

JOHNSON & JOHNSON

FORM 10-K (Annual Report)

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Address	ONE JOHNSON & JOHNSON PLZ NEW BRUNSWICK, NJ 08933
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UNITED STATES
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 December 28, 2014

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	Name of each exchange on which registered
Common Stock, Par Value \$1.00	New York Stock Exchange
4.75% Notes Due November 2019	New York Stock Exchange
5.50% Notes Due November 2024	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes 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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes 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 \$296 billion.

On February 17, 2015, there were 2,780,488,708 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 2014 (the "Annual Report").

Parts I and III: Portions of registrant's proxy statement for its 2015 annual meeting of shareholders filed within 120 days after the close of the registrant's fiscal year (the "Proxy Statement").

<u>Item</u>		<u>Page</u>
PART I		
1	Business	1
	General	1
	Segments of Business	1
	Geographic Areas	2
	Raw Materials	2
	Patents	2
	Trademarks	3
	Seasonality	3
	Competition	3
	Research and Development	3
	Environment	3
	Regulation	3
	Available Information	4
1A.	Risk Factors	4
1B.	Unresolved Staff Comments	4
2	Properties	5
3	Legal Proceedings	6
4	Mine Safety Disclosures	6
	Executive Officers of the Registrant	6
PART II		
5	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	7
6	Selected Financial Data	8
7	Management’s Discussion and Analysis of Financial Condition and Results of Operations	8
7A.	Quantitative and Qualitative Disclosures About Market Risk	8
8	Financial Statements and Supplementary Data	8
9	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	8
9A.	Controls and Procedures	8
9B.	Other Information	9
PART III		
10	Directors, Executive Officers and Corporate Governance	9
11	Executive Compensation	9
12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	9
13	Certain Relationships and Related Transactions, and Director Independence	10
14	Principal Accountant Fees and Services	10
PART IV		
15	Exhibits and Financial Statement Schedules	11
	Signatures	12
	Exhibit Index	14

PART I

Item 1. BUSINESS

General

Johnson & Johnson and its subsidiaries (the "Company") have approximately 126,500 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the health care field. Johnson & Johnson is a holding company, which has more than 265 operating companies conducting business in virtually all countries of the world. The Company's primary focus is products related to human health and well-being. Johnson & Johnson was incorporated in the State of New Jersey in 1887.

The Company's structure is based on the principle of decentralized management. The Executive Committee of Johnson & Johnson is the principal management group responsible for the strategic operations and allocation of the resources of the Company. This Committee oversees and coordinates the activities of the Consumer, Pharmaceutical and Medical Devices (previously referred to as Medical Devices and Diagnostics) business segments. Within the strategic parameters provided by the Committee, senior management groups at U.S. and international operating companies are each responsible for their own strategic plans, as well as the day-to-day operations of those companies, and each subsidiary within the business segments is, with some exceptions, managed by citizens of the country where it is located.

Segments of Business

The Company is organized into three business segments: Consumer, Pharmaceutical and Medical Devices. Additional information required by this item is incorporated herein by reference to the narrative and tabular descriptions of segments and operating results under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Note 18 "Segments of Business and Geographic Areas" under "Notes to Consolidated Financial Statements" of the Annual Report, filed as Exhibit 13 to this Report on Form 10-K.

Consumer

The Consumer segment includes a broad range of products used in the baby care, oral care, skin care, over-the-counter pharmaceutical, women's health and wound care markets. Baby Care includes the JOHNSON'S[®] Baby line of products. Oral Care includes the LISTERINE[®] product line. Major brands in Skin Care include the AVEENO[®]; CLEAN & CLEAR[®]; DABAO[™]; JOHNSON'S[®] Adult; LE PETITE MARSEILLAIS[®]; LUBRIDERM[®]; NEUTROGENA[®]; and RoC[®] product lines. Over-the-counter medicines include the broad family of TYLENOL[®] acetaminophen products; SUDAFED[®] cold, flu and allergy products; BENADRYL[®] and ZYRTEC[®] allergy products; MOTRIN[®] IB ibuprofen products; and the PEPCID[®] line of heartburn products. Major brands in Women's Health outside of North America are STAYFREE[®] and CAREFREE[®] sanitary pad and o.b.[®] tampon brands. Wound Care brands include the BAND-AID[®] Brand Adhesive Bandages and NEOSPORIN[®] First Aid product lines. The principal nutritional line is SPLENDA[®] No Calorie Sweetener. These products are marketed to the general public and sold both to retail outlets and distributors throughout the world.

