10-Q 1 thirdquartertenq.txt 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 September 29, 2002 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 (I.R.S. Employer Incorporation or organization) 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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. On October 25, 2002, 2,970,581,455 shares of Common Stock, $1.00 par value, were outstanding. 1 JOHNSON & JOHNSON AND SUBSIDIARIES TABLE OF CONTENTS PART I - FINANCIAL INFORMATION Page No. Item 1 - FINANCIAL STATEMENTS Consolidated Balance Sheet - September 29, 2002 and December 30, 2001 3 Consolidated Statement of Earnings for the Fiscal Quarter Ended September 29, 2002 and September 30, 2001 5 Consolidated Statement of Earnings for the Fiscal Nine Months Ended September 29, 2002 and September 30, 2001 6 Consolidated Statement of Cash Flows for the Fiscal Nine Months Ended September 29, 2002 and September 30, 2001 7 Notes to Consolidated Financial Statements 8 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 14 Item 3. Quantitative and Qualitative Disclosures About Market Risk 18 Item 4. 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Section 1350 26 2 PART I - FINANCIAL INFORMATION Item 1 - FINANCIAL STATEMENTS JOHNSON & JOHNSON AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET (Unaudited; Dollars in Millions) ASSETS September 29, December 30, 2002 2001 Current Assets: Cash and cash equivalents $ 3,161 3,758 Marketable securities 4,084 4,214 Accounts receivable, trade, less allowances for doubtful accounts $194(2001 - $197) 5,395 4,630 Inventories (Note 4) 3,255 2,992 Deferred taxes on income 1,390 1,192 Prepaid expenses and other receivables 1,716 1,687 Total current assets 19,001 18,473 Marketable securities, non-current 183 969 Property, plant and equipment, at cost 13,698 12,458 Less accumulated depreciation 5,523 4,739 8,175 7,719 Intangible assets, gross (Note 5) 11,305 10,910 Less accumulated amortization 2,032 1,833 Intangible assets, net 9,273 9,077 Deferred taxes on income 93 288 Other assets 1,938 1,962 Total assets $38,663 38,488 See Notes to Consolidated Financial Statements 3 JOHNSON & JOHNSON AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET (Unaudited; Dollars in Millions) LIABILITIES AND SHAREOWNERS' EQUITY September 29, December 30, 2002 2001 Current Liabilities: Loans and notes payable $ 2,381 565 Accounts payable 2,503 2,838 Accrued liabilities 3,892 3,135 Accrued salaries, wages and commissions 929 969 Taxes on income 996 537 Total current liabilities 10,701 8,044 Long-term debt 2,102 2,217 Deferred tax liability 267 493 Employee related obligations 1,712 1,870 Other liabilities 1,796 1,631 Shareowners' 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 (25) (30) Accumulated other comprehensive income (Note 8) (714) (530) Retained earnings 25,804 23,066 28,185 25,626 Less common stock held in treasury, at cost (151,082,000 & 72,627,000 shares) 6,100 1,393 Total shareowners' equity 22,085 24,233 Total liabilities and shareowners' equity $38,663 38,488 See Notes to Consolidated Financial Statements 4 JOHNSON & JOHNSON AND SUBSIDIARIES CONSOLIDATED STATEMENT OF EARNINGS (Unaudited; dollars & shares in millions except per share figures) Fiscal Quarter Ended Sept. 29, Percent Sept. 30, Percent 2002 to Sales 2001 to Sales Sales to customers (Note 6) $9,079 100.0% 8,058 100.0% Cost of products sold 2,611 28.7 2,396 29.7 Gross Profit 6,468 71.3 5,662 70.3 Selling, marketing and administrative expenses 3,006 33.1 2,703 33.5 Research expense 952 10.5 899 11.2 Interest income (51) (.5) (106) (1.3) Interest expense, net of portion capitalized 39 .4 39 .5 Other expense, net 129 1.4 19 .2 4,075 44.9 3,554 44.1 Earnings before provision for taxes on income 2,393 26.4 2,108 26.2 Provision for taxes on income (Note 3) 668 7.4 579 7.2 NET EARNINGS $1,725 19.0 1,529 19.0 NET EARNINGS PER SHARE (Note 7) Basic $ .58 .50 Diluted $ .57 .49 CASH DIVIDENDS PER SHARE $ .205 .18 AVG. SHARES OUTSTANDING Basic 2,974.4 3,039.2 Diluted 3,026.7 3,110.9 See Notes to Consolidated Financial Statements 5 JOHNSON & JOHNSON AND SUBSIDIARIES CONSOLIDATED STATEMENT OF EARNINGS (Unaudited; dollars & shares in millions except per share figures) Fiscal Nine Months Sept. 29, Percent Sept. 30, Percent 2002 to Sales 2001 to Sales Sales to customers (Note 6) $26,895 100.0% 24,092 100.0% Cost of products sold 7,650 28.4 7,079 29.4 Gross Profit 19,245 71.6 17,013 70.6 Selling, marketing and administrative expenses 8,866 33.0 8,171 33.9 Research expense 2,715 10.1 2,487 10.3 Purchased in-process research and development 189 .7 - - Interest income (201) (.7) (351) (1.4) Interest expense, net of portion capitalized 117 .4 122 .5 Other expense, net 117 .4 130 .5 11,803 43.9 10,559 43.8 Earnings before provision for taxes on income 7,442 27.7 6,454 26.8 Provision for taxes on income (Note 3) 2,229 8.3 1,891 7.9 NET EARNINGS $ 5,213 19.4 4,563 18.9 NET EARNINGS PER SHARE (Note 7) Basic $ 1.73 1.51 Diluted $ 1.70 1.48 CASH DIVIDENDS PER SHARE $ .59 .52 AVG. SHARES OUTSTANDING Basic 3,006.9 3,029.7 Diluted 3,066.0 3,096.5 See Notes to Consolidated Financial Statements 6 JOHNSON & JOHNSON AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited; Dollars in Millions) Fiscal Nine Months Sept. 29, Sept. 30, 2002 2001 CASH FLOWS FROM OPERATING ACTIVITIES Net earnings $ 5,213 4,563 Adjustments to reconcile net earnings to cash flows: Depreciation and amortization of property and intangibles 1,274 1,241 Purchased in-process R&D 189 - Accounts receivable reserves (4) 46 Changes in assets and liabilities, net of effects from acquisition of businesses: Increase in accounts receivable (632) (466) Increase in inventories (149) (142) Changes