

JOHNSON & JOHNSON
Form POS AM
December 23, 2005

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As filed with the Securities and Exchange Commission on December 23, 2005

Registration No. 333-122856

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Post-Effective Amendment No. 2
to
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.
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. o

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. o

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	175,706,915	N/A	\$10,143,242,984	\$1,085,327(5)

(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) 356,403,478, the aggregate number of shares of Guidant common stock outstanding as of December 1, 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 0.493 shares of the registrant's common stock for each share of Guidant common stock, representing 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) \$61.71, the average of the high and low prices per share of Guidant common stock on December 1, 2005, as reported on the New York Stock Exchange Composite Transactions Tape, multiplied by (b) 356,403,478, the aggregate number of shares of Guidant common stock outstanding as of December 1, 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 \$33.25 times 356,403,478, the aggregate number of shares of Guidant common stock outstanding as of December 1, 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 0.00010700.

(5) Previously paid. Registration fees of \$1,781,664 were paid in connection with the first filing of this registration statement on February 16, 2005.

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

December 23, 2005

Dear Shareholder:

We are pleased to report that the boards of directors of Guidant and Johnson & Johnson have each approved revised terms of a merger involving our two companies. Before we can complete the merger, we must obtain the approval of Guidant shareholders of the amended and restated merger agreement. We cordially invite you to attend a special meeting of Guidant shareholders to be held on January 27, 2006, at 10:00 a.m., local time, at Guidant's corporate headquarters, 111 Monument Circle, Indianapolis, Indiana 46204-5129. At the special meeting, we will ask you to consider and vote on a proposal to approve the Amended and Restated Agreement and Plan of Merger we entered into as of November 14, 2005, which amended and restated the Agreement and Plan of Merger dated 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.

Under the amended and restated merger agreement, 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) \$33.25 in cash and (ii) 0.493 shares of Johnson & Johnson common stock.

Johnson & Johnson and Guidant have agreed that no effects on Guidant's business relating to or arising from Guidant's previously announced product recalls or any related pending or future litigation, governmental investigations or other developments will be considered in determining whether a material adverse effect has occurred or is reasonably likely to occur for any purposes of the amended and restated merger agreement or whether there is or may be any failure of any of the closing conditions to the merger.

Johnson & Johnson common stock is listed on the New York Stock Exchange under the trading symbol JNJ and on December 22, 2005, the latest practicable date before the date of the accompanying proxy statement/ prospectus, its closing price was \$61.32 per share.

The Guidant board of directors has carefully reviewed and considered the terms and conditions of the amended and restated merger agreement. Based on its review, the Guidant board of directors unanimously determined that the merger is in the best interests of Guidant and its shareholders, adopted the amended and restated merger agreement and recommends that you vote FOR approval of the amended and restated merger agreement.

Your vote is very important. We cannot complete the merger unless the amended and restated 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 December 8, 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 amended and restated 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.

On December 5, 2005, Boston Scientific proposed to acquire each share of Guidant common stock for a combination of \$36 in cash and a fixed number of shares of Boston Scientific common stock having a value of \$36 on or about the time, should it occur, that a definitive agreement may be signed. Boston Scientific's proposal is subject to due diligence and the negotiation of a definitive agreement. Boston Scientific's proposal is also subject to approvals from shareholders of both Guidant and Boston Scientific, U.S. and European regulatory approvals and other conditions. The Guidant board of directors has made the requisite determination under the amended and restated

merger agreement to provide information to Boston Scientific and enter into discussions with it, but has not made any recommendation with respect to Boston Scientific's proposal. Guidant remains a party to the amended and restated merger agreement with Johnson & Johnson.

The accompanying proxy statement/prospectus explains the merger and amended and restated 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 12 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,

James M. Cornelius
Chairman and interim 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 December 23, 2005,
and is first being mailed to shareholders on or about December 27, 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
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
Attention: Office of Corporate Secretary
Telephone: (732) 524-2455

GUIDANT CORPORATION
111 Monument Circle, 29th Floor
Indianapolis, IN 46204-5129
Attention: Secretary
Telephone: (317) 971-2000

If you would like to request documents, please do so by January 12, 2006, in order to receive them before the special meeting.

See [Where You Can Find More Information](#) on page 96.

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**GUIDANT CORPORATION
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 27, 2006**

To the Shareholders of Guidant Corporation:

A special meeting of shareholders of Guidant Corporation will be held on January 27, 2006, at 10:00 a.m., local time, at Guidant's corporate headquarters, 111 Monument Circle, Indianapolis, Indiana 46204-5129, for the following purpose:

To consider and vote upon a proposal to approve the Amended and Restated Agreement and Plan of Merger dated as of November 14, 2005, which amended and restated the Agreement and Plan of Merger dated as of December 15, 2004, among Johnson & Johnson, Shelby Merger Sub, Inc., a wholly owned subsidiary of Johnson & Johnson, and Guidant, 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) \$33.25 in cash and (ii) 0.493 shares of Johnson & Johnson common stock.

We will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement of it by the Guidant board of directors.

Only shareholders who owned shares of Guidant common stock at the close of business on December 8, 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. If you plan to attend the special meeting, please complete and return the enclosed request for admittance card. Guidant then will mail you an admittance card, directions to the meeting and parking information. A shareholders' list will be available for inspection by any shareholder entitled to vote at the special meeting beginning no later than five business days before the date of the special meeting and continuing through the special meeting.

We cannot complete the merger unless the amended and restated 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. Guidant shareholders have no dissenters' rights under Indiana law in connection with the merger. The proxy statement/prospectus accompanying this notice explains the merger and amended and restated merger agreement and provides specific information concerning the special meeting. Please review this document carefully.

The Guidant board of directors believes that the merger and the other transactions contemplated by the amended and restated merger agreement are in the best interests of Guidant and its shareholders and unanimously adopted the amended and restated merger agreement and recommends that shareholders vote FOR approval of the amended and restated merger agreement.

Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid return envelope or submit your proxy by telephone or on the Internet as soon as possible. You may revoke the proxy at any time prior to its exercise in the manner described in the proxy statement/prospectus. Any shareholder of record present at the special meeting, including any adjournment or postponement of it, may revoke his or her proxy and vote personally on the amended and restated merger agreement. Executed proxies with no instructions indicated thereon will be voted **FOR** approval of the amended and restated merger agreement.

Please do not send any stock certificates at this time.

By order of the board of directors,

Bernard E. Kury
Vice President, General Counsel and Secretary

Indianapolis, Indiana
December 23, 2005

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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 amended and restated 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: Why is Guidant holding another meeting with respect to the merger?

A: Following the special meeting on April 27, 2005, at which Guidant shareholders approved the original merger agreement, Johnson & Johnson and Guidant renegotiated the terms of the original merger agreement and since that occurred after the date of that special meeting of Guidant shareholders and reduced the consideration you will receive in exchange for your shares of Guidant common stock, the original merger agreement, in accordance with Indiana Law, requires Guidant shareholders to approve the terms of the amended and restated merger agreement before we can complete the merger.

Q: If I voted at the shareholders meeting on April 27, 2005, with respect to the merger, should I vote again?

A: Yes, you should vote whether or not you voted at the special meeting of Guidant shareholders held on April 27, 2005. Because the terms of the merger have been amended to reduce the merger consideration you will receive in connection with the merger, you must vote again. If you voted at the special meeting on April 27, 2005, that vote **does not count** as a vote at the special meeting that will be held on January 27, 2006. The merger can only be completed if holders of a majority of the outstanding shares of Guidant common stock vote to approve the amended and restated merger agreement. You are entitled, and we strongly encourage you, to vote at the Guidant special meeting that will be held on January 27, 2006.

Q: What will I receive in the merger?

