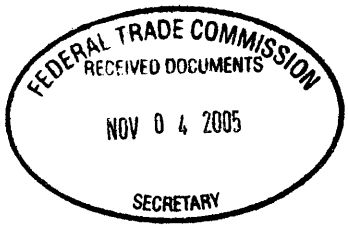
PUBLIC RECORD VERSION

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
Thomas B. Leary
Pamela Jones Harbour
Jon Leibowitz



In the Matter of	
THE PROCTER & GAMBLE COMPANY, a corporation;	
and	
THE GILLETTE COMPANY, a corporation.	

Docket No. C-4151
File No. 051-0115

PETITION OF THE PROCTER & GAMBLE COMPANY FOR APPROVAL OF PROPOSED DIVESTITURE

Pursuant to Section 2.41(f) of the Federal Trade Commission ("Commission" or "FTC") Rules of Practice and Procedure, 16 C.F.R. § 2.41(f) (2005), and Paragraph II.A. of the Decision and Order ("the Order") contained in the Agreement Containing Consent Orders approved by the Commission in the above-captioned matter, The Procter & Gamble Company ("P&G") hereby files this Petition for Approval of Proposed Divestiture ("Petition") requesting the Commission's approval of the divestiture of The Gillette Company's Rembrandt business ("the Rembrandt Assets") to Johnson & Johnson ("J&J").

I. INTRODUCTION

On September 23, 2005, P&G and the Commission entered into an Agreement Containing Consent Orders, including the Order and an Order to Maintain Assets (collectively, the "Consent Agreement"). On September 29, 2005, the Commission accepted the Consent Agreement for public comment. On October 1, 2005, pursuant to an Agreement and Plan of Merger between P&G and Gillette dated January 27, 2005, P&G completed its acquisition of Gillette.

Paragraph V.16. of the Commission's Complaint alleges that the acquisition by P&G of the Rembrandt Assets would substantially lessen the competition in the United States market for at-home teeth whitening products because the acquisition would significantly increase the concentration level in the market, leaving P&G as the leading supplier. Paragraph II.A. of the Order requires P&G and Gillette to divest the Rembrandt assets within ninety days from the date the Order becomes final. Paragraph II.A. of the Order also requires prior Commission approval of such divestiture.

On October 20, 2005, Gillette and J&J executed an Asset Sale and Purchase Agreement (including attachments, exhibits, annexes, and schedules) (collectively, the "Agreement") for the sale of the Rembrandt Assets. As part of the Agreement, P&G and J&J executed a Transitional Supply and Services Agreement ("TSSA") for provision of transitional services by P&G to J&J. A copy of the Agreement, which was provided to Commission Staff on October 25, 2005, is attached as Confidential Exhibit 1.

P&G desires to complete the proposed divestiture of the Rembrandt Assets as soon as possible following Commission approval. Prompt consummation will further the purposes of the Decision and Order and is in the interests of the Commission, the public, P&G, and J&J because

it will allow J&J to move forward with its plans for the competitive operation of the divested business, and it will allow P&G and Gillette to fulfill their obligations under the Consent Agreement. P&G accordingly requests that the Commission promptly commence the period of public comment pursuant to Section 2.41(f)(2) of the Commission's Rules of Practice and Procedure, 16 C.F.R. § 2.41(f)(2), limit the public comment period to the customary thirty-day period, and grant this Petition by approving the divestiture of the Rembrandt Assets to J&J pursuant to the proposed agreement as soon as practicable after the close of the public comment period.

This Petition describes the principal terms of the Agreement by which P&G and Gillette propose to divest the Rembrandt Assets to J&J and explains why the Agreement satisfies the objectives and requirements of the Consent Agreement by establishing a strong and effective competitor in the market for at-home teeth whitening products in the United States.

II. REQUEST FOR CONFIDENTIAL TREATMENT

Because this Petition and its attachments contain confidential and competitively sensitive business information relating to the divestiture of the Rembrandt Assets, P&G has redacted such confidential information from the public version of this Petition and its attachments.[1] The public disclosure of this information would prejudice P&G, Gillette, and J&J, could cause harm to the ongoing competitiveness of the Rembrandt Assets, and could impair P&G and Gillette's ability to comply with its obligations under the Consent Agreement.

Pursuant to Sections 2.41(f)(4) and 4.9(c) of the Commission's Rules of Practice and Procedure, 16 C.F.R. §§ 2.41(f)(4), 4.9(c), P&G requests, on its own behalf and on behalf of

[1] For the convenience of maintaining the public record, P&G is submitting two versions of this Petition: a confidential version that contains confidential and proprietary information and documents necessary for the Commission to assess this Petition, and a redacted version that excludes confidential and proprietary information for placement on the public record.

Gillette and J&J, that the confidential version of this Petition and its attachments and the information contained therein be accorded confidential treatment under 5 U.S.C. § 552 (2000) and Section 4.10(a)(2) of the Commission's Rules of Practice and Procedure, 16 C.F.R. § 4.10(a)(2). The confidential version of this Petition is also exempt from disclosure under Exemptions 4, 7(A), 7(B), and 7(C) of the Freedom of Information Act, 5 U.S.C. §§ 552(b)(4), (b)(7)(A)-(C), and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. § 18a(h) (2000).

III. THE PROPOSED ACQUIRER

Paragraph II of the Order requires that P&G and Gillette divest the Rembrandt Assets within ninety days from the date the Order becomes final. Pursuant to this requirement, P&G and Gillette have diligently sought an acquirer that would be acceptable to the Commission.

According to the 2003 "Statement of the Federal Trade Commission's Bureau of Competition on Negotiating Merger Remedies" (the "Merger Remedies Statement"), to be an acceptable buyer, a divestiture acquirer must be financially and competitively viable. The acquirer must be able—with the package of assets to be divested—to maintain or restore competition in the relevant market. Key factors to consider in this analysis are whether the proposed acquirer has (1) the financial capacity and incentives to acquire and operate the package of assets, and (2) the competitive ability to maintain or restore competition in the marketplace.

As discussed in more detail below, J&J has the financial capacity and the incentives to acquire and operate the Rembrandt Assets and also the competitive ability to maintain or restore competition in the marketplace. J&J's satisfaction of these key factors demonstrates that it is an acceptable acquirer suitable for approval by the Commission.

A. J&J Has The Financial Ability To Successfully Complete The Transaction And Invest In The Rembrandt Assets On A Going-Forward Basis

J&J,[2] ranked #30 in the 2005 Fortune 500 list of largest U.S. corporations, has the financial capacity, resources, and incentives to acquire the Rembrandt Assets and ensure its continued operation as a viable, ongoing business. The Johnson & Johnson family of companies includes more than 200 operating companies that have operations in 57 countries and employ more than 115,000 people. J&J's worldwide sales for 2004 were in excess of $47 billion. According to its 2004 Annual Report, the company has access to substantial sources of funds from numerous banks, including more close to $4 billion of unused credit. J&J's most recent Form 10-K and Form 10-Q are provided as Exhibits 2 and 3, respectively. J&J's current financial condition provides great flexibility in making additional investments in the business, as such investments may become necessary or propitious in the future.

The acquiring subsidiary, the Personal Products Company, a Division of McNeil-PPC, Inc. ("PPC"),[3] is an established company with significant experience in the dental care industry with its REACH® brand products. Finally, the profitability of the Rembrandt Assets—[CONFIDENTIAL INFORMATION REDACTED]—will provide even greater flexibility for PPC to invest in and expand the whitening-products business.

B. J&J Has And Will Acquire The Necessary Industry Experience, Customer Relationships, And Knowledge Of The Divestiture Assets To Operate The Business Successfully As J&J Is An Established And Integrated Producer And Marketer Of Dental Care Products

The Bureau of Competition's 1999 "Study of the Commission's Divestiture Process" (the "Divestiture Study") discusses several factors that help to identify an acceptable divestiture

[2] J&J's corporate headquarters are located at One Johnson & Johnson Plaza, New Brunswick, NJ 08933.

[3] PPC's corporate headquarters, which are part of the Johnson & Johnson Consumer Companies headquarters, are located at 199 Grandview Road, Skillman, NJ 08558.

buyer. Specifically, the Divestiture Study cites the buyer's experience in the relevant industry and knowledge of the assets to be purchased as key to a successful divestiture.

J&J has been committed to the dental-care business since 1898 when it patented dental floss. In 1977, J&J's McNeil Laboratories, Inc. was separated into two companies, one producing pharmaceutical products and the other, McNeil Consumer Products, manufacturing and marketing consumer products. Today, J&J's acquiring subsidiary PPC is part of the Johnson & Johnson Consumer Companies and a leader in the fast growing consumer oral health market. PPC's continued mission has been to develop, produce, and market innovative oral health products as well as women's health and sanitary protection products. PPC's dental products include a full line of floss, rinse, toothbrush, and interdental-stimulator products. Among PPC's brands are REACH® Toothbrushes, Johnson & Johnson REACH® Dental Floss, REACH® ACCESS™ Daily Flosser, ACT® Rinse, and ARESTIN® Microspheres (for treatment of periodontal disease). J&J introduced in Canada REACH® Whitening Floss, the first floss clinically proven to whiten between teeth with regular use, and REACH® Whitening Tape, which also helps whiten between teeth. The Rembrandt Assets are a good complement to J&J's existing oral care portfolio, enabling J&J to expand into dentifrice and at-home whitening products.

C. J&J Has The Competitive Ability To Maintain Or Restore Competition In The Marketplace

The Merger Remedies Statement suggests that the proposed acquirer have an "economic incentive to maintain or restore competition in the relevant market." The Divestiture Study emphasizes the importance of the buyer's commitment (*i.e.* substantial investment in the relevant business). Given J&J's relevant experience in the dental-care products industry, J&J is fully qualified to operate the Rembrandt Assets in a manner that will maintain or restore competition

in the marketplace. The PPC management and employees are experienced in the production and marketing of oral care products. Furthermore, all of the assets needed to operate the Rembrandt Assets competitively will be included as part of the sale to J&J. As such, it is not anticipated that this acquisition will generate a need for substantial capital to develop the Rembrandt Assets in the near term. More than adequate capital is available to J&J, if and when any such investments are deemed necessary.

Part of J&J's vision for its subsidiary PPC is to be a developer, manufacturer, and marketer of innovative dental care products. The acquisition of the Rembrandt Assets provides the perfect opportunity and an excellent fit with J&J's strategic plan for growth into further segments of the dental care products business. J&J's years of experience in the consumer dental care industry have provided it an intimate understanding, both of the innovative requirements of the dental care business and the commercial and competitive landscape. J&J is well positioned to maintain and expand the Rembrandt Assets' customer relationships as a strong competitor in the marketplace immediately. Throughout the years of constant growth and expansion, J&J has proven that, with the necessary intellectual property and innovation, it is capable of successfully entering into new businesses. J&J's business plan for Rembrandt will discuss their plans for the business in more detail.

IV. THE REMBRANDT ASSETS

J&J will be acquiring an established business with a proven record of innovative development and application as a supplier of at-home tooth whitening products.

Rembrandt is a leading [REDACTED] brand of high-quality and easy-to-use whitening products, focused mainly on the North American market but also expanding to Europe and Australia. Rembrandt consists of tooth whitening products marketed by Gillette under the

Rembrandt® trademark and of its secondary trademarks and tradenames. The whitening products include toothpaste products that whiten or brighten teeth and of any other product that is applied to teeth by tray, strip, patch, brush or otherwise for the purpose of whitening or brightening. Toothpastes whiten the teeth either by use of chemical whitening agents (so-called "chemical whitening" or "bleaching") or by rubbing off the enamel with abrasives thus eliminating any stains that may have resided in the outer layer.

In 1989, Rembrandt introduced its first highly efficient whitening paste. Rembrandt's founder, Dr. Robert Ibsen, had developed a formula, with a patented ingredient Citroxain, which resulted in a paste with remarkable cleaning properties in removing surface stains but with only minimum abrasion levels compared to competing pastes. Thus, Rembrandt became a leader in the whitening toothpaste business. Rembrandt's previous owner, Den-Mat Corporation, sold the business to Gillette in April of 2004. Subsequently, Gillette invested substantial resources in the business, resulting in the introduction of innovative products, trade efficiencies, and improved portfolio.

The whitening product category has grown in North America at an annual growth rate of [REDACTED] over the past [REDACTED] years and has reached the level of [REDACTED] in sales, [REDACTED] of which in retail-consumer sales and about [REDACTED] in sales to dental-care professionals. Based on the introduction of product innovations supported by significant spending on product marketing, Gillette expects to grow Rembrandt's [REDACTED] this year. During the last [REDACTED] years, Rembrandt has replaced [REDACTED] as a market leader and is currently number [REDACTED] in premium whitening paste providing superior products to [REDACTED] of the market and number [REDACTED] in whitening systems with [REDACTED] of the retail consumer market. This consumer loyalty strengthens

even further Rembrandt's commitment to producing high quality products and provides the financial means for continued innovation and constantly improving customer satisfaction as well as the brand's position within the industry. In the past few years, Rembrandt operations have resulted in contribution margins between [REDACTED] and [REDACTED] of sales. This year the business is expected to generate [REDACTED] contribution margins even with Gillette's significant investments in brand advertising and marketing.

Finally, the capital intensity of the business is very low because Rembrandt outsources its production to well qualified third parties. [CONFIDENTIAL INFORMATION REDACTED] Currently, all of Rembrandt's products are produced [CONFIDENTIAL INFORMATION REDACTED].

Pursuant to paragraph III of the Order to Maintain Assets, P&G has retained an Interim Monitor to supervise P&G and Gillette's compliance with the divestiture and asset maintenance obligations and related requirements. The Interim Monitor, Mr. Edward A. Gold of PricewaterhouseCoopers LLP was vested with all powers and authorities required to oversee and administer the Rembrandt Assets.

V. THE AGREEMENT

Pursuant to the Merger Remedies Statement, the divestiture agreement must convey all assets required to be divested and must not contain any provisions inconsistent with the terms of the Commission's order or with the remedial objectives of the order. The Merger Remedies Statement also provides that, in evaluating the terms of the divestiture agreement, the Commission staff will rely, in large part, on the acquirer.

The Agreement conveys all assets required to be divested and does not contain any provisions inconsistent with the terms of the Consent Order or its remedial objectives. Pursuant

to the Agreement, Gillette has agreed to sell and J&J has agreed to purchase all rights, title, and interest to the Rembrandt Assets for the purchase price of [CONFIDENTIAL INFORMATION REDACTED].

As set forth in more detail in the Agreement, the acquired assets and rights include: (i) all raw materials and inventories of the Current Rembrandt Product; (ii) the Books and Records and the Additional Records; (iii) any Contract and Supply Contract; (iv) the Equipment, (v) the Intellectual Property, except the Product Licensed Intellectual Property (see next), (vi) a non-exclusive, perpetual, irrevocable, fully paid-up and royalty free license(s) with rights to sublicense to all Product Licensed Intellectual Property for the Rembrandt Products worldwide, (vii) any goodwill exclusively related to the Business. These assets, including permits and the services P&G will provide to J&J pursuant to the TSSA constitute all the assets and services that are necessary for J&J to conduct the Rembrandt business immediately following the closing in all material respects in the same manner as it is currently conducted by Gillette. The TSSA between P&G and J&J provides, as required by paragraph II of the Order, that:

- P&G will provide J&J with the opportunity to enter into employment contracts with the Rembrandt Core Employees and Rembrandt Key Employees during the Access Period, will not interfere with the hiring or employing by J&J of any such employees, and will remove any impediments within the control of P&G that may deter these employees;

- P&G will provide written notification of the restrictions on the use by P&G's personnel of the Confidential Business Information related to the Rembrandt Products;

- Upon reasonable notice and request by J&J, P&G will make available to J&J, at no greater than Direct Cost, such additional personnel, assistance and training as J&J might reasonably need for the complete transfer of the Rembrandt Assets;

- Upon reasonable notice and request from J&J to P&G, shall provide, in a timely manner, at no greater than Direct Cost, assistance of knowledgeable employees of P&G to assist the J&J to defend against, respond to, or otherwise participate in any litigation related to the Intellectual Property.

Thus, the Agreement complies with and satisfies the purposes of the Consent Agreement.

VI. CONCLUSION

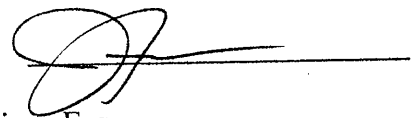
The proposed divestiture of the Rembrandt Assets to J&J will accomplish the purposes of the Consent Agreement and remedy any alleged increase of concentration in the supply of at-home whitening products in the United States as a result of P&G's acquisition of the Gillette.

J&J will be a strong and effective competitor in the relevant market. The company has the financial ability to successfully complete the transaction and invest in the teeth whitening business on a going-forward basis. As an established and integrated producer and marketer of dental-care products, J&J has the necessary industry experience, customer relationships, and knowledge of the divestiture assets to operate the business successfully. Furthermore, J&J will be acquiring an established business requiring no additional management expertise. Finally, J&J has the competitive ability to maintain or restore competition in the marketplace as J&J is a leading company in the fast growing oral-health market. Accordingly, P&G respectfully requests that the Commission approve the proposed divestiture and acquirer.

Dated: November 4, 2005

Respectfully submitted,

THE PROCTER & GAMBLE COMPANY

By: 

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Enclosures

PUBLIC RECORD VERSION

Docket No. C-4151
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LIST OF EXHIBITS

Exhibit 1	Asset Sale and Purchase Agreement Between The Gillette Company And Personal Products Company Division, McNeil-PPC, Inc., Johnson & Johnson subsidiary for the sale of the Rembrandt Assets *(Confidential)*
Exhibit 2	Johnson & Johnson SEC Form 10-K For The Fiscal Year Ended January 2, 2005
Exhibit 3	Johnson & Johnson SEC Form 10-Q For Period Ending July 3, 2005

PUBLIC RECORD VERSION

FTC Docket No. C-4151
File No. 051-0115

CONFIDENTIAL EXHIBIT 1

Asset Sale and Purchase Agreement Between The Gillette Company And

Personal Products Company Division, McNeil-PPC, Inc., a Johnson & Johnson subsidiary

(Accorded confidential treatment under 5 U.S.C. § 552 (2000) and Section 4.10(a)(2) of the Federal Trade Commission's Rules of Practice and Procedure, 16 C.F.R. § 4.10(a)(2) (2005))

PUBLIC RECORD VERSION

FTC Docket No. C-4151
File No. 051-0115

EXHIBIT 2

Johnson & Johnson SEC Form 10-K For The Fiscal Year Ended January 2, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JANUARY 2, 2005 COMMISSION FILE NUMBER 1-3215

JOHNSON & JOHNSON

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW JERSEY (State of Incorporation)	22-1024240 (I.R.S. Employer Identification No.)
ONE JOHNSON & JOHNSON PLAZA NEW BRUNSWICK, NEW JERSEY (Address of principal executive offices)	08933 (Zip Code)

Registrant's telephone number, including area code (732) 524-0400

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

TITLE OF EACH CLASS REGISTERED	NAME OF EACH EXCHANGE ON WHICH
Common Stock, Par Value $1.00	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [X] No [ ]

The aggregate market value of the common stock held by non-affiliates (computed by reference to the price at which the common stock was last sold) as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $161 billion.

On March 1, 2005 there were 2,973,666,464 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I, II and III:	Portions of registrant's annual report to shareholders for fiscal year 2004 (the "Annual Report").
Parts I and III:	Portions of registrant's proxy statement for its 2005 annual meeting (the "Proxy Statement").

PART I

PART I

ITEM 1. BUSINESS

GENERAL

Johnson & Johnson, employing approximately 109,900 people worldwide, is engaged in the manufacture and sale of a broad range of products in the health care field. Johnson & Johnson has over 200 subsidiaries that conduct business in virtually all countries of the world. Johnson & Johnson's primary interest, both historically and currently, has been in products related to human health and well-being. Johnson & Johnson was organized in the State of New Jersey in 1887.

Johnson & Johnson is organized on the principle of decentralized management. The Executive Committee of Johnson & Johnson is the principal management group responsible for the operations and allocation of the resources of the Company. This Committee oversees and coordinates the activities of the Consumer, Pharmaceutical and Medical Devices and Diagnostics business segments. Each subsidiary within the business segments is, with some exceptions, managed by citizens of the country in which it is located.

SEGMENTS OF BUSINESS

Johnson & Johnson's worldwide business is divided into three segments:
Consumer, Pharmaceutical and Medical Devices and Diagnostics. Additional information required by this item is incorporated herein by reference to the narrative and tabular (but not the graphic) descriptions of segments and operating results under "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 28 through 38 and 64 of Johnson & Johnson's Annual Report to Shareholders for fiscal year 2004 which is filed as Exhibit 13 to this Report on Form 10-K.

CONSUMER

The Consumer segment manufactures and markets a broad range of products used in the baby and child care, skin care, oral and wound care and women's health care fields, as well as over-the-counter pharmaceutical and nutritional products. Major brands include AVEENO skin care products; BAND-AID Brand Adhesive Bandages; CAREFREE Pantiliners; CLEAN & CLEAR teen skin care products; JOHNSON'S Baby line of products; MOTRIN IB ibuprofen products; PEPCID AC Acid Controller from Johnson & Johnson - Merck Consumer Pharmaceuticals Co.; NEUTROGENA skin and hair care products; RoC skin care products; SPLENDA, a no calorie sweetener; STAYFREE sanitary protection products; and the broad family of TYLENOL acetaminophen products. These products are marketed principally to the general public and sold both to wholesalers and directly to independent and chain retail outlets throughout the world.

PHARMACEUTICAL

The Pharmaceutical segment's principal worldwide franchises are in the antifungal, anti-infective, cardiovascular, contraceptive, dermatology, gastrointestinal, hematology, immunology, neurology, oncology, pain management, psychotropic (central nervous system) and urology fields. These products are distributed both directly and through wholesalers and health care professionals for use by prescription by the general public. Key products in the Pharmaceutical segment include: PROCRIT (Epoetin alfa, sold outside the U.S. as EPREX), a biotechnology derived product that stimulates red blood cell production; DURAGESIC (fentanyl transdermal system, sold abroad as DUROGESIC), a treatment for chronic pain that offers a novel delivery system; RISPERDAL (risperidone) and RISPERDAL CONSTA (risperidone long-acting injection), for treatment of the symptoms of schizophrenia; REMICADE (infliximab), a novel monoclonal antibody therapy indicated to treat the symptoms of Crohn's disease, rheumatoid arthritis and ankylosing spondylitis; LEVAQUIN (levofloxacin) and FLOXIN (ofloxacin), both in the anti-infective field; TOPAMAX (topiramate), an anti-epileptic and migraine prevention treatment; ORTHO EVRA (norelgestromin/ethinyl estradiol transdermal system), the first contraceptive patch approved by the Food and Drug Administration (FDA) and ORTHO TRI-CYCLEN LO (norgestimate/ethinyl estradiol), a low dose oral contraceptive; DOXIL (doxorubicin), a cancer treatment; DITROPAN XL (oxybutynin chloride), for

the treatment of overactive bladder; REMINYL (galantamine HBr), for patients with mild to moderate Alzheimer's disease; NATRECOR (nesiritide), a novel agent approved for congestive heart failure; VELCADE (bortezomib), an oncology treatment; and CONCERTA (methylphenidate HCl) a product for the treatment of attention deficit hyperactivity disorder.

MEDICAL DEVICES AND DIAGNOSTICS

The Medical Devices and Diagnostics segment includes a broad range of products used by or under the direction of physicians, nurses, therapists, hospitals, diagnostic laboratories and clinics. These products include Ethicon's wound care and women's health products; Ethicon Endo-Surgery's minimally invasive surgical products; Cordis' circulatory disease management products; LifeScan's blood glucose monitoring products; Ortho-Clinical Diagnostics' professional diagnostic products; DePuy's orthopaedic joint reconstruction, spinal and sports medicine products and Vistakon's disposable contact lenses. Distribution to these health care professional markets is done both directly and through surgical supply and other dealers.

GEOGRAPHIC AREAS

The international business of Johnson & Johnson is conducted by subsidiaries located in 56 countries outside the United States, which are selling products in virtually all countries throughout the world. The products made and sold in the international business include many of those described above under "Business -- Consumer, Pharmaceutical and Medical Devices and Diagnostics." However, the principal markets, products and methods of distribution in the international business vary with the country and the culture. The products sold in international business include not only those which were developed in the United States but also those which were developed by subsidiaries abroad.

Investments and activities in some countries outside the United States are subject to higher risks than comparable U.S. activities because the investment and commercial climate is influenced by restrictive economic policies and political uncertainties.

RAW MATERIALS

Raw materials essential to Johnson & Johnson's operating companies' businesses are generally readily available from multiple sources.

PATENTS AND TRADEMARKS

Johnson & Johnson has made a practice of obtaining patent protection on its products and processes where possible. Johnson & Johnson owns or is licensed under a number of patents relating to its products and manufacturing processes, which in the aggregate are believed to be of material importance in the operation of its business. Sales of the Company's two largest products, PROCRIT and RISPERDAL, each accounted for over 5% of Johnson & Johnson's total revenues for 2004. Accordingly, the patents related to these products are believed to be material in relation to Johnson & Johnson as a whole.

During 2004 and 2005, DURAGESIC (fentanyl transdermal system) in the United States and EPREX in international markets have lost or will lose their basic patent protection and will be subject to generic competition. The pediatric exclusivity for the DURAGESIC patent expired in the U.S. in January 2005. The first generic version of DURAGESIC has been launched. Foreign patent protection related to DURAGESIC will expire during 2005. The Company expects that DURAGESIC sales will decline in 2005 as compared to 2004.

During 2004, patents related to EPREX in certain international markets expired. Generic competition will be limited in the near term due to the lack of biologically equivalent compounds. Sales of DURAGESIC and EPREX accounted for over 7% of Johnson & Johnson's worldwide sales in 2004. There are no other major product patents that are scheduled to expire during the next 2 years.

Johnson & Johnson has made a practice of selling its products under trademarks and of obtaining protection for these trademarks by all available means. Johnson & Johnson's trademarks are protected by registration in the United States and other countries where its products are marketed. Johnson & Johnson considers these trademarks in the aggregate to be of material importance in the operation of its business.

SEASONALITY

Worldwide sales do not reflect any significant degree of seasonality; however, spending has been heavier in the fourth quarter of each year than in other quarters. This reflects increased spending decisions, principally for advertising and research grants.

COMPETITION

In all of their product lines, Johnson & Johnson companies compete with companies both large and small, located in the United States and abroad. Competition is strong in all lines without regard to the number and size of the competing companies involved. Competition in research, involving the development of new products and processes and the improvement of existing products and processes, is particularly significant and results from time to time in product and process obsolescence. The development of new and improved products is important to Johnson & Johnson's success in all areas of its business. This competitive environment requires substantial investments in continuing research and in multiple sales forces. In addition, the winning and retention of customer acceptance of the products of Johnson & Johnson's consumer businesses involve heavy expenditures for advertising, promotion and selling.

RESEARCH

Research activities are important to all segments of Johnson & Johnson's business. Major research facilities are located not only in the United States but also in Australia, Belgium, Brazil, Canada and the United Kingdom. The costs of Johnson & Johnson's worldwide research activities relating to the development of new products, the improvement of existing products, technical support of products and compliance with governmental regulations for the protection of the consumer amounted to $5,203, $4,684 and $3,957 million for fiscal years 2004, 2003 and 2002, respectively. These costs are charged directly to income in the year in which incurred. All research was sponsored by Johnson & Johnson.

ENVIRONMENT

During the past year Johnson & Johnson companies were subject to a variety of federal, state and local environmental protection measures. Johnson & Johnson believes that its operations comply in all material respects with applicable environmental laws and regulations. Johnson & Johnson's compliance with these requirements did not and is not expected to have a material effect upon its capital expenditures, cash flows, earnings or competitive position.

REGULATION

Most of Johnson & Johnson's business is subject to varying degrees of governmental regulation in the countries in which operations are conducted, and the general trend is toward regulation of increasing stringency. In the United States, the drug, device, diagnostics and cosmetic industries have long been subject to regulation by various federal, state and local agencies, primarily as to product safety, efficacy, advertising and labeling. The exercise of broad regulatory powers by the Food and Drug Administration (the "FDA") continues to result in increases in the amounts of testing and documentation required for FDA clearance of new drugs and devices and a corresponding increase in the expense of product introduction. Similar trends toward product and process regulation are also evident in a number of major countries outside of the United States, especially in the European Economic Community where efforts are continuing to harmonize the internal regulatory systems.

The costs of human health care have been and continue to be a subject of study, investigation and regulation by governmental agencies and legislative bodies in the United States and other countries. In the United States, attention has been focused on drug prices and profits and programs that encourage doctors to write prescriptions for particular drugs or recommend particular medical devices. Managed care has become a more potent force in the market place and it is likely that increased attention will be paid to drug and medical device pricing, appropriate drug and medical device utilization and the quality of health care. There is also

uncertainty as to the impact of the Medicare Prescription Drug, Improvement and Modernization Act which was enacted in the latter part of 2003.

The regulatory agencies under whose purview Johnson & Johnson operates have administrative powers that may subject Johnson & Johnson to such actions as product recalls, seizure of products and other civil and criminal sanctions. In some cases Johnson & Johnson may deem it advisable to initiate product recalls voluntarily.

In addition, sales, marketing and other business practices in the health care industry have come under increased scrutiny by government agencies and state attorney generals and resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

While the Company's affiliates do not sell any COX-2 inhibitor medicines, the recent developments involving those medicines (such as Vioxx and Celebrex) are likely to have implications throughout the health care industry.

AVAILABLE INFORMATION

Copies of Johnson & Johnson's quarterly reports on Form 10-Q, annual report on Form 10-K and current reports on Form 8-K, and any amendments to the foregoing, will be provided without charge to any shareholder submitting a written request to the Secretary at the principal executive offices of the Company or by calling 800-328-9033. All of the Company's Securities and Exchange Commission ("SEC") filings are also available on the Company's Web site at www.investor.jnj.com/governance, as soon as reasonably practicable after having been electronically filed or furnished to the SEC. All SEC filings are also available at the SEC Web site at www.sec.gov. In addition, the Charters of the Audit Committee, the Compensation & Benefits Committee and the Nominating & Corporate Governance Committee of the Board of Directors and the Company's Principles of Corporate Governance, Policy on Business Conduct and Code of Business Conduct & Ethics for Directors and Executive Officers, are available at the www.investor.jnj.com/governance Web site address and will be provided without charge to any shareholder submitting a written request, as provided above.

ITEM 2. PROPERTIES

Johnson & Johnson and its worldwide subsidiaries operate 141 manufacturing facilities occupying approximately 19 million square feet of floor space.

The manufacturing facilities are used by the industry segments of Johnson & Johnson's business approximately as follows:

SEGMENT	SQUARE FEET (IN THOUSANDS)
Consumer	4,970
Pharmaceutical	6,499
Medical Devices and Diagnostics	7,514
Worldwide total	18,983

Within the United States, 7 facilities are used by the Consumer segment, 14 by the Pharmaceutical segment and 42 by the Medical Devices and Diagnostics segment. Johnson & Johnson's manufacturing operations outside the United States are often conducted in facilities which serve more than one segment of the business.

The locations of the manufacturing facilities by major geographic areas of the world are as follows:

GEOGRAPHIC AREA	NUMBER OF FACILITIES	SQUARE FEET (IN THOUSANDS)
United States	63	6,602
Europe	36	7,445
Western Hemisphere excluding U.S.A.	15	2,784
Africa, Asia and Pacific	27	2,152
Worldwide Total	141	18,983

In addition to the manufacturing facilities discussed above, Johnson & Johnson maintains numerous office and warehouse facilities throughout the world. Research facilities are also discussed in Item 1 under "Business -- Research."

Johnson & Johnson generally seeks to own its manufacturing facilities, although some, principally in locations abroad, are leased. Office and warehouse facilities are often leased.

Johnson & Johnson's properties are maintained in good operating condition and repair and are well utilized.

For information regarding lease obligations see Note 4 "Rental Expense and Lease Commitments" under "Notes to Consolidated Financial Statements" on page 46 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K. Segment information on Additions to Property, Plant & Equipment is contained on page 64 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

The information set forth in Note 18 "Legal Proceedings" under "Notes to Consolidated Financial Statements" on pages 56 through 61 of the Annual Report is incorporated herein by reference and filed as Exhibit 13 to this Report on Form 10-K.

The Company or its subsidiaries are parties to a number of proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act, commonly known as Superfund, and comparable state laws, in which the primary relief sought is the cost of past and future remediation. While it is not feasible to predict or determine the outcome of these proceedings, in the opinion of the Company, such proceedings would not have a material adverse effect on the results of operations, cash flows or financial position of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Listed below are the executive officers of Johnson & Johnson as of March 14, 2005, each of whom, unless otherwise indicated below, has been an employee of the Company or its affiliates and held the position indicated during the past five years. There are no family relationships between any of the executive officers, and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was selected. At the annual meeting of the Board of Directors, the executive officers are elected by the Board to hold office for one year and until their respective successors are elected and qualified, or until earlier resignation or removal.

Information with regard to the directors of the Company, including those of the following executive officers who are directors, is incorporated herein by reference to pages 3 through 9 of Johnson & Johnson's Proxy Statement dated March 16, 2005 (the "Proxy Statement").

NAME	AGE	POSITION
Robert J. Darretta	58	Vice Chairman, Board of Directors; Member, Executive Committee; Chief Financial Officer
Russell C. Deyo	55	Member, Executive Committee; Vice President, General Counsel and Chief Compliance Officer(a)
Michael J. Dormer	53	Member, Executive Committee; Worldwide Chairman, Medical Devices(b)
Kaye I. Foster-Cheek	46	Member, Executive Committee; Vice President, Human Resources(c)
Colleen A. Goggins	50	Member, Executive Committee; Worldwide Chairman, Consumer & Personal Care Group(d)
JoAnn Heffernan Heisen	55	Member, Executive Committee; Vice President, Chief Information Officer(e)
Per A. Peterson, M.D., Ph.D.	60	Member, Executive Committee; Chairman, Pharmaceuticals Research & Development(f)
Christine A. Poon	52	Vice Chairman; Member, Executive Committee; Worldwide Chairman, Medicines & Nutritionals
Joseph C. Scodari	52	Member, Executive Committee; Worldwide Chairman, Pharmaceuticals Group(g)
Nicholas J. Valeriani	48	Member, Executive Committee; Worldwide Chairman, Cardiovascular Devices and Diagnostics(h)
William C. Weldon	56	Chairman, Board of Directors; Chief Executive Officer; Chairman, Executive Committee

(a) Mr. R. C. Deyo joined the Company in 1985 and became Associate General Counsel in 1991. He became a Member of the Executive Committee and Vice President, Administration in 1996 and Vice President, General Counsel and Chief Compliance Officer in April 2004.

(b) Mr. M. J. Dormer joined the Company in 1998 as Company Group Chairman, Worldwide Franchise Chairman for DePuy and Codman, when the Company acquired DePuy, Inc. At the time of that acquisition, he had been Chief Operating Officer of DePuy, Inc. since 1996. Mr. Dormer became a Member of the Executive Committee and Franchise Group Chairman for Medical Devices in 2001. In April 2002, Mr. Dormer was named Worldwide Chairman, Medical Devices Group.

(c) Ms. K. I. Foster-Cheek joined the Company in 2003 as Vice President, Human Resources for the Johnson & Johnson Consumer Products Companies. In March 2004, she was named Vice President, Human Resources for the Consumer & Personal Care Group and was named a member of the Human Resources Leadership Team and the Consumer & Personal Care Group Operating Committee. Ms. Foster-Cheek became a Member of the Executive Committee and Vice President, Human Resources for the Company in January 2005. Prior to joining the Company, Ms. Foster-Cheek served in various human resources management positions with Pfizer for 13 years, most recently supporting its pharmaceutical business in Japan, Asia, Africa, Middle East and Latin America.

(d) Ms. C. A. Goggins joined the Company in 1981 and held various positions before becoming President of Personal Products Company in 1994. She was named President of Johnson & Johnson Consumer Products Company in 1995 and Company Group Chairman, North America, Johnson & Johnson Consumer Products in 1998. Ms. Goggins became a Member of the Executive Committee and Worldwide Chairman, Consumer & Personal Care Group in 2001.

(e) Ms. J. H. Heisen joined the Company in 1989 and became Treasurer in 1991 and Controller in 1995. She became a Member of the Executive Committee and Vice President, Chief Information Officer in 1997.

(f) Dr. P. A. Peterson joined the Company in 1994 as Vice President, Drug Discovery of The R.W. Johnson Pharmaceutical Research Institute. He was named Group Vice President of The Pharmaceutical

Research Institute in April 1998 and its President in November 1998. In 2000, Dr. Peterson was named Chairman, Pharmaceuticals Research & Development. Dr. Peterson became a Member of the Executive Committee in 2001.

(g) Mr. J. C. Scodari joined the Company in 1999 as President of Centocor when the Company acquired Centocor. At the time of that acquisition, he had been the President and Chief Operating Officer of Centocor and a member of Centocor's Board of Directors since December 1997. In March 2001, he was named Company Group Chairman for the North American pharmaceutical business, and became a member of the Pharmaceuticals Group Operating Committee. In March 2003, Mr. Scodari was named Company Group Chairman, Biopharmaceutical Businesses. Mr. Scodari was named Worldwide Chairman, Pharmaceuticals Group and became a Member of the Executive Committee on March 1, 2005.

(h) Mr. N. J. Valeriani joined the Company in 1978 and held various positions before becoming President of Ethicon Endo-Surgery, Inc. in 1997. In January 2001 he was named Company Group Chairman for Ethicon Endo-Surgery with additional responsibility for the Johnson & Johnson Medical Products Medical Devices and Diagnostics business in Canada. He became Worldwide Franchise Chairman for the DePuy Franchise in 2002. Mr. Valeriani became a Member of the Executive Committee and Vice President, Human Resources in September 2003. In February 2004 he assumed additional responsibilities as Worldwide Chairman, Diagnostics. In January 2005, Mr. Valeriani was appointed as the Worldwide Chairman, Cardiovascular Devices and Diagnostics and relinquished his Human Resources responsibilities.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of March 1, 2005, there were approximately 187,840 record holders of Common Stock of the Company. The other information called for by this item is incorporated herein by reference to: the material captioned "Management's Discussion and Analysis of Results of Operations and Financial Condition -- Share Repurchase & Dividends" on page 35 and "Common Stock Market Prices" on page 38; Note 10 under the "Notes to Consolidated Financial Statements" on pages 49 and 50 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K; and the "Equity Compensation Plan Information" on pages 32 and 33 of the Proxy Statement.

The following table provides information with respect to Common Stock share purchases by the Company during fiscal 2004. Stock purchases are made as part of a systematic plan to meet the Company's compensation programs.

