 15 trading days ending three trading days prior to the closing, of \$45.60, so long as the volume weighted average trading price per share of Johnson & Johnson's common stock during this period is within the range of \$55.45 to \$67.09. If the weighted average trading price of Johnson & Johnson common stock used to calculate the exchange ratio is less than \$55.45, the exchange ratio will be fixed at 0.8224. If this occurs, and the price of Johnson & Johnson common stock at the completion of the merger is less than \$55.45, the initial value of the Johnson & Johnson common stock to be received by holders of Guidant common stock will be less than \$45.60.

In addition, the price of Johnson & Johnson common stock at the completion of the merger could be lower than the weighted average trading price used to determine the exchange ratio. Therefore, even if the weighted average trading price used to determine the exchange ratio is greater than \$55.45, holders of Guidant common stock could also receive Johnson & Johnson common stock with an initial value of less than \$45.60.

The prices of Johnson & Johnson common stock and Guidant common stock at the closing of the merger may vary from their respective prices on the date of this proxy statement/prospectus and on the date of the special meeting. These prices may vary as a result of changes in the business, operations or prospects of Johnson & Johnson or Guidant, market assessments of the likelihood that the merger will be completed, the timing of the completion of the merger, the prospects of post-merger operations, regulatory considerations, general market and economic conditions and other factors.

The exchange ratio could be significantly different from what it would be if determined before the special meeting. Because the exchange ratio will not be determined until the third trading day before completion of the merger, you must decide whether or not to approve the merger agreement before knowing the actual exchange ratio. Changes in the price of Johnson & Johnson common stock prior to the completion of the merger may cause the actual exchange ratio to differ significantly from the exchange ratio that would have existed if it had been calculated as of the date of the special meeting.

The integration of Johnson & Johnson and Guidant following the merger may present significant challenges. Johnson & Johnson and Guidant may face significant challenges in combining their operations and product lines in a timely and efficient manner and retaining key Guidant personnel. The integration will be complex and time-consuming. The failure to integrate successfully Johnson & Johnson and Guidant and to manage successfully the challenges presented by the integration process may result in Johnson & Johnson not achieving the anticipated potential benefits of the merger.

The price of Johnson & Johnson common stock may be affected by factors different from those affecting the price of Guidant common stock. Upon completion of the merger, holders of Guidant common stock will become holders of Johnson & Johnson common stock. Johnson & Johnson's business is different from that of Guidant, and Johnson & Johnson's results of operations, as well as the price of Johnson & Johnson common stock, may be affected by factors different than those affecting Guidant's results of operations and price of Guidant common stock. For a discussion of Johnson & Johnson's and Guidant's businesses and certain factors to consider in connection with such businesses, see Johnson & Johnson's Annual Report on Form 10-K for the fiscal year ended December 28, 2003 and Quarterly Report on Form 10-Q for the nine months ended September 26, 2004, and Guidant's Annual Report on

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Form 10-K for the fiscal year ended December 31, 2004, each of which is incorporated by reference in this proxy statement/prospectus.

We will incur transaction, integration and restructuring costs in connection with the merger. Johnson & Johnson and Guidant expect to incur costs associated with transaction fees and other costs related to the merger. Specifically, we expect to incur approximately \$135 million for transaction costs related to the merger, which costs are expected to be recorded as a component of the purchase price. In addition, we will incur integration and restructuring costs following the completion of the merger as we integrate the businesses of Guidant with those of Johnson & Johnson. Although Johnson & Johnson and Guidant expect that the realization of efficiencies related to the integration of the businesses may offset incremental transaction, merger-related and restructuring costs over time, we cannot give any assurance that this net benefit will be achieved in the near term, or at all.

Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the merger. Completion of the merger is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals, including the expiration or termination of the applicable waiting periods, and any extension of the waiting periods, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and approval by the European Commission under EC merger regulations. Johnson & Johnson and Guidant intend to pursue all required approvals in accordance with the merger agreement. These consents, orders and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of Johnson & Johnson or Guidant. Such conditions or divestitures may jeopardize or delay completion of the merger or may reduce the anticipated benefits of the merger. Further, no assurance can be given that the required consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all such consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals or that they will satisfy the terms of the merger agreement. See *The Merger Agreement - Conditions for the Completion of the Merger* for a discussion of the conditions to the completion of the merger and *The Merger - Regulatory Matters* for a description of the regulatory approvals necessary in connection with the merger.

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THE SPECIAL MEETING

We are furnishing this proxy statement/prospectus to Guidant shareholders as of the record date as part of the solicitation of proxies by the Guidant board of directors for use at the special meeting.

Date, Time and Place

The Guidant special meeting will be held on [], 2005 at [], at [] ([]). Please complete and return the enclosed request for admittance card as soon as possible if you plan to attend the special meeting. If you return the request card, Guidant will send you an admittance card.

Purpose of the Special Meeting

At the special meeting, Guidant shareholders will be asked to consider and vote upon a proposal to approve the merger agreement, pursuant to which Shelby Merger Sub will merge with and into Guidant, with Guidant becoming a wholly owned subsidiary of Johnson & Johnson, and each outstanding share of Guidant common stock will be converted into the right to receive a combination of (i) \$30.40 in cash and (ii) a number of shares of Johnson & Johnson common stock based on an exchange ratio that will be calculated based upon the volume weighted average trading price of Johnson & Johnson common stock during a period prior to the completion of the merger. It is currently contemplated that no other matters will be considered at the special meeting.

The Guidant board of directors, with one director absent because of a pre-existing commitment, unanimously determined that the merger is in the best interests of Guidant and its shareholders, adopted the merger agreement and recommends that you vote **FOR** approval of the merger agreement.

Record Date; Shares Entitled to Vote; Quorum

Only holders of record of Guidant common stock at the close of business on [], 2005, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of it. On the record date, [] shares of Guidant common stock were issued and outstanding and held by approximately [] holders of record.

A quorum is present at the special meeting if a majority of all the shares of Guidant common stock issued and outstanding on the record date and entitled to vote at the special meeting are represented at the special meeting in person or by a properly executed proxy. Abstentions and broker non-votes (described below) will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies. Holders of record of Guidant common stock on the record date are entitled to one vote per share on each matter submitted to a vote at the special meeting.

Vote Required

The approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Guidant common stock entitled to vote on the record date. Because the required vote of Guidant shareholders is based upon the number of outstanding shares of Guidant common stock entitled to vote, rather than upon the shares actually voted, the failure by the holder of any such shares to submit a proxy or to vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as a vote against approval of the merger agreement.

Shares Owned by Guidant Directors and Executive Officers and their Affiliates

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At the close of business on the record date, directors and executive officers of Guidant and their affiliates beneficially owned and were entitled to vote [] shares of Guidant common stock, which represented approximately []% of the shares of Guidant common stock outstanding on that date.

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Voting of Proxies

Shareholders of record may vote their shares by attending the special meeting and voting their shares in person at the meeting, or by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed postage pre-paid envelope. Shareholders also may submit their proxy by telephone or on the Internet by following the instructions provided in the enclosed proxy card. If a proxy card is signed by a shareholder of record and returned without specific voting instructions, the shares represented by the proxy will be voted **FOR** the proposal presented at the special meeting.

Shareholders whose shares are held in street name must either instruct the record holder of their shares how to vote their shares or obtain a proxy from the record holder to vote at the special meeting. Please check the voting form used by your bank, broker, nominee, fiduciary or other custodian for information on how to submit your instructions to them.

Shareholders whose shares are held under Guidant's employee stock ownership plan may instruct the plan trustee as to how to vote their shares. If a shareholder does not instruct the plan trustee as to how to vote his or her shares, the plan trustee may vote those shares at its discretion. Please consult the voting form used by the plan trustee for information on how to submit your instructions to the plan trustee.

The persons named as proxies by a shareholder may propose and vote for one or more adjournments of the special meeting, including adjournments to permit further solicitations of proxies. Any adjournment may be made at any time by shareholders representing a majority of the votes present in person or by proxy at the special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the meeting. Guidant does not currently intend to seek an adjournment of its special meeting. No proxy voted against the proposal to approve the merger agreement will be voted in favor of any such adjournment or postponement.

Guidant does not expect that any matter other than the proposal to approve the merger agreement will be brought before the special meeting. If, however, other matters are properly brought before the special meeting, or any adjourned meeting, the persons named as proxies will vote in accordance with their judgment.

Revocability of Proxies

Shareholders of record may revoke their proxy at any time prior to the time it is voted at the meeting. Shareholders of record may revoke their proxy by:

executing a later-dated proxy card relating to the same shares and delivering it to Guidant's Secretary before the taking of the vote at the special meeting

filing with Guidant's Secretary before the taking of the vote at the special meeting a written notice of revocation bearing a later date than the proxy card or

attending the special meeting and voting in person (although attendance at the special meeting will not, in and of itself, revoke a proxy).

Any written revocation or subsequent proxy card should be delivered to Guidant Corporation, 111 Monument Circle, 29th Floor, Indianapolis, Indiana 46204-5129, Attention: Secretary, or hand delivered to Guidant's Secretary or his representative before the taking of the vote at the special meeting.

Solicitation of Proxies

Guidant is soliciting proxies for the special meeting and will bear all expenses in connection with solicitation of proxies, except those expenses incurred in connection with the printing and mailing of this proxy statement/prospectus will be shared equally by Guidant and Johnson & Johnson. Upon request, Guidant will pay banks, brokers, nominees, fiduciaries or other custodians their reasonable expenses for sending proxy material to, and obtaining instructions from, persons for whom they hold shares.

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Guidant has retained Georgeson Shareholder Communications, Inc. to assist with the solicitation of proxies. Georgeson will receive customary fees as compensation for its services plus reimbursement for its related out-of-pocket expenses.

Guidant expects to solicit proxies primarily by mail, but directors, officers and other employees of Guidant or Georgeson may also solicit in person or by Internet, telephone or mail.

Guidant shareholders who receive more than one proxy card or voting instruction form have shares registered in different forms or in more than one account. Please complete, sign, date and return all proxy cards and provide instructions for all voting instruction forms received to ensure that all shares are voted.

Shareholders should not send stock certificates with their proxies. A transmittal form with instructions for the surrender of Guidant common stock certificates will be mailed to Guidant shareholders shortly after completion of the merger.

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THE COMPANIES

Johnson & Johnson

Johnson & Johnson, with approximately 109,200 employees, is engaged in the manufacture and sale of a broad range of products in the health care field. Johnson & Johnson has more than 200 operating companies in 57 countries, selling products throughout the world.

Johnson & Johnson's worldwide business is divided into three segments: consumer, pharmaceutical and medical devices and diagnostics. The consumer segment's principal products are personal care and hygienic products, including oral and baby care products, first aid products, nonprescription drugs, sanitary protection products and adult skin and hair care products. These products are marketed principally to the general public and distributed both to wholesalers and directly to independent and chain retail outlets.

The pharmaceutical segment's principal worldwide franchises are in the anti-infective, anti-fungal, anti-anemia, central nervous system, contraceptive, dermatology, gastrointestinal and pain management fields. These products are distributed both directly and through wholesalers for use by health care professionals and the general public.

The medical devices and diagnostics segment includes suture and mechanical wound closure products, minimally invasive surgical instruments, diagnostic products, cardiology products, disposable contact lenses, surgical instruments, orthopedic joint replacements and products for wound management and infection prevention and other medical equipment and devices. These products are used principally in the professional fields by physicians, nurses, therapists, hospitals, diagnostic laboratories and clinics. Distribution to these markets is done both directly and through surgical supply and other dealers.

Johnson & Johnson was organized in the State of New Jersey in 1887. The address of its principal executive offices is One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, and the telephone number at that address is (732) 524-0400.

Guidant

Guidant is a multinational company that designs, develops, manufactures and markets innovative, high quality, therapeutic medical devices for use in treating cardiac and vascular disease. Approximately 12,000 employees develop, manufacture and market Guidant's medical devices in nearly 100 countries, with key operations in the United States, Europe and Asia.

Guidant products that focus on the treatment of coronary arrhythmias, heart failure and coronary and peripheral disease include:

implantable defibrillator systems used to detect and treat abnormally fast heart rhythms (tachycardia) that could result in sudden cardiac death, including implantable cardiac resynchronization therapy defibrillator systems used to treat heart failure

implantable pacemaker systems used to manage slow or irregular heart rhythms (bradycardia), including implantable cardiac resynchronization therapy pacemaker systems used to treat heart failure

coronary stent systems for the treatment of coronary artery disease

angioplasty systems including dilatation catheters and related accessories for the treatment of coronary artery disease

cardiac surgery systems and

peripheral systems, including those to treat biliary, peripheral vascular and carotid disease.

Guidant was incorporated in Indiana in September 1994 to be the parent of several of the medical device and diagnostics businesses of Eli Lilly and Company. In December 1994, Guidant consummated an initial public offering of a portion of its outstanding common shares. In September 1995, Eli Lilly and

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Company, by means of a split-off, disposed of all of its remaining interests in Guidant. The address of Guidant's principal executive offices is 111 Monument Circle, 29th Floor, Indianapolis, Indiana 46204-5129, and the telephone number at that address is (317) 971-2000.

Significant Contracts Between Guidant and Johnson & Johnson

Cordis Corporation, a Johnson & Johnson subsidiary, and Guidant entered into several commercial arrangements in April 2000, several of which have been subsequently amended, pursuant to which (1) Cordis agreed to distribute Guidant's Rapid-Exchange catheters and stent delivery systems and (2) the parties settled outstanding litigation under certain patents by agreeing, among other things, to cross-license certain patents related to stents, stent delivery systems and other cardiovascular applications and to arbitrate certain remaining patent disputes. In February 2004, Cordis and Guidant also entered into a strategic agreement to co-promote Cordis' CYPHER[®] Sirolimus-eluting Coronary Stent. Guidant also received an option to pursue a similar arrangement in Japan in the future. In addition, Guidant agreed to assist Cordis in the development of a CYPHER stent that utilizes Guidant's MULTI-LINK VISION[®] Stent Delivery System.

In addition, in August 2003 an arbitration panel found that Guidant's Multi-Link Duet Coronary Stent System infringed a patent of Cordis. As a result of this finding, Guidant made a one-time payment, pursuant to the April 2000 commercial arrangements, of \$425 million to Cordis in the third quarter of 2003.

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THE MERGER

Background to the Merger

Cordis, a Johnson & Johnson subsidiary, and Guidant are currently involved in a number of commercial arrangements, which are described under the caption "The Companies – Significant Contracts Between Guidant and Johnson & Johnson". In the course of this relationship, Johnson & Johnson and Guidant have had discussions regarding other possible business collaborations. During the spring of 2004, Michael J. Dormer, Worldwide Chairman, Medical Devices of Johnson & Johnson, and Ronald W. Dollens, Chief Executive Officer of Guidant, had discussions about potentially expanding the relationship between the two companies.

On July 19, 2004, at a meeting of the board of directors of Johnson & Johnson, Mr. Dormer, Dr. Guy J. LeBeau, Company Group Chairman, and Dominic J. Caruso, Vice-President of Group Finance – Medical Devices and Diagnostics, made a presentation regarding a potential acquisition of Guidant and the perceived benefits of such a transaction to the shareholders of Johnson & Johnson. At that meeting, the board of directors of Johnson & Johnson authorized the initiation of discussions with Guidant regarding a potential acquisition by Johnson & Johnson.

On July 21, 2004, at a meeting of the board of directors of Guidant, the board discussed Guidant's long-term strategic alternatives, including a potential acquisition transaction with Johnson & Johnson. Following this discussion, the board of directors of Guidant authorized Mr. Dollens to have exploratory discussions with Johnson & Johnson regarding a possible business combination.

On July 22, 2004, Messrs. Dormer and Caruso and Robert J. Darretta, Johnson & Johnson's Vice Chairman and Chief Financial Officer, met with Mr. Dollens, Keith E. Brauer, Guidant's Chief Financial Officer, and Bernard E. Kury, Guidant's General Counsel, to explore the possible acquisition of Guidant by Johnson & Johnson. The meeting included a general discussion of the perceived benefits of such a transaction to both companies and their respective employees, as well as to patients and healthcare providers.

On August 4, 2004, Johnson & Johnson and Guidant executed a confidentiality agreement.

On August 6, 2004, Messrs. Dormer, Caruso and Darretta and James R. Hilton, Associate General Counsel of Johnson & Johnson, met with representatives of Guidant, including Messrs. Dollens, Brauer and Kury and A. Jay Graf, former Guidant Group Chairman, to discuss and review information regarding Guidant's business.

On August 17, 2004, at a meeting of the board of directors of Guidant, Mr. Dollens reported on his meetings with Johnson & Johnson's representatives. At this meeting, representatives of JPMorgan, Guidant's financial advisor, made a presentation regarding Johnson & Johnson's business and the potential financial implications of a combination between the two companies. At this meeting, the board of directors authorized continued discussions with Johnson & Johnson.

On August 19, 2004, Messrs. Darretta, Dormer, Caruso and Hilton of Johnson & Johnson met with Messrs. Dollens, Brauer, Kury and Graf of Guidant, along with representatives of JPMorgan, to discuss various issues relating to the potential acquisition. During the latter part of August 2004 and the early part of September 2004, discussions between representatives of Johnson & Johnson and Guidant continued regarding issues relating to the proposed transaction.