A: Upon completion of the merger, you will receive a combination of (i) \$33.25 in cash and (ii) 0.493 shares of Johnson & Johnson common stock. The number of shares of Johnson & Johnson common stock to be issued in the merger for each share of Guidant common stock is now fixed. Accordingly, shareholders of Guidant may receive more or less value depending on fluctuations in the price of Johnson & Johnson common stock.

Q: What has changed in the amended and restated merger agreement?

A: The principal changes reflected in the amended and restated merger agreement are:
The merger consideration has been reduced from (i) a combination of (a) \$30.40 in cash and (b) between 0.6797 and 0.8224 shares of Johnson & Johnson common stock depending upon 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 to (ii) a combination of (a) \$33.25 in cash and (b) 0.493 shares of Johnson & Johnson common stock.

Johnson & Johnson and Guidant have agreed that no effects on Guidant's business relating to or arising from Guidant's previously announced product recalls, or any related pending or future litigation, governmental investigations or other developments will be considered in determining whether a material adverse effect has occurred or is reasonably likely to occur for any purposes of the amended and restated merger agreement or whether there is or may be any failure of any of the closing conditions to the merger.

The termination fee payable in several circumstances by Guidant to Johnson & Johnson has been reduced from \$750 million to \$625 million. The termination fee payable in several circumstances by Johnson & Johnson to Guidant has been re-

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duced from \$700 million to \$300 million, each as described below in The Amended and Restated Merger Agreement Fees and Expenses .

The outside termination date has been extended from February 28, 2006 to March 31, 2006, as described below in The Amended and Restated Merger Agreement Termination of the Amended and Restated Merger Agreement . Aside from these changes, the amended and restated merger agreement is substantively unchanged from the original merger agreement.

Q: Has the lawsuit filed by Guidant against Johnson & Johnson seeking specific performance of the original merger agreement been dismissed?

A: Yes, in connection with entering into the amended and restated merger agreement, Guidant dismissed with prejudice its lawsuit against Johnson & Johnson seeking specific performance of the original merger agreement.

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 Guidant shareholders, it is anticipated that the merger will be completed promptly following such approval. 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: 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 amended and restated merger agreement are in the best interests of Guidant and its shareholders, and unanimously adopted the amended and restated merger agreement and recommends that Guidant shareholders vote **FOR** approval of the amended and restated merger agreement.

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

A: The Guidant special meeting will be held on January 27, 2006, at 10:00 a.m., local time, at Guidant s headquarters, 111 Monument Circle, Indianapolis, Indiana 46204-5129. 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 December 8, 2005, the record date for the special meeting. As of the close of business on that day, 333,401,845 shares of Guidant common stock were outstanding.

Q: What is Boston Scientific Corporation s proposal with regard to the acquisition of Guidant?

A: On December 5, 2005, Boston Scientific proposed to acquire each share of Guidant common stock for a combination of \$36 in cash and a fixed number of shares of Boston Scientific common stock having a value of \$36 on or about the time, should it occur, that a definitive agreement may be signed. Boston Scientific has stated that it has secured \$14 billion of committed debt financing and that its proposal is not subject to a financing condition. As a practical matter, completion of a transaction with Boston Scientific would require receipt of that financing. Boston Scientific s proposal is subject to due diligence and the negotiation of a definitive agreement. Boston Scientific s proposal is also subject to approvals from shareholders of both Guidant and Boston Scientific, U.S. and European regulatory approvals and other conditions. Boston Scientific s proposal indicated that it expected to be able to obtain all required regulatory approvals before the end of the first quarter of 2006; however, there can be no assurance that such approvals will be obtained or obtained within that timeframe.

Q: What is the status of Boston Scientific s proposal?

A: On December 7, 2005, the board of directors of Guidant made the requisite determination under the amended and restated merger agreement to provide information to Boston Scientific and to enter into discussions with Boston Scientific regarding its proposal.

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Boston Scientific and Guidant are currently conducting due diligence on each other and are in discussions regarding Boston Scientific's proposal.

Q: How does Boston Scientific's proposal affect the Guidant board of directors' support of the amended and restated merger agreement?

A: The Guidant board of directors continues to recommend that Guidant shareholders vote **FOR** approval of the amended and restated merger agreement and is not making any recommendation at this time with respect to Boston Scientific's proposal. Under the terms of the amended and restated merger agreement, the Guidant board of directors is not permitted to change its recommendation with respect to the amended and restated merger agreement or terminate the amended and restated merger agreement in order to enter into an alternative agreement with Boston Scientific unless and until it both (1) determines that the proposal from Boston Scientific (a) is more favorable to Guidant shareholders from a financial point of view than the amended and restated merger agreement and (b) is reasonably capable of being completed (taking into account all financial, legal, regulatory and other aspects of such proposal) and (2) waits five business days after sending Johnson & Johnson notice of such determination. Any change to the financial terms or any other material term of the Boston Scientific proposal following such a determination would require Guidant to deliver a new notice to Johnson & Johnson and a new five business day period to commence. The board will continue to evaluate what further actions, if any, would be appropriate for it to take prior to the special meeting.

Q: Under what circumstances may Johnson & Johnson terminate the amended and restated merger agreement in connection with the Boston Scientific proposal?

A: Johnson & Johnson is entitled to terminate the merger agreement in the event that (1) the merger is not consummated prior to March 31, 2006, (2) Guidant shareholders do not approve the merger at the special meeting, or (3) the board of directors of Guidant, prior to shareholder approval, (a) withdraws its recommendation of the merger or adopts Boston Scientific's proposal or (b) fails to publicly reaffirm its recommendation of the merger within ten business days of receipt of Johnson & Johnson's written request to provide such affirmation.

Q: Under what circumstances must Guidant pay Johnson & Johnson a termination fee with respect to the Boston Scientific proposal?

A: Guidant must pay Johnson & Johnson a termination fee of \$625 million if: Johnson & Johnson terminates the amended and restated merger agreement after the board of directors of Guidant, prior to shareholder approval, (i) withdraws its recommendation of the merger or adopts Boston Scientific's proposal or (ii) fails to publicly reaffirm its recommendation of the merger within ten business days of receipt of Johnson & Johnson's written request to provide such affirmation,

Guidant terminates the amended and restated merger agreement to enter into a definitive acquisition agreement with Boston Scientific, or

(1) the amended and restated merger agreement is terminated by either Guidant or Johnson & Johnson because (a) the merger has not been consummated by March 31, 2006 (and the special meeting has not been held) or (b) Guidant shareholders did not approve the merger at the special meeting and (2) within 12 months after such termination, Guidant enters into an agreement or consummates a transaction with Boston Scientific or any other party.

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 amended and restated 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**

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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 amended and restated 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 amended and restated 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 51 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: 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:

Georgeson Shareholder Communications, Inc.

17 State Street 10th Floor

New York, New York 10004

Banks and Brokers Call: (212) 440-9800

All Others Call Toll Free: (877) 278-4779

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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 amended and restated 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 96. 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 49)

In the merger, holders of Guidant common stock will receive, for each share of Guidant common stock they own, a combination of (i) \$33.25 in cash and (ii) 0.493 shares of Johnson & Johnson common stock. The number of shares of Johnson & Johnson common stock to be issued in the merger for each share of Guidant common stock is now fixed. Accordingly, shareholders of Guidant may receive more or less value depending on fluctuations in the price of Johnson & Johnson common stock. 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 \$33.25 in cash, the 0.493 shares of 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.

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 49)

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 December 22, 2005, we anticipate that Guidant shareholders will own approximately 5% of the outstanding shares of Johnson & Johnson common stock following the merger.

Dissenters Rights (page 53)

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 51)

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*

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of the Merger beginning on page 51 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 27)

The Guidant board of directors believes that the merger and the other transactions contemplated by the amended and restated merger agreement are in the best interests of Guidant and its shareholders and unanimously adopted the amended and restated merger agreement and recommends that the shareholders vote **FOR** the approval of the amended and restated merger agreement.