in other assets and liabilities 158 826 NET CASH FLOWS FROM OPERATING ACTIVITIES 6,049 6,068 CASH FLOWS FROM INVESTING ACTIVITIES Additions to property, plant and equipment (1,299) (978) Proceeds from the disposal of assets 139 154 Acquisition of businesses, net of cash acquired (466) (44) Purchases of investments (4,423) (6,453) Sales of investments 5,338 5,288 Other (129) (54) NET CASH USED BY INVESTING ACTIVITIES (840) (2,087) CASH FLOWS FROM FINANCING ACTIVITIES Dividends to shareowners (1,772) (1,498) Repurchase of common stock (6,181) (1,031) Proceeds from short-term debt 2,441 235 Retirement of short-term debt (461) (1,033) Proceeds from long-term debt 20 13 Retirement of long-term debt (221) (275) Proceeds from the exercise of stock options 283 399 NET CASH USED BY FINANCING ACTIVITIES (5,891) (3,190) EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS 85 (3) (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS (597) 788 CASH AND CASH EQUIVALENTS,

BEGINNING OF PERIOD 3,758 4,278 CASH AND CASH EQUIVALENTS, END OF PERIOD $ 3,161 5,066 SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: ACQUISITION OF BUSINESSES Fair value of assets acquired $ 535 186 Fair value of liabilities assumed (69) (66) Net Cash Payment 466 120 Treasury stock issued at fair value - (76) Net cash paid for acquisitions $ 466 44 See Notes to Consolidated Financial Statements 7 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 Annual Report on Form 10-K for the fiscal year ended December 30, 2001. The Company has adopted EITF Issue No. 01-09 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products" effective December 31, 2001. All periods have been restated primarily to reclassify sales incentives and trade promotional allowances from expense to a reduction of sales. As such, sales for the third quarter and fiscal nine months of 2001 were reduced by $180 million and $509 million, respectively. 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 presentation of such statements. Certain other prior year amounts have been reclassified to conform with the current year presentation. NOTE 2 - FINANCIAL INSTRUMENTS Effective January 1, 2001, the Company adopted SFAS No. 133 requiring that all derivative instruments be recorded on the balance sheet at fair value. As of September 29, 2002 the balance of deferred net gains on derivatives included in accumulated other comprehensive income was $5 million (after tax). Of this amount, the Company expects that $3 million 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 its exposure to the variability in future cash flows for forecasted transactions is 18 months. For the fiscal quarter ended September 29, 2002 the net impact of the hedges' ineffectiveness to the Company's financial statements was insignificant. For the fiscal quarter ended September 29, 2002, the Company has recorded a net gain of $3 million (after tax) in the "other (income) expense, net" category of the consolidated statement of earnings, 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 effective income tax rates for the first nine months of fiscal year 2002 and 2001 are 30.0% and 29.3%, respectively, as compared to the U.S. federal statutory rate of 35.0%. The difference from the statutory rate is primarily the result of subsidiaries manufacturing in Ireland under an incentive tax rate effective through the year 2010 and domestic subsidiaries operating in Puerto Rico under a tax incentive grant expiring in 2014. 8 NOTE 4 - INVENTORIES (Dollars in Millions) Sept. 29, 2002 Dec. 30, 2001 Raw materials and supplies $ 1,036 842 Goods in process 644 605 Finished goods 1,575 1,545 $ 3,255 2,992 NOTE 5 - INTANGIBLE ASSETS In accordance with SFAS No. 142, no amortization was recorded for acquisitions completed after June 30, 2001 that generated goodwill and/or intangible assets deemed to have indefinite lives. Further, effective 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. The effect of non-amortization of this goodwill and these intangible assets was $30 million after tax or $0.01 per diluted share for the third quarter of 2002 and $90 million after tax or $0.03 per diluted share for the nine months ended September 29, 2002. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. SFAS No. 142 requires that goodwill and non-amortizable intangible assets be assessed annually for impairment. The required initial assessment was completed at June 30, 2002 and no impairment was determined. The amortization expense of amortizable intangible assets for the fiscal nine months ended September 29, 2002, is $283 million pre-tax and the estimated amortization expense for the full year 2002 and for each of the five succeeding years approximates $375 million pre tax, per year respectively. (Dollars in Millions) Sept. 29, 2002 Goodwill-gross $ 5,290 Less accumulated amortization 659 Goodwill - net 4,631 Trademarks (non-amortizable)- gross 727 Less accumulated amortization 112 Trademarks (non-amortizable)- net 615 Patents 2,265 Less accumulated amortization 522 Patents - net 1,743 Other amortizable intangibles- gross 3,023 Less accumulated amortization 739 Other intangibles - net 2,284 Total intangible assets - gross 11,305 Less accumulated amortization 2,032 Total intangibles - net $ 9,273 Goodwill as of September 29, 2002 as allocated by segment of business is as follows (Dollars in Millions): Med. Dev Consumer Pharm & Diag Total Goodwill, net of accumulated amortization at December 30, 2001 845 232 3,494 4,571 Reclassification of intangibles, net of accumulated amortization - (109) - (109) Acquisitions - 150 50 200 Translation & Other 6 (36) (1) (31) Goodwill at Sept. 29, 2002 851 237 3,543 4,631 9 NOTE 6 - SEGMENTS OF