FISCAL MONTH	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE
December 29, 2003 through January 25, 2004.....	2,256,500	$52.19
January 26, 2004 through February 22, 2004.....	3,950,600	$53.77
February 23, 2004 through March 28, 2004.....	1,458,500	$52.63
March 29, 2004 through April 25, 2004.....	925,000	$52.03
April 26, 2004 through May 23, 2004.....	1,836,200	$54.78
May 24, 2004 through June 27, 2004.....	3,678,000	$55.46
June 28, 2004 through July 25, 2004.....	1,334,300	$55.52
July 26, 2004 through August 22, 2004.....	1,130,000	$55.29
August 23, 2004 through September 26, 2004.....	1,553,300	$57.19
September 27, 2004 through October 24, 2004.....	1,510,600	$56.72
October 25, 2004 through November 21, 2004.....	2,001,100	$59.86
November 22, 2004 through January 2, 2005.....	3,087,700	$62.69

ITEM 6. SELECTED FINANCIAL DATA

The information called for by this item is incorporated herein by reference to the material captioned "Summary of Operations and Statistical Data 1994-2004" on page 65 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information called for by this item is incorporated herein by reference to the narrative and tabular (but not the graphic) material included in the material captioned "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 28 through 38 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by this item is incorporated herein by reference to the material captioned "Management's Discussion and Analysis of Results of Operations and Financial Condition -- Liquidity and Capital Resources" on pages 34 through 35 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this item is incorporated herein by reference to the Audited Consolidated Financial Statements and Notes thereto and the material captioned "Report of Independent Registered Public Accounting Firm" on pages 39 through 63 of the Annual Report, which are filed as Exhibit 13 to this Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS. At the end of the fiscal fourth quarter, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures. The Company's disclosure controls and procedures are designed to ensure that the Company records, processes, summarizes and reports in a timely manner the information the Company must disclose in its reports filed under the Securities Exchange Act. William C. Weldon, Chairman and Chief Executive Officer, and Robert J. Darretta, Vice Chairman and Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Weldon and Darretta concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective.

INTERNAL CONTROL. Management's Report on Internal Control over Financial Reporting is included in this Report on Form 10-K in this Item 9A. During the fiscal quarter ended January 2, 2005, there were no significant changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING. Under Section 404 of The Sarbanes-Oxley Act of 2002, management is required to assess the effectiveness of the Company's internal control over financial reporting as of the end of each fiscal year and report, based on that assessment, whether the Company's internal control over financial reporting is effective.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with

respect to financial statement preparation and may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of January 2, 2005. In making this assessment, the Company used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control-Integrated Framework." These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included extensive documenting, evaluating and testing the design and operating effectiveness of its internal control over financial reporting.

Based on the Company's processes and assessment, as described above, management has concluded that, as of January 2, 2005, the Company's internal control over financial reporting was effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of January 2, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in the "Report of Independent Registered Public Accounting Firm" on page 63 of the Annual Report, which is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this item is incorporated herein by reference to (a) the material under the caption "Election of Directors -- Nominees" on pages 3 through 9 of the Proxy Statement, (b) the material in Part I hereof under the caption "Executive Officers of the Registrant," (c) the discussion of the Audit Committee under the heading "Directors' Fees, Committees and Meetings" on pages 10 through 12 of the Proxy Statement and (d) the material under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" on page 13 of the Proxy Statement.

The Company's Policy on Business Conduct, which covers all employees (including the Chief Executive Officer, Chief Financial Officer and Controller), meets the requirements of the SEC Rules promulgated under Section 406 of the Sarbanes-Oxley Act of 2002. The Policy on Business Conduct is available on the Company's Web site at www.jnj.com. Copies of the Policy on Business Conduct are available to shareholders without charge upon written request to the Secretary at the Company's principal address. Any substantive amendment to the Policy on Business Conduct or any waiver of the Policy granted to the Chief Executive Officer, the Chief Financial Officer or the Controller will also be posted on the Company's Web site at www.jnj.com within five business days (and retained on the Web site for at least one year).

In addition, the Company has adopted a Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers. The Code of Business Conduct & Ethics for Directors and Executive Officers is available on the Company's Web site at www.jnj.com. Copies of the Code of Business Conduct & Ethics are available to shareholders without charge upon written request to the Secretary at the Company's principal address. Any substantive amendment to the Code or any waiver of the Code granted to any member of the Board of Directors or any Executive Officer will also be posted on the Company's Web site at www.jnj.com within five business days (and retained on the Web site for at least one year).

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this item is incorporated herein by reference to the following sections of the Proxy Statement: "Election of Directors -- Directors' Fees, Committees and Meetings" on pages 10 through 12; "Compensation & Benefits Committee Report on Executive Compensation" on pages 15 through 19; "Shareholder Return Performance Graphs" on pages 20 and 21; and "Executive Compensation" on pages 22 through 26.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this item is incorporated herein by reference to the material captioned "Election of Directors -- Stock Ownership/Control" on page 9 of the Proxy Statement, and Note 10 under the "Notes to Consolidated Financial Statements" on pages 49 and 50 of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information called for by this item is incorporated herein by reference to the material under the headings "Appointment of Independent Auditors" and "Pre-Approval of Audit and Non-Audit Services" on pages 34 through 36 of the Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report

1. Financial Statements

The following Audited Consolidated Financial Statements and Notes thereto and the Report of Independent Registered Public Accounting Firm on pages 39 through 63 of the Annual Report are incorporated herein by reference and filed as Exhibit 13 to this Report on Form 10-K:

Consolidated Balance Sheets at end of Fiscal Years 2004 and 2003

Consolidated Statements of Earnings for Fiscal Years 2004, 2003 and 2002

Consolidated Statements of Equity for Fiscal Years 2004, 2003 and 2002

Consolidated Statements of Cash Flows for Fiscal Years 2004, 2003 and 2002

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedules

Schedule II – Valuation and Qualifying Accounts

Schedules other than those listed above are omitted because they are not required or are not applicable.

3. Exhibits Required to be Filed by Item 601 of Regulation S-K

The information called for by this item is incorporated herein by reference to the Exhibit Index in this report.

JOHNSON & JOHNSON AND SUBSIDIARIES

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS

FISCAL YEARS ENDED JANUARY 2, 2005, DECEMBER 28, 2003 AND DECEMBER 29, 2002
(DOLLARS IN MILLIONS)

	BALANCE AT BEGINNING OF PERIOD	ACCRUALS	PAYMENTS/ OTHER	BALANCE AT END OF PERIOD
2004				
Accrued rebates, returns and promotions(1)	$2,622	7,514(2)	(7,351)	2,785
Reserve for doubtful accounts	192	29	(15)	206
Reserve for cash discounts	55	736	(729)	62
	$2,869	8,279	(8,095)	3,053
2003				
Accrued rebates, returns and promotions(1)	$2,035	5,850	(5,263)	2,622
Reserve for doubtful accounts	191	28	(27)	192
Reserve for cash discounts	62	597	(604)	55
	$2,288	6,475	(5,894)	2,869
2002				
Accrued rebates, returns and promotions(1)	$1,403	3,931	(3,299)	2,035
Reserve for doubtful accounts	197	53	(59)	191
Reserve for cash discounts	74	627	(639)	62
	$1,674	4,611	(3,997)	2,288

(1) Includes reserve for customer rebates of $488, $314 and $274 at January 2, 2005, December 28, 2003 and December 29, 2002 respectively.

(2) Includes $170 related to the reversal of previously estimated performance-based rebate allowances in managed care contracts.

Certain prior year amounts have been reclassified to conform with current year presentation.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 9, 2005

JOHNSON & JOHNSON

(Registrant)

By /s/ W. C. WELDON

W. C. Weldon, Chairman, Board of Directors and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ W. C. WELDON W. C. Weldon	Chairman, Board of Directors and Chief Executive Officer, and Director (Principal Executive Officer)	March 9, 2005
/s/ R. J. DARRETTA R. J. Darretta	Vice Chairman, Board of Directors; Chief Financial Officer and Director (Principal Financial Officer)	March 9, 2005
/s/ S. J. COSGROVE S. J. Cosgrove	Controller	March 8, 2005
/s/ G. N. BURROW G. N. Burrow	Director	March 11, 2005
/s/ M. S. COLEMAN M. S. Coleman	Director	March 12, 2005
/s/ J. G. CULLEN J. G. Cullen	Director	March 11, 2005
/s/ M. J. FOLKMAN M. J. Folkman	Director	March 11, 2005
/s/ A. D. JORDAN A. D. Jordan	Director	March 14, 2005
/s/ A. G. LANGBO	Director	March 9, 2005

SIGNATURE	TITLE	DATE
/s/ S. L. LINDQUIST S. L. Lindquist	Director	March 9, 2005
/s/ L.F. MULLIN L.F. Mullin	Director	March 9, 2005
/s/ S. S REINEMUND S. S Reinemund	Director	March 11, 2005
/s/ D. SATCHER D. Satcher	Director	March 14, 2005
/s/ H. B. SCHACHT H. B. Schacht	Director	March 14, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENT SCHEDULE

To the Shareholders and Board of Directors of Johnson & Johnson:

Our audits of the consolidated financial statements, of management's assessment of the effectiveness of internal control over financial reporting and of the effectiveness of internal control over financial reporting referred to in our report dated February 28, 2005, appearing in the 2004 Annual Report to Shareholders of Johnson & Johnson (which report, consolidated financial statements and assessment are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

New York, New York
March 11, 2005

EXHIBIT INDEX

REG. S-K EXHIBIT TABLE ITEM NO.	DESCRIPTION OF EXHIBIT
3(a)(i)	Restated Certificate of Incorporation dated April 26, 1990 -- Incorporated herein by reference to Exhibit 3(a) of the Registrant's Form 10-K Annual Report for the year ended December 30, 1990.
3(a)(ii)	Certificate of Amendment to the Restated Certificate of Incorporation of the Company dated May 20, 1992 -- Incorporated herein by reference to Exhibit 3(a) of the Registrant's Form 10-K Annual Report for the year ended January 3, 1993.
3(a)(iii)	Certificate of Amendment to the Restated Certificate of Incorporation of the Company dated May 21, 1996 -- Incorporated herein by reference to Exhibit 3(a)(iii) of the Registrant's Form 10-K Annual Report for the year ended December 29, 1996.
3(a)(iv)	Certificate of Amendment to the Restated Certificate of Incorporation of the Company effective May 22, 2001 -- Incorporated herein by reference to Exhibit 3 of the Registrant's Form 10-Q Quarterly Report for the quarter ended July 1, 2001.
3(b)	By-Laws of the Company, as amended effective June 11, 2001 -- Incorporated herein by reference to Exhibit 99.2 of the Registrant's Form 10-Q Quarterly Report for the quarter ended July 1, 2001.
4(a)	Upon the request of the Securities and Exchange Commission, the Registrant will furnish a copy of all instruments defining the rights of holders of long term debt of the Registrant.
10(a)	Stock Option Plan for Non-Employee Directors -- Incorporated herein by reference to Exhibit 10(a) of the Registrant's Form 10-K Annual Report for the year ended December 29, 1996.*
10(b)	2000 Stock Option Plan (as amended) -- Incorporated herein by reference to Exhibit 10(b) of the Registrant's Form 10-K Annual Report for the year ended December 29, 2002.*
10(c)	1995 Stock Option Plan (as amended) -- Incorporated herein by reference to Exhibit 10(b) of the Registrant's Form 10-K Annual Report for the year ended January 3, 1999.*
10(d)	1991 Stock Option Plan (as amended) -- Incorporated herein by reference to Exhibit 10(c) of the Registrant's Form 10-K Annual Report for the year ended December 28, 1997.*
10(e)	2000 Stock Compensation Plan -- Incorporated herein by reference to Exhibit 10(e) of the Registrant's Form 10-K Annual Report for the year ended December 31, 2000.*
10(f)	Executive Incentive Plan (as amended) -- Incorporated herein by reference to Exhibit 10(f) of the Registrant's Form 10-K Annual Report for the year ended December 31, 2000.*
10(g)	Domestic Deferred Compensation (Certificate of Extra Compensation) Plan (as amended) -- Incorporated herein by reference to Exhibit 10(g) of the Registrant's Form 10-K Annual Report for the year ended December 28, 2003.*
10(h)	Deferred Fee Plan for Non-Employee Directors (as amended) -- Filed with this document.*
10(i)	Executive Income Deferral Plan (as amended) -- Incorporated herein by reference to Exhibit 10(i) of the Registrant's Form 10-K Annual Report for the year ended December 28, 2003.*
10(j)	Excess Savings Plan -- Incorporated herein by reference to Exhibit

10(j) of the Registrant's Form 10-K Annual Report for the year ended December 29, 1996.*

10(k) Supplemental Retirement Plan -- Incorporated herein by reference to Exhibit 10(h) of the Registrant's Form 10-K Annual Report for the year ended January 3, 1993.*

10(l) Executive Life Insurance Plan -- Incorporated herein by reference to Exhibit 10(i) of the Registrant's Form 10-K Annual Report for the year ended January 3, 1993.*

REG. S-K EXHIBIT TABLE ITEM NO.	DESCRIPTION OF EXHIBIT
10(m)	Stock Option Gain Deferral Plan -- Incorporated herein by reference to Exhibit 10(m) of the Registrant's Form 10-K Annual Report for the year ended January 2, 2000.*
10(n)	Estate Preservation Plan -- Incorporated herein by reference to Exhibit 10(n) of the Registrant's Form 10-K Annual Report for the year ended January 2, 2000.*
10(o)	Letter Agreement dated June 24, 2002 between the Company and Mr. R. S. Larsen with respect to post-employment arrangements -- Incorporated herein by reference to Exhibit 10(o) of the Registrant's Form 10-K Annual Report for the year ended December 29, 2002.*
10(p)	Consulting Agreement between the Company and Dr. Judah Folkman, member of the Board -- Incorporated herein by reference to Exhibit 10(p) of the Registrant's Form 10-K Annual Report for the year ended December 29, 2002.*
10(q)	Summary of compensation arrangements for Named Executive Officers and Directors -- Filed with this document.*
12	Statement of Computation of Ratio of Earnings to Fixed Charges -- Filed with this document.
13	-- Pages 28 through 66 of the Company's Annual Report to Shareholders for fiscal year 2004 (only those portions of the Annual Report incorporated by reference in this report are deemed "filed") -- Filed with this document.
21	Subsidiaries -- Filed with this document.
23	Consent of Independent Registered Public Accounting Firm -- Filed with this document.
31(a)	Certification of Chief Executive Officer pursuant to Section 302 of The Sarbanes-Oxley Act of 2002 -- Filed with this document.
31(b)	Certification of Chief Financial Officer pursuant to Section 302 of The Sarbanes-Oxley Act of 2002 -- Filed with this document.
32(a)	Certification of Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 -- Furnished with this document.
32(b)	Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 -- Furnished with this document.
99(b)	Cautionary Statement pursuant to Private Securities Litigation Reform Act of 1995: "Safe Harbor" for Forward-Looking Statements -- Filed with this document.

* Management contracts and compensatory plans and arrangements required to be filed as Exhibits to this form pursuant to Item 15(a) of this Report on Form 10-K.

A copy of any of the Exhibits listed above will be provided without charge to any shareholder submitting a written request specifying the desired exhibit(s) to the Secretary at the principal executive offices of the Company.

EXHIBIT 10 (h)

JOHNSON & JOHNSON
DEFERRED FEE PLAN FOR DIRECTORS

(Amended as of February 14, 2005)

1. Purpose. The purpose of the Johnson & Johnson Deferred Fee Plan for Directors (the "Plan") is to provide outside Directors of Johnson & Johnson (the "Company") the opportunity to defer receipt of compensation earned as a Director to a date following termination of such service. The provision of such an opportunity is designed to aid the Company in attracting and retaining as members of its Board of Directors persons whose abilities, experience and judgment can contribute to the well being of the Company.

2. Effective Date. The original effective date of the Plan was January 1, 1983. The Plan was amended in its entirety, effective as of January 1, 1995 and again as of December 5, 1996.

3. Eligibility. Any Director of the Company who is not also an Employee of the Company or any related company shall be eligible to participate in the Plan.

4. Deferred Compensation Account. A deferred compensation account shall be established for each Director.

5. Amount of Deferral. Each participant (effective retroactive to January 1, 2005) may elect to defer receipt of all or a specified part of any cash compensation payable to the participant for serving on the Board of Directors or for serving on committees of the Board of Directors of the Company. An amount equal to all deferred compensation will be credited to the participant's deferred compensation account on a quarterly basis as of the dividend payment date in each quarter (the "Payment Date"). In the event that there shall not be a dividend payment date in any quarter, then the Payment Date shall be deemed to be the last business day of such quarter.

6. Deferred Compensation Account - Hypothetical Investment Options.

(a) Unless otherwise specified by the participant pursuant to the terms of paragraph (b) of this Section 6, all amounts elected to be deferred under this Plan for any calendar year ("Deferrals") shall be credited to the participant's deferred compensation account, converted into equivalent units of Johnson & Johnson Common Stock ("Company Stock") and adjusted as if the compensation deferred had been invested in Company Stock as of the Payment Date, until the date of final payment pursuant to Section 9 hereof ("Company Stock Equivalent Units"). The number of Company Stock Equivalent Units shall be determined by dividing the amount of compensation payable by the average of the high and low price of the Company Stock as traded on the New York Stock Exchange on the trading day immediately prior to the Payment Date, as reported by Bloomberg (or another financial reporting service selected by the Company in its sole discretion). The number of Company Stock Equivalent Units included in a participant's deferred compensation account shall be adjusted to reflect dividends and the value of such account shall be adjusted to reflect increases or decreases in market value which would have resulted had funds equal to the balance of the participant's deferred compensation account been invested in Company Stock. Nothing herein obligates the

Company to purchase any such Company Stock; and if such Company Stock is purchased, it shall remain the sole property of the Company.

(b) At the election of each participant, to be made as provided for in Section 7, each deferred compensation account will be credited with interest from the Payment Date, until the date of final payment pursuant to Section 9 hereof, at a rate equal to the annual rate of growth of investment in the Johnson & Johnson Certificate of Extra Compensation Plan (the "CEC Plan"), for the prior year provided, however, that the computation of said growth rate shall not include dividend equivalents paid under the CEC Plan. The election permitted under this Section 6(b) shall not be available to any participant who becomes a participant in the Plan after December 31, 1995.

(c) With respect to Company Stock Equivalent Units in a deferred compensation account, the Company shall credit such account on each dividend payment date declared with respect to the Company's Stock, a number of Company Stock Equivalent Units equal to: (i) the product of (y) the dividend per share of the Company's Stock which is payable as of the dividend payment date, multiplied by (z) the number of Company Stock Equivalent Units credited to such account as of the applicable dividend record date, divided by (ii) the average of the high and low price of the Company Stock as traded on the New York Stock Exchange on the trading day immediately prior to the dividend payment date, as reported by Bloomberg (or another financial reporting service selected by the Company in its sole discretion). Fractional Company Stock Equivalent Units shall be carried forward and fractional dividend equivalent units shall be payable thereon.

(d) All account balances in Company Stock Equivalent Units from the Company's Retirement Plan for Nonemployee Directors which have been transferred to his/her deferred compensation account under this Plan, as of January 1, 1995, by reason of the termination of such Retirement Plan, shall be treated for purposes of this Plan as Deferrals.

7. Time of Election of Deferral. A participant may change (i) the amount of compensation deferred and/or (ii) the option elected under Section 6 with respect to his/her account and deferrals for subsequent years, once annually in December by completing forms provided by the Company for that purpose. Any such change shall become effective on January 1 of the following year. If a participant elects to change his/her investment option available under Section 6, the participant's account shall be valued as of December 31 with that value being entered into his/her account under the new investment option as of the following January 1 (except if such change is to Company Stock Equivalent Units, the first trading day following such January 1 shall be used).

8. Value of Deferred Compensation Account. The value of each participant's deferred compensation account shall, as the case may be, include compensation deferred, interest credited thereon, if any, and any adjustments for dividends, and increases or decreases in the market value of Company Stock, pursuant to the option selected under Section 6 or as otherwise required under the Plan. If the Company Stock does not trade on any date a calculation of Common Stock Equivalent Units is to be made under the Plan, the next preceding date on which such stock was traded shall be utilized.

9. Payment of Deferred Compensation. Upon a participant's completion of service as a member of the Board of Directors (the "Completion Date"), each participant (or in the event of the participant's death, the named beneficiary or his/her estate) shall be entitled to receive in cash in a lump sum the value of his/her deferred compensation

account as of the Completion Date, unless such participant has elected, pursuant to the provisions of Section 10 below, to further defer payment of his/her deferred compensation account beyond such Completion Date. Company Stock Equivalent Units shall be valued at the average of the high and low price of the Company's Stock as traded on the New York Stock Exchange on the trading day immediately prior to such date, as reported by Bloomberg (or another financial reporting service selected by the Company in its sole discretion). No withdrawal may be made from the participant's deferred compensation account prior to the Completion Date. The value of a participant's deferred compensation account shall, subject to any further election made pursuant to Section 10 below, be paid as soon as practicable following the Completion Date or death.

10. Further Deferral Election. In addition to the deferral elections referred to above, a participant may also elect (in the manner provided for below) to continue to defer the receipt of his/her deferred compensation account beyond his/her Completion Date. The value of a participant's account on his/her Completion Date may be deferred for up to 10 taxable years following such Completion Date. If installments are elected, the first installment payment may be made immediately at the Completion Date or be deferred for up to 10 taxable years. Installment payments will be made annually (in the manner described below) in approximately equal amounts (i.e. the balance of the account). The minimum number of installments is two and the maximum number is 10 provided, however, that all payments shall be made within ten (10) years of the Completion Date. A participant may elect to defer up to 100% of the value of his/her account at the Completion Date; or any percentage increment less than that. All deferred or installment payments shall be made in cash. The following additional rules shall apply:

a) Immediate Lump Sum Payment. The participant will receive the full value of his/her account in the calendar month of his/her Completion Date.

b) Deferred Lump Sum Payment. The participant will receive the full value of his/her account on or about January 15 of the year he/she elects to receive payment in.

c) Immediate Commencement of Installments. The participant will receive the first installment in the calendar month of his/her Completion Date. All subsequent installments on or about January 15 of each year.

d) Deferred Commencement of Installments. The participant will receive the first and all subsequent installments on or about January 15 of each year.

e) In the event of death of a participant, the Company will make payment in full of the balance of an account, as soon as administratively practical in a single lump sum payment to the designated beneficiary or his/her estate.

f) In making any payment due on or about January 15, the value of a participant's account on the first trading day of such month shall be utilized.

Any and all deferrals following a Completion Date shall be invested in Company Stock Equivalent Units described in Section 6(a) above. To the extent a participant's account was credited with the annual growth rate of an investment in the CEC Plan (as described in Section 6(b) above), such account shall be converted to Common Stock Equivalent units as of the Completion Date.

An election by a participant to defer payment or elect installments of all or a part of his/her deferred compensation account beyond the Completion Date must be made a

minimum of twelve (12) months prior to such Completion Date. Any such election may be revised or revoked up to twelve (12) months prior to such Completion Date; after such time any election may not be revoked or otherwise revised.

Notwithstanding the above and upon implementation of the Plan, an exception has been made for participants having a Completion Date during 1997. For such participants, the deferral and or installment election must be made a minimum of three (3) months and in the calendar year prior to the Completion Date. For example, a participant having a Completion Date of April 1, 1997, must make the deferral and/or installment election no later than December 31, 1996. Any such election to defer and/or receive installment payments may only be revised or revoked prior to the last permissible date for making such election. After such time the election may not be revoked or otherwise revised.

An election to defer payment and/or be paid in installments beyond a Completion Date is effective only when filed with Extra Compensation Services on the form utilized for such purposes. Any election made after the required deadline shall be disregarded.

11. Designation of Beneficiary. Each participant may, from time to time, by writing filed with the Secretary of the Company, designate any legal or natural person or persons (who may be designated contingently or successively) to whom payments of a participant's deferred compensation account are to be made if a participant dies prior to the receipt of payment of such account. A beneficiary designation will be effective only if the signed form is filed with the Secretary of the Company while the participant is alive and will cancel all beneficiary designation forms filed earlier. If a participant fails to designate a beneficiary as provided above, or if all designated beneficiaries die before the participant or before complete payment of the deferred compensation account, such account shall be paid to the estate of the last to die of the participant and designated beneficiaries as soon as practicable after such death.

12. Participant's Rights Unsecured. The right of any participant to receive payment under the provisions of the Plan shall be an unsecured claim against the general assets of the Company, and no provisions contained in the Plan shall be construed to give any participant or beneficiary at any time a security interest in any deferred compensation account or any other asset in trust with the Company for the benefit of any participant or beneficiary.

13. Statement of Account. A statement will be sent to participants as soon as practical following the end of each year as to the value of his/her deferred compensation account as of December 31 of such year.

14. Assignability. No right to receive payments hereunder shall be transferable or assignable by a participant or a beneficiary, except by will or by the laws of descent and distribution.

15. Administration of the Plan. The Plan shall be administered by a Committee appointed by and responsible to the Board of Directors. The Committee shall consist of no less than three Directors of the Company. The Committee shall act by vote or written consent of a majority of its members.

16. Amendment or Termination of Plan. This Plan may at any time or from time to time be amended, modified or terminated by the Compensation Committee of the Board of Directors or the Board of Directors of the Company. No amendment, modification or

termination shall, without the consent of a participant, adversely affect such participant's accruals in his deferred compensation accounts.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of New Jersey.

EXHIBIT 10 (q)

Summary of Compensation Arrangements for Named Executive Officers and Directors

Compensation Arrangements for Named Executive Officers

Following is a description of the compensation arrangements that have been approved by the Compensation & Benefits Committee (the "Compensation Committee") on February 14, 2005 for the Company's Chief Executive Officer and the other four most highly compensated executive officers in 2004 (the "Named Executive Officers").

The Compensation Committee approved the following base salaries, effective March 1, 2005, for the Named Executive Officers:

William C. Weldon, Chairman/CEO
$1,600,000
Robert J. Darretta, Vice Chairman/CFO $
990,000
Chris Poon, Vice Chairman/Worldwide Chairman, $
925,000
Medicines & Nutritionals Group
Per A. Peterson, Chairman, R&D, Pharmaceuticals Group $
807,000
Russell C. Deyo, Vice President, General Counsel $
710,000

The Compensation Committee has approved the following bonus payments for performance in 2004 (comprised of cash and the fair market value of Common Stock awards on February 14, 2005):

Mr. Weldon
$2,500,000
Mr. Darretta $
874,500
Ms. Poon $
856,000
Dr. Peterson $
798,750
Mr. Deyo $
689,000

The Compensation Committee has approved the following stock option grants under the Company's 2000 Stock Option Plan at an exercise price of $66.18, which was the fair market value of the Company's Common Stock on the date of grant. The options will become exercisable on February 15, 2008 and expire on February 13, 2015.

Mr. Weldon
410,000
Mr. Darretta
160,000
Ms. Poon
185,000
Dr. Peterson
150,000
Mr. Deyo

125,000

The Compensation Committee has approved the following long term incentive plan awards in recognition of performance during 2004 under the Company's Certificate of Extra Compensation ("CEC") Program. Awards are not paid out until retirement or other

termination of employment. As of the end of fiscal year 2004, the CEC value per unit was $19.71. The value of the CEC units is subject to increase or decrease based on the performance of the Company.

Mr. Weldon	100,000 CEC Units
Mr. Darretta	50,000 CEC Units
Ms. Poon	100,000 CEC Units
Dr. Peterson	120,000 CEC Units
Mr. Deyo	95,000 CEC Units

Compensation Arrangements for Non-Employee Directors

Each Non-Employee Director receives an annual fee of $85,000 for his or her services as director. In addition, directors receive $5,000 for service on a committee of the Board of Directors or $15,000 if chairperson of the committee. The Presiding Director is paid an annual fee of $10,000.

Under the 2005 Long-Term Incentive Plan being submitted to the shareholders for approval at the 2005 Annual Meeting, each Non-Employee Director would receive non-retainer equity compensation each year in the form of restricted or deferred stock having a value of $100,000. Subject to shareholder approval of the 2005 Long-Term Incentive Plan, each Non-Employee Director will receive a grant of 1,511 shares of restricted stock, based upon the fair market value of the Common Stock of the Company on February 14, 2005. These shares of restricted stock will not be issued unless such Plan is approved by the shareholders. In addition, each future director will receive a one-time grant of 1,000 shares of Company Common Stock upon first becoming a member of the Board of Directors.

EXHIBIT 12

JOHNSON & JOHNSON AND SUBSIDIARIES

STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES(1)
(DOLLARS IN MILLIONS)

	FISCAL YEAR ENDED				
	JANUARY 2, 2005	DECEMBER 28, 2003	DECEMBER 29, 2002	DECEMBER 30, 2001	DECEMBER 31, 2000
Determination of Earnings:					
Earnings Before Provision for Taxes on Income	$12,838	$10,308	9,291	7,898	6,868
Fixed Charges	272	300	259	245	292
Total Earnings as Defined	$13,110	$10,608	9,550	8,143	7,160
Fixed Charges and Other:					
Rents	85	93	99	92	88
Interest Expense Before Capitalization of Interest	323	315	258	248	301
Total Fixed Charges	$ 408	$ 408	357	340	389
Ratio of Earnings to Fixed Charges	32.13	26.00	26.75	23.95	18.41

(1) The ratio of earnings to fixed charges is computed by dividing the sum of earnings before provision for taxes on income and fixed charges by fixed charges. Fixed charges represent interest expense (before interest is capitalized), amortization of debt discount and an appropriate interest factor on operating leases.

Exhibit 13

Management's Discussion and Analysis of Results of Operations and Financial Condition

Organization and Business Segments

Description of the Company and Business Segments

The Company and its subsidiaries have approximately 109,900 employees worldwide engaged in the manufacture and sale of a broad range of products in the health care field. The Company conducts business in virtually all countries of the world and its primary focus has been in products related to human health and well-being.

The Company is organized into three business segments: Consumer, Pharmaceutical and Medical Devices and Diagnostics. The Consumer segment manufactures and markets a broad range of products used in the baby and child care, skin care, oral and wound care and women's health care fields, as well as nutritional and over-the-counter pharmaceutical products. These products are marketed principally to the general public and sold both to wholesalers and directly to independent and chain retail outlets throughout the world. The Pharmaceutical segment includes products in the following therapeutic areas: anti-fungal, anti-infective, cardiovascular, contraceptive, dermatology, gastrointestinal, hematology, immunology, neurology, oncology, pain management, psychotropic (central nervous system) and urology areas. These products are distributed directly to retailers, wholesalers and health care professionals for prescription use by the general public. The Medical Devices and Diagnostics segment includes a broad range of products used principally in the professional fields by physicians, nurses, therapists, hospitals, diagnostic laboratories and clinics. These products include circulatory disease management products; DePuy's orthopaedic joint reconstruction and spinal care products; Ethicon's wound care and women's health products; Ethicon Endo-Surgery's minimally invasive surgical products; LifeScan's blood glucose monitoring products; Ortho-Clinical Diagnostics' professional diagnostic products and Vision Care's disposable contact lenses.

The Company's structure is based upon the principle of decentralized management. The Executive Committee of Johnson & Johnson is the principal management group responsible for the operations and allocation of the resources of the Company. This Committee oversees and coordinates the activities of the Consumer, Pharmaceutical and Medical Devices and Diagnostics business segments. Each subsidiary within the business segments is, with some exceptions, managed by citizens of the country where it is located.

In all of its product lines, the Company competes with companies both large and small, located throughout the world. Competition is strong in all product lines without regard to the number and size of the competing companies involved. Competition in research, involving the development and the improvement of new and existing products and processes, is particularly significant. The development of new and improved products is important to the Company's success in all areas of its business. This competitive environment requires substantial investments in continuing research and multiple sales forces. In addition, the development and maintenance of customer acceptance of the Company's consumer products involves significant expenditures for advertising and promotion.

Management's Objectives

The Company's objective is to achieve superior levels of capital efficient profitable growth. To accomplish this, the Company's management operates the business consistent with certain strategic principles that have proven successful over time. To this end, the Company participates in growth areas in human health care and is committed to attaining leadership positions in these growth segments through the development of innovative products and services. New products introduced within the past five years accounted for over 35% of 2004 sales. In 2004, $5.2 billion or 11.0% of sales were invested in research and development, recognizing the importance of on-going development of new and differentiated products and services, and to sustain long term growth.

With more than 200 operating companies located in 57 countries, the Company views its principle of decentralized management as an asset and fundamental to the success of a broadly based business. It also fosters an entrepreneurial spirit, combining the extensive resources of a large organization with the ability to react quickly to local market changes and challenges.

The Company is committed to developing global business leaders who can drive our growth objectives. Businesses are managed for the long term in order to sustain leadership positions and achieve growth that provides an enduring source of value to our shareholders.

Unifying the management team and the Company's dedicated employees in achieving these objectives is the Johnson & Johnson Credo. The Credo provides a common set of values and serves as a constant reminder of the Company's responsibilities to its customers, employees, communities and shareholders. The Company believes that these basic principles, along with its overall mission of improving the quality of life for people everywhere, will enable Johnson & Johnson to continue to be among the leaders in the health care industry.

Results of Operations

Analysis of Consolidated Sales

In 2004, worldwide sales increased 13.1% to $47.3 billion, compared to increases of 15.3% in 2003 and 12.3% in 2002. These sales increases consist of the following:

Sales increase due to:	2004	2003	2002
Volume	8.7%	9.4	10.4
Price	1.0	1.3	1.7
Currency	3.4	4.6	0.2
Total	13.1%	15.3	12.3

Sales by U.S. companies were $27.7 billion in 2004, $25.3 billion in 2003 and $22.5 billion in 2002. This represents an increase of 9.9% in 2004, 12.6% in 2003 and 13.3% in 2002. Sales by international companies were $19.6 billion in 2004, $16.6 billion in 2003 and $13.8 billion in 2002. This represents an increase of 18.0% in 2004, 19.8% in 2003 and 10.8% in 2002.

[graph]

For the last five years, the annual compound growth rates for worldwide, U.S. and international sales were 11.6%, 12.3% and 10.6%, respectively. The ten-year annual compound growth rates for worldwide, U.S. and international sales were 11.8%, 13.6% and 9.7%, respectively.

[graph]

All international geographic areas experienced double-digit sales growth during 2004, consisting of 17.6% in Europe, 15.8% in the Western Hemisphere (excluding the U.S.) and 19.9% in the Asia-Pacific, Africa regions. These sales gains include a positive impact of currency fluctuations between the U.S. dollar and foreign currencies in Europe of 10.5%, in the Western Hemisphere (excluding the U.S.) of 4.2% and in the Asia-Pacific, Africa region of 6.6%.

In 2004, sales to our three largest distributors, Cardinal Distribution, McKesson HBOC and AmerisourceBergen Corp. accounted for 10.2%, 10.0% and 7.5%, respectively, of total revenues. In 2003 and 2002, sales to those distributors accounted for 9.1%, 10.5% and 9.0% and 9.2%, 9.8% and 10.3%, respectively, of total revenues.

2004 results benefited from the inclusion of a 53rd week. (See Note 1 for Annual Closing Date details.) The Company estimated that the fourth quarter growth rate was enhanced by approximately 2% and the year by approximately 0.5%. While the additional week added to sales, it also brought a full week's worth of operating costs; therefore the net earnings impact was negligible.

[graph]

Analysis of Sales by Business Segments

Consumer Segment

Consumer segment sales in 2004 were $8.3 billion, an increase of 12.1% over 2003, with operational growth accounting for 8.8% of the total growth and 3.3% due to positive currency fluctuations. U.S. Consumer segment sales were $4.2 billion, an increase of 6.5%. International sales were $4.1 billion, an increase of 18.7%, with 11.5% as a result of operations and 7.2% due to currency fluctuations over 2003.

Consumer segment sales growth in 2004 was attributable to strong sales performance in the major franchises including over-the-counter (OTC) pharmaceutical and nutritional products, Skin Care and Baby & Kids Care. Over-the-counter pharmaceutical and nutritional products sales were $2.4 billion, an increase of 17.2% over 2003. Overall growth in this franchise primarily resulted from the rapid increase of SPLENDA No Calorie Sweetener in the tabletop category. The acquisition of Merck's equity stake in the European nonprescription pharmaceutical business was also a contributing factor to this increase, as it added 7.7% growth to the over-the-counter pharmaceuticals and nutritionals franchise.

Major Consumer Franchise Sales:

				% Change '04 vs '03	
vs.					
(Millions of Dollars)	2004	2003	2002	'03	'02
OTC Pharmaceuticals & Nutritionals	$2,395	2,044	1,800	17.2%	13.6
Skin Care	2,140	1,797	1,571	19.1	14.4
Women's Health	1,470	1,369	1,249	7.4	9.6
Baby & Kids Care	1,447	1,309	1,161	10.5	12.7
Other	881	912	783	(3.4)	16.5
Total	$8,333	7,431	6,564	12.1%	13.2

In February 2004, the Company announced an agreement with Tate & Lyle related to the production of sucralose and the SPLENDA brand. This transaction was completed on April 2, 2004 and resulted in the Company being responsible for the worldwide sales and marketing of the tabletop category of SPLENDA Brand Sweetener and Tate & Lyle being responsible for the manufacturing of sucralose and the marketing of ingredient sales. This transaction reduced sales growth by 3.1% for the franchise.

The Skin Care franchise sales in 2004 were $2.1 billion, representing a 19.1% increase over 2003. This was attributable to double-digit sales growth in RoC, AVEENO, CLEAN & CLEAR and NEUTROGENA brand products. The ADVANCED SOLUTIONS product line launched in 2004 was a key contributor in the growth of NEUTROGENA. The Baby & Kids Care franchise grew by 10.5% to $1.4 billion in 2004. Growth in this franchise was led by the success of the JOHNSON'S SOFTWASH and SOFTLOTION product lines and the BALMEX brand products acquired in 2003.

Consumer segment sales in 2003 were $7.4 billion, an increase of 13.2% over 2002, with operational growth accounting for 9.4% of the total growth, and 3.8% due to a positive currency impact. U.S. sales increased by 10.1% while international sales increased by 17.0%, with 8.6% due to operational gains and a positive currency impact of 8.4% over 2002. Consumer segment sales in 2002 were $6.6 billion, an increase of 3.9% over 2001, with 4.6% of the increase due to operational growth offset by 0.7% of a negative currency impact. U.S. sales increased by 4.5% while international sales gains were 3.1%, with 4.6% operational gains offset by a negative currency impact of 1.5%.

Pharmaceutical Segment

Pharmaceutical segment sales in 2004 were $22.1 billion, an increase of 13.4% over 2003, with 10.7% of this change due to operational growth and the remaining 2.7% increase related to the positive impact of currency. U.S. Pharmaceutical segment sales increased 12.7% while international Pharmaceutical segment sales increased 14.8%, which included 6.4% of operational growth and 8.4% related to the positive impact of currency.

Pharmaceutical segment sales in 2004 include the benefit from adjustments related to previously estimated performance-based rebate allowances in managed care contracts. These adjustments were made based on a review of actual performance levels as achieved by customers, compared to expected performance levels. These favorable adjustments amounted to less than 1.0% of the Pharmaceutical segment's operational growth in 2004. The vast majority of the impact of this adjustment was in the hormonal contraceptive franchise.