To review the background of and reasons for the merger, as well as certain risks related to the merger, see page 12 and pages 18 through 31.

Opinions of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated (page 31)

In deciding to approve the amended and restated merger agreement, 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 November 14, 2005, the date of the amended and restated merger agreement, and based upon and subject to certain matters described in their respective opinions, the merger consideration contemplated by the amended and restated merger agreement 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 amended and restated 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.

Update on Guidant's Business (page 43)

In September 2005, Guidant's domestic implantable defibrillator implant rate, an indicator of Guidant's progress in regaining market share, averaged approximately 80% of the implant rate experienced by Guidant in March through May 2005 (prior to the recent recalls and related publicity). Following additional product disclosures and related publicity in late September and early October, the implant rate declined to approximately 70% in October of 2005 and has increased somewhat since then. Preliminary implant rates for the month of December to date, while not final, have increased and approximate the rate Guidant experienced in September.

Guidant management currently believes that sales and earnings for the fourth quarter of 2005 will be between \$790-\$820 million and \$0.17-\$0.23 per share, respectively. This earnings per share range includes legal expenses associated with product recalls and merger activities and other one-time adjustments totaling up to \$0.08 per share.

Interests of Guidant Directors and Executive Officers in the Merger (page 43)

In considering the recommendation of the Guidant board of directors in favor of the approval of the amended and restated 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 original merger agreement under Guidant's stock incentive plans, including those held by Guidant executive officers and directors, became fully exercisable upon

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receipt of shareholder approval of the original merger agreement. Based upon options outstanding as of April 27, 2005, the date of the first special meeting of Guidant shareholders, options held by Guidant's executive officers and directors relating to 794,175 shares of Guidant common stock vested upon receipt of shareholder approval of the original merger agreement

all outstanding options to purchase Guidant common stock existing at the time of the 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 original merger agreement under Guidant's stock incentive plans, including restricted stock held by Guidant executive officers and directors, immediately lapsed upon receipt of shareholder approval of the original merger agreement. Based upon grants outstanding as of April 27, 2005, restricted stock grants held by Guidant's executive officers and directors relating to 515,250 shares of Guidant common stock had their restrictions lapse upon receipt of shareholder approval of the original merger agreement

Guidant's entering into the original 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 original merger agreement constituted, and shareholder approval of the amended and restated merger agreement, as well as completion of the merger, will each constitute a change in control under Guidant's change in control plan 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

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 original merger agreement or the amended and restated merger agreement or shareholder approval of the original merger agreement or the amended and restated 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 of the amended and restated merger agreement 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) and

Effective November 15, 2005, Ronald W. Dollens retired as Director, President and Chief Executive Officer of Guidant and James M. Cornelius, who previously served as non-executive Chairman of the Guidant board of directors, was appointed Chairman and interim Chief Executive Officer of Guidant. Pursuant to the terms of his appointment, Mr. Cornelius will receive an annual salary of \$900,000 and a bonus of \$1.5 million payable upon the completion of the merger.

The Guidant board of directors was aware of these interests and considered them, among other

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matters, when adopting the amended and restated 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 83)

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 restated 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 Guidant's corporate headquarters, 111 Monument Circle, Indianapolis, Indiana 46204-5129, at 10:00 a.m., local time, on January 27, 2006. At the special meeting, Guidant shareholders will be asked to approve the amended and restated merger agreement.

Record Date; Voting Power (page 13)

Guidant shareholders are entitled to vote at the special meeting if they owned shares of Guidant common stock as of the close of business on December 8, 2005, the record date.

On the record date, there were 333,401,845 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 amended and restated 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.

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

On the record date, directors and executive officers of Guidant beneficially owned and were entitled to vote 5,559,081 shares of Guidant common stock, which represented approximately 2% of the shares of Guidant common stock outstanding on that date.

The Merger (page 58)

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

Conditions to the Completion of the Merger (page 58)

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 amended and restated 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. On November 2, 2005, the Federal Trade Commission terminated the waiting period under the Hart-Scott-Rodino Act and issued a consent order conditionally approving the merger. The consent order became final on December 21, 2005

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. On August 25, 2005, the European Commis-

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sion issued a decision under Article 8(2) of the EC merger regulation declaring the merger compatible with the Common Market

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 amended and restated 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

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 amended and restated merger agreement or

that has had, or would reasonably be expected to have, a material adverse effect on Guidant.

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.

Johnson & Johnson and Guidant have agreed that no effects on Guidant's business relating to or arising from Guidant's previously announced product recalls or any related pending or future litigation, governmental investigations or other developments will be considered in determining whether a material adverse effect has occurred or is reasonably likely to occur for any purposes of the amended and restated merger agreement or whether there is or may be any failure of any of the closing conditions to the merger.

For a more complete description of the conditions to completion of the merger, see The Amended and Restated Merger Agreement Conditions to the Completion of the Merger .

Termination of the Amended and Restated Merger Agreement; Termination Fee (pages 63 and 64)

The amended and restated merger agreement contains provisions addressing the circumstances under which Johnson & Johnson or Guidant may terminate the amended and restated merger agreement. In addition, the amended and restated merger agreement provides that, in several circumstances, Guidant may be required to pay Johnson & Johnson a termination fee of \$625 million and Johnson & Johnson may be required to pay Guidant a termination fee of \$300 million. For a more complete description, see The Amended and Restated Merger Agreement Termination of the Amended and Restated Merger Agreement and Fees and Expenses .

Additional Terms (pages 67)

Subject to the terms and conditions of the amended and restated 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 amended and restated 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

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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 have agreed with the Federal Trade Commission and the European Commission, conditional upon the closing of the merger, to divest certain assets.

Regulatory Matters (page 53)

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. On November 2, 2005, the Federal Trade Commission terminated the waiting period under the Hart-Scott-Rodino Act and issued a consent order conditionally approving the merger. The consent order became final on December 21, 2005. The Federal Trade Commission's consent order requires Johnson & Johnson to divest, license or terminate certain rights or assets of its businesses in drug-eluting stents, endoscopic vessel harvesting products and anastomotic assist devices. Johnson & Johnson and Guidant do not anticipate further review by the Federal Trade Commission.

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 formally notified the European Commission of the merger on March 15, 2005. On August 25, 2005, the European Commission issued a decision under the EC merger regulation declaring the merger compatible with the Common Market. In connection with the European Commission's decision, Johnson & Johnson agreed to divest its Cordis steerable guidewires business in Europe, the Guidant Endovascular Solutions business in Europe and to pursue a remedy relating to the companies' endoscopic vessel harvesting products. Johnson & Johnson and Guidant do not anticipate further review by the European Commission.

Fees and Expenses (page 64)

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.

The Companies (page 16)

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

Johnson & Johnson, with approximately 115,000 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.

Table of Contents**Market Prices and Dividend Information (page 80)**

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 prices of Johnson & Johnson common stock and Guidant common stock, as reported by the New York Stock Exchange Composite Transactions Tape on:

December 15, 2004, the last full trading day prior to the public announcement of the original merger agreement,

November 14, 2005, the last full trading day prior to the public announcement of the amended and restated merger agreement, and

December 22, 2005, the last practicable date prior to mailing this proxy statement/prospectus.

The table also presents the equivalent value of the merger consideration per share of Guidant common stock on those dates, calculated by multiplying the closing price of Johnson & Johnson common stock on those dates by 0.7488 on December 15, 2004 (which reflects the exchange ratio as determined under the original merger agreement as of December 15, 2004) and by 0.493 on November 14, 2005, and December 22, 2005, respectively (which reflects the exchange ratio under the amended and restated merger agreement), each representing the fraction of a share of Johnson & Johnson common stock that Guidant shareholders would receive in the merger for each share of Guidant common stock.