BUSINESS AND GEOGRAPHIC AREAS (Dollars in Millions) SALES BY SEGMENT OF BUSINESS Fiscal Third Quarter Percent 2002 2001 Change Consumer Domestic $ 910 896 1.6 International 751 713 5.3 1,661 1,609 3.2% Pharmaceutical Domestic $ 2,939 2,511 17.0 International 1,338 1,166 14.8 4,277 3,677 16.3% Med Dev & Diag Domestic $ 1,740 1,569 10.9 International 1,401 1,203 16.5 3,141 2,772 13.3% Domestic $ 5,589 4,976 12.3 International 3,490 3,082 13.2 Worldwide $ 9,079 8,058 12.7% Fiscal Nine Months Percent 2002 2001 Change Consumer Domestic $ 2,717 2,599 4.5 International 2,196 2,171 1.2 4,913 4,770 3.0% Pharmaceutical Domestic $ 8,831 7,589 16.4 International 3,885 3,441 12.9 12,716 11,030 15.3% Med Dev & Diag Domestic $ 5,161 4,562 13.1 International 4,105 3,730 10.1 9,266 8,292 11.7% Domestic $16,709 14,750 13.3 International 10,186 9,342 9.0 Worldwide $ 26,895 24,092 11.6% 10 OPERATING PROFIT BY SEGMENT OF BUSINESS Fiscal Third Quarter Percent 2002 2001 Change Consumer $ 337 279 20.8 Pharmaceutical 1,455 1,216 19.7 Med. Dev. & Diag. 677 586 15.5 Segments total 2,469 2,081 18.6 (Expense)/Income not allocated to segments (76) 27 Worldwide total $ 2,393 2,108 13.5% Fiscal Nine Months Percent 2002 2001 Change Consumer $ 990 819 20.9 Pharmaceutical 4,696 3,913 20.0 Med. Dev. & Diag. 1,902 1,658 14.7 Segments total 7,588 6,390 18.7 (Expense)/Income not allocated to segments (146) 64 Worldwide total $ 7,442 6,454 15.3% SALES BY GEOGRAPHIC AREA Fiscal Third Quarter Percent 2002 2001 Change U.S. $ 5,589 4,976 12.3 Europe 1,901 1,614 17.8 Western Hemisphere Excluding U.S. 505 512 (1.4) Asia-Pacific, Africa 1,084 956 13.4 Total $ 9,079 8,058 12.7% Fiscal Nine Months Percent 2002 2001 Change U.S. $ 16,709 14,750 13.3 Europe 5,589 5,000 11.8 Western Hemisphere Excluding U.S. 1,506 1,540 (2.2) Asia-Pacific, Africa 3,091 2,802 10.3 Total $ 26,895 24,092 11.6% 11 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 three and nine months ended September 29, 2002 and September 30, 2001. Earnings per share figures and shares outstanding reflect the two-for-one stock split effective during the second quarter of 2001. (Shares in Millions) Fiscal Third Quarter Sept. 29, 2002 Sept. 30, 2001 Basic net earnings per share $ .58 .50 Average shares outstanding - basic 2,974.4 3,039.2 Potential shares exercisable under stock option plans 148.4 175.8 Less: shares which could be repurchased under the treasury stock method (110.5) (126.7) Convertible debt shares 14.4 22.6 Adjusted average shares

outstanding - diluted 3,026.7 3,110.9 Diluted earnings per share $ .57 .49 (Shares in Millions) Fiscal Nine Months Sept. 29, Sept. 30, 2002 2001 Basic net earnings per share $ 1.73 1.51 Average shares outstanding - basic 3,006.9 3,029.7 Potential shares exercisable under stock option plans 194.2 116.9 Less: shares which could be repurchased under the treasury stock method (149.5) (72.3) Convertible debt shares 14.4 22.2 Adjusted average shares outstanding - diluted 3,066.0 3,096.5 Diluted earnings per share $ 1.70 1.48 Diluted earnings per share calculation includes the dilution effect of convertible debt that is offset by the related decrease in interest expense of $9 million and $21 million after tax for the fiscal nine month period ended September 29, 2002 and September 30, 2001, respectively. The amount of the decrease in interest expense was $3 million and $6 million after tax for the fiscal quarter ended September 29, 2002 and September 30, 2001, respectively. Diluted earnings per share excludes 1.2 million and 59.0 million shares related to options for the fiscal nine months ended September 29, 2002 and September 30, 2001, respectively as the exercise price per share of these options was greater than the average market value, resulting in an anti-dilutive effect on diluted earnings per share. The shares related to options excluded from the diluted earnings per share calculations for the fiscal quarter ended, September 29, 2002 and September 30, 2001 were 47.1 million and .1 million shares, respectively. 12 NOTE 8 - ACCUMULATED OTHER COMPREHENSIVE INCOME Total comprehensive income for the fiscal nine months ended September 29, 2002 is $5,011 million, compared with $4,517 million for the same period a year ago. Total comprehensive income includes net earnings, net unrealized currency gains and losses on translation, net unrealized gains and losses on available for sale securities, pension liability adjustments and net gains and losses on derivative instruments that qualify for and are designated as cash flow hedges. The following table sets forth the components of accumulated other comprehensive income. Total Unrld Gains/ Accum For. Gains/ Pens (Losses) Other Cur. (Losses) Liab on Deriv Comp Trans. on Sec Adj. & Hedg Inc/(Loss) December 30, 2001 $ (697) 84 (15) 98 (530) 2002 Nine Months changes Net change associated to current period hedging transactions - - - (199) Net amount reclassed to net earnings - - - 106* Net Nine Months changes 14 (105) - (93) (184) September 29, 2002 $ (683) (21) (15) 5 (714) Note: All amounts, other than foreign currency translation, are net of tax. Foreign currency translation adjustments are not currently adjusted for income taxes, as they relate to permanent investments in non-US subsidiaries. *Primarily offset by changes in value of the underlying transactions. NOTE 9 - MERGERS & ACQUISITIONS On March 14, 2002, Johnson & Johnson acquired Micro Typing Systems, Inc. for approximately $30 million in cash. Micro Typing Systems manufactures a line of reagents and supplies distributed instruments known as the ID-MICRO TYPING SYSTEM (ID-MTS). ID-MTS is used in hospitals and donor centers to help to ensure safe and effective blood transfusions. On