Pharmaceutical segment sales growth reflects the strong performance in many of the key pharmaceutical products, partially offset by the sales decline of PROCRIT (Epoetin alfa) and EPREX (Epoetin alfa), which were adversely affected by competition. Combined, PROCRIT and EPREX sales declined 9.9% in 2004 as compared to 2003. PROCRIT sales declined by 12.2% over 2003. The PROCRIT sales decrease was due to lower pricing and market share, partially offset by market growth. The Company continues in its efforts to stabilize market share and expand the market.

A strong growth driver in the Pharmaceutical segment was RISPERDAL (risperidone), a medication that treats the symptoms of schizophrenia. RISPERDAL accounted for $3.1 billion in sales in 2004, with continued success of RISPERDAL CONSTA (risperidone) long-acting injection. REMICADE (infliximab), a novel monoclonal antibody therapy indicated to treat the symptoms of Crohn's disease and rheumatoid arthritis, also had strong growth. REMICADE sales were $2.1 billion in 2004, an increase of 24.1% over 2003.

DURAGESIC (fentanyl transdermal system), with its novel delivery system for the treatment of chronic pain, continued to achieve outstanding results, growing 27.7% over 2003. The pediatric exclusivity for the DURAGESIC patent expired in the U.S. in January 2005. The first generic version of DURAGESIC has been launched. Additionally, an authorized generic version of DURAGESIC is currently being marketed for the Company. The Company expects that DURAGESIC sales will decline in 2005. See Note 18 for further discussion regarding this matter.

TOPAMAX (topiramate), an antiepileptic that was recently approved for use in the prevention of migraines, had strong growth of 35.2% over 2003. LEVAQUIN (levofloxacin) and FLOXIN (ofloxacin) grew by 12.8% over 2003. During the fiscal fourth quarter, LEVAQUIN oral solution was approved as a new once a day formulation for the treatment of adults for currently approved indications and for anthrax prophylaxis.

Major Pharmaceutical Product Revenues:

				% Change '04 vs. '03	% Change '04 vs. '03
(Millions of Dollars)	2004	2003	2002	'03	'02
PROCRIT/EPREX (Epoetin alfa)	$ 3,589	3,984	4,269	(9.9)%	(6.7)

RISPERDAL (risperidone)	3,050	2,512	2,146	21.4	17.1
REMICADE (infliximab)	2,145	1,729	1,297	24.1	33.4
DURAGESIC (fentanyl transdermal system)	2,083	1,631	1,203	27.7	35.6
TOPAMAX (topiramate)	1,410	1,043	687	35.2	51.7
LEVAQUIN/FLOXIN (levofloxacin/ofloxacin)	1,296	1,149	1,032	12.8	11.3
Hormonal Contraceptives	1,278	1,175	1,003	8.8	17.1
ACIPHEX/PARIET (rabeprazole sodium)	1,116	966	697	15.5	38.6
Other	6,161	5,328	4,817	15.6	10.6
Total	$22,128	19,517	17,151	13.4%	13.8

The hormonal contraceptive franchise accounted for $1.3

billion in sales, with strong growth by ORTHO EVRA (norelgestromin/ethinyl estradiol), the first contraceptive patch approved by the FDA, and ORTHO TRI-CYCLEN LO, (norgestimate/ethinyl estradiol) a low dose oral contraceptive. These sales increases were partially offset by reduced sales of ORTHO TRI-CYCLEN (norgestimate/ethinyl estradiol), as a result of generic competition in 2004.

There was also strong growth in various other products, including VELCADE (bortezomib), an oncology treatment; DITROPAN XL (oxybutynin), for the treatment of overactive bladder; REMINYL (galantamine HBr), a treatment for patients with mild to moderate Alzheimer's disease; and NATRECOR (nesiritide), a novel agent approved for congestive heart failure.

CONCERTA (methylphenidate HCl), a product for the treatment of attention deficit hyperactivity disorder, sales continued to grow despite the lack of patent exclusivity in the U.S. At present, the FDA has not approved any generic version that is substitutable for CONCERTA. Abbreviated New Drug Applications, (ANDAs), for generic versions of CONCERTA are pending and may be approved at any time.

Pharmaceutical segment sales in 2003 were $19.5 billion, an increase of 13.8% over 2002, with 9.7% of this change due to operational growth and the remaining 4.1% increase related to the positive impact of currency. U.S. Pharmaceutical segment sales increased 11.3% while international Pharmaceutical segment sales increased 19.4%, which included 6.0% growth operationally and 13.4% related to the positive impact of currency. Pharmaceutical segment sales in 2002 were $17.2 billion, an increase of 15.5% over 2001, with 14.8% due to operational growth and 0.7% due to currency fluctuations. U.S. sales increased by 16.4% while international sales grew 13.5% over 2001. This included a 2.4% positive impact of currency and operational growth of 11.1%.

Medical Devices and Diagnostics Segment

Worldwide, the Medical Devices and Diagnostics segment achieved sales of $16.9 billion in 2004, representing an increase over the prior year of 13.2%, with operational growth of 9.0% and a positive impact from currency of 4.2%. U.S. sales increased 6.9% while international sales increased 20.7%, with 11.4% from operations and 9.3% from currency.

Strong sales growth in the Medical Devices and Diagnostics segment was led by multiple franchises.

The DePuy franchise reported $3.4 billion in sales, which represents 13.7% growth over the prior year. Double-digit growth in DePuy's orthopaedic joint reconstruction unit led the increase for this franchise. Strong performance was also reported in DePuy's spine unit and Mitek sports medicine products.

The Cordis franchise was a key contributor to the segment results with reported sales of $3.2 billion, an increase of 18.7% over the prior year. The primary driver of the sales growth for 2004 was the CYPHER Sirolimus-eluting Stent in international markets including its launch in Japan. U.S. CYPHER Sirolimus-eluting Stent sales remained relatively flat as compared to 2003, due to the entry of a competing product. Biosense Webster and the Endovascular business unit also contributed to the success of the Cordis franchise, with continued solid double-digit growth.

In April and July of 2004, the Cordis Cardiology Division of Cordis Corporation received warning letters from the FDA regarding Good Manufacturing Practice regulations and Good Clinical Practice regulations. These observations followed post-approval site inspections completed in 2003 and early 2004, including sites involved in the production of the CYPHER Sirolimus-eluting Stent. In response to the warning letters, Cordis has met periodically with the FDA representatives at the Center and the Districts advising them of the progress being made in addressing observations raised in the warning letters.

The Ethicon Endo-Surgery franchise reported $2.8 billion of sales in 2004, representing 10.1% growth over prior year. This growth was mainly driven by endocutter sales that include products used in performing bariatric procedures for the treatment of obesity, an important focus area for the franchise. In 2004, Ethicon Endo-Surgery introduced the new ENDOPATH XCEL trocar platform and the CONTOUR Curved Cutter Stapler, the only curvilinear cutter stapler for colorectal surgery that conforms to a patient's natural anatomy. Strong double-digit sales in the Advanced Sterilization Products line was also a key contributor to the overall sales growth of the Ethicon Endo-Surgery franchise.

The Ethicon worldwide franchise achieved $2.8 billion of sales in 2004, representing 7.5% growth over prior year. The Ethicon franchise continues to grow by introducing new products into the marketplace, such as coated VICRYL (polyglactin 910) Plus, the first product in a new anti-bacterial suture platform, and MULTIPASS needles, introduced in the second fiscal quarter of 2004.

Major Medical Devices and Diagnostics Franchise Sales:

		% Change '04 vs. '03
vs.		

(Millions of Dollars)	2004	2003	2002	'03	'02
DEPUY	$ 3,420	3,008	2,536	13.7%	18.6
CORDIS	3,213	2,707	1,641	18.7	65.0
ETHICON ENDO-SURGERY	2,849	2,587	2,291	10.1	12.9
ETHICON	2,838	2,639	2,386	7.5	10.6
LIFESCAN	1,701	1,426	1,342	19.3	6.3
Vision Care	1,530	1,297	1,170	18.0	10.9
ORTHO-CLINICAL DIAGNOSTICS	1,273	1,176	1,094	8.2	7.5
Other	63	74	123	(14.9)	(39.8)
Total	$16,887	14,914	12,583	13.2%	18.5

The LifeScan franchise reported $1.7 billion of sales in 2004, a growth rate of 19.3% over the prior year. The ONETOUCH ULTRA test strip provided strong growth to the franchise for 2004.

The Vision Care franchise achieved $1.5 billion of sales in 2004, which was a growth rate of 18.0% over the prior year, led by the continued success of ACUVUE ADVANCE Brand Contact Lenses with HYDRACLEAR and 1-DAY ACUVUE.

The Ortho-Clinical Diagnostics franchise reported $1.3 billion of sales in 2004, representing 8.2% growth over the prior year. This growth was mainly driven by its market penetration of the automated blood typing products, coupled with continued growth of the ECI product line.

On December 15, 2004, Johnson & Johnson announced the signing of a definitive agreement to acquire Guidant Corporation (Guidant), a world leader in the treatment of cardiac and vascular disease, for $25.4 billion in fully diluted equity value.

The Medical Devices and Diagnostics segment achieved sales of $14.9 billion in 2003, representing an increase over the prior year of 18.5% with operational growth of 12.8% and a positive impact from currency of 5.7%. U.S. sales increased 15.9% while international sales increased 21.7%, with 9.0% from operations and 12.7% from currency. In 2002, the Medical Devices and Diagnostics segment sales were $12.6 billion, representing a total increase of 12.9% over 2001. The 12.9% total increase also represents the operational sales increase over the prior year, as there was no currency impact. U.S. sales were up 13.0% and international sales increased 12.8% over the prior year.

Analysis of Consolidated Earnings Before Provision for Taxes on Income

Consolidated earnings before provision for taxes on income increased to $12.8 billion, or 24.5%, over the $10.3 billion in 2003. The increase in 2003 was 10.9% over the $9.3 billion in 2002. As a percent to sales, consolidated earnings before provision for taxes on income in 2004 was 27.1%, representing an increase of 2.5% over the 24.6% in 2003. For 2003, the decline was 1.0% over the 25.6% in 2002, and the improvement in 2002 was 1.2% over 2001. The sections that follow highlight the significant components of the changes in consolidated earnings before provision for taxes on income.

Cost of Products Sold and Selling, Marketing and Administrative Expenses: Cost of products sold and selling, marketing and administrative expenses as a percent to sales were as follows:

	% of Sales		
	2004	2003	2002
Cost of products sold	28.4%	29.1	28.8
Percent increase/(decrease) over prior year	(0.7)	0.3	(0.8)
Selling, marketing and administrative expenses	33.5%	33.7	33.7
Percent increase/(decrease) over prior year	(0.2)	-	(1.1)

In 2004, there was a decrease in the percent to sales of cost of products sold. This was due to favorable mix, as well as cost improvement initiatives. There was also a decrease in the percent to sales of selling, marketing and administrative expenses. This was due to the Company's focus on managing expenses, partially offset by an increase in investment spending across a number of businesses focused on driving future growth. In 2003, there was no improvement in the percent to sales of selling, marketing and administrative expenses and an increase in the percent to sales of cost of products sold. This was due to the changes in the mix of products with varying cost structures, as well as the cost of the retirement enhancement program of $95 million expensed in the fourth quarter of 2003. In 2002, the decreases were attributable to expense leveraging on sales increases and productivity improvements.

Research and Development: Research activities represent a significant part of the Company's business. These expenditures relate to the development of new products, improvement of existing products, technical support of products and compliance with governmental regulations for the protection of the consumer. Worldwide costs of research activities, excluding the in-process research and development charges, were as follows:

(Millions of Dollars)	2004	2003	2002
Research expense	$5,203	4,684	3,957
Percent increase over prior year	11.1%	18.4	10.2
Percent of sales	11.0%	11.2	10.9

Research and development expense as a percent of sales for the Pharmaceutical segment was 16.4% for 2004, 16.4% for 2003 and 15.7% for 2002. Combined, the Consumer and Medical Devices and Diagnostics segments averaged 6.2%, 6.7% and 6.6% in 2004, 2003 and 2002, respectively.

Significant research activities continued in the Pharmaceutical segment, increasing to $3.6 billion, or 13.6%, over 2003. The compound annual growth rate was approximately 15.5% for the five-year period since 1999. Johnson & Johnson Pharmaceutical Research & Development, L.L.C., Centocor, Inc., ALZA Corporation, Tibotec-Virco N.V. and Scios Inc. are primary research centers for the Company.

In-Process Research and Development: In 2004, the Company recorded in-process research and development (IPR&D) charges of $18 million before tax as a result of the acquisition of U.S. commercial rights to certain patents and know-how in the field of sedation and analgesia from Scott Lab, Inc. This charge was included in the operating profit of the Medical Devices and Diagnostics segment.

In 2003, the Company recorded IPR&D charges of $918 million before tax related to the acquisitions of Scios Inc., Link Spine Group, Inc., certain assets of Orquest, Inc. and 3-Dimensional Pharmaceuticals, Inc. Scios Inc. is a biopharmaceutical company with a marketed product for cardiovascular disease and research projects focused on autoimmune diseases. The acquisition of Scios Inc. accounted for $730 million before tax of the IPR&D charges and was included in the operating profit of the Pharmaceutical segment. Link Spine Group, Inc. was acquired

to provide the Company with exclusive worldwide rights to the CHARITE Artificial Disc for the treatment of spine disorders. The acquisition of Link Spine Group, Inc. accounted for $170 million before tax of the IPR&D charges and was included in the operating profit of the Medical Devices and Diagnostics segment. Orquest, Inc. is a biotechnology company focused on developing biologically-based implants for orthopaedic spine surgery. The acquisition of certain assets of Orquest, Inc. accounted for $11 million before tax of the IPR&D charges and was included in the operating profit of the Medical Devices and Diagnostics segment. 3-Dimensional Pharmaceuticals, Inc. is a company with a technology platform focused on the discovery and development of potential new drugs in early stage development for inflammation. The acquisition of 3-Dimensional Pharmaceuticals, Inc. accounted for $7 million before tax of the IPR&D charges and was included in the operating profit of the Pharmaceutical segment.

In 2002, the Company recorded IPR&D charges of $189 million before tax related to the acquisitions of Tibotec-Virco N.V., a privately-held biopharmaceutical company focused on developing anti-viral treatments, and Obtech Medical AG, a privately held company that markets an adjustable gastric band for the treatment of morbid obesity. IPR&D of $150 million and $39 million was included in the Pharmaceutical and Medical Devices and Diagnostics segments, respectively.

Other (Income) Expense, Net: Other (income) expense includes gains and losses related to the sale and write-down of certain investments in equity securities held by Johnson & Johnson Development Corporation, gains and losses on the disposal of fixed assets, currency gains and losses, minority interests, litigation settlement (income) expense and royalty income. The change in net other (income) expense from 2003 to 2004 was an increase in expense of $400 million.

For 2004, the other expense balance of $15 million included several expense items, none of which were individually significant, offset by royalty income.

In 2003, other income of $385 million included a favorable ruling from a stent patent settlement of $230 million. This amount was received during the fourth quarter of 2003 and was included in the Medical Devices and Diagnostics segment operating profit. Also included in the Medical Devices and Diagnostics segment operating profit was the gain on the sale of various product lines that were no longer compatible with this segment's strategic goals. Other (income) expense for 2003 also included the recovery of a $40 million loan, included in the Pharmaceutical segment operating profit.

In 2002, other expense of $294 million included the impact of the Amgen arbitration settlement expense and the gain on the sale of the ORTHO PREFEST product line. On October 18, 2002, an arbitrator in Chicago denied an effort by Amgen, Inc. to terminate the 1985 license agreement under which Ortho Biotech Inc. obtained exclusive U.S. rights to Amgen-developed erythropoetin (EPO) for all indications outside of kidney dialysis. In his decision, the arbitrator found that sales had been made into markets where Amgen had retained exclusive rights, but that they did not warrant the extraordinary remedy of terminating the contract. Instead, he found that Amgen could be adequately compensated with monetary damages. The arbitrator awarded $150 million in damages. On January 24, 2003, the arbitrator ruled that Amgen was the "prevailing party" in this arbitration, entitling it to an award of reasonable attorney's fees and costs. The Company expensed $85 million in the fourth quarter of 2002 in connection with this claim. These charges were included in the Pharmaceutical segment operating profit.

Operating Profit by Segment

Operating profits by segment of business were as follows:

Sales (Millions of Dollars)	2004	2003	Percent of Segment 2004	2003
Consumer	$ 1,514	1,393	18.2%	18.7
Pharmaceutical	7,608	5,896	34.4	30.2
Med Devices and Diag	4,091	3,370	24.2	22.6
Segments total	13,213	10,659	27.9	25.5
Expenses not allocated to segments(1)	(375)	(351)		

Earnings before provision for taxes on income	$12,838	10,308	27.1% 24.6

(1) Amounts not allocated to segments include interest (income)/expense, minority interest, and general corporate income and expense.

[graph]

Consumer Segment: Consumer segment operating profit in 2004 increased 8.7% over the previous year. As a percent to sales, 2004 experienced a decrease of 0.5% from 2003, primarily due to additional investment in consumer promotions and advertising in the over-the-counter pharmaceuticals and nutritionals franchises. Operating profit for the Consumer segment as a percent to sales in 2003 remained unchanged from 2002 at 18.7%. Expense leveraging due to increased sales volumes was offset by costs incurred for manufacturing programs to gain future efficiencies and advertising.

Pharmaceutical Segment: In 2004, Pharmaceutical segment operating profit increased 29.0% and reflects operating profit as a percent to sales improvement of 4.2% over 2003 to 34.4%. This change is primarily due to the impact of $737 million of IPR&D expenses in 2003. Additionally, Pharmaceutical segment

leveraging is the result of selling and marketing related cost improvements. In 2003, operating profit for the Pharmaceutical segment as a percent to sales was 30.2%,reflecting a decline of 3.5% from 2002 due to the IPR&D charges related to acquisitions as previously noted. Additionally, operating profit was impacted by the sales decline of PROCRIT and EPREX, and increased consumer promotional spending for new products and line extensions.

Medical Devices and Diagnostics Segment: In 2004, the Medical Devices and Diagnostics segment operating profit increased 21.4%. The increase over the prior year was achieved through improved gross margins, resulting from cost reduction programs and product mix, and the impact of $181 million of IPR&D expenses related to acquisitions in 2003. In 2003, operating profit for the Medical Devices and Diagnostics segment as a percent to sales was 22.6%, reflecting an improvement of 2.8% over 2002.

Interest (Income) Expense: Interest income in 2004 increased by $18 million due primarily to a higher cash balance. The cash and marketable securities combined balance at the end of 2004 was $12.9 billion and averaged $11.3 billion, which is significantly higher than the $8.6 billion average cash balance in 2003.

Interest expense in 2004 decreased by $20 million as compared to 2003 primarily due to a decrease in the average debt balance, from $5.0 billion in 2003 to $3.5 billion in 2004.

Provision For Taxes On Income: The worldwide effective income tax rate was 33.7% in 2004, 30.2% in 2003 and 29.0% in 2002. The increase in the effective tax rate in 2004 was primarily due to the $789 million tax cost on the intended repatriation of undistributed international earnings associated with the American Jobs Creation Act of 2004, which added 6.1% to the effective income tax rate. The increase in 2003 and 2002 was primarily due to the Company's non-deductible IPR&D charges and the increase in income subject to tax in the U.S. Refer to Note 8 for additional information.

Liquidity and Capital Resources

Cash Flows

Cash generated from operations and selected borrowings provide the major sources of funds for the growth of the business, including working capital, capital expenditures and acquisitions. Other uses of cash include share repurchases, dividends and debt repayments.

In 2004, cash flow from operations was $11.1 billion, an increase of $0.5 billion over 2003. The increase in cash generated from operations was a result of a net income increase of $0.4 billion, net of the non-cash impact of IPR&D charges.

Net cash used by investing activities decreased by $2.2 billion in 2004 due to a decrease in acquisition activity. For a more detailed discussion on mergers and acquisitions, see Note 17.

Net cash used by financing activities increased by $1.3 billion in 2004 primarily due to an increase in the net repayment of debt and increased dividends.

Cash and current marketable securities were $12.9 billion at the end of 2004 as compared with $9.5 billion at the end of 2003.

[graph]

Cash generated from operations amounted to $10.6 billion in 2003, which was $2.4 billion more than the cash generated from operations in 2002 of $8.2 billion. Major factors contributing to the increase were an increase in net income of $1.3 billion, net of the non-cash impact of IPR&D charges, an increase in the change in accounts payable and accrued liabilities of $0.8 billion, a decrease in the pension funding from 2002 of $0.5 billion and changes to deferred taxes of $0.6 billion.

Financing and Market Risk

The Company uses financial instruments to manage the impact of foreign exchange rate changes on cash flows. Accordingly, the Company enters into forward foreign exchange contracts to protect the value of existing foreign currency assets and liabilities and to hedge future foreign currency product costs. Gains or losses on these contracts are offset by the gains or losses on the underlying transactions. A 10% appreciation of the U.S. dollar from January 2, 2005 market rates would increase the unrealized value of the Company's forward contracts by $258 million. Conversely, a 10% depreciation of the U.S. dollar from the January 2, 2005 market rates would decrease the unrealized value of the Company's forward contracts by $315 million. In either scenario, the gain or loss on the forward contract would be offset by the gain or loss on the underlying transaction and, therefore, would have no impact on future earnings and cash flows.

The Company hedges the exposure to fluctuations in currency exchange rates, and the effect on certain assets and liabilities in foreign currency, by entering into currency swap contracts. A 1% change in the spread between U.S. and foreign interest rates on the

Company's interest rate sensitive financial instruments would either increase or decrease the unrealized value of the Company's swap contracts by approximately $64 million. In either scenario, at maturity, the gain or loss on the swap contract would be offset by the gain or loss on the underlying assets and liabilities and therefore would have no impact on future cash flows.

The Company does not enter into financial instruments for trading or speculative purposes. Further, the Company has a policy of only entering into contracts with parties that have at least an "A" (or equivalent) credit rating. The counterparties to these contracts are major financial institutions and the Company does not have significant exposure to any one counterparty. Management believes the risk of loss related to non-performance by a counterparty is remote.

Total unused credit available to the Company approximates $3.9 billion, including $1.5 billion of credit commitments, of which $0.75 billion expire September 29, 2005 and $0.75 billion that expire September 30, 2009. Also, included are $0.9 billion of uncommitted lines with various banks worldwide that expire during 2005.

Total borrowings at the end of 2004 and 2003 were $2.8 billion and $4.1 billion, respectively. Total debt represented 8.2% of total capital (shareholders' equity and total debt) in 2004 and 13.2% of total capital in 2003. Shareholders' equity per share at the end of 2004 was $10.71 compared with $9.05 at year-end 2003, an increase of 18.3%. On November 1, 2004 the Company exercised its right to redeem all of its $300 million aggregate principal amount of 8.72% Debentures due in 2024. The redemption price was 104.360% of the principal amount or $1,043.36 per $1,000 principal amount of Debentures, with accrued interest to the date of redemption. At January 2, 2005, there were no material cash commitments. Johnson & Johnson continues to be one of a few industrial companies with a Triple A credit rating. A summary of borrowings can be found in Note 6.

Contractual Obligations and Commitments

The Company has long-term contractual obligations, primarily lease, debt obligations and unfunded retirement plans, with no other significant obligations. To satisfy these obligations, the Company will use cash from operations. The following table summarizes the Company's contractual obligations and their aggregate maturities as of January 2, 2005 (see Notes 4, 6 and 13 for further details):

(Millions of Dollars)	Operating Leases	Debt(1) Obligations	Unfunded Retirement Plans
2005	$144	18	35
2006	132	23	37
2007	110	11	39
2008	90	8	42
2009	76	384	45
After 2009	$173	2,139	272

(1) Amounts do not include interest expense.

Share Repurchase and Dividends

On February 13, 2002, the Company announced a stock repurchase program of up to $5.0 billion with no time limit on this program. This program was completed on August 1, 2002, with 83.6 million shares repurchased. In addition, the Company has an annual program to repurchase shares for use in employee stock and incentive plans.

The Company increased its dividend in 2004 for the 42nd consecutive year. Cash dividends paid were $1.095 per share in 2004, compared with dividends of $0.925 per share in 2003 and $0.795 per share in 2002. The dividends were distributed as follows:

	2004	2003	2002
First quarter	$ 0.24	0.205	0.18
Second quarter	0.285	0.24	0.205
Third quarter	0.285	0.24	0.205
Fourth quarter	0.285	0.24	0.205
Total	$ 1.095	0.925	0.795

On January 4, 2005, the Board of Directors declared a regular cash dividend of $0.285 per share, paid on March 8, 2005, to shareholders

of record as of February 15, 2005. The Company expects to continue the practice of paying regular cash dividends.

Other Information

Critical Accounting Policies and Estimates

Management's discussion and analysis on results of operations and financial condition are based on the Company's consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires that management make estimates and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities and other related disclosures. Actual results may or may not differ from these estimates. The Company believes that the understanding of certain key accounting policies is essential in achieving more insight into the Company's operating results and financial condition. These key accounting policies include revenue recognition, income taxes, legal and self insurance contingencies, valuation of long-lived assets and assumptions used to determine the amounts recorded for pensions and other employee benefit plans and accounting for stock options.

Revenue Recognition: The Company recognizes revenue from product sales when goods are shipped or delivered and title and risk of loss pass to the customer. Provisions for certain rebates, sales incentives, trade promotions, coupons, product returns and discounts to customers are accounted for as reductions in sales in the same period the related sales are recorded.

Product discounts granted are based on the terms of arrangements with direct, indirect and other market participants, as well as market conditions, including prices charged by competitors. Rebates, the largest being the Medicaid rebate provision, are estimated based on sales terms, historical experience, trend analysis and projected market conditions in the various markets served. The Company evaluates market conditions for products or groups of products primarily through the analysis of wholesaler and other third party sell-through and market research data, as well as internally generated information.

Sales returns are generally estimated and recorded based on historical sales and returns information, analysis of recent wholesale purchase information, consideration of stocking levels at wholesalers and forecasted demand amounts. Products that exhibit unusual sales or return patterns due to dating, competition or other marketing matters are specifically investigated and analyzed as part of the accounting for accruals.

The Company also recognizes service revenue that is received for co-promotion of certain products. For all years presented, service revenues were less than 2% of total revenues and are included in sales to customers.

Income Taxes: Income taxes are recorded based on amounts refundable or payable in the current year and include the results of any difference between U.S. GAAP accounting and U.S. tax reporting that are recorded as deferred tax assets or liabilities. The Company estimates deferred tax assets and liabilities based on current tax regulations and rates. Changes in tax laws and

rates may affect recorded deferred tax assets and liabilities in the future. Management believes that changes in these estimates would not result in a material effect on the Company's results of operations, cash flows or financial position.

The Company has determined that it will repatriate $10.8 billion of undistributed international earnings in 2005 in accordance with the American Jobs Creation Act of 2004, and has recorded a tax charge of $789 million during the fourth quarter of 2004. (This tax charge may be reduced by approximately $225 million, due to technical corrections legislation, expected to be considered by Congress in 2005.) The legislation was passed during the fourth quarter of 2004 and permits U.S. corporations to repatriate earnings of foreign subsidiaries at a special one-time favorable effective tax rate. At January 2, 2005 and December 28, 2003, the cumulative amount of undistributed international earnings were approximately $18.6 billion and $14.8 billion, respectively. The Company intends to continue to reinvest its undistributed international earnings to expand its international operations; therefore, no U.S. tax expense has been recorded to cover the undistributed portion not intended for repatriation.

Legal and Self Insurance Contingencies: The Company records accruals for various contingencies including legal proceedings and product liability cases as these arise in the normal course of business. The accruals are based on management's judgment as to the probability of losses, opinions of legal counsel and, where applicable, actuarially determined estimates. Additionally, the Company records insurance receivable amounts from third party insurers based on the probability of recovery. As appropriate, reserves against these receivables are recorded for estimated amounts that may not be collected from third party insurers.

Long-Lived And Intangible Assets: The Company assesses changes in economic conditions and makes assumptions regarding estimated future cash flows in evaluating the value of the Company's property, plant and equipment, goodwill and intangible assets. As these assumptions and estimates may change over time, it may or may not be necessary for the Company to record impairment charges. In 2004, certain tangible and intangible assets were written down to fair value with the resulting charge recorded in cost of products sold.

Employee Benefit Plans: The Company sponsors various retirement and pension plans, including defined benefit, defined contribution and termination indemnity plans, that cover most employees worldwide. These plans are based on assumptions for the discount rate, expected return on plan assets, expected salary increases and health care cost trend rates. See Note 13 for further detail on these rates and the effect a rate change would have on the Company's results of operations.

Stock Options: The Company has elected to use Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), that does not require compensation costs related to stock options to be charged against net income, as all options granted under the various stock options plans had an exercise price equal to the market value of the underlying common stock at grant date. Statement of Financial Accounting Standard (SFAS) No. 148 Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123, requires pro forma disclosure of net income and earnings per share determined as if the fair value method of accounting for stock options had been applied in measuring compensation cost. See Notes 1 and 10 for further information regarding stock options.

New Accounting Standards

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which is effective for exit or disposal activities that are initiated after December 31, 2002. The Company's adoption of SFAS No. 146 did not have a material effect on the Company's results of operations, cash flows or financial position.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No. 5, 57 and 107 and Rescission of FASB Interpretation No. 34. FIN 45 clarifies the requirements of FASB Statement No. 5, Accounting for Contingencies, relating to the guarantor's accounting for and disclosure of the issuance of certain types of guarantees. The disclosure requirements of FIN 45 were effective for financial statements of interim or annual periods that end after December 15, 2002. The provisions for initial recognition and measurement were effective on a prospective basis for guarantees that were issued or modified after December 31, 2002, irrespective of the guarantor's year-end. FIN 45 requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. The Company's adoption of FIN 45 did not have a material effect on the Company's results of operations, cash flows or financial position.

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities - an interpretation of ARB No. 51, and in December 2003, issued a revised FIN 46(R), Consolidation of Variable Interest Entities - an interpretation of ARB No. 51, both of which address consolidation of variable interest entities. In addition, the FASB issued various FASB Staff Positions (FSP) on this topic in December 2003. FIN 46 expands the criteria for consideration in determining whether a variable interest entity should be consolidated by a business entity, and requires existing unconsolidated variable interest entities (which include, but are not limited to, Special Purpose Entities, or SPEs) to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. This interpretation was immediately applicable to variable interest entities created after January 31, 2003. The adoption of this portion of FIN 46 has not had a material effect on the Company's results of operations, cash flows or financial

position. FIN 46 was applicable in 2004 to variable interest entities in which an enterprise holds a variable interest that was acquired before February 1, 2003. The adoption of this portion of FIN 46 did not have a material effect on the results of operations, cash flows or financial position of the Company.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, which is effective for contracts entered into or modified after June 30, 2003. This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts

and for hedging activities. The Company's adoption of SFAS No. 149 did not have a material effect on the Company's results of operations, cash flows or financial position.

In December 2003, the FASB issued FSP FAS No. 106-1, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which is effective for interim or annual financial statements of fiscal years ending after December 7, 2003. The Company elected to defer adoption of FSP FAS No. 106-1 until authoritative guidance was issued, as allowed by the Standard. This guidance was issued in by the FASB in May 2004 via FSP FAS No. 106-2. The Company adopted FSP FAS No. 106-1 and 106-2 in the fiscal third quarter of 2004. This adoption did not have a material effect on the Company's results of operations, cash flows or financial position.

In July 2004, the FASB ratified the EITF consensus on Issue 02-14, Whether an Investor should apply the Equity Method of Accounting to Investments other than Common Stock, which is effective for the fourth quarter of 2004. This consensus clarifies that when an investor has the ability to exercise significant influence over the operating and financial policies of an investee, the equity method of accounting should be applied only when the investor has an investment in common stock and/or an investment that is in-substance common stock. The adoption of this consensus did not have a material effect on the Company's results of operations, cash flows or financial position.

In October 2004, the FASB ratified the EITF consensus on Issue 04-1, Accounting for Preexisting Relationships between the Parties to a Business Combination. This consensus describes the accounting for the settlement of preexisting relationships and the re-acquisition of certain rights in a business combination. This consensus was effective for the fourth quarter of 2004 and was adopted by the Company in that quarter. This adoption did not have a material effect on the Company's results of operations, cash flows or financial position, but may impact future transactions.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs, an amendment of ARB No. 43. This statement clarifies the accounting for idle capacity expense, freight, handling costs, and wasted material and is effective for the third quarter of 2005. The Company believes the adoption of this statement will not have a material effect on its results of operations, cash flows or financial position.

In December 2004, the FASB issued SFAS No. 123(R), Share Based Payment. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. It focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions (employee stock options). The statement requires the measurement of the cost of employee services received in exchange for an award of equity instruments (such as employee stock options) at fair value on the grant date. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award (the requisite service period). The effective date of this statement is the fiscal third quarter of 2005. The Company is still considering transition methods under this standard. The Company currently estimates the annualized cost associated with expensing stock options to be approximately $0.12 per share in 2005. Refer to Note 1 for more details. The Company is proposing a new long-term incentive plan including various forms of stock compensation, such as stock options and restricted stock.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Non-monetary Assets, an amendment of APB 29. This statement clarifies that all non-monetary transactions that have commercial substance should be recorded at fair value and is effective for the first quarter of 2005. The Company believes the adoption of this statement will not have a material effect on its results of operations, cash flows or financial position.

In December 2004, the FASB issued FSP FAS No. 109-1 and FAS 109-2, which address accounting and disclosure requirements related to certain provisions of the American Jobs Creation Act of 2004. These requirements were effective immediately. The Company has adopted these provisions, the impact of which is more fully described in Note 1 and 8.

Economic and Market Factors

Johnson & Johnson is aware that its products are used in an environment where, for more than a decade, policymakers, consumers and businesses have expressed concerns about the rising cost of health care. In response to these concerns, Johnson & Johnson has a long standing policy of pricing products responsibly. For the period 1994-2004, in the United States, the weighted average compound annual growth rate of Johnson & Johnson net price increases for health care products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

Inflation rates, even though moderate in many parts of the world during 2004, continue to have an effect on worldwide economies and, consequently, on the way companies operate. In the face of increasing costs, the Company strives to maintain its profit margins through cost reduction programs, productivity improvements and periodic price increases. The Company faces various worldwide health care changes that may result in pricing pressures that include health care cost containment and government legislation relating to sales, promotions and reimbursement.

The Company also operates in an environment which has become increasingly hostile to intellectual property rights. Generic drug firms have filed Abbreviated New Drug Applications seeking to market generic forms of most of the Company's key pharmaceutical products, prior to expiration of the applicable patents covering those products. In the event the Company is not successful in defending a lawsuit resulting from an Abbreviated New Drug Application filing, the generic firms will then introduce generic versions of the product at issue, resulting in the potential for substantial market share and revenue loss for that product. For further information see the discussion on "Litigation Against Filers of Abbreviated New Drug Applications" in Note 18.

Common Stock Market Prices

The Company's common stock is listed on the New York Stock Exchange under the symbol JNJ. The composite market price ranges for Johnson & Johnson common stock during 2004 and 2003 were:

	2004		2003	
	High	Low	High	Low
First quarter	$54.90	49.25	58.68	49.10
Second quarter	57.28	49.90	59.08	50.75
Third quarter	58.80	54.37	54.24	49.00
Fourth quarter	64.25	54.81	52.89	48.05
Year-end close	$63.42		50.62	

Legal Proceedings

The Company is involved in numerous product liability cases in the United States, many of which concern adverse reactions to drugs and medical devices. The damages claimed are substantial, and while the Company is confident of the adequacy of the warnings and instructions for use which accompany such products, it is not feasible to predict the ultimate outcome of litigation. However, the Company believes that if any liability results from such cases, it will be substantially covered by existing amounts accrued in the Company's balance sheet under its self-insurance program and by third party product liability insurance. See Note 18 for further information regarding legal proceedings.

Cautionary Factors That May Affect Future Results

This Annual Report contains forward-looking statements. Forward-looking statements do not relate strictly to historical or current facts and anticipate results based on management's plans that are subject to uncertainty. Forward-looking statements may be identified by the use of words like "plans," "expects," "will," "anticipates," "estimates" and other words of similar meaning in conjunction with, among other things, discussions of future operations, financial performance, the Company's strategy for growth, product development, regulatory approval, market position and expenditures.

Forward-looking statements are based on current expectations of future events. The Company cannot guarantee that any forward-looking statement will be accurate, although the Company believes that it has been reasonable in its expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. The Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments.

Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; challenges to patents; U.S. and foreign health care reforms and governmental laws and regulations; trends toward health care cost containment; increased scrutiny of the health care industry by government agencies; product efficacy or safety concerns resulting in product recalls or regulatory action.

The Company's report on Form 10-K for the year ended January 2, 2005 contains, as an Exhibit, a discussion of additional factors that could cause actual results to differ from expectations. The Company notes these factors as permitted by the Private Securities Litigation Reform Act of 1995.