Date	Johnson & Johnson Common Stock	Guidant Common Stock	Equivalent Price per Share of Guidant Common Stock
December 15, 2004	\$ 60.90	\$ 72.05	\$ 76.00
November 14, 2005	\$ 60.51	\$ 57.75	\$ 63.08
December 22, 2005	\$ 61.32	\$ 67.37	\$ 63.48

These prices will fluctuate prior to the special meeting and the consummation of the merger, but the fraction of a share of Johnson & Johnson common stock that Guidant shareholders will receive for each share of Guidant common stock is now fixed. Accordingly, shareholders of Guidant may receive more or less value depending on fluctuations in the price of Johnson & Johnson common stock. 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 the exchange ratio of 0.493. The exchange ratio does not include the \$33.25 per share cash portion of the merger consideration. This data shows how each share of Guidant common stock would have participated in the 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.

	Fiscal Year Ended Jan. 2, 2005	Fiscal Nine Months Ended October 2, 2005
JOHNSON & JOHNSON HISTORICAL		
Per common share data:		
Net earnings:		
Basic	\$ 2.87	\$ 2.77
Diluted	2.84	2.73
Dividends paid per share	1.095	0.945
Unaudited book value per share (basic)	10.71	12.39
GUIDANT HISTORICAL(1)		
Per common share data:		
Income from continuing operations:		
Basic	\$ 1.84	\$ 1.11
Diluted	1.78	1.08
Dividends declared per common share	0.40	0.30
Unaudited book value per share (basic)	11.74	14.01
JOHNSON & JOHNSON UNAUDITED PRO FORMA CONSOLIDATED WITH GUIDANT		
Per common share data:		
Income from continuing operations:		
Basic	\$ 2.67	\$ 2.57
Diluted	2.64	2.53
Dividends paid per share	1.095	0.945
Unaudited book value per share (basic)		15.20
GUIDANT UNAUDITED PRO FORMA EQUIVALENTS		
Per common share data:		
Income from continuing operations:		
Basic	\$ 1.32	\$ 1.27
Diluted	1.30	1.25

Dividends declared per common share	0.54	0.47
Unaudited book value per share (basic)		7.49

- (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, 2004, and as of and for the nine months ended September 30, 2005.

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 January 2, 2005, 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 following selected consolidated financial information of Johnson & Johnson as of and for the fiscal nine month periods ended September 26, 2004 and October 2, 2005 has been derived from the unaudited consolidated financial statements contained in Johnson & Johnson's Quarterly Reports on Form 10-Q for the fiscal nine month periods ended September 26, 2004 and October 2, 2005 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 statement of such information for the interim periods. The operating results for the fiscal nine month period ended October 2, 2005 are not necessarily indicative of results for the full fiscal year ending January 1, 2006. 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.

	Fiscal Year Ended					Fiscal Nine Months Ended	
	Dec. 31, 2000	Dec. 30, 2001	Dec. 29, 2002	Dec. 28, 2003	Jan. 2, 2005	September 26, 2004	October 2, 2005
(in millions, except per share data)							
EARNINGS DATA:							
Sales to customers	\$ 29,172	\$ 32,317	\$ 36,298	\$ 41,862	\$ 47,348	\$ 34,596	\$ 37,904
Costs and expenses	22,304	24,419	27,007	31,554	34,510	24,383	26,886
Earnings before provisions for taxes on income	6,868	7,898	9,291	10,308	12,838	10,213	11,018
Net earnings	4,953	5,668	6,597	7,197	8,509	7,292	8,228
Diluted net earnings per share	1.61	1.84	2.16	2.40	2.84	2.43	2.73
Dividends paid per share	0.62	0.70	0.795	0.925	1.095	0.81	0.945
BALANCE SHEET DATA (as of period end):							
Total assets	\$ 34,245	\$ 38,488	\$ 40,556	\$ 48,263	\$ 53,317	\$ 52,089	\$ 56,574
Long-term debt	3,163	2,217	2,022	2,955	2,565	2,961	2,139
Shareholders' equity	20,395	24,233	22,697	26,869	31,813	31,513	36,847

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. The following selected consolidated financial information of Guidant as of and for the fiscal nine month periods ended September 30, 2004 and September 30, 2005 has been derived from the unaudited consolidated financial statements contained in Guidant's Quarterly Reports on Form 10-Q for the fiscal nine month periods ended September 30, 2004 and September 30, 2005 incorporated by reference in this proxy statement/ prospectus and, in the opinion of Guidant management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of such information for the interim periods. The operating results for the fiscal nine month period ended September 30, 2005 are not necessarily indicative of results for the full fiscal year ending December 31, 2005. 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.

	Fiscal Year Ended December 31,					Fiscal Nine Months Ended September 30,	
	2000	2001	2002	2003	2004	2004	2005
(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	\$ 2,797.4	\$ 2,722.4
Gross profit	1,894.0	2,023.9	2,378.9	2,767.4	2,844.0	2,107.8	1,980.7
Income from continuing operations	397.2	538.5	669.3	419.3	573.0	449.3	358.2
Net income	374.3	484.0	611.8	330.3	524.0	419.5	335.0
Earnings per share basic:							
Income from continuing operations	\$ 1.32	\$ 1.79	\$ 2.22	\$ 1.37	\$ 1.84	\$ 1.45	\$ 1.11
Loss from discontinued operations, net of income taxes	(0.08)	(0.18)	(0.19)	(0.29)	(0.16)	(0.10)	(0.07)
Net income	\$ 1.24	\$ 1.61	\$ 2.03	\$ 1.08	\$ 1.68	\$ 1.35	\$ 1.04
Earnings per share diluted:							
Income from continuing operations	\$ 1.28	\$ 1.76	\$ 2.19	\$ 1.34	\$ 1.78	\$ 1.40	\$ 1.08
Loss from discontinued operations, net of	(0.07)	(0.18)	(0.19)	(0.28)	(0.15)	(0.09)	(0.07)

income taxes

Net income	\$ 1.21	\$ 1.58	\$ 2.00	\$ 1.06	\$ 1.63	\$ 1.31	\$ 1.01
Dividends declared per common share				\$ 0.24	\$ 0.40	\$ 0.30	\$ 0.30

**BALANCE SHEET
DATA (as of period
end):**

Total assets	\$ 2,521.4	\$ 2,916.8	\$ 3,716.1	\$ 4,640.1	\$ 5,372.2	\$ 5,155.0	\$ 5,984.7
Borrowings (long and short term)	808.9	760.0	368.5	948.3	659.2	776.9	355.1
Shareholders equity	1,183.5	1,545.8	2,321.8	2,713.3	3,742.1	3,445.3	4,532.9

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 fiscal year ended January 2, 2005, and as of and for the fiscal nine month period ended October 2, 2005, with the consolidated financial information of Guidant for the fiscal year ended December 31, 2004, and as of and for the fiscal nine month period ended September 30, 2005. 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. See Unaudited Pro Forma Condensed Consolidated Financial Statements .

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.

	Fiscal Year Ended January 2, 2005	Fiscal Nine Months Ended October 2, 2005
	(in millions, except per share data)	
EARNINGS DATA:		
Sales to customers	\$ 51,017	\$ 40,533
Costs and expenses	38,432	29,904
Earnings before provisions for taxes on income	12,585	10,629
Income from continuing operations	8,347	8,062
Basic earnings per share	2.67	2.57
Diluted earnings per share	2.64	2.53
Dividends paid per share	1.095	0.945
BALANCE SHEET DATA (as of period end):		
Total assets		\$ 72,026
Long-term debt		2,144
Shareholders' equity		47,635

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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 amended and restated merger agreement.