April 18, 2002, Johnson & Johnson announced the completion of the acquisition of Tibotec-Virco NV, a privately held biopharmaceutical company focused on developing anti-viral treatments, with several promising compounds in development for the treatment of infectious diseases including HIV. The transaction is valued at approximately $320 million in cash and debt. Johnson & Johnson incurred an after-tax charge of approximately $150 million, or $0.05 per share, in the second quarter associated with in-process research and development costs relating to this acquisition. On June 27, 2002, Johnson & Johnson acquired Obtech Medical AG, a privately held Swiss company that markets an adjustable gastric band for approximately $110 million in cash. Johnson & Johnson incurred an after-tax charge of approximately $39 million, or $0.01 per share, in the second quarter associated with in-process research and development costs relating to this acquisition. The adjustable gastric band is used in Europe during laparoscopic surgery for the treatment of morbid obesity. NOTE 10 - LEGAL PROCEEDINGS The information called for by this footnote is incorporated herein by reference to Item 1 ("Legal Proceedings") included in Part II of this Report on Form 10-Q. 13 NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The Company is currently assessing the impact of this new standard that will become effective for fiscal years beginning after June 15, 2002. In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which was effective for the first quarter of 2002. The Company's adoption of SFAS No. 144 did not have a material effect on the Company's results of operations, cash flows or financial position. 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 has not and is not expected to have a material effect on the Company's results of operations, cash flows or financial position. Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS SALES AND EARNINGS Consolidated sales for the fiscal first nine months of 2002 were $26.90 billion, which exceeded sales of $24.09 billion for the fiscal first nine months of 2001 by 11.6%. Excluding the impact of the stronger value of the dollar, worldwide sales increased 11.8%. Consolidated net earnings for the first nine months of fiscal year 2002 were $5.21 billion, compared with $4.56 billion for the same period a year ago, an increase of 14.2%. Earnings for the fiscal nine months of 2002 included special charges related to in-process research and development (IPR&D) costs associated with the acquisitions of Tibotec-Virco N.V. and Obtech Medical AG which in total were $189 million after-tax. Other income and expense items for the period included the gain on the sale of ORTHO PREFEST, the costs associated with the finalization of the AMGEN arbitration losses (see Part II Item 1 Legal Proceedings), losses on certain equity securities, other corporate expenses and litigation accruals. In 2001, other income and expense included special charges of $147 million pre-tax ($126 million after tax) related to the restructuring and deal costs for the ALZA merger and the amortization of goodwill, that was discontinued in 2002 in connection with the adoption of SFAS No. 142. Worldwide basic net earnings per share for the fiscal nine months of 2002 were $1.73 compared with the $1.51 for the same period in 2001, an increase of 14.6%. Excluding special charges relating to IPR&D in 2002 and the ALZA restructuring and deal costs in 2001, basic net earnings per share were $1.80 an increase of 16.1% compared to $1.55 for the same period in 2001. Worldwide diluted net earnings per share for the fiscal nine months of 2002 were $1.70, compared with $1.48 for the same period in 2001, an increase of 14.9%. Excluding special charges for IPR&D and ALZA merger costs as noted above, diluted earnings per share were $1.76 compared with $1.52 for the same period in 2001, an increase of 15.8%. Consolidated sales for the fiscal third quarter of 2002 were $9.08 billion, an increase of 12.7% over 2001 fiscal quarter sales of $8.06 billion. Consolidated earnings for the fiscal third quarter of 2002 were $1.73 billion, compared with $1.53 billion for the same period a year ago, an increase of 12.8%. Worldwide basic net earnings per share for the fiscal third quarter of 2002 rose 16.0% to $.58, compared with $.50 in the 2001 period. Excluding special charges for IPR&D and ALZA merger costs as noted above, worldwide basic net earnings per share for the fiscal third quarter were $.58 compared with $.51 for the same period a year ago, an increase of 13.7%. Worldwide diluted net earnings per share for the fiscal third quarter of 2002 rose 16.3% to $.57 compared with $.49 in 2001. Excluding special charges for IPR&D and ALZA merger costs as noted above, worldwide diluted net earnings per share for the fiscal third quarter were $.57, compared to $.50 for the same period a year ago, an increase of 14.0%. 14 Domestic sales for the fiscal nine months of 2002 were $16.71 billion, an increase of 13.3% over 2001 domestic sales of $14.75 billion for the same period a year ago. Sales of international subsidiaries were $10.19 billion for