Consolidated Balance Sheets
Johnson & Johnson and Subsidiaries

At January 2, 2005 and December 28, 2003
(Dollars in Millions Except Share and Per Share Data) (Note 1)

	2004	2003
Assets		
Current assets		
Cash and cash equivalents (Notes 1, 14 and 15)	$ 9,203	5,377
Marketable securities (Notes 1, 14 and 15)	3,681	4,146
Accounts receivable trade, less allowances for doubtful accounts $206 (2003, $192)	6,831	6,574
Inventories (Notes 1 and 2)	3,744	3,588
Deferred taxes on income (Note 8)	1,737	1,526
Prepaid expenses and other receivables	2,124	1,784
Total current assets	27,320	22,995
Marketable securities, non-current (Notes 1, 14 and 15)	46	84
Property, plant and equipment, net (Notes 1 and 3)	10,436	9,846
Intangible assets, net (Notes 1 and 7)	11,842	11,539
Deferred taxes on income (Note 8)	551	692
Other assets (Note 5)	3,122	3,107
Total assets	$53,317	48,263
Liabilities and Shareholders' Equity		
Current liabilities		
Loans and notes payable (Note 6)	$ 280	1,139
Accounts payable	5,227	4,966
Accrued liabilities	3,523	2,639
Accrued rebates, returns and promotions	2,297	2,308
Accrued salaries, wages and commissions	1,094	1,452
Accrued taxes on income	1,506	944
Total current liabilities	13,927	13,448
Long-term debt (Note 6)	2,565	2,955
Deferred tax liability (Note 8)	403	780
Employee related obligations (Notes 5 and 13)	2,631	2,262
Other liabilities	1,978	1,949
Total liabilities	21,504	21,394
Shareholders' equity		

Preferred stock - without par value (authorized and unissued 2,000,000 shares)	-	-
Common stock - par value $1.00 per share (Note 20) (authorized 4,320,000,000 shares; issued 3,119,842,000 shares)	3,120	3,120
Note receivable from employee stock ownership plan (Note 16)	(11)	
(18)		
Accumulated other comprehensive income (Note 12)	(515)	
(590)		
Retained earnings	35,223	30,503
	37,817	33,015
Less: common stock held in treasury, at cost (Note 20) (148,819,000 and 151,869,000)	6,004	6,146
Total shareholders' equity	31,813	26,869
Total liabilities and shareholders' equity	$53,317	48,263

See Notes to Consolidated Financial Statements

Consolidated Statements of Earnings
Johnson & Johnson and Subsidiaries

(Dollars in Millions Except Per Share Figures) (Note 1)

	2004	2003	2002
Sales to customers	$47,348	41,862	36,298
Cost of products sold	13,422	12,176	10,447
Gross profit	33,926	29,686	25,851
Selling, marketing and administrative expenses	15,860	14,131	12,216
Research expense	5,203	4,684	3,957
Purchased in-process research and development (Note 17)	18	918	189
Interest income	(195)	(177)	
(256)			
Interest expense, net of portion capitalized (Note 3)	187	207	160
Other (income) expense, net	15	(385)	294
	21,088	19,378	16,560
Earnings before provision for taxes on income	12,838	10,308	9,291
Provision for taxes on income (Note 8)	4,329	3,111	2,694
Net earnings	$ 8,509	7,197	6,597
Basic net earnings per share (Notes 1 and 19)	$ 2.87	2.42	2.20
Diluted net earnings per share (Notes 1 and 19)	$ 2.84	2.40	2.16

See Notes to Consolidated Financial Statements

Consolidated Statements of Equity
Johnson & Johnson and Subsidiaries
(Dollars in Millions) (Note 1)

	Total	Comprehensive Income	Retained Earnings	Note Receivable From Employee Stock Ownership Plan (ESOP)
Bal, Dec. 30, 2001	$24,233		23,066	(30)
Net earnings	6,597	6,597	6,597	
Cash dividends paid	(2,381)		(2,381)	
Employee stock Compensation and stock option plans	806		(489)	
Conver. of subordinated debentures	131		(222)	
Repurchase of common stock	(6,382)			
Other comprehensive income, net of tax:				
Currency translation adj	(10)	(10)		
Unrealized losses on securities	(86)	(86)		
Pension liability adjustment	(18)	(18)		
Losses on derivatives & hedges	(198)	(198)		
Reclassification adj		(26)		
Total comprehensive income		6,259		
Note receivable from ESOP	5			5
Bal, Dec. 29, 2002	$22,697		26,571	(25)
Net earnings	7,197	7,197	7,197	
Cash dividends paid	(2,746)		(2,746)	
Employee stock compensation and stock option plans	534		(626)	
Conver. of subordinated debentures	2		(2)	
Repurchase of common stock	(1,183)			
Business combinations	109		109	
Other comprehensive income, net of tax:				
Currency translation adj	334	334		
Unrealized gains on securities	29	29		
Pension liability adj	(31)	(31)		
Losses on derivatives & hedges	(80)	(80)		
Reclassification adj		(2)		
Total comprehensive income		7,447		

Note receivable from ESOP	7			7
Bal, Dec. 28, 2003	$26,869		30,503	(18)
Net earnings	8,509	8,509	8,509	
Cash dividends paid	(3,251)		(3,251)	
Employee stock compensation and stock option plans	883		(520)	
Conver. of subordinated debentures	105		(18)	
Repurchase of common stock	(1,384)			
Other comprehensive income, net of tax:				
Currency translation adj	268	268		
Unrealized gains on securities	59	59		
Pension liability adj	(282)	(282)		
Gains on derivatives & hedges	30	30		
Reclassification adj		(10)		
Total comprehensive income		8,574		
Note receivable from ESOP	7			7
Bal, Jan. 2, 2005	$31,813		35,223	(11)

	Accumul Other Compre- hensive Income	Common Stock Issued Amount	Treasury Stock Amount
Bal, Dec. 30, 2001	(530)	3,120	(1,393)
Net earnings			
Cash dividends paid			
Employee stock Compensation and stock option plans			1,295
Conver. of subordinated debentures			353
Repurchase of common stock			(6,382)
Other comprehensive income, net of tax:			
Currency translation adj	(10)		
Unrealized losses on securities	(86)		
Pension liability adjustment	(18)		
Losses on derivatives & hedges	(198)		
Reclassification adj			
Total comprehensive income			
Note receivable from ESOP			
Bal, Dec. 29, 2002	(842)	3,120	(6,127)
Net earnings			
Cash dividends paid			
Employee stock compensation and stock option plans			1,160
Conver. of subordinated debentures			4
Repurchase of common stock			(1,183)
Business combinations			
Other comprehensive income, net of tax:			
Curncy translation adj	334		
Unrealized gains on securities	29		
Pension liability adj	(31)		
Losses on derivatives & hedges	(80)		
Reclassification adj			
Total comprehensive income			
Note receivable from ESOP			

Bal, Dec. 28, 2003	(590)	3,120	(6,146)
Net earnings			
Cash dividends paid			
Employee stock compensation and stock option plans			1,403
Conver. of subordinated debentures			123
Repurchase of common stock			(1,384)
Other comprehensive income, net of tax:			
Currency translation adj	268		
Unrealized gains on securities	59		
Pension liability adj	(282)		
Gains on derivatives & hedges	30		
Reclassification adj			
Total comprehensive income			
Note receivable from ESOP			
Bal, Jan. 2, 2005	$(515)	3,120	(6,004)

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows
Johnson & Johnson and Subsidiaries

(Dollars in Millions) (Note 1)

	2004	2003	2002
Cash flows from operating activities			
Net earnings	$ 8,509	7,197	6,597
Adjustments to reconcile net earnings to cash flows:			
Depreciation and amortization of property and intangibles	2,124	1,869	1,662
Purchased in-process research and development	18	918	189
Deferred tax provision	(498)	(720)	(74)
Accounts receivable allowances	3	6	(6)
Changes in assets and liabilities, net of effects from acquisition of businesses:			
Increase in accounts receivable	(111)	(691)	(510)
Decrease/(increase) in inventories	11	39	(109)
Increase in accounts payable and accrued liabilities	607	2,192	1,420
Increase in other current and non-current assets	(395)	(746)	(1,429)
Increase in other current and non-current liabilities	863	531	436
Net cash flows from operating activities	11,131	10,595	8,176
Cash flows from investing activities			
Additions to property, plant and equipment	(2,175)	(2,262)	(2,099)
Proceeds from the disposal of assets	237	335	156
Acquisition of businesses, net of cash acquired (Note 17)	(580)	(2,812)	(478)
Purchases of investments	(11,617)	(7,590)	(6,923)
Sales of investments	12,061	8,062	7,353
Other	(273)	(259)	(206)
Net cash used by investing activities	(2,347)	(4,526)	(2,197)
Cash flows from financing activities			
Dividends to shareholders	(3,251)	(2,746)	(2,381)
Repurchase of common			

stock	(1,384)	(1,183)	(6,538)
Proceeds from short-term debt	514	3,062	2,359
Retirement of short-term debt	(1,291)	(4,134)	(560)
Proceeds from long-term debt	17	1,023	22
Retirement of long-term debt	(395)	(196)	(245)
Proceeds from the exercise of stock options	642	311	390
Net cash used by financing activities	(5,148)	(3,863)	(6,953)
Effect of exchange rate changes on cash and cash equivalents	190	277	110
Increase/(decrease) in cash and cash equivalents	3,826	2,483	(864)
Cash and cash equivalents, beginning of year (Note 1)	5,377	2,894	3,758
Cash and cash equivalents, end of year (Note 1)	$9,203	5,377	2,894
Supplemental cash flow data			
Cash paid during the year for:			
Interest	$ 222	206	141
Income taxes	3,880	3,146	2,006
Supplemental schedule of noncash investing and financing activities			
Treasury stock issued for employee compensation and stock option plans, net of cash proceeds	$ 802	905	946
Conversion of debt	105	2	131
Acquisition of businesses			
Fair value of assets acquired	$ 595	3,135	550
Fair value of liabilities assumed	(15)	(323)	(72)
Net cash paid for acquisitions	$ 580	2,812	478

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1 Summary of Significant Accounting Principles

Principles of Consolidation

The consolidated financial statements include the accounts of Johnson & Johnson and subsidiaries. Intercompany accounts and transactions are eliminated.

Description of the Company and Business Segments

The Company and its subsidiaries have approximately 109,900 employees worldwide engaged in the manufacture and sale of a broad range of products in the health care field. The Company conducts business in virtually all countries of the world and its primary focus has been in products related to human health and well-being.

New Accounting Pronouncements

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which is effective for exit or disposal activities that are initiated after December 31, 2002. The Company's adoption of SFAS No. 146 did not have a material effect on the Company's results of operations, cash flows or financial position.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No. 5, 57 and 107 and Rescission of FASB Interpretation No. 34. FIN 45 clarifies the requirements of FASB Statement No. 5, Accounting for Contingencies, relating to the guarantor's accounting for and disclosure of the issuance of certain types of guarantees. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods that end after December 15, 2002. The provisions for initial recognition and measurement were effective on a prospective basis for guarantees that were issued or modified after December 31, 2002, irrespective of the guarantor's year-end. FIN 45 requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. The Company's adoption of FIN 45 did not have a material effect on the Company's results of operations, cash flows or financial position.

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities - an interpretation of ARB No. 51, and in December 2003, issued a revised FIN 46(R), Consolidation of Variable Interest Entities - an interpretation of ARB No. 51, both of which address consolidation of variable interest entities. In addition, the FASB issued various FASB Staff Positions (FSP) on this topic in December 2003. FIN 46 expands the criteria for consideration in determining whether a variable interest entity should be consolidated by a business entity, and requires existing unconsolidated variable interest entities
(which include, but are not limited to, Special Purpose Entities, or SPEs)
to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. This interpretation was immediately applicable to variable interest entities created after January 31, 2003. The adoption of this portion of FIN 46 has not had a material effect on the Company's results of operations, cash flows or financial position. FIN 46 was applicable in 2004 to variable interest entities in which an enterprise holds a variable interest that was acquired before February 1, 2003. The adoption of this portion of FIN 46 did not have a material effect on the results of operations, cash flows or financial position of the Company.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, which is effective for contracts entered into or modified after June 30, 2003. This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company's adoption of SFAS No. 149 did not have a material effect on the Company's results of operations, cash flows or financial position.

In December 2003, the FASB issued FSP FAS No. 106-1, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which is effective for interim or annual financial statements of fiscal years ending after December 7, 2003. The Company elected to defer adoption of FSP FAS No. 106-1 until authoritative guidance was issued, as allowed by the Standard. This guidance was issued in by the FASB in May 2004 via FSP FAS No. 106-2. The Company adopted FSP FAS No. 106-1 and 106-2 in the fiscal third quarter of 2004. This adoption did not have a material effect on the Company's results of operations, cash flows or financial position.

In July 2004, the FASB ratified the EITF consensus on Issue 02-14, Whether an Investor should apply the Equity Method of Accounting to Investments other than Common Stock, which is effective for the fourth quarter of 2004. This consensus clarifies that when an investor has the ability to exercise significant influence over the operating and financial policies of an investee, the equity method of accounting should be applied only when the investor has an investment in common stock and/or an investment that is in-substance common stock. The adoption of this consensus did not have a material effect on the Company's results of operations,

cash flows or financial position.

In October 2004, the FASB ratified the EITF consensus on Issue 04-1, Accounting for Preexisting Relationships between the Parties to a Business Combination. This consensus describes the accounting for the settlement of preexisting relationships and the re-acquisition of certain rights in a business combination. This consensus was effective for the fourth quarter of 2004 and was adopted by the Company in that quarter. This adoption did not have a material effect on the Company's results of operations, cash flows or financial position, but may impact future transactions.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs, an amendment of ARB No. 43. This statement clarifies the accounting for idle capacity expense, freight, handling costs, and wasted material and is effective for the third quarter of 2005. The Company believes the adoption of this statement will not have a material effect on its results of operations, cash flows or financial position.

In December 2004, the FASB issued SFAS No. 123(R), Share Based Payment. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. It focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions (employee stock options). The statement requires the measurement of the cost of employee services received in exchange for an award of equity instruments (such as employee stock options)

at fair value on the grant date. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award (the requisite service period). The effective date of this statement is the fiscal third quarter of 2005. The Company is still considering transition methods under this standard. The Company currently estimates the annualized cost associated with expensing stock options to be approximately $0.12 per share in 2005. The Company is proposing a new long-term incentive plan including various forms of stock compensation, such as stock options and restricted stock.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Non- monetary Assets, an amendment of APB 29. This statement clarifies that all non-monetary transactions that have commercial substance should be recorded at fair value and is effective for the first quarter of 2005. The Company believes the adoption of this statement will not have a material effect on its results of operations, cash flows or financial position.

In December 2004, the FASB issued FSP FAS No. 109-1 and FAS 109-2, which address accounting and disclosure requirements related to certain provisions of the American Jobs Creation Act of 2004. These requirements were effective immediately. The Company has adopted these provisions, the impact of which is described in Note 1 and Note 8.

Cash Equivalents

The Company considers securities with maturities of three months or less, when purchased, to be cash equivalents.

Investments

Short-term marketable securities are carried at cost, which approximates fair value. Long-term debt securities that the Company has the ability and intent to hold until maturity are carried at amortized cost, which also approximates fair value. Investments classified as available-for-sale are carried at estimated fair value with unrealized gains and losses recorded as a component of accumulated other comprehensive income. Management determines the appropriate classification of its investment in debt and equity securities at the time of purchase and re-evaluates such determination at each balance sheet date. The Company periodically reviews its investments in non-marketable equity securities for impairment and adjusts these investments to their fair value when a decline in market value is deemed to be other than temporary.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. The Company utilizes the straight-line method of depreciation over the estimated useful lives of the assets:

Building and building equipment	20-40 years
Land and leasehold improvements	10-20 years
Machinery and equipment	2-13 years

The Company capitalizes certain computer software and development costs, included in machinery and equipment, when incurred in connection with developing or obtaining computer software for internal use. Capitalized software costs are amortized over the estimated useful lives of the software, which generally range from 3 to 5 years.

The Company reviews long-lived assets to assess recoverability using undiscounted cash flows. When necessary, charges for impairments of long-lived assets are recorded for the amount by which the present value of future cash flows is less than the carrying value of these assets.

Revenue Recognition

The Company recognizes revenue from product sales when the goods are shipped or delivered and title and risk of loss pass to the customer. Provisions for certain rebates, sales incentives, trade promotions, coupons, product returns and discounts to customers are accounted for as reductions in sales in the same period the related sales are recorded.

Product discounts granted are based on the terms of arrangements with direct, indirect and other market participants, as well as market conditions, including prices charged by competitors. Rebates, the largest being the Medicaid rebate provision, are estimated based on

sales terms, historical experience, trend analysis and projected market conditions in the various markets served. The Company evaluates market conditions for products or groups of products primarily through the analysis of wholesaler and other third party sell-through and market research data, as well as internally generated information.

Sales returns are generally estimated and recorded based on historical sales and returns information, analysis of recent wholesale purchase information, consideration of stocking levels at wholesalers and forecasted demand amounts. Products that exhibit unusual sales or return patterns due to dating, competition or other marketing matters are specifically investigated and analyzed as part of the accounting for accruals. The Company also recognizes service revenue that is received for co-promotion of certain products in sales to customers.

Shipping and Handling

Shipping and handling costs incurred were $679 million, $604 million and $518 million in 2004, 2003 and 2002, respectively, and are included in selling, marketing and administrative expense. The amount of revenue received for shipping and handling is less than 0.5% of sales to customers for all periods presented.

Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

Goodwill and Intangible Assets

Effective at the beginning of fiscal year 2002 in accordance with SFAS No. 142, the Company discontinued the amortization relating to all existing goodwill and indefinite lived intangible assets, which are non-amortizable. SFAS No. 142 requires that goodwill and non-amortizable intangible assets be assessed annually for impairment. The Company completed the annual impairment test for 2004 in the fiscal fourth quarter and no impairment was determined. Future impairment tests will be performed in the fiscal fourth quarter, annually.

Intangible assets that have finite useful lives continue to be amortized over their useful lives, and are reviewed for impairment when warranted by economic conditions. See Note 7 for further details on Intangible Assets.

Financial Instruments

The Company follows the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, and SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, collectively referred to as SFAS No. 133. SFAS No. 133 requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction, and if so, what type of hedge transaction.

The Company uses forward exchange contracts to manage its exposure to the variability of cash flows, primarily related to the foreign exchange rate changes of future intercompany product and third party purchases of raw materials denominated in foreign currency. The Company also uses currency swaps to manage currency risk primarily related to borrowings. Both of these types of derivatives are designated as cash flow hedges. Additionally, the Company uses forward exchange contracts to offset its exposure to certain foreign currency assets and liabilities. These forward exchange contracts are not designated as hedges and, therefore, changes in the fair values of these derivatives are recognized in earnings, thereby offsetting the current earnings effect of the related foreign currency assets and liabilities.

The designation as a cash flow hedge is made at the entrance date into the derivative contract. At inception, all derivatives are expected to be highly effective. Changes in the fair value of a derivative that is designated as a cash flow hedge and is highly effective are recorded in accumulated other comprehensive income until the underlying transaction affects earnings, and are then reclassified to earnings in the same account as the hedged transaction. Fair value of a forward exchange contract represents the present value of the change in forward exchange rates times the notional amount of the derivative. The fair value of a currency swap contract is determined by discounting to the present all future cash flows of the currencies to be exchanged at interest rates prevailing in the market for the periods the currency exchanges are due and expressing the result in U.S. dollars at the current spot foreign currency exchange rate.

On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes in the cash flows of hedged items. If and when a derivative is no longer expected to be highly effective, hedge accounting is discontinued. Hedge ineffectiveness, if any, is included in current period earnings, and was insignificant in 2004.

The Company documents all relationships between hedged items and derivatives. The overall risk management strategy includes reasons for undertaking hedge transactions and entering into derivatives. The objectives of this strategy are:
(1) minimize foreign currency exposure's impact on the Company's financial performance; (2) protect the Company's cash flow from adverse movements in foreign exchange rates; (3) ensure the appropriateness of financial instruments; and (4) manage the enterprise risk associated with financial institutions.

Product Liability

Accruals for product liability claims are recorded, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. The accruals are adjusted periodically as additional information becomes available. Receivables for insurance recoveries related to product liability claims are recorded on an undiscounted basis, when it is probable that a recovery will be realized.

Research and Development

Research and development expenses are expensed as incurred. Upfront and milestone payments made to third parties in connection with research and development collaborations are expensed as incurred up to the point of regulatory approval. Payments made to third parties subsequent to regulatory approval are capitalized and amortized over the remaining useful life of the related product. Amounts capitalized for such payments are included in other intangibles, net of accumulated amortization.

Advertising

Costs associated with advertising are expensed in the year incurred and are included in the selling, marketing and administrative expenses. Advertising expenses worldwide, which are comprised of television, radio, print media and Internet advertising, were $1.9 billion in 2004, $1.7 billion in 2003 and $1.5 billion in 2002.

Income Taxes

The Company has determined that it will repatriate $10.8 billion of undistributed international earnings in 2005 in accordance with the American Jobs Creation Act of 2004, and has recorded a tax charge of $789 million during the fourth quarter of 2004. (This tax charge may be reduced by approximately $225 million, due to technical corrections legislation, expected to be considered by Congress in 2005.) The legislation was passed during the fourth quarter of 2004 and permits U.S. corporations to repatriate earnings of foreign

subsidiaries at a special one-time favorable effective tax rate. At January 2, 2005 and December 28, 2003, the cumulative amount of undistributed international earnings were approximately $18.6 billion and $14.8 billion, respectively. The Company intends to continue to reinvest its undistributed international earnings to expand its international operations; therefore, no U.S. tax expense has been recorded to cover the undistributed portion not intended for repatriation.

Deferred income taxes are recognized for tax consequences of temporary differences by applying enacted statutory tax rates, applicable to future years, to differences between the financial reporting and the tax basis of existing assets and liabilities.

Net Earnings Per Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock using the treasury stock method.

Stock Options

At January 2, 2005, the Company had 20 stock-based employee compensation plans that are described in Note 10. The Company accounts for those plans under the recognition and measurement principles of Accounting Principle Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), and its related Interpretations. Compensation costs are not recorded in net income for stock options as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

As required by SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123, the following table shows the estimated effect on net income and earnings per share if the Company had applied the fair value recognition provision of SFAS No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

(Dollars in Millions Except Per Share Data)	2004	2003	2002
Net income, as reported	$ 8,509	7,197	6,597
Less:			
Compensation expense(1)	329	349	320
Pro forma	8,180	6,848	6,277
Earnings per share:			
Basic - as reported	$ 2.87	2.42	2.20
- pro forma	2.76	2.31	2.09
Diluted - as reported	2.84	2.40	2.16
- pro forma	2.74	2.29	2.06

(1) Determined under fair value based method for all awards, net of tax.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported. Estimates are used when accounting for sales discounts, rebates, allowances and incentives, product liabilities, depreciation, amortization, employee benefits, contingencies and asset and liability valuations. For instance, in determining annual pension and post-employment benefit costs, the Company estimates the rate of return on plan assets, and the cost of future health care benefits. Actual results may or may not differ from those estimates.

Annual Closing Date

The Company follows the concept of a fiscal year which ends on the Sunday nearest to the end of the month of December. Normally each fiscal year consists of 52 weeks, but every five or six years, the fiscal year consists of 53 weeks, as was the case in 2004.

Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

2 Inventories

At the end of 2004 and 2003, inventories were comprised of:

(Dollars in Millions)	2004	2003
Raw materials and supplies	$ 964	966
Goods in process	1,113	981
Finished goods	1,667	1,641
	$ 3,744	3,588

3 Property, Plant and Equipment

At the end of 2004 and 2003, property, plant and equipment at cost and accumulated depreciation were:

(Dollars in Millions)	2004	2003
Land and land improvements	$ 515	491
Buildings and building equipment	5,907	5,242
Machinery and equipment	10,455	9,638
Construction in progress	1,787	1,681
	18,664	17,052
Less accumulated depreciation	8,228	7,206
	$10,436	9,846

The Company capitalizes interest expense as part of the cost of construction of facilities and equipment. Interest expense capitalized in 2004, 2003 and 2002 was $136 million, $108 million and $98 million, respectively.

Depreciation expense, including the amortization of capitalized interest in 2004, 2003 and 2002 was $1.5 billion, $1.4 billion and $1.3 billion, respectively.

Upon retirement or other disposal of fixed assets, the cost and related amount of accumulated depreciation or amortization are eliminated from the asset and accumulated depreciation accounts, respectively. The difference, if any, between the net asset value and the proceeds is recorded in earnings.

4 Rental Expense and Lease Commitments

Rentals of space, vehicles, manufacturing equipment and office and data processing equipment under operating leases were approximately $254 million in 2004, $279 million in 2003 and $298 million in 2002.

The approximate minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at January 2, 2005 are:

(Dollars in Millions)	2005	2006	2007	2008	2009	After 2009	Total
	$144	132	110	90	76	173	725

Commitments under capital leases are not significant.

5 Employee Related Obligations

At the end of 2004 and 2003, employee related obligations were:

(Dollars in Millions)	2004	2003
Pension benefits	$1,109	862
Postretirement benefits	1,071	966
Postemployment benefits	244	213
Deferred compensation	397	362
	2,821	2,403
Less current benefits payable	190	141
Employee related obligations	$2,631	2,262

Prepaid employee related obligations of $1,001 million and $1,021 million for 2004 and 2003, respectively, are included in other assets on the consolidated balance sheet.

6 Borrowings

The components of long-term debt are as follows:

(Dollars in Millions)	2004	Effective Rate%	2003	Effective Rate%
3% Zero Coupon Convertible Subordinated Debentures due 2020	$ 560	3.00	639	3.00
4.95% Debentures due 2033	500	4.95	500	4.95
3.80% Debentures due 2013	500	3.82	500	3.82
8.72% Debentures due 2024(2)	-	-	300	8.72
6.95% Notes due 2029	293	7.14	293	7.14
6.73% Debentures due 2023	250	6.73	250	6.73
8.25% Eurodollar Notes due 2004	-	-	200	8.37
6.625% Notes due 2009	198	6.80	198	6.80
5.50% Convertible Subordinated Notes due 2009	177	2.00	182	2.00
Industrial Revenue Bonds	34	2.76	36	3.54
Other	71	-	81	-
	2,583	4.63(1)	3,179	5.23(1)
Less current portion	18		224	
	$ 2,565		2,955	

(1) Weighted average effective rate.

(2) 8.72% Debentures redeemed in November 2004.

The Company has access to substantial sources of funds at numerous banks worldwide. Total unused credit available to the Company approximates $3.9 billion, including $1.5 billion of credit commitments, of which $0.75 billion expire September 29, 2005 and $0.75 billion expire September 30, 2009. Also included, are $0.9 billion of uncommitted lines with various banks worldwide that expire during 2005. Interest charged on borrowings under the credit line agreements is based on either bids provided by banks, the prime rate or London Interbank Offered Rates (LIBOR), plus applicable margins. Commitment fees under the agreement are not material.

The Company filed a shelf registration with the Securities and Exchange Commission that became effective January 21, 2004, which enables the Company to issue up to $1.985 billion in debt securities and warrants for the purchase of debt securities. No debt was issued off the shelf during 2004 and the full amount remained available as of January 2, 2005.

In August 2002, Scios Inc. issued in a private offering $150 million of 5.5% Convertible Subordinated Notes due 2009; interest payable semi-annually, on February 15 and August 15. The Notes were convertible at the option of the holder at any time prior to redemption, repurchase or maturity at a conversion price of $39.30. Following the acquisition by Johnson & Johnson in April 2003, each $1,000 in principal amount of the notes became convertible into the right to receive $1,145.04 in cash without interest. Semi-annual interest remains payable until conversion, repurchase or maturity. At January 2, 2005 the book value of these Notes approximates fair value.

On July 28, 2000, ALZA Corporation completed a private offering of 3% Zero Coupon Convertible Subordinated Debentures, which were issued at a price of $551.26 per $1,000 principal amount at maturity. At January 2, 2005 the outstanding 3% Debentures had a total principal amount at maturity of $890.8 million with a yield to maturity of 3% per annum, computed on a semiannual bond equivalent basis. There are no periodic interest payments. Under the terms of the 3% Debentures, holders are entitled to convert their Debentures into approximately 15.0 million shares of Johnson & Johnson stock at a price of $40.102 per share. Approximately 2.7 million shares have been issued as of January 2, 2005, due to voluntary conversions by note holders. At the option of the holder, the 3% Debentures may be repurchased by the Company on July 28, 2008 or 2013, at a purchase price equal to the issue price plus accreted original issue discount to such purchase date. The Company, at its option, may elect to deliver either Johnson & Johnson common stock or cash, or a combination of stock and cash, in the event of repurchase of the 3% Debentures. The Company, at its option, may also redeem any or all of the 3% Debentures after July 28, 2003 at the issue price plus accreted original issue discount. At January 2, 2005, and December 28, 2003, the fair value based on quoted market value of the 3% Debentures was $780.5 million and $712.3 million, respectively.

On November 1, 2004 the Company exercised its right to redeem all of its $300 million aggregate principal amount of 8.72% Debentures due in 2024. The redemption price was 104.360% of the principal amount or $1,043.36 per $1,000 principal amount of Debentures, with accrued interest to the date of redemption.

Short-term borrowings and current portion of long-term debt amounted to $280 million at the end of 2004, principally local borrowing by international subsidiaries.

Aggregate maturities of long-term obligations commencing in 2005 are:

(Dollars in Millions)	2005	2006	2007	2008	2009	After 2009
	$ 18	23	11	8	384	2,139

7 Intangible Assets

At the end of 2004 and 2003, the gross and net amounts of intangible assets were:

(Dollars in Millions)	2004	2003
Goodwill - gross	$ 6,597	6,085
Less accumulated amortization	734	695
Goodwill - net	$ 5,863	5,390
Trademarks (non-amortizable) - gross	$ 1,232	1,098
Less accumulated amortization	142	136
Trademarks (non-amortizable) - net	$ 1,090	962
Patents and trademarks - gross	$ 3,974	3,798
Less accumulated amortization	1,125	818
Patents and trademarks - net	$ 2,849	2,980
Other intangibles - gross	$ 3,302	3,187
Less accumulated amortization	1,262	980
Other intangibles - net	$ 2,040	2,207
Total intangible assets - gross	$15,105	14,168
Less accumulated amortization	3,263	2,629
Total intangible assets - net	$11,842	11,539

Goodwill as of January 2, 2005, as allocated by segments of business is as follows:

(Dollars in Millions)	Consumer	Pharm	Med Dev and Diag	Total
Goodwill, net of accumulated amortization at December 28, 2003	$ 882	781	3,727	5,390
Acquisitions	232	32	138	402
Translation & other	46	19	6	71
Goodwill at January 2, 2005	$ 1,160	832	3,871	5,863

The weighted average amortization periods for patents and trademarks and other intangible assets are 15 years and 17 years, respectively. The amortization expense of amortizable intangible assets for the fiscal year ended January 2, 2005, was $603 million before tax. Certain patents and intangibles were written down to fair value during 2004 with the resulting charge included in amortization expense. The estimated amortization expense for the five succeeding years approximates $550 million before tax, per year. Substantially all of the amortization expense is included in cost of products sold.

8 Income Taxes

The provision for taxes on income consists of:

(Dollars in Millions)	2004	2003	2002
Currently payable:			
U.S. taxes	$ 3,654	2,934	2,042
International taxes	1,173	897	726
	4,827	3,831	2,768
Deferred:			
U.S. taxes	(70)	(409)	20
International taxes	(428)	(311)	(94)
	(498)	(720)	(74)
	$ 4,329	3,111	2,694

A comparison of income tax expense at the federal statutory rate of 35% in 2004, 2003 and 2002, to the Company's effective tax rate is as follows:

(Dollars in Millions)	2004	2003	2002
U.S.	$ 7,895	6,333	6,189
International	4,943	3,975	3,102
Earnings before taxes			

on income:	$ 12,838	10,308	9,291
Tax rates:			
Statutory	35.0%	35.0%	35.0%
Puerto Rico and Ireland operations	(5.6)	(6.1)	(4.5)
Research tax credits	(0.8)	(1.0)	(0.7)
U.S. state and local	1.6	2.0	1.2
International subsidiaries excluding Ireland	(1.7)	(2.0)	(2.2)
Repatriation of International earnings	6.1	-	-
IPR&D	-	3.1	0.7
All other	(0.9)	(0.8)	(0.5)
Effective tax rate	33.7%	30.2%	29.0%

During 2004, 2003 and 2002, the Company had subsidiaries operating in Puerto Rico under various tax incentive grants. In addition, the Company had subsidiaries manufacturing in Ireland under an incentive tax rate. The American Jobs Creation Act of 2004 tax legislation, permits U.S. corporations to repatriate earnings of foreign subsidiaries at a special one-time favorable effective federal tax rate versus 35%, before consideration of foreign taxes paid. The Company has determined that it will repatriate approximately $10.8 billion. The Company accrued $789 million for federal and state taxes attributable to the repatriation of earnings. (This tax charge may be reduced by approximately $225 million, due to technical corrections legislation, expected to be considered by Congress in 2005.) The increase in the 2004 worldwide effective tax rate was primarily due to the repatriation of foreign earnings under this legislation, which added 6.1% to the 2004 effective tax rate.

Temporary differences and carry forwards for 2004 and 2003 are as follows:

	2004		2003	
	Deferred Tax		Deferred Tax	
(Dollars in Millions)	Asset	Liability	Asset	Liability
Employee related obligations	$ 483		356	
Depreciation		(378)		(248)
Non-deductible intangibles		(1,366)		(1,455)
International R&D capitalized for tax	905		574	
Reserves & liabilities	720		592	
Income reported for tax purposes	463		416	
Miscellaneous international	535	(236)	502	(258)
Capitalized intangibles	147		131	
Miscellaneous U.S.	515		724	
Total deferred income taxes	$ 3,768	(1,980)	3,295	(1,961)

The difference between the net deferred tax on income per the balance sheet and the net deferred tax above is included in taxes on income on the balance sheet.

9 International Currency Translation

For translation of its subsidiaries operating in non-U.S. dollar currencies, the Company has determined that the local currencies of its international subsidiaries are the functional currencies except those in highly inflationary economies, which are defined as those which have had compound cumulative rates of inflation of 100% or more during the past three years, or where a substantial portion of its cash flows are not in the local currency.

In consolidating international subsidiaries, balance sheet currency effects are recorded as a component of accumulated other comprehensive income. This equity account includes the results of translating all balance sheet assets and liabilities at current exchange rates, except for those located in highly inflationary economies that are reflected in operating results.

An analysis of the changes during 2004 and 2003 for foreign currency translation adjustments is included in Note 12.

Net currency transaction and translation gains and losses included in other expense were losses of $38 million, $22 million and $29 million in 2004, 2003 and 2002, respectively.

10 Common Stock, Stock Option Plans and Stock Compensation Agreements

At January 2, 2005, the Company had 20 stock-based compensation plans. Under the 2000 Stock Option Plan, the Company may grant options to its employees for up to 1.6% of the issued shares of the Company's Common Stock plus the number of shares available from the previous year that were not issued, as well as shares issued under the Plan that expired or terminated without being exercised. The shares outstanding are for contracts under the Company's 1991, 1995 and 2000 Stock Option Plans, the 1997 Non-Employee Director's Plan and the Cordis, Biosense, Gynecare, Centocor, Innovasive Devices, ALZA, Inverness and Scios Stock Option Plans. During 2004, no options were granted under any of these plans except the 2000 Stock Option Plan.

Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years. All options are granted at current market price on the date of grant. Shares available under the 2000 Stock Option Plan for future grants are based on 1.6% of the issued shares each year, and 49.9 million shares could be granted each year during the years 2000 through 2005

in addition to any other available shares as described above. Shares available for future grants under the 2000 plan were 83.3 million at the end of 2004.

A summary of the status of the Company's stock option plans as of January 2, 2005, December 28, 2003 and December 29, 2002, and changes during the years ending on those dates are presented below:

(Shares in Thousands)	Options Outstanding	Weighted Average Exercise Price
Balance at December 30, 2001	167,224	$ 34.37
Options granted	48,072	57.30
Options exercised	(21,012)	19.64
Options canceled/forfeited	(4,543)	50.86
Balance at December 29, 2002	189,741	41.42
Options granted	50,880(1)	49.15
Options exercised	(21,242)	17.22
Options canceled/forfeited	(5,430)	52.68
Balance at December 28, 2003	213,949	45.37
Options granted	47,815	53.94
Options exercised	(24,066)	28.50
Options canceled/forfeited	(8,694)	53.77
Balance at January 2, 2005	229,004	$ 48.62

(1) Includes 7,002 options issued to replace Scios options outstanding at or granted prior to the acquisition.

The average fair value of options granted was $13.11 in 2004, $13.58 in 2003, and $15.49 in 2002. The fair value was estimated using the Black-Scholes option pricing model based on the weighted average assumptions of:

	2004	2003	2002
Risk-free rate	3.15%	3.09%	4.39%
Volatility	27.0%	28.0%	26.0%
Expected life	5.0 yrs	5.0 yrs	5.0 yrs
Dividend yield	1.76%	1.35%	1.33%

The following table summarizes stock options outstanding and exercisable at January 2, 2005:

(Shares in Thousands)	Outstanding			Exercisable	
Exercise Price Range	Options	Average Life(1)	Average Exercise Price	Options	Average Exercise Price
$ 3.85 - $ 22.95	11,336	1.4	$20.18	11,329	$ 20.18
$ 23.11 - $ 39.86	22,703	3.1	30.46	22,048	30.45
$ 40.08 - $ 50.08	34,952	4.7	46.00	34,615	45.98
$ 50.11 - $ 52.11	31,953	5.8	50.70	31,371	50.69
$ 52.20 - $ 53.89	39,403	8.1	52.22	173	52.48
$ 53.93 - $ 54.89	46,012	9.1	53.95	399	54.69
$ 55.01 - $ 65.10	42,645	7.1	57.34	553	59.20
	229,004	6.4	$48.62	100,488	$ 41.26

(1) Average contractual life remaining in years.

Stock options exercisable at December 28, 2003 and December 29, 2002 were 119,663 options at an average price of $38.51 and 100,702 options at an average price of $30.47, respectively.

11 Segments of Business and Geographic Areas

See page 64 for information on segments of business and geographic areas.

12 Accumulated Other Comprehensive Income

Components of other comprehensive income/(loss) consist of the following:

(Dollars in Millions)	Foreign Cur. Trans.	Unrealized Gains/ (Losses) On Sec	Pens Liab Adj.	Gains/ (Losses) on Deriv & Hedg	Total Accumulated Other Comprehensive Inc/(Loss)
Dec. 30, 2001	$(697)	84	(15)	98	(530)
2002 changes					
Net change due to hedging transactions	-	-	-	(394)	
Net amount reclassed to					

net earnings	-	-	-	196	
Net 2002 changes	(10)	(86)	(18)	(198)	(312)
Dec. 29, 2002	$(707)	(2)	(33)	(100)	(842)
2003 changes					
Net change due to hedging transactions	-	-	-	(567)	
Net amount reclassed to net earnings	-	-	-	487	
Net 2003 changes	334	29	(31)	(80)	252
Dec. 28, 2003	$(373)	27	(64)	(180)	(590)
2004 changes					
Net change due to hedging transactions	-	-	-	15	
Net amount reclassed to net earnings	-	-	-	15	
Net 2004 changes	268	59	(282)	30	75
Jan. 2, 2005	$(105)	86	(346)	(150)	(515)

Total other comprehensive income for 2004 includes reclassification adjustment gains of $16 million realized from the sale of equity securities and the associated tax expense of $6 million. Total other comprehensive income for 2003 includes reclassification adjustment gains of $3 million realized from the sale of equity securities and the associated tax expense of $1 million. Total other comprehensive income for 2002 includes reclassification adjustment gains of $45 million realized from the sale of equity securities and the associated tax expense of $19 million.

The tax effect on the unrealized gains/(losses) on equity securities is an expense of $47 million in 2004, an expense of $15 million in 2003 and a benefit of $1 million in 2002. The tax effect on the gains/(losses) on derivatives and hedges are benefits of $81 million, $99 million and $56 million in 2004, 2003 and 2002, respectively. See Note 15 for additional information relating to derivatives and hedging.

The currency translation adjustments are not currently adjusted for income taxes as they relate to permanent investments in international subsidiaries.

13 Pensions and Other Benefit Plans

The Company sponsors various retirement and pension plans, including defined benefit, defined contribution and termination indemnity plans, which cover most employees worldwide. The Company also provides postretirement benefits, primarily health care, to all U.S. retired employees and their dependents.

Many international employees are covered by government-sponsored programs for which the cost to the Company is not significant.

Retirement plan benefits are primarily based on the employee's compensation during the last three to five years before retirement and the number of years of service. International subsidiaries have plans under which funds are deposited with trustees, annuities are purchased under group contracts or reserves are provided.

The Company does not fund retiree health care benefits in advance and has the right to modify these plans in the future.

The Company uses the date of its consolidated financial statements (January 2, 2005 and December 28, 2003, respectively) as the measurement date for all U.S. and international retirement and other benefit plans.