The value of Johnson & Johnson shares received will fluctuate; shareholders of Guidant may receive more or less value depending on fluctuations in the price of Johnson & Johnson common stock. The number of shares of Johnson & Johnson common stock to be issued in the merger for each share of Guidant common stock is now fixed. 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. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Johnson & Johnson common stock, the market value of Johnson & Johnson common stock to be issued in the merger may be higher or lower than the value of such shares on earlier dates. The prices of Johnson & Johnson common stock and Guidant common stock 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. During the 12-month period ending on December 22, 2005, the last practicable date prior to the mailing of this proxy statement/prospectus, Johnson & Johnson common stock traded in a range from a low of \$59.76 to a high of \$69.99 and ended that period at \$61.32. See **Comparative Stock Prices and Dividends** on page 80 for more detailed share price information.

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 January 2, 2005 and Quarterly Report on Form 10-Q for the fiscal nine month period ended October 2, 2005, and Guidant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and Quarterly Report on Form 10-Q for the fiscal nine month period ended September 30, 2005, 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 \$155 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.

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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 January 27, 2006, at 10:00 a.m., local time, at Guidant's corporate headquarters, 111 Monument Circle, Indianapolis, Indiana 46204-5129. 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 amended and restated 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) \$33.25 in cash and (ii) 0.493 shares of Johnson & Johnson common stock. It is currently contemplated that no other matters will be considered at the special meeting.

The Guidant board of directors unanimously determined that the merger is in the best interests of Guidant and its shareholders, adopted the amended and restated merger agreement and recommends that you vote **FOR** approval of the amended and restated merger agreement.

Record Date; Shares Entitled to Vote; Quorum

Only holders of record of Guidant common stock at the close of business on December 8, 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, 331,401,845 shares of Guidant common stock were issued and outstanding and held by approximately 4,593 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 amended and restated 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 amended and restated merger agreement.

Shares Owned by Guidant Directors and Executive Officers

At the close of business on the record date, directors and executive officers of Guidant beneficially owned and were entitled to vote 5,559,081 shares of Guidant common stock, which represented approximately 2% 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 amended and restated 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 amended and restated 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 by Internet, telephone or mail 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 115,000 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, guidewires and related accessories for the treatment of coronary artery disease

cardiac surgery systems to perform cardiac surgical ablation, endoscopic vessel harvesting and clamped beating-heart bypass surgery and

peripheral systems, including those to treat biliary, peripheral vascular and carotid artery 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

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initial public offering of a portion of its outstanding common shares. In September 1995, Eli Lilly and 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 certain of Cordis' drug-eluting coronary stents. 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 drug-eluting 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, then 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 then 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, then non-

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executive 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.

During the week of November 8, 2004, Messrs. Dollens and Dormer had a series of telephone conversations 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,

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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 authorized the execution and delivery of the original 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 original merger agreement and authorized the execution and delivery of the original merger agreement.

On December 15, 2004, the board of directors of Guidant met to consider the proposed original 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 original 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 original merger consideration was fair from a financial point of view to the Guidant shareholders. Following extended discussion, the Guidant board approved the proposed original merger agreement as being in the best interests of Guidant and its shareholders and authorized the execution and delivery of the original 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 original merger agreement was executed and the parties issued a joint press release announcing their agreement.

Following execution of the original merger agreement, Guidant and Johnson & Johnson worked together to secure the various regulatory approvals required to close the transaction, particularly with respect to antitrust matters. On February 18, 2005, Guidant and Johnson & Johnson issued a joint press release announcing the receipt of an anticipated request for additional information from the Federal Trade Commission. On April 22, 2005, they issued a joint press release announcing that they had been notified, as anticipated, that the European Commission had decided to open a second phase review into the proposed transaction. Over the course of the next several months, Guidant and Johnson & Johnson continued to work together and with the appropriate regulatory authorities to respond to these requests.

On April 27, 2005, Guidant shareholders approved the original merger agreement at a special shareholders meeting.

On May 23, 2005, Guidant issued a communication to physicians regarding a failure of Guidant's VENTAK PRIZM 2 DR Model 1861 implantable defibrillators manufactured before November 2002.

On May 24, 2005, Johnson & Johnson issued a public statement noting that it continued to be confident in its decision to acquire Guidant and that it anticipated closing the transaction in the third quarter of 2005.

On June 17, 2005, Guidant issued a communication to physicians regarding failures occurring in several additional Guidant products. The communication provided additional information relating to the May 2005 communication regarding the VENTAK PRIZM 2 DR Model 1861, as well as information regarding issues with respect to several of Guidant's other defibrillator products. At that time, the United States Food and Drug Administration, referred to as the FDA, indicated that it would be classifying

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these actions as recalls. In connection with these events, Johnson & Johnson issued a public statement on the same day that while it was still working towards a third quarter close of the acquisition of Guidant, the events reported by Guidant were serious matters and Johnson & Johnson and Guidant were engaged in discussions to help Johnson & Johnson understand the issues. These discussions consisted of representatives of Guidant providing representatives of Johnson & Johnson with information regarding the nature of the issues addressed in the physician communications as well as the substance of Guidant's discussions with the FDA in connection with such communications.

From June 2005 through late September 2005, Guidant issued a number of additional physician communications relating to failures occurring in certain Guidant products, including implantable cardioverter defibrillators, cardiac resynchronization therapy defibrillators and pacemakers. The FDA classified a number of these physician communications as recalls under FDA recall classifying standards. In connection with the June 24, 2005, physician notification regarding Guidant's CONTAK RENEWAL 3 and 4, RENEWAL 3 and 4 AVT and RENEWAL RF devices, Guidant voluntarily removed these devices from distribution and advised physicians to discontinue implantation. In August 2005, the FDA approved a component solution and the distribution and implantation of these devices resumed. In August 2005, the FDA commenced an investigation of Guidant, inspecting Guidant's cardiac rhythm management facilities in St. Paul, Minnesota, and issued a Form 483, noting several observations of non-compliance. Guidant was also named in numerous product liability lawsuits and became the subject of various claims and governmental investigations during the summer and fall of 2005.

On July 18, 2005, at a meeting of the board of directors of Johnson & Johnson, representatives of Johnson & Johnson and their legal advisors reported on the status of the transaction, and provided the board of directors with a summary of Guidant's physician communications and recalls that had occurred to date and the potential implications of these matters under the original merger agreement. No decisions regarding the status of the transaction were made at this meeting, and management of Johnson & Johnson informed the board that it would continue to analyze the effects of the recalls and related claims, investigations and other developments on Guidant's business.

On Johnson & Johnson's second quarter earnings call with analysts on July 19, 2005, Mr. Darretta indicated that although Federal Trade Commission approval of the merger was still expected in October 2005, the closing of the transaction might be delayed until the product recall issues had been resolved with Guidant and that he could not speculate as to when Guidant and Johnson & Johnson would reach resolution.

On July 21, 2005, Mr. Deyo telephoned Mr. Kury to emphasize that although Johnson & Johnson was still working towards completion of the merger, the product recalls and related events were serious matters and Johnson & Johnson needed to understand all of the issues and their impact on Guidant. Mr. Deyo further stated to Mr. Kury that Johnson & Johnson needed further information regarding the recalls and their impact in order to analyze the potential implications of these events under the original merger agreement. Mr. Kury agreed to continue to facilitate discussions among various representatives of the two companies in this regard.

During the summer of 2005, Guidant continued to provide Johnson & Johnson with information about Guidant's business performance, as well as information concerning the product recalls and the related claims, investigations and other developments, including Guidant's assessment of how these events were affecting Guidant's business. Representatives of the companies conducted a number of meetings and telephone conferences during this period to discuss this information.

On August 25, 2005, the European Commission issued a decision declaring the merger compatible with the Common Market. In connection with the European Commission's decision, Johnson & Johnson agreed to divest its Cordis steerable guidewires business in Europe, the Guidant Endovascular Solutions business in Europe and to pursue a remedy relating to the companies' endoscopic vessel harvesting products. In connection with the announcement of the European Commission decision, Johnson & Johnson issued a public statement on the same day that it was continuing to work with Guidant to understand and evaluate the impact of the various product recalls announced by Guidant.