On September 8, 2004, Mr. Dormer of Johnson & Johnson telephoned Mr. Dollens of Guidant to discuss a number of issues, including the consideration to be paid to Guidant shareholders in the proposed transaction.

On September 13, 2004, at a meeting of the board of directors of Johnson & Johnson, Mr. Dormer provided an update on the status of the discussions between the two companies. After this update, the board of directors authorized management to continue discussions with respect to the proposed transaction.

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On September 17, 2004, Messrs. Darretta, Dormer and Caruso and Nicholas J. Valeriani, Johnson & Johnson's Vice President of Human Resources and Worldwide Chairman, Diagnostics, and other representatives of Johnson & Johnson, met with executive officers and other representatives of Guidant to conduct further due diligence on various aspects of Guidant's operations and to discuss various business and organizational issues relating to the proposed transaction.

Following this meeting, on September 24, 2004, Messrs. Dormer, Caruso and Valeriani of Johnson & Johnson met with Mr. Dollens and Roger Marchetti, Guidant's Vice President of Human Resources, to discuss the Guidant organizational structure and employee matters in relation to the proposed transaction.

On September 30, 2004, Messrs. Dormer, Caruso and Hilton and other representatives of Johnson & Johnson met with Messrs. Dollens and Kury and other representatives of Guidant to further discuss some of the terms and conditions of a potential merger agreement.

On October 4, 2004, a draft merger agreement was circulated to senior management and advisors of each company. On October 8, October 9 and October 10, 2004, Mr. Kury, other representatives of Guidant and Guidant's outside legal advisors met with Mr. Hilton, other representatives of Johnson & Johnson and Johnson & Johnson's outside legal advisors to negotiate certain terms of the proposed transaction. These negotiations continued through October 27, 2004.

On October 6, 2004, in connection with Johnson & Johnson's due diligence review of Guidant, representatives of Guidant made a presentation to representatives of Johnson & Johnson and Goldman Sachs & Co., financial advisor to Johnson & Johnson, regarding the business and financial condition of Guidant.

On October 11, 2004, Guidant formally engaged Morgan Stanley to serve as financial advisor to the company in addition to the previously engaged JPMorgan.

On October 18, 2004, at a meeting of the Guidant board of directors, Mr. Dollens updated the board on the status of the discussions with Johnson & Johnson. Representatives of JPMorgan and Guidant's outside legal advisors provided the board with analyses of the financial and legal matters that continued to be under negotiation with Johnson & Johnson. Representatives of Morgan Stanley were also in attendance. After discussion, the board of directors of Guidant authorized Guidant's management and advisors to continue negotiations.

On October 22, 2004, at a meeting of the board of directors of Johnson & Johnson, Mr. Dormer reported on the discussions that had occurred with representatives of Guidant. This review included an update on the diligence effort with respect to Guidant's business as well as financial aspects of the proposed transaction. At this meeting, Russell C. Deyo, Johnson & Johnson's General Counsel, along with senior members of the Johnson & Johnson Law Department, discussed general legal matters concerning the potential transaction. In addition, representatives of Goldman Sachs provided a perspective on the proposed transaction.

On October 26, 2004, Messrs. Darretta and Dormer met with Mr. Dollens to continue negotiations, including with respect to the consideration to be paid to Guidant shareholders in the proposed transaction and the exchange ratio for the stock portion of the merger consideration.

On October 27, 2004, the board of directors of Guidant met to review the status of the discussions with Johnson & Johnson, and the merits of Johnson & Johnson's then-current proposal as compared to remaining a stand-alone entity. At this meeting, JPMorgan and Morgan Stanley each separately discussed financial aspects of Johnson & Johnson's proposal, valuation issues regarding Guidant and other alternatives available to Guidant as a stand-alone entity. Guidant's outside legal advisors reviewed in detail the regulatory approvals that would be required to complete the proposed transaction. Following extensive discussion, the board of directors determined to pursue other alternatives as a stand-alone entity rather than Johnson & Johnson's then-current proposal. On October 28, 2004, James M. Cornelius, Chairman of the Board of Guidant, telephoned William C. Weldon, Chairman of the Board and Chief Executive Officer of Johnson & Johnson, to inform him of the board's decision.

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During the week of November 8, 2004, Messrs. Dollens and Dormer had a series of telephone conversions regarding the value of resuming discussions and arranged a meeting between Messrs. Weldon, Dormer and Darretta of Johnson & Johnson and Messrs. Cornelius and Dollens to be held on November 16, 2004 to discuss whether further conversations between the two companies would be productive.

On November 17, 2004, at a special meeting of the board of directors of Guidant, Messrs. Dollens and Cornelius reported on the November 16 meeting with Messrs. Weldon, Dormer and Darretta. Following discussion and a review of various strategic alternatives, the board decided to resume discussions with Johnson & Johnson.

Following the Guidant board meeting, Mr. Cornelius telephoned Mr. Weldon to continue to explore the prospect of further discussions between the two companies. On November 19, 2004 and November 24, 2004, Messrs. Weldon, Darretta, Dormer, Deyo and Hilton of Johnson & Johnson, as well as Johnson & Johnson's outside legal advisors, met with Messrs. Cornelius, Dollens and Kury of Guidant, as well as Guidant's outside legal advisors, to continue negotiations with respect to the proposed transaction.

Over the course of the next several weeks, the parties and their respective advisors conducted further negotiations over the terms and conditions of a merger agreement for the proposed transaction. These negotiations focused on the representations, warranties, covenants and closing conditions to be included in the merger agreement, as well as the obligations of the parties to obtain regulatory approvals for the acquisition and the limitations to be included in the agreement on Guidant's ability to contact or engage in discussions with potential acquirors. The negotiations also addressed the circumstances under which the parties could terminate the merger agreement and the circumstances under which termination fees would be payable under the merger agreement, and the amount of these fees.

On November 30, 2004, Messrs. Dormer and Valeriani of Johnson & Johnson met with certain executive officers of Guidant to discuss various organizational issues regarding the proposed transaction, including a proposal whereby such executives would agree to modify the terms of their change in control agreements in connection with the proposed transaction. These conversations continued on December 8, 2004.

On December 2, 2004, at a meeting of the board of directors of Johnson & Johnson, Messrs. Dormer and Darretta provided an update on the status of the negotiations regarding the proposed transaction and the due diligence investigation with respect to Guidant. Johnson & Johnson's legal advisors described the principal terms that had been negotiated in the draft merger agreement as well as the board's fiduciary duties, both generally and in the specific context of the proposed transaction. Johnson & Johnson's financial advisor provided an update on its perspective on the proposed transaction. After discussion, the board of directors directed its management and advisors to continue negotiations with Guidant.

During late November and early December 2004, representatives of Johnson & Johnson continued their due diligence investigation of Guidant. Representatives and advisors of Guidant also continued their due diligence review of Johnson & Johnson and, on December 7, 2004, Messrs. Brauer and Kury and other representatives of Guidant, together with representatives from Guidant's financial advisors met with representatives of Johnson & Johnson, including Messrs. Darretta and Deyo, to discuss and review various business and financial information of Johnson & Johnson.

On December 9, 2004, Mr. Weldon of Johnson & Johnson telephoned Mr. Cornelius of Guidant to discuss the consideration to be paid to Guidant shareholders in the merger, including the exchange ratio for the stock portion of the merger consideration. No agreement was reached on these matters during this discussion.

On December 12, 2004, the board of directors of Johnson & Johnson met to discuss the proposed transaction. At this meeting, which was also attended by Johnson & Johnson's legal and financial advisors, Messrs. Dormer and Darretta gave a presentation regarding the expected terms of the proposed transaction. At this meeting, Goldman Sachs reviewed various financial analyses with respect to the proposed transaction using various methodologies and assumptions. After discussion, the board of directors

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authorized the execution and delivery of the merger agreement, with final terms to be negotiated by Johnson & Johnson management and approved by the finance committee of the board.

On December 12, 2004, after the meeting of the Johnson & Johnson board of directors, the parties scheduled a meeting among Messrs. Cornelius, Dollens, Weldon, Darretta and Dormer to attempt to agree upon the principal terms of the proposed transaction.

On December 13, 2004, Messrs. Weldon, Darretta and Dormer met with Messrs. Cornelius and Dollens to continue negotiations. Negotiations between the management and advisors of Johnson & Johnson and Guidant continued through December 15, 2004.

On December 15, 2004, the finance committee of the Johnson & Johnson board of directors discussed the final terms of the merger agreement and authorized the execution and delivery of the merger agreement.

On December 15, 2004, the board of directors of Guidant met to consider the proposed merger agreement. Guidant's outside legal advisors reviewed in detail the principal terms of the agreement as well as the board's fiduciary duties, both generally and in the specific context of the proposed transaction. Each of JPMorgan and Morgan Stanley separately presented its financial analyses of the merger consideration and each delivered its oral opinion, subsequently confirmed in writing, to the effect that, as of December 15, 2004 and based upon and subject to the matters described in its respective opinion, the merger consideration was fair from a financial point of view to the Guidant shareholders. Following extended discussion, the Guidant board approved the proposed merger agreement as being in the best interests of Guidant and its shareholders and authorized the execution and delivery of the merger agreement.

Following the meeting of the Guidant board of directors, representatives of Guidant and Johnson & Johnson and their advisors finalized the documentation for the transaction. After the closing of trading on the New York Stock Exchange on December 15, 2004, the merger agreement was executed and the parties issued a joint press release announcing their agreement.

Reasons for the Merger and Recommendation of the Guidant Board of Directors

At a special meeting held on December 15, 2004, with one director absent because of a pre-existing commitment, the Guidant board of directors unanimously determined that the merger is in the best interests of Guidant and its shareholders, adopted the merger agreement and recommended that Guidant shareholders vote **FOR** approval of the merger agreement.

In reaching its decision to adopt the merger agreement and recommend that Guidant shareholders vote to approve the merger agreement, the Guidant board of directors considered a number of factors, including the following:

Market Price. The Guidant board of directors considered the value of the merger consideration to be received by Guidant shareholders in the merger, including the fact that, if the volume weighted average trading price of Johnson & Johnson's common stock during the 15 trading days ending three trading days prior to the completion of the merger is between \$55.45 and \$67.09, Guidant shareholders will receive, for each share of Guidant common stock that they own, merger consideration with a value of \$76.00. This merger consideration would consist of \$30.40 in cash and \$45.60 in Johnson & Johnson common stock, which would provide a premium of approximately 24.7% to Guidant shareholders based on the average trading price of Guidant common stock during the six months prior to the trading day immediately before the day on which the merger was announced. The Guidant board of directors also considered the fact that, because the exchange ratio for the stock portion of the merger consideration becomes fixed outside this range, the value of the merger consideration to be received by Guidant shareholders will be less than \$76.00 to the extent that the volume weighted average trading price of Johnson & Johnson's common stock during the 15 trading days ending three trading days prior to the completion of the merger falls

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below \$55.45 and will be more than \$76.00 to the extent that the volume weighted average trading price of Johnson & Johnson's common stock during such period rises above \$67.09.

Form of Merger Consideration. The Guidant board of directors considered that the stock portion of the merger consideration will permit Guidant shareholders to exchange their shares of Guidant common stock for shares of Johnson & Johnson common stock and retain an equity interest in the combined enterprise and the related opportunity to share in its future growth. The Guidant board of directors also reviewed the current and historical results of operations and the trading prices and daily volumes for Johnson & Johnson common stock and considered the liquidity that holding shares of Johnson & Johnson common stock would provide to Guidant shareholders who do not wish to continue to hold shares of Johnson & Johnson common stock following the merger.

Business, Condition and Prospects. The Guidant board of directors considered information with respect to Guidant's financial condition, results of operations, business, competitive position and business strategy, on both a historical and prospective basis, as well as current industry, economic, government regulatory and market conditions and trends. The Guidant board of directors also reviewed Guidant's future prospects if it were to remain independent, including the risks inherent in remaining independent. Further, the Guidant board of directors explored possible alternatives to the merger (including the possibility of continuing to operate as an independent entity), the range of possible benefits to Guidant shareholders from these alternatives and the possible timing and likelihood of accomplishing these alternatives.

Strategic Advantages. The Guidant board of directors considered reports from Guidant management and advisors as to the results of their review of Johnson & Johnson's business. The Guidant board of directors also considered the existing relationships between Guidant and Johnson & Johnson, its assessment of the complementary strengths of each of the companies, the compatibility of the corporate structures and the historical success of Johnson & Johnson in incorporating acquired companies into a decentralized corporate organization. The Guidant board of directors also reviewed information with respect to the prospects of the combined enterprise, including the potential for the combined enterprise to have a stronger competitive position and greater opportunities for growth than Guidant would have operating independently due to:

the ability to combine Johnson & Johnson's expertise in drug coating technology and the manufacturing of drug-eluting stents with Guidant's expertise in stent design and stent delivery systems

Guidant gaining access to Johnson & Johnson's strengths in developing long-term product pipelines, improving clinical outcomes, integrating technologies, securing regulatory approvals and supporting the adoption of new therapies

Johnson & Johnson gaining access to Guidant's strengths in improving devices brought to market, supplying products to customers and sales and marketing and

the potential to apply Guidant's technology platforms (such as implantable micro-electronic devices and site-specific therapies) to current and future Johnson & Johnson products.

Ability to Accept Superior Proposal Upon Payment of Termination Fee. The Guidant board of directors considered Guidant's ability to terminate the merger agreement prior to shareholder approval of the merger agreement in order to enter into an alternative transaction in response to a superior proposal, although Guidant's ability to enter into an alternative transaction is restricted in that it may not solicit competing offers and would be required to pay a \$750 million termination fee in connection with accepting a superior proposal.

Regulatory Matters. The Guidant board of directors considered the required regulatory approvals for the merger, the prospects and anticipated timing of obtaining such approvals and the amount of regulatory risk relating to the merger that Johnson & Johnson has agreed to assume, including its agreement that, if the merger is not completed solely for antitrust reasons, Johnson & Johnson will:

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(1) pay a termination fee to Guidant of \$700 million and (2) provide Guidant with an option to (i) take a license under certain patents owned by Johnson & Johnson relating to drugs and polymers for use in stents and (ii) arbitrate any issues of validity and infringement relating to such patents under claims Johnson & Johnson may bring against Guidant, in which case Johnson & Johnson's sole remedy against Guidant for any finding of infringement would be a predetermined royalty.

Tax Treatment. The Guidant board of directors considered the expected tax treatment of the merger to Guidant shareholders, including the fact that the merger is not structured as a reorganization for United States federal income tax purposes that generally would allow Guidant shareholders to not recognize any gain from the receipt of the stock portion of the merger consideration.

Potential Risks. The Guidant board of directors considered a number of potential risks, as well as related mitigating factors, in connection with its evaluation of the merger. These risks include the potential diversion of management resources from operational matters and the opportunity costs associated with the merger prior to the completion or abandonment of the merger. Other risks considered by the Guidant board of directors included:

the possibility that the merger might not be completed as a result of the failure to receive regulatory approvals or satisfy other closing conditions, which could result in significant distractions of Guidant's employees and increased expenses from an unsuccessful attempt to complete the merger

under the terms of the merger agreement, prior to the completion or abandonment of the merger Guidant will be required to conduct its business only in the ordinary course consistent with past practice and subject to operational restrictions and

Guidant would be required to pay a \$750 million termination fee if the merger agreement is terminated under specified circumstances and Guidant later agrees to or consummates a takeover proposal.

In the judgment of Guidant's board of directors, however, these potential risks were more than offset by the potential benefits of the merger discussed above.

Opinions of Financial Advisors. The Guidant board of directors considered the presentations delivered by JPMorgan and Morgan Stanley and the written opinions of JPMorgan and Morgan Stanley to the Guidant board of directors to the effect that, as of the date of the opinions and based on and subject to the matters set forth in the respective opinions, the merger consideration was fair, from a financial point of view, to Guidant shareholders. A copy of JPMorgan's written opinion is attached as Annex 2 to this proxy statement/prospectus and a copy of Morgan Stanley's written opinion is attached as Annex 3 to this proxy statement/prospectus.

Additional Considerations. In the course of its deliberations on the merger, the Guidant board of directors consulted with members of Guidant's management and Guidant's legal, financial, accounting and tax advisors on various legal, business and financial matters. Additional factors considered by the Guidant board of directors in determining whether to adopt the merger agreement and recommend that Guidant shareholders vote to approve the merger agreement included:

the terms and conditions of the merger agreement

the fact that stock options and restricted stock granted to Guidant employees are subject to accelerated vesting or lapsing of restrictions upon a change in control of Guidant (as defined in the plans and agreements under which such grants were made) and would therefore become immediately exercisable or unrestricted, as applicable, upon approval of the merger by Guidant shareholders regardless of whether the merger is consummated

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the existence of severance benefits under Guidant severance plans for those employees whose employment may terminate under certain circumstances following the execution of the merger agreement

the fact that Guidant shareholders will have an opportunity to vote on the merger and

the uncertainty that any alternative transaction would yield a superior value to Guidant's shareholders.

The above discussion is not intended to be exhaustive, but Guidant believes it addresses the material information and factors considered by the Guidant board of directors in its consideration of the merger, including factors that may support the merger as well as factors that may weigh against it. In view of the variety of factors and the amount of information considered, the Guidant board of directors did not find it practicable to, and did not make specific assessments of, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, the Guidant board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of Guidant's board of directors may have given different weights to different factors.