Net periodic benefit cost for the Company's defined benefit retirement plans and other benefit plans for 2004, 2003 and 2002 include the following components:

	Retirement Plans			Other Benefit Plans		
(Dollars in Millions)	2004	2003	2002	2004	2003	2002
Service cost	$ 409	325	249	$ 56	28	23
Interest cost	444	391	354	91	70	59
Expected return on plan assets	(529)	(495)	(447)	(3)	(3)	(4)
Amortization of prior service cost	15	18	15	(4)	(3)	(3)
Amortization of net transition asset	(3)	(4)	(7)	-	-	-
Recognized actuarial losses/(gains)	173	109	(41)	27	3	-
Curtailments and settlements	3	1	(1)	-	-	-
Special termination benefits	-	95	-	-	-	-
Net periodic benefit cost	$ 512	440	122	$167	95	75

The net periodic benefit cost attributable to U.S. retirement plans was $329 million in 2004, $309 million in 2003 and $61 million in 2002.

During 2003, the Company offered a voluntary retirement program with enhanced benefits called the Retirement Enhancement Program (REP) to eligible U.S. regular, full-time employees who have attained age 55 with at least 10 years of pension credited service by June 30, 2004. The program enhancements included the elimination of the early retirement reduction for pension benefit purposes (normally 4% per year prior to age 62) and a special termination benefit (one week of pay per year of credited service). The program resulted in a one-time increase in U.S. pension expense of $95 million in 2003 to reflect the value of the retirement enhancement.

The weighted-average assumptions in the following table represent the rates used to develop the actuarial present value of projected benefit obligation for the year listed and also the net periodic benefit cost for the following year.

	Retirement Plans			
U.S. Benefit Plans	2004	2003	2002	2001
Discount rate	5.75%	6.00	6.75	7.50

Expected long-term rate of return on plan assets	9.00	9.00	9.00	9.00
Rate of increase in compensation levels	4.50	4.50	4.50	4.50
International Benefit plans				
Discount rate	5.00%	5.25	5.75	5.75
Expected long-term rate of return on plan assets	8.00	7.50	7.50	7.50
Rate of increase in compensation levels	3.75	3.50	3.50	3.50

	Other Benefit Plans			
U.S. Benefit Plans	2004	2003	2002	2001
Discount rate	5.75%	6.00	6.75	7.50
Expected long-term rate of return on plan assets	9.00	9.00	9.00	9.00
Rate of increase in compensation levels	4.50	4.50	4.50	4.50
International Benefit Plans				
Discount rate	5.50%	6.00	6.75	6.75
Expected long-term rate of return on plan assets	-	-	-	-
Rate of increase in compensation levels	4.25	4.25	4.25	4.25

The expected long-term rate of return on plan assets assumptions are determined using a building block approach, considering historical averages and real returns of each asset class. In certain countries, where historical returns are not meaningful, consideration is given to local market expectations of long-term returns.

The following table displays the assumed health care trend rates, for all individuals:

Health Care Plans	2004	2003
Health care trend rate assumed for next year	9.00%	10.00
Rate to which the cost trend rate is assumed to decline (ultimate trend)	4.50%	4.50
Year the rate reaches the ultimate trend rate	2010	2010

A one-percentage-point change in assumed health care cost trend rates would have the following effect:

(Dollars in Millions)	One-Percentage-Point Increase	One-Percentage-Point Decrease
Health Care Plans		
Total interest and service cost	$ 27	$ (22)
Postretirement benefit obligation	256	(206)

The following table sets forth information related to the benefit obligation and the fair value of plan assets at year-end 2004 and 2003 for the Company's defined benefit retirement plans and other postretirement plans:

(Dollars in Millions)	Retirement Plans		Other Benefit Plans	
Change in Benefit Obligation	2004	2003	2004	2003
Projected benefit obligation - beginning of year	$7,680	6,051	$1,329	1,015
Service cost	409	325	56	28
Interest cost	444	391	91	70
Plan participant contributions	21	20	-	-
Amendments	(65)	110	(46)	1
Actuarial losses	609	714	229	261
Divestitures & acquisitions	(1)	(3)	-	-
Curtailments & settlements	(7)	(1)	-	-
Benefits paid from plan	(401)	(268)	(73)	(55)
Effect of exchange rates	252	341	7	9
Projected benefit obligation - end of year	$8,941	7,680	$1,593	1,329

Change in Plan Assets				
Plan assets at fair value - beginning of year	$6,050	4,705	$ 39	34
Actual return on plan assets	713	963	4	9
Company contributions	531	393	65	49
Plan participant contributions	21	20	-	-
Divestitures	(2)	-	-	-
Benefits paid from plan assets	(359)	(258)	(71)	(53)
Effect of exchange rates	171	227	-	-
Plan assets at fair value - end of year	$7,125	6,050	$ 37	39

Strategic asset allocations are determined by country, based on the nature of the liabilities and considering the demographic composition of the plan participants (average age, years of service and active versus retiree status). The Company's plans are considered non-mature plans and the long-term strategic asset allocations are consistent with these types of plans. Emphasis is placed on diversifying equities on a broad basis combined with currency matching of the fixed income assets.

The following table displays the projected future benefit payments from the Company's retirement and other benefit plans:

(Dollars in Millions) Projected future benefit payments	2005	2006	2007	2008	2009	2010-14
Retirement plans	$335	349	364	361	377	2,235
Other benefit plans - gross	$ 77	81	85	89	94	542
Medicare rebates	-	(5)	(5)	(6)	(7)	(41)
Other benefit plans - net	$ 77	76	80	83	87	501

The Company is not expected to have to fund its U.S. retirement plans in 2005 in order to meet minimum statutory funding requirements. International plans will be funded in accordance with local regulations. Additional discretionary contributions will be made when deemed appropriate to meet the long-term obligations of the plans. In certain countries other than the United States, the funding of pension plans is not a common practice as funding provides no economic benefit. Consequently, the Company has several pension plans which are not funded.

The following table displays the projected future contributions to the Company's U.S. and international unfunded retirement plans:

(Dollars in Millions) Projected future contributions	2005	2006	2007	2008	2009	2010-14
Unfunded U.S. retirement plans	$19	20	21	22	24	148
Unfunded International retirement plans	$16	17	18	20	21	124

The Company's retirement plan asset allocation at the end of 2004 and 2003 and target allocations for 2005 are as follows:

(Dollars in Millions) Allocation	Percent of Plan Assets		Target
U.S. Retirement Plans	2004	2003	2005
Equity securities	76%	78%	75%
Debt securities	24	22	25
Total plan assets	100%	100%	100%
International Retirement Plans			
Equity securities	69%	67%	75%
Debt securities	30	32	25
Real estate and other	1	1	-
Total plan assets	100%	100%	100%

The Company's other benefit plans are unfunded except for U.S. life insurance contract assets of $37 million and $39 million at January 2, 2005 and December 28, 2003, respectively.

The fair value of Johnson & Johnson common stock directly held in plan assets was $440 million (6.2% of total plan assets) at January 2, 2005, and $363 million (6.0% of total plan assets) at December 28, 2003.

Amounts recognized in the Company's balance sheet consist of the following:

	Retirement Plans		Other Benefit Plans	
(Dollars in Millions)	2004	2003	2004	2003
Plan assets at fair value	$ 7,125	6,050	$ 37	39
Projected benefit obligation	8,941	7,680	1,593	1,329
Funded status	(1,816)	(1,630)	(1,556)	(1,290)
Unrecognized actuarial losses	2,055	1,749	541	336
Unrecognized prior service cost	46	133	(56)	

(12)				
Unrecognized net transition asset	3	-	-	-
Total recognized in the consolidated balance sheet	$288	252	$(1,071)	
(966)				
Book accruals	$(1,109)	(862)	$(1,071)	
(966)				
Prepaid benefits	1,001	1,021	-	-
Intangible assets	50	29	-	-
Accumulated comprehensive income	346	64	-	-
Total recognized in the consolidated balance sheet	$288	252	$(1,071)	
(966)				

The accumulated benefit obligation for all U.S. and international defined benefit retirement plans was $7,488 million and $6,475 million at January 2, 2005 and December 28, 2003, respectively.

A minimum pension liability adjustment is required when the actuarial present value of the accumulated benefits obligation (ABO) exceeds the fair value of plan assets and accrued pension liabilities. The minimum pension liabilities (intangible assets and accumulated comprehensive income) in 2004 and 2003 of $396 million and $93 million, respectively, relate primarily to plans outside of the U.S. The increase in the minimum liability included in comprehensive income was $282 million and $31 million in 2004 and 2003,respectively.

Plans with accumulated benefit obligations in excess of plan assets consist of the following:

	Retirement Plans	
(Dollars in Millions)	2004	2003
Accumulated benefit obligation	$(2,703)	
(1,328)		
Projected benefit obligation	(3,327)	
(1,729)		
Plan assets at fair value	1,727	591

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 was enacted that introduces a prescription drug benefit under Medicare as well as a subsidy to sponsors of retiree health care benefit plans. The Company's prescription plan is "actuarially equivalent" to the Medicare Part D Coverage due to the fact that at all levels of annual claim amounts, the Plan provides a greater reimbursement than the Medicare benefit. There is no change in estimated participation rates or per capita claims costs as a result of the Act. The Company has recognized the effect of the subsidy on a prospective basis from June 28, 2004. The recognition reduces before-tax and after-tax expense by $10 million and the APBO by $131 million.

14 Marketable Securities

	January 2, 2005		
	Amortized Cost	Unrealized Gains/ (Losses)	Est Fair Value
Current Investments			
Government securities and obligations	$ 4,213	(1)	4,212
Corporate debt securities	2,798	(1)	2,797
Money market funds	2,153	-	2,153
Time deposits	1,325	-	1,325
Collateralized mortgage obligations and asset backed securities	397	-	397
Bank notes	20	-	20
Total current marketable securities	$10,906	(2)	10,904
Non-Current Investments			
Marketable securities	$ 46	-	46

	December 28, 2003		
	Amortized Cost	Unrealized Gains/ (Losses)	Est Fair Value
Current Investments			
Government securities and obligations	$2,844	1	2,845
Corporate debt securities	2,565	-	2,565
Money market funds	1,559	-	1,559
Time deposits	663	-	663
Collateralized mortgage obligations and asset backed securities	-	-	

-			
Bank notes		22	-
22			
Total current marketable securities		$7,653	1
7,654			
Non-Current Investments			
Marketable securities		$ 84	-
84			

Current marketable securities include $7.2 billion and $3.5 billion that are classified as cash equivalents on the balance sheet at January 2, 2005 and December 28, 2003, respectively.

15 Financial Instruments

The Company follows the provisions of SFAS 133 requiring that all derivative instruments be recorded on the balance sheet at fair value.

As of January 2, 2005, the balance of deferred net losses on derivatives included in accumulated other comprehensive income was $150 million after-tax. For additional information, see Note 12. The Company expects that substantially all of this amount will be reclassified into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The amount ultimately realized in earnings will differ as foreign exchange rates change. Realized gains and losses are ultimately determined by actual exchange rates at maturity of the derivative. Transactions with third parties will cause the amount in accumulated other comprehensive income to affect net earnings. The maximum length of time over which the Company is hedging is 18 months.

For the year ended January 2, 2005, the net impact of the hedges' ineffectiveness to the Company's financial statements was insignificant. The Company has recorded a net loss of $2 million in other (income) expense, representing the impact of discontinuance of cash flow hedges because it is probable that the originally forecasted transactions will not occur by the end of the originally specified time period.

Refer to Note 12 for disclosures of movements in Accumulated Other Comprehensive Income.

Concentration of Credit Risk

The Company invests its excess cash in both deposits with major banks throughout the world and other high quality money market instruments. The Company has a policy of making investments only with commercial institutions that have at least an A (or equivalent) credit rating. These investments generally mature within six months, and the Company has not incurred any related losses.

16 Savings Plan

The Company has voluntary 401(k) savings plans designed to enhance the existing retirement programs covering eligible employees. The Company matches a percentage of each employee's contributions consistent with the provisions of the plan for which he/she is eligible.

In the U.S. salaried plan, one-third of the Company match was paid in Company stock under an employee stock ownership plan (ESOP) unless the employee chose to redirect his or her investment. In 1990, to establish the ESOP, the Company loaned $100 million to the ESOP Trust to purchase shares of the Company stock on the open market. In exchange, the Company received a note, the balance of which is recorded as a reduction of shareholders' equity. The remaining shares held by the ESOP trust are expected to be allocated to participant accounts by the end of February, 2005.

Total Company contributions to the plans were $143 million in 2004, $128 million in 2003 and $111 million in 2002.

17 Mergers, Acquisitions and Divestitures

On December 15, 2004, Johnson & Johnson announced the signing of a definitive agreement to acquire Guidant Corporation (Guidant), a world leader in the treatment of cardiac and vascular disease, for $25.4 billion in fully diluted equity value.

The Board of Directors of Johnson & Johnson and Guidant have given their respective approvals to the transaction, which is subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act, the European Union merger control regulation, and other customary closing conditions. The acquisition could result in the divestiture of certain assets and operations, if required by regulatory agencies. The agreement requires the approval of Guidant's shareholders. Subject to the aforementioned approvals, the acquisition is expected to close in the third quarter of 2005.

Under the terms of the agreement, upon the close of the transaction each share of Guidant common stock would be exchanged for $30.40 in cash and $45.60 in Johnson & Johnson common stock, provided the average Johnson & Johnson common stock price is between $55.45 and $67.09 during the 15-day trading period ending three days prior to the transaction closing. Each Guidant common share exchanged would be converted into Johnson & Johnson common stock of not more than .8224 and not less than .6797 shares, plus $30.40 in cash. Based on Guidant's approximately 319 million common shares outstanding as of the close of business on December 15, 2004, this would result in the issuance of not more than approximately 262 million and not less than 217 million shares of Johnson & Johnson common stock. Guidant's approximately 35 million option shares outstanding as of the close of business on December 15, 2004 would be converted into options to acquire Johnson & Johnson common stock on the same terms and conditions as were applicable under Guidant's option plan. The option shares would convert to Johnson & Johnson common stock utilizing a floating exchange ratio, the Exchange Ratio and the Cash Portion Option Exchange Multiple as defined in the Agreement and Plan of Merger dated as of December 15, 2004.

Certain businesses were acquired for $455 million in cash and $15 million of liabilities assumed during 2004. These acquisitions were accounted for by the purchase method and, accordingly, results of operations have been included in the financial statements from their respective dates of acquisition.

In addition, per the terms of the 2003 acquisition agreement with the Link Spine Group, Inc., $125 million in cash was paid to the owners of the Link Spine Group, Inc. in 2004 based on the date the U.S. Food and Drug Administration (FDA) approved the CHARITE Artificial Disc. Thus, the 2004 total cash expenditures related to acquisition were $580 million.

The 2004 acquisitions included: Merck's 50% interest in the Johnson & Johnson-Merck Consumer Pharmaceuticals Co. European non-prescription pharmaceutical joint venture including all of the infrastructure and brand assets managed by the European joint venture; Egea Biosciences, Inc. through the exercise of the option to acquire the remaining outstanding stock not owned by Johnson & Johnson, which has developed a proprietary technology platform called Gene Writer, that allows for the rapid and highly accurate synthesis of DNA sequences, gene assembly, and construction of large synthetic gene libraries; Artemis Medical, Inc., a privately held company with ultrasound and x-ray visible biopsy site breast markers as well as hybrid markers; U.S. commercial rights to certain patents and know-how in the field of sedation and analgesia from Scott Lab, Inc.; Biapharm SAS, a privately held French producer and marketer of skin care products centered around the leading brand BIAFINE; the assets of Micomed, a privately owned manufacturer of spinal implants primarily focused on supplying the German market; and the acquisition of the AMBI skin care brand for women of color.

The excess of purchase price over the estimated fair value of tangible assets acquired amounted to $425 million and has been allocated to identifiable intangibles and goodwill. The $125 million related to the U.S. FDA approval of the CHARITE Artificial Disc was recorded as additional goodwill associated with the 2003 Link Spine Group, Inc. acquisition. Thus total additions to intangibles and goodwill in 2004 were $550 million. Approximately $18 million has been identified as the value of in-process research and development (IPR&D) associated with the Scott Lab acquisition. The value of the IPR&D was calculated using cash flow projections discounted for the risk inherent in such projects. The discount rate was 25%.

Certain businesses were acquired for $2.8 billion in cash and $323 million of liabilities assumed during 2003. These acquisitions were accounted for by the purchase method and, accordingly, results of operations have been included in the financial statements from their respective dates of acquisition.

The 2003 acquisitions included: Link Spine Group, Inc., a privately owned corporation with exclusive worldwide rights to the CHARITE Artificial Disc; Scios Inc. a biopharmaceutical company with a marketed product for cardiovascular disease and research projects focused on auto-immune diseases; 3-Dimensional Pharmaceuticals, Inc., a company with a technology platform focused on the discovery and development of therapeutic small molecules; OraPharma, Inc., a specialty pharmaceutical company focused on the development and commercialization of unique oral therapeutics; and certain assets of Orquest, Inc., a privately held biotechnology company focused on developing biologically-based implants for orthopaedics and spine surgery.

The excess of purchase price over the estimated fair value of tangible assets acquired amounted to $1.8 billion and has been allocated

to identifiable intangibles and goodwill. Approximately $918 million has been identified as the value of in-process research and development (IPR&D) primarily associated with the acquisition of Link Spine Group, Inc. and Scios Inc.

The IPR&D charge related to the Link Spine Group, Inc. acquisition was $170 million and is associated with the CHARITE Artificial Disc. The CHARITE Artificial Disc is marketed in more than 30 countries outside the U.S, and a Premarket Approval Application was filed with U.S. Food and Drug Administration on February 17, 2004. The value of the IPR&D was calculated with the assistance of a third party appraiser using cash flow projections discounted for the risk inherent in

such projects. A probability of success factor of 95% was used to reflect inherent clinical and regulatory risk. The discount rate was 19%. The purchase price for the Link Spine Group, Inc. acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over the fair values of assets and liabilities acquired was approximately $84 million and was allocated to goodwill. Substantially all of the amount allocated to goodwill will not be deductible for tax purposes.

The IPR&D charge related to Scios Inc. was $730 million and is largely associated with its p-38 kinase inhibitor program. The value of the IPR&D was calculated with the assistance of a third party appraiser using cash flow projections discounted for the risk inherent in such projects using a 16% probability of success factor and a 9% discount rate. The purchase price for the Scios Inc. acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. Identifiable intangible assets included patents and trademarks valued at approximately $1.5 billion. The excess of the purchase price over the fair values of assets and liabilities acquired was approximately $440 million and was allocated to goodwill. Substantially all of the amount allocated to goodwill will not be deductible for tax purposes.

The remaining IPR&D was associated with Orquest, Inc., and 3-Dimensional Pharmaceuticals, Inc., with charges of $11 million and $7 million, respectively. In both cases the value of the IPR&D was calculated with the assistance of a third party appraiser.

Certain businesses were acquired for $478 million in cash and liabilities assumed of $72 million during 2002. These acquisitions were accounted for by the purchase method, and, accordingly, results of operations have been included in the financial statements from their respective dates of acquisition.

The 2002 acquisitions included Tibotec-Virco N.V., a privately-held biopharmaceutical company focused on developing anti-viral treatments; Micro Typing Systems, Inc., a manufacturer of reagents and supplier of distributed instruments known as the ID-Micro Typing System and Obtech Medical AG, a privately-held company that markets an adjustable gastric band for the treatment of morbid obesity.

The excess of purchase price over the estimated fair value of tangible assets of the acquired entities amounted to $325 million and has been allocated to identifiable intangibles and goodwill. Approximately $189 million has been identified as the value of IPR&D associated with the Tibotec-Virco N.V. and Obtech Medical AG acquisitions.

The IPR&D charge related to Tibotec-Virco N.V. was $150 million and is associated with two early stage HIV compounds. The value of the IPR&D was calculated with the assistance of a third party appraiser using cash flow projections discounted for the risk inherent in such projects using probability of success factors ranging from 30-33%. The discount rate was 9%.

The IPR&D charge related to Obtech Medical AG was $39 million and is associated with the development of the current Swedish Adjustable Gastric Band (SAGB) for use in the United States as well as development of a next generation technology platform. The value of the IPR&D was calculated with the assistance of a third party appraiser using cash flow projections discounted for the risk inherent in such projects using a 70% probability of success factor and a 20% discount rate.

Supplemental pro forma information for 2004, 2003 and 2002 per SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets, are not provided as the impact of the aforementioned acquisitions did not have a material effect on the Company's results of operations, cash flows or financial position.

Divestitures in 2004, 2003 and 2002 did not have a material effect on the Company's results of operations, cash flows or financial position.

18 Legal Proceedings

Product Liability

The Company is involved in numerous product liability cases in the United States, many of which concern adverse reactions to drugs and medical devices. The damages claimed are substantial, and while the Company is confident of the adequacy of the warnings and instructions for use which accompany such products, it is not feasible to predict the ultimate outcome of litigation. However, the Company believes that if any liability results from such cases, it will be substantially covered by existing amounts accrued in the Company's balance sheet under its self-insurance program and by third party product liability insurance.

One group of cases against the Company concerns the Janssen Pharmaceutica Inc. product PROPULSID (cisapride), which was withdrawn from general sale and restricted to limited use in 2000. In the wake of publicity about those events, numerous lawsuits have been filed against Janssen, which is a wholly owned subsidiary of the Company, and the Company regarding PROPULSID, in state and federal courts across the country. There are approximately 423 such cases currently pending, including the claims of approximately 5,900 plaintiffs. In the active cases, 415 individuals are alleged to have died from the use of PROPULSID. These actions seek

substantial compensatory and punitive damages and accuse Janssen and the Company of inadequately testing for and warning about the drug's side effects, of promoting it for off-label use and of over promotion. In addition, Janssen and the Company have entered into agreements (tolling agreements) with various plaintiffs' counsel halting the running of the statutes of limitations with respect to the potential claims of a significant number of individuals while those attorneys evaluate whether or not to sue Janssen and the Company on their behalf.

In September 2001, the first ten plaintiffs in the Rankin case, which comprises the claims of 155 PROPULSID plaintiffs, went to trial in state court in Claiborne County, Mississippi. The jury returned compensatory damage verdicts for each plaintiff in the amount of $10 million, for a total of $100 million. The trial judge thereafter dismissed the claims of punitive damages. On March 4, 2002, the trial judge reduced these verdicts to a total of $48 million, and denied the motions of Janssen and the Company for a new trial. On May 13, 2004, the Supreme Court of Mississippi reversed the verdicts against Janssen and the Company, and remanded the case to the trial court. The Supreme Court found the joint trial of multiple plaintiffs' cases against Janssen was prejudicial and directed the trial court to return the cases of the individual plaintiffs for separate trials to their home counties. A motion for rehearing was denied on August 5, 2004.

In April 2002, a state court judge in New Jersey denied plaintiffs' motion to certify a national class of PROPULSID users for purposes of medical monitoring and refund of the costs of purchasing PROPULSID. An effort to appeal that ruling has been denied. In June 2002, the federal judge presiding over the PROPULSID Multi-District Litigation in New Orleans, Louisiana similarly denied plaintiffs' motion there to certify a national class of PROPULSID users. Plaintiffs in the Multi-District Litigation have said they are preserving their right to appeal that ruling, and other complaints filed against Janssen and the Company include class action allegations, which could be the basis for future attempts to have classes certified.

On February 5, 2004, Janssen announced that it had reached an agreement in principle with the Plaintiffs Steering Committee (PSC), of the PROPULSID Federal Multi-District Litigation (MDL), to resolve federal lawsuits related to PROPULSID. There are approximately 4,000 individuals included in the Federal MDL of whom approximately 300 are alleged to have died from use of the drug. The agreement becomes effective once 85 percent of the death claims, and 75 percent of the remainder, agree to the terms of the settlement. In addition, 12,000 individuals who have not filed lawsuits, but whose claims are the subject of tolling agreements suspending the running of the statutes of limitations against those claims, must also agree to participate in the settlement before it will become effective. Those agreeing to participate in the settlement will submit medical records to an independent panel of physicians who will determine whether the claimed injuries were caused by PROPULSID and otherwise meet the standards for compensation. If those standards are met, a court-appointed special master will determine compensatory damages. If the agreement becomes effective, Janssen will pay as compensation a minimum of $69.5 million and a maximum of $90 million, depending upon the number of plaintiffs who enroll in the program. Janssen will also establish an administrative fund not to exceed $15 million, and will pay legal fees to the PSC up to $22.5 million, subject to court approval.

With respect to all the various PROPULSID actions against them, Janssen and the Company dispute the claims in those lawsuits and are vigorously defending against them except where, in their judgment, settlement is appropriate. Janssen and the Company believe they have adequate self-insurance accruals and third party product liability insurance with respect to these cases. In communications to the Company, the excess insurance carriers have raised certain defenses to their liability under the policies and to date have declined to reimburse Janssen and the Company for PROPULSID-related costs despite demand for payment. However, in the opinion of the Company, those defenses are pro forma and lack substance and the carriers will honor their obligations under the policies either voluntarily or after litigation. In March 2004, the Company commenced arbitration against Allianz Underwriters Insurance Company, which issued the first layer of applicable excess insurance coverage, to obtain reimbursement of PROPULSID-related costs. The arbitration is currently scheduled to begin mid- May 2005 and last several weeks.

The Company's Ethicon, Inc. subsidiary has over the last several years had a number of claims and lawsuits filed against it relating to VICRYL sutures. The actions allege that the sterility of VICRYL sutures was compromised by inadequacies in Ethicon's systems and controls, causing patients who were exposed to these sutures to incur infections which would not otherwise have occurred. Ethicon on several occasions recalled batches of VICRYL sutures in light of questions raised about sterility but does not believe any contamination of suture products in fact occurred. In November 2003, a trial judge in West Virginia certified for class treatment all West Virginia residents who had VICRYL sutures implanted during Class I or II surgeries from May 1, 1994 to December 31, 1997. The certification is subject to later challenge following the conclusion of discovery. A previous trial date has been adjourned and not reset. Ethicon has been and intends to continue vigorously defending against the claims.

Affirmative Stent Patent Litigation

In patent infringement actions tried in Delaware Federal Court in late 2000, Cordis Corporation, a subsidiary of Johnson & Johnson, obtained verdicts of infringement and patent validity, and damage awards, against Boston Scientific Corporation and Medtronic AVE, Inc., based on a number of Cordis vascular stent patents. On December 15, 2000, the jury in the damage action against Boston Scientific returned a verdict of $324 million and on December 21, 2000, the jury in the Medtronic AVE action returned a verdict of $271 million. These sums represent lost profit and reasonable royalty damages to compensate Cordis for infringement but do not include pre or post judgment interest. In February 2001 a hearing was held on the claims of Boston Scientific and Medtronic AVE that the patents at issue were unenforceable owing to alleged inequitable conduct before the patent office.

In March and May 2002, the district judge issued post trial rulings that confirmed the validity and enforceability of the main Cordis stent patent claims but found certain other Cordis patents unenforceable. Further, the district judge granted Boston Scientific a new trial on liability and damages and vacated the verdict against Medtronic AVE on legal grounds. On August 12, 2003, the Court of Appeals for the Federal Circuit found the trial judge erred in vacating the verdict against Medtronic AVE and remanded the case to the trial judge for further proceedings. The trial judge has scheduled a trial in March 2005 against Boston Scientific and Medtronic AVE in connection with Cordis' efforts to obtain reinstatement of the original verdicts.

In January 2003, Cordis filed an additional patent infringement action against Boston Scientific in Delaware Federal Court accusing its Express2 and TAXUS stents of infringing one of the Cordis patents involved in the earlier actions against Boston Scientific and Medtronic AVE. In February 2003, Cordis moved in that action for a preliminary injunction seeking to bar the introduction of the TAXUS stent based on that patent. On November 21, 2003, the district judge denied that request for a preliminary injunction and that decision was affirmed by the Court of Appeals for the Federal Circuit in May 2004. Trial of the case is scheduled for June 2005. Cordis

also has pending in Delaware Federal Court another action against Medtronic AVE accusing Medtronic AVE of infringement by sale of stent products introduced by Medtronic AVE subsequent to its GFX and MicroStent products, the subject of the earlier action referenced above.

In early June 2003, an arbitration panel in Chicago, in a preliminary ruling, found in favor of Cordis in its arbitration against

ACS/Guidant involving infringement by ACS/Guidant of a Cordis stent patent. On August 19, 2003, the panel confirmed that ruling, rejecting the challenge of ACS/Guidant. Under the terms of an earlier agreement between Cordis and ACS/Guidant, the arbitration panel's ruling obligated ACS/Guidant to make a payment of $425 million to Cordis which was made in the fiscal fourth quarter of 2003. As a result of resolving this matter, in the fiscal fourth quarter, $230 million was recorded in other income and expense (approximately $142 million after tax) relating to past periods. The balance of the award, $195 million (approximately $120 million after tax), will be recognized in income in future periods over the estimated remaining life of the intellectual property, commencing in the first fiscal quarter of 2004. No additional royalties for ACS/Guidant's continued use of the technology and no injunction are involved.

Patent Litigation Against Various Johnson & Johnson Operating Companies

The products of various Johnson & Johnson operating companies are the subject of various patent lawsuits, which could potentially affect the ability of those operating companies to sell those products, or require the payment of past damages and future royalties. The following chart summarizes various patent lawsuits concerning important products of Johnson & Johnson operating companies. With respect to all of these matters, the Johnson & Johnson operating company involved is vigorously defending against the claims of infringement and disputing where appropriate the validity and enforceability of the patent claims asserted against it.

Product	J&J Oper Company	Patents	Plaintiff/ Patent Holder	Court	Trial Date	Date Filed
Stents	Cordis	Jang	Boston Scientific Corporation	D.Del.	6/13/05	3/03
Drug Eluting Stents	Cordis	Ding	Boston Scientific Corporation	D.Del.	6/13/05	4/03
Drug Eluting Stents	Cordis	Kunz Grainger	Boston Scientific Corporation	D.Del.	10/17/05	12/03
Stents	Cordis	Rockey	Arlaine and Gena Rockey Inc.	S.D.Fla.	TBD	7/02
Stents	Cordis	Boneau	Medtronic Inc.	D.Del.	TBD	4/02
Two-layer Cathet-ers	Cordis	Kastenho-fer Forman	Boston Scientific Corporation	N.D.Cal.	TBD	2/02
Remi-cade	Centocor	Cerami	Rockefeller University and Chiron Corporation	E.D.Tex.	2/06	4/04
Two-layer Cathet-ers	Cordis	Kastenho-fer	Boston Scientific Corporation (Schneider)	Belgium	4/05	12/03
Stents	Cordis	Israel	Medinol	Multiple E.U. Juris-dictions	1st trial Nether-lands 1/05	5/03

Contact Lenses	Vision Care	Nicolson	CIBA Vision	M.D. Fla.	2/06	9/03

Litigation Against Filers of Abbreviated New Drug Applications (ANDAs)

The following chart indicates lawsuits pending against generic firms that filed Abbreviated New Drug Applications seeking to market generic forms of products sold by various subsidiaries of the Company prior to expiration of the applicable patents covering those products. These ANDAs typically include allegations of non-infringement, invalidity and unenforceability of these patents. In the event the subsidiary of the Company involved is not successful in these actions, the firms involved will then introduce generic versions of the product at issue resulting in very substantial market share and revenue losses for the product of the Company's subsidiary.

Brand Name	Patent/NDA	Generic	Court	Trial Date
Product	Holder	Challenger		Date Filed
Aciphex	Eisai	Teva	SDNY	TBD 11/03
20 mg delay	(for	Dr.	SDNY	TBD 11/03
release	Janssen)	Reddy's	SDNY	TBD 01/04
tablet		Mylan		
Ditropan XL	Ortho-	Mylan	DWV	2/14/05 05/03
5, 10, 15 mg	McNeil,	Impax	NDCal	TBD 09/03
controlled release tablet	ALZA			
Duragesic	Janssen,	Mylan	D Vt	8/25/03 01/02
25, 50, 75, 100 micrograms/hr patch	ALZA			
Levaquin	Daiichi,	Mylan	DWV	5/24/04 02/02
Tablets	JJPRD			
250, 500, 750	Ortho-McNeil	Teva	DNJ	TBD 06/02
mg tablets				
Levaquin Injectable	Daiichi,	Bedford/	DNJ	TBD 03/03
Single use vials and 5	JJPRD Ortho-	Ben Venue		
ml/mg,	McNeil	Sicor	DNJ	TBD 12/03
premix		(Teva)		
Levaquin	Daiichi,	American	DNJ	TBD 12/03
Injectable Single use	JJPRD, Ortho-	Pharmac- eutical		
vials	McNeil	Partners		
Quixin	Daiichi,	Hi-Tech	DNJ	TBD 12/03
Ophthalmic Solution (Levo- floxacin)	Ortho- McNeil	Pharmacal		
Ophthalmic solution				

Ortho Tri-cyclen LO 0.18 mg/0.025 mg, 0.215 mg/0.025 mg and 0.25 mg/0.025 mg 10/03	Ortho-McNeil	Barr	DNJ	TBD
Risperdal Tablets .25, 0.5, 1, 2, 3, 4 mg tablets 12/03	Janssen	Mylan	DNJ	TBD
		Dr. Reddy's	DNJ	TBD
Sporanox 100 mg capsule 04/01	Janssen	Eon Labs	EDNY	5/17/04
Topamax 25, 100, 200 mg tablet 04/04	Ortho-McNeil	Mylan	DNJ	TBD
Ultracet 37.5 tram/325 apap tablet 11/02	Ortho-McNeil	Kali(Par)	DNJ	TBD
		Teva	DNJ	TBD
		Caraco	ED Mich	TBD
PEPCID Complete 02/05	McNeil-PPC, Inc.	Perrigo	SDNY	TBD

In the DURAGESIC (fentanyl transdermal system) matter referenced above, the district court in March 2004 found ALZA's patent valid, enforceable and infringed by Mylan's generic. That decision was affirmed by the Court of Appeals for the Federal Court. In June 2004, FDA ruled that Mylan's ANDA would be subject to ALZA's period of pediatric exclusivity ending in January 2005. In late June, Mylan filed actions against FDA seeking to require the agency to grant it approval to market on July 24, 2004, the day after the DURAGESIC patent expired. On August 17, 2004, the district court ruled against Mylan and in favor of FDA's recognition of pediatric exclusivity for DURAGESIC, which decision was affirmed by the Court of Appeals for the District of Columbia Circuit.

In the action against Mylan involving LEVAQUIN, the trial judge on December 23, 2004, found the patent at issue valid, enforceable and infringed by Mylan's contemplated ANDA product and issued an injunction precluding sale of the product until patent expiration in late 2010. Mylan has appealed to the Court of Appeals for the Federal Circuit.

In the action against Eon Labs involving SPORANOX (itraconazole), the district court ruled on July 28, 2004 that Janssen's patent was valid but not infringed by Eon's generic. Janssen has appealed this ruling to the Court of Appeals for the Federal Circuit. Eon launched its generic version of SPORANOX on February 9, 2005.

In the action against Kali involving ULTRACET (tramadol hydrochloride/ acetaminophen), Kali has moved for summary judgment on the issues of infringement and invalidity. The briefing on that motion was completed in October 2004 and a decision is expected anytime. With respect to claims other than that at issue in the litigation against Kali, Ortho-McNeil

has filed a reissue application in the U.S. Patent and Trademark Office seeking to narrow the scope of the claims.

In the action against Mylan involving DITROPAN XL (oxybutynin chloride), Mylan moved for summary judgment on July 14, 2004 on the issues of non-infringement and invalidity. That motion was denied in December 2004.

In the action against Mylan relating to TOPAMAX (topiramate), Mylan on October 8, 2004 filed a motion for summary judgment of non-infringement of Ortho-McNeil's patent. A decision is expected after February 1, 2005.

With respect to all of the above matters, the Johnson & Johnson operating company involved is vigorously defending the validity and enforceability and asserting the infringement of its own or its licensor's patents.

Average Wholesale Price (AWP) Litigation

Johnson & Johnson and its pharmaceutical operating companies, along with numerous other pharmaceutical companies, are defendants in a series of lawsuits in state and federal courts involving allegations that the pricing and marketing of certain pharmaceutical products amounted to fraudulent and otherwise actionable conduct because, among other things, the companies allegedly reported an inflated Average Wholesale Price for the drugs at issue. Most of these cases, both federal actions and state actions removed to federal court, have been consolidated for pre-trial purposes in a Multi-District Litigation (MDL) in federal court in Boston, Massachusetts. The plaintiffs in these cases include classes of private persons or entities that paid for any portion of the purchase of the drugs at issue based on AWP, and state government entities that made Medicaid payments for the drugs at issue based on AWP. In the MDL proceeding in Boston, plaintiffs have moved for class certification of all or some portion of their claims. A decision is expected on that motion in the second or third quarter of 2005.

Ethicon Endo-Surgery, Inc., a Johnson & Johnson operating company which markets endoscopic surgical instruments, and the Company, are named defendants in a North Carolina state court class action lawsuit alleging AWP inflation and improper marketing activities against TAP Pharmaceuticals. Ethicon Endo-Surgery, Inc. is a defendant based on claims that several of its former sales representatives are alleged to have been involved in arbitrage of a TAP drug. The allegation is that these sales representatives persuaded certain physicians in states where the drug's price was low to purchase from TAP excess quantities of the drug and then resell it in states where its price was higher. Ethicon Endo-Surgery, Inc. and the Company deny any liability for the claims made against them in this case and are vigorously defending against it. On April 24, 2003, the trial judge certified a national class of purchasers of the TAP product at issue. On July 6, 2004, that class was decertified by the North Carolina Court of Appeals and the matter remanded to the trial court for additional consideration. On January 5, 2005, the trial judge certified a North Carolina State class of purchases of the TAP product in question. No trial date has been set in this matter.

Other

The New York State Attorney General's office and the Federal Trade Commission issued subpoenas in January and February 2003 seeking documents relating to the marketing of sutures and endoscopic instruments by the Company's Ethicon, Inc. and Ethicon Endo-Surgery, Inc. subsidiaries. The Connecticut Attorney General's office also issued a subpoena for the same documents. These subpoenas focus on the bundling of sutures and endoscopic instruments in contracts offered to Group Purchasing Organizations and individual hospitals in which discounts are predicated on the hospital achieving specified market share targets for both categories of products. The operating companies involved have responded to the subpoenas.

On June 26, 2003, the Company received a request for records and information from the U.S. House of Representatives' Committee on Energy and Commerce in connection with its investigation into pharmaceutical reimbursements and rebates under Medicaid. The Committee's request focuses on the drug REMICADE (infliximab), marketed by the Company's Centocor, Inc. subsidiary. On July 2, 2003, Centocor received a request that it voluntarily provide documents and information to the criminal division of the U.S. Attorney's Office, District of New Jersey, in connection with its investigation into various Centocor marketing practices. Both the Company and Centocor have responded to these requests for documents and information.

On August 1, 2003, the Securities and Exchange Commission (SEC) advised the Company of its informal investigation under the Foreign Corrupt Practices Act of allegations of payments to Polish governmental officials by U.S. pharmaceutical companies. On November 21, 2003, the SEC advised the Company that the investigation had become formal and issued a subpoena for the information previously requested in an informal fashion, plus other background documents. The Company and its operating units in Poland have responded to these requests.