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On September 12, 2005, at a meeting of the board of directors of Johnson & Johnson, representatives of Johnson & Johnson and their legal advisors provided the board with an update on the status of the Guidant transaction. This update included further information regarding the physician notifications, recalls and other related claims, investigations and other developments, as well as the impact of these matters on Guidant's business and the original merger agreement. After discussion, the board of directors of Johnson & Johnson authorized Johnson & Johnson's management to pursue such alternatives with regard to the original merger agreement as they considered appropriate.

On September 15, 2005, at a meeting of the board of directors of Guidant, representatives of Guidant and their outside legal advisors provided the board with information concerning the FDA inspection and other regulatory matters. Representatives of Guidant also provided the board with an update with respect to Guidant's business condition and share of the implantable defibrillator market.

On September 27, 2005, Mr. Weldon telephoned Mr. Cornelius to suggest a meeting to discuss developments at Guidant and the impact of these developments on the merger.

On September 28, 2005, at a meeting of the board of directors of Guidant, Mr. Cornelius informed the board of his conversation with Mr. Weldon and members of Guidant management provided information regarding Guidant's current business outlook. Guidant's legal advisors also participated in this meeting. After discussion, the board directed Mr. Cornelius to meet with Mr. Weldon.

On September 29, 2005, Mr. Weldon and Mr. Cornelius met to discuss the developments at Guidant and the impact of those events under the original merger agreement. At this meeting, Mr. Weldon stated to Mr. Cornelius that Johnson & Johnson would like to discuss a renegotiation of the terms of the original merger agreement in light of these events, and that any renegotiated price would have to represent a significant reduction from the price reflected in the original merger agreement. Mr. Cornelius agreed to report Johnson & Johnson's position to the Guidant board of directors for its evaluation.

On September 30, 2005, at a meeting of the board of directors of Guidant, Mr. Cornelius reported Johnson & Johnson's position to the board. After discussion, the board authorized Mr. Cornelius to inform Johnson & Johnson that the events at Guidant did not warrant a significant renegotiation of the terms of the original merger agreement and that Guidant's position was that Johnson & Johnson was obligated to complete the merger under the terms of the original merger agreement.

During the week of October 3, 2005, Mr. Cornelius and Mr. Weldon had several telephone conversations during which they further discussed the developments at Guidant and the potential impact of those events. Mr. Cornelius stated that Guidant believed that Johnson & Johnson was obligated to complete the merger under the terms of the original merger agreement and that recent events at Guidant did not warrant a significant renegotiation of the terms of the original merger agreement. On October 6, 2005, Messrs. Weldon, Valeriani, Deyo and Caruso of Johnson & Johnson met with Messrs. Cornelius, Dollens and Kury of Guidant to discuss the developments at Guidant and the effect of these developments on Guidant's business going forward. The parties continued to disagree over their obligations under the original merger agreement and the terms of a potential renegotiated transaction.

On October 9, 2005, at a meeting of the board of directors of Guidant, Mr. Cornelius updated the board regarding the discussions that had occurred between the two companies regarding a potential renegotiated transaction and the likelihood of consummating the original merger agreement in accordance with its terms. Guidant management reported on Guidant's business conditions and outlook and JPMorgan and Morgan Stanley discussed with the board various financial aspects of Guidant's financial performance and outlook. Guidant's outside legal advisors also outlined various legal considerations with respect to the pending merger with Johnson & Johnson.

On October 10, 2005, Mr. Cornelius telephoned Mr. Weldon to discuss the substance of the meeting that had taken place on October 6, 2005, and to discuss the parameters of a potential renegotiated transaction. This discussion did not result in any agreement, and Messrs. Weldon and Cornelius did not establish any plans for further discussions at that time.

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On October 10, 2005, the board of directors of Johnson & Johnson met and received an update from Mr. Weldon regarding the discussions that had occurred between the two companies regarding a renegotiated transaction. Mr. Weldon informed the board of directors that no agreement had been reached on the terms of a revised transaction. Other representatives of Johnson & Johnson management provided further updates on the developments at Guidant that had occurred since the previous board meeting.

On October 17, 2005, Mr. Deyo telephoned Mr. Kury to inform Mr. Kury that Mr. Darretta of Johnson & Johnson would be making a statement during Johnson & Johnson's third quarter earnings call with analysts, scheduled for October 18, 2005, to the effect that Johnson & Johnson considered the recalls and related events at Guidant to be serious matters, and was considering its alternatives under the original merger agreement in light of these events. Johnson & Johnson held its analyst call on October 18, 2005 and Mr. Daretta made a statement to this effect during the call. On October 19, 2005, Guidant made a public statement in response to Mr. Darretta's comments to the effect that neither company depended on the transaction for its continued future success and that it believed the strategic rationale for combining the two companies was as strong as when the original merger agreement was entered into. In this statement, Guidant also provided an update on its business performance for the third quarter of 2005.

On October 24, 2005, Mr. Weldon telephoned Mr. Cornelius to continue discussion regarding possible terms for a restructured transaction. Messrs. Weldon and Cornelius continued these discussions during the week of October 24, 2005. In connection with these discussions, on October 26, 2005, a draft amended and restated merger agreement was circulated by Johnson & Johnson's legal advisors.

On October 26, 2005, at a meeting of the board of directors of Guidant, Guidant's outside legal advisors provided the board with an overview of recent developments. Guidant management presented updated financial information with respect to Guidant's business condition and share of the implantable defibrillator market. The board also continued to discuss the parameters of a potential renegotiated transaction with Johnson & Johnson.

Based on the discussions that had occurred between Messrs. Weldon and Cornelius during the week of October 24, 2005, Mr. Cornelius informed Mr. Weldon that a meeting of the board of directors of Guidant was scheduled for November 1, 2005, to evaluate the discussions that had occurred between Messrs. Weldon and Cornelius and to determine whether there were terms on which the Guidant board of directors would proceed with a revised transaction in light of these discussions.

On October 29 and November 1, 2005, Messrs. Dollens and Dormer had telephone conversations confirming both parties' interest in continuing discussions and their belief that it was still in the strategic interest of both companies for a merger to take place, provided the parties could come to agreement on revised terms.

On November 1, 2005, at a meeting of the Guidant board of directors, Mr. Cornelius informed the board that the companies had not reached an agreement as to a potential renegotiated price. Guidant management reported on business conditions and each of JPMorgan and Morgan Stanley then discussed preliminary valuation issues with the board. After detailed discussion, the board directed Guidant's outside legal advisors to initiate a lawsuit for specific performance in the event that Johnson & Johnson failed to consummate the pending merger in accordance with the terms of the original merger agreement.

After the Guidant board meeting, Mr. Cornelius telephoned Mr. Weldon and discussed potential terms for a revised transaction. Messrs. Weldon and Cornelius were unable to reach agreement. The Johnson & Johnson board of directors met during the evening of November 1, 2005, at which meeting Mr. Weldon notified the board that he had been unable reach agreement with Mr. Cornelius on terms for a renegotiated transaction.

On November 1, 2005, Mr. Cornelius received an unsolicited call from a representative of Boston Scientific Corporation, inquiring as to his availability for a meeting to discuss a possible business combination transaction involving the two companies. On November 2, 2005, after consultation with Guidant's legal advisors, Mr. Cornelius informed the representative that in light of the original merger

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agreement with Johnson & Johnson, he could not attend such a meeting. In accordance with the terms of the original merger agreement, Guidant promptly notified Johnson & Johnson of this matter.

On November 2, 2005, the Federal Trade Commission notified Johnson & Johnson that it had conditionally approved its acquisition of Guidant, subject to Johnson & Johnson divesting, licensing or terminating certain rights or assets of its businesses in drug-eluting stents, endoscopic vessel harvesting products and anastomotic assist devices.