In considering the recommendation of the Guidant board of directors to approve the merger agreement, Guidant shareholders should be aware that certain executive officers and directors of Guidant have certain interests in the merger that may be different from, or in addition to, the interests of Guidant shareholders generally. The Guidant board of directors was aware of these interests and considered them when adopting the merger agreement and recommending that Guidant shareholders vote to approve the merger agreement. See *Interests of Guidant Directors and Executive Officers in the Merger*.

Opinions of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated

Opinion of J.P. Morgan Securities Inc.

Pursuant to an engagement letter dated August 18, 2004, Guidant retained JPMorgan as a financial advisor in connection with the merger. At the meeting of Guidant's board of directors on December 15, 2004, JPMorgan rendered its oral opinion, subsequently confirmed in writing, to the board of directors that, based upon and subject to the matters set forth in JPMorgan's opinion, as of that date, the consideration to be received by the holders of Guidant common stock in the merger was fair, from a financial point of view, to those holders. No limitations were imposed by the Guidant board of directors upon JPMorgan with respect to the investigations made or procedures followed by it in rendering its opinions, except that JPMorgan was not authorized to, and did not, solicit any expressions of interest from any other parties with respect to the sale of all or any part of Guidant or any other alternative transaction.

The full text of the written opinion of JPMorgan, dated December 15, 2004, which sets forth the assumptions made, matters considered and limits on the review undertaken by JPMorgan in rendering its opinion, is attached as Annex 2 to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus. Guidant shareholders are urged to read the opinion carefully in its entirety. JPMorgan's written opinion is addressed to the Guidant board of directors, is directed only to the fairness, from a financial point of view, of the consideration to be received by the holders of Guidant common stock in the merger and does not constitute a recommendation to any Guidant shareholder as to how the shareholder should vote at the Guidant special meeting. The summary of the opinion of JPMorgan set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, JPMorgan, among other things:

reviewed the merger agreement

reviewed certain publicly available business and financial information concerning Guidant and Johnson & Johnson and the industries in which they operate, including publicly available financial

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forecasts relating to Johnson & Johnson that were reviewed and discussed with JPMorgan by the management of Johnson & Johnson

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies JPMorgan deemed relevant and the consideration received for those companies

compared the financial and operating performance of Guidant and Johnson & Johnson with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of Guidant common stock and Johnson & Johnson common stock and certain publicly traded securities of those other companies

reviewed certain internal financial analyses and forecasts prepared by the management of Guidant relating to its business and

performed other financial studies and considered other information as JPMorgan deemed appropriate for the purposes of its opinion.

JPMorgan also held discussions with members of the managements of Guidant and Johnson & Johnson with respect to certain aspects of the merger, the past and current business operations of Guidant and Johnson & Johnson, the financial condition and future prospects and operations of Guidant and Johnson & Johnson, the effects of the merger on the financial condition and future prospects of Guidant and Johnson & Johnson, and certain other matters that JPMorgan believed necessary or appropriate to its inquiry.

In giving its opinion, JPMorgan relied upon and assumed, without independent verification, the accuracy and completeness of all information that was publicly available or otherwise reviewed by JPMorgan, and JPMorgan has not assumed any responsibility or liability for such information. JPMorgan did not conduct any valuation or appraisal of any assets or liabilities, nor were any valuations or appraisals provided to JPMorgan. In relying on financial analyses and forecasts provided to it by Guidant, JPMorgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by the management of Guidant as to the expected future results of operations and financial condition of Guidant. With respect to the publicly available financial forecasts and estimates relating to Johnson & Johnson, JPMorgan assumed, with Guidant's consent and without independent verification or investigation, that the forecasts represent reasonable estimates and judgments as to the future financial performance of Johnson & Johnson. JPMorgan also assumed that the merger will have the tax consequences described in discussions with, and materials furnished to JPMorgan by, representatives of Guidant, and that the other transactions contemplated by the merger agreement will be consummated as described in the merger agreement. JPMorgan relied as to all legal matters relevant to the rendering of its opinion upon the advice of counsel. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any material adverse effect on Guidant, Johnson & Johnson or on the contemplated benefits of the merger.

JPMorgan's opinion is based on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of its opinion. Subsequent developments may affect the opinion, and JPMorgan does not have any obligation to update, revise or reaffirm such opinion. JPMorgan's opinion is limited to the fairness, from a financial point of view, of the consideration to be received by the holders of Guidant common stock in the merger, and JPMorgan has expressed no opinion as to the underlying decision by Guidant to engage in the merger. JPMorgan expressed no opinion as to the price at which Johnson & Johnson common stock will trade at any future time.

JPMorgan was not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of Guidant or any other alternative transaction. Consequently, JPMorgan assumed that the terms of the merger were the most beneficial terms from Guidant's perspective that could under the circumstances be negotiated among the parties to the merger, and JPMorgan expressed no opinion whether any alternative transaction might produce consideration for Guidant shareholders in an amount in excess of the consideration in the merger.

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In accordance with customary investment banking practice, JPMorgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by JPMorgan in connection with providing its opinion. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by JPMorgan more fully, you should read the tables together with the text of each summary. The tables do not constitute a complete description of JPMorgan's financial analyses.

Guidant Analysis

Selected Companies Analysis. Using publicly available information, JPMorgan compared selected financial data of Guidant with similar data for the following selected publicly traded large-cap cardiovascular companies that JPMorgan judged to be similar to Guidant:

Medtronic, Inc.

Boston Scientific Corporation

St. Jude Medical, Inc.

For each comparable company, JPMorgan used estimates of calendar year 2005 results published in publicly available equity analyst research reports. For Guidant, JPMorgan used estimates of calendar year 2005 results provided by Guidant management. JPMorgan reviewed per share equity values as a multiple of estimated calendar year 2005 earnings per share, commonly referred to as EPS. JPMorgan then applied a range of selected multiples of estimated 2005 EPS derived from the comparable companies to corresponding financial data of Guidant in order to derive an implied per share equity reference range for Guidant. This analysis indicated an approximate implied per share equity reference range for Guidant of \$52.00 to \$65.00.

It should be noted that no company utilized in the analysis above is identical to Guidant.

Selected Transactions Analysis. Using publicly available information, JPMorgan reviewed the following merger and acquisition transactions involving companies in the medical device industry:

Acquiror	Target
Medtronic, Inc.	Sofamor Danek Group, Inc.
Medtronic, Inc.	Arterial Vascular Engineering, Inc.
Boston Scientific Corporation	Schneider Worldwide
Johnson & Johnson	DePuy, Inc.
Johnson & Johnson	Cordis Corporation
General Electric Company	Amersham plc
Guidant Corporation	Intermedics Inc.
Zimmer Holdings, Inc.	Centerpulse AG

JPMorgan calculated a range of multiples of firm value to the latest 12 month earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA, implied in these transactions. JPMorgan then applied a range of selected multiples for the selected transactions to corresponding data of Guidant in order to derive an implied per share equity reference range for Guidant. This analysis indicated an approximate implied per share equity reference range for Guidant of \$55.00 to \$72.00.

It should be noted that no company utilized in the analysis above is identical to Guidant and no transaction is identical to the merger.

Discounted Cash Flow Analysis. JPMorgan conducted a discounted cash flow analysis for the purpose of determining the implied fully diluted equity value per share for Guidant's common stock. JPMorgan reviewed two scenarios, one which was based upon management's long-range plan, which reflected

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management's latest estimates for fiscal 2004, and management's strategic plan for the fiscal years 2005 through 2011. The other scenario was based on a more conservative management outlook for revenue and profitability for Guidant.

For both scenarios, JPMorgan calculated the unlevered free cash flows that Guidant is expected to generate during fiscal years 2005 through 2011. JPMorgan calculated an implied range of terminal values for Guidant using a range of perpetuity growth rates for free cash flows from 3.50% to 4.50% and a range of discount rates from 9.50% to 10.50%. The unlevered free cash flows and the range of terminal values were then discounted to present value using a range of discount rates from 9.50% to 10.50%. The present value of the unlevered free cash flows and the range of terminal values were then adjusted for Guidant's excess cash and total debt as of September 30, 2004. This analysis indicated an approximate implied per share equity reference range for Guidant of \$70.00 to \$91.00 in the case of Guidant's long-range plan and an approximate implied per share equity reference range for Guidant of \$60.00 to \$77.00 in the case of the more conservative management outlook.

Johnson & Johnson Analysis

Historical Exchange Ratio. JPMorgan analyzed the historical trading price of Johnson & Johnson common stock relative to Guidant common stock based on closing prices between December 17, 2001 and December 14, 2004 and calculated the historical exchange ratios during this period implied by dividing the daily closing prices per share of Guidant common stock by those of Johnson & Johnson common stock and the average of those historical trading ratios for the 6-month, 1-year, 2-year and 3-year periods ended on December 14, 2004. JPMorgan also calculated the exchange ratio implied by dividing the closing price per share of Guidant common stock by that of Johnson & Johnson common stock on December 14, 2004 and by dividing a merger consideration of \$76.00 (the value of the merger consideration if the volume weighted average trading price of Johnson & Johnson's common stock during the 15 trading days ending three trading days prior to the completion of the merger is between \$55.45 and \$67.09) by the closing price of Johnson & Johnson common stock on December 14, 2004. This analysis implied the following exchange ratios:

	Implied Exchange Ratio
At \$76.00	1.2372x
As of December 14, 2004	1.1558x
6-month average	1.0590x
1-year average	1.1224x
2-year average	0.9680x
3-year average	0.8606x

Sum of the Parts Analysis. JPMorgan conducted a sum of the parts analysis for the purpose of determining a per share equity reference range for Johnson & Johnson's common stock based on the relative contribution of each of Johnson & Johnson's business segments. JPMorgan calculated per share equity values as a multiple of estimated calendar year 2005 EPS for selected publicly traded companies engaged in businesses that JPMorgan judged to be analogous to Johnson & Johnson's pharmaceutical, medical devices and diagnostics and consumer segments. The comparable companies are identified under the caption "Selected Companies Analysis" below. Based on these multiples, JPMorgan calculated a reference range of per share equity values as a multiple of estimated calendar year 2005 EPS for each of Johnson & Johnson's business segments. JPMorgan derived a weighted average of these reference ranges using the relative 2003 operating income contribution of each of Johnson & Johnson's pharmaceutical, medical devices and diagnostics and consumer segments. JPMorgan then applied this weighted average to corresponding financial data of Johnson & Johnson to derive an implied per share equity reference range for Johnson & Johnson. For Johnson & Johnson, JPMorgan used estimates of calendar year 2005 results published in publicly available equity analyst research reports. This analysis resulted in an implied per share equity value for Johnson & Johnson common stock ranging from \$51.00 to \$69.00.

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Selected Companies Analysis. Using publicly available information, JPMorgan compared selected financial data of Johnson & Johnson with similar data for the following selected publicly traded companies, which are engaged in businesses that JPMorgan believes to be similar to Johnson & Johnson's business segments:

Large-Cap Pharmaceutical Companies	Consumer Companies	Large-Cap Cardiovascular Companies	Large-Cap Orthopedic Companies
Eli Lilly and Company Abbott Laboratories	The Gillette Company The Procter & Gamble Company	St. Jude Medical, Inc. Guidant Corporation	Zimmer Holdings, Inc. Biomet, Inc.
Bristol-Myers Squibb Company Wyeth Merck & Co., Inc. Pfizer Inc. Schering-Plough Corporation	Colgate-Palmolive Company Unilever plc Kimberly-Clark Corporation	Medtronic, Inc. Boston Scientific Corporation	Stryker Corporation Synthes, Inc.

For Johnson & Johnson and each comparable company, JPMorgan used estimates of calendar year 2005 results published in publicly available equity analyst research reports. JPMorgan reviewed per share equity values as a multiple of estimated calendar year 2005 EPS. The multiples calculated based on this analysis are summarized in the following table:

	2005E P/E	
Large-Cap Pharmaceutical Companies		
Range	11.8x	18.4x
Median	15.7x	
Johnson & Johnson	18.4x	
Consumer Companies		
Range	17.0x	24.0x
Median	19.4x	
Johnson & Johnson	18.4x	
Large-Cap Cardiovascular Companies		
Range	16.4x	30.3x
Median	25.3x	
Johnson & Johnson	18.4x	
Large-Cap Orthopedic Companies		
Range	26.2x	29.7x
Median	27.8x	
Johnson & Johnson	18.4x	

The summary set forth above does not purport to be a complete description of the analyses or data utilized by JPMorgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. JPMorgan believes that the summary set forth above and its analyses must be considered as a whole and that selecting portions thereof, without considering all of its analyses, could create an incomplete view of the processes underlying its analyses and opinion. JPMorgan based its analyses on assumptions that it deemed reasonable, including assumptions concerning general business and economic conditions and industry-specific factors. The other principal assumptions upon which JPMorgan based its analyses are set forth above under the description of each

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analysis. JPMorgan's analyses are not necessarily indicative of actual values or actual future results that might be achieved, which values may be higher or lower than those indicated. Moreover, JPMorgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold.

As a part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. JPMorgan was selected to advise Guidant with respect to the merger and deliver an opinion to the Guidant board of directors with respect to the merger on the basis of JPMorgan's experience and its familiarity with Guidant.

For services rendered in connection with the merger and the delivery of its opinion, Guidant has agreed to pay JPMorgan fees based, in part, on the aggregate consideration payable in the merger, a significant portion of which is contingent upon the consummation of the merger. In addition, Guidant has agreed to reimburse JPMorgan for its reasonable expenses incurred in connection with its services, including reasonable fees of outside counsel, and will indemnify JPMorgan against certain liabilities, including liabilities arising under federal securities laws.

In addition, JPMorgan and its affiliates maintain commercial and investment banking and other business relationships with Guidant, Johnson & Johnson and their respective affiliates, for which it receives customary fees. In the ordinary course of their businesses, JPMorgan and its affiliates may actively trade the debt and equity securities of Guidant or Johnson & Johnson for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities. In addition, JPMorgan served as sole book-runner and administrative agent for Guidant's \$500 million credit facility that expires in 2009 and Guidant's \$400 million credit facility that expires in 2007.

Opinion of Morgan Stanley & Co. Incorporated

Pursuant to an engagement letter effective October 11, 2004, Guidant retained Morgan Stanley as a financial advisor in connection with the merger. The Guidant board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise, reputation and its knowledge of the business and affairs of Guidant. At the meeting of the Guidant board of directors on December 15, 2004, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that, as of such date and based upon and subject to the considerations set forth in its opinion, the consideration to be received by the holders of shares of Guidant common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of Morgan Stanley's opinion, dated December 15, 2004, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the review undertaken in rendering its opinion is attached as Annex 3 to this document. The summary of Morgan Stanley's fairness opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Shareholders should read this opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the Guidant board of directors, addresses only the fairness from a financial point of view of the consideration to be received by holders of Guidant common stock pursuant to the merger agreement, and does not address any other aspect of the merger. Morgan Stanley's opinion does not constitute a recommendation to any shareholders of Guidant as to how such shareholders should vote with respect to the proposed transaction and should not be relied upon by any shareholder as such.

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other information of Guidant and Johnson & Johnson

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reviewed certain internal financial statements and other financial and operating data concerning Guidant prepared by the management of Guidant

reviewed certain financial projections prepared by the management of Guidant

reviewed the pro forma impact of the merger on Johnson & Johnson's earnings per share

discussed the past and current operations and financial condition and the prospects of Guidant and Johnson & Johnson with senior executives of Guidant and Johnson & Johnson, respectively

reviewed the reported prices and trading activity for Guidant common stock and Johnson & Johnson common stock

compared the financial performance of Guidant and the prices and trading activity of Guidant common stock with that of certain other comparable publicly-traded companies and their securities

compared the financial performance of Johnson & Johnson and the prices and trading activity of Johnson & Johnson common stock with that of certain other comparable publicly-traded companies and their securities

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions

participated in discussions and negotiations among representatives of Guidant and Johnson & Johnson and their financial and legal advisors

reviewed a draft of the merger agreement dated December 14, 2004, and certain related documents and

performed such other analyses and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by it for the purposes of its opinion. With respect to the financial projections, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Guidant. Morgan Stanley was not provided internal financial information or projections for Johnson & Johnson, and as a result, it relied upon publicly available estimates of equity research analysts who report on Johnson & Johnson. In addition, Morgan Stanley assumed that the merger would be consummated in accordance with the terms set forth in the merger agreement with no material modification, waiver, or delay. Morgan Stanley is not a legal, regulatory or tax expert and relied on the assessments provided by Guidant's advisors with respect to such issues. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Guidant, nor had it been furnished with any such appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, December 15, 2004.

In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition of Guidant or any of its assets, nor did it negotiate with any parties other than Johnson & Johnson. In addition, Morgan Stanley's opinion is limited to the fairness from a financial point of view of the consideration to be received by the holders of Guidant common stock in the merger and Morgan Stanley expresses no opinion as to the underlying decision by Guidant to engage in the merger. Morgan Stanley provided advice to the Guidant board of directors during its negotiations with Johnson & Johnson but did not, however, recommend any specific merger consideration or recommend that any specific merger consideration constituted the only appropriate consideration.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion. Some of these summaries include information in tabular format. In order to understand fully the financial analyses used by Morgan

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Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses.