On December 8, 2003, the Company's Ortho-McNeil Pharmaceutical unit received a subpoena from the United States Attorney's office in Boston, Massachusetts seeking documents relating to the marketing, including alleged off-label marketing, of the drug TOPAMAX (topiramate). Ortho-McNeil is cooperating in responding to the subpoena. In October 2004, the U.S. Attorney's Office in Boston asked attorneys for Ortho-McNeil Pharmaceutical to cooperate in facilitating the subpoenaed testimony of several present and former Ortho-McNeil witnesses before a grand jury in Boston, for which cooperation is being provided.

On January 20, 2004, the Company's Janssen unit received a subpoena from the Office of the Inspector General of the United States Office of Personnel Management seeking documents concerning sales and marketing of, any and all payments to physicians in connection with sales and marketing of, and clinical trials for, RISPERDAL (risperidone) from 1997 to 2002. Documents subsequent to 2002 have also been requested. Janssen is cooperating in responding to the subpoena.

In April 2004, the Company's pharmaceutical units were requested to submit information to the Senate Finance Committee on their use of the "nominal pricing exception" in calculating Best Price under the Medicaid Rebate Program. This request was sent to manufacturers for the top twenty drugs reimbursed under the Medicaid Program. The Company's pharmaceutical units have responded to the request.

On July 27, 2004, the Company received a letter request from the New York State Attorney General's Office for documents pertaining to marketing, off-label sales and clinical trials for TOPAMAX (topiramate), RISPERDAL (risperidone), PROCRIT (Epoetin alfa), REMINYL (galantamine HBr), REMICADE (infliximab) and ACIPHEX (rabeprazole sodium). The Company is responding to the request.

On August 9, 2004, Johnson & Johnson Health Care Systems, Inc., a Johnson & Johnson operating company, received a subpoena from the Dallas, Texas U. S. Attorney's Office seeking documents relating to the relationships between the group purchasing organization Novation and HCS and other Johnson & Johnson operating companies. The Company's operating entities involved are responding to the subpoena.

On September 30, 2004, Ortho Biotech Inc. received a subpoena from the U.S. Office of Inspector General's Denver, Colorado field office seeking documents directed to sales and marketing of PROCRIT (Epoetin alfa) from 1997 to the present. Ortho Biotech is responding to the subpoena.

In September 2004, plaintiffs in an employment discrimination litigation initiated against the Company in 2001 moved to certify a class of all African American and Hispanic salaried employees of the Company and its affiliates in the United States, who were employed at any time from November 1997 to the present. Plaintiffs seek monetary damages for the period 1997 through the present (including punitive damages) and equitable relief. The Company is expected to file its response to plaintiffs' class certification motion in the first half of 2005. A decision by the district court is not expected before late 2005. The Company disputes the allegations in the lawsuit and is vigorously defending against them.

After a remand from the Federal Circuit Court of Appeals in January 2003, a partial retrial was commenced in October and concluded in November 2003 in Boston, Massachusetts in the action Amgen v. Transkaryotic Therapies, Inc. (TKT) and Aventis Pharmaceutical, Inc. The matter is a patent infringement action brought by Amgen against TKT, the developer of a gene-activated EPO product, and Aventis, which holds marketing rights to the TKT product, asserting that TKT's product infringes various Amgen patent claims. TKT and Aventis dispute infringement and are seeking to invalidate the Amgen patents asserted against them. On October 15, 2004, the district court issued rulings that upheld its initial findings in 2001, that Amgen's patent claims were valid and infringed. Further proceedings and an appeal will follow. The Amgen patents at issue in the case are exclusively licensed to Ortho Biotech Inc., a Johnson & Johnson operating company, in the U.S. for non-dialysis indications. Ortho Biotech Inc. is not a party to the action. On October 21, 2004, in a companion action brought by TKT and Aventis against Amgen and Ortho Biotech's U.K. affiliate in the United Kingdom, the House of Lords, acting as the highest court in the U.K., invalidated the pertinent claims of Amgen's U.K. patent on EPO which expired in December 2004.

The Company is also involved in a number of other patent, trademark and other lawsuits incidental to its business. The ultimate legal and financial liability of the Company in respect to all claims, lawsuits and proceedings referred to above cannot be estimated with any certainty. However, in the opinion of management, based on its examination of these matters, its experience to date and discussions with counsel, the ultimate outcome of legal proceedings, net of liabilities already accrued in the Company's balance sheet, is not expected to have a material adverse effect on the Company's financial position, although the resolution in any reporting period of one or more of these matters could have a significant impact on the Company's results of operations and cash flows for that period.

19 Earnings Per Share

The following is a reconciliation of basic net earnings per share to diluted net earnings per share for the years ended January 2, 2005, December 28, 2003 and December 29, 2002:

(Shares in Millions)	2004	2003	2002
Basic earnings per share	$ 2.87	2.42	2.20
Average shares outstanding - basic	2,968.4	2,968.1	2,998.3
Potential shares exercisable under stock option plans	186.5	166.6	188.3
Less: shares repurchased under treasury stock method	(163.8)	(141.4)	(146.9)
Convertible debt shares	12.4	14.8	14.4
Adjusted average shares outstanding - diluted	3,003.5	3,008.1	3,054.1
Diluted earnings per share	$ 2.84	2.40	2.16

The diluted earnings per share calculation includes the dilution effect of convertible debt: a decrease in interest expense of $14 million, $15 million and $12 million after tax for years 2004, 2003 and 2002, respectively.

Diluted earnings per share excludes 42 million, 47 million and 1 million shares underlying stock options for 2004, 2003 and 2002, respectively, as the exercise price of these options was greater than their average market value, resulting in an anti-dilutive effect on diluted earnings per share.

20 Capital and Treasury Stock Changes in treasury stock were:

(Amounts in Millions Except Number of Shares in Thousands)	Treasury Shares	Stock Amount
Balance at December 30, 2001	72,627	$ 1,393
Employee compensation and stock option plans	(22,720)	(1,295)
Conversion of subordinated debentures	(5,742)	(353)
Repurchase of common stock	107,382	6,382
Balance at December 29, 2002	151,547	6,127
Employee compensation and stock option plans	(21,729)	(1,160)
Conversion of subordinated debentures	(83)	(4)
Repurchase of common stock	22,134	1,183
Balance at December 28, 2003	151,869	6,146
Employee compensation and stock option plans	(25,340)	(1,403)
Conversion of subordinated debentures	(2,432)	(123)
Repurchase of common stock	24,722	1,384
Balance at January 2, 2005	148,819	$ 6,004

Shares of common stock issued were 3,119,842,000 shares at the end of 2004, 2003 and 2002.

Cash dividends paid were $1.095 per share in 2004, compared with dividends of $0.925 per share in 2003 and $0.795 per share in 2002.

21 Selected Quarterly Financial Data (Unaudited)

Selected unaudited quarterly financial data for the years 2004 and 2003 are summarized below:

	2004			
(Dollars in Millions Except Per Share Data)	First Qtr	Second Qtr	Third Qtr(1)	Fourth Qtr(2)
Segment sales to customers				
Consumer	$ 2,047	2,000	2,024	2,262
Pharmaceutical	5,376	5,427	5,485	5,840
Med Devices & Diagnostics	4,136	4,057	4,044	4,650
Total sales	$ 11,559	11,484	11,553	12,752
Gross profit	8,192	8,322	8,366	9,046
Earnings before provision for taxes on income	3,504	3,435	3,274	2,625
Net earnings	2,493	2,458	2,341	1,217
Basic net earnings per share	$ .84	.83	.79	.41
Diluted net earnings per share	$ .83	.82	.78	.41

	2003			
(Dollars in Millions Except Per Share Data)	First Qtr(3)	Second Qtr(4)	Third Qtr	Fourth Qtr(5)
Segment sales to customers				
Consumer	$ 1,791	1,819	1,841	1,979
Pharmaceutical	4,666	4,884	4,835	5,134
Med Devices & Diagnostics	3,364	3,629	3,779	4,141
Total sales	$ 9,821	10,332	10,455	11,254
Gross profit	7,099	7,366	7,475	7,746
Earnings before provision for				

taxes on income	2,929	2,056	2,949	2,374
Net earnings	2,070	1,210	2,072	1,845
Basic net earnings per share	$ .70	.41	.70	.62
Diluted net earnings per share	$ .69	.40	.69	.62

(1) The third quarter of 2004 includes an after-tax charge of $12 million for In-Process Research and Development (IPR&D) costs.

(2) The fourth quarter of 2004 includes $789 million for taxes on the repatriation of unremitted foreign earnings associated with the American Jobs Creation Act of 2004.

(3) The first quarter of 2003 includes an after-tax charge of $15 million for IPR&D costs.

(4) The second quarter of 2003 includes an after-tax charge of $900 million for IPR&D costs.

(5) The fourth quarter of 2003 includes after-tax income of $142 million for an arbitration ruling on stent patents and the cost of the retirement enhancement program of $61 million.

Management's Report on Internal Control over Financial Reporting

Under Section 404 of The Sarbanes-Oxley Act of 2002, our management is required to assess the effectiveness of the Company's internal control over financial reporting as of the end of each fiscal year and report, based on that assessment, whether the Company's internal control over financial reporting is effective.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of January 2, 2005. In making this assessment, the Company used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control-Integrated Framework." These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Company's assessment included extensive documenting, evaluating and testing the design and operating effectiveness of its internal control over financial reporting.

Based on the Company's processes and assessment, as described above, management has concluded that, as of January 2, 2005, the Company's internal control over financial reporting was effective.

Our management's assessment of the effectiveness of the Company's internal control over financial reporting as of January 2, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Johnson & Johnson:

We have completed an integrated audit of Johnson & Johnson's fiscal 2004 consolidated financial statements and of its internal control over financial reporting as of January 2, 2005 and audits of its fiscal 2003 and fiscal 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, statements of equity and statements of cash flows present fairly, in all material respects, the financial position of Johnson & Johnson and Subsidiaries (the "Company") at January 2, 2005 and December 28, 2003, and the results of their operations and their cash flows for each of the three years in the period ended January 2, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, "Management's Report on Internal Control over Financial Reporting," appearing on page 62 of the 2004 Annual Report to Shareholders, that the Company maintained effective internal control over financial reporting as of January 2, 2005 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "COSO", is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2005, based on criteria established in Internal Control - Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

By: /s/ PricewaterhouseCoopers LLP

New York, New York

Segments of Business(1) and Geographic Areas Johnson & Johnson and Subsidiaries

	Sales to Customers(2)		
(Dollars in Millions)	2004	2003	2002
Consumer			
- United States	$ 4,224	3,968	3,605
International	4,109	3,463	2,959
Total	8,333	7,431	6,564
Pharmaceutical			
- United States	14,960	13,271	11,919
International	7,168	6,246	5,232
Total	22,128	19,517	17,151
Med Devices and Diag			
- United States	8,586	8,035	6,931
International	8,301	6,879	5,652
Total	16,887	14,914	12,583
Worldwide total	$47,348	41,862	36,298

	Operating Profit		
(Dollars in Millions)	2004(5)	2003(6)	2002(7)
Consumer	$ 1,514	1,393	1,229
Pharmaceutical	7,608	5,896	5,787
Medical Devices and Diagnostics	4,091	3,370	2,489
Segments total	13,213	10,659	9,505
Expenses not allocated to segments(3)	(375)	(351)	(214)
General corporate(4)			
Worldwide total	$12,838	10,308	9,291

Identifiable Assets

(Dollars in Millions)	2004	2003	2002
Consumer	$ 6,142	5,371	5,056
Pharmaceutical	16,058	15,001	11,112
Medical Devices and Diagnostics	15,805	16,082	15,052
Segments total	38,005	36,454	31,220
Expenses not allocated to segments(3)			
General corporate(4)	15,312	11,809	9,336
Worldwide total	$53,317	48,263	40,556

	Additions to Property, Plant & Equipment		
(Dollars in Millions)	2004	2003	2002
Consumer	$ 227	229	222
Pharmaceutical	1,197	1,236	1,012
Medical Devices and Diagnostics	630	639	713
Segments total	2,054	2,104	1,947
General corporate	121	158	152
Worldwide total	$2,175	2,262	2,099

	Depreciation and Amortization		
(Dollars in Millions)	2004	2003	2002
Consumer	$ 222	246	244
Pharmaceutical	1,008	765	557
Medical Devices and Diagnostics	769	761	776
Segments total	1,999	1,772	1,577
General corporate	125	97	85
Worldwide total	$2,124	1,869	1,662

(Dollars in Millions)	Sales to Customers(2) 2004	2003	2002
United States	$27,770	25,274	22,455
Europe	11,151	9,483	7,636
Western Hemisphere excluding U.S.	2,589	2,236	2,018
Asia-Pacific, Africa	5,838	4,869	4,189
Segments total	47,348	41,862	36,298
Worldwide total	$47,348	41,862	36,298

(Dollars in Millions)	Long-Lived Assets(8) 2004	2003	2002
United States	$14,324	14,367	11,822
Europe	6,142	5,193	4,613
Western Hemisphere excluding U.S.	748	772	583
Asia-Pacific, Africa	620	605	555
Segments total	21,834	20,937	17,573
General corporate	444	448	383
Other non long-lived assets	31,039	26,878	22,600
Worldwide total	$53,317	48,263	40,556

(1) See Management's Discussion and Analysis, page 28 for a description of the segments in which the Company does business.

(2) Export sales and intersegment sales are not significant. Sales to our top three distributors accounted for 10.2%, 10.0% and 7.5% in 2004, 10.5%, 9.1% and 9.0% in 2003 and 10.3%, 9.8% and 9.2% in 2002.

(3) Amounts not allocated to segments include interest income/expense, minority interest and general corporate income and expense.

(4) General corporate includes cash and marketable securities.

(5) Includes $18 million of In-Process Research & Development (IPR&D) in the Medical Devices and Diagnostics segment.

(6) Includes $737 million of IPR&D in the Pharmaceutical segment and $181 million of IPR&D and $230 million of an arbitration ruling on stent patents in the Medical Devices and Diagnostics segment.

(7) Includes $150 million of IPR&D, $150 million and $85 million of costs related to an arbitration settlement on PROCRIT in the Pharmaceutical segment and $39 million of IPR&D in the Medical Devices and Diagnostics segment.

(8) Long-lived assets include property, plant and equipment, net for 2004, 2003 and 2002 of $10,436, $9,846 and $8,710, respectively, and intangible assets, net for 2004, 2003 and 2002 of $11,842, $11,539 and $9,246, respectively.

Summary of Operations and Statistical Data 1994-2004 Johnson & Johnson and Subsidiaries

(Dollars in Millions Except Per Share Figures)

	2004	2003	2002	2001	2000	1999
Sales to customers - U.S.	$ 27,770	25,274	22,455	19,825	17,316	15,532
Sales to customers - International	19,578	16,588	13,843	12,492	11,856	11,825
Total sales	47,348	41,862	36,298	32,317	29,172	27,357
Cost of products sold	13,422	12,176	10,447	9,581	8,957	8,539
Selling, marketing and admin expenses	15,860	14,131	12,216	11,260	10,495	10,065
Research expense	5,203	4,684	3,957	3,591	3,105	2,768
Purchased in-process research and development	18	918	189	105	66	-
Interest income	(195)	(177)	(256)	(456)	(429)	(266)
Interest expense, net of portion capitalized	187	207	160	153	204	255
Other (income) expense, net	15	(385)	294	185	(94)	119
	34,510	31,554	27,007	24,419	22,304	21,480
Earnings before provision for taxes on income	12,838	10,308	9,291	7,898	6,868	5,877
Provision for taxes on income	4,329	3,111	2,694	2,230	1,915	1,604
Net earnings	8,509	7,197	6,597	5,668	4,953	4,273
Percent of sales to customers	18.0	17.2	18.2	17.5	17.0	15.6
Diluted net earnings per share of common stock	2.84	2.40	2.16	1.84	1.61	1.39
Percent return on average shareholders' equity	29.0	29.0	28.1	25.4	26.5	27.0
Percent increase over previous year:						
Sales to customers	13.1	15.3	12.3	10.8	6.6	14.9
Diluted net earnings per share	18.3	11.1	17.4	14.3	15.8	36.3
Supplementary expense data:						
Cost of materials and services(1)	21,053	18,568	16,540	15,333	14,113	13,922
Total employment costs	11,074	10,005	8,450	7,749	7,085	6,537
Depreciation and amortization	2,124	1,869	1,662	1,605	1,592	1,510
Maint and repairs(2)	462	395	360	372	327	322
Total tax expense(3)	5,393	4,078	3,497	2,995	2,619	2,271
Supplementary balance sheet data:						
Property, plant and equipment, net	10,436	9,846	8,710	7,719	7,409	7,155
Additions to property, plant and equipment	2,175	2,262	2,099	1,731	1,689	1,822
Total assets	53,317	48,263	40,556	38,488	34,245	31,064
Long-term debt	2,565	2,955	2,022	2,217	3,163	3,429
Operating cash flow	11,131	10,595	8,176	8,864	6,903	5,920

Common stock information						
Dividends paid per share	$1.095	.925	.795	.70	.62	.55
Shareholders' equity per share	$10.71	9.05	7.65	7.95	6.77	5.70
Market price per share (year-end close)	$63.42	50.62	53.11	59.86	52.53	46.63
Average shares outstanding (millions)						
- basic	2,968.4	2,968.1	2,998.3	3,033.8	2,993.5	2,978.2
- diluted	3,003.5	3,008.1	3,054.1	3,099.3	3,099.2	3,100.4
Employees (thousands)	109.9	110.6	108.3	101.8	100.9	99.8

	1998	1997	1996	1995	1994
Sales to customers - U.S.	$ 12,901	11,814	10,851	9,065	7,731
Sales to customers - International	10,910	10,708	10,536	9,472	7,723
Total sales	23,811	22,522	21,387	18,537	15,454
Cost of products sold	7,700	7,350	7,185	6,352	5,393
Selling, marketing and admin expenses	8,525	8,185	7,848	6,950	5,901
Research expense	2,506	2,373	2,109	1,788	1,416
Purchased in-process research and development	298	108	-	-	37
Interest income	(302)	(263)	(196)	(151)	(85)
Interest expense, net of portion capitalized	186	179	176	184	182
Other (income) expense, net	565	248	122	70	(5)
	19,478	18,180	17,244	15,193	12,839
Earnings before provision for taxes on income	4,333	4,342	4,143	3,344	2,615
Provision for taxes on income	1,232	1,237	1,185	926	654
Net earnings	3,101	3,105	2,958	2,418	1,961
Percent of sales to customers	13.0	13.8	13.8	13.0	12.7
Diluted net earnings per share of common stock	1.02	1.02	.98	.84	.69
Percent return on average shareholders' equity	22.2	24.6	27.2	27.6	28.4
Percent increase over previous year:					
Sales to customers	5.7	5.3	15.4	19.9	11.4
Diluted net earnings per share	-	4.1	16.7	21.7	9.5
Supplementary expense data:					
Cost of materials and services(1)	11,779	11,702	11,341	9,984	8,104
Total employment costs	5,908	5,586	5,447	4,849	4,401
Depreciation and amortization	1,335	1,117	1,047	886	754
Maint and repairs(2)	286	270	285	257	222
Total tax expense(3)	1,881	1,824	1,753	1,458	1,132

Supplementary balance sheet data:					
Property, plant and equipment, net	6,767	6,204	6,025	5,544	5,230
Additions to property, plant and equipment	1,610	1,454	1,427	1,307	979
Total assets	28,966	23,615	22,248	19,355	17,027
Long-term debt	2,652	2,084	2,347	2,702	2,776
Operating cash flow	5,106	4,210	4,001	3,436	2,984
Common stock information					
Dividends paid per share	$ .49	.425	.368	.32	.283
Shareholders' equity per share	$ 4.93	4.51	4.07	3.46	2.76
Market price per share (year-end close)	$ 41.94	32.44	25.25	21.38	13.69
Average shares outstanding (millions)					
- basic	2,973.6	2,951.9	2,938.0	2,820.1	2,796.9
- diluted	3,082.7	3,073.0	3,046.2	2,890.0	2,843.2
Employees (thousands)	96.1	92.6	91.5	84.2	83.4

(1) Net of interest and other income.

(2) Also included in cost of materials and services category.

(3) Includes taxes on income, payroll, property and other business taxes.

EXHIBIT 21

SUBSIDIARIES

Johnson & Johnson, a New Jersey corporation, has the domestic and international subsidiaries shown below. Certain U.S. subsidiaries and international subsidiaries are not named because they are not significant in the aggregate. Johnson & Johnson has no parent.

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
U.S. Subsidiaries:	
ALZA Corporation	Delaware
ALZA Land Management, Inc.	Delaware
Biosense Webster, Inc.	California
Centocor Biologics, LLC	Pennsylvania
Centocor, Inc.	Pennsylvania
Centocor Research & Development, Inc.	Pennsylvania
Codman & Shurtleff, Inc.	New Jersey
Cordis Corporation	Florida
Cordis Development Corporation	Florida
Cordis International Corporation	Delaware
Cordis LLC	Delaware
Cordis Neurovascular, Inc.	Florida
Crescendo Pharmaceuticals Corporation	Delaware
DePuy Disc, Inc.	Delaware
DePuy, Inc.	Delaware
DePuy Mitek, Inc.	Massachusetts
DePuy Orthopaedics, Inc.	Indiana
DePuy Products, Inc.	Indiana
DePuy Spine, Inc.	Ohio
DePuy Spine Sales Limited Partnership	Massachusetts
Diabetes Diagnostics, Inc.	Delaware
Egea Biosciences, LLC	Delaware
Ethicon Endo-Surgery, Inc.	Ohio
Ethicon Endo-Surgery, L.L.C.	New Mexico
Ethicon Endo-Surgery Services, L.P.	Texas
Ethicon, Inc.	New Jersey
Ethicon LLC	Delaware
Global Biologics Supply Chain, LLC	Pennsylvania
GynoPharma Inc.	Delaware
Iso Merger Corp	Delaware
Janssen Finance Company	Florida
Janssen Inc.	Delaware
Janssen Ortho LLC	Delaware
Janssen Pharmaceutica Inc.	Pennsylvania
Janssen Pharmaceutica Products, L.P.	New Jersey
JJHC, LLC	Delaware
Johnson & Johnson Baby Products, Inc.	Delaware
Johnson & Johnson Consumer Companies, Inc.	New Jersey
Johnson & Johnson Development Corporation	New Jersey

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
Johnson & Johnson Finance Corporation	New Jersey
Johnson & Johnson Health Care Systems Inc.	New Jersey
Johnson & Johnson International	New Jersey
Johnson & Johnson Japan Inc.	New Jersey
Johnson & Johnson - Merck Consumer Pharmaceuticals Co.	New Jersey
Johnson & Johnson (Middle East) Inc.	New Jersey
Johnson & Johnson Pharmaceutical Research & Development, L.L.C.	New Jersey
Johnson & Johnson Professional Co. (P.R.) Inc.	Delaware
Johnson & Johnson Services, Inc.	New Jersey
Johnson & Johnson Urban Renewal Associates	New Jersey
Johnson & Johnson Vision Care, Inc.	Florida
Joint Medical Products Corporation	Delaware
LifeScan, Inc.	California
LifeScan LLC	Delaware
McNeil Nutritionals, LLC	Delaware
McNEIL-PPC, Inc.	New Jersey
Middlesex Assurance Company Limited	Vermont
Neutrogena Corporation	Delaware
Nitinol Development Corporation	California
Noramco, Inc.	Georgia
OMJ Pharmaceuticals, Inc.	Delaware
OraPharma, Inc.	Delaware
Ortho Biologics LLC	Delaware
Ortho Biotech Holding Corp.	Delaware
Ortho Biotech Inc.	New Jersey
Ortho Biotech Products, L.P.	New Jersey
Ortho-Clinical Diagnostics, Inc.	New York
Ortho-McNeil Finance Co.	Florida
Ortho-McNeil Pharmaceutical, Inc.	Delaware
Rutan Realty LLC	New Jersey
Scios Inc.	Delaware
SweetFranchise, Inc.	Delaware
TERAMed Corporation	Delaware
Therakos, Inc.	Florida
Therapeutic Discovery Corporation	Delaware
The Tylenol Company	New Jersey
Winthorpe & Valentine, Inc.	Delaware
International Subsidiaries:	
ALZA Ireland Limited	Ireland
Apsis S.A.S.	France
Biapharm, SAS	France
Centocor Biologics (Ireland) Limited	Ireland
Centocor B.V.	Netherlands
Cilag Advanced Technologies GmbH	Switzerland
Cilag AG	Switzerland
Cilag AG International	Switzerland
Cilag Holding AG	Switzerland

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
Codman Sarl	Switzerland
Cordis Europa N.V.	Netherlands
Cordis Medizinische Apparate GmbH	Germany
Cordis S.A.S.	France
DePuy Ace Sarl	Switzerland
DePuy Australia Pty. Ltd.	Australia
DePuy France S.A.S.	France
DePuy International Limited	United Kingdom
DePuy Intl. (Holdings) Limited	United Kingdom
DePuy (Ireland) Limited	Ireland
DePuy Mitek Sarl	Switzerland
DePuy Orthopadie GmbH	Germany
DePuy Orthopedie S.A.S	France
DePuy Spine Sarl	Switzerland
DePuy UK Holdings Limited	United Kingdom
Ethicon GmbH	Germany
Ethicon Ireland Limited	Ireland
Ethicon Sarl	Scotland
Ethicon SAS	France
Ethnor (Proprietary) Limited	South Africa
Greiter AG	Switzerland
Greiter (International) AG	Switzerland
Janssen Animal Health BVBA	Belgium
Janssen-Cilag A/S	Norway
Janssen-Cilag AB	Sweden
Janssen-Cilag AG	Switzerland
Janssen-Cilag B.V.	Netherlands
Janssen-Cilag Farmaceutica, Lda.	Portugal
Janssen-Cilag Farmaceutica Ltda.	Brazil
Janssen-Cilag GmbH	Germany
Janssen-Cilag Ltd.	United Kingdom
Janssen-Cilag N.V.	Belgium
Janssen-Cilag Pharmaceutical S.A.C.I.	Greece
Janssen-Cilag Pharma GmbH	Austria
Janssen-Cilag Polska, Sp. z o.o	Poland
Janssen-Cilag Pty. Ltd.	Australia
Janssen-Cilag S.A.	Spain
Janssen-Cilag, S.A. de C.V.	Mexico
Janssen-Cilag S.A.S.	France
Janssen-Cilag S.p.A.	Italy
Janssen Korea, Ltd.	Korea
Janssen Pharmaceutica N.V.	Belgium
Janssen Pharmaceutica (Pty) Limited	South Africa
Janssen Pharmaceutical K.K.	Japan
Janssen Pharmaceutical Limited	Ireland
J.C. General Services CVBA	Belgium
J-C Healthcare Ltd.	Israel

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
JHC Nederland B.V.	Netherlands
Johnson & Johnson AB	Sweden
Johnson & Johnson AG	Switzerland
Johnson & Johnson (China) Investment Co., Ltd.	China
Johnson & Johnson (China) Ltd.	China
Johnson & Johnson Comercio E Distribuicao Ltda.	Brazil
Johnson & Johnson Consumer France SAS	France
Johnson & Johnson de Argentina, S.A.C.e I.	Argentina
Johnson & Johnson de Colombia S.A.	Colombia
Johnson & Johnson de Venezuela, S.A.	Venezuela
Johnson & Johnson European Treasury Company	Ireland
Johnson & Johnson (Egypt) S.A.E.	Egypt
Johnson & Johnson Finance Limited	England
Johnson & Johnson Gesellschaft m.b.H	Austria
Johnson & Johnson GmbH	Germany
Johnson & Johnson Group Holdings G.m.b.H	Germany
Johnson & Johnson Hellas S.A.	Greece
Johnson & Johnson Holding AB	Sweden
Johnson & Johnson Holding GmbH	Germany
Johnson & Johnson (Hong Kong) Limited	Hong Kong
Johnson & Johnson Inc.	Canada
Johnson & Johnson International Financial Services Company	Ireland
Johnson & Johnson International S.A.	France
Johnson & Johnson (Ireland) Limited	Ireland
Johnson & Johnson Kft.	Hungary
Johnson & Johnson K.K.	Japan
Johnson & Johnson Korea, Ltd.	Korea
Johnson & Johnson Limitada	Portugal
Johnson & Johnson Limited	India
Johnson & Johnson Management Limited	England
Johnson & Johnson Medical B.V.	Netherlands
Johnson & Johnson Medical (China) Ltd.	China
Johnson & Johnson Medical Holding S.p.A.	Italy
Johnson & Johnson Medical Korea Limited	Korea
Johnson & Johnson Medical Limited	Scotland
Johnson & Johnson Medical Mexico, S.A. de C.V.	Mexico
Johnson & Johnson Medical Products GmbH	Austria
Johnson & Johnson Medical (Pty) Limited	South Africa
Johnson & Johnson Medical Pty. Limited	Australia
Johnson & Johnson Medical S.A.	Argentina
Johnson & Johnson Medical S.p.A.	Italy
Johnson & Johnson Morocco S.A.	Morocco
Johnson & Johnson Pacific Pty. Limited	Australia
Johnson & Johnson Pakistan (Private) Limited	Pakistan
Johnson & Johnson (Philippines), Inc.	Philippines
Johnson & Johnson Poland Sp. z o.o	Poland
Johnson & Johnson Produtos Profissionais Ltda.	Brazil

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
Johnson & Johnson (Proprietary) Limited	South Africa
Johnson & Johnson Pte. Ltd.	Singapore
Johnson & Johnson Pty. Limited	Australia
Johnson & Johnson Research Pty. Ltd.	Australia
Johnson & Johnson S.A.	Spain
Johnson & Johnson, S.A. de C.V.	Mexico
Johnson & Johnson SDN. BHD.	Malaysia
Johnson & Johnson S.p.A	Italy
Johnson & Johnson, s.r.o.	Czech Republic
Johnson & Johnson Swiss Finance Company Limited	United Kingdom
Johnson & Johnson Taiwan Ltd.	Taiwan
Johnson & Johnson (Thailand) Ltd	Thailand
Johnson & Johnson Vision Care (Ireland) Limited	Ireland
K.K. DePuy Japan	Japan
Laboratoires Polive S.N.C.	France
Lifescan Canada Ltd.	Canada
Lifescan Scotland Ltd.	Scotland
McNeil GmbH & Co. Arzneimittelvertrieb oHG	Germany
McNeil GmbH & Co. oHG	Germany
McNeil Iberica S.L.U.	Spain
McNEIL PDI Inc.	Canada
McNeil SAS	France
Medos International Sarl	Switzerland
Medos Sarl	Switzerland
OMJ Ireland Limited	Ireland
OMJ Manufacturing Limited	Ireland
Ortho-Clinical Diagnostics	United Kingdom
Ortho-Clinical Diagnostics GmbH	Germany
Ortho-Clinical Diagnostics K.K.	Japan
Ortho-Clinical Diagnostics S.A.	France
P.T. Johnson & Johnson Indonesia	Indonesia
Shanghai Johnson & Johnson Pharmaceuticals, Ltd	China
Tasmanian Alkaloids Pty. Ltd.	Australia
Tibotec BVBA	Belgium
Tibotec Pharmaceuticals Ltd.	Ireland
Tibotec-Virco Comm. VA	Belgium
Vania Expansion, S.N.C	France
Virco BVBA	Belgium
Xian-Janssen Pharmaceutical Ltd.	China

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-106007, 333-104828, 333-96541, 333-87736, 333-67370, 333-59380, 33-52252, 33-40294, 33-40295, 33-32875, 033-59009, 333-38055, 333-40681, 333-26979, 333-39238, 333-94367, 033-57583 and 333-86611) and Form S-3 (File No. 333-111082, 333-104821, 333-67020, 33-55977, 333-91349 and 33-47424) of Johnson & Johnson of our report dated February 28, 2005, relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated March 11, 2005 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

New York, New York
March 14, 2005

EXHIBIT 31(A)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, William C. Weldon, certify that:

1. I have reviewed this annual report on Form 10-K of Johnson & Johnson (the "Company");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ WILLIAM C. WELDON

William C. Weldon
Chief Executive Officer

Date: March 14, 2005

EXHIBIT 31(B)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Robert J. Darretta, certify that:

1. I have reviewed this annual report on Form 10-K of Johnson & Johnson (the "Company");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ ROBERT J. DARRETTA

Robert J. Darretta
Chief Financial Officer

Date: March 14, 2005

EXHIBIT 32(A)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, William C. Weldon, the Chief Executive Officer of Johnson & Johnson, a New Jersey corporation (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, hereby certifies that:

(1) the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2005 (the "Report") fully complies with the requirements of
Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WILLIAM C. WELDON

William C. Weldon
Chief Executive Officer

Dated: March 14, 2005

This certification is being furnished to the SEC with this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

EXHIBIT 32(B)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, Robert J. Darretta, the Chief Financial Officer of Johnson & Johnson, a New Jersey corporation (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, hereby certifies that:

(1) the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2005 (the "Report") fully complies with the requirements of
Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT J. DARRETTA

Robert J. Darretta
Chief Financial Officer

Dated: March 14, 2005

This certification is being furnished to the SEC with this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

EXHIBIT 99(b)

CAUTIONARY STATEMENT PURSUANT TO PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 – "SAFE HARBOR" FOR FORWARD-LOOKING STATEMENTS

The Company may from time to time make certain forward-looking statements in publicly-released materials, both written and oral. Forward-looking statements do not relate strictly to historical or current facts and anticipate results based on management's plans that are subject to uncertainty. Forward-looking statements may be identified by the use of words like "plans," "expects," "will," "anticipates," "estimates" and other words of similar meaning in conjunction with, among other things, discussions of future operations, financial performance, the Company's strategy for growth, product development, regulatory approvals, market position and expenditures.

Forward-looking statements are based on current expectations of future events. The Company cannot guarantee that any forward-looking statement will be accurate, although the Company believes that it has been reasonable in its expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. Furthermore, the Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments.

Some important factors that could cause the Company's actual results to differ from the Company's expectations in any forward-looking statements are as follows:

Economic factors, including inflation and fluctuations in interest rates and currency exchange rates and the potential effect of such fluctuations on revenues, expenses and resulting margins;

Competitive factors, including technological advances achieved and patents attained by competitors as well as new products introduced by competitors, including the fact that there is continued competition in the U.S. for PROCRIT, the top-selling product in the Company's portfolio and, within the last year, competition for the CYPHER drug-eluting stent;

Challenges to the Company's patents by competitors or allegations that the Company's products infringe the patents of third parties, which could potentially affect the Company's competitive position and ability to sell the products in question and require the payment of past damages and future royalties. In particular, generic drug firms have filed Abbreviated New Drug Applications seeking to market generic forms of most of the Company's key pharmaceutical products, prior to expiration of the applicable patents covering those products. In the event that the Company is not successful in defending the resulting lawsuits, generic versions of the product at issue will be introduced, resulting in very substantial market share and revenue losses;

Financial distress and bankruptcies experienced by significant customers and suppliers that could impair their ability, as the case may be, to purchase the Company's products, pay for products previously purchased or meet their obligations to the Company under supply arrangements;

The impact on political and economic conditions due to terrorist attacks in the U.S. and other parts of the world or U.S. military action overseas, as well as instability in the financial markets which could result from such terrorism or military actions;

Interruptions of computer and communication systems, including computer viruses, that could impair the Company's ability to conduct business and communicate internally and with its customers;

Health care changes in the U.S. and other countries resulting in pricing pressures, including the continued consolidation among health care providers, trends toward managed care and health care cost

containment and government laws and regulations relating to sales and promotion, reimbursement and pricing generally;

Government laws and regulations, affecting U.S. and foreign operations, including those relating to securities laws compliance, trade, monetary and fiscal policies, taxes, price controls, regulatory approval of new products, licensing and patent rights, and including, in particular, proposed amendments to the Hatch-Waxman Act, implementation of the recently enacted Medicare Prescription Drug, Improvement and Modernization Act of 2003 and possible drug reimportation legislation;

Competition in research, involving the development and the improvement of new and existing products and processes, is particularly significant and results from time to time in product and process obsolescence. The development of new and improved products is important to the Company's success in all areas of its business;

Difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals in the United States and abroad, gain and maintain market approval of products and the possibility of encountering infringement claims by competitors with respect to patent or other intellectual property rights which can preclude or delay commercialization of a product;

Significant litigation adverse to the Company including product liability claims, patent infringement claims, and antitrust claims;

The health care industry has come under increased scrutiny by government agencies and state attorney generals and resulting investigations and prosecutions carry the risk of significant civil and criminal penalties, including debarment from government business;

Product efficacy or safety concerns resulting in product recalls, regulatory action on the part of the FDA (or foreign counterparts) or declining sales. While the Company's affiliates do not sell any COX-2 inhibitor medicines, the recent developments involving those medicines demonstrate these risks and are likely to have implications throughout the health care industry;

The impact of business combinations, including acquisitions and divestitures, both internally for the Company and externally in the pharmaceutical and health care industries; and

Issuance of new or revised accounting standards by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board.

The foregoing list sets forth many, but not all, of the factors that could impact upon the Company's ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider this list to be a complete statement of all potential risks and uncertainties. The Company has identified the factors on this list as permitted by the Private Securities Litigation Reform Act of 1995.

End of Filing

PUBLIC RECORD VERSION

FTC Docket No. C-4151
File No. 051-0115

EXHIBIT 3

Johnson & Johnson SEC Form 10-Q For Period Ending July 3, 2005

JOHNSON & JOHNSON

FORM 10-Q
(Quarterly Report)

Filed 8/10/2005 For Period Ending 7/3/2005

Address	ONE JOHNSON & JOHNSON PLZ
	NEW BRUNSWICK, New Jersey 08933
Telephone	732-524-2454
CIK	0000200406
Industry	Major Drugs
Sector	Healthcare
Fiscal Year	01/03

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended July 3, 2005

or

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the for the transition period from to

Commission file number 1-3215

JOHNSON & JOHNSON

(Exact name of registrant as specified in its charter)

NEW JERSEY	22-1024240
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
(Address of principal executive offices)

Registrant's telephone number, including area code (732) 524-0400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934

during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes (X) No ( )

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

On July 31, 2005, 2,974,694,094 shares of Common Stock, $1.00 par value, were outstanding.