Following receipt of Federal Trade Commission approval of the transaction, Johnson & Johnson issued a public statement on November 2, 2005 that it continued to view Guidant's product recalls and the related developments as serious matters and that it believed that the events had resulted in a material adverse effect on Guidant under the terms of the original merger agreement such that Johnson & Johnson was not required under the terms of the original merger agreement to close the merger. On the same day, Guidant issued a public statement stating that Guidant had informed Johnson & Johnson that the parties remained legally obligated to complete the merger under the terms of the original merger agreement.

On November 2, 2005, Mr. Kury of Guidant sent a letter addressed to Mr. Deyo of Johnson & Johnson stating that Guidant believed that all conditions to closing the merger had been satisfied and that Guidant was ready, willing and able to close. The letter further stated that Guidant would consider failure to close a breach of the original merger agreement and that Guidant would act to protect its rights under the original merger agreement if Johnson & Johnson did not close.

On November 3, 2005, Mr. Deyo sent a letter addressed to Mr. Kury stating that the breaches of the representations and warranties in the original merger agreement as a result of Guidant's previously announced product recalls and the related regulatory investigations, lawsuits, claims and other developments constituted a material adverse effect on Guidant's business, and that as a result, under the terms of the original merger agreement, a closing condition had not been satisfied and Johnson & Johnson was not required to effect the merger.

On November 3, 2005, representatives from JPMorgan and Morgan Stanley, financial advisors to Guidant, telephoned representatives from Goldman Sachs, financial advisor to Johnson & Johnson, to explore whether there were financial terms upon which Johnson & Johnson would agree to renegotiate the transaction with Guidant. In connection with this conversation, representatives from Goldman Sachs confirmed for the representatives of JPMorgan and Morgan Stanley that Johnson & Johnson believed that the events at Guidant warranted a significant price reduction.

In the morning of November 7, 2005, Guidant filed a civil suit against Johnson & Johnson in the United States District Court for the Southern District of New York. The complaint alleged that Johnson & Johnson was required to complete the acquisition of Guidant under the terms of the original merger agreement and sought specific performance of the original merger agreement.

In the afternoon of November 7, 2005, Mr. Dollens telephoned Mr. Dormer to confirm Guidant's interest in continuing discussions concerning a renegotiated transaction and they discussed channels of communication for such discussions. Thereafter, representatives of JPMorgan and Morgan Stanley again contacted representatives of Goldman Sachs to explore whether there were financial terms upon which Johnson & Johnson and Guidant could agree to renegotiate the transaction. Representatives of JPMorgan, Morgan Stanley and Goldman Sachs continued discussions during the course of the week of November 7, 2005, regarding potential terms relating to a renegotiated transaction, including with respect to price, mix of cash and stock consideration and other terms.

As a result of the progress made during these discussions, Messrs. Weldon and Cornelius engaged in a series of conversations during the week of November 7, 2005, regarding the terms of a renegotiated transaction. In addition, during this week, representatives of Johnson & Johnson and Guidant met to discuss Guidant's most recent assessment of the impact of the recalls and related events on its business. Discussions between the two companies continued into the weekend of November 12 and 13, 2005, and resulted in an agreement to restructure the original merger agreement to provide for adjusted merger

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consideration to be paid for each share of Guidant common stock of a combination of \$33.25 in cash and 0.493 shares of Johnson & Johnson common stock.

During this weekend, representatives of Johnson & Johnson and Guidant and their respective legal advisors negotiated the terms of the amended and restated merger agreement and other ancillary matters relating to a restructured transaction.

On November 13, 2005, the board of directors of Guidant met to consider the proposed structure of the renegotiated transaction between the two companies. Guidant's outside legal advisors provided an update as to the status of the negotiations regarding the proposed amended and restated merger agreement and Johnson & Johnson's due diligence investigation of Guidant. Guidant management reported on current business conditions and Guidant's future outlook. Each of JPMorgan and Morgan Stanley discussed their preliminary financial analyses of the merger consideration contemplated by the amended and restated merger agreement to the board. Following discussion, the Guidant board unanimously authorized Mr. Cornelius and Guidant management to proceed with negotiating final terms of a transaction based on consideration to be paid for each share of Guidant common stock of \$33.25 in cash and 0.493 shares of Johnson & Johnson common stock. After the conclusion of the meeting, Mr. Cornelius telephoned Mr. Weldon to convey the Guidant board of directors' acceptance of the proposed price subject to satisfactory resolution of the final terms of the amended and restated merger agreement.

On November 13, 2005, 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. Weldon and Caruso gave presentations regarding the expected terms of the proposed transaction. Mr. Deyo and Johnson & Johnson's legal advisors reviewed for the board the revised terms of the proposed amended and restated merger agreement, and the due diligence effort that had been undertaken by Johnson & Johnson in connection with the recalls and related matters to that date. 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 authorized the execution and delivery of the amended and restated merger agreement, with final terms to be negotiated by Johnson & Johnson management and approved by the finance committee of the board.

Negotiations between the management and advisors of Johnson & Johnson and Guidant to finalize the terms of the amended and restated merger agreement continued through November 14, 2005.

On November 14, 2005, at a meeting of the board of directors of Guidant, Guidant's outside legal advisors reviewed in detail the principal terms of the amended and restated merger 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 contemplated by the amended and restated merger agreement and each delivered its oral opinion, subsequently confirmed in writing, to the effect that, as of November 14, 2005 and based upon and subject to the matters described in its respective opinion, the merger consideration contemplated by the amended and restated merger agreement was fair from a financial point of view to the Guidant shareholders. Following extended discussion, the Guidant board approved the amended and restated merger agreement as being in the best interests of Guidant and its shareholders and authorized the execution and delivery of the amended and restated merger agreement.

After the closing of trading on the New York Stock Exchange on November 14, 2005, final terms were agreed between the parties. The finance committee of the Johnson & Johnson board of directors discussed the final terms of the amended and restated merger agreement and authorized the execution and delivery of the amended and restated merger agreement.

On November 14, 2005, the amended and restated merger agreement was executed and on November 15, 2005, the parties issued a joint press release announcing their agreement.

On December 5, 2005, Guidant received a letter from Boston Scientific proposing to acquire Guidant for a combination of \$36 in cash and a fixed number of shares of Boston Scientific common stock having a value of \$36 on or about the time, should it occur, that a definitive agreement may be signed. Boston

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Scientific's proposal is subject to due diligence, and any transaction would be subject to U.S. and European regulatory approvals and approvals from shareholders of both Guidant and Boston Scientific. Guidant made a public statement on the same day acknowledging receipt of the letter and stating that Guidant's board of directors would consider the proposal.

On December 7, 2005, at a meeting of the board of directors of Guidant, Guidant's outside legal advisors reviewed Guidant's obligations to Johnson & Johnson under the amended and restated merger agreement with respect to Boston Scientific's proposal. Each of JPMorgan and Morgan Stanley discussed their preliminary financial analyses of the merger consideration contemplated by Boston Scientific's proposal. After extensive discussion, the board made the requisite determination under the amended and restated merger agreement to provide information to Boston Scientific and enter into discussions with it regarding its proposal. (See description of the relevant provisions of the Merger Agreement under "The Amended and Restated Merger Agreement - No Solicitation" on p. 60-61.) Guidant issued a public statement to this effect on the same day, noting that the board was not making any recommendation at that time with respect to Boston Scientific's proposal.

Boston Scientific and Guidant are currently conducting due diligence on each other and are in discussions regarding Boston Scientific's proposal. Under the terms of the amended and restated merger agreement, the Guidant board of directors is not permitted to change its recommendation with respect to the amended and restated merger agreement or terminate the amended and restated merger agreement in order to enter into an alternative agreement with Boston Scientific unless and until it both (1) determines that the proposal from Boston Scientific (a) is more favorable to Guidant shareholders from a financial point of view than the amended and restated merger agreement and (b) is reasonably capable of being completed (taking into account all financial, legal, regulatory and other aspects of such proposal) and (2) waits five business days after sending Johnson & Johnson notice of such determination. Any change to the financial terms or any other material term of the Boston Scientific proposal following such a determination would require Guidant to deliver a new notice to Johnson & Johnson and a new five business day period to commence.