the fiscal nine months of 2002 compared with $9.34 billion for the same period a year ago, an increase of 9.0%. Excluding the impact of the stronger value of the dollar, international sales increased by 9.6%. Worldwide Consumer sales for the third quarter of 2002 were $1.66 billion, an increase of 3.2% versus the same period a year ago. Domestic sales increased by 1.6%, while international sales gains were 5.3%. Consumer sales achieved strong growth in skin care products (NEUTROGENA, CLEAN & CLEAR and AVEENO), as well as McNeil Nutritional's SPLENDA sweetener products and VIACTIV calcium chews. Operating profit in the Consumer segment for the third quarter increased 20.8% versus the same period a year ago and reflects an operating profit margin improvement over the prior year of 3.0%. The margin improvement is primarily due to planned efficiencies in spending in selling, marketing and administrative expenses. Worldwide Pharmaceutical sales of $4.28 billion for the quarter resulted in an increase of 16.3% over the same period in 2001. Domestic and international sales increased 17.0% and 14.8%, respectively. Sales growth reflects the strong performances of REMICADE, a treatment for rheumatoid arthritis and Crohn's disease; RISPERDAL, an antipsychotic medication; DURAGESIC, a transdermal patch for chronic pain; TOPAMAX, an antiepileptic, and PROCRIT/EPREX, for the treatment of anemia. Operating profit in the Pharmaceutical segment for the third quarter increased 19.7% versus the same period a year ago and reflects an operating profit margin improvement over the prior year of .9%. Operating profit in the Pharmaceutical segment for the third quarter of 2002 was negatively affected by the Amgen arbitration settlement of $150 million and the third quarter of 2001 was negatively affected by additional ALZA merger costs of $38 million. On October 18, 2002, an arbitrator in Chicago denied an effort by Amgen, Inc., to terminate the 1985 license agreement under which Ortho Biotech obtained exclusive U.S. Rights to Amgen-developed erythropoetin (EPO) for all indications outside of kidney dialysis. Amgen had filed suit in 1995, claiming that Ortho Biotech had breached its license rights by improperly making sales of EPO into Amgen's exclusive dialysis market. 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. This arbitration was the fourth between the parties since 1989. No further disputes remain pending before him, except for the issue of an award of attorneys' fees connected to the arbitration. In earlier arbitrations, Ortho Biotech was awarded $164 million for Amgen's actions delaying the entry of Ortho Biotech into the non-dialysis market and $187 million for sales by Amgen into Ortho Biotech's exclusive market. Amgen obtained an earlier $90 million award in connection with other aspects of the license agreement. Although it is too soon to cite a trend, as of July 31, 2002 data from the Company's ongoing investigation of rare cases of PRCA in chronic renal failure (CRF) patients suggest that the number of reports of antibody-mediated PRCA appear to be flattening. The exposure-adjusted reporting rate for antibody-mediated PRCA in CRF as of July 31, 2002 in patients who have taken EPREX only as well as patients who have had exposures to EPREX and other erythropoietins, is 1.32 per 10,000 patient years, as compared with 1.82 per 10,000 patient years for 2001. Of the cumulative total of 85 reports of antibody-mediated PRCA associated with EPREX in CRF, 84 have involved subcutaneous administration. The other report is under review, as it is unclear if the patient received EPREX subcutaneously or intravenously. The Company's investigation has shown no association between IV administration of EPREX and rare reports of PRCA in CRF, but it did reveal a relationship between subcutaneous administration in CRF and reports of antibody-mediated PRCA. 15 The Company has significantly reduced the subcutaneous administration of EPREX in CRF in many key markets and has undertaken significant educational programs for wholesalers, hospitals, doctors, pharmacists and patients underscoring the importance of proper shipping and handling to maintaining optimum product quality. The Company is also involved in ongoing discussions with regulatory authorities on measures designed to reduce the occurrence of PRCA. With more than 1.6 million patient-years of clinical experience in CRF in countries outside of the U.S., EPREX continues to provide timely, safe, and effective treatment that increases hemoglobin levels, thereby reducing transfusion requirements and treating anemia patients with chronic kidney disease, when used in accordance with its label. Suspected and Antibody-Mediated PRCA Reports to PRD By Year of Onset STATUS OF Year Prior 2002 Total REPORTS Unknown to 1998 1999 2000 2001 (throu as of 1998 gh July July 31, 31) 2002 Antibody- EPREX 5** 2 0 8 12 41 17 85*** Mediated* exposure PRCA only Exposure 0 0 0 2 3 4 2 11 to another erythropo ietin and EPREX Reports Under 18 2 0 3 8 20 13 64 Investigation**** Total Suspected 23 4 0 13 23 65 32 160 PRCA***** *Antibody-mediated PRCA: Suspected PRCA cases with the presence of anti-EPO antibodies (regardless of antibody assay method used). ** Of the 5 antibody-mediated EPREXr-only reports with year of onset unknown, 2 were reported in 2000, 1 in 2001 and 2 in 2002. *** 84 of the 85 reports have involved subcutaneous administration. The other report is under review, as it is unclear if the patient received EPREXr subcutaneously as well as intravenously. ****This category includes all reports under investigation as of July 31, including 20 reports of antibody negative PRCA. The total of 64 cases include those in which the patient took EPREX only as well as cases in which the patient took EPREX as well as another erythropoietin. *****Total Suspected PRCA: all cases in which the reporting physician is suspicious of a possible PRCA diagnosis because the patient's hemoglobin has not risen as expected after erythropoietin therapy. During the quarter, the Company received U.S. Food and Drug Administration (FDA) approval for a new oral contraceptive, ORTHO TRI-CYCLEN LO (norgestimate/ethinyl estradiol), for the prevention of pregnancy. It contains a combination of hormones which provide excellent cycle control and tolerability. In addition, the Company received regulatory approval in the European Union and Canada for EVRA (norelgestromin/ethinyl estradiol transdermal system), a contraceptive patch that combines the effectiveness of a contraceptive pill with the convenience of once-a-week dosing. Also in the quarter, the Company received regulatory approval in several countries for RISPERDAL CONSTA (risperidone), the only approved long-acting injectable atypical antipyschotic for the management of schizophrenia. RISPERDAL CONSTA is now approved in Germany, Austria, the United Kingdom, Mexico and New Zealand. RISPERDAL CONSTA is administered once every two weeks, rather than daily, and combines the advantages of long-acting delivery with the established benefits of oral risperidone. 