Historical Share Price Analysis. Morgan Stanley reviewed the price performance and trading volumes of the common stock of each of Guidant and Johnson & Johnson from December 15, 1999 through December 14, 2004. Morgan Stanley compared an implied merger consideration for a share of Guidant common stock of \$76.00 as of December 14, 2004 (calculated as the sum of \$30.40 in cash plus that number of shares of common stock having a value of \$45.60 based on the price of a share of Johnson & Johnson common stock on December 14, 2004) relative to the Guidant common stock price over the period referenced above. The tables below present: (i) the \$76.00 merger consideration relative to the absolute share price of Guidant common stock over the period referenced above and (ii) the absolute share prices of Johnson & Johnson common stock over the period referenced above.

Metric	Guidant Common Stock Price
Merger Consideration	\$76.00
5-Year High	\$73.75
5-Year Low	\$26.00
5-Year Average	\$48.09
3-Year Average	\$47.24
1-Year Average	\$61.89
6-Month Average	\$60.93

Metric	Johnson & Johnson Common Stock Price
5-Year High	\$65.49
5-Year Low	\$33.69
5-Year Average	\$52.39
3-Year Average	\$55.29
1-Year Average	\$55.28
6-Month Average	\$57.45

In addition, Morgan Stanley compared the trading performance of each of Guidant and Johnson & Johnson to the performance of other comparable publicly traded corporations and the S&P 500 Index. The tables below present: (i) the percentage change from December 15, 1999 through December 14, 2004 for Guidant and other comparable publicly traded corporations and the S&P 500 Index and (ii) the percentage change from December 15, 1999 through December 14, 2004 for Johnson & Johnson and a group of selected pharmaceutical companies and the S&P 500 Index.

Company/ Market Index	Relative 5 Year Price Change
Guidant	54%
S&P 500 Index	(15)%
Boston Scientific Corporation	259%
Medtronic, Inc.	35%
St. Jude Medical, Inc.	513%

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Company/ Market Index	Relative 5 Year Price Change
Johnson & Johnson	29%
S&P 500 Index	(15)%
Peer Index(1)	(1)%

(1) Peer Index includes Abbott Laboratories, Bristol-Myers Squibb Company, GlaxoSmithKline plc, Novartis AG, Pfizer Inc. and Wyeth.

Morgan Stanley noted that for the one year period from December 15, 2003 through December 14, 2004, the closing price of Guidant's common stock ranged from approximately \$51.00 to \$74.00 and the closing price of Johnson & Johnson's common stock ranged from approximately \$49.00 to \$62.00. The following table lists the implied percentage premium of an implied merger consideration for a share of Guidant common stock of \$76.00 as of December 14, 2004 as compared to Guidant's closing common stock prices over various periods.

Implied Merger Consideration	Per Share Merger Consideration Premium as Compared to Guidant's Common Stock Price					
	1 Day Prior(1)	30 Days Prior(1)	6 Month Average	1 Year Average	LTM High	LTM Low
\$76.00	11%	16%	25%	23%	3%	50%

(1) Prior to December 7, 2004, the day that The New York Times reported that Guidant was rumored to be in discussions with Johnson & Johnson.

Guidant Comparable Company Analysis. Morgan Stanley reviewed and analyzed certain public market trading multiples for public companies similar to Guidant from a size and business mix perspective. The multiples analyzed for these comparable companies included, among others, the per share price divided by 2005 and 2006 estimated earnings per share and the per share price divided by 2005 estimated earnings per share divided by the long term earnings per share growth rate. Morgan Stanley also analyzed multiples based on aggregate market value (defined as public equity market value plus total book value of debt, total book value of preferred stock and minority interest less cash and other short term investments) divided by 2004 estimated earnings before interest, taxes, depreciation and amortization (commonly referred to as EBITDA), aggregate market value divided by 2005 estimated EBITDA and aggregate market value divided by both 2004 and 2005 estimated revenues. The earnings per share estimates, long term earnings per share growth rates, EBITDA estimates and revenue estimates were based on I/B/E/S consensus estimates (I/B/E/S refers to the database provided by I/B/E/S International Inc. of equity research analysts' estimates of future earnings of publicly traded companies). Morgan Stanley calculated these financial multiples and ratios based on publicly available financial data as of December 14, 2004. For purposes of this analysis, Morgan Stanley identified the following ten publicly traded corporations:

Abbott Laboratories
Baxter International Inc.
Beckman Coulter, Inc.
Becton, Dickinson and Company
Boston Scientific Corporation

C.R. Bard, Inc.
Edwards Lifesciences
Johnson & Johnson
Medtronic, Inc.
St. Jude Medical, Inc.

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A summary of the reference range of market trading multiples and those multiples calculated for Guidant are set forth below:

Metric	Reference Range of Multiples	Implied Guidant Metric at \$76.00 per Share
Price/ 2005 Earnings	16.4x - 30.3x	29.1x
Price/ 2006 Earnings	14.7x - 26.2x	23.7x
Aggregate Value/ 2004 EBITDA	11.1x - 23.7x	19.8x
Aggregate Value/ 2005 EBITDA	9.9x - 19.8x	18.0x
Price/ 2005 Earnings/ Long Term Earnings Growth Rate	0.8x - 2.1x	2.2x

Morgan Stanley calculated an implied valuation range for Guidant by applying multiple ranges to the applicable Guidant operating statistics based on information provided by management and other publicly available data. Based upon and subject to the foregoing, Morgan Stanley calculated an implied valuation range for Guidant common stock of \$52.00 to \$65.00 per share based on both I/B/E/S 2005 consensus earnings estimates and Guidant management's long range plan 2005 estimates, using a price divided by 2005 earnings multiple range of 20x to 25x. Morgan Stanley also calculated an implied valuation range for Guidant common stock of \$51.00 to \$66.00 per share based on I/B/E/S 2006 consensus earnings estimates, using a price divided by 2006 earnings multiple range of 17x to 22x. Morgan Stanley also calculated an implied valuation range for Guidant common stock of \$54.00 to \$70.00 per share based on Guidant management's long range plan estimated 2006 earnings estimates, using the same price divided by estimated 2006 earnings multiple range of 17x to 22x. Morgan Stanley noted that the per share implied merger consideration for Guidant common stock would be \$76.00 per share as of December 14, 2004.

Although the foregoing companies were compared to Guidant for purposes of this analysis, Morgan Stanley noted that no company utilized in this analysis is identical to Guidant because of differences between the business mix, regulatory environment, operations and other characteristics of Guidant and the comparable companies. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are beyond the control of Guidant, such as the impact of competition on the business of Guidant and on the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of Guidant or the industry or in the markets generally. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

Johnson & Johnson Comparable Company Analysis. Morgan Stanley reviewed and analyzed certain public market trading multiples for public companies similar to Johnson & Johnson from a size and business mix perspective. The multiples analyzed for these comparable companies included the per share price divided by 2005 and 2006 estimated earnings per share, and the per share price divided by 2005 estimated earnings per share divided by the long term earnings per share growth rate. The earnings per share estimates and long term earnings per share growth rates were based on I/B/E/S consensus estimates. Morgan Stanley also analyzed multiples based on aggregate market value divided by both 2004 and 2005 estimated EBITDA and aggregate market value divided by both 2004 and 2005 estimated revenues. Morgan Stanley calculated these financial multiples and ratios based on publicly available financial data as of December 14, 2004. For purposes of this analysis, Morgan Stanley identified the following seven publicly traded corporations:

Abbott Laboratories

Bristol-Myers Squibb Company

Eli Lilly and Company

Merck & Co., Inc.

Pfizer Inc.

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Schering-Plough Corporation

Wyeth

A summary of the reference range of market trading multiples and those multiples calculated for Johnson & Johnson are set forth below:

Metric	Reference Range of Multiples	Implied Johnson & Johnson Metric
Price/ 2005 Earnings	11.8x - 18.4x	18.4x
Price/ 2006 Earnings	11.1x - 18.5x	16.8x
Aggregate Value/ 2004 EBITDA	7.5x - 15.6x	11.9x
Aggregate Value/ 2005 EBITDA	7.8x - 13.6x	11.0x
Price/ 2005 Earnings/ Long Term Earnings Growth Rate	1.0x - 20.1x	1.5x

Morgan Stanley calculated an implied valuation range for Johnson & Johnson by applying multiple ranges to the applicable Johnson & Johnson operating statistics based upon publicly available data. Based upon and subject to the foregoing, Morgan Stanley calculated an implied valuation range for Johnson & Johnson common stock of \$47.00 to \$63.00 per share based on I/B/E/S 2005 consensus earnings estimates using a price divided by 2005 earnings multiple range of 14x to 19x. Morgan Stanley also calculated an implied valuation range for Johnson & Johnson common stock of \$47.00 to \$62.00 per share based on I/B/E/S 2006 consensus earnings estimates using a price divided by 2006 earnings multiple range of 13x to 17x. Morgan Stanley noted that the price per share of Johnson & Johnson common stock was \$61.43 as of December 14, 2004.

Although the foregoing companies were compared to Johnson & Johnson for purposes of this analysis, Morgan Stanley noted that no company utilized in this analysis is identical to Johnson & Johnson because of differences between the business mix, regulatory environment, operations and other characteristics of Johnson & Johnson and the comparable companies. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are beyond the control of Johnson & Johnson, such as the impact of competition on the business of Johnson & Johnson and on the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Johnson & Johnson or the industry or in the markets generally. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

Discounted Analyst Price Targets. Morgan Stanley reviewed published estimates for Guidant by Wall Street equity research analysts from October 11, 2004 to December 6, 2004. Morgan Stanley discounted the Wall Street analyst price targets to December 31, 2004 at Guidant's estimated cost of equity capital of approximately 10%, based on the capital asset pricing model, a theoretical financial model that is designed to estimate the cost of equity capital of a particular company based on such company's Beta. A company's Beta is a metric designed to represent the systemic business risk and financial risk of such company versus the overall market. Wall Street equity research analyst price targets yielded an implied valuation of Guidant common stock of \$51.00 to \$78.00. In addition, Morgan Stanley discounted the Wall Street analyst price targets to June 30, 2005 at Guidant's estimated cost of equity capital of approximately 10% (as discussed above). This analysis yielded an implied valuation of Guidant common stock of \$53.00 to \$82.00 in six months time. Morgan Stanley noted that the per share implied merger consideration for Guidant common stock was \$76.00 per share as of December 14, 2004.

Morgan Stanley also reviewed published estimates for Johnson & Johnson by Wall Street equity research analysts from October 12, 2004 to December 14, 2004. Morgan Stanley discounted the Wall Street analyst price targets to December 31, 2004 at Johnson & Johnson's estimated cost of equity capital of approximately 10%, based on the capital asset pricing model (as discussed above). Wall Street analyst price targets yielded an implied valuation of Johnson & Johnson's common stock of \$52.00 to \$65.00. In

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addition, Morgan Stanley discounted the Wall Street analyst price targets to June 30, 2005 at Johnson & Johnson's estimated cost of equity capital of approximately 10% (as discussed above). This analysis yielded an implied valuation of Johnson & Johnson common stock of \$54.00 to \$68.00 in six months time. Morgan Stanley noted that the price per share of Johnson & Johnson common stock was \$61.43 as of December 14, 2004.

Precedent Transactions Analysis. Morgan Stanley reviewed and analyzed selected precedent transactions involving other companies acquired since January 1, 2001 having an aggregate market value greater than \$10 billion and not being considered involved in a transaction constituting a merger of equals. The following table sets forth the acquisition transactions that were reviewed in connection with this analysis:

Ralston Purina Company/ Nestle S.A.

Alza Corporation/ Johnson & Johnson

American General Corporation/ American International Group Inc.

Compaq Computer Corporation/ Hewlett Packard Company

Immunex Corporation/ Amgen Inc.

TRW Inc./ Northrop Grumman Corporation

Pharmacia Corporation/ Pfizer Inc.

Household International Inc./ HSBC Holdings plc

John Hancock Financial Corporation/ Manulife Financial Corp.

FleetBoston Financial/ Bank of America Corporation

WellPoint Health Networks Inc./ Anthem Inc.

Bank One Corporation/ JP Morgan Chase & Co.

AT&T Wireless Services Inc./ Cingular Wireless LLC

Charter One Financial Inc./ Citizens Financial Group Inc.

SouthTrust Corporation/ Wachovia Corporation

The Rouse Company/ General Growth Properties, Inc.

Sears Roebuck & Co./ Kmart Holding Corp.

Morgan Stanley derived from these selected transactions a reference range of premiums paid relative to the trading share prices at three different periods of time preceding the announcement of a transaction. The premium paid relative to the share price four weeks prior to deal announcement ranged from (2.0%) to 50.2%, with an average of 24.3%. The premium paid relative to the share price one week prior to deal announcement ranged from 10.2% to 39.0%, with an average of 23.5%. The premium paid relative to the share price one day prior to deal announcement ranged from 12.3% to 43.0%, with an average of 26.1%. Based on the size and specifics of the merger, Morgan Stanley then derived from these selected transactions a reference range of premiums paid of 20% to 30%, and applying this range of multiples to the six month and twelve month average closing share prices for Guidant common stock, Morgan Stanley calculated an implied valuation range for Guidant common stock of \$73.00 to \$80.00. Morgan Stanley noted that the per share implied merger consideration for Guidant common stock was \$76.00 as of December 14, 2004.

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Morgan Stanley noted that the merger and acquisition transaction environment varies over time because of macroeconomic factors such as interest rate and equity market fluctuations and microeconomic factors such as industry results and growth expectations. Morgan Stanley noted that no company or transaction reviewed was identical to the proposed transactions and that, accordingly, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics of Guidant and Johnson & Johnson and other factors that would affect the acquisition values in the comparable transactions, including the size and demographic and economic characteristics of the markets of each company and the competitive environment in which it operates. Mathematical analysis (such as

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determining the average or median) are not themselves meaningful methods of using comparable transaction data.

Guidant Discounted Cash Flow Analysis. Morgan Stanley performed a 10-year discounted cash flow analysis for Guidant, calculated as of December 31, 2004, of the estimated after-tax unlevered free cash flows for fiscal years 2005 through 2014, based on Guidant management's long range plan and a more conservative management outlook for revenue and profitability for Guidant provided by Guidant management. Morgan Stanley estimated a range of terminal values calculated in 2014 based on a range of terminal growth rates of 3.5% to 4.5%. Morgan Stanley discounted the unlevered free cash flow streams and the estimated terminal value to a present value at a range of discount rates from 9.5% to 10.5%. The discount rates utilized in this analysis were chosen based upon an analysis of the weighted average cost of capital of Guidant and other comparable companies. Based on the long range plan projections and assumptions, the discounted cash flow analysis of Guidant yielded an implied valuation range of Guidant common stock of \$73.00 to \$94.00 per share. Based on the more conservative management outlook, the discounted cash flow analysis of Guidant yielded an implied valuation range of Guidant common stock of \$62.00 to \$79.00 per share. Morgan Stanley noted that the per share merger consideration for Guidant common stock would be \$76.00 per share as of December 14, 2004.

Pro Forma Analysis. Morgan Stanley analyzed the pro forma impact of the merger on Johnson & Johnson's pro forma earnings per share. Such analysis considered 2005 through 2007 earnings projections for both Guidant and Johnson & Johnson based on I/B/E/S earnings estimates. Based on this analysis, Morgan Stanley observed that the merger would result in earnings per share dilution for Johnson & Johnson shareholders on a GAAP basis in 2005 of 5.2%, before taking into account any one-time charges or synergies. According to this analysis, the pre-tax synergies required for the combined entity to realize no earnings dilution in 2005 was \$804 million. Including pretax synergies of \$500 million in 2005, the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 2.0%. For 2006, Morgan Stanley observed that the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 4.4%, before taking into account any one-time charges or synergies. According to this analysis, the pre-tax synergies required for the combined entity to realize no earnings dilution in 2006 was \$727 million. Including pretax synergies of \$500 million in 2006, the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 1.4%. For 2007, Morgan Stanley observed that the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 3.6%, before taking into account any one-time charges or synergies. According to this analysis, the pre-tax synergies required for the combined entity to realize no earnings dilution in 2007 was \$643 million. Including pretax synergies of \$500 million in 2007, the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 0.8%.

Morgan Stanley also analyzed the pro forma impact of the merger on Johnson & Johnson's pro forma earnings per share excluding the estimated impact of the amortization of identifiable intangibles relating to Johnson & Johnson's acquisition of Guidant. Based on this analysis, Morgan Stanley observed that the merger would result in earnings per share dilution for Johnson & Johnson shareholders in 2005 of 1.9%, before taking into account any one-time charges or synergies. According to this analysis, the pre-tax synergies required for the combined entity to realize no earnings dilution in 2005 was \$286 million. Including pretax synergies of \$500 million in 2005, the merger would result in earnings per share accretion for Johnson & Johnson shareholders of 1.4%. For 2006, Morgan Stanley observed that the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 1.3%, before taking into account any one-time charges or synergies. According to this analysis, the pre-tax synergies required for the combined entity to realize no earnings dilution in 2006 was \$209 million. Including pretax synergies of \$500 million in 2006, the merger would result in earnings per share accretion for Johnson & Johnson shareholders of 1.8%. For 2007, Morgan Stanley observed that the merger would result in earnings per share dilution for Johnson & Johnson shareholders of 0.7%, before taking into account any one-time charges or synergies. According to this analysis, the pre-tax synergies required for the combined entity to realize no earnings dilution in 2007 was \$126 million. Including pretax synergies of \$500 million in 2007, the merger would result in earnings per share accretion for Johnson & Johnson shareholders of 2.1%.