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

At a special meeting held on November 14, 2005, the Guidant board of directors unanimously determined that the merger is in the best interests of Guidant and its shareholders, adopted the amended and restated merger agreement and recommended that Guidant shareholders vote **FOR** approval of the amended and restated merger agreement.

In reaching its decision to adopt the amended and restated merger agreement and recommend that Guidant shareholders vote to approve the amended and restated 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 Guidant shareholders will receive, for each share of Guidant common stock that they own, merger consideration consisting of \$33.25 in cash and 0.493 shares of Johnson & Johnson common stock, which as of the close of business on November 14, 2005, had a value of \$63.08 and, as of the close of business on December 22, 2005, had a value of \$63.48. The Guidant board also considered that, because the exchange ratio for the stock portion of the merger consideration is now fixed and is not subject to a collar, the value of the merger consideration to be received by Guidant shareholders will increase or decrease in proportion to the extent that Johnson & Johnson's common stock increases or decreases in value.

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 with the related opportunity to share in its future growth. The Guidant board also reviewed Johnson & Johnson's current and historical results of operations, the trading prices for

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its common stock and its future prospects. The board also noted 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 how Guidant's financial condition, results of operations, business, competitive position, reputation, relationships with regulators, outstanding legal proceedings and investigations and business prospects have changed since the original merger agreement was executed in December 2004, as well as current industry, economic, government regulatory and market conditions and trends. The Guidant board evaluated recent changes in Guidant's implantable defibrillator implant rates, an indicator of Guidant's progress in regaining market share, including a decline in such rate in October of 2005 and related uncertainty as to the overall timing and pace of Guidant's market share recovery. The Guidant board considered management's belief that fourth quarter 2005 sales and income from continuing operations before income taxes are likely to be lower than the fourth quarter of 2004. The Guidant board of directors also reviewed Guidant's future prospects if a merger with Johnson & Johnson were not completed under current circumstances and Guidant were to remain independent, including the risks inherent in remaining independent such as, among other things, the possible consequences of potentially protracted litigation with Johnson & Johnson to enforce the original merger agreement, the potential impact of recent developments on Guidant's business prospects as an independent company and its ability to retain key management and sales personnel.

Terms of the Amended and Restated Merger Agreement. The Guidant board of directors, with the assistance of its legal advisors, reviewed the terms of the amended and restated merger agreement, which is substantially the same as the original merger agreement except as to the pricing terms described above, the amount of the termination fees payable under certain circumstances described below, the termination date (which has been extended from February 28, 2006 to March 31, 2006) and the date from which any material adverse change would be measured (September 30, 2005 as compared to September 30, 2004). In addition, the representations and warranties of Guidant are qualified to exclude the effects on Guidant's business relating to or arising from Guidant's previously announced product recalls or any related pending or future litigation, governmental investigations or other developments and any information in Guidant's Securities and Exchange Commission filings prior to the date of the amended and restated merger agreement.

Litigation. The Guidant board of directors considered the assertion made by Johnson & Johnson that it had the right to refuse to complete the merger in accordance with the original merger agreement as a result of the effects of Guidant's previously announced product recalls and related governmental investigations, lawsuits, claims and other developments on Guidant, that the outcome of the suit filed by Guidant against Johnson & Johnson seeking specific performance of the original merger agreement was not certain and that this litigation could be protracted and could divert management attention and resources away from operating the business.

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 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 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

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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

the potential that the combined resources of Guidant and Johnson & Johnson could increase the likelihood of recovering Guidant's market share at a faster pace than Guidant could achieve alone 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 amended and restated merger agreement prior to its approval by shareholders to enter into an alternative transaction in response to a superior proposal. In this regard, Guidant may not solicit competing offers and would be required to pay a \$625 million termination fee in connection with accepting a superior proposal. The termination fee was reduced from \$750 million in the original merger agreement.

Regulatory Matters. The Guidant board of directors considered the fact that the European Commission approved the merger on August 25, 2005 and that the Federal Trade Commission conditionally approved the merger on November 2, 2005, making the consummation of the merger possible promptly following the special meeting of Guidant shareholders to approve the amended and restated merger agreement. The Guidant board took account of Johnson & Johnson's agreement to assume certain continuing regulatory risks, including its agreement that, if the merger is not completed solely for antitrust reasons, Johnson & Johnson will: (1) pay a termination fee to Guidant of \$300 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. The termination fee was reduced from \$700 million in the original merger agreement.

Tax Treatment. The Guidant board noted 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 which would generally allow Guidant shareholders to refrain from recognizing 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 included:

the possibility that the merger might not be completed as a result of the failure to satisfy 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 amended and restated 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 \$625 million termination fee if the amended and restated merger agreement is terminated under specified circumstances and Guidant later agrees to or consummates a takeover proposal.

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In the judgment of Guidant's board, 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 to be received by shareholders pursuant to the amended and restated merger agreement 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 in determining whether to adopt the amended and restated merger agreement and recommend that Guidant shareholders vote to approve the amended and restated merger agreement included:

the fact that Guidant shareholders will have an opportunity to vote on the merger on the terms provided in the amended and restated merger agreement 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 amended and restated 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 amended and restated merger agreement and recommending that Guidant shareholders vote to approve the merger agreement. See

Interests of Guidant Directors and Executive Officers in the Merger .

At a special meeting held on December 7, 2005, the Guidant board of directors made the requisite determination under the amended and restated merger agreement to provide information to Boston Scientific and to enter into discussions with Boston Scientific regarding its proposal, but did not make any recommendation at that time with respect to Boston Scientific's proposal.

Boston Scientific and Guidant are currently conducting due diligence on each other and are in discussions regarding Boston Scientific's proposal. Under the terms of the amended and restated merger agreement, the Guidant board of directors is not permitted to change its recommendation with respect to the amended and restated merger agreement or terminate the amended and restated merger agreement in order to enter into an alternative agreement with Boston Scientific unless and until it both (1) determines that the proposal from Boston Scientific (a) is more favorable to Guidant shareholders from a financial point of view than the amended and restated merger agreement and (b) is reasonably capable of being completed (taking into account all financial, legal, regulatory and other aspects of such proposal) and (2) waits five business days after sending Johnson & Johnson notice of such determination. Any change to

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the financial terms or any other material term of the Boston Scientific proposal following such a determination would require Guidant to deliver a new notice to Johnson & Johnson and a new five business day period to commence.

In considering its actions and decision not to make any recommendation with respect to Boston Scientific's proposal at this time, the Guidant board of directors took into consideration, among other things, that at the present time, the Boston Scientific proposal is non-binding and subject to completion of due diligence and other conditions. The board also considered the provisions of the amended and restated merger agreement that govern the board's ability to change its recommendation of the amended and restated merger agreement, as described above. In addition, the board was mindful of the fact that if it changed its recommendation, Johnson & Johnson could terminate the amended and restated merger agreement which would obligate Guidant to pay Johnson & Johnson a \$625 million termination fee. The board will continue to evaluate what further actions, if any, would be appropriate for it to take prior to the special meeting.

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 November 14, 2005, 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 November 14, 2005, 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 a draft, dated November 12, 2005, of the amended and restated 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 forecasts relating to Johnson & Johnson that were reviewed and discussed with JPMorgan by the management of Johnson & Johnson (JPMorgan was not provided internal financial information or projections for Johnson & Johnson)

compared the proposed financial terms of the merger with publicly available financial terms of 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 other companies JPMorgan deemed relevant and reviewed the

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current and historical market prices of Guidant common stock and Johnson & Johnson common stock and 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.