16 The Company filed with the FDA a supplemental Biologics License Application (sBLA) for REMICADE for an additional indication of maintenance therapy in fistulizing Crohn's disease, a debilitating gastrointestinal disorder. In addition, a supplemental New Drug Application (sNDA) was filed for LEVAQUIN for the treatment of chronic bacterial prostatitis, a recurrent or persistent infection of the prostate gland. In the second quarter, the Company completed the acquisition of Tibotec-Virco NV, a privately-held biopharmaceutical company focused on developing anti-viral treatments. The acquisition, valued at approximately $320 million in cash and debt, will expand drug discovery and development capabilities, particularly in the field of anti-viral therapies. Johnson & Johnson incurred an after-tax charge of approximately $150 million, or $0.05 per share, in the second quarter associated with in-process research and development costs relating to this acquisition. Worldwide sales for the Medical Devices and Diagnostics segment were $3.14 billion in the third quarter of 2002, an increase of 13.3% compared to the same period in 2001. Domestic and international sales increased 10.9% and 16.5%, respectively. Strong sales growth was achieved from all components of the segment - Cordis' circulatory disease management products; DePuy's orthopaedic joint reconstruction and spinal products;

Ethicon's sutures, surgical sports medicine and women's health products; LifeScan's blood glucose monitoring products; Ethicon Endo-Surgery's minimally invasive surgical products; Ortho-Clinical Diagnostic's professional products, and Vistakon's disposable contact lenses. Operating profit in the Medical Devices and Diagnostics segment for the third quarter increased 15.5% versus the same period a year ago and reflects an operating profit margin improvement over the prior year of .5%. The margin improvement over prior year was achieved despite investment spending in the Cordis and LifeScan product lines. During the quarter, the Company announced the final results for SIRIUS, the landmark U.S. study of the CYPHER Sirolimus-eluting Stent. The findings confirm the stent's continued excellent performance in significantly reducing reblockage of de novo coronary artery lesions in patients with coronary artery disease. Additionally, in July, the U.S. Department of Health and Human Services (HHS) made a decision to provide accelerated incremental reimbursement to hospitals for this technology commencing April 1, 2003 under newly established Diagnostic Related Groups (DRGs). In order to ensure access to this technology for patients as rapidly as possible, HHS has taken the unprecedented step of assigning it to new DRGs prior to FDA approval. On October 22, 2002 the Circulatory System Device Panel advisory panel voted 8-0 in favor of FDA approval with recommended conditions, for the Company's drug-eluting coronary stent. The Company is continuing to work with the FDA on manufacturing and testing of the product. Also in the quarter, the Company filed a Pre-Marketing Approval (PMA) application with the FDA for the INDEPENDENCE 3000 IBOT Transporter, an advanced mobility system for people with disabilities. The advanced gyro-balanced system is designed to operate on four wheels or two wheels, stabilizing the user by instantly and automatically adjusting and balancing itself. In the second quarter, Ethicon Endo-Surgery, Inc., acquired Obtech Medical AG, a privately held Swiss company that markets an adjustable gastric band, used in Europe during laparoscopic surgery for the treatment of morbid obesity for approximately $110 million in cash. Johnson & Johnson incurred an after-tax charge of approximately $39 million, or $0.01 per share, in the second quarter associated with in-process research and development costs relating to this acquisition. Additionally, Ortho Clinical Diagnostics acquired Micro Typing Systems, Inc., a manufacturer of a line of reagents and supplies distributed instruments known as the ID-MICRO TYPING SYSTEM (ID-MTS) for approximately $30 million. ID-MTS is used in hospitals and donor centers to help ensure safe and effective blood transfusions. LIQUIDITY AND CAPITAL RESOURCES Cash generated from operations and selected borrowings provides the major source of funds for the growth of the business, including working capital, additions to property, plant and equipment, acquisitions and stock repurchase programs. Cash and current marketable securities totaled $7.2 billion at September 29, 2002 as compared with $8.0 billion at the end of 2001. For the year ended December 30, 2001, there was a change in the timing of salary increases and bonuses to employees from December 2001 to February 2002. 