JOHNSON & JOHNSON AND SUBSIDIARIES

TABLE OF CONTENTS

Part I - FINANCIAL INFORMATION

Item 1 - Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; Dollars in Millions)

ASSETS

	July 3, 2005	January 2, 2005
Current Assets:		
Cash and cash equivalents	$12,156	9,203
Marketable securities	1,005	3,681
Accounts receivable, trade, less allowances for doubtful accounts $180(2004, $206)	7,379	6,831
Inventories (Note 4)	3,963	3,744
Deferred taxes on income	1,830	1,737
Prepaid expenses and other current assets	2,387	2,124
Total current assets	28,720	27,320
Marketable securities, non-current	49	46
Property, plant and equipment, at cost	18,672	18,664
Less accumulated		

depreciation	8,581	8,228
Property, plant and equipment, net	10,091	10,436
Intangible assets (Note 5)	15,681	15,105
Less accumulated amortization	3,486	3,263
Intangible assets, net	12,195	11,842
Deferred taxes on income	363	551
Other assets	3,135	3,122
Total assets	$54,553	53,317

See Notes to Consolidated Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; Dollars in Millions)

LIABILITIES AND SHAREHOLDERS' EQUITY

	July 3, 2005	January 2, 2005
Current Liabilities:		
Loans and notes payable	$ 304	280
Accounts payable	3,949	5,227
Accrued liabilities	3,153	3,523
Accrued rebates, returns and promotions	2,312	2,297
Accrued salaries, wages and commissions	892	1,094
Taxes on income	1,030	1,506
Total current liabilities	11,640	13,927
Long-term debt	2,329	2,565
Deferred tax liability	418	403
Employee related obligations	2,936	2,631
Other liabilities	2,061	1,978
Total liabilities	19,384	21,504
Shareholders' equity:		
Preferred stock - without par value (authorized and unissued 2,000,000 shares)	-	-
Common stock - par value $1.00 per share (authorized 4,320,000,000 shares; issued 3,119,842,000 shares)	3,120	3,120
Note receivable from employee stock ownership plan	-	(11)
Accumulated other comprehensive income (Note 8)	(805)	(515)
Retained earnings	38,853	35,223

Less common stock held in treasury,

at cost (145,646,000 & 148,819,000 shares)	5,999	6,004
Total shareholders' equity	35,169	31,813
Total liabilities and shareholders' equity	$54,553	53,317

See Notes to Consolidated Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited; dollars & shares in millions

except per share figures)

Fiscal Second Quarter Ended July 3, Percent June 27, Percent 2005 to Sales 2004 to Sales

Sales to customers (Note 6)	$12,762	100.0%	11,484	100.0
Cost of products sold	3,508	27.5	3,162	27.5
Gross profit	9,254	72.5	8,322	72.5

Selling, marketing and
administrative expenses 4,194 32.8 3,711 32.3

Research expense	1,487	11.6	1,182	10.3
Purchased in-process research and development	353	2.8	-	-
Interest income	(109)	(.8)	(35)	(.3)
Interest expense, net of portion capitalized	15	.1	52	.4
Other (income)expense, net	(88)	(.7)	(23)	(.1)
Earnings before provision for taxes on income	3,402	26.7	3,435	29.9
Provision for taxes on income (Note 3)	726	5.7	977	8.5
NET EARNINGS	$2,676	21.0	2,458	21.4
NET EARNINGS PER SHARE (Note 7)				
Basic	$ .90		.83	
Diluted	$ .89		.82	
CASH DIVIDENDS PER SHARE	$ .33		.285	
AVG. SHARES OUTSTANDING				
Basic	2,973.7		2,968.2	
Diluted	3,024.7		3,005.3	

See Notes to Consolidated Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited; dollars & shares in millions

except per share figures)

Fiscal Six Months Ended	July 3, 2005	Percent to Sales	June 27, 2004	Percent to Sales
Sales to customers (Note 6)	$25,594	100.0%	23,043	100.0
Cost of products sold	6,990	27.3	6,529	28.3
Gross profit	18,604	72.7	16,514	71.7
Selling, marketing and administrative expenses	8,237	32.1	7,351	31.9
Research expense	2,834	11.1	2,278	9.9
Purchased in-process research and development	353	1.4	-	-
Interest income	(193)	(0.7)	(74)	(.3)
Interest expense, net of portion capitalized	30	0.1	97	.4
Other (income)expense, net	(121)	(.5)	(77)	(.3)
Earnings before provision for taxes on income	7,464	29.2	6,939	30.1
Provision for taxes on income (Note 3)	1,861	7.3	1,988	8.6
NET EARNINGS	$5,603	21.9	4,951	21.5
NET EARNINGS PER SHARE (Note 7)				
Basic	$ 1.88		1.67	
Diluted	$ 1.86		1.65	
CASH DIVIDENDS PER SHARE	$ .615		.525	
AVG. SHARES OUTSTANDING				
Basic	2,973.0		2,968.1	
Diluted	3,021.8		3,004.4	

See Notes to Consolidated Financial Statements

JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; Dollars in Millions)

	Fiscal Six Months Ended July 3, 2005	June 27, 2004
CASH FLOWS FROM OPERATIONS		
Net earnings	$ 5,603	4,951
Adjustment to reconcile net earnings to cash flows:		
Depreciation and amortization of property and intangibles	1,063	1,027
Purchased in-process research and development	353	-
Deferred tax provision	(117)	(429)
Accounts receivable allowances	(17)	2
Changes in assets and liabilities, net of effects from acquisition of businesses:		
Increase in accounts receivable	(876)	(624)
(Increase) decrease in inventories	(380)	23
Decrease in accounts		

payable and accrued liabilities	(1,651)	(1,146)
Decrease in other current and non-current assets	578	248
Increase in other current and non-current liabilities	131	729
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,687	4,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(874)	(714)
Proceeds from the disposal of assets	77	233
Acquisitions, net of cash acquired	(693)	(300)
Purchases of investments	(4,999)	(5,654)
Sales of investments	7,611	4,684
Other	(282)	(113)
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	840	(1,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends to shareholders	(1,829)	(1,559)
Repurchase of common stock	(988)	(760)
Proceeds from short-term debt	351	332
Retirement of short-term debt	(314)	(911)
Proceeds from long-term debt	4	16
Retirement of long-term debt	(20)	(1)
Proceeds from the exercise of stock options	417	311

NET CASH USED BY FINANCING ACTIVITIES	(2,379)	(2,572)
Effect of exchange rate changes on cash and cash equivalents	(195)	(41)
Increase in cash and cash equivalents	2,953	304
Cash and cash equivalents, beginning of period	9,203	5,377
CASH AND CASH EQUIVALENTS, END OF PERIOD	$12,156	5,681
ACQUISITIONS		
Fair value of assets acquired	854	339
Fair value of liabilities assumed	(161)	(39)
Net cash paid for acquisitions	$ 693	300

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - The accompanying unaudited interim
financial statements and related notes should be read in conjunction with the Consolidated Financial Statements of Johnson & Johnson and Subsidiaries (the "Company") and related notes as contained in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2005. The unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary in the judgment of management for a fair statement of the results for the periods presented.

NOTE 2 - FINANCIAL INSTRUMENTS
The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) 133, SFAS 138 and SFAS 149 requiring that all derivative instruments be recorded on the balance sheet at fair value.

As of July 3, 2005, the balance of deferred net losses on derivatives included in accumulated other comprehensive income was $65 million after-tax. The Company expects that substantially all of this amount will be reclassified into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The amount ultimately realized in earnings will differ as foreign exchange rates change. Realized gains and losses are ultimately determined by actual exchange rates at maturity of the derivative. Transactions with third parties will cause the amount in accumulated other comprehensive income to affect net earnings. The maximum length of time over which the Company is

hedging is 18 months. The Company also uses currency swaps to manage currency risk primarily related to borrowings, which may exceed 18 months.

For the first fiscal six months ended July 3, 2005, the net impact of the hedges' ineffectiveness to the Company's financial statements was insignificant. For the first fiscal six months ended July 3, 2005, the Company has recorded a net loss of $3 million after tax in other (income) expense, representing the impact of discontinuance of cash flow hedges because it is probable that the originally forecasted transactions will not occur by the end of the originally specified time period.

Refer to Note 8 for disclosures of movements in Accumulated Other Comprehensive Income.

NOTE 3 - INCOME TAXES

The worldwide effective income tax rates for the first fiscal six months of 2005 and 2004 were 24.9% and 28.6%, a decrease of 3.7%. Of this decrease, 1.9% was attributed to increases in taxable income in lower tax jurisdictions relative to taxable income in higher tax jurisdictions. The remaining net decrease of 1.8% was attributed to a one-time tax benefit partially offset by IPR&D, as described below.

Acquisition related In-process Research & Development (IPR&D) charges of $353 million that are non- deductible for tax purposes were recorded in the fiscal second quarter of 2005.

The fiscal second quarter of 2005 included a benefit of $225 million, due to the reversal of a tax liability previously recorded during the fiscal fourth quarter of 2004, associated with a technical correction made to the American Jobs Creation Act of 2004, in May 2005.

NOTE 4 - INVENTORIES

(Dollars in Millions)

	July 3, 2005	January 2, 2005
Raw materials and supplies	$ 1,193	964
Goods in process	1,134	1,113
Finished goods	1,636	1,667
	$ 3,963	3,744

NOTE 5 - INTANGIBLE ASSETS

Intangible assets that have finite useful lives are amortized over their estimated useful lives. Goodwill and indefinite lived intangible assets are assessed annually for impairment. The latest impairment assessment of goodwill and indefinite lived intangible assets was completed in the fiscal fourth quarter of 2004 and no impairment was determined. Future impairment tests will be performed annually in the fiscal fourth quarter, or sooner if warranted by

economic conditions.

(Dollars in Millions)

	July 3, 2005	January 2, 2005
Goodwill	$ 6,716	6,597
Less accumulated amortization	714	734
Goodwill - net	6,002	5,863
Trademarks (non-amortizable)	1,205	1,232
Less accumulated amortization	139	142
Trademarks (non-amortizable)- net	1,066	1,090
Patents and trademarks	4,175	3,974
Less accumulated amortization	1,272	1,125
Patents and trademarks - net	2,903	2,849
Other amortizable intangibles	3,585	3,302
Less accumulated amortization	1,361	1,262
Other intangibles - net	2,224	2,040
Total intangible assets	15,681	15,105
Less accumulated amortization	3,486	3,263
Total intangibles - net	$12,195	11,842

Goodwill as of July 3, 2005 as allocated by segment of business is as follows:

(Dollars in Millions)

	Consumer	Pharm	Med. Dev & Diag	Total
Goodwill, net at January 2, 2005	$1,160	832	3,871	5,863
Acquisitions	-	71	184	255
Translation	(62)	(25)	(29)	(116)
Goodwill, net as of July 3, 2005	$1,098	878	4,026	6,002

The weighted average amortization periods for patents and trademarks and other intangible assets are 15 years and 17 years, respectively. The amortization expense of amortizable intangible assets for the fiscal six months ended July 3, 2005 was $262 million and the estimated amortization expense for the five succeeding years approximates $550 million, annually.

NOTE 6 - SEGMENTS OF BUSINESS AND GEOGRAPHIC AREAS
(Dollars in Millions)

SALES BY SEGMENT OF BUSINESS (1)

	Fiscal Second Quarter		
	2005	2004	Percent Change
Consumer			
U.S.	$ 1,092	987	10.6%
International	1,186	1,013	17.1
	2,278	2,000	13.9
Pharmaceutical			
U.S.	$ 3,595	3,643	(1.3)%
International	2,033	1,784	14.0
	5,628	5,427	3.7
Med Devices and Diagnostics			
U.S.	$ 2,378	2,038	16.7%
International	2,478	2,019	22.7
	4,856	4,057	19.7
U.S.	$ 7,065	6,668	6.0%
International	5,697	4,816	18.3
Worldwide	$ 12,762	11,484	11.1%

	Fiscal Six Months		
	2005	2004	Percent Change
Consumer			
U.S.	$ 2,206	2,067	6.7%
International	2,352	1,980	18.8
	4,558	4,047	12.6
Pharmaceutical			
U.S.	$ 7,378	7,286	1.3%
International	4,005	3,517	13.9
	11,383	10,803	5.4
Med Devices and Diagnostics			
U.S.	$ 4,739	4,233	12.0%
International	4,914	3,960	24.1
	9,653	8,193	17.8
U.S.	$ 14,323	13,586	5.4%
International	11,271	9,457	19.2
Worldwide	$ 25,594	23,043	11.1%

(1) Export and intersegment sales are not significant.

OPERATING PROFIT BY SEGMENT OF BUSINESS

	Fiscal Second Quarter		
	2005	2004	Percent Change
Consumer	$ 418	382	9.4%
Pharmaceutical(1)	1,585	2,108	(24.8)
Med. Dev. & Diag.(2)	1,409	1,055	33.6
Segments total	3,412	3,545	(3.8)
Expenses not allocated to segments	(10)	(110)	
Worldwide total	$ 3,402	3,435	(1.0)%

	Fiscal Six Months		
	2005	2004	Percent Change
Consumer	$ 875	829	5.5%
Pharmaceutical(1)	3,722	4,194	(11.3)
Med. Dev. & Diag.(2)	2,902	2,118	37.0
Segments total	7,499	7,141	5.0
Expenses not allocated to segments	(35)	(202)	
Worldwide total	$ 7,464	6,939	7.6%

(1) Includes $302 million of IPR&D charges related to acquisitions

completed in the fiscal second quarter of 2005.
(2) Includes $51 million of IPR&D charges related to acquisitions completed in the fiscal second quarter of 2005.

SALES BY GEOGRAPHIC AREA

	Fiscal Second Quarter		
	2005	2004	Percent Change
U.S.	$ 7,065	6,668	6.0%
Europe	3,186	2,779	14.6
Western Hemisphere, excluding U.S.	751	622	20.7
Asia-Pacific, Africa	1,760	1,415	24.4
Total	$ 12,762	11,484	11.1%

	Fiscal Six Months		
	2005	2004	Percent Change
U.S.	$ 14,323	13,586	5.4%
Europe	6,362	5,486	16.0
Western Hemisphere, excluding U.S.	1,477	1,219	21.2
Asia-Pacific, Africa	3,432	2,752	24.7
Total	$ 25,594	23,043	11.1%

NOTE 7 - EARNINGS PER SHARE
The following is a reconciliation of basic net earnings per share to diluted net earnings per share for the fiscal second quarters ended July 3, 2005

and June 27, 2004.

(Shares in Millions)

	Fiscal Second Quarter Ended	
	July 3, 2005	June 27, 2004
Basic net earnings per share	$ .90	.83
Average shares outstanding		

- basic	2,973.7	2,968.2
Potential shares exercisable under stock option plans	260.2	152.8
Less: shares which could be repurchased under treasury stock method	(216.6)	(130.5)
Convertible debt shares	7.4	14.8
Average shares outstanding - diluted	3,024.7	3,005.3
Diluted earnings per share	$ .89	.82

The diluted earnings per share calculation included the dilutive effect of convertible debt that was offset by the related reduction in interest expense of $3 million each for the fiscal second quarters ended July 3, 2005 and June 27, 2004.

The diluted earnings per share calculation excluded 0.4 million and 91 million shares related to options for the fiscal second quarters ended July 3, 2005 and June 27, 2004, respectively, as the exercise price per share of these options was greater than the average market value. If these shares were included it would result in an anti-dilutive effect on diluted earnings per share.

The following is a reconciliation of basic net earnings per share to diluted net earnings per share for the fiscal six months ended July 3, 2005 and

June 27, 2004.

(Shares in Millions)

	Fiscal Six Months Ended July 3, 2005	June 27, 2004
Basic net earnings per share	$ 1.88	1.67
Average shares outstanding - basic	2,973.0	2,968.1

Potential shares exercisable under
stock option plans 214.3 152.7 Less: shares which could be repurchased

under treasury stock method	(172.9)	(131.2)
Convertible debt shares	7.4	14.8
Average shares outstanding - diluted	3,021.8	3,004.4
Diluted earnings per share	$ 1.86	1.65

The diluted earnings per share calculation included the dilutive effect of convertible debt that was offset by the related reduction in interest expense of $7 million for the first fiscal six months ended July 3, 2005 and June 27, 2004, respectively.

The diluted earnings per share calculation excluded 46 million and 92 million shares related to options for the first fiscal six months ended July 3, 2005 and June 27, 2004, respectively, as the exercise price per share of these options was greater than the average market value. If these shares were included it would result in an anti-dilutive effect on diluted earnings per share.

NOTE 8 - ACCUMULATED OTHER COMPREHENSIVE INCOME

The total comprehensive income for the first fiscal six months ended July 3, 2005 was $5.3 billion, compared with $5.0 billion for the same period a year ago. The total comprehensive income for the fiscal second quarter ended July 3, 2005 was $2.5 billion, which is unchanged from the same period a year ago. Total comprehensive income included net earnings, net unrealized currency gains and losses on translation, net unrealized gains and losses on available for sale securities and net gains and losses on derivative instruments qualifying and designated as cash flow hedges. The following table sets forth the components of accumulated other comprehensive income.

	For. Cur. Trans.	Unrld Gains/ (Losses) on Sec	Pens Liab Adj.	Gains/ (Losses) on Deriv & Hedg	Total Accum Other Comp Inc/ (Loss)
January 2, 2005	$ (105)	86	(346)	(150)	(515)
2005 six months changes:					
Net change associated with current period hedging					

transactions - - - 402 Net amount reclassed to

net earnings	-	-	-	(317)*	
Net six months changes	(343)	(32)	-	85	(290)
July 3, 2005	$ (448)	54	(346)	(65)	(805)

Amounts in accumulated other comprehensive income are presented net of the related tax impact. Foreign currency translation adjustments are not currently adjusted for income taxes, as they relate to permanent investments in international subsidiaries.

*Primarily offset in net earnings by changes in value of the underlying transactions.

NOTE 9 - MERGERS, ACQUISITIONS AND DIVESTITURES

On December 15, 2004, Johnson & Johnson announced the signing of a definitive agreement to acquire Guidant Corporation (Guidant), a world leader in the treatment of cardiac and vascular disease, for $25.4 billion in fully diluted equity value. The Boards of Directors of Johnson & Johnson and Guidant, as well as the shareholders of Guidant have given their respective approvals for the transaction. The transaction is subject to clearance under the Hart- Scott-Rodino Antitrust Improvements Act, the European Union merger control regulation, and other customary closing conditions. The Company is currently in the process of responding to an information and materials request from the U.S. Federal Trade Commission and has entered into a second phase review with the European Union. In addition, the Company is engaged in discussions with Guidant to help the Company understand the issues surrounding the recent product notifications and product recalls. The Company continues to work toward a fiscal third quarter close of the acquisition, which is subject to the outcome of the previously mentioned activities.

On April 4, 2005 the Company completed its acquisition of TransForm Pharmaceuticals, Inc., a company specializing in the discovery of superior formulations and novel crystalline forms of drug molecules, for $230 million. During the fiscal second quarter of 2005 a one-time before and after- tax charge of $50 million reflecting the expensing of IPR&D charges was incurred.

On June 3, 2005 the Company completed its acquisition of CLOSURE Medical, a company with expertise and intellectual property in the

biosurgicals market, for a net purchase price of $364 million. During the fiscal second quarter of 2005 a one-time before and after-tax charge of approximately $51 million reflecting the expensing of IPR&D charges was incurred.

On June 30, 2005 the Company completed its acquisition of Peninsula Pharmaceuticals, Inc., a privately held biopharmaceutical company focused on developing and commercializing antibiotics to treat life-threatening infections, for a purchase price of approximately $245 million. During the fiscal second quarter of 2005, a one-time before and after-tax charge of approximately $252 million reflecting the expensing of IPR&D charges was incurred.

The Company's 2004 acquisitions included: Merck's 50% interest in the Johnson & Johnson-Merck Consumer Pharmaceuticals Co. European non-prescription pharmaceutical joint venture including all of the infrastructure and brand assets managed by the European joint venture; Egea Biosciences, Inc., which has developed a proprietary technology platform called Gene Writer, that allows for the rapid and highly accurate synthesis of DNA sequences, gene assembly, and construction of large synthetic gene libraries, through the exercise of the option to acquire the remaining outstanding stock not owned by Johnson & Johnson; Artemis Medical, Inc. a privately held company with ultrasound and x-ray visible biopsy site breast markers as well as hybrid markers; U.S. commercial rights to certain patents and know-how in the field of sedation and analgesia from Scott Lab, Inc.; Biapharm SAS, a privately held French producer and marketer of skin care products centered around the leading brand BIAFINE(r); the assets of Micomed, a privately owned manufacturer of spinal implants primarily focused on supplying the German market; and the acquisition of the AMBI skin care brand for women of color.

NOTE 10 - PRO FORMA STOCK BASED COMPENSATION

At July 3, 2005, the Company had 18 stock-based employee compensation plans. The Company accounts for those plans under the recognition and measurement principles of Accounting Principle Board Opinion No. 25 "Accounting for Stock Issued to Employees" and its related Interpretations. Compensation costs were not recorded in net income for stock options, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

As required by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FASB Statement No. 123," the following table shows the estimated effect on net income and earnings per share if the Company had applied the fair value recognition provision of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock- based employee compensation.

(Dollars in Millions

Except Per Share Data)	Fiscal Second Quarter Ended July 3, 2005	June 27, 2004
Net income, as reported	$ 2,676	2,458
Less: Compensation expense(1)	88	88
Net Income,pro forma	$ 2,588	2,370
Earnings per share:		
Basic - as reported	$.90	$.83
- pro forma	.87	.80
Diluted - as reported	$.89	$.82
- pro forma	.86	.79

(1) Determined under fair value based method for all awards, net of tax.

(Dollars in Millions Except Per Share Data)	Fiscal Six Months ended July 3, 2005	June 27, 2004
Net income, as reported	$ 5,603	4,951
Less: Compensation expense(1)	176	166
Net Income, pro forma	$ 5,427	4,785
Earnings per share:		
Basic - as reported	$1.88	$1.67
- pro forma	1.83	1.61
Diluted - as reported	$1.86	$1.65
- pro forma	1.80	1.59

(1) Determined under fair value based method for all awards, net of tax.

NOTE 11 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Components of Net Periodic Benefit Cost
Net periodic benefit cost for the Company's defined benefit retirement plans and other benefit plans for the fiscal second quarters of 2005 and 2004 include the following components:

(Dollars in Millions)
Retirement Plans Other Benefit Plans

	Fiscal Second Quarter ended			
	July 3, 2005	June 27, 2004	July 3, 2005	June 27, 2004
Service cost	$ 106	104	15	11
Interest cost	128	106	18	25
Expected return on plan assets	(159)	(127)	(1)	-
Amortization of prior service cost	3	3	(2)	-
Amortization of net transition asset	-	-	-	-
Recognized actuarial losses	54	59	2	11
Net periodic benefit cost	$ 132	145	32	47

Net periodic benefit cost for the Company's defined benefit retirement plans and other benefit plans for the first fiscal six months of 2005 and 2004 include the following components:

(Dollars in Millions)
Retirement Plans Other Benefit Plans

	Fiscal Six Months ended			
	July 3, 2005	June 27, 2004	July 3, 2005	June 27, 2004
Service cost	$ 216	212	28	24

Interest cost	246	225	44	51
Expected return on plan assets	(291)	(258)	(2)	(1)
Amortization of prior service cost	6	7	(3)	(1)
Amortization of net transition asset	(1)	(1)	-	-
Recognized actuarial losses	111	103	13	22
Net periodic benefit cost	$ 287	288	80	95

Company Contributions
As of July 3, 2005, the Company contributed $11 million and $23 million to its U.S. and international retirement plans, respectively, in 2005. The Company does not anticipate a minimum statutory funding requirement for its U.S. retirement plans in 2005. However the Company may or may not choose to further fund the plans in 2005. International plans will be funded in accordance with local regulations.

NOTE 12 - LEGAL PROCEEDINGS

Product Liability
The Company is involved in numerous product liability cases in the United States, many of which concern adverse reactions to drugs and medical devices. The damages claimed are substantial, and while the Company is confident of the adequacy of the warnings and instructions for use that accompany such products, it is not feasible to predict the ultimate outcome of litigation. However, the Company believes that if any liability results from such cases, it will be substantially covered by existing amounts accrued in the Company's balance sheet under its self-insurance program and by third-party product liability insurance.

One group of cases against the Company concerns the Janssen Pharmaceutica Inc. ("Janssen") product PROPULSID (cisapride), which was withdrawn from general sale and restricted to limited use in 2000. In the wake of publicity about those events, numerous

lawsuits were filed against Janssen and the Company regarding PROPULSID in state and federal courts across the country.

These actions seek substantial compensatory and punitive damages and accuse Janssen and the Company of inadequately testing for and warning about the drug's side effects, of promoting it for off-label use and over promotion. In addition, Janssen and the Company have entered into tolling agreements with various plaintiffs' counsel halting the running of the statutes of limitations with respect to the potential claims of a significant number of individuals while those attorneys evaluate whether or not to sue Janssen and the Company on their behalf.

On February 5, 2004, Janssen announced that it had reached an agreement in principle with the Plaintiffs Steering Committee (PSC) of the PROPULSID Federal Multi-District Litigation (MDL), to resolve federal lawsuits related to PROPULSID. The agreement was to become effective once 85% of the death claimants, and 75% of the remainder, agreed to the terms of the settlement. In addition, 12,000 individuals who had not filed lawsuits, but whose claims were the subject of tolling agreements suspending the running of the statutes of limitations against those claims, also had to agree to participate in the settlement before it became effective.

On March 24, 2005, it was confirmed that the PSC of the MDL had enrolled enough plaintiffs and claimants in the settlement program to make the agreement effective. Of the 282 death plaintiffs subject to the program, 247 (88%) are confirmed enrolled. Of the 3,543 other plaintiffs subject to the program, 3,082 (87%) are confirmed enrolled. In addition, 19,788 "tolled" claimants are confirmed as enrolled. Those participating in the settlement will submit medical records to an independent panel of physicians who will determine whether the claimed injuries were caused by PROPULSID and otherwise meet the standards for compensation. If those standards are met, a court- appointed special master will determine compensatory damages. Janssen has paid into a compensation escrow account $72.3 million and could pay up to an additional $17.7 million depending on the number of plaintiffs that enroll in the program. Enrollment will remain open until October 1, 2005. Janssen has established an administrative fund of $15 million, and paid legal fees to the PSC of $22.5 million, which amount was approved by the court.

Not participating in the settlement program are 2,547 plaintiffs and 7,843 tolled claimants. Of those, 453 plaintiffs are potentially subject to the MDL settlement but have not to date enrolled in it; 1,532 plaintiffs filed cases in federal court subsequent to February 1, 2004, and thus are not subject to the MDL settlement; and 562 have state court actions and thus are not subject to the settlement. Of those not participating in or subject to the MDL settlement, 159 plaintiffs are alleged to have died from use of the drug and 2,388 assert other personal injury claims. The nature of the claims of the tolled claimants are unknown. Of the remaining federal and state plaintiffs, 2,254 cases (89%) are venued in Mississippi.

With respect to all the various PROPULSID actions against them, Janssen and the Company dispute the claims in those lawsuits and are vigorously defending against them except where, in their judgment, settlement is appropriate. Janssen and the Company believe they have

adequate self-insurance accruals and third-party product liability insurance with respect to these cases. In communications to the Company, the excess insurance carriers have raised certain defenses to their liability under the policies and to date have declined to reimburse Janssen and the Company for PROPULSID-related costs despite demand for payment. In May 2005, hearings were held in London in the arbitration proceeding commenced by Janssen and the Company against Allianz Underwriters Insurance Company, which issued the first layer of applicable excess insurance coverage, to obtain reimbursement of PROPULSID-related costs. Final arguments in that matter were held on July 22, 2005 and a decision is expected before the end of 2005. In May 2005, the Company commenced arbitration against Lexington Insurance Company, which issued the second layer of excess insurance coverage. In the opinion of the Company, the excess carriers remain legally obligated to provide coverage for the PROPULSID-related losses at issue.

The Company's Ethicon, Inc. ("Ethicon") subsidiary has over the last several years had a number of claims and lawsuits filed against it relating to VICRYL sutures. The actions allege that the sterility of VICRYL sutures was compromised by inadequacies in Ethicon's systems and controls, causing patients who were exposed to these sutures to incur infections that would not otherwise have occurred. Ethicon on several occasions recalled batches of VICRYL sutures in light of questions raised about sterility but does not believe any contamination of suture products in fact occurred. In November 2003, a state court judge in West Virginia certified for class treatment all West Virginia residents who had VICRYL sutures implanted during Class I or II surgeries from May 1, 1994 to December 31, 1997. A motion to decertify the class was granted on May 17, 2005. Ethicon has been and intends to continue vigorously defending against the claims.

Affirmative Stent Patent Litigation

In patent infringement actions tried in Delaware Federal District Court in late 2000, Cordis Corporation (Cordis), a subsidiary of Johnson & Johnson, obtained verdicts of infringement and patent validity, and damage awards against Boston Scientific Corporation (Boston Scientific) and Medtronic AVE, Inc. (Medtronic) based on a number of Cordis vascular stent patents. On December 15, 2000, the jury in the damage action against Boston Scientific returned a verdict of $324 million and on December 21, 2000, the jury in the Medtronic action returned a verdict of $271 million. These sums represent lost profit and reasonable royalty damages to compensate Cordis for infringement but do not include pre or post judgment interest. In February 2001 a hearing was held on the claims of Boston Scientific and Medtronic that the patents at issue were unenforceable owing to alleged inequitable conduct before the patent office.

In March and May 2002, the district judge issued post trial rulings that confirmed the validity and enforceability of the main Cordis stent patent claims but found certain other Cordis patents unenforceable. Further, the district judge granted Boston Scientific a new trial on liability and damages and vacated the verdict against Medtronic on legal grounds. On August 12, 2003, the Court of Appeals for the Federal Circuit found the trial judge erred in vacating the verdict against Medtronic and remanded the case to the trial judge for further proceedings. In March 2005, the remaining issues were tried in the remanded case against Medtronic and the retrial proceeded against Boston Scientific. Juries returned verdicts of infringement and patent validity in favor of Cordis in both retrials. Cordis has requested the trial court to reinstate with interest the verdicts obtained against those entities in 2000. Defendants in both cases have filed post-trial motions seeking to vacate the jury verdicts or, alternatively, grant them a new trial on damages. Cordis also has pending in Delaware Federal District Court a second action against Medtronic AVE accusing Medtronic of infringement by sale of stent products introduced by Medtronic subsequent to its GFX and MicroStent products, the subject of the earlier action referenced above. That second action was stayed in April 2005 pending the outcome of an arbitration concerning Medtronic's claim that the products at issue in that case are licensed pursuant to a 1997 license.

In January 2003, Cordis filed a patent infringement action against Boston Scientific in Delaware Federal District Court accusing its Express2, TAXUS and Liberte stents of infringing the Palmaz patent that expires in November 2005. The Liberte stent was also accused of infringing Cordis' Gray patent that expires in 2016. In June 2005, a jury found that the Express2, Taxus and Liberte stents infringed the Palmaz patent and that the Liberte stent also infringed the Gray patent. Boston Scientific will ask the trial judge to vacate the verdicts and, if unsuccessful, there will be a trial on damages and willfulness in the future.

Patent Litigation Against Various Johnson & Johnson Subsidiaries

The products of various Johnson & Johnson subsidiaries are the subject of various patent lawsuits, the outcomes of which could potentially adversely affect the ability of those subsidiaries to sell those products, or require the payment of past damages and future royalties. With respect to all of these matters, the Johnson & Johnson subsidiary involved is vigorously defending against the claims of infringement and disputing where appropriate the validity and enforceability of the patent claims asserted against it.

On July 1, 2005, a jury in Federal District Court in Delaware found that the Cordis Cypher stent infringed Boston Scientific's Ding `536 patent and that the Cordis Cypher and Bx Velocity stents also infringed Boston Scientific Corporation's Jang `021 patent. The jury also found both those patents valid. Cordis will ask the judge to overturn the jury verdicts or grant a new trial. If the judge does not overturn the jury verdicts, there will be a damage

and willfulness trial in 2006 and Boston Scientific will seek an injunction against Cypher. If upheld by the trial court, Cordis will appeal the jury verdicts to the Court of Appeals for the Federal Circuit. In November 2005, Boston Scientific's case asserting infringement by the Cypher stent of another Boston Scientific patent is scheduled for trial in Delaware Federal District Court. In that case as well, Boston Scientific seeks an injunction and substantial damages.

On January 26, 2005, the Federal District Court for the Southern District of Florida granted Cordis summary judgment dismissing a breach of contract and patent infringement suit filed against Cordis by Arlaine and Gina Rockey seeking royalties on the sales of all Cordis balloon expandable stents. Plaintiffs have filed an appeal with the Court of Appeals for the Federal Circuit.

On June 8, 2005, in an action brought by Boston Scientific against Cordis in the Netherlands under the Kastenhofer patent, Cordis was enjoined from manufacturing and selling in the Netherlands two- layer catheters, including those used with the Cypher Stent. The injunction was stayed by another Dutch court. This stay decision is being appealed by Boston Scientific. In any event, Cordis does not anticipate a disruption in the supply of Cypher product outside the Netherlands, even if the injunction becomes effective.

The following chart summarizes various patent lawsuits concerning products of Johnson & Johnson subsidiaries.

Product	J&J Company	Patents	Plaintiff/Patent Holder	Court	Trial Date	Date Filed
Drug Eluting Stents	Cordis	Ding	Boston Scientific Corp.	Germany	TBD	02/04
Drug Eluting Stents	Cordis	Grain-ger	Boston Scientific Corp.	D.Del.	10/05	12/03

Stents Cordis Boneau Medtronic Inc. Arbitration TBD 4/02

Two-layer Cordis Kasten- Boston Scientific N.D.Cal. TBD 2/02 Catheters hofer Corp. Netherlands 04/05 05/04 Forman Belgium 10/05 12/03 S.D. Cal TBD 02/02

Remicade Centocor Cerami Rockefeller E.D.Tex. 2/06 04/04 University and Chiron Corporation

Stents Cordis Israel Medinol Multiple TBD 05/03 E.U.

Contact Vision Nicolson CIBA Vision M.D. Fla. TBD 09/03 Lenses Care

Trocars Ethicon Hart Applied Medical C.D. Cal. 10/05 9/03 Endo Resources

Litigation Against Filers of Abbreviated New Drug Applications (ANDAs)

The following chart indicates lawsuits pending against generic firms that filed Abbreviated New Drug Applications seeking to market generic forms of products sold by various subsidiaries of the Company prior to expiration of the applicable patents covering those products. These ANDAs typically include allegations of non-infringement, invalidity and unenforceability of these patents. In the event the subsidiary of the Company involved is not successful in these actions, or the 30-month stay expires before a ruling from the district court is obtained, the firms involved will have the ability to introduce generic versions of the product at issue resulting in very substantial market share and revenue losses for the product of the Company's subsidiary.

Brand Name Product	Patent/NDA Holder	Generic Challenger	Court	Trial Date	Date Filed	30-Month Stay Expires
Aciphex 20 mg delay release tablet	Eisai	Teva	S.D.N.Y.	TBD	11/03	02/07
	(for Janssen)	Dr. Reddy's	S.D.N.Y.	TBD	11/03	02/07
		Mylan	S.D.N.Y.	TBD	01/04	02/07
Ditropan XL 5, 10, 15 mg controlled release tablet	Ortho-McNeil	Mylan	D.W.V.	2/05	05/03	09/05
	ALZA	Impax	N.D.Cal.	12/05	09/03	01/06
Levaquin Tablets 250, 500, 750 mg tablets	Daiichi, JJPRD	Mylan	D.W.V.	05/04	02/02	07/04
	Ortho-McNeil	Teva	D.N.J.	TBD	06/02	11/04
Levaquin	Daiichi,	Sicor (Teva)	D.N.J.	TBD	12/03	05/06

Injectable Single use vials and 5 mg/ml premix	JJPRD Ortho-McNeil					
Levaquin Injectable Single use vials	Daiichi, JJPRD Ortho-McNeil	American Pharmaceutical Partners	D.N.J.	TBD	12/03	05/06
Quixin Ophthalmic Solution (Levofloxacin) Ophthalmic solution	Daiichi, Ortho-McNeil	Hi-Tech Pharmacal	D.N.J.	TBD	12/03	05/06
Ortho Tri-cyclen LO 0.18 mg/0.025 mg, 0.215 mg/0.025 mg and 0.25 mg/0.025 mg	Ortho-McNeil	Barr	D.N.J.	TBD	10/03	02/06
PEPCID Complete	McNeil-PPC	Perrigo	S.D.N.Y.	TBD	02/05	06/07

Razadyne	Janssen	Teva	D. Del	TBD	07/05	01/08
		Mylan	D. Del	TBD	07/05	01/08
		Dr. Reddy's	D. Del	TBD	07/05	01/08
		Purepac	D. Del	TBD	07/05	01/08
		Barr	D. Del	TBD	07/05	01/08
		Par	D. Del	TBD	07/05	01/08
		AlphaPharm	D. Del	TBD	07/05	01/08
Risperdal Tablets .25, 0.5, 1, 2, 3, 4 mg tablets	Janssen	Mylan	D.N.J.	TBD	12/03	05/06
		Dr. Reddy's	D.N.J.	TBD	12/03	06/06
Risperdal M-Tab 0.5, 1, 2 mg	Janssen	Dr. Reddy's	D.N.J.	TBD	02/05	07/07
Sporanox 100 mg capsule	Janssen	Eon Labs	E.D.N.Y.	5/04	04/01	03/04
Topamax 25, 100, 200 mg tablet	Ortho-McNeil	Mylan	D.N.J.	TBD	04/04	09/06
Ultracet 37.5 tram/ 325 apap tablet	Ortho-McNeil	Kali (Par)	D.N.J.	TBD	11/02	04/05
		Teva	D.N.J.	TBD	02/04	07/06

Caraco E.D. Mich. 03/06 09/04 02/07

In the action against Mylan involving Ortho McNeil's DITROPAN XL (oxybutynin chloride), the court held a ten-day bench trial, which concluded on April 18, 2005. A decision is expected in the third or fourth quarter of 2005.

In the action against Mylan Pharmaceuticals USA (Mylan) involving Ortho-McNeil Pharmaceutical, Inc. (Ortho-McNeil) for LEVAQUIN (levofloxacin), the trial judge on December 23, 2004 found the patent at issue valid, enforceable and infringed by Mylan's contemplated ANDA product and issued an injunction precluding sale of the product until patent expiration in late 2010. Mylan has appealed to the Court of Appeals for the Federal Circuit.

In the action against Eon Labs (Eon) involving Janssen's SPORANOX (itraconazole), the district court ruled on July 28, 2004 that Janssen's patent was valid but not infringed by Eon's generic. The Court of Appeals for the Federal Circuit affirmed the district court's decision on June 13, 2005. Eon Labs launched its generic product in February 2005.

In the action against Mylan relating to Ortho- McNeil's TOPAMAX (topiramate), Mylan on October 8, 2004 filed a motion for summary judgment of non- infringement of Ortho-McNeil's patent. The court denied Mylan's motion on July 18, 2005.

In the action against Kali involving Ortho-McNeil's ULTRACET (tramadol hydrochloride/ acetaminophen), Kali moved for summary judgment on the issues of infringement and invalidity. The briefing on that motion was completed in October 2004 and a decision is expected anytime. With respect to claims other than that at issue in the litigation against Kali, Ortho-McNeil has filed a reissue application in the U.S. Patent and Trademark Office seeking to narrow the scope of the claims. Kali received final approval of its ANDA at expiration of the 30-month stay on April 21, 2005, and launched its generic product the same day. If Ortho-McNeil ultimately prevails in its patent infringement action against Kali, Kali will be subject to an injunction and damages.