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Morgan Stanley performed a variety of financial and comparable analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered. Furthermore, Morgan Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of the analyses, without considering all of them, would create an incomplete view of the process underlying Morgan Stanley's analysis and opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Morgan Stanley with respect to the actual value of Guidant or Johnson & Johnson or their respective common stock.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to the industry performance, general business, regulatory and economic conditions and other matters, many of which are beyond the control of Morgan Stanley, Guidant or Johnson & Johnson. Any estimates contained in the analysis of Morgan Stanley are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of the analyses of Morgan Stanley of the fairness of the merger consideration to be received by holders of shares of Guidant common stock pursuant to the merger agreement from a financial point of view, and were prepared in connection with the delivery by Morgan Stanley of its oral opinion on December 15, 2004 to the Guidant board of directors, subsequently confirmed in writing as of the same date.

The opinion of Morgan Stanley was one of the many factors taken into consideration by the Guidant board of directors in making its determination to approve the proposed transaction. The foregoing summary describes the material analyses performed by Morgan Stanley but does not purport to be a complete description of the analyses performed by Morgan Stanley.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. In the ordinary course of its business, Morgan Stanley and its affiliates may from time to time trade in the securities or the indebtedness of Guidant, Johnson & Johnson and their affiliates for its own account, the accounts of investment funds and other clients under the management of Morgan Stanley and for the accounts of its customers and accordingly, may at any time hold a long or short position in such securities or indebtedness for any such account. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Guidant and have received fees for the rendering of these services. In addition, Morgan Stanley is a participant in a \$500 million credit facility for Guidant that expires in 2009.

Guidant has agreed to pay Morgan Stanley customary fees in connection with the merger, a significant portion of which is contingent upon the consummation of the merger. Guidant has also agreed to reimburse Morgan Stanley for its fees and expenses incurred in performing its services. In addition, Guidant has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement and any related transactions.

Interests of Guidant Directors and Executive Officers in the Merger

In considering the recommendation of the Guidant board of directors with respect to the merger, Guidant shareholders should be aware that certain executive officers and directors of Guidant have certain interests in the merger that may be different from, or in addition to, the interests of Guidant shareholders generally. The Guidant board of directors was aware of the interests described below and considered them,

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among other matters, when adopting the merger agreement and recommending that Guidant shareholders vote to approve the merger agreement. These interests are summarized below.

Stock Options and Other Stock-Based Awards. Under the stock option plans adopted by vote of Guidant shareholders in 1994, 1996 and 1998, respectively, all outstanding options to purchase Guidant common stock issued under the option plans prior to the date of the merger agreement, including those held by executive officers and directors, will become fully exercisable upon shareholder approval of the merger. Based upon options outstanding as of [], 2005, options held by Guidant’s executive officers and directors relating to [] shares of Guidant common stock will be subject to accelerated vesting if Guidant shareholders approve the merger. In addition, all restrictions imposed on restricted stock grants granted under the option plans prior to the date of merger agreement, including those held by Guidant executive officers and directors, will immediately lapse upon receipt of shareholder approval of the merger. Based upon grants outstanding as of [], 2005, restricted stock grants held by Guidant’s executive officers and directors relating to [] shares of Guidant common stock will be subject to accelerated vesting if Guidant shareholders approve the merger. Please see the table below for further details relating to options and grants of restricted stock held by Guidant’s executives and directors that are subject to accelerated vesting or lapsing of restrictions.

The following table sets forth, as of [], 2005, the number of shares subject to unvested options held by Guidant’s executives and directors and the weighted average exercise prices of those options and the number of shares subject to grants of restricted stock held by Guidant’s executives and directors:

Name	Number of Shares Subject to Unvested Options	Weighted Average Exercise Price per Share(\$)	Number of Shares Subject to Grants of Restricted Stock
James M. Cornelius <i>Director, Chairman of the Board</i>			
Maurice A. Cox <i>Director</i>			
Nancy-Ann DeParle <i>Director</i>			
Enrique C. Falla <i>Director</i>			
Michael Grobstein <i>Director</i>			
Kristina M. Johnson <i>Director</i>			
J.B. King <i>Director</i>			
J. Kevin Moore <i>Director</i>			
Mark Novitch <i>Director</i>			
Jack A. Shaw <i>Director</i>			
Eugene L. Step <i>Director</i>			
Ruedi E. Wager <i>Director</i>			
August M. Watanabe <i>Director</i>			

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Name	Number of Shares Subject to Invested Options	Weighted Average Exercise Price per Share(\$)	Number of Shares Subject to Grants of Restricted Stock
Ronald W. Dollens <i>Director, President and Chief Executive Officer</i>			
Keith E. Brauer <i>Vice President, Finance and Chief Financial Officer</i>			
R. Frederick McCoy, Jr. <i>President, Cardiac Rhythm Management</i>			
Dana G. Mead, Jr. <i>President, Vascular Intervention</i>			
Guido J. Neels <i>Chief Operating Officer</i>			
Other Guidant Executive Officers (9 People)			

Under the terms of the merger agreement, all outstanding options to purchase Guidant common stock existing at the time of the completion of the merger, including those held by executive officers and directors, will be assumed by Johnson & Johnson and will become options to purchase Johnson & Johnson common stock with appropriate adjustments to be made to the number of shares and the exercise price under such options based on the value of the merger consideration at the time of the completion of the merger. For a more complete description of the treatment of Guidant stock options, see [Effect on Awards Outstanding Under Guidant Stock Incentive Plans](#).

Under the terms of the merger agreement, each former restricted share will be converted into (i) \$30.40 in cash and (ii) a number of unrestricted shares of Johnson & Johnson common stock equal to the exchange ratio.

Change in Control Plan. Each of Guidant's executive officers is a participant in Guidant's Change In Control Severance Pay Plan for Select Employees, referred to in this proxy statement/prospectus as the [change in control plan](#).

Under the change in control plan, upon a [change in control](#) of Guidant, an executive officer is entitled to severance payments and other benefits (as summarized below) if the executive officer's employment is terminated within two years following a change in control by the Company without [cause](#) or by the employee for [good reason](#) (each as defined in the change in control plan), or if the executive officer's employment is terminated by the executive officer for any reason within the 30-day period beginning on the one year anniversary of a change in control (other than a change in control resulting from Guidant's entering into a definitive agreement or Guidant's board adopting a resolution relating to a change in control, each as further described below). Within 15 days of the eligible termination, Guidant must pay the executive officer a single lump-sum cash payment equal to three times the sum of the executive officer's annual base salary at the time of termination (or, if greater, at the time of the change in control) and the greater of the executive officer's target incentive bonus for the year of the termination or the incentive bonus earned for the year immediately prior to the change in control.

Under the change in control plan, in general a [change in control](#) of Guidant occurs upon the following events:

the acquisition by any person, directly or indirectly, of 20% or more of Guidant's voting shares

shareholder approval of certain business transactions, including transactions such as the merger

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Guidant's entering into a definitive agreement which, if consummated, would result in a change in control and

the Guidant board of directors adopting a resolution to the effect that a change in control has occurred.

Guidant's entering into the merger agreement constituted a change in control under the change in control plan. Shareholder approval of the merger as well as the completion of the merger will each constitute a change in control for purposes of establishing the 30-day period commencing on the one year anniversary of a change in control during which an executive officer may terminate his or her employment for any reason and be entitled to severance payments (as described above).

If an executive officer's employment terminates and he or she is entitled to receive severance payments under the change in control plan, the executive officer would also receive:

continued welfare benefits at Guidant's sole expense for three years following the date of termination at the level for which the executive officer was eligible at the time of the termination of employment or immediately prior to the change in control, whichever provides coverage more favorable to the executive officer

three years of additional age and service credit for pension purposes and the crediting of severance benefits as pensionable earnings pro-rata over the three-year severance period

to the extent not already vested and exercisable, immediate acceleration of any stock options or other stock-based awards

payment of any accrued bonus (or, if greater, the pro-rata target bonus for the year of the termination) and any deferred compensation (unless the obligation to pay such amounts is subject to payment under a grantor (i.e., rabbi) trust)

outplacement services and, if applicable, relocation expenses and

a gross-up for any golden parachute excise tax that may be payable by the executive under Section 4999 of the Internal Revenue Code, and any income and employment withholding taxes on the gross-up payment, with respect to the severance payments and other benefits due to the executive officer (whether under the change in control plan or otherwise).

Ronald W. Dollens, President and Chief Executive Officer of Guidant, has informed Guidant that he has agreed to waive any severance payments and other benefits he would be entitled to in connection with the merger under the change in control plan.

Change in Control Letter Agreements. In connection with the execution of the merger agreement, Johnson & Johnson and Guidant entered into letter agreements with six Guidant executive officers, including R. Frederick McCoy, Jr. and Dana G. Mead, Jr., that modify each such executive officer's rights and obligations under the change in control plan.

The letter agreements modify the change in control plan definitions as follows: (i) the definition of "change in control" was amended to exclude from the definition the execution of a definitive agreement which, if consummated, would result in a change in control, and to exclude from the definition the adoption by Guidant's board of directors of a resolution to the effect that a change in control has occurred, and the definition is further modified to provide that a change in control will occur upon consummation of certain business transactions, including transactions such as the merger, rather than upon shareholder approval of such transactions; (ii) the definition of "covered termination" was modified to eliminate the executive officer's ability to receive change in control plan benefits upon a voluntary termination of employment for any reason (i.e., without "good reason") during the 30-day period beginning on the first anniversary of the merger; (iii) the definition of "good reason" was modified generally to limit the circumstances that will constitute good reason for termination of employment; and (iv) the definition of "cause" was modified generally to expand the circumstances that constitute cause for termination of employment.

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Under the terms of each of the letter agreements, if the executive officer remains in continuous employment with Guidant through the expiration of the two-year period immediately following consummation of the merger (for purposes of this paragraph, the second anniversary), he will receive a bonus in an amount equal to 50% of the cash severance payment that otherwise would have been payable in accordance with the terms of the change in control plan had a covered termination of employment occurred immediately following consummation of the merger (for purposes of this paragraph, the first retention bonus). If the executive officer remains in continuous employment with Guidant following the second anniversary through the expiration of the three-year period immediately following consummation of the merger (for purposes of this paragraph, the third anniversary), he will receive an additional bonus in an amount equal to the first retention bonus (for purposes of this paragraph, the second retention bonus). In addition, if during the period commencing immediately following the second anniversary and ending on the third anniversary, the executive officer is involuntarily terminated by Guidant other than for cause (as such term is defined in the change in control plan, as modified by the letter agreement), the executive officer will be entitled to receive the second retention bonus following termination, plus the non-cash benefits that would have been otherwise payable pursuant to the change in control plan had such termination occurred during the two-year period immediately following consummation of the merger. Payment of the first and second retention bonuses is contingent upon execution of a general waiver and release of claims.

The letter agreements do not alter the provisions of the change in control plan that provide benefits upon a covered termination of employment (taking into account the modifications as set forth in the letter agreements of certain definitions under the change in control plan as described above) before the second anniversary of the merger. The letter agreements also provide that, if payment of the first or second retention bonus results in the imposition of an excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended, the provisions of the change in control plan providing for additional payments in respect of such taxes will apply.

Pursuant to the letter agreements, Guidant also agrees prior to completion of the merger not to terminate the executive officers other than for cause (as such term is defined in the change in control plan and as modified by the letter agreements), except if such termination is effectuated prior to consummation of the merger in connection with a specified divestiture of assets. In addition, individuals who are parties to the letter agreements are not permitted to terminate their employment for good reason (as such term is defined in the change in control plan and as modified by the letter agreements) during the period prior to consummation of the merger.

The following chart sets forth, for each of Guidant's executive officers, the estimated value of the cash severance pay and other benefits due the executive officer (based on levels of pay and other circumstances as of [], 2005), excluding the amount of any excise tax gross-up, if applicable, if the executive officer terminated employment in a covered termination under the change in control plan (as modified, if applicable, by the letter agreements described above):

Name	Payment and Benefit Amounts (\$)
Keith E. Brauer <i>Vice President, Finance and Chief Financial Officer</i>	
R. Frederick McCoy, Jr. <i>President, Cardiac Rhythm Management</i>	
Dana G. Mead, Jr. <i>President, Vascular Intervention</i>	
Guido J. Neels <i>Chief Operating Officer</i>	
Other Guidant Executive Officers (9 People)	

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The aggregate value of the first and second retention bonuses (based on levels of pay as of [], 2005) that would be payable to the Guidant executive officers subject to the letter agreements described above would be approximately \$[], including \$[] to Mr. McCoy and \$[] to Mr. Mead, assuming all the executive officers were to become eligible for such payments and assuming further that no excise tax gross-up is payable.

Indemnification and Insurance. The merger agreement provides that all rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the effective time of the merger existing in favor of current or former directors or officers of Guidant under the Guidant articles of incorporation, by-laws or indemnification agreements will be assumed by the surviving corporation in the merger and will continue in full force and effect in accordance with their terms following completion of the merger.

The merger agreement also provides that for six years after the effective time of the merger, Johnson & Johnson will maintain directors and officers liability insurance for acts or omissions occurring at or prior to the effective time of the merger, covering each person who was, as of the date of the merger agreement, covered by Guidant's directors and officers liability insurance, on terms no less favorable than those in effect as of the date of the merger agreement.

Form of the Merger

Subject to the terms and conditions of the merger agreement and in accordance with Indiana law, at the effective time of the merger, Shelby Merger Sub, a wholly owned subsidiary of Johnson & Johnson and a party to the merger agreement, will merge with and into Guidant. Guidant will survive the merger as a wholly owned Indiana subsidiary of Johnson & Johnson.

Merger Consideration

At the effective time of the merger, each share of Guidant common stock (other than shares owned by Guidant, Johnson & Johnson and Shelby Merger Sub) will be converted into the right to receive a combination of (i) \$30.40 in cash and (ii) a number of shares of Johnson & Johnson common stock with a value, based upon the volume weighted average trading price of Johnson & Johnson common stock for the 15 trading days ending three trading days prior to the closing, of \$45.60, so long as the volume weighted average trading price per share of Johnson & Johnson's common stock during this period is within the range of \$55.45 to \$67.09. Outside of this range, each share of Guidant common stock will be converted into the right to receive a combination of (i) \$30.40 in cash and (ii) a fixed number of shares of Johnson & Johnson common stock equal to 0.6797, if the volume weighted average trading price is above the range, and 0.8224, if the volume weighted average trading price is below the range.

Holders of Guidant common stock will receive cash for any fractional shares of Johnson & Johnson common stock they otherwise would have received in the merger. Each Guidant shareholder who would otherwise have been entitled to receive a fraction of a share of Johnson & Johnson common stock will receive cash in an amount equal to the product obtained by multiplying (1) the fractional share interest to which such holder would otherwise be entitled by (2) the closing price for a share of Johnson & Johnson common stock on the closing date of the merger as reported on the New York Stock Exchange Composite Transactions Tape.

The merger agreement provides that, if between the date of the merger agreement and the effective time of the merger:

the outstanding shares of Johnson & Johnson common stock are changed into a different number of shares or a different class, by reason of the occurrence or record date of any stock dividend, subdivision, reclassification, recapitalization, split, combination, exchange of shares or similar transaction

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Johnson & Johnson declares or pays cash dividends in any fiscal quarter in excess of 200% or the amount of regular quarterly dividends paid by Johnson & Johnson prior to the date of the new agreement or

Johnson & Johnson engages in any spin off or split off
then, in any such case, the exchange ratio will be appropriately adjusted to reflect such action.

Ownership of Johnson & Johnson Following the Merger

Based on the number of outstanding shares of Guidant common stock on the record date and the number of outstanding shares of Johnson & Johnson common stock on [], we anticipate that Guidant shareholders will own between approximately []% and []% of the outstanding shares of Johnson & Johnson common stock following the merger.

Conversion of Shares; Procedures for Exchange of Certificates; Fractional Shares

The conversion of Guidant common stock into the right to the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after the completion of the merger, EquiServe Trust Company, the exchange agent and paying agent, will send a letter of transmittal to each former holder of record of shares of Guidant common stock. The transmittal letter will contain instructions for obtaining the merger consideration, including the shares of Johnson & Johnson common stock, the cash portion of the merger consideration and cash for any fractional shares of Johnson & Johnson common stock, in exchange for shares of Guidant common stock. Guidant shareholders should not return stock certificates with the enclosed proxy.

After the effective time of the merger, each certificate that previously represented shares of Guidant common stock will no longer be outstanding, will be automatically canceled and retired, will cease to exist and will represent only the right to receive the merger consideration as described above.

Until holders of certificates previously representing Guidant common stock have surrendered those certificates to the exchange agent for exchange, those holders will not receive dividends or distributions on the Johnson & Johnson common stock into which such shares have been converted with a record date after the effective time of the merger and will not receive cash for any fractional shares of Johnson & Johnson common stock. When holders surrender such certificates, they will receive any dividends with a record date after the effective time of the merger and a payment date on or prior to the date of surrender and any cash for fractional shares of Johnson & Johnson common stock, in each case without interest.