17 This change was enacted to have 2001 results finalized in order to align compensation and performance. The result of this change was a decrease of approximately $450 million in cash flows from operating activities due to the payment of the 2001 bonus in 2002. Total borrowings increased during the fiscal nine months of 2002 from $2.8 billion to $4.5 billion that related primarily to the stock repurchase program described below. Net cash (cash and current marketable securities net of debt) as of September 29, 2002 was $2.8 billion, compared with $5.2 billion at the end of 2001. Total debt represented 16.9% of total capital (shareowners' equity and total debt) at fiscal quarter end compared with 10.3% at the end of 2001. Additions to property, plant and equipment were $1,299 million for the fiscal nine months of 2002, compared with $978 million for the same period in 2001. On February 13, 2002, the Company announced a stock repurchase program of up to $5 billion with no time limit on this program. This program was completed on August 1, 2002, with 83,612,822 shares repurchased for an aggregate price of $5.0 billion. (In association with the stock repurchase program, the Company issued approximately $2 billion of commercial paper during the second quarter of 2002.) On October 16, 2002, the Board of Directors approved a regular quarterly dividend of $.205 per share, payable on December 10, 2002 to shareowners of record as of November 19, 2002. 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 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. The Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2001 contains, in Exhibit 99(b), a discussion of various factors that could cause actual results to differ from expectations. That Exhibit from the Form 10-K is incorporated in this filing by reference. 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 December 30, 2001. Item 4 - CONTROLS AND PROCEDURES EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES Disclosure controls and procedures. Within 90 days before filing this report, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures. The Company's disclosure controls and procedures are the controls and other procedures that the Company has designed to ensure that it 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, Executive Vice President, Finance and Information Management and Chief Financial Officer, reviewed and participated in this evaluation. 18 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 controls. Since the date of the evaluation described above, there have not been any significant changes in the Company's internal controls or in other factors that could significantly affect those controls, including any corrective actions with regard to significant deficiencies and material weaknesses. Part II - OTHER INFORMATION Item 1 - 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 reserves established under its self- insurance program and by commercially

available excess liability insurance. One group of cases against the Company concerns the Janssen Pharmaceutica product PROPULSID, 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 794 such cases currently pending, including the claims of approximately 3,870 plaintiffs. Of those plaintiffs 373 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 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. Janssen and the Company believe these verdicts, even as reduced, are insupportable and have appealed. In the view of Janssen and the Company, the proof at trial demonstrated that none of these plaintiffs were injured by PROPULSID and that no basis for liability existed. 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. 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 reserves and commercially available excess insurance with respect to these cases. 19 The Company's Ortho Biotech subsidiary was party to an arbitration proceeding filed against it in 1995 by Amgen, Ortho Biotech's licensor of U.S. non-dialysis rights to PROCRIT, in which Amgen sought to terminate Ortho Biotech's U.S. license rights and collect substantial damages based on alleged deliberate PROCRIT sales by Ortho Biotech during the early 1990's into Amgen's reserved dialysis market. On October 18, 2002, the arbitrator issued his decision rejecting Amgen's request to terminate the license and finding no material breach of the license. However, the arbitrator found that conduct by Ortho Biotech in the early 1990's which was subsequently halted by Ortho Biotech amounted to a non-material breach of the license and awarded Amgen $150 million in damages which the Company accrued in the third quarter of 2002. Amgen had sought $1.2 billion in damages. Both sides are expected to seek an award of attorneys' fees from the arbitrator and there may be motions filed for reconsideration. In patent infringement actions tried in Delaware Federal Court in late 2000, Cordis, a Johnson & Johnson company, obtained verdicts of infringement and patent validity, and damage awards, against Boston Scientific Corporation and Medtronic AVE, Inc., based on a number of Cordis coronary 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 which 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. Appeals to the Federal Circuit Court of Appeals are underway. 