Pharmaceutical

The Pharmaceutical segment is focused on five therapeutic areas, including immunology (e.g., rheumatoid arthritis, inflammatory bowel disease, psoriasis and pulmonary diseases), infectious diseases (e.g., HIV, hepatitis, respiratory infections, tuberculosis and vaccines), neuroscience (e.g., Alzheimer's disease, mood disorders, schizophrenia and pain), oncology (e.g., prostate cancer, multiple myeloma, hematologic malignancies and lung cancer), and cardiovascular and metabolic diseases (e.g., thrombosis and diabetes). Products in this segment are distributed directly to retailers, wholesalers, hospitals and health care professionals for prescription use. Key products in the Pharmaceutical segment include: REMICADE[®] (infliximab), a treatment for a number of immune-mediated inflammatory diseases; SIMPONI[®] (golimumab), a subcutaneous treatment for adults with moderate to severe rheumatoid arthritis, active psoriatic arthritis, active ankylosing spondylitis and moderately active to severely active ulcerative colitis; SIMPONI ARIA[®] (golimumab) an intravenous treatment for adults with moderate to severe rheumatoid arthritis; STELARA[®] (ustekinumab), a treatment for adults with moderate to severe plaque psoriasis and active psoriatic arthritis; INCIVO[®] (telaprevir), for the treatment of hepatitis C; OLYSIO[®]/SOVRIAD[®] (simeprevir), for combination treatment of chronic hepatitis C in adult patients; PREZISTA[®] (darunavir), a treatment for HIV/AIDS; EDURANT[®] (rilpivirine), for the treatment of HIV; CONCERTA[®] (methylphenidate HCl) extended-release tablets CII, a treatment for attention deficit hyperactivity disorder; INVEGA[®] (paliperidone) extended-release tablets, for the treatment of schizophrenia and schizoaffective disorder; INVEGA SUSTENNA[®]/XEPLION[®] (paliperidone palmitate), for the treatment of schizophrenia and schizoaffective disorder in adults; RISPERDAL CONSTA[®] (risperidone long-acting injection), for the treatment of schizophrenia and the maintenance treatment of Bipolar I Disorder in adults; VELCADE[®] (bortezomib), a treatment for multiple myeloma; ZYTIGA[®] (abiraterone acetate), a treatment for metastatic castration-resistant prostate cancer; IMBRUVICA[®] (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, or blood

Table of Contents

cancers; PROCIT[®] (epoetin alfa, sold outside the U.S. as EPREX[®]), to stimulate red blood cell production; XARELTO[®] (rivaroxaban), an oral anticoagulant for the prevention of deep vein thrombosis (DVT), which may lead to pulmonary embolism (PE) in patients undergoing hip or knee replacement surgery, to reduce the risk of stroke and systemic embolism in patients with nonvalvular atrial fibrillation, for the treatment of DVT and PE, and for the reduction in the risk of recurrence of DVT and PE; and INVOKANA[®] (canagliflozin), for the treatment of adults with type 2 diabetes. Many of these products were developed in collaboration with strategic partners or are licensed from other companies.

Medical Devices

The Medical Devices (previously referred to as Medical Devices and Diagnostics) segment includes a broad range of products used in the orthopaedic, surgical care, specialty surgery, cardiovascular care, diagnostics, diabetes care, and vision care markets, which are distributed to wholesalers, hospitals and retailers, and used principally in the professional fields by physicians, nurses, hospitals, and clinics. These include orthopaedic, trauma and neurological products; general surgery, biosurgical and energy products; products to treat cardiovascular disease; infection prevention products; diagnostics products; blood glucose monitoring and insulin delivery products; and disposable contact lenses. The Company completed the divestiture of its Ortho-Clinical Diagnostics business in June 2014.

Geographic Areas

The business of Johnson & Johnson is conducted by more than 265 operating companies located in 60 countries, including the U.S., which conduct business in virtually all countries throughout the world. The products made and sold in the international business include many of those described above under “- Segments of Business - Consumer,” “- Pharmaceutical” and “- Medical Devices.” 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 developed in the United States, but also those developed by subsidiaries abroad.

Investments and activities in some countries outside the U.S. are subject to higher risks than comparable U.S. activities because the investment and commercial climate may be influenced by financial instability in international economies, restrictive economic policies and political and legal system uncertainties.

Raw Materials

Raw materials essential to the Company's business are generally readily available from multiple sources. Where there are exceptions, the temporary unavailability of those raw materials would not likely have a material adverse effect on the financial results of the Company.

Patents

The Company's subsidiaries have made a practice of obtaining patent protection on their products and processes where possible. They own or are licensed under a number of patents relating to their products and manufacturing processes, which in the aggregate are believed to be of material importance to the Company in the operation of its businesses. Sales of the Company's largest product, REMICADE[®] (infliximab), accounted for approximately 9.2% of the Company's total revenues for fiscal 2014. Accordingly, the patents related to this product are believed to be material to the Company.

There are two sets of patents related to REMICADE[®] (infliximab). The first set of patents is co-owned by Janssen Biotech, Inc., a wholly-owned subsidiary of Johnson & Johnson, and NYU Langone Medical Center (NYU). Janssen Biotech, Inc. has an exclusive license to NYU's interests in the patents. Patents have been granted in the United States, certain countries in the European Union (certain of these patents have been extended by Supplementary Patent Certificates), and Australia. In the United States, the latest patent expires in September 2018. The patent expired in Canada in March 2012. In certain countries in Europe the patent was extended to February 2015 (Germany, Spain, United Kingdom, Sweden, Austria, Belgium, Switzerland, Denmark, France, Greece, Italy, Luxembourg and the Netherlands). In Australia, the patent expires in August 2015. In the United States, the patent expiring in 2018 is subject to reexamination proceedings instituted by a third party. Those proceedings are on-going.

The second set of patents related to REMICADE[®] was granted to the Kennedy Institute of Rheumatology in the United Kingdom in Europe, Canada, Australia and the United States. Janssen Biotech, Inc. has licenses (exclusive for human anti-TNF antibodies and semi-exclusive for non-human anti-TNF antibodies) to these patents that expire in 2017 outside of the United States and 2018 in the United States. The validity of these patents has been challenged. Certain claims have been invalidated and others are under review in various patent offices around the world and are also subject to litigation in Canada.

The Company does not expect that any additional extensions will be available for the patents related to REMICADE[®]. Loss of exclusivity will likely result in a reduction in sales as biosimilar versions of REMICADE[®] are introduced to the market.

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