In the event of a transfer of ownership of Guidant common stock that is not registered in the transfer records of Guidant, payment of the merger consideration as described above will be made to a person other than the person in whose name the certificate so surrendered is registered if:

such certificate is properly endorsed or otherwise is in proper form for transfer and

the person requesting such exchange pays any transfer or other taxes resulting from the payment of the merger consideration as described above to a person other than the registered holder of such certificate.

No fractional shares of Johnson & Johnson common stock will be issued to any Guidant shareholder upon surrender of certificates previously representing Guidant common stock. Each Guidant shareholder who would otherwise have been entitled to receive a fraction of a share of Johnson & Johnson common stock will receive cash in an amount equal to the product obtained by multiplying (1) the fractional share interest to which such holder would otherwise be entitled by (2) the closing price for a share of Johnson & Johnson common stock on the closing date of the merger as reported on the New York Stock Exchange Composite Transactions Tape.

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Effective Time of the Merger

The merger will become effective upon the filing of the certificate of merger with the Secretary of State of the State of Indiana or such later time as is agreed upon by Johnson & Johnson and Guidant and specified in the certificate of merger. The filing of the certificate of merger will occur as soon as practicable after satisfaction or waiver of the conditions to the completion of the merger described in the merger agreement.

Stock Exchange Listing of Johnson & Johnson Common Stock

It is a condition to the completion of the merger that the Johnson & Johnson common stock issuable to:

Guidant shareholders in the merger and

holders of options to acquire shares of Guidant common stock, which will be converted into options to acquire shares of Johnson & Johnson common stock, subject to adjustment to reflect the exchange ratio, upon exercise of such options have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

Delisting and Deregistration of Guidant Common Stock

If the merger is completed, Guidant common stock will be delisted from the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934.

Material United States Federal Income Tax Consequences of the Merger

The following is a summary of the material United States federal income tax consequences of the merger to United States Holders (as defined below) of Guidant common stock whose shares are converted into the right to receive the merger consideration under the merger. This summary is based on the Internal Revenue Code of 1986, as amended, applicable Treasury Regulations, and administrative and judicial interpretations thereof, each as in effect as of the date hereof, all of which may change, possibly with retroactive effect. This summary assumes that shares of Guidant common stock are held as capital assets. It does not address all of the tax consequences that may be relevant to particular holders in light of their personal circumstances, or to other types of holders, including, without limitation:

banks, insurance companies or other financial institutions

broker-dealers

traders

expatriates

tax-exempt organizations

Non-United States Holders (as defined below)

persons who are investors in a pass-through entity

persons who are subject to alternative minimum tax

persons who hold their shares of common stock as a position in a straddle or as part of a hedging or conversion transaction

persons deemed to sell their shares of common stock under the constructive sale provisions of the Internal Revenue Code

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persons that have a functional currency other than the United States dollar or

persons who acquired their shares of our common stock upon the exercise of stock options or otherwise as compensation.

In addition, this discussion does not address any state, local or foreign tax consequences of the merger.

We urge each holder of Guidant common stock to consult his or her own tax advisor regarding the United States federal income or other tax consequences of the merger to such holder.

For purposes of this discussion, a United States Holder means a holder of Guidant common stock who is:

a citizen or resident of the United States

a corporation or an entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof

an estate the income of which is subject to United States federal income taxation regardless of its source or

a trust (a) the administration over which a United States court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control and certain other trusts considered United States persons for United States federal income tax purposes.

A Non-United States Holder is a holder other than a United States Holder.

If a partnership holds Guidant common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Guidant common stock, you should consult your tax advisor regarding the tax consequences of the merger.

Consequences of the Merger

The receipt of the merger consideration in exchange for shares of Guidant common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. In general, a United States Holder who receives the merger consideration in exchange for shares of Guidant common stock pursuant to the merger will recognize capital gain or loss for United States federal income tax purposes equal to the difference, if any, between (i) the fair market value of the Johnson & Johnson common stock as of the effective time of the merger and the cash received and (ii) the holder's adjusted tax basis in the shares of Guidant common stock exchanged for the merger consideration pursuant to the merger. Any such gain or loss would be long-term capital gain or loss if the holding period for the shares of Guidant common stock exceeded one year. Long-term capital gains of noncorporate taxpayers generally are taxable at a maximum rate of 15%. Capital gains of corporate shareholders generally are taxable at the regular tax rates applicable to corporations.

A United States Holder's aggregate tax basis in Johnson & Johnson common stock received in the merger will equal the fair market value of such stock as of the effective time of the merger. The holding period of the Johnson & Johnson common stock received in the merger will begin on the day after the merger.

Backup Withholding

Backup withholding may apply to payments made in connection with the merger. Backup withholding will not apply, however, to a holder who (1) furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to holders of our common stock prior to completion of the merger, (2) provides a certification of foreign status on the applicable Form W-8 (typically

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Form W-8BEN) or appropriate successor form or (3) is otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder's United States federal income tax liability provided the required information is furnished to the IRS.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO THE MERGER, AND IS NOT TAX ADVICE. THEREFORE, HOLDERS OF OUR COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY OF FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

Regulatory Matters

United States Antitrust. Under the Hart-Scott-Rodino Antitrust Improvements Act and related rules, certain transactions, including the merger, may not be completed until notifications have been given and information furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the specified waiting period requirements have been satisfied. Johnson & Johnson and Guidant filed Notification and Report Forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission on January 18 and 19, 2005, respectively. At any time before or after the effective time of the merger, the Antitrust Division, the Federal Trade Commission or others (including states and private parties) could take action under the antitrust laws, including seeking to prevent the merger, to rescind the merger or to conditionally approve the merger upon the divestiture of assets of Johnson & Johnson or Guidant. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Europe. Both Johnson & Johnson and Guidant conduct business in member states of the European Union. Council Regulation (EC) No. 139/2004, as amended, and accompanying regulations require notification to and approval by the European Commission of specific mergers or acquisitions involving parties with worldwide sales and individual European Union sales exceeding specified thresholds before these mergers and acquisitions can be implemented. Johnson & Johnson and Guidant intend to seek approval of the European Commission for the merger.

Other Laws. In addition to the regulatory approvals described above, the consent of other governmental agencies will be required to be obtained prior to the effective time of the merger. Johnson & Johnson and Guidant are currently in the process of reviewing whether other filings or approvals may be required or advisable in these other jurisdictions.

General. It is possible that any of the governmental entities with which filings are made may seek, as conditions for granting approval of the merger, various regulatory concessions. There can be no assurance that:

Johnson & Johnson or Guidant will be able to satisfy or comply with such conditions

compliance or non-compliance will not have adverse consequences on Johnson & Johnson after completion of the merger or

the required regulatory approvals will be obtained within the time frame contemplated by Johnson & Johnson and referred to in this proxy statement/prospectus or on terms that will be satisfactory to Johnson & Johnson and Guidant.

See The Merger Agreement Conditions to the Completion of the Merger .

Dissenters Rights

Under Indiana law, holders of Guidant common stock will not be entitled to dissenters' rights in connection with the merger because shares of Guidant common stock are traded on the New York Stock Exchange.

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Guidant's Rights Agreement

The Guidant board of directors adopted a shareholder rights plan on December 15, 2004. To implement the shareholder rights plan, on the same date, Guidant declared a dividend of one preferred share purchase right, which we refer to in this prospectus/proxy statement as a "right", for each outstanding share of Guidant common stock to shareholders of record at the close of business on December 27, 2004. Each right entitles the registered holder to purchase from Guidant a unit consisting of one one-thousandth of a share of Series A Participating Preferred Stock at a purchase price of \$325 per unit, subject to adjustment.

The rights are not exercisable until the earlier of:

10 business days following a public announcement that a person or group has acquired 15% or more of the outstanding shares of Guidant common stock (thereby becoming an "acquiring person" under the shareholder rights plan) or

10 business days following the commencement of a tender offer or exchange offer that would result in a person or group becoming an acquiring person.

The date in which the rights are exercisable as described above is referred to in this proxy statement/prospectus as the "distribution date". The rights expire at the earlier of (1) the effective time of the merger or (2) at 5:00 P.M. (New York City time) on December 15, 2014, unless such date is extended or the rights are earlier redeemed or exchanged.

Until the distribution date, the rights will be evidenced only by shares of Guidant common stock and will be transferred with and only with such common stock. After the distribution date, rights certificates will be mailed to holders of record of the Guidant common stock as of the close of business on the distribution date.

In the event that a person becomes an acquiring person, subject to certain exceptions for offers that the independent directors of the Guidant board of directors determine to be fair and not inadequate and to otherwise be in the best interests of Guidant and its shareholders, each holder of a right other than the acquiring person will have the right to receive Guidant common stock having a value equal to two times the exercise price of the right. In the event that, at any time following the date on which a person becomes an acquiring person, Guidant engages in certain types of merger or other business combination transactions, each holder of a right other than the acquiring person will have the right to receive common stock of the acquiring company having a value equal to two times the exercise price of the right. At any time after a person becomes an acquiring person and prior to their acquisition of 50% or more of the outstanding Guidant common stock, the Guidant board of directors may exchange the rights (other than rights owned by the acquiring person), in whole or in part, for one share of Guidant common stock, or one one-thousandth of a share of the Series A Participating Preferred Stock, per right (subject to adjustment). At any time until 10 business days following the date on which a person becomes an acquiring person, Guidant may redeem the rights in whole, but not in part, at a price of \$0.001 per right.

Pursuant to the terms of the shareholder rights plan, the execution of the merger agreement and the consummation of the merger are exempt from the effects of the plan.

Guidant Employee Benefits Matters

The merger agreement provides that:

for a period of 12 months following the merger, the employees of Guidant and its subsidiaries who remain in the employment of the surviving corporation and its subsidiaries will receive employee benefits that in the aggregate are substantially comparable to the employee benefits provided to such employees immediately prior to the merger

for the six-month period immediately following the expiration of the 12-month period following the merger, the employees of Guidant and its subsidiaries who remain in the employment of the

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surviving corporation and its subsidiaries will receive employee benefits that in the aggregate are substantially comparable to either the employee benefits provided to such employees immediately prior to the merger or the employee benefits provided to similarly situated employees of Johnson & Johnson and its subsidiaries

for a period of not less than 18 months following the merger, employees of Guidant and its subsidiaries who remain in the employment of the surviving corporation and its subsidiaries will receive base salary or wage rates that are not less than those in effect for such employees immediately prior to the merger, except that neither Johnson & Johnson nor the surviving corporation nor any of their subsidiaries will have any obligation to issue, or adopt any plans or arrangements providing for the issuance of, shares of capital stock, warrants, options, stock appreciation rights or other rights in respect of any shares of capital stock of any entity or any securities convertible or exchangeable into such shares pursuant to any such plans or arrangements and

no plans or arrangements of the Guidant or any of its subsidiaries providing for the issuance of rights in the capital stock of Guidant or otherwise will be taken into account in determining whether employee benefits are substantially comparable in the aggregate.

Johnson & Johnson and Guidant have agreed that nothing contained the merger agreement should be construed as requiring, and Guidant should take no action that would have the effect of requiring, Johnson & Johnson or the surviving corporation to continue any specific employee benefit plans or to continue the employment of any specific person.

Johnson & Johnson has also agreed that, for the following purposes but not otherwise under the employee benefit plans of Johnson & Johnson, it will cause the surviving corporation to recognize the service of each Guidant employee who remains employed by the surviving corporation as if such service had been performed with Johnson & Johnson:

for purposes of vesting (but not benefit accrual) under Johnson & Johnson's defined benefit pension plan

for purposes of eligibility for vacation under Johnson & Johnson's vacation program

for purposes of eligibility and participation under any health or welfare plan maintained by Johnson & Johnson (other than any post-employment health or post-employment welfare plan)

for purposes of eligibility for the company matching contribution under Johnson & Johnson's 401(k) savings plan (it being understood that each such employee who was participating in Guidant's 401(k) savings plan immediately prior to becoming eligible to participate in Johnson & Johnson's 401(k) savings plan shall be immediately eligible for the company matching contribution under Johnson & Johnson's 401(k) savings plan) and

unless covered under another arrangement with or of Guidant, for benefit accrual purposes under Johnson & Johnson's severance plan (but in the case of such severance and with respect to each plan or program that is the subject of any of the four bullet points above, solely to the extent that Johnson & Johnson makes such plan or program available to employees of the surviving corporation, it being Johnson & Johnson's current intention to do so).

With respect to any welfare plan maintained by Johnson & Johnson in which such employees are eligible to participate after the merger, the merger agreement provides that Johnson & Johnson will, and will cause the surviving corporation to:

waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the welfare plans maintained by Guidant prior to the merger and

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provide each such employee with credit for any co-payments and deductibles paid prior to the effective time in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

Subject to the requirements discussed in this section, Johnson & Johnson has agreed to assume all obligations under and honor in accordance with their terms, and to cause the surviving corporation to honor in accordance with their terms, each Guidant benefit plan and agreement. Johnson & Johnson has acknowledged and agreed that the merger will constitute a change in control within the meaning of those plans and agreements which include a definition of such (or substantially similar) concept, except to the extent otherwise agreed between Johnson & Johnson and individual employees of Guidant and its subsidiaries.

Notwithstanding the foregoing, the merger agreement provides that the provisions above relating to employee matters shall apply only with respect to such employees who are covered under Guidant benefit plans that are maintained primarily for the benefit of employees employed in the United States (including such employees regularly employed outside the United States to the extent they participate in such Guidant benefit plans). With respect to such employees not described in the preceding sentence, Johnson & Johnson will, and will cause the surviving corporation and its subsidiaries to, comply with all applicable laws, directives and regulations relating to employees and employee benefits matters applicable to such employees.

Effect on Awards Outstanding Under Guidant Stock Incentive Plans

Under the merger agreement, as soon as practicable following the date of the merger agreement, the Guidant board of directors must adopt such resolutions or take such other actions as may be required to effect the following:

each Guidant stock option outstanding immediately prior to the merger shall be amended and converted into an option to acquire, on the same terms and conditions as were applicable under such Guidant stock option, the number of shares of Johnson & Johnson common stock (rounded down to the nearest whole share) equal to the sum of:

the product of (A) the number of shares of Guidant common stock subject to such Guidant stock option and (B) the exchange ratio and

the product of (A) the number of shares of Guidant common stock subject to such Guidant stock option and (B) the quotient obtained by dividing (x) \$30.40 by (y) the volume weighted average trading price of Johnson & Johnson common stock for the 15 trading days ending three trading days prior to the consummation of the merger

at an exercise price per share of Johnson & Johnson common stock (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (1) the aggregate exercise price for the shares of Guidant common stock subject to such Guidant stock option by (2) the aggregate number of shares of Johnson & Johnson common stock to be subject to such Guidant stock option after giving effect to the adjustments in this and the two preceding bullet points and

make such other changes to the Guidant stock incentive plans as Johnson & Johnson and Guidant may agree are appropriate to give effect to the merger.

The merger agreement further provides that, as soon as practicable following the date of the merger agreement, the Guidant board of directors must adopt such resolutions or take such other actions as may be required to provide that with respect to the Guidant employee stock purchase plan:

participants will not increase their payroll deductions or purchase elections from those in effect on the date of the merger agreement

each participant's outstanding right to purchase shares of Guidant common stock under the Guidant employee stock purchase plan will terminate on the day immediately prior to the day on which

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merger occurs, provided that all amounts allocated to each participant's account under the Guidant employee stock purchase plan as of such date will thereupon be used to purchase from Guidant whole shares of Guidant common stock at the applicable price determined under the terms of the Guidant employee stock purchase plan for the then outstanding offering periods using such date as the final purchase date for each such offering period and

the Guidant employee stock purchase plan will terminate immediately following such purchases of Guidant common stock.

In addition, Guidant must ensure that, following the merger, no holder of a Guidant stock option (or former holder of a Guidant stock option) or any participant in any Guidant stock incentive plan or other Guidant benefit plan or agreement will have any right thereunder to acquire any capital stock of Guidant or the surviving corporation or any other equity interest therein (including phantom stock or stock appreciation rights).

Johnson & Johnson has agreed that as soon as practicable following the merger, it will deliver to the holders of Johnson & Johnson stock options that were converted from Guidant options appropriate notices setting forth such holders' rights pursuant to the respective stock incentive plans and the contracts evidencing the grants of such options, which shall provide, among other things, that such options and contracts have been assumed by Johnson & Johnson and will continue in effect on the same terms and conditions (subject to the adjustments described in this section).

The merger agreement provides that except as otherwise described by this section and except to the extent required under the respective terms of the converted options, all restrictions or limitations on transfer and vesting with respect to converted options, to the extent that such restrictions or limitations shall not have already lapsed, and all other terms thereof, shall remain in full force and effect with respect to such converted options after giving effect to the merger and their assumption by Johnson & Johnson as set forth above.

In addition, as soon as practicable following the merger, Johnson & Johnson must prepare and file with the Securities and Exchange Commission a registration statement on Form S-8 (or another appropriate form) registering shares of Johnson & Johnson common stock subject to issuance upon the exercise of the converted options. Guidant will cooperate with, and assist Johnson & Johnson in the preparation of, such registration statement. Johnson & Johnson must keep such registration statement effective (and maintain the current status of the prospectus required thereby) for so long as any converted options remain outstanding.