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, require the payment of past damages and future royalties or, with respect to patent challenges by generic pharmaceutical firms, result in the introduction of generic versions of the products in question and the ensuing loss of market share. The following patent lawsuits concern important products of Johnson & Johnson operating companies. Medtronic/AVE v. Cordis Corporation: This action, filed in April 2002 in federal court in Texas, asserts certain patents owned by Medtronic/AVE against the Cordis BX Velocity stent, which is also the stent structure used in the CYPHER drug eluting product. No trial date has been set for this action. Ortho Pharmaceutical v. Barr Laboratories, Inc.: Pending in federal court in New Jersey, this action, filed in June 2000, involves Barr's effort to invalidate Ortho's patents covering its TRI-CYCLEN oral contraceptive product. Trial has not yet been scheduled in this case. Both sides have summary judgment motions on the issue of patent validity pending before the trial court. Ortho McNeil and Daiichi, Inc. v. Mylan Laboratories and Ortho McNeil and Daiichi, Inc. v. Teva Pharmaceutical: These matters, the first of which was filed in February 2002 in federal court in West Virginia and the second in June 2002 in federal court in New Jersey, concern the efforts of Mylan and Teva to invalidate and establish non- infringement of the patent covering LEVAQUIN levofloxacin tablets. The patent is owned by Daiichi and exclusively licensed to Ortho- McNeil. In the Mylan case trial has been set for late 2003. No trial date has been set in the Teva matter. Janssen and Alza v. Mylan Laboratories: This action, filed in federal district court in Vermont in February 2002, concerns Mylan's effort to invalidate and assert non-infringement of Alza's patent covering the DURAGESIC product. Trial is currently scheduled for April 2003. With respect to all of the above matters, the J&J operating company involved is vigorously defending the validity and asserting the infringement of its own or its licensors' patents or, where its product is accused of infringing patents held by others, defending against those claims. 20 On July 19, 2002 The New York Times reported on an investigation by the U.S. Food and Drug Administration's Office of Criminal Investigation in Puerto Rico related to allegations made by a former Ortho Biologics employee about supposed improprieties in completing records concerning equipment and training at the plant where bulk EPO sold by Ortho outside the U.S. is produced. The employee in question worked in the boiler and utility room of the plant and not in the manufacturing area. The New York Times reporter suggested the allegations of the former employee, if believed, could lead to the conclusion that the integrity of the EPO manufactured at the plant was compromised. However, the Company's review identified no evidence that any of the allegations could be confirmed or connected to any question of product integrity. The Company believes that the results of the government investigation will not have a material adverse effect on its results of operations, cash flows or financial position. The Company is also involved in a number of other patent, trademark and other lawsuits incidental to its business. The Company believes that the resolution of the above described proceedings would not have a material adverse effect on its results of operations, cash flows or

financial position. 21 Item 5 - EXHIBITS AND REPORTS ON FORM 8-K (a) Exhibit None (b) Reports on Form 8-K A Report on Form 8-K was filed on August 13, 2002, which included sworn statements, by William C. Weldon, Chairman and Chief Executive Officer, and Robert J. Darretta, Executive Vice President and Chief Financial Officer of Johnson & Johnson. The sworn statements, certified previously filed reports pursuant to Commission Order No. 4- 460. A Report on Form 8-K was filed on October 23, 2002, which included the press release statement of Johnson & Johnson on the Amgen arbitration. Also filed in this Form 8-K, are the unaudited consolidated statements of earnings of J&J for the quarter and nine month periods ended September 29, 2002 reflecting the results of the Amgen arbitration. 22 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: November 8, 2002 By /s/ R. J. DARRETTA R. J. DARRETTA Executive Vice President, Finance and Information Management (Chief Financial Officer) Date: November 8, 2002 By /s/ S. J. COSGROVE S. J. COSGROVE Controller (Chief Accounting Officer) 23 CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934 I, William C. Weldon, certify that: 1. I have reviewed this quarterly report on Form 10-Q of Johnson & Johnson (the "registrant"); 2. Based on my knowledge, this quarterly 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 quarterly report; 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have: a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function): a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: November 8, 2002 /s/ William C. Weldon William C. Weldon Chief Executive Officer 24 CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934 I, Robert J. Darretta, certify that: 1. I have reviewed this quarterly report on Form 10-Q of Johnson & Johnson (the "registrant"); 2. Based on my knowledge, this quarterly 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 quarterly report; 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have: a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function): a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: November 8, 2002 /s/ Robert J. Darretta Robert J. Darretta Chief Financial Officer 25 CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 29, 2002 (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: November 8, 2002 This certification accompanies this Report on Form 10-Q 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, as amended. 26 CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 29, 2002 (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: November 8, 2002 This certification accompanies this Report on Form 10-Q 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, as amended. 27