In the action against Teva Pharmaceuticals USA (Teva) involving Ortho-McNeil's ULTRACET (tramadol hydrocholoride/ acetaminophen), Teva has moved for summary judgment on the issues of infringement and validity. The briefing on that motion was completed in March 2005.

With respect to all of the above matters, the Johnson & Johnson subsidiary involved is vigorously defending the validity and enforceability and asserting the infringement of its own or its licensor's patents.

Average Wholesale Price (AWP) Litigation

Johnson & Johnson and its pharmaceutical subsidiaries, along with numerous other pharmaceutical companies, are defendants in a series of lawsuits in state and federal courts involving allegations that the pricing and marketing of certain pharmaceutical products amounted to fraudulent and otherwise actionable conduct because, among other things, the companies allegedly reported an inflated Average Wholesale Price (AWP) for the drugs at issue. Most of these cases, both federal actions and state actions removed to federal court, have been consolidated for pre-trial purposes in a Multi- District Litigation (MDL) in federal district court in Boston, Massachusetts. The plaintiffs in these cases include classes of private persons or entities that paid for any portion of the purchase of the drugs at issue based on AWP, and state government entities that made Medicaid payments for the drugs at issue based on AWP. In the MDL proceeding in Boston, plaintiffs have moved for class certification of all or some portion of their claims. A decision is expected on that motion in the third or fourth quarter of 2005.

Ethicon Endo-Surgery, Inc. ("Ethicon Endo"), a Johnson & Johnson subsidiary which markets endoscopic surgical instruments, and the Company, are named defendants in a North Carolina state court class action lawsuit alleging AWP inflation and improper marketing activities against TAP Pharmaceuticals. Ethicon Endo is a defendant based on claims that several of its former sales representatives are alleged to have been involved in arbitrage of a TAP drug. The allegation is that these sales representatives persuaded certain physicians in states where the drug's price was low to purchase from TAP excess quantities of the drug and then resell it in states where its price was higher. Ethicon Endo and the Company deny any liability for the claims made against them in this case and are vigorously defending against it. On April 24,

2003, the trial judge certified a national class of purchasers of the TAP product at issue. On July 6, 2004, that class was decertified by the North Carolina Court of Appeals and the matter remanded to the trial court for additional consideration. On January 5, 2005, the trial judge certified a North Carolina State class of purchasers of the TAP product in question. No trial date has been set in this matter.

Other

The New York State Attorney General's office (N.Y. AG) and the Federal Trade Commission issued subpoenas in January and February 2003 seeking documents relating to the marketing of sutures and endoscopic instruments by the Company's Ethicon and Ethicon Endo subsidiaries. In February 2005, the N.Y. AG advised that it had closed its investigation. The Connecticut State Attorney General's office also issued a subpoena for the same documents. These subpoenas focus on the bundling of sutures and endoscopic instruments in contracts offered to Group Purchasing Organizations and individual hospitals in which discounts are predicated on the hospital achieving specified market share targets for both categories of products. The operating companies involved have responded to the subpoenas.

On June 26, 2003, the Company received a request for records and information from the U.S. House of Representatives' Committee on Energy and Commerce in connection with its investigation into pharmaceutical reimbursements and rebates under Medicaid. The Committee's request focuses on the drug REMICADE (infliximab), marketed by the Company's Centocor, Inc. ("Centocor") subsidiary. On July 2, 2003, Centocor received a request that it voluntarily provide documents and information to the criminal division of the U.S. Attorney's Office, District of New Jersey, in connection with its investigation into various Centocor marketing practices. Subsequent requests for documents have been received from the U.S. Attorney's Office. Both the Company and Centocor responded, or are in the process of responding, to these requests for documents and information.

On August 1, 2003, the Securities and Exchange Commission (SEC) advised the Company of its informal investigation under the Foreign Corrupt Practices Act of allegations of payments to Polish governmental officials by U.S. pharmaceutical companies. On November 21, 2003, the SEC advised the Company that the investigation had become formal and issued a subpoena for the information previously requested in an informal fashion, in addition to other background documents. The Company and its operating units in Poland have responded to these requests.

On December 8, 2003, Ortho-McNeil, a subsidiary of Johnson & Johnson, received a subpoena from the United States Attorney's Office in Boston, Massachusetts seeking documents relating to the marketing, including alleged off-label marketing, of the drug TOPAMAX (topiramate). Ortho-McNeil is cooperating in responding to the subpoena. In October 2004, the U.S. Attorney's Office in Boston asked

attorneys for Ortho-McNeil to cooperate in

facilitating the subpoenaed testimony of several present and former Ortho-McNeil employees before a grand jury in Boston. Cooperation in securing the testimony of additional witnesses before the grand jury has been requested and is being provided.

On January 20, 2004, the Company's subsidiary, Janssen, received a subpoena from the Office of the Inspector General of the United States Office of Personnel Management seeking documents concerning sales and marketing of, any and all payments to physicians in connection with sales and marketing of, and clinical trials for, RISPERDAL (risperidone) from 1997 to 2002. Documents subsequent to 2002 have also been requested. Janssen is cooperating in responding to the subpoena.

In April 2004, the Company's pharmaceutical companies were requested to submit information to the U.S. Senate Finance Committee on their use of the "nominal pricing exception" in calculating Best Price under the Medicaid Rebate Program. This request was sent to manufacturers for the top twenty drugs reimbursed under the Medicaid Program. The Company's pharmaceutical companies have responded to the request. In February 2005 a request for supplemental information was received from the Senate Finance Committee, which has been responded to by the Company's pharmaceutical companies.

On July 27, 2004, the Company received a letter request from the New York State Attorney General's Office for documents pertaining to marketing, off- label sales and clinical trials for TOPAMAX (topiramate), RISPERDAL (risperidone), PROCRIT (Epoetin alfa), REMINYL (galantamine HBr), REMICADE (infliximab) and ACIPHEX (rabeprazole sodium). The Company is responding to the request.

On August 9, 2004, Johnson & Johnson Health Care Systems, Inc. (HCS), a Johnson & Johnson subsidiary, received a subpoena from the Dallas, Texas U. S. Attorney's Office seeking documents relating to the relationships between the group purchasing organization Novation and HCS and other Johnson & Johnson subsidiaries. The Company's subsidiaries involved are responding to the subpoena.

On September 30, 2004, Ortho Biotech Inc. ("Ortho Biotech"), a Johnson & Johnson subsidiary, received a subpoena from the U.S. Office of Inspector General's Denver, Colorado field office seeking documents directed to sales and marketing of PROCRIT (Epoetin alfa) from 1997 to the present. Ortho Biotech is responding to the subpoena.

In March 2005, DePuy Orthopaedics, Inc. ("DePuy"), a Johnson & Johnson subsidiary, received a subpoena from the U.S. Attorney's Office, District of New Jersey, seeking records concerning contractual relationships between DePuy and surgeons or surgeons in training involved in hip and knee replacement and reconstructive surgery. Other leading orthopaedic companies are known to have received the same subpoena. DePuy is responding to the subpoena.

On June 9, 2005, The United States Senate Committee on Finance requested the Company to produce information regarding its use of educational grants.
A similar request was sent to other major pharmaceutical companies. On July 5, 2005, the Committee specifically requested information about educational grants in connection with the drug PROPULSID. The Company is in the process of responding to the request.

On July 20, 2005, Scios, Inc. ("Scios"), a Johnson & Johnson subsidiary, received a subpoena from the United States Attorney's Office, District of Massachusetts, seeking documents related to the sales and marketing of NATRECOR. Scios is responding to the subpoena. In early August 2005, Scios was advised that the investigation will be handled by the United States Attorney's Office for the Northern District of California in San Francisco, rather than the United States Attorney's Office in Boston, Massachusetts.

In September 2004, plaintiffs in an employment discrimination litigation initiated against the Company in 2001 in Federal District Court in New Jersey moved to certify a class of all African American and Hispanic salaried employees of the Company and its affiliates in the United States, who were employed at any time from November 1997 to the present. Plaintiffs seek monetary damages for the period 1997 through the present (including punitive damages) and equitable relief. The Company filed its response to plaintiffs' class certification motion in May 2005. A decision by the District Court is not expected until 2006. The Company disputes the allegations in the lawsuit and is vigorously defending against them.

The Company, along with its wholly owned Ethicon and Ethicon-Endo subsidiaries, are defendants in three federal antitrust actions challenging suture and endo- mechanical contracts with Group Purchasing Organizations and hospitals in which discounts are predicated on a hospital achieving specified market share targets for both categories of products. In each case, plaintiffs seek substantial monetary damages and injunctive relief. In Applied Medical v. Ethicon Inc. et al (C.D.CA, filed September 5, 2003), fact discovery is complete and the defendants have moved for summary judgment on all claims. In Conmed
v. Johnson & Johnson et al (S.D.N.Y., filed November 6, 2003), fact discovery is also complete and summary judgment motions are due September 30, 2005. In Genico v. Ethicon, Inc. et al (E.D. TX, filed October 15, 2004) written discovery is underway.

After a remand from the Federal Circuit Court of Appeals in January 2003, a partial retrial was commenced in October and concluded in November 2003 in Federal District Court in Boston, Massachusetts in the action Amgen v. Transkaryotic Therapies, Inc. (TKT) and Aventis

Pharmaceutical, Inc. (Aventis). The matter is a patent infringement action brought by Amgen against TKT, the developer of a gene-activated EPO product, and Aventis, which held marketing rights to the TKT product, asserting that TKT's product infringes various Amgen, Inc. (Amgen) patent claims. TKT and Aventis dispute infringement and are seeking to invalidate the Amgen patents asserted against them. On October 15, 2004, the district court issued rulings that upheld its initial findings in 2001 that Amgen's patent claims were valid and infringed. Further proceedings and an appeal will follow. The Amgen patents at issue

in the case are exclusively licensed to Ortho Biotech Inc. in the U.S. for non-dialysis indications. Ortho Biotech Inc. is not a party to the action.

The Company is also involved in a number of other patent, trademark and other lawsuits incidental to its business. The ultimate legal and financial liability of the Company in respect to all claims, lawsuits and proceedings referred to above cannot be estimated with any certainty. However, in the Company's opinion, based on its examination of these matters, its experience to date and discussions with counsel, the ultimate outcome of legal proceedings, net of liabilities already accrued in the Company's balance sheet, is not expected to have a material adverse effect on the Company's financial position, although the resolution in any reporting period of one or more of these matters could have a significant impact on the Company's results of operations and cash flows for that period.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Analysis of Consolidated Sales

For the first fiscal six months of 2005, worldwide sales were $25.6 billion, an increase of 11.1% over 2004 first fiscal six month sales of $23.0 billion. The impact of foreign currencies accounted for 2.1% of the total reported fiscal six month increase.

Sales by U.S. companies were $14.3 billion in the first fiscal six months of 2005, which represented an increase of 5.4% over the same period last year. Sales by international companies were $11.3 billion, which represented an increase of 19.2%, of which 5.1% was due to currency fluctuations.

All international regions throughout the world posted double digit sales increases during the first fiscal six months of 2005 as sales increased 16.0% in Europe, 21.2% in the Western Hemisphere (excluding the U.S.) and 24.7% in the Asia-Pacific, Africa region. These sales gains included the positive impact of currency fluctuations between the U.S. dollar and foreign currencies in Europe of 5.3%, in the Western Hemisphere (excluding the U.S.) of 8.1% and in the Asia-Pacific, Africa region of 3.4%.

For the fiscal second quarter of 2005, worldwide sales were $12.8 billion, an increase of 11.1% over 2004 fiscal second quarter sales of $11.5 billion. The impact of foreign currencies accounted for 2.0% of the total reported fiscal second quarter 2005 increase.

Sales by U.S. companies were $7.1 billion in the fiscal second quarter of 2005, which represented an increase of 6.0%. Sales by international companies were $5.7 billion, which represented an increase of 18.3%, of which 4.9% was due to positive currency fluctuations.

All international regions throughout the world posted double digit sales increases during the fiscal second quarter of 2005 as sales increased 14.6% in Europe, 20.7% in the Western Hemisphere (excluding the U.S.) and 24.4% in the Asia-Pacific, Africa region. These sales gains included the positive impact of currency fluctuations between the U.S. dollar and foreign currencies in Europe of 4.6%, in the Western Hemisphere (excluding the U.S.) of 10.0% and in the Asia-Pacific, Africa region of 3.1%.

Analysis of Sales by Business Segments

Consumer

Consumer segment sales in the first fiscal six months of 2005 were $4.6 billion, an increase of 12.6% over the same period a year ago with 10.0% of operational growth and a positive currency impact of 2.6%. U.S. Consumer segment sales increased by 6.7% while international sales gains of 18.8% included a positive currency impact of 5.4%.

Major Consumer Franchise Sales - First Fiscal Six

Months

	2005	2004	Total %Change	Operations %Change	Currency %Change
OTC Pharm & Nutr.	$ 1,313	$ 1,096	19.8%	18.2%	1.6%
Skin Care	1,223	1,071	14.2	11.2	3.0
Women's Health	782	716	9.2	5.9	3.3

Baby & Kids Care	772	703	9.8	6.7	3.1
Other	468	461	1.5	0.5	1.0
Total	$ 4,558	$4,047	12.6%	10.0%	2.6%

Consumer segment sales in the fiscal second quarter of 2005 were $2.3 billion, an increase of 13.9% over the same period a year ago with 11.1% of operational growth and a positive currency impact of 2.8%. U.S. Consumer segment sales increased by 10.6% while international sales gains of 17.1% included a positive currency impact of 5.5%.

Major Consumer Franchise Sales - Fiscal Second Quarter

	2005	2004	Total %Change	Operations %Change	Currency %Change
OTC Pharm & Nutr.	$ 628	$ 532	18.0%	15.7%	2.3%
Skin Care	602	509	18.5	15.5	3.0
Women's Health	406	368	10.3	6.7	3.6
Baby & Kids Care	393	360	9.2	5.9	3.3
Other	249	231	7.8	5.9	1.9
Total	$ 2,278	$ 2,000	13.9%	11.1%	2.8%

Consumer segment sales growth in the fiscal second quarter was attributable to strong sales performance in the major franchises in this segment including OTC Pharmaceutical & Nutritional products, Skin Care, Women's Health and Baby & Kids Care. OTC

Pharmaceutical & Nutritional operational sales growth of 15.7% was primarily driven by continued growth in SPLENDA(r) No Calorie Sweetener and pediatric analgesics. The Skin Care franchise operational sales growth of 15.5% was attributed to NEUTROGENA(r), AVEENO(r), RoC(r), CLEAN & CLEAR(r) and JOHNSON'S(r) adult brands. The key drivers of U.S. Skin Care growth were the continued success with the NEUTROGENA(r) Advanced Solutions Microdermabrasion kit, along with new products launched in the first half of 2005. The Women's Health franchise achieved operational growth of 6.7% resulting from strong contributions from the K-Y(r) and STAYFREE(r) product lines. The Baby & Kids Care franchise operational sales growth of 5.9% resulted from continued success with JOHNSON'S(r) SOFTWASH(r) AND SOFTLOTION(r) product lines.

Pharmaceutical
Pharmaceutical segment sales in the first fiscal six months of 2005 were $11.4 billion, an increase of 5.4% over the same period a year ago with 3.8% of this change due to operational increases and the remaining 1.6% increase related to the positive impact of currency. The U.S. Pharmaceutical sales increase was 1.3% and the growth in international Pharmaceutical sales was 13.9% which included 5.1% related to the positive impact of currency.

Major Pharmaceutical Product Revenues - First Fiscal Six Months

			Total	Operations	Currency
	2005	2004	%Change	%Change	%Change
RISPERDAL(r)	$1,738	$1,458	19.3%	16.9%	2.4%
PROCRIT(r)/ EPREX(r)	1,682	1,852	(9.2)	(10.8)	1.6
REMICADE(r)	1,219	1,003	21.5	21.5	0.0
TOPAMAX(r)	837	663	26.2	24.5	1.7
DURAGESIC(r)/ Fentanyl Transdermal	832	1,011	(17.8)	(20.2)	2.4
LEVAQUIN(r)/ FLOXIN(r)	760	651	16.7	16.6	0.1
Hormonal Contraceptives	598	671	(10.5)	(11.5)	1.0
Aciphex(r)/ Pariet(r)	559	510	9.5	6.7	2.8
Other	3,158	2,984	5.8	3.9	1.9
Total	$11,383	$10,803	5.4%	3.8%	1.6%

Pharmaceutical segment sales in the fiscal second quarter of 2005 were $5.6 billion, an increase of 3.7% over the same period a year ago with

2.1% of this change due to operational increases and the remaining 1.6% increase related to the positive impact of currency. The U.S. Pharmaceutical sales decrease was 1.3% and the growth in international Pharmaceutical sales was 14.0% which included 4.8% related to the positive impact of currency.

Major Pharmaceutical Product Revenues - Fiscal Second Quarter

			Total Operations	Currency	
	2005	2004	%Change	%Change	%Change
RISPERDAL(r)	$894	$727	23.0%	20.8%	2.2%
PROCRIT(r)/ EPREX(r)	846	875	(3.4)	(5.0)	1.6
REMICADE(r)	642	539	19.1	19.1	0.0
TOPAMAX(r)	431	335	28.6	27.0	1.6
DURAGESIC(r)/ Fentanyl Transdermal	382	557	(31.5)	(33.5)	2.0
LEVAQUIN(r)/ FLOXIN(r)	320	269	19.2	19.0	0.2
Hormonal Contraceptives	296	366	(19.2)	(20.3)	1.1
Aciphex(r)/ Pariet(r)	281	263	7.0	4.3	2.7
Other	1,536	1,496	2.7	0.1	2.6
Total	$5,628	$5,427	3.7%	2.1%	1.6%

Pharmaceutical segment sales growth in the second quarter of 2005 was led by strong performances from RISPERDAL(r), REMICADE(r), TOPAMAX(r) and LEVAQUIN(r). The discussion to follow correlates to the sequence of the chart above. Growth was fueled by the continued success of RISPERDAL(r) (risperidone), and RISPERDAL CONSTA(r) (risperidone), a long acting injection medication that treats the symptoms of schizophrenia, with operational growth of 20.8%. PROCRIT(r) (Epoetin alfa) and EPREX(r) (Epoetin alfa) performance continued to be adversely affected by competition. Combined these two products had an operational decline of 5.0% in the second quarter of 2005. Volume associated with share loss to competitive products was the primary driver of the decline. PROCRIT(r) pricing has stabilized in the second quarter of 2005. REMICADE(r) (infliximab), a biologic approved for the treatment of Crohn's disease, ankylosing spondylitis, and use in the treatment of rheumatoid arthritis experienced strong operational growth of 19.1% over prior year fiscal second quarter.

Sales of TOPAMAX(r) (topiramate), which has been approved for adjunctive use in epilepsy, as well as for the prophylactic treatment of migraines, experienced strong operational growth of 27.0%, over prior year fiscal second quarter. In June of 2005 TOPAMAX(r) was also approved for use as an initial monotherapy in the treatment of epilepsy.

DURAGESIC(r) (fentanyl transdermal system) sales declined by 33.5% operationally, which was primarily driven by the negative impact of generic competition in the U.S. beginning in January 2005. An authorized generic version of DURAGESIC(r) being marketed for the Company in the U.S. has captured a strong portion of the generic market.

LEVAQUIN(r) (levofloxacin) achieved operational sales growth of 19.0% over prior year benefiting from the late respiratory infection season.

The hormonal contraceptive franchise experienced an operational decline of 20.3%. Adjusted for the impact of the performance-based rebate allowances that benefited the second quarter of 2004, sales growth in the second quarter of 2005 was approximately 6.0%. The adjusted sales growth of 6.0% was the result of strong performances by ORTHO EVRA(r), the first contraceptive patch approved by the FDA, and ORTHO TRI-CYCLEN(r) LO (norgestimate/ethinyl estradiol), a low dose oral contraceptive, however this was partially offset by the impact of generic competition.

CONCERTA(r) (methylphenidate HCL), a product for the treatment of attention deficit hyperactivity disorder, sales continued to grow

despite the lack of patent exclusivity in the U.S. At present, the FDA has not approved any generic version that is substitutable for CONCERTA(r). Abbreviated New Drug Applications (ANDAs) for generic versions of CONCERTA(r) are pending and may be approved at any time.

Medical Devices and Diagnostics

Medical Devices and Diagnostics segment sales in the first fiscal six months of 2005 were $9.7 billion, an increase of 17.8% over the same

period a year ago with 15.4% of this change due to operational increases and the remaining 2.4% increase related to the positive impact of currency. The U.S. Medical Devices and Diagnostics sales increase was 12.0% and the growth in international Medical Devices and Diagnostics sales was 24.1% which included 5.0% related to the positive impact of currency.

Major Medical Devices and Diagnostics Franchise Sales
- First Fiscal Six Months

Total Operations	Currency	2005	2004	%Change	%Change	%Change
CORDIS(r)		$1,983	$1,541	28.6%	26.2%	2.4%
DEPUY(r)		1,973	1,678	17.6	15.6	2.0
ETHICON(r)		1,587	1,397	13.6	10.3	3.3
ETHICON ENDO-SURGERY(r)		1,550	1,375	12.7	10.2	2.5
LIFESCAN(r)		975	820	18.8	16.6	2.2
Vision Care		833	731	13.9	11.8	2.1
ORTHO-CLINICAL DIAGNOSTICS(r)		721	619	16.5	14.6	1.9
Other		31	32	(3.1)	(2.1)	(1.0)
Total		$9,653	$8,193	17.8%	15.4%	2.4%

Medical Devices and Diagnostics segment sales in the fiscal second quarter of 2005 were $4.9 billion, an increase of 19.7% over the same period a year ago with 17.4% of this change due to operational growth and the remaining 2.3% increase related to the positive impact of currency. The U.S. Medical Devices and Diagnostics sales increase was 16.7% and the growth in international Medical Devices and Diagnostics sales was 22.7% which included 4.6% related to the positive impact of currency.

Major Medical Devices and Diagnostics Franchise Sales
- Fiscal Second Quarter

Total Operations	Currency	2005	2004	%Change	%Change	%Change
CORDIS(r)		$1,014	$664	52.6%	50.0%	2.6%
DEPUY(r)		980	839	16.9	15.0	1.9
ETHICON(r)		798	716	11.5	8.5	3.0
ETHICON ENDO-SURGERY(r)		785	710	10.6	8.3	2.3
LIFESCAN(r)		474	420	12.9	10.8	2.1
Vision Care		426	377	13.0	11.1	1.9
ORTHO-CLINICAL DIAGNOSTICS(r)		366	317	15.7	13.9	1.8
Other		13	14	(7.1)	(6.1)	(1.0)
Total		$4,856	$4,057	19.7%	17.4%	2.3%

Sales growth in the Medical Devices and Diagnostics segment was led by strong results experienced across the segment. The Cordis franchise was a major driver, with operational growth of 50.0%. The primary growth driver of the Cordis franchise was the CYPHER(r) Sirolimus-eluting Stent in both U.S. and international markets, with excellent growth in Japan. In addition, the Biosense Webster business also had a strong quarter with its navigational catheter line of products.

In April and July of 2004, Cordis Cardiology Division of Cordis Corporation received warning letters from the FDA regarding Good Manufacturing Practice and Good Clinical Practice regulations. These observations followed post-approval site inspections completed in 2003 and early 2004 including sites involved in the production of the CYPHER(r) Sirolimus- eluting stent. In response to the warning letters, Cordis has made improvements to their quality system. The FDA has completed inspections of the three facilities involved in the April warning letter and Cordis has provided written responses to the recent inspection observations.

The DePuy franchise's operational growth of 15.0% was primarily attributed to DePuy's orthopaedic joint reconstruction products including the hip and knee product lines. Strong performance was also achieved in DePuy's spine unit and Mitek sports medicine products.

Ethicon worldwide sales grew operationally by 8.5% from the same period in the prior year. Contributing to the strong results was the continued penetration of VICRYL(r) (polyglactin 910) Plus, an anti- bacterial coated suture, growth of DERMABOND(r), a liquid skin adhesive and continued adoption of a variety of niche products. The Ethicon Endo-Surgery franchise experienced operational growth of 8.3% over prior year. This growth was mainly driven by endocutter sales that include products used in performing bariatric procedures for the treatment of obesity, an important focus area for the franchise. HARMONIC SCALPEL(r) sales led by excellent results achieved with the recently introduced HARMONIC(r) ACE were also a significant source of growth in the quarter.

The LifeScan franchise operational growth of 10.8% was a result of continued growth of U.S. sales, as well as strong growth in international markets. ONETOUCH(r) ULTRA, blood glucose meter, has been the key growth driver in this franchise.

Vision Care franchise operational sales growth of 11.1% was led by the continued success of ACUVUE(r) ADVANCETM brand contact lenses with HYDRACLEARTM and 1-DAY ACUVUE(r).

The Ortho-Clinical Diagnostics franchise reported operational growth of 13.9% over prior year, which was driven by its market penetration of the automated blood typing products, continued growth of the ECI product, and growth in the clinical chemistry sales driven by success with the Vitros(r) 5.1 FS instrument platform and the Vitros(r) 350 Chemistry System.

Cost of Products Sold and Selling, Marketing and Administrative Expenses
Consolidated costs of products sold for the first fiscal six months of 2005 decreased to 27.3% from 28.3% of sales over the same period a year ago. The decrease resulted from cost improvement initiatives and improved gross margins in the Medical Devices & Diagnostics segment, primarily driven by lower manufacturing costs related to CYPHER(r) Sirolimus- eluting Stent, which more than offset an unfavorable product mix. The cost of products sold for the fiscal second quarter of 2005 was 27.5% of sales, which is consistent with the same period in prior year. During the quarter, unfavorable mix was offset by cost improvement initiatives and improved gross margins in the Medical Devices and Diagnostics segment.

Consolidated selling, marketing and administrative expenses for the first fiscal six months of 2005 increased 12.1% over the same period a year ago. Consolidated selling, marketing and administrative expenses as a percent to sales for the first fiscal six months of 2005 were 32.1% versus 31.9% for the same period a year ago. Consolidated selling, marketing and administrative expenses for the fiscal second quarter of 2005 increased 13.0% over the same period a year ago. As a percent to sales, consolidated selling, marketing and administrative expenses were 32.8% versus 32.3% for the same period a year ago. Increases in the quarterly and six month periods were primarily associated with higher levels of advertising spend.

Research & Development
Research activities represent a significant part of the Company's business. These expenditures relate to the development of new products, improvement of existing products, technical support of products and compliance with governmental regulations for the protection of the consumer. Worldwide costs of research activities, for the first fiscal six months of 2005 were $2.8 billion, an increase of 24.4% over the same period a year ago. Research and development spending in the fiscal second quarter of 2005 was $1.5 billion, an increase of 25.8% over the fiscal second quarter of 2004. This increase is a reflection of the solid progress achieved in products in late stage development.

In-Process Research & Development
In the fiscal second quarter of 2005, the Company recorded In-process Research & Development (IPR&D) charges of $353 million before and after tax related to acquisitions in the Pharmaceutical and Medical Devices and Diagnostics segments. These acquisitions included TransForm Pharmaceuticals, Inc., Peninsula Pharmaceuticals, Inc. and CLOSURE Medical Corporation.

Other (Income) Expense, Net
Other (income) expense is the account where the Company records gains and losses related to the sale and write-down of certain equity securities of the Johnson & Johnson Development Corporation, losses on the disposal of fixed assets, currency gains & losses, minority interests, litigation settlements, as well as royalty income.

OPERATING PROFIT BY SEGMENT
Consumer Segment
Operating profit for the Consumer segment as a percent to sales in the first fiscal six months of 2005 was 19.2% versus 20.5% over the same period a year ago. Operating profit as a percent to sales in the fiscal second quarter of 2005 was 18.3% versus 19.1% over the same period a year ago. This decrease was due to increased investment spending in consumer promotions and advertising for the OTC Pharmaceutical and Nutritional franchise.

Pharmaceutical Segment
Operating profit for the Pharmaceutical segment as a percent to sales in the first fiscal six months of 2005 was 32.7% versus 38.8% over the same period a year ago. Operating profit as a percent to sales in the fiscal second quarter of 2005 was 28.2% versus 38.8% over the same period a year ago. For both periods operating profit was negatively impacted by increased research and development spending and IPR&D. IPR&D of $302 million reduced operating profit as a percent to sales by 2.7% and 5.3% for the first fiscal six months and the fiscal second quarter, respectively.

Medical Devices and Diagnostics Segment
Operating profit for the Medical Devices and Diagnostics segment as a percent to sales in the first fiscal six months of 2005 was 30.1% versus 25.9% over the same period a year ago. Operating profit as a percent to sales in the fiscal second quarter of 2005 was 29.0% versus 26.0% over the same period a year ago. The increase in 2005 was due to improved gross profit, resulting from cost reduction programs, lower

manufacturing costs related to CYPHER(r) Sirolimus-eluting Stent and favorable product mix.

Interest (Income) Expense
Interest income increased in both the first fiscal six months and fiscal second quarter of 2005 as compared to the same periods a year ago. The increase reflected an improved cash position as well as higher rates of interest being earned on cash holdings. The cash balance including marketable securities at the end of the fiscal second quarter of 2005 was $13.2 billion, which was $2.4 billion higher than the same period a year ago.

Interest expense decreased in both the first fiscal six months and fiscal second quarter of 2005 as compared to the same periods a year ago, resulting from lower average debt balances.

Provision For Taxes on Income
The worldwide effective income tax rates for the first fiscal six months of 2005 and 2004 were 24.9% and 28.6%, a decrease of 3.7%. Of this decrease, 1.9% was attributed to increases in taxable income in lower tax jurisdictions relative to taxable income in higher tax jurisdictions. The remaining net decrease of 1.8% was attributed to a one-time tax benefit partially offset by IPR&D, as described below.

Acquisition related In-process Research & Development (IPR&D) charges of $353 million that are non- deductible for tax purposes were recorded in the fiscal second quarter of 2005.

The fiscal second quarter of 2005 included a benefit of $225 million, due to the reversal of a tax liability previously recorded during the fiscal fourth quarter of 2004, associated with a technical correction made to the American Jobs Creation Act of 2004, in May 2005.

LIQUIDITY AND CAPITAL RESOURCES
Cash Flows
Cash generated from operations provided the major sources of funds for the growth of the business, including working capital, capital expenditures, acquisitions, share repurchases, dividends and debt repayments. In the first fiscal six months of 2005, cash flow from operations was $4.7 billion, a decrease of $0.1 billion over the same period a year ago. Investing activities provided $0.8 billion in the first fiscal six months of 2005, as compared to the usage of $1.9 billion during the same period a year ago. The increase in cash generated by investing activities was a result of higher sales activity of investment securities, partially offset by an increase in acquisitions. Net cash used by financing activities decreased by $0.2 billion primarily due to lower levels of debt retirement, partially offset by an increase in dividends and the repurchase of common stock.

Dividends
On April 28, 2005, the Board of Directors declared a regular cash dividend of $0.33 per share, payable on June 7, 2005 to shareholders of record as of May 17, 2005. This represented an increase of 15.8% in the quarterly dividend rate and was the 43rd consecutive year of cash dividend increases.

On July 18, 2005, the Board of Directors declared a regular cash dividend of $0.33 per share, payable on September 13, 2005 to shareholders of record as of August 23, 2005. The Company expects to continue the practice of paying regular cash dividends.

OTHER INFORMATION
New Accounting Standards
In December 2004, the FASB issued SFAS No. 123(R), Share Based Payment. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. It focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions (such as employee stock options and restricted stock units). The statement requires the measurement of the cost of employee services received in exchange for an award of equity instruments (such as employee stock options and restricted stock units) at fair value on the grant date. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award (the requisite service period). On April 14, 2005 the SEC approved a new rule that delays the effective date of SFAS No. 123(R) for annual, rather than interim, periods that begin after June 15, 2005. As a result, the Company will adopt this statement in the first fiscal quarter of 2006.

The Company will implement SFAS 151, Inventory Costs, an amendment of ARB No. 43 and SFAS 153, Exchanges of Non-monetary Assets, an amendment of APB 29 in the first quarter of 2006 and the third quarter of 2005 respectively, as allowed by the Standards. The Company believes the adoption of these statements will not have a material effect on its results of operations, cash flows or financial position.

The following recent accounting pronouncements became effective in 2004 and did not have a material impact on the Company's results of operations, cash flows or financial position.

*EITF Issue 02-14: Whether an Investor should apply the Equity Method of Accounting to Investments other than Common Stock.

*EITF Issue 04-1: Accounting for Preexisting Relationships between the Parties to a Business Combination.

Economic and Market Factors
Johnson & Johnson is aware that its products are used in an environment where, for more than a decade, policymakers, consumers and businesses have expressed concern about the rising cost of health care. Johnson & Johnson has a long-standing policy of pricing products responsibly. For the period 1994 through 2004 in the United States, the weighted average compound annual growth rate of Johnson & Johnson price increases for health care products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

Inflation rates, even though moderate in many parts of the world during 2004, continue to have an effect on worldwide economies and, consequently, on the way companies operate. In the face of increasing costs, the Company strives to maintain its profit margins through cost reduction programs, productivity improvements and periodic price increases. The Company faces various worldwide health care changes that may result in pricing pressures that include health care cost containment and government legislation relating to sales, promotions and reimbursement.

The Company also operates in an environment increasingly hostile to intellectual property rights. Generic drug firms have filed Abbreviated New Drug Applications seeking to market generic forms of most of the Company's key pharmaceutical products, prior to expiration of the applicable patents covering those products. In the event the Company is not successful in defending a lawsuit resulting from an Abbreviated New Drug Application filing, the generic firms will then introduce generic versions of the product at issue, resulting in very substantial market share and revenue losses. For further information see the discussion on "Litigation Against Filers of Abbreviated New Drug Applications" in Note 12 to the unaudited interim consolidated financial statements.

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS This Form 10-Q contains forward-looking statements. Forward-looking statements do not relate strictly to historical or current facts and anticipate results based on management's plans that are subject to uncertainty. Forward-looking statements may be identified by the use of words like "plans," "expects," "will," "anticipates," "estimates" and other words of similar meaning in conjunction with, among other things, discussions of future operations, financial performance, the Company's strategy for growth, product development, regulatory approval, market position and expenditures.

Forward-looking statements are based on current expectations of future events. The Company cannot guarantee that any forward- looking statement will be accurate, although the Company believes that it has been reasonable in its expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements. The Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments.

Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; challenges to patents; U.S. and foreign health care reforms and governmental laws and regulations; trends toward health care cost containment; increased scrutiny of the health care industry by government agencies; product efficacy or safety concerns resulting in product recalls or regulatory action.

The Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2005 contains, as an Exhibit, a discussion of additional factors that could cause actual results to differ from expectations. The Company notes these factors as permitted by the Private Securities Litigation Reform Act of 1995.

Item 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the Company's assessment of its sensitivity to market risk since its presentation set forth in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in its Annual Report on Form 10-K for the fiscal year ended January 2, 2005.

Item 4 - CONTROLS AND PROCEDURES-EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures. As of the end of the period covered by this report, management evaluated the effectiveness of

the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to ensure that the Company records, processes, summarizes and reports in a timely manner the information the Company is required to disclose in its reports filed under the Securities Exchange Act. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is accumulated

and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. William C. Weldon, Chairman and Chief Executive Officer, and Robert J. Darretta, Vice Chairman and Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Weldon and Darretta concluded that, as of the date of their evaluation, the Company's disclosure controls and procedures were effective.

Internal control. During the period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1 - Legal Proceedings

The information called for by this item is incorporated herein by reference to Note 12 included in Part I, Notes to Consolidated Financial Statements.

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers. The following table provides information with respect to Common Stock purchases by the Company during the fiscal second quarter of 2005. Common Stock purchases on the open market are made as part of a systematic plan to meet the Company's compensation

programs.

Fiscal Month	Total Number of Shares Purchased	Average Price Paid Per Share
April 4 - May 1, 2005	2,386,000	$68.51
May 2 - May 29, 2005	785,300	$67.75
May 30 - July 3, 2005	1,780,400	$65.86

Item 4 - Submission of Matters to a Vote of Security Holders

(a) The annual meeting of the shareholders of the Company was held on April 28, 2005.

(b) Election of the directors is set forth in (c) below.

(c) The shareholders elected all the Company's nominees for director and ratified the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors for the fiscal year 2005. The shareholders also approved of the 2005 Long-Term Incentive Plan.

1. Election of Directors:

	Shares For	Shares Withheld
M. S. Coleman	2,562,818,361	31,562,661
J. G. Cullen	2,564,660,453	29,720,569
R. J. Darretta	2,468,716,847	125,664,175
M. M. E. Johns	2,566,448,108	27,932,914
A. D. Jordan	2,535,248,036	59,132,986
A. G. Langbo	2,537,950,461	56,430,561
S. L. Lindquist	2,565,402,713	28,978,309
L. F. Mullin	2,562,474,674	31,906,348
C. A. Poon	2,532,852,391	61,528,631
S. S Reinemund	2,566,276,547	28,104,475
D. Satcher	2,564,456,446	29,924,576
W. C. Weldon	2,533,669,335	60,711,687
Abstain	26,983,548	
Broker Non-vote	-	

2. Approval for Appointment of PricewaterhouseCoopers LLP:

For	2,532,548,257
Against	39,560,123
Abstain	22,272,642
Broker Non-vote	-

3. Approval for the 2005 Long-Term Incentive Plan.

For	1,730,947,712
Against	343,780,724
Abstain	29,924,967
Broker Non-vote	489,727,619

Item 6 - Exhibits

Exhibit 10.1 Form of Stock Option Certificate and Restricted Shares to Non-Employee Directors Certificate under the Johnson & Johnson 2005 Long-Term Incentive Plan - Filed with this document.*

Exhibit 31.1 Certifications under Rule 13a- 14(a) of the Securities Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed with this document.

Exhibit 32.1 Certifications pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 - Furnished with this document.

*Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JOHNSON & JOHNSON
(Registrant)

Date: August 10, 2005

By /s/ R. J. DARRETTA
R. J. DARRETTA
Vice Chairman, Board of Directors; Chief Financial Officer and Director
(Principal Financial Officer)

Date: August 10, 2005

By /s/ S. J. COSGROVE
S. J. COSGROVE
Controller
(Principal Accounting Officer)

Exhibit 31

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Robert J. Darretta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2005 (the "report") of Johnson & Johnson (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Robert J. Darretta
Robert J. Darretta
Chief Financial Officer

Date: August 8, 2005

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, William C. Weldon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2005 (the "report") of Johnson & Johnson (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ William C. Weldon
William C. Weldon
Chief Executive Officer

Date: August 8, 2005

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, William C. Weldon, the Chief Executive Officer of Johnson & Johnson, a New Jersey corporation (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of my knowledge:

(1) the Company's Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Weldon
William C. Weldon
Chief Executive Officer

Dated: August 8, 2005

This certification is being furnished to the SEC with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, Robert J. Darretta, the Chief Financial Officer of Johnson & Johnson, a New Jersey corporation (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of my knowledge:

(1) the Company's Quarterly Report on Form 10-Q for the quarterly period ended July 3, 2005 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert J. Darretta
Robert J. Darretta
Chief Financial Officer

Dated: August 8, 2005

This certification is being furnished to the SEC with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.