Resale of Johnson & Johnson Common Stock

Johnson & Johnson common stock issued in the merger will not be subject to any restrictions on transfer arising under the Securities Act of 1933, except for shares issued to any Guidant shareholder who may be deemed to be an affiliate of Guidant or Johnson & Johnson for purposes of Rule 145 under the Securities Act. It is expected that each affiliate will agree not to transfer any Johnson & Johnson common stock received in the merger except in compliance with the resale provisions of Rule 144 or 145 under the Securities Act or as otherwise permitted under the Securities Act. The merger agreement requires Guidant to use its reasonable efforts to cause its affiliates to enter into such agreements. This proxy statement/prospectus does not cover resales of Johnson & Johnson common stock received by any person upon completion of the merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any such resale.

Notices to Guidant Shareholders Resident in Canada and Canadian Resale Restrictions

Notices to Guidant Shareholders Resident in Canada. The Johnson & Johnson common stock that is being distributed to holders of Guidant common stock that reside in a province of Canada other than Quebec are being distributed under an exemption from the registration and prospectus requirements of Canadian provincial securities laws. Johnson & Johnson will apply for a ruling or order of the Financial

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Markets Authority in the Province of Quebec, also known as the FMA, to exempt the issuance of Johnson & Johnson common stock from the prospectus and registration requirements of Quebec securities legislation. The issuance of Johnson & Johnson common stock to holders of Guidant common stock resident in Quebec is conditional, among other things, upon the receipt of such ruling or order.

Canadian Resale Restrictions. The provincial securities laws in all provinces other than Quebec require the first trade in the Johnson & Johnson common stock to be made in accordance with certain conditions, including that no unusual effort is made to prepare the market or to create a demand for such shares and no extraordinary commission or consideration is paid in respect of the trade. In addition, when selling the shares, holders resident in a province of Canada must use a dealer appropriately registered in such province or rely on an exemption from the registration requirements of such province. If a holder requires advice on any applicable prospectus or registration exemption, the holder should consult its own legal advisor. Johnson & Johnson will apply for a ruling or order of the FMA to exempt the first trade or resale of Johnson & Johnson common stock issued to holders of Guidant common stock resident in the Province of Quebec from the prospectus requirements of Quebec securities legislation.

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THE MERGER AGREEMENT

This is a summary of the material provisions of the merger agreement. The merger agreement, which is attached as Annex 1 to this proxy statement/prospectus and is incorporated herein by reference, contains the complete terms of that agreement. You should read the entire merger agreement carefully.

Conditions to the Completion of the Merger

Conditions to Johnson & Johnson's and Guidant's Obligations to Complete the Merger. Each party's obligation to effect the merger is subject to the satisfaction or waiver of various conditions that include, in addition to other customary closing conditions, the following:

the merger agreement has been approved by the affirmative vote of shareholders of Guidant representing a majority of the shares of Guidant common stock outstanding and entitled to vote at the special meeting

the shares of Johnson & Johnson common stock to be issued to:

Guidant shareholders upon completion of the merger and

holders of options to acquire shares of Guidant common stock, which will be converted into options to acquire shares of Johnson & Johnson common stock, subject to adjustment to reflect the exchange ratio, upon exercise of such options
have been approved for listing on the New York Stock Exchange, subject to official notice of issuance

the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act has expired or has been terminated

the European Commission has issued, or has been deemed to have issued, a decision under Article 6(1)(b), 8(1) or 8(2) of the EC Merger Regulation declaring the merger compatible with the Common Market (and/or, as may be the case, any national competition authority in the European Community to which all or part of the case may have been transferred, has issued, or has been deemed to have issued, a decision with similar effect)

no temporary restraining order, preliminary or permanent injunction or other court order or statute, law, rule, legal restraint or prohibition is in effect that prevents the completion of the merger and

the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, has been declared effective by the Securities and Exchange Commission and is not the subject of any stop order or proceedings seeking a stop order.

Conditions to Johnson & Johnson's Obligation to Complete the Merger. Johnson & Johnson's obligation to effect the merger is further subject to satisfaction or waiver of the following additional conditions:

the representations and warranties of Guidant relating to:

capitalization

authority and noncontravention

the absence of recent changes in the compensation and benefits for certain key personnel of Guidant, including increases in compensation or benefits, grants or increases in severance or termination pay, the entry into or amendment of employment and other similar contracts, the removal of restrictions in benefit plans or the adoption of new benefit plans for such personnel

agreements that may restrict the ability of affiliates of Guidant to compete (other than any such agreement that only restricts Guidant's ability to compete) in any line of business, geographic area or customer segment

the vote required by the shareholders of Guidant to approve the merger agreement

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the adoption of the merger agreement by the board of directors of Guidant and the inapplicability of state takeover statutes to the merger and

to the taking of all action by Guidant to render its rights agreement inapplicable with respect to the merger

which are qualified as to materiality or material adverse effect are true and correct, and such representations and warranties that are not so qualified by materiality or material adverse effect are true and correct in all material respects, in each case as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, or if such representations and warranties expressly relate to an earlier date, then as of such date.

the representations and warranties of Guidant relating to various other agreements that either (1) may restrict the ability of Guidant or any of its subsidiaries ability to compete in any line of business, geographic area or customer segment or (2) relate to the distribution, sale, supply, licensing, co-promotion or manufacturing of any products or services are true and correct as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, except to the extent that the facts or matters as to which such representations and warranties are not so true and correct as of such dates, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the reasonably expected benefits of the merger to Johnson & Johnson

all the other representations and warranties of Guidant set forth in the merger agreement are true and correct as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, or if such representations and warranties expressly relate to an earlier date, then as of such date, except to the extent that the facts or matters as to which such representations and warranties are not so true and correct as of such dates, without giving effect to any qualifications or limitations as to materiality or material adverse effect set forth in such representations and warranties, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect on Guidant

Guidant has performed in all material respects all obligations required to be performed by it under the merger agreement on or prior to the date on which the merger is to be completed

there is no pending suit, action or proceeding by any governmental entity (i) seeking to restrain or prohibit the consummation of the merger or any other transaction contemplated by the merger agreement or seeking to obtain from Johnson & Johnson, Shelby Merger Sub or Guidant or any other affiliate of Johnson & Johnson any damages that are material in relation to Guidant, (ii) seeking to impose limitations on the ability of Johnson & Johnson or any affiliate of Johnson & Johnson to hold, or exercise full rights of ownership of, any shares of capital stock of the surviving corporation, including the right to vote such shares on all matters properly presented to the shareholders of the surviving corporation, (iii) seeking to prohibit Johnson & Johnson or any of its subsidiaries from effectively controlling in any material respect the business or operations of Guidant or any of its affiliates, (iv) seeking any divestiture that is not required to be effected pursuant to the terms of the merger agreement or (v) that has had or would reasonably be expected to have a material adverse effect on Guidant or Johnson & Johnson.

there is no temporary restraining order, injunction or other court order or statute, law, rule, legal restraint or prohibition that is in effect that would reasonably be expected to result in any of the effects referred to in the immediately preceding clause.

Conditions to Guidant's Obligation to Complete the Merger. Guidant's obligation to effect the merger is further subject to satisfaction or waiver of the following additional conditions:

the representations and warranties of Johnson & Johnson and Shelby Merger Sub relating to authority and noncontravention which are qualified as to materiality or material adverse effect are true and correct, and such representations and warranties that are not so qualified by materiality or

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material adverse effect are true and correct in all material respects, in each case as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, or if such representations and warranties expressly relate to an earlier date, then as of such date

all the other representations and warranties of Johnson & Johnson and Shelby Merger Sub set forth in the merger agreement are true and correct as of the date of the merger agreement and as of the closing date of the merger as though made on the closing date, or if such representations and warranties expressly relate to an earlier date, then as of such date, except to the extent that the facts or matters as to which such representations and warranties are not so true and correct as of such dates, without giving effect to any qualifications or limitations as to materiality or material adverse effect set forth in such representations and warranties, individually or in the aggregate, have not had and would not reasonably be expected to have a material adverse effect on Johnson & Johnson

Johnson & Johnson and Shelby Merger Sub have performed in all material respects all obligations required to be performed by them under the merger agreement on or prior to the date on which the merger is to be completed

Important Definitions.

The merger agreement provides that a material adverse effect or material adverse change means, when used in connection with Guidant or Johnson & Johnson, any change, effect, event, occurrence or state of facts, or any development which, individually or in the aggregate, would reasonably be expected to result in any change or effect that is materially adverse to the business, financial condition or results of operations of Guidant and its subsidiaries, taken as a whole, or Johnson & Johnson and its subsidiaries, taken as a whole, as the case may be, other than any change, effect, event, occurrence, state of facts or development:

relating to the financial or securities markets or the economy in general,

relating to the industry in which Guidant operates or the industries in which Johnson & Johnson operates, as the case may be, in general to the extent that such change, effect, event, occurrence, state of facts or development does not disproportionately impact Guidant or Johnson & Johnson,

resulting from any divestiture required to be effected pursuant to the merger agreement or

relating to any failure, in and of itself, by Guidant or Johnson & Johnson, as applicable, to meet any internal or published projections, forecasts or revenue or earnings prediction.

Guidant can provide no assurance that all of the conditions precedent to the merger will be satisfied or waived by the party permitted to do so. Guidant cannot at this point determine whether it would resolicit proxies in the event that it decides to waive any of the items listed above. This decision would depend upon the facts and circumstances leading to Guidant's decision to complete the merger and whether Guidant believes there has been a material change in the terms of the merger and its effect on Guidant and its shareholders. In making this determination, Guidant would consider, among other factors, the reasons for the waiver, the effect of the waiver on the terms of the merger, whether the requirement being waived was necessary in order to make the transaction fair to the shareholders from a financial point of view, the availability of alternative transactions and the prospects of Guidant as an independent entity. If Guidant determines that a waiver of a condition would materially change the terms of the merger, it will resolicit proxies.

No Solicitation

The merger agreement provides that Guidant will not, nor will it authorize or permit any of its subsidiaries, any of their respective directors, officers or employees or any investment banker, financial

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advisor, attorney, accountant or other advisor, agent or representative retained by it or any of its subsidiaries to, directly or indirectly through another person:

solicit, initiate or knowingly encourage, or take any other action designed to, or which could reasonably be expected to lead to, a takeover proposal, as described below, or

enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information, or otherwise cooperate in any way with, any takeover proposal.

The merger agreement provides that the term takeover proposal means an inquiry, proposal or offer from any person relating to, or that could reasonably be expected to lead to:

any direct or indirect acquisition or purchase, in one transaction or a series of transactions, of assets (including equity securities of any subsidiary of Guidant) or business that constitute 15% or more of the revenues, net income or assets of Guidant and its subsidiaries, taken as a whole, or 15% or more of any class of equity securities of Guidant

any tender offer or exchange offer that if consummated would result in any person beneficially owning 15% or more of any class of equity securities of Guidant

any merger, consolidation, business combination, recapitalization, liquidation, dissolution, joint venture, binding share exchange or similar transaction involving Guidant or any of its subsidiaries pursuant to which any person or the shareholders of any person would own 15% or more of any class of equity securities of Guidant or of any resulting parent company of Guidant, in each case, other than the transactions contemplated by the merger agreement.

The merger agreement provides further that, notwithstanding the restrictions described above, if, at any time prior to the time Guidant shareholders have adopted the merger agreement with Johnson & Johnson:

Guidant receives a bona fide written takeover proposal that the Guidant board of directors determines (after consultation with outside counsel and a financial advisor of nationally recognized reputation) constitutes or is reasonably likely to lead to a superior proposal, as described below, and

such takeover proposal was not solicited after the date of the merger agreement and did not otherwise result from a breach by Guidant of the no solicitation provisions described above, Guidant may:

furnish information about Guidant and its subsidiaries to the person making such takeover proposal pursuant to a customary confidentiality agreement not less restrictive to such person than the confidentiality provisions of the confidentiality agreement between Guidant and Johnson & Johnson, provided that all such information is also, or has previously been, provided to Johnson & Johnson and

participate in discussions or negotiations regarding such takeover proposal.

The merger agreement provides that the term superior proposal means any bona fide offer made by a third party that if consummated would result in such person (or its shareholders) owning, directly or indirectly, more than 80% of the shares of Guidant common stock then outstanding (or of the surviving entity in a merger or the direct or indirect parent of the surviving entity in a merger) or all or substantially all the assets of Guidant, which the Guidant board of directors reasonably determines (after consultation with a financial advisor of nationally recognized reputation) to be:

more favorable to the Guidant shareholders from a financial point of view than the merger (taking into account all the terms and conditions of such proposal and the merger agreement (including any changes to the financial terms of the merger agreement proposed by Johnson & Johnson in response to such offer or otherwise)) and

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reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal.

The merger agreement provides further that neither the Guidant board of directors nor any committee of the Guidant board of directors may:

withdraw, modify in a manner adverse to Johnson & Johnson, or publicly propose to withdraw, or modify in a manner adverse to Johnson & Johnson, the adoption or recommendation by the Guidant board of directors of the merger agreement, the merger or other transactions contemplated by the merger agreement

adopt or recommend, or publicly propose to adopt or recommend, any takeover proposal or

adopt or recommend, or publicly propose to adopt or recommend, or allow Guidant or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar contract constituting or related to, or that is intended to or could reasonably be expected to lead to, any takeover proposal.

Notwithstanding the above, at any time prior to the time Guidant shareholders have approved the merger agreement with Johnson & Johnson, the Guidant board of directors may:

withdraw its recommendation of the merger agreement and the merger or recommend the approval of a takeover proposal if the Guidant board of directors determines in good faith, after consultation with outside counsel and a financial advisor of nationally recognized reputation that (i) a material adverse effect with respect to Johnson & Johnson has occurred and (ii) as a result thereof such action is consistent with its fiduciary duties to the Guidant shareholders under applicable law or

in response to a takeover proposal that the Guidant board of directors reasonably determines, after consultation with outside counsel and a financial advisor of nationally recognized reputation, constitutes a superior proposal and that was unsolicited and made after the date of the merger agreement and that did not otherwise result from a breach of the no solicitation provisions described above, (i) withdraw its recommendation of the merger agreement and the merger or recommend the approval of a takeover proposal or (ii) terminate the merger agreement and enter into an agreement or contract constituting or related to, or that is intended to or could reasonably be expected to lead to, a takeover proposal.

No withdrawal of the Guidant board of directors' recommendation of the merger agreement and the merger or recommendation of a takeover proposal, or termination of the merger agreement by Guidant, in response to a takeover proposal that constitutes a superior proposal may be made until after the fifth business day following Johnson & Johnson's receipt of written notice from Guidant advising Johnson & Johnson that the Guidant board of directors intends to take such action and specifying the terms and conditions of such superior proposal. In determining whether to take such action, the Guidant board of directors must take into account any changes to the financial terms of the merger agreement proposed by Johnson & Johnson in response to its receipt of such notice from Guidant or otherwise.

In addition to the no solicitation provisions described above, the merger agreement provides that Guidant must promptly advise Johnson & Johnson orally and in writing of any takeover proposal, the material terms and conditions of any such takeover proposal and the identity of the person making any such takeover proposal and if the Guidant board of directors is considering, or has decided to consider, whether any change, effect, event, occurrence, state of facts or development constitutes a material adverse effect with respect to Johnson & Johnson. Guidant must keep Johnson & Johnson fully informed in all material respects of the status and details, including any changes, of any such takeover proposal and must provide to Johnson & Johnson copies of all correspondence and other written material sent or provided by any person to Guidant or any of its subsidiaries that describes any of the terms or conditions of any takeover proposal as soon as practicable after receipt or delivery of such correspondence or other written material and keep Johnson & Johnson fully informed in all material respects of the status and details of

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any determination by the Guidant board of directors with respect to a potential material adverse effect with respect to Johnson & Johnson.

Nothing in the merger agreement prohibits the Guidant board of directors from taking and disclosing to the Guidant shareholders a position contemplated by Rule 14e-2(a) under the Exchange Act or making a statement required under Rule 14a-9 under the Exchange Act or making any disclosure to the Guidant shareholders that is required by applicable law, except that in no event may Guidant or its board of directors take, or agree to take, any action prohibited by the no solicitation provisions described above.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time of the merger, even if the merger agreement has been adopted by the Guidant shareholders:

by mutual written consent of Johnson & Johnson, Shelby Merger Sub and Guidant

by either Johnson & Johnson or Guidant, if the merger has not been completed by February 28, 2006, except that this right to terminate the merger agreement will not be available to any party whose willful breach of a representation or warranty in the merger agreement or whose other action or failure to act has been a principal cause of or resulted in the failure of the merger to be consummated on or before that date

by either Johnson & Johnson or Guidant, if there exists a restraining order, injunction or other court order or statute, law, rule, legal restraint or prohibition, in any such case that has become final and cannot be appealed and which prevents the completion of the merger

by either Johnson & Johnson or Guidant, if the Guidant shareholders do not approve the merger agreement at the Guidant shareholder s meeting duly convened or at any adjournment or postponement

by either Johnson & Johnson or Guidant, if the other party has breached or failed to perform any of its representations, warranties, covenants or agreements set forth in the merger agreement, which breach or failure to perform would give rise to the failure of a condition to the merger and has not been or cannot be cured within 30 calendar days following receiving written notice from the other party of such breach or failure to perform

by Johnson & Johnson, if there exists a restraining order, injunction or other court order or statute, law, rule, legal restraint or prohibition that has become final and nonappealable, in any such case that (i) seeks to restrain or prohibit the consummation of the merger or any other transaction contemplated by the merger agreement or seeks to obtain from Johnson & Johnson, Shelby Merger Sub or Guidant or any other affiliate of Johnson & Johnson any damages that are material in relation to Guidant, (ii) seeks to impose limitations on the ability of Johnson & Johnson or any affiliate of Johnson & Johnson to hold, or exercise full rights of ownership of, any shares of capital stock of the surviving corporation, including the right to vote such shares on all matters properly presented to the shareholders of the surviving corporation, (iii) seeks to prohibit Johnson & Johnson or any of its affiliates from effectively controlling in any material respect the business or operations of Guidant or any of its affiliates, (iv) seeks any divestiture that is not required to be effected pursuant to the terms of the merger agreement or (v) has had or would reasonably be expected to have a material adverse effect with respect to Guidant or Johnson & Johnson

by Johnson & Johnson, if the Guidant board of directors:

fails publicly to reaffirm its adoption and recommendation of the merger agreement, the merger or the other transactions contemplated by the merger agreement within 10 business days of receipt of a written request by Johnson & Johnson to provide such reaffirmation following a takeover proposal

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withdraws, or modifies in a manner adverse to Johnson & Johnson, or proposes to withdraw, or modify in a manner adverse to Johnson & Johnson, its approval, recommendation or declaration of advisability of the merger agreement, or the merger or recommends, adopts or approves, or proposes publicly to recommend, adopt or approve, any takeover proposal

by Guidant in accordance with the terms and subject to the conditions described in No Solicitation .

Fees and Expenses

General. The merger agreement provides that each party will pay its own fees and expenses in connection with the merger agreement, the merger and the transactions contemplated by the merger agreement, whether or not the merger is completed, except that Johnson & Johnson and Guidant will each pay one-half of the expenses incurred in connection with printing and mailing of the registration statement of which this proxy statement/prospectus is a part.

Termination Fee. Guidant must pay to Johnson & Johnson a termination fee of \$750 million in each of the following circumstances:

the merger agreement is terminated by Johnson & Johnson pursuant to its right described in the second to last bullet point under Termination of the Merger Agreement (other than following the occurrence of a material adverse effect with respect to Johnson & Johnson).

the merger agreement is terminated by Guidant in accordance with the terms and subject to the conditions described in No Solicitation

prior to Guidant's shareholders approving the merger agreement, a takeover proposal is made to Guidant or directly to the Guidant shareholders generally or otherwise becomes publicly known or any person publicly announces an intention, whether or not conditional, to make a takeover proposal, the merger agreement is terminated by either Johnson & Johnson or Guidant pursuant to their respective rights described in the second (but only if a vote to obtain shareholder approval of the merger agreement or the shareholder meeting has not been held) or fourth bullet points under Termination of the Merger Agreement and within 12 months after such termination, Guidant enters into a definitive agreement to consummate, or consummates, the transactions contemplated by any takeover proposal (for purposes of this circumstance, the term takeover proposal has the same meaning as described under No Solicitation , except that references to 15% are replaced by 35%)

Johnson & Johnson must pay Guidant a termination fee of \$700 million in each of the following circumstances:

the merger agreement is terminated by either Johnson & Johnson or Guidant pursuant to their respective rights described in the second, third or sixth bullet points under Termination of the Merger Agreement and at the time of any such termination all of the conditions set forth in Conditions to Completion of the Merger have been satisfied or waived, except for the conditions described in the second, third, fourth and fifth bullet points under Conditions to the Completion of the Merger Conditions to Johnson & Johnson's and Guidant's Obligations to Complete the Merger and the conditions described in the fifth and sixth bullet points under Conditions to the Completion of the Merger Conditions to Johnson & Johnson's Obligation to Complete the Merger (in the case of the conditions described in the fourth bullet point under Conditions to Completion of the Merger Conditions to Johnson & Johnson's and Guidant's Obligations to Complete the Merger and the conditions described in the fifth and sixth bullet points under Conditions to Completion of the Merger Conditions to Johnson & Johnson's Obligations to Complete the Merger , only to the extent that the conditions set forth therein have not been satisfied due to a suit, action or proceeding by any national governmental entity or the imposition of a restraint, in either case relating to competition, merger control, antitrust or similar laws).

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Conduct of Business Pending the Merger

Under the merger agreement, Guidant has agreed that, during the period from the date of the merger agreement to the effective time of the merger, except as consented to by Johnson & Johnson, it will, and will cause each of its subsidiaries to, carry on its business in the ordinary course consistent with past practice and, to the extent consistent with such course of conduct, use all commercially reasonable efforts to preserve intact its current business organizations, keep available the services of its current officers, employees and consultants and preserve its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with Guidant. In addition, without limiting the generality of the foregoing, during the period from the date of the merger agreement to the effective time of the merger, Guidant has agreed to specific restraints relating to the following:

the declaration or payment of dividends (other than, among other things, regular cash dividends in respect of Guidant common stock not exceeding \$0.10 per share per fiscal quarter)

the alteration of share capital, including, among other things, stock splits, combinations or reclassifications

the repurchase or redemption of capital stock

the issuance or sale of capital stock or other voting securities

amendments to its certificate of incorporation or by-laws, or the indenture for its existing 6.15% senior unsecured notes due 2006

the acquisition of assets or other entities

the sale, lease or mortgaging of assets

the incurrence or guarantee of indebtedness

the making of capital expenditures

the extension of loans, advances, capital contributions or investments

the payment, discharge or settlement of material claims or liabilities

the waiver or assignment of material claims

the waiver or modification of material contracts

the entrance into certain types of agreements

compensation and benefit matters with respect to directors, executive officers and key employees and

the revaluation of assets and changes in accounting policies.

Representations and Warranties

The merger agreement contains customary representations and warranties relating to, among other things:

corporate organization and similar corporate matters of Johnson & Johnson, Shelby Merger Sub and Guidant

subsidiaries of Guidant

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capital structure of Johnson & Johnson, Shelby Merger Sub and Guidant

authorization, execution, delivery, performance and enforceability of, and required consents, approvals, orders and authorizations of governmental authorities relating to, the merger agreement and related matters of Johnson & Johnson, Shelby Merger Sub and Guidant

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documents filed by each of Johnson & Johnson and Guidant with the Securities and Exchange Commission and the accuracy of information contained in such documents

absence of undisclosed liabilities of Guidant

compliance with the Sarbanes-Oxley Act by Guidant and other matters relating to internal controls of Guidant

accuracy of information supplied by each of Johnson & Johnson, Shelby Merger Sub and Guidant in connection with this proxy statement/prospectus and the registration statement of which it is a part

absence of material changes or events concerning Johnson & Johnson and Guidant

pending or threatened material litigation of Johnson & Johnson and Guidant

certain contracts and agreements of Guidant

compliance with applicable laws, including environmental laws, by Guidant

absence of changes in benefit plans and labor relations matters of Guidant

matters relating to the Employee Retirement Income Security Act for Guidant

absence of excess parachute payments to any director, officer, employee or consultant of Guidant or its affiliates

filing of tax returns and payment of taxes by Guidant

title to Guidant's properties and Guidant's compliance with the terms of its material leases

intellectual property rights of Johnson & Johnson and Guidant

required shareholder vote of Guidant

satisfaction of the requirements of certain state takeover statutes and provisions of the Guidant articles of incorporation and the Guidant by-laws by Guidant

engagement and payment of fees of brokers, investment bankers, finders and financial advisors of Johnson & Johnson and Guidant

receipt of fairness opinions by Guidant from its financial advisors

inapplicability of the rights agreement between Guidant and EquiServe Trust Company

compliance by Johnson & Johnson and Guidant with applicable regulatory and governmental requirements

organization and operations of Shelby Merger Sub and

availability to Johnson & Johnson of sufficient funds to effect the merger.

Additional Terms

Subject to the terms and conditions of the merger agreement, Johnson & Johnson and Guidant have agreed to use all reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary to consummate and make effective, in the most expeditious manner practicable, the merger and the other transactions contemplated by

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the merger agreement, including using reasonable best efforts to accomplish the following:

taking of all acts necessary to cause the conditions to closing to be satisfied as promptly as practicable

obtaining of all necessary actions or nonactions, waivers, consents and approvals from governmental entities and the making of all necessary registrations and filings and the taking of all steps as may

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be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity

the avoidance of each and every impediment under any antitrust, merger control, competition or trade regulation law that may be asserted by any governmental entity with respect to the merger so as to enable the closing to occur as soon as reasonably possible and

obtaining of all necessary consents, approvals or waivers from third parties, including any such consents, approvals or waivers required in connection with any divestiture.

The merger agreement further provides that Johnson & Johnson and Guidant must:

duly file with the United States Federal Trade Commission and the Antitrust Division of the Department of Justice the notification and report form required under the Hart-Scott-Rodino Act

duly make all notifications and other filings required (i) under the EC Merger Regulation or (ii) under any other applicable competition, merger control, antitrust or similar law that Guidant and Johnson & Johnson deem advisable or appropriate, in each case with respect to the transactions contemplated by the merger agreement and as promptly as practicable.

The merger agreement further provides that Johnson & Johnson and Guidant must:

cooperate with the other party to the extent necessary to assist the other party in the preparation of its antitrust filings and, if requested, to promptly amend or furnish additional information thereunder

use their reasonable best efforts to furnish to each other all information required for any filing, form, declaration, notification, registration and notice, other than confidential or proprietary information not directly related to the transactions contemplated by the merger agreement, and to keep the other party reasonably informed with respect to the status of each clearance, approval or waiver sought from a governmental entity in connection with the transactions contemplated by the merger agreement and the material communications between such party and such governmental entity

consult with the other party, and consider in good faith the views of the other party, prior to entering into any agreement with any antitrust authority.

Johnson & Johnson and Guidant have agreed that neither party will, nor will it permit any of its subsidiaries to, acquire or agree to acquire any business, person or division thereof, or otherwise acquire or agree to acquire any assets if the entering into of a definitive agreement relating to or the consummation of such acquisition, could reasonably be expected to materially increase the risk of not obtaining the applicable clearance, approval or waiver from an antitrust authority with respect to the transactions contemplated by the merger agreement.

The merger agreement provides that Guidant and its board of directors must (1) use reasonable best efforts to ensure that no state takeover law or similar law is or becomes applicable to the merger agreement, the merger or any of the other transactions contemplated by the merger agreement and (2) if any state takeover law or similar law becomes applicable to the merger agreement, the merger or any of the other transactions contemplated by the merger agreement, use reasonable best efforts to ensure that the merger and the other transactions contemplated by the merger agreement may be consummated as promptly as practicable on the terms contemplated by the merger agreement and otherwise to minimize the effect of such law on the merger agreement, the merger and the other transactions contemplated by the merger agreement.

Notwithstanding the foregoing or any other provision of the merger agreement, in connection with obtaining the waivers, consents and approvals described above: (a) with respect to the assets of the cardiac rhythm management businesses of Johnson & Johnson, Guidant and their respective affiliates, Johnson & Johnson, and its affiliates shall only be required to agree to divestitures of such assets that individually or in the aggregate would not reasonably be expected to have greater than a de minimis adverse effect on the

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combined cardiac rhythm management business of Johnson & Johnson, Guidant and their respective affiliates, taken as a whole; (b) with respect to the assets of the coronary vascular intervention business of Johnson & Johnson and its affiliates, Johnson & Johnson and its affiliates shall only be required to agree to divestitures of such assets that individually or in the aggregate would not reasonably be expected to have greater than a de minimis adverse effect on the drug eluting stent business of Johnson & Johnson and its affiliates, taken as a whole; (c) with respect to the assets of the vascular intervention business of Guidant and its affiliates, Johnson & Johnson and its affiliates shall only be required to agree to divestitures of such assets that individually or in the aggregate would not reasonably be expected to have a material adverse effect on the combined vascular intervention business of Johnson & Johnson, Guidant and their respective affiliates, taken as a whole; (d) none of Johnson & Johnson and its affiliates shall be required to agree to any divestiture of any of their assets except as provided in clauses (a) and (b) above; and (e) if, but only if, directed by Johnson & Johnson, Guidant shall agree to any divestiture of any of its assets or the assets of any of its affiliates if such divestiture is conditioned on the consummation of the merger.

Certificate of Incorporation and By-laws of the Surviving Corporation

The merger agreement provides that the certificate of incorporation of the surviving corporation will be amended to read in its entirety as set forth in Annex A to the merger agreement and, as so amended, will be the certificate of incorporation of the surviving corporation until changed or amended. The merger agreement further provides that the by-laws of Shelby Merger Sub, as in effect immediately prior to the completion of the merger, will be the by-laws of the surviving corporation until changed or amended. For a summary of certain provisions of the current Guidant certificate of incorporation, by-laws and the associated rights of Guidant shareholders, see Comparison of Rights of Common Shareholders of Johnson & Johnson and Guidant .

Amendment; Extension and Waiver

Subject to applicable law:

the merger agreement may be amended by mutual consent of the parties in writing at any time, before or after the merger agreement has been adopted by the shareholders of Guidant, except that no amendment may be entered into which requires further approval by Guidant shareholders unless such approval is obtained and

at any time prior to the effective time of the merger, a party may, by written instrument signed on behalf of such party:

extend the time for performance of any of the obligations or other acts of any other party to the merger agreement

waive inaccuracies in representations and warranties of any other party contained in the merger agreement or in any related document or

waive compliance by any other party with any agreements or conditions in the merger agreement, except that no such waiver may be made after the merger agreement has been adopted by the shareholders of Guidant which requires further approval by Guidant shareholders unless such approval is obtained.

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JOHNSON & JOHNSON AND GUIDANT

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

The unaudited pro forma condensed consolidated statements of earnings combine the historical consolidated statements of earnings of Johnson & Johnson and Guidant, giving effect to the merger as if it had occurred on December 30, 2002, the first day of Johnson & Johnson's 2003 fiscal year. The unaudited pro forma condensed consolidated balance sheet combines the historical balance sheets of Johnson & Johnson and Guidant, giving effect to the merger as if it had been consummated on September 26, 2004. The historical consolidated financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the merger or considered intercompany transactions and (2) factually supportable. With respect to the statements of earnings, the pro forma events must be expected to have a continuing impact on the combined results. You should read this information in conjunction with the:

accompanying notes to the unaudited pro forma condensed consolidated financial statements

separate historical unaudited financial statements of Johnson & Johnson as of and for the nine months ended September 26, 2004 included in Johnson & Johnson's Quarterly Report on Form 10-Q for the nine month period ended September 26, 2004, which is incorporated by reference into this proxy statement/prospectus

separate historical financial statements of Johnson & Johnson as of and for the year ended December 28, 2003 included in Johnson & Johnson's Annual Report on Form 10-K for the year ended December 28, 2003, which is incorporated by reference into this proxy statement/prospectus

separate historical unaudited financial statements of Guidant as of and for the nine months ended September 30, 2004 included in Guidant's Quarterly Report on Form 10-Q for the nine month period ended September 30, 2004, which is incorporated by reference into this proxy statement/prospectus and

separate historical financial statements of Guidant as of and for the year ended December 31, 2003 included in Guidant's Annual Report on Form 10-K for the year ended December 31, 2004, which is incorporated by reference into this proxy statement/prospectus.

You should read the separate historical financial statements of Guidant as of and for the year ended December 31, 2004, included in Guidant's Annual Report on Form 10-K for the year ended December 31, 2004, which is incorporated by reference into this proxy statement/prospectus. Historical financial statements of Johnson & Johnson as of and for its fiscal year ended January 2, 2005 are not yet available. Accordingly, pursuant to Rule 11-02(c) of Regulation S-X of the Exchange Act, the unaudited pro forma condensed consolidated financial statements have been prepared as of and for the nine months ended September 26, 2004 and for the year ended December 28, 2003, the most recent date and periods for which financial statements of Johnson & Johnson have been incorporated by reference in this proxy statement/prospectus.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the merger been completed at the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of Johnson & Johnson after completion of the merger.

The unaudited pro forma condensed consolidated financial information was prepared by using the purchase method of accounting. Accordingly, Johnson & Johnson's cost to acquire Guidant will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the date of completion of the merger. This allocation is dependent upon certain valuations and other studies that have not progressed to a stage where sufficient information is available to make a definitive allocation. Accordingly, the purchase price allocation adjustments reflected in the following unaudited pro forma condensed consolidated financial statements are preliminary and have been made solely for the purpose of preparing these statements.

Table of Contents**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED****STATEMENT OF EARNINGS****For the Year Ended December 28, 2003**

	<u>Johnson & Johnson</u>	<u>Guidant</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Consolidated</u>
	(in millions, except per share data)			
Sales to customers	\$41,862	\$3,645	\$ (65)a	\$45,442
Cost of products sold	12,176	958	802 b	13,936
Gross profit	29,686	2,687	(867)	31,506
Selling, marketing and administrative expenses	14,131	1,189		15,320
Research expense	4,684	515		5,199
Purchased in-process research and development	918	84		1,002
Interest income	(177)	(24)	134 c	(67)
Interest expense, net of portion capitalized	207	17	102 c	326
Other (income) expense, net	(385)	431	(195)a	(149)
	19,378	2,212	41	21,631
Earnings before provision for taxes on income	10,308	475	(908)	9,875
Provision for taxes on income	3,111	56	(318)d	2,849
Income from continuing operations	\$ 7,197	\$ 419	\$(590)	\$ 7,026
Basic earnings per share				
Income from continuing operations	